

MARKETING STRATEGY OF GARUDA INDONESIA TO MAINTAIN THE BUSINESS SUSTAINABILITY IN 2019

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Abstract. Garuda Indonesia is a full-service Indonesian airline that becomes peoples' choice to travel to many destinations. At present, the airline business in the aviation industry is very competitive, therefore every airline needs to use strategy to maintain business sustainability. This study aims to determine the strategies used by Garuda Indonesia through the analysis of internal factors (strengths-weaknesses) and external factors (opportunities-threats), to determine the company's position on the IE Matrix, and SWOT analysis diagrams, to determine the strategy on the SWOT or TOWS matrix and find out the 7P marketing mix strategy used by Garuda Indonesia. This study used a qualitative approach through surveys and used SWOT analysis tools. Based on IE Matrix, Garuda Indonesia is in the Cell V Hold and Maintain. In the SWOT analysis diagram, Garuda Indonesia is in the Quadrant I Growth, which means using the SO (Strength-Opportunity) strategy on the SWOT or TOWS Matrix. From the results of the discussion, it can be concluded that the strategy used by Garuda Indonesia is market penetration and product development.

Keywords: marketing strategy, market penetration, product development

Introduction

The airline is a business in the air transportation sector that has a major influence on economic growth in a country and has an influence on the travel and tourism sector (Tobing, Prayoga, and An 2018).

One of the Indonesian airlines based on full service is Garuda Indonesia. Garuda Indonesia shareholders are the government of the Republic of Indonesia (60.54%), PT Trans Airways (25.62%), and the Public (13.84%). Garuda Indonesia has 69 domestic destinations and 22 international destinations. Garuda Indonesia is incorporated as a member of the global SkyTeam alliance. The fleet owned by Garuda Indonesia is 142 aircraft consisting of Boeing 777-300ER, Boeing 737-800NG, Airbus 330-300, Airbus 330-300neo, CRJ1000 NextGen, and ATR 72-600.

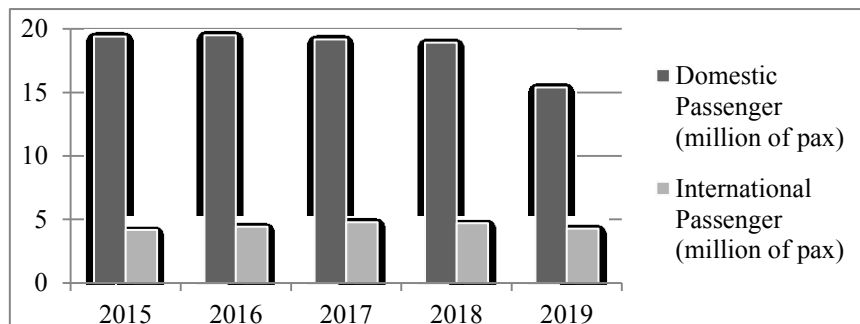


Figure 1. Total Passengers of Garuda Indonesia

Source: Garuda Indonesia Annual Report 2019

The data above shows a decrease in passengers from 2018 to 2019. Domestic passengers decreased by 18.56% from 2018 by 18.91 million to 15.4 million passengers in 2019. International routes, in 2018 passengers decreased by 9.22% from 4.7 million to 4.27 million passengers in 2019.

To face competition, Garuda Indonesia must have a management strategy. Management strategy is a process of fundamental activities, which are created by leaders and implemented by all levels in an organization to achieve goals (Pramitha, Wasito, and Ozali 2018). The importance of management strategy in generating profits is marketing. Marketing carried out by airlines is influenced by route, fleet size, and other factors (Sallan and Lordan 2020). In developing strategy-based knowledge, continuous efforts are needed (Lesmana and Susanti 2018).

In the marketing concept, there is a marketing mix, which is a set of marketing tools used by companies to continue to achieve goals in the target market (Kotler and Keller 2016). The marketing mix has a 7P concept, namely product, price, place, promotion, people, process, and physical evidence (Imam Ozali, Agus Setiawan 2019).

Besides that, there is also a SWOT analysis strategy which is used by companies to determine the relationship between strengths and weaknesses (internal factors) and threats and opportunities (external factors) (Quezada et al. 2019). SWOT is used to develop four types of strategies namely SO (Strengths - Opportunities), ST (Strengths - Threats), WO (Weaknesses - Opportunities), and WT (Weaknesses - Threats).

		Internal Factors			
		4.0	3.0	2.0	1.0
External Factors	3.0	I	II	III	
	2.0	IV	V	VI	
	1.0	VII	VIII	IX	

Figure 2. IE Matrix

In IE Matrix division 1, namely cells I, II, or IV, it can be explained as growth and development of intensive or integrative strategy recommendations. In division 2 included in cells III, V, or VII are hold and maintain strategies with recommendations for market penetration and product development. The recommendations for divisions VI, VIII, and IX are harvest and divest.

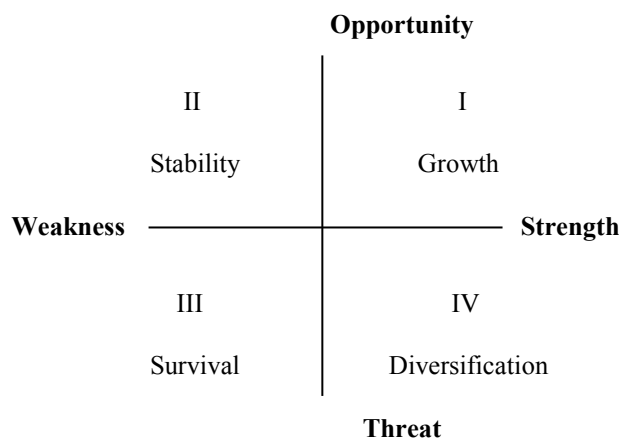


Figure 3. Diagram Analysis of SWOT

Quadrant II stability indicates a weak company position but in a fast-growing industry, quadrant I growth means the company's competitive position is strong in a fast-growing industry, Quadrant III survival means that a company's competitive position is weak in a slow-growing industry, while Quadrant IV's diversification shows the company's competitive position is strong but in a slow-growing industry.

Method

This qualitative research focuses on the marketing strategy carried out by Garuda Indonesia airlines. This study aims to analyze the Garuda Indonesia marketing strategy in dealing with competition between airlines.

Primary data were obtained from questionnaires distributed to Garuda Indonesia Travel Agents. The subject of this research was an experienced person who has a Travel Agent and has used Garuda Indonesia flight services including the Director of Limata Travel, Owner of Asa Tour Travel, Ticketing Manager of PT. Visa Umrah Indonesia, Director of Yulio Tour Travel, CEO and Founder of Diamond Tour and Travel, Owner of Wisata Jelajah Insani, Owner of Global Tourism International, Director of Tanjung Bina Mulia Tour and Travel, Director of Magna Travel, and Commissioner of Dhafa Tour Travel. Secondary data were taken from Garuda Indonesia Annual Report 2019 and the official website of Garuda Indonesia.

Data analysis in this study used SWOT analysis and compared the relationship between internal and external factors based on the IE Matrix. After that, the researcher tried find out the position of Garuda Indonesia on the IE Matrix and SWOT analysis diagrams and find out the company's strategy using SWOT or TOWS Matrix and the 7P marketing mix strategy.

Discussion and Result

General Description of the Company

On December 21, 1949, the Indonesian national airline was established and President Soekarno decided to named it "Garuda Indonesian Airways" (GIA). The establishment of Garuda Indonesia was the result of negotiations of the Round Table Conference between the Indonesian government and the KLM airline.

Garuda Indonesia has flight routes in the continents of Asia Pacific, Australia, and Europe. Garuda reaches the number of 600 flights per day. Garuda Indonesia has a corporate vision to bring hospitality and cultural richness of Indonesia to the whole world.

A. Analysis of Garuda Indonesia's Internal Factors

Internal factors are the strengths and weaknesses that come from within the company environment.

Strengths

Garuda Indonesia is an airline with a good brand image of Indonesia, so far Garuda Indonesia has received various awards and has a good corporate image in the domestic market. In IE Matrix, it obtains weight (0.10) and rating (4), so the score is $0.10 \times 4 = 0.39$. While in the SWOT Matrix, it obtains weight (0.19) $\times 4 = 0.74$.

Garuda Indonesia provides friendly service to passengers during flights, Garuda Indonesia's vision is to bring hospitality to passengers. Garuda Indonesia received the award for "The World's Best Cabin Crew" in 2014. In the IE Matrix, it obtains weight (0.11) and rating (4), so the score is $11.0 \times 4 = 0.39$. In the SWOT Matrix, it obtains weight (0.21) $\times 4 = 0.80$.

Garuda Indonesia has many domestic and international routes, Garuda Indonesia has 69 domestic flight routes and 69 international routes. In IE Matrix, it obtains weight (0.10) and

rating (4), so the score is $0.10 \times 4 = 0.39$. While in the SWOT Matrix, it obtains weight $(0.19) \times 4 = 0.74$.

Garuda Indonesia has a punctual departure time or On-Time Performance in the eyes of customers, Garuda Indonesia received the award "The Best OTP in 5 Star Airline" from the Official Airline Guide (OAG) Flight. In IE Matrix, it obtains weight (0.11) and rating (4), so the score is $0.11 \times 4 = 0.42$. In the SWOT Matrix, it obtains weight $(0.21) \times 4 = 0.80$.

Garuda Indonesia has a modern and new fleet of aircraft so that it can compete with competitors, the fleet owned by Garuda Indonesia is 142 aircraft. In IE Matrix, it obtains weight (0.10) and rating (4), so the score is $0.10 \times 4 = 0.38$. In the SWOT Matrix, it obtains weight $(0.20) \times 4 = 0.74$.

Weaknesses

Ticket prices sold by Garuda Indonesia are more expensive compared to competing airlines. In IE Matrix, it obtains weight (0.09) and rating (2), so the score is $0.09 \times 2 = 0.15$. In the SWOT Matrix, it obtains weight $(0.19) \times 2 = 0.31$.

Garuda Indonesia ticket prices do not reach all circles. In the IE Matrix, it obtains weight (0.09) and rating (2), so the score is $0.09 \times 2 = 0.15$. While in the SWOT Matrix, it obtains weight $(0.19) \times 2 = 0.31$.

The promo given by Garuda Indonesia is not as much as the competing airlines. In IE Matrix, the writer gives weight (0.09) and rating (2) so that the score is $0.10 \times 2 = 0.15$. While in the SWOT Matrix, it obtains weight $(0.20) \times 2 = 0.32$.

Garuda Indonesia has an exclusive image so it cannot be entered for all groups. In IE Matrix, it obtains weight (0.09) and rating (2) so the score is $0.09 \times 2 = 0.15$. The SWOT Matrix, it obtains weight $(0.19) \times 2 = 0.31$.

Garuda Indonesia does not have direct routes to the entire continent, Garuda Indonesia just has direct routes to Asia Pacific, Australia, and Europe, and not expanded its route to America and Africa directly. In IE Matrix, it obtains weight (0.10) and rating (2) so the score is $0.10 \times 2 = 0.18$. While in the SWOT Matrix, it obtains weight $(0.22) \times 2 = 0.37$.

Analysis of Garuda Indonesia's External Factors

External factors include opportunities and threats emanating from the environment outside the company.

Opportunities

Infrastructure development and supporting facilities at the airport, runway, and counter check-in will support On-Time Performance on Garuda Indonesia flights. In IE Matrix, it obtains weight (0.10) and rating (3), so the score is $0.10 \times 3 = 0.34$. While in the SWOT Matrix, it obtains weight $(0.20) \times 3 = 0.67$.

Garuda Indonesia has developed businesses through e-commerce and digital businesses, tickets sold by Garuda Indonesia are marketed through e-commerce such as online travel agents and Garuda Indonesia websites. In IE Matrix, it obtains weight (0.09) and rating (4), so the score is $0.09 \times 4 = 0.33$. While in the SWOT Matrix, it obtains weight $(0.18) \times 4 = 0.66$.

Garuda Indonesia received many awards from national and international institutions, Garuda Indonesia won the "5-Star Airline Airlines" in 2014, "Top 10 World's Best Airline" Skytrax 2017, and so on. In IE Matrix, it obtains weight (0.10) and rating (3), so the score is $0.10 \times 3 = 0.34$. While in the SWOT Matrix, it obtains weight $(0.20) \times 3 = 0.67$.

The habits of Indonesian people who like to travel. In IE Matrix, it obtains weight (0.10) and rating (3), so the score is $0.10 \times 3 = 0.35$. While in the SWOT Matrix, it obtains weight $(0.20) \times 3 = 0.69$.

Garuda Indonesia cooperates with many airlines and non-airlines, like travel agents or other companies to expand the business. In IE Matrix, it obtains weight (0.10) and rating (4), so the score is $0.10 \times 4 = 0.36$. While in the SWOT Matrix, it obtains weight $(0.20) \times 4 = 0.72$.

Threats

The economic decline in 2019, the economic projection of the Republic of Indonesia has dropped to 4.2% -4.6% from the previous 5.0% -5.4%. In IE Matrix, it obtains weight (0.10) and rating (2), so the score is $0.10 \times 2 = 0.16$. In the SWOT Matrix, it obtains weight $(0.21) \times 2 = 0.31$.

Outbreaks of COVID-19 disease, caused many flights to be hampered. In IE Matrix, it obtains weight (0.10) and rating (1), so the score is $0.10 \times 1 = 0.10$. In the SWOT Matrix, it obtains weight $(0.20) \times 1 = 0.24$.

Technological advances continue to grow and are used by other airlines, entertainment, and the new fuel-efficient fleet used by competitors. In IE Matrix, it obtains weights (0.10) and rating (1), so the score is $0.10 \times 1 = 0.13$. While in the SWOT Matrix, it obtains weight $(0.20) \times 1 = 0.26$.

Many competitors such as foreign airlines and low-cost airlines, for example, Singapore Airlines, or low-cost carrier likes lion air. In IE Matrix, it obtains weight (0.09) and rating (2), so the score is $0.09 \times 2 = 0.15$. While in the SWOT Matrix, it obtains weight $(0.18) \times 2 = 0.31$.

Airplane fuel sources depend on Pertamina's inventory and prices, the price of fuel in Indonesia which is expensive makes the price and inventory from Pertamina greatly affect the operational costs of the airline. In IE Matrix, it obtains weight (0.11) and rating (1), so the score is $0.11 \times 1 = 0.15$. While in the SWOT Matrix, it obtains weight $(0.21) \times 1 = 0.30$.

B. Analysis Based on Internal-External Matrix and SWOT

The total results of Garuda Indonesia's internal factors evaluation are 2.78 obtained from the accumulated strength of 2.00 and weakness of 0.78. This shows that the strength is greater than its weakness. The total results of Garuda Indonesia's external factors evaluation are 2.41 obtained from the accumulated opportunity of 1.72 and the threat of 0.69, so that the opportunities owned by Garuda Indonesia can overcome the threats factors. Based on IE Matrix, Garuda Indonesia is in Cell V Hold and Maintain which is a relatively defensive position to avoid losing sales and profits, and the strategy adopted is market penetration and product development.

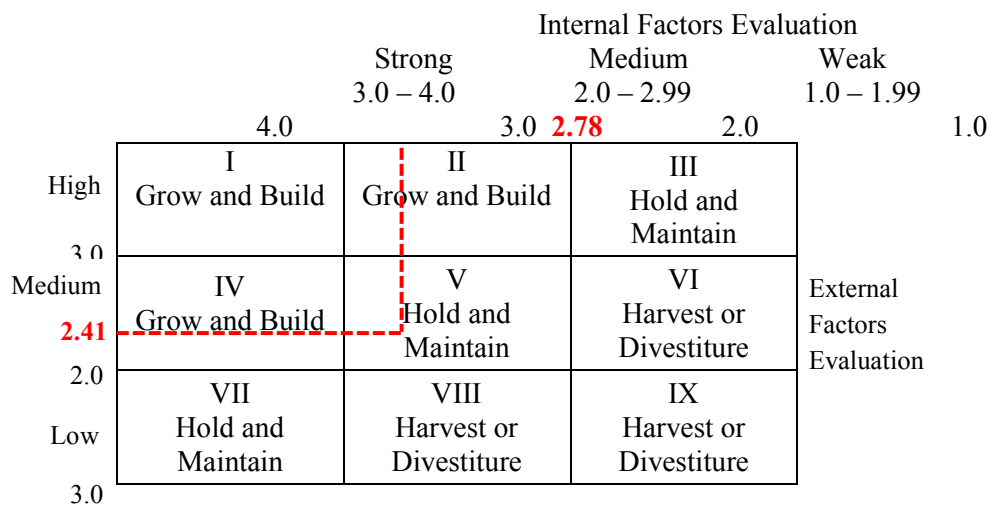


Figure 4. IE Matrix of Garuda Indonesia

Source: Author

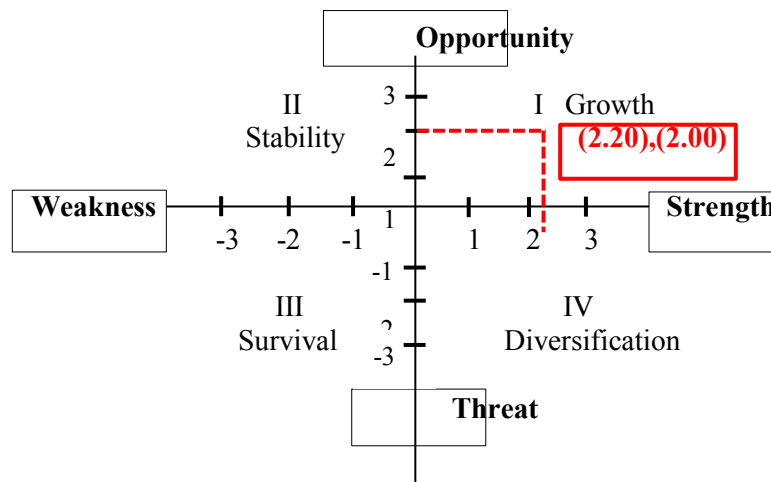


Figure 5. SWOT Diagram Analysis of Garuda Indonesia

Source: Author

To find the quadrant position in the SWOT analysis diagram, the X-axis is the reduction of the total strength minus the weakness that is $3.82 - 1.62 = 2.20$. While the Y-axis is a reduction of opportunity minus threat that is $3.42 - 1.42 = 2.00$. Based on SWOT analysis, Garuda Indonesia is in the Quadrant I Growth with the SO (Strength-Opportunity) Strategy, which is to maintain the company's good image and make product improvements, improve services and prioritize On-Time Performance, and business development for distributing products nationally and internationally.

Table 1. SWOT/TOWS Matrix of Garuda Indonesia

	STRENGTH (S)	WEAKNESS (W)
Internal	1. Airlines with a good brand image in Indonesia 2. Friendly service to passengers during the flight 3. Many domestic and international routes 4. On-Time Performance is good in the eyes of customers 5. Fleet or aircraft that are modern and new so they can compete with competitors	1. Ticket prices are more expensive compared to competing airlines 2. Ticket prices do not reach all circles 3. Promos are not given as much as competing airlines 4. The exclusive image so that it cannot be entered for all groups 5. International routes have not been to all continents
External		
OPPORTUNITY (O)	S – O Strategy	W – O Strategy

1. Develop business through e-commerce and digital businesses 2. Number of awards from national and international institutions 3. The habits of Indonesian people who like to travel 4. Cooperation with airlines or non-airline 5. Development of infrastructure and supporting facilities at the airport	1. Maintaining the good image of the company and making improvements to get more awards (S1, S5, O2) 2. Improve services and prioritize OTP to fulfill the needs of passengers in Indonesia (S2, S4, O3) 3. Business development to distribute aviation products nationally and internationally (S3, O1, O4)	1. Give more promotions according to the needs of the community through e-commerce and digital businesses (W1, W3, O1) 2. Improving the quality of flight services so that the price of tickets sold following public expectations (W2, W4, O3) 3. Expanding flight routes by collaborating with other airlines (W5, O4)
THREAT (T)	S – T Strategy	W – T Strategy
1. Economic decline in 2019 2. Outbreaks of COVID-19 disease 3. Technological advances that continue to develop and be used by other airlines 4. Number of competitors such as foreign airlines and low-cost airlines 5. Airplane fuel sources depend on Pertamina's inventory and prices	1. Update the technology used by airlines such as entertainment and use a fuel-efficient fleet to compete with other airlines (S5, T3, T5) 2. Increase seat load factor, service, OTP, and expand flight routes to face competition (S2, S3, S4, T4)	1. Doing a big promotion by utilizing existing technology (W1, W3, T3) 2. Expanding international routes with foreign airlines to save fuel (W5, T4, T5) 3. Increases flight safety, comfort and safety during a COVID-19 outbreak (W4, T2)

Based on the formulation of strategies that have been carried out using three tools, namely the IE Matrix, the SWOT Diagram Analysis, and the SWOT or TOWS Matrix, the strategy adopted by Garuda Indonesia is market penetration aimed at increasing markets in the same market and product development, with the following marketing strategies:

1. Product: Maintain the good image of the company, while updating the fleet with modern aircraft in its class, so that it can compete and maintain the business sustainability on the route that was flown.
2. Price: Provide affordable prices while maintaining quality service to its customers.
3. Promotion: Promoting through a digital approach with the widest range and most cost-efficient way, such as through social media or the Garuda Indonesia website, by informing the improvement of product quality.
4. Place: Selling flight services through e-commerce and digital approaches, through cooperation with several online travel agents in Indonesia such as Traveloka, Tiket.com, and maximizing the use of the Garuda Indonesia website.
5. People: Garuda Indonesia implements the human resource management program by optimizing performance with measurable Key Performance Indicators, and prioritizing hospitality, courtesy, openness, honesty, and integrity.

6. Process: Garuda Indonesia takes an e-commerce or digital (seamless travel) approach in the process of procuring products or services to customers, starting with preflight, in-flight, and post-flight services.
7. Physical Evidence: As an Indonesian Flight Carrier, Garuda Indonesia always displays the atmosphere of Indonesia culture in every line of its business, starting from the decoration of buildings and office space, the appearance of the aircraft, the interior, cabin crew uniforms and of course food during the flight.

Conclusion

In the Internal Factor Evaluation (IFE), the highest value on strength is that Garuda Indonesia provides friendly service to passengers during the flight, while the weakness is Garuda Indonesia does not have direct routes to the entire continent. In the External Factor Evaluation (EFE), the opportunity with the highest value is that Garuda Indonesia cooperates with a lot of airlines and non-airlines company, while the biggest threat is the economic downturn in 2019.

Based on IE Matrix, Garuda Indonesia is in Cell V Hold and Maintain, which is a relatively defensive position to avoid losing sales and profits. The strategy used is market penetration and product development. Whereas in the SWOT analysis diagram, Garuda Indonesia is in the Quadrant I Growth and the strategy used is the SO (Strength-Opportunity) Strategy. In the marketing mix strategy, Garuda Indonesia needs to increase markets in the same market by promoting through digital approach, providing affordable prices, implementing the human resource management, and developing products to increase sales, to compete with other airlines, and to maintain the business sustainability.

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