

# The boeing company background marketing essay



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Seeing its market leadership was taken by Airbus, Boeing tried to improve itself and gain advantage over its competitors. Instead of reduces costs and offers a lower price to catch customers, Boeing choose to develop its product with a new innovation to be able to meet customers and market's requirements, since creating new innovation is considered the most obvious strength of the company. Blue ocean strategy[1]was adopted and came up with the new midsize plane for 200-300 passengers, the Dreamliner or Boeing787. It is made of new material, composite material, instead of aluminum. The Dreamliner perfectly answer customers' requirements: midsize, long distance, less fuel, high humidity for passenger, short time for flight practicing, and low maintenance cost.

Since the program launched in late 2003, Boeing787 was placed order for more than 800. Even though it was canceled because of the 3 years delay, it is considered the highest pre-sale jetliner. Because the Dreamliner is a big change of an aviation industry, it's focused by people all around the world. Since it has been delivered in September 2012, people seems appreciate it. However, it was found an engine problem, which Boeing announced later that the problem has been resolved.[2]

With this successful of innovation creating, Boeing should continue develop the better product to satisfy its customers' requirements in order to take the market leadership back as well as remain in the position as long as possible, as its vision.

The composite material of the Dreamliner creates a new market for Boeing, while Airbus and other competitors still fight in the old market. Boeing has

priced the Boeing 787 higher than its competitors; however, the new plane seems provide higher value in other factor of competition:

Less fuel cost

Farther in distance

Faster in speed

Bigger space

Environmental friendliness[3]

This research aims to focus on the innovation, which considered as the most strength of Boeing, regarding to the newest product which is being called Boeing 787 Dreamliner; it currently makes a big change of commercial airplane industry.

## **The Aviation Industry Overview**

In this past 50 years, commercial airplane industry was non-stop developed in order to be able to respond the higher needs and demands of customers. The dramatically growth of airlines is rapidly expanded around the world; aerospace industry in China is rising around 12% per year, and worldwide passengers is growing around 5% per year which viewed as the fastest rate compared to other travel systems.[4] Since the commercial aerospace has been becoming highly competitive, both Airbus and Boeing as a premier jet airline industry have to seek some new approaches to maintain and increase its share market and customers' preference. Accordingly, the companies try to research and develop the airplane that be able to fly a long distance, take

a lot of passengers and stuffs, use fuel efficiently, fast and make passengers feel comfortable.

While Airbus, was developing the Super Jumbo Jet, A380, Boeing was planning to develop an existing B747 to be more efficient; however, the plan was canceled because of many reasons. Without the 747 plan, a market share of large commercial airplane might be all taken by Airbus, so Boeing started the Dreamliner project with using new innovation to take a market share of modern age commercial airplane back from Airbus. Currently, the Dreamliner makes a significant change of commercial airplane industry; it is a perfectly answer the requirements in this technological era.

## **The Boeing company background**

The Boeing Company is part of an aerospace industry. According to its website[5], Boeing is engaged in various fields of aircraft, such as design, manufacture, military aviation, and other related systems. Boeing is one of the world's largest aircraft builder considered from its order and revenue, also the world's largest exporter in the United States. The stock of Boeing is a constituent of the Dow Jones Industrial Average.[6]

Boeing has been a primary manufacturer of the aerospace industry for more than 40 years. It was set up the first time in Seattle Washington in 1916 by William E. Boeing, and merged with Douglas Aircraft Company (owned by McDonnell Douglas) in 1997 and moved its corporate headquarters from Seattle to Chicago, Illinois in 2001. The merger made the combined company a leadership in commercial aviation.[7]Currently, Boeing has employees more than 170, 000 people over 70 countries.[8]Boeing operates in five

segments: Commercial Airplanes, Boeing Military Aircraft, Network & Space Systems, Global Services & Support, and Boeing Capital Corporation.[9]Not only producing airplanes, Boeing also works on producing components for spaceship and other significant products related to aircraft industry.

[10]However, the leading products still are the 737, 747, 767 and 777 families and the newest products, which are the Boeing 787 Dreamliner.

## **The strength of Boeing in term of innovation**

### **Research and Development**

Boeing understands how innovation is important to its company, so it gives precedence to research and development (R&D). Boeing's R&D creates new airplanes and new technology, which are partly of Boeing's strategy to create profits. The healthy R&D of the company is considered as the most obvious strength of Boeing, because it always shows its high performance and effectiveness. Boeing spends billion dollars each year, amounted to \$3.9 billion, \$4.1 billion and \$6.5 billion in 2011, 2010 and 2009, respectively.

[11]According to Jime Jemieson[12], Boeing Chief Technology Officer, the operation in technologies and other processes of the Boeing are founded on its company funding, other resources, and immediate demands. The company anticipates that R&D is the primary factor which able to gain money for Boeing and its stakeholder; so, Boeing invests about 4% of company's revenue each year in R&D which is calculated to more than \$2 billion. The R&D investment is dispensed to all over departments within the company in order to develop quality and efficiency of products, systems, and services.[13]With putting emphasis on R&D, Boeing becomes the cutting

edge of innovation; it can continually improve the existing resources and also simultaneously create new innovation products.

## **The newest innovation of Boing: Boeing 787 Dreamliner**

### **In the past:**

Before becoming complete airplane, while the Dreamliner was in developing process, it has had some big problems to fix, such as engine problem.

[14]The company was trying its best to solve the problem and rebuild reliance from its customers. At the same time, the company was working hard to solve a delay problem, which is the most serious problem for Boeing.

However, after few years of manufacturing delay and engine development, Boeing 787 is now officially launched to public.[15]

### **In the present:**

The Boeing 787 Dreamliner is a long-range plane which can fly up to 9,400 miles. The planes have a mid-size and wide fuselage, also twin-engine has been adopting to use with the plane, which is considered one of the most modern aircraft. Three models were released in order to answer its customers' requirements. The three are 787-8, 787-9, and 787-3, which were designed to transport passenger between 210-310 passengers.[16]The following brief information shows what different specifications between 787-3, 787-8, and 787-9.[17]

The Dreamliner is a high-innovation airplane; it's a big change from former aircrafts by using new technologies to answer customers' needs. The new engine and new system are claimed more efficient, as it uses 2 types of Engines, General Electric GEnx and Rolls-Royce Trend 1000, which regarded <https://assignbuster.com/the-boeing-company-background-marketing-essay/>

as the newest mechanical innovation in term of ' less fuel, more power'. The most attractive change, however, is using of a new material; composite material instead of metal, which makes the whole plane lighter, fly faster, use less fuel, less maintenance costs.[18]

Due to the accomplishment of its sibling: Boeing 787-8 and 787-9, the company expects stronger customer's demand by launching the early plan regarding to producing Boeing 787-10 to the customers. The delivered target of Boeing 787-10 is anticipated to be done within 2016 which may have been postponed one or two year as the first 787-9 is planned to deliver in 2014. [19]The concept of Boeing 787-10 focuses on the shorter routes than the previous versions, but perfect type for traveling under 7, 000 miles which is adequate for the majority of airline routes. For example, it has capability to fly from Seattle to Tokyo.[20]The fuselage will be longer than 787-9 18 feet, and the passenger seats will be up to 320-330. The Boeing 787-10, in the future, can respond well to the routes, such as Middle East- Europe and Asia, U. S.- Latin America, etc. With this well-answered for routing, according to Stephen Udvar-Hazy, chief executive of Air Lease Corp., said that 787-10 would be " a great trans-Atlantic airplane" in the future.

## **The advantages from creating Boeing 787 Dreamliner**

### **Energy saving and environment friendly**

As the price of gasoline keeps rising, and people become more and more concern about environment, " green business" is gaining in popularity. So do companies in aviation industry. IATA sets a goal to create zero-emissions airplane within 50 years.[21]However, the Dreamliner is designed perfectly fit to the trends. It would be a good choice for customers.

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## **Mid-sized airplane and non-stop flight**

Since non-stop flight costs an airline less than intermediate stops at hubs, airlines prefer to work on non-stop flight.[22]However, planes that are able fly cross continentals have to be large, and it doesn't seem work when the number of passenger become less. The main feature of the Dreamliner is that combining big-jet distance ranges to mid-size airplanes, so it is a good choice for airlines that perfectly answer the requirements.

## **Asian market expansion**

Many airlines and aviation companies are all agree that Asian market is expanding and becomes the biggest market for commercial aircraft.

[23]Since the market is expanding, the demand of using new innovative airplane is rising as well.

## **Comments and Conclusions**

The overall image, Boeing is doing well, because it keeps improving its products. The Dreamliner itself is considered great satisfy its customers' requirements: midsize, long distance, less fuel, high humidity for passenger, short time for flight practicing, and low maintenance cost. Moreover it's an environmental friendly plane, which perfectly responds the current trend.

Boeing is developing on new technology continually, even though it was just successful from using composite material. The Dreamliner is a big change of aviation industry; however, because of gas price trend, my recommendation is that it would be great, if in the future the engine can be developed to use other source of energy instead of gasoline, such as Hydrogen. Since Boeing adopts the Blue Ocean Strategy using with Boeing 787 Dreamliner, the



consequences of using Hydrogen could be explained as the picture on the left which is the BOS framework.[24]

Figure3: Blue Ocean Framework

Figure3: Blue Ocean Strategy Reduce: Total weight of the plane

Since Hydrogen is lighter than gasoline, and gives more energy at the same volume. So, the plane will not have to carry a big tank of gasoline.

Eliminate: Carbon dioxide

Since the end result of using Hydrogen is water, so it will not cause carbon dioxide, which is a concerning environmental problem.

Raise: Speed and range

Hydrogen gives 3 times more energy than gasoline[25], and much less in weight as well. So, the new plane will be able to fly faster and longer.

Create: New environmental friendly innovation plane. Hydrogen will not cause a carbon dioxide, so it's much more environmental friendly.

Accordingly, if the new engines are planning to use Hydrogen as an energy resource, the plane will be able to satisfy customers' requirements more than before.