

SALES CONTRIBUTION THROUGH MOBILE APPLICATION IN CGK-SIN ROUTE AT SINGAPORE AIRLINES LTD JAKARTA

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ABSTRACT

Passengers show great interest and comfort in using mobile devices to plan and book flights. By launching website and mobile application, Singapore Airlines will become a well-known brand in the society. More people will look for the airlines and use the app which is expected to increase their sales. The purpose of the research is to find out how Singapore Airlines mobile application will impact their ticket sales by doing comparative analysis and analyzing their Compound Annual Growth Rate (CAGR) of total tickets issued before and after they launch the mobile application. CAGR of tickets issued before Singapore Airlines mobile application launched is 0.51%, and 1.16% after they launched the mobile application. From comparative analysis, t_{obs} as -2.748 and t_{table} as 2.201 to -2.201 with correlation value 0.45. There is difference between total of ticket issued in Singapore Airlines in Jakarta office for Jakarta – Singapore route before and after Singapore Airlines mobile application launched with moderate level of correlation of mobile application impact to increasing of their ticket sales.

Keywords: channel distribution, mobile application, ticket sales, ticket issued, CAGR, comparative analysis

INTRODUCTION

Indonesia as a country with a lot of islands certainly requires transport to maintain the integrity of the sovereignty of the country. Various transportation modes, such as land transport, sea transport, air transport, and crossroads of shuttles. It aims to facilitate the mobility of the community in the conduct of its activities. Because of Indonesia State consisting of many islands, air transport is an effective mode of transportation to undertake a journey from one area to another either for domestic and international flight.

Air transport have highly safety and security among the others mode of transportation. Not only safety and security that they offers to their passengers, but also mobility. By this mobility the airline industry offers to passengers makes their demand

increase each years.

In previous years taking flight for a journey is can be happen through offline process only. Passenger need present physically in the travel agent or airlines ticketing office. During the flight day, passenger need to be on time to arrive the airport. Because they need to check-in themselves and their luggage (if any) before flight, and after that the passenger proceed to boarding room and waiting for the departure time. In another hand, airline use this opportunity as their marketing and promotion. Every airlines offer the latest technology to make their potential passenger book their ticket easily. With technology development enable passenger to do transaction by online process, they don't need to come physically to the office either to travel agent or airlines ticketing office. By

means passenger can do transaction with borderless, and timeless. Source: Atmosphere's Global Travel Industry survey of 24 network/flag carriers and LCCs Refers to Atmosphere's Global Travel Industry survey on 2012, the biggest ticket sold in 24 flag and LCCs airlines was indirect through GDS or travel agent. The smallest number of ticket sold was through airline call center and selling office.

Nowadays the developing of technology in air transportation is much faster day by day, and makes people more easily to travelling everywhere around the world by plane. Not only safe and secure, but also today air transportation offer comfortability and good entertainment in their pre-flight or in-flight service. Such as they offer many easy way for their potential passengers to book a ticket. The world's airline passengers are online citizens, empowered through their extensive adoption of various consumer technology devices (see figure 1.2).

Passengers will increasingly turn to the web for their travel planning, booking, and servicing then expect airlines and their authorized intermediaries to be able to take care of them in their digital channels. The highest percentage of purchasing of airline product through website is 50% by Singapore. Malaysia in the second position of purchasing airline product through website by 44%, Thailand by 39%, Vietnam by 32%, and Indonesia in the last position among 5 ASEAN countries by 24%. Thailand and Malaysia has same position in percentage of purchasing of airlines product through mobile by 31%, Singapore by 30%, Vietnam 23%, and Indonesia have the lowest percentage by 20%. Not only to give their potential passengers easy to book their ticket, but also airlines able to do an incremental selling. By launching their website and mobile application, it will makes the company brand is well known in the

society. More they offers, the more people will know their brand and it can increase their sales. In this paper, the writer would like to explain more about the mobile

application method that can increase ticket sales. Mobile is the most important, and most interesting, contributor to e-Commerce's upward spiral. Passengers are more likely than the general population to own smartphones and tablet devices, with substantial growth expected due to these devices' growing capabilities. For this research, the writer will take Singapore Airlines Jakarta office at their CGK-SIN route as the object of research.

LITERATURE REVIEW

Marketing Management, Referring to Kotler and Armstrong (2010: 11) "Marketing management as the art and science of applying core marketing concepts to choose target markets and get, keep, and grow customers through creating, delivering, and communicating superior customer value."

"Marketing management as the conscious effort to achieve desired exchange with target markets." (Tanchak, Raju, 2013: 3)

According to Kotler & Keller (2012: 4) "The American Marketing Association offers this managerial definition: Marketing (management) is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals."

In its simplest form and as stated by the Chartered Institute of Marketing (CIM, 2009), "Marketing is the management process responsible for identifying, anticipating, and satisfying customer requirements profitability."

Referring to definitions above, marketing management is the process how the company, business firm, or an institute will plan, create, and deliver what they would provide to their customer, client, or consumer based on their needs. Marketing management will package their service or product based on their consumer needs and deliver it into the right time and in the right place.

Singapore Airlines as one of the world's 5-Star Airlines based on Skytrax also do anticipating of the evolution in their

market to avoid losing their passengers. Singapore Airlines will always improve their service in accordance to fulfill passenger's needs.

Singapore Airlines always keep updates

METHODOLOGY

Contain of time and place of research, research method, population and sample of research, data collection technique, data analysis technique, and hypothesis. Parametric statistics is statistics that take into the type of distribution or Gaussian distribution data as consideration and have a homogeneous variances. In General, the data used in the statistical parametric are interval and ratio (Siregar, S., 2013: 176). Parametric statistic is a branch of statistic which assumes that the sample data comes from a population that follows a probability distribution based on a fix set of parameters. While a non-parametric model based on unfixed parameter set and still may increase, or even decrease if new relevant information is collected. Since a parametric model relies on a fix parameter set, it assumes more about a given population than non-parametric methods do. When the assumptions were correct, parametric methods will produce more accurate and precise estimation than non-parametric method. When the assumptions are not correct, they have a greater chance of failing and will not become robust statistical method. On the other hand, parametric formula are often simpler to write down and faster to compute. For this reason their simplicity can make up for their lack of robustness. Parametric statistic has 3 types of problem formulation, which are descriptive, associative, and comparative problem formulation. In order to analyze the problem formulation in this paper, the writer will use comparative analysis as the data collected from Singapore Airlines in Jakarta office require to use that kind of analysis. Sugiyono in his book (2013:112) said that comparative problem formulation is a research question that compares the existence of one or more variables in two or more different samples. Comparative analysis is

into the technology to provide and introduce their best service to the passenger and make them fast and happy to searching for their service (mostly their flight).

the analysis that is used to distinguish between the two variables (data) or more. Statistical tests are used to analyze whether there is a difference between variable or not.

This comparative analysis is divided into two categories, such as: 1) Comparative analysis for the two variables or samples 2) Comparative analysis for more than two variables or samples, Both types of comparative analysis can be distinguished with the dependent and the independent samples.

RESULT AND DISCUSSION

History of Singapore Airlines starting from May 1, 1947, when Malayan Airways Limited (MAL) Airspeed Consul took off from Singapore Kallang Airport at the first time of the three flight schedules once a week to Kuala Lumpur, Ipoh and Penang. Five years later, a larger capacity aircraft DC-3 was introduced. It means the flight is faster and more convenient to enter Indonesia, Viet Nam, Burma (now Myanmar), the northern part of Borneo (Sabah) and Sarawak. In the 1950s many new aircraft 1960 & added, the period leading up to the Jet Age. Among them are DC-4 Skymaster aircraft, the Vickers Viscount, the Lockheed super Constellation, the Bristol Britannia, Comet IV and Fokker F27. On 16 September 1963, the Federation of Malaysia was born and the Airline was known as Malaysian Airways Limited. In May 1966, became a Malaysia-Singapore Airlines (MSA). In 1968, for the first time, the annual income reached \$100,000,000. After that, the sarong kebaya uniform for the Singapore Girl, designed by French Couturier Pierre Balmain was introduced and while three B707s were added to the fleet. In 1969, the Airlines is bought five B737-100s. On June 2, 1971, the first transcontinental flight MSA left for London. In 1972, the MSA was split into two new entities, namely Singapore Airlines and

Malaysian Airline System. The rest of the Decade was devoted to the growth and consolidation of the new establishment of Singapore Airlines.

The fleet expanded to include B747s, DC10s and B727s. To provide more efficient service at Paya Lebar Airport, a subsidiary of Singapore Airport Terminal Services (SATS), was founded. A B747 hangar and airfreight opened in 1977. Moving to Singapore Changi Airport from Paya Lebar on July 1, 1981 was a great event. Two years later, Airline House, Singapore Airlines corporate headquarters at the Changi Airfreight Centre was officially opened. Singapore Airlines A300 first Superbus entered in February 1981, and the first of the B747-300 in May 1983. B757 first time and the first of the A310- 200 arrived in November 1984. In 1989, Singapore Airlines became the first airline to operate the B747-400 in commercial flights across the Pacific. Trade winds was a subsidiary of Singapore Airlines, the airline became the second in Singapore in February 1989. It has been renamed into SilkAir and has established a network of over 30 destinations in the region. Singapore Airlines began operations from the new Terminal 2 at Singapore Changi Airport on November 22, 1990, with the advent of SQ23 from Amsterdam. In September 1998, Singapore Airlines set a new standard in air travel by launching a new package for products and services worth S \$500 million across the three classes of travel, offered something to customers by improving service standard in the ground and a new level of comfort, cuisine and entertainment in the air. In 1999, Singapore Airlines KrisFlyer frequent flyer program launched the first proprietary, allowing customers of First, Business and Economy Class to earn mileage credit. In the

2000s the arrival of the A380 to Changi Airport was the world's first entered commercial service. In February 2004, Singapore Airlines made a record with the first time A340-500 flight non-stop commercial flights the world from Singapore to Los Angeles. In June 2004, SIA else launches non-stop flights from Singapore to New York (Newark). In October 2006, Singapore Airlines is launched a series of new-generation cabin products complete consisting of products of the world's widest business-class and First-class full flat seats, new economy class seats, and the next generation of the award-winning KrisWorld inflight entertainment system. On October 15, 2007, Singapore Airlines took delivery of the first A380 in the world at the headquarters of Airbus in Toulouse. Singapore Airlines was the first airline operating from Changi Airport Terminal 3 in January 2008. SIA currently operated from both Terminal 2 and Terminal 3. In May 2008, Singapore Airlines made history again by becoming the first carrier to operate the all-Business Class service between Asia and the United States with the launch of the all-Business Class non-stop flights from Singapore to New York (Newark). Three months later, in August 2008, Airlines introduced the all-Business Class non-stop service to Los Angeles. On January 21 2009, Singapore Airlines became the first recipient of the 19 A330-300 aircraft in Toulouse, France. The aircraft was configured in a two-class layout, with 30 new business class seats and 255 economy class seats. Singapore Airlines has a fleet of 100 aircraft. As of 1 January 2014, the average age of SIA's fleet stands at six years and eight months that made it one of the youngest fleet and fueled the most efficient in the world.

Mission Statement, Singapore Airlines is a global company dedicated to providing air transportation services of the highest quality and to maximizing returns for the benefit of its shareholders and employees.

Figure I.1 Values of Singapore Airlines .Ltd

Pursuit of Excellence	• We strive for the highest professional standards in our work and aim to be the best in everything we do.
Safety	• We regard safety as an essential part of all our operations. We maintain and adopt practices that promote the safety of our customers and staff.
Customer First	• Our customers are foremost in our minds all the time. We go the extra mile to exceed their expectations.
Concern to Staff	• We value our staff and care for their well-being. We treat them with respect and dignity and seek to provide them with appropriate training and development so that they can lead fulfilling careers.
Integrity	• We strive for fairness in all our business and working relationships.
Team Work	• We work with pride as a worldwide team to achieve success together.

Source: Singapore Airlines Sustainability Report 2014/2015 and process by the writer

Singapore Airlines has come a long way since our founding in 1972. Now an internationally respected brand, they have become one of the world's leading carriers with an advanced fleet of aircraft. With one of the world's youngest fleets in the air, a network spanning six continents, and the Singapore Girl as an iconic symbol of quality customer care and service, they have earned a reputation as an innovative market leader, combining quality products with excellent service. Singapore Airlines have made a habit of leading the way, and along the way developed a reputation as an industry trendsetter. Singapore Airlines Limited ("the Company") is a limited liability company incorporated in the Republic of Singapore which is also the place of domicile.

A. Singapore Airlines Ticket Sales Growth Jakarta – Singapore Route Before Mobile Application Launched in Jakarta Office

Singapore Airlines launched their mobile application as one of their distribution channel on April 27th, 2015. This can be an opportunity for Singapore Airlines to increase their sales, and in this section the writer will show how Singapore Airlines sales in Jakarta office before the mobile application has launched. The table below shown Singapore Airlines ticket issued in Jakarta office for Jakarta – Singapore route on April 2014 until March 2015. Singapore Airlines in Jakarta office through their selling office, official website and mobile application that had 109,733 total tickets issued. Singapore Airlines had 28,184 tickets issued from April 2015 to March 2016 through their selling office in Jakarta. This is similar to 24% from their total sales during April 2015 to March 2016. 77,150 tickets

issued through Singapore Airlines official website from April 2015 to March 2016 similar to 72%, and 4,399 tickets issued through Singapore Airlines mobile application that similar to 4% from total ticket issued of Singapore Airlines from Jakarta sales. From the percentage, it can be seen that ticket issued through selling office of Singapore Airlines in Jakarta almost 6 times of amount ticket issued through Singapore Airlines mobile application. And amount of ticket issued through Singapore Airlines official website almost 18 times of amount ticket issued through mobile application.

B. Singapore Airlines Ticket Sales Growth Jakarta – Singapore Route After Mobile Application Launched in Jakarta Office

As discussed previously, the launched of mobile application has a tremendous impact to Singapore Airline sales in Jakarta office. In this section the writer will show how Singapore Airlines sales in Jakarta office after the mobile application launched. The table below shown Singapore Airlines ticket issued in Jakarta office for Jakarta – Singapore route on April 2015 until March 2016.

Thus, the compound annual growth rate of 12 months ticket issued Singapore airlines in Jakarta office for Jakarta - Singapore route on April 2015 to March 2016 is equal to 1.16%. Which means there are 1.16% of increase in Singapore Airlines ticket issued for Jakarta sales since April 2015 to March 2016 (one year after mobile application launch).

Compare to growth rate of ticket sales on April 2014 to March 2015, it has increasing of percentage about 0.65% from 0.51% on April 2014 – March 2015. It means ticket transaction of Singapore Airlines for Jakarta – Singapore route is better after Singapore Airlines mobile application launched. It can be due by launching of mobile application, which means can be additional of booking method that enable passenger to book their flight in easy way.

Mobile Application contribute a good impact for Singapore Airlines ticket sales for Jakarta – Singapore route in Jakarta sales. Yet, the increasing of growth rate of ticket sales in an airline has many factors other than additional of booking method through mobile application. The other factors such as economic condition; GDP of the country, money changer rate, and also from political instability, or terrorism fears.

The benefits of using Singapore airlines can attract passenger to use mobile application such as skip the check-in queues, so passenger can get their mobile boarding pass directly to their mobile by self-check in thru Singapore Airlines mobile application. Passenger who use mobile application will get notification in their mobile device anytime Singapore Airlines release promotion fare. Singapore airlines mobile application also works in Apple watch for their competitive advantage and make their customer more easily for access it.

Whilst Singapore Airlines competitor offer some feature in their mobile application that might Singapore Airlines will improve in future. Such as Lufthansa Airlines and United Airlines which have passport-scan in their mobile application that enable passenger to submit their passport scanning to their account that log-in in the mobile application.

Citilink (subsidiaries airline of Garuda Indonesia) customer will be able to see their profile and retrieve their supergreen card in Garuda Indonesia mobile application. That could make their passenger be loyal either to Garuda Indonesia service or their LCC airline.

Etihad Airways have airport navigation with indoor maps in their mobile application that makes their passenger get information about the airport where they are. It could be used for pre-flight, transit, or post-flight, so by this application Etihad Airways can lead their passenger to their needs such as boarding gate, baggage claim, stores, airline customer care, etc. in the airport. Those features mentioned above that Singapore Airlines does not have yet. Singapore Airlines need improve their mobile

application to attract their passenger to use their mobile application more and increase their sales.

C. Mobile Application Booking Impact to Ticket Sales of Singapore Airlines in Jakarta Office for Jakarta-Singapore Route

Referring to the table that shown in section A and B, in this section the writer will show the summary of both sections into one table. How much the differences of those sales per-month and how much the total ticket issued in Jakarta office before and after

The highest difference of ticket issued was on May, which have 3,981 ticket issued more on May 2015 than 2014. It was due to promotional fare that Singapore Airlines offers named Marvelous May 2015 and also started of Ramadhan promotion fare.

Meanwhile the positive difference that shown on February, which have 2,464 ticket issued more on February 2014 than 2015 it caused by two-to-go promotion that Singapore Airlines offered during the month. Two-to-go promotion fare with condition the passenger need to book at least two tickets for one destination around the world by less price than usual.

Singapore airlines more likely to release their seasonal promotion fare a month before due date and a month after. Example for Christmas and New Year holiday, they released start on October to January.

In this case, the writer will use **t-Test: Paired Two Sample for Means** to know how much the impact of mobile application of Singapore Airlines to their sales in Jakarta office based on their ticket issued monthly from April 2014 – March 2016.

Singapore Airlines launched the mobile application.

There are positive and negative differences. Positive means the amount of sales before mobile application launched is higher, whilst negative means the amount of sales before mobile application launched is lower than after. In February 2015 and 2016 there is a positive difference of 2,464. This happened due to some promotion activities offered for Jakarta-Singapore route, economic condition, etc. that influence sales in February 2015 and 2016.

CONCLUSION AND SUGGESTION

A. Conclusion

Referring to chapter IV, it can be seen that the result as follows:

1. Refers to the percentage in figure IV.3, it can be seen ticket issued through Singapore Airlines official website almost triple of amount ticket issued through selling office of Singapore Airlines in Jakarta.

Thus, the compound annual growth rate of 12 months ticket issued in Singapore airlines for Jakarta - Singapore route from Jakarta sales in April 2014 to March 2015 is equal to 0.51%

2. Refers to the percentage in figure IV.4, it can be seen that that ticket issued through selling office of Singapore Airlines in Jakarta almost 6 times of amount ticket issued through Singapore Airlines mobile application. And amount of ticket issued through Singapore Airlines official website a

3. lmost 18 times of amount ticket issued through mobile application.

Thus, the compound annual growth rate of 12 months ticket issued Singapore airlines in Jakarta office for Jakarta - Singapore route on April 2015 to March 2016 is equal to 1.16%.

Compare to growth rate of ticket sales on April 2014 to March 2015, it has increasing of percentage about 0.65%

from 0.51% on April 2014 – March 2015. It means ticket transaction of Singapore Airlines for Jakarta – Singapore route is better after Singapore Airlines mobile application launched. Mobile Application contribute a good impact for Singapore Airlines ticket sales for Jakarta – Singapore route in Jakarta sales. Yet, the increasing of growth rate of ticket sales in an airline has many factors other than additional of booking method through mobile application. The other factors such as economic condition; GDP of the country, money changer rate, and also from political instability, or terrorism fears. However, the benefits that passenger get by booking thru mobile application are more attract them to use Singapore Airline mobile application and become a cause of increase Singapore Airlines sales.

4. According to the calculation on chapter IV, the writer founded $t_{obs} = -2.748$ or 2.748 and $t_{table} = 2.201$ or -2.201 . According that data, it can conclude that Singapore Airlines mobile application which is launched on 27 April 2015 contribute of increasing the sales (based on ticked issued monthly) for Jakarta-Singapore route.

B. Suggestion

1. In order to optimize the mobile application sales, Singapore Airlines might need to increase the advertisement of their mobile application as much as they advertise their official website. Because their passenger is in middle-up level who have little time to check their flight in website by accessing thru personal computer, laptop, or their iPad.
2. Singapore Airlines need to offer special fares thru mobile application that could make passenger more integrated and get used to mobile application.

Special fares that offer by Singapore Airlines in order to attract passengers booking ticket thru mobile application only.

3. There should be additional features that will attract passenger to book the ticket via Singapore Airlines mobile application. Singapore Airlines need to update on passenger needs, such as passport-scan that will enable passenger to submit their passport (as require). In order to increase passenger's in-flight experience, Singapore Airlines may need to add tracking of the flight either in maps, or 3D features. Another feature that might need to be developed also related to passenger seat selection.

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