

Challenges Facing Airline's Social Innovation

Ghada A. Hammoud¹, Hala F. Tawfik², Tamer S. Elseyoufi³

Abstract

Social innovation ensures the development and implementation of new ideas related to services, products or models to meet social needs and create new social relationships or collaborations. Such form of innovation relies on the inventiveness of local communities, civil society organizations, local businesses, citizens and individual contributors from both private and public sectors to improve the existing or create the new products and services in order to better satisfy the individuals' needs. This research paper explores how new communication channels and government policies toward social innovation and social entrepreneurship are creating a culture with actively involved city administration, corporate contributors and individuals in developing ideas and pilot projects to solve the existing domestic and national social challenges. The examples of both governmental and airline corporate approaches to social innovation are provided in the paper. Crowdfunding proved to be a successful tool of social innovation, especially in the airline industry. The analysis of the provided policies, methods and practical approaches will help to improve the airline's social innovations.

Keywords: Social innovation, Crowdsourcing, Crowdfunding, Equity Based Crowdfunding, Social Entrepreneurship, Airlines

Introduction

Social innovation represents one of the new ways of response to pressing social challenges and demands, which will affect the process of social interactions aiming at improving human well-being. Such innovations are not only good for the society, but also enhance individuals' capacity to act. Thus, social innovation can be defined as the development and implementation of new ideas related to services, products or models to meet social needs and create new social relationships or collaborations. Such form of innovation relies on the inventiveness of local communities, civil society organizations, local businesses, citizens and individual contributors from both private and public sectors to improve the existing or create the new products and services in order to better satisfy the individuals' needs.

Such innovations are critically driven by a social mission and shared economic and social value in order to create a social change. Social innovations empower people at the local level to invent together the ideas and solutions for economic and social problems. The existing social challenges such as ageing of Europe, migration waves, demography, poverty, the environment, social exclusion, health and well-being, sustainability and ethical goods and services were perceived in the past as major problems for the economy, though nowadays are considered as potential growth markets (European Commission, 2013).

¹ PhD, Professor, Dean of Faculty of Tourism and Hotel Management, Beni Suef University, Ex-Vice Dean of Post Graduate Studies and Research, Faculty of Tourism and Hotel Management, Helwan University. Address: 1, Abd el Aziz Al Suood, El Manial Cairo, EGYPT.

² PhD, Professor, Head of Tourism Department, Faculty of Tourism and Hotel Management, Helwan University. Address: 1, Abd el Aziz Al Suood, El Manial Cairo, EGYPT.

³ MSc in Aviation Management, Faculty of Tourism and Hotel Management, Helwan University. Address: 1, Abd el Aziz Al Suood, El Manial Cairo, EGYPT.

Social innovation is the entire process, where the new responses to social needs are designed and developed to deliver better social outcomes for everyone involved, and which consists of the following four main elements: (a) identification of new social needs; (b) development of new solutions towards those social needs; (c) evaluation of the effectiveness of new solutions; and (d) scaling up of effective social innovations. Three key approaches to social innovation are recognized, including social demand innovations, societal challenges and systemic changes. Social demand innovations are developed as the response to those social problems and needs, which are usually not addressed by the market and existing institutions. Usually, these social needs are related to youth, the elderly, migrants and socially excluded. The societal challenge perspectives address social needs through the integration of social, economic and environmental approaches. In Europe, URBAN and an exchange and learning URBACT programs are the successful examples of societal challenges. Finally, the systemic changes are achieved through a process of organizational development and positive changes in relations between institutions and their stakeholders. EQUAL and LEADER programs applied among European countries are the vivid examples of such systemic changes (Kosonen, 2016; European Commission, 2013).

1. Social Innovation Approaches

Social innovation approaches are usually open when it comes to knowledge sharing and ownership of this knowledge, multi-disciplinary and more integrated to problem solving process, participative and empowering for citizens and other users in comparison to “top down” traditional systems, and tailored for the specific social needs rather than mass-produced. Moreover, each social innovation passes through several stages, including ideas as response to existing critical social needs, prototyping/piloting if those ideas are considered successful, implementation through a new venture or a new policy and finally scaling up to ensure new approaches make a real impact on the communities. Here the main challenge for the decision makers is to properly identify which of those numerous ideas can be the most promising solution to be taken to the pilot stage and then to be analyzed and identified as the best model to become sustainable ventures that will eventually achieve systemic changes (European Commission, 2013). There are numerous ways to promote the concept of social innovations among the communities, where crowdsourcing proved to be the most successful, including such approaches as crowdsource design, microtasks and crowdfunding. The crowdsource design is applied when a company needs to design logo, advertisement, brochures or other printed and online marketing materials and informs a crowd of designers what it wants, how much it will pay and the deadline of such projects. In such a way, the company receives a large number of different finished designs and can keep whichever design it likes the best. By doing design this way, crowdsourcing actually increases the quality and decreases the price, compared to online freelancing. Microtasking involves breaking work up into tiny tasks and sending the work to a crowd of people, when the results might be expected within minutes.

It can involve tasks such as scanning images, proofreading, database correction and transcribing audio files, when the work is done faster, cheaper and usually with less errors. Crowdfunding as part of crowdsourcing aims to use small amounts of money obtained from a large group of individuals and organizations to fund a project or business through an online web-based platform. It provides an opportunity to have access not just to the capital, but to the market intelligence. Crowdfunding provides individuals, non-profit organizations, small and medium-sized enterprises (SMEs) an opportunity to deep capital pools and opens new investment and donation possibilities to the large public, which acts not just as the passive investor, but as an active participator in the development, testing and implementation of such social projects (Adams, 2016; Kosonen, 2016).

2. Airline Social Innovation

In aviation industry, despite numerous attempts of airlines to gain a competitive edge through discounted pricing, advertising campaigns based on low fee structures and other methods, the only assured opportunity to set the company apart occurred to be through extraordinary customer service and “out-of-the-box” social innovations that help win the loyal customers and make them actively participate in the innovative social campaigns. Travelers can be very loyal to their preferred brands and ready to pay extra money if provided with good services on a hassle-free flight. The airlines cannot stay competitive at the market nowadays if they do not research and analyze the behavior and expectations of their passengers. Further, the more detailed information about social innovations among airlines will be discussed with few successful examples achieved by well-known international airlines.

2.1 Insufficient cooperation and networking between stakeholders

Discovering the needs and benefits of collaboration with stakeholders can be considered an important experience for many social organizations and institutions. Partnerships between businesses and other sectors can drive sustainable development by bringing social and economic value into cross-sector collaboration and stakeholder dialogue. Visionary companies understand the interdependence between societal and organization performance on the global scale. The recently awakened performance have pointed that stakeholder cooperation can improve business performance. Even the late adapters realize that not keeping good relationships with stakeholders can have a damaging effect, not just on reputation but also on actual project results. Anticipating the potential in stakeholder dialogues at an early stage and following a step-by-step guide can lead to successful shared value creation (Mayers, 2005). Nowadays, solving complex social problems and challenges by knowledge and social innovations is no longer a task of government alone, but more a result of cooperation between a wide set of stakeholders in a society to generate ideas, projects and applications.

This stresses the importance of cooperation and networking between stakeholders. However, such cooperation does not appear automatically, either because researchers and entrepreneurs of social challenges do not know each other, due to poor demand by social and business community, or due to weak incentives at knowledge institutes to take into account the social impact of their research. Whether it is a private or public sector, there is a set of common shortcomings when it comes to external stakeholder engagement.

First of all, there is a lack of required skills. Stakeholder engagement requires a new set of skills within organizations to engage with the world beyond. The main issue here is that organizations do not consider stakeholder engagement as part of day to day operations in their core business. They subsequently delegate it to the corporate social responsibility (CSR) or communications department, underutilizing its tremendous potential or even risking damages to their reputation. Other organizations suffer from a lack of focus when engaging stakeholders, failing to define when, why and what for those stakeholders should be involved in business planning and implementation.

That is why; usually stakeholders are involved inappropriately without focus and without the adequate processes. In case of social innovations, the issue of insufficient cooperation and networking between stakeholders still present a large and challenging problem. First of all, social innovations overall and crowdfunding in specific are not the new issues for the private and public sectors, though there are still many individuals and organizations who do not realize the full potential of such projects for the local communities, either due to lack of information about future application and benefits or having insufficient desire to participate in the sponsoring of such projects. For innovation to successfully address social challenges the importance of new partnerships and new stakeholders cannot be overrated, including such successful approaches as connecting networks, crossing sector boundaries, searching for new and surprising combinations.

The following process of stakeholder power analysis helps to understand the importance of stakeholder engagement: (a) developing purpose and procedures of analysis and initial understanding of the system; (b) identifying key stakeholders; (c) investigating stakeholders' interests, characteristics and circumstances; (d) identifying patterns and contexts of interaction between stakeholders; (e) assessing stakeholders' power and potential roles; and (f) assessing options and using the findings to make progress. Stakeholder power analysis is particularly useful for assisting in decision-making situations, where various stakeholders have competing interests, resources are limited and stakeholder needs must be appropriately balanced. Such analysis enables the identification of institutions and relationships, which need to be developed or dealt with to avoid negative outcomes and enhance positive ones (Mayers, 2005).

The following eight best practices were identified in order to engage stakeholders on enterprise projects, including (a) treating stakeholders as partners since better results can be achieved if all parties involved work together and cooperate as partners; (b) assigning responsibilities for stakeholders to be actively involved during all stages of the project; (c) maintaining an ongoing dialog between users and developers; (d) keeping stakeholders involved in the entire project lifecycle by participating in prototype demonstrations, building test scenarios, approving changes and preparing organization for changes; (e) ensuring all stakeholders are identified properly; (f) making project information transparent for stakeholders.

(g) using collaborative technology so that stakeholders be able to review project requirements as they are developed and make comments and suggestions if necessary; and finally (h) monitoring stakeholder engagement by project managers and business analysts in order to take corrective actions when needed to ensure stakeholder stay engaged (Parker, 2012).

Despite the existing challenges and insufficient cooperation between stakeholders in some industries, there is an increasing tendency for some companies to become better by engaging their stakeholders. The Boston Consulting Group (BCG) identified top 50 most innovative tech natives and non-tech companies looking for promising new technologies and then incorporating them into their operations to realize the market potential of these innovations in 2016. From FMCG companies, Coca Cola, for example, is trying by taking a collective action approach to rising water challenges.

Nestlé is wrestling to find solutions for a more sustainable cocoa value chain while Kraft Foods supports African Cashew farmers. In the aviation field, Southwest Airlines occurred among the top fifteen innovators in the BCG list. Though, KLM has always been known as a leader in corporate and social innovations among international airlines bringing valuable social changes into local and international communities. In addition, Air Canada and Estonian Air introduced successful social innovations empowering “airline ambassadors” around the world to promote not only the products and services of the airlines, but also their local destinations for the international community (Boston Consulting Group, 2017).

1.3 Fragmented knowledge transfer policies

In today's global world, generating new knowledge related to social innovations and turning it into new social products and services is crucial to maintain and enhance the competitiveness either at the corporate or governmental level. An essential contribution to solve social challenges are primarily done by the private and public research and development (R&D) institutions around the world working independently and collaboratively on various innovative projects. Though, transforming the results of scientific research into new commercial products is a complex process involving a broad range of participators, including governments, researchers, businesses and individual contributors, to maximize the social and economic benefits of new ideas that will eventually make a substantial contribution to existing social challenges. Insufficient use of available knowledge and lack of policies for knowledge transfer (KT) create a necessity to design and develop a universal framework to facilitate the process of social innovations development and implementation. Interaction between knowledge institutes, businesses and public sector organizations should be improved to allow greater exchange of knowledge into economic and social relevant products and services and more collaboration in the development of new applications and products. European Commission inspires the creation of a ‘single market for knowledge’ among European countries with developed platforms where the European scientific community and European industry can work and innovate together. Knowledge transfer can be seen as major and effective tool for open innovation. To succeed, government policies related to open innovation and knowledge transfer have to be more effective in bringing innovations into the markets to solve the present economic and societal challenges. Since new regulations are a given for the global airlines industry, airlines must engage in a compliance program that can optimize business processes and transform operations (European Commission, 2014).

1.4 Insufficient expertise regarding support of social entrepreneurship

The distribution of social enterprises within the international community is uneven with noticeable differences reflecting national peculiarities and specifics in the ideology, business and welfare. In their core purposes, social enterprises seek business solutions to the existing social problems and challenges, which can be solved only if to foster innovation. Despite recently there is a vivid tendency toward the support of such social innovations from the corporate and individual contributors, there is still insufficient support and expertise from the governments, who are still stuck within the standard ways of thinking toward business and entrepreneurs without seeing and realizing the real value and impact of social innovations. (Korosec and Berman, 2006; Seelosa and Mairb, 2005; Chell et al., 2010). Without a unifying paradigm and approach, numerous different schools of thought that emerged in different regions of the world created visible differences between the European and American conceptions of social entrepreneurship and the ways to support and implement such projects.

Thus, further research about the impact of social entrepreneurship on the solutions of social challenges is necessary to provide the governments with vivid facts and explanations to improve the support of such enterprises at the local and national levels (Bacq and Janssen, 2011).

2. Social Innovation Cases Case Study: South Korea

Over the past few years, Seoul Metropolitan Government has significantly changed the way it engaged with its citizens by moving away from a one-way public communication model towards a two-way communication model with citizens actively participating in decision-making process. Such positive shift was observed in the country after a well-known social innovator, Wonsoon Park, became the Mayor of Seoul in October 2011 and helped to implement a shift towards a participatory and open dialogue between the Seoul Metropolitan Government (SMG) and Seoul citizens. Seoul Metropolitan Government has developed various communication channels that opened up two-way dialogue between the city administration and the citizens. Innovation is being utilized as an important governance tool for improving government functions. E-government communication tool firstly introduced in the late 1970s has been largely improved as well, mainly due to the strong political will of the top leaders and their person interest and involvement in the e-government project. Among many online services designed for real-time communication with citizens, the Social Media Centre (SMC) took on the responsibility of centralizing and coordinating information sent by the citizens through diverse routes, ensuring a quicker and more efficient communication.

In 2011, the Korean government introduced a plan to support social enterprises through preferred contracts, expanded funding channels and exclusive business management programs specifically for social enterprises (Han et al., 2013; O'Byrne et al., 2013). In the aviation industry, South Korea has an extensive flight route network of domestic and international services operated by the national airline Korean Air in addition to other airlines, such as Asiana Airlines, Polar Air Cargo and few others. Korean Air serves 12 domestic destinations and 127 international destinations in 44 countries. It is among the top 20 airlines in the world in terms of passengers carried and is also the top-ranked international cargo airline. The carrier's cargo division, Korean Air Cargo, is the third largest cargo airline in the world. (KoreanAir.com, 2017). In 2012 Korean Air topped the *airlinetrends.com* ranking of the world's most innovative airlines, providing its passengers with a duty free showcase, branded bars and lounges, products from its own organic farm and a women-only lounge at Seoul's Incheon Airport.

The carrier frequently upgrades its fleet with the latest and most popular aircraft, including Boeing's 737 Sky Interior, 747-800 passenger jet and full-flat Prestige Sleepers from B/E Aerospace in Business Class. Korean Air is the only air carrier providing its passengers with the lowest seat-density in its A380 aircraft, including 12 first class suites, 94 full-flat business class seats and 301 economy seats accommodating only 407 passengers. On the contrary, the national carrier Air Koryo in the North Korea continues to be considered as one of the worst airlines in the world with its old aircrafts, unprofessional service, bad food and awful in-flight entertainment, which mainly addresses the patriotism propaganda (Economist.com, 2015).

Case Study: China

Despite the variety of social landscapes throughout the Asian continent, some similarities emerge in the region in terms of social development and its side effects. For instance, rapid economic growth strategies, based on imported capitalism and led by a central government, are commonly found in many nations of the Asian region, including China. Social innovation in Asia has emerged as a response to growing challenges often resulting from the 'failure' of modern welfare states and free market capitalism, and to numerous other problems beyond the current problem-solving capacity of existing institutions. In recent years the country has emerged as a dominant player in the global aviation sector supported by the active and efficient government policy framework. The country currently has the world's second largest air travel market and the second largest global aviation system after the United States. It is predicted that such rapid growth will continue over the next 20 years. The aviation industry here is an indicator to the general development of the whole country and is developing really fast since the 12th five-year-plan considers to invest 230 million US dollars. To meet the growing demand of the market, China buys more than 100 new passenger jets every year and plans to buy additional 6,020 new airplanes by 2033. Except buying new airplanes from well-known producers, China is also planning to develop and promote its local aircraft manufacturers in order to enter the large commercial manufacturing market (The Hope Institute, 2014).

The communication of citizen and government in China has been enhanced as citizens can access local government's portal. In comparison to the well-established legal and institutional framework in Korea, there are not any laws or regulations of e-government in China. The funding of partial e-government is sponsored by multinational corporations (MNCs), including IBM and Microsoft etc. because Chinese government considers economic development as the prior goal. The attractiveness official websites is quite low in China compared to the great participation of citizens in Korea. Citizens are less interested in the official website that only show positive image of the government. Lastly, the development is quite uneven between cities and rural areas. The main difference of e-government development was due to the purpose of the application. China focuses on economic development and retaining the central government control.

3. Airline social innovation cases

According to a social media research company Social Bakers and their marketing research platform, airlines are considered to be the most socially active among other industries and brands in terms of the response time, openness in communication and resolving issues. Social innovation became a vital part of corporate strategy of many airlines, such as KLM, Virgin Atlantic, Cathay Pacific, Air New Zealand and Emirates. Crowdsourcing proved to be a successful tool applied toward in-flight accessories, such as design of loyalty cards, eye masks, and even in flight snacks (Prabu, 2014). In 2011, Emirates crowdsourced artwork for the airline's frequent flyer program membership cards. Same year Cathay Pacific crowdsourced an Asian desserts contest on Facebook for North American and Canadian residents. Earlier in 2010 Air New Zealand crowdsourced project related to the finishing touches to the airlines all new B777-300 cabins in addition to creating mid-flight snack for economy class passengers, cocktail drink for premium economy class and a stylish eye-mask for business class passengers (DailyCrowdsource.com, 2016).

KLM

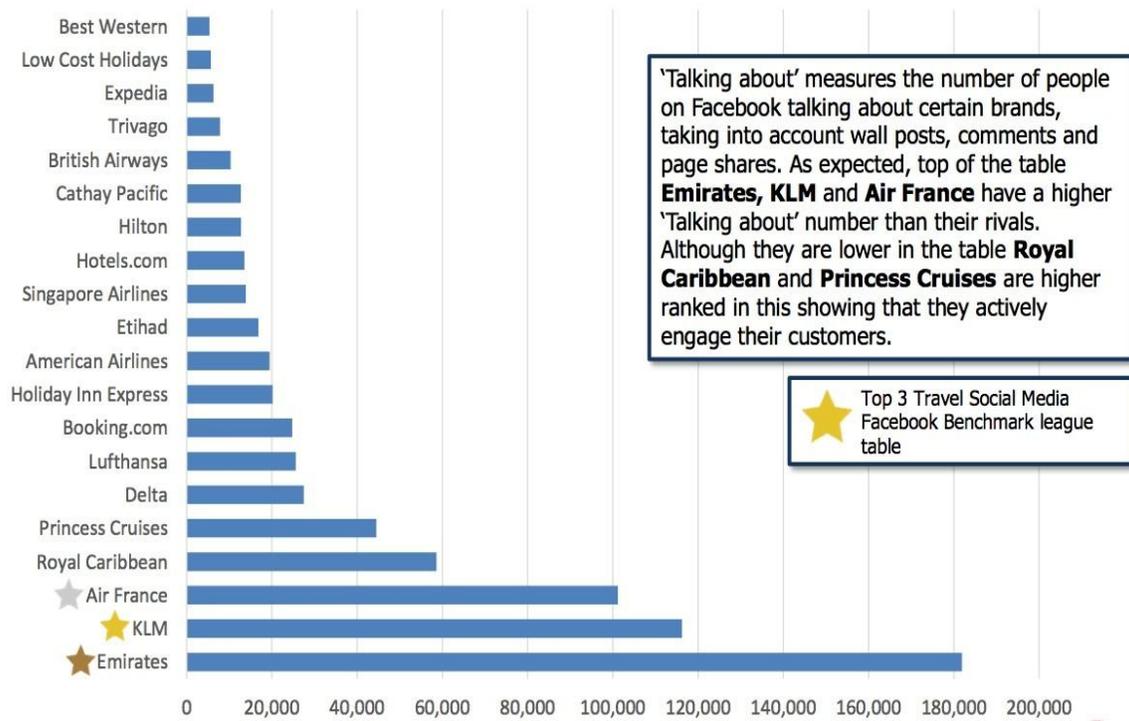
KLM Royal Dutch Airlines is one of the leaders among airlines to use big data and customer oriented approach on social media to increase sales, improve customer retention and attract new customers. It is proved by the fact that weekly KLM generates €100,000 in direct sales on social platforms. KLM is considered as the leading socially devoted brand by responding to more than 65% of their customers' queries within short timeframe in 14 languages and in real-time 24/7. In the first quarter of 2015, the airline's Question Response rate was at 95.5% with a Response Time of 58 minutes. It is a huge advantage for the customers who would like to make the last-minute changes in their reservation, buy a ticket, reserve a seat or another urgent request. Now by going online on KLM website and its corporate applications passengers get the fastest response, which allows the airline to soar above customer expectations. Among its notable developments are 3D global destination mapping in its iPad application, social graph based application MustSeeMap, space flight campaign ClaimYourSpace, destination tip service Local Eye, screening of Disney's Planes movie for kids, purchase gifts for passengers on flight via Wannagives, local information mashup site MyDreamCatcher, and many others applied in 2013-2014 years (McCulloch, 2015).

Back in 2012, KLM introduced an extremely innovative approach to passenger sitting under the program called "Meet & Seat" (M&S) when passengers were able to link their social media profiles (whether Facebook or LinkedIn) to their check-in information and choose a seating partner according to their profiles, which truly fits to the KLM promise of 'a journey of inspiration'. If joining M&S program, after completing check-in process passengers can view profile details of other passengers on the same flight within the same program. While for some passengers it might look too exposed for privacy, those joining the program expect to benefit from acquaintances with potential business partners or find fellow passengers speaking the same language or having similar interests.

What is even more exciting is that since the check-in can be done in advance, fellow passengers from M&S program can contact each other in advance to arrange the shared taxi or to meet for a coffee before the flight. As a result, the airline has always been rewarded by the passionate reactions of passengers on such social innovation efforts encouraging the airline to continue designing and developing new social activities to make the real difference (Olenski, 2012). In 2014, KLM topped the Facebook chart with just over 4.5m fans, followed by Air France (2.8m) and Emirates (2.3m) due to their large international customer base.

Figure 1 below shows the results of the ‘talking about’ data found on brand pages, where Emirates jumped to the top spot with KLM second and Air France third. KLM’s success on Facebook is partially attributed to the fact that the airline responds to questions in the customer’s native language in addition to a number of useful apps, such as the Flight Status app allowing users to track flights in real time.

Figure 1: Top 3 Travel Social Media Facebook Benchmark



Source: Moth, 2014.

The Figure 2 below shows the top ten brands successful on Facebook and Twitter due to their social media projects, campaigns, posts and responses to the customers, with KLM placing top position on Facebook and tenth position on Twitter. KLM’s Twitter account KLM_LocalEyes was another successful social media initiative when each week company’s employee around the globe took over the account and uploaded useful information, tips and less known facts about their destinations. MyDreamCatcher application aimed at helping travelers by providing access to local knowledge about destination, including accommodation, shopping malls, restaurants, bars and entertainment options at a given time, taken from twelve major sites, including TripAdvisor, YouTube, Facebook, Google Map, Flickr, Wikipedia and others. Wannagives service was even more personalized toward passengers’ preferences and needs as they could surprise their loved ones, family and friends with the pre-purchased gifts to be delivered onboard, including a box of chocolate, KLM goodies, extra legroom or upselling passengers into premium products. Setting up this emotional trajectory made it easier for flight attendants to do their job, as passengers were primed for an enjoyable experience (Prabu, 2014).

Figure2: Top 10 Brands on Facebook and Twitter (with KLM on top)

Source: Prabu, 2014

KLM went even further in their innovation strategies by promising to help travelers on any airline during #HappyToHelp week from October 13 till October 17, 2014. Even to non-customers the airline proved its high quality service by providing tailored weather reports, arranging a driver to pick up forgotten documents at home or hiring a speed boat on the Hudson River to ensure no travelers missed their flight from JFK airport. Travelers' problems were identified by 250 customer service representatives and agency personnel by monitoring problem-related postings on Twitter round-the-clock and sifting input from KLM ground staff. A special "command center" built at Amsterdam's Schiphol airport provided a physical access to the help center by passing-by travelers. Additional KLM teams were assisting from New York, Sao Paulo and Hong Kong. As a social innovator, the airline ensured that the most interesting and unusual problems were filmed for further videos and promotions on YouTube. #HappyToHelp was surely one of KLM's boldest social strategies to date, considering that the airline is already at the forefront of social marketing and customer service (Carter, 2014).

To summarize the corporate online presence within the last five years, KLM shared the gained knowledge of successful social campaigns and communication with its passengers on its corporate blog. The airline listed few major lessons learnt, including (a) the airline has to be where its customers are by providing updated information and support through Facebook and Twitter creating an international unified social customer service; (b) if the airline is active on social media through campaigns, offers and posts, it must provide customer support; (c) ability to provide fast response to customers' requests and complaints within less than 30 minutes; (d) while automatic feedback is time-saving, personal response will always win the customer; (e) one-stop-shop principle for social media; and (f) constant improvement of the services based on customers' feedback, complaints and suggestions (Haar, 2015).

Estonian Air

In 2011, Estonian Air was ranked the highest worldwide among the airlines by SimpliFlying, the world's leading airline brand strategy consulting company, for their innovations in marketing and social media, mainly its Facebook-based loyalty program AirScore, when airline's "ambassadors" shared the company's airfares, offers on other provided services, cultural and sport events taking place in Estonia, etc. Airlinetrends.com, an independent industry and consumer trends research agency, also recognized the successful achievements of Estonian Air's program AirScore by placing the airline as the leader among other ten innovative products and services concepts launched by airlines in 2011 around the world. The airline was the first one to launch a social loyalty program fully-powered by social media, mainly Facebook platform. In such a way, customers got an opportunity to be rewarded by their reviews and feedback about the airline products and services, promoting ads of the airline's products and services, increasing the number of online and offline bookings, increasing the number of loyal and new customers and increasing the website traffic, even without having to fly the airline (Tere, 2011).

This campaign was able to achieve over 1 million wall impressions just with the first week after its introduction, which led to winning 2011 Best Social Media Campaign prize at Mega Awards in Miami, Florida. Due to this campaign, the number of airline's ambassadors grew by 41% and the amount of shared content by 37% on average (Pal, 2012).

During critical times when urgent changes are necessary, crowdsourcing can be a perfect solution to solicit ideas from the travelers on how to improve airline services and what passengers would like to see in the future proved by Estonian Air once again. The airline implemented new social innovation strategy based on crowdsourcing to further enhance the airline's services and attract more passengers. Customers were given an opportunity to provide feedback on the services they would like to see the improvements in, whether it is an enhancement to existing services or the introduction of new services.

Estonian Air engaged with its customers through social media using various platforms, such as direct email, social web and Facebook. Just on the first day of the launch of "My Estonian Air" campaign more than 300 responses were received, which allowed the airline to review and analyze both positive and negative feedbacks concerning its existing products and services and to hear the ideas concerning future projects that their customers thought would be effective and efficient for the airline. To reward the best ideas, the airline was offering complimentary flight tickets, pre-flight and in-flight services. The main goal of this social campaign was to channel the efforts towards specific business objectives through corporate social media platforms as ideas laboratory, where new solutions and sales opportunities are identified, tested and implemented (Klein, 2015).

Air Canada

In order to stay competitive at the international aviation market, Air Canada designed and implemented few successful social innovation projects with vivid benefits for its shareholders, customers and partners. The recent success of Air Canada is mainly due to the successful strategies applied by its current CEO Calin Rovinescu, who took the position on April 1, 2009 with numerous challenges and problems inside the airline. But within just seven years was able to shore up the airline finances, surplus the pension deficit and successfully launched a lower-cost vacation airline Rouge. Rovinescu emphasizes that such success was due mainly to active participation of his team and stakeholders and employee empowerment for bringing new changes into the airline domestic and international strategies. The fleet expansion with new 787s allowed the airline to open and operate new routes, destinations and frequencies allowing to compete with WestJet, low-cost carrier Newleaf and few others (FinancialPost.com, 2016).

In June 2016 Bombardier Commercial Aircraft and Air Canada announced a firm purchase agreement for 45 CS300 aircraft and options for an additional 30 CS300 aircraft. (Bombardier.com, 2016). Same year, the Canadian national carrier was building engagement around the Olympics through an enhanced Twitter strategy with new airline branding and Canada-focused conversations about the Rio Olympics. As part of its broader #FlyTheFlag platform, the airline is brand-building around key moments from the Games, calling attention to its red-and-white maple leaf identity when Canadian athletes perform feats of greatness. The #FlyTheFlag execution on Twitter was an example of real-time adaptive marketing allowing the brand to own a really relevant moment, leverage fresh ads, add value to the target audience and curate the message through the moment (Fatah, 2016). In addition, Air Canada implemented crowdfunding social innovation strategy to fund opening of a new route by launching Embarq website. This travel-fundraising website created in partnership with marketing firm JWT, facilitates contributions to a travel goal by encouraging users to upload photos or a video story and spread the campaign through social media. Approximately 40 percent of the profiles were for group trips and the top five destinations were Toronto, London, Paris, Vancouver and Tokyo. A major incentive for travelers to use Embarq over other websites such as GoFundMe, IndieGoGo and Kickstarter is the lack of fees and the ability to collect funds even if users do not reach their set goals. Funds collected through Embarq went toward an Air Canada gift card for airfare, seat selection and baggage fees. Such social innovation strategy was potentially advantageous for both the airline and its travelers, who got their dream-trips funded (Schensul, 2016).

Turkish Airlines

Turkish Airlines is also among the top most innovative airline companies for both their domestic and international destinations. Considering the recent regulations for the US and UK flights concerning restrictions of electronic devices onboard of these long-haul flights, Turkish Airlines proved to be creative and proactive in order to keep and impress their business class passengers. Starting from May 12, 2017 onboard of their US flights Turkish Airlines started offering laptops branded with airline corporate identity. The same service will be provided shortly onboard of their UK flights. In order to request such service, the business class passengers have to provide their personal laptops to the authorized TK staff before the flight and then use the corporate laptop during the flight with an opportunity to copy their personal works to a USB memory stick for further use. Such initiative will definitely keep the existing business class passengers loyal to the airline and will help to attract new businessmen, who do not have access to such service on other airlines they got used to fly with (Karantzavelou, 2017).

4. Findings and Recommendations

Airline social innovation can be an effective tool to achieve several goals, including providing new and more professional techniques that can make the difference of implementing the desired social needs, applying excellent scenarios with applicable methods for monitoring and overcoming the social challenges through the participation of local and loyal partners, creating various stakeholders through new ways of working together and delivering results with less resource. At the same time, the governmental and administrative authorities at various levels should consider many issues related to social innovation, including attracting amortizable investment in long-term capital assets instead of an ordinary operating expense to be charged against revenue for the period in which it is incurred, combining funds with the same investment objectives, creating a vision to guide the change through inspiration to improve the service quality of public sector, adopting cooperative management with clear and transparent supervision through a network with value added to the business. Certain requirements, restrictions and guidelines, aiming to maintain the integrity of the financial system should be established efficiently. Industry self-regulations, self-regulatory organizations and trade associations should collaborate and allow the airline industry to set rules with less government involvement and fair competition, targeting the aim of decreasing borrowing costs and increasing the variety of available financial products.

References

- Adams, E. (2016). *Crafty Ideas to Make Drone Deliveries Work for Everybody*. August 8. <https://www.wired.com/2016/08/crafty-ideas-make-drone-deliveries-work-everybody>
- Bacq, S. and Janssen, F. (2011). The multiple faces of social entrepreneurship: A review of definitional issues based on geographical and thematic criteria. *Entrepreneurship and Regional Development*. Vol. 23, Issue 5-6, pp. 373-403.
- Bombardier.com. (2016). *Air Canada and Bombardier Finalize Landmark C Series Order for up to 75 Aircraft*. June 28. <http://www.bombardier.com/en/media/newsList/details.bombardier-commercialaircraft-20160628-air-canada-firm-c-series-.bombardiercom.html>
- Carter, M. (2014). *KLM's New Social Strategy: Happy To Help—Any Traveler, Anywhere, Any Airline*. <https://www.fastcocreate.com/3037031/klms-new-social-strategy-happy-to-help-any-traveler-anywhere-any-airline>
- Chell, E. Nicolopoulou, K. and Karataş-Özkan, M. (2010). Social entrepreneurship and enterprise: International and innovation perspectives. *Entrepreneurship and Regional Development*. Vol.22, Issue 6, pp. 485-493.
- DailyCrowdsource.com. (2016). *What Else can an Airline Crowdsources?* <https://dailycrowdsource.com/content/open-innovation/202-what-else-can-an-airline-crowdsources>
- Economist.com. (2015). Air Koryo: Still the world's worst airline. *The Economist*, September 16. <http://www.economist.com/blogs/gulliver/2015/09/aviation-north-korea>
- European Commission. (2013). Guide to Social Innovation. DG Regional and Urban Policy. February.
- European Commission (2014). *Boosting Open Innovation and Knowledge Transfer in the European Union*. https://ec.europa.eu/research/innovation-union/pdf/b1_studies-b5_web-publication_mainreport-kt_oi.pdf
- Fatah, S. (2016). Why Rio inspired Air Canada to get more social. *MediaInCanada.com*. August 11. <http://mediaincanada.com/2016/08/11/why-rio-inspired-air-canada-to-get-more-social>

- FinancialPost.com. (2016). *Canada's outstanding CEO of the year: Air Canada's Calin Rovinescu*. November 1. <http://business.financialpost.com/financial-post-magazine/canadas-outstanding-ceo-of-the-year-air-canadas-calin-rovinescu>
- Haar, G. (2015). *What has KLM learned from 5 years of social media service?* April 17. <https://blog.klm.com/what-has-klm-learned-from-5-years-of-social-media-service>
- Han, S., Kim, J., Rim, S., and Park, A. (2013). Seoul City's social innovation strategy: A model of multi-channel communication to strengthen governance and citizen engagement. *Social Frontiers*. <http://www.transitsocialinnovation.eu/content/original/Book%20covers/Local%20PDFs/98%20SF%20Han%20Kim%20Rim%20%20Park%20Seoul%20Citys%20social%20innovation%20strategy%202013.pdf>
- Karantzavelou, V. (2017). Yet another innovation from Turkish Airlines for its US and UK bound flights. *Travel Daily News*. https://www.traveldailynews.com/post/yet-another-innovation-from-turkish-airlines-for-its-us-and-uk-bound-flights?utm_content=bufferd95c8&utm_medium=social&utm_source=facebook.com&utm_campaign=buffer
- KoreanAir.com. (2017). <http://www.koreanair.com>
- Korosec, R. and Berman, E. (2006). Municipal support for social entrepreneurship. *Public Administration Review*, May/June, pp. 448-462.
- Kosonen, T. (2016). *Equity based crowdfunding - understanding what attracts investors*. LUT, School of Business.
- ayers, J. (2005). *Stakeholder Power Analysis*. International Institute for Environment and Development.
- McCulloch, A. (2015). *KLM - Fuelling Innovation with Data and Customer Support*. SocialBakers.com, June 10. [https://www.socialbakers.com/blog/2421-klm-fuelling-innovation-with-data-customer-sup po rt](https://www.socialbakers.com/blog/2421-klm-fuelling-innovation-with-data-customer-support)
- Moth, D. (2014). KLM tops league table of most popular travel brands on social. *Econsultancy.com*. <https://econsultancy.com/blog/64138-klm-tops-league-table-of-most-popular-travel-brands-on-social>
- O'Byrne, L., Miller, M., Douse, C., Venkatesh, R. and Kapucu, N. (2013). Social Innovation in the Public Sector: The Case of Seoul Metropolitan Government. *Journal of Economic and Social Studies*. <http://eprints.ibu.edu.ba/2396/1/4.%20O%27Bryan,%20Miller,%20Douse%20...pdf>
- Olenski, S. (2012). *KLM: A Company That 'Gets' Social Media*. Forbes.com, February 27. <https://www.forbes.com/sites/marketshare/2012/02/27/klm-a-company-that-gets-social-media/#89b58591027c>
- Pal, S. (2012). For leading the creation of the World's First Social Loyalty Program for an Airline, Tero Taskila is the Simpli Flying Hero of March 2012. *SimpliFlying.com*, April 6. <http://simpliflying.com/2012/for-leading-the-creation-of-the-worlds-first-social-loyalty-program-for-airlines-terotaskila-is-the-simpliflying-hero-of-march-2012>
- Parker, J. (2012). 8 Best Practices for Stakeholder Engagement. *Enfocus Solutions*. <http://enfocussolutions.com/8-best-practices-for-stakeholder-engagement>
- Prabu, K. (2014). *Airlines are the most socially active industry (with KLM at the top)*. Tnooz.com. <https://www.tnooz.com/article/airline-industry-socially-active-KLM-at-top>
- Ringel, M., Taylor, A. and Zablit, H. (2017). *The most innovative companies 2016*. The Boston Consulting Group.
- Schensul. (2016). *Is crowdfunding for travel the way to go?* [Online], Accessed: September 3, 2016. [http://www.myajc.com/news/travel/is-crowdfunding-for-travel-the-way-to-gons F3S/](http://www.myajc.com/news/travel/is-crowdfunding-for-travel-the-way-to-gons-F3S/)
- Seelosa, C. and Mairb, J. (2005). *Social entrepreneurship: Creating new business models to serve the poor*. Volume 48, Issue 3, May-June, pp. 241-246.
- Tere, J. (2011). *SimpliFlying ranks Estonian Air as highest in marketing innovations*. The Baltic Course. http://www.baltic-course.com/eng/good_for_business/?doc=50894&ins_print
- The Hope Institute. (2014). *Social Innovation in Asia: Trends and Characteristics in China, Korea, Japan and Thailand*.