

**ISMC 2017**  
**13<sup>th</sup> International Strategic Management Conference**

**STRATEGIC PLANNING, INNOVATION, AND BUSINESS  
DEVELOPMENT RELATIONSHIP: TURKISH AIRLINES CASE  
STUDY**

Didem Rodoplu Şahin (a)\*, Aydan Savici (b), Furkan Polat (c)

\* Corresponding author

(a) Kocaeli University, 41001, Kocaeli, Turkey, [drodoplu@gmail.com](mailto:drodoplu@gmail.com)

(b) Kocaeli University, 41001, Kocaeli, Turkey

(c) Kocaeli University, 41001, Kocaeli, Turkey

*Abstract*

The airline industry is one of the sectors where competition is most intense. Business enterprises need to develop innovative competition strategies and make a difference to be able to continue their operations in this environment and to be successful. Competition sets out the diversity in the quality, pricing, and presentation of the goods and services produced/offered in the sector. The expectation of customers is to provide quality goods and services at reasonable prices. They need to be able to do so to succeed in their business.

Turkish Aviation market continues to expand and develop as direct result of the increasing infrastructure and fleet investments which led to more affordable ticket prices and increased connectivity. During the period of 2003-2014, Turkish aviation industry has grown by 13.7% annually, while this growth rate for the global aviation industry was 5.7%. In our study, the needs of the aviation sector in strategic planning, innovation, and business development areas are explained and modelled on Turkish Airlines example.

© 2017 Published by Future Academy [www.FutureAcademy.org.UK](http://www.FutureAcademy.org.UK)

**Keywords:** Strategic Planning, Innovation, Business Development, Turkish Airlines.

## 1. Introduction

Turkish Airlines (TK) was founded in 1933 as a state-owned enterprise commencing operations with a fleet of 5 aircraft and a total seat capacity of just 28 (After the Second World War, Turkish Airlines benefitted from the post-war US assistance programme which gave the carrier an upgraded fleet of Douglas DC-3s (Funding Universe, 2013.).

Its network scope was primarily domestic until the 1960s when its focus changed to international operations, in part due to a minority stake (6%) held by BOAC (British Overseas Airways Company) and started to operate a combination of Viscount, Fokker and later McDonnell Douglas and Boeing jet aircraft. The carrier's financial struggles commenced in the 1980s and ran through to the early 1990's partly as a result of its reputation for delays and a sub-standard safety performance. The country was also plagued by inflation at the time which made it difficult for the carrier to raise sufficient capital to purchase aircraft (International Directory of Company Histories, 2006). Political intervention as a result of continued state subsidy was also hindering the formation of a coherent and sustained competitive strategy at Turkish Airlines in the years preceding domestic deregulation and further privatisation (from 2003 onwards), which was partly down to the political influence of the government-linked labour union (the Turkish Civil Union of Aviation). This type of experience was not unique but mirrored by the experiences of many other state-owned carriers at the time, as detailed in Doganis (2006).

The aim of our study is to explain and model the needs of the aviation sector in the field of strategic planning, innovation, and business development through Turkish Airlines example.

Strategic Planning, Innovation, and Business Improvement processes have been examined, and the connection with the aviation sector has been handled before our study on the air transport sector where literature and resources are few. Afterward, the resulting model is given in the conclusion section. During the case study of this study, the support of Turkish Airlines' Strategy Department has been received for valuable documents and strategic plans.

## **2. Literature Review and Theoretical Framework**

### **2.1. Strategic Planning**

The most critical stage of strategic management is strategic planning. Although strategic planning has been confused with strategic management formerly, it is now being dealt with separately from strategic management. Strategic planning is a group of tools, processes, and concepts designed to help managers, leaders, and planners for strategic thinking and acting. Strategic planning helps the organization develop and establish an effective strategy (Bryson, 1995).

Strategic planning requires a relatively extended period due to goals and planning premises. For this reason, it can be said that the longest planning is the strategic planning (Grigsby, Stahl, 1993). Strategy building actions require people to invest time and money. In this respect, strategic studies are often neglected or seen unnecessary. Strategic planning includes the general objectives that are planned to be achieved in the future as determined by top management in almost every organization, even every social institution. These goals are carried out through people, so it is necessary to share their targets (Findikçi, 1999).

Definitions made reflect the importance of managers' responsibility by emphasizing that strategic planning should not be done in a short period. In this context, it is possible that decisions made in a short time without doing the necessary analyses will affect the organization as a problem in the future.

The success of strategic implementation and evaluation depends mainly on a strong strategic planning.

We need to answer the following four basic questions when strategic planning is carried out:

- Where are we? Where do we want to go? How can we reach where we want to go? How do we track and evaluate our achievement?

Strategic planning requires the institution to choose and implement the most appropriate strategy among others, in other words, strategic planning is a process that must be kept up to date and applied.

Strategic planning is crucial to the success of strategic management. The implementation of the strategy is pioneered by the manager, and every occupation should participate in the implementation of the strategy. Establishing an appropriate structure for the planning team to be involved in all phases of strategic planning is critical to the success of the work to be undertaken.

## **2.2. Innovation**

We can define innovation as the process of transforming new, different ideas into an economic value. It is a costly investment that only big companies could do before the 21st century, but nowadays it has become a necessity for all businesses to survive. This fast-paced change is related to the rapidly developing technology and communication network of the world.

Modern economic growth, which started with the industrial revolution and accelerated gradually, has been sustained by the rapid and persistent progress of scientific knowledge and technology. Technological innovations are the main forces behind long-lasting economic growth and the ability to support competitive power (Shefer, & Frenkel, 1998). Economic growth comes from sudden, slow, or gradual improvements in technology, and knowledge that has been gained to physical and human capital.

Two main different approaches to the definition of innovation included in the literature. Sometimes referred to as a "thing" (recognition of a product for the first time in a market or region); sometimes referred to as a "process" (the first time a new product is discovered and the process of discovery).

Rogers defines innovation as "ideas, practices or objects that perceived as new by the individual or by other units that adopt it" (Rogers, 1983). On the other hand, Dosi (1988) defines Innovation as "a process of adopting and commercializing a new product, method or organizational structure by researching, exploring, experimenting, developing or imitating". Here, innovation is expressed as a product in the first definition and as a process in the second definition.

According to Schumpeter, the first economist who most expresses innovation, innovation can emerge in five ways, leading to economic development.

These are: (Ekelund, & Hebert Robert, 1997)

The creation of new consumer goods, The creation of new production methods, The creation of new markets (sectors), Finding new sources of supply, The creation of new forms of industrial organization.

Today's strategies in aviation business are no longer sufficient for differentiation. There, the concept of strategic innovation emerges as a solution.

Strategic innovation is the creation of new market areas, new business models and differences to increase value and ensuring a new growth as a result.

As well as the SWOT study in strategic planning, it is necessary to analyze threats and innovative ways with a similar approach in the Strategic Innovation study. The innovation life cycle needs to be built

for aviation businesses and other businesses to succeed. The innovation life cycle consists of a strategy map, the collection of ideas, evaluation of ideas, and implementation phase. Briefly, Innovation Management assists in determining which strategic activities of the company are priorities.

### **2.3. Business Development**

Business development is the regular activities that companies make to strengthen their position in finance and the market and to increase their competitive power. It is a system that does not usually make a profit in the short term, but if they are positioned correctly in the medium and long term in the case of executing strategic plans efficiently, it succeeds.

Business Development Departments in Companies; It is an all-in-one organization that includes the sub-branches such as Organization Theory, Strategic Management, Marketing, Sales, Customer Relationship Management (CRM), Potential Growth Management, Analytical Feedback Management, Acquisition, Accounting and Financial Planning and Customized Systems. It is necessary to carry out parallel work with all departments of the company because it has different approaches and working areas (Ünsaldı, 2015).

Emphasis on modern business development areas is on the following topics; strategy aimed at customer satisfaction processes leading to highest-yielding, unlimited horizontal organizational structures managed by projects.

In Van Der Merwe's 2002 article, he investigated the management and project management strategies, structures, processes and integration and implementation analysis of the projects and thus facilitated the development of business (Vorst, Van Dongen, Nougier, Hilhorst, 2002).

The traditional thought school has tried to produce analytical techniques to describe the best way to do the job. The theory is based on four columns: division of labor, scalar and functional processes, structure and control. (Vorst, Van Dongen, Nougier, Hilhorst, 2002).

The strategy of identifying deficiencies, followed by the competitive sector analysis, which deals with a broad range of fields from the product and service development process to the marketing process, is the initial steps for business developers to start a new project. Within the framework of "Networking" which is crucial in our age; establishes strategic relationships and alliances with other companies and individuals on solid references. Additionally, in the case of customer selection, decision-makers will particularly facilitate selection, research, marketing and sales as well as facilitate the return of the initiative. Mixed research and marketing processes can also be strengthened by SWOT analyses to reduce market risks.

Although marketing, project management, sales seem to be taking all the weight in the business development process, the main parts and sub-processes mentioned above are also involved in the process. Not only the SWOT analysis should not be given up the idea of the current market, but also future products and services that are already influencing.

As it understood, the business development process is one of the most important parts of the company, which is integrated into every step of the organization rather than in a single department.

Due to the multiplicity of the parts it is associated with, and in most cases, the project and marketing processes are produced from scratch, it has a mixed structure by default. In the simplest case, the business development plan is as follows (Ünsaldı, 2015).

**Table 01.** Business Development Plan

Strategic Targets and Tactics	→	SWOT Analysis		→	Financial and Organizational Structure	→	Sustainability
1.Product and Service Development			Positive	Negative	1.Strategy		1.Future Strategies
2.Customer Communication Process		Internal Factors	S	W	2.Activity and Tactic		2.Activity and Tactic
3.Marketing/Public Relations		External Factors	O	T	3.Cost		3.Timeline
4.Employee Development					4.Team		↓
<b>BUSINESS DEVELOPMENT PLAN</b>							<b>Expected Results and Evaluations</b>

**Resource:** (Ünsaldı, 2015).

Business development is one of the cornerstones of contemporary managerial strategies open to inter-departmental work, which will also affect the organizational structure. In this context, business development is a matter that needs to be addressed from the perspective of organizational structure, not just a job description and title. It should be used together with SWOT analysis and innovation interaction in the aviation sector to ensure sustainable competitive advantage of enterprises.

### 3. Research Method

Because of the research topic, the "case study" method was chosen as the most appropriate method for the research. Because it is a form of analysis that organizes and examines the different findings and inferences that are obtained from case studies, answers to specific questions, gives the best possible answer to research questions, and summarizes and collates them. (Gillham, 2000, p:2).

According to Yin (2003), the case studies; It is more appropriate or even more difficult to find out how and why questions are heavily weighted, where the researcher has no influence on the case / event / situation, in real life / living, but not over-working. (McDonnel et al., 2000, p:385).

Strategic Planning, Innovation, and Business Improvement processes have been examined, and the connection with the aviation sector has been handled before our study on the air transport sector where literature and resources are few. Afterward, the resulting model is given in the conclusion section. During the case study of this study, the support of Turkish Airlines' Strategy Department has been received for valuable documents and strategic plans.

### 4. Findings

#### 4.1. Turkish Airlines' Strategic Planning, Innovation, and Business Development

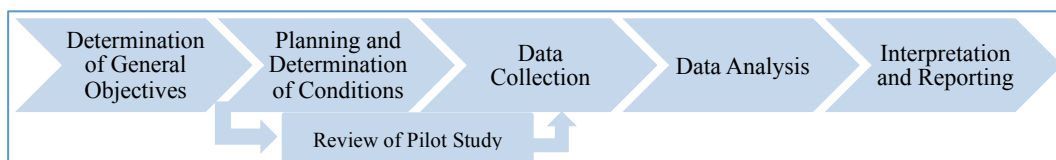
Airline companies must adopt an innovative approach to be successful and gain competitive advantage. Otherwise, they will fall into a loop that succumbs to the unbearable competition of the industry and drifts through the business.

Market Forces Analysis was conducted to determine the near and distant environment of the market where Turkish Airlines operates. For the situation in the market, the SWOT Analysis was developed to determine the strengths, weaknesses, threats and opportunities that could be encountered. The case study with industrial support, new ideas and services developed with the innovations in Turkish

Airlines through SWOT analysis results, case study examining new economic value and a qualitative study were conducted linked with the business development in Turkish Airlines through critical events.

The methodology of case studies is a method that focuses on the variables in the managerial situation. The main aim is to solve the problems that may be encountered in life with the participation of the participants. The event is presented in an understandable language, discussed and opened with a discussion on the subject. The analytical event technique is an extension of detailed information about an experience they have encountered in the service industry particularly. Critical events have been identified in the study of the technique developed by Flanagan, and the critical event technique is described in five steps of the analysis process (Yüksel, 2007 s.183, 247).

- 1- Deciding on the general objectives of the work.
- 2- Developing conditions for the collection of plans and actual events related to the work
- 3- Collection of data (Focus group, interview or questionnaire)
- 4- Analysis
- 5- Interpretation or reporting



**Figure 01.** The Analysis Process of Critical Events Technique (Williams, 2003)

## 4.2. Evaluation of Turkish Airlines Management regarding Strategic Plan and SWOT

### Analysis

The success of today's competitive environment where economic, socio-cultural and technological changes are taking place, and new performance criteria emerged depends on Turkish Airlines 's strategies to determine their strengths and weaknesses and to maximize opportunities.

The SWOT analysis allows Turkish Airlines to analyze both its internal situation assessment and the status of outside competitors. There are two main benefits of SWOT analysis for Turkish Airlines. Firstly, the SWOT analysis is used to determine the current situation of the company and to identify the strengths and weaknesses and the opportunities and threats faced by the corporation in this framework. In this sense, SWOT is a "current situation" analysis of Turkish Airlines. At the same time, the SWOT also allows us to identify and predict what future situation of Turkish Airlines will be. Therefore, SWOT is also a "future situation" analysis (Table 2).

Turkish Airlines 's ability to make the best use of the resources and possibilities it possesses by making intelligent and systematic analyses in the process of realizing the targets listed below and to develop new tactics and strategies to reach these aims makes it necessary to carry out such analyses.

OT analysis needs to be conducted in line with the global objectives and with the innovations developed after the necessary evaluations for Turkish Airlines to continue to grow and succeed.

#### **4.2.1. Strengths**

##### **Geographical location of Turkey:**

Turkey is in an important position in the Asia-Europe corridor, which shares a vast majority of 66% of aviation traffic. Turkish Airlines takes advantage of this post of Turkey and regards Istanbul as a hub.

##### **Being a flag-carrier company:**

Turkish Airlines is the flag carrier company in Turkey. It brings some privileges by the state in international transportation. When the aviation rights are shared, the company is given priority and various privileges.

##### **Having a young fleet structure:**

Turkish Airlines has a young fleet structure compared to its competitors in the sector.

##### **Having an extensive distribution network:**

Turkish Airlines provides superiority to its competitors by flying to 228 international destinations and 48 domestic destinations in 110 different countries. Turkish Airlines is flying at least once a day to 76% of these lines (Turkish Airlines, 2015).

##### **Strong financial structure:**

As of 30 June 2015, the share capital of the partnership has been announced as 5,000,000,000 (five billion) Turkish Liras (Turkish Airlines, 2015).

##### **Having an increased market share:**

Turkish Airlines increases its market share day by day.

##### **Being strong in domestic market:**

Determining the competition strategy in the local market as service quality and confidence, Turkish Airlines is more active in the domestic market due to factors such as low-cost competitors in the local market to perform high-profit point-to-point flights and compete on price.

##### **Cost advantage compared to competitors:**

Istanbul, which is the transfer point for the world's largest markets, has a position to be able to shorten flight times and to use different fleets. It gives them superiority over issues such as being able to connect at shorter distances and use a narrow body fleet to provide cost advantages over point-of-points such as Doha, Dubai which is the centerpiece of the main competitors.

##### **Having affiliates and subsidiaries:**

Turkish Airlines considers the benefits of participation and cooperation to increase its success in the sector. The company is aware of that it is not enough to be the only one in the global arena to be the best, it has its affiliates and the service provider position.

#### **4.2.2. Weaknesses**

##### **Too much state intervention:**

The state can intervene in some issues such as political, social and security concerns. This intervention can be the assignment of managers to businesses, the supply of aircraft from the desired producers, the compulsory flying of certain points, the control of competition in the internal and external markets, and the price determination. Turkish Airlines is subject to state intervention in this way.

##### **Not having a customer-focused culture:**

Turkish Airlines maintains an operation-oriented culture in general. For instance, they plan the flights; it can be scheduled to provide more use of the aircraft than to the hours that are convenient for the customer.

##### **Having a fleet structure of very different types:**

Turkish Airlines has a wide variety of fleets including 4 A340-300, 26 A330-300, 19 A330-200, 54 A321-200, 29 A320-200, 14 A319-132 / 100, 22 B777-300ER, 92 B737-800, 7 B737-700, 3 A310 CARGO, 7 A330-200F CARGO, 15 B737-900ER, 6 Embraer E190 (Turkish Airlines, 2015). Reducing this diversity can decrease maintenance, repair costs and staff training and planning costs.

##### **Employee dissatisfaction:**

There is dissatisfaction with staff who end up managing human resources with political outcomes in the company. It is also an example of the fact that the employees of the Hava-İş Union have already done job-leaving action in the past years.

##### **The high number of the recent accidents:**

Turkish Airlines has 15 accidents since its foundation. Fourteen of these accidents were fatal. The most striking of these accidents was the crash in France in 1974, which resulted in 346 people losing their lives. This accident has entered the world rankings as the second accident with the highest mortality.

#### **4.2.3. Opportunities**

##### **Flight network abroad is expandable:**

Many destinations have not yet been flown.

##### **The development potential of cargo transportation:**

Turkey has a convenient position for cargo transportation, but exported products are not suitable for transport by air. With the elaboration of the logistics master plan, the potential for air cargo transportation can be increased (TOBB, 2014).

##### **Unmet customer expectations yet:**

Some clients have not yet flown but have the potential to fly.



#### **Increased tourism potential:**

The airline is the most used type of transportation for tourism in Turkey. Therefore, all positive developments regarding tourism, such as the removal of international organizations and visas in the country's tourism will be positive in airline enterprises (TOBB, 2014).

#### **State support for transportation infrastructure:**

Transport Ministry of Maritime Affairs and Communications continues its activities for the economic and cultural development of the country in line with the objectives of 2023. Among the 2023 targets, the largest example in aviation is the 3rd airport built in İstanbul. This project will strengthen and carry forward the position of the country in the world.

#### **Growth potential of affiliate revenues:**

Turkish Airlines strengthens its global brand identity on its way to becoming a pioneer with its subsidiaries. Turkish Airlines increases its competitiveness by increasing its efficiency while decreasing its costs with its subsidiaries. Also, subsidiaries have been brought to profit centers by providing services to other companies.

#### **Supported government's foreign policies:**

Turkey's foreign policy visions include removing visas for other countries, primarily border neighbors. In this way, it is aimed to increase the interaction, investments, and cooperation among the countries. Turkish Airlines acts as a bridge for new markets, and this increases the passenger and cargo potential. Also, the government supports bilateral negotiations conducted by the General Directorate of Civil Aviation with other countries.

#### **4.2.4. Threats**

##### **Increased competition in international and domestic markets:**

International competitors such as Lufthansa increases their activities by establishing subsidiary companies that will carry out related activities besides their core operations and expand their flight networks, and strong competitors such as Emirates and Qatar Airways continue to grow by strengthening their investments which enhance competition on the outside market. In addition to this, competition is rising with the increase in the number of low-cost carriers.

##### **Infrastructure problems in the sector:**

The aviation industry in Turkey continues to grow. However, this growth is not equal across the country. The airports in Istanbul and some high-potential airports have a larger share of the air traffic and continue to grow. In this case, airports experience capacity problems. Also, Istanbul airport is an important cargo center. However, independent use of the runways at the same time does not have such a large enough parking space (TOBB, 2014).

##### **The increase of high-speed train services among the major cities:**

High-speed train networks are a threat to Turkish Airlines.

**Increased fuel costs and instability:**

Changes in petrol prices also affect jet fuel prices.

**Weak relations with the Hava-İş Union:**

A vast majority of Turkish Airlines employees are a member of the Hava-İş union. Despite the threat to Turkish Airlines, the company encourages membership to the union. Many flights were canceled on June 16, 2006, when many members of the union did not come to work. The strike decision was taken in 2007, but it was blocked by the government. Wishes of the union have been accepted, and employees have been paid to arise. This situation has caused the reputation of the company to be damaged in public.

**Table 2.** Turkish Airlines' Swot Analysis

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
Geographical location of Turkey Being a flag-carrier company Having a young fleet structure Having an extensive distribution network Strong financial structure Having an increased market share Being strong in domestic market Cost advantage compared to competitors Having affiliates and subsidiaries	Too much state intervention Not having a customer-focused culture Having a fleet structure of very different type Employee dissatisfaction High number of the past accidents
<b>OPPORTUNITIES</b>	<b>THREATS</b>
Flight network abroad is expandable Development potential of cargo transportation Unmet customer expectations yet Increased tourism potential State support for transportation infrastructure Growth potential of affiliate revenues Supported government's foreign policies	Increased competition in international and domestic markets Infrastructure problems in the sector Increase of high-speed train services among the big cities Increased fuel costs and instability Weak relations with the Hava-İş Union

**4.3. Innovative Practices on Turkish Airlines**

With the development of jet-powered passenger aircraft following the Second World War, the airline industry has a new understanding of the world. Even if the oil crises in 1973 and 1980, the Gulf Wars in 1991, terrorist attacks such as the September 11 attacks, and epidemics all obstructed the development of the airline in the world, the sector continued its day-to-day development (Pilarski, 2007).

Many issues affect the aviation industry. The changes that are taking place in these matters allow the industry to change and shape. These include examples of liberalization, privatization, cooperations, technological developments, inadequate capacity at airports and airports, cost increases, increased competition and growing costs, adverse weather events, wars, crises, ups and downs in the economy (Doganis, 2006).

The airline industry is one of the sectors where competition is most intense. Business enterprises need to develop innovative competition strategies and make a difference to be able to continue their operations in this environment and to be successful. Competition sets out the diversity in the quality, pricing, and presentation of the goods and services produced/offered in the sector. The expectation of customers is to provide quality goods and services at reasonable prices. They need to be able to do so to succeed in their business.

Airline enterprises are forced to undertake innovative work to maintain their assets. As Turkish Airlines continues to grow with ever-increasing preferred rate, it conducts efficient and innovative activities such as Table 3 to transform current opportunities in the sector into advantages with its strengths.

**Table 3.** Turkish Airlines Innovations

<b>Network Strategy</b>	Turkish Airlines is pursuing efficient network and marketing strategies to increase its profitability while growing and providing passenger rise to meet capacity increment.
<b>Growth Strategy in Africa</b>	In the African region where aviation is growing rapidly, Turkish Airlines' growth plans are continuing.
<b>Customer Focused Global Brand with Strengths</b>	Turkish Airlines, which has made great strides in recent years with its geographical position advantage, measures against costly and cost-reducing policies, high service quality regarding low operation cost, importance given to customer satisfaction, successful participation activities, strong network structure and organic growth strategies, today it has become a global brand.
<b>Subsidiaries</b>	Turkish Airlines, which has only one subsidiary in 2003, has moved its operational success to institutional development and has become a giant corporation with 12 subsidiaries.
<b>Brand Image</b>	Turkish Airlines is making a strategic plan for important projects to improve its global brand image.
<b>Low Cost Operation</b>	Turkish Airlines also maintains cost-effective projects to realize its 40 billion TL turnover target with high profitability and reduce its sensitivity to increasing costs.

**Resource:** This was created by the author using Turkish Airlines A. O's 2015 annual report data.

#### 4.4. Turkish Airlines Business Development

Business development is the regular activity that businesses make to strengthen their position in both finance and market and to increase their competitive power.

Miles & Smiles, the Turkish Airlines' private passenger program, emerged during the business development process as an outstanding product that creates long-term relationships with passengers, constitutes agreements and collaborations, and generates regular and indirect revenue channels. The business development program given in Table 1 was recognized as follows in the Turkish Airlines enterprise and the result of the business development program Miles and Smiles system has launched.

**Table 4.** Miles and Smiles Business Development Plan

Strategic Targets and Tactics	SWOT Analysis		Financial and Organizational Structure	Sustainability
1.Miles and Smiles Milestone Program Development		Positive	Negative	1.Future Strategies
2.Customer Communication Process	Internal Factors	S	W	2.Activity and Tactic
3.Marketing/Public Relations	External Factors	O	T	3.Timeline
			4.Team	↓
<b>MILES AND SMILES BUSINESS DEVELOPMENT PLAN</b>				<b>Expected Results and Evaluations</b>

Miles & Smiles continues to be stronger regarding the way it started with its Frequent Flyer name in 1989. In 2010, the impact of new program partner firms (excluding Shop & Miles) increased the sales revenue from the program partners by 128% compared to 2009 and the award ticket, and upgraded transactions rose by 7%. The number of members, which was 1,804,181 in 2009, reached 2,051,036 with an increase of approximately 14%. Miles & Smiles offers members the opportunity to earn and spend miles on contracts made between 25 program partners from 29 airlines and hotel, car rental companies, banking, telecommunications, fuel and automotive sectors (Turkish Airlines, 2010). The features and advantages of Shop & Miles, which is a credit card brand of Miles & Smiles's special passenger program and brings a great innovation to Turkish banking, are being developed continuously and customer satisfaction is kept at this level.

Members can use the miles they have earned from their flights and program partners on Turkish Airlines flights, as well as on Anadolu Jet and Star Alliance member flights on other air routes (Turkish Airlines, 2010).

Before the digital cabin system, which was a second business development on the Turkish Airways, all critical flight orders, cabin findings, results, records and filled forms held by the cabin supervisors before, during and after the flight were entered the individual system manually. Also, passenger operations were followed by passenger manifestos with pages.

Keeping the records in paper form delayed intervention in crucial situations, making instant updates and central tracking difficult. Also, since many operations such as determining the amount of water to be taken on board and reporting failures to the center were done manually, time was lost to start the processes. There was no platform where all these operations could be done from a single point.

Due to this project, which enables to increase the quality of service in the cabin while saving flight staff time, Turkish Airlines also can evaluate the actual data in the central reporting process promptly.

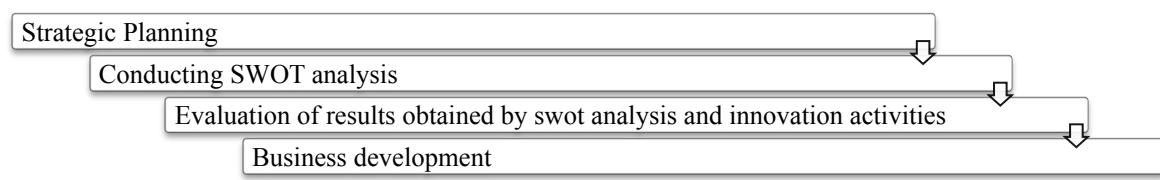
**Table 5.** Business Development Plan of Digital Cabin System

Strategic Targets and Tactics	SWOT Analysis		Financial and Organizational Factors	Sustainability
1. Development of Digital Cabin Management System		Positive	Negative	1. Future Strategies
2. Customer Communication Process	Internal Factors	S	W	2. Activity and Tactic
3. Central Reporting	External Factors	O	T	3. Timeline
			4. Team	↓
<b>BUSINESS DEVELOPMENT PLAN OF DIGITAL CABIN MANAGEMENT SYSTEM</b>				<b>Expected Results and Evaluations</b>

It was a tough process to update passenger manifests printed on paper instantly. Instant changes had to be added to the papers as notes, and they were difficult to share with the center. Also, reviewing the lists that were on the page before the flight and reaching the information searched on those lists caused serious loss of time. Due to the mobile application developed by Turkish Airlines and solution partner for completely passenger operations, passenger manifests are now completely transferred to iPads. Instant changes can be made to the system immediately, and the control of the lists can be done easily and quickly. On the other hand, every searched information can only be accessed in seconds through the advanced query screens.

**Strategic Planning, Innovation and Business Development Relationship Model in Turkish Airlines:**

The innovation strategy seems to be an attack decision in the competition battle, in this context, the Turkish airline's management is conducting SWOT analysis in line with the strategies to reach its targets in many areas. Innovations are being carried out in line with the results of the analyzes, and these innovations, as seen in the model in Figure 1, become a business development plan and benefit the company. Also, the Turkish Airlines' network continues its development by making separate business development plans in each subject with innovations such as growth strategy in Africa, being a global brand with a strong customer orientation, subsidiaries, brand image and low-cost operation.



**Figure 02.** Strategic Planning, Innovation and Business Development Relationship Model in Turkish Airlines

**5. Conclusion and Discussions**

The civil aviation sector is extremely sensitive to economic developments. When growth in the world economy slows down, demand for air travel and air transport is also slowing. Economic crises cause a lower demand for aviation than expected. It means that the capacity is used at low speed. As a

result, trying to fill the seats and cargo volume with low prices causes the unit income to be low. If other external factors trigger the economic crisis, the effects of the crisis can be deeper or longer in the airline sector.

Nowadays, the airline industry is one of the sectors where competition is most intense. Business enterprises need to develop innovative competition strategies and make a difference to be able to continue their operations in this environment and to be successful. Thus, it is necessary for airline companies to carry out their business development activities by developing strategic plans and supporting these plans with innovations. Firms that perform these activities will differ from their competitors by providing the competitive advantage.

Turkish Airlines as indicated in Table 6, utilizing the SWOT analysis made with the innovative approach to the model of Figure 1, bringing their strengths, opportunities, weaknesses and threats together with innovation and transforming them into business development.

**Table 6.** Consequences of Strategic Planning, Innovation and Business Development Relationship Model in Turkish Airlines

SWOT		INNOVATION	BUSINESS DEVELOPMENT
<b>Strengths</b>	Being strong in domestic market	Connected Low-Cost Business Model	Anadolu Jet
<b>Strengths</b> <b>Strengths</b>	Having a young fleet structure Geographical location of Turkey	Transfer Center	Transit Taşımacılık
<b>Strengths</b>	Strong financial structure	Hedge Management	Cost Leadership
<b>Strengths</b>	Having affiliates and subsidiaries	Pool system	Revenue Management
<b>Strengths</b>	Having an increased market share	Hub and Spoke system	CRM
<b>Opportunities</b>	Flight network abroad is expandable	Technological Infrastructure	E-CRM
<b>Strengths</b> <b>Opportunities</b>	Having an extensive distribution network Increased tourism potential	New Business Model	Charter Transportation
<b>Strengths</b> <b>Opportunities</b>	Having affiliates and subsidiaries Growth potential of affiliate revenues	Service Provider	Horizontal growth
<b>Weaknesses</b> <b>Threats</b>	Employee dissatisfaction Increased competition in international and domestic markets	Mobile Application Development	Digital Cabin Development System
<b>Weaknesses</b> <b>Threats</b>	Not having a customer-focused culture Infrastructure problems in the sector	Strategic Cooperation	Miles and Smiles Program

Turkish Airlines established its connected low-cost business model innovation to compete with its competitors and to be strong in the internal market and to establish Anadolu Jet as a business development activity.

Having a young fleet and utilizing the advantage of the geographical location of Turkey, the transfer center activities with an innovative solution started, and as a result, the transit transportation business was improved.

By using a hedging method that has a strong financial structure, they have improved the business of cost leadership with fixed fuel and exchange rate increase.

Turkish Airlines raised its income by increasing the number of its subsidiaries to 12, which was 1 in 2003, and improved the revenue management business by adding to this increase the innovation called the pool system. Since they have a growing market share as a strong direction, they have implemented collective and distribution innovation and has improved a new field in CRM's business by increasing the number of passengers and satisfaction. At the same time, aware of the fact that the flight network can be developed further abroad, they have developed the technological infrastructure and started E-CRM business.

Having an extensive distribution network as a strength and the opportunity of increasing tourism potential, they have conducted a new business model innovation and developed charter business within itself.

Having strong associates and subsidiaries, and seeing the growth potential of the incomes of a flourishing affiliate, they have implemented the innovation of service provider and improved their horizontal growth business.

Turkish Airlines has not merely merged its strengths and opportunities with innovation and has continued its business development activities, and also has transformed its strategic plans and innovations into a successful business development in the face of weaknesses and threats.

Despite the threat of increased employee dissatisfaction and increased competition in the sector as a result of the Swot, the digital cabin development system has been in operation through mobile application innovation. Another weakness is the failure to focus on the customer and the infrastructure problems in the sector are transformed into the Miles and Smiles program through strategic cooperation innovation.

Competition and threats in the aviation industry are increasing day by day. Airline companies, which are severely affected by all kinds of crises and shocks, should focus on solutions and new business models with more modern and innovative approaches than the classical methods to survive and sustain their activities. Strategic plan, innovation, and business development activities are in a deep relationship with one another as clearly shown in our model. Airline enterprises must implement and apply these steps and activities to differentiate from their competitors and sustain their development. If these steps are implemented, even the weaknesses and threats that arise in the SWOT analysis can be turned into an opportunity while developing new business, but if not, they will have difficulty in maintaining the business in the aviation industry where the overwhelming competition is experienced.

## References

- Bryson, J. (1995). *Strategic Planning for Public and Nonprofit Organizations*, Planners Press, Chicago.
- Doganis, R. (2006). *The Airline Business*. Londra: Routledge.
- Dosi, G "The Nature of Innovative Process", *Technical Change and Economic Theory*, Ed.by., G. Dosi et.al, London, Printer Publishers, 1988.
- Ekelund Robert B. Jr., Hebert Robert B., *A History of Economic Theory and Method*, Mcgraw-Hill International Editions, 1997
- Findikçi, İ. (1999). *İnsan Kaynakları Yönetimi*, Alfa Yayınları, İstanbul.
- Funding Universe. (2013). *History of Turkish Airlines Inc.* Available at: <http://www.fundinguniverse.com/company-histories/turkish-airlines-inc-t%C3%BCrk-havayollari-a-o-history/> (accessed 16.04.17.)
- Gillham, B., (2000). *Case Study Research Methods*, Continuum, London.

- Grigsby, D., Stahl, M. (1993). *Strategic Management*, Wadsworth Publishing, California.
- Mcdonnell, A., M. L. Jones ve S. Read, (2000). "Practical considerations in case study research: the relationship between methodology and process", *Journal of Advanced Nursing*, 32(2), 383-390.
- Rogers, E. (1983). *Diffusion of Innovations*, New York, Free Press, 1983.
- Shefer, Daniel., Frenkel, Amnon. (1998). "Local Milieu and Innovations: Some Empirical Results", *The Annals of Regional Science*, 32.
- TOBB. (2014). *Türkiye Sivil Havacılık Meclisi Sektör Raporu*. Ankara: Aydoğdu Ofset Matbaacılık.
- Türk Hava Yolları, 2016 yılında uluslararası marka değerlendirme kuruluşu Brand Finance tarafından 2,45 milyar doları aşan değeriyle Türkiye'nin "en değerli markası" seçilmiştir. 2015 yılına göre %11'lik bir marka değeri artışıyla listenin zirvesine yükselen Türk Hava Yolları'nın bu başarısı, büyüme stratejisinin göstergesi olarak kabul edilmektedir. (Brand Finance Turkey 100 2016, 2016, s. 10)
- Turkish Airlines. (2015). 2015 Dönemine İlişkin Yönetim Kurulu Faaliyet Raporu.
- Ünsaldı, Muzaffer. (2015). İş Geliştirme (Business Development), Retrieved from: <https://www.linkedin.com/pulse/i%C5%9F-geli%C5%9Firme-business-development-nedir-muzaffer-%C3%BCnsald%C4%B1-mba> Erişim: 14.04.2017
- Van Der Vorst, J. G. A. J., Van Dongen, S., Nougier, S., Hilhorst, R., (2002). E-business Initiatives In Food Supply Chains; Definition, And Typology Of Electronic Business Models, *International Journal of Logistics: Research and Applications*, 5(2), 119—138.
- Williams, C. (2003). *Service Quality in Leisure and Tourism*, CABI Publishing, USA.
- Yüksel, A., Mil. B., Bilim, Y. (2007). *Nitel Araştırma Neden Nasıl Niçin detay* Yayıncılık.