Customer Segmentation of Travel Tide Customers

Introduction
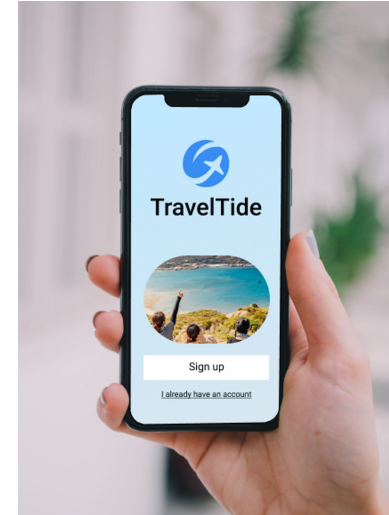
TravelTide is an E-booking startup

Problem Travel Tide is facing -

Poor Customer Retention

Customer Retention Strategy -

Make Customers to sign up for the **Rewards Program**

How will the Rewards Program Work?

Understand Customer behavior ⟶ **Assign Perks**
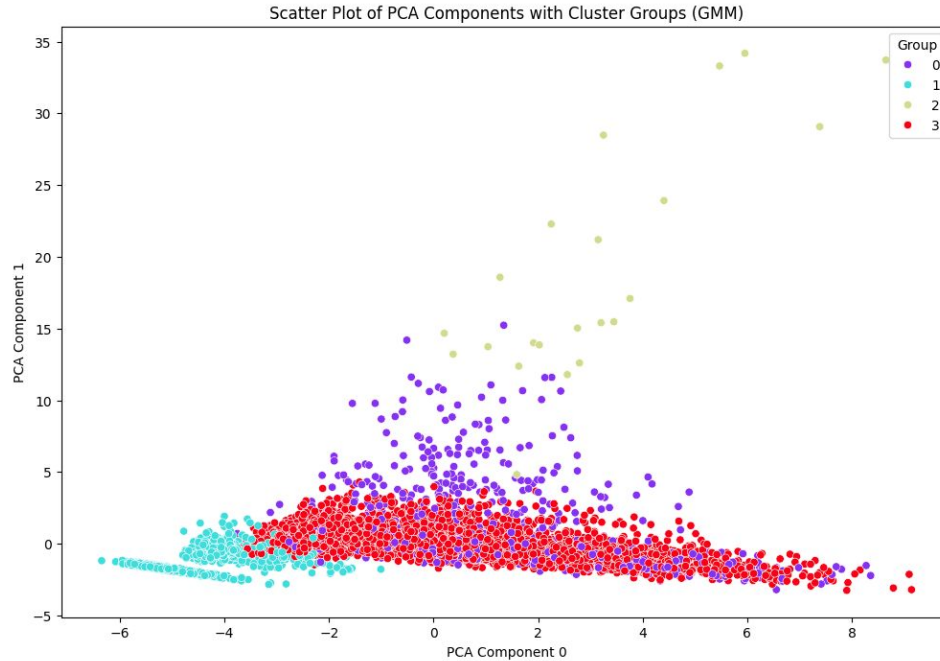
Deciding Cohort

Devising Metrics

- What is their Gender and age?
- How often do they book trips?
- How much do they spend on flights and hotels?
- How often do they take discounts?
- What is their duration of stay?
- Do they plan their trips well in advance?
- Do they travel during holiday seasons?
- Do they travel with Family?
- How often do they cancel trips?
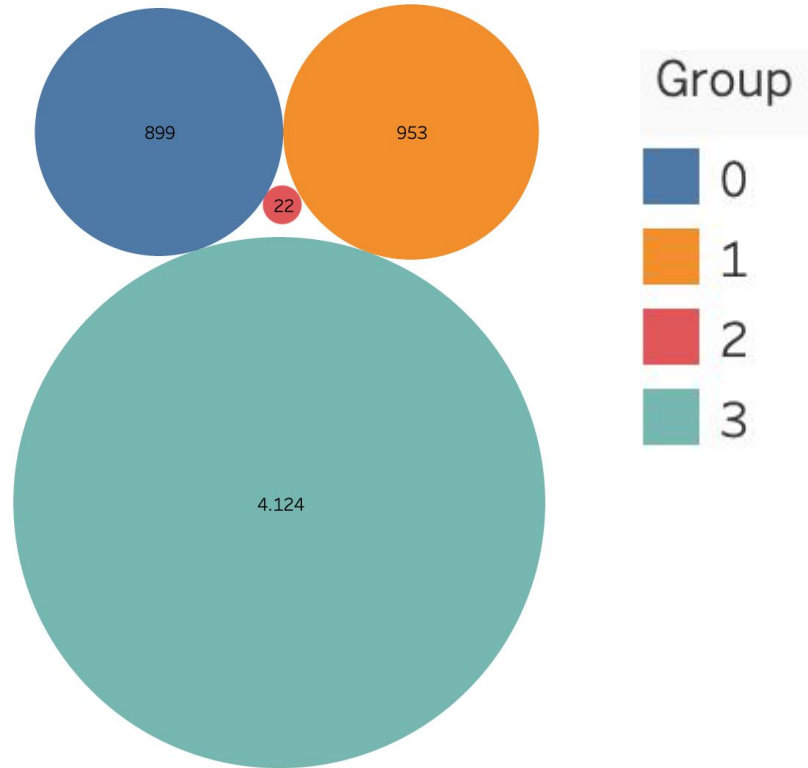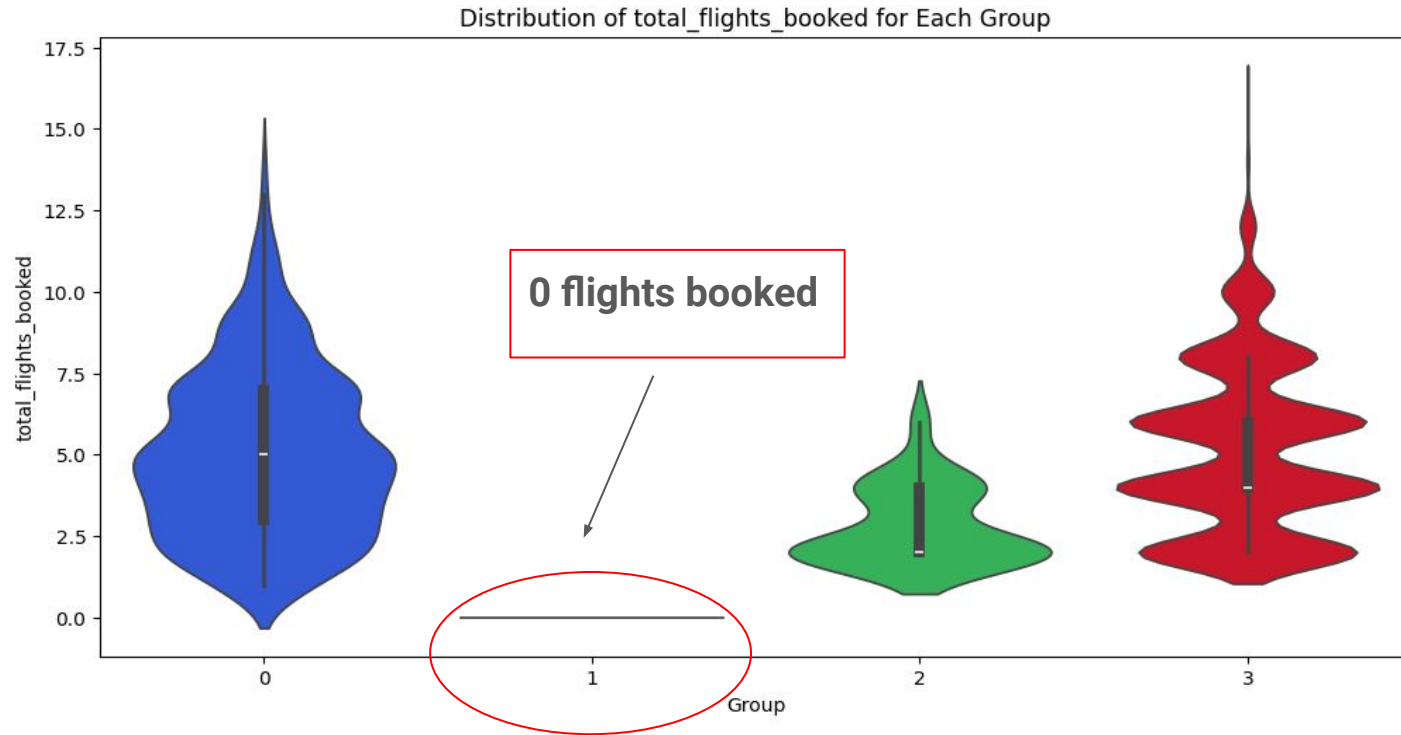- Are they Dreamers?

Customer Segmentation With Clusters

Scatter Plot of PCA Components with Cluster Groups (GMM)

4 Groups

Group 0

Group 1

Group 2

Group 3

Group 1
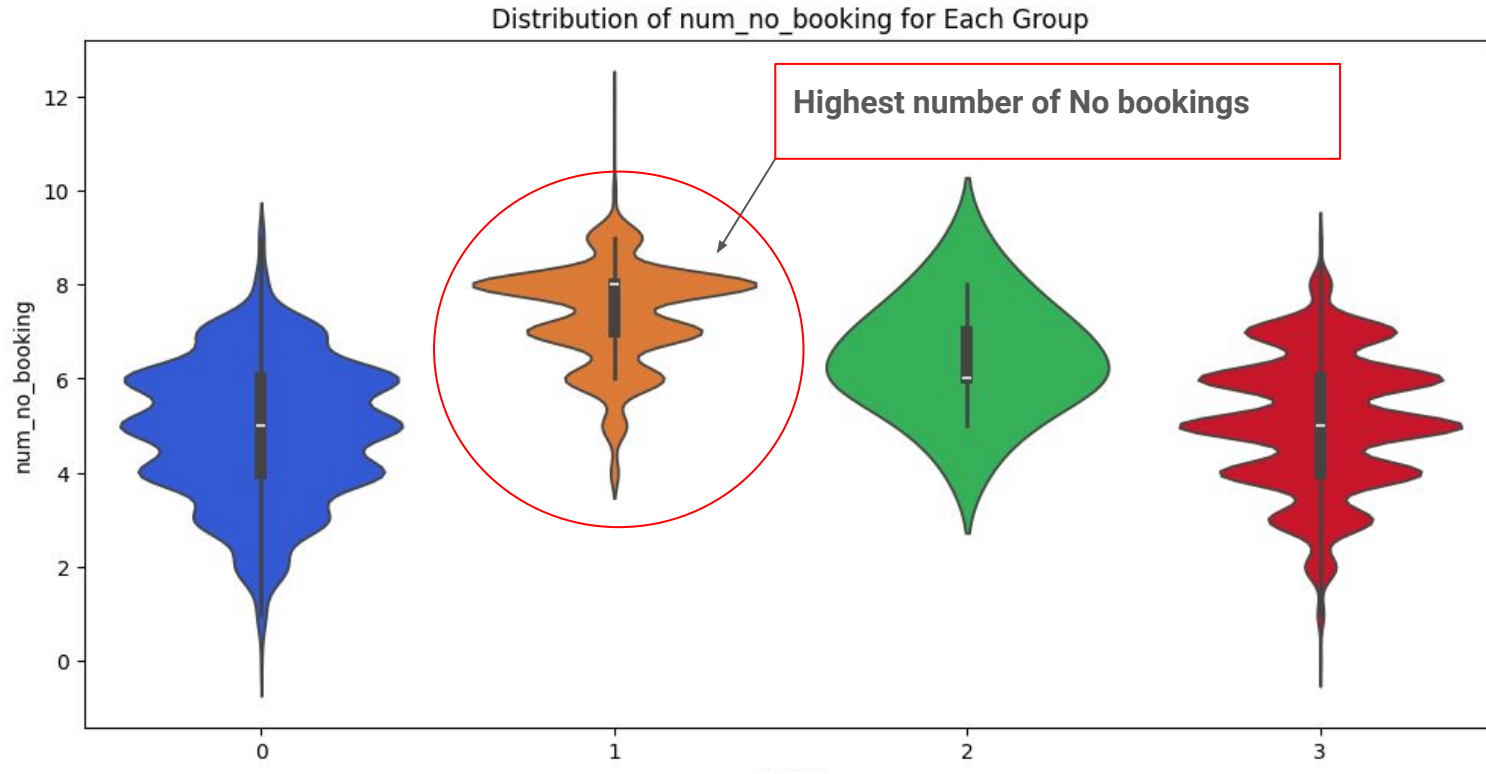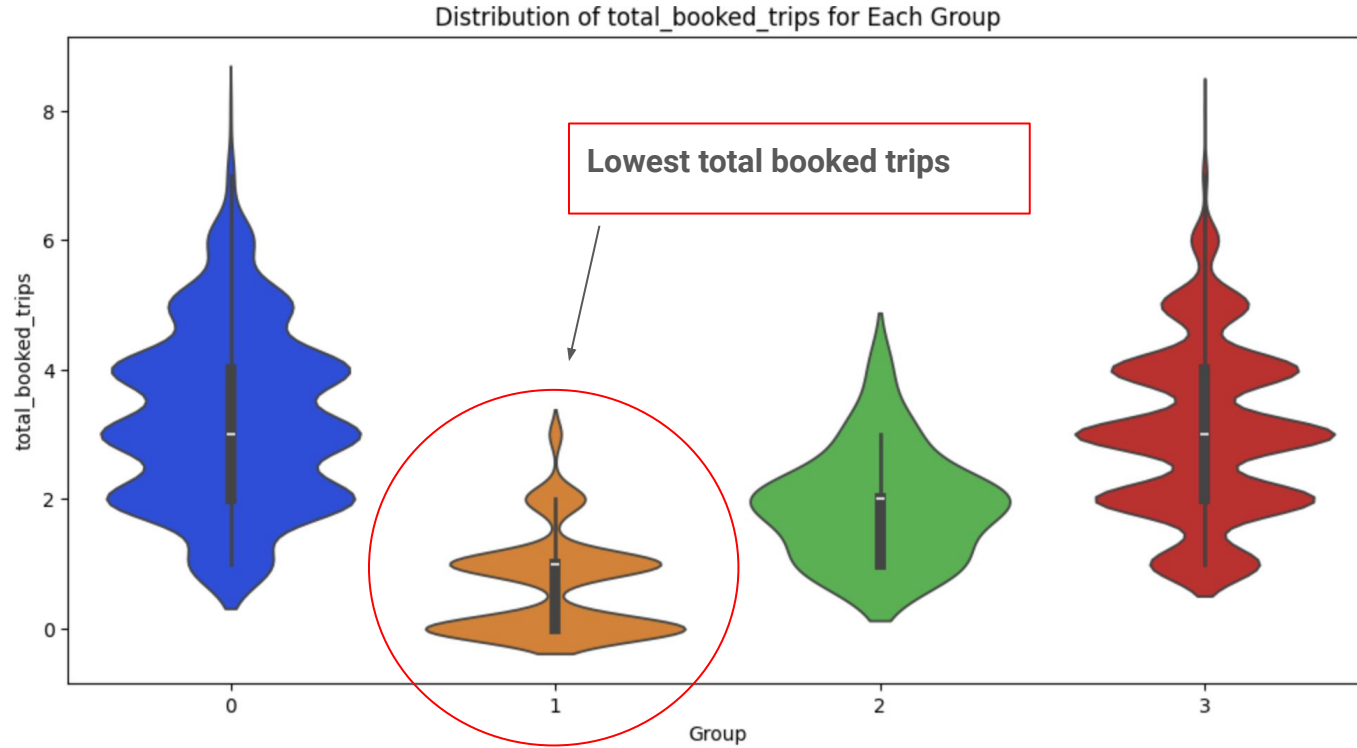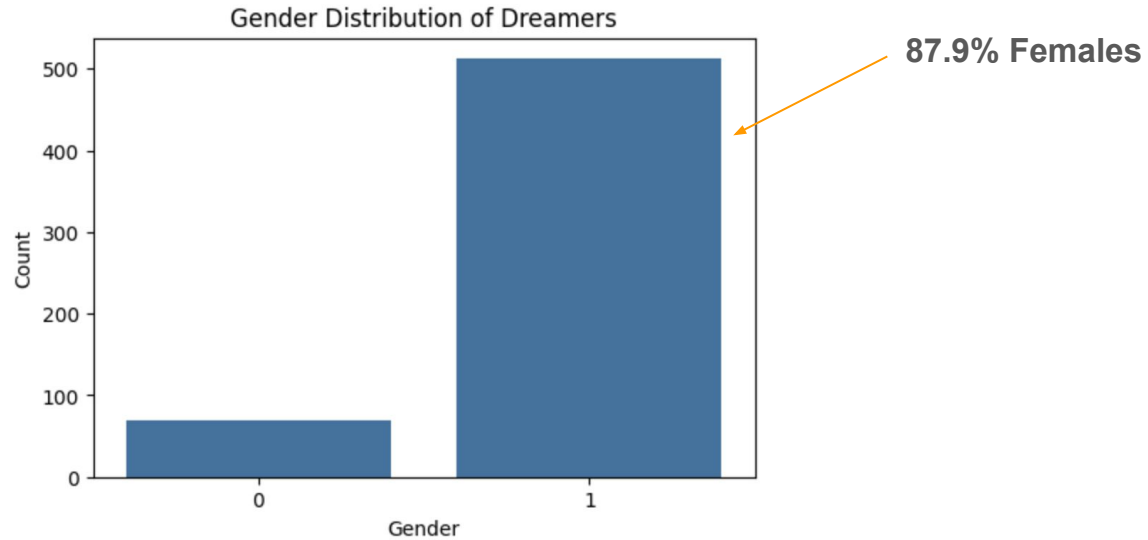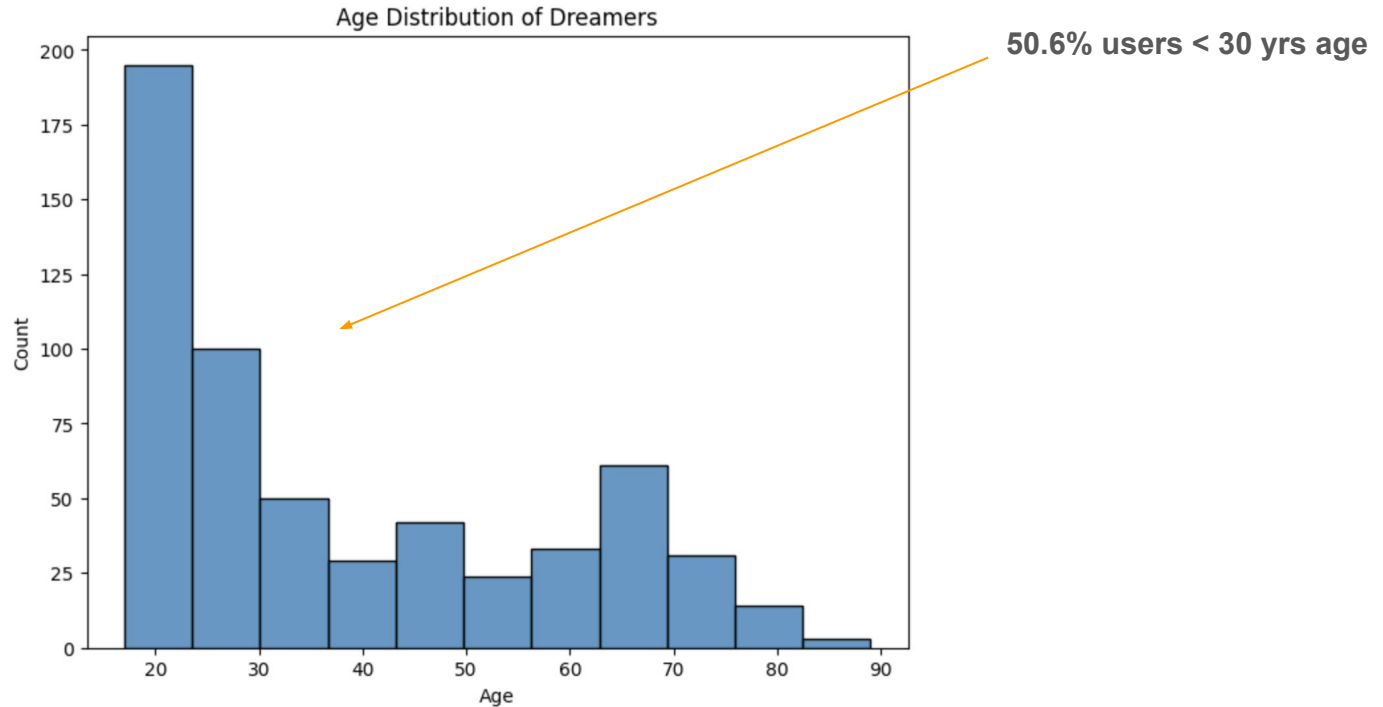
Distribution of total_flights_booked for Each Group

Group 1

Distribution of num_no_booking for Each Group

Group 1

Distribution of total_booked_trips for Each Group

Lowest total booked trips

Persona Development Group 1

Gender Distribution of Dreamers

87.9% Females

Persona Development Group 1

Age Distribution of Dreamers

50.6% users < 30 yrs age

Persona Development Group 1

Married Distribution of Dreamers

61.8% users unmarried

Persona Development Group 1

Has Children Distribution of Dreamers

67% no children

Persona Development Group 1

Home Country Distribution of Dreamers

86% from USA
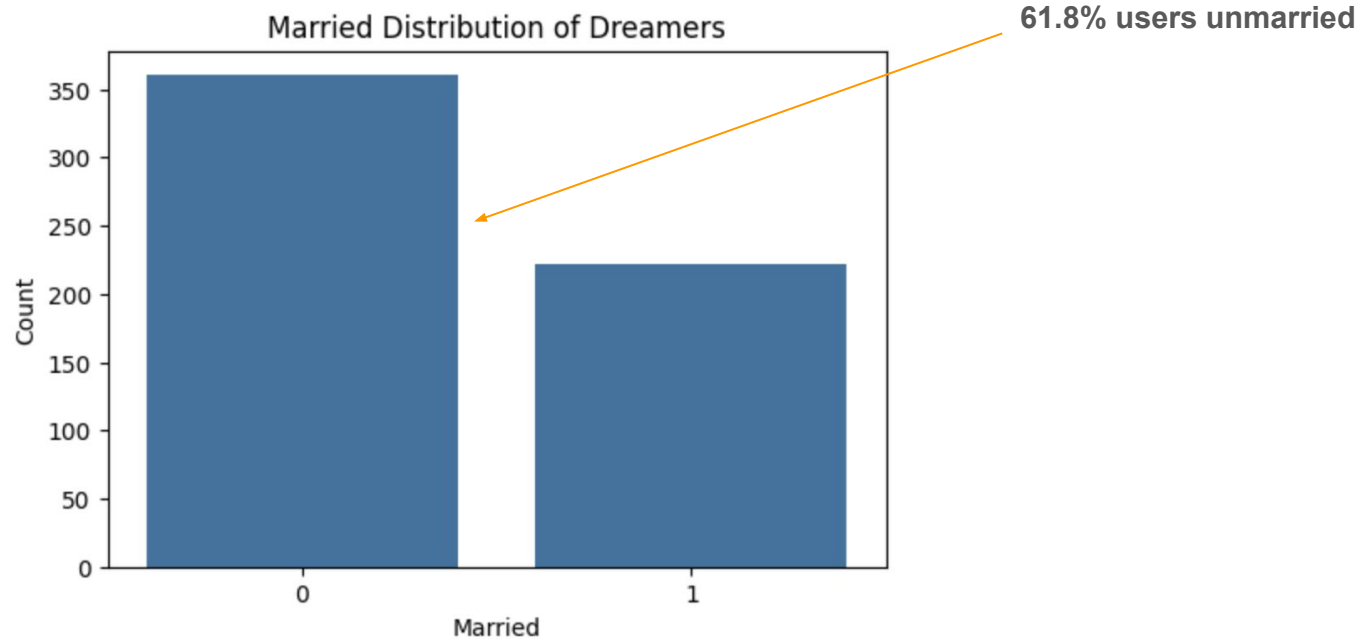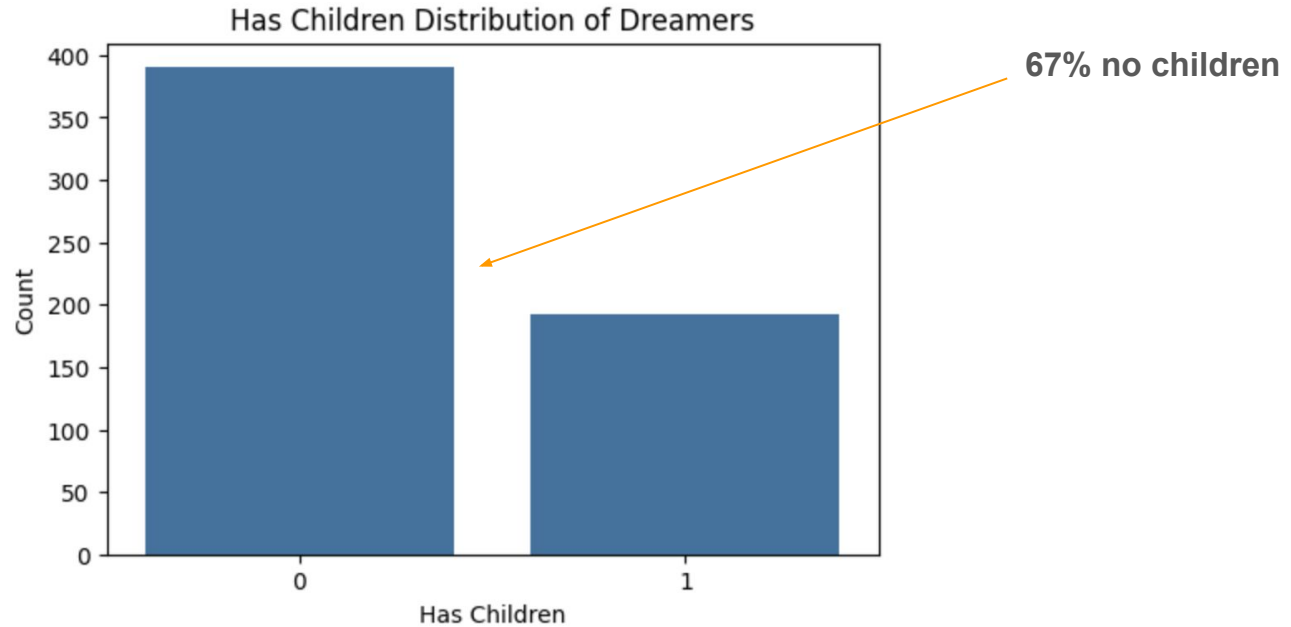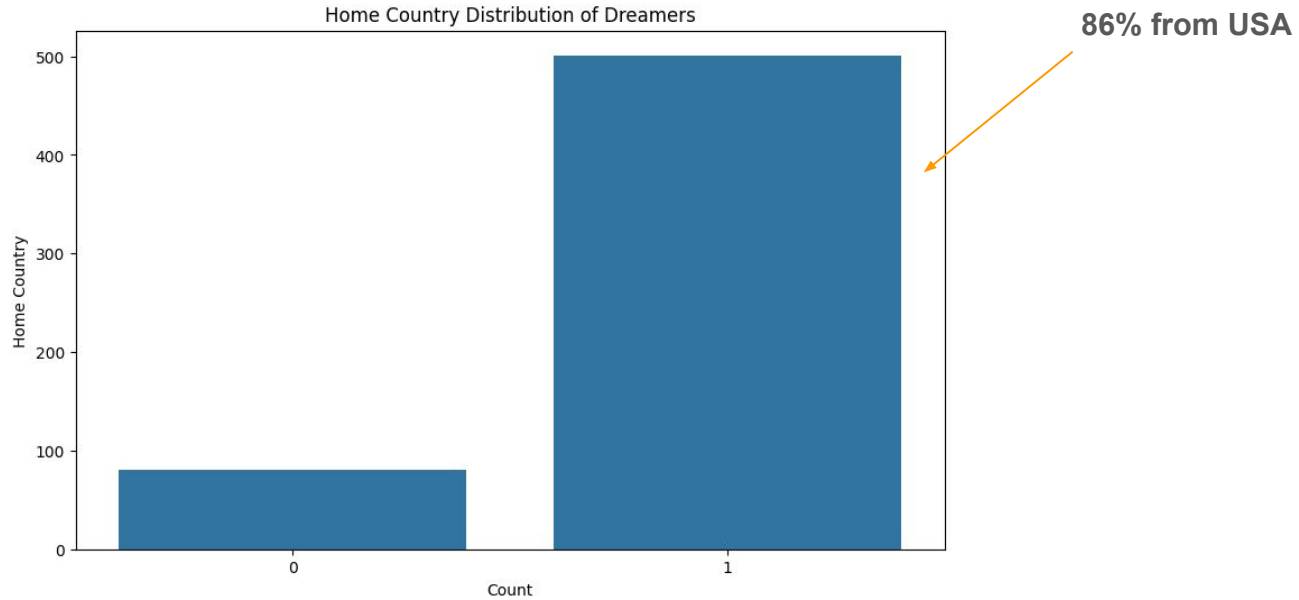
Persona 1 - Dreamer from Group 1

Name: Sarah

User_id: 306165

Age: 21 years old

Unmarried

No children

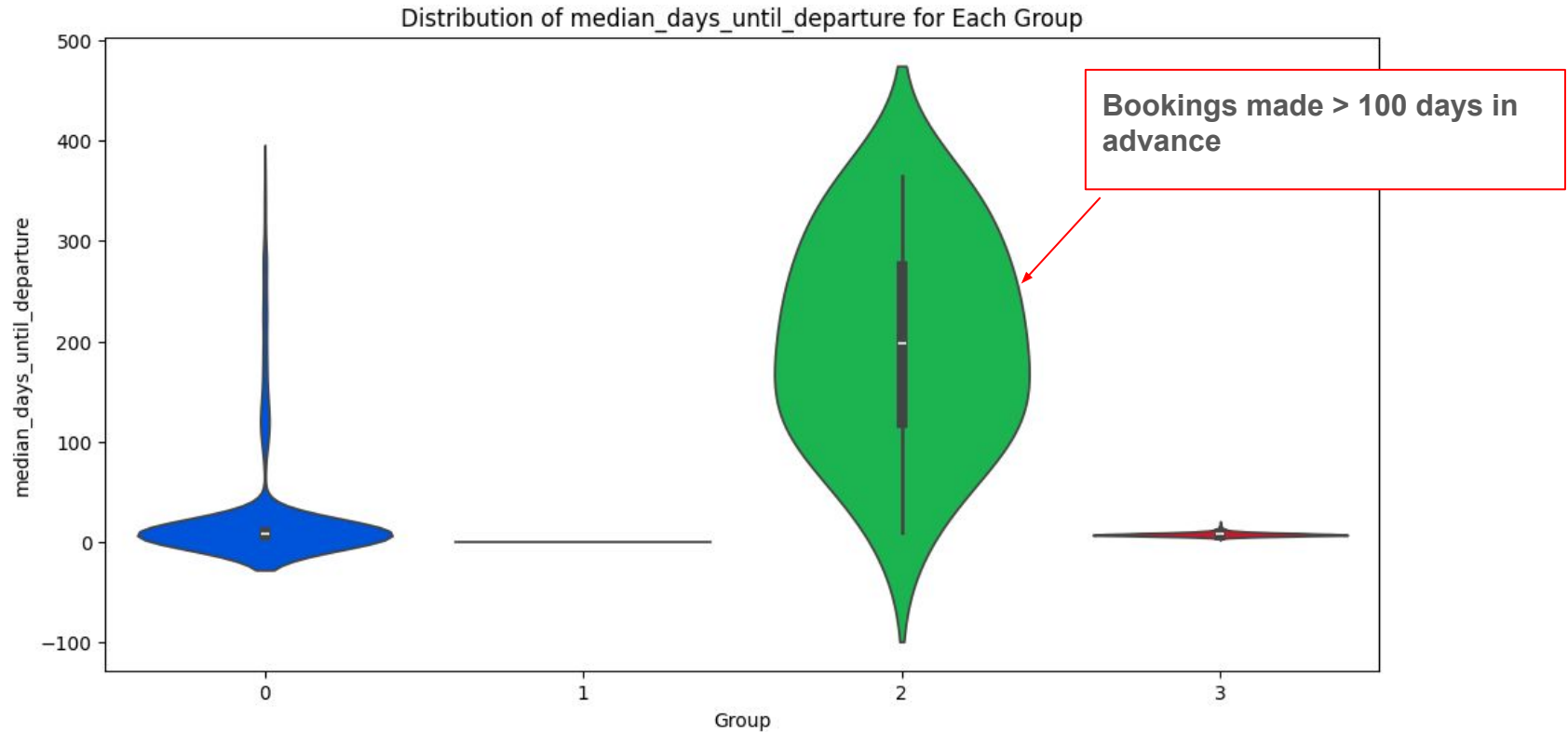**From Cleveland , USA**

User since 1.8 years

Main Characteristic: Dreams a lot. 8 times no booking
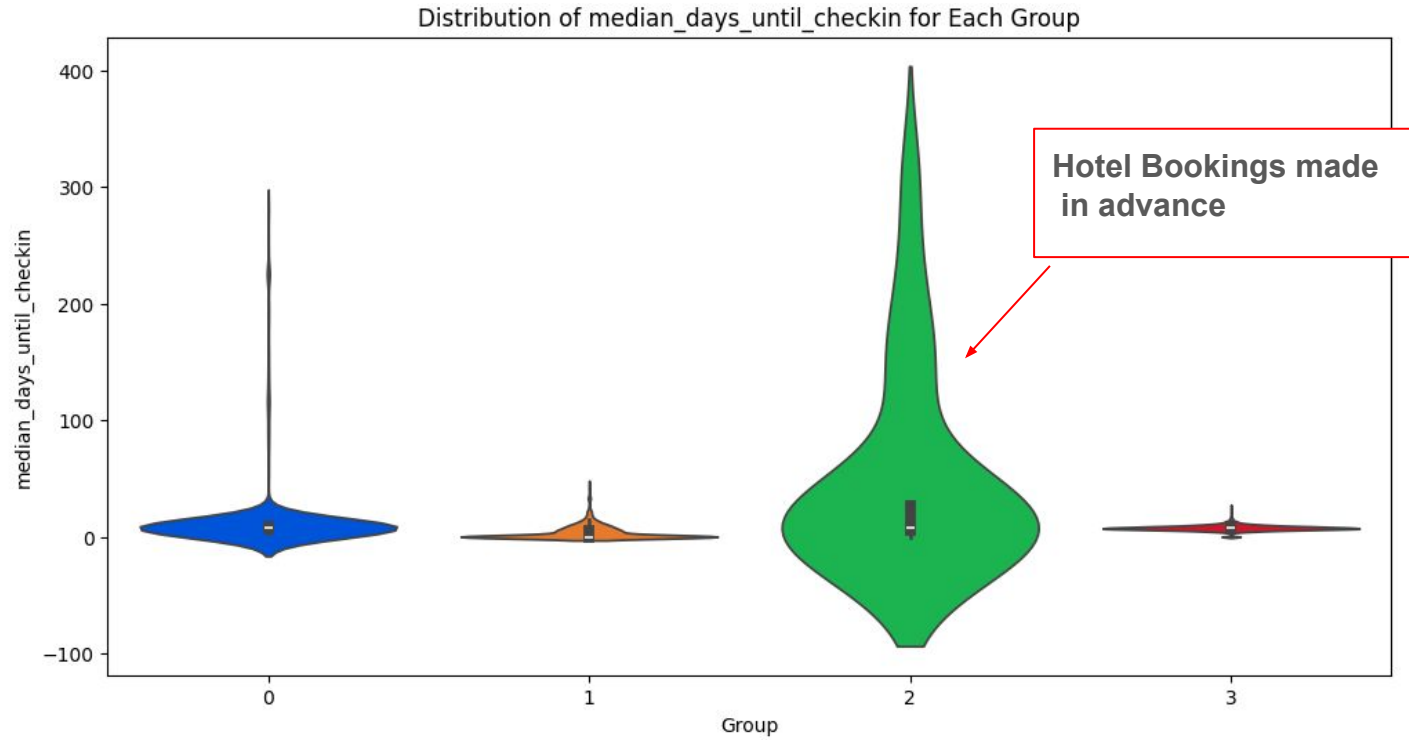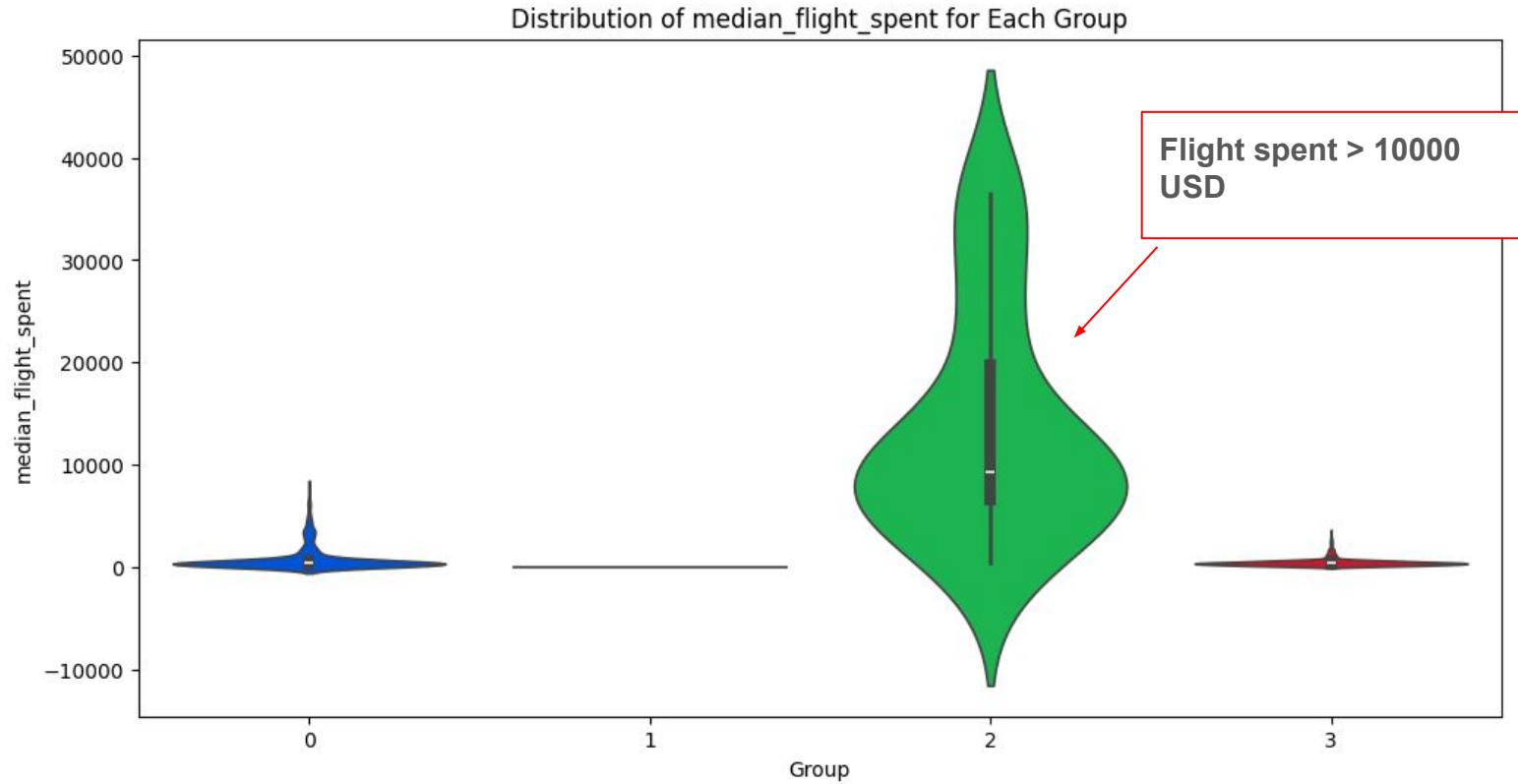
Perk: 20% off on first trip

Group 2

Distribution of median_days_until_departure for Each Group

Bookings made > 100 days in advance

Group 2

Distribution of median_days_until_checkin for Each Group

Hotel Bookings made in advance

Group 2

Distribution of median_flight_spent for Each Group

Flight spent > 10000 USD

Group 2

Distribution of avg_distance_flown for Each Group

Most users travel far away

Persona Development Group 2

Persona Development Group 2

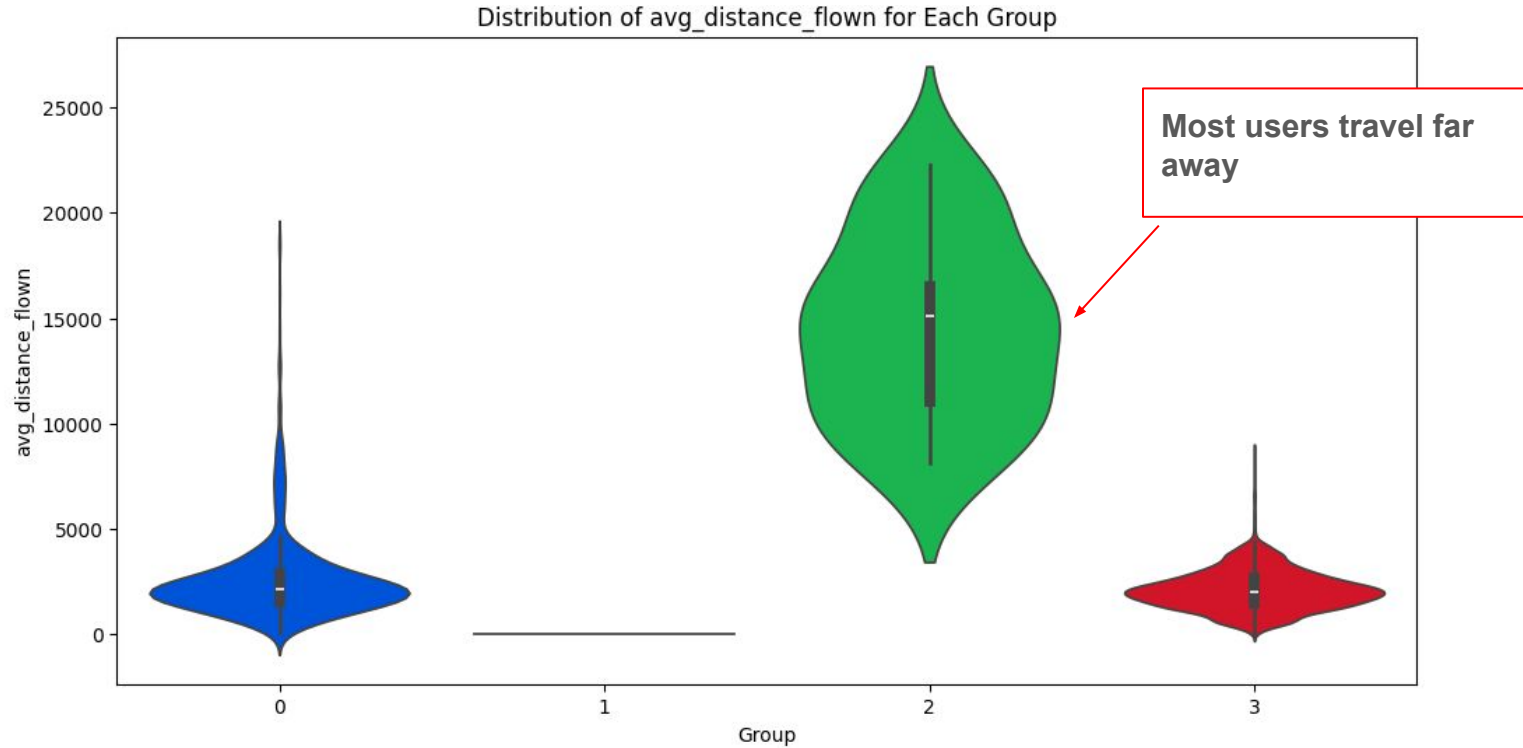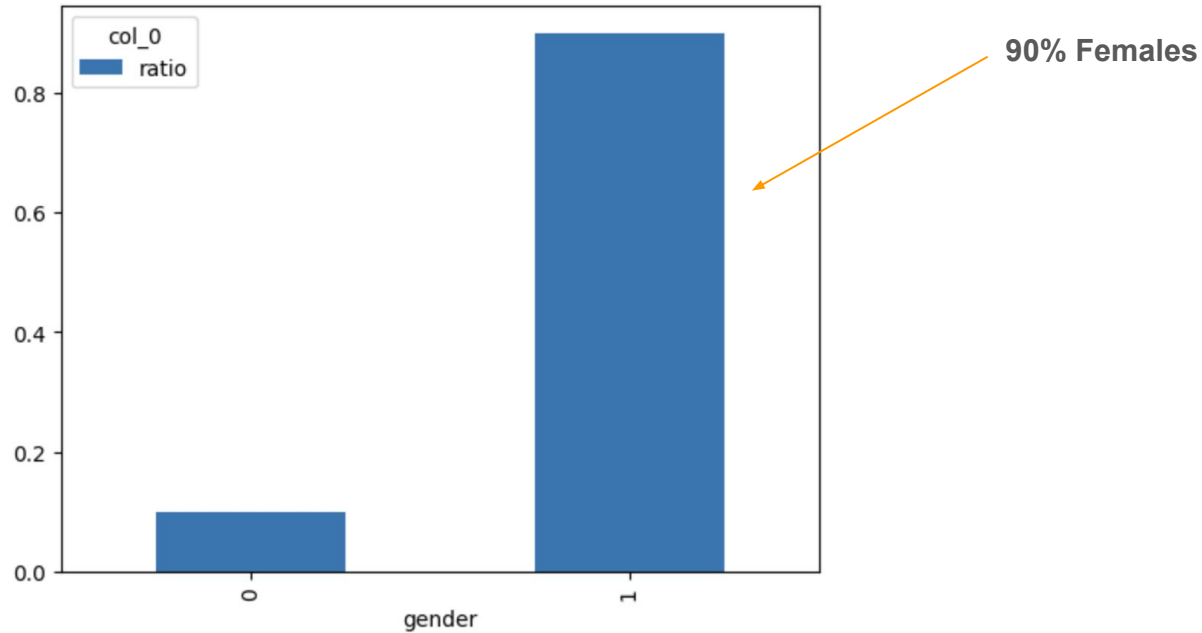Age Distribution of planners
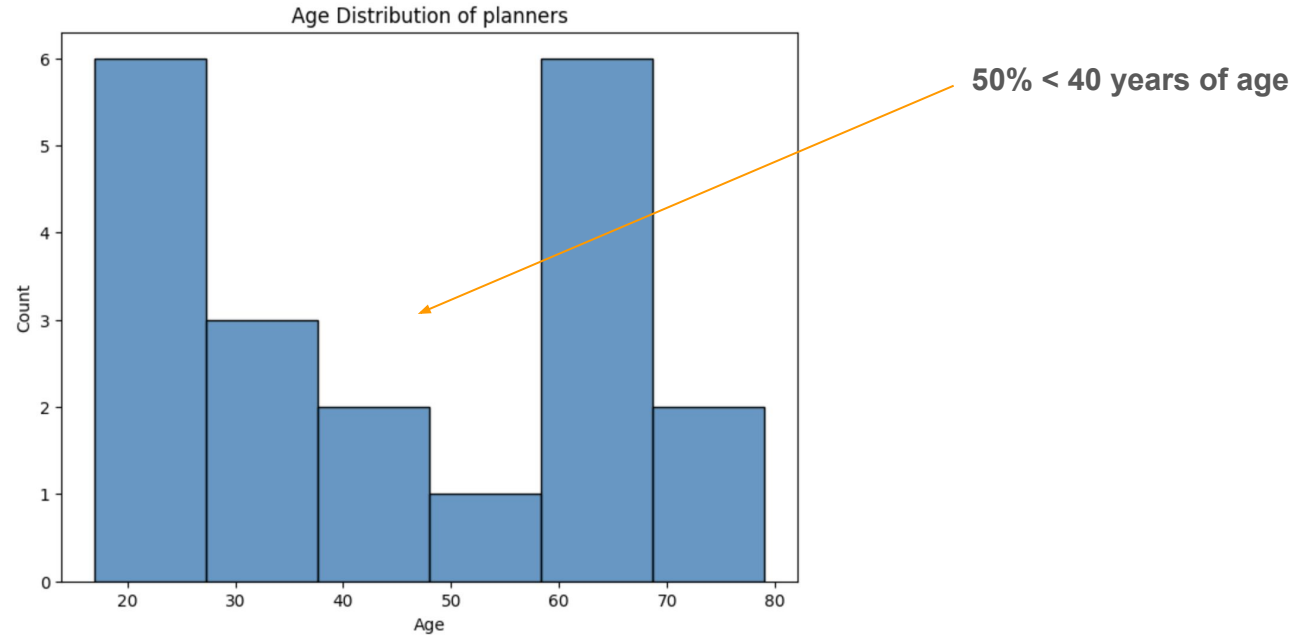
50% < 40 years of age
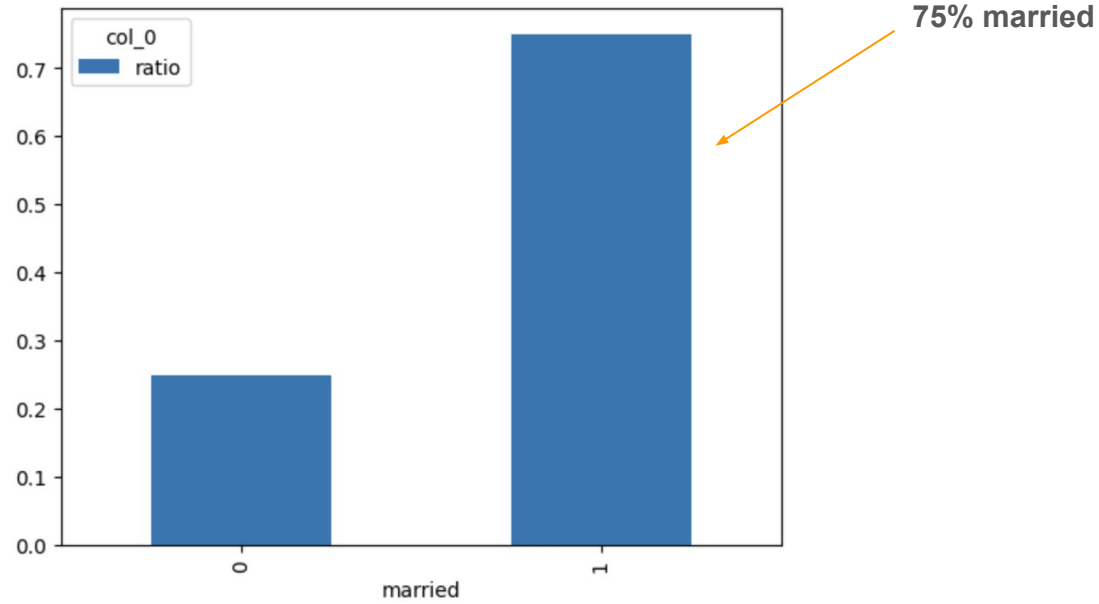
Persona Development Group 2
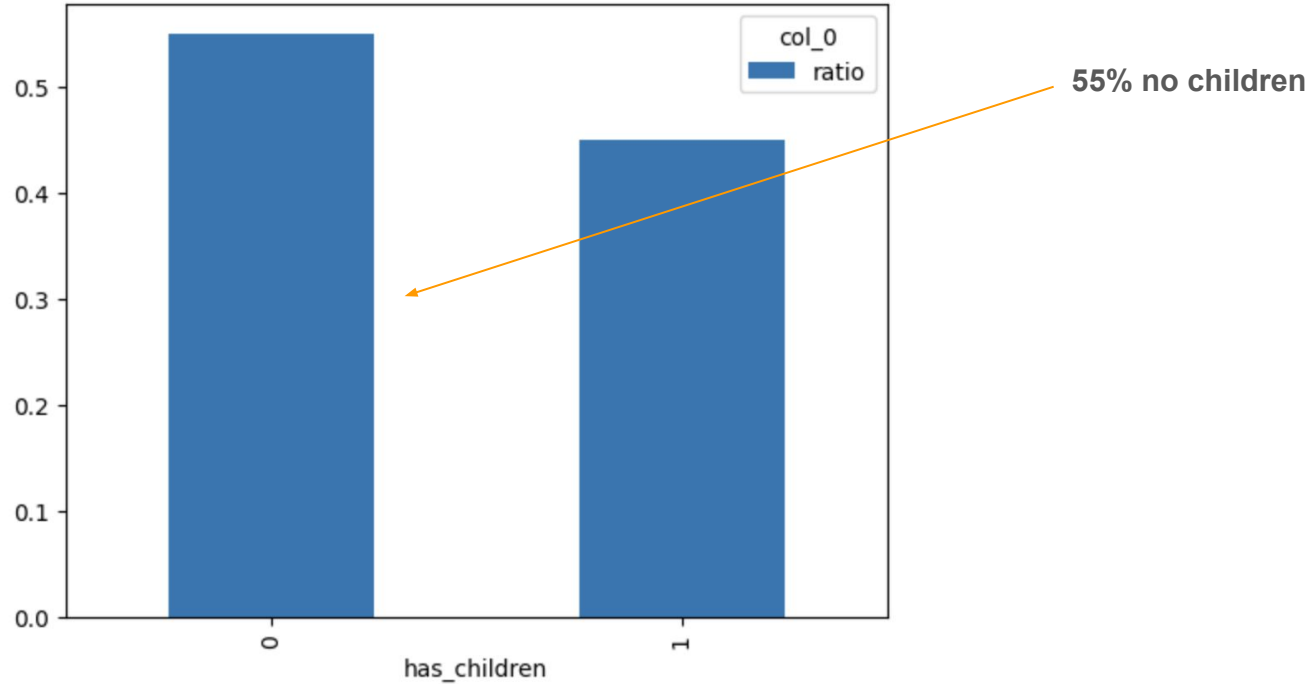
Persona Development Group 2
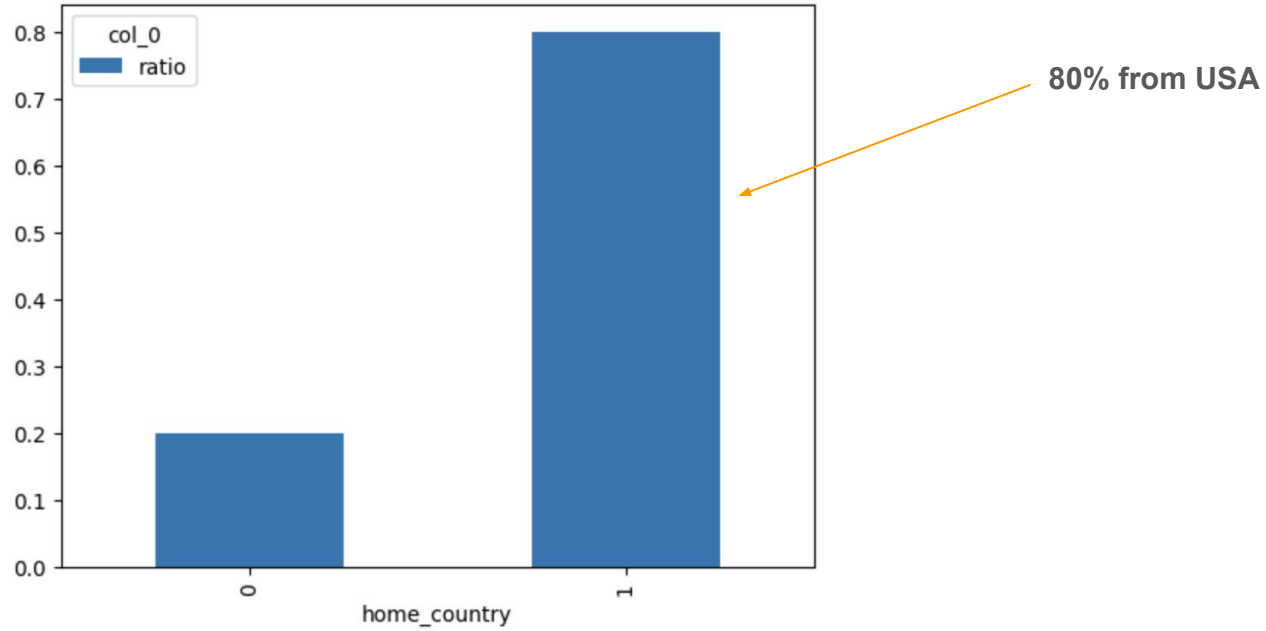
Persona Development Group 2

Persona 2 - Planner from Group 2

Name: Maria

User_id: 373489

Age: 37 years old
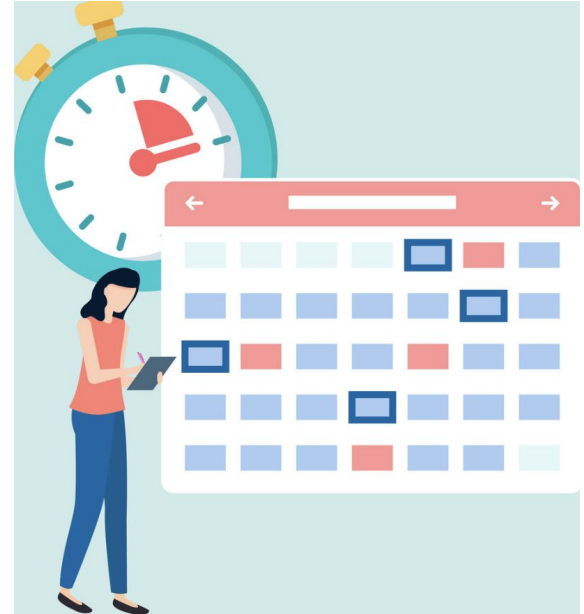
Married

Has children

From Wichita , USA

Likes to fly far away
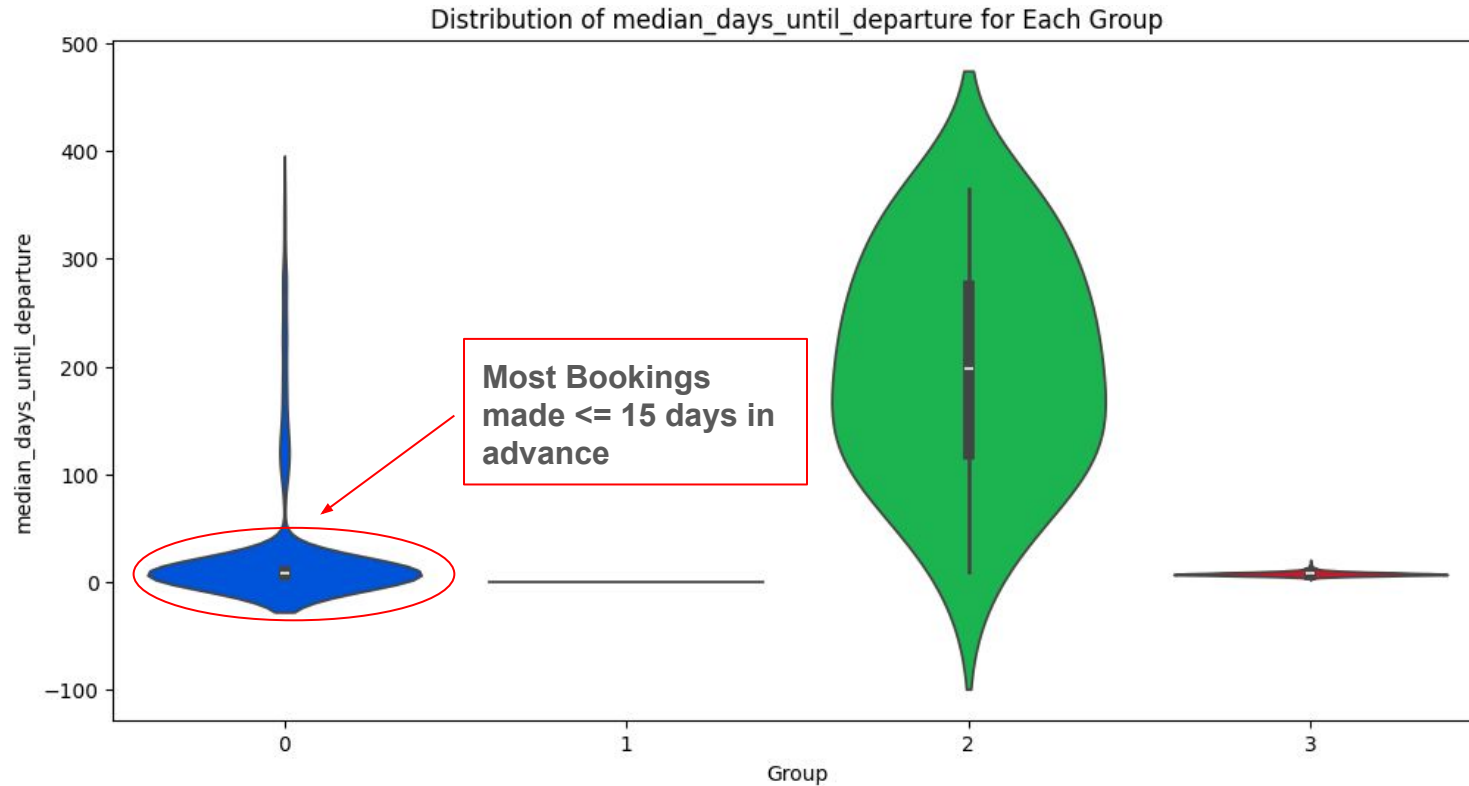
User since 1.6 years

Main characteristic: Plans trip more than 200 days in advance
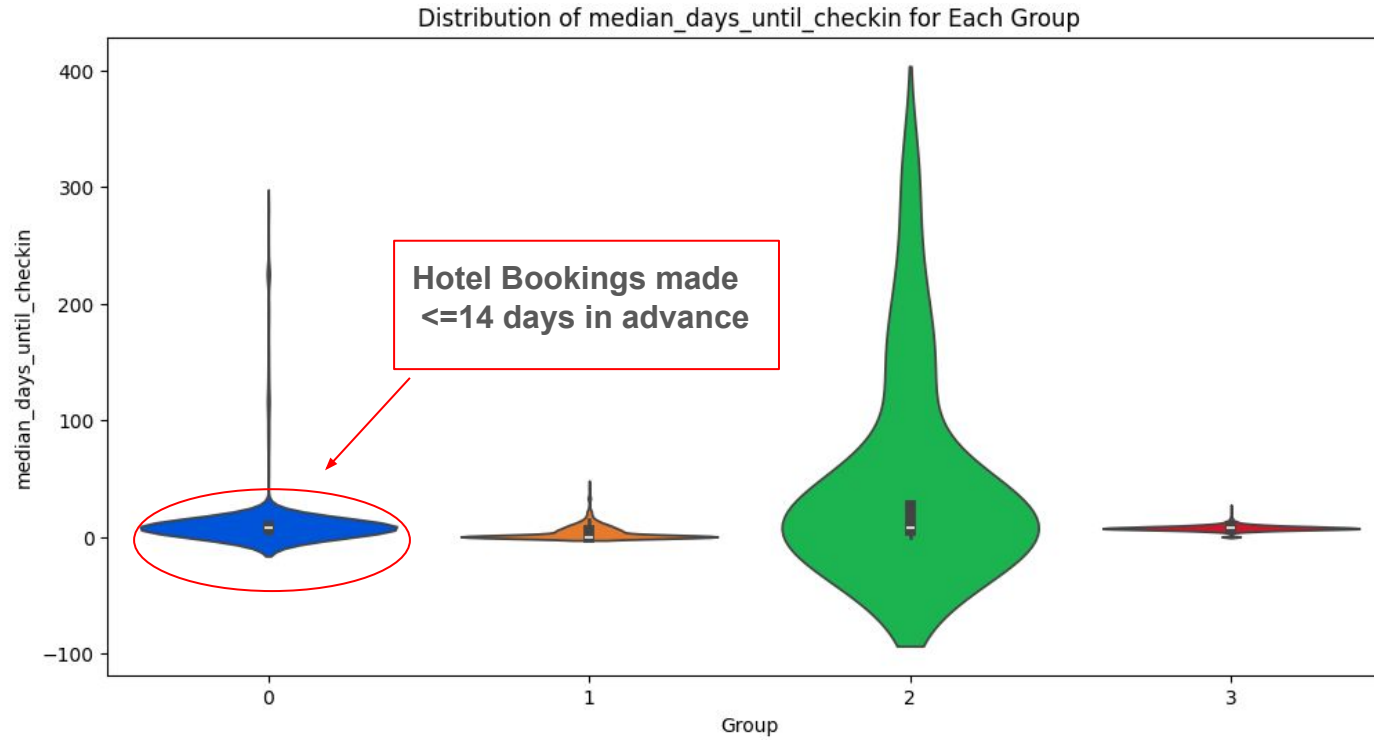
Perk: Early Bird Discount

Group 0

Distribution of median_days_until_departure for Each Group

Group 0

Distribution of median_days_until_checkin for Each Group

Hotel Bookings made
<=14 days in advance

Group 0

Distribution of median_seats_booked for Each Group

Most bookings have 1 seat booked

Group 0

Distribution of median_checked_bags for Each Group

Most bookings have 1 or 0 checked bags

Persona Development Group 0

Age Distribution of Business Travelers
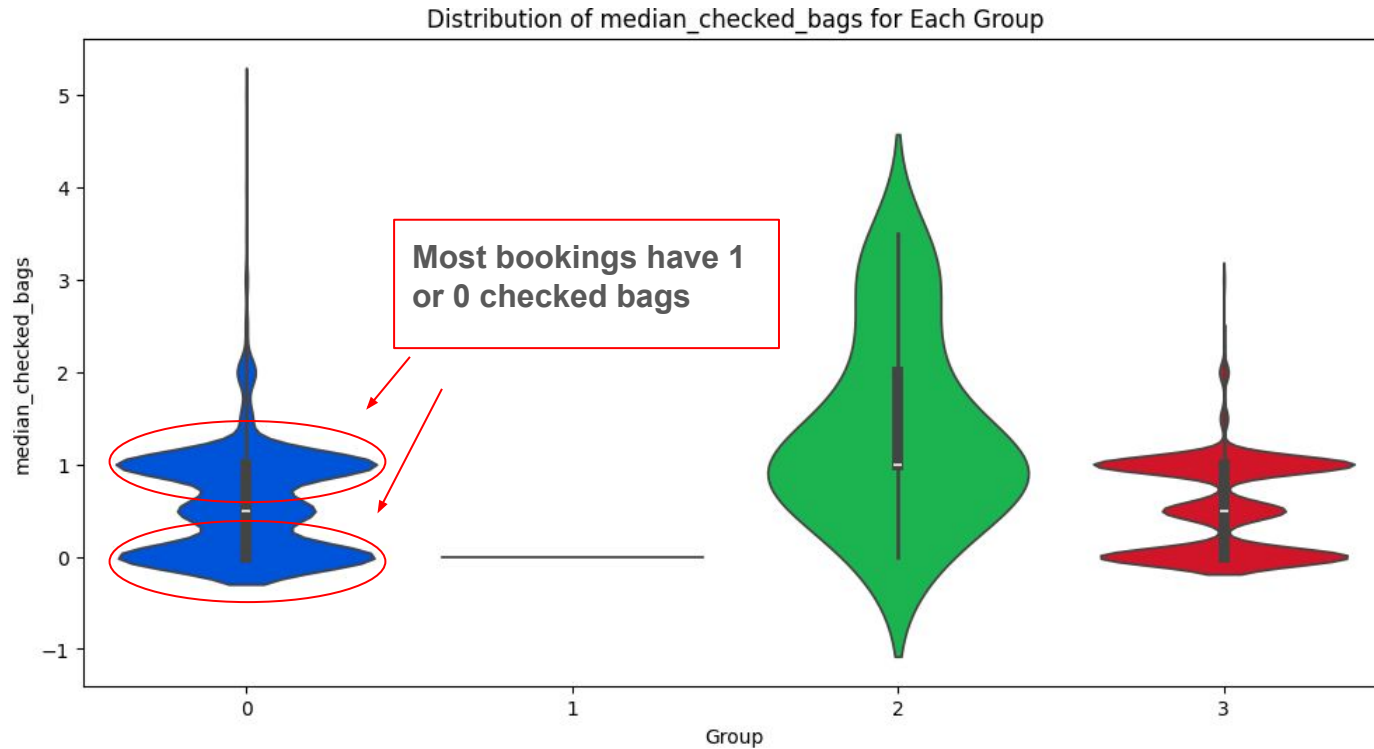
57.7% users in 37-50 yrs of age

Persona Development Group 0

85% females

Persona Development Group 0

60% unmarried
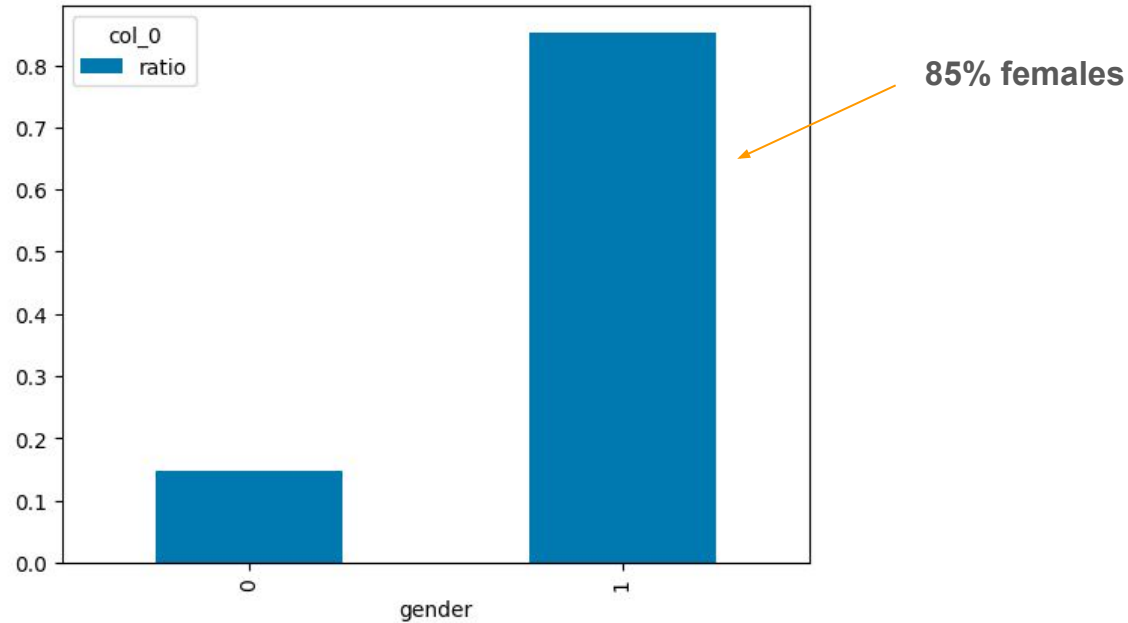
Persona Development Group 0
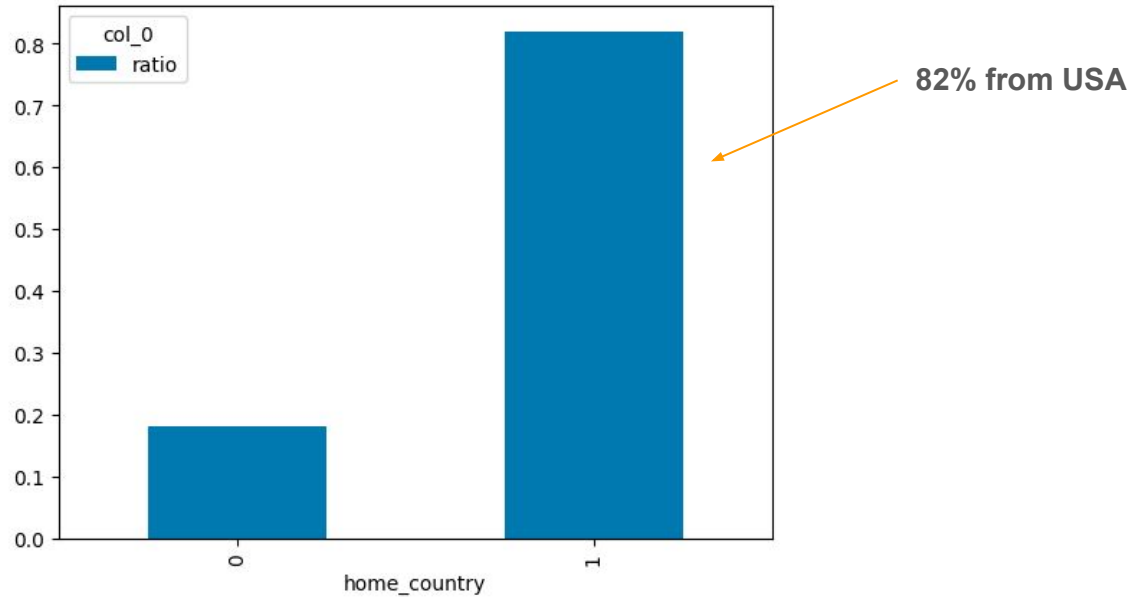
Persona Development Group 0

Name: Jennifer

User_id: 515639

Age: 40 years

Not married

No children

From Los Angeles, USA
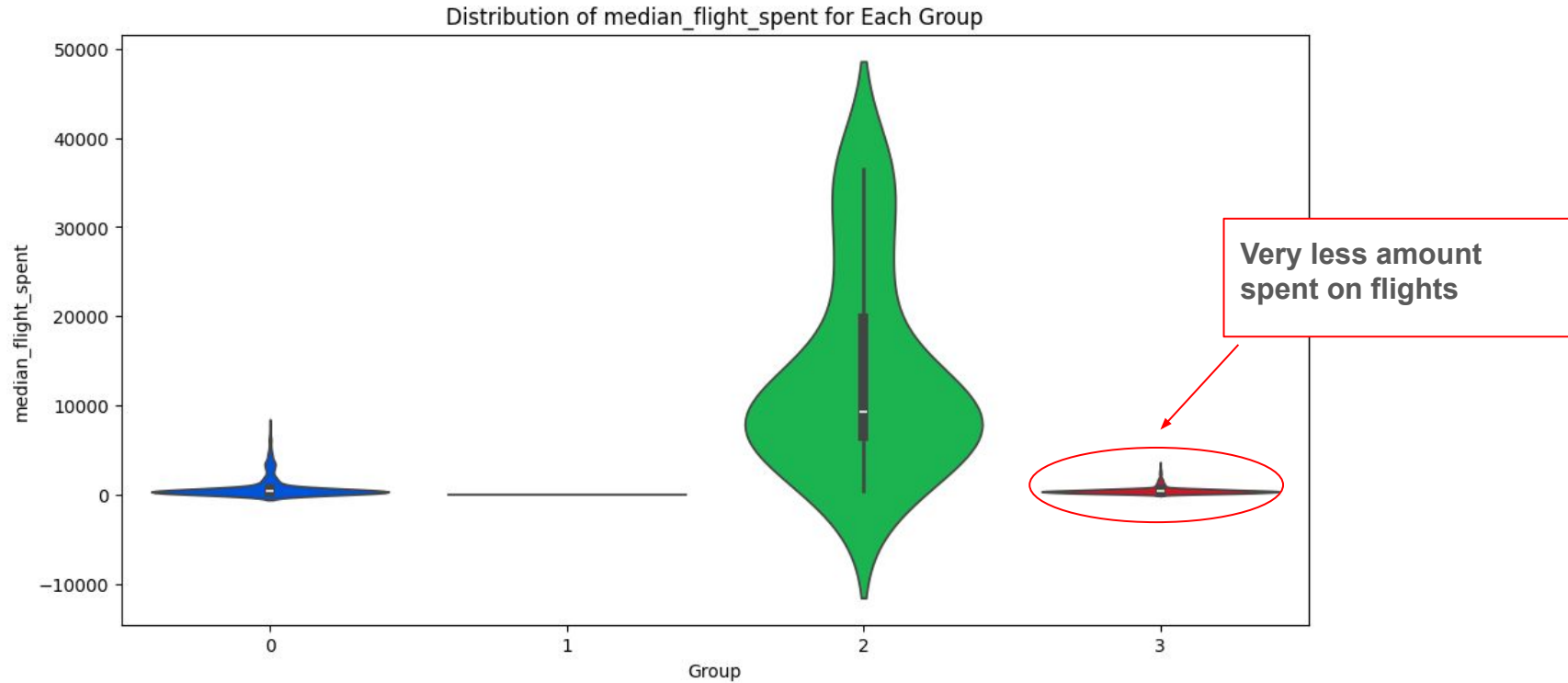
User since 1.6 years

Main Characteristic: Checked bags 1 or less, Seats 1, Books approx. 6 days in advance, Total booked trips 7

Perk: Free Rescheduling

Group 3

Distribution of median_flight_spent for Each Group

Very less amount spent on flights

Group 3

Distribution of median_hotel_spent for Each Group

Very less amount spent on hotels

Group 3

Distribution of median_hotel_discount_amount for Each Group

Attraction to Discounts on Hotels

Group 3

Distribution of median_flight_discount_amount for Each Group

Attraction to Discounts on Flights

Persona Development Group 3

88% females

Persona Development Group 3

Age Distribution of budget conscious Travelers
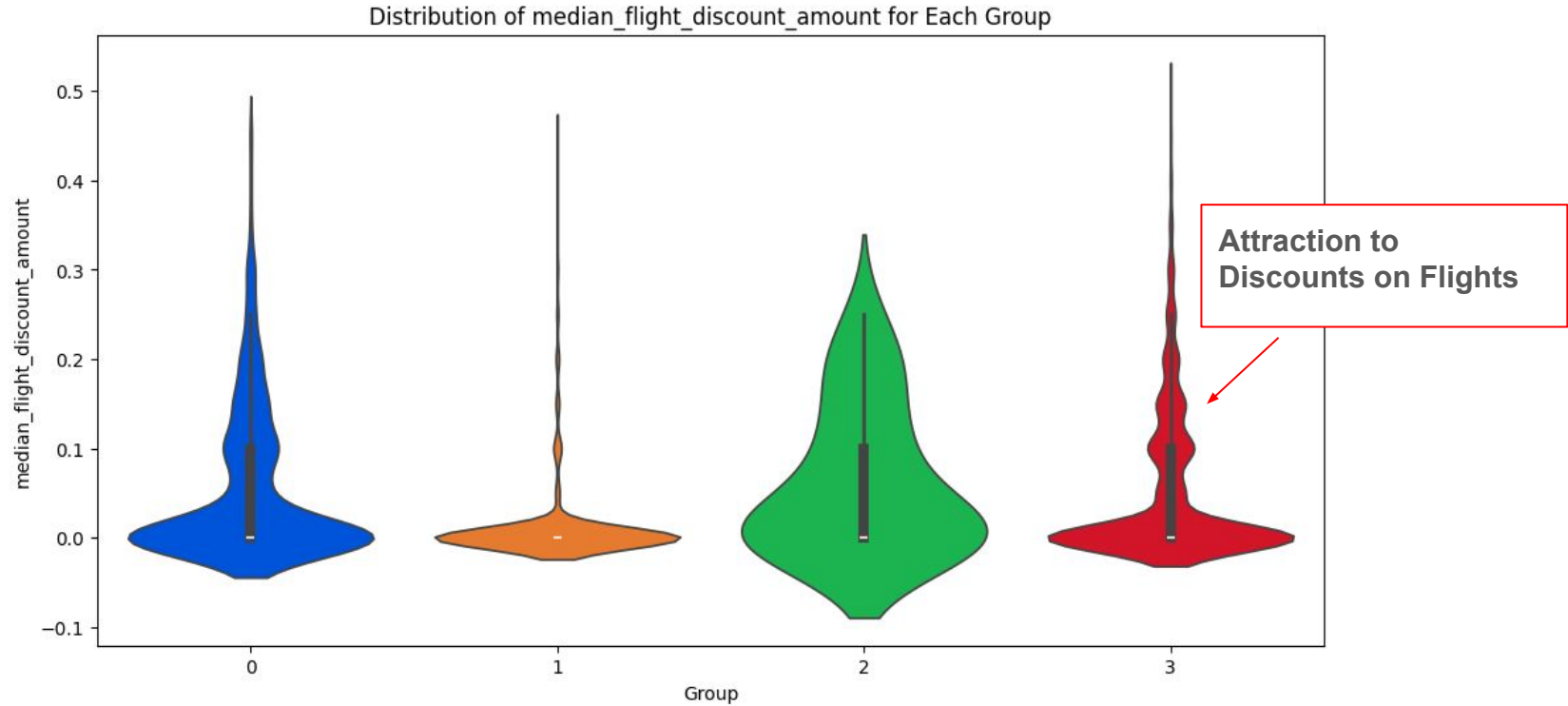
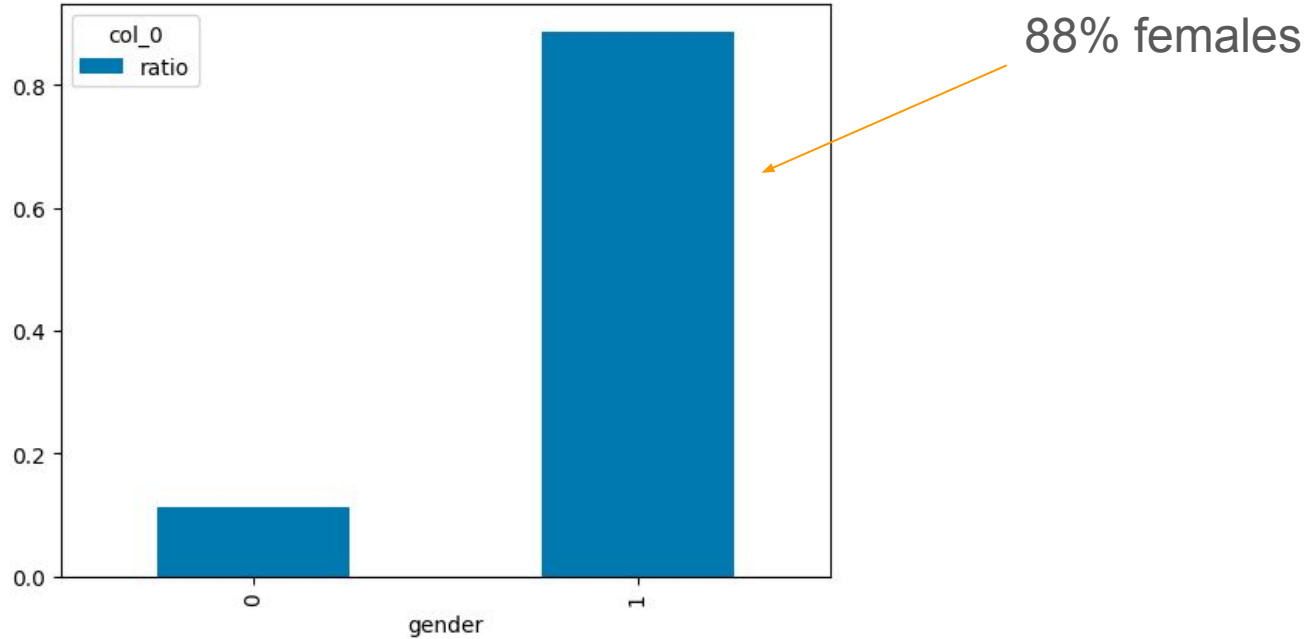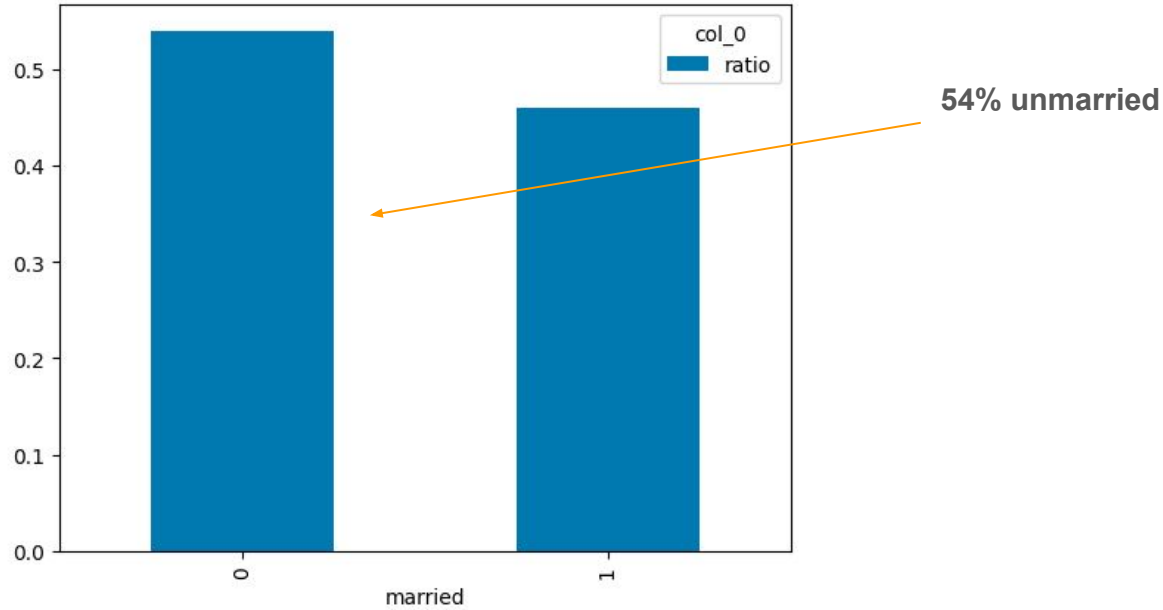68% users in 37-55 yrs

Persona Development Group 3

54% unmarried

Persona Development Group 3

Persona Development Group 3

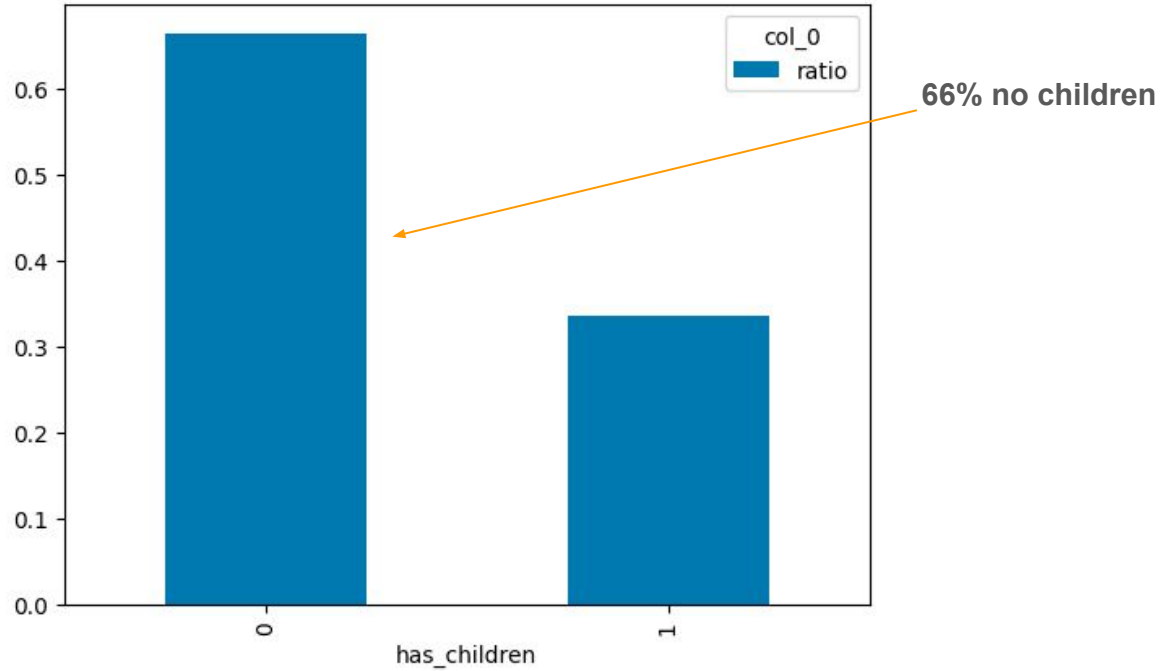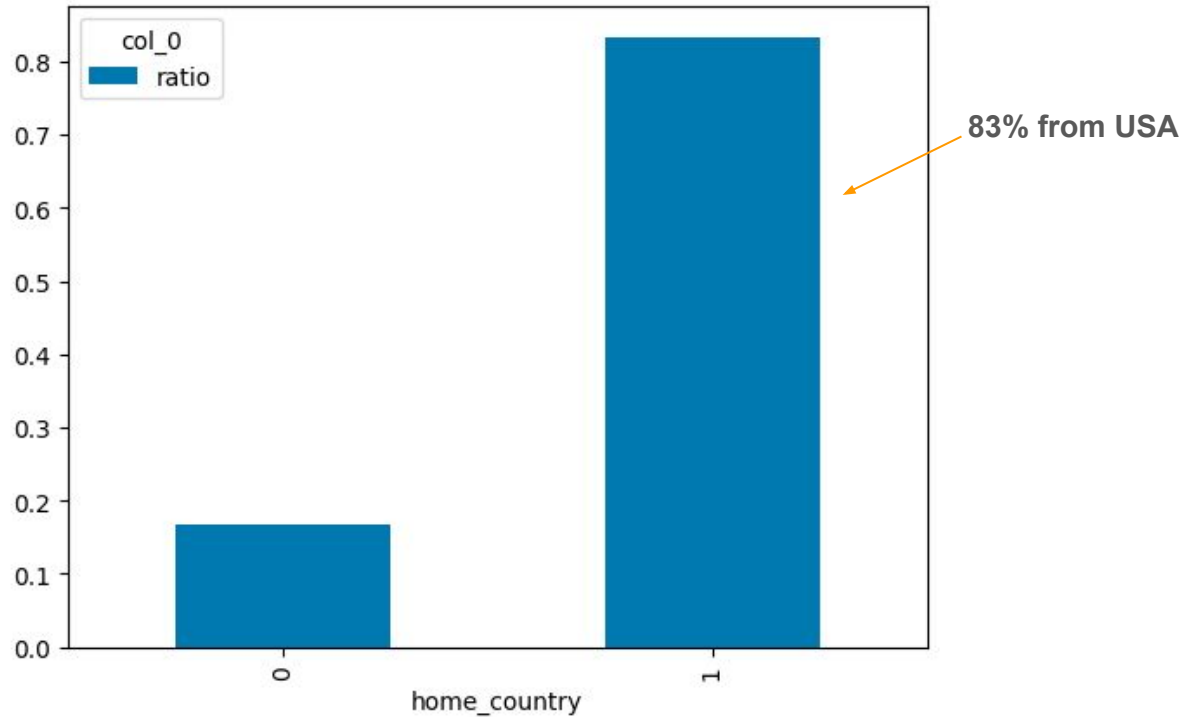# Persona 4 - Budget Conscious Traveler from Group 3

Name: Mary

User id : 675201

Age: 45 years

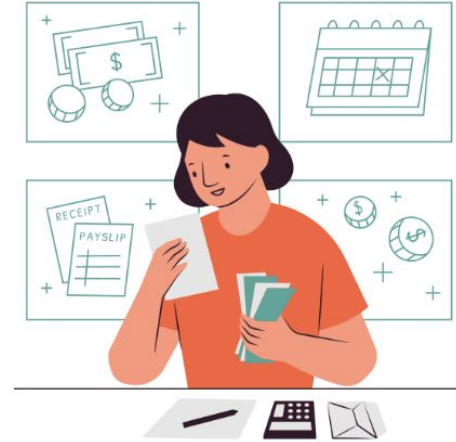**Not married**

Has children

Customer since 1.3 yrs

From Phoenix, USA

Main Characteristic: Does not like to spend more, Attracted to discount,

Takes <=15 % disc, Avg flight spent ~ 500 usd

Avg hotel spent ~ 100 usd, Total booked trips 6

Perk: Exclusive Discount

Other Perks:

1 Free Night:

Hotel Stay >3, total hotels booked > 2

Complimentary Room Upgrade:

Hotel spent > 1500

Local Attraction/ Activities Discount :

Holiday trips >= 1

No Perk to only those Customers who already use a lot of discounts (>15%) on both flights and hotels

Recommendations:

- Continuously gather customer feedback and conduct surveys

- Create urgency for Dreamers

- Perform a cost-benefit analysis

- Curate a well-balanced set of perks

- Use data analytics to continually refine and validate customer segments

- Perform A/B testing to determine which perks are most effective and appreciated by different customer segments.

- **Implementation**: Regularly test different perks with control and experimental groups to measure their impact on customer satisfaction and engagement.