Business Case:

Hotel Customer Segmentation

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Current Situation and Problems

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Our current customer segmentation is a very simple approach, based only on the origin of the customer, leading to some problems such as …

Misleading interpretation

The hotel doesn't have a good interpretation of the customers, making it harder to fulfilling their real needs .

Increased inefficiencies

Our marketing campaigns have a lower conversion rate, leading to higher costs and less revenue .

Missed opportunities

We miss valuable opportunities in our CRM and customer acquisition efforts.

Benefits of a data-driven solution

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Why should we use data-driven solution?

If we can reach a good interpretation of our customers based on historical data, we will have several benefits such as …

Efficient marketing

Since we will be able to understand our customers better, we can make a personalized marketing campaign with a higher conversion rate.

Improve CRM and customer acquisition

With a better understanding of our customer, we are not only able to strengthen the relationship with our existing customers, but also more suited to attract new customers

Competitive advantage

We will gain a competitive advantage with personalized marketing campaigns for our customers

New Customer Segments

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Cluster 0
'Locals' and Corporate travelers

Represents 15% of our customers
Short Stays (1-2 days)
Spontaneous booking

Cluster 1
Young European adults who travel in pairs

Represents 14% of our customers
Medium Stays (3-4 days)
Early booking

Cluster 2
Solo travelers and late bookers with high spending

Represents 12% of our customers
Short Stays (1-2 days)

Cluster 3
Early bookers with low spending

Represents 18% of our customers
Short Stays (1-2 days)
Always travel in pairs

Cluster 4
Early booking Europeans who enjoy longer stays and lower spending

Represents 14% of our customers
Long Stays (+5 days)
Very early booking

Cluster 5
Older Europeans who enjoy medium stays

Represents 26% of our customers
Very early booking
Moderate to low spenders

Targeted Marketing Initiatives

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Discount based vouchers for in-hotel activities for groups to stay longer

Clusters 1, 4 & 5

Percentage discount for each night they stay above a certain threshold

Cluster 4

Discount based 'Last Minute Offers' for late bookers

Clusters 0 & 2

Offer tourist itineraries for core city attractions for short staying customers

Clusters 0, 2 & 3

Loyalty based rewards for returning customers

Clusters 1 & 4

Partnership and cross-sell of paid city activities

Clusters 1, 4 & 5

Event based discount

Cluster 0

Deployment and Maintenance

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Cyclically

Model should be cyclically renewed

Process

No process automation necessary

Time Series

Analyse changes over time

Maintenance

Low maintenance required

Future Improvements

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More Data

Collect further
data about our
guests

Data collection

Standardize data
collection process
among our hotels

Data Warehouse

Combine data to an
enterprise
wide data warehouse

Conclusion

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We will get a better understanding of our customers
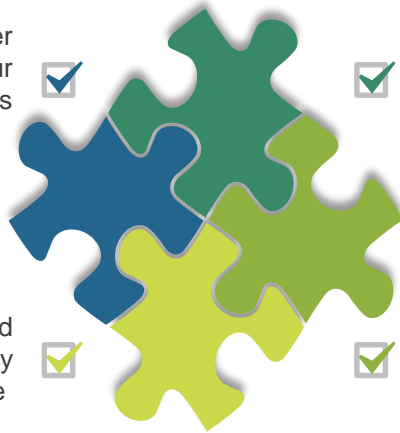
Increase revenue with more efficient marketing campaigns

We can start lean and increase complexity over time

Make use of our hidden asset - our data

Thank you!

Any questions?

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