

# A Study on the Emerging Innovations in Airline Services

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**Abstract:** *With new options for action, airline business model innovation can contribute to the creation of value, competitive advantage, and profitability. The purpose of the proposed paper was to determine the airline companies' innovation processes and business models. Multiple case studies with three major Brazilian airlines define the adopted methodology as empirical, exploratory, and descriptive. The findings show that, in contrast to the dichotomous traditional models of low-cost and full-service, wherein internal changes in business models are regarded as major organizational innovations, the search for paradigm breaks in favor of hybrid business models proceeds linearly.*

**Keywords:** Airline , travel, agent, ticket services, management, internet

## I. INTRODUCTION

Carr (2015) says that in order to define and display airline business model innovation, the airline's map's relatively flat topography indicates a lack of innovation and a focus on processes and services. According to Raynor (2011), innovation in business models is related to a model that meets the needs of different customer segments in areas where dominant companies provide little value and are aligned with the implementation of technologies that eventually make it possible for this business model to satisfy the majority of segments. The context of the use of complex systems made services to enhance existing offerings, create new offerings, and reconfigure their ecosystems through acquisitions, divestitures, and partnerships is related to innovation and value proposition in business models (Maglio; 2013 Spohrer). According to Nicolau and Santa-Mara (2012), a new wave of mergers and micro and macro factors such as bank credit restrictions, an economic recession, and volatile fuel prices have all contributed to the recent collapse of new and traditional airlines.

The normal area challenges require the reception of creative plans of action as an answer for some impediments, and dramatically scattered in view of hierarchical methodologies, empowering the distinguishing proof and meaning of ways to follow and to improve the catch and age of significant worth for buyers and the organization. In this perspective, in addition to the practical implications, related studies' theoretical expansion in the literature (Pereira; 2015 Caetano).

Homsombat et al.'s strategy Airlines-within-Airlines (AinA) also demonstrates this pattern. (2014) as illustration of carrier bunch that work at the same time with a full-administration organization and a minimal expense transporter. Also, Pearson and Merkert (2014) looked into the Airlines-within-Airlines (AWAs) model and found that the hybrid companies that are most successful have a lot of autonomy, dominate the market, have strong leadership, and don't go too far from the low-cost model, unless the premium income is high enough. The proposed study intends to contribute to the verification, by means of indicators, of the innovation characteristics of the business models adopted by airlines to the pursuit of value creation, competitive advantage, and profitability, using as empirical cases three of the major Brazilian airlines. In this context, it explores various aspects related to business models and identifies the primary models used by domestic airlines.

According to ANAC (2015) INDICATORS AND THE COMPLEX REALITY OF THE DIFFERENT BUSINESS MODELS OF AIRLINES, despite broad definitions of business models, Mason and Spring (2011) report that in the literature there is still a gap and questions about how the business models are created and put into practice, particularly by the absence of indicators that make it possible to verify the impact of innovation models adopted. Among the companies that have achieved greater participation in the national domestic market, the surveyed Brazilian airlines stood out In view of various impression of plans of action, is embraced as an idea the meaning of plans of action as the

systems for trying to make esteem, producing upper hand and benefit. The intricacy of the development inside the space of an organization makes it important to consider data with respect to various factors that might address development (Kim, 2013). In the planning of development pointers such builds can give a scope of data on the course of development in the business area, recognizing the thought processes and impediments to development, changes in the activity of undertakings, the kinds of advancement exercises in which it is work and the sorts of advancements that they carry out (OECD, 2007)

Thus, while considering measures connected with development in plans of action, pointers are important to investigate the association between various factors and give a straightforward portrayal of the perplexing truth of various plans of action of carriers (Lohmann; Koo, 2013). However, innovation at the enterprise level is a complex black box that cannot be explained by a single common factor or a small combination of these factors, as stated by Kim (2013). As a result, it is difficult to depict a company's involvement in innovation. In this way, this study used a variety of models with indicators to suit particular aspects of the innovation in airline business models, such as those proposed by Chen et al. (2011), Evangelista et al. (2013), Franke (2007), Hinterhuber and Liozu (2014), and OECD (2007)

## II. METHOD

The methodology employs multi-case study empirical, exploratory, and descriptive research. With this permission, a study can focus on important and all-encompassing characteristics of innovation indicators applied to airline business models. For the selection of airlines, the Brazilian companies that stood out for being the leading companies in 2015 in terms of the utilization rate seats Passenger Load Factor (PLF), which represents the demand/supply, and Revenue Passenger Kilometer (RPK), with the exception of the sector leading company that was not searched by the absence of consent, were observed. Each selected case predicts results in accordance with an order to identify the contribution of business models and innovation indicators on the performance of airlines. Following a theoretical replication when comparing In terms of PLF and RPK, the three airlines surveyed together represent 62.46 percent of the domestic market in 2015. Interviews and documentary research were used to select cases, which allowed for triangulation and a chain of evidence on the business models and indicators used in conjunction with the existing theory. This provided a broad coverage, accuracy, discretion, and stability prior to the collected data, which in turn helped to infer knowledge of the indicators used (Bardin, 2011). The premise records utilized in narrative exploration were the Yearbook of Air Transport (ANAC, 2013) and Request Proposition and Air Transport (ANAC, 2015).

Interviews had individual normal length of 45 minutes, recorded by sound, translated utilizing record programming and afterward dissected, staying in classified the names of respondents and aircrafts. A qualitative research software that was used to categorize, code, and link documents was used to help with the analysis of the collected data as well as the analysis of manifest and latent contents were made based on deduced markers partitioned into ten things, empowering the elucidating examination uncovered at results.

## III. CONCLUSION

This multi-case study's exploratory and descriptive approach makes it possible to investigate and survey significant and holistic characteristics of innovations in the air transport sector that impact the business models adopted by airlines. In general, cluster analysis of by the grouping of perceptions of airlines in relation to the grouping of indicators shows an average of 0.661169 for the Pearson correlation coefficient, indicating a positive correlation between perceptions and contents described the indicators. Companies' use of these mechanisms and innovation profiles can be better understood thanks to the results, which group indicators and describe their implications, as well as innovations that boost value creation, competitive advantage, and profitability. It is anticipated that airlines will shift away from conventional low-cost and full-service business models and toward hybrid ones based on their primary business models. A business model that maintains a balance between the services offered was recognized, but the provided value proposition did not identify any significant innovations.

Therefore, it can be concluded that the hybrid business models that permeate the business model spectrum, offering certain own conveniences of the low-cost model and certain aggregations of related value to the full-service model, expand the low-cost or full-service dichotomy. Company C is identified with the full-service business model, with the exception of targeting a hybrid model. Although it does not purely present all of the characteristics of a premium

company, it became clear the company's position and the provision of specific services to a customer base with higher purchasing power.

Despite the fact that the businesses themselves are well-known for identifying recurring revenues as a group in the revenue stream of business models, metrics and measurements related to these values would provide more accurate evidence of the observed facts. As a result, new studies indicate the use of quantitative methods to measure the degree of innovation in airline business models through quantitative indicators and to provide a more precise foundation for the results.

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