Analysis of Garuda Indonesia Flight Service Performance through the Service Marketing Mix Framework

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Abstract: This study aims to map and assess the performance of Garuda Indonesia’s marketing mix elements, then continued by discussion and descriptive analysis of those elements compared with empirical data of Garuda Indonesia performance.

Garuda Indonesia airline was Government-owned Civil Aviation of the Republic of Indonesia that currently he was intense competition and price war in the civil aviation industry. However, the airline was able to maintain its existence without having participated in such price competition. In addition, the terms of business activity environmentally friendly (green business) succeeded well also adopted, among others, tax and levy scheme as well as the handling of environmental emission reduction thus adding to the financial burden for the airline itself and its customers. Garuda Indonesia successfully proved to be spared from failure in times of crisis and success from 2006 until now.

In marketing, there is one of the marketing mix strategies consists of 7 elements (7P’s: product, price, promotion, place, people, physical evidence and process) was instrument in influencing consumers to purchase products or services offered. By mapping those seven elements using of Importance-Performance Analysis (IPA) method based on the importance and the performance level of each seven attributes of the elements, then the element results obtained has been well managed and elements that still require more intensive retreatment. These findings are then analyzed based on Garuda Indonesia performance empirical data in managing its seven marketing mix elements.

Findings, there are two attributes of the marketing mix element that is mapped in quadrant I, namely attributes of Price/Rate and On Time Performance (OTP), which mean those attributes still need more intensively treatment. While other attributes mapped in quadrant II have been well managed. From the further analysis and discussion on the seven elements can be concluded Garuda Indonesia managed its marketing mix using the approach 'shades of Indonesia', which blended beautifully in packaging of "Garuda Indonesia Experience".

Keywords: Marketing Mix Strategy, Garuda Indonesia, Quantum Leap, Green Business, Garuda Indonesia Experience

I. Introduction

The aviation business is an innovative industry that is able to encourage economic and social progress. This allows the industry to connect people, countries and cultures, providing access to global markets, facilitating trade and tourism as well as to improve the relationship between developed and developing countries. The industry also provides rapid transportation network worldwide is needed for global business and tourism as well as to improve the relationship between developed and developing countries, which in turn will raise living standards and reduce poverty.

Competitive conditions in the national aviation industry continues to increase and is very tight along with the addition of a low cost carrier operator capacity for both domestic and international routes and the application of open air space (open sky) ASEAN gradually. At the end of 2012 foreign airlines enliven the business aviation market in Indonesia was recorded amounted to no less than 30 pieces, including Air Asia, Royal Brunei Airlines, Cathay Pacific Airways, China Airlines, Emirates, Etihad Airways, Japan Airlines, KLM, Korean Air, Malaysia Airlines, Qantas Airways, Qatar Airways, Saudi Arabia Airlines, Singapore Airlines, Thai Airways, and many others.

As a result, cannot be avoided any more national and international aviation industry has been stuck in a flight ticket price competition. Unfortunately, competition on price war is not very followed with increased service to passengers. The enactment of the cheap rates offered by airline ticket pricing is markedly in one flight. Various studies have proven that granted the former factor "cheap price" is the main indicator for prospective passengers determines his or her choice using the airline service, so that airlines brings the LCC (low cost carrier) concept be the main option.

Interestingly, Garuda Indonesia, the Indonesian airline where shares are largely owned by the Government of the Republic of Indonesia is an airline that is still able to maintain its existence in the midst of
this competition and price wars. This is corroborated by the statement that Garuda Indonesia Garuda management does not compete on price. Competing in the price is a matter of "unhealthy" because it can cause side effects at all "unhealthy", among others, about the comfort and safety can be neglected. Not quite with the price war, claims about environmental awareness and concern also involved changing the pattern of business approach to business activities based on environmental sustainability (green business). Imposition of taxes and levies, including environmental schemes handling for emissions reductions also adds its own financial burden for the airline and its customers. It was originally to be a constraint for the growth of this industry. Moreover, the fact remains that the aviation industry is aware that many of his business in the process contributed to the environmental impact, such as emissions of CO2 and other harmful gases, including noise. Aviation sector accounted for 12% of global CO2 emissions in 1990 (IATA, 1991).

With the various constraints, Garuda Indonesia brings the concept of "full service carrier" against its competitors. Started with the fairly slow progressive, Garuda Indonesia has succeeded to change its bow, so that spared from failure in times of crisis and success during 2006 until now. After going through a rough time, Garuda Indonesia is currently continuing success with running the program 5-year expansion aggressively. This Program is known as 'Quantum Leap' has brought the company into a bigger, broader network and accompanied by an increasingly good service quality. Seen in the perspective of business competition, Garuda Indonesia has a competitive advantage over its competitors. The quality of service offered by Garuda Indonesia, for example, has a high standard with good quality control as well. Thus the provision of goods and services with consistently high quality will be perceived by consumers as the fulfillment of their expectations and will ultimately satisfy the consumer (Kandampully, 1998).

In addition, as part of efforts to improve the quality of life as well as in line with the vision to achieve sustainable growth in the air transport sector that is aligned with the environment, Garuda Indonesia is committed to implement the program Garuda Indonesia Green Efforts. This program is part of the responsibility of Garuda Indonesia to create a healthy environment through real action in the air and the ground. Garuda Indonesia is aware; businesses cannot run well are in an unhealthy environment. Every company must consider the effects of its business on the environment and are responsible for minimizing the negative impacts.

Based on the above description, the study aims to map and assess the performance of the Garuda Indonesia marketing mix elements, which consists of 7P i.e. product, price, promotion, place, process, physical evidence and people. Then continued by discussion and descriptive analysis of those elements compared with empirical data of Garuda Indonesia performance.

II. Methods

1. Sampling Method and Data

The sample used in this study as many as 395 respondents. According to Slovin, with a sampling error rate at 5%, the number of samples is 392. Sampling method was accidental simple random sampling method, where respondents were the various destination passengers of Garuda Indonesia were met at the airport of Sam Ratulangi Manado and Juanda Surabaya.

Data collection instrument used was a structured questionnaire was developed from the research variables operation results. The scale of the instrument used a Likert scale. The answer of the questions consists of five levels, namely "strongly agree", "agree", "quite agree", "disagree", "strongly disagree". The fifth such assessments were scored as follows: (1) strongly agree was given a score of 5; (2) agree, score of 4; (3) quite agree, score of 3; (4) disagree, score of 2; (5) strongly disagree, score of 1.

2. Research Variables

Development of the study variables based on the concept of the marketing mix is a blend of both product, promotion, place and price strategy that are uniquely designed to result in mutually satisfying exchanges with target markets (Lamb et al, 2001). Kotler & Armstrong (1993) argue that the marketing mix is a set of controllable variable that the firm blends to produce the response its wants in the target market. Brownlie & Saren (1991) describes marketing mix as how the enterprise offers its products and services to its target market. Tangible products have traditionally used a 4P’s model, the services sector on the other hand uses a 7P’s approach in order to satisfy the needs of the service provider’s customers: product, price, place, promotion, people, physical facilities and processes (Ivy, 2008). Marketing mix is one of the tools of marketing strategies to achieve corporate objectives and extended for services consists of seven P’s are the product, price, promotion, place, people, physical evidence and process (Zeithaml et al, 2010). The marketing mix is a set of controllable marketing tools that an institution uses to produce the response it wants from its various target markets. It can be concluded that the overall aim or objective of the 7P’s model is to allow the organization to build and sustain a competitive advantage in the market place (Collier, 1991). The 7P’s are generally used in marketing strategy formulation because the model is supposed to be flexible enough and can be integrated in different combinations to fulfill the above-mentioned objective. The tools that use to build competitive advantage are issue relating to
applying the marketing concept, and in particular various factors associated with the 7P’s in a profitable way. A framework has been used and developed for a number of years which can help managers to consider all relevant factors when designing their services. This is commonly known as the marketing mix and was developed by Borden (1965) and McCarthy (1960). To achieve competitive advantage, the company have to provide not only a target market but also a marketing program. Table 1 below presents the research variables description.

<table>
<thead>
<tr>
<th>Variable name/symbol</th>
<th>Description</th>
<th>Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 Product</td>
<td>Goods or services made or provided by the company to meet consumer needs and deliver benefits and satisfaction after consumption.</td>
<td>1. Service quality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Brand name</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Certified &amp; Award</td>
</tr>
<tr>
<td>X2 Price</td>
<td>Pricing that takes into account the economic costs and environmental costs of production and marketing processes, while providing value to the customer and a reasonable profit for the business.</td>
<td>4. Ticket price according to the quality</td>
</tr>
<tr>
<td>X3 Place</td>
<td>The role is a distribution channel as marketing activities which seeks to facilitate the delivery of goods and services from companies to consumers.</td>
<td>5. Route and Flight Frequency</td>
</tr>
<tr>
<td>X4 Promotion</td>
<td>Information flows in one direction or persuasion made to direct a person to act that created the exchange in marketing.</td>
<td>6. Advertisement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. Frequent Flyer Program</td>
</tr>
<tr>
<td>X5 Process</td>
<td>Service delivery procedures that support operational performance and quality of service through efficient utilization of resources.</td>
<td>8. On time performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9. Ease of check-in process</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10. Ease of reservation</td>
</tr>
<tr>
<td>X6 Physical Evidence</td>
<td>The quality of services can be demonstrated through physical evidence and presentation. So an airline business will develop a look and style that can be observed in dealing with customers, so as to deliver the expected value to the consumer, whether it’s cleanliness, speed or other benefits.</td>
<td>11. Modern aircraft fleet</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12. Clean and comfort aircraft cabin</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13. Qualified food and beverages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14. On board entertainment program</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15. Various of flight schedule</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16. Comfortable office</td>
</tr>
<tr>
<td>X7 People</td>
<td>Services largely served or given by the person. Therefore employees can make a big difference in customer satisfaction through attitudes and behaviors of empathy, competence, responsiveness, initiative, problem solving abilities and good intentions.</td>
<td>17. Professional cabin crews</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18. Hospitality employees</td>
</tr>
</tbody>
</table>

3. Analysis Data Methods

The analysis technique is Importance-Performance Analysis (IPA), which was first introduced by Martilla and James (1977). This method is a series of service quality attributes were evaluated based on the level of importance of each attribute according to the consumer and how the service quality perceived performance relative to each attribute. This analysis was used to compare between consumers’ assessment of the importance of quality of service (Importance) with the level of service quality performance (Performance). Prioritization of performance improvement is only determined by the relative value, ie the value of the average level of interest and satisfaction, not to consider the resources and the ability of the company to make improvements in performance.

In IPA, there are two variables that are represented by the letters X and Y, where X is the level of performance of a product while Y is the level of consumer interest. Weight rating is the product performance attributes weighting responses or respondents’ assessment of performance attributes that has been done or felt by the respondent. From here will be obtained by the level of interest and level of each variable for all respondents, who then proceed to map the scores into a Cartesian diagram. Each attribute is positioned in a diagram, where the average score assessing the level of performance (X) indicates the position of an attribute on the X axis, while the position of the attribute on the Y axis is indicated by an average score of importance (Y). The average level of performance is used as a cut-off or limiting the performance of high and low performance, while the average interest rate is used as the cut-off high interest rate with a low interest rate. Values of X and Y is used as a coordinate pair attribute points to position the location of an attribute of the Cartesian diagram.

III. Result And Discussion

1. Characteristics of Respondents

Based on calculations of research data, respondents were divided into several groups, where for the age group 26 s / d 55 years is a group that is often visited by the service and the percentage of 47.14% which is the smallest in the age group above 55 years, amounting to 22.03% . From professional groups, indicating Government officer / Forces Personnel / Police officer / private sector employees are the largest group (42.29%)
and a group of Students/Student/Family is the smallest use the services of Garuda Indonesia, was 12.33%. Group of middle-income respondents (between Rp. 3,000,000 - Rp. 5,000,000) per month dominated group respondents by the amount of income, amounting to 55.95%; who earn more than Rp. 5,000,000 are 43.17% and less than Rp. 3,000,000 are 0.88% per month. While the group traveling family visits are 6.61%. While traveling for business and official services are 76.65%. While passengers who choose to use economy class are 87.96% and 12.04% remaining passengers who choose a business class/executive.

2. Assessment of Garuda Indonesia’s Marketing Mix

The Assessment is based on opinion (perception) of the passengers of Garuda Indonesia through Sam Ratulangi airport and Surabaya Juanda Airport to various destinations. This is done in order to confirm the company’s service performance achievements of this country which, according to the observations of business analysts and the news media has a very good performance. After processing the IPA method obtained scores of each attribute that has been assessed by the respondents based on the performance of Garuda Indonesia flight service quality and level of interest in Garuda Indonesia flight services. The results in Table 2 drawn below.

<table>
<thead>
<tr>
<th>No</th>
<th>Atribut</th>
<th>Skor X</th>
<th>Skor Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Service quality</td>
<td>4.67</td>
<td>4.85</td>
</tr>
<tr>
<td>2</td>
<td>Brand image</td>
<td>4.86</td>
<td>4.81</td>
</tr>
<tr>
<td>3</td>
<td>Certified &amp; Award</td>
<td>4.87</td>
<td>4.89</td>
</tr>
<tr>
<td>4</td>
<td>Ticket price</td>
<td>3.98</td>
<td>4.79</td>
</tr>
<tr>
<td>5</td>
<td>Flight route and frequency</td>
<td>4.49</td>
<td>4.83</td>
</tr>
<tr>
<td>6</td>
<td>Advertisement</td>
<td>4.64</td>
<td>4.77</td>
</tr>
<tr>
<td>7</td>
<td>Frequent Flyer Program</td>
<td>4.88</td>
<td>4.85</td>
</tr>
<tr>
<td>8</td>
<td>On time performance</td>
<td>3.56</td>
<td>4.91</td>
</tr>
<tr>
<td>9</td>
<td>Ease of check-in process</td>
<td>4.54</td>
<td>4.78</td>
</tr>
<tr>
<td>10</td>
<td>Ease of ticket booking &amp; payment</td>
<td>4.63</td>
<td>4.81</td>
</tr>
<tr>
<td>11</td>
<td>Modern aircraft fleet</td>
<td>4.51</td>
<td>4.84</td>
</tr>
<tr>
<td>12</td>
<td>Clean and comfort cabin</td>
<td>4.85</td>
<td>4.78</td>
</tr>
<tr>
<td>13</td>
<td>Qualified food and beverages</td>
<td>4.69</td>
<td>4.82</td>
</tr>
<tr>
<td>14</td>
<td>On board entertainment program</td>
<td>4.78</td>
<td>4.89</td>
</tr>
<tr>
<td>15</td>
<td>Various of flight schedule</td>
<td>4.61</td>
<td>4.92</td>
</tr>
<tr>
<td>16</td>
<td>Comfortable office</td>
<td>4.64</td>
<td>4.93</td>
</tr>
<tr>
<td>17</td>
<td>Professional cabin crews</td>
<td>4.53</td>
<td>4.86</td>
</tr>
<tr>
<td>18</td>
<td>Hospitality employees</td>
<td>4.94</td>
<td>4.77</td>
</tr>
</tbody>
</table>

Furthermore, to determine clearly the placement of the 18 attributes of flight services that have been analyzed, then the 18 attributes grouped into four quadrants. The first quadrant is located on the upper left, second quadrant on the right above, the third quadrant is in the lower left, and the fourth quadrant is located at the bottom right. The position of each attribute in the four quadrants can be used as a tool in providing an alternative strategy to improve. Furthermore, levels of these elements is described and divided into 4 (four) parts into the following Cartesian diagram as follows:

Fig 1. Garuda Indonesia Marketing Mix Mapping
Notes:
1. Service quality
2. Brand Image
3. Certified & Award
4. Ticket price
5. Flight route
6. Advertisement
7. Frequent Flyer Program
8. On time performance
9. Ease of check-in process
10. Ease of reservation
11. Modern aircraft
12. Clean and comfort cabin
13. Qualified food and beverages
14. On board entertainment program
15. Various of flight schedule
16. Comfortable office
17. Professional cabin crews
18. Hospitality employees

In Figure 1 we can see the position of each attribute that affects the service quality performance of Garuda Indonesia in its quadrants. Interpretation of Importance and Performance Analysis can be seen as follows:

- Quadrant I (Concentrate These). Quadrant I represents the factors or attributes are considered to affect the service performance of Garuda Indonesia, but the management has not been able to implement optimally fit the existing standards. Therefore need to be prioritized handling and enhanced in order to fit into quadrant II. Attributes that fall into this quadrant are: the Ticket price and On time performance. For these elements the management of Garuda Indonesia still have to give attention and priority in the effort to improve its performance so that it can move into quadrant II. Ticket price assessed by the customers are still quite expensive, or the customer is judging still a chance for Garuda Indonesia lowered the selling price of the ticket. The passengers who rate it mostly comes from a group of passengers who have income between Rp. 3,000,000 - Rp. 5,000,000 per month. This indicates this passengers group still make the price as the main indicator in determining the choice of airline use. Different things found in groups of passengers with monthly income of more than Rp.5,000,000 who prefer to use the business class / executive in order to meet the need for high-quality flight ticket or not the main consideration. While attribute On time performance (OTP) assessed the customer is still not satisfactory enough so that the management of Garuda Indonesia still needs to consolidate in order to increase the performance of these attributes. Delays and flight cancellations Garuda Indonesia in several Airports in Indonesia for domestic flights as GA flight No. 404, dated 14-08-2010, Denpasar-Jakarta route, schedule departing 13:05, departure 14:25, 1 hour 20 minutes late, cause technical damage to aircraft; GA flight No. 239, dated 04-09-2010, the Jakarta-Solo route, schedule departing 09:30, departure 09:50, 20 minutes late, cause waiting of Parliament members; GA flight No. 173, dated 07-11-2010, the Jakarta-Pekanbaru, scheduled 09:10 departing, departure 12.30, 3 hours 20 minutes late, cause aircraft inspection.

- Quadrant II (Keep up the Good Work), shows the attributes that are considered important by the respondents and has been properly executed by the management, so the respondents said they were satisfied the attributes that are on this quadrant. Therefore, the attributes contained in this quadrant performance needs to be maintained by the management of Garuda Indonesia, which in this case has to do things right on these attributes so as to meet the applicable standards. These attributes are Service quality; Brand Image; Certified & Award; Flight route; Advertisement Frequent Flyer Program; Ease of check-in process; Ease of reservation; Modern aircraft; Clean and comfort cabin; Qualified food and beverages; On board entertainment program; Various of flight schedule; Comfortable office; Professional cabin crews; Hospitality employees. Overall attributes that are in quadrant II can already be implemented in accordance with customer expectations. Garuda Indonesia management task is to maintain the quality of its performance remains high.

- Quadrant III (Low Priority). In this quadrant there is an attribute that has the performance and importance are relatively low, in other words, this attribute is less important influence perceived by the respondents.

- Quadrant IV (Possible overkill), indicating that it is less important attributes by respondents, but performance is assessed or perceived excessive. In the quadrant, there are no attributes.

3. Analysis of Garuda Indonesia’s Marketing Mix Strategy

In marketing there is one strategy called the marketing mix (marketing mix) has an important role in influencing consumers to buy the product or service being offered and the success of a good marketing product marketing and marketing services in the market. Coverage is determined by the marketing activities marketing concept called the marketing mix. The elements of the marketing mix consist of all the variables that can be controlled by the company in its communication and will be used to target consumers satisfactory. According to Philip Kotler (2002), the marketing mix is a set of marketing tools used by companies to continuously achieve their marketing objectives in the target market. The marketing mix consists of four elements or variables known as the 4P marketing mix initially and then expanded into 7P’s when applied to the services marketing. They are, price, promotion, place, people, physical evidence and process.
3.1. Product

According to Walker and Reukert (2007) product is a broad concept that encompasses also the satisfaction of all consumer need in relation to a good, service, or idea. The concept can be interpreted that the product is a general concept which also includes the fulfillment of all the needs of consumers relating to goods, services, or ideas. This is in line with the opinion of Kotler and Keller (2011) which states that the product is anything that can be offered to a market to satisfy a want or need.

Service quality attributes manifested in Garuda Indonesia services based on the excellent service that was developed in the 28-points touching on “before, on, and after the flight”. Garuda Indonesia has launched a service concept called "Garuda Indonesia Experience". This service offers a concept reflects the genuine hospitality of Indonesian and presents the best aspects of Indonesia to the passengers. Starting from the flight reservations to arrive at the destination airport the passengers will be pampered by the friendly service and genuine hospitality that characterize Indonesia, represented by 'Salam Garuda Indonesia' from the cabin crew. With a special mission carried Garuda Indonesia as the flag carrier airline of Indonesia which promote Indonesia to the world, then the concept of Indonesian hospitality was translated into icons that rely on human senses. With this concept, Garuda Indonesia creates a characteristic of the plume, while enhancing the image of Indonesia in the international world. The concept is based on the Garuda Indonesia Experience "5 senses" (sight, sound, scent, taste, and touch) and includes a 28 "customer touch points" services ranging from pre-journey, pre-flight, in-flight, post-flight and post-Journey. This is in line with Payne (2009) mentioned product is a form of service to the satisfaction of the complex value. People buy services is to solve problems and get the value associated with benefits. So, product is not just shaped something tangible but also something intangible. The product concept developed by Garuda Indonesia is in line with the concept of total product by Theodore Levitt (1960), which can offer a service that consists of several elements: (a) the core product or generic, such as a bed on hotel room service. (b) the expected product, for example, a comfortable waiting room at the airport. (c) the augmented product, which allows an area to another differentiated product. (d) the potential product, display (feature) and additional benefits that are useful to consumers or may add to consumer satisfaction. This section can provide cost advantages to improve switching so that consumers think twice or difficult to switch to another service product. For examples ease or special services for consumers who have become members of the company.

This also has been developed a brand image for Garuda Indonesia as a "full service carrier". In addition, as part of the environmental quality improvement efforts, and in line with Garuda Indonesia’s vision to create a sustainable growth in the air transportation sector that is in harmony with the environment, Garuda Indonesia is committed to the Garuda Indonesia Green Efforts Program. This program is part of Garuda Indonesia’s responsibility to create a healthy environment through real actions both in the air and on the ground. Garuda Indonesia is fully aware that business will run successfully in healthy societies. Therefore, every company has to consider the impact of its business on the environment and be responsible for finding solutions to the effects that are caused. This commitment is pursued based on the Occupational Safety, Health and Environmental Policy firmly states that all employees, business partners, contractors and suppliers of Garuda Indonesia have an obligation to participate in the Occupational Health, Safety and Environmental Management System. These processes and systems are applied in order to maintain the continuity of environmental-based business operation in which the primary objectives are to reduce the emission and waste rate, and to save both energy and other natural resources. The policy and vision is manifested in various programs which include three main aspects, i.e. green aviation operations, eco-friendly office buildings, and a green lifestyle.

Because of the consistency management of Garuda Indonesia to maintain and continue to develop their marketing mix attributes and customer-oriented environment then hundreds of certifications and awards have been obtained Garuda Indonesia, such as the IATA Operational Safety Audit certification (IOSA) as a form of concern about safety. In 2010, Skytrax named Garuda Indonesia as the "Four Star Airline" and "The World's Most Improved Airline Best!", ICSA 2010 The Best in Achieving Total Customer Satisfaction, July 2012 "World's Best Regional Airline". While Roy Morgan, an independent research institute in Australia, also gave awards to Garuda Indonesia as the "Best International Airline" in January, February and July 2012. In 2013 "Passenger Choice Awards 2013": "Best in Region: Asia and Australasia", "Top 5 Best Overall Passenger Experience", "Top 5 Best Ground Experience" and "Top 5 Best In-flight Publication" from the Airline Passenger Experience Association (APEX); "Indonesia Green Awards 2013" Category: Forest Preservation, Pioneer in Pollution Prevention and Earth Preservation Leader from The La Tofi School of CSR; "Indonesia Green Company Achievement 2013" from SWA Magazine.

In order to achieve sustainable growth and strengthen market dominance full service carrier in Indonesia, Garuda Indonesia which currently is the only premium-class airline in the domestic market needs to strengthen its strategic position in this premium through improved quality of service. On the other hand, given the domestic market is currently dominated by competitors Low Cost Carrier (LCC), Garuda Indonesia also had to enlarge its market. In this case, the strategy is the development of Flight Sub-100 seater that particular use of
3.2. Price

Price is an important element. Most customers will only pay for something with added value if there is the perception of the added value of a product. The value of a product can be in the form of performance, function, design or taste. Attributes ticket prices realized by Garuda Indonesia as the exclusive airline ticket prices at a premium price. For example, the Jakarta-Singapore route within 903 miles, its airfares cheapest is $111. When compared with Air Asia airline for the same route is only about US $15. Price said to be expensive, cheap or mediocre of each individual is not necessarily the same, because it depends on the individual perception of the background by the environment and conditions of life of individuals (Schifman and Kanuk, 2001). Garuda Indonesia provides comfort for the sake of convenience that although valuable 'expensive' but is required by the specific consumer (premium customer). This is confirmed by the management of Garuda Indonesia with an explanation that does not compete on price. Competing in the price is a matter of "unhealthy" because it can cause side effects at all "unhealthy", among others, about the comfort and safety can be neglected. Pricing and seat allocation strategy determined by taking into account market conditions and competition, consumer behavior and company profit targets. Early Bird pricing, Advanced Purchase, and special pricing through direct channels, exhibits and partnerships will continue to be made. Restructuring the price of the airline partner for the sake of gaining a competitive price and enter the price into the system so that the process can be done auto pricing will also be continued and increased.

Premium pricing on products or services that are environmentally friendly should emphasize on the application of the price that takes into account the economic costs and environmental costs of production and marketing processes, while providing value to the customer and a reasonable profit for the business (Martin and Schouten 2012). Garuda Indonesia offers fares higher than the other airlines because it maintains a commitment to provide better service and preserve the environment. For example the program "One Passenger One Tree" is a form of support for the preservation of the environment and indirectly involves every passenger participates in favor of saving the environment. Besides, this program was implemented in support of the forest and land rehabilitation programs as part of the One billion Trees Planting which aims to preserve the forests of Indonesia as one of the world's largest lung. Through this program, Garuda Indonesia planted 100 thousand trees in an area of 250 acres in Sebangau National Park, Central Kalimantan, the planting of trees 50 thousand silkworms' media in Bantul, Yogyakarta in cooperation with the Royal Silk Foundation and the Province of Yogyakarta. In addition, Garuda Indonesia will also build a turtle breeding in Gili Trawangan, West Nusa Tenggara, 23.6 thousand planting mangrove trees in Pantai Indah Kapok, North Jakarta and implement the Bali Beach Clean Up program in cooperation with PT Coca-Cola Amatil and Quicksilver to protect and maintaining the condition of the beaches in Bali. Currently Garuda Indonesia through Green Action program has carried out the action as well as applies some green in the central office of Garuda Indonesia in Cengkareng, by planting different types of trees, construction of pedestrian pathways in a variety of areas and creation of bio-pores 100 thousand land. Garuda Indonesia also implement the Flight Fuel Conservation program is a fuel savings program. This program is also manifest form of awareness Garuda Indonesia in order to participate lowering global greenhouse gases emissions and global energy conservation, in line with IATA's vision that target fuel efficiency by 1.5 percent each year from 2009 to 2020, the zero growth carbon in 2020, and a decrease of emissions level 50 percent by 2050. From this program Garuda Indonesia managed to conserve fuel use in 2012 amounted to 24.22 million liters, 10.04% higher than the previous year of 22.01 million liters. Special facilities owned by Garuda Indonesia (not owned by other airlines), among others, is building a special terminal Garuda Indonesia in Jakarta Soekarno Hatta International airport, exceptional hospitality of the cabin crew and customer service.

Price is the only element of the marketing mix that provides income or revenue for the company. Price is a component that directly affect the company's profit. By remaining committed to conducting its business using a service oriented strategy as well as the economic growth and the increase in the number of passengers supported an increase in Garuda Indonesia Group’s operating revenue from USD 3,096 million in 2011 to USD 3,472 million in 2012, or increased by 12.1%. The net profit of USD 111 million earned in 2012, an increase of 72.6% compared with in 2011.

It is enough to prove that the consumer while using the services of Garuda Indonesia flight enough to feel that the benefits gained comparable with that amount of money for the ticket purchased. This empirical fact proves also that theoretically from the viewpoint of the consumer, the price is often used as an indicator of value when the price is linked to the perceived benefits of the goods or services. Value is the ratio of perceived benefits to price, at a certain price level, if the perceived benefit of consumer’s increases, its value will increase
3.3. Place/Distribution channel

Handling a place or distribution channel is to design measures for the placement and delivery of products/services related to the monitoring and improvement of the performance of the products/services are in demand in the series fulfillment companies. Garuda Indonesia distribution channels were developed through 2 main channels, direct channel and indirect channel, the company tried to get closer with the customers. Direct channel consisted of Call Center, Sales Office & Ticketing Office, Website, Garuda Online Sales (GOS), Bilateral Interline Traffic Management (BITA), and Multilateral Interline Business Travel Agreement (MIBA), meanwhile Indirect Channel consisted of Travel Agent, GSA (General Sales Agent), and IBCS (IATA BSP Consolidator System). In order to improve accessibility of customers to Garuda Indonesia’s services, the company has added and developed its branch offices, sales offices and developed new distribution concept across Indonesia. In addition, Garuda Indonesia has also introduced additional type of direct sales channel called Mobile Ticketing Counter (MTC) is a concept of reservation and other services provided by mobile car units. Currently there are 2 MTC operated in Jakarta and it will be expanded to other regions across Indonesia. Other sales distribution channel developed by Garuda Indonesia is moveable sales counter and managed by third parties. Generally these Counters were located at hotel lobby, mall and office building.

To enhance connectivity between regions in Indonesia, Garuda Indonesia continues to expand its network. This network expansion is not only focus on big cities in Indonesia, but also extends to remote areas in the country. This means new routes were established. Garuda Indonesia has developed its network most in Eastern Indonesia with Makassar as a new hub and has began operating a new aircraft Bombardier CRJ1000 NextGen. Currently, Garuda Indonesia serves 63 domestic routes and 22 international routes, including Asia (Regional South East Asia, Middle East, China, Japan and South Korea), Australia and Europe (the Netherlands). In addition to the expansion, the Company also increased the frequency of flights, both domestic and international sectors in order to have strong competitiveness and a dominate frequency share in the domestic sector. Garuda Indonesia has also established cooperation with Etihad Airways, which is intended to support the improvement of the route to market. Associated with the route to market, Garuda realized the need for sustained efforts to increase brand awareness of the international community against Garuda Indonesia. So that company has cooperated with Liverpool Football Club.

3.4. Promotion

Garuda Frequent Flyer (GFF), currently called GarudaMiles is a promotion program based on membership service that is given as a token of appreciation for loyal customers Garuda Indonesia. As a member of GarudaMiles, so customers can enjoy the many benefits and exclusive privileges, such as: special check-in counters at the airport, additional luggage quotas, priority baggage handling, priority wait-list for ticket reservation, airport lounge access for Garuda Indonesia, and offers draw from Garuda Indonesia partners worldwide. Garuda Indonesia continues to make innovations in reward loyal customers. Number of members currently reaches approximately 750,000 members. Besides flight activity of the members of this GarudaMiles contribute to traffic by 30%, which continued to increase compared to previous years.

GarudaMiles launched new products, namely Garuda BNI Credit Card. Privilege to be earned the Garuda BNI Credit Card holder consists of GFF Mileage bonus, 5% discount for onsite ticket, fast track to GFF Gold, and also access to the Executive Lounge BNI. Followed also some breakthrough new online-based services, such as provision of facilities for Missing Mileage Claim Online, e-Newsletters, Online Mileage Statement, and Online Membership Guide. All of these online services can be accessed through the website or sent directly to members via electronic direct mail. This online service in addition to accelerate communication with members also contributes to the cost efficiency significantly. As more awards to the top-member, then since July 2012 GarudaMiles Platinum members can enjoy throughout the airport lounge Garuda International destinations, an increase in service where previously GFF Platinum members only can enjoy the services of the airport lounges in Indonesia and Singapore. The existence GarudaMiles also a separate business that generates revenue for the company outside the ticket for no less than $ 6.7 million, including those derived from the sale of mileage in cooperation co-branding, FFP Partnership airline and non-airline, Sildenafil facilities Mileage, and EC Plus (Executive Card Plus) membership.

In order to establish simultaneous communication with customers, Garuda Indonesia is required to find the method that is the most creative and effective way to accommodate the aspirations of the customer and is fully committed to the feedback process into a series of corrective measures and new innovations. Provides a wide range of access that is easily accessible by the Customer to deliver "Voices" is a form of openness and the Company's commitment to follow the principle of Customer Centricity. Currently, Garuda Indonesia provides a...
medium to accommodate the customer's assessment of the service Garuda Indonesia, is called Customer Voice assessment, which can be delivered via E-mail, Call Centre, Suggestion Form available on In-flight Magazine, or through a letter. Besides the media provided, Garuda Indonesia also monitor all feedback submitted via a variety of online media and social media. Garuda also introduces In-Flight Magazine called "Colors" which has a circulation of 60,000 copies and is distributed to all Garuda Indonesia flights. It is published as an exclusive on-board media with interesting travel stories on destinations around the archipelago, features, interviews with famous Indonesian people and lifestyle articles on food, travel and beauty and culture.

3.5. Process

Process is an organizational system, composed of elements that are not visible but the business support services, such as the actual procedures, mechanisms and flow of activities that are used to deliver services (Zeithaml et al, 2010). Services rely heavily on the process of delivering services to consumers throughout the company's operations which must be executed in accordance with the systems and procedures are standardized by employees who are competent, committed, and loyal to the company where she worked. Attribute this process to be reviewed based on the performance of the processes On time performance, ease check-in, ticket booking and payment Ease. As shown in the result of the mapping in Fig. 1 On time performance (OTP) Garuda Indonesia still needs improvement. It is not easy, given that the performance of the OTP is not only demanding readiness Garuda Indonesia management but also requires the support and readiness of external parties, such as support facilities and airport management. As 2013 data recorded at every airport OTP, the Perth International Airport is the airport with the highest OTP is 97.82%, while the Jeddah Airport is the airport with the lowest OTP, which is 53.08%. While the domestic airport, the highest OTP was in Bandu Aceh Airport is 94.13% and the lowest OTP encountered in Sorong Airport at 46.34%. Cause of the low OTP includes airport facilities factor of 9.71%, engineering factor 1.77% and weather factors 1.16%. Improvements carried out by an increase in the level of OTP operational monitoring and control as well as the management control station. Garuda Indonesia also continues to perform OTP program enhancement and monitoring of the 2 factors that cause delays in airport facilities and techniques. OTP average performance of Garuda Indonesia is 84% (end of 2013) which means that Garuda Indonesia has experienced delays in the average time departures and arrivals by 16%.

Customer complaints on this attribute are an indicator of customer dissatisfaction with the services provided by the company. These complaints if they always occur continuously without providing the right solution for its customers, then it is not possible to dissatisfied customers will switch to other companies. Shift customer to a competitor is an indicator that the customer does not have loyalty to the company that will lead to a loss in the future. Garuda Indonesia customer complaints are likely due to flight schedule delays problem caused aircraft technical reasons. Inaccuracy time Garuda Indonesia domestic flights certainly make customers feel uncomfortable and unsatisfied. Delay not only make customers feel uncomfortable but also can lead to loss of material and non-material. Material loss could be due to passenger ticket exchange with other flight number and have to pay back over the replacement ticket, whereas the non-material loss of time and effort sacrificed the passengers who have to wait longer to enjoy the service of Garuda Indonesia. Without the satisfaction it would be difficult to obtain the loyalty of its customers. Flight delays are a cause of the decline in customer satisfaction Garuda Indonesia. Because of the synergy between Garuda Indonesia and airport management still must be done to further raise this On Time Performance.

Related to the check-in process, Garuda Indonesia has provided ease facilities for customers to check-in through 4 options, namely City check-in, service is available throughout the Garuda Indonesia Sales Office, available from 24 to 4 hours before departure; Web check-in that allows customers to check-in via the web site of Garuda Indonesia, specifically for domestic flight route; Phone Check-in is for passengers who have a ticket and / or have purchased through the online system can check in by phone with Garuda Indonesia Call Center; Mobile Check-ins that allow passengers to check-in via the Mobile Ticketing Counter (MTC), which is the concept of providing reservation services and other services using moving vehicles. This service is still new, and there are currently 2 MTC is operating in Jakarta, and is due to increase in other regions throughout Indonesia. In boarding process, Garuda Indonesia implements a boarding system using a color sticker that red front row, mid row, rear row which ensures there is no congestion in the aisle on the plane, because the rear passengers will go first then the 'mid' and the last 'front'. Boarding process can take place fast, orderly and regularly.

Garuda Indonesia control various services that consist of a variety of complex processes and procedures with a high level of quality control based on total quality management and integrated with one another. One of the latest system is Passenger Service System (PSS) Amadeus ALTEA in order to serve passengers from the stage of sales at reservation center, through ticketing and all the way to check-in at the airport. PSS is also utilized to set flight schedules, inventory, seats allocation, fare and pricing management, passenger baggage management, code share and interline management, and other services.
3.6. Physical evidence

The appearance of a work area is similar to physical appearance, identified previously as a structural descriptor (Jones, 2003). Work area appearance relates only to the non-design aspects of the service environment, which are inherently variable in nature. These aspects include such things as cleanliness and tidiness or the general appearance of the service location on a day-to-day basis. Lovelock, (2001) and Palmer, (2001) have pointed out the vital importance of physical evidence in service businesses in order to send a consistent message and retain a coherent image about the organization. Palmer (2001) has focused on the vital role of providing tangibles as a significant component of the company service offer. Lovelock (2001) has argued that physical evidence is one of the vital components of the 8Ps of the services management paradigm by which the company can provide tangible objects to customers during the service delivery process and tangible metaphors used in such communications as advertising, symbols, and trademarks (Lovelock, 2001). These attributes are Modern aircraft fleet; Clean and comfort cabin; Qualified food and beverages; On board entertainment program; Various of flight schedules and Comfortable office.

Garuda Indonesia operated amount of 140 aircrafts to support its operation throughout 2013, improved from 106 units in 2012. In 2013, the Company brought about 36 new aircrafts consisted of 2 Airbus A330-200, 1 Airbus A330-300, 10 Boeing 737-800NG, 4 Boeing 777-300ER, 7 Bombardier CRJ1000 NextGen and 2 ATR72-600, all to serve the mainbrand Garuda Indonesia, as well as 10 Airbus A320-200 for the subsidiary low-cost carrier Citilink. Garuda Indonesia received Boeing 777-300ER aircraft in June 2013 while the ATR72-600 aircraft were brought in by November 2013 and commenced its operation on 3 December 2013. With the arrival of new aircraft, the average age of Garuda Indonesia’s aircraft was reduced to 5.8 years.

Cabin, interior and exterior of the aircraft have to be maintained, cleaned and refreshed to give comfort for the passengers. The aircraft equipments like seat, passenger entertainment system or PES, cabin light, lavatory, galley, luggage bin have to be in good condition. Cleanliness and tidiness of the carpet, seat cover, curtain, sidewall, cabin partition, and ceiling have to be maintained to meet interior standard for five-star airline. So does the aircraft exterior, which is also the parameter for creating passenger comfort. Garuda Indonesia decorates the interior cabin and completing its service with the “5 senses” concept. These five senses were heavily influential and beautify Garuda Indonesia aircraft cabin design, as follows:

- **Sight.** Sight concept offers the beauty of Indonesia, including various traditional fabrics that offer bright color, beautiful pattern and unique texture. All these concepts can be found at new aircraft’s interior design which combined natural colors and Indonesian exquisite traditional motives. This concept is also reflected on the attractive colors of cabin crews’ uniform.
- **Sound.** Music and traditional instruments is mirror of diversity of ethnic groups and cultures in Indonesia. Passengers can enjoy it through sophisticated entertainment device in the First Class, Business Class and Economy flight. Cutting edge Audio and Video On Demand (AVOD) device offers a variety of options to enjoy the entertainment, including traditional and contemporary music of Indonesia.
- **Scent.** Diverse flower petals and aromatic herbs have been used since ancient times. This fragrance is a blend of oils from plants and spices native to Indonesia such as clove and nutmeg, to create refreshing and soothing fragrance that can be sensed in the Garuda Lounge and sales offices.
- **Taste.** Indonesian Culinary Arts is influenced by various cultures and blended in the flavor of traditional foods. This tantalizing flavor of Indonesia is infused in the food and drink distinctive to Garuda Indonesia, such as assortment of satay, yellow rice and martabe juice, a mixture of passion fruit and tamarillo.
- **Touch.** The Garuda Indonesia Experience is a new concept of service which presents best aspects of Indonesia to passengers. Starting from flight reservation until arrival at destination airport, passengers will be spoiled by courteous and friendly service which characterize Indonesian hospitality and symbolized by the ‘Garuda Indonesia Greeting’ of cabin crew.

Garuda Indonesia developed 2 (two) executive lounge with green designed at Soekarno Hatta International Airport Jakarta and Ngurah Rai International Airport Denpasar Bali, both is equipped with various facilities such as business center, wireless internet connection, refreshing area, reflexology machine, shower, nursery room and space to worship. At Soekarno-Hatta Airport, Jakarta, Garuda Indonesia has new facilities such as a special lounge area of over 400 m2 is intended for First Class service users. The lounge is available in the Departures Terminal 2E as service "Garuda Indonesia First Class Lounge", which is a special service for the users of services First Class. Service "Garuda Indonesia First Class Lounge" is the first and only one in Indonesia and Garuda Indonesia is the commitment to always improve its services and meet the expectations of service users is increasing.

Garuda Indonesia also understands that the building and the building is one of the factors that contribute to global warming. To that end, a form of care and our responsibility to the environment is also realized through the development of environmentally friendly office space that takes into account the following matters: 1) Energy Saving. Companies implement energy savings as part of an effort to increase the value of the environment, reduce the impact of climate change, energy shortages and anticipated growth rate in line with the
predictions of the earth’s population in the coming years. Garuda Indonesia seeks to make energy savings through reduced use of light and optimizing the use of natural light through the glass wall installation in an office area. In addition, savings are also made with the installation of the lights based on the location, the application of remote office, and turn off air conditioning after business hours for non-operational areas. 2) Water Conservation. Water saving measures carried out through aspects of water resources management in the entire work area Garuda Indonesia to reduce the rate of discharge of water and use hand wash detector. 3) Making more than 1,000 holes in an office area bio pores Garuda City Center. 4) Create a path for pedestrians (pedestrian) in the office area Garuda City Center. 5) Make cycling paths for employees. 6) Planting shade trees in the office area Garuda City Center.

3.7. People

People play a crucial role in service organizations, especially during the service delivery process when the participants have interactions with customers. Service marketing has long stressed the importance of staff and particularly customer contact staff as crucial components in delivering a high quality service and contributing to overall customer satisfaction (Booms and Bitner, 1981). Currently the role of people in service delivery varies considerably across service contexts. People are all actors that play a role in the presentation of services so as to affect the perception of the buyer. The elements of people are company employees, customers, and other customers in the service environment (Payne, 2009). People in service companies consist of 1) The attitude of helping the customer, 2) hospitality services provider, 3) the ability of service providers to solve customer problems, and 4) neatness service providers (Parasuraman, Zeithalm and Berry, 1991).

Garuda Indonesia has a corporate culture called FLY-HI consisting of eFicient & effective, Loyalty, customer centricity, Honesty & openness and Integrity to serve as guide/manual for Garuda Indonesia personnel amount of 7,188 employees and 670 students. Through a structured and systematic internalization program, the values of FLY-HI has become the integral part of the Cultural Transformation Strategy to support Business Transformation aiming at establishing the High Performance People who apply the values of corporate culture in all aspects of the organization and achieving Operational Excellence Result, and hence making Garuda Indonesia as a High Performance Organization.

In order to provide and ensure a reliable and professional human resources, Garuda Indonesia is implementing a 3 Policy and Human Resource Management strategies of Garuda Indonesia, Talent Management, to secure the availability of the company’s future leaders; Corporate culture, which will promote ‘conducive working environment’ and eventually encourage highest and sustainable performances; Improvement and development of the role of people managers and coach competent to make them ready to mentor employees in developing their competence and keeping up their productivity and performance. From this implementation it is expected that fulfilling the demand for pilots based on increases of aircrafts number through collaboration with domestic flying School while also building strategic partnerships with relevant agents to meet the demand for pilots; To fulfill the demand for cabin crew; To develop Garuda Indonesia a High Performance Organization that is supported by deeply engaged and high-performing people. Garuda Indonesia has always been and remains committed to continuously improving the quality of personnel through series of training and learning programs, comprising of 4 categories, namely: Flight Operation Training, Flight Attendant Training, Airline Business Training and Flight Operation Officer Training.

IV. Conclusions

Garuda Indonesia airline civil aviation is owned by the Government of republic Indonesia has successfully demonstrated its performance as a world class operator that does not dissolve in flight but in war with the concept of service oriented to customers, called Garuda Indonesia Experience.

The key to success of Garuda Indonesia Experience concept is the marketing mix integration into its business strategy based on a selection of clear market segmentation, target the right consumers by positioning its brand image as a full service carrier. The integration of the Garuda Indonesia is marketing mix elements as follows:

**Product:** Garuda Indonesia positioned itself as the only domestic airline that offers the high-quality service with Garuda Indonesia Experience service concept that is loaded with a variety of features top-class services and facilities.

**Price:** Garuda Indonesia is using the premium pricing strategy, which is to offer a higher price than other airlines in the market offered. Garuda Indonesia is using this strategy because it serves luxurious excellent and high quality services to their customers that merit more money than other airlines who offer regular standard services. Besides, it uses this strategy because it targets people from medium to high-income level who are willing to pay more in order to receive better services.

**Place:** Garuda Indonesia has the distribution network through two main sales channel, that channel is direct and indirect channels in various forms of static and moving facilities as an effort closer to the customer.
Analysis of Garuda Indonesia Flight Service Performance through the Service Marketing Mix Framework

**Promotion:** Garuda Indonesia using various forms and methods as its promotional media, such as advertising in newspapers and magazines, TV, billboard, e-newsletters, membership Program, Garuda GarudaMiles BNI Credit cards and In-flight Magazine "Colors", and others. These offer will increase its brand loyalty.

**Process:** Garuda Indonesia control various services that consist of a variety of complex processes and procedures with a high level of quality control based on total quality management and integrated with one another. One of the latest system is Passenger Service systems (PSS) Amadeus ALTEA in order to serve passengers from the stage of sales at reservation center, through ticketing and all the way to check-in at the airport. PSS is also utilized to set flight schedules, inventory, seats allocation, fare and pricing management, passenger with management, code share and interline management, and other services.

**Physical evidence:** Garuda Indonesia aircraft using the latest output of the type Boeing and Airbus with an average aircraft age of not more than 6 years in order to ensure the security and safety of flights also contributed in the reduction of greenhouse gas emissions and decreasing energy consumption.

**People:** Garuda Indonesia has a corporate culture called FLY-HI consisting of eFicient & effective, Loyalty, customer centricity, Honesty & openness and Integrity to serve as guide/manual for Garuda Indonesia personnel amount of 7,188 employees and 670 students. Garuda Indonesia has always been and remains committed to continuously improving the quality of personnel through series of training and learning programs.

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