

## **RECOMMENDATION OF MARKETING MIX MODEL FOR BANDUNG-SOEKARNO HATTA RAILWAY ROUTE**

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*Abstract— Bandung is a city that appeals to new comers and tourists. Every week around 100.000 vehicles enter Bandung city. The tourism sector is one sector that potential to be developed in Bandung. Most of the international and domestic flights were serving by Soekarno Hatta airport in Jakarta. Therefore, the rate of transportation user- Soekarno-Hatta- Bandung increased every year. Opportunities were used by service provider such as public bus transport and travel providers. This article is trying to determine the possibility of Bandung-Soekarno Hatta's airport railway route. The analysis conducted internal, external factors and SERVQUAL analysis in order to know PT.KAI's performance as railway operator. The SERVQUAL analysis shows there was gap between the expectations of passenger with their expectations. The results of each attribute states that the passenger was not satisfied. This research would give a proposed solution related to the marketing mix strategy with proposed concept model line service; which includes organization, service program and maintenance. The concept model line service started with strong independent organization and follows with comprehensive service program and completed with maintenance system to achieve sustainable profitable service. Competition with other modes from ground and air make PT. KAI must improve their competence in the service of long-distance route. To be succeeding, the implementation of the model should improve on the railway service on applying on time principle, departure time corresponding with the flight schedule at Soekarno Hatta airport, communication and promotion of the channel was unknown to the public.*

*Key Words: Rail transport, passenger, SERVQUAL, Bandung, Soekarno Hatta's airport, Marketing Communication, Marketing Strategy.*

### **I. INTRODUCTION**

Train was transportation in the form of a vehicle with a power of motion, with the passage and the train or locomotive carriage. The train is the kind of mass transportation that can efficiently accommodate a passenger. Transportation by train can be the answer to congestion problems that occur in big cities in Indonesia. Developed countries were able to maximize the function of the railway as means of land transportation both within the city, intercity and interstate; it was exemplary for developing country

like Indonesia. A good city is a city that is able to provide adequate public transport services.

The number of aircraft passenger had been increasing because of low fare airlines systems. Increase in users of domestic and international airlines, followed by an increase in passengers from outside Bandung to Jakarta especially to the airport. Given the path of development plans Manggarai - Soekarno Hatta, can be an opportunity for PT.KAI to develop the route Bandung- Soekarno Hatta airport.

### **COMPANY PROFILE**

The presence of railways in Indonesia was marked by the first hoeing railway construction in the village Kemijen, dated June 17, 1864 Friday by the Governor-General of the Dutch East Indies, Mr. Baron van den L.A.J Sloet Beele. Development and initiated by "Naamlouze Venootschap Spoorweg Nederlandsch Indische Maatschappij" (NV. NISM).

By considering the various changes in the external business environment more and more companies are dynamic, and then the evaluation of programs running and planning of programs for the coming years should be more careful. Various improvements need to be done with more oriented to the fulfillment of customer needs and satisfaction of railway transport services and the fulfillment of public service tasks (PSO) in the field of transport in accordance with the quantity and quality demanded by the Government, with further optimizing resource utilization and increase efficiency in the Production Company / business.

To regulate the construction and the airport train service, PT. KA Indonesia and PT. Angkasa Pura establish PT. Railink as subsidiary of PT. KA Indonesia. Owned by 60% shares by PT (Persero) Kereta Api and 40% shares by PT. (Persero) Angkasa Pura II. PT Railink ) is especially established to serve Airport Rail Link Services and others related business in Indonesia.

### **BUSINESS ISSUE**

As we see from nowadays phenomena, traffic couldn't predict precisely. There was lot of factor that influence traffic conditions such climate that could

cause flood, demonstration that block the street, traffic jam and other cause that effected uncertain time prediction. Railway to Soekarno Hatta Airport is urgent since big flood on the airport's highway in 2002 and great demonstration in 2012.

One lane of the importance of timeliness is the journey from Bandung to the Soekarno Hatta airport. Currently, transportation is an option to the airport from the Bandung is a bus (eg Prima Jasa) travel survives, and private vechiles.

For execute the proposed pathway Bandung - Soekarno Hatta airport, the required analysis of the awareness of potential passengers is needed. The competition also pretty tight between the travels to the Soekarno Hatta airport from Bandung and should be considered. Understanding the types of potential customers is necessary so as to provide appropriate and strategic proposals.

**BUSINESS ISSUE EXPLORATION**

Development path of Manggarai-Soekarno Hatta planned to be completed by 2013 could open opportunities for the procurement route. Armed with Presidential Decree No. 83/2011, PT. KAI has confidence to build the rail to the airport via the south route. PT.KA currently being set up to train departure time with an estimated 72 trips per day and prepare for 4 cars with a capacity of 50 seats or the equivalent of 15 thousand seats per day. Referring to the KAI plans, the extension to the path Bandung – Soekarno Hatta is open to be realized.



Figure 1. The Phase of New Product Process (Crawford Merle 2011)

Crawford described strategic New Product Process, which consists of 5 steps. The new product process is the procedure that takes the new product idea through concept elevation, product development, launch and post launch. Based on Phases of the New Product Process framework, phase 1 was referring to Opportunity Identification and selection.

**A. Conceptual Framework**

This paper will focus on phase one and will develop the potential and opportunity in terms of external and internal factor. The process of creatively recognizing such opportunities is called opportunity identification. The opportunities are carefully and thoroughly describe, then analyzed to confirm that a sales potential does, indeed, exist.

To analyze the opportunities and challenges used 2 analyses consist of the external analysis and internal

analysis. For his theory approach is described as follows:

1. To external factors, the state of the macro conditions will be discussed using the PESTEL framework. To analyze the existing competition in the field using Porter's five forces. Understanding the external environment is needed, to determine the threats and opportunities so that appropriate strategies can be adapted to existing conditions.

2. For Internal factors, will analyze the strategy of PT. KA Indonesia (Persero) and conduct market survey for the prospective passengers. Customer insight will be used to determine the awareness of passenger and to discover what kind of service that was actually desired by the passengers, the kind of service that matches with the passengers.

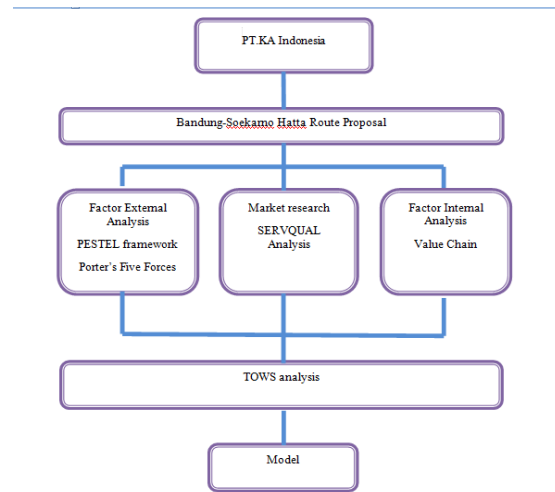


Figure 2 Conceptual Framework

The result of those analyses will be utilized to create a conclusion of what are the Strength, Weaknesses, Opportunity and Threat possessed. Hopefully the information generated by these analysis will help us found out the alternative solution which can be implemented by PT. KA Indonesia to overcome the recommendation

**B. Method of Data Collection and Analysis**

The result of those analyses will be utilized to create a conclusion of what are the Strength, Weaknesses, Opportunity and Threat possessed. Hopefully the information generated by these analyses will help us found out the alternative solution which can be implemented by PT. KA Indonesia to overcome the recommendation. The method of data collection was using:

Primer data, interview with the keynotes and conduct survey using SERVQUAL analysis. In order to measure the quality of service thoroughly, the attributes used in SERVQUAL, the public transport industry and the railway service sector should be grouped together to form a pool of items for measurement. The survey was followed by 151 respondents, To collect data from respondent, the survey were spread on the train Argo Parahyangan

route Gambir- Bandung, Friday, at 20 April 2012, departed at 20.30 WIB.

SERVQUAL analysis was using 7 attributes measurement to determine service quality. The conceptual framework for rail passenger service quality, Based Parasuraman et al (1994a) expanded three column models, is provided in figure below. In the expanded model, the expected service is further divided into two levels; desired level and adequate (minimum acceptable) level.

The additional of three dimensions namely comfort, connection and convenience was based on the paper "Developing zones of tolerance for managing passenger rail service quality" the research was conducted on Wellington, New Zealand (2005).

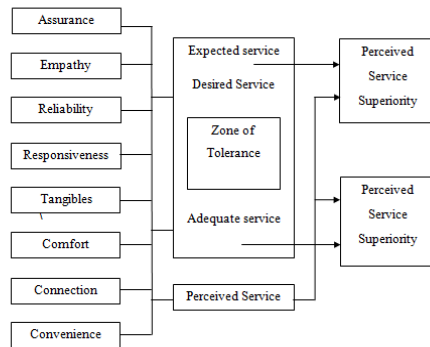


Figure 3. Conceptual framework for measuring railway passengers Service Quality

The paper also applies secondary data, from company's file, web searching, article and book that related with the analysis.

### C. Analysis of Business Situation

#### Service

In accordance with the vision and mission of the PT.Kereta Api Indonesia, which was became the best railway services in Indonesia was based on four main pillars, namely: safety, punctuality, service and convenience. Passenger comfort had promised by PT.KA in business performance improvement. For public transportation, trains are a reliable means of people to travel both within the city and out of town. In accordance with the PT.Kereta Api tagline, "You are our Priority", passenger comfort is a priority of the PT.Kereta Api.

To ensure the convenience of Railway service, Ministerial Decree No. 9/2011 has issued regarding the Minimum Service Standards (MSS) to transport people by train by the Ministry of Transportation (Kemenhub).

Improved rail services attempt by PT.KA. Compared to other land vehicles, railway felt more comfortable. Rail capacity is also greater than the other modes of ground transportation.

#### Marketing and Sales

Currently PT. KAI has been expanded line ticket lines. In addition to buying at the counter, tickets can also be obtained via online, telephone and postal mail train tickets are already affiliated with PT.KAI.

PT.KAI implements an upper limit and lower limit for the price of the ticket (non PSO). Pricing strategies of commercial and regulated by the directorate is also responsible for establishing, specifications and regulations of passenger service.

Currently buying a train ticket can be done at:

- Sales ticket counter at station
- Reservation by phone to 121. Sales or bookings through the system are done in the Contact Center by dialing number 121 KA.
- Post that was cooperated with PT. KA such as Indomaret and PT.Pos Indonesia.
- Mobile Ticketing Online
- Drive Thru. Drive-thru is an additional service for service users in the form of ticket booking service in the vehicle.
- Kabila, Kabila set up facilities to improve information services to the community Railway through the application of information technology.

• FastPay. FastPay is the newest service of online ticket from PT.KAI. It is Payment Point Online Banking (PPOB) service that serves ticket reservation more accurate. FASTPAY had more than 15.000 PPOB point and will keep increase. But the socialization of the purchase channel was less to announce to the public. In addition, there was demand for online purchases via the website, because it is easier, faster and efficient.

Based on the 2011 data, ticket sales outside the ticket counter on station was have increased 218% from 2010, from Rp. 99.3M increase to 216.9 M.

#### Human Resources Management

The development and corporate governance was based on last existing conditions. Consideration and the arrangement of the organization PT.Kereta Api (Persero) was as consolidation step that companies were better able to face free competition which led to the establishment of four main pillars; safety, punctuality, service and security.

Under the leadership of Ignatius Jonan since 25 February 2009, PT. KAI was trying to change the paradigm PT.KA as government enterprises, but also service-based company and put up a performance management culture. PT. KAI began installing a system of reward and punishment clear.

Although many organizational improvements have been done, changing the corporate culture that has implemented many years was a struggle for PT. KAI.

#### Technology Development

There have been no meaningful technological developments undertaken. But in terms of management KAI said that the willingness to boost both in terms of engine technology and the

technical and engineering services already exist. KAI trains invite experts from abroad to conduct the study and had a breakthrough idea. For technology in the service PT.KAI already started to implement the new reservation system such as the phone reservation, network systems that are already online. PT.KAI website also comes with travel schedules and other news-related news PT.KAI.

**SERVQUAL Result**

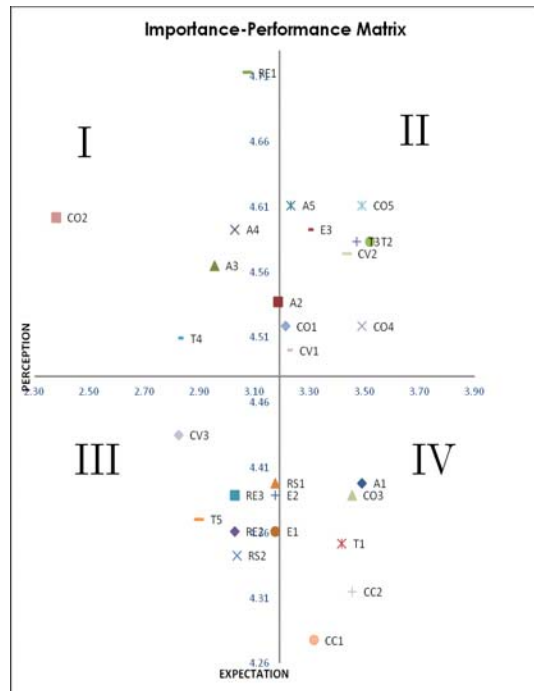


Figure 4. IP matrix

Survey Result Source: Analysis To simplify the matrix, the result of the matrix was summarized on table below:

Q	Attribute
I	Assurance (A3), information about train delay
	Assurance (A4) personal safety at station
	Reliability (RE1) Train service was punctual
	Tangible (T4) Station cleanness
	Comfort (CO2) passenger's toilet at train
II	Assurance (A2) Providing information about KAI
	Assurance (A5)personal safety at train
	Tangible (T2) clarity on information given at station
	Tangible (T3) clarity on information given at timetables
	Empathy (E3) Having your best interest at heart
	Comfort (CO1) availability on seating at reservation
	Comfort (CO4) traveling time on train
	Comfort (CO5) smoothness rides on train
	Convenience (CV1) Ease of access to travel information

	Convenience (CV2) Ease of buying tickets
III	Empathy (E1) Staff given you empathy with your question
	Empathy (E2) Understand your needs
	Reliability (RE2) Dependability in handling your service problems
	Reliability (RE3) Performing services right the first time
	Responsiveness (RS1) The staff willingness to help you
	Responsiveness (RS2) Prompt service
	Tangible (T5) Overall appearance
IV	Assurance (A1) courtesy – staff overall
	Tangible (T1) A neat, professional appearance of staff
	Connection (CC1) Adequacy of parking facilities
	Connection (CC2) Ease to access the station
	Comfort (CO3) Comfortable temperature on train
	Convenience (CV3) Convenient office hours at ticket office

Table 1. Summary of IP Matrix

Quadrant I, consist of Assurance (A3), Assurance (A4), Reliability (RE1), Tangible (T4) and comfort (CO4). Quadrant I showed the attribute that was important for the passengers but the performance of the service didn't good enough. The element that wasn't giving good performance was the train's information system about delay situation. The passengers think that was important and the performance wasn't good. The train also felt didn't on time, and that point was very important for passengers. Another situation that didn't match was personal safety at the station. The passengers also felt the station cleanness and train's toilet need improvement since they expect more on that variable.

**II. BUSINESS SOLUTION**

The route recommendation was acceptable from the market and the opportunities view. To carry out the proposed route Kebong Kawung - Soekarno Hatta, there are several alternative solutions that can be achieved, provided that the design formulas to be presented as a solution should also consider the conditions and restrictions that limit has been defined in the analysis.

Based on the analysis, the route will have a greater chance of success if implemented by considering the following:

- Applying on time principle.
- Departure time corresponding with the flight schedule at Soekarno Hatta airport.

Channel train ticket is already quite extensive with a variety of alternative ways of purchase. The drawback was the communication and PT.KAI should promote the purchase channel to the public.

Lovelock (2011:127) proposes the factors contributed most to success to new service development were, in order of importance:

1. Market Synergy – the new product fit well with the existing image of the firm, provided a superior advantage to competing products in terms of meeting customers known needs and received strong support during and after the launch from the firm and its branches, further the firm had good understanding of its customers purchase decision behavior

2. Organizational factors- there was strong interfunctional cooperation and coordination; development personnel were fully aware of why they were involved and of the importance of new products to the company

3. Market research factors- Detailed and scientifically designed market research studies were conducted early in the development process with a clear idea of the type of information to be obtained.

Assuming that the steps proposed applicable, the next step was to develop concept of marketing mix for the route.

A. Alternative of Business Solution

From the chapter II TOWS matrix was derivate, the recommendation was acceptable from the market and the opportunities view. Based on the analysis, the service of Bandung – Soekarno Hatta route was described as reliable and could start to generate Product concept.

Proposed Route Name

According to Keller (2008), good brand element should have the following criteria: (1) Memorable, (2) Meaningable, (3), Likeable, (4) Transferable, (5) Adaptable, and (6) Protectable.

In order to have historical value and associated with the culture of West Java in order to have the emotional closeness, the name of the proposed route is Sangkuriang Express.

Sangkuriang is the name of the character that comes from the legend Tangkuban Perahu, one of tourism object in Bandung. While the word Express to give the impression of a quick, agile and sophisticated. Name of the route is also felt to have met the criteria mentioned above. Other proposed names are:

- Jayadewata Train. Jayadewata is one of King of Sunda Kingdom, which had his glory era at 14 century. He was awarded title the Sri Baduga Maharaja.
- Bandung Aiport Express (BAE). The name was clear, to the point and easy. The names itself explain about the extention route.

Proposed Segment

Based on the demographic and psychographics, the market further and would recommend segmentation based on demographic and psychographics analysis. According to Keller (2008), the criteria on segmentation and target market decisions are identifiability – the segment could be easily identified, size

- there is adequate sales potential in the segment, accessibility
- there are distribution outlets and communication media available to reach the segment, responsiveness
- the segment respond to a tailored marketing program.

SES A, B and C1 were proper segment, with assuming they could afford traveling with plane. Demographic since the market segment would be easier to identify. From the market size above, the sequence of market segment starts from the largest size is: (1) Age group 20 – 29, (2) Age group 30 – 39,

(4) Age group 40 – 49, and (5) Age group of 15 – 19. In term of growth, assumed the market growth would be the same as Indonesia population growth around 1.05%.

Proposed Target Market

The Target market of the route is Bandung citizen, tourist

and visitors who would like to go to Soekarno Hatta’s airport.

Proposed Positioning

For person who want to go to Soekarno Hatta airport from Bandung, Sangkuriang Express from PT.KAI is comfortable and punctual rail transportation which gives the most convenience and on time service because of experience PT.KAI in railway operator.

Key success Factor of Train:

1. Trip more convenient compare to other land transportation
2. Traveling time could be expected more precise.

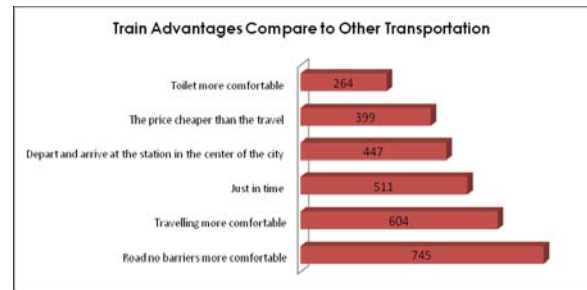


Figure 5. Train Advantages, Survey Result

Based on the analysis and market survey, people choose traveling with train over the other transportation because train was less barriers, and the trip was more comfortable. From the analysis and survey that had been conducted, the concept model of the train was described as follow:

Table 2. 7 P Analysis

Place	Point 1: Kebon Kawung Station, Bandung Point 2 : Bandara Soekarno Hatta
Product	Core Product: Rail service that solve the need to move a person from Kebon Kawung Station to Soekarno Hatta Airport.
Price	Prospective passengers are segments A, B and C1. Based on the passengers from competitors willing to pay anywhere from Rp. 70,000 - Rp. 210,000 to service of the route Bandung - Soekarno Hatta.
Promotion	The promotion campaign based on the analysis on train’s passenger behavior should carry this message: <ul style="list-style-type: none"> <li>• The train punctual on scheduled</li> <li>• Comfortable transportation with entertaining facility</li> <li>• Secure, assurance and trusted service</li> <li>• Less barrier travel</li> </ul> The media advertising proposed: Website, social media, online advertising, newspaper bamer, signage, TV as public service information, direct sales.
Process	Comprehensive services blueprint needed in designing the whole service, clarify the interactions between customer and employees and how these supported by system and backstage activities.
People	To get better results PT.KAI must implement training and education for the railway staff
Physical Evidence	PT.KAI visual aspect can help to give the message in accordance with the spirit of service PT.KAI, namely safety, punctuality, service and convenience.

#### IV. CONCLUSION AND IMPLEMENTATION PLAN

Train service actually has already leading to a better direction. There were seen significant improvements in rail services. Furthermore, competition with other modes from ground and air make PT. KAI must improve their competence in the service of long-distance route. Bandung as a city with large population and high mobility to the International airport accommodation facilities deserve to have a train that directly go to Soekarno Hatta Airport.

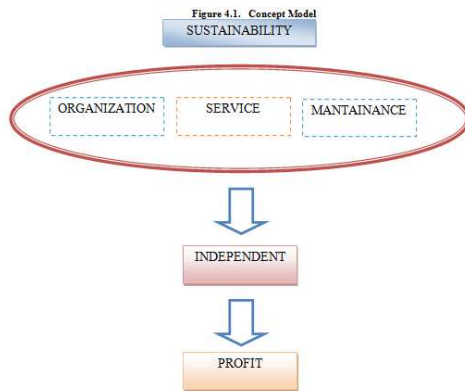


Figure 6. Service Line Concept Model

##### Organization

Human leadership is needed for strategy development and its implementation. Organizational climate was the surface layer on top of the culture. To be able to stand independently, organizations should handle this airport train as a subsidiary of PT.KAI and have their own organizations. It is intended that the organization can be independent and more professional in dealing with the new route. Service oriented climate should be developed and as strong drive to be the best in delivering superior aspect value and service excellence.

##### Service

Service performances are experienced rather than owned (Lovelock 2011:105). The route should created value to the customers in ways that lead them to see the offering were superior to compete others offering. The service marketing strategy shaped base on the positioning and image that want to achieve.

##### Maintenance

To develop sustainable service, comprehensive maintenance would be needed. Manager need to be aware that the impact of a defection could be loosing of the person revenue stream. In this kind of era were internet plays significant effect for unhappy customers, the service recovery system should work properly. Manager should understand customer behavior to be able deal effectively

##### Proposed Further Research Variable

Preparation of this study was intended as part of the input for PT.KAI. There were still many technical

variables that have not been addressed in this study, among others:

- This study hasn't discussed the project financial perspective, the research has the quality of prefeasibility study therefore further research is needed.

- This study has not discussed the operational aspects in terms of train schedules. Rails to be used are the path traversed by the Jakarta commuter line, so that the necessary integration and tight scheduling will schedule train service.

#### ACKNOWLEDGMENT

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