

Consumer Reaction To The Promotion Of Garuda Indonesia Airline Prices, The Moderating Role The Of Need For Consumer Status

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Abstract. The purpose of this study is to investigate the effects of price promotion and the need for consumer status in their attitude towards the full service carrier (FSC) that uses price promotion and the intention to return to a full service carrier (FSC) concept at PT. Garuda Indonesia. This study uses a quantitative approach by covering primary data collection by distributing questionnaires to all Garuda Indonesia passengers, the results of this study are consumer reactions, the moderating role of the need for status has a positive influence on Price Promotion. The price promotion carried out by Garuda Indonesia does not adversely affect consumer reactions and the moderating role of consumer status needs.

1. Introduction

Flights with the Full Service Carrier (FSC) concept are airlines that prioritize full service provided to passengers both from the aspect of comfort to security, quality consumption services, entertainment systems, excess baggage capacity provided, and other services. In other words, FSC has many additional services that are an added value for FSC concept airlines, arguably Full service carrier is a luxury flight concept. Various kinds of services provided by FSC concept airlines such as the types of classes in the classification of aircraft seats, monitors provided in the aircraft, food and drinks, service while in the aircraft, special services provided to members of Garuda Indonesia and handling when such as providing special waiting rooms for premium class passengers or program members from Garuda Indonesia members [1]. Garuda Indonesia is an airline carrying the Full Service Carrier (FSC) concept.

In 2015 Garuda Indonesia made a new breakthrough by creating a new idea, namely "Garuda Indonesia Experience." The idea was used to make consumers interested in the services provided by Garuda Indonesia and an integrated service starting from before the flight arrived until after the flight, which touching on the five sensory aspects of the consumer, or what is called the "5 senses." These 5 aspects are vision, sound, aroma, taste and touch [2]

The program which is included in the Garuda Indonesia experience is Garuda Miles. Garuda Miles is a strategy created by Garuda Indonesia which is given as a tribute to consumers as Garuda Indonesia loyal customers. Garuda Miles can be used when making flights with Garuda Indonesia. Garuda miles can be exchanged in the form of airline ticket prizes to favourite destinations, or consumers can get prizes for changing tickets from economy class to business on flights that have been selected by consumers. As a Garuda Miles member, consumers get benefits such as: different check-in counters with ordinary passengers when at the airport, getting additional luggage capacity, getting privileges when baggage subscription services, not having to queue at ticket reservations, get a special waiting room provided Garuda Indonesia, and can get attractive offers from Garuda Indonesia partners throughout the world [3].

To maximize the performance of airlines which include an increase in the number of consumers and high demand so that airlines make sales through collaboration with fast sales websites [4]. Sometimes airlines need to handle seat problems and unsold capacity during low season. Because airlines have to reach Optimal Seat Load Factor and Revenue, airlines will make various ways to attract consumers. Due to the increasing number of competitors in the aviation industry, airlines began to use price promotions such as discount prices, opaque prices, namely where when passenger identity is not displayed until the purchase is completed [5]. This method is used to sell seats and unsold capacity. Price promotions used through Fast sales websites and airline offer websites are becoming increasingly popular. The website has a role

that functions as a forum for the "fast selling" method and can offer product availability at that time as well by giving discounts [6]

Presented in the 2000s, fast sales websites began to develop in 2006 due to the presence of social media so that websites became more popular and people began to be interested in using fast sales websites [7]. Collaborating with a fast sales website can help companies sell their unsold inventory quickly [6]. Garuda Indonesia maximizes sales by cooperating with sales websites to make it easier for consumers to get tickets and improve services so that consumers remain loyal to use Garuda Indonesia flight services so that they can increase sales although the impact on consumer attitudes towards the company is still unknown [8] shows that the results of good temporary assessments are related to price promotions that can cause some adverse effects such as relatively low future prices.

This study aims to understand consumer reactions to Garuda Indonesia airline price promotions and the moderating role of status needs. More importantly, we are under the impression that there are differences in unfavourable consumer attitudes with the need for high consumer status (FSC) for full service carriers (FSC) that use price promotions and those who do not use price promotions. FSC with a high consumer status uses price promotions and those who do not use price promotions. Customers who are high in status needs mainly buy products that have status to show their social identity as upper class individuals [9]. Therefore, they will feel the image of an airline full service carrier (FSC) that is affected by price promotions, so that airlines can serve customers with middle to lower status.

2. Literature Review

2.1 Price Promotion

Price promotion is a sales promotion in the form of discounts and prizes. In general, sales promotion consists of various ways of promotion used [10].

Non-monetary price promotion and promotion, sales promotion is believed to have a good assessment of the perceptions and intentions to buy a product [11]. Such promotions usually involve short-term incentives to attract buying behaviour [12].

Several ways are carried out by airlines to attract interest from consumers. Usually aviation companies make various strategies, such as ticket sales promotions to services provided to customers. This is done to get good sales and market position so that they can be superior to other competitors. The emergence of new competitors in the world of aviation makes airlines have to be more creative in determining promotion strategies, and networks so that they can be better known by the public. The promotion role of Garuda Indonesia is to carry out a promotional strategy by conducting marketing activities which include: advertising on print and online media, sales promotion, public relations and publicity, personal sales, and direct marketing [3].

The results of the research that has been carried out, it turns out that the consequences of sales promotions on customer evaluations and evaluations look different depending on the promotion implemented by companies that implement price promotions [13]. Sometimes non-monetary promotion does not undermine brand valuation and can even help strengthen brand valuation, price promotion can adversely affect customer ratings of a brand [8]. In our view, the adverse impact of price promotion on the assessment of brand image is very influential on the need for high consumer status. When FSC airlines use price promotions through discount web networks or fast sales web networks, the assessment of the company's brand image will be less favourable because consumers with high consumer status use the same products as low-cost consumers status. However, we further propose that the reaction of consumers to the promotion of prices depends on the level of need for their status and the assessment of consumers regarding price promotions.

2.2 Consumer Reaction

Consumers with a high need for consumer status (CWC) show an attitude to distance themselves from consumers with low CWC and tend to ignore genuine choices if consumers with low CWC

start buying the same products as consumers who have high status needs [14]. Purchasing is a decision-making process by consumers to determine the product or service that needs to be purchased, then find the product or service chosen or needed, then evaluate and choose between suppliers and available brands [12]. The application of discounted prices through discounted websites can affect bookings from consumers who have low CWC, thus changing the composition of mixed passengers. Because high-KSK consumers try to improve social status and tend to mark middle-to-upper class individuals, they tend to feel the luxurious image of an Full Service carrier (FSC) contaminated by a discount pricing strategy so that consumers use the same flight with High CWC and Consumers with low CWC. In other words, using the same airline as consumers who have low CWC cannot signify them as consumers with high CWC [15].

2.3 Need for Consumer Status

Belk shows that consumers buy products not only to fulfil their needs but also to mark their social status [16]. What is meant by the need for consumer status is "motivational processes by individuals strive to improve their social standing through consumptive consumption of consumer products and symbolize the status of both the individual and the surrounding significant others ". NFS (Need for status) forms the intention of consumers to show their social status by buying products that can mark their social status. In addition, NFS is identified as the way someone who buys a product to signify their social status as someone with high NFS. Consumers who use the FSC concept airline can be defined as consumers who have high NFS.

3. Hypothesis

H1: Consumer reaction to price promotions made by Garuda Indonesia airlines.

H2: The role of moderation in status needs for price promotions carried out by Garuda Indonesia airlines.

H3: Consumer reaction to the role of moderation in status needs.

4. Research Method

This study uses a quantitative approach which includes collecting primary data by distributing questionnaires to all Garuda Indonesia passengers in which the authors conducting this study took a sample of 80 respondents. In the questionnaire respondents were divided based on their characteristics in the form of analysing the characteristics of respondents, testing inferential statistical data analysis instruments and testing statistical hypotheses. Namely as follows:

4.1 Data collection procedure

This study aims to find out the Consumer Reactions and the need for consumer status towards Garuda Indonesia Price Promotions. To achieve the objectives of this study, the target population was identified as all passengers who had travelled with Garuda Indonesia in the past year. The research data was obtained using a questionnaire, which is through a list of questions arranged systematically with several answer choices that are easily understood using the Likert scale.

4.2 Data Analysis Technique

To answer the problem statement and test the proposed hypothesis, the data obtained will then be processed in accordance with the needs of the analysis. For the purpose of discussion, data is processed and presented based on statistical principles, while for the sake of analysis and testing of hypotheses used multiple linear regression methods with SPSS where multiple linear regression involves more than one independent variable or predictor. This analysis is to determine the direction of the relationship between the independent variable and the dependent variable whether each is positively or negatively related and this model assumes the existence of a straight / linear line between the dependent variable and each predictor and also to predict the

value of the dependent variable if the variable value independent experience an increase or decrease.

5. Processing Statistical Data

Data processing is statistically descriptive and to draw conclusions and hypotheses statistically inferencing with multiple linear regression analysis.

$$Y' = a + b_1X_1 + b_2X_2$$

Information:

Y' = dependent variable (predefined value)

X_1, X_2 , = independent variable

a = constant (Y value 'if $X_1, X_2 = 0$)

b = regression coefficient (value of increase or decrease)

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1	80	3	15	7.60	3.598
X2	80	8	15	12.95	1.855
Y	80	3	10	7.65	1.677
N	80				

From the descriptive analysis results in the table above, the average variable of promotion is price = 7.65, consumer reaction = 7.60 and the role of moderation needs of consumer status = 12.95

Table 2. Coefficients

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	B	Std. error	Beta		
Constant	4.604	1.383		3.329	.001
Consumer reaction	.117	.051	.250	2.288	.025
The moderating role the of need for consumer status	.167	.099	.184	1.686	.096

Multiple linear regression equation: $Y = 4,604 + 0,117x_1 + 0,167x_2$

Hypothesis 1:

$H_0 = \beta_1 \leq 0$

$H_1 = \beta_1 > 0$

Data analysis results presented in the table above obtained $t_{1\alpha} = 2.288$ db = 77 p-value = $0.025 / 2 = 0.0125 > 0.05$ H_0 is rejected thus the Consumer reaction has a positive influence on Price Promotion.

Hypothesis 2:

the analysis presented in the table above obtained $t_2 = 1.686$ db = 77 p - value = $0.96 / 2 = 0.48 > 0.05$ H_0 rejected thus the role of Moderation of status needs has a positive influence on Promotion Price.

Table 3. ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
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Regression	19.548	2	9.774	3.714	.029 ²
Residual	202.652	77	2.632		
SUM	222.200	79			

Hypotesis 3:

From the results of the above table $F_o = 3.714$ db = 77 p-value = 0.29 > 0.05 H_o rejected, thus having a positive influence between Consumer Reaction, Moderation Role Needs for status on price promotion.

6. Discussion

The Research Results are as follows:

First, the data for Showing Consumer Reactions has a positive influence on the price promotion carried out by Indonesian Garuda airlines, so the price promotions made by Garuda Indonesia airlines do not adversely affect the reaction of consumers.

Second, the moderating role of the need for consumer status shows a positive influence on Price Promotion, therefore the moderating role of status needs does not adversely affect the price promotion carried out by Garuda Indonesia airlines.

Third, consumer reaction, the role of moderating the need for status has a positive influence on Price Promotion, the price promotion carried out by Garuda Indonesia airlines does not adversely affect consumer reaction and the moderating role of consumer status needs.

7. Conclusion

From the above discussion it can be concluded:

First, the consumer reaction has a significant and strong influence on the price promotion carried out by Garuda Indonesia airlines.

Second Both the role of moderation in consumer status needs has a significant and strong influence on price promotion carried out by Garuda Indonesia airlines.

The three consumer reactions and the moderating role of status requirements simultaneously have a significant and strong influence on the price promotions made by Garuda Indonesia airlines.

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