

**The effect of disruptions and disruptive innovations on the innovation of business  
models in the South African Tourism Sector**

**Virginia Nkele Mbuli**

**21188174**

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfillment of the requirements for the degree of Master of Business Administration.

**01 November 2022**

## **ABSTRACT**

According to the literature, there are still contrasting opinions about the phenomenon of disruptions and disruptive innovations despite various research studies that have been undertaken in an attempt to clarify the theory. Several scholars have revised and expanded on the theory in light of the rapidly evolving, fast-paced, and complex business environment, further adding to the differing points of view. This study, therefore, sought to explore the phenomenon of disruptions and disruptive innovations in the context of the tourism sector. The study aimed to explore how the phenomenon is viewed and understood by various stakeholders in the sector.

Ample literature exists on the constructs of business and business model innovation. There is however a gap in the literature on the innovation or adaptation of business models in view of the disruptions or disruptive innovation. Furthermore, research studies on the phenomenon of disruptive innovations in the context of the tourism sector are limited. The study further explored how businesses in the tourism sector adapted and innovated their business disruptions and disruptive innovations with the adaptation and innovation of business models. The aim was also to determine whether disruptions and disruptive innovations had an effect on the adaptation and innovation of business models.

The research was conducted following a qualitative research methodology to explore the topic through the narratives of the various stakeholders in the tourism sector. In-depth interviews using a semi-structured interview questionnaire, with 13 participants selected from various tourism sub-sectors. The sub-sectors selected as part of the sample consisted of hospitality, travel intermediaries, transport, and tourism institutions.

The study found that the phenomenon of disruptions and disruptive innovations is commonly viewed in the tourism sector as any change confirm significantly impacts and changes the normal ways of conducting business. The study also found that businesses in the tourism sector adapt or innovate their business models in response to disruptions. The study further revealed that the pace of the adaptation or innovation will vary depending on how the disruption or disruptive innovation is viewed and the significance of the impact on normal business operations.

The study contributes to the growing literature on disruptive innovations and business model innovations. The study further contributes to business, tourism bodies, and government institutions by providing valuable insights for decision making and policy development purposes.

## **KEYWORDS**

Disruptions, Innovation, Business Model, Disruptive Innovation, Business Model Innovation, Tourism

## **DECLARATION**

*I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree of examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.*

---

Virginia Nkele Mbuli

01 November 2022

## Table of Contents

<b>ABSTRACT</b> .....	i
<b>DECLARATION</b> .....	iii
<b>LIST OF FIGURES</b> .....	iv
<b>LIST OF TABLES</b> .....	iv
<b>CHAPTER 1: INTRODUCTION</b> .....	1
1.1 Background.....	1
1.2 Research problem .....	2
1.3 Research Purpose and Objectives .....	3
1.4 Business need for the study .....	4
1.5 Theoretical need for the study .....	6
1.6 Conclusion .....	7
<b>CHAPTER 2: LITERATURE REVIEW</b> .....	8
2.1 Introduction .....	8
2.2 Disruption.....	9
2.2.1 The theory of disruption.....	9
2.2.2 Existing research on disruptions .....	9
2.2.3 Disruptions in tourism .....	10
2.3 Disruptive Innovation.....	11
2.3.1 Theory and descriptions .....	11
2.3.2 Existing research on disruptive innovations.....	11
2.3.3 Disruptive innovations in tourism .....	14
2.4 Business model.....	15
2.4.1 General descriptions of a business model .....	15
2.4.2 Existing research on business models .....	15
2.4.3 The tourism business model .....	17
2.5 Business model innovation.....	18
2.5.1 Definitions and descriptions.....	18
2.5.2 Existing research on business model innovation.....	19
2.5.3 Business model innovation in tourism .....	23
2.6 Conclusion.....	24
<b>CHAPTER 3: RESEARCH QUESTIONS</b> .....	27
<b>CHAPTER 4: RESEARCH METHODOLOGY</b> .....	29
4.1 Methodology choice and design .....	29
4.2 Population .....	30

4.3 Unit of Analysis.....	30
4.4 Sampling method and size.....	31
4.5 Measurement instrument .....	32
4.6 Data gathering process .....	33
4.7 Data analysis approach .....	35
4.8 Quality Controls.....	36
4.8.1 Reliability.....	36
4.8.2 Validity .....	36
4.8.3 Transparency .....	36
4.8.4 Confidentiality.....	37
4.9 Research Ethics.....	37
4.10 Limitations .....	37
4.10.1 Time limitations.....	37
4.10.2 Access to research participants.....	37
4.10.3 Participant error and bias.....	38
4.10.4 Researcher bias .....	38
<b>CHAPTER 5:    PRESENTATION OF RESULTS.....</b>	<b>39</b>
5.1 Introduction.....	39
5.2 Description of the sample.....	39
5.3 Results for Research Question 1 .....	40
5.3.1 Constructs and theory description .....	41
5.3.2 Tourism Consumers.....	42
5.3.3 Business Operations.....	43
5.3.4 Business Continuity.....	46
5.3.5 Tourism Workforce.....	47
5.3.6 Summary of the findings of research question 1 .....	49
5.4 Results for Research Question 2 .....	49
5.4.1 Products and Services.....	50
5.4.2 Business Operations.....	52
5.4.3 Partnerships and collaborations.....	54
5.4.4 Drivers and Challenges .....	55
5.4.5 Summary of the findings of research question 2 .....	57
5.5 Results for Research Question 3 .....	57
5.5.1 Key indicators .....	58
5.5.2 Measures .....	59
5.5.3 Summary of the findings of research question 3 .....	59

5.6 Chapter Summary .....	60
<b>CHAPTER 6: DISCUSSION OF RESULTS .....</b>	<b>61</b>
6.1 Introduction.....	61
6.2 Discussion: Research Question 1 .....	61
6.2.1 Constructs and theory description .....	62
6.2.2. Tourism Consumers.....	62
6.2.3 Business Operations.....	64
6.2.4 Business Continuity .....	65
6.2.5 Tourism Workforce .....	66
6.2.6 Summary of the discussion of research question 1 .....	67
6.3 Discussion: Research Question 2 .....	67
6.3.1 Products and Services.....	67
6.3.2 Business Operations.....	69
6.3.4 Partnerships and Collaborations .....	70
6.3.5 Drivers and Challenges .....	70
6.3.6 Summary of the discussion of research question 2.....	71
6.4 Discussion: Research Question 3 .....	71
6.4.1 Key indicators .....	71
6.4.2 Measures .....	72
6.4.3 Summary of the findings of research question 3 .....	72
6.5 Chapter Summary .....	72
<b>CHAPTER 7: CONCLUSION.....</b>	<b>73</b>
7.1 Introduction.....	73
7.2 Principal conclusions.....	74
7.3 Theoretical contribution .....	77
7.4 Implications for Business .....	77
7.5 Limitations to the Research Study .....	78
7.6 Suggestions for Future Research.....	79
7.7 Concluding Remarks.....	80
References .....	81
Appendix 1: Consistency Matrix.....	86
Appendix 2: Interview Guide.....	87
Appendix 3: Research Participation Consent Form .....	89
Appendix 4: Ethical Clearance Approval.....	90
Appendix 5: List of Codes Created for Data Analysis.....	94

## **LIST OF FIGURES**

**Figure 1:** Literature review layout

**Figure 2:** Literature review summary

**Figure 3:** Data saturation point

**Figure 4:** Overview of results for research question 1

**Figure 5:** Overview of results for research question 2

**Figure 6:** Overview of results for research question 3

## **LIST OF TABLES**

**Table 1:** Sample Composition

**Table 2:** Participants Demographics

**Table 3:** Drivers of business model innovation and adaptation

**Table 4:** Challenges in business model innovation and adaptation

**Table 5:** Hindrances to the innovation and adaptation of business models



## **CHAPTER 1: INTRODUCTION**

### **1.1 Background**

The travel and tourism sector substantially contributes to the employment and the Gross Domestic Product (GDP), and the effect extends indirectly to other industries such as agriculture, retail, construction, and arts (World Travel and Tourism Council, 2020). In 2019, the sector contributed 10,9% to the global GDP (World Travel and Tourism Council, 2020). Research data from the World Travel and Tourism Council (WTTC) indicated travel and tourism as one of the fastest growing sectors in 2019, contributing to the livelihoods of 330 million people globally (World Travel and Tourism Council, 2020). The sector is highly competitive and is characterised by its diversification and the complicated business relationships that include partners, individuals, travel services and business processes (Rashideh, Blockchain technology framework: Current and future perspectives for the tourism industry, 2020). A leading driver of job creation, travel and tourism also aids in reducing poverty and results in improved livelihoods and overall wellbeing of communities and the benefits extends to the supply chain linkages with other sectors (World Travel and Tourism Council, 2021).

The sector is continuously going through changes that are brought on by market, economic, and technological disruptions (Fennell, 2020). For example, the effect of the COVID-19 pandemic on tourism has been significant with research from the WTTC estimating job losses in the tourism sector to be in the region of 75 million as a result of the disruption brought on by the pandemic (Škare et al., 2021). The COVID-19 pandemic has impacted the world, including the tourism sector, in unprecedented ways (Fennell, 2020). Unlike previous crises in the tourism sector such as climate change, terrorism, and other viruses such as swine flu, which largely influenced domestic tourism, the COVID-19 pandemic was felt globally and brought on a complete halt to services with no alternatives (Kaushal & Srivastava, 2021).

The recovery of the tourism industry may be greatly impacted by further pressure brought on by a difficult economic climate, including the rise in oil prices, increase in inflation, probable increase in interest rates, high debt levels, and the ongoing disruption of supply chains (World Tourism Organisation, 2022). The adoption of digital technologies has also fundamentally changed the travel and tourism industry (Perelygina et al., 2022). The conventional tour operators, and brick and mortar travel agencies, have been disrupted by online travel booking agencies such as Expedia, Trivalgo, and Booking.com, which stemmed from the explosive growth of the internet (Lv et al., 2020).

These online travel agencies have caused a change in the tourism market structure through shifting power from suppliers to consumers (Rashideh, 2020). Digital technologies are what primarily drives these businesses and are at the core of their Business Models (Perelygina et al., 2022).

Companies such as Uber and Airbnb have caused disruptions to the hospitality and transport hire services, through the introduction of platform service-based business models (Chan et al., 2019). These organisations offer convenience and lower prices in comparison to mainstream hotels and transport companies (Altinay & Taheri, 2019). The business model used by Uber has also disrupted the taxi industry and changed the transportation ecosystem (Kumaraswamy et al., 2018). Also known as intermediaries, these companies are responsible for the facilitation of transactions between sellers and buyers.

Other forms of technology, like as blockchain technology, which will simplify travel payments, saving travellers additional costs associated with intermediaries and decreasing queueing times, are also disrupting these intermediaries (Rashideh, 2020). Rashideh (2020) further emphasizes that to adjust to these ever-changing market conditions, it is vital to use the up-to-date technologies.

## **1.2 Research problem**

Disruptive innovations and technologies such as digitalisation, robotics, artificial intelligence and the internet have a far-reaching impact on industries and businesses (Majumdar et al., 2018). The research problem is focused around the tourism sector's ability to predict and identify disruptions and disruptive innovation and respond appropriately to continue to be relevant, competitive, and sustainable. The capabilities and advancements brought on by disruptions require organisations to become competitive to be able to thrive in such environments (Rashideh, 2020). Chan et al., (2019) cautions that failure to respond appropriately to such disruptions by the incumbent businesses will result in loss of market share and ultimately, extinction (Chan et al., 2019).

Iconic companies such as Kodak and Toys-R-Us have collapsed in the face of disruptions, while disruptive companies such as Google, Uber, and Airbnb are on the rise (O'Reilly & Binns, 2019). Travel has also been disrupted by the COVID-19 pandemic, restricting movements, resulting in shutting of country borders, closures of tourist destinations, and cancellations of flights and other transportation means (Miao et al., 2022). The sociocultural, economic, and

psychological impact on various stakeholders in the tourism sector will be felt for years to come (Sigala, 2020)

Considerable focus has been placed on the disruptors in the tourism sector and less on the existing organisations that have survived the impact of the disruptions through innovation or adaptation (Florian et al., 2020). Furthermore, much of the research on disruptive innovations, such as Uber on the taxi industry, has been centred around the impact on profit and incumbents' responses in terms of price and quality. The insufficient focus has been placed on aspects unrelated to price and quality responses to disruptive innovators (Chang & Sokol, 2020). While several studies have been conducted to explore the effect of disruptors such as the COVID-19 pandemic for purposes of helping the tourism sector to manage their responses to the pandemic, what is lacking is how the industry can turn the crisis brought on by this disruption into transformative innovation from old paradigms, assumptions, and business models (Sigala, 2020).

According to Sorescu (2017), there is limited consensus regarding the definition of a business model and what drives successful business model innovation. A considerable amount of research has been conducted on business models; however, much less on business model innovation (Foss & Saebi, 2017). Customer needs and pain points are rapidly evolving, and management should constantly seek innovations that satisfy those needs (Millar et al., 2018). This innovation is vital as it results in improved product and service value to customers (Keiningham, et al., 2020).

The theory of innovation in the hospitality and tourism industry remains under-developed, with limited discussion of disruptive innovation in the tourism and hospitality literature (Dogru et al., 2019). This research aims to address this gap and contribute to the literature on disruptive innovation and the innovation of business models in the context of the tourism sector.

### **1.3 Research Purpose and Objectives**

Continual disruptions, as termed by Kumaraswamy et al. (2018) are changing how businesses function. Consequently, the tourism sector finds itself in a predicament of how it should conduct business with these continued disruptions (Fennell, 2020). One of the key challenges faced by the established incumbent businesses is understanding and responding to disruptions (Kammerlader et al, 2018). This is because disruption is a complex process that cannot be easily predicted and readily applied due to its complexity and difficulty in the interpretation of the term (Foss & Saebi, 2017).

Available empirical data on businesses that have reinvented their business models because of previous disruptions, suggests a lack of or limited transferable knowledge (Hopp et al., 2018). New strategies are becoming a necessity for the travel and tourism sector to remain resilient and sustainable as they adapt to these new age disruptions (Fennell, 2020). Fennell (2020) further attest that navigating these disruptions is crucial for tourism service providers to succeed and will require adaptive strategies to ensure sustainability and resilience.

The purpose of this research is to explore how disruptive innovation has unfolded in the tourism sector (Rashideh, 2020). According to Kammerlader et al. (2018), businesses hold two views to disruptive innovation, that of an enhancement or a challenge to their operations. This study aims to explore this topic through the views of key role players in the various tourism sub-sectors and how their perspectives have affected the adaptation or innovation of business models. The study also aims to assist businesses and policy decision makers in formulating or refining strategies to deal with disruptive innovations.

The main research objectives, which are aimed at understanding the disruptive innovation and business model innovation constructs in the context of the tourism sector, are outlined below.

- To get insight into how the tourism sector perceives and understand disruptions and disruptive innovations
- To understand the significance of the disruptions or disruptive innovations affecting the tourism sector
- To explore and obtain insights as to how businesses in the tourism sector have responded to the disruptions and disruptive innovations
- To assess the effectiveness of the response strategies

#### **1.4 Business need for the study**

Based on the literature demonstrated in the introduction section of this research, it is evident that there is a need for further discussions around disruption and disruptive innovations within the tourism sector. Disruptions often result in swift changes to current products, services, and business models (Chan et al., 2019). According to Rashideh (2020), technology is the key driver as it has led to rapid changes in the tourism sector by enabling customers to plan and arrange their own travel. This view is supported by Alberti-Alhtaybata et al., (2017) who further emphasise that disruptions impact industries significantly and, in some instances, cause permanent changes to businesses or the industry itself.

However, it is argued that responding to disruptions through adaptation or innovation of business models is a complex process, which could affect proper implementation, resulting in a potentially high failure rate (Cozzolino et al., 2018; Foss & Saebi, 2017).

In addition, according to Kammerlader et al., (2018), disruptive innovation often brings with it cheaper prices and convenience and is typically brought on by new entrants. The disruptive innovation theory has been effective in explaining how and why disruption occurs but has been lacking in suggesting solutions or response actions by the incumbent businesses. Scholars have also highlighted various reasons for inaction in the face of disruptions, however empirical studies on how organisations successfully adapt business models in the face of disruptions are limited. (Foss & Saebi 2017; Cozzolino et al, 2018)

These limitations hinder theory development and present a dilemma for managers in using research findings for decision-making (Snow & Fjeldstad, 2017). Snow and Fjeldstad (2017) reiterate that it is only when the business model concept can be clarified, and research findings can be clearly interpreted and actionable, that managers can apply the findings to their strategies and decision-making (Snow & Fjeldstad, 2017). Meanwhile other authors caution that empirical studies on how business model innovation evolves, the process, and key activities involved, are limited and further insightful research is called upon (Sjödín et al., 2020).

More research focus is needed on strategies employed by incumbent businesses in response to disruptive innovation (Christensen C. M., 2006). Hopp et al., (2018) echoes the views shared about the necessity for further empirical studies by arguing that they will provide answers to disruption-related strategic questions for purposes of sustainability and competitiveness of severely impacted sectors such as tourism (Hopp et al., 2018). Therefore, there remains a need for empirical studies that will assist in providing clarity to strategic questions relating to disruptions for purposes of ensuring the competitiveness and sustainability of impacted businesses (Hopp et al., 2018).

Insights gained from this research will benefit various role players in the tourism sector, including businesses, tourism bodies, and government policymakers. The research will have practical as well as policy implications for management and decision-makers in the tourism sector. Information and insights gained from the research could be used by various role players for decision-making.

## 1.5 Theoretical need for the study

The understanding of the theory of disruptive innovation seems to be diverse. Christensen (1997) defines disruptive innovation as “a process by which a product or service powered by a technology enabler initially takes root in simple applications at the low end of a market typically by being less expensive and more accessible and then relentlessly moves upmarket, eventually displacing established competitors”.

According to Christensen (1997), the theory of disruptive innovation has been widely misconstrued to imply dramatic changes to businesses through breakthrough innovations, while the core idea of the theory was to explain businesses that appear modest at the onset but transforms an industry overtime (Dillon, 2020). Caputo et al., (2020) argued that disruptive innovation leads to several business models and organisations collapsing. While (Christensen et al., (2018) argued that not all incumbent organisations that go out of business can be considered to have been disrupted.

These varied perspectives have resulted efforts by researchers to understand the phenomenon of disruption; however, opportunities for further research and exploration remain While Christensen et al., (2018). The conflicting understanding of the phenomena of disruptive innovation calls for the theoretical need for the study to contribute to or challenge the existing knowledge on the theory of disruptive innovation.

Strategy literature also lacks in providing complete and clear guidance on how business models are adapted by incumbent organisations after disruptions (Cozzolino et al., 2018). Crucial theoretical and empirical regarding the key processes and activities involved in business model innovation remain largely unanswered (Sjödin et, al. 2020). The study will contribute to the tourism management literature by identifying strategies employed by organisations in the tourism subsectors (Kim & Pomirleanu, 2021). In doing so, the study also contributes to the developing literature on strategic innovation in hospitality and tourism (Ebersberger et al., 2021)

As already indicated therein, the research on innovation in tourism has mainly focused on theory and concepts and lacking in providing empirical evidence (Divisekera & Nguyen, 2018). In comparison, the literature on business model innovation is new and developing and the concept of business model innovation still needs to be conceptualised and theorised (Foss & Saebi, 2017).

## **1.6 Conclusion**

As already evidenced, despite its popularity with scholars and practitioners, empirical studies into the phenomenon of disruptive innovation are still lacking and the core concepts are not widely understood (Hopp et al., 2018). Yet it is important for incumbent organisations to be able to recognise disruption as early as possible and act accordingly (Kumaraswamy et al., 2018).

Additionally, business Model Innovation (BMI) as a construct is difficult to study, leading to challenges in operationalisation and measurement (Foss & Saebi, 2017). Foss and Saebi (2017) continue to state that, business model innovation is not a well-defined research stream and requires theory building and empirical testing to understand the phenomenon fully. Sorescu (2017) adds that research on business model innovation, and in particular, determinants, components, and the effects of such innovation, is also lacking. There is a need for additional conceptual and empirical research on BMI aimed at deriving a better understanding of the phenomenon (Foss & Saebi, 2017).

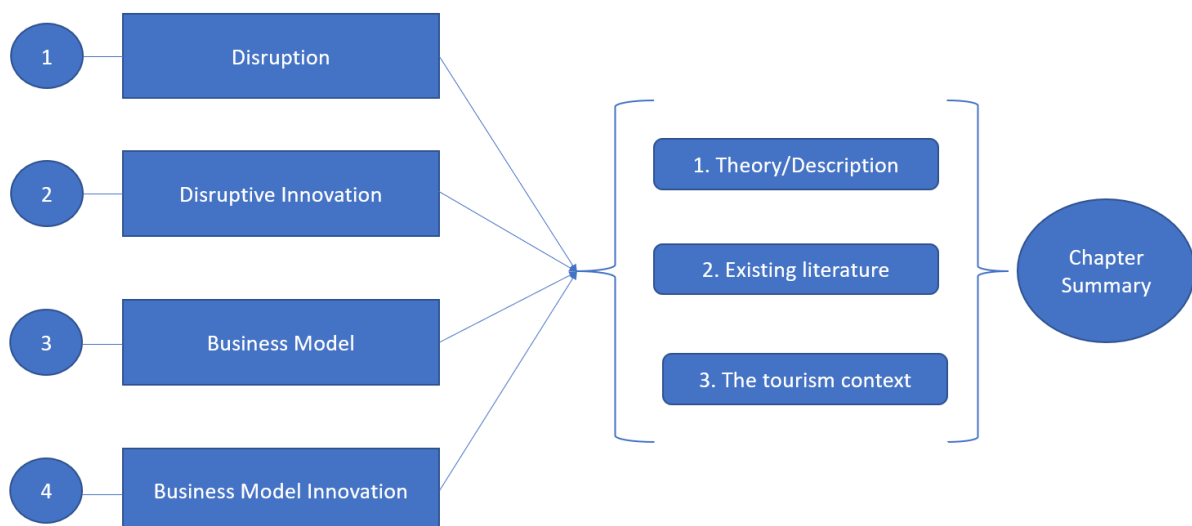
The research will explore the phenomena of disruptive innovation and business model innovation and adaptation by exploring: (1) Understanding of disruptive innovation, (2) How incumbents recognize and respond to disruptions (3) Whether the response strategies have been effective. The purpose is to explore how decision makers make sense of disruptive innovation and what strategies are implemented in response.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Introduction

This section follows the research objectives which were outlined in section 1.3. The literature review focused on the theoretical context of the theory of disruption and disruptive innovation which was developed and presented by Clayton Christensen in the 1990s (Alberti-Alhtaybat et al., 2019). The chapter further explored and provides insight into the theoretical constructs of innovation, business model innovation and adaptation in relation to the theory of disruptive innovation. Literature on the theory of disruptive innovation has focused on studying specific disruptive innovative companies and incumbent organisations impacted by the disruptive innovations. Research on the impact of the phenomenon of disruptive innovations across the entire tourism sector is limited to non-existent.

This section draws on existing literature on the constructs relating to the research topic. The structure of the literature review begins with explaining the constructs based on literature. Research conducted on each construct is also outlined to provide context on what has been studied and what requires further studies. Existing literature on the theory and constructs of this study in the context of the tourism sector is also explored and discussed to understand what is already known and what still requires further exploration and empirical studies. Figure 1 outlines the structure and layout of the research.



**Figure 1:** Literature review layout



Business model innovation and business model adaptation are often used interchangeably in literature. Business model adaptation can be referred to as a process of changing existing business in response to external triggers (Saebi et al., 2017), while the innovation of business models involves proactiveness in adapting business models for purposes of disrupting the market (Saebi et al, 2017; van Oorschota et al., 2018). For purposes of this study, business model adaptation and business model innovation will be used interchangeably to describe changes to an existing business model in response to external triggers through the improvement of the existing business models or the introduction of new ones (Snow and Fjeldstad, 2018)

The review is concluded with a summary of the literature and highlights gaps unidentified in the literature and areas that require further exploration.

## **2.2 Disruption**

### **2.2.1 The theory of disruption**

The disruption theory, coined by Christensen (1997) is based on the principle of newer and small businesses challenging existing businesses, while utilising few resources, to cater to a neglected segment of the market (Iansiti & Lakhani, 2020). This originally developed version clearly limits a disruptive innovation to a business that focused on the lower end through cost and product/service differentiation and capturing an unserved market (Alberti-Alhtaybat et al., 2019).

Other scholars define disruptions as “any change that makes previous products, services, and/or processes ineffective” (Millar et al., 2018, p. 2). These changes can occur in many ways, including through technology, knowledge, new services, new processes, as well as regulations, and legal environments (Schuelke-Leech, 2018). Evidently, the theory has since been adapted and amended by different scholars with different interpretations applied (Alberti-Alhtaybat et al., 2019). Christensen (1997) has since also made some amendments to the theory to reflect new developments, although still upholding its original meaning and concepts (Alberti-Alhtaybat et al., 2019).

### **2.2.2 Existing research on disruptions**

The disruptions can occur on a larger scale, affecting many industries and changing the norms of societies and institutions (Schuelke-Leech, 2018) and causing swift changes to current

products, services, and business models (Chan et al., 2018). One such example is the COVID-19 pandemic which is also considered a disruption that was unprecedented and affecting the world globally (Pedersen et al., 2020). These disruptions often cause.

Disruptions create significant changes to the functioning of organisations' ecosystems, processes, and operations (Kumaraswamy et al., 2018). Industries are impacted significantly, and, in some instances, these disruptions cause permanent changes to the industry or organisations or businesses (Alberti-Alhtaybat et al., 2019). Failure to respond appropriately to such disruptions by businesses will result in a loss of market share and ultimately, extinction (Chan et al., 2019). This is evident with iconic organisations such as Kodak and Toys-R-Us that have collapsed in the face of disruptions by disruptive companies such as Google, Uber, and Airbnb that are on the rise (O'Reilly & Binns, 2019).

Disruptions have been attributed to highly visible technologically innovative companies such as Google, Amazon, Uber, and Airbnb (Schuelke-Leech, 2018). These companies are all deemed "disruptors" of the existing industries; however, the question remains about what causes the technology utilised by these companies to be disruptive (Ozalp et al., 2018). Airbnb and Uber provide digital platforms that provide customers with access to assets while not owning the assets while Amazon offers direct sales to the customer, which is different from the traditional brick-and-mortar retail business model (Dillon et al., 2020). This is in line with the description of disruption by Millar et al. (2018) & Schuelke-Leech (2018) that disruption is any change, whether technological or otherwise to current products, services, and processes. This also aligns with Christensen's theory that these new businesses enter and are able to disrupt the market with few resources This answers the question of why explains why the technology used by Google, Amazon, Uber, and Airbnb is considered disruptive.

According to Alberti-Alhtaybat et al. (2019) disruption theory is essentially a theory of competitive response and leads to innovation. The capabilities and advancements brought on by these disruptions require organisations to innovate and become competitive to be able to thrive in such environments (Rashideh, 2020).

### **2.2.3 Disruptions in tourism**

Disruptions are not a mysterious occurrence in the tourism sector and have been researched in a variety of situations, including environmental, market, social, and innovative contexts. (Bausch et al., 2021). Examples of significant disruptors that have affected the tourism industry include Uber in the transport sub-sector and Airbnb in the hospitality sub-sector (Alberti-

Alhtaybat et al., 2019). The internet has also led to rapid changes in the tourism industry enabling customers to plan and arrange their own travel, creating a disruption in the travel intermediary services (Rashideh, 2020). These disruptions require leaders and decision-makers in businesses that possess the skill, knowledge and ability to detect, interpret and act on indicators of new opportunities and threats brought on by these disruptions (Schoemaker et al., 2018)

Recognition and ability to respond to these disruptions requires businesses to be agile, flexible, adaptable, and resilient (Chan et al., 2019). An example of such a business is Aramex, a global logistics company, that has managed to exploit technology and design new and unique business models that have disrupted the logistics industry (Rashideh, 2020). Tourism businesses need to review their long-term strategies and business models to be able to respond and compete with disruptions brought on by companies such as Uber and Airbnb (Dogru et al. 2019).

## **2.3 Disruptive Innovation**

### **2.3.1 Theory and descriptions**

Clayton M. Christensen (2020, p. 3) further expands the disruption theory and defines disruptive innovation as “a process by which a product or service powered by a technology enabler initially takes root in simple applications at the low end of a market, typically by being less expensive and more accessible, and then relentlessly moves upmarket, eventually displacing established competitors.

This disruptive innovation is a modest process that evolves and changes an industry overtime and not an “ambitious upstart” or breakthrough innovation that dramatically alters how businesses are conducted (Dillon, 2020). Guttentag & Smith (2017) also share the same view that the term should not be loosely applied to any exceptional product or service that interrupts a market. At the centre of disruptive innovation is convenience and simplicity coupled with cheaper products or services (Guttentag & Smith, 2017)

### **2.3.2 Existing research on disruptive innovations**

Research studies have attempted to explain the phenomena of disruptive innovation, and its consequences as well as to understand the sources and different types of innovations (Mahto et al., 2017). The theory of disruptive innovation emanated through observations of well-esteemed and high-performing organisations that failed to thrive and remain dominant when

faced with challenges brought on by technological and market changes (Christensen et al., 2020). A similar view is shared by (Feder, 2017), who proclaims that disruptive innovations have led to the termination of products and services through the creation or introduction of new products and services or the displacement of established organisations by new organisations. According to Muller (2019), the disruption theory was formulated to explain why businesses fail.

While the original theory of disruptive innovation stated that innovation is disruptive when organisations enter the industry at the lower end of the market in terms of price and quality (Christensen et al., 2020) other scholars call for a clear distinction between disruptive technologies and disruptive business models (Cozzolino et al., 2018). The process of disruptive innovation has since been broken down into two components namely, technology and business models (Dogru et al., 2018). Christensen et al. (2020) has also since expanded the theory to include the concept of business model innovation in response to the disruption.

In view of Christensen's theory, the initial appeal and target market for disruptive innovative businesses is small customers not served by the incumbent businesses market (Guttentag & Smith, 2017). Hopp et al. (2018) echoes this view that disruption begins through a new entrant with fewer resources, who challenge incumbent organisations by targeting lower-end customers, usually not served by incumbent organisations. This is evident with Airbnb, which is viewed as providing low-quality products and servicing a market different from the hotel market (Guttentag & Smith, 2017). Ignored by incumbent businesses, overtime disruptive innovative businesses outperform existing incumbent products and service offerings (Mahto et al., 2017).

Other also scholars view disruptive innovation as a change in cost, quality, customers, regulations, or resources, which renders previous ways of working no longer viable (Millar et al., 2018). This change often leads to several business models and organisations collapsing (Caputo et al., 2020). Miller et al. (2018) agreed that disruptive innovation disrupts the products, services, and processes of incumbent organisations. Christensen et al. (2020), in acknowledging the disparities and debates noted in the use and application of the theory, further emphasised that not any new market entrant or threat is disruptive innovation. And not all incumbent organisations that go out of business can be said to have been disrupted (Christensen et al. 2020). Bausch et al. (2020) confirms Christensen's view that not all new entrants that enter the market are disruptive innovations, and views companies such as Airbnb and Uber as simply companies that expanded on the current tourism products and services through structural change and are therefore not disruptive innovations.

Companies that are considered disruptive innovations such as Uber and Airbnb often offer a “direct to customer” (D2C) digital business model that eliminates the middleman, offers customers convenient and cheap service (Dillon et al., 2020). Other disruptive innovative companies such as Amazon and Alibaba have disrupted brick-and-mortar retail businesses through the D2C business model Majumdar et al. (2018). These disruptions have also disrupted the supply chain and are driven by data analytics, algorithms, and digital technologies, offering better customer experience (Dillon et al., 2020.) This explains Christensen’s theory on why new entrants, with relatively fewer resources and no assets can enter a market and offer superior customer service (Dillon et al., 2020.) Disruptive innovations also allow for communication amongst different role players in business by leveraging technology such as the cloud, big data analysis, artificial intelligence (AI) and the internet of things (IoT) (Majumdar et al., 2018)

Disruptive innovations are adopted by normal consumers as substitutes for normal products and services by presenting unique value propositions (Guttentag & Smith, 2017). Muller (2019) echoes this view and posits that the disruptiveness of innovation should be measured by the significant change in the behaviours of stakeholders such as consumers and other organisations in the industry and any organisation that creates a significant shift in the behaviour of consumers and related organisations in the industry is a disruptor.

Based on this view of changes to customer behaviour, Muller (2019) therefore is of the view that Airbnb is not a disruptive innovation as it has not created a significant shift in the behaviour of consumers and other stakeholders in the industry. This is in contrast to other scholars who view Airbnb as a disruptive innovation based on the theory by Christensen. However other scholars are of the view that services offered by companies such as Airbnb and Uber have been enthusiastically accepted by consumers and this is evident in Airbnb being the largest accommodations provider with 3 million listings worldwide (Dogru et al, 2019). A study conducted by (Blal et al., 2018), on the hotels in San Francisco, provided empirical evidence that Airbnb has an impact on the sales growth trajectory of the hotels and businesses need to pay attention to Airbnb as it is a disruptor to the hotel business and not merely a supplement to the hotel sector.

The steady growth of Airbnb, with an inventory of more than seven (7) million rooms, six (6) times the lodging capacity of traditional hotels such as Marriot International and Hilton (Iansiti & Lakhani, 2020), corresponds with Christensen’s disruption theory that disruptive innovation starts at the lower end of the market and will eventually displace established companies by persistently moving up the market. Christensen (2020) maintains that disruptive innovation

theory serves as a predictor of behaviour. Therefore, when new entrants enter the lower end of the market, incumbent organisations should view this as an encroaching threat (Guttentag & Smith, 2017). This is due to the reason that with time ordinary consumers, including those at the high end of the market, begin embracing these products and services (Guttentag & Smith, 2017).

Another company often termed a disruptive innovation, Uber, is viewed by Iansiti and Lakhani (2020), as simply “colliding” with the transport sector and not disrupting it. This is due to Uber meeting customer needs in a completely new way and did not start at the lower end of the market as the theory of disruptive innovation posits. Collision encompasses more than technological innovation and introduces a completely new company with a new business model (Iansiti & Lakhani, 2020).

According to McGrath (2020), the face of the disrupters has changed since Christensen’s theory and now includes entry at any level of the market with the same quality products and services offered by incumbent organisations. Disruptive innovations introduce new risks to businesses such as cyber security and raise ethical questions about the impact and role of the human workforce in the future (Majumdar et al., 2018). Although researchers do not view disruptive innovation in a similar manner, there is a consensus that these innovations have a persistent and significant impact on industries, businesses and society (Si et al., 2020).

### **2.3.3 Disruptive innovations in tourism**

Disruptions have opened a new arena of collaborations between various stakeholders in the tourism value chain (Pencarelli, 2020). Several studies have attempted to predict the potential disruptiveness of a product and the susceptibility of the market to disruption (Guttentag & Smith, 2017). In the hospitality sub-sector of tourism, Dogru et al. (2019) conducted research that revealed a negative impact on hotel industry revenue and occupancy rate brought on by Airbnb’s disruption while other studies that attempted to assess the impact of Airbnb on the performance of the hospitality industry have produced inconclusive results (Dogru et al, 2019).

Disruptions and disruptive innovations are reshaping the global economy by introducing a diversity of new and disruptive technologies and innovations (Si et al., 2020). To become a disruptive innovator, organisations business models have to be adapted to be able to handle different disruptions such as new technologies (Alberti-Alhtaybat et al., 2019). This will require new skill set with the ability to apply innovative applications of technology and information and will also impact on educational practises (Majumdar et al., 2018). Disruptive innovations have

the potential to result in joblessness, posing new and socio-political and economic problems (Majumdar et al., 2018).

## **2.4 Business model**

### **2.4.1 General descriptions of a business model**

A business model is defined as “a system of interconnected and interdependent activities that determines the way the company does business with its customers, partners, and vendors” (Foss & Saebi, 2017, p. 5). These interdependent activities include the engagement of human resources, physical assets, and financial resources towards achievement of a particular business objective (Zott & Amit, 2009). A business model explains an organization’s value creation process and competitive advantage (Trabucchi et al., 2019)

Ritter and Pedersen (2020) also confirm that a business model is defined by its value creation and proposition and customer engagement (Ritter & Pedersen, 2020.) Simply put, a business model provides a template to businesses on how to deliver their value proposition to customers and other stakeholders. (Zott & Amit, 2010).

### **2.4.2 Existing research on business models**

An organisation’s business model aims to exploit an identified business opportunity by creating and positioning value for all customers while generating profit (Zott & Amit, 2010). A convincing value proposition of the product and service offering is required to grab the opportunity and eventually generate profit (Ritter and Pedersen, 2020). This value proposition, coupled with the organisation’s business processes is important if businesses want to survive in a competitive market (Rashideh, 2020). Therefore, the design of the business model is crucial to ensuring that the value proposition will be realised (Zott & Amit, 2010). Financial performance and company sustainability can be achieved through well-developed and well-aligned business models, achieving profits and purpose (Ritter & Pedersen, 2020.)

All organisations have business models, whether explicit or implicit, and the effectiveness of the organisations strategies depends on the lucidity of the business model (Ritter & Pedersen, 2020). For organisational strategies and operations to be effective, it is imperative that business models are clear on their value for the organisation and its stakeholders which includes, customers, suppliers, employees, shareholders and society (Ritter & Pedersen, 2020.) Value is indeed the centre of any organisational business model and without it, no

organisation can achieve organisational goals in their truest sense (Blal , Singal, & Templin, 2018)

According to Ritter and Pedersen (2020) the robustness of a business model is evident in its ability to adapt to change Zott and Amit, however, argue that the design of business models is difficult to change as they involve deployment of resources and activities which have been developed and honed overtime. However, many companies have been forced by crises such as the financial crisis and the Covid-19 pandemic to streamline their business models and enhance operations in order to ensure operational efficiencies (Ritter & Pedersen, 2020). Evidence that business models can adapt to changes. In times of a crisis such as Covid-19 an organisations' business model will determine how a company performs (Ritter & Pedersen, 2020). And businesses with adaptive business models are able to change when faced with a crisis allowing the business to develop and become sustainable (Ritter & Pedersen, 2020)

The fast-changing business environment also pose challenges to businesses and require business models that are able to withstand the pace of the changes (Ritter & Pedersen, 2020). The pace of the changes in the environment result in uncertain market conditions and requires agile business models to be able to adapt as and when required ad to be continuing to be relevant in the future (Schoemaker et al., 2018) This implies that business models should be actively modified and continually improved to maintain a competitive edge (Shakeel et al, 2020

Robust business models enable companies to incorporate disruptive technologies into their business models and successfully continue with business (Alberti-Alhtaybat et al., 2019). For example, companies such as Uber and Airbnb have transformed services offered by hospitality and transport hire services through digital disruption as a result of their current business model by introducing platform services (Chan et al., 2018). These companies moved from the traditional business model, which was business to customer, to a customer-to-customer business model that is based on the concept of the shared economy (Rashideh, 2020). These companies, unlike incumbent organisations with traditional business modes, are business model-driven rather than product innovation-driven (Sorescu, 2017).

A business model should not only be viewed as an operational strategy but as a tool that should be utilised to understand, decipher and link organisational strategies and strategies in the entire ecosystem within which the organisation falls (Shakeel et al., 2020). A single focus on current business model will maintain acceptable performance and only with modest competition (Schoemaker et., 2018). This highly competitive environment requires a wider



focus that includes monitoring emerging business models, other industries and markets, interpreting signals, and knowing when to act (Schoemaker et., 2018).

Despite its significance in business, academic research has not paid sufficient attention to the topic of business models in recent times (Zott & Amit, 2010a). There is ample literature on business models, however, this area of research continues to be beset with problems (Fjeldstad & Snow, 2018). This necessitates a revisit of the business model literature to guide future business model building and expand on existing theory (Fjeldstad & Snow, 2018)

The emerging literature on business models also calls for more research focus on activities involved that can be useful for decision makers in organisations (Zott & Amit, 2010). Managers and decision-makers in organisations are responsible for the design of the business models through designing organisational activities and linking the activities to various stakeholders including suppliers, customers, partners and sometimes competitors (Zott & Amit, 2010a). Therefore, research focused on activities will be useful for managers in organisation for decision-making purposes (Fjeldstad & Snow, 2018)

### **2.4.3 The tourism business model**

Businesses in tourism are called to innovate and rethink their business models in order to best serve the new market segment of digital tourist (Pencarelli, 2020). Constant alignment of a business model with the environment within which a business finds itself is crucial for the business to be effective and remain competitive (Fjeldstad & Snow, 2018). This creates business readiness and resilience in business models and enables organisations to be prepared and able to handle crises (Ritter & Pedersen, 2020.)

While several studies have been conducted to explore the effect of disruptors such as the COVID-19 pandemic for purposes of helping the tourism sector to manage their responses to the pandemic, what is lacking is how the industry can turn the crisis brought on by this disruption into transformative innovation from old paradigms, assumptions, and business models (Sigala, 2020). This could be due to the lack of a conceptual tool kit to guide managers and decision-makers in companies to analyse their current organisational business models and align the business model for future fit purposes (Zott & Amit, 2010). Understanding one's business model provides an opportunity to assess the impact of potential crisis (Ritter & Pedersen, 2020)

The tourism sector has started to adopt various technologies in their processes such as AI, robots and service automation technology such as chatbots (Pencarelli, 2020). These digital technologies enable provide travellers with information that enables customers to plan their travel and make comparisons for alternative products and services, selecting best options, and booking of trip while having real time contact with the suppliers (Pencarelli, 2020). This technology also allows customers to travel virtually to their destinations before the actual physical trip, allowing them to experience the travel for decision-making purposes (Pencarelli, 2020)

In a high-tech world tourism still requires human relationships and contacts to co-create value for tourism consumers (Pencarelli, 2020). Complex and high-risk tourism products and services still require intermediary services (Pencarelli, 2020)

## **2.5 Business model innovation**

### **2.5.1 Definitions and descriptions**

The concept of innovation was first coined by Schumpeter (1934), to describe the introduction of new products, systems, or processes (Mendoza-Silva, 2021). Dziallas and Blind (2019) describe innovation as innovative ideas, products, and services that have been marketed or intended to be future marketed for a profit. Innovation is a process that involves investing and implementing new techniques, management practices, methods, and practices with the aim of achieving business goals (Mendoza-Silva, 2019). This innovation process exploits new ideas, products, and services and only when those products and services have been successfully marketed can this exploitation be deemed successful and innovation acknowledged (Jiang et al, 2019)

While the term business model describes observable patterns such as value creation and delivery, the introduction of innovation to those patterns are termed business model innovation (Foss & Saebi, 2017). Innovations come in various forms, including product or service innovation, process innovation, marketing, and organisational innovation (Ebersberger et al., 2021). Technological and non-technological innovations are two generally recognised categories of innovation. (Ebersberger et al., 2021). According to Christensen (2020), innovation can be sustaining, through enhancing products or services, efficient, through offering products and services with less resources and time and market creating, through building new markets for new customers. Innovation can also be incremental, creating small changes; radical, resulting in huge modifications or disruptive, resulting in the creation of new markets (Prange & Schlegelmilch, 2018)

Sorescu (2017) emphasises that business model innovation is about value creation, appropriation, and delivery; it does not need to be disruptive, and neither should it be only about product or service innovation but can be achieved through the reinvention of the current product or service offering. Guttentag and Smith (2017) agree that an innovation is not inherently disruptive.

### **2.5.2 Existing research on business model innovation**

Innovation is important for a business to maintain a competitive edge and for sustainability (van Oorschot et al., 2018b). Globalisation has increased competition and requires innovation for organisations to be able to adapt to this competitive landscape that is changing at a rapid pace (Verreynne et al., 2019). Such innovation involves changes in system interfaces, components, and interactions (Kumaraswamy et al., 2018). A key driver to such innovation and the related changes is an innovation strategy (Martin-Rios & Ciobanu, 2019) The strategies can either be complex or simple, however strategies of innovative businesses prevail overtime (Ebersberger et al., 2021)

The discipline of innovation theory has evolved from a technological focus to the recognition of service, process, and business model innovations (Mahto et al., 2017). A business model innovation occurs when an existing business model is enhanced or a new introduced (Snow & Fjeldstad, 2018). McGrath (2020) concurs and further adds that these enhancements should consider new economies and other digital disrupters business models instead of focusing on enhancements of traditional business models. Organisations often remodel their products and services to remain relevant Keiningham et al., (2019).

Business model innovation expands on the innovation construct and is defined by Sorescu (2017, p. 692) as a “change in the value creation, value appropriation, or value delivery function of a firm that results in a significant change to the firm’s value proposition”. This innovation relates to changes in the way the organisation conducts its business for purposes of remaining competitive (Clauss et al., 2019). In considering the value however, organisations often ignore customer perceptions and experiences and base this value solely on the organisations perception of its definition and what the organisation believes it can achieve (Keiningham, et al., 2020)

Innovation and technology have often been used interchangeably and innovation researchers have attempted to clarify the difference, referring to technology as a tool to innovation (Mahto, Belousova, & Ahluwalia, 2017) . Schuelke-Leech (2018) postulated that the core of innovation is the design and development of new technologies informed by problem recognition,

creativity, and problem-solving capabilities. The technology driven innovation was however considered limiting and research has since shifted to the non-technological paradigm (Ebersberger et al., 2021).

The discipline of innovation theory has evolved from a technological focus to the recognition of service, process, and business model innovations (Mahto, Belousova, & Ahluwalia, 2017). A business model innovation occurs when an existing business model is enhanced or a new introduced (Snow & Fjeldstad, 2018). McGrath (2020) concurs and further add that these enhancements should consider new economies and others digital disrupters business models instead of focusing on enhancements of traditional business models. Organisations often remodel their products and services to remain relevant Keiningham et al., (2019). New business models are emerging that are based on the creative use of the internet and technology (Schoemaker et al., 2018)

The process of innovation is complex and non-linear and often involves common steps of identifying an unmet customer need and developing a relevant marketable solution, obtaining funding and scaling (Schuelke-Leech, 2018). One of the key imperatives to innovation is agility and not all organisations have environmental conditions that support such agility. Without agility, organisations will not be able to sense and gain insights into evolving customer needs and preferences, nor to develop effective responses such as new products and services (Chan et al., 2018).

Businesses globally are facing intense competition and market volatility which continues to rise and constantly evolving consumer demand (Si et al, 2020). Adoption of innovation is therefore important for company survival (van Oorschot et al., 2018). To grow, become sustainable, and remain competitive, requires innovation within businesses and industries (Divisekera & Nguyen, 2018). Businesses that innovate their business models often provide improved product and service value to customers (Keiningham et al., 2019). These are the businesses that have mastered the dynamic dimension of the business model which focuses on changing and adapting over time (Snow & Fjeldstad, 2018).

The strategic orientation of an organisation plays a role in this process and might serve as a motivator or inhibitor to business model adaptation (Snow & Fjeldstad, 2018). The calibre of people employed in the organisation and the organisational elements such as size, industrial position and culture are a source behind innovation (Mahto et al., 2017).

A study conducted by Saebi et al. (2017) on Norwegian organisations revealed that their business model adaptations were based on the perceived threat or opportunities posed by external forces and that the severity of the external threats had an impact on the likelihood of business model adaptation. These changes to the existing business models in response to these external triggers is often termed as “business model adaptation” (Saebi et al., 2017). External forces perceived as opportunities resulted in most organisations maintaining their business models (Saebi et al., 2017).

Research conducted by Chang and Sokol (2022) on Airbnb and its competitors revealed that most incumbent organisations responded to the disruption by Airbnb by means of a price response strategy. However, the more complacent the competitors in their view of Airbnb, the more complacent their response (Guttentag & Smith, 2017). Product differentiation is another method through which incumbent organisations often respond to disruptions (Chang & Sokol, 2022). The competitive landscape has been heightened by technology, as evident with companies such as Airbnb and Uber, and requires that businesses adjust their business models accordingly to respond to these highly dynamic market conditions (Keiningham, et al., 2020). The business models of these companies are mainly based on software and data processing capabilities (Schoemaker et al, 2018)

The key factor to the innovation and adaptation of an old business model is the design of the business model and a theoretical framework is required to guide managers and decision makers in this process (Zott & Amit, 2010a). Despite the absence of such a framework some organisations have leveraged modern technology and introduced new models to their business operations (Rashideh, 2020). Airbnb is an example of such a company, which leveraged technology powered by Artificial Intelligence (AI) and big data to design business models that offer superior customer service, with cheaper prices and fewer resources. Uber offers a similar conventional business model which is fundamentally different to the traditional business model (Rashideh, 2020). Booking.com is another company that operates on a similar business model such Uber and Airbnb, with less traditional operational constraints while still being able to exponentially grow (Iansiti & Lakhani, 2020)

Another disruptive innovation in the tourism sector is the online travel intermediaries, known as online travel agents (OTAs). Examples include Expedia, Booking.com, Trivago etc. These businesses introduced new technology that disrupted the traditional distribution channels and fundamentally changed the tourism supply chain (Yin et al, 2019). The benefits of digitization are many including automation and optimization of processes which leads to cost savings, speedily service delivery and less errors associated with human, increase in efficiency and

therefore increase in revenue (Parida et al, 2019). Information and data have become critical sources of competitive advantage and require collaborations between organisations as one organisation cannot manage the data alone (Pencarelli, 2020). The success of these online travel intermediaries has been as a result of effective use of information and data.

These innovative companies have disrupted the incumbent businesses in the tourism sector that often operate on old and outdated business models and need to introduce efficient and effective ways of running their businesses (Rashideh 2020). Although business models should constantly be adapted and innovated, not all organisations are capable of adapting or innovating their business models (Saebi et al., 2017). Research conducted by Fjeldstad & Snow (2018) aimed to close such a gap by providing guidelines and practical recommendations on elements to consider by managers and decision makers when embarking on a journey of the innovation of a business model. These elements include understanding the businesses value proposition, having a solid plan in place, the consideration of collaborations into the business model and consideration of the business model into the future (Snow & Fjeldstad, 2018)

According to Sorescu (2017), there is limited consensus regarding a what drives successful business model innovation. The construct of innovation remains ambiguous despite several studies (Mendoza-Silva, 2019). Considerable amount of research has been conducted on business models; however, much less on business model innovation (Foss & Saebi, 2017). A business model however, needs to be proactive and many businesses are faced with a challenge of moving beyond reactive and incremental innovations (Schoemaker et al, 2018)

In this “Age of Agile” (Denning, 2017), businesses are now faced with disruptions that require adaptation and innovation of business models, process, and operations to survive and many are not equipped to do so (Denning, 2017; Alberti-Alhtaybat et al., 2019). Snow and Fjeldstad, (2018) found that to be able to innovate or adapt business models, all different elements of a business model and how these elements relate is crucial especially when disruptions necessitates a complete change on how an organisation does business rather than a simple enhancement to the traditional business model. The adaptation of a business model is however non-linear due to the various elements involved and one element affected by changes in another element (Schoemaker et al, 2018)

Literature review has revealed that there is no formula to the innovation of business models, however, there’s certain ingredients such as scalability, asset lightness, agility and robustness are crucial to ensuring the success of the innovation (Schoemaker et al, 2018)

Managers with an entrepreneurial mindset are able to identify new avenues for growth (Schoemaker et al, 2018). Leadership orientated managers are able to sell the vision and convince others to work towards the vision (Schoemaker et al, 2018). Both skills are required for strategic leadership (Schoemaker et al, 2018). Empirical studies by (Lee, et al., 2020) revealed that there is a correlation between leadership and innovation. Further empirical and theoretical studies conducted by Lee et al., revealed that employees, teams and organisations innovation is influenced by leadership.

Businesses are often faced with constraints when innovating business models (Mao et al, 2020). Lack of tools to guide managers in developing innovation strategies result in difficulties in understanding innovations an operationalisation (Prange & Schlegelmilch, 2018). Although literature has revealed numerous challenges with business model innovations there still remains a gap in how these challenges can be addressed (Parida et al, 2019).

### **2.5.3 Business model innovation in tourism**

Innovation in tourism has widely been accepted as a critical factor and a strategic topic for growth and sustainability (Pikkemaat et al, 2019). The diverse activities and processes in the hospitality and tourism industry have attracted innovation, although its impact on performance is still not clear (Martin-Rios & Ciobanu, 2019). Verreyne et al., (2019) concurs that research into the extent innovation improves performance in tourism is still lacking (Verreyne et al., 2019). The hospitality and tourism industry in comparison to other services industries, is and has been lagging when it comes to innovation (Martin-Rios & Ciobanu, 2019). This is evident in the low productivity level of the hotels, despite being the most competitive businesses globally (Ebersberger et al., 2021). Studies conducted by (Booyens, 2020) on the quality of training and education revealed a misalignment between the educational curriculum and industry needs and requirements. This reveals the needs to create new strategic paradigms through questioning the role of traditional innovation practises (Martin-Rios & Ciobanu, 2019).

The tourism value chain is wide and interrelated such that innovation occurs at various levels and the forms of innovation vary (Pikkemaat et al, 2019). This value chain consists of a vast diversity of organisations in the tourism sector, and therefore a myriad of factors will determine how the different organisation innovate (Ebersberger et al., 2021). Research on innovation in tourism has focused on determinants of innovation such as knowledge on organisations, human resources, leadership, and entrepreneurial qualities as well as technological know-how (Pikkemaat et al, 2019). Research to date is lacking in providing specificities on innovation strategies in the hospitality sector (Ebersberger et al., 2021). A study conducted by Verreyne et al, (2019) also revealed a lack of consensus on how to measure innovation. Another

research focus area that is lacking is the impact of effective support from policy makers, leaders and effective governance and policy actions from innovation in tourism (Pikkemaat et al, 2019).

The innovation ecosystem is, however, complex, and nonlinear (Schuelke-Leech, 2018). And this results in innovation management being highly unpredictable and requires shifts in the approaches to innovation (Ebersberger et al., 2021) Context such as the environment and culture of the market plays a key role as either an enabler or constrainer to innovation (Mahto et al., 2017). New digital technology has introduced important innovation in many industries including tourism (Pencarelli, 2020). Companies need to innovate their business models around digital technologies such as AI, digital platforms, and big data analysis (Parida et al, 2019). Tourism has jumped into the Industry 4.0 trend with its own framework called Tourism 4.0 based on common principles of Industry 4.0 (Stankov & Gretzel, 2020)

Studies conducted by Booyens (2020) on the quality of training and education in the tourism sector in South Africa revealed a misalignment between the educational curriculum and industry needs and requirements.

## **2.6 Conclusion**

There is continued growing interest on the phenomenon of disruptive innovations because of the impact on markets, businesses, shareholders (Si et al, 2020). It is however evident from the literature that despite the energy, time, and money invested by companies in innovation, the code of disruptive innovation seems hard to crack and results have not been plainly evident (O'Reilly & Binns, 2019). Although the theory has been explained by Christensen and other scholars, there are no guidelines that assists managers and decision makers define and identify disruptive innovations (Guttentag & Smith, 2017). This study sought to explore and the phenomenon of disruptions and disruptive innovations in the context of the tourism sector.

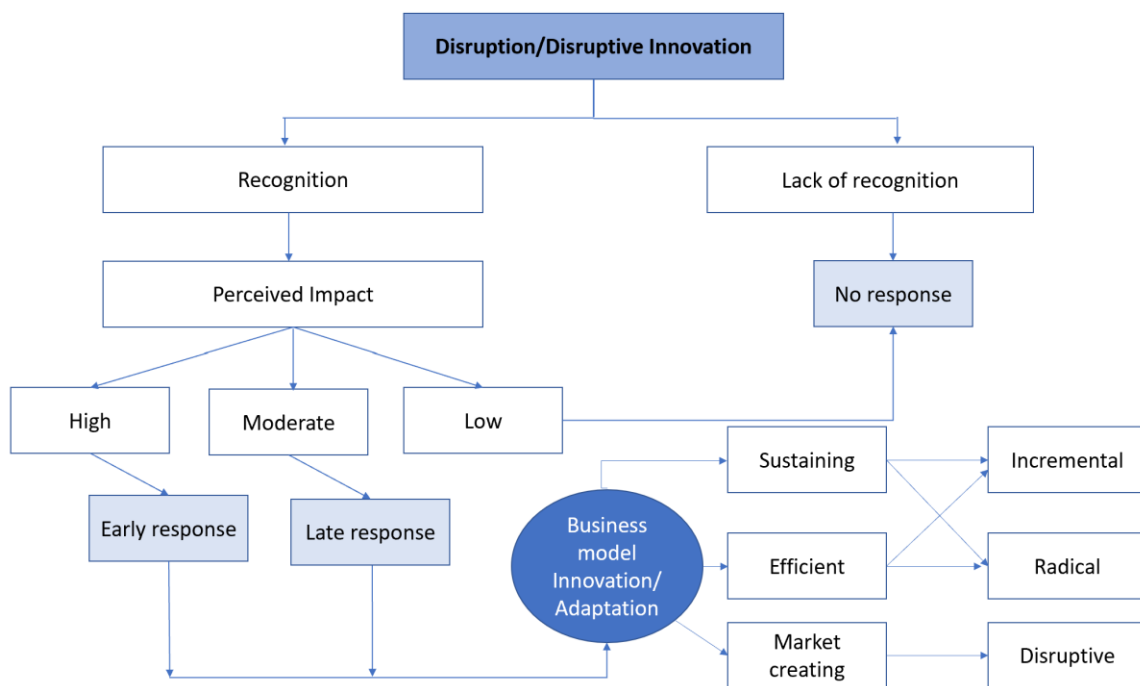
Disruptive innovations have a cascading impact, and one sector leads to changes in another sector (Si et al, 2020). It is for this reason that this phenomenon needs to be well understood by managers and decision makers in businesses. This study contributes to literature by exploring the relationship between disruptive innovations and the adaptation or innovation of business models.

Innovation is crucial to company survival and yet there are not tools to guide managers and decision makers in developing innovation strategies, presenting them with innovatio dilemmas (Prange & Schlegelmilch, 2018). Research on innovation has failed to produce clear,



consistent, and coherent empirical evidence to decisions makers in the tourism sector. It is for this reason that additional research is required on the analysis of innovation strategies and their relations to the effectiveness of the respective organisation to enable hospitality organisations to develop new strategies to enhance competitiveness and grow (Ebersberger et al., 2021). Therefore, a study on the innovation strategies in each organisation and the sub-sector will contribute to understanding different innovation strategies, drivers of innovation and the inclination by organisations to innovate and the strengths and weakness in the different processes of innovation.

Businesses can view disruptive innovations as either an enhancement or a challenger to their current business (Kammeler et al., 2018). The study also aimed to understand how businesses in the sector view and understand disruptions and whether the view had an effect on how business models have been adapted or innovated by the businesses in the sector. A summary diagram of literature review is indicated on Figure 2, below



**Figure 2:** Literature review summary

The diagram illustrates how business model innovation and adaptation relate to disruptions and disruptive innovation. The adoption of reaction strategies is a result of businesses capacity to identify disruptions and disruptive innovations. Whether innovation gets embraced early,

later, or not at all depends on how disruptive changes are viewed. The process followed in the adaptation and innovation of a business model can either be *Sustaining* – enhancing the current products and services, *Efficient* – implementing changes with less resources or *Market creating* – creating of new markets (Christensen, 2020). Sustaining and Efficient processes can be implemented *Incrementally* – through introducing small changes or *Radically* – through huge modifications (Prange & Schlegelmilch, 2018). Disruptive business models result in the creation of new markets.

### CHAPTER 3: RESEARCH QUESTIONS

The research questions were formulated based on the literature review and the objectives of the research. Three main research questions, which this study aims to explore, emanated from the literature review, and were developed with an aim to provide fresh insights into the research topic (Saunders & Lewis, 2018). The main research questions were further broken down and detailed in a research questionnaire outlined in Appendix 2.

We explored the research topic through the perspectives of individuals in the tourism sector by posing the below overarching research questions:

- ***RQ1: How or in which ways has the tourism sector been affected by disruptions or disruptive innovations?***

Disruptions can occur through technology, knowledge, new services, and processes, as well as regulations and legal environments, influencing industries and changing society and institution norms (Schuelke-Leech, 2017). The first research question (RQ) prompted the participants narrative account of what the key or most noticeable disruptions in the tourism sub-sectors has been. The question was further broken down to explore the level of impact the disruptions had and whether the disruptions had any impact on how businesses were conducted and on customers preferences and needs.

- ***RQ2: How have organisations in the tourism sector innovated or adapted their business models in response to disruptions?***

The strategic orientation of an organisation has an impact on the decisions on whether to adapt or change the business model, and the swiftness of adaptation or innovation (Saebi et al., 2017). According to Zach et al. (2019), incumbent organisations respond to disruptive innovation by early or late adoption of the innovation, or by not responding at all. The second research question sought to explore the response to the disruptions by the organisations in the tourism sector. Zach et al. (2019) posited that the incumbent organisations' responses to disruptions and the pace of the responses are crucial. The sub-questions to these main questions were asked to probe further into ways in which the tourism sector has responded to the disruption. The sub-questions further explored challenges faced by incumbent businesses in responding to disruptions as well as key drivers of adaptation or innovation in the participants views.

Snow and Fjeldstad (2018) posited that there are two dimensions to business models: the operational dimension alludes to how a business conducts its activities, while the dynamic dimension refers to how a company changes and adapts over time. The research questions further explored the operational dimension through understanding of the current business models as narrated by the participants. The dynamic dimension was also explored through additional questions to determine whether response strategies and business model reconfigurations will be permanent or temporary.

- ***RQ3: Have the strategies implemented by organisations in the tourism sector, in response to the disruptions, been effective?***

The final research question focused on exploring whether the responses outlined in response to the second research questions have been effective. Lack of empirical evidence has led to an inability to conclude on whether innovation of business models by companies will lead to beneficial outcomes (Foss & Saebi, 2017).

Few research studies have been able to link business model innovation with company performance and competitiveness (Foss & Saebi, 2017). The sub-questions sought research participants views on whether the response strategies have been effective, how the effectiveness is measured and was in which, in their observation, their effectiveness has been evident.

## **CHAPTER 4: RESEARCH METHODOLOGY**

The study focused on exploring the phenomenon of disruptive innovation in the context of the tourism sector. Focus was also placed on understanding how organisations in the tourism sector innovate or adapt their business models as a response to the disruptive innovations. This chapter outlines the methodological choices and design that was followed to answer the three main research questions related to the research study.

A Qualitative research approach was followed as a suitable method that aids in unpacking complex global issues (Bansal et al, 2018). To explore and unpack the phenomena of disruptive innovation and business model innovation as a response to the disruptions, semi-structured interviews were used to collect data from various stakeholders in the tourism sector. The data gathering, and data analysis techniques are also discussed in this chapter. Data quality controls as well as limitations are also outlined in this chapter.

### **4.1 Methodology choice and design**

This study followed an explorative research approach to understand and discover information relating to the research topic (Saunders & Lewis, 2018). Literature review revealed that despite numerous studies into disruptions and disruptive innovation, this phenomenon is still not clearly understood. The literature view also revealed that empirical evidence on how businesses understand and predict disruptions and disruptive innovations and how the business models of those businesses are adapted in response are still limited.

Due to limitations of existing studies and the existing theories falling short in answering the existing questions on the process or evolution of the phenomena, exploratory research as the suitable approach was followed (Hannah & Eisenhardt (2018; Ozalp et al., 2018). Narrative inquiry was followed to obtain a personal account relating to the research topic, from various stakeholders in the tourism sector (Saunders & Lewis, 2018). The purpose of the narrative enquiry was to obtain the perspectives and experiences of these stakeholders relating to the research study (Kahraman & Kazancoglu, 2019). Semi-structured interviews were used to collect data, making an explorative study the most suitable approach to the study (Saunders & Lewis, 2018).

The interpretivism philosophy was applied to explore the viewpoints of these social actors in the tourism sub-sectors (Saunders & Lewis, 2018). The study followed an inductive approach to investigate the constructs of disruptive innovation and business model innovation in the tourism sector. The inductive approach informed by theory was followed to identify themes

that emerged from the analysis of qualitative data gathered through interviews (Saunders & Lewis, 2018). A mono method of collecting data, through semi-structured interviews with individual stakeholders in the tourism sector was followed (Saunders & Lewis, 2018).

Due to the time limitations of the research study, a cross-sectional time horizon study was undertaken due to time constraints (Saunders & Lewis, 2018). with interviews held at a particular point in time, as opposed to over a period, as is the case in longitudinal studies (Saunders & Lewis, 2018).

## **4.2 Population**

Disruptive innovation does not only affect one organisation, but several members of an ecosystem (Christensen et al., 2020). The tourism ecosystem consists of a various stakeholders including, tour operators, travel agents, airlines, hoteliers, government entities and many others (Rashideh, 2020). This study comprised of representatives across the tourism value chain in South Arica including hospitality establishments, travel management companies or agencies, transport services as well as tourism related institutions.

Given the diversity of the tourism value chain and the various stakeholder in the tourism sector, a varied range of possible opinions was collected from stakeholders in various groups of experts and practitioners (Zott & Amit, 2010). A sample was utilised to collect data due lack of the precise number of the existing target population (Saunders & Lewis, 2018).

## **4.3 Unit of Analysis**

This study focused on representatives from the tourism sector at the management, senior management, and executive. The rationale for the selection was based on the participant's seniority and responsibilities, which involves making strategic decisions, as well as formulating and implementing strategies.

Participants in this level of seniority have been employed in the sub-sectors long enough to have lived experiences on the phenomena under study. The tourism sector is diverse, and its stakeholders include tour operators, travel agencies, hoteliers, and government entities among others (Rashideh, 2020). This diversification often involves complicated business relationships that include partners, individuals, travel services, and business processes, characterised by high competition (Rashideh, 2020). To obtain varying perspectives, the representatives were selected across the tourism value chain that included hospitality,

transport, travel agencies and tourism government institutions, educational institutions, and other independent institutions.

#### 4.4 Sampling method and size

The sampling technique applied to collect data was the non-probability sampling technique due to the inability to access a complete list of the tourism sector stakeholders (Saunders & Lewis, 2018). The tourism sector has a wide value chain and consists of various sub-sectors.

A stratified purposive sampling method was applied to select the participants for the interview due based on the researcher’s judgement on the appropriateness of selected participants to answer the research questions (Saunders & Lewis, 2018). This stratification technique allowed an extraction of in-depth information relevant to the investigation of the phenomenon under research (Vasileiou et al., 2018). The sample selected was heterogenous and allowed for the variation in the data collected (Perelygina et al., 2021).

A literature review of reports and other publications in the tourism sector was conducted to draft a pool of possible interview participants (Perelygina et al., 2021). Social Media platforms such as LinkedIn and Facebook were also used to identify potential suitable participants.

Sample adequacy is measured in terms of composition and size (Vasileiou et al., 2018). The composition of the ample was deemed adequate for this study. The criteria for stratification were the tourism sub-sector and seniority of the participants positions. Sixteen (16) participants were selected across the tourism value chain as per the table below:

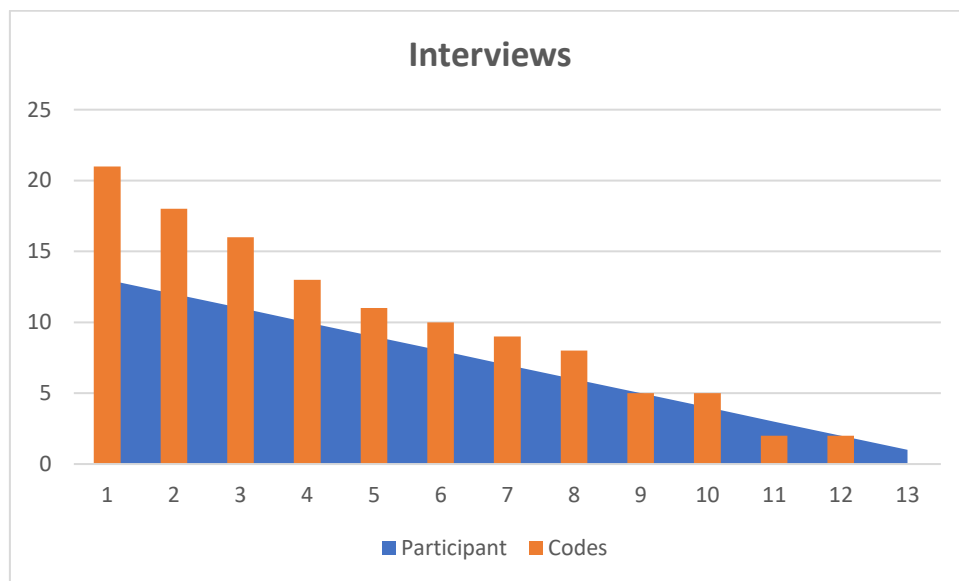
**Table 1:** Sample Composition

No	Tourism Sub-Sector	Sample Size
1	Hospitality	5
2	Transportation Services	3
3	Travel Companies/Agencies	5
4	Tourism Institutions (including government entities)	3

The total sample selected was 16 interview participants. This composition as well as sample size is deemed adequate for qualitative interview purposes due to the diversity of the

population in the sector (Saunders & Lewis, 2018). Participants selected were from diverse socio-demographic characteristics.

Thirteen (13) participants were interviewed for this study. Data saturation was reached a participant number 10, where no new themes, findings or problems were evident in the data (Francis, et al., 2010). Three (3) more participants were interviewed to confirm that data saturation has been achieved, at which point the interview ceased. Figure 2 below depicts the data saturation point.



**Figure 3: Data saturation point**

Participants years' experience in the tourism sector ranged from 5 years to 36 years. The seniority level in terms of positions ranged from Manager level to Chief Executive Officer level. The distribution of the participants across the tourism sector reflects the target population. Hospitality or accommodation establishments as well as travel management companies or travel agents are significantly larger than other sub-sectors in the tourism sector.

#### **4.5 Measurement instrument**

This study was explorative in nature and a semi-structured interview guide (Appendix 2) was used as the measurement instrument (Perelygina et al., 2021). The literature review on disruptive innovation and business model innovation or adaptation primarily informed the interview guideline (Kammerlander et al, 2018). Due to the explorative nature of the study, semi-structured interviews were used and provided an opportunity to probe and obtain in-depth information that is relevant to the study (Queirós et al, 2017). The interview guide provided structure and focus for the interviews, but also allowed for flexibility to probe for



further questions (Perelygina et al., 2022). The interview guide consisted of open-ended questions, grouped into themes (Saunders & Lewis, 2018). The questions were also structured to prevent leading the respondent and allowed respondents to provide their detailed accounts without being directed to the desired answer (Paiola & Gebauer, 2020). Interview questions were enhanced when necessary to allow for further probing and enable further clarity and explanations of new revelations relevant to the research (Chan et al., 2018).

The interview focused on four main themes. First, the participant's understanding of the terms 'disruptions' and 'disruptive innovation', as well as 'business model innovation'; second, the participants' views and perceptions on the effect of disruptions or disruptive innovation in the tourism sector in South Africa. Third, the participants' views and perceptions regarding organisations' response strategies to the disruptions; and fourth, participants' views and perceptions on the effectiveness of the response strategies.

#### **4.6 Data gathering process**

This study sought the participants opinion on how they view disruption and disruptive innovations in the tourism sectors and their views on the strategies that were employed in response (Rashideh, 2020) Since this study was explorative in nature, semi-structured interviews were adopted as the most suitable data collection method (Zott & Amit, 2010). Semi structured interviews allow flexibility to probe for a detailed and in-depth understanding of the context through the perspectives of the research participants (Zott & Amit, 2010b).

Current and existing professional networks were primarily employed to reach out to potential research participants. The LinkedIn social network platform was used as a secondary method to reach out to research participants. A snowball sampling approach was also used where interviewed participants were asked to recommend people in management roles within the tourism sector who would be willing to participate in the study (Sjödín et, al. 2020). Research participants were reached out through the LinkedIn social media app to request for their participation in research. Emails were subsequently sent to those who agreed to participate, together with the consent forms (Appendix 3).

Data was collected through in-depth individual interviews (Sjödín et, al. 2020). The choice of interview methods and platforms was based on the participants' preference, comfort, and capability (Saunders & Lewis, 2018). The interviews were held on the Microsoft Teams and Zoom meeting platforms. These platforms were selected based on the platform's meeting recording capabilities and ability to secure and control access to recordings. The interviews

were recorded on these platforms after approval was sought and obtained from the participants. The consent forms were provided via email for participants to sign as evidence of their willingness to be interviewed and consent for the interviews to be recorded (Lobe et al., 2020 ; Saunders & Lewis, 2018). The participants were also informed, through the consent forms, their right to withdraw from the study at any stage (Lobe et al., 2020).

Thirteen (13) participants were interviewed using semi-structured interview tool. The interviews ranged from 45 minutes to an hour and were conducted by the researcher in this study. The participants were from various tourism subsectors with experience ranging from five (5) to thirty-six (36) years within the tourism sector and hold managerial, senior managerial and executive positions in their organisations. The purpose was to obtain various perspectives through the narratives of the participants. In their response, participants were allowed to depart from the interview questions to give account on other relevant aspects as they emerged (Sjödín et, al. 2020). In seeking answers to these overarching questions, participants were encouraged to not to base their answers on organisational experience but on their broader experience in the tourism sector (Sjödín et, al. 2020).

Each interview began with collecting personal information about the participant, such as participate name, tourism sub-sector, number of years' experience. The interview was divided into four sections: the Understanding of definitions, the effects of disruptors on the tourism sector, the response strategies to the disruptions and the effectiveness of the response strategies. The first section, understanding of definitions, ensured that the interviewer and interviewee agreed on the meaning of the key terms (Zott & Amit, 2010). The definitions, disruptions, disruptive innovation and business model innovation or adaptation, were presented to the participants orally and in response interviewees could agree, correct the given definitions, or suggest their own definitions (Zott & Amit, 2010b).

Sections two, three and four asked key questions to collect data to examine the effect of disruptions or disruptive innovation on the adaptation or innovation of business models by organisations in the tourism sector.

Due to the flexibility allowed by semi-structured interviews, follow-up questions were asked when necessary for purposes of obtaining in-depth information. Data analysis was conducted as the interviews progressed for purposes of identifying saturation (Zott & Amit, 2010b). Insights gained from the analysis were used in subsequent interviews. Data saturation was reached when interviewing participant 12 and it became evident that information revealed during the interviews is becoming repetitive (Saunders & Lewis, 2018). A stopping criterion, which is

decision on when to stop interviewing based on the number of interviews not revealing new insights or themes, of one additional interview of participant number 13 was applied to assess the achievement of data saturation (Francis et al., 2009).

The Audio recordings have been safely stored in a secure folder on Microsoft's OneDrive Personal Cloud storage platform. The details of the data analysis process are provided in the subsequent section.

#### **4.7 Data analysis approach**

The study adopted a qualitative technique of content analysis. Qualitative data does not require the use of statistical methods for data analysis purposes (Perelygina et al., 2021); therefore, data was analysed inductively and deductively (Saunders & Lewis, 2018). The inductive part involved the derivation of codes, categories, and themes from the data. No software was used for inductive this part of the analysis.

Thematic analysis approach was used to audio record, transcribe, code, and analyse the data (Cheng et al., 2020). Interview audio recordings were transcribed into data, using the Otter.ai transcription software, for analysis purposes (Saunders & Lewis, 2018). The thematic analysis also involved immersion into data by the researcher through listening to audio recording and readings transcripts several times (Cheng et al., 2020). Coding techniques were applied in the analysis of the data extracting the main concepts relating to disruption, innovation-driven change in the logistics sector, and Aramex's unique business model (Glaser & Strauss, 1967; v. Alberti-Alhtaybat et al., 2019).

Interviews data was interpreted and patterns and insights extracted through coding of the answers provided by the respondents (Palmié et al., 2020)). An in-depth analysis of data was undertaken through the reading of interview transcripts, highlighting phrases, words and sentences that related to the three research questions outlined in section 3 (Sjödín et, al. 2020). The analysis was also conducted using the ATLAS.ti software where first order categories were identified by coding the common words and phrases, which expressed the views of the respondents in their own words (Sjödín et, al. 2020). No further clarity was further required when data was analysed and therefore participants were not contacted for further information (Ghezzi & Cavallo, 2020)

The second order themes were identified through linking patterns in the first order categories (Sjödín et, al. 2020; v. Alberti-Alhtaybat et al., 2019). At this point open codes that reflected the same aspect of the phenomenon were incorporated into higher order categories (Alberti-

Alhtaybat et al., 2019). These were then presented as themes or topics that emerged from the data in the findings, and the logic of presenting these was based on their highest explanatory power of the phenomenon under study and the relative importance given to that element of the phenomenon by the participants (Saldana, 2015).

## **4.8 Quality Controls**

Research should be useful and believable to anyone other than the people who participate in the research (Stiles, 1993). The quality control issues as well as strategies employed to manage them are outlined below.

### **4.8.1 Reliability**

Reliability concerns the trustworthiness of the data collected (Stiles, 1993). Overall sample consisted of various stakeholders in the various tourism sub-sector, therefore giving confidence to the generalizability of the findings (Guttentag & Smith, 2017)

This study depended on obtaining knowledge from participants' experiences with disruptive innovation and their experience, evidenced in the number of years working in the sector, was an important criterion for being considered as experts in their field (Rashideh, 2020). Their number of years' experience was an important criterion for counting as an expert in the field (Rashideh, 2020). Their level of experience enhanced the reliability of their answers (Rashideh, 2020)

### **4.8.2 Validity**

Validity concerns the trustworthiness of the data interpretation and conclusion (Stiles, 1993). Data was triangulated through interviewing stakeholders in the various tourism sub-sectors (Alberti-Alhtaybat et al., 2019). A combination of inductive and deductive analysis methods was applied to increase the validity and reliability of findings from the interviews (Perelygina et al., 2022).

### **4.8.3 Transparency**

Transparency is a critical component to ensuring trustworthiness of the research study (Aguinis & Solarino, 2019). The behaviourally anchored rating scales (BARS) were applied to measure transparency (Aguinis & Solarino, 2019). Refer to appendix 5 for the BARS. Applying

the criteria allows for exact, empirical or conceptual replication of the study (Aguinis & Solarino, 2019)

#### **4.8.4 Confidentiality**

The participants consent form contained a clause that participation is voluntary and that participants had a right to withdraw from participating in the study. Participants were also requested to sign consent forms (Appendix 4) as evidence of their agreement to participate in the study and was assured of the confidentiality of the study and their right to withdraw from participation. Data analysis was conducted at an aggregate level and participant identifier information such as names and organisations were removed.

#### **4.9 Research Ethics**

Prior to commencing with the data collection, ethical clearance was obtained by the researcher from the Gordon Institute of Business Sciences Research Committee (Appendix 5).

#### **4.10 Limitations**

Due to the nature of this study being exploratory, no conclusive inferences can be made on the findings (Kahraman & Kazançoğlu, 2019). More detailed study will therefore be required to provide definitive conclusions (Saunders & Lewis, 2018). Limited time available to conduct research, access to research participants, as well as participant and researcher error and bias are some of the limitations, which might influence the research study (Saunders et al., 2016). The following limitations to the study as well as the strategies to deal with those limitations were identified.

##### **4.10.1 Time limitations**

Due to time limitations, a cross-sectional study was performed. Therefore, no inferences can be made regarding applicability of the research findings to another time or case and exceptions are to be expected (Stiles, 1993).

##### **4.10.2 Access to research participants**

The researcher relied on social networks and social media platforms to access initial participants. Subsequent participants were obtained through snowballing sampling method, where earlier sample participants were requested to recommend additional participants to interview (Saunders & Lewis, 2018).

#### **4.10.3 Participant error and bias**

The use of non-probability sampling can result in biased results (Guttentag & Smith, 2017). This was managed through obtaining perspectives from participant in various tourism sub-sectors. To eliminate distractions that might result in researcher error or misunderstandings, meetings were held at the time and through the platform most suitable to the participant (Saunders et al., 2016). This was also done to eliminate participant bias and error (Saunders et al., 2016).

#### **4.10.4 Researcher bias**

Qualitative research involves the researcher using empathy as an observation strategy and making inferences based on observed behaviour and situations (Stiles, 1993). Multiple sources of data, through the interview of different stakeholders in the various tourism sub-sectors was a strategy employed to avoid the researcher's analysis being too focussed on a particular perspective or point of view (Alberti-Alhtaybat et al., 2019). Interviews were also recorded to eliminate researcher bias when taking notes (Saunders & Lewis, 2018)

The next chapter outlines the results from the data collection.

## **CHAPTER 5: PRESENTATION OF RESULTS**

### **5.1 Introduction**

This chapter presents a series of important findings uncovered during the study. The results are based on thirteen (13) interviews with participants from various sub-sectors in the tourism sector. The findings based on the main research questions outlined in chapter three are discussed in this chapter. This chapter begins with a description of the participants interviewed as part of this study. The description provides background information indicating the seniority level of the participants and the numbers of years' experience specific to the tourism sector. The description also includes the tourism-sub sector within which the participants are employed including the tourism sub-sector in which the participants are employed.

The research interview guide utilised to interview participants began with a section that requested participants to describe in their own words, the constructs under investigation. The purpose was to ensure that the participants have a general understanding of these constructs and were aligned with the topic under research before delving into the rest of the questions. The results of this section are also outlined in this chapter to indicate the participants understanding of the constructs and the phenomenon under research.

A semi-structured interview guide, which expanded on the three main research questions was used to gather and analyse data. Both inductive and deductive approach to data analysis were applied. The deductive approach entailed identifying themes from the literature that are relevant to the research context. The inductive approach was applied by identifying themes that emerged from the data transcripts. The ATLAS.ti software was used for the inductive analysis and no software was utilised for the deductive approach. Both approaches generated 209 unique codes across the 13 interviews and codes are listed in the Appendix 5. The codes were categories and themes identified from the categories and are discussed in detail on this chapter

### **5.2 Description of the sample**

The study consisted of 13 participants, all employed in the tourism sector. The participants are all in managerial positions and executive positions. The selections were based on the participants seniority levels and their roles in making strategic decision. The numbers of years' experience in the tourism sector were also a factor in the sample selection to be able to provide an in-depth narrative on the topic under study.

The table below provides demographic details of the participants interviewed in this study.

**Table 2:** Participants Demographics

Identity	Job Title	Tourism Sub-sector	Years' Experience
Participant 1	Site Liaison Manager: Africa Region	Travel Agency	22
Participant 2	General Manager	Hospitality	17
Participant 3	Operations Manager	Transport	10
Participant 4	Senior Lecturer in Tourism	Tourism Institution	15
Participant 5	Managing Director	Tourism Events	20
Participant 6	Sales Manager	Hospitality	15
Participant 7	Chief Executive Officer	Tourism Institution	36
Participant 8	Hotel General Manager	Hospitality	15
Participant 9	Founder	Travel Agency	20
Participant 10	Hotel General Manager	Hospitality	23
Participant 11	Marketing Manager	Travel Agency	5
Participant 12	Chief Executive Officer	Travel Agency	25
Participant 13	Chief Financial Officer	Travel Agency	12

All participants have been employed in the tourism sector for a period of five and more years. The number of years' experience was an important factor to the researcher as this would ensure that participants have been employed in the sector long enough to have observed the phenomenon under research. Another important factor was the seniority of the participants which ranged from manager level to Chief Executive Officer level. Employees in these positions are responsible for making strategic decisions and overseeing the implementation of those decisions.

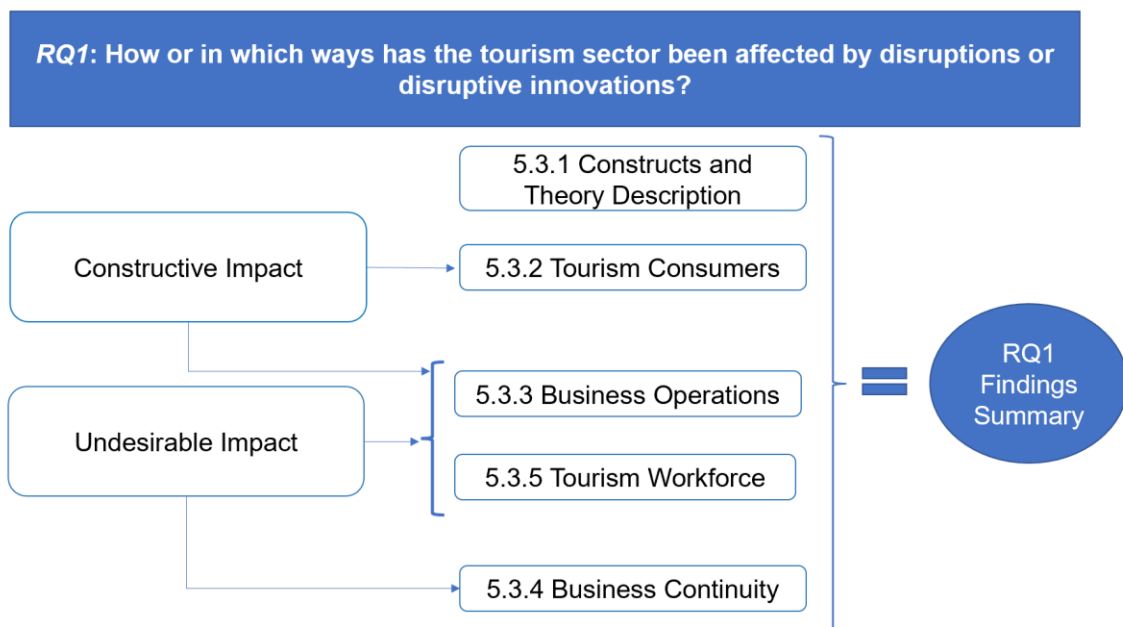
### 5.3 Results for Research Question 1

- **RQ1: How or in which ways has the tourism sector been affected by disruptions or disruptive innovations?**



The aim of this research question was to understand the effect that disruptions and disruptive innovations has had on the tourism sector. The research question was further broken down into seven sub-questions with the aim to delve deep into the question.

Narrative enquiry approach was followed, and participants were asked to give an account of the disruptions and disruptive innovations that were noticeable in their sector. Participants were asked to provide examples of key and noticeable disruptions in their tourism sub-sectors, the impacts those key disruptions had on their organisation and the significance of the impact. Interviews revealed that disruptions and disruptive innovations do not only impact businesses negatively but can have a positive impact on the incumbent organisations. Five themes emerged from the data analysis and are elaborated in this section. Figure xxx below provides a summary depiction of the themes that emanated from the data analysis.



**Figure 4:** Overview of results for research question 1

### 5.3.1 Constructs and theory description

Participants generally used disruptions and disruptive innovations interchangeably. In describing disruptions and disruptive innovations most participants described disruptions as any event or activity that changes the norm or the normal way of business operations.

*“Its things that come into place that do not allow us to function on a normal basis” – Participant 3*

*“A change, rapid or significant change in doing business compared to how its traditionally been done” – Participant 11*

In describing the constructs of business mode and business mode innovation, participants described the constructs as changes introduced to the current business for purposes of improving operations to meeting evolving customer needs.

*“If we are going to remain relevant, we need to be sure that we understand what the consumer is looking for and what they expect. And what are we doing to help support to meet that expectation”*

### **5.3.2 Tourism Consumers**

Participants indicated that overall consumers have been highly positively impacted by the disruptions and disruptive innovations that impacted the tourism sector. The Covid pandemic accelerated use of technology and a shift to online platforms. The market shift to younger generation who are more tech savvy has resulted in a shift in customer preferences. Technology introduced convenience, as well as cost and time savings for customers by eliminating the need for intermediaries and providing easy access to all the information and tools required by the consumer. This is also coupled with reasonable pricing that excludes additional costs that customers would incur as a result of dealing with intermediaries, making tourism more affordable and adding new consumers to the market.

*“It takes them much less time to do it on their own, they quickly log on to their computers to do a booking and they get confirmation” – Participant 1*

*“The car rental companies have tried to come up with solutions to that. To also bring apps but I think the Uber model is very successful in for two reasons. Ease of use and secondly price” – Participant 13*

Consumers expectations with regards to health, safety and hygiene has also significantly increased, asking questions such as vaccination status of employees. Participants have also revealed that disruptive innovative companies such as Uber and Airbnb brought more product offerings to the market and provided more options to consumers.

Participants also revealed a negative impact with regards to increased prices due to closure of businesses. One participant gave an example of closed Airlines that shut down, reducing capacity to serve the market, resulting in price increases.

*“With lack of domestic airlines in South Africa, that impacts the market when the cost of flight ticket is so high” – Participant 10*

The Covid-19 pandemic also created a shift in the consumer mix and resulted in many businesses pivoting to serve the local market. Participants however felt that this shift was only temporary and once the sector recovers post covid the market mix will revert to majority international consumers. Participants are seeing a slow increase in the international market as the months go by.

*“And suddenly, they’re having to sell to people from Gauteng, who bring their own cooler boxes on a game drive, you know, at a much lower, maybe third of the price. Just to keep the doors open, and the staff employed” – Participant 5*

*“The effect of COVID obviously switched in up a bit, and it’s now become 90% local and 10% international. – Participant 2*

Disruptive innovation brought on by technology and platform-based companies such as Airbnb has increased competition resulting in reduced prices for the consumer. Reduction in prices has resulted in more people consuming tourism services, which is overall good for the tourism industry.

*“It has reduced the cost of tourism consumption. By decreasing the cost, it has opened up a massification of new customers. So, because the prices are going down, it’s good for the sector, because new customers are coming up”. Participant 4*

A shift back into travel intermediaries, as a result of the COVID pandemic was also noticed by participants. Participants mentioned that although technology provided convenience and cost savings to consumers, it lacks the human touch which is still very much a necessity in the tourism sector. This was evident when the pandemic hit with travellers were stuck in various destinations. Those that utilised online booking tools had to rely on emails and chatbots with responses. While those who utilised intermediaries could directly call the travel agencies and were offered assistance and reassurance that an online tool would not.

*“During COVID, those who booked through travel agents, there was somebody on the other end of the line that was fighting for you,” - Participant 7*

*“The trust element as well. So that’s the one thing that actually helped us that people knew that okay, we’ve got offices somewhere if push comes to shove, we also have stores that they can walk in” – Participant 11*

### **5.3.3 Business Operations**

All participants interviewed revealed that the Covid-19 pandemic brought a halt to business operations. This is due to those restrictions to the movement of people. Even when restrictions

were lifted, there was reduction in consumer demand for tourism services due to uncertainty on the part of the consumers.

*“Everything simply crashed. And mainly due to the restriction of the movement of people” – Participant 1*

In terms of technology related disruptive innovations, participants in the travel intermediary services experienced the most negative impact on their business operations. With clients shifting online and preferring online booking tools over travel intermediaries, the businesses in the travel intermediary lost the market share and had to downsize their businesses and business operation. Participants in the hospitality sub-sector also revealed a slight impact on their market share as a result of the Airbnb establishments. The disruptive innovative technology offered clients cost savings and businesses pricing structures were impacted as a result.

*“There has been an increase in people who do their own bookings. They book travel through the internet, book accommodation through Airbnb or other aggregators and they just Uber themselves around when they arrive” -Participant 12*

While most participants viewed Airbnb as a disruptor, two of the participants held a different view and revealed that Airbnb did not impact the high-end hotels or hotels with different price offerings. One participant's view on Airbnb was that it is another productive offering and not necessarily a disruption.

*“So, Airbnb hasn't affected our hotels, because we have four different price points” – Participant 2*

*“It's is just another establishment and being fixated on it as a disruptor is just a waste of time, it is just another option and another alternative” – Participant 8*

The tourism sector relies on partnerships and collaborations to operate. The interviews revealed that some business relationships dissolved as a result of the disruptions. Supplier contracts and relationships were also impacted by the disruptions.

*“We had a procurement officer who assisted us with food costing and orderings, we negotiated prices for our food, and our amenities. We searched for the same quality but at a lesser rate” – Participant 6*

The impact of the disruptions also brought flexibility to the business operations. The interviews also revealed that businesses in the hospitality sector that served most internationally customers, had to pivot to serve the domestic market, and had to reduce prices to accommodate the local market and keep the businesses in operation.

*“Businesses pivoted to serving more local customers, which has been the norm around the world” – Participant 5*

*“Covid switched things a bit and it is now 10% international and 90% local” – Participant 2*

Disruptions also impacted business in a positive way and led to enhancement of business operations, enhancements of products and services, improved customer experience as a result of convenience brought on by technology.

*“It has made us better businesspeople. So, the way in which we look at our business is completely different to how it was prior to Covid. It has given us a lot of perspective in terms of how we run our business ” - Participant 2*

The interviews revealed that the disruption brought on by the COVID pandemic had a huge impact on revenue and profitability of most if not all tourism businesses. Negative business cashflows were experienced across the sector with businesses having to pay for operational costs such as building maintenance and staff salaries while no income was coming in.

*“So, from a revenue perspective, we are losing about five to 6 million Rand a month, compared to where we were prior to COVID. It's a lot of money. So obviously, the translation to your bottom line, and you're EBITDA is significant. So yes, the financial impact has been great. Occupancy impact has been great.” - Participant 2*

*“You still had to worry about repairs, you still had to worry about paying stuff, you still had to worry about your depots, your security, all of those factors are still there, those are expenses that are not going away. And if you've got nothing coming in your burning cash reserves. ” - Participant 3*

The pandemic resulted in additional costs related to health and safety protocols which could not be passed on to the consumer but had to be absorbed by the businesses, affecting the bottom line.

*“So, there was an additional cost straightaway that came through because you had to make sure your building is sanitized, you've trained your staff calls in place with regards to how to deal with positive cases.” - Participant 10*

Participants revealed that due to business closures, there is now not enough capacity to service the tourism market. This has therefore resulted in an increase in some of the products and services offered. The interviews also revealed that prices have also increased in some cases due to decreased competition as a result of business closures.

*"At the moment what is happening is that there's no capacity. So, the airlines that are flying are full and the prices have gone up you know, because the demand and supply thing. " - Participant 12*

*"We have seen the airlines have some of them are getting. Obviously, prices are a lot higher at the moment. Certainly, you could check in 24 hours before. Now you can only do six hours before you actually have to play to do select the seat. Which has caused huge disruption in how things used to be done. " - Participant 3*

Other forms of disruptions outlined by participants, such as economic disruptions have also negatively impacted the sector and affected business operations, resulting in increase in operational costs

*" The second thing is you've got to look at that the South African economy as a whole has taken it, so people don't have the money to pay for what they used to pay for. Our margins have decreased tremendously, whereas five, six years ago, our profit margins are 40-50 %.. " - Participant 3*

The disruptive innovative companies introduced competition which has resulted in reduced tourism prices, impacting on business revenue and profits.

*"So, price reduction, number one, because of more competition, and number two, new customers are added to the tourism industry." - Participant 4*

The technologies have also equipped customers with information and tools to arrange their own travel, forcing travel intermediaries to reduce prices to remain in competition.

*"Now the client is saying you cannot be charging me the same rate as you would charge me when you have a person behind the desk helping me. " - Participant 1*

### **5.3.4 Business Continuity**

The Covid disruption restricted the movement of people, forcing the entire tourism sector and value chain to shut down operations. All participants interviewed are working for organisations that managed to recover post COVID and continue with business operations. Participants also revealed through their observations that several other businesses across the tourism value chain had to permanently cease operations.

*" Then we get into the COVID times. Where everything simply crashed. And mainly because of the restriction on the movement of people. " – Participant 1*

*"Yeah, it was. A decline of more than 98% of our tourism industry. So COVID-19 was a big disrupter. Because our industry is a person-to-person contact industry. So, there was no way to operate because of COVID regulations." - Participant 4*

The entry of new product suppliers in a form of Airbnb for the hospitality industry and Uber for the transport industry has not had a significant negative impact on the business continuity of incumbent tourism organisations. Participants revealed that once these disruptive companies settled into the markets, other competitors started embracing them and seeing them as additional suppliers and products and service offerings.

In the case of travel intermediaries, the online travel platforms have enabled customers to facilitate their own travel, resulting in some travel intermediaries ceasing to operate. This is due to the demand by consumers to be charged lesser fees due to the availability of technology and ability to plan, arrange and facilitate their own travel. Some intermediaries ceased operating due to the costing structure impacting on business revenue and profitability.

*"So, I'm, to be honest with you and I mean the travel industry from a travel agent perspective and from a hotel general manager perspective in terms of where our bookings are coming the travel agents are somewhat non-existent anymore" Participant 2*

### **5.3.5 Tourism Workforce**

Disruptions such as the Covid pandemic resulted in massive reduction of the tourism workforce. Due to the restriction of the movement of people, significantly impacting revenue, businesses were forced to streamline operations to be able to remain afloat and retrenchment of staff was one of the streamlining processes.

*"So, when Covid happened, we went through retrenchments, we looked at our structures and asked what level of staffing is required" – Participant 2*

The interviews revealed that changes to employment conditions and changes to the pay structured were some of the changes that impacted the tourism workforce as a result of the Covid disruption. Flexible working contracts replaced permanent contracts for some positions in some sub-sectors. Salary cuts were introduced by businesses who opted not to retrench their employees. Employees remained employed although based at home due to Covid

lockdown and not earning a salary, salaries were reinstated incrementally based on business performance.

*‘Staff were not fired or retrenched but were asked to sit at home without pay’ – Participant 6*

The interviews revealed that as the sector begins recovering post the COVID pandemic, businesses are now faced with a new challenge of staff shortages, and this is happening at a global scale. Retrenched employees have moved on to other industries and have no desire to come back to tourism due to its perceived volatility after being hardly hit by the pandemic.

*" So, a lot of people have left the industry and gone to you know, work and more stable kind of things. This is worldwide. So, the industry is really struggling on the staffing level." Participant 5*

*"Finding staff in the tourism industry, post-COVID has been a challenge. So, you know that 50% odd that got retrenched most of them went off and did something else and they don't want to come back. So, finding staff that knows what they're doing serious issue." Participant 13*

Businesses are now faced with the challenge of having to be innovative in recruiting and retaining tourism workers. Some businesses now offer customers flexibility to mix their skills set and not be permanently placed at or bound by the business.

*“Suddenly hotels are allowing staff to have portfolio careers, e.g., you can become a barista with us for three days in a week’ – Participant 5*

The adoption of technologies eliminated manual labour associated with human resources and resulted in the necessity to reduce the workforce. The technology adoption also significantly impacted the costing structure of some businesses forcing businesses to lay off employees due to the impact of reduced costing on business profitability

*“There was a disruption in the market in the sense that people lost jobs because now you're bringing in technology where you are saying to the client, you can sit in your own home and can sit in your own office, behind their computer, or with your cell phone in the palm of your hand and be able to make a booking.”. Participant 1*

*“Everyone had a strategy, I think what happened was there an immense acceleration, unfortunately, at the cost of a lot of jobs, and a lot of those jobs won't come back, because we*



*found ways to automate certain things, especially administrative functions and back-office components” – Participant 7*

Participants revealed that the disruptions have highlighted the shortage of critical skills within the tourism sector. Proactiveness, having strategic foresight as a leader, having a new skillset to be able to respond to disruptions are some of the issues highlighted in the interviews. Two participants believed that the current curriculum in tertiary institutions is outdated and does not align with the current tourism landscape.

*“I am of the opinion that the current curriculum that is generally being taught is not fit for purpose” – Participant 7*

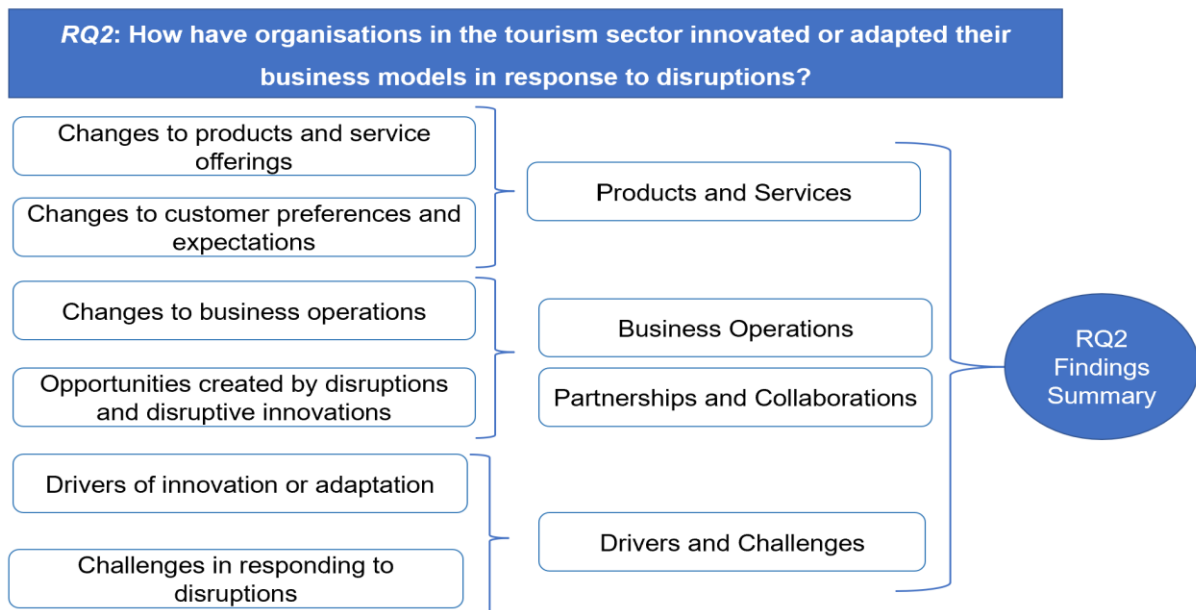
### **5.3.6 Summary of the findings of research question 1**

The findings on research question 1 on the impact of disruptions and disruptive innovations on the tourism sector indicate that the impact has not only been negative. The disruptions also presented opportunities for improved business processes and relationships with stakeholders such as customers and suppliers. The findings also revealed varying views on what constitutes disruption and disruptive innovations. There was unanimous agreement on the COVID pandemic being a disruption, however there were divergent views on disruptive innovation.

## **5.4 Results for Research Question 2**

- **RQ2: How have organisations in the tourism sector innovated or adapted their business models in response to disruptions?**

The aim of this research was to explore whether the tourism sector have adapted or innovated their business models in response to the disruptions. The questions further explored the different strategies employed in responding to the disruptions. Questions 15 and 16 probed further to understand the challenges faced by organisations in adapting, hindrances to adapting and innovation business models as well as opportunities presented by the disruptions to adapt and innovate. Figure xxx below depicts an overview of results relating to research question 2.



**Figure 5:** Overview of results for research question 2

#### 5.4.1 Products and Services

Participants revealed that products and services had to be enhanced to accommodate the COVID-19 related safety protocols. This was across the sector, in hospitality, transport, and intermediary services. Health and safety of clients has always been top priority in the tourism sector and in particular hospitality, however this was heightened by the COVID pandemic. Customer preference and expectations also necessitated this enhancement as customers started becoming fussy about hygiene and safety. One participant revealed that adherence to COVID protocols and vaccination requirement offered competitive advantage and increased demand for services.

*“I've got 98% of my staff that are fully vaccinated in my hotel, and this was a year ago. And when we do banquet and conferencing, we stood out from other properties, because you sold it as I've got fully vaccinated staff.”* – Participant 2

*“Remember, we've got to look at things like sanitizing vehicles, we've got to look at things like making sure drivers are vaccinated, making sure they have all the relevant documents and all of that stuff to ensure that the client is kept safe”* – Participant 3

To ensure business continuity and sustainability, businesses had to explore other revenue generating streams that included a product and service mix as well as offering other additional value-added services to customers

*“So, in terms of new products and services that mushroomed, they were there were companies that pivoted in the direction of like there is this a company that we work with, called Sherpa. And they created a platform where you can get information around like travel restrictions across the world and it could give you what the restrictions are, which you need to do, whether you need to PCR tests and so forth” – Participant 11*

Participants revealed that most businesses had to review and reassess the products and services offered to customers to determine if they are still relevant. One participant revealed how the entire exercise indicated how some products and services offered to client are not really required or utilised by the clients.

*“And you realize some the things you did because they made you feel warm and fuzzy and you thought you were a superstar, but actually, customers didn't care for it”. – Participant 8*

According to the participants, the cost review exercise introduced a lot of cost efficiencies and savings for the organisations. This would not have happened had the businesses not been hit by a disruption such as COVID.

*“I think we made a lot of changes that made us more efficient. But I think that in some properties, and we were too lavish, and we did a lot. And now it was an ability to realign and readjust. What does our customer pay for? What do they receive? And what are the optional extras that we offer” – Participant 2*

Another major change that was made in terms of products and services was the price adjustments. Businesses such as Airbnb, Bookings.com offered introduced cost savings to consumers and consumers have now become price sensitive. Price adjustment had to be made to remain competitive while taking care not to compromise on the quality of the products and services.

*“When Airbnb came? We really had to think differently. We really had to rethink our price. So, we went on, on special and promotions because we cannot sustain low rates, but just to secure and win the customer back.”. – Participant 6*

Three participants in the travel intermediaries sub-sector revealed that businesses had to rethink and redesign their value proposition. An example was provided by one participant as to how travel agents need to move away from being “order takers” to transitioning into being travel advisors. The value proposition will enable customers to see the value in using the ravel intermediary as opposed to online self -booking tolls.

*“And what we're looking for now is the time to kind of Travel Advisor that isn't a processor but actually a Travel Advisor. That for me, is kind of party some of the evolution we're seeing but also partly the evolution that we are encouraging” – Participant 7*

Participant 11's company accelerated implementation of technology called Omni which changed the method of service and product delivery to clients from brick and mortar in-store walk ins to online. This resulted in closure of some stores and cost savings

*“It is the best way for us to go. We're wanting to provide a way for customers to be able to whether they want to transact online, they can transact online. If they want to transact over the phone “– Participant 11*

One participant was of the view that the tourism industry is not innovative enough and didn't not produce any valuable products or services in response to the disruptions.

*“I must say I'm disappointed in terms of the level of response by the market to the challenge. Yeah, because we were not in a position to come up with solutions that would immediately have an impact on the sector” – Participant 1*

#### **5.4.2 Business Operations**

Participants revealed that major changes had to be made to business operations in response to the COVID pandemic. The normal business operating models had to be assessed and changes introduced to be able to remain in operations. Post the COVID pandemic, the models and business operations had to be adjusted again. Some changes were permanent while some were temporary.

*“The Covid forced us to rethink our business in ways that no other disruption would have. Because the entire industry came to a halt. If it didn't we wouldn't be examining every cost centre. We would have probably looked at it and continued with certain things. But we had to relook at how we do things” – Participant 10*

Most businesses conducted a detailed analysis of operating expenses and procurement spend to introduce cost efficiencies and increase profits. All contracts with suppliers were reviewed leading to renegotiating of contractual terms and in other cases complete cancellation of contracts

*“Capital expenditure and the spend services and contracts and service providers. Sometimes, when things are good, you have a lot of service providers doing things that you*

*have the skill to do, but because things are good, you have this service provider doing this and that service provider that doesn't exist anymore, we now have our experts, the one person from the five that used to be, you know, doing what they actually essentially were hired to do.”. Participant 8*

Participants revealed that another major exercise undertaken by businesses was the review of the organisational structure and its alignment to the changes introduced in products and services. This led to some positions becoming redundant and reduction in the workforce. Changes to the organisational structure and adjustment of the work force.

*“So, when COVID happened, we went through retrenchment. So, what happened was that we looked at our structures at the time during COVID and we said okay, if we have to open this hotel, and we had to do paid at 50% occupancy, what staffing levels would be required”.*  
– Participant 2

In attempting to alleviate unemployment and retrenchments other organisations reviewed their salary bill and made decisions to cut salaries, especially during the COVID restrictions. These measures were however temporary as salaries were adjusted back up when tourism recovered. Another change which remained permanent was a change to working conditions and introducing flexible staff as opposed to having permanent staff.

*“We didn't really do any organizational changes when we had Airbnb coming in. But with COVID, we did a lot. So, I will start with our labour. Our staff was now working on with we did go on furlough, whereby the staff was not fired or retrenched but they were made to sit at home without pay, although they were still working for us. Then we had the staff come back and work limited hours. So that we can accommodate everybody to make sure that everybody gets an opportunity to earn a little bit of money on a monthly basis”.* – Participant 6

The findings revealed a shift into online platforms and permanent adoption of a hybrid working model.

*“Most meetings are now online meetings, like we are doing now. So online started coming, in terms of technology, so now there less travel to someone's boardroom and one on one”*  
– Participant 9.

The interviews revealed that most businesses, and in particular businesses that have been impacted by disruptive technologies invested in new technologies. The current technologies were also enhanced to keep up with the disruptions. Another major change was leveraging of existing technology. One participant provided an example of how most travel intermediates

are now on Booking.com and many hospitality businesses have now listed their services on Airbnb and other platforms such as trip advisor.

*“Innovation came in a way in terms of how we do bookings. So, we invested in a new system, it’s an online system. We can access live inventory of our hotel rooms with stock. So, we can access our stock live in real-time.”* – Participant 6

*“A lot of hotels are on Airbnb, and a lot of guesthouses are now on Airbnb. So, they found new additional distribution points for their products and number two, going online, has become very, very important for businesses”* Participant 4

*“So, the company is traditionally more of a brick-and-mortar store based. During Covid, we obviously had to close a couple of our stores. And we’ve had to think in the two years where Covid was hectic, it accelerated our taking sort of the need for us to have better technology to enable our customers to transact online more”* – Participant 11

#### **5.4.3 Partnerships and collaborations**

The interviews revealed that the tourism value chain is broad and businesses in the sector have to partner and collaborate to be able to better serve the market. An example was made on how the airline booking platform also incorporates car hire and accommodation booking options, connecting travellers with other tourism suppliers. These types of partnership were enabled by introduction of technology.

The businesses conducted a review of current partnerships, mostly encouraged by the COVID pandemic. Existing partnership were either enhanced or ceased to exist. And more partnerships and collaboration, especially with various tourism institutions were entered into. In line with these reviews other already existing partnerships and collaborations had to be terminated due to no longer being relevant to the business. This opened an opportunity to partner with local SMME transport companies

*” So, prior to COVID, the hotel used to have Europcar as our travel car partner. So, when you would arrange with the client to get a Europcar exactly like what you mentioned. So, when COVID hit Europcar then no longer operates in Fourways. That whole branch closed.”*  
– Participant 2

*“So, what our hotels did was that, we put on a tender to SMEs to say, if you've got cars and these are the standards you would then be required to tender for us to say that if you would become the car partner company with the hotel”. - Participant 2*

One participant in the transport sub-sector revealed that their business collaborated with the local resort and casino to transport people in from different areas resort for day trips over the weekend in exchange for a fee from the resort. This transportation business act as an intermediary and markets the resort and its facilities.

*“We told the wild coast will partner with you. And we'll bring these people back to wild coast, they'll pay us a certain fee. And they'll get onto our vehicle and go down to the wild coast. So that's basically what transpired. That's what happened. We looked at that, and we created something called CK daytrips” – Participant 3*

#### 5.4.4 Drivers and Challenges

The interviews also revealed insights into the drivers of business model adaption innovation as well as the challenges that were faced by the businesses in adapting and innovating their business models The interview revealed the views depicted in the table 3, table 4 and table 5 below.

**Table 3:** Drivers of business model innovation and adaptation

Category	Codes	Frequency
Drivers of innovation and adaptation	Brainstorming ideas	1
	Combination of people, technology, and product/service offering	1
	Debate on response strategies	1
	Embrace the disruptions	1
	Intellectual capacity to make decisions	1
	Leadership is a driver of innovation	1
	Strong leadership is important in responding to disruptions	2
	New skillset required	2

On the combination of people and technology, participant 11 said “. *But yeah, the people versus technology versus the service offering as well. So, if you don't have all three of those, like in unison and working together for your customers. That's one of the biggest reasons some of them didn't make it*”

According to the participant those who did not have the right combination of people skills, technology and the products and services did not adapt or innovation in response to the disruptions and disruptive innovations and have not survived.

Three participants have cited leadership as an important driver of innovation and adaptation of business models.

*“It has to be management first, it is management that says, we can see through our competitor analysis that our competitors are beating us because they integrate technology. Before all these other things happen, we must have a management that is able and competent to do the job”.* – Participant 4

Two participants revealed that new skills sets are required to drive innovation and adaptation.

*“Okay, it’s, first of all, its resource based as well. They may lack the technical know-how offer, adapting to change quickly, not have people that are skilled enough, then you know, when the market is stable, people have people who are not innovative, but they know what to do.* – Participant 12

**Table 4:** Challenges in business model innovation and adaptation

Category	Codes	Frequency
Challenges in responding to disruptions	Agility is a challenge in responding to disruptions	5
	Current technology needs to be enhanced	4
	Entrepreneurship mindset is needed for innovation	1
	Ineffective response strategies	1
	Ineffective technology	4
	Lack of alternative solutions offered	3
	Management awareness of global issues	1
	Perception of the disruption	1
	Slow adoption of technology	1
	Slow understanding and response to disruptions	1
Some disruptions can be predicted, and some cannot	1	

Agility has been sighted as one of the most important elements required for organisations to be able to adapt and innovate. Five participants highlighted that is one of the biggest challenges in responding to disruptions and disruptive innovations.

*“I think it’s agility. For big companies, it’s sometimes like moving around a massive ship, it takes a little bit longer to move around the big ship than it does to run a little yacht. But you had to have the yacht mindset, literally, think as quickly as we can, be agile, move to a different platform in terms of teams meeting, really work on how we’re going to re-engage, how we’re going to engage on a daily basis with each other, without physically seeing each*



other was a massive change. And if you were not agile enough, and if you didn't respond quickly enough, I think it was, yeah, it definitely didn't help.” – Participant 10

**Table 5:** Hindrances to the innovation and adaptation of business models

Category	Codes	Frequency
Hindrances to innovation and adaptation	Lack of adequate knowledge, qualification and skills	2
	Lack of business understanding	1
	Lack of proactiveness	2
	Lack of strategic foresight	2
	No lessons learned from the disruptions	1
	Not being solutions driven	1
	Outdated tourism educational curriculum	3

#### 5.4.5 Summary of the findings of research question 2

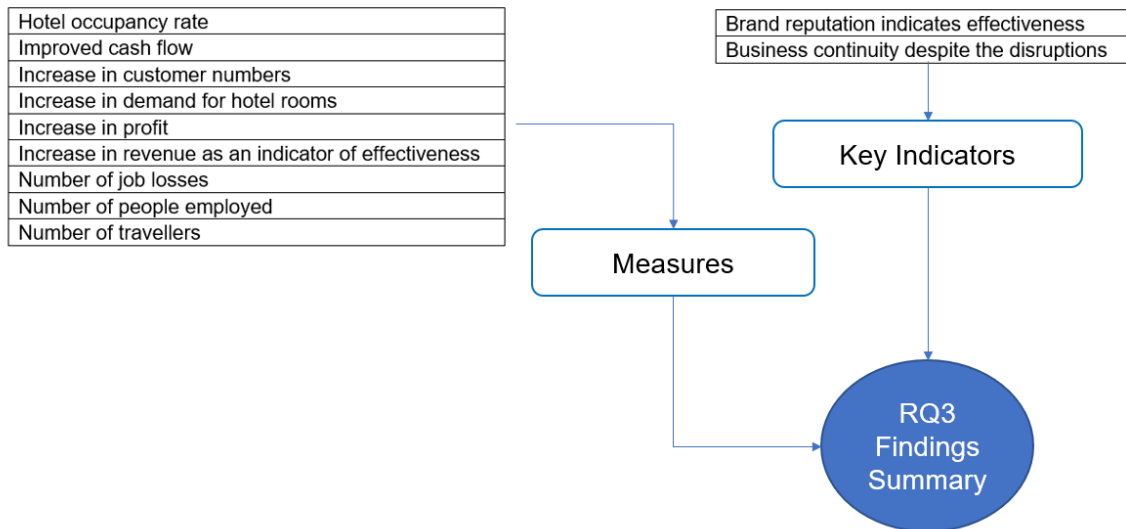
Businesses in the tourism sector continue to seek innovative ways to offer products and services. This innovation however has been slow and was accelerated by the COVID pandemic COVID pandemic forced many businesses to assess and adapt their business models in ways that they would not have. Human and intellectual capital, as well as strong leadership is a crucial in driving innovation and adaptation of business models.

#### 5.5 Results for Research Question 3

- **RQ3: Have the strategies implemented by organisations in the tourism sector, in response to the disruptions, been effective?**

The aim of this research question was to understand whether the response strategies implemented by businesses in response to the disruptions have been effective. The two sub-questions in this section further explored how in the views of the participants, the effectiveness is evident and what measures are used to determine the effectiveness. Figure 6 below provides an overview of research results for this research question.

**RQ3: Have the strategies implemented by organisations in the tourism sector, in response to the disruptions, been effective?**



**Figure 6:** Overview of results for research question 3

### 5.5.1 Key indicators

Solid brand reputation was highlighted by participants as an indication of the effectiveness of the response strategies. Another key indicator, mentioned by the majority of participants was businesses that still continue to operate post Covid. Business that still continue to operate and make profits even when disrupted by innovative companies such as Booking.com, Uber and Airbnb is another indicator mentioned by participants of the effectiveness of the response strategies to the disruptions.

*"Yeah, the clean-cut effectiveness. I mean, I'm sitting in my office, and I'm looking at my depo now and I've got one vehicle in the entire depo. So, the effectiveness speaks for itself. I'm so busy at the moment, I don't even know where to turn."* - Participant 3

*"Secondly, I can tell you that the fact that everyone is still here must mean that something's worked."* - Participant 4

Some expressed a view that not all organisations have been successful in the implementation of their response strategies and had to close. Indicating that not all response strategies are effective in responding to disruptions and disruptive innovations.

*“Yeah, I think how you measure the effectiveness, where they have been effective is if you are still open. If you are closed, clearly, they were not effective. Unfortunately, and many businesses closed in, many businesses closed in hundreds”.* Participant 8

One participant, who works in the intermediary space, was of the view that the response strategies have not been effective and businesses in the tourism sector were not proactive and innovative enough.

*“Not at all, And I’m looking at across the sector not at all, we just simply collapsed and waited for a miracle”.* – Participant 1

### **5.5.2 Measures**

Participants indicated that several measures are used to measure business performance and growth. Those measures provide guidance on whether response strategies are effective or require amendments. Table xx provides an overview of the measures utilised by the sector.

*“I would say we would simply look at simple things, the number of travellers into South Africa or outside of South Africa. Okay, we will look at the occupancy rate at the hotel accommodations”.* – Participant 1

Quantitative measures such the number of travellers, hotel occupancy rate, number of people employed, profits and cash flow were frequently mentioned by participants as measures used to determine the success of the response strategies implemented to respond to disruptions.

*“I have explained it actually from our side, I mean, we focus on automation. We lowered our breakeven point and yes, now our turnover is not as much attention as in 2019 but we are making money now. We are profitable as I speak. We're far from reaching our 2019 figures, but we're making a profit. We're because we're able to scale down and cut our fixed costs”.*

### **5.5.3 Summary of the findings of research question 3**

All participants, apart from one, agreed that response measures put in place by businesses in the tourism sector have been effective. Participants were optimistic about the tourism sectors resilience and ability to bounce back from major disruptions such as COVID. Participants were also of the opinion that lessons have been learned from major disruptors such as COVID and businesses in the sector are better equipped and will be better able to deal with similar disruptions although the timing and scale cannot be predicted.

## **5.6 Chapter Summary**

This chapter outlined the findings based on the three research questions outlined in Chapter 3. The discussion of the findings in relation to the research question will be discussed in the following chapter.

## CHAPTER 6: DISCUSSION OF RESULTS

### 6.1 Introduction

This chapter provides a thorough description of the results obtained after the data analysis described in Chapter 5 was conducted. The discussion is centered around the research questions posed in Chapter 3 and the themes presented in chapter 5 of the findings. This chapter draws on the literature presented in Chapter 2 to compare and contrast to the findings detailed in chapter 5.

### 6.2 Discussion: Research Question 1

The first research question focused on obtaining insights on the disruptions and the disruptive innovations that have impacted the tourism sector.

- ***RQ1: How or in which ways has the tourism sector been affected by disruptions or disruptive innovations?***

Disruptions are not a mysterious occurrence in the tourism sector and have been researched in a variety of situations, including environmental, market, social and innovative contexts. (Bausch et al., 2020). Examples of significant disruptors that have affected the tourism industry include Uber and Airbnb (Alberti-Alhtaybat et al., 2017). The internet has also led to rapid changes in the tourism industry enabling customers to plan and arrange their own travel (Rashideh, 2020). The disruptions can also occur on either a small scale or a larger scale, with COVID as an example of a disruption that occurred on a larger scale, impacting the tourism sector globally (Schuelke-Leech, 2018).

Participants were asked to provide their account of disruptions and disruptive innovations observed and experienced in the tourism industry. The questions further probed the participants to provide detailed accounts and illustrations of how the organisations in the tourism sector were impacted and the significance of the impact. The aim of the research question was to explore the phenomenon of disruptions and disruptive innovations in relation to the tourism industry.

The five themes discussed below emanated from the data analysis and findings outlined in chapter 5.

### **6.2.1 Constructs and theory description**

Participants' description and understanding of disruptions and disruptive innovations was that of any event, or an introduction of products or services that impacts on and changes the normal way of doing business by incumbent organisations. This is in alignment with the description by Millar et al., (2018) that any change that results in the effectiveness of current products, services and processes is a disruption (Millar et al., 2018, p. 2). This is in contradiction to Christensen's definition of disruption or disruptive innovation as businesses that enter lower end of market with technology and different business models to challenge the incumbent businesses through serving lower end of the market (Christensen, 2020). The findings indicated that the participants view of disruptions as any challenge to the business regardless of the point of entry.

The study also revealed differing views on what constitutes a disruptive innovation. While some participants in the study viewed Airbnb as a disruptive innovation, others viewed it as another additional or alternative product to the market and not necessarily a disruptor. Guttentag and Smith (2017) argued that the initial appeal and target market for disruptive innovative companies is small customers not served by the incumbent businesses market. Lansiti and Lakhani (2020) however caution against ignoring this disruption as these disruptions steadily grow and eventually move to the higher end of the market and displace established businesses. Ignoring Airbnb as just another additional product to the market might impact on the business in the longer run. Other scholars, however, agree with the views revealed in the research study that businesses such as Airbnb and Uber simply expanded on the current tourism products and services through structural change and have not disrupted businesses (Bausch et al.,2020)

### **6.2.2. Tourism Consumers**

This study found that the impact of disruptive innovations has been largely favourable to consumers, offering flexibility, cost savings and convenience. Disruptive innovations also introduced technology that provided enough information together with the tools that enable these consumers to plan and manage their own travel arrangements. These disruptions in the form of digital technologies enables consumers to manage their own tourism plans through providing adequate information that provides alternative options for travellers to choose from (Pencarelli, 2020).

Prior to these disruptive innovations brought on by technology, consumers in the tourism sector often relied on intermediaries to arrange and facilitate their travel, be it for leisure or

business. Disruptive innovations introduced a direct-to-consumer (D2C) business model that does not require an intermediary and eliminates costs associated with using one (Dillon et al.,2020).

In the transport sector, consumers relied on car hire companies such as Europcar and Avis in South Africa when travelling for leisure or for business. Companies such as Uber and Bolt, which are considered disruptive innovative companies came into the market and offered platform-based technology that enabled consumers to book their own travel and the flexibility of having transport at short notice, eliminating the time required to travel to a car hire company and the administration thereof. The perceived disruptiveness of Uber by the study is in contradiction of Lakhani (2020) who argues that Uber is simply colliding with the industry by providing a different service offering and a completely new business model.

The same flexibility and convenience experienced in the transport sub-sector extends to the hospitality sector as well. Similar to Uber, companies such as Airbnb offers platform-based technology that connects consumers with various accommodation establishments, mainly owner rented homes. These businesses provide access to the owner's assets through their platform technology and do not own the assets (Dillon et al., 2020.). These accommodation establishments also offer cheaper prices with more amenities such as unlimited Wi-Fi and access to an entire home, while hotel establishments competing with Airbnb only offer rooms with limited amenities. These companies offer low prices and therefore serve the market not served by the mainstream hotels (Guttentag & Smith, 2017).

Disruptive innovative companies offer low costing (Millar et al., 2018) and the biggest factor in technology as revealed by respondents is cost savings benefit on the consumer. This in turn affects the pricing that competing companies with brick and mortar and human resource dependent labour processes can charge the consumer. Technologies often bring about efficiencies and eliminates many administrative tasks that would have been performed by human resources. This eliminates the human related salary costs and translates into cheaper prices. Another factor is the time required to conduct travel-related bookings. Intermediaries often do not have the technology offered by these platforms to immediately connect the consumer to a multitude of suppliers on a global scale. These platforms are also available 24/7, unlike intermediaries which operate within normal business hours.

The findings also revealed that technology has its own limitations and cannot entirely replace a human touch and human relationships that are often required in the tourism sector. The online platforms lack the physical human element and when issues arise relating to travel,

they cannot intervene in the same way that human can and in times of crises consumers prefer physical human interaction to solve their problems as opposed to technology. This is a reason why travel intermediaries are seeing a rise in the demand for their services. This is in line with literature which highlighted that human relationships are still required in services such as high-end tourism and the human element is crucial to co-creation of value for tourism consumers (Pencarelli, 2020). Complex and high-risk tourism products and services still require intermediary services (Pencarelli, 2020)

The tourism sector has also seen an increase in tourism consumers. This is due to new entrants like Airbnb coming into the market, serving the lower end of the market, making tourism accessible at a reasonable cost. Due to their unique value propositions, disruptive innovations are usually embraced consumers in substitution of normal products and service (Guttentag & Smith, 2017).

### **6.2.3 Business Operations**

The study revealed varying levels of the impact of the disruptions and disruptive innovations. The interviews also revealed that the significance of the impact was experienced differently by the different tourism sub-sectors. The Covid disruptions was however experienced across the tourism value chain with a substantial undesirable impact. While technology related disruptive innovations existed before the Covid disruption, the pandemic accelerated the adoption of technology by most businesses. Denning (2016) and v. Alberti-Alhtaybat et al (2019) argued that theory of disruption is a theory of competitive response and leads to innovation. This is supported by the findings as participants revealed that incumbent businesses were also forced to increase their speed of technology adoption to be able to stay ahead and remain competitive. Some businesses introduced their own technology and others leveraged on the already existing technology.

The technology also provided SMME's such as guesthouses and small travel intermediaries and tour operators with tools to better market their products and reach a wide network of costumers. Airbnb is said to have an inventory of more than 7 million rooms and continues growing (Iansiti & Lakhani, 2020). The findings reveal that this is due to the small guesthouses and hotels leveraging off the technology offered by Airbnb by listing on the platform for better market reach.

The constructive impacts observed during the study include enhancements to business processes, enhanced partnerships and collaborations with other businesses and tourism



institutions, enhancements of products and services and improved business operations. Customer experience was improved through efficiencies brought in by technology resulting in better relationships with the customers through improved value propositions. These enhancement and improvements to business operations are evidence of the robustness of an organisations business model in adapting to change and responding to crises (Ritter & Pedersen, 2020)

In alignment with Christensen theory (2020) that disruptive innovations serve the new market segments not previously served by existing businesses, the study revealed that Disruptive innovations also opened new market segments that were previously underserved and provided consumers with a wide variety of tourism products and services to choose from. The enhancement and improvements to business operations, products and service are in line with Denning (2016) and v. Alberti-Alhtaybat et al., (2019), who asserted that the theory of disruptions has implication on competitive response and leads to innovation.

The disruptiveness of innovations is evident through replacement of old products and services by new businesses and replacement of established businesses by new entrants in the market (Feder 2018). The study also revealed the undesirable impact of the disruptions resulted in loss of market share particularly in the travel intermediary space through introduction of online booking platforms that allows customers to manage their own bookings, and in the hospitality sector through introduction of disruptive innovative companies such as Airbnb offering more accommodation options at cheaper prices to the traditional hotels.

The study revealed significant financial impact as a result of the Covid-19 disruption. The financial impact was experienced across the entire tourism value chain. The hospitality and travel intermediary's sector's revenues have been impacted by the disruptive innovations brought in by technology. The impact was however insignificant.

#### **6.2.4 Business Continuity**

The study revealed that the business continuity impact of disruptions and disruptive innovations depends on the significance of the disruption and the tourism sub-sector. The impact can be temporary or permanent depending on the significance and how the businesses respond to these disruptions.

Disruptions can significantly impact an industry and businesses causing permanent changes to the normal way of operating and conducting business (Alberti-Alhtaybat et al., 2017). The

findings revealed that the disruption brought on by the COVID pandemic forced a total shutdown on a lot of tourism businesses, creating a shift in the industry suppliers and businesses. Business that fails to respond to disruptions often loss market share and ultimately have to cease operations (Chan et al., 2019). Examples are iconic companies such as Kodak and Toys-R-Us rise (O'Reilly & Binns, 2019). The findings revealed that not all businesses in the tourism sector were able to adapt to disruptions, participants revealed that some were able to recover and continue operating and others ceased to continue with operations. The findings revealed that the businesses that were able to recover and continue with operations had to make significant changes to their business processes. This are businesses with adaptive business models which are able to change and adapt in times of crises and remain sustainable (Ritter & Pedersen, 2020.)

Intermediaries have also been significantly impacted by the online self-booking tools and have had to adjust prices to remain competitive and to be able to continue with businesses. Continually aligning business models with the changing environment allows business to effectively operate and remain competitive (Fjeldstad & Snow, 2018). The findings revealed that some intermediaries have not been able to match the competition and have had to cease operating. Lack of a conceptual framework to provide guidance to businesses in analysing their current organisational business model is viewed as one of the reasons decision makers are able to innovate

### **6.2.5 Tourism Workforce**

The study revealed that disruptions and disruptive innovations had an undesirable effect on the tourism sector. The effect depended on the significance of the disruption and the tourism sub-sector. Travel intermediary businesses that were impacted by disruptive innovations such as online booking platforms had to reduce the number of employee due to the technology eliminating manual administrative tasks performed by human.

The Covid-19 disruptions resulted in massive job losses across the tourism sub-sector. Employee remunerations were also impacted as some businesses embarked on salary cuts instead of retrenchments. The reduction in the workforce impacted the quality of tourism products and service offered.

The study revealed also revealed a trend that is currently being experienced in the tourism sector. Massive job losses during the pandemic have resulted in the shortage of the tourism workforce across the globe. The sector is recovering, and tourism products and service are

back in demand, however, businesses in the tourism sector are struggling to recruit suitable employees back into the sector have now have to find innovate ways of attracting people to work for the sector. This trend and phenomenon is new and had not been explored in-depth in tourism and therefore not been expanded on in literature review.

Studies by Martin-Rios and Ciobanu (2019) revealed that the tourism sector is the least likely sector in the services sectors to innovate. Lack of adequate skills set, including leadership skills have been highlighted in the study as reasons that hamper innovation. The current skills in the tourism workforce, including leadership skills need to be enhanced to be fit for purpose in matching the current tourism environment and to adequately deal with challenges and disruptions faced by businesses. Lack of adequate skill hampers on ability to be innovative.

### **6.2.6 Summary of the discussion of research question 1**

Disruptions are not a mysterious occurrence in the tourism sector and have been researched in a variety of situations, including environmental, market, social and innovative contexts (Bausch et al., 2020). The tourism sector in South African have also experienced disruptions in various forms as the findings have indicted. The study revealed a consensus on the COVID -19 pandemic being a disruption. However, when it comes to disruptive innovation such as platform-based businesses in the likes of Uber, the research revealed varying views.

### **6.3 Discussion: Research Question 2**

The aim of this research question was to first seek to understand whether businesses impacted by the disruptions and disruptive innovations, adapted, and innovated their business models in response. The study revealed that most businesses responded the disruptions and disruptive innovations through various changes introduced to their operating models including changes in products, serviced and processes. Technological and non-technological adaptation and innovation were undertaken by businesses (Ebersberger et al., 2021). These are discussed in detail below. research question further explored the strategies implemented to respond to the disruptions.

#### **6.3.1 Products and Services**

##### *6.3.1.1 Review and assessments of current products and services*

The findings revealed that in order to remain in operation and be competitive, businesses had to review and remodel their products and services to remain relevant (Keiningham et al.,2019).

Current products and services had to be assessed and reviewed for relevance. As a result of these enhancements, some products and services had to be removed while others had to be enhanced. New products and service were also introduced. Value propositions is a term that surfaced many times during the study and was revealed as the significant factor in attracting the retaining customers

#### *6.3.1.2 Introduction of new products and services*

Product mix was introduced so as to not rely on one product and ensure business continuity in the event of disruptions. Businesses also had to enhance products to align with customer preferences and expectations. In reviewing of products and services, businesses found that customers required some products less. Other requirements such as Covid vaccination status were also demanded by customers.

#### *6.3.1.3 Seeking new revenue generating streams*

To ensure business continuity and sustainability, businesses had to explore other revenue generating streams and offering other additional value-added services to customers. Businesses sought other revenue generating streams and introduced new products and services into their businesses and some completed unrelated to their initial product and service offerings.

#### *6.3.1.4 Enhancement of current products and services*

Participants revealed that products and services had to be enhanced to accommodate the COVID-19 related safety protocols. This was across the sector, in hospitality, transport, and intermediary services. Health and safety of clients has always been top priority in the tourism sector and in particular hospitality, however this was heightened by the COVID pandemic. Customer preference and expectation also necessitated this enhancement as customers started becoming fussy about hygiene and safety. One participant revealed that adherence to COVID protocols and vaccination requirement offered competitive advantage and increased demand for services.

According to the participants, the cost review exercise introduced a lot of cost efficiencies and savings for the organisations. This would not have happened had the businesses not been hit by a disruption such as COVID.

#### *6.3.1.5 Price adjustments*

Price adjustments and in particular reductions were introduced by business to align with the competition. Businesses also had to take care to not impact on the quality of products or services.

### **6.3.2 Business Operations**

A study conducted by Saebi et al. (2017) on Norwegian organisations the perceived threat or opportunities posed by external forces have an impact on the likelihood of business model adaptation. The study revealed that changes to the existing business models of incumbent businesses in the tourism sector were preceded by the external forces such as the Covid-19 pandemic and other disruptive innovative technologies introduced in the market. Participants revealed that major changes had to be made to business operation in response to the COVID pandemic.

#### *6.3.2.1 Assessment of current business models business models*

The normal business operating models had to be assessed and changes introduced to be able to remain in operations. Post the COVID pandemic, the models and business operations had to be re-adjusted. Some changes were permanent while some were temporary.

#### *6.3.2.2 Assessment of supplier relationships*

Most businesses conducted a detailed analysis of operating expenses and procurement spend to introduce cost efficiencies and increase profits. All contracts with suppliers were reviewed leading to renegotiating of contractual terms and in other cases complete cancellation of contracts

#### *6.3.2.3 Review of organisational structure and employee workforce*

Participants revealed that another major exercise undertaken by businesses was the review of the organisational structure and its alignment to the changes introduced in products and services. This led to some positions becoming redundant and reduction in the workforce. Changes to the organisational structure and adjustment of the work force.

In attempting to alleviate unemployment and retrenchments other organisations reviewed their salary bill and made decisions to cut salaries, especially during the COVID restrictions. These

measures were however temporary as salaries were adjusted back up when tourism recovered. Another change which remained permanent was a change to working conditions and introducing flexible staff as opposed to having permanent staff. The revealed a shift into online platforms and permanent adoption of a hybrid working model.

#### *6.3.2.4 Investment in new technologies*

The interviews revealed that most businesses, and in particular businesses that have been impacted by disruptive technologies invested in new technologies. The current technologies were also enhanced to keep up with the disruptions. Another major change was leveraging of existing technology. One participant provided an example of how most travel intermediates are now on Booking.com and many hospitality businesses have now listed their services on Airbnb and other platforms such as trip advisor.

### **6.3.4 Partnerships and Collaborations**

The tourism sector is heavily reliant on partnerships and collaborations to provide products and serviced. The Covid disruptions necessitated a review of the effectiveness of these partnerships and collaborations. As a result, some partnerships and collaborations were maintained, others were dissolved, and new partnerships and collaborations were formed. The study revealed that partnerships and collaborations with some of the online technology platforms were entered into to be able to better serve the market and for wider market reach.

### **6.3.5 Drivers and Challenges**

There is no formula to innovation, however certain ingredients such as agility and leadership skills have been revealed studies as crucial to driving innovation within teams and businesses (Schoemaker et al, 2018). Technology is a key driver to and should be at the very core of innovation informed by problem recognition, creativity, and problem-solving capabilities Schuelke-Leech (2018). The study confirms literature and revealed three key elements that can serve as driver as well as challenges to innovation and adaptation of business models..

#### *6.3.5.1 Leadership skill and capacity*

Strong leadership, as well as intellectual capacity to make decisions were highlighted as key traits required as drivers for innovation and ability of businesses to be agile and adapt their business models.

#### *6.3.5.2 Agility and proactiveness*

The study also revealed that new skills set, that involves agility and proactiveness are required for businesses to be able to quickly adapt to changes brought on by disruptions and disruptive innovations and to be innovative. The study highlighted agility as one of the important elements that is a challenge in the tourism sector.

#### *6.3.5.3 Technology*

The study revealed that technology is an important driver of technology, however when used and applied ineffectively to the business, it can pose a challenge and become a hindrance to innovation.

### **6.3.6 Summary of the discussion of research question 2**

The findings revealed that disruptions and disruptive innovations have led to businesses in the tourism sector assessing and adapting their business models. Innovations of business models were also undertaken by businesses in the sector. Products and services and business operations were either enhanced or completely restricted depending on the nature of the disruption and the response necessitated by the disruption.

The findings revealed insights into the activities employed by businesses in adapting their business models. Insights which can be of use to other tourism role players. These insights can also be used by tourism bodies and government institutions to develop policies and programs that can better serve and support the sector. Other insights revealed by the studies included insights into the drivers of adaption and innovation of business models. Insights into challenges and hindrances to the adaptation and innovation of business models were also highlighted in the findings.

### **6.4 Discussion: Research Question 3**

The main aim of this research question was to further expand on the research topic as to whether business model adaptation and innovation as a response to the disruptions and disruptive innovations have been effective.

#### **6.4.1 Key indicators**

Studies revealed that the number one indicator of the effectiveness of the response strategies is businesses that still exist and continue to operate and make profits post major disruptions

and even amid disruptive innovations. Innovation is important for a business to maintain a competitive edge and for sustainability (van Oorschot et al., 2018b).

Research findings revealed that a strong brand is one major indicator of response strategies being effective. A solid brand is an indication of trust by the consumer of a business and its product and service offerings.

#### **6.4.2 Measures**

Quantitative measures such the number of travellers, hotel occupancy rate, number of people employed, profits and cash flow were frequently mentioned by participants as measures used to determine the success of the response strategies implemented to respond to disruptions.

#### **6.4.3 Summary of the findings of research question 3**

Response strategies that have been implemented by businesses in the various tourism sub-sectors have been effective in the views of the participants. The effectiveness of the response strategies is evident in the continued business operations and growing tourism numbers such as hotel occupancy rates and revenue growth.

### **6.5 Chapter Summary**

This chapter discussed the results of findings outlined in chapter 5. The results indicate that businesses in the tourism sector adapt and innovate their business models in response to disruptions and disruptive innovations. The response strategies have mostly been in the form of sustaining innovations, through the enhancement of existing products and services and efficient, through introduction of efficiencies in product and service offerings and through introduction of technology and leveraging of existing technology Christensen (2020). No new markets were created or formed.



## **CHAPTER 7: CONCLUSION**

### **7.1 Introduction**

This study explored the phenomenon of disruptions and disruptive innovations as they affected the travel and tourism sector. Through the narratives of the tourism stakeholders, the study further investigated the phenomenon and its connection to the adaptation and innovation of business models. This chapter will outline the key findings from this study and assess them in light of the initial goals outlined in Chapter 1.

The tourism industry contributes significantly to employment and the countries and global GDP (WTTC, 2022). Businesses in the sector are continuously experiencing disruptions and disruptive innovations which threaten their growth and sustainability. This threat to business growth poses a threat to employment and ultimately the GDP. Literature in chapter 2 highlighted that innovation is key to business growth and sustainability and highlighted that the tourism sector is trailing when it comes to innovation (van Oorschot et al., 2018b; Martin-Rios & Ciobanu, 2019). Literature also indicated a dearth of in-depth, descriptive information that may help managers and decision-makers in the tourism industry innovate. The researcher's investigation of how businesses in the tourist industry have adapted or innovated their business models in response to disruptions and disruptive innovations was aided by the participant's narrative descriptions of the tourism stakeholders who took part in this study.

In the context of the tourism industry, this study investigated the impact of disruptions and disruptive innovations on the innovation and adaption of business models. Literature highlighted the gaps in empirical evidence on the impact of innovation on business performance is lacking. This was cited as a possible explanation for why business managers and decision-makers can lack the will to innovate. The study also investigated the effectiveness of the response strategies implemented in terms of business model innovation and adaptation. The success of innovations is evident through commercialisation (Verreyne et al., 2019). Therefore, the study further explored the measurements employed as evidence of the effectiveness of the response strategies implemented.

The main research questions together with the key study findings and their implications for theory and business, are summarised in this chapter. This chapter also highlights the study's limitations and makes recommendations for future research topics.

## **7.2 Principal conclusions**

This section presents the outcomes of the exploratory research, based on the three major research questions presented in Chapter 3. The insights on the key disruptions and disruptive innovations in the tourism sector as well as the significance of the impact are discussed in this section. Key insights on the response strategies and the effectiveness are also provided in this section.

### **7.2.1 The impact of disruptions and disruptive innovations on the tourism sector**

Participants were asked to respond to a research question that sought to better grasp the significance of the impact that disruptions and disruptive innovations have had on the tourism sector. Participants were initially asked to explain how they understood the concepts of business model and business model adaptation or innovation, as well as the phenomenon of disruptions and disruptive innovations. The study revealed that disruptions and disruptive innovations are typically defined as any alteration to customary business practices, product offers, and services (Millar et al., 2018).

The Covid-19 pandemic and the disruptions caused by technology are two of the most notable disruptions the industry has encountered and continues to experience. The Covid-19 outbreak caused significant disruption that permeated the entire worldwide tourist value chain (Schuelke-Leech, 2018). The size and significance of the disruptive technological breakthroughs have varying degrees of impact on different tourism sub-sectors.

Consumers, suppliers, and the tourism workers were among the different stakeholders that were impacted by the major disruptions and disruptive innovations. Along with the financial performance, business operations continue to be affected. The study also revealed that the impact was two folds. Firstly, the constructive effect resulted in enhanced business operations, new product and service introductions, and improved products and services. Secondly, the disruptions had an unfavourable effect on business operations and performance, the workforce in the tourism industry, revenue and income, and eventually had an impact on the profitability of the businesses.

The results of research question 1 demonstrates that the tourism industry is susceptible to disruptions and disruptive innovation. Although on different sizes, the problem has an impact on the entire tourism value chain.

### **7.2.2 Adaptation and innovation of business models as a response strategy**

The primary goal of the research question was to investigate the approaches taken by businesses in the tourism sector in response to disruptions and innovative disruptions. The numerous procedures and activities used in the execution of the response strategies were further also explored.

The research results showed a connection between business model adaptation and innovation and disruptions and disruptive innovations. When faced with disruptions, businesses in the tourism sector innovate and adapt their business models in response. Literature that established businesses employs three reaction strategies: early adoption, late adoption, or no response at all, when faced with disruptions (Zach et al., 2020). All three reaction strategies were undertaken by the businesses in the tourism sector depending on the severity of the unfavourable effects of the disruptions

The Covid-19 pandemic accelerated technological adoption as well as business model adaptation and innovation. This was necessary for businesses to continue operating both during and after the Covid-19 pandemic. Prior to COVID-19, the adoption of technology was either delayed or non-existent. This was brought on by a minimal impact of the disruptive technologies on businesses. This suggests that business models aren't aggressively changed and are enhanced constantly to keep a competitive edge (Ritter & Pedersen, 2020). The adaptation and innovation strategies employed were both radical and incremental, resulting in major modifications and minor modifications in some instances. No disruptive innovations were evident in the business response strategies (Prange & Schlegelmilch, 2018)

The findings show that companies that innovated and changed their business models engaged in a range of technologically and non-technologically oriented activities (Ebersberger et al., 2021). Various forms of adaption and innovations were undertaken that included including product or service innovation, process innovation, marketing, and organisational innovation (Ebersberger et al., 2021). This involved evaluation of the current business models, introduction of changes to business operations, enhancing their business models by launching new products and services, and establishing new alliances and partnerships.

To effectively service the emerging market segment of the digital tourist, businesses in the tourism industry are being urged to innovate and rethink their business strategies (Pencarelli, 2020). For a company to be successful and maintain its competitiveness, a business model must constantly be aligned with the environment in which it operates (Fjeldstad & Snow, 2018). However, this is not without challenges and the study also shed light on the difficulties that the

established businesses had when adapting and innovating their business models. Leadership qualities and skills, employee skills and proactiveness, and business agility were the key challenges highlighted in this studies that hindered innovation. According to Schuelke-(2018) innovation is guided by talents to see problems, be creative, and solve them. Managers that have an entrepreneurial mindset often identify new opportunities for growth and Managers that are focused on leading others can sell the vision and persuade people to work toward the vision. Strategic leadership requires both abilities (Schoemaker et al., 2018)

The analysis of current business models also identified opportunities, which were then taken advantage of and improved business operations and cost effectiveness. Studies have also shed light on what is regarded to be the catalyst for creativity and innovation; these findings can be further investigated to produce empirical data.

According to the results of research question 2, businesses in the tourism industry innovate and adapt their business models as a result of disruptions. The results also showed that the importance of the impact of the disruptions influences both the acceptance or lack thereof as well as the urgency of adaptation and innovation. The results also imply that the process of adaptation and innovation is nonlinear and hampered by internal business challenges.

### **7.2.3 The effectiveness of the response strategies**

The main goal of this research question was to determine whether the businesses response strategies outlined in research question 2 in response to the disruptions had been effective. The results showed that the participants believed the response strategies had been effective. The study also identified a number of metrics used by companies to gauge effectiveness, with ongoing operations being the most important one. The analysis found that not all tourism-related enterprises had survived, which is a sign of inadequate or insufficient response tactics. Further investigation into whether the employed effective response strategies will be long-term viable was not possible given the study's breadth.

The findings to the research question 3 indicated that the majority of the business response strategies that were put into place in response to the disruptions and disruptive innovations were effective.

### **7.3 Theoretical contribution**

The study contributes to the literature on business model innovation by exploring the constructs in relation to disruptions and disruptive innovations. The study further contributes to the continued interest and literature on the phenomenon disruptions and disruptive innovations.

### **7.4 Implications for Business**

Substantial focus has been placed on the disruptors in the tourism sector and less on the existing businesses that have survived the impact of the disruptions through innovation or adaptation (Zach, Nicolau, & Sharma, 2020). By addressing this gap and offering insights on how the process of business model innovation and adaptation in response to disruptions and disruptive innovation unfolds, and how successful incumbent businesses have effectively implemented response strategies, has practical implications for tourism institutions, tourism government decision makers, business managers, and decision makers in tourism businesses.

#### **7.4.1 Implication for tourism bodies and government institutions**

- The research study found that barriers to business model innovation and adaption include weak leadership qualities and a lack of the necessary skill set by tourism workers. To guarantee that the tourism curriculum is updated to reflect the present environment, tourism bodies, government institutions like the department of tourism, as well as higher education schools offering tourism studies, should frequently engage and collaborate. The parties involved should work on creating a leadership training curriculum that addresses the issues found in the study.
- The appropriate policies, strategies, and plans for supporting tourism should be updated in light of the lessons learnt from earlier disruptions.

#### **7.4.2 Implications for tourism businesses**

- Business needs to review their recruitment and retention strategies. Businesses must take care to find and keep the best executives and employees with the necessary education, training, and experience. The people employed as part of the tourism workforce must be able to understand the market, have strategic foresight, and be proactive in implemented changes that will ensure that businesses remain competitive

and sustainable.

- Businesses should be more reactive in their adaptation and innovation strategies and take the initiative to adapt their business models and innovate by performing routine reevaluations of their business models, which will include determining whether their product and service offerings are relevant to the market and evaluating their business operations to make sure the appropriate tools and technologies are being effectively used to deliver the right goods and services. Comparing business models with those of other disruptive, innovative organizations should be part of this evaluation of business models.
- Businesses should collaborate with tourism educational institutions to share input on business observations and issues noticed for the aim of routine curriculum revisions to make it relevant to the present environment.
- Tourism-related businesses should give innovation projects within their organizations more attention and support. This might be done by setting aside funds and resources specifically for innovation and the creation of innovative concepts. This will guarantee that businesses create new markets on purpose rather than just reacting to threats of disruptions and disruptive innovations.

## **7.5 Limitations to the Research Study**

The following are the restrictions encountered as a result of the exploratory and qualitative nature of this study:

- *Time horizon:* The study was cross-sectional in nature and conducted at a point in time in the year 2022. Therefore, no inferences can be made regarding the transferability of the research results.
- *Participant error and bias:* Participants gave a narrative account of their thoughts about the study's subject based on their personal experiences, which is subject to prejudice and mistake. To get a balanced perspective, this issue was overcome by using a sample mix that included participants in different tourism sub-sectors.
- *Researcher bias:* Another limitation of qualitative research is researcher bias. The researcher is in charge of how to interpret the study's findings in a thematic analysis.

In order to prevent participant narratives from being changed as a result of the researcher's bias, this constraint was partially addressed by recording meetings and supplementing the researcher's notes with transcription software.

- *Sample size:* The choice of sample size was made with the limited time available for research in mind, so it cannot be said to be a sufficient representative of the entire population. The sample does not represent the complete tourism value chain as it is restricted to particular tourism sub-sectors of hospitality transportation, travel brokers, and tourism institutions.

## **7.6 Suggestions for Future Research**

The study found gaps, which are suggested below as potential future research areas. The study did not focus on the entire tourism value chain and can be expanded to include other tourism sub-sectors.

- The study was restricted to a few tourism-related sub-sectors. Further studies could be broadened to cover more sub-sectors for a more comprehensive picture.
- Time limitations prevented the study from delving deeply into the question of whether the response strategies implemented by businesses have been sustainable. Further research can be undertaken to explore sustainability of the response strategies in the tourism sector.
- This study has also shed light on factors that are thought to spur business model innovation and creativity. Further investigation is called upon to investigate these factors for purposes of producing empirical data.
- Another interesting subject for further study is how government institutions and laws related to tourism affect businesses' ability to innovate.
- Ineffective leadership was identified as a barrier to innovation in this study, revealing a potential topic of investigation into leadership styles and their impact on innovation in the context of the tourism industry.

## **7.7 Concluding Remarks**

This chapter provided a summary of the research's overall findings and detailed how the objectives of the study, which were outlined in Chapter 3 were accomplished. The study found that disruptions and disruptive innovations have an effect of the adaptation and innovation of business models in the tourism sector in South Africa. The perceptions of the disruptions and disruptive innovations and the significance thereof, have an effect on the pace of the adaptation and innovation. The study further provided recommendations and provided other potential areas for further research.



## References

- Aguinis, H., & Solarino, A. M. (2019). Transparency and replicability in qualitative research: The case of interviews with elite informants. *Strategic Management Journal*, 40(8), 1291-1315. doi.org/10.1002/smj.3015
- Alberti-Alhtaybat, L. V., Al-Htaybat, K., & Hutaibat, K. (2019). A knowledge management and sharing business model for dealing with disruption: The case of Aramex. *Journal of Business Research*, 94, 400-407.
- Altinay, L., & Taheri, B. (2019). Emerging themes and theories in the sharing economy: a critical note for hospitality and tourism. *International Journal of Contemporary Hospitality Management*, 180-193.
- Bansal, P., Smith, W. K., & Vaara, E. (2018). New ways of seeing through qualitative research. *Academy of Management Journal*, 61(4), 1189-1195.
- Bausch, T., Gartner, W. C., & Ortanderl, F. (2021). How to avoid a COVID-19 research paper tsunami? A tourism system approach. *Journal of Travel Research*, 60(3), 467-485.
- Blal, I., Singal, M., & Templin, J. (2018). Airbnb's effect on hotel sales growth. *International Journal of Hospitality Management*, 73, 85-92.
- Caputo, A., Pizzi, S., Pellegrini, M. M., & Dabić, M. (2021). Digitalization and business models: Where are we going? A science map of the field. *Journal of Business Research*, 123, 489-501.
- Chan, C. M., Teoh, S. Y., Yeow, A., & Pan, G. (2019). Agility in responding to disruptive digital innovation: Case study of an SME. *Information Systems Journal*, 436-455.
- Chang, H. H., & Sokol, D. D. (2022). How incumbents respond to competition from innovative disruptors in the sharing economy—The impact of Airbnb on hotel performance. *Strategic Management Journal*, 43(3), 425-446.
- Cheng, M., Houge Mackenzie, S., & Degarege, G. A. (2022). Airbnb impacts on host communities in a tourism destination: An exploratory study of stakeholder perspectives in Queenstown, New Zealand. *Journal of Sustainable Tourism*, 30(5), 1122-1140. doi.org/10.1080/09669582.2020.1802469
- Christensen, C. M. (2006). The ongoing process of building a theory of disruption. *Journal of Product Innovation Management*, 23(1), 39-55.
- Christensen, C. M., McDonald, R., Altman, E. J., & Palmer, J. E. (2018). Disruptive innovation: An intellectual history and directions for future research. *Journal of Management Studies*, 55(7), 1043-1078.
- Cozzolino, A., Verona, G., & Rothaermel, F. T. (2018). Unpacking the disruption process: New technology, business models, and incumbent adaptation. *Journal of Management Studies*, 55(7), 1166-1202.
- de Valle, A. (2020). THE TOURISM INDUSTRY AND THE IMPACT OF COVID-19. Global Journey Consulting.
- Dillon, K. (2020). The Original Disrupter. *Disruption 2020*, pp. 3-9.
- Divisekera, S., & Nguyen, V. K. (2018). Drivers of innovation in tourism: An econometric study. *Tourism Economics*, 24(8), 998-1014.

- Dogru, T., Mody, M., & Suess, C. (2019). Adding evidence to the debate: Quantifying Airbnb's disruptive impact on ten key hotel markets. *Tourism Management*, 72, 27-38.
- Dziallas, M., & Blind, K. (2019). Innovation indicators throughout the innovation process: An extensive literature analysis. *Technovation*, 80, 3-29.
- Ebersberger, B., Herstad, S. J., & Nordli, A. (2021). Hospitality innovation strategies: Robustness analysis of paths to firm performance. *Tourism Management*, 85, 104310.
- Ghezzi, A., & Cavallo, A. (2020). Agile business model innovation in digital entrepreneurship: Lean start-up approaches. *Journal of business research*, 110, 519-537. [doi.org/10.1016/j.jbusres.2018.06.013](https://doi.org/10.1016/j.jbusres.2018.06.013)
- Feder, C. (2018). The effects of disruptive innovations on productivity. *Technological Forecasting and Social Change*, 126(C), 186-193.
- Fennell, D. A. (2021). Technology and the sustainable tourist in the new age of disruption. In *Routledge Handbook of Ecotourism* (pp. 83-90). Routledge.
- Foss, N. J., & Saebi, T. (2017). Fifteen years of research on business model innovation: How far have we come, and where should we go?. *Journal of management*, 43(1), 200-227.
- Francis, J. J., Johnston, M., Robertson, C., Glidewell, L., Entwistle, V., Eccles, M. P., & Grimshaw, J. M. (2010). What is an adequate sample size? Operationalising data saturation for theory-based interview studies. *Psychology and health*, 25(10), 1229-1245. [doi.org/10.1080/08870440903194015](https://doi.org/10.1080/08870440903194015)
- Guttentag, D. A., & Smith, S. L. (2017). Assessing Airbnb as a disruptive innovation relative to hotels: Substitution and comparative performance expectations. *International Journal of Hospitality Management*, 64, 1-10.
- Hannah, D. P., & Eisenhardt, K. M. (2018). How firms navigate cooperation and competition in nascent ecosystems. *Strategic Management Journal*, 39(12), 3163-3192. [doi.org/10.1002/smj.2750](https://doi.org/10.1002/smj.2750)
- Hopp, C., Antons, D., Kaminski, J., & Oliver Salge, T. (2018). Disruptive innovation: Conceptual foundations, empirical evidence, and research opportunities in the digital age. *Journal of Product Innovation Management*, 35(3), 446-457.
- Iansiti, M., & Lakhani, K. R. (2020). From disruption to collision: The new competitive dynamics. *MIT Sloan Management Review*, 61(3), 34-39.
- Jiang, Y., Ritchie, B. W., & Verreynne, M. L. (2019). Building tourism organizational resilience to crises and disasters: A dynamic capabilities view. *International Journal of Tourism Research*, 21(6), 882-900.
- Kahraman, A., & Kazançoğlu, İ. (2019). Understanding consumers' purchase intentions toward natural-claimed products: A qualitative research in personal care products. *Business Strategy and the Environment*, 28(6), 1218-1233. [doi.org/10.1002/bse.2312](https://doi.org/10.1002/bse.2312)
- Kammerlander, N., König, A., & Richards, M. (2018). Why do incumbents respond heterogeneously to disruptive innovations? The interplay of domain identity and role identity. *Journal of Management Studies*, 55(7), 1122-1165.
- Kaushal, V., & Srivastava, S. (2021). Hospitality and tourism industry amid COVID-19 pandemic: Perspectives on challenges and learnings from India. *International journal of hospitality management*, 92, 102707.

- Keiningham, T., Aksoy, L., Bruce, H. L., Cadet, F., Clennell, N., Hodgkinson, I. R., & Kearney, T. (2020). Customer experience driven business model innovation. *Journal of Business Research*, 116, 431-440.
- Kim, E. J., & Pomirleanu, N. (2021). Effective redesign strategies for tourism management in a crisis context: A theory-in-use approach. *Tourism Management*, 87, 104359.
- Kumaraswamy, A., Garud, R., & Ansari, S. (2018). Perspectives on disruptive innovations. *Journal of Management Studies*, 55(7), 1025-1042.
- Lee, A., Legood, A., Hughes, D., Tian, A. W., Newman, A., & Knight, C. (2020). Leadership, creativity and innovation: A meta-analytic review. *European Journal of Work and Organizational Psychology*, 29(1), 1-35. doi.org/10.1080/1359432X.2019.1661837
- Lobe, B., Morgan, D., & Hoffman, K. A. (2020). Qualitative data collection in an era of social distancing. *International journal of qualitative methods*, 19, 1609406920937875. doi.org/10.1177/160940692093787
- Lv, X., Li, N., Xu, X., & Yang, Y. (2020). Understanding the emergence and development of online travel agencies: a dynamic evaluation and simulation approach. *Internet Research*. DOI 10.1108/INTR-11-2019-0464
- Mahto, R. V., Belousova, O., & Ahluwalia, S. (2020). Abundance—A new window on how disruptive innovation occurs. *Technological Forecasting and Social Change*, 155, 119064. doi.org/10.1016/j.techfore.2017.09.008
- Majumdar, D., Banerji, P. K., & Chakrabarti, S. (2018). Disruptive technology and disruptive innovation: ignore at your peril! *Technology Analysis & Strategic Management*, 30(11), 1247-1255. doi.org/10.1080/09537325.2018.1523384
- Mao, J. Y., Su, F., Wang, B., & Jarvenpaa, S. L. (2020). Responding in kind: how do incumbent firms swiftly deal with disruptive business model innovation?. *Journal of Engineering and Technology Management*, 57, 101591. doi.org/10.1016/j.jengtecman.2020.101591
- Martín-Rios, C., & Ciobanu, T. (2019). Hospitality innovation strategies: An analysis of success factors and challenges. *Tourism Management*, 70, 218-229. doi.org/10.1016/j.tourman.2018.08.018
- Mendoza-Silva, A. (2021). Innovation capability: a systematic literature review. *European Journal of Innovation Management*, 707-734. DOI 10.1108/EJIM-09-2019-0263
- Miao, L., Im, J., Fung So, K. K., & Cao, Y. (2022). Post-pandemic and post-traumatic tourism behavior. *Annals of Tourism Research*, 0160-7383.
- Millar, C., Lockett, M., & Ladd, T. (2018). Disruption: technology, innovation and society. *Technological Forecasting and Social Change*, 129, 254-260.
- Muller, E. (2019). Delimiting disruption: Why Uber is disruptive, but Airbnb is not. *International Journal of Research in Marketing*, 43-55.
- Queirós, A., Faria, D., & Almeida, F. (2017). Strengths and limitations of qualitative and quantitative research methods. *European journal of education studies*.
- O'Reilly, C., & Binns, A. J. (2019). The Three Stages of Disruptive Innovation: IDEA GENERATION, INCUBATION AND SCALING. *California Management Review*, 61(3) 49-71.

- Ozalp, H., Cennamo, C., & Gawer, A. (2018). Disruption in Platform-Based Ecosystems. *Journal of Management Studies*.
- Paiola, M., & Gebauer, H. (2020). Internet of things technologies, digital servitization and business model innovation in BtoB manufacturing firms. *Industrial Marketing Management*, 89, 245-264. doi.org/10.1016/j.indmarman.2020.03.009
- Palmié, M., Wincent, J., Parida, V., & Caglar, U. (2020). The evolution of the financial technology ecosystem: An introduction and agenda for future research on disruptive innovations in ecosystems. *Technological Forecasting and Social Change*, 151, 119779. doi.org/10.1016/j.techfore.2019.119779
- Parida, V., Sjödin, D., & Reim, W. (2019). Reviewing Literature on Digitalization, Business Model Innovation, and Sustainable Industry: Past Achievements and Future Promises. *Sustainability*.
- Pederson, C. L., Ritter, T., & Di Benedetto, C. A. (2020). Managing through a crisis: Managerial implications for business-to-business firms. *Industrial Marketing Management*, 314-322.
- Pencarelli, T. (2020). The digital revolution in the travel and tourism industry. *Information Technology & Tourism*, 22:455–476.
- Perelygina, M., Kucukusta, D., & Law, R. (2022). Digital business model configurations in the travel industry. *Tourism Management*, 88, 104408. doi.org/10.1016/j.tourman.2021.104408
- Pikkemaat, B., Peters, M., & Bichler, B. F. (2019). Innovation research in tourism: Research streams and actions for the future. *Journal of Hospitality and Tourism Management*, 184–196.
- Prange, C., & Schlegelmilch, B. B. (2018). Managing innovation dilemmas: The cube solution. *Business Horizons*, 309-322.
- Rashideh, W. (2020). Blockchain technology framework: Current and future perspectives for the tourism industry. *Tourism Management*, 104125.
- Rashideh, W. (2020). Blockchain technology framework: Current and future perspectives for the tourism industry. *Tourism Management*, 0261-5177.
- Saunders, M., & Lewis, P. (2018). *Doing Business Research in Business and Management*. Pearson.
- Schoemaker, P. J., Heaton, S., & Teece, D. (2018). Innovation, Dynamic Capabilities, and Leadership. *California Management Review*, 15-42.
- Schuelke-Leech, B.-A. (2017). A model for understanding the orders of magnitude of disruptive technologies. *Technological Forecasting & Social Change*, 0040-1625.
- Shakeel, J., Mardani, A., Chofreh, A., Goni, F., & Klemes, J. (2020). Anatomy of sustainable business model innovation. *Journal of Cleaner Production*.
- Si, S., Zahra, S. A., Wu, X., & Jeng, D.-F. (2020). Disruptive innovation and entrepreneurship in emerging economics. *Journal of Engineering and Technology Management*, 101601.
- Sigala, M. (2020). Tourism and COVID-19: Impacts and implications for advancing and resetting industry and research. *Journal of Business Research*, 312-321.

- Sjödin, D., Parida, V., Jovanovic, M., & Visnjic, I. (2020). Value Creation and Value Capture Alignment in Business Model Innovation: A Process View on Outcome-Based Business Models. *Journal of Product Innovation Management*, 158-183.
- Škare, M., Soriano, D. R., & Porada-Rochoń, M. (2021). Impact of COVID-19 on the travel and tourism industry. *Technological Forecasting & Social Change*, 120469.
- Snow, C. C., & Fjeldstad, Ø. D. (2017). Business models and organizational design. *Long Range Planning*, 0024-6301.
- Sorescu, A. (2017). Data-Driven Business Model Innovation. *Journal of Product Innovation Management*, 691–696.
- Stankov, U., & Gretzel, U. (2020). Tourism 4.0 technologies and tourist experiences: a human-centered design perspective. *Information Technology & Tourism*, 22:477–488.
- Stiles, W. B. (1993). Quality control in qualitative research. *Clinical psychology review*, 13(6), 593-618. [doi.org/10.1016/0272-7358\(93\)90048-Q](https://doi.org/10.1016/0272-7358(93)90048-Q)
- Trabucchi, D., Talenti, L., & Buganza, T. (2019). How do Big Bang Disruptors look like? A Business Model perspective. *Technological Forecasting & Social Change*, 330–340.
- van Oorschota, J. A., Hofman, E., & Halman, J. I. (2018). A bibliometric review of the innovation adoption literature. *Technological Forecasting & Social Change*, 0040-1625.
- Vasileiou, K., Barnett, J., Thorpe, S., & Young, T. (2018). Characterising and justifying sample size sufficiency in interview-based studies: systematic analysis of qualitative health research over a 15-year period. *BMC medical research methodology*, 18(1), 1-18.
- World Tourism Organisation. (2022, September 26). INTERNATIONAL TOURISM BACK TO 60% OF PRE-PANDEMIC LEVELS IN JANUARY-JULY 2022. Retrieved from [unwto.org: https://www.unwto.org/news/international-tourism-back-to-60-of-pre-pandemic-levels-in-january-july-2022](https://www.unwto.org/news/international-tourism-back-to-60-of-pre-pandemic-levels-in-january-july-2022)
- World Travel and Tourism Council. (2020, September 27). To Recovery and Beyond - The Future of Travel & Tourism in the Wake of COVID-19. Retrieved from [wtcc.org: https://wtcc.org/research/insights-publications](https://wtcc.org/research/insights-publications)
- World Travel and Tourism Council. (2021, February 10). TRAVEL AND TOURISM AS A CATALYST FOR SOCIAL IMPACT. Retrieved from [wtcc.org: https://wtcc.org/research/insights-publications](https://wtcc.org/research/insights-publications)
- Yin, C. H., Goh, E., & Law, R. (2019). Developing inter-organizational relationships with online travel agencies (OTAs) and the hotel industry. *Journal of Travel & Tourism Marketing*, 1540-7306.
- Zach, F. J., Nicolau, J. L., & Sharma, A. (2019). Disruptive innovation, innovation adoption and incumbent market value: The case of Airbnb. *Annals of Tourism Research*, 0160-7383.
- Zott, C., & Amit, R. (2009). Business Model Design: An Activity System Perspective. *Long Range Planning*, 216-226.

## Appendix 1: Consistency Matrix

Research Questions	Literature Review	Data Collection Tools	Analysis
1. How has disruptive innovation affected organisations in the tourism sector?	2.2 Disruption 2.3 Disruptive innovation.	Interview Guide, Section 2, Questions 3 - 9	Thematic Analysis
2. How have organisations in the tourism sector innovated or adapted their business models in response to disruptions?	2.2 Disruption 2.3 Disruptive innovation. 2.4 Business models	Interview Guide, Section 2, Questions 10 - 17	Thematic Analysis
3. Have the strategies implemented by organisations in the tourism sector been effective in their response to disruptions?	2.5 Business model innovation	Interview Guide, Section 3, Questions 18 - 20	Thematic Analysis

## Appendix 2: Interview Guide

<b>Name of Interviewer:</b>	
<b>Name of Interviewee:</b>	
<b>Occupation of the Interviewee:</b>	
<b>Industry Experience:</b>	
<b>Sector of Employment:</b>	
<b>Place of Interview:</b>	
<b>Time of Interview:</b>	

### Questions:

<b>SECTION 1</b>	<b>NO</b>	<b>QUESTION</b>
<b>1. Understanding definitions.</b>	Question 1	What is your understanding of disruptions?
	Question 2	What is your understanding of business model adaptation or innovation?
<b>SECTION 2</b>	<b>NO</b>	<b>QUESTION</b>
<b>2. Effect of disruptors in the tourism sector.</b>	Question 3	What has been the key or most noticeable disruptors in your tourism sub-sector?
	Question 4	When and how, in your opinion, can you state that a disruption has occurred?
	Question 5	To what extent was your organisation impacted by the disruptions? (Significantly negatively affected/Moderately negatively affected/Not affected/Positively affected)
	Question 6	Have you observed any change in how the tourism sector conducts business or product and service offerings due to the disruption?
	Question 7	Did you observe any changes in visitors' preferences and needs due to disruptions?
	Question 8	Did you observe or experience any financial impact of the disruptions on your organisation? (e.g., revenue, profit)
	Question 9	In what other ways do you believe that the disruptions impacted the tourism sector?
<b>SECTION 3</b>	<b>NO</b>	<b>QUESTION</b>
<b>3. Response strategies to the disruptions.</b>	Question 10	Were there any changes to the current products or services in response to the disruptions? (e.g., quality, price)

<b>SECTION 1</b>	<b>NO</b>	<b>QUESTION</b>
	Question 11	Was there any introduction of new products and services in response to the disruptions?
	Question 12	Were there any organisational changes made in response to the disruptions (e.g., resources, processes, technology)
	Question 13	Were any new partnerships and collaborations formed in response to the disruptions?
	Question 14	What other initiatives have been taken in response to the disruption?
	Question 15	What would you say are the key challenges and opportunities in responding to disruptions?
	Question 16	What in your opinion drives innovation or adaptation of business models?
	Question 17	What in your opinion hinders innovation or adaptation of business models in the tourism sector?
<b>SECTION 4</b>	<b>NO</b>	<b>QUESTION</b>
<b>4. Effectiveness of response strategies.</b>	Question 18	In your view, have the response strategies put in place been effective?
	Question 19	How is the effectiveness of the response strategies measured?
	Question 20	In what ways has the effectiveness been evident?



### Appendix 3: Research Participation Consent Form

#### Research Topic: The effect of disruptive innovation on the innovation of business models in the South African tourism sector

##### Introduction

My name is Nkele Mbuli, and I am a registered Master of Business Administration (MBA) student at the Gordon Institute of Business Science (GIBS). I am conducting this research to explore and understand how organisations in the tourism sector have been affected by disruptive innovations and how business models have been innovated by organisations as a result.

##### Participant's Consent

- I agree to participate in this research study voluntarily and agree to my interview being audio-recorded.
- I understand that I can refuse to answer any questions and can withdraw consent to use data from my interview within two weeks after the interview.
- The purpose and nature of the study has been explained to me in writing and I was provided with an opportunity to ask questions about the study.
- I understand that all information I provide for this study will be handled with confidentiality
- I understand that my identity will remain anonymous in any report on the results of this research.

*Researcher:* Virginia Nkele Mbuli

*Email:* [21188174@mygibs.co.za](mailto:21188174@mygibs.co.za)

*Phone:* 071 642 9442

*Supervisor:* Dr Ngwako Sefoko

*Email:* nsefoko@gmail.com

*Phone:* 072 368 4415

---

*Signature of Researcher*

---

*Date*

---

*Signature of Participant*

---

*Date*

## Appendix 4: Ethical Clearance Approval

Ethical Clearance Approved External Inbox x

GIBS

Masters Research <MastersResearch@gibs.co.za>

to me, Masters ▾



**Gordon Institute  
of Business Science**  
University of Pretoria

**Ethical Clearance  
Approved**

Dear Virginia Nkele Mbuli,

Please be advised that your application for **Ethical Clearance** has been **approved**.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

### Masters Research

Gordon Institute of Business Science, University of Pretoria

Main Tel: +27 11 771 4000

Direct Tel:

Email: [mastersresearch@gibs.co.za](mailto:mastersresearch@gibs.co.za)

Web: [www.gibs.co.za](http://www.gibs.co.za)

Physical Address: 26 Melville Road, Illovo, Johannesburg

## Appendix 6: Behaviourally anchored rating scales to measure transparency

		1	2	3	4
ID	Transparency criterion	Criterion not mentioned	Criterion mentioned but not elaborated	Criterion partially met	Criterion is met
1	<i>Kind of qualitative method</i>	The authors do not describe the type of qualitative research approach they adopted in their study.	The authors mention the use of a particular qualitative research approach but do not describe it.	The authors describe the key elements of their qualitative research approach but fail to identify it by name.	The authors clearly identify the type of qualitative research approach they adopted.
2	<i>Research setting</i>	The authors do not describe the research setting of the study.	The authors identify the setting without describing the pre-existing conditions that make the setting appropriate for the study.	The authors describe only the key pre-existing conditions in the research setting that make it appropriate for the study.	The authors offer a detailed and rich description of the research setting that does beyond the description of the pre-existing conditions (e.g., chronic excess capacity in a small competitive industry)
3	<i>Position of researcher along the insider- outsider continuum</i>	The authors do not disclose their position along the insider- outsider continuum.	The authors mention but do not describe the existence of a relationship between them and the organization or the participants	The authors describe the type of relationship with the organization and participants.	The authors clearly position themselves on the insider- outsider continuum.
4	<i>Sampling procedures</i>	The authors do not describe the sampling procedures.	The authors describe the sampling procedure (e.g., snowball sampling etc)	The authors describe the kind of variability sought through their sampling procedure.	The authors describe the kind of variability they seek and how they identified the participants or cases.
5	<i>Relative importance of the participants/cases</i>	The authors do not describe the final sample or the importance of specific type of participants.	The authors describe the final sample.	The authors describe the final sample and identify they key participants.	The authors describe how each participant was instrumental to developing one

		1	2	3	4
ID	Transparency criterion	Criterion not mentioned	Criterion mentioned but not elaborated	Criterion partially met	Criterion is met
					or more themes.
6	<i>Documenting interactions with participants</i>	The authors do not describe how the interactions with the participants were documented.	The authors describe how some of the interactions with participants were documented.	The authors describe how each interaction was documented.	The authors describe how each interaction was documented and the associated content.
7	<i>Saturation point</i>	The authors do not describe when theoretical saturation was reached.	The authors report whether they reached theoretical saturation or not.	The authors describe how they reached theoretical saturation.	The authors describe how each interaction was documented and the associated content.
8	<i>Unexpected opportunities, challenges, and other events</i>	The authors do not describe whether any unexpected opportunities, challenges and other events occurred during the research process.	The authors report whether any unexpected opportunities, challenges, and other events occurred.	The authors describe any unexpected opportunities, challenges, and other events that occurred and how they handled them.	The authors describe any unexpected opportunities, challenges, and other events, how they were handled, and their impact on substantive conclusions.
9	<i>Management of power imbalance</i>	The authors do not describe how they addressed the power imbalance between them and the participants.	The authors report whether there was any power imbalance with the participants.	The authors describe the strategies used to address a general power imbalance with the participants.	The authors describe specific strategies used to address power imbalance with specific participants.
10	<i>Data coding and first-order codes</i>	The authors do not describe how they performed the first-order coding of the data nor disclose the first-order codes.	The authors offer a general statement about how they conducted the first-order coding, but do not specify a particular approach to doing so.	The authors describe the first-order coding methodology (e.g., in vivo coding) and present the first order code list.	The authors describe the first order coding methodology and present the full code list.

		1	2	3	4
ID	Transparency criterion	Criterion not mentioned	Criterion mentioned but not elaborated	Criterion partially met	Criterion is met
11	<i>Data analysis and second or higher order codes</i>	The authors do not disclose how they performed the data-analysis nor disclose second order codes.	The authors describe how they approached the identification of key themes in generic terms.	The authors describe the second-order coding methodology (e.g., axial coding) and present the second-order code list.	The authors describe the second order coding methodology and present the full code list.
12	<i>Data disclosure</i>	The authors do not disclose the raw materials (e.g., transcripts, video recording) gathered and examined during the study.	The authors identify the typology of sources gathered and examined during the study.	The authors list or identify all the sources gathered and examined during the study.	The authors disclose the raw materials gathered and examined during the study.

## Appendix 5: List of Codes Created for Data Analysis

No	Code	No	Code
1	Alternative solutions in response to the disruptions	61	Introduction of new technology
2	Brand reputation indicates effectiveness	62	Investment in Branding
3	Business continuity despite the disruptions	63	Investment in new technology
4	Challenges to adaptation and innovation	64	Leveraging existing technology
5	Changes introduced by businesses	65	Loss of market share
6	Debate on response strategies	66	Loss of revenue
7	Different product/service mix for business continuity	67	Management awareness of global issues
8	Disruption created new entrepreneurs	68	Market positioning to where customers are
9	Disruption of travel plans due to the Covid pandemic	69	Market shift to technology
10	Disruptions brought business flexibility	70	New partnerships/collaborations formed
11	Disruptions changes business plans	71	New product/service offerings
12	Disruptions introduced new technologies	72	New skillset required
13	Disruptions led to business closure	73	New way of conducting business
14	Disruptions made tourism affordable	74	No changes to business processes
15	Disruptions opened new market segments	75	No lessons learned from the disruptions
16	Disruptions through online travel booking platforms	76	No new partnerships
17	Dissolved partnerships	77	Not being solutions driven
18	Drivers to innovation	78	Online travel booking platform offers variety
19	Effects of disruptions on the tourism workforce	79	Online booking platforms available 24/7
20	Eliminated wastages	80	Online booking platforms bring efficiencies
21	Embrace the disruptions	81	Opportunities created by disruptions
22	Enhanced business processes	82	Other forms of disruptive innovations
23	Enhanced customer experience	83	Outdated tourism educational curriculum
24	Enhanced partnerships/collaborations	84	Perception of the disruption
25	Enhanced products and services	85	Pivot to serving local market
26	Entrepreneurship mindset is needed for innovation	86	Positive impact of disruptions
27	Examples of disruptive innovations	87	Positive views on disruptions
28	Hotel occupancy rate	88	Prioritisation of customer safety
29	Human touch and technology	89	Provided customers with more options
30	Impact of disruptions on customers	90	Pushed entrepreneurship
31	Impact on business cash flow	91	Quick changes to business models
32	Impact on business revenue	92	Reasons for adapting business models

No	Code	No	Code
33	Impact on customer relationships	93	Reasons to innovate
34	Impact on relationship with clients	94	Reassessment of costs and expenses
35	Impact on supplier contracts	95	Reduced pricing
36	Impact on supplier relationships	96	Reduced profit margins
37	Impact on the quality of product or service	97	Reduced quality of service
38	Improved business operations	98	Reduction in business revenue
39	Improved business perspective	99	Reduction in charge rate due to technology
40	Improved customer experience	100	Reduction in customer demand
41	Improved products and services	101	Reduction in hotel occupancy
42	Improved value propositions	102	Safety concerns with platform-based businesses
43	Increase in cost price due to technology	103	Shift from traditional business operations
44	Increase in customer numbers	104	Shift to online platforms
45	Increase in revenue	105	Slow adoption of technology
46	Increased competition	106	Small scale disruptions
47	Increased operational costs	107	Strategic responses to disruptions
48	Increased prices	108	Technological enhancements
49	Ineffective response strategies	109	Total shutdown of business operations
50	Ineffective technology	110	Tourism performance measures
51	Influence on normal business operations	111	Upset to the marketplace by new players
52	Innovate to become a disruptor	112	Value Add services in response to disruptions
53	Innovation involves understanding and solving a problem	113	Various forms of disruptions
54	Innovation through unique value proposition	114	Various forms of technological innovations
55	Innovation to bring back workforce	115	View on disruptive innovative companies
56	Innovative strategies to respond to the disruptions	116	Views of COVID as a disruptor
57	Introduction of cost efficiencies	117	Views of Uber as a disrupter
58	Introduction of D2C business models	118	Views on Airbnb as a disruptive innovation
59	Introduction of new products/services	119	Views on disruptions
60	Introduction of new revenue generating stream	120	Views on technology as a disruptor
		121	Ways to adapt business models

