

Homework 3
MSBA 6410
Group 5

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Introduction

It is important for Sun Country to segment its flier base to remain competitive within the passenger airline industry. Specifically, Sun Country requires a framework to understand key demographics pertaining to flier behavior, preferred destinations, and its Ufly rewards program. Sun Country can leverage insights from its data to identify unique ways to improve flier satisfaction and distinguish itself from its competitors. From this methodology, we distinguished two distinct divisions among seven segments.

1. Fliers traveling to Minneapolis

2. Fliers traveling to a vacation destination (e.g., Mexico, Florida, Las Vegas)

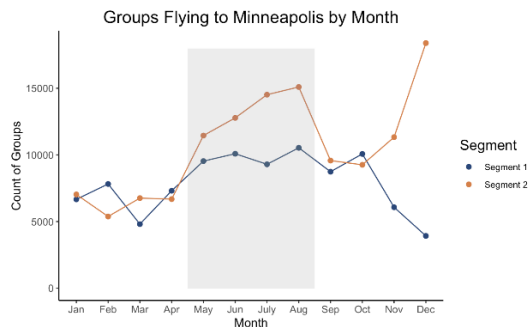
By segmenting fliers into these two divisions, we created city-specific promotions and vacation packages to accommodate the top interests for Sun Country fliers.

Sun Country is a Minnesota-based airline, so establishing its footprint in the greater Minneapolis-St. Paul area is an excellent opportunity to separate from competing airlines for fliers visiting Minnesota. Sun Country can partner with other local hotels, entertainment options, and restaurants to ease the planning process for fliers and create an authentic Minnesotan experience that other airlines cannot provide.

Fliers traveling to vacation destinations have a multitude of options to consider when planning their trip. Sun Country can stand out by identifying the yearly flight patterns of different customer segments to popular vacation destinations to create personalized vacation packages for fliers as they begin their planning process. We provided a starting point to build from below.

Recommendations

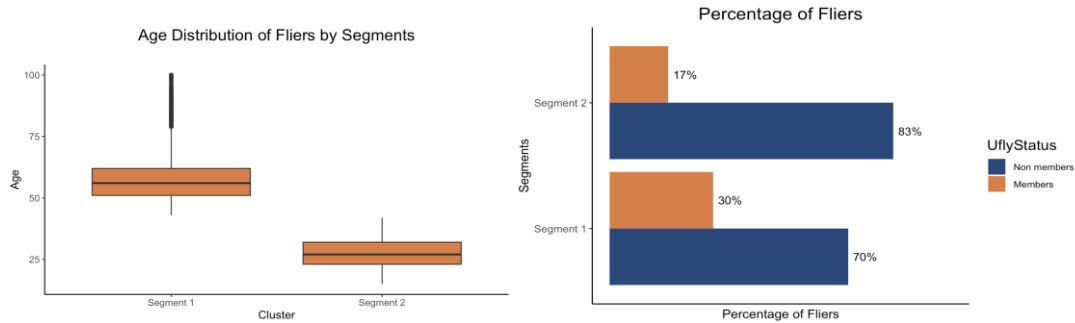
Fliers Traveling to Minneapolis



As the figure above displays, groups flying to Minneapolis typically fly to Minneapolis during the summer. There are two main segments of fliers that travel to Minneapolis, which combine to encompass approximately half of all Sun Country PNR-level flights. Both segments primarily consist of fliers traveling to Minneapolis during the summer. Given Sun Country is a Minnesota-based company and is ingratiated in the local community, we recommend creating a Minnesota-themed travel package, including partnerships with the following:

- Popular hotels (e.g., Radisson Hotels)
- Local restaurants (e.g., Blue Door Pub)
- Sports teams (e.g., Minnesota Twins and Minnesota Timberwolves)
- Outdoor activities (e.g., Nice Ride Minnesota).

This package allows for Sun Country to further distinguish itself as the preeminent airline for travel to Minnesota and apply to both segments of travelers to Minneapolis. While this package can attract fliers from both segments, there are some differences between the segments where Sun Country can capitalize, as the figures below display.



In addition to the shared characteristics among these segments, the first segment (Segment 2) is comprised of younger fliers (average maximum age of 28) who are less likely to be Ufly rewards members. These fliers also travel to Minnesota during December, unlike older fliers who primarily travel to Minneapolis during the summer (Segment 1).

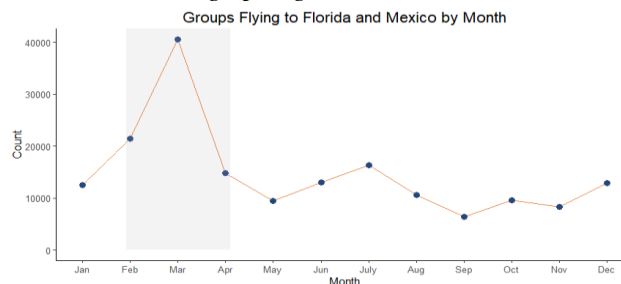
Enhancing the Ufly rewards program is an opportunity for Sun Country to build brand loyalty. It is currently comprised of older fliers, so offering incentives to Segment 1 could be an untapped opportunity to build a younger Ufly rewards flier base to incentivize younger customers to become repeat customers. We recommend that Sun Country offer free Wi-Fi on flights to Minneapolis from the East Coast and Southern California (two non-vacation locations) for Ufly rewards members. Younger fliers lead digitally connected lives and the incentive of free Wi-Fi could sway them into joining the Ufly rewards program.

Fliers Traveling to Vacation Destinations

There are five segments of customers who primarily fly to various vacation destinations, including Las Vegas, Mexico, California, Phoenix, and Florida.

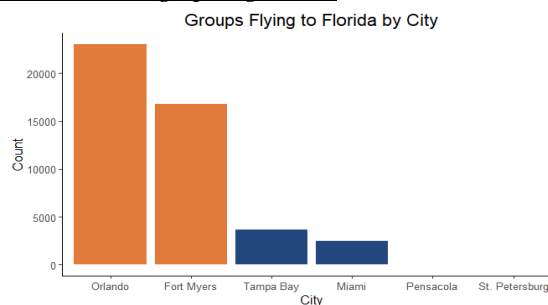
They are comprised of varying ages, group sizes, and seasons. We recommend rotating vacation packages to different destinations depending on flier demand to optimally balance spending on corporate partnerships across seasons as well as improve flier satisfaction. Examples of partnering with hotels, resorts, and attractions in vacation destinations.

Partnership with family resorts in Mexico during Spring Break



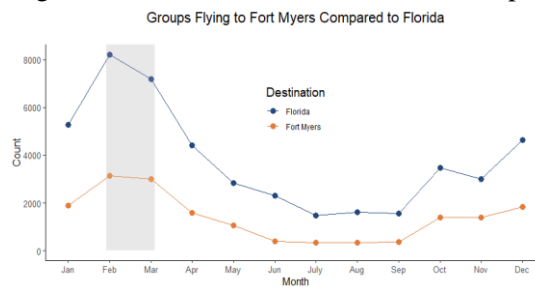
As the figure above shows, travelers to Mexico and Florida typically travel during the Spring Break season. Partnering with resorts in popular destinations would ease the logistical burden of vacation planning for potential fliers.

Tour packages for attractions in Florida during Spring Break



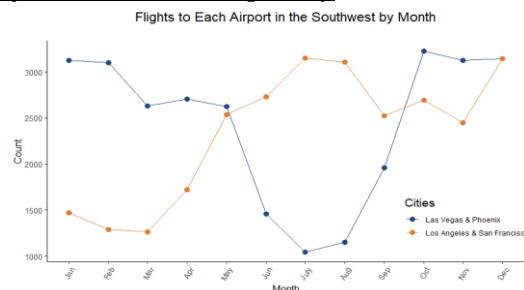
With respect to Florida, Sun Country primarily flies to two airports: Orlando and Fort Myers, as the figure above exhibits. There are many popular family vacation destinations in Orlando, including Disney World and SeaWorld. Travel packages to local attractions can ease the logistical burden of travel and thereby enhance the customer experience.

With respect to Fort Myers, there is a spike of groups that visit Fort Myers in February and the number of groups traveling to Fort Myers does not decrease in March, unlike the number of groups of travelers to Florida. This coincides with Spring Training for the Minnesota Twins, which takes place in Fort Myers.



As such, a partnership with the Twins in Fort Myers could attract additional fliers with interest in attending a Spring Training game but who travel for other purposes. Examples include a discounted ticket to a Spring Training game or discounts on food and drink.

Las Vegas and Phoenix packages from October through May



As the figure above shows, groups traveling to the Southwest typically fly to Las Vegas and Phoenix from October to May. In contrast, the number of groups flying to Los Angeles and San Francisco increase from May to August. Given the contrast in flight patterns among these destinations, Sun Country could offer packages in Las Vegas and Phoenix from October to May and in Los Angeles and San Francisco from May to August.

As Las Vegas is a popular destination for all groups, the Las Vegas package could include stays at popular casinos on the Las Vegas Strip at times during this period. In addition, partnerships with popular hotels packaged with other local activities (e.g., a golf/hotel package) could cater to the interests of the older groups of fliers to Las Vegas and Phoenix.

Hotel and sightseeing packages to California from May to August

As identified above, Los Angeles and San Francisco have peak travel seasons during the summer. Sun Country could pair with local tourism agencies to create a hotel/sightseeing package at these destinations.

Conclusion

Sun Country has the potential to utilize flier segmentation to distinguish itself as the premier airline for fliers traveling to Minneapolis and the primary airline for warm weather vacations for Minnesota-based fliers. Sun Country occupies a unique and precarious position within the aviation industry. We observed that Sun Country's flier base comprises of two distinct divisions: Groups flying to Minneapolis and groups flying to vacation destinations. We recommend Sun Country establish partnerships with Minnesota organizations and create travel packages with top attractions in vacation destinations. While these customer segmentations are applicable for Sun Country's current flier base, consumer demand may fluctuate. We recommend that Sun Country implements a yearly reevaluation of its customer segments.