



## Analysis of the Competitive Strategy of Ltd. Garuda Indonesia bhd in the Aviation Industry

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**Abstract:** The purpose of this research is to plan a creative and workable strategy for PT.Ltd. Garuda Indonesia bhd and workable strategy of Ltd. Garuda Indonesia bhd in an effort to address the competition in the airline market. Competition in the aviation market. This type of research is descriptive qualitative with the type of data used is secondary data. Data collection methods using literature studies and The data analysis used is SWOT analysis. The results of the SO strategy analysis are that Ltd. Garuda Indonesia bhd must maximize funding assistance programs from the government to restore the company's financial condition as well as to maintain the company's big name. The results of this ST strategy analysis strategy analysis results, namely Ltd. Garuda Indonesia bhd must maintain excellent facilities and facilities and excellent service in order to face other airline competitors. The results of analysis of the WO strategy is that with the financial assistance program from the government, it can also be used to improve competence of the company's human resources. The results of the WT strategy analysis, namely Ltd. Garuda Indonesia bhd must reduce operating costs while still maintaining quality in order to be able to compete in the world of aviation.

**Keywords:** Competitive Strategy, SWOT Analysis.

### INTRODUCTION

Within the juridical framework, Ltd. Garuda Indonesia bhd works under government regulations and policies in the aviation sector. Government policies related to opening flight routes, aviation safety regulations, and provisions regarding foreign ownership of airlines can influence Garuda's competitive strategy. For example, the changes of the policy of opening international flight routes can provide new opportunities or challenges for Garuda Indonesia.

In the last few years, the aviation industry has experienced a significant increase in competition. The emergence of low-cost airlines (LCC), the changes consumer's behavior related to online reservations, and the impact of the COVID-19 pandemic are phenomena that are influencing the dynamics of the aviation industry. Garuda Indonesia is as a full-service airline needs to respond these changes with an adequate strategy.

In a theoretical context, Garuda Indonesia can adopt Porter's competitive strategy concept, where airlines can choose to compete based on the product differences, low costs, or focus on certain market segments. For example, Garuda can implement a differentiation strategy through superior services or focus on international business flights to differentiate

itself from competitors. In addition, the Value Chain Analysis concept can help Garuda identify the activities that can be optimized to achieve competitive advantage.

## LITERATURE

### Introduction to Aviation Industry

The aviation industry is a very dynamic and challenging sector. In the competitive strategy literature, many studies highlight the intense competition, regulatory changes, and the impact of external factors such as pandemic events on airlines.

### Porter's Concept of Competitive Strategy

Michael Porter presents a well-known competitive strategy framework. In the literature, Porter's concept of three generic strategies—differentiation, cost leadership, and focus—is often adopted by airlines. Garuda Indonesia can be expected to choose one or a combination of these strategies to achieve competitive advantage.

### Garuda Indonesia Differentiation Strategy

Garuda Indonesia can implement a differentiation strategy by focusing on superior customer service and a better flight experience. Research shows that in the aviation industry, differentiation can create customer loyalty and improve brand image.

### Cost Leadership Strategy

As the intense competition, Garuda can also implement a cost leadership strategy to reduce operational costs. Operational optimization, negotiation with suppliers, and fuel efficiency can be a hard focus to achieve lower costs.

### Market Focus and Selection Strategy

In the context of a focus strategy, Garuda Indonesia possibly chooses to target certain market segments, such as international business aviation or certain tourist destinations. This focus can increase effectiveness in meeting specific market needs.

### SWOT analysis

SWOT analysis can be used to evaluate the strengths, weaknesses, opportunities and threats faced by Garuda Indonesia. The literature illustrates that a deep understanding of these factors can guide the formulation and implementation of competitive strategies.

## Impact of the Pandemic and Changes in Consumer Behavior

The literature also highlights the impact of the COVID-19 pandemic on the aviation industry and changes in Consumers' behavior regarding online bookings, travel flexibility, and health safety.

## RESEARCH METHODS

In this study, the authors used Descriptive Qualitative research. Descriptive research aims to explain and describe the phenomenon or events being studied. This research provides a comprehensive and in-depth and in-depth about a problem, symptom, fact, event, and reality that can produce new understanding. can produce new understanding. Therefore, a qualitative approach is the most appropriate method. This research aims to analyze the Competitive Strategy used by PT Garuda Indonesia Tbk in the airline industry.

## RESULT AND DISCUSSION

The first step taken in conducting a SWOT analysis is to identify the company's internal factors consisting of Strength and Weakness, then also the company's external factors consisting of Opportunity and Threat.

### Strength

1. Company name
2. Company experience in aviation
3. Reliable Human Resources
4. Has an aviation system that is able to adapt to the times.
5. Has domestic and international flight routes
6. Excellent facilities and services

### Weakness

1. Some of the Company's human resources are problematic, resulting in conflicts between employees with Garuda Management
2. Financial condition is not good
3. High operating costs that cause airfares to be more expensive than other airlines
4. expensive compared to other airlines.
5. Ticket prices are not affordable for all market segments.

### Opportunity

1. There is support from the government in the form of loan funds to help
2. nourish the company's finances
3. The public's need for domestic and international flights.
4. The development of the aviation system in Indonesia.

## Threat

1. Garuda Indonesia's aircraft fuel comes from Pertamina, so the fuel is dependent on Pertamina, fuel is dependent on Pertamina.
1. Other airlines with cheaper and bigger capacity.
2. Erratic weather.

## COMPETITIVE STRATEGY Ltd. GARUDA INDONESIA bhd

### 1. SO (Strength-Opportunity) Strategy

The SO strategy is a combination of internal factors (Strength) and external factors (Opportunity), this strategy is created by utilizing all the strengths possessed by Ltd. Garuda Indonesia bhd to be able to take full advantage of opportunities. The SO strategy adopted is to maximize the financial assistance program from the government to restore the company's financial condition as well as to maintain the company's great name.

### 2. ST (Strength-Threat) Strategy

This strategy is a combination of internal factors (Strength) and external factors (Threat), this strategy uses the strengths of Ltd. Garuda Indonesia bhd to overcome all existing threats. The result of this ST strategy is to maintain excellent facilities and services in order to face other airline competitors. This Garuda airline is known for having excellent facilities and service to its passengers. From reliable Human Resources (HR), friendly service and aircraft conditions with very adequate facilities. This is what makes Ltd. Garuda Indonesia bhd is known as an airline with excellent facilities and service. For this reason, in order to maintain the continuity of the company so that it is able to compete with competitors, this company must continue to maintain excellent facilities and services.

### 3. WO (Weakness-Opportunity) Strategy

This strategy is a combination of internal factors (Weakness) and external factors (Opportunity), this strategy is implemented based on utilizing existing opportunities by reducing the weaknesses of Ltd. Garuda Indonesia bhd , WO strategy that can be carried out by Ltd. Garuda Indonesia bhd is a financial assistance program from the government to Ltd. Garuda Indonesia bhd, then this can also be used to improve the company's Human Resources (HR) competency.

Loan funds provided by the government to Ltd. Garuda Indonesia bhd, apart from being used as assistance for the company's working capital, can also be used to improve the quality of the company's Human Resources (HR). Considering that this company experienced losses in 2018. For this reason, it is also important to improve company management.

### 4. WT (Weakness-Threat) Strategy

This strategy is a combination of internal factors (Weakness) and external factors (Threat), this strategy is based on defensive activities and tries to avoid possible external threats to reduce the trader's weaknesses. The WT strategy adopted by Ltd. Garuda Indonesia bhd aims to reduce operational costs while maintaining quality in order to be able

to compete in the world of aviation. PT. Garuda Indonesia bhd is higher than other airlines, although this is in accordance with the excellent facilities and services provided by the company, but to face increasingly competitive competition, Ltd. Garuda Indonesia bhd is able to reduce the company's operational costs so that it can minimize the price of crossing tickets.

## Cartesian Diagram Analysis (Journal Review)

Based on the Cartesian diagram analysis conducted, it is stated that Ltd. Garuda Indonesia bhd is included in quadrant II. This explains that the company supports a diversification strategy, which means that even though Ltd. Garuda Indonesia bhd experiences many threats, the company still has internal strengths and this can be developed as a company development strategy.

It cannot be denied that the worst financial condition can be a threat to the company in the future. However, the internal strengths of the company can help Ltd. Garuda Indonesia bhd rise from the downturn. Big name The company's big name, facilities and excellent service are expected to be able to provide trust to passengers to continue to choose this company as an alternative flight, so that more and more people use the airline. flight, so that more and more people use Garuda Garuda airlines, which automatically increases the company's revenue then from this increase in revenue will help the company in get a bigger profit.

## CONCLUSIONS

In accordance with the research objectives and after the SWOT analysis is carried out, the following conclusions can be drawn:

1. Based on the SO Strategy which is a combination of internal factors (Strength) and external factors (Opportunity), this strategy was created by utilizing all the strengths possessed by Ltd. Garuda Indonesia bhd to be able to take full advantage of opportunities. The SO strategy adopted is to maximize the financial assistance program from the government to restore the company's financial condition as well as to maintain the company's great name.
2. Based on the ST Strategy which is a combination of internal factors (Strength) and external factors (Threat), this strategy uses PT's strengths. Garuda Indonesia to overcome all existing threats. The result of this ST Strategy is to maintain excellent facilities and services in order to face other airline competitors.
3. Based on the WO strategy which is a combination of internal factors (Weakness) and external factors (Opportunity), where this strategy is implemented based on utilizing existing opportunities by reducing the weaknesses of Ltd. Garuda Indonesia bhd. WO strategy that can be carried out by Ltd. Garuda Indonesia bhd is a financial assistance program from the government to Ltd. Garuda Indonesia bhd, then this can also be used to improve the company's HR competency.
4. Based on the WT strategy, which is a combination of internal factors (Weakness) and external factors (Threat), where this strategy is based on defensive activities and tries to avoid possible threats from outside to reduce the trader's weaknesses. The WT strategy adopted by Ltd. Garuda Indonesia bhd aims to reduce operational costs while maintaining quality in order to be able to compete in the world of aviation.

## ACKNOWLEDGEMENT

1. Ltd. Garuda Indonesia bhd needs to continue to analyze the situation to can adjust the competitive strategy that is appropriately used in the aviation industry.
2. Ltd. Garuda Indonesia bhd can consider further strengthening the right competitive strategy used in the aviation industry.
3. Ltd. Garuda Indonesia bhd can expand the market segment by conducting mini market research and improving the quality of services that are less than satisfactory.

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