



TravelTide



Proposed Perks Program by Customer Groups

Strategies to Enhance Customer Retention and Attraction

John Burgmayer

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The company provides an online booking platform for flights and hotel accommodations.

The initial focus was to have the largest reservation inventory, but a lack of engagement and service quality prompted a strategic shift toward customer retention and acquisition through new marketing initiatives.

To drive this effort, the new marketing manager, Elena Tarrant, proposed a benefits program to enhance customer loyalty. With the support of the data analysis team, customers were segmented into key groups to identify who would benefit most, maximizing the strategy's impact.

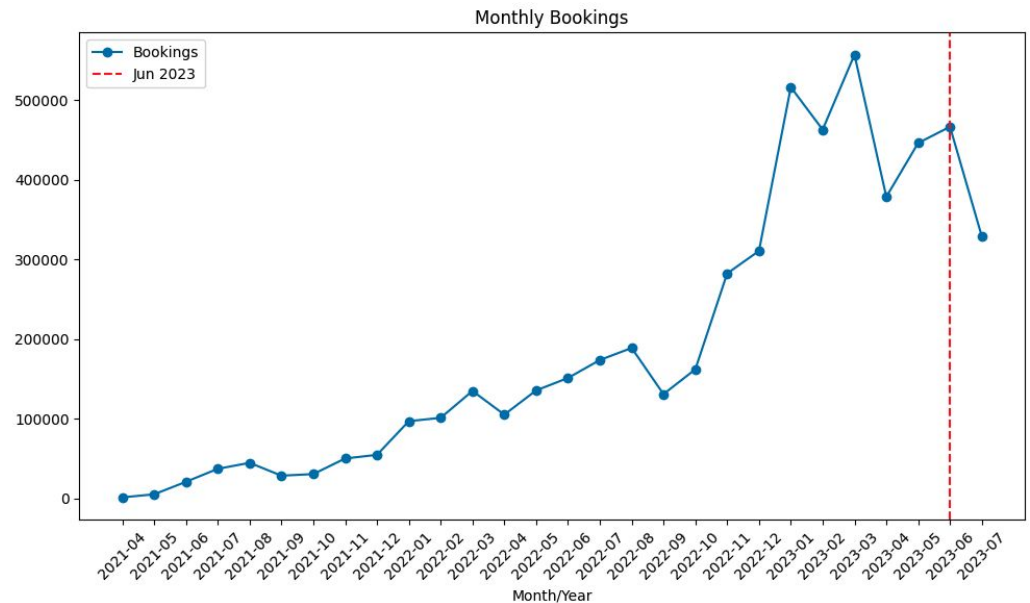
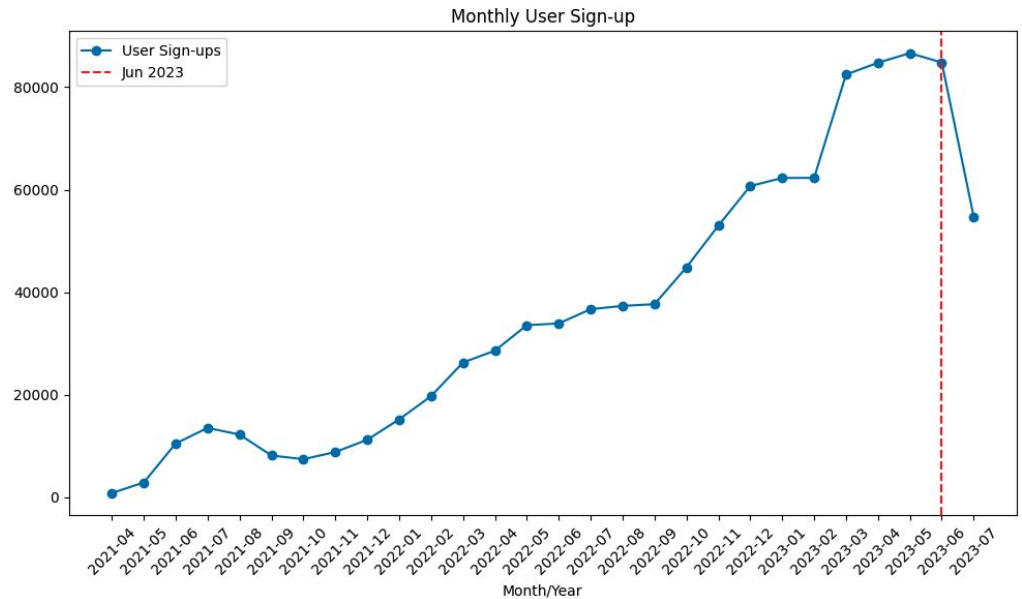


Introduction

These graphs show the decline in user registrations and bookings starting from Jun 2023, which served as a red flag for the company.

To improve service quality, maintain retention, and attract new travelers, it was essential to understand Customers behavior and preferences.

To implement these improvements, a new marketing strategy had to be developed.





Why customer understanding and segmentation matter?

In a highly competitive market, understanding our customers is crucial for designing strategies that drive growth.

- **Customer Analysis**, helps us identify patterns in customers behavior, preferences, and needs.
- **Segmentation**, an essential tool to group customers with similar characteristics and offer personalized benefits.

Key Benefits of Segmentation:

- Increase customer satisfaction through tailored offerings.
- Enhance loyalty and booking frequency.
- Optimize resources by focusing strategies on the most relevant groups.

By segmenting, we not only get to know our customers better but also build stronger relationships and differentiate our platform in the market.



How did we classify Customers?

Segmentation Methodology:



To segment customers, the analysis team conduct a Machine Learning algorithm called K-Means used to group data based on their similarities.



The Segmentation Criteria for the model was based on customer behavior:

- **App session behavior:** Number of clicks and time since registration.
- **Trip characteristics:** number of trips.
- **Flight preferences:** Number of flights, seats, checked bags and kilometers flown.
- **Hotel preferences:** Number of hotels booked, nights and rooms.
- **Spending behavior:** Total money spent on flights, hotels, and discounts.



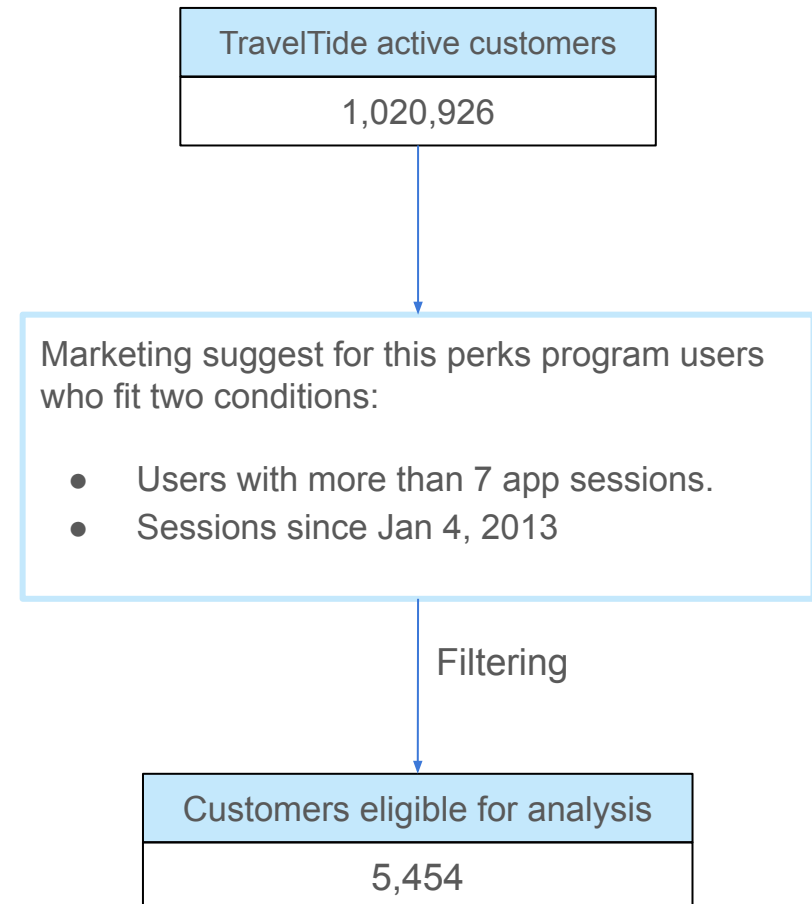
Data → Analysis → Segment Customers



Reasons for applying filters and reducing the number of customers

To carry out the segment:

- **Focus on active users** who engage regularly with the platform.
- **Relevant users** with a consistent interaction history.
- **Stability in growth:** After that date, retention and conversion may have declined, so we focus on a more engaged users group.





Understanding Customers or Travelers denomination

After the analysis it was appropriate to classify the Travelers into 5 groups according to their similarities and we have named them as follows:

1.- Solo and Occasional: 42.0%

Independent travelers, occasional and cost-conscious.

2.- Occasional Budget: 28.4%

Occasional travelers who focus on saving money.

3.- Frequent Adventurers: 18.2%

Passionate travelers seeking new experiences often.

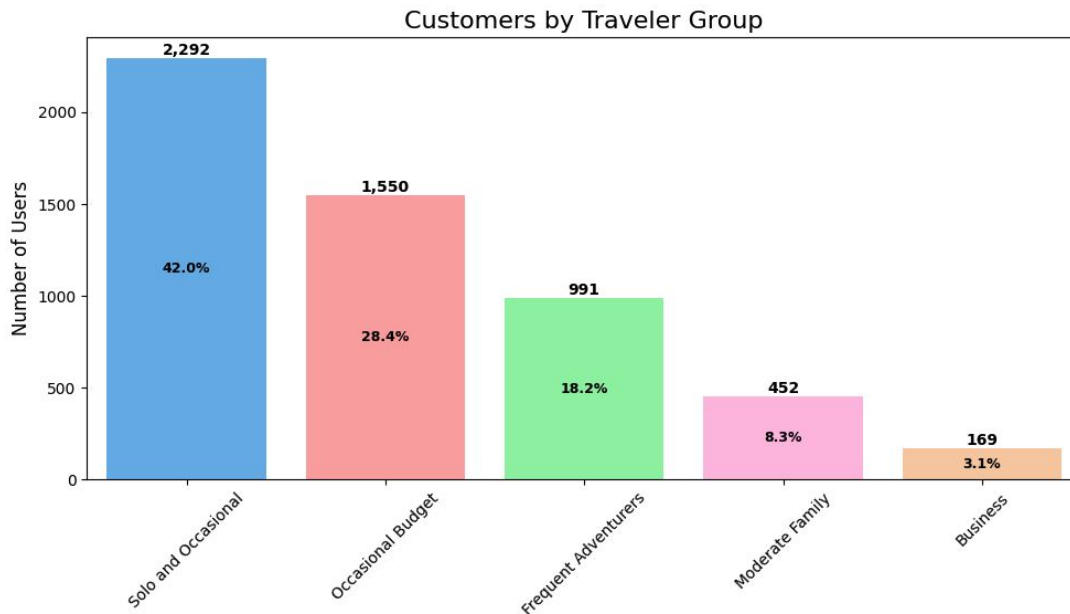
4.- Moderate Family: 8.3%

Moderate travel with family-focused needs.

5.- Business: 3.1%

Frequent travelers for work, prioritizing convenience.

In comparison, the top three groups account for 88.6%, representing the majority, while Family and Business make up a minority.





Bookings by Traveler Groups

Bookings are made in the following proportions:

- 1.- **Frequent Adventurers** 29.9%
- 2.- **Occasional Budget** 25.4%
- 3.- **Moderate Family** 21.3%
- 4.- **Business Travelers** 12.0%
- 5.- **Solo and Occasional** 11.5%

The Frequent Adventurers group with 18.2% of customers, makes almost 1/3 (30%) of bookings.



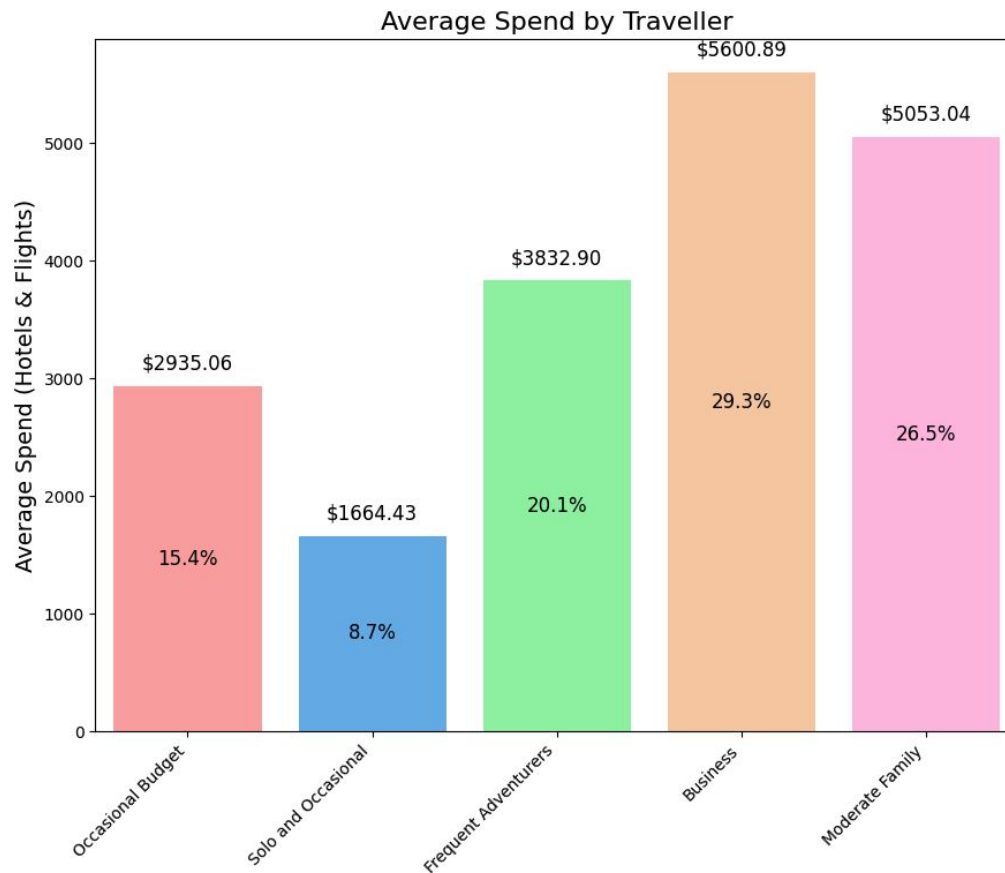


Average spent by traveler group

Spending Ranking:

- 1.- **Business Travelers** 29.3%
- 2.- **Moderate Family** 26.5%
- 3.- **Frequent Adventurers** 20.1%
- 4.- **Occasional Budget** 15.4%
- 5.- **Solo and Occasional** 8.7%

The Business group with 12% of bookings is the first in the ranking.





Summary of values

Traveler Groups	Customers %	Bookings %	Average Spent
Business	3.1	7.8	\$5,600
Moderate Families	8.3	13.9	\$5,053
Frequent Adventurers	18.2	19.6	\$3,833
Occasional Budget	28.4	16.4	\$2,935
Solo and Occasional	42.0	7.4	\$1,664

Business Travelers: Smallest group but with the highest average spending (\$5,600). Represents a premium and reliable segment.

Moderate Families: Moderate share of customers and bookings with high spending potential (\$5,053). Strong growth opportunity.

Frequent Adventurers: Significant share of customers (18.2%) and bookings (19.6%), with moderate spending (\$3,833). High engagement.

Occasional Budget Travelers: Largest booking share (28.4%) with moderate spending (\$2,935). Cost-sensitive but consistent.

Solo and Occasional Travelers: Largest customer base (42.0%) but lowest spending (\$1,664). Key focus on affordability.



Conclusions

From the analysis we can conclude:

- The vast majority of customers (94.2%) book **domestic flights**.
- The average age of our clients is **43 years** old.
- **Business** customers are those who travel the most miles.
- **Frequent Adventurers** are high-value customers with a significant average spend (\$3,833), despite accounting for a smaller portion of total bookings (19.6%).
- **Occasional Budget Travelers** spend moderately (\$2,935) and represent a valuable segment, even though they contribute less to bookings (16.4%).
- **Business Travelers** represent a small share of total customers (3.1%) but dominate bookings (7.8%) with their premium spending (\$5,600), showcasing their importance.
- **Solo and Occasional Travelers** lead in bookings (29.7%) but are the most price-sensitive group, spending the least on average (\$1,664), highlighting a need for affordable options.

These conclusions highlight the key characteristics of each group based on their average spend and booking share.



Benefits allocation for each group

This is the benefits proposal for each group, in order to maintain loyalty and attract new customers:

Traveler Groups	Suggested Perks
Business	No cancellation fees, free checked luggage, priority check-in, exclusive discounts
Moderate Families	Family discounts, free checked luggage, free hotel nights with flight bookings
Frequent Adventurers	Exclusive discounts, free meals at hotels, priority check-in, fast accumulation of loyalty points
Occasional Budget	Free checked luggage, no cancellation fees, exclusive discounts
Solo and Occasional	free checked luggage, free hotel nights with flight bookings



Recommended strategies for implementing the Perks Program:

- **Personalized Communication:** Use email, SMS, and app notifications to deliver tailored messages highlighting relevant perks for each group.
- **Loyalty Program Integration:** Include perks in a tiered loyalty program to encourage sign-ups and continuous engagement.
- **Targeted Campaigns:** Launch specific promotions on social media and travel sites, like "Family Summer Deals" or "Business Travel Perks."
- **Incentives for Engagement:** Offer trial perks (e.g., free checked luggage) to motivate users to explore the program.
- **Continuous Improvement:** Gather feedback through surveys and reviews, showcasing success stories to enhance the program and build trust.



Closing

Do you have a question?

Thank you very much for your attention.

Have a nice trip!



