

# Optimizing Marketing for Travel



## The Business

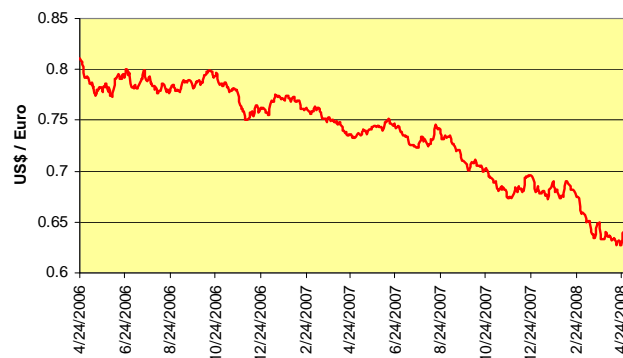
National travel company specializing in developing and selling international destination tour packages.

This travel client was an experienced, mature travel marketer, delivering high-end luxury travel to an older, more affluent population. It's marketing practice was to identify a consumer's type of travel preference, then provide this "prospective traveler" with promotion material about that particular destination.

## The Challenges

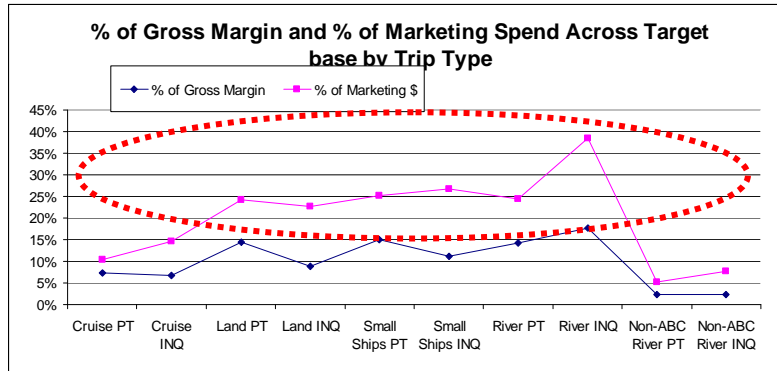
- This travel client had to allocate it's marketing spend to maximize revenues/profits, while making commitments on inventory, trip types and other factors.
- Market conditions were increasingly different and volatile (accompanied significant changes in travel currency exchange rates and travel pricing), with little performance history related to these conditions. Thus, only a few last months demonstrated a very significant drop in booked travels versus the same period a year or more ago.

### Rapid Decline of Dollar to Euro



- The challenge was how to arrive at the correct mix of marketing tactics and associated budget that would optimize multiple factors: Revenue, Profits, Capacity Utilization, etc., where there were extensive decision factors and constraints that impact optimization. For example, quasi-independent optimization inside each block of population segments with specific business requirements between segments. The constraints included possible changes in number and types of mails, and maximum changes in portions of targeted house-holds per segment, region and travel type.
- Collected historic data was in formats that were far from optimization needs that required a lot of preliminary data preparation and analysis, and that simultaneously mined a lot of business data knowledge due to structural data analysis. Among the new knowledge:

### Marketing spend outstripping Gross Margin



### Intellidyn's Optimization Framework

**Optimization around:**

- Profit
- Revenue

**Internal Factors**

- Decisions:
  - Pricing
  - Discounting
- New/Cancel
  - Destinations
  - Products
- Budget: (by)
  - Region
  - Trip Type
  - Product
- Marketing
  - Survey
  - Prospects
  - Re-Survey
  - Catalog

	#	Permutations
Region	8	8
Travel Type	5	40
Segment	28	1,120
Product	71	79,520
Chanel	5	397,600

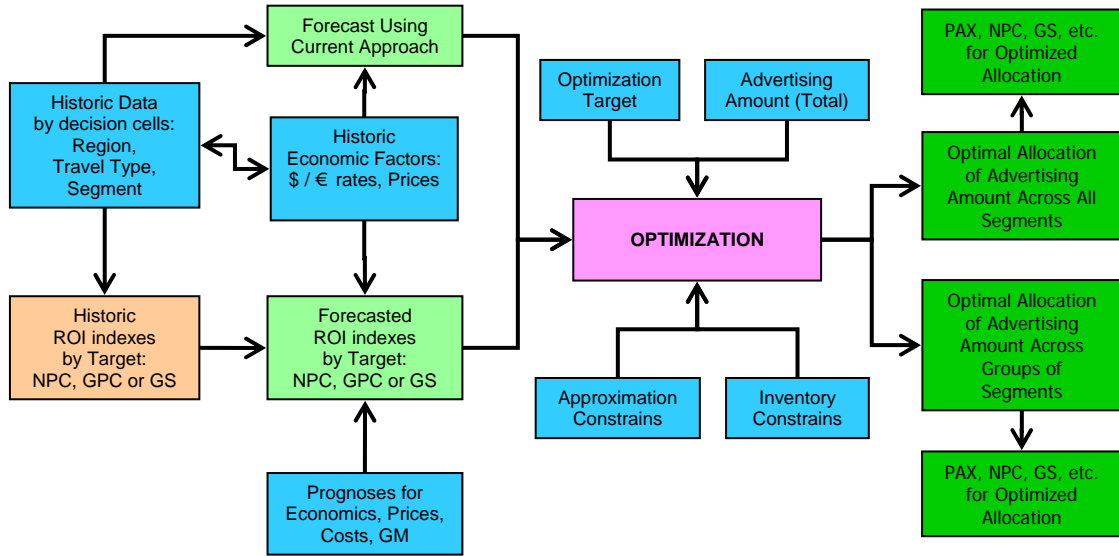
**External Factors**

- Exchange Rates
- Available Capacity
- Committed Inventory
- Seasonality
- Tsunami's and storms
- Diplomatic Tension
- National Security

**Past Performance**

- Financial
- Marketing

### Optimization Process Scheme



### Optimization Process Scheme for Fresh but Incomplete Data

