

# TravelTide - Customer Segmentation

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## Introduction

This report outlines the findings of the Data Analyst Team's customer segmentation analysis to support implementing a personalized rewards program for TravelTide customers.

TravelTide's commitment to providing an extensive and easily searchable travel inventory has yielded significant benefits; however, certain aspects of the customer experience have room for improvement, impacting customer retention. The Marketing team aims to establish a data-driven rewards program to enhance customer retention and value. This initiative necessitates a comprehensive understanding of customer behavior through effective customer segmentation.

## Objectives

The primary objective of the Marketing team is to design an enticing personalized rewards program that resonates with customers, thereby driving platform engagement and customer loyalty.

### Goals:

- 1) Analyze data to validate the hypothesis of customer segments showing a distinct interest in proposed perks.
- 2) Attribute each customer to a preferred perk category.

## Methodology

Customer segmentation divides the customer base into distinct groups, enabling tailored experiences. Our approach leveraged the following methodology:

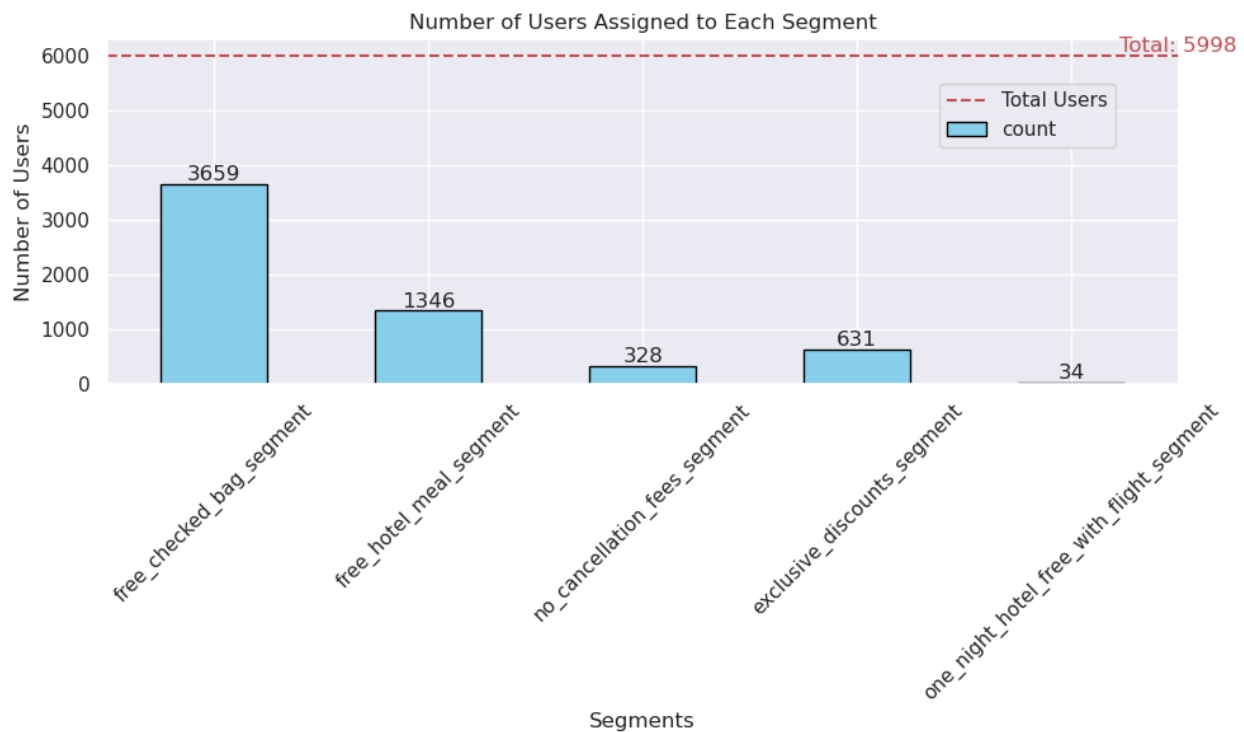
- 1) **Cohort Definition:** Users engaging in over 7 sessions from '2023-01-04' onwards
- 2) **Data Extraction:** Employed SQL to extract aggregated cohort data from the PostgreSQL RDBMS system.
- 3) **Data Analysis:** Utilized SQL and Python to define and rank customer segments.
- 4) **Segment Assignment:** Assigned each customer to an appropriate segment.

# Key Findings

Utilizing the Categorization, Thresholding, and Fuzzy Segmentation techniques, customer segments hypothesized by Marketing were validated and customers were mapped to segments based on their preferences for proposed perks:

- Free Checked Bag Segment: **3,659** customers
- Free Hotel Meal Segment: **1,346** customers
- No Cancellation Fees Segment: **328** customers
- Exclusive Discounts Segment: **631** customers
- One-night Free Hotel with Flight Segment: **34** customers

**Note:** Users not meeting segment criteria are additionally categorized under the lowest cost segment, 'Free Checked Bag Segment'.



## Recommendations and Next Steps

1. **Personalized Marketing Plans:** Craft tailored marketing strategies for each segment utilizing the 'customer\_segmented.csv' file. Highlight the perk most appealing to the respective segment.
2. **Cost Consideration:** Assess the feasibility of phased promotions based on the total cost of proposed perks for each segment.

For further details and in-depth analysis, please refer to the accompanying documentation.