bsg

Unlocking potential ➤ *Accelerating performance*

Hospitality

Unlocking marketing's competitive edge through **behavioural market segmentation**

BSG worked with a leading South African hospitality group, enabling them to better **understand their customers'** behavioural patterns, to **enhance marketing offerings** and drive **increased online bookings**.

Overview of the client's needs

- Tailor offerings to customers based on their unique behavioural characteristics
- The ability to translate customer data into insights that drive effective marketing campaigns that increase bookings
- Removal of data barriers that limited the ability to utilise rich existing data
- Creation of a single view of their customers' behaviour
- Marketing spend needed to be optimised for optimum return on investment
- The ability to generate new insights from their customer data on an ongoing basis, long after the engagement with BSG ended

Objectives of the engagement

- Enrich, enhance and consolidate disparate customer data sets into a single view
- Gain insights into existing market segments and identify previously unknown market groups and the opportunities they present
- Enhance and tailor service offerings, increase online bookings and drive sales based on customer insights from existing rich customer data
- Enable better returns on marketing spend
- Create reusable data analytics models in the customer's technology for future use

Benefits of the change

- Deep understanding of customer behaviour and valuable market segmentation as a result of that
- Empowering the hotel group to continue generating new customer insights after the conclusion of the engagement
- The ability to run effective marketing campaigns to the customer segments identified that address revenue generating opportunities
- Increased efficacy of marketing campaigns to show better return on investment

Driving effective data-led **marketing campaigns**, **enhanced offerings** and **increased bookings** through **customer insights**.

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Engagement Overview

Understanding your customer is at the heart of generating effective marketing offerings and campaigns that lead to increased sales. A leading South African hospitality group wanted to optimise their marketing activities by using the insights in their customer behaviour data, but to unlock this potential they needed to overcome several barriers.

The hospitality group had data pertaining to the stay, spending and booking behaviours of their customers, as well as loyalty and rewards programme data that was not being utilised to its full potential. The group needed to consolidate all this data into a single view in order to create a holistic picture of their customers' behaviour.

The client had the vision of using this single view to identify opportunities for optimising their marketing activities, refining their service offerings and increasing online bookings. By using these data-led insights, the hospitality group planned to identify market segments which held opportunities for expansion, refine their market offerings, optimise their marketing spend and increase financial return and the effectiveness of their marketing campaigns.

Solution

The hospitality group partnered with BSG, because BSG has a proven track record unlocking the potential inherent in data to help clients solve their most important problems. BSG applied a data-led approach underpinned by strategy to enable the hotel group to achieve their vision.

For this project, BSG enriched, enhanced and consolidated the disparate customer data sets into a single view. BSG collected over 1,5 million records for approximately 500,000 individual customers. Combined with the loyalty and rewards data, a single view of a customer with approximately 340 attributes was generated. BSG was then able to develop analytics models to segment customers based on their values, behaviours and affinities.

Insights were drawn to understand the most effective target marketing opportunities. BSG built a self-service analytics model in a BI tool that enabled the client to test key business hypotheses and get answers to questions interactively.

In collaboration with the hospitality group's business domain experts, seven customer segments were selected for initial targeted marketing. For each segment an insights value matrix was delivered in which the strength of the relevant customer attributes was depicted across behaviour, geo-demographics, recency, frequency, monetary (RFM) classification and seasonality. Additional to these segments, 11 more were selected and insights were delivered.

A significant amount of time was spent on feature engineering to enrich the data by creating behavioural variables that were not obtained directly in the stay, loyalty and rewards transactional data. A data dictionary, consisting of all variables, feature engineered variables, and calculations used to enrich the data set was created to serve both the technical and business users and ensure reproducibility of the project and the ability to compose and answer future business questions.

BSG making a difference

BSG supported the client to get their data into a format that business can use. The most significant difference made by BSG was empowering the main business users with customer intelligence obtained from their own data and information. The engagement yielded deep understanding of their customers' behaviour which provided the ability to run effective marketing campaigns to the identified customer segments.

The collaborative approach by BSG not only led to valuable and actionable insights, but also extensive knowledge transfer through working closely with the client stakeholders, coaching and collaborating. BSG empowered the hospitality group to continue generating new customer insights after the conclusion of the engagement. The reproducible data analytics models were designed in the hotel group's technology of choice, making them editable and open to future enhancements.

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