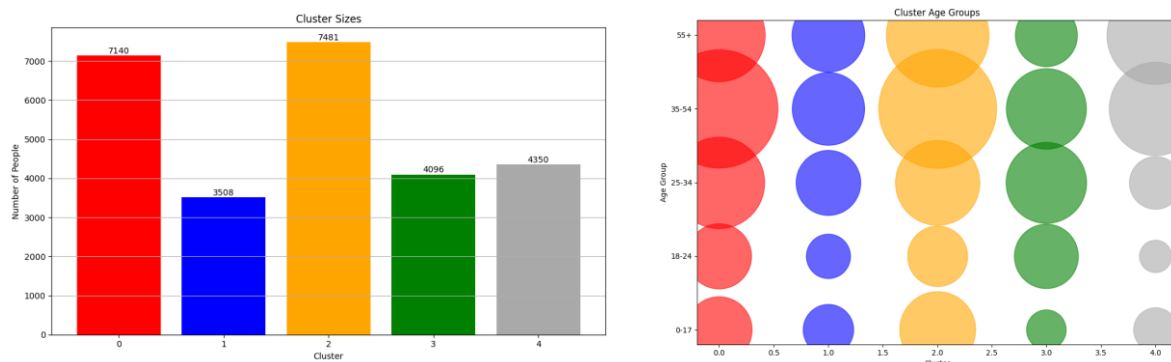


Sun Country Airlines Group Report

Sun Country Airlines is an independent airline with a small fleet that is facing increasing competition from larger airline brands. As the airline looks to grow and improve customers' digital experience and loyalty, it is essential for the company to understand its customers better. This will ensure that data-backed decisions are being made to drive the airline's marketing and product development efforts. This report aims to provide marketing recommendations that aid the management of Sun Country Airlines in surviving into the fourth decade of operations.

In order to understand customer segments better it is important to segment them by various characteristics. Our team has utilized the elbow method to find the optimal K value to perform clustering analysis and form 5 key market segments from the provided data. The code for this process is outlined in Appendix 1. The graph on the left provides the number of individuals in each cluster. Utilizing the numerous variables from the reservation data report, our team was able to extract key behaviors of each segment to develop marketing strategies. Each segment has unique behaviors that, if targeted correctly, will ensure Sun Airline's continuity.



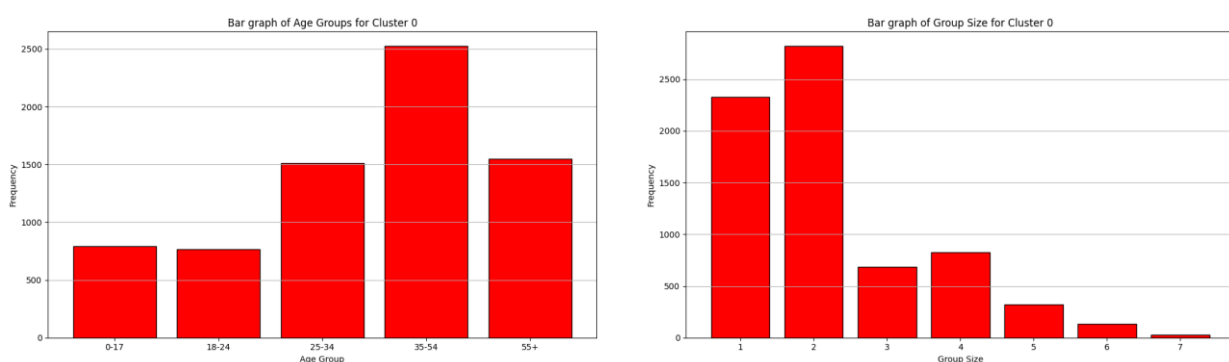
Age Group Distribution Across Customer Clusters

This bubble chart shows the distribution of different age groups across five clusters. The x-axis represents the clusters (0-4), and the y-axis shows the age groups. The size of each bubble reflects the proportion of that age group in each cluster.

Market Segment 1 - The Honeymooners (Cluster 0)

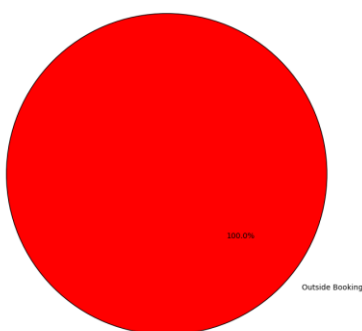
Market segment 1 - 'The Honeymooners' contains 7,140 individuals. This group is the highest spender out of the 5 clusters with an average of \$333 dollars. Despite their

high spending behaviors, most individuals do not participate in the Ufly Reward program. This suggests that these individuals may not be frequent fliers of Sun Airlines. Furthermore, this is highlighted by the fact that all the customers use an outside booking channel to purchase their tickets. This may be due to value/bundle deals offered by other websites. The age group of this segment is made up of an older demographic, specifically between ages 34-55 and the data shows that they mostly fly in groups of 2, with 88% of individuals booking roundtrip tickets. This suggests that many of them are couples traveling for leisure or romantic getaways. Seasonality does not impact flying patterns among this group, with travelers almost evenly spread all year round.



As this segment is our highest spending segment and second largest segment, we want to ensure that they continue doing business with Sun Airlines. Most individuals in this segment are not enrolled in the Ufly Rewards program. This could be because they only purchase tickets through outside booking channels. A reason for this may be

Pie Chart of Booking Channel for Cluster 0



that outside booking channels are providing bundle deals for tickets and resort stays at a better value. Although the case narrative mentioned that the airline is forming partnerships with resorts, tour operators, and hotels, we recommend that the airline allow customers to book value/bundle deals directly from the company's website.

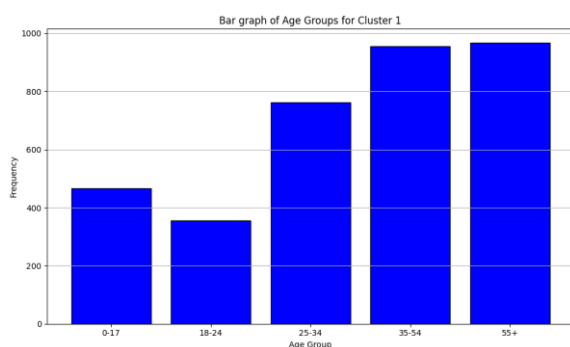
Furthermore, directing these customers to the company's website will provide Sun Airlines with the opportunity to promote the Ufly Reward program. We recommend creating special promotions for the reward program such as providing couples with a joint loyalty account program - where couples can share and accumulate miles quicker and referral bonuses where an individual can get (1000 redeemable miles) for referring their partner. This will drive people to sign up for the rewards program

and hopefully increase brand loyalty. Furthermore, as the airlines form partnerships with hotels and resorts, we recommend that Sun Airlines make the miles accumulated from the Ufly Reward program transferable to these hotels and resorts and vice versa so customers will be more inclined to sign up and accumulate Ufly miles. Another method of recruiting this customer segment to sign up for the Ufly Rewards program is to offer inflight incentives such as - “sign up for our rewards program to be able to access in-flight wifi for free.” As this segment books their tickets using an outside method, they most likely have not had the chance to learn about the rewards program and benefits. If we can get them to sign up over incentives such as wifi, the airline can send email marketing material explaining the benefits and showcasing potential promotions the new customers can find.

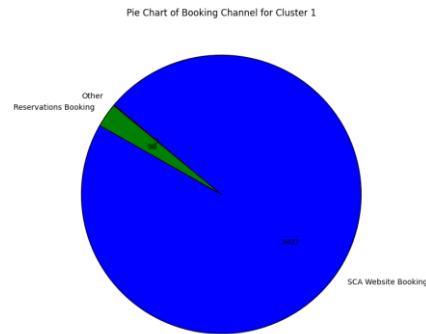
Building on the honeymoon and leisure traveling couples, we recommend that the airline create special promotions targeted directly at couples. This can include offering customers discounts on special occasions such as an anniversary honeymoon or Valentine's day. Addressing the needs of ‘The Honeymooners’ and creating special marketing material, Sun Airlines will be able to strengthen its appeal to this market segment and onboard its highest spenders to their loyalty program.

Market Segment 2 - Solo Adventurers (Cluster 1)

Market segment 2 - The 'Solo Adventurers' has 3508 individuals who spend an average of \$270.99 per person. Although most customers here use the SCA website for booking their tickets, only a quarter of them are enrolled in the airline's Ufly Rewards program. The demographic of this segment is primarily made of individuals aged 55+, closely followed by those in the 35-54 age range who tend to travel solo. The largest spenders in this group are from the smaller group sizes (1-2). Around 58% of the individuals in this group book round-trip flights. A large portion of this group travels in Summer Q3 followed by Fall Q4.



The biggest issue to address with this segment is the lack of enrollment in the Ufly rewards program. As seen in the graph “Member Status of Each cluster” only about a quarter of the individuals are signing up for the program despite booking through the website, we could attribute this to the fact that this demographic mainly contains older individuals who may not be as tech-savvy and know how to navigate the website as well. Having a simple layout that is easy to navigate ensures users have a simple process to sign up and advertising the benefits of signing up such as saving customer information for future bookings to make things easier may motivate these customers to enroll.



As many of these individuals are already booking through the company website, Sun Airlines can leverage this data to send marketing material both digital and physical to individuals with recommendations of similar destinations or special offers for customers who consistently book the same trips.

Given this segment is one of the lower spenders, they are price sensitive. Our recommendation is to launch campaigns and discount offers, specifically targeting solo travelers to destinations for solo explorations, or scenic nature spots and beaches.

Furthermore, as the demographic of this group is older and a majority of this segment flies alone, it can be safe to assume that they may be traveling for business purposes. We recommend that Sun Airlines create a special corporate rewards program as part of their Ufly Rewards program that offers special discounts and rates for business travelers. Furthermore, showcasing benefits that business travelers prioritize such as priority luggage and expedited security checks on their website as a part of their Ufly Rewards program will incentivize individuals to sign up for their program directly from their website.

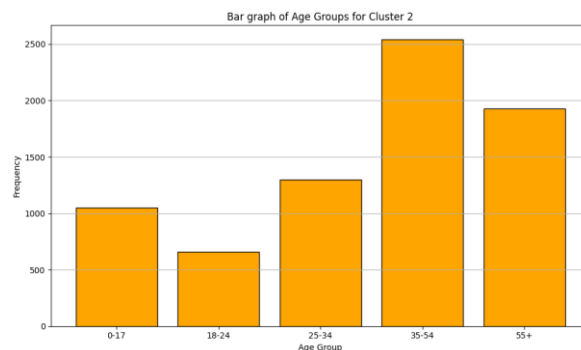
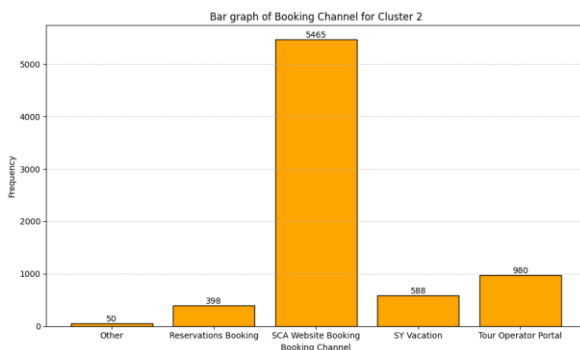
To try and target these solo travelers to bring a flying companion Sun Airlines can incorporate a “Bring a Friend” deal where while booking if the individual is traveling alone, offer discounts/free seat selection if they choose to add a second individual to fly with them. Furthermore, additional incentives such as bonus miles for the Ufly rewards program can be advertised for referring additional customers.

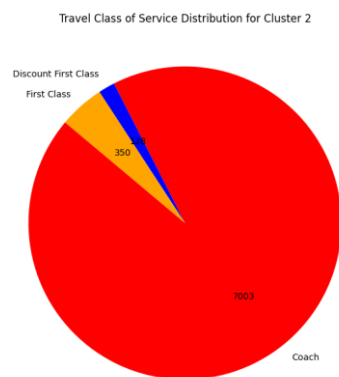
In conclusion, ‘The Solo Travelers’ are a group of older and solo travelers who

have not signed up for the rewards program despite using the company's website. We believe changes to the website to make it easier for customers to navigate and sign up will help address this problem. Additionally, as this is one of the lower spending groups offering discounts, especially for solo travelers will help retain and add future customers who share similar characteristics.

Market Segment 3 - The Holiday Honeys (Cluster 2)

Market Segment 3 - 'The Holiday Honeys' consists of 7,481 individuals and is our largest segment. Individuals have an average expenditure of \$311.73. Despite booking primarily through Sun Country Airlines' website, the individuals in this segment are not enrolled in the Ufly Rewards program. The demographic for this segment is within the 35-54 age range, and their travel group size is often two, suggesting that many are couples traveling together. Additionally, 88% of their bookings are for round-trip flights, with the highest volume of trips occurring during the winter season. Furthermore, this group is our second largest segment that spends on First Class tickets/Discount First Class tickets.





The most important factor in this segment to address is the lack of enrollment in the Ufly Rewards program despite the high number of passengers booking through the SCA Website. This can be attributed to the elderly population not being as tech-savvy and the signup process being difficult to navigate. To solve this issue, we again recommend creating an easy signup method for individuals while they create their booking and highlight the benefits of signing up for rewards on the website. Based on the data gathered, we can conclude that this segment is made up of couples traveling for the holidays. To target them, holiday-themed promotions can be created by partnering with hotels in popular destinations and offering bundle deals. Additionally, to increase the number of customers signing up for the rewards program, point sharing can be introduced between the airline and the partner hotels. This will offer customers greater convenience and ease of planning their travel which may convert them to being loyal customers.

In addition to these bundle deals, we suggest promotions such as “Fly Together, Save Together” where if you buy one ticket you get a second ticket at a discount, or even promotions for a First Class ticket as this segment is the second most likely to purchase them.

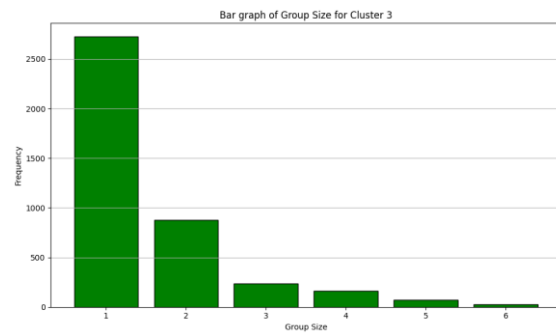
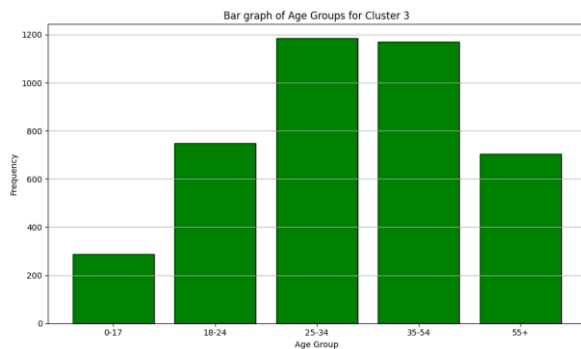
The ‘Holiday Honeys’ is a market segment that comprises couples mostly in the 35-54 age range flying in the winter seasons. There must be not only a strong marketing emphasis on winter packages but also on converting them into loyal customers by making them sign up for the Ufly Rewards program through the steps highlighted above.

Market Segment 4 - The Last Minute Savers (Cluster 3)

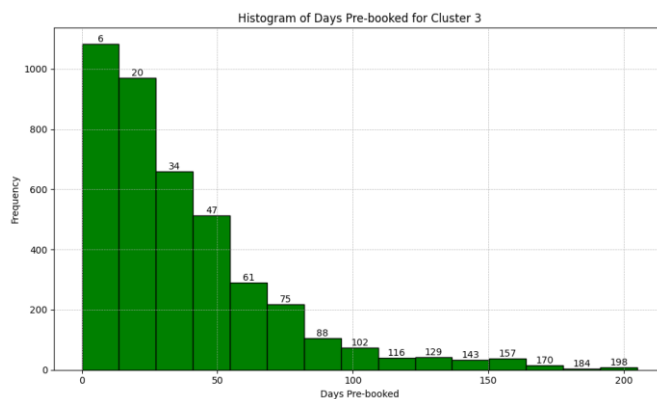
Cluster 3 - 'The Last Minute Savers' consists of 4,096 individuals, primarily aged between 25 and 54. Most of them travel alone, with the purpose related to independent personal/business travel. An important factor to note is that this is our lowest spending travelers. The seasonality data shows that their travel is distributed relatively evenly throughout the year, with a slight preference for the first and second quarters, which means that their travel needs are not specific to the peak tourist season,

but are randomly scattered throughout the year, such as short vacations without fixed preferences.

Furthermore, this market segment has a low number of round-trip flights, which means that this part of customers prefers unplanned, one-way travel, or this part of customers has low brand loyalty and will not frequently choose a fixed airline to book a complete round-trip trip. Their itinerary is more flexible and changeable. Therefore, the user profile of this part of people is a middle-aged solo traveler who prefers flexible



travel methods and will travel randomly within a year.



One prominent characteristic of this cluster is low brand loyalty. This is largely because most customers in this group are non-Ufly members. Moreover, the fact that these customers primarily book through external channels (such as third-party websites and travel agents), rather than through Sun

Country Airlines' booking system, further reinforces this observation.

Another defining feature of cluster 3 is its price sensitivity. The data shows that most customers in this group choose to fly in coach class, with very few opting for first class. The average base fare for this cluster is only \$270.37, ranking lowest among all clusters, indicating that this group is highly cost-conscious.

The low participation in the Ufly Rewards program presents an opportunity to expand membership among these price-sensitive travelers. By offering a simple registration process and low-threshold rewards, Sun Country Airlines can attract more

members from this group. For example, offering incentives such as 3,000 miles for the first booking made directly through the website, or double miles for solo travelers on select routes, could entice them to join. Additionally, onboard registration rewards, such as free meal upgrades for signing up, could encourage more customers to enroll in the Ufly program.

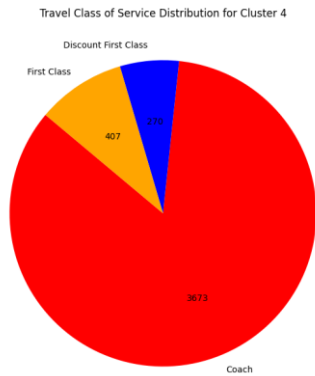
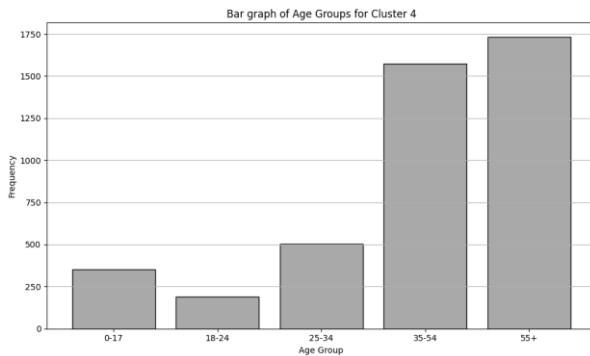
Given the characteristics of ‘The last minute savers’, Sun Country Airlines can design marketing activities tailored to solo travelers and offer personalized experiences to attract them. For example, creating travel packages designed for solo travelers, including discounts on airport snack packages or complimentary access to airport lounges, could appeal to these individuals. Offering special promotions for solo travelers, such as exploring quiet destinations like beach resorts or nature retreats, would also resonate with this group. Furthermore, personalized email campaigns combined with seasonal marketing could encourage repeat business. For instance, using digital analysis to determine which destinations this group prefers, and offering early bird discounts on those destinations, could prove effective. Moreover, marketing tied to holidays and events, such as promotions for long weekends or short getaways, would likely capture the interest of these customers.

Finally, considering the price sensitivity of this group, Sun Country Airlines should implement activities that offer exclusive discounts for customers who book directly through the airline’s website or app, such as reduced base fares or free seat selection, to encourage customers to shift from third-party platforms to the airline’s channels. Seasonal promotions with limited-time offers could further encourage this transition. Furthermore, as shown in the Histogram titled “Histogram of Days Pre-Booked for Cluster 3,” this group tends to purchase tickets very close to their travel date. To target this behavior, we can offer special last-minute discounts or promotions on our website, specifically designed to attract these travelers who book at the last minute.

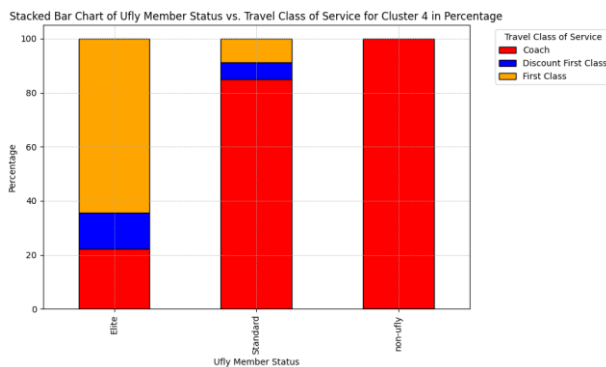
Establishing value bundles could also be an effective marketing strategy. One possible reason many customers use external booking channels is that these platforms may offer bundled discounts on flights and resort accommodations at more competitive prices. Therefore, we recommend that Sun Country Airlines actively form partnerships with resorts, travel agencies, and hotels to offer more competitive combination packages, guiding customers to shift from external platforms to direct booking through the airline’s channels.

Market Segment 5 - Faithful Travelers (Cluster 4)

Our final market segment - 'The Faithful Travelers' contains 4350 individuals with the majority of them in the 55+ age group and the second largest group between



35-54. They are the second largest spenders out of the market segment and a key factor to note is that they are Sun Airlines most loyal customer base. Out of 4350, 4349 are



unrolled in the Ufly Member status with 45 members having Elite Status. They also prefer to book through the SCA website. They also contribute to the largest proportion (677) of First class and discount first class travelers (407 + 270). Most of this group tends to book straight from the SCA Website, further

emphasizing their loyalty.

Our first recommendation to target this segment is to strengthen our loyalty program and make this group of flyers feel 'special'. We can introduce additional services such as priority customer services, and free checked-in bags, especially for the Elite Status members. Furthermore, another way we can help our loyal customers feel special is by sending personalized communication, such as birthday wishes or season greetings. As shown in the graph, the majority of individuals in this segment are older (55+). We would recommend that these personalized communications and promotional material be sent through the mail as the older individuals who make up most of the group may not be as tech-savvy as the younger generation and may appreciate tangible material.

Furthermore, to continue building on Sun Airlines' loyalty program and increasing benefits, we believe that creating a Sun Airlines credit card and marketing it to this segment will incentivize them to continue their loyalty to the airline. Since almost all of the individuals are already members, they may be more likely to sign up for the credit card that offers them deals such as earning a mile for every dollar spent. Additionally, as most of them book through the website we recommend adding deals such as earning 3 times more miles for every dollar spent when booking directly from the Sun Airlines website, this will help drive traffic to the website and may sway the other loyal customers to switch from booking through other channels and book directly with the airlines.

As noted above, this segment contains 677 individuals who fly First Class/Discount First Class. The highest percentage of individuals flying First Class come from individuals in the Elite Status. To retain these customers, Sun Airlines can host special events such as a dinner party for their Elite Status, the goal would be to make them feel valued and special. First Class passengers are often the most profitable for airlines so Sun Airlines must be not only able to retain them but also convert more customers towards reaching their Elite Status program. Furthermore, Sun Airlines can have meet and greet services for their First Class passengers where their staff member helps them through the entire airport process allowing the customers to feel even more special and valued. This can continue on the flight by providing personalized service onboard for these customers such as special amenity kits depending on the destination of travel.

In conclusion, the 'Faithful Travelers' is one of the most loyal segments for Sun Airlines. They need to ensure that this group of individuals feels special and valued for them to continue their membership with the airline's rewards program.

To further engage "The Faithful Travelers," Sun Airlines should implement data-driven personalization, leveraging AI to tailor promotions, travel suggestions, and seat upgrades based on customer behavior. Introducing behavioral segmentation will allow for more targeted offers, such as exclusive business-class deals for frequent travelers.

An omni-channel engagement strategy is also key—while older customers may prefer traditional mail, incentives like "book online, get extra miles" can encourage digital engagement. Additionally, enhancing the digital experience for loyalty members through personalized dashboards and exclusive online offers will increase website traffic and convenience.

To boost loyalty, dynamic loyalty tiers can reward increased spending with special benefits, creating a gamified experience. Forming partnerships with hotels and car rental services will add further value to the program, allowing members to earn miles beyond flights. Finally, incorporating sustainability initiatives by offering carbon offset options or rewarding eco-friendly choices will align the program with growing environmental awareness.

Conclusion

In conclusion, through the K-Means clustering method, we were able to identify 5 key unique customer segments that Sun Airlines can target in order to continue its growth. We believe that Sun Airlines is moving in the right direction. Utilizing the insights from our research and customer data to improve marketing strategies will ensure that Sun Airlines not only continues towards their fourth decade but for many more.