

# Marketing mix at garuda indonesia.



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Marketing works by creating valuable exchanges that provide consumer satisfaction (Kettle et al, 2001 : 9). All of these purpose could be obtained by following the marketing strategy process which has four steps – analyzing marketing opportunities, selecting target markets, developing the marketing mix. And managing the marketing effort (Kettle et al, 2001 : 65). A marketing strategy is a plan identifying what marketing objectives will be obtained, and how they be achieved by using marketing segmentation and also marketing mix.

Marketing strategies identify and specify target market and generate a marketing mix strategy for each segment on the target market based on this strategy. Basically, a marketing strategy provides a 'blue print' of what a business's objectives are with regard to marketing. Marketing mix itself is the set of controllable marketing variables that the company blends to produce the response it wants in the target market (Kettle et al, 2001 : 69). Basically, marketing mix consists of – product, price, placement, and promotion (usually called as 'four AS'.

But, in recent years, as the marketing itself has evolved, the marketing mix has also extended, so now, it has not only four As' but 'seven AS'. The other three As are people, process, physical evidence (Kettle et al, 2001 : 70). The fourth 'P', product refers to the 'total concept' that is sold or offered to the market. The total product consists of both tangible (such as: raw materials, features, design, variety) and intangible (such as: brand name, warranties, customer service) factors.

In general terms, product also refers to something that offered by a business to consumers In order to satisfy the customer's needs and wants. It is therefore more than simply Just the physical thing sold by the business. The second price refers to the amount of money customers have to pay to obtain the product (Kettle et al, 2001 : 69). It represents the value of a product or service to consumers. In addition, a business may put a variety of pricing policies depend on the market segment that it want to obtain. This is also connected with the marketing strategy In segmentation the target market process. Striation between producers and consumers. This ' P' is strongly related with the distribution process because it is very rare that the producer or manufacturer of products also act as the first and final link to consumers. The complexity of society makes it necessary for intermediaries to act as a link between producers and the nonusers of products or services. With a good placement, a business will be able to gain more market, because basically, what the market wants is convenience in consuming the products or services (Kettle et al, 2001 : 71).

The fourth ' P', promotion refers to activities that communicate the merits of the product and persuade target customers to buy it (Kettle et al, 2001 : 69). The promotion process includes some factors, such as: publicity, personal selling, sales promotion, and advertising. All of these factors are needed by a business in order to have a good communication with its customers. The fifth ' P', people refer to business' customers. This is very important in marketing, especially when there is high degree of intangibility on the services (Kettle et al, 2001 : 70).

The sixth 'P', process refers to the whole process in a business, not only in the production but also in the consumption. It means that process is also important when services have already purchased by customers. A business has to maintain a good service regarding their products in order to provide customer value (Kettle et al, The last 'P', physical evidence refers to maintaining every aspect that customers use in their perceptual field to access a service (Kettle et al, 2001 : 71). Physical evidence is important in services because most of services have many intangible aspects, so the meaning of other tools is important.

And, by blending these marketing mix factors, marketing decisions are made to support the positioning strategy in the selected segment of target market.

B. Segmentation in Garuda Indonesia Garuda Indonesia is the national airline of the Republic of Indonesia. Garuda was born on January 26, 1949. The first flight that they had was for Indonesian struggle against Dutch (<http://www.Garuda-Indonesia.Com/about/history.PH>). Then, in the next 50 years until now, Garuda has restructured and developed their organization for more than 3 times.

Garuda has done all these significant improvements in their performance in order to attempt their goals as a successful airline based on complete customer satisfaction ([http://www.Garuda-Indonesia.Com/about/our\\_fleet.PH](http://www.Garuda-Indonesia.Com/about/our_fleet.PH)). Today, Garuda Indonesian fleet is supported by 47 aircrafts, which consists 5 types of 747-400. In addition, at this time, Garuda Indonesia has more than 600 pilots and more than half of them are captains with the equivalent of about 400, 000 flying time [http://www.Garuda-Indonesia.Com/about/our\\_fleet.PH](http://www.Garuda-Indonesia.Com/about/our_fleet.PH)). With these, Garuda Indonesia undoubtedly has <https://assignbuster.com/marketing-mix-at-garuda-indonesia/>

become the biggest and no. Airline in Indonesia. Moreover, with their international flights to many major cities on several continents has also made them become one of the largest airlines at the south of the equator ([http://www. Guard-Indonesia. Com/about/history. PH](http://www.Guard-Indonesia.Com/about/history.PH)). This has been proven by a certificate that they had received from the U. S. Federal Aviation Administration for their capability to conduct world-class standard of aircraft repair and maintenance. Not only that, they are also awarded the “Punctuality Intercontinental Airline Award” from Amsterdam Airport Spoils (<http://www. Radar-Indonesia. Com/about/ profile. PH>). To be able to achieve all of this, of course, Guard Indonesia has to develop and create many ideas. One of them is by using market segmentation. The reason why they used this is because they won't be able to gain the majority share market if only with one product for all types of consumers. They have to offer different products for different type of consumers. That's why they developed market segmentation in order to make it clear about what product to be offered to a segment and what product to be offered to the other segment.

And, one of the segmentation methods that they used is behavioral segmentation method. By this method, Guard Indonesia separates between consumers with price oriented and consumers with service oriented. Consumers with price oriented are consumers that prefer to travel with less comfort, but give them lower price. On the other hand, consumers with service oriented are consumers that prefer to pay more for their flight, but with more prestige and comfort. To serve these two segments, Guard Indonesia offers two different products, which are Citation and Guard Indonesia itself.

More details about these two segments and also about the two products will be explained in the next two chapters.

### C. Marketing Mix Elements for 1st Segment

The first market segment in Garuda Indonesia is market who are prefer to save money in exchange for the lack of comfort in their flight. This market is not concerning about the pleasure in flight because the only thing that important for them is traveling from one place to another place. So, for this market, as long as the flight is safe and has a good punctuality in time schedule, then they will take it.

In Indonesia there is a very big market for this segment because Indonesia is a big country that has many islands so that actually, airline is the best way of traveling. But, the problem is, for most people, airline often being treated as an expensive and exclusive way of traveling. That's why many people still prefer to choose traveling by car, train, or buses even when they have already known that airline has many Garuda Indonesia makes a decision to offer a product to service this market segment when they found out about this condition.

This product is called Citilink; which is Garuda Indonesian product that serves those who want to travel in short distance, in this case it means domestically, with cheaper price. Citilink offers a product with an image of a low budget flight. This is reflected in the quality of the planes that they use, which is F-28 (older type of planes). Citilink operates 5 F-28 with a very high frequency of flight in one day or it means that Citilink offers planes that have less treatment. Moreover, Citilink also offers a flight with almost no meals (only a glass of water) and the seemingly poor interior of the planes themselves.

Last, Garuda Indonesia has also decided to have all Citation planes set with only economy class. This type of planes makes it clear for the customers that Citation is a low budget airline. Like what have been said before, Citation is a low budget flight and this pricing structure seems to be the main thing that makes them different from Garuda Indonesia flight itself. Citation is famous for their low prices and offer good deals on domestic flights. For example, a one-way flight from Jakarta to Yogyakarta would cost only IDR 200, 000 and from Jakarta to Surabaya would cost only IDR 225, 000 for an adult on Citation.

These prices are much lower than the standard prices on Garuda Indonesia or another airlines. With this pricing strategy, Garuda Indonesia through Citation has been successful in order to gain the low class market in domestic market. As what can be seen at this time, since the first time Citation was launched by Garuda Indonesia, it had already placed as a low budget flight. The first idea of the launching of Citation was not only because of there is a big market for this type of flight but also cause, at that time, there were many new airlines that entered the business and used low pricing strategy.

And of course, this condition made Garuda Indonesian market became smaller. So, in order to gain the market domination back, Garuda Indonesia placed a “fighting brand”, which is Citation, to compete with those new airlines. Garuda Indonesia hoped that with the Garuda Indonesia as a brand name, Citation is much easier to compete and win the market against another airline that also using low budget flight strategy. Thus, since Citation has already had so many advantages, Garuda Indonesia is only need to do little effort when they want to promote Citation.

All they had to do is just as simple as a little promotion that only used to inform people about a new product from Garuda Indonesia. And, the promotion type that they had taken is with advertising through media, like newspapers. But, even only with this, Citilink has successfully become the market leader in low budget pricing strategy flight. Next, in order to maintain their domination on this market, Citilink always try to do the best in providing a low budget flight. Although they are not providing many lights with a good punctuality on time schedule.

Citilink wants their customers to trust them as a number one low budget airline for domestic market so that customers will always choose them whenever they want to have a domestic flight. Last, in a service business that has many intangible aspects, physical evidences have become an important factor. For example, in Citilink, the visual look of their planes has to be able to attract consumers. That's why for Citilink, since their planes are old planes, Garuda Indonesia make a very nice painting on the body of the planes to attract consumers.

Moreover, even with less in-flight crew, Citilink is trying to “cover” this by giving more attractive costume for the crew. Beside that, one more thing that Citilink offered in their services is that when the customers fly with Citilink, they are not using the standard ticket and boarding pass but they will get a card Oneworld like a credit card), which can be re-used for another flight with Citilink. D. Marketing Mix Elements for 2nd Segment The second market segment in Garuda Indonesia is market that preferring an aspect of prestige and comfort in the flight.



This market is concerning about the pleasure in light a lot because for them flight is not only traveling from one place to another place, but also a relaxing and pleasing Journey. So, for this market, the flight has to be safe, have a good punctuality in time schedule, and offering a nice and good in-flight services. Basically, this type of market is the standard market for airline. Like what have been said before, airline in the past few years was treated as an expensive transportation.

Airline offers an exclusive service, especially regarding the time it took to travel from one place to another. And now, this type of market still exists, in fact, with higher expectation on the airline services. This market is willing to pay more if they can get better services. For this market segment, Guard Indonesia offers a product with their own brand name. Guard Indonesia operates many types of planes for this market segment, such as: 8-747-400, 8-747-200, A-330-300, DC-10-30, 8-737-300, 8-737-400, and 8-737-500 ([http://www. Guard-Indonesia. Com/about/our\\_fleet](http://www.Guard-Indonesia.Com/about/our_fleet). HP). All of these planes are much better than the F-28 for Citation, not only because these planes are younger, but also because these planes get a better treatment. Beside that, for this arrest segment, Guard Indonesia also offers a better in-flight service; Guard provides meals, more comfortable seats, and good interior cabin. Moreover, not like Citation that only has one class, Guard Indonesia has three, which are economy, business, and first class seating. Once again, in contrast with Citation, Guard Indonesia itself is not using low-pricing strategy in their flight.

Indeed, Guard Indonesia is well known for its high pricing strategy if compared with another airline. For example, a one-way flight from Jakarta

This is a very high price when it compared with the average price that is set by another airlines which is only around RPR 400, 000 for an adult. But, this strategy is successfully being practiced by Garuda Indonesia mainly because Garuda has already had a good brand name as a leading Indonesian airline so it will be easier for them to gain the market even with higher price.

And, since Garuda Indonesia has become the number one airline in Indonesian domestic market, it becomes easier for them to expand their services. Garuda Indonesia could easily create a new product and put them in the market because they already had a good chain of marketing and distribution. Not only they already had many offices that spread in every island in Indonesia, but, they also already had put their brand as a favorite brand in any travel agents so that will make their products sold easier.

This is also become the reason why, just like Citilink, Garuda Indonesia doesn't need to do a big advertisement when they want to promote their products. They just need to make some advertisements and people will already notice about it. One of the Garuda Indonesian favorites when they want to make advertisements is using newspapers because they know that most of their consumers are using newspapers as their main information source. But, although Garuda Indonesia doesn't have a big promotion, Garuda is still a company that put a great focus on customers.

Garuda Indonesia is marketing orientated, with a keen customer focus, competitor intelligence and aiming to maintain and create good customer relationships. Garuda Indonesia seems to focus more on the three main aspects of quality, service and benefits, especially with many features and

bonuses (such as meals and in-flight music). With these, Guard attempts at building long-term relationships with the customers and wants to make them tend to be more loyal. Last, similar to what they had done on Citation, Guard Indonesia also tries to give a serious attention to physical evidences.

The main thing that Guard Indonesia concern is about giving more destination cities, not only domestically, but also many cities in another countries. As for the seating and facilities, Guard Indonesia has tried to give more and more luxurious outlook on dcord and even their toilets. Guard Indonesia also made a better accessibility and legroom. And, for a long trip like that of Jakarta to Bali or many cities abroad, Guard Indonesia provides more services, ouch as in-flight movie and more flexible time on consuming food.

E. Summary Both, Guard Indonesia itself and Citation have different objectives and goals, with using also different strategies and marketing techniques to achieve these. Domestic air travel market, especially on low budget flight. In doing so, Citation offers a low price, save and good punctuality on time schedule flight to their customers. On the other hand, objective for Guard Indonesia itself would be to gain the majority market share for both domestic and international market through more exclusive services.

In doing so, Guard Indonesia offers better in-flight services, more flight so that consumers will be able to flight at almost any time in a day, and more destination cities all over the world. While these two products are extremely different, Guard Indonesia through both of them is aiming to reach a

common goal: to get Indonesian from one place to another place. And, the most important thing, in spite of various pricing strategies, differentiation, various service components and variations of their products, both products have achieved their desired goals.