

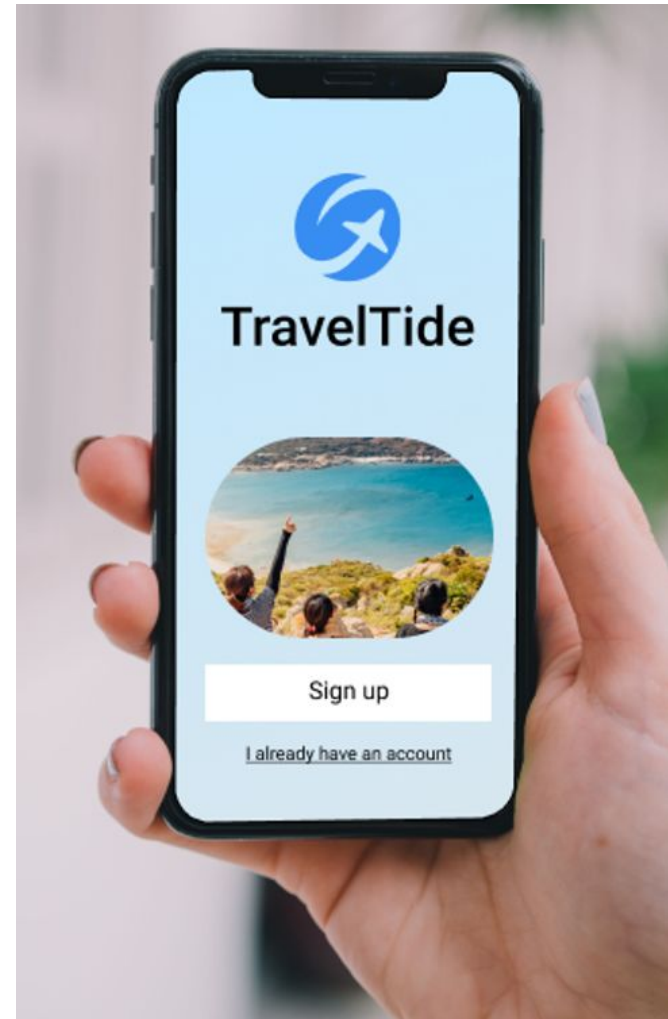
## Customer Segmentation

Nadiya Zahn  
12.07.2024



## Contents

- Introduction
- RFM Analysis
- Customers Segmentation
- Perks Allocation Strategy
- Recommendations



# Introduction



## Goal of data analysis:

- understand customer preferences
- booking behavior
- engagement patterns
- enhance customer satisfaction
- loyalty and retention

## Recommended Perks:

- Free hotel meal
- Free checked bag
- No cancellation fees
- Exclusive discounts
- 1-night free hotel with a flight

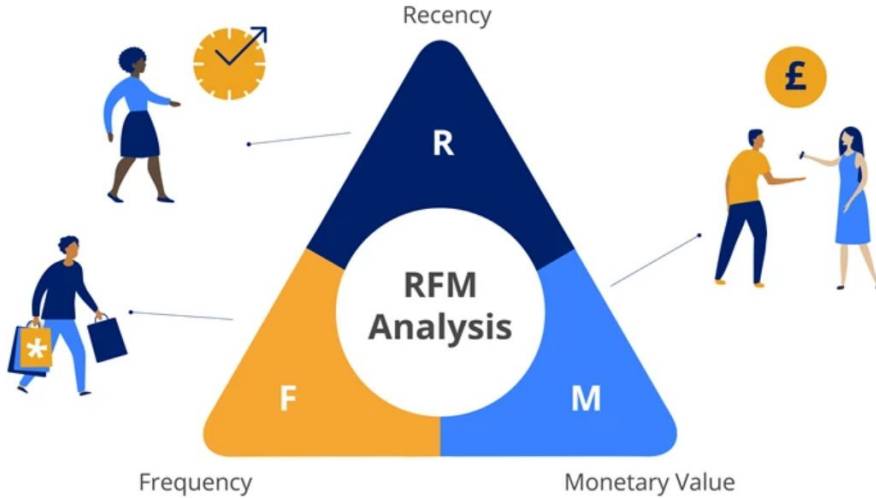
## Customer Cohort:

- Users with > 7 sessions
- Time between 04.01.2023 and last available date

## Methods:

- RFM (Recency, Frequency, Monetary) analysis
- K-Means algorithm for identification and segmentation of users based on their preferences

# RFM (Recency, Frequency, Monetary Value) analysis



## Recency

When did the customer last interact with TravelTide platform?

## Frequency

How often does the customer book trips?

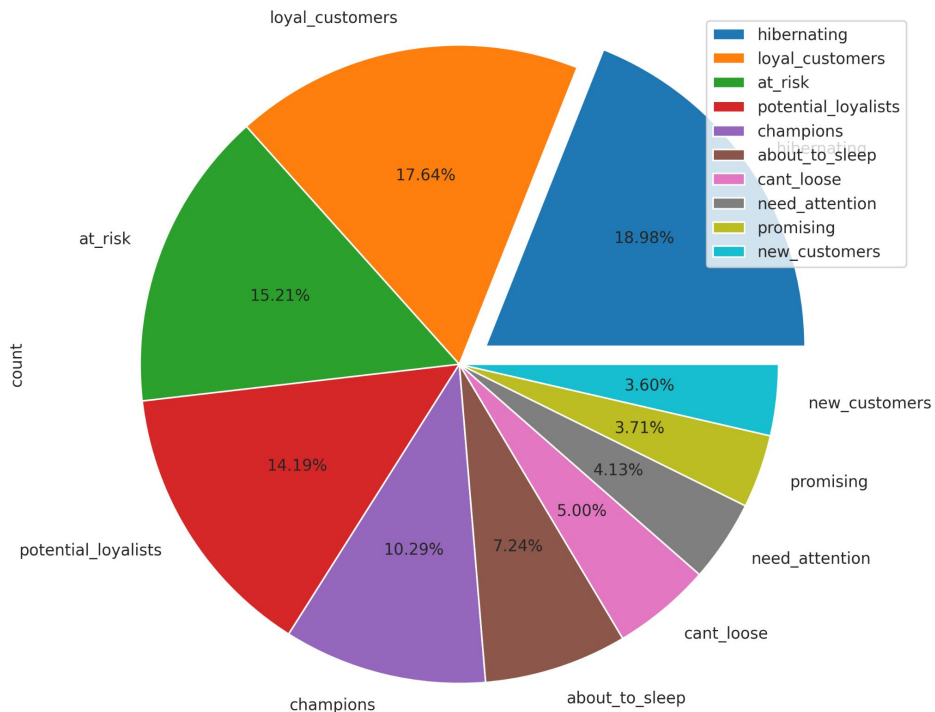
## Monetary Value

How much money has the customer spent on the trips?

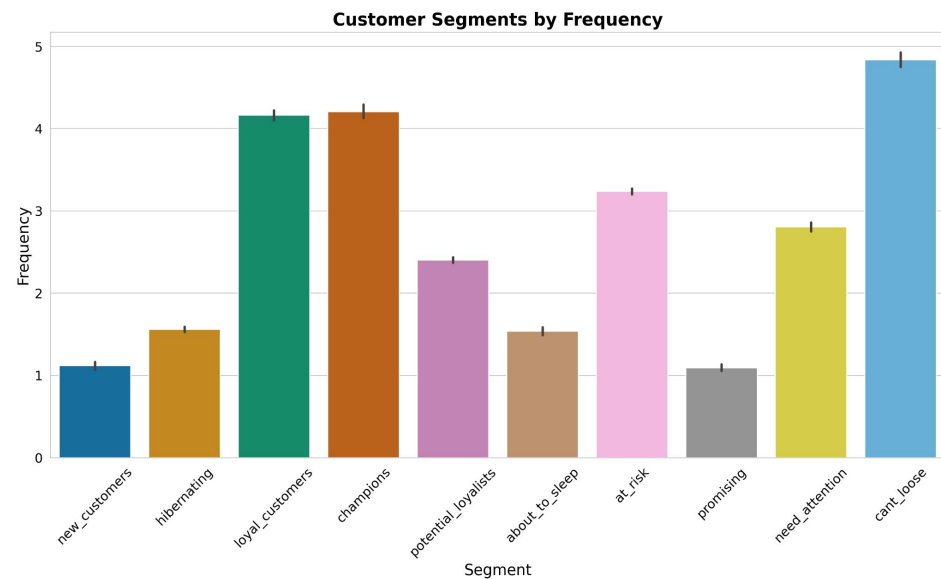
## Scoring System:

- Assign scores based on Recency, Frequency, and Monetary value.
- Group customers into segments using these scores.

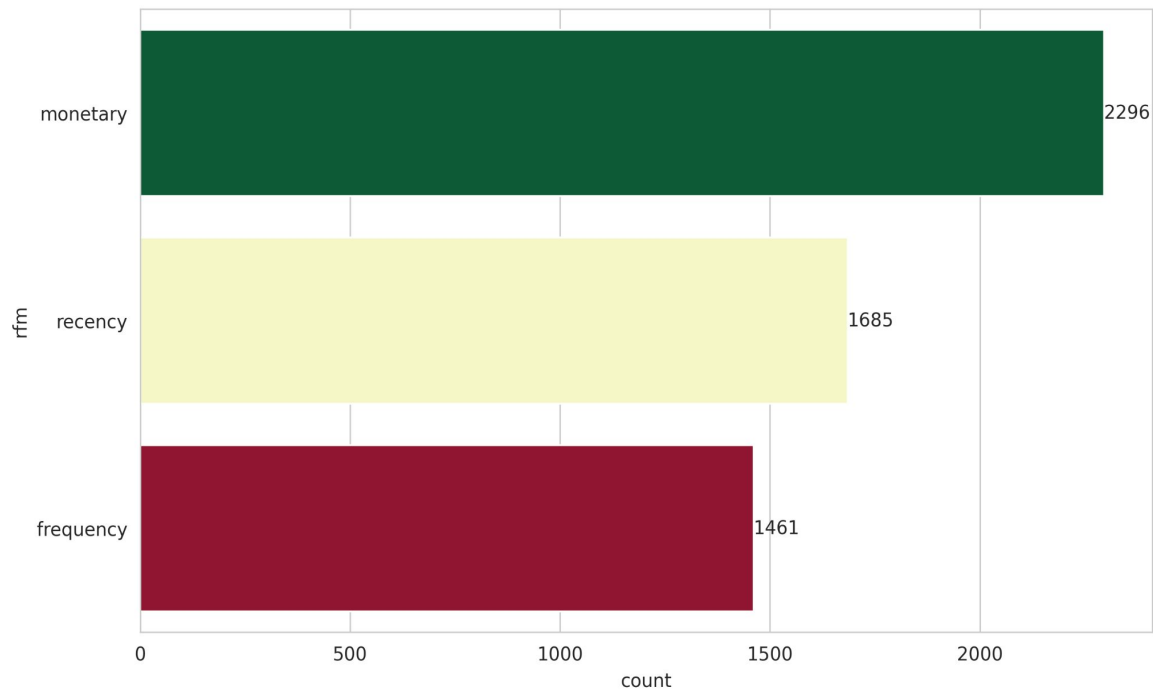
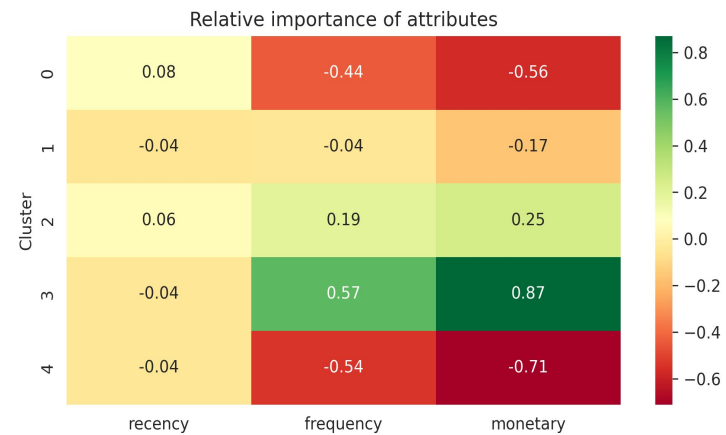
# Customers Segmentation



Customer Engagement



# Customers Segmentation with K-means Clustering Algorithm



# Perks Allocation Strategy

## **Free Hotel Meal:**

- Families with children
- Elderly travelers
- Long-term travelers

## **No Cancellation Fees:**

- Families with children
- Elderly travelers
- Booked well in advance

## **Exclusive Discounts:**

- price-sensitive customers

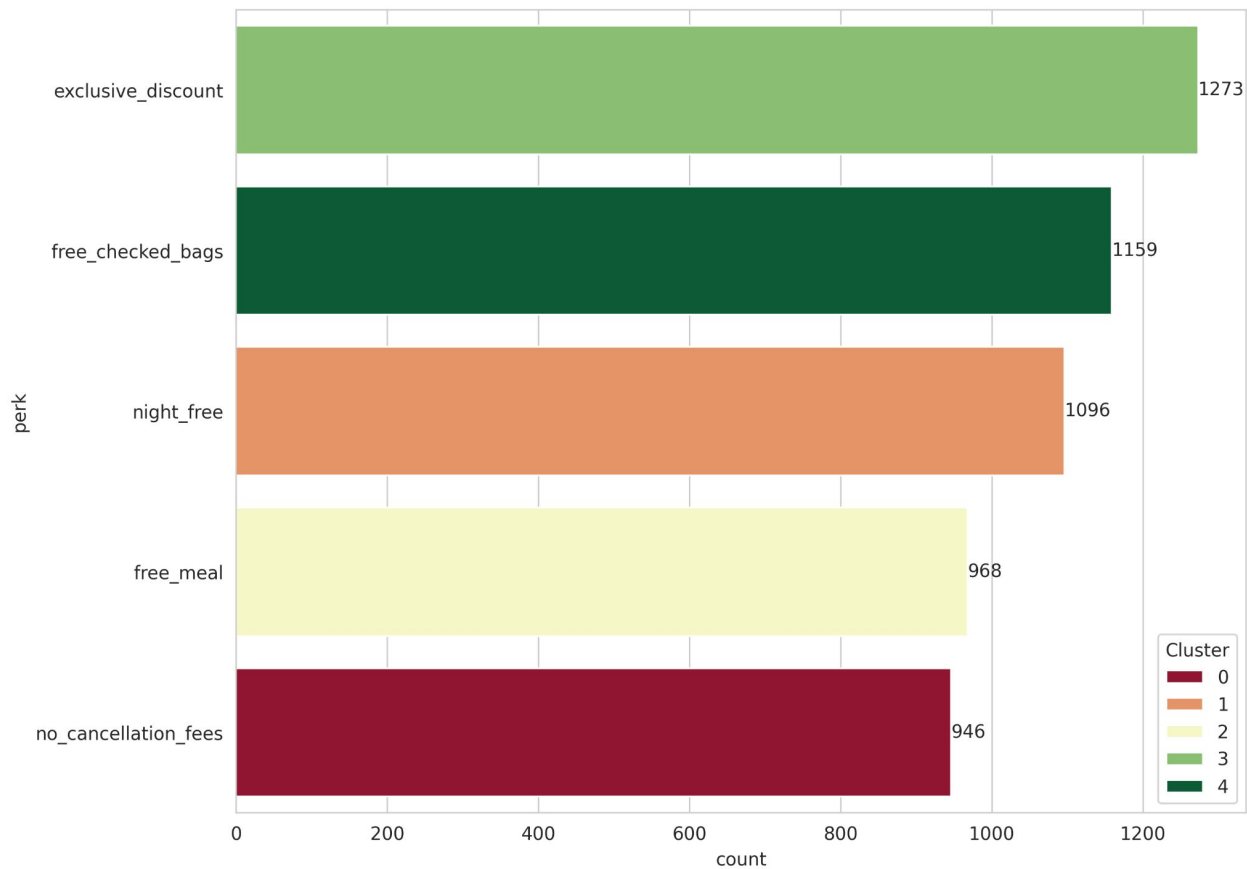
## **Free Checked Bags:**

- Families with children
- Long-term travelers

## **1-Night Free Hotel with a Flight:**

- Weekender travelers
- Frequently flying business customers

## Key Findings - Perks Distribution





# Recommendations



## Initial Approach and Testing:

- Presented solution is preliminary and requires additional validation.
- Perform A/B testing on different marketing strategies tailored to each customer segment.

## Data Collection and Feedback:


- Collect real-time customer feedback to refine the rewards program.
- Gather data for supervised learning/classification.
- Periodically update clustering with a larger, more varied dataset for more precise segmentation.

## Enhancing Engagement:

- Implement a multi-level rewards program with varied perks for different engagement stages.
- Consider consolidating different perks.

## Targeted Marketing:

- Develop targeted campaigns based on cluster insights.
- Tailor promotions to the preferences and behaviors of each cluster.

A photograph of a beach with waves washing onto the sand. The water is a light greenish-blue, and the sand is a pale yellow. The waves are creating white foam as they recede. The text "Thank you for your attention !" is centered over the middle of the image.

Thank you for your attention !