

THE MARKETING STRATEGY ANALYSIS OF GARUDA INDONESIA IN GAINING LOST MARKET AFTER COVID-19 PANDEMIC (INTERNATIONAL FLIGHT)

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Abstract: The Covid-19 Pandemic has threatened all industries in the world, especially the aviation industry. One of the best full-service Airlines in Indonesia, Garuda Indonesia, was also affected by the Covid-19 pandemic. In 2019, Garuda Indonesia experienced a decrease in market share, and during the Covid-19 pandemic, Garuda Indonesia had a revenue decrease of almost 90%. The focus of this research is to find out the marketing strategies implemented by Garuda Indonesia, and the impact of the marketing strategy to gain back the market. The methods used in this research are the SWOT analysis, PESTEL analysis, Porter's Five Forces, and Porter's Generic Strategy. The source of data comes from various studies conducted before and Focus Group Discussion (FGD) with commercial or marketing experts of Garuda Indonesia. This research found that the marketing strategies affect the number of markets that can be achieved. Then, Garuda Indonesia can conduct intensive strategies which include market penetration, market development, and product development.

Keywords: Marketing Strategy, Market Lost, Transportation Management

1. Introduction

In early 2020 the world was shocked by the spread of a new virus, called the coronavirus (SARS-CoV-2). The Covid-19 virus pandemic puts the aviation sector under pressure (Sohrabi et al., 2020). The coronavirus impact on Indonesian flights, in general, is also quite large. One proof is the reduced number of flights. There are about 79,000 flights in Indonesia, both international and domestic routes, however, due to the pandemic, it is now only 70 flights. (Sri Mulyani, 2020)

To survive amid intense competition, a good marketing strategy is needed to gain a lost market caused by the Covid-19 pandemic. After the Covid-19 pandemic, many airlines tried to survive to keep going and look for the right strategy so that the airlines could recover their lost markets. One of the Best Full Service Airlines in Indonesia is PT. Garuda Indonesia (Persero) Tbk, which has been a state-owned company (BUMN) since 1950, and is also the first Indonesian airline to join Skyteam. According to the Garuda Indonesia Annual Report in 2019, Garuda Indonesia experienced a 2.19% market share decline compared to 2018 (Tahunan & Report, 2019). In addition, based on the interviews to the Managing Director of Garuda Indonesia, which was also confirmed by marketing experts, Garuda experienced a revenue decrease of almost 90% (Ramli, 2020)

2. METHOD

This research was conducted to find out what Garuda Indonesia's marketing strategy made to reach the lost market. The methods used in this study were a SWOT analysis (R. F. David, 2006), PESTEL Analysis (Planellas & Muni, 2019), Porter's Five Forces (M. Porter, 1980), and Porter's Generic Strategy (M. Porter, 2007). Data collection techniques utilized Triangulation, and the data used were sourced from various previous studies and Focus Group Discussions (FGD) with Garuda Indonesia Commercial / Marketing experts.

3. DISCUSSION AND RESULTS

The data analysis technique used in this study was a SWOT analysis that aimed to maximize the strengths and opportunities of Garuda Indonesia and also reduce weaknesses and threats. SWOT

analysis uses Internal Factor Evaluation (IFE), External Factor Evaluation (EFE). Then it proceed with making a strategy by determining the company's position on the IE Matrix, SWOT-4K Matrix, TOWS Matrix, BCG Matrix (R. F. dan F. R. P. David, 2016). The SWOT indicator used was obtained from the PESTEL Analysis. It is is the method used to identify external factors that affect Garuda Indonesia company itself. These factors consist of Political, Economic, Social, Technology, Environmental, and Legal factors (Planellas & Muni, 2019). The data used in this study were taken from several sources such as; Garuda Indonesia's official website, Garuda Indonesia Annual Report, and information from Garuda Indonesia's commercial/marketing experts, previous research.

For the internal factors, there are Strength and Weakness indicators. Strength Indicators: GA has an app called GIA Mobile that can help to buy a ticket and answer the questions by chat service, GA has an annual travel fair event called Garuda Indonesia Travel, GA is the first Indonesian Airline to join SkyTeam, GA has 89,1% OTP according to the averages of 604 GA's flights/days based on Kementrian Perhubungan Indonesia report, GA as the first global airline that successfully retains the title of "The World's Best Cabin Crew" for 5 years in a row. Weakness Indicators: GA's market share in 2019 decrease 2,19% than one in 2018, High operational costs lead to higher flight ticket prices compared to other airlines, Garuda depends on the automation system in running its business so that it will cause the company's business process system disrupted when the damage occurs, High current debts due to an increase in the number of liabilities on current accounts such as trade payables and fees to be paid caused by the pandemic, Lack of promotion given by GA.

For external factors, there are Opportunities and Threat indicators. Opportunities indicators: Potential development of GA's international routes, High demand for prospective passengers to take a business or leisure trip after the Covid-19 pandemic, high chance of promotion on e-commerce or social media platforms, The development of IT technology that can be applied in Garuda Indonesia to modernize their services, Generation Y and Z are the fastest-growing travel segment in Asia Pacific so they can become a marketing target by GA. Threat Indicators: The purchasing power of the people is decreasing because of the economic situation caused by the pandemic, The weakening of the exchange rate of the rupiah against the USD (due to GA revenue in the form of Rupiah but there are some costs incurred such as the cost of charter an aircraft using USD so that it can harm the GA), The differences of passenger behavior after Covid-19 pandemic, The International flight route in some countries are still closed, Government regulations regarding the implementation of health protocols impact on aircraft that can not fully carry the passengers.

IE MATRIX

The IE Matrix aims to look at the company's position and obtain business strategies at the level of business units in more detail. The IE Matrix is divided into three main areas with different strategy implications (Siahaan, 2008). IFE and EFE table, the total weight of strengths and weaknesses = 1, total opportunities and threats = 1 (R. F. David, 2006). For rankings, several 1 to 4 is given for each factor to indicate whether the factor shows very weak (1), weak (2), strong (3), and very strong (4). Ratings are based on the company, while weights are based on industry. Based on the results of the IFE and EFE analysis, it can be seen the results of the IFE score of 3.15 and the EFE score of 3.11. The input used in the IE matrix is the weighted total value of the IFE matrix and the EFE matrix. The total weight value of the IFE matrix is placed on the vertical axis and the total value of the weight of the EFE matrix is placed on the horizontal axis (Putri, Astuti, & Putri, 2014). The total IFE and EFE scores indicate that this company is in quadrant I as shown in Figure 1.

Figure 1. Matriks IE

		IFE		
		STRONG	AVERAGE	WEAK
		4.0 3.0-4.0	3.0 2.0-2.99	2.0 1.0- 1.99
EFE	HIGH	I	II	III
	AVERAGE	IV	V	VI
	LOW	VII	VIII	IX

Source: (R. F. dan F. R. P. David, 2016)

Cells I, II, IV can implement growth and build strategy. The strategies commonly applied are intensive strategies (market penetration, product development) or integrative strategies (backward, forward, horizontal integration) (Siahaan, 2008). From the results of IFE and EFE calculations, Garuda Indonesia is in quadrant I of the IE Matrix. In this quadrant, Garuda Indonesia can carry out the Intensive Strategy and the Concentration Strategy through vertical integration, both forward and backward, where Backward Integration takes over the supplier's function. On the other hand, it is deemed quite difficult to build its aircraft factory, but Garuda Indonesia can strengthen its subsidiaries such as GMF Aeroasia, Aerowisata. Garuda Indonesia can also carry out Forward Integration or take over distributor functions such as strengthening the GIA Mobile Application or the Official Garuda Indonesia Web which can facilitate passengers.

SWOT 4K MATRIX

SWOT 4K table is the total weighting of each SWOT category = 1.00. (Muhammad, 2004). From the 4K SWOT calculation, the results obtained score on strength = 3.85, weakness = 3.17, Opportunities = 3.21, Threat = 3.00. The data are used to determine the position of Garuda Indonesia in the following ways:

X axis = Strength – Weakness

y axis = Opportunities-Threat

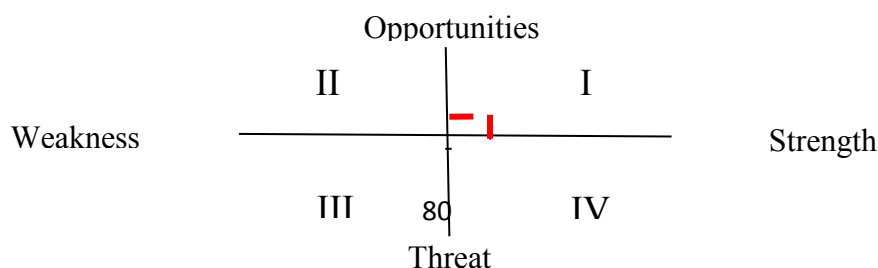
$$= 3,85 - 3,17$$

$$= 3,21-3,00$$

$$= 0,68$$

$$= 0,21$$

Figure 2. SWOT 4K Graphic Matrix



Source: (Muhammad, 2004)

The quadrant 1 situation is the most favorable situation, which means the company has an opportunity and strength. The strategy that must be taken under these conditions is to support an aggressive growth policy or growth-oriented strategy by utilizing existing opportunities and internal strengths owned by the company (Oliver, 2019). From the matrix above, Garuda Indonesia is in Quadrant I (Growth). In this quadrant, the strategies used are; market development, market penetration, product development, and integration strategies.

Based on the results of the 4K SWOT matrix, Garuda Indonesia is in Quadrant I so that what is used in the TOWS matrix (SWOT 9 CEL) is the SO (Strength - Opportunities) strategy. This strategy uses the company's internal strength to take advantage of external opportunities. (R. F. dan F. R. P. David, 2016)

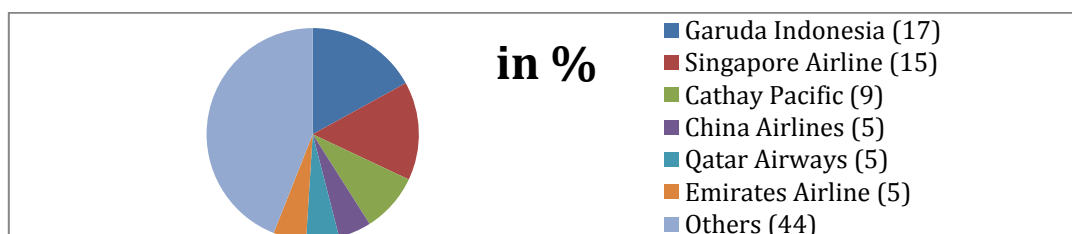
Table 4. TOWS Matrix

STRATEGY (SO)	1.Utilize the title "The World's Best Cabin Crew" to facilitate cooperation with other countries to develop international routes (S5,O1) 2.Use GIA Mobile to gain the interest of prospective passengers when the high demand for travel or business trips after the Covid-19 pandemic (S1, O2) 3.Utilize the high rate OTP of Garuda Indonesia as the main promotion factors to the society particularly for the passengers with sensitivity with time such as business class passengers (S4, O3) 4.Use GIA Mobile to gain the interest of Generation Y and Z who are likely attracted to the effectiveness and efficiency (S1, O5)
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BCG MATRIX

The Boston Consulting Group (BCG) matrix shows the difference between divisions in relative market share positions and industry growth rates and can be used by multidimensional organizations to manage business portfolios for other divisions in the organization. (Setiawati, Fachrial, & Widia, 2020)

Figure 3. Market Share 2019 (Inbound & Outbound Jakarta)



Source: (Tahunan & Report, 2019)

To calculate the Garuda Indonesia Relative Market Share, the researcher assume to combine all competitor market shares because the route used is a direct route from Indonesia and only in one

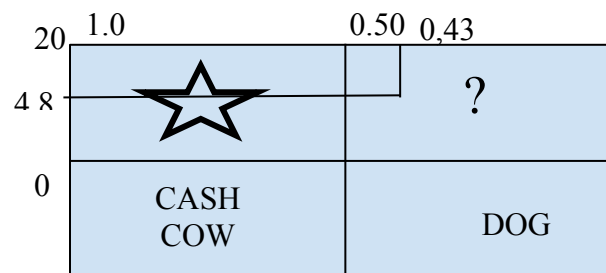
or two routes GA becomes a market leader, but overall GA is still a market follower. The majority of Garuda Indonesia's international flights are in Asia Pacific, the researcher assume that the market growth taken is at the Asia Pacific which is 4.8% (IATA, 2019)

Relative Market Share = Market Share Garuda Indonesia: (MS Singapore+MS Cathay Pacific+MS China Airline+MS Qatar Airways + MS Emirates Airline)

Relative Market Share = 17: 39 = 0,43

From the calculation above, Garuda Indonesia has Relative Market Share = 0.43, market growth = 4,8%%

Figure 4. BCG Matrix



Garuda Indonesia is in the Question Mark (?) Quadrant. In this quadrant, Garuda Indonesia must carry out an intensive strategy that includes market penetration, market development, product development. The company's market position of Garuda Indonesia is still a "Market Follower". Market Follower is a company that has a market share of <30% (Kotler Philip, 2002). There are strategies that can be undertaken by market followers: a) *Cloner*, that is, Garuda Indonesia can try to emulate and match market segments and the market mix of market leaders, b) *Imitators*, namely Garuda Indonesia can be follower that make some differentiation but still imitate market leaders in terms of market renewal and marketing mix c) *Adaptor*, Garuda Indonesia can imitate the market leader products but with improvisation to be more unique and can be distinguished from competing products (Generic Porter's Strategy)

PORTER'S "FIVE FORCES" & GENERIC STRATEGY

In different industries, strategic problems are characterized by the interactions of the 5 forces namely industrial competition, substitution, newcomers, customer strength, supplier strength (M. Porter, 1985). Based on the analysis of the Porter Five Force, the results show that competition in the aviation industry tends to be high. The higher competition can also be seen from the increasing number of competing companies that have similar services. To overcome increasingly fierce competition among competitors, Garuda Indonesia can carry out strategies based on the generic porter strategy, namely cost leadership, differentiation, and focus (M. Porter, 2007). : a) *Low-cost strategy (Cost Leadership)*. The Covid-19 pandemic resulted in a drop in aircraft occupancy rates. Until May 2020 Garuda Indonesia has lost 90% of passengers, mainly the loss of hajj and Umrah transport which had significant strength. This encourages Garuda Indonesia to be more efficient by reducing operational costs without reducing services provided to passengers. b) *Differentiation/Unique products*, this can be done by Garuda Indonesia, through strengthening and increasing the level of service quality by providing products or services that are unique and different from competitors, reducing costs without reducing the quality of services. Making prices become cheaper than airlines competitors so that passengers are interested in using Garuda Indonesia, new interior design in the cabin of Garuda Indonesia aircraft with a typical Indonesian theme, as well as the use of the latest technology

system. c) *Focus*, Garuda Indonesia continues to focus on its aviation business and focus on improving the quality of service to customers to increase market share and attract passenger interest.

Based on IE matrix, SWOT 4K, M TOWS, BCG, Porter's Five Forces, Porter's Generic Strategy, it can be seen that Garuda Indonesia can carry out several strategies to attract passengers in the form of intensive strategies consisting of a) *Market penetration*, Garuda Indonesia has made Citilink gains more market share by selling tickets that are cheaper and more affordable. In this way GI could reduce costs without reducing the quality of services.. b) *Market development*, i.e. Garuda Indonesia sells products that already exist in new markets or expand markets. Garuda Indonesia can open branch offices in other areas to be better known in other countries and support operational activities in that country. c) *Product development*, Garuda Indonesia has done product development by maximizing the services provided, this can be seen from the award obtained by Garuda Indonesia, namely "The World's Best Cabin Crew". Also, Garuda Indonesia will carry four types of Airbus A330-900neo in 2020. By using the latest types of aircraft and technology, it can attract passengers to use Garuda Indonesia. In addition, Garuda Indonesia can improve the services and provide unique services or products, for example on Indonesian national days, Garuda Indonesia provides an in-flight atmosphere by the theme of the national day.

Garuda Indonesia will immediately make direct flights from Denpasar to the US, Paris, and India. Direct flights to the US will usually take around 17-19 hours and Garuda Indonesia will suffer losses because the revenue earned cannot cover the costs incurred for direct flights, and there is a high possibility that the load factor being transported is not optimal because the economy is still unstable and there is physical distance regulation after the Pandemic 19 (Purwaningsih, Pritandari, & Santoso, 2018). Therefore, Garuda Indonesia should conduct codeshare/cooperation rather than compete with other airlines. Based on information obtained from Garuda Indonesia's commercial experts, after the Covid-19 pandemic, Garuda Indonesia will choose a distribution channel through the official web/application called GIA Mobile and selling tickets at Garuda Indonesia's branch offices or marketing offices. Because there is a health protocol from the government that requires verification of documents directly by the airline concerned, the verification process cannot be carried out by a Travel Agent.

4. CONCLUSION

The results of the analysis above shows that Garuda Indonesia can carry out several strategies to attract passengers in the form of intensive strategies consisting of *Market penetration*, *Market development*, *Product Development*. According to Kotler's Theory, Garuda Indonesia is still a "Market Follower", with a market share of <30% but in some routes, Garuda Indonesia can be a market leader. By implementing this strategy, Garuda Indonesia will be able to regain lost markets or increase market share, especially after the pandemic.

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