

THAI AIRWAYS SUSTAINABILITY OF FLIGHT STRATEGY DURING THE COVID-19 PANDEMIC OUTBREAK IN TERMS OF PRICING AND QUALITY SERVICE**Alfiyatul Laela¹, Shaniyyah Maulia², Basri Fahriza³, Riza Lestari⁴**^{1,2,3,4} Institut Transportasi dan Logistik Trisakti, Jakarta, Indonesia✉ corresponding author: alfialfiya15@gmail.com

Abstract: This paper aims to identify aviation activities for the transport of domestic and international flights of cargo goods and aircraft passengers for 2019 and 2020 (before and during the Covid 19 pandemic). Aviation is one of the largest industries and has improved both nationally and globally through a number of sectors. Various legislation and regulations to stabilize and prevent the spread of the Corona virus have been issued. In reality, however, the policy still faces many barriers to having much influence both at national and international levels. The impact of government policies such as lower demand for air transport and reduced flight schedules have led to a drop in revenues of airplanes that interfere with the economic flow of the airline. A descriptive method with a qualitative approach is used for the research. In order to get thorough data, data that contains meaning, qualitative method was used. While the situation during the covid 19 pandemic is still strong for the aviation industry, in particular, it must remain resilient and overcome this with the utmost ability and apply the health protocols and provide good facilities to sustain it.

Keywords: aviation, cargo, air freight rates and service

A. Introduction

The mode of transportation is one way that is sufficiently developed to meet every human need, and advances in transportation are the result of human needs to go to a place where they find the goods they require and send them to a place they require. One of the most widely used modes of transport is aircraft. This is because aircrafts have several advantages in terms of speed and convenience of journey compared to other transport modes. Air services can also be used to transport goods from the place of origin to the destination, besides passenger transport. This is later known as air cargo.

Goods delivery service (cargo) is the transportation of goods by plane. The development of freight forwarding services (cargo) from year to year is very competitive in several aspects, namely the service, the prices, and the promotions offered. In the highly competitive world of the aviation industry, airlines certainly

want to move forward and continue to exist and be able to compete with their competitors.

The aviation industry continues to grow and many airlines have been established until today. However, since the end of 2019, it has been affected by the outbreak of corona virus pandemic, which is a type of disease caused by a virus called COVID-19. The corona virus is a group of viruses that causes respiratory tract infections in humans, ranging from coughs and colds to more serious ones, such as this latest type of virus, namely COVID-19 (World Health Organization 2020 2020). People can catch this virus from others through droplets from the nose or mouth that come out when a person infected with COVID-19 coughs, sneezes or talks (World Health Organization 2020 2020)). The splash is relatively heavy, travels not far and falls to the ground quickly. Therefore, people can be infected with the virus if they breathe in splashes from an infected person. Since the beginning of 2020, this virus has entered areas in some parts of the world. Therefore, the application of physical distancing in initiating health rules that apply in the community, followed by social distancing, as well as imposing a lock-down has been adapted by many countries.

These restrictions also apply to travel by land, sea and air. International air travel restrictions were implemented in April 2020. The rules that encourage social distancing were made, especially for air transportation, for the realization of effective Large-Scale Social Restrictions for the community. The Virus COVID-19 outbreak has become a major problem in many fields of work, especially in aviation. Many airlines in the world must survive to handle the economy crisis because of the reduction of flight schedules during the pandemic.

Since the beginning of 2020, many airlines have put a brake on the frequency of national and international flights and the shipments of exported and imported goods to reduce the spread of COVID-19 (Liu et al. 2021). This is also felt by the airline, Thai Airways. Thai Airways is a commercial airline from Thailand, coded IATA (TG) and ICAO (THA). As a result of the COVID-19 pandemic, the frequency of flights was temporarily suspended for passenger transport and reduced for cargo transportation from March, April to May 2020 without a clear timetable, resulting in losses to the aviation industry (IATA 2020). Thai Airways participated in optimizing flight services only for cargo delivery services during the New Normal in order to maintain the company's operations and cash flow (Ahmadi 2019)

Marketing strategy is a plan that outlines the company's expectations of the impact of various marketing activities or programs on the demand for products or product lines in certain target markets. The marketing program includes marketing actions that can affect the demand for products, including changing the prices, modifying the advertising campaigns, designing special promotions, determining distribution channel choices, and so on (Liu et al. 2021).

The strategic focus applied by each airline as a guide and direction in running the company's operations has a large and different impact on the financial

performance obtained. The right strategy will help the company to manage the various challenges faced in the midst of the COVID-19 pandemic situation when the company must compete tightly and still consider increasing profits (Sugiarti 2020). Various innovations must be made by Thai Airways to survive the current corona virus pandemic by improving the quality of service, namely by not increasing rates on cargo or flights with crew and passengers.

B. Literature Review

1) Modes of Air Transportation

Transportation is the activity of moving goods/loads and passengers from one place to another which includes humans (who need), goods (needed), vehicles (as tools) and terminals (as infrastructure). Air service transportation is one of the modes of aircraft transportation used to transport passengers, cargo, and mail on one or more flights from one airport to another. According to International Civil Aviation Organization 2007 this understanding is added to "any machine that can derive support in the atmosphere from the reaction of the air other than the reactions of the air against the earth's surface".

2) Airline

According to the provisions of Law No. 1 of 2009 concerning aviation Article 1 paragraph (25) (the et al. 2009), Air transportation is a commercial air transportation business entity, a commercial air transportation activity permit holder that carries out commercial air transportation activities based on the provisions of this law and/or a business entity other than commercial air transportation business entity that makes a commercial air transportation agreement contract.

An airline is a private or government-owned company that specifically provides air transportation services for public passengers, both scheduled (regular flights) and unscheduled (non-scheduled flights) (ICAO 2009). Scheduled flights take flight routes based on a fixed time schedule, destination city and stopover city. Meanwhile, non-scheduled flights are the opposite, with times, routes, as well as destinations and stopover cities depending on the needs and requests of the charterer.

3) Cargo

Cargo is defined simply as all goods sent by air (airplanes), sea (ships), or land (container trucks) which are usually for trade, both between regions or cities within the country and between countries (international) known as export and import. Whatever the type, all consignments except postal items and passenger baggage, whether traded (export-import) or for other purposes (non-commercial) are accompanied by transport documents (Air Way Bill) (Majid and Warpani 2009).

Cargo service is an air service that carries only cargo, whether scheduled or non-

scheduled. Economic growth and globalization have driven the demand for air cargo. Today, air cargo retains its vital role in economic expansion, with an emphasis on developing markets. Air cargo carries a diversity of goods: high-value, consumer, heavy-weighted, outsize, live animals, and temperature-sensitive. A high proportion of air freight is business-to-business and pre-consumer in the supply chain.

4) Air Freight Rate

The freight rate is the price of the cargo at which the cargo is delivered from one point to another. This price depends on the shape of the cargo, the mode of transportation, the weight of the cargo and the distance to the delivery destination. Many shipping services, especially airlines, use dimensional weights to calculate prices taking into account weight and volume of cargo (Agus 2019).

The air cargo tariff is the amount charged by the operator for the transport of one unit of weight and may be different from the actual sales level. The general cargo tariff has a minimum limit of 10kg above the normal tariff. If 1 kilo weighs above 130kg, it is called heavy weight and will be surcharged 150% depending on what will be sent. For example, human remains from normal rates will be subjected to a surcharge of 200% of the normal rate. If it exceeds 10kg, it will be subjected to a surcharge of 200% of the normal rate. That's the terms of most airlines.

5) Services

Service is an activity within a company in providing customer service including handling customer or customer complaints aimed at providing satisfaction through the services provided as a whole in order to satisfy customers. Service quality is a very important factor, especially for companies engaged in services. The core product in question is usually a particular service. Therefore, it is important to know theoretically about the limits, the understanding, and the influencing factors of the service itself (Mardoko et al. 2015). There are two types of service in the world's airlines, namely full service and low-cost carrier.

The full service concept is a flight that prioritizes full service to passengers in terms of comfort to safety, quality consumption services, entertainment, excess baggage, and other services that are not available on airlines with the Low cost carrier (LCC) concept. In other words, full-service has many additional services which are added values from the main service. Meanwhile, LCC is a concept flight with low cost and limited service.

C. Research Methods

This research uses a descriptive method with a qualitative approach. Qualitative method is used to obtain in-depth data, data that contains meaning. Meaning is the actual data, the definite data which has a value behind visible data (Sugiyono 2008). The sources of the data are from primary data through an interview with an informant, one of the Thai Airways employees, Ibu Cipa, who has worked for 15 years, while the secondary data is obtained from reports and journals from the

internet which are related and also have other validity.

This research focuses on Thai Airways' sustainability of flight strategy during the COVID-19 pandemic outbreak in terms of pricing and quality of service provided to customers. There are strategies and 4 elements of marketing, as well as 5 criteria that can be used to determine the dimensions of service quality.

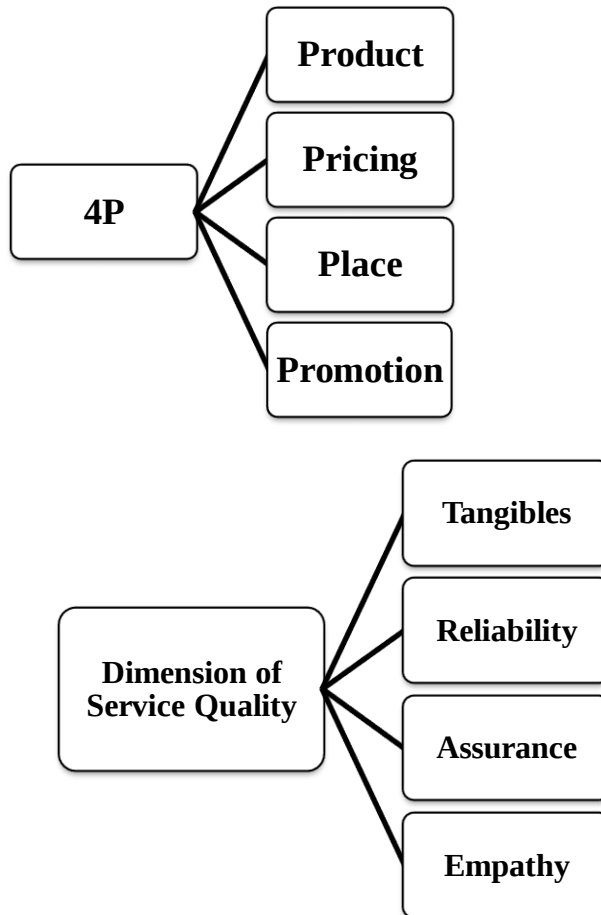


Table 2.B

The 4P's marketing strategy is the initial control element available to shape the marketing plan. Neil Borden was the first to popularize the idea of the marketing mix in the 1950s. Borden defines a marketing executive as someone who mixes ingredients to create the right recipe to market a product. Then, it was E. Jerome McCarthy who sublimated the concept of the 4Ps of marketing from Borden's marketing mix ideas. [Table 2.B]

Table 2.C

According to Parasuraman and his friends (1988), service quality has five dimensions that represent service quality, which consist of as shown in [Table 2.C]. Service quality is the attitude and behavior of a person in providing services in accordance with the needs, desires, and expectations of the consumers who are served. The implications of this study indicate that service quality plays an important role in creating satisfaction and customer loyalty.

D. Identification of Problems

In this research, since the COVID-19 pandemic, Thai Airways has limited its aircraft fleet due to the tightening of borders in each country, causing a decrease in the number of requests for export and import shipments on Thai Airways. However, due to high demand for exports and imports from customers while the available aircraft fleet is small, Thai Airways' rate costs have skyrocketed.

E. Discussion and Results

Based on the results of the interview on July 8, 2021, the researchers explored some information about Thai Airways, namely: products, prices, places, and promotions. Below are the results of interviews obtained by researchers from one of the Thai Airways staff, Ibu Cipa Juliyana. The following are the results of interviews that have been reviewed by the researchers.

A. Product

Thai Airways is a commercial airline from Thailand. The airline's logo symbolizes a stylized classical Thai dancer, reflecting the Kingdom's traditional values of culture and hospitality, and setting it apart from all other airlines. In time, as Thailand grew dynamically, it became desirable to project a more modern and international image. In the midst of the current pandemic, Thai airways are very limited for flights. There is only one flight a week. The cargo capacity quota that can be accommodated by Thai Airways on one flight is a maximum of 40 tons. During this pandemic, Thai Airways only provided 2 types of aircraft for flights from Soekarno Hatta Airport-Tangerang (CGK) to Suvarnabhumi Airport-Bangkok (BKK) and vice versa, namely Boeing 737 and Airbus 333. These planes are not flown every day. Thai Airways makes changes for every flight on Wednesday.

B. Pricing

Thai Airways has set various policies, to achieve the company's desired goals. These policies include, among others:

1. Provide Normal Price – This is very influential and efficient, because there are several factors that affect prices, such as operational cost and turnover. Conditions during this pandemic greatly affected the prevailing price level, namely a decrease in income earned by all airlines, including Thai Airways, while the financial turnover for operational costs still continues. Therefore, instability is very influential on Thai Airways airlines at this time, so Thai Airways continues to provide normal prices to customers. There is no decrease or increase in prices for air freight rates.
2. Establish Scam Rates – The air freight pricing is carried out in order to balance the airline's revenue in terms of cargo services provided by Thai Airways. There are 2 prices imposed by Thai Airways, namely TACT, which is the normal price, namely the published price given to Thai Airways non-cargo agents/all customers at the same price and a special price for Thai

Airways agents, namely Scame Rates, which is only given to agents by Thai Airways.

C. Place

Prior to this pandemic period, Thai Airways only had 2 direct flights to Bangkok's Suvarnabhumi Airport, namely Soekarno Hatta Airport-Tangerang (CGK) and I Gusti Ngurah Rai Airport-Bali (DPS). However, during this pandemic, Thai Airways has experienced flight restrictions. At the moment, Thai Airways only conducts direct flights from Soekarno Hatta Airport-Tangerang (CGK) to Suvarnabhumi Airport-Bangkok (BKK) and vice versa. Flights are only available three times a week. Previously, there were two flights every day.

D. Promotion

The promotion given by Thai Airways to its customers is by prioritizing its agents, because Thai Airways will give special prices to agents when fulfilling cargo loads of more than 1 ton. How much the agent gets varies depending on the applicable provisions and policies.

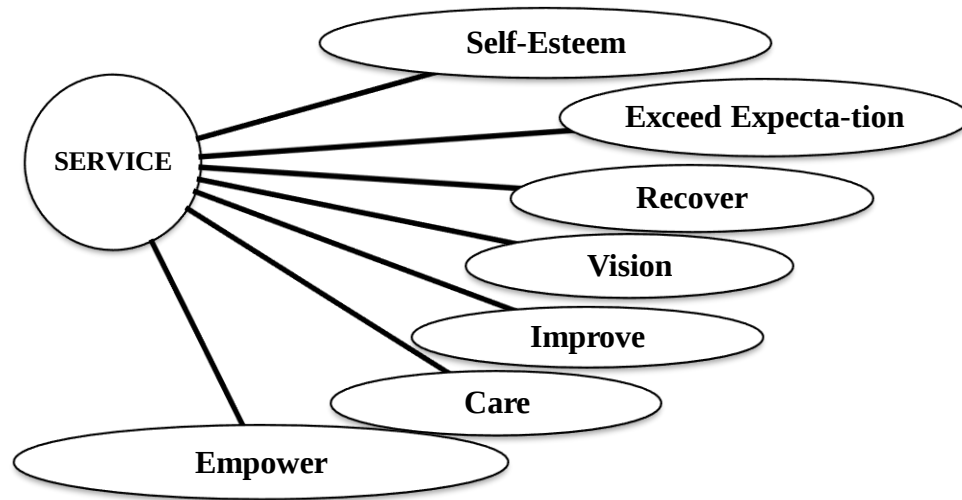
Then there is also a generic strategy that can be applied using Thai Airways' growth strategy, namely:

a) Market Penetration. This is a sounding of air freight rates via email to every agent with the aim of increasing sales. This marketing task that Thai Airways does is by giving special prices to agents or non-agents with conditions such as "every cargo more than 1 ton will be given special rates", which means giving discounts to agents or non-agents and not increasing the price to be swift-rider. Thai Airways is committed to setting normal prices and Scame rates for agents and non-agents.

b) Market Development. Thai Airways has more than 30 forwarding agents throughout Indonesia with dedicated loyalty to providing the best service in terms of price and service.

c) Product Development. Thai Airways has developed its products during this pandemic by changing the type of aircraft every flight 3 times a week. There are several types of aircraft available, so Thai Airways uses this strategy to attract customers from the existing quota because each type of aircraft is different in its payload capacity.

The strategy to improve services is abbreviated as S-E-R-V-I-C-E, namely:



Based on the table 2.C, there are 5 criteria used to determine the dimensions of service quality which can be interpreted as follows;

- a. Reliability. In the midst of the COVID-19 pandemic, Thai Airways is able to provide services in accordance with customer expectations.
- b. Responsiveness. This is a service that really helps customers and provides clear and responsive service to customers.
- c. Assurance. The service provided by Thai Airways to its customers guarantees this because Thai Airways follows the applicable regulations in accordance with IATA regulations.
- d. Empathy. This is done by giving sincere and individual or personal attention and by applying airline's policy to agents by trying to understand customer desires.
- e. Tangible. With the aircraft change system every time it flies, Soekarno Hatta Airport to Suvarnabhumi Airport or vice versa

Conclusion

In many regions of the world, physical distance has been used to initiate community health rules followed by social separation. In April 2020, when international aviation restrictions were imposed, many airlines put a stop to the frequency of domestic, international and shipping volumes of exported and imported goods to decrease the spread of the corona virus. There are marketing strategies, 4 elements and 5 criteria to determine the dimensions of quality of service. However, the operating costs of Thai Airways have risen substantially due to the high demand

for exports and imports from customers, while the available aircraft fleet is small. Thai Airways has a range of strategies for its sales growth. This includes market penetration via emails to each company with the purpose of increasing sales through a sounding air freight rate. The airline also offers promotions, granting agents or non-agents special prices under conditions, such as "special prices for all cargo over 1 ton". There is also a general strategy which can be applied through Product Development through the growth strategy of Thai Airways. During this pandemic, Thai Airways developed their products by changing aircraft types every three flights due to the difference in the payload capacity of each aircraft type.

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