Use Case

Better identify consumers for hospitality offers

Leverage estimated consumer spending capacity to help improve prospecting

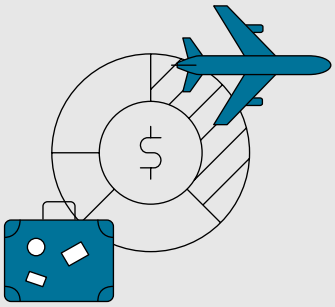
Travel and timeshare

CHALLENGE
Travel and timeshare companies want to increase the efficiency of prospecting campaigns by better identifying high-potential households within their customer and prospect databases.

SOLUTION
Enhancing existing segmentation systems with estimated consumer spending measures can help identify households that are more likely to have the financial ability to purchase travel and timeshare offerings.

OUTCOME
Travel marketers can help improve the efficiency of their campaigns by incorporating estimated spending measures into segmentation efforts and marketing to key audiences based on their likely spending capacity.

Leading travel brands often want to better identify new prospects for their hospitality and timeshare marketing campaigns. Travel marketers can work with Equifax to enhance their existing income-bracket and life-stage segmentation systems with an estimated spending capacity measure to better differentiate customers or prospects that are likely to have the discretionary funds to purchase new travel or timeshare offerings. By applying estimated spending measures to segment multiple audiences, travel marketers can better narrow target audiences for their varied promotions and help improve the efficiency of their marketing spend.



Challenge: Better identify high-potential prospects for marketing campaigns promoting travel and timeshare offerings

Leading travel and hospitality brands frequently look for ways to promote upscale offerings and timeshare ownership properties to their extensive customer and prospect databases. However, travel marketers face rising acquisition costs, significant competition, and difficulty identifying new prospects, thus hindering the efficiency of their marketing efforts. For example, persuading a prospect to visit and tour a timeshare vacation property can cost the brand hundreds of dollars, so every potential new owner who walks away without buying a timeshare results in wasted spend.

Travel marketers strive to identify prospects with a strong affinity for the brand, a powerful desire for the vacation experience, and, especially in the case of a timeshare, money to invest in travel activities or property.

Travel brands typically have traditional income-bracket and life-stage segmentation systems, and can identify customer segments with household income over $125,000 based on standard income measures. However, marketers may not be able to tell which of these higher-income customers or prospects are likely to have the discretionary funds to consider purchasing an exclusive vacation package or a timeshare property. Travel marketers also often struggle to efficiently prioritize households that have previously expressed interest in vacation packages or timeshares, as well as general consumer inquiries from their website and toll-free number.

Solution: Apply estimated spending measures to help identify high-potential prospects for travel offers

By working with Equifax, travel marketers can add a critical component to their segmentation systems: estimated household spending capacity. Discretionary Spending Index™ (DSI®) is a modeled household index that enables marketers to score customer and prospect households from 1-1,000 based on their estimated discretionary spending capacity, a key component in determining which households could potentially purchase upscale travel or timeshare offerings.

Here is an example of how brands can conduct a multi-step analysis using DSI:

- **Identify discretionary spending score level of current customers:** Equifax can score a client's databases with its estimated spending capacity measure and examine the resulting deciles for rate of vacation travel or timeshare ownership incidence. Based on past customer analyses*, DSI typically shows direct, linear correlation to upscale travel or ownership, with the top segment showing purchase occurrence of 10-1 against the mean. This translates into: the higher the spending score, the greater the likelihood to purchase a vacation package or own a timeshare. A minimum recommended DSI score, e.g., 700, can be identified by this type of analysis on a project-by-project basis.

Discretionary Spending Index can help brands better segment households likely to have the spending capacity to purchase upscale travel and timeshare offerings.

- **Apply ideal spending level score to prospect segments:** Equifax can then apply DSI to the brand's pre-selected life-stage clusters of prospects. Frequently, analysis shows that a large percentage of customers have household income greater than $125K; however, their respective DSI scores can range greatly, for example from 476 to 1000*. By incorporating the recommended minimum DSI score (based on the prior analysis) to prospect clusters, marketers can now more efficiently segment which of their higher-income prospects are likely to have the same spending capacity as current travelers or timeshare owners and thus more likely to have the ability to purchase an upscale travel package or timeshare.
- **Utilize spending level to qualify follow-up for web and phone inquirers:** Marketers can apply the same estimate of spending capacity to other prospect groups to further differentiate those households. For example, hospitality marketers can identify which individuals who previously toured a timeshare property, but have not made a purchase, should continue to receive tailored marketing efforts and personal calls. At the same time, web and phone inquirers can be segmented by their likely spending capacity to identify those that warrant extended follow-up.

By leveraging estimated spending capacity measure by Equifax, brands can potentially gain a strategic edge over their competition and put more people in the vacation destinations of their dreams.

Outcome: Narrow the potential audience for upscale travel and timeshare marketing campaigns and optimize marketing spend

By applying estimated spending capacity measures to a brand's income-bracket and life-stage segmentation system across multiple target segments, travel marketers may improve the efficiency of their campaigns:

- **Narrow the target audience of customers:** By combining DSI with income and life-stage clusters, marketing teams can typically narrow the target audience for offers to reach only those customers and prospects most likely to be able to afford an upscale purchase. Marketers can then decide whether to reinvest that savings in more frequent communications to the smaller audience, upgrade the quality of the communications or improve the offer to the smaller audience, or simply reduce marketing expenditures overall.
- **Empower sales teams with new knowledge to evaluate prospects:** Estimated spending capacity can help sales personnel further qualify web and phone prospects based on their potential spending capacity, thus helping to avoid devoting resources to prospects that most likely do not have the means or likelihood to buy.

Together, these efforts could potentially result in significantly-reduced acquisition costs, an increased return on investment on follow-up conversion rates, and incremental revenue from additional sales.

Core products used by retailers

Discretionary Spending Index™ (DSI®)

Continuous household-based estimated spending capacity score from 1 to 1,000

Discretionary Spending Dollars™ (DS$™)

Continuous household-based dollar value estimate of discretionary spending uncapped up to $1.2M

For more information on our solutions for Travel Marketers, **request** to receive our Marketing Solutions for Travel, Leisure and Entertainment.

Note: DSI has been renamed to Affluence Index™ and DS$ has been renamed to Spending Power™.

info.ddm@equifax.com • 800.210.4323 • equifax.com/DDM

*These use cases are based on prior Equifax marketing projects. Your individual uses and results may vary based on your actual customer data, marketing efforts, product/service type and other related factors.

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