

PRODUCT INNOVATION IN AIRLINE INDUSTRY

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Abstract: The paper focuses on introduction on innovative products which increases polish airlines brand awareness and at the same time promotes local producer of socks. Local producer, which highlights its origin and its innovation oriented enables realization of the concept. On the other hand airlines in time of market saturation have to think out of the box in case of promotion. Having in mind people growing trend of buying colourful clothing and above-mentioned facts innovative promotional gadget was invented.

Key words: product innovation, airlines industry, marketing, clothing industry, local producer.

1. Introduction

For ages Lodz, as the capital of the lodzkie voivodeship, and surroundings cities were connected with the knitting industry. Nowadays, a lot of it has disappeared and many people forgot or even do not know that in the region there still exist companies that produce high quality textile goods. What is more, in the era of globalization when businesses are in the majority of cases international and the companies and society prefer to buy cheap products from China which quality is relatively low or not satisfactory. There is lack of human awareness that in their countries products are also cheap and its value is much higher than the value of products from certain Asian countries. Support of Polish local producers gives a lot of advantage not only for its buyers but for the country's economy as well, for example the employment rate is higher. Concerning the knitting industry it is crucial because of the high unemployment rate of seamstresses.

On the other hand, an industry which is completely different and which takes advantage and relies on globalization is the airline industry. Thanks to air carriers it is possible to travel from one side of the Earth to another. The products served on board are introduced to citizens of different countries. The promotion campaigns of the airlines are emitted and aimed to the different countries on different continents. Some of them highlight and promote its origin by serving local dishes on-board. Promotion of an airline is in the majority of cases only offering airplane models, playing cards and office equipment like pens, notebooks or post-it notes. There is little or no innovation in the gadgets and products offered for sale with logos of airlines.

There is a tendency both for businessmen and the general public of choosing more colourful and not plain socks. Also people started to choose more sophisticated types of sock not only cotton or synthetic but with bamboo fibers or specially created for sport practice. Having in mind the two problems the idea of creation of a new product and its introduction to the market was created.

1.1. Aim of the work

The aim of the paper is to plan an innovative product, socks with an airline logo, which would meet customer requirements and for which there would be a demand. In addition such a product has to be both attractive for potential clients and promote the air carrier, which would distribute it. Range of the work includes the analysis of the demand for the innovative product and existence a need for it and its possible appearance and characteristics.

2. Product innovation

Innovation is one of the most important topics concerning industry of all possible branches. It helps to maintain constant development on the market with the introduction of new products. Innovation allows new companies and people to enter the hermetic environment of monopoly. Literature is saturated by different definitions of innovation due to the fact that it is phenomena that cannot be strictly defined. The simplest and the most general definition is delivered by the New Oxford Dictionary of English that defined innovation as: making changes to something established by introducing something new [1]. Thanks to this definition it is possible to have an overview, that this is the process of development and adding value to existing product, services or concepts. However, the abovementioned notion does not specify aspects of innovation and rules when precisely something can be called as innovation or innovative.

Product innovation is connected with improvement, change in company offer of product or service. It can also be a totally new product created with use of new technology for the company, new features or packaging of the good as well [2]. One of the revolutionary examples of product innovation was the hybrid electric car produced by Toyota as first serial model of the product [3].

3. Marketing activities undertaken by airlines

Promotional activities are one of the most crucial actions undertaken by each airline. The main task is to show main advantages of an airline, its value and upkeep current customers. For this purposes relationship marketing is used, which is defined as “a marketing philosophy whereby a firm gives equal or greater emphasis to the maintenance and strengthening of its relationships with its existing customers as it does to the necessary search for new customers”[4].

The most popular tool is gifts-giving approach to build a relationship between airlines and customer. It is an example of traditional marketing however still in use. The most important reasons of using such promotional activity are: expressing appreciation for customers, creating brand awareness or enhancing the air carrier’s image. There are two types of gifts-giving, first one are corporate gifts given as a gesture after negotiations as a part of business to business promotion and the second type is incentives which are given for a long term and valuable clients for they loyalty and to encourage them to continue doing business with the airline. Concerning the type of products for gadgets there can be giveaways, which are purchased, in high quantity and their quality is not perfect and they are not personalized as well. However, exclusive gifts are characterized with tailor-made, higher value and lower quantity of purchase very often they are made by strong or local brands well-known of outstanding quality of goods produced [5].

Selection of gifts has to be evaluated in details because of different needs of customers

and cross-cultural issues. Concerning sex different gifts are perceived as appropriate. For women the most wanted gifts are money and travel. At the same time, for men computer software and tools. On the other hand the worst gift for women is tools and for men a fragrance. Taking into account the different cultures in the world the highest attention has to be put while choosing a gadget. For example in Asia several rules has to be fulfilled like the gift cannot be too intimate, also the number of gifts has to be different than four because this number is connected with death and a small gadget has to be given during the first meeting [5].

According to the marketing managers from major airlines present in Europe nowadays the most popular types of gadget in use are desk items like pens and memo pads, clothing items and corporate events. Concerning the future popularity of gadget on the first place will be corporate hospitality events, still desk items and clothing items remains in third place. Their main aims are to promote and to increase brand awareness, enhance company image and to cement existing business client relationships and to forge new ones. Marketing gadgets in the airline industry has to be customized and essential for them is placement of logo. During purchasing process different type of gadgets are ordered to satisfy more than one customer need. According to managers the gadget cannot be opulent and its value has to be less than a certain sum of money (e.g. in the UK 30 pounds) not to be perceived as a bribe [5].

The selection of appropriate marketing gadgets is one of the hardest tasks because of the variety of cultural and social factors influencing on it. During times of cost cutting process marketing budget is narrowed and selection of marketing gadget has to be as accurate as possible to maximize company profits and receivers satisfaction. On the other hand, more and more airlines provide marketing gadgets for leisure customers. Gadgets are more marketing and brand exposure designed and what is the most important fact, they are not for free. Their main aim is to promote company and to be a souvenir from the journey. The most popular ones are key rings, airplane models and playing cards. The newest products are safety cards, which are placed on the aircraft. Number of thieves was very high and due to that fact airlines decided to sell it to decrease the number of robbery [5]. The products are offered on-board in airlines' magazines and in online stores on the air carrier website. LOT Polish Airlines' Air Kiosk offers 106 different marketing gadgets with logo of air carriers (state from June 2015). This is another way to increase profit and brand awareness at the same time saving costs makes products for sale.

Marketing actions undertaken by an airline are multichannel and very complex due to high competition and market saturation. The main area of innovativeness and out of the box activities is connected with promotion sector. Managers of the company has to invent something new what makes an airline different among others to make it closer to the people and more recognizable. In majority of cases when customer has to buy something and is not an expert is the particular branch it choose the most famous brand. That is way, a lot of effort has to be put in promotion and awareness of the airlines' brand [6].

4. Research

To examine demand for the innovative product questionnaires were created. Questionnaires were distributed in two different ways: in printed versions delivered to the surveyed people and after some period of time collected for evaluation and personal meeting with people and survey them and filling the document by the researcher just in time. Surveys were presented in one big company which distribute cosmetics (16 people), one small, trade

company which is specialized in medical equipment (15 people) and among employees of one public school in Lodz (20 people) and one start-up company. What is more, questionnaires were also distributed in Lodz University of Technology among students and among random people. 110 people answered for the questions, 55 of them were employed, 42 were students, 12 were unemployed and 1 pensioner answered as well. Age structure of the respondents was as follows: 42 people were of age between 18 and 26, 30% of surveyed people were from 27 to 39 years old, 20 were between 40 and 50 years old, 12% belonged to 50-67 age grades and one person's age was above 67. Respondents' division taking into account sex was almost equal – 57 of them were females and 53 males what give percentage relation 52 % to 48 %. Concerning position of employed respondents significant majority were standard employees (45), 8 people were medium level managers and two top-level managers were surveyed. Additional question was added about shoe size of the respondents due to the characteristics of the research and the product itself. The question was not obligatory and 105 from 110 surveyed people answered for it. The results were as follows, 34 % of population has shoe size between 36 and 38. Bigger range of sizes from 39 to 41 has 28% of respondents. Second biggest group of people – 32% has shoe size from 42 to 44. The rest 6 % belongs to people with sizes from 45 to 47 and above 47 with relation 5 to 1 percentage points.

The questionnaires were divided into two parts; demographic questions and main questions. Demographics contained six questions among which one was branching question which task was to prevent unemployed respondents to ask for questions directed to employed people second question was optional, about which surveyed person was informed, because it was connected with shoe size what is personal information. Second part of the questionnaire was made of 18 questions where first 5 were reserved for employed people. All of the questions were dichotomous. For two of them visualization of the final product and photography with type of socks were added. In addition to the printed version of the survey and during personal meetings four types of socks, which were evaluated in the second chapter, were presented to give to the respondents the possibility to choose the product, which meet their requirements, the best. All of the products had a covered logo of the producer however information about the type and features of socks were included.

4.1 Results of the research

According to the analysis there are two final products, because each of them would be dedicated for different target groups. The decision about the introduction of two different products was made due to maximization of the airline profit. First type of socks for leisure clients sold on the Internet store would be connected with airlines' promotion and the second one given to the business clients as a gift, which would meet their requirements and in lower level promote the airline. The difference is connected with the placement of the airline logo on socks. First target group are people who like airlines or want to have a small everyday use, innovative product with logo – socks. Such gadget is wanted by the society due to the high interest connected with it. Among 110 respondents 54 of them had opinion that socks are appropriate gadget in airlines industry and 75, which is 68%, declared willingness to use such product and its usage for 67% would arouse positive feelings connected with the airline. What is more, more than a half of surveyed people would buy the product on the Internet store while available. Concerning type and logo location the most wanted product is 100% cotton socks which is natural, with minimal synthetic fiber added which is healthier and decrease sweating process. Placement of the logo in the business people gadget would be located on

the calf region and for the leisure clients according to them also should be located on the calf however having in mind promotion of the airline the final location was changed to the ankle region what was the second most popular location. Difference in votes between those two locations was one, such small amount would no influence on the final product demand and fulfilment of customers' requirements. Socks would be produced in five different sizes because of that they would be dedicated for both sexes.

Products would be distributed in two channels, business gift will be given for the customers for free by sales representatives during meetings and two sizes of socks will be handed. At the same time, second type of socks would be sold in the Air Kiosk – LOT Polish Airlines Internet store for 5.90 PLN gross price. Customer would choose appropriate size and the product would be delivered via post or can be taken for one of four LOTS' offices in Poland. The products promote Poland and the Polish producer as well. Small label on the good about thanks of choosing Polish product highlights its origin. According to the surveyed people 82% of them support homeland producers by buying their products.

5. Conclusions

The final products are innovations in the airline industry market. Their design and characteristics meets requirements of the customers and rules connected with the airline promotion. In addition possible cooperation between two Polish brands that both are growing and constantly enlarging market share might be lucrative for both of them especially concerning supplying Air Kiosk with socks. Promotion of local producer is also significant advantage of the project. Research shows that the new products which promote airlines are needed on the market and socks are innovative and relevant example of such product. The socks are innovation, which reflects in several profits for the stakeholders and the economy like promotion both of the airline and the producer, higher employment in the region, promotion of Polish goods worldwide.

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