

Service Innovation: Key Factor to Face a Global Competition in Airline Industry

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Abstract

A service innovation is a service product or service process that is based on some technology or systematic method. In services however, the innovation does not necessarily relate to the novelty of the technology itself but the innovation often lies in the non-technological areas. Service innovations can for instance be new solutions in the customer interface, new distribution methods, novel application of technology in the service process, new forms of operation with the supply chain or new ways to organize and manage services.

Air travel remains a large and growing industry. It facilitates economic growth, world trade, international investment and tourism and is therefore central to the globalization taking place in many other industries. In the past decade, air travel has grown by 7% per year. Travel for both business and leisure purposes grew strongly worldwide. Governments in developing countries including Indonesia realized the benefits of tourism and human air transportation to their national economies and spurred the development of resorts, airports and infrastructure to lure tourists and passengers from all over the world.

The purpose of this research is to discuss the importance of using service innovation in airline industry in order to face a global competition.

Keywords: service innovation, global competition, airline industry