

## VALUE PROPOSITION DESIGN OF LUXURY CLASS SLEEPER RAIL BUSSINESS UNITS

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**Abstract.** The purpose of this research is to understand the needs and desires of customers, including their perceptions and expectations, regarding the luxury sleeper train operated by PT Kereta Api Indonesia. The data analysis technique employed is the value proposition design using a descriptive qualitative research method. The value proposition design is used to specifically identify target customers based on problem definition, needs, desires, and what customers should avoid. The outcome of this research is a value proposition design that consists of customer jobs, customer pains, and customer gains from the luxury sleeper train segment of PT Kereta Api Indonesia's customers.

**Keywords:** customer profile; value proposition design; customers

### I. INTRODUCTION

The movement of people and goods from one location to another is known as transportation. Transportation is the process of transferring individuals and objects through space and time. It provides the utility of time and the utility of location. Modes of transportation include air, rail, road, water, cable, pipeline, and space travel. Transportation also encompasses infrastructure, vehicles, and operations. As a public service, transportation plays a crucial role in society. However, in reality, many public transportation companies in Indonesia prioritize service provision as their main goal. This means that their primary objective is to transport individuals or provide transportation capacity. Customers are often viewed as mere service recipients, and their specific needs and preferences are not always considered (customer-oriented). Trains are the preferred mode of transportation among the public. This is because train tickets are relatively cheaper compared to other modes of transport. Additionally, trains are known for their punctuality, unlike airplanes that frequently experience flight delays due to weather conditions or other factors. Trains also have fixed and consistent departure schedules, unlike buses that usually wait until they have a full seating capacity before departing. Furthermore, train passengers have the freedom to choose their preferred departure time, as trains offer departures from morning to evening. Moreover, using trains as a mode of transportation allows passengers to avoid traffic congestion, as trains have their own dedicated tracks separate from buses and cars. In Indonesia, there are three different classes of trains: executive, business, and economy. The executive class is considered the highest class among them. However, it can be said that this top-tier train class has not been able to keep up with air travel. Despite the fact that trains take longer to reach their

destinations compared to airplanes, they can still offer facilities that are on par with air travel. In this regard, PT Kereta Api Indonesia is responsible for enhancing train facilities to compete effectively with airplanes. It is evident that trains cannot match the speed of airplanes.

On June 1, 1967, PT Kereta Api Indonesia introduced this type of train for the first time on the Jakarta-Surabaya route, operating along the southern line. This train also marked the beginning of air-conditioned train travel in Indonesia. Not only that, but the sleeper train type has garnered significant interest, as evidenced by the passenger data collected by PT Kereta Api Indonesia. The following data represents the number of sleeper train passengers from 2018 to 2022.

Table 1. Data on the Number of Luxury Sleeper Train Passengers 2018-2022

Year	2018	2019	2020	2021	2022
Passenger Count	12.206	59.934	42.615	79.832	124.479

Source: Internal Company Data, 2018-2022

Based on the provided data on Luxury Sleeper train passengers, it can be observed that the interest in sleeper trains has consistently increased each year, despite experiencing a temporary decline in 2020, possibly due to the impact of the pandemic. However, the demand has continued to rise and reached a remarkable 124,479 passengers in 2022. When examining the aspect of pricing, it is evident that other types of sleeper transportation, such as buses, have lower fares compared to trains and airplanes. This is demonstrated in the table below:

Table 1: Comparison of Fare Prices for Sleeper Transportation Options on the Jakarta-Surabaya Route

Transportation	Fare
Bus Harapan Jaya Sleeper Seat	Rp. 500.000
Bus Rosalina Indah Sleeper Seat	Rp. 550.000
Bus Sinar Jaya Sleeper Seat	Rp. 550.000
Bus Juragan 99 Sleeper Seat	Rp. 600.000
KA Argo Bromo Anggrek Luxury Sleeper	Rp. 1.220.000
KA Argo Sembrani Luxury Sleeper	Rp. 1.220.000
Pesawat Batik Air Bussiness Class	Rp. 3.500.000
Pesawat Garuda Indonesia Bussiness Class	Rp. 6.200.000

Source: Research Analysis, 2023

Based on the aforementioned table, which presents a comparison of prices for similar sleeper seat transportation, it is observed that buses offer the most affordable fares, followed by trains, while airplanes are the most expensive option. Hence, buses can be considered as competitors to PT Kereta Api Indonesia in the transportation industry. In response to this concern, PT Kereta Api Indonesia conducted a survey involving 200 individuals who had previously traveled on both sleeper trains and sleeper buses. The survey included a question regarding their preference between sleeper trains and sleeper buses for future journeys. The survey results indicated that 71% of the respondents favored sleeper buses, while the remaining 29% chose sleeper trains. This finding demonstrates that PT Kereta Api Indonesia has yet to surpass buses in the sleeper transportation segment. Based on the phenomenon outlined above, it can be concluded that PT Kereta Api Indonesia's luxury sleeper train, which is one of its business units, has not effectively defined its target market and understood consumer preferences. As a result, there is a need for research utilizing a value proposition design approach to develop products or services that align with consumer needs and desires, ensuring excellent service for all consumer segments.

Customer segmentation can be defined as the process of grouping individuals who have a desire to be served by a company. This segmentation occurs after they have gone through various stages of the purchasing decision process. The purchasing decision stage involves choosing the most relevant brand after considering and evaluating multiple options that they have encountered in previous purchasing decision processes. The primary factors that determine the objectives of purchasing decisions are household income, price, and the expected benefits of a product (Sari and Prasetyo [1]). Customer segmentation can be achieved when there is a shared perception between consumers and the company's products and/or services. Therefore, it is crucial to understand customer preferences, as highlighted in the research conducted by Rachmawati et al. [2]. These preferences can be categorized into the following aspects: 1) attributes (product packaging); 2) benefits (customers perceiving the usefulness of a product/service); 3) value (customers associating the company with its reputation); 4) culture (the company

aligning its values with the cultural context of the society); 5) personality (customers linking product names with their own identity); 6) users (customer perception of products through promotional activities); and 7) purchase decisions.

Value Proposition Design is defined by Osterwalder et al. in their book "Value Proposition Design" [3] as a set of actions undertaken during the product or service design process to meet customer desires. This design process involves creating a value proposition using tools to identify the value propositions that truly resonate with customers and maintaining that alignment. Value Proposition Design demonstrates how the value proposition canvas can be used as a tool to build and test value propositions iteratively in order to determine what customers actually want.

Customer Profile

In their book "Value Proposition Design" [3], Osterwalder et al. define the customer profile as a distinct category of customers within a well-organized and comprehensive business strategy. The customer profile is composed of three categories: customer jobs, customer pains, and customer gains. The customer profile, as described by Osterwalder et al. [3], is explained in the following paragraphs:

1. Customer Jobs

Customer jobs refer to the tasks that need to be completed by customers. These can be current tasks or tasks that customers need to accomplish. They represent the problems being addressed or the needs being fulfilled. The following is a description of customer jobs.

2. Customer Pains

Customer pains are the term used to express the frustrations experienced by customers in completing their tasks. These pains reveal potential negative outcomes that customers may face in their activities to complete their tasks, as illustrated by these problems.

3. Customer Gains

Customer gains describe the benefits and advantages sought by customers. These benefits include economic savings, social and emotional well-being, and functional advantages.

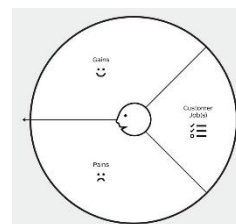


Figure 1. Customer Profile

Source: Value Proposition Design (Osterwalder [3])

Value Map

Osterwalder et al. in Value Proposition Design [3] define a value map as a mapping that explains a business model in a more structured and detailed manner. The value map includes product and services, pain relievers, and gain creators.

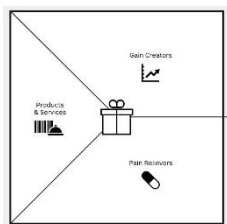


Figure 2. Value Map

Source: Value Proposition Design (Osterwalder [3])

## II. RESEARCH METHODS

The method employed in this research is descriptive qualitative research, which aims to provide a comprehensive understanding of the events, facts, conditions, or variables under investigation by accurately describing the actual occurrences. The data analysis process involves several stages, including data collection, data reduction, data presentation, and drawing conclusions or verification. The data collection process follows the guidelines outlined by Sugiyono [4], which involves identifying customer jobs, customer pains, and customer gains after determining the appropriate segment for developing customer profiles.

Once the data is categorized, the researcher will reduce the data by summarizing, selecting, and sorting the key elements, focusing on the important aspects to identify themes and patterns. Therefore, the conclusion is derived from the reduction of elements in the Customer Profile of the Value Proposition Design, which consists of three elements: customer jobs, customer pains, and customer gains. The researcher utilizes triangulation as a data validation technique in this study. Triangulation is defined as the process of cross-checking data from multiple sources using various methods and at different points in time. It enhances the objectivity of the study by combining findings from interviews, observations, questionnaires, and documentation.

## III. RESULTS AND DISCUSSION

The research interviews conducted with consumers from the luxury sleeper train segment yielded data from participants' responses to the questions posed by the researcher, aiming to identify customer jobs, customer pains, and customer gains. The research questions were developed based on Osterwalder's [3] theory on trigger questions to identify customer jobs, customer pains, and customer gains, which were used to analyze the consumer profiles. The obtained data from the respondents' answers was then subjected to analysis in order to extract the crucial points from each response provided by the respondents. These key points were instrumental in deriving conclusive answers for each of the research questions posed. The analysis of the interview data, aimed at determining the significant aspects, was carried out utilizing the Tag Crowd system [5]. The Tag Crowd system, a web-based tool, facilitated the visualization of word

frequency within sentences, enabling the creation of word clouds, text clouds, or tag clouds (Tag Crowd). By employing this system, researchers were able to discern and highlight the essential points derived from the interview results based on the recurring or frequently mentioned words. Based on the points obtained using the Tag Crowd system, the identification of customer jobs, customer pains, and customer gains from luxury sleeper train passengers was conducted [6]. Subsequently, these customer jobs, customer pains, and customer gains were classified according to their level of importance, as assessed through rankings provided by the respondents. Based on the assessment of customer jobs, customer pains, and customer gains conducted by the respondents, the final rankings were determined based on the total scores assigned [7]. The final rankings of customer jobs, pains, and gains are as follows:

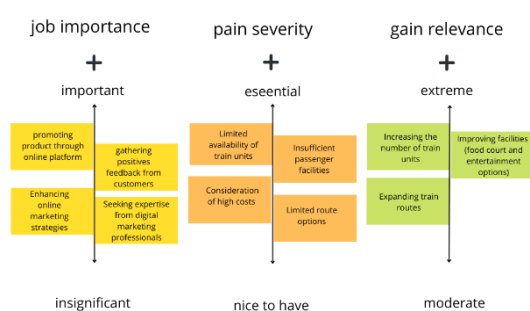


Figure 3. Final Ranking

Source: Research Analysis, 2023

According to Osterwalder [3] the discussion of customer profiles involves several steps, including selecting customer segments, identifying customer jobs, customer pains, and customer gains, and prioritizing the identified outcomes of customer jobs, customer pains, and customer gains based on their importance. The formation of customer jobs is carried out by identifying the tasks performed by customers in choosing luxury sleeper trains as their transportation option [8]. The identification process is based on the results of observations conducted by the researcher. These observation findings are then reinforced by the results of interviews conducted by the researcher with the selected customer segments. The formation of customer pains is carried out by identifying the obstacles, difficulties, or concerns experienced by the selected customer segment in using the luxury sleeper train. The identification process is based on the researcher's observations, which are further reinforced by interviews conducted with the selected customer segment. Based on the observations and interviews, customer pains identified among the selected customer segment include limited route coverage and insufficient availability of train units, leading to difficulties for customers in using the luxury sleeper train transportation.

The formation of customer gains is carried out by identifying the desired or expected factors by the selected customer segment. The identification process is based on the interview results conducted by the researcher with the

selected customer segment. Based on the interviews, the customer gains of the selected customer segment include fulfilling the customers' need for traffic-free transportation and providing comfortable resting facilities throughout the journey. The next step is to prioritize the identified customer jobs, customer pains, and customer gains from the selected customer segments. These identified results are prioritized based on the assessment of the customer segments regarding their level of importance. This allows the researcher to use them as a basis for forming the customer profile of luxury sleeper train services. Based on the prioritized customer jobs, customer pains, and customer gains, the researcher proceeded to create the customer profile according to the theory of value proposition design developed by Alexander Osterwalder et al. [3]. The resulting customer profile for luxury sleeper train is presented in the following figure:

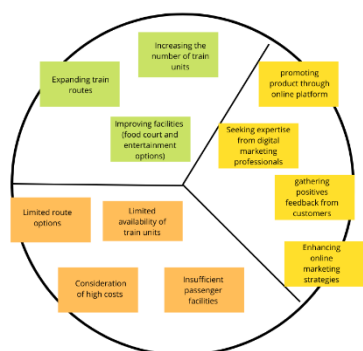


Figure 3. Customer Profile of Luxury Sleeper Train

Source: Research Analysis, 2023

Next, after obtaining the customer profile, it is necessary to create a value map that focuses on providing solutions to customer needs. The results of the luxury sleeper train value map are shown in the following figure:

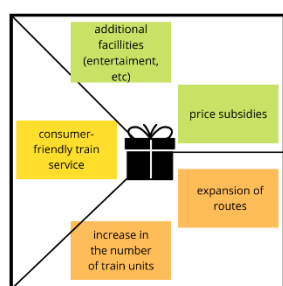


Figure 3. Value Map of Luxury Sleeper Train

Source: Research Analysis, 2023

#### IV. CONCLUSION

Based on the analysis of the data, the value proposition design for the luxury sleeper train segment is as follows. Customer jobs in the customer profile of luxury sleeper train involve customers performing their tasks to analyze before choosing their desired sleeper train. The selection is based on

the desires, needs, and expectations of the customers. Customers gather information and data, aligning their findings with their needs and desires. Customer pains in the customer profile of luxury sleeper train primarily include limited route coverage and insufficient availability of train units, leading to frequent difficulties for customers in utilizing sleeper train transportation. Customer gains in the customer profile of sleeper train primarily include the fulfillment of customers' needs for congestion-free transportation and the provision of comfortable resting experiences throughout the journey. It is recommended that PT Kereta Api Indonesia develop a value proposition in accordance with the value proposition design presented and elaborated in this study. This will enable PT Kereta Api Indonesia to meet all customer wants and needs and enhance customer loyalty towards the company for the services and products provided.

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