

# Data-Driven Customer Segmentation Yields Clarity and Confidence

How well do you know your customers? What draws them to your brand? Knowing the answers is crucial to shaping the right marketing strategies.

In today's marketplace, businesses need to make decisions and create campaigns faster than ever. Our client – an upmarket cruise line best known for its gourmet food, attentive service, small-ship coziness, and unusual itineraries – wanted to refine their marketing strategy and their product development and planning process. They also wanted to enhance their onboard operations according to what their guests needed. To do this, they'd have to do a deep dive into the psyches of their core audience and then effectively communicate to each group.



## Carefully Crafting the Customer Experience

We used a three-step process to help our clients understand their customer base. The initial exploratory analysis allowed them to see the demographics, income groups, and spending trends across their target audience. Next, we used segmentation and survey techniques that allowed the client to:

- Deeply explore customer attitudes towards the cruise experience.
- Develop five distinct customer personas.
- Create unique marketing strategies for each segment.
- Identify the highest-value segment that would be the focus of special retention and acquisition efforts.

With this information, the client could create targeted messages (and experiences) that appealed to each part of their audience.

## Finding Out What Customers Really Think

After we did the exploratory analysis described above, we added another layer of data to the picture, this time in the form of three years' worth of transactional and demographic information. We then performed two-step clustering and CHAID validation to create the initial customer segments.

To refine the segments and delve more deeply into customer attitudes, we next carried out a survey that charted psychographics, customer perceptions on various parts of the cruise experience, and other opinions. This enabled us to shape the customer segments into the five groups mentioned above. Then, we integrated the results from the transactional data analysis with this survey.

Thus, the client was able to define five very different groups – budget travelers, affluent spenders, adventure seekers, brand loyalists, and world travelers – and see the percentage of customers and revenue attributable to each group.



## Better Customer Segmentation Creates Clearer Strategies

Now our client could speak directly to the core identities of each group, emphasizing their ships' "home away from home" feel to the loyalists, unique ports of call to the adventurers, and personalized service to the affluent. Differentiating between groups based on attitude, life stage, cruise duration and destination preferences, etc. helped them craft ideal strategies. This meant adapting their methodology, using social media analysis for long-term growth with one group, taking steps to move another into the loyalist category, offering a third deals to fill up rooms during slack periods, and more.

Armed with this information, the client was able to see just how customer preferences needed to mold their messaging and offers. And beyond this, they could use these insights to plan better products and experiences for their customers – an essential strategy for today's businesses.