ARCADE BRAND ANALYSIS





About Parrot



PARROT management consulting believes that brands makes the world more colorful. So it takes highly creative people to brush the paint. This is why we set out to work with creative people to discover, imagine, problem-solve, create and communicate in fresh new ways. Equipped with technology support to analyze and penetrate this online digital era

Brands needs to be a challenger to the typical mindset, to do it we are more observant, innovative and brave than the competitor. We are eager to know the precise consumer behaviors that often overlook by others. We are nimble to adapt to the speed of the market trends. And finally we always questioning the status quo to always push it further to be first and lead.

Vision

We strive to become a leading management consulting that provides solutions as your trusted partner

Mission

Our team works responding to clients' trust by putting forward excellent competences and creative thinking while at the same time fostering collaborative atmosphere within the team and with our clients in achieving impactful solution.

Our Team



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Executive Summary

As a complementary service required for 5-star airlines, Garuda Indonesia provides Sales on Board for its passagers to conduct inflight shopping. Sales on Board is managed by Aerowisata as Garuda Support, which has a subsidiery named Aerofood ACS.

Aerofood ACS produces Arcade, a catalog magazine that offers various branded products and official merchandise of Garuda Indonesia. It aims to achieve Rp 5 billion target sales, however, the current sale is still Rp 1 billion, which arises an issue.

This report would explore the issue from brand perspective by employing several tools such as Brand Value Chain and Brand Pyramid to pinpoint the problem and propose a recommended solution. It would also be correlated with Impulsive Buying Behavior of inflight shopper.

PART I

Introduction

Company Profile of Garuda Indonesia

Company Profile of Aerowisata

Company Profile of Aerofood ACS

Sales on Board of Garuda Indonesia

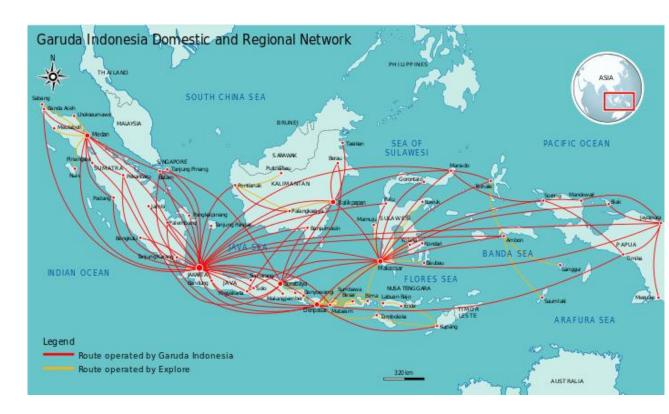
Garuda Indonesia

The Airline of Indonesia

PT Garuda Indonesia (Persero) Tbk, publicly known as Garuda Indonesia, is the flag carrier of Indonesia. The company was founded in 1949 and is headquartered in Central Jakarta, Indonesia. The company early history began humbly when a team of Indonesian Air Force officers purchased a single DC-3 Dakota from Singapore. The airline launched its maiden flight from Calcutta to Rangoon in January 1949. Named after the holy bird Garuda of Hinduism who saves a maiden from death, Garuda also the national emblem of Indonesia. Garuda was appointed by the government with fostering the nation's economic growth.



Most Garuda Indonesia shares are owned by the Indonesian government, the airline employs **5,808 staff.** The company flight operation segment comprises passenger flights for domestic and international markets. The company serves **68 domestic destinations and 20 international destinations.** As of December 31, 2017, it operated **202 fleets and manage more than 600 flights per day.** In addition, it provides cargo, information technology, ground handling, and health care services. Garuda Indonesia as the parent company of a major group has extended its reach into airline food services, accommodations, and tourism that includes Merpati Nusantara Airlines, PT Aero Catering, PT Satriavi Tours and Travel, and Aerowisata Hotels.





GARUDA INDONESIA GROUP

Aerowisata is a subsidiary functioned to manage, operate, and develop supporting services for Garuda Indonesia. Aerowisata Group as Hospitality Corporation provides series of services which are covered by five established line of businesses: Foodservice, Hotels, Travel, Transportation, and Logistics. Aerowisata started its journey in 1973 as a one of supporting service for Garuda Indonesia, the national airline of Indonesia. In Attempts to achieve World Class Hospitality Corporation in 2020, Aerowisata Group prepares itself with various business transformation programs in 2017 to deal with major challenges namely; Environmental Sustainability related to concern for environmental safety and sustainability. Aerowisata Group handles it through the 3R Program (Ringkas, Rapi, Resik), handling hazardous chemicals, to waste processing technology properly and correctly. Aerowisata managed to stand as the biggest company in Garuda Indonesia Group.





Aerofood Catering Service (ACS) is subsidiary of Aerowisata group which is subsidiary of Garuda Indonesia Group. an internationally recognized airline catering provider, it has entering its 40th year experience to reach more industries providing premium products and services of in-flight catering and hospitality. Established in 1974 under the name PT Aero Garuda Dairy Farm in corporation with Hong Kong based Dairy Farm. Aerofood ACS employs more than 6,000 professionals and is regarded as the leader in its field, with premium quality products and in-flight logistic services delivered 40 international and domestic commercial airlines, as well as catering services to over 20 blue ribbon companies across Indonesia.





Industrial Services



Aerofood ACS has operated 9 In-flight facilities, with the largest production capacity in Jakarta up to 50.000 portion meals per day, catching up in Denpasar serving 22 airlines customers, Surabaya up to 42 flights a day and then Medan, Balikpapan, Yogyakarta, Bandung, Lombok and Pekanbaru, all in different operational sizes. Aerofood ACS gain The certifications from the Indonesian Halal Food Authorities, ISO 9001 and ISO 22000, which have been internationally accredited for all products and food handling procedures. Combined with the company's outstanding customer-oriented approach, Aerofood ACS in 2013 earned a prestigious recognition as the 2013 Indonesian Airline Support Service Provider by Frost & Sullivan.





Sales on Board

One of the requirement for a 5 star airline is the availability of sales-on-board (SOB) included in the in-flight services. Garuda Indonesia as Indonesia 5 star airline, provided this service by cooperate with it's subsidiary company Aerofood Catering Service (ACS). The products that are sold on the sales-on-board service are compiled into the ARCADE inflight catalog. ARCADE magazine are proposed by Aerofood ACS to promote products that are sold on-board. The selection of the products are supervised by Garuda Indonesia to maintain the company brand identity. Items sold such as branded perfumes, branded beauty products, and branded accessories are sold duty free. In addition to branded products, ARCADE catalog also sells Garuda Indonesia memorabilia merchandise and souvenir.



PART 2

Theory and Methodology

Impulsive Buying Behavior

Brand

Our Methodology



Onboard retail is good for an airline's bottom line and for the passenger experience. New thinking can help encourage passengers to buy more while on board and feel good about it – Marisa Garcia, Writers at Aircraft Interiors International Magazinex

Impulsive Buying Behavior

Nowadays, impulse buying is a very common behavior. Impulse buying buying occurs when the buyers have sudden shopping experience, undecided purchase when buyers have not think before great deal of evaluation. Impulse buyers browse the stores or products without any intention and have no plan and decision what to buy. Impulsive buying can't be categorized for one specific product category.

Impulsive buying can be seen in products such as chocolates, clothes, mobile phones and in big-ticket items such as cars, jewellery etc. Impulsive buying means making an unplanned purchase. It is based on an irrational thinking.



Impulse buying behavior is an unplanned behavior where a buyer have no thinking to make any purchase (Rook and Grader 1993). Stern (1962) stated that the term "impulse buying" is generally considered to be synonymous with "unplanned buying" that describes any purchase which a shopper makes but has not planned in advance. Kollat and Willet (1967:21) defined the impulsive buying as an unplanned purchase which occurs in store environment that reminds them of their shopping needs.

Factor of Impulsive Buying Behavior							
External	Internal	Situational	Demography				
Store	Culture	Time	Age				
Product	Personality	Money	Gender				
Promotion		Presence	Education				
Brand		Others	Income				
			Marital Status				
			Origin				



Brand

Measuring, developing and implementing marketing programs can be very complicated. It is important for professionals to consider the impact of their marketing decisions on brand value. Two models of branding are presented to help guide managerial efforts, that are Brand Pyramid and Brand Value Chain.

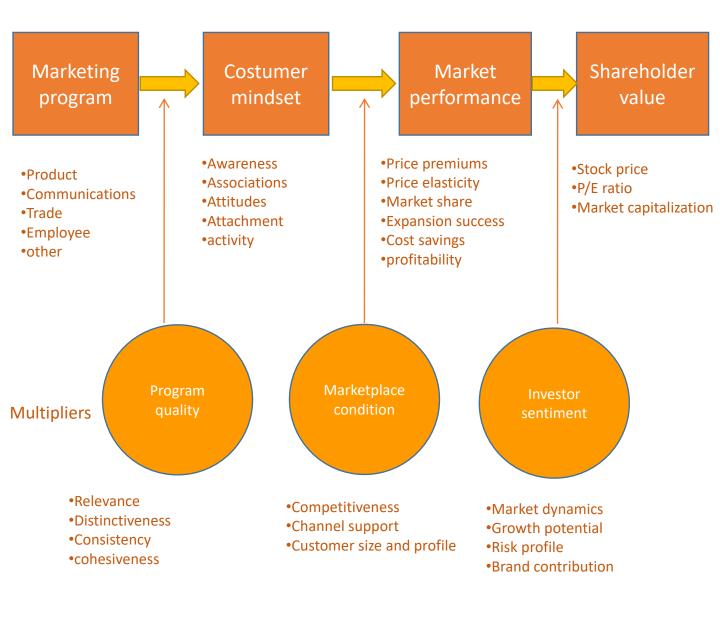
Brand Pyramid: Describes how to create intense, actively, loyal relationships with customers.

Brand Pyramid



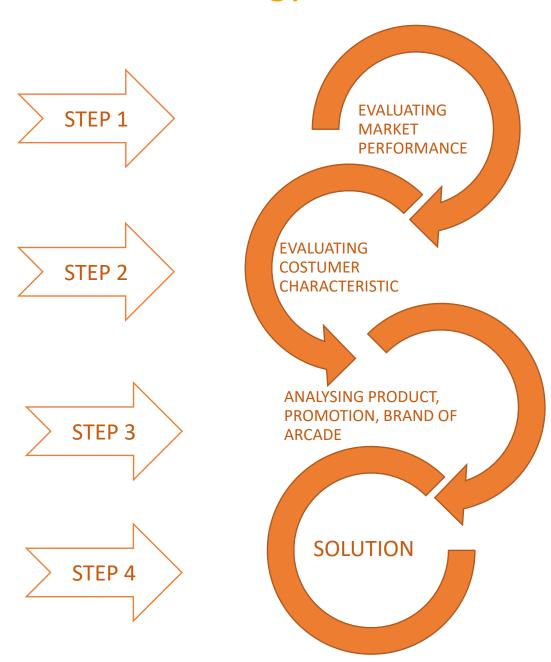
Brand Value Chain: Describes how to trace the value creation process to better understand the financial impact of marketing expenditures and investments.

Brand Value Chain





Our Methodology



PART 3

Data and Analysis

Market Condition

Characteristic of Consumer In Flight

Product, Promotion of ARCADE

Brand of ARCADE



Market Condition

According to Counter Intelligence Retail (2015), sales on-board has 4.8% market share of global sales by channels, which is **10 times smaller** than the sales onground in airport store. Also, according to Tax Free World Association (TFWA) Managing Director John Rimmer, inflight retail sales from several airlines have decreased and in Q1 2017 fell by 0.7% or approximately USD 676 billion globally.

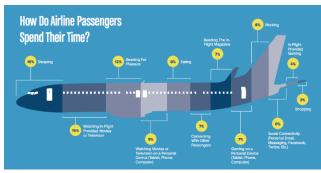


Counter Intelligence Retail (2015)

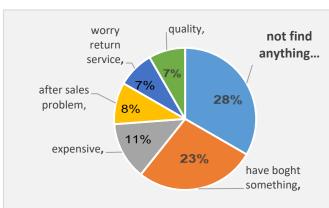


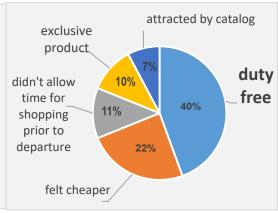
Characteristic of Consumer In Flight

The market condition data is supported by a study from Air Passenger Experience that only 3% of passengers make a purchase during the flight. In addition, a study from Huang and Kuai (2006) stated that 40% of the reason passengers made purchases on the plane was due to duty free, whereas 28% of the reasons for passengers not making a purchase is because they did not find items to buy.



In addition, Huang and Kuai (2006) also mentioned that the characteristics of buyers on the plane were **impulsive**







Product & Promotion of ARCADE

Arcade sells branded items in price range between IDR 100k to 5 million. In the magazine, Arcade also provides an information and details of the products.









Brand of ARCADE

To examine brand of Arcade, it would be beneficial to employ **Brand Value Chain**:

Market Performance

Consumer Mindset

Marketing Program

Brand Identity

Market Performance

	SOB DOM	SOB INT	SOB HAJI	sog	SOB SOG QG	Total
Apr 2018	456,327,736	172,259,463		139,313,057	255,662,895	1,023,563,151
May 2018	558,345,000	205,191,624		256,785,151	247,087,286	1,267,409,061
June 2018	514,072,727	277,486,284		130,502,329	233,320,909	1,155,382,249
July 2018	579,729,139	125,627,026	202,629,221	326,501,652	203,241,818	1,437,728,856
Aug 2018	662,339,489	184,711,140	662,004,546	262,214,273	183,046,364	1,954,315,812
Sep 2018	497,422,727	151,830,290	1,975,210,001	194,352,762	119,011,819	2,937,827,599
TOTAL	3,268,236,820	1,117,105,927	2,839,843,768	1,309,669,224	1,241,371,191	9,776,226,930
Average Sales/Month						1,629,371,121

Sales of Arcade is currently **Rp 1 billion**, while the target sales is supposed to be **Rp 5 billion**.

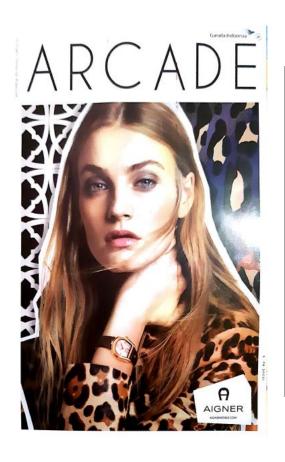






Consumer Mindset

Utilizing Customer-Based Brand Equity, Arcade's consumer mindset is as follows:



Expensive
Branded Product
Original Product
High-qauality Product
Official Merchandise of GI
Indonesian Local Product
Entertainment
Convenient
Prestigious
Satisfying
Exclusive

Marketing Program

Catalogue update

Garuda Indonesia: 2018 (January, April, October)

Citilink: November 2017, March 2018

Seasonal Flyers

Year End Sale (November - December 2017)

Chinese New Year & Valentine (January - February 2018)

School Holiday & Idul Fitri (June - July 2018)

Asian Games 2018 Jakarta & Palembang (August- September 2018)

Loyalty Program

Garuda Earning (January 2018)

Garuda Redemption (August 2018)

Sales on ground

Bazaar for Crew and Cockpit (weekly)

Event GATF October 2017, April and October 2018

Event GOTF November 2018

Online Sales

Garuda Indonesia official merchandise at Garuda Shop via online marketplace JD.ID (https://www.jd.id/)

Other sales (on-ground shop)

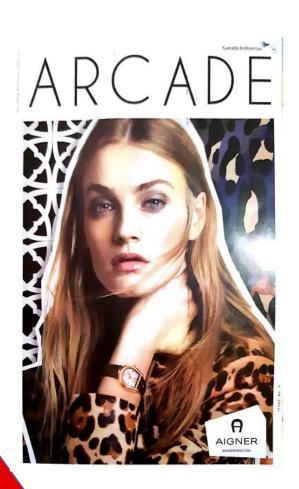
Airports store (CGK and KNO)

Non-airports store (5 outlets)



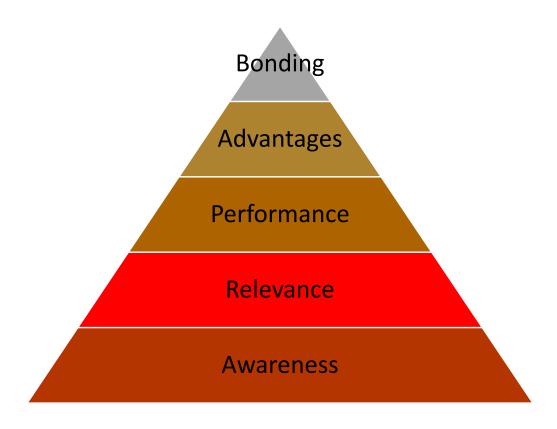
Brand Identity

Brand identity represents company's values, services, ideas and personality. Arcade has several brand identities which are:



Garuda Indonesia
Unique Product
High quality Product
Original Product
Branded Product
Affordable
Indonesia Authentic
Exclusive
Convenient

Brand Pyramid



PROBLEM in RELEVANCE

- Passengers prefer to sleep when in flight.
- Passenger feels that buying item in flight is expensive.

PART 4

Conclusion and Recommendation

Conclusion

Recommendation

Conclusion

Consumer characteristic for inflight shopping

- Just 3% passenger do inflight shopping
- The reason they do inflight shopping is duty free
- The reason they do not inflight shopping is they not find anything to buy
- Type of inflight shopping is IMPULSIVE

Factor that influence impulsive buying behavior

- **Product** (price, product characteristic, product knowledge)
- **Promotion** (cash and price discount, packaging, labelling)
- **Brand** (brand awareness, brand loyalty, brand association)

Based on brand analysis we have some problem in Arcade

- 1. Low brand loyalty due to low brand relevance because passengers consider that the products sold at inflight shopping are expensive and most of them choose to rest and do other activities during the flight rather than shopping
- 2. Brand association that not same with the brand identity. The value that is wanted to be conveyed by Arcade but does not enter the mind of the passengers, namely affordable and unique product

Recommendation

Aggressively give information about duty free

The reason passenger do inflight shopping is duty free. So, Arcade can aggressively give information about duty free to attract the passenger. The duty free information also can make the passenger felt cheaper when do inflight shopping

More varied products from well known brands

One of factor that influence impulsive buying behavior is product characteristic and the reason passenger do not inflight shopping is they not find anything to buy. So, Arcade can **added more varied product from well known brands** that can attract the passenger to find anything that can they buy.

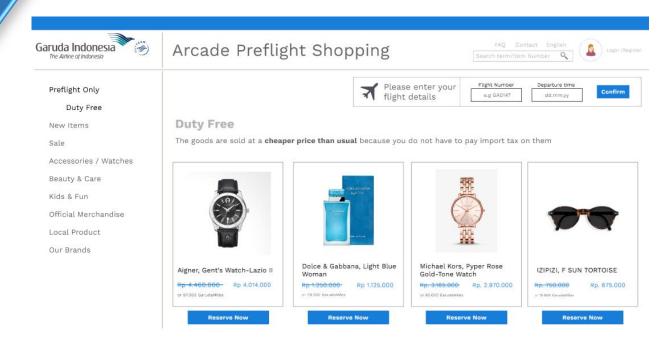
Move to Digital Marketing

- Arcade must have a official account and using online Advertisement in Facebook, Instagram, and Twitter to increase the awareness of passenger to the Arcade.
- Arcade must have an online marketplace to make it easier for customers to buy Arcade products before the flight or just to buy something from Arcade. It will make the Arcade relevance and give online shopping experience for passenger

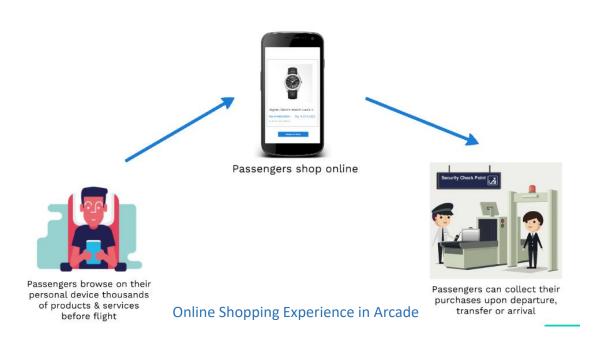
Special offer for preflight shopping

Through the online marketplace and social media, Arcade can give **special offer for preflight shopping** such as the duty free and discount for passenger that have booking code for flight then the passenger can collect their purchase in departure, transfer, or arrival

Implementation



Online Marketplace of Arcade









ArcadeGarudaIndonesia

