

ANALYSIS THE NUMBER OF FLEET AND FLIGHT FREQUENCY IN FACING THE INCREASING DOMESTIC PASSENGER ON GARUDA INDONESIA IN 2022

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Abstract: The aviation industry has been experiencing a difficult situation due to the COVID-19 pandemic since 2019. The number of domestic passengers has decreased significantly due to policies limiting people's mobility, such as social distancing, lockdown, and working from home. One of the national airlines affected is Garuda Indonesia, which requires Garuda Indonesia to reduce the number of fleets. This study aims to analyze the solutions Garuda Indonesia may take in facing the increasing number of domestic passengers. The method used is exploratory descriptive with a qualitative approach. The data used in this study include; Number of Fleets, Fleet Utilization, Load Factor, and Number of Passengers carried by Garuda Indonesia. The result of the study is the correlation between the fleet number and fleet utilization to the frequency of flights in Garuda Indonesia.

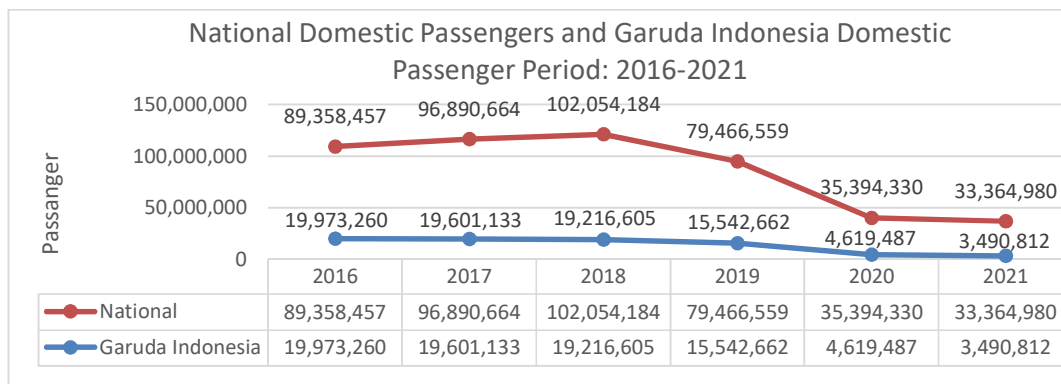
Keywords: *Garuda Indonesia, Domestic, Fleet, Passengers, COVID-19*

Introduction

The global COVID-19 pandemic, which has occurred since 2019, has had many unfavorable impacts on almost all industrial sectors worldwide. Coronavirus is known to cause respiratory tract infections in humans ranging from colds or coughs to more serious ones such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS) (An & Midhat, 2021). One of the industry that have been badly affected by the COVID-19 pandemic is the aviation industry. Since 2020, the growth of the global aviation industry has decreased. The International Air Transport Association (IATA) predicts that the aviation industry will not recover to pre-pandemic levels until 2024.

The domestic aviation industry also felt this regression. In 2020, the number of domestic passengers decreased by 55%, that is 35,394,330 passengers from the previous year of 79,466,559 passengers. This caused the airline to face a crisis due to declining revenue. The airline also carried out various strategies to survive amid the COVID-19 pandemic, such as closing several routes to optimize more profitable routes further, as well as changing the cabin of the aircraft that was previously used for passenger flights to be more maximized for cargo flights. (Charles An and M. Midhat 2021)

Table 1 Domestic National Passengers and Domestic Garuda Indonesia



Source: Garuda Indonesia and Transportation Statistics have been reprocessed.

As one of the airlines in Indonesia, Garuda Indonesia is also experiencing a tough time. In 2020, Garuda Indonesia's domestic passengers decreased by 70%, or as many as 10,923,175 passengers, from the number of passengers in 2019. In 2021, it again experienced a decrease of 24% from the previous year, or as many as 1,128,675 passengers. This impacts Garuda Indonesia's revenue which continues to decline, so Garuda Indonesia must be more selective about its expenses. This difficulty made Garuda Indonesia unable to pay the aircraft leasing cost. In 2021 Garuda Indonesia gradually

returned its aircraft to Lessor and experienced a decrease in the number of fleets.

Entering 2022, COVID-19 cases in Indonesia are declining. Regulations related to COVID-19 have begun to be relaxed, including policies related to travel by air transportation. Travel by air transportation no longer requires an Antigen or PCR Test on the condition that it is fully vaccinated, as stated in the Circular Letter of the Minister of Transportation Number 36 of 2022 concerning domestic travel by air transportation. Based on data from the Official Statistics News in August 2022, domestic aircraft passengers also experienced an increase, especially in May 2022, which coincided with the Eid al-Fitr Holiday, which was 5.29 million passengers from the previous month of 3.76 million passengers. The increasing demand has increased the frequency of domestic flights to meet customer demand for air transportation. Garuda Indonesia must take advantage of the opportunities with the right strategy.

This research was conducted due to the decrease in Garuda Indonesia airline fleets.

Fleet Planning

Fleet planning is carried out by an airline company to determine the number and type of aircraft to be purchased or leased to make providing a profitable service in the entire long-term planning (Jasmine et al., 2020).

Flight Frequency

Flight recurrence is the number of flights for each month of origin and destination operated by its airline company. (Hernawan et al., 2021)

Load Factor

The load factor is a comparison between sold capacity and available capacity for a single trip which is commonly expressed in percent (%). In addition, the load factor can also be interpreted as a metric that measures an airline's capacity and demand management. (Tesfay & Solibakke, 2015)

Marketing

It also explains that four broad components characterize holistic marketing: relationship marketing, integrated marketing, internal marketing, and performance marketing. (Pratiwi et al., 2019)

Aircraft Utilization

Aircraft utilization is defined as the average number of hours an aircraft uses over 24 hours. (Hassan et al., 2020)

Research Method

This research is qualitative research with exploratory descriptive methods. Qualitative research is one of the research methods that aim to gain an understanding of reality through inductive thought processes. Through qualitative research, the researcher can recognize the subjects and feel what they experience in everyday life (Paturuhman, 2012). Exploratory descriptive research generally aims to describe the events or phenomena that occur at the present moment (Ahmad et al., 2018). This study used secondary data obtained from Garuda Indonesia Annual Report, Garuda Indonesia Monthly Operational Data, Transportation Statistics, and previous studies relevant to this study. The study was conducted by looking at trends in domestic national passengers and domestic Garuda Indonesia passengers. Then by looking at the number of load factors, the number of flight frequencies, and the number of fleets to analyze and draw decisions that

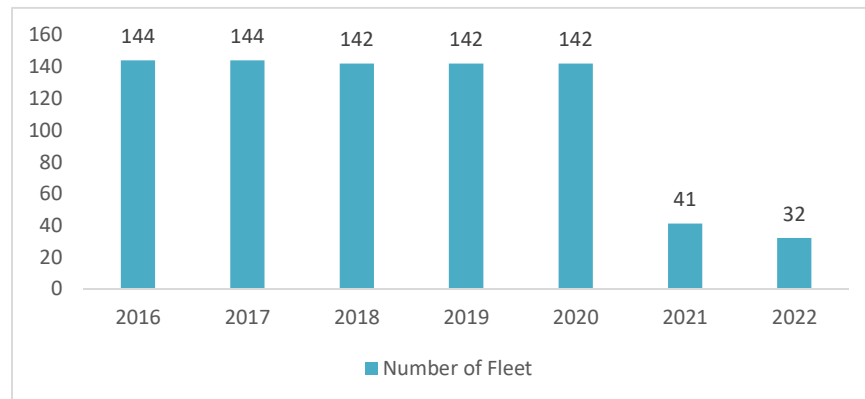
Garuda Indonesia may make in meeting the increasing demand with the number of fleets currently available.(Samosir et al. 2021)

Discussion

Based on the observation of secondary data from the Garuda Indonesia Annual Report and secondary data from Transportation Statistics and previous studies, which we have reprocessed, it becomes the following data:

Number of Fleets

Table 2 Number of Garuda Indonesia Fleets in 2016-2022



Source: Garuda Indonesia

Table 2 above shows the last six years; there has been a change in the number of Garuda Indonesia. The number of fleets from 2018-2020 has the same number, which was 142 fleets. Then there was a drastic decrease from 2020-2022, which was the impact of the COVID-19 pandemic.

Table 3 Garuda Indonesia Fleet Profilea

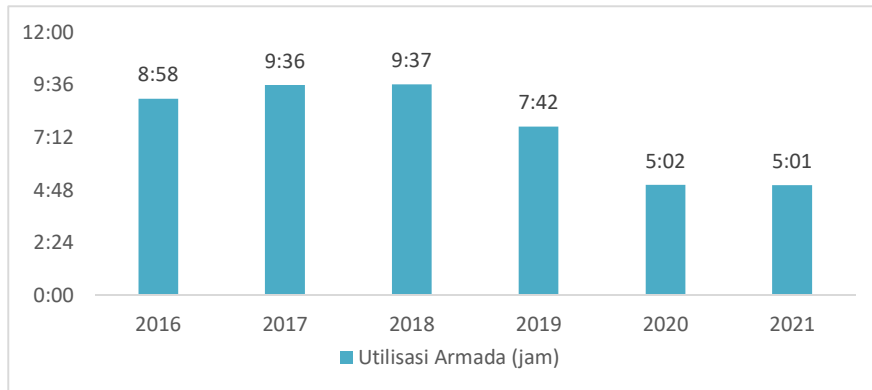
Source: Garuda Indonesia

Fleet Profile	2016	2017	2018	2019	2020	2021	2022
Boeing 777-300ER	10	10	10	10	10	5	5
Boeing 747-400	2	2	-	-	-	-	-
Airbus A330-300	17	17	17	17	17	7	6
Airbus A330-200	7	7	7	7	7	2	1
Airbus A330-900neo	-	-	-	3	3	2	-
Wide Body	36	36	34	37	37	16	12
Boeing 737-800NG	75	73	73	73	73	20	19
Boeing 737 Max 8	-	1	1	1	1	-	-
Bombardier CRJ1000 NextGen	18	18	18	18	18	2	-
ATR72-600	15	16	16	13	13	3	1
Narrow Body	108	108	108	105	105	25	20
Total Fleet	144	144	142	142	142	41	32

To meet domestic demand, Garuda Indonesia uses medium-body or narrow-body aircraft because the mileage is not too far, and the selection of narrow-body aircraft can provide cost-efficiency. In the table above, you can see a decrease in narrow-body aircraft by 80 in 2021 from the previous year's 105 fleets. And there is another decrease in 2022, with 20 narrow-body aircraft are currently left.

Fleet Utilization

Table 4 Garuda Indonesia Fleet Utilization 2016-2021

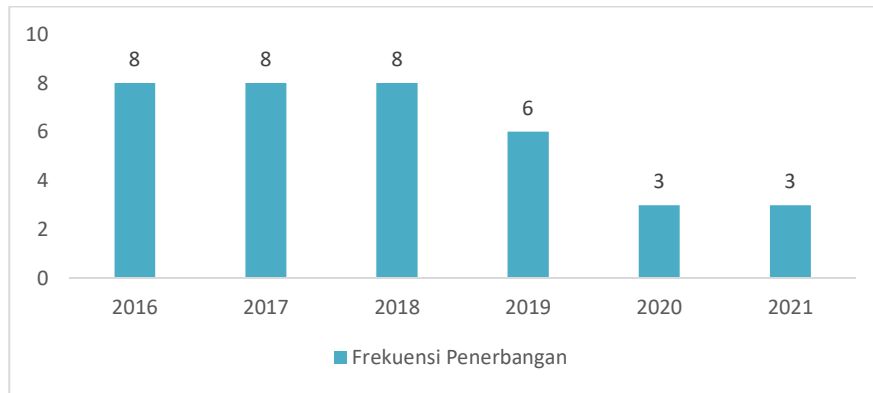


Source: Garuda Indonesia

Based on table 4 above, it is explained the average utilization usage of each aircraft in one day. 2018 was the year with the highest level of fleet use effectiveness, which was for 9 hours 37 minutes per day with 108 narrow-body aircraft. Meanwhile, in 2019 there was a decrease to 7 hours and 42 minutes with 142 narrow-body aircraft. There was a decrease in 2020 to 5 hours and 2 minutes with the same number of fleets which was the impact of the COVID-19 pandemic. Then the decline again occurred in 2021 to 5 hours and 1 minute, but only with 25 narrow-body fleets left.

Flight Frequency

Table 5 Average Daily Flight Frequency of Garuda Indonesia Domestic Per Fleet 2016-2021

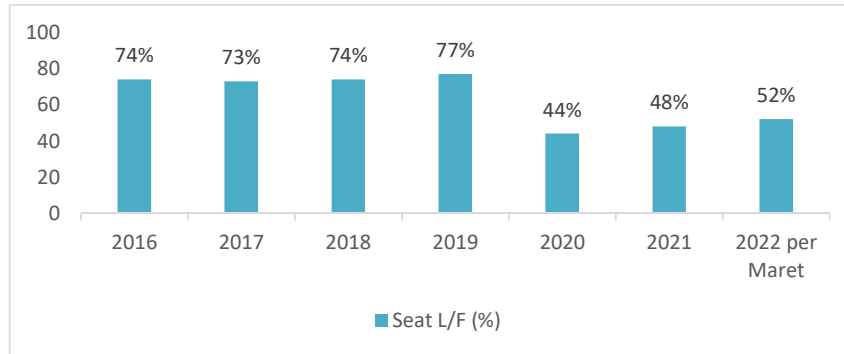


Source: Garuda Indonesia has been reprocessed

Table 5 shows the average domestic Garuda Indonesia Flight Frequency per aircraft in one day. The chart above shows the average flight frequency in 2016-2018, as many as eight times per day, with 108 aircraft. In 2019 there was a decrease from previous years, 6 times per day, with the number of fleets also decreasing to 105. A significant decrease occurred in 2020-2021 to 3 times a day due to the COVID-19 pandemic, which still showed the same number in 2021.

Seat load Factor

Table 6 Number of SLF 2016-March 2022



Source: Garuda Indonesia

Table 6 above shows the number of load factors from 2016 to March 2022. In 2019, the highest load factor was established at 77% and experienced a decrease in 2020 to 44%, with a reduction in the number of flight frequencies due to the COVID-19 pandemic. In 2021, there was an increase from the previous year to 48% after the easing of travel regulations using air transportation. During the first three months of 2022, it increased to 52%. This shows that there will be a surge in passengers throughout 2022.

Number of Passengers

Table 7 Number of Garuda Indonesia Passengers 2016 – March 2022



Source: Garuda Indonesia

Based on Table 7 above, the number of passengers carried is shows Garuda Indonesia Domestic. It can be seen that there was a significant decrease in the number of passengers from 2016-2018. However, a reasonably high decline occurred in 2019 and decreased in 2020 due to the COVID-19 pandemic. In 2021, there was another decrease from the previous year; as of March 2022, there were 803,999 passengers carried.

The data presented above shows that the utilization of the Garuda Indonesia fleet in the last three years has decreased. The flight frequency and seat load factor also show low numbers. Therefore, to be able to face the current increasing number of domestic passengers, Garuda Indonesia can do the following:

Optimizing fleet utilization and increasing flight frequency

By looking at the number of aircraft utilization and the frequency of domestic Garuda Indonesia flights, optimizing aircraft utilize is still possible with the assumptions of utilization for narrow-body aircraft, which was 9 to 10 hours per day. Utilization can be increased by increasing flight frequency; it requires a route and schedule development strategy. This can be done by looking at market priorities and schedule preferences. Market priorities can be determined by looking at the high amount of passenger traffic in a service area and the number of passengers who are quite potential in a service area. In this case, Garuda Indonesia can reopen flight routes that were previously temporarily closed due to the COVID-19 pandemic by looking at market profitability and gradually increasing the number of flight frequencies for profitable routes such as flights from Jakarta to Denpasar, Medan, Balikpapan, Surabaya, and Batam. The addition of frequency is also very

appropriate to be done as a positive opportunity in welcoming the peak season at the end of 2022.

Optimizing marketing strategies to increase Seat Load Factor

The marketing concept is a marketing management philosophy that achieving organizational goals depends on hatching market needs and desires and delivering the coveted satisfaction more effectively and efficiently than competitors (Keke, 2015). One of the excellent and brief definitions of marketing is to meet the needs in a profitable way (Ozali, 2021). In the marketing concept, there is a marketing mix, a marketing tool used by companies to achieve goals in the target market. The marketing mix has a 7P concept: product, price, place, promotion, people, process, and physical evidence (Indrayudi, An, and Ozali 2019). The marketing mix is carried out to improve the market and develop products so that the marketing strategies that Garuda Indonesia can carry out include:

1. **Product:** Maintaining the excellent brand image of the company; in this case, Garuda Indonesia has an advantage in the eyes of the public in terms of service and On-Time Performance, so this needs to be maintained and improved. Then, carry out periodic aircraft maintenance to support the feasibility of the fleet to provide quality products to consumers so that they can compete and maintain the sustainability of the routes sold.
2. **Price:** Passengers will choose cheap but good-quality flights. Garuda Indonesia can offer prices in the same range or not much different from competitors to compete and provide the best service for passengers.
3. **Promotion:** Garuda Indonesia can cooperate with tour and travel parties to hold tour packages with domestic tourist destinations. In addition, with

the right promotional programs, such as offering promos on the official Garuda Indonesia website. Garuda Indonesia can also re-develop the "Garuda Miles" program, a loyalty program from Garuda Indonesia.

4. Place: By optimizing sales channels, among others, through the official Garuda Indonesia website and the mobile application, as known as FlyGaruda. In addition, it collaborates with e-commerce parties such as Traveloka, Tiket.com, and other e-commerce platforms, so that ticket sales have a wider reach. Conventional sales can also be made by cooperating with domestic Tour and Travel businesses. Garuda Indonesia can also conduct sales channels by conducting network policies with other airlines, for example, with one group of airlines, such as Citilink and Pelita Air, to become a feeder for each other. It is intended to expand the market with a fleet that is as efficient as possible but can increase higher margin gains.
5. People: Garuda Indonesia must improve the quality of human resources by conducting appropriate and scaled training. This is intended to optimize the performance of human resources, especially those directly facing consumers, by prioritizing excellent service that can be done through 5 dimensions: reliability, responsiveness, assurance, empathy, and tangible. Good service is very influential in satisfying customers, affecting customer loyalty.
6. Process: Garuda Indonesia uses digital services in procuring products and services ranging from pre-flight, in-flight, and post-flight services to make it easier for every passenger to get and use Garuda Indonesia services.
7. Physical Evidence: As a full-service airline, this is essential in

representing the product by providing good physical qualities such as the exterior and interior appearance of the aircraft, cleanliness of the aircraft cabin, comfortable seat, entertainment facilities in the aircraft, and quality food and beverage provision services.

Optimizing the marketing mix is hoped that it can increase public loyalty to using Garuda Indonesia products and attract more potential consumers so that it can have a good impact, that is market growth which can affect the increase in Garuda Indonesia's Seat Load Factor. With a high Seat Load Factor, it is expected to provide a positive margin for Garuda Indonesia.

Conclusion

To deal with the increasing number of passengers post-pandemic and to prepare for the return of the aviation industry to pre-pandemic levels in 2024, Garuda Indonesia must (1) optimize its fleet utilization, (2) increase the frequency of domestic routes, (3) implement a marketing strategy with the right marketing mix so people believe in choosing Garuda Indonesia's services which will have an impact on market growth and the increase in Garuda Indonesia's Seat Load Factor.

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