How cruise marketers can better identify high-potential audiences

Leverage consumer spending capacity to help improve prospecting and upsell

**Travel and timeshare**

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<th>CHALLENGE</th>
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<td>To remain competitive, cruise lines often need to identify new audiences for marketing programs beyond their traditional Baby Boomer target audience as well as increase the efficiency of upsell campaigns for upper-tier staterooms and other high-value upgrades.</td>
<td>Cruise marketers can use a life-stage/income segmentation system with consumer spending measures to help better identify prospective and existing cruisers that are more likely to have the discretionary funds to take a cruise or afford a premium cabin.</td>
<td>Marketing campaign effectiveness can be improved by identifying high-potential Gen X or Millennial households as a new source of guests and by matching expensive upgrades to existing cruisers based on their likely ability to afford them.</td>
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Cruise lines need to find new audiences for their cruise offerings and refine their upsell programs for premium staterooms and other upgrades.

**Challenge: Identify high-potential prospects and customers for marketing campaigns promoting a cruise line and its premium upgrades**

Cruise lines have been around since the 1960s, so one might think that they have their prospecting and upsell efforts down to a science by now. However, with the ever-expanding variety of leisure travel options, from adventure travel to all-inclusive resorts, travelers today have more choices than ever. In addition, cruisers have an overwhelming number of options, from ship types to special-interest cruises, on-board activities, excursions, accommodations, and more.

Cruise marketers may want to take a fresh look at their marketing strategies. Two timely goals are:

- Expand marketing efforts to first-time cruisers beyond the usual Baby Boomer target audience
- Fine-tune the target audience for campaigns promoting premium upgrades

Many cruise lines utilize a standard life-stage segmentation system and household income levels to help segment their audience and decide which prospects and customers will receive various offers. However, cruise marketers have likely discovered that this type of existing system may not be sophisticated enough to differentiate among high-potential households, resulting in lower-than-desired response rates.

**First challenge: Cruise lines seek alternative to older, higher-income consumers to pursue for first-time cruise promotions**

Some cruise lines have found that a typical picture of their core guests is age 55+ with an estimated household income between $75K-$125K. These cruisers tend to travel four times per year with one of those trips being devoted to a cruise.

While age is frequently an important factor, many cruise lines have been frustrated in their efforts to find new first-time cruisers within their preferred life-stage segmentation clusters. At that point, marketers typically realize they need to focus on finding potential new cruisers in other clusters.

**Second challenge: Cruise lines have found that using a single $125K+ income bracket can obscure key household differences, hindering upsell efforts**

Often, cruise marketing promotions for upgrades will focus their efforts on a core group of guests who are mid-fifties or older with a substantial household income. Marketing efforts to promote upgrades frequently depend on using age and a household income of $125K+ as the criteria to decide which prospects and customers receive tailored offers for premium accommodations and upgrades.

However, marketers have come to realize that it can be difficult to refine the target audience for upgrades — for suites versus balcony staterooms for example. Their traditional segmentation systems are often not able to separate truly affluent cruisers from the merely well-off since both groups fall into a standard $125K+ income bracket.
**Solution: Spending measures can help identify high-potential new cruisers and differentiate among current upscale customers who might desire upgrades**

Cruise lines need to find new audiences for their cruise offerings and refine their upsell programs for premium staterooms and other upgrades. One potential solution that can help address both challenges is Discretionary Spending Index™ (DSI®).

Cruise marketers can add DSI, a measure of estimated household spending capacity, to their life-stage segmentation systems. DSI is a modeled household index that represents the intersection of estimated income, expenses, and financial resources. It helps enable marketers to score customer and prospect households from 1-1,000 based on their estimated discretionary spending capacity, a key component which can help determine which households are more likely to be able to afford cruise vacations or premium upgrades. The higher the score, the more likely it is for the household to have discretionary funds available to spend.

**Forward-thinking cruise lines can better differentiate prospective and current cruisers by estimated spending capacity and help enhance prospecting and upsell marketing efforts.**

**Spending measure correlates with cruiser profiles**

To address the first challenge, Equifax can determine the correlation between a cruise line’s current customers’ existing spend and DSI. Typical analysis of our cruise line clients reveals a strong correlation — as spending with the cruise line increases, so does the cruiser’s DSI score.

Equifax analysis also has discovered that younger cruisers generally have a disproportionately higher incidence of 500+ DSI scores relative to the overall population. This suggests that higher spending capacity early in life can translate into a higher likelihood of preferring cruise travel. Thus, cruise lines can incorporate a measure of spending capacity into their segmentation system to help identify younger prospective cruisers who have the same spending profile as younger established cruisers.
Previously homogeneous households can be differentiated by spending capacity
For the second challenge, cruise marketers can benefit from further refinement of the $125K+ income bracket used for current upgrade promotions into smaller sub-groups in order to fine-tune marketing programs for premium offers.

Equifax can append DSI scores to a file of current cruisers with an income over $125K+. Past analysis has shown that DSI scores can vary widely among consumers within this income bracket. Armed with this information, cruise marketers are better able to help differentiate among households, separating those with very high spending from those that have average spending capacity.

In fact, we have seen that households that were all grouped as part of a standard $125K+ income bucket had a wide range of DSI scores — as much as from 476 to 1,000 — or 524 points of discrimination within this seemingly homogeneous group.

To take it one step further, additional analysis of past cruisers who had chosen premium staterooms consistently had very high DSI scores and can reveal a tipping point for a new segment of cruisers to target for upgrades. In addition, it is often possible to help determine correlations of preference for suites or preference for balcony staterooms with a specific DSI score.

Outcome: DSI helps enable cruise lines to improve the efficiency of their audience selection for marketing campaigns
Analysis using DSI can help cruise lines reveal younger households as a new source of potential cruisers and better match offers for premium accommodations to households likely to have higher spending ability.

Identify new source of prospective cruisers for marketing efforts:
While the biggest source of new cruisers may be older households, there is a largely untapped market of younger households who have higher-than-average discretionary spending capacity (DSI scores 500+) that can be reached through marketing campaigns.

Prospecting efforts can be directed at younger consumers who have not sailed with the cruise line before, but who have high estimated spending capacity scores. By combining spending scores with known travel category transactional data, cruise lines can potentially be even more efficient at identifying younger consumers with both the ability to spend on a cruise and the affinity for traveling.

By incorporating a measure of discretionary spending capacity into cruise lines’ promotional strategies, marketers can augment their traditional prospecting techniques and potentially find fresh sources of prospective new cruisers. At the same time, cruise marketers can often better match offers for premium accommodations and upgrades with cruisers based on their unique spending capacity level and purchase ability.

Better identify current cruisers likely to be good candidates for efforts promoting premium accommodations and other upgrades:
By analyzing their customers with DSI, cruise lines can better understand that cruisers in the $125K+ income bracket do not all look alike. Marketers can better tailor their programs to reach those high-income cruisers with higher spending scores who likely have the discretionary funds needed to purchase premium staterooms and upgrades. Based on the cruise line’s specific DSI score analysis, it often becomes simpler to refine offers and differentiate between the target audience for suites and balcony staterooms.
Core product used by retailers

**Discretionary Spending Index™ (DSI™)**

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

For more information on our solutions for cruise marketers, request to receive our Marketing Solutions for Travel, Leisure and Entertainment document.

**Note:** DSI has been renamed to Affluence Index™.

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