

**UNIVERSITY OF VAASA
FACULTY OF BUSINESS STUDIES
SCHOOL OF MANAGEMENT**

Le Huyen Trang—Y104885

**BUSINESS MODEL INNOVATION: DIFFERENT APPROACHES,
OPPORTUNITIES AND CHALLENGES**

CASE STUDY OF AIRBNB IN HOTEL BUSINESS

Master's Thesis in
Strategic Business Development

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ABBREVIATIONS

BCG: Boston Consulting Group

BM: Business Model

BMI: Business Model Innovation

BS: Business Strategy

CEO: Chief Executive Officer

CFO: Chief Financial Officer

COO: Chief Operating Officer

CTO: Chief Technical Officer

EBITDA: Earnings Before Income Tax, Depreciation and Amortization

HRCC: Hilton Reservations & Customer Care

IPOs: Initial Public Offerings

IT: Information Technology

P2P: Peer-to-peer

PMS: Property Management System

RMCC: Revenue Management Consolidated Center

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UNIVERSITY OF VAASA**Faculty of business studies****Author:**

Thu Trang Le

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Name of supervisor:

Marko Kohtamäki

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Department:

School of Management

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ABSTRACT

Aim: The master thesis “Business Model Innovation: Different Approaches, Opportunities and Challenges” aims to explore business model innovation, opportunities and challenges from implementing these innovative changes especially in hotel business via the case study of Airbnb. To simply summarize, this thesis studies business model innovation in hotel business.

Framework: The thesis studies business model (BM), business model innovation (BMI) literature, process to develop a BMI with more emphasis on opportunities and challenges of BMI implementation. The literature about business model innovation includes an illustration of a three-phase development process of a BMI whose last phase with opportunities and challenges is further emphasized. The created model is then applied to analyze findings in empirical part, ensures the tight connection between findings and literature review.

Methodology: The theoretical development of this thesis is completed with an abductive approach. The empirical section is a single case-study from hotel business. The material was collected via semi-structured interviews with people who acquire related understanding of the case. The idea generated from this thesis is under both subjective and interpretative approach.

Findings and contribution: The application of business model innovation in hotel business was found to be surprisingly similar with the case. BMI was generated from accidental/purposed changes or modifications in already-existing model. Opportunities and challenges were defined according to the implementation of new changes. Generally, the findings highlight the importance of understanding existing models to figure out key components for modification because BMI is started from this change.

KEYWORDS: Business Model Innovation, Business Model Canvas, Opportunities and Challenges, Airbnb, Hotel Business

PREFACE

Upon the completion of the master thesis, I would sincerely love to send the kindest thanks to all of my beloved lecturers at Business Studies Department Of Management, who enabled an accomplished insight into business models, business strategy, the business world in general. And specifically, I can not thank enough my supervisor Dr. Marko Kohtamäki who has given valuable navigation via quick responses to each question as well as great inspiration via motivating experience sharing. Other than that is all of the colleagues in the class with whom I have a chance to expose to different backgrounds to build up broader perspectives.

Also, it is a great honor to share memorable classes with expert friends, who were so enthusiastic in supporting this thesis with data and connecting us to their networks for more precise answers to unclear inquiries when analyzing case company.

Last but not least is my parents who paved my way to VAASA University, fueled my love for this pleasant studying environment, and kept supporting me throughout the process of preparing this master thesis.

1. INTRODUCTION

1.1. Motivation for the study

The increasing competitiveness, the flourishing boom of disruptive ideas with the massive surge of young starts-up have significantly shifted the current situation of global business, including the hotel business. Even prestigious enterprises are gradually losing their position in the market unless they take action to adapt themselves to the innovating world. As a result, innovations to boost business is more important than ever. Taking Apple as an example, the release of iPod, iTunes, and later iPhone saved the company from the old business settings of designing hardware and software, whose growth ceased in the late 1990s and lost its competitive strengths on the price. Apple opened its market by thirty-time value (The BCG, 2009) after this change. Another case that the thesis found out is Nestlé for its launching of the Nespresso coffee machine. The company accepted the low margins of the coffee machine while generated high profit from selling capsules. This modification took its immediate effects in creating growth for the Nespresso business. Or the commencing of UBER in 2009 as the first sharing platform in the field of transportation with the focus on the trends of big data for pricing and cashless payment has somehow demonstrated revolutionary features of innovation.

These precedents have inspired and shaped the thesis's attitude towards having deeper insights about a type of innovation – not a simple change in products or operation management but a correlated change in every component of the way a business is operated, which refers to as business model innovation. BMI can be the opening gate for newcomers to enter the market and for mature firms to survive in the fierce business battlefield (Lungu 2018).

However, besides successful stories, there are some failures as a result of BMI that the thesis can not ignore to have accomplished perspectives towards the concept. In the year 2010, IKEA failed with its BMI for the brand Boklok which aimed to offer prefabricated houses in Germany. Though Boklok previously indicated their eminence in the UK and some

Scandinavian countries, the lack of knowledge about demands and standards of German homeowners to provide the most integrated policies with consumer needs and values forced the Boklok to cease their business in that market. The following year also saw another failure of Netflix's BMI with the sudden break of incredible rise due to the announcement of a new pricing strategy. This shift in the business model, which separated the original package of DVD-by-mail and streaming service in two brands (Qwikster & Netflix), caused a 60 percent surge in the price for Netflix subscribers (Rodriguez 2018) and as a consequence, almost one million subscribers canceled the services. Netflix stock price in the America exchange dipped down, and the new business model terminated right after that.

For these observations, the thesis moved on to research BMI, effects - opportunities and challenges which a BMI adopting firms might enjoy generally, and hospitality business specifically. The question is “What triggers the business model innovation and possible consequences when embracing this profound change?”

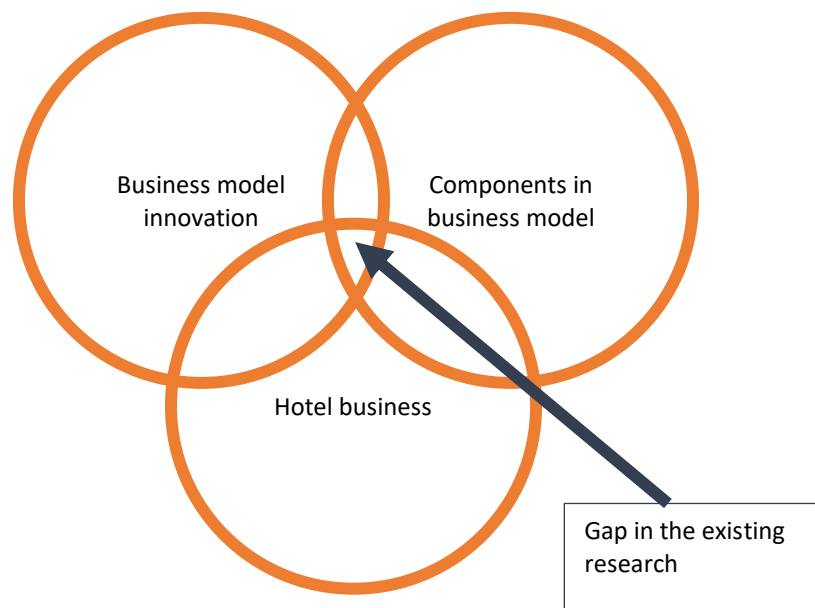
1.2. Research Gap

Scholars have made wide literature related to the BM, BMI in such basic areas as their definition (e.g. Osterwalder & Pigneur 2010, Teece 2010), the determinant constructing to the model, and how to innovate it (Demil and Lecocq 2010). Topics related to BM and BMI have developed in recent years, given their importance as well as a significant influence on the macroeconomy generally and the adopting firm specifically. However, innovating BM is still a subject of blurry literature with different approaches leading to different comprehensions then various applications (Alessandro 2014). Besides the transformation of the business model, especially for mature firms is a matter of great difficulties (Doz and Kosonen 2010). Little has been researched with the application of BMI in a specific field, not to mention the hotel business.

The thesis observes the application of business model innovation, possible opportunities, and drawbacks when adopting this change in the hotel industry through a case study of Airbnb. Though BMI has existed in this field under various forms, few adopters and researchers pay

their attention to the foundation behind the success of BMI in connection with a basic understanding of components in their model and related opportunities and challenges. It is necessary to examine contributors in a panoramic picture of a hotel operation to find out the key points for an upgrade. The stabilizing nature of the hotel field and the growing interest in creative ideas make it urgent to find out what to trigger a BMI and estimate the effects deriving from this fundamental change in the field. The careful acknowledgment in advance enables better preparation to avoid risks as well as to cope with challenges. That is why the thesis defined business model innovation in hotel business as the main research gap as in Figure 1.

Figure 1. Research gap



1.3. Research problem and theoretical contribution

1.3.1. Research problem

Business model (BM) marked their first appearance a long time ago, but it is until late 1990s with the rise of the Internet that business model concept has grasped its momentum to be better reviewed (Nielsen & Lund, 2015). When attempting to educate managers, partners, and employees of all levels about target goals, firms often define their BM from the beginning because it gives support in understanding the core business, including the formation of approaches toward material business issues, structuring management thoughts (ibid.).

Realizing the significance of BM given the continuously changing business context, insights into the business model, and potential innovation applicable to it are on the greater urgent demand nowadays. The emergence of the disruptive sharing economy, which makes significant impacts on all business sectors, for example, has delivered a warning to all economic experts about powerful business model innovation as well as signaled them to conduct thorough researches on the field. Bradford (2015) admitted that digital disruption is becoming the “business catchphrase du jour”. The most typical examples are such peer-to-peer (P2P) platforms as Uber in the field of transportation, Friendsurance in the areas of finance, and Airbnb as regards hotel and accommodation. At the time of this paper, the rise of blockchain has been extensively investigated for its transforming application in all fields of finance, banking, e-commerce, tourism. This new technology influences business models of different industries in various ways and managers are advised to keep up with these advancements to avoid sudden disruptions (Nowiński and Kozma 2017).

Upon figuring out the significance of BM and BMI, the thesis has accessed various interpretations and aspects. However, not many works were discovered about the connection between elements in the business model and BMI, the opportunities and challenges related to BMI implementation, which might be concerns of many innovation adopters. That means little academic platform about where to start an innovation right from a business model, as well as two-side effects of BMI for business operators and strategy makers to lean on for

their business model innovation plan. Understanding that the thesis will develop to involve theoretical and empirical parts fulfilling the understanding of BMI, opportunities, and challenges from the implementation of BMI. Thus, this paper would like to nominate the following research questions (RQ):

What opportunities and challenges can be identified by the implementation of a business model innovation in hotel business?

1.3.2.Purpose and contribution

Upon finding answers for the question, the thesis proposes a set of objectives to fulfill as follows:

First is to understand of business model including its components visualized in business model canvas.

Second is to understand business model innovation, differences of BMI to other innovations as well as a process to develop and implement BMI from adjustments in components of the business model canvas.

Third is to figure out possible opportunities and challenges brought about by the implementation of BMI.

Fourth is to figure out the model of processing BMI in the specific context of the competitive hotel business field with Airbnb single case study.

Last but not least is to find out the similarity between the literature of BMI developing process from possible modifications in components of a BM and potential opportunities, challenges of the BMI implementation with findings of the case.

With the view to filling the identified objectives, the thesis contributes to both theoretical and empirical aspects of existing literature. It broadens the business model innovation research and proposes a model to examine the implementation process of a BMI from a change/

modification in components with a focus on opportunities and challenges arising after the implementation phase. Moreover, the thesis makes an empirical contribution by examining business model innovation in the hotel business.

1.4. Thesis structure

The paper is made up of five chapters in total with each one includes the involvement of sections and sub-sections, following the order of research objectives stated above. Details of the five chapters as following.

The thesis starts by providing general information about the research, including motivation to choose the topic, the way to identify the research gap, questions to be addressed as well as objectives to be achieved. This information is presented in Chapter I: Introduction. After that, the study explores the literature of important concepts: BM and BMI. Elements in a BM are discussed then illustrated via the business model canvas. After that, a presentation of the process to develop BMI and opportunities, challenges as the consequences of BMI implementation are discussed. Upon explaining each literature, the paper gives details about the synthesizing part from previous researches and further illustration of information with additional components from the author's analysis to continue to accomplish the theoretical part of the thesis. The literature review summarizes with a nine-block business model canvas with details information to provide a platform for the empirical part.

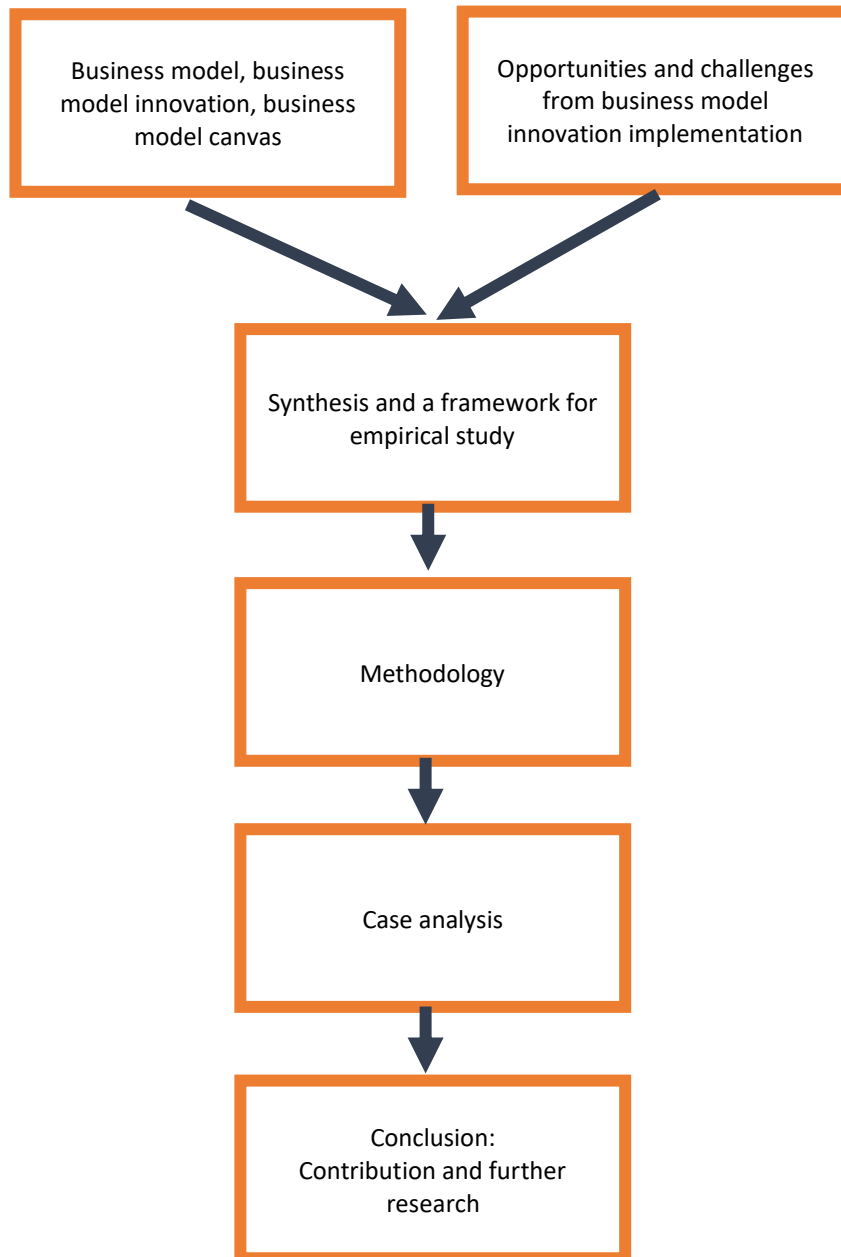
Research methodology in Chapter III is presented to support the thorough literature review in previous part. After acquiring a thorough understanding of related theories, this paper delivers a description of how data accessed and strategies employed to perform the research, including the explanation of case selection as well as analysis of the case. A discussion about the validity and reliability of data collected complete the chapter III.

Chapter IV is the presentation of prescriptive analysis of the case study, contributing to form findings in empirical part of the thesis. The findings are described through detailed break down of Airbnb's business model to find out innovations which empowers their glorious success. Case study is visualized with business model canvas which demonstrates innovative

details in each component of the business model then identifies related opportunities and challenges according to these innovative features.

The thesis uses this final chapter to give a summary of findings together with discussions about theoretical, managerial contributions, and possibilities for further researches. Besides, the paper also presents some limitations during the process, which can be the subject for future scholars who take up business model innovation for their researches.

Figure 2. Structure of the thesis



2. LITERATURE REVIEW

Innovation has become a critical action in the strategic plan of many business entities because it is believed to empower the potential for sustainable development (Teece 2010, Dahan 2010, Nielsen & Lund 2015). When the lifetime of a business model has uncontrollably fallen due to a fiercely competitive market, BMI has come out as a critical approach to reinforce the internal strengths of the organizations as well as defend themselves against the industry disruptions and turbulent changes (ibid.).

This chapter of the master final thesis will present core concepts selected to develop the literature of BMI, starting with the first discussion delivering details about the definition of BM. Components visualized in the business model canvas, BMI, the process of BMI development with opportunities and challenges from BMI implementation are then respectively discovered. In the meantime, the competitive environment of hotel business is also shortly introduced.

2.1. Synthesis of Business Model

2.1.1. Business model

When starting a business idea, firms often identify a business model as guidance for their whole operation because it is a quick and easy way to clarify how the business performs. The business model always represents a valuable approach for both small and large companies in different sectors, at all phases of a business's development cycle, as a result, it always provides precious room for academic researches (Venkatraman and Henderson 1998, Peterson, Rosing 2010, Dahan 2010, Nielsen & Lund, 2015).

There exist many other perspectives about the business model, which somehow laps over, leads to multitudes of understanding (Ghaziani & Ventresca 2005, Amit et al. 2011, Lambert & Davidson 2012). Many academic scholars adopt perspectives that fit their study objectives, but no one has officially claimed their ownership for this definition other than rotating

available findings (Ghaziani & Ventresca 2005). This partially contributes to a confusing overview of BM (Amit 2011).

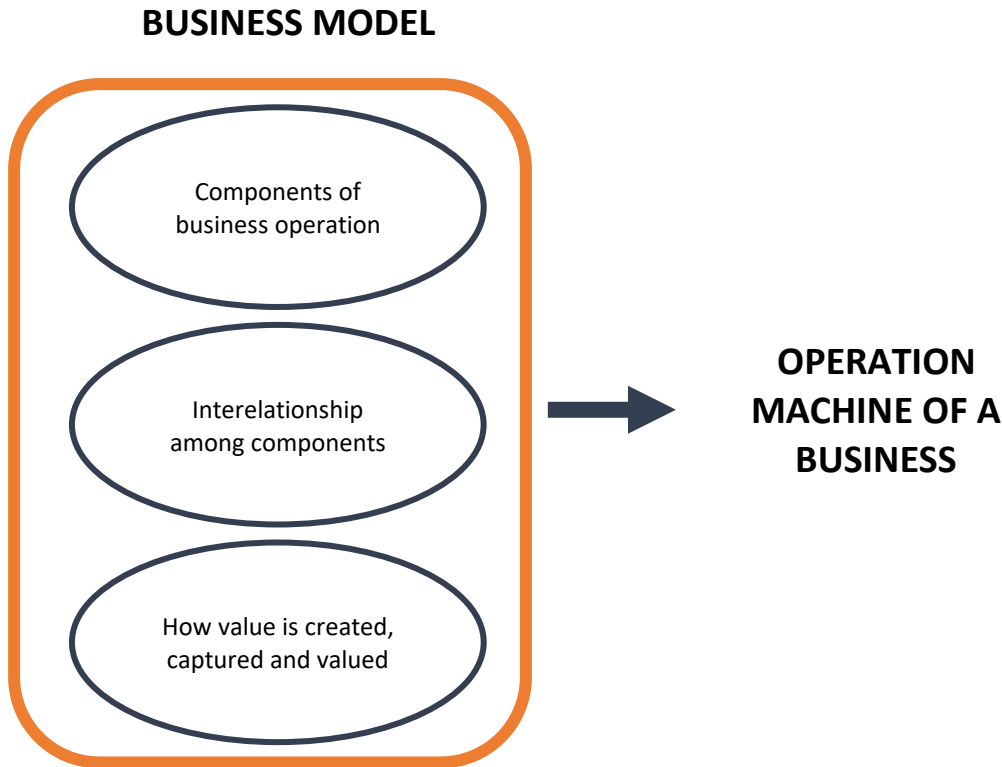
BM can be simply defined as an architecture art work where operational structure of transactions under management governance is constructed to create value (Amit and Zott 2001). Though BM is considered an internal tool to interpret the business's value creation, it is essential to note that the association of business strategies with internal and external impacts such as interactions from customers, employee quality, and asset structure is also indicated (Venkatraman and Henderson 1998). That's why, instead of being just a concept (Wu 2010, Dahan 2010, Osterwalder 2005), BM is presented as a management tool to facilitate business. It is also a money-generating engine with its spare parts as business activities and its operation as to how and when they are performed (Afuah 2003, Doganova & Renault 2009; Amit & Zott 2013). A slightly more detailed and simpler definition of the business model as “the rationale of how an organization creates, delivers and captures value” (Osterwalder & Pigneur 2010, p.14) is adopted in this thesis. Not just a value creation demonstration, BM is a description of resource and activity system, which demonstrates how to create useful value to customers, how money is generated for the company, in other words, value delivery and value capture (Štefan & Richard 2014).

This understanding of BM was supported and applied by several scholars and entrepreneurs. Therefore, this paper adopts this perspective about the business model as the guideline for reference review in the acknowledgment that they covered the core meanings of BM as a framework for viewing the internal picture of a company in the most simple, relevant, and intuitively comprehensive manners. Above all, the extensive application of this model by such big corps ranging from private organizations like Ericsson, Deloitte, and public ones as the PublicWork has made it more practical and convincing (Getabstract 2018). Adopting Osterwalder and Pigneur's interpretation, reconciling all ideas, a BM can be formulated by responding to these three basic questions:

- What does the company use to operate their business? – To define resources, elements of the model.

- How does these resources inter-relate to each other? – To define connections of elements in the model contributing to smooth operation.
- How can value be created, delivered and captured? – To define business’s purpose and meaning.

Figure 3. Business model’s basic demonstrations



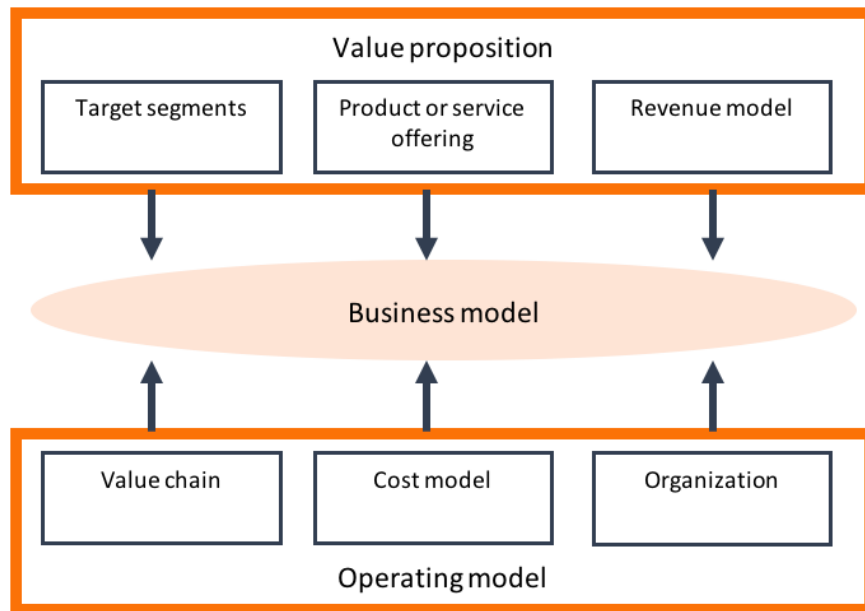
2.1.2. Components of business model

The construction of a business model have been a widely researched topic in business model literature. In other words, scholars have paid thorough attention to find out mutual components which construct a successful business model (Osterwalder et al., 2009). Numerous elements can contribute to the operation of a business such as business partners, suppliers, customers, the internal operating team (Hedman & Kalling 2003, Demil & Lecocq 2010). Choosing a proper model to identify core components will help to understand the business operation before making any possible changes or improvements (Demil & Lecocq, 2010). This can also generate an appropriate business model innovation and reduce the

complexity of the transforming process when too many variables should be considered (Hedman & Kalling, 2003). The number of components used to form a business model can roughly vary from two (The Boston Consulting Group, 2009) up to four (Osterwalder et al., 2009).

Two essential elements of BM in the BCG’s report are value proposition and operating model with three sub-elements in each category. These two factors respectively responses to the questions of “What are I offering to whom?” – with set target segmentation, offered products or services, revenue model and “How do I deliver the products or services profitably?” – with indication to value chain, cost model, and organization (See Figure 4.)

Figure 4. Business model consisting of two elements and six components by BCG

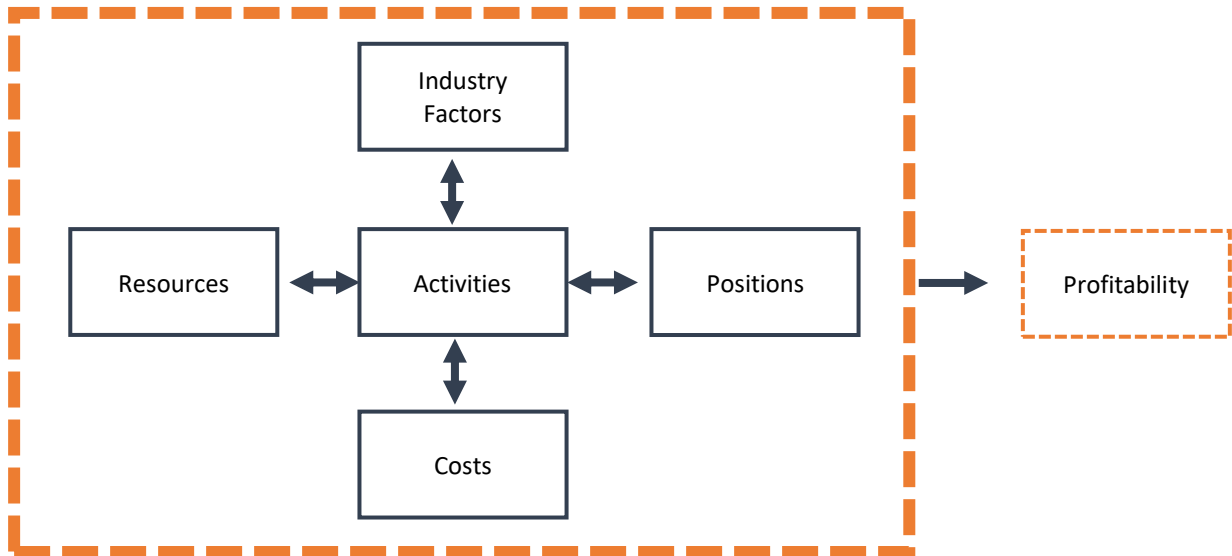


Source: The Boston Consulting Group, 2009

The value proposition is also highlighted as an essential component in business model together with other components such as resources, processes and profit model (Richardson 2008, Johnson 2008). Afuah (2003) also created a business model of four components (Figure

5.) which inserted influences of external industrial factors, internal resources, positions and costs whose combination will bring about beneficial and unique activities to generate profit.

Figure 5. Business model of four components developed by Afuah 2003

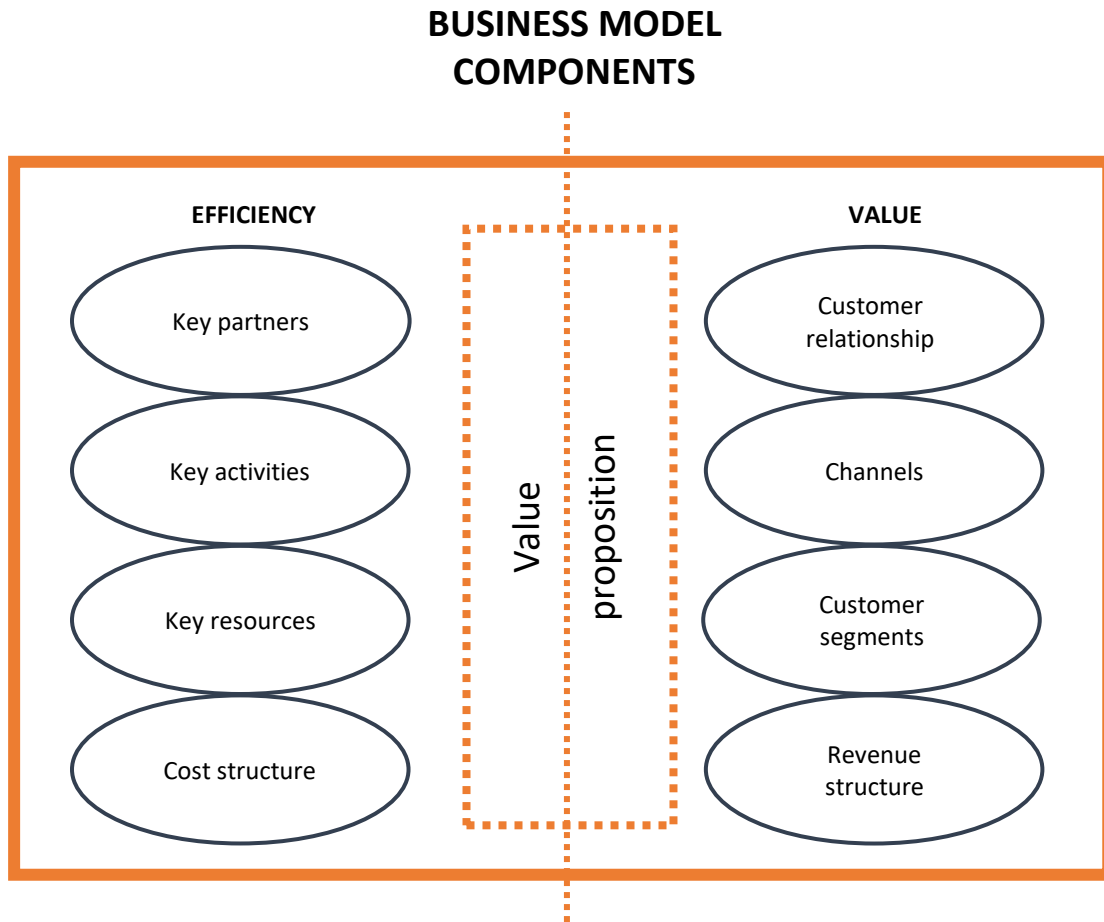


Source: Afuah 2003

There is no standard set of components for a business model, but these affecting elements can either reflecting the efficiency or the value of the business and therefore a business model construction is a response to these two categories (Cavalcante 2011, Amit & Zott 2013, Osterwalder et al. 2005, Teece 2010, Wirtz et al. 2010) and see the links among them (Sosna 2010).

On the one hand, components of efficiency include elements to enable and present an efficient operating model such as partners, resources, activities, and costs. These will contribute to explain what a business does and which are the costs to realize the value proposition of the firm. On the other hand, to understand how the value proposition is realized and captured, components of value such as customer segments, customer relationships, revenue and channels of distribution are mentioned (BCG 2009, Osterwalder & Pigneur 2010). Osterwalder's description of BM's components is selected to be the guidelines for the whole work, which will be further discovered in the review about BMC. A business model's components are illustrated in Figure 6.

Figure 6. Framework of business model components adopted from The BCG 2009 and Osterwalder & Pigneur 2010

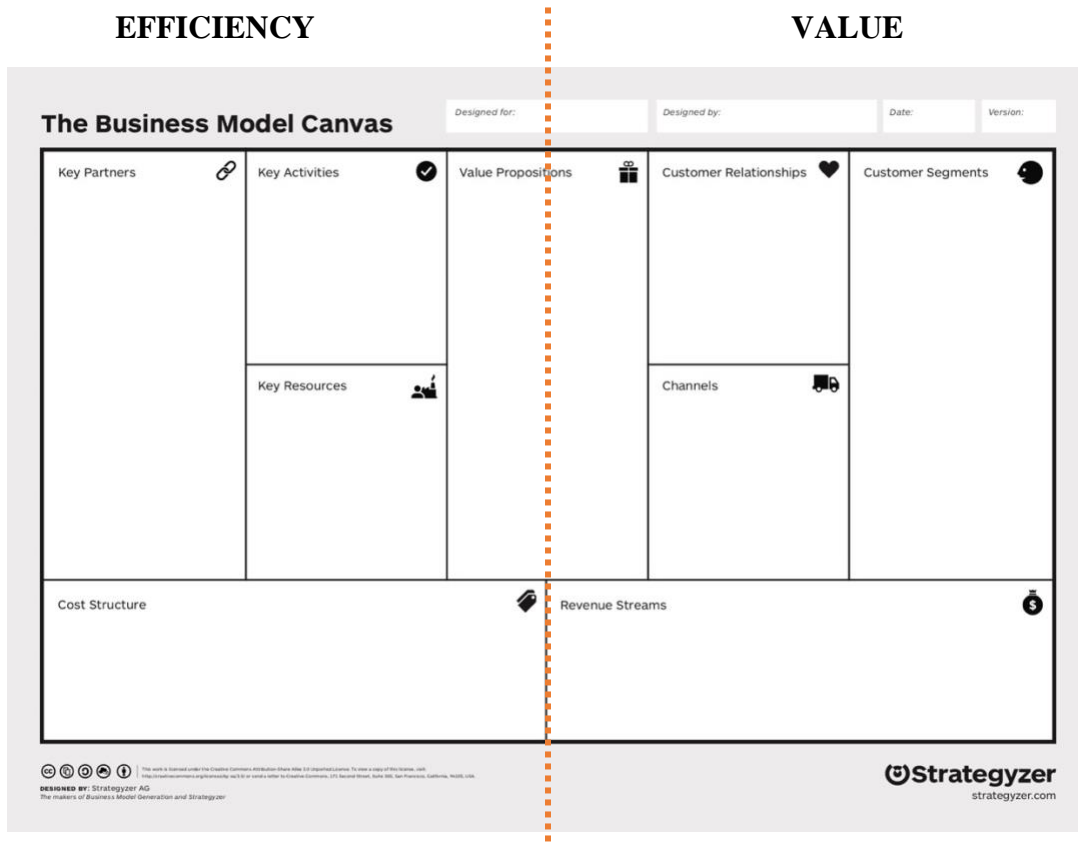


2.1.3. Business model canvas by Osterwalder

The visual model is desirable for BM researchers to understand cause-effect linkage, the inter-relationship among different components, and commitment to the ultimate strategic choices in the business strategy (Petersen). Business model canvas (BMC) was first proposed in 2010 by Alexander Osterwalder. It has been the first detailed business model construction adopted by many firms as well as scholars in the academic world because of its apprehensive and accomplished considerations to different facets of business model, matching with all the above efficiency and value framework. BMC encloses nine blocks indicating nine inter-corresponding decisive factors of a whole business model (See Figure 7), describing a

business model and creating a perfect value story of a firm's operation (Billat & Legner 2013).

Figure 7. The format of business model canvas by Alexander Osterwalder



Source: Strategyzer.com, Business model Generation 2010

The analysis of business model canvas by Osterwalder

Customer segment (CS) is one or different groups of people that a business target to sell their products or services. After understanding the target market, the firm designs its values to bring about satisfaction as well as benefits to customers, stakeholders, and the companies themselves, which is called **value proposition (VP)**. This block is in the center of BMC because it is the key for the whole business operation to follow, the solutions to customers' demands as well as the reason for customers to use their product and services over other alike alternatives. Value can be quantitative or qualitative. It can be the newness of the product or

services, the improved performance, personal customization to advance customer experience, the completion of a task or the design, branding, cost-effectiveness or risk reduction, accessibility, convenience, and applicability. A business should identify these things to deliver the most impressive value proposition statement that can give a settlement for clients and differentiate the firm from the other ones. Then **channels** as communication methods are employed to interact with customers and convey promised value. They can be salesmen, sales on webs (direct channels) or own physical stores, partner stores (indirect channels) who present in some phrases of the customer journey to access targeted clients. The connection established between the company and customer segments becomes an element in the business model value part named customer relationship. **Customer relationship** is achieved by face to face communication, self-services, automated chatbot, or sponsorship to social events. Revenue stream presents on the bottom right of BMC to introduce value capture, which is cash flow-in when a firm provides value to their customers. With **revenue stream** of a BM, the firm can answer the question that for which value customers are paying.

On the efficiency canvas, all kinds of resources are introduced to show contributors to ensure the value proposition. **Key resources** are both tangible and intangible belongings available to facilitate business operating **key activities** and ensure value propositions. Besides, **key partners** imply the network of partners such as suppliers or wholesalers, government, competitors, joint ventures, and alliances essential for the functionality, optimization, and scaling of the business, the reduction of uncertainty, and potential risks. **Cost structure** is presented in the BMC to reveal expenses incurred during the operation of BM to achieve efficiency.

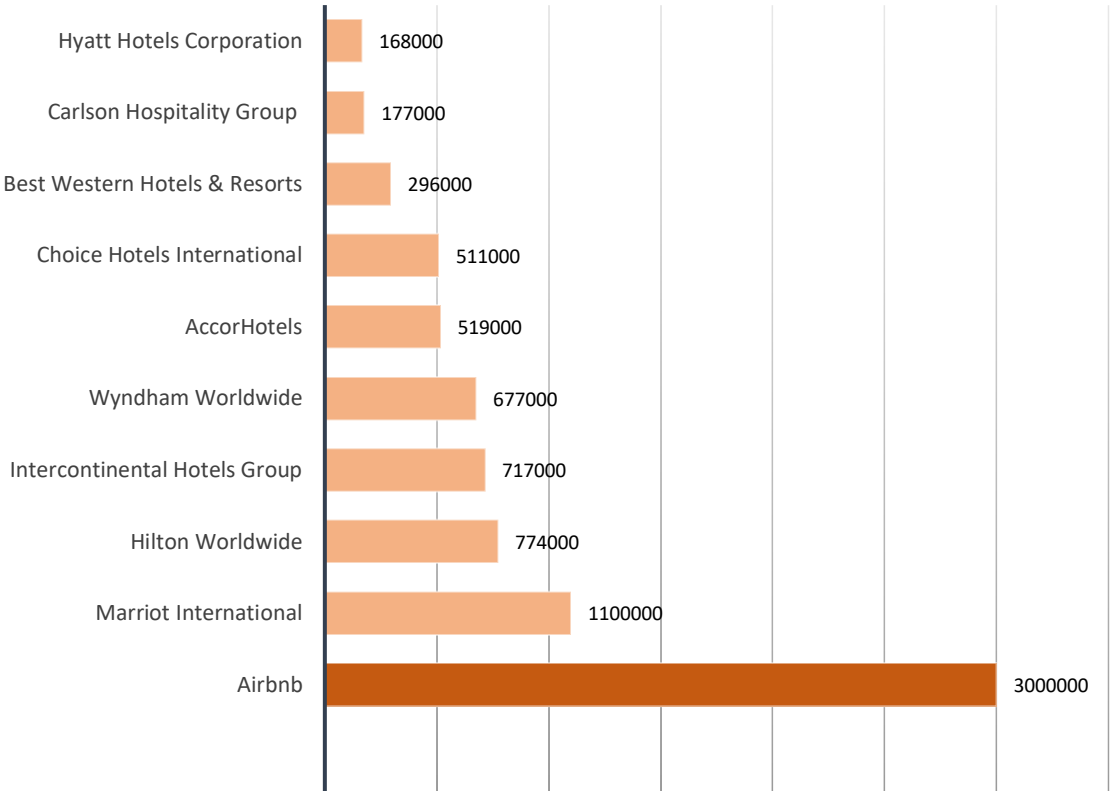
The study of Osterwalder's business model canvas will navigate the study towards possible transformation as well as its interrelated effects which will be mentioned in the review about BMI.

2.1.4. Hotel business and competitiveness in hotel business by Porter's Five Force

Hotel business - part of the hospitality industry with the main focus on providing accommodation is continuing to expand the supply due to the growing traveler pool (Deloitte

2019). Despite such titans in the hotel business as Marriot, Hilton, there are private accommodation brands found their legs in this already-matured market, especially Airbnb who ranks the second-largest lodging companies by rooms/ listings (See Figure 8).

Figure 8. Largest Lodging Companies by Rooms/Listings



Source: STR Airbnb & Hotel Performance 2016

Porter’s Five Forces is a powerful tool to grasp a general view about the competitiveness of the specific business industry as well as support business leaders in identifying potential profitability in every strategic step that they are taking (Porter 1980). It is also used for business planners to see the potential profit or loss of their entering into the market. This model is applied to identify competitiveness in the lodging industry and see how challenging it might be for a new idea to enter the battle field. In the meantime, Porter’s model will enable a deep understanding of the competition situation within the industry, forwards proper actions for housing service providers to survive in a competitive environment, and to improve their

potential of enjoying the sweet piece of the whole cake. The five forces which form the competition of hotel industry include:

- Supplier's Bargaining Power: suppliers's ability to increase input price.
- Buyer's Bargaining Power: customers's ability to negotiate the prices of offered products and services down.
- Competitive Rivalry: the competition condition accumulated by competitor network.
- The Threat of Substitution: the range of available options that customers can choose from, able to replace the existing alternatives
- The Threat of New Entries: the market's openness for new competitors. The price can be driven down as the fiercer market created by newcomers.

As these forces have impacts on prices, costs, and investment (Porter 1980), analyzing the hotel market with Porter's Five Force approach will reveal the potential strengths of disruptive ideas. This also gives contexts to explain why a small company can enter and survive with glorious echoes despite the combative environment previously set by such prestigious hotel brands as Marriott, IHG, Hilton.

According to Cheng (2013), the bargaining power of suppliers for hotel industry is quite insignificant as they are simply subjected to the labor force, the quality of staff, and personnel. The suppliers' bargaining power to an industry largely depends on their concentrating characteristics over the customers, which takes its root from their products as an important and exclusive input in the industry (Porter 1980). To hotel business, the bargaining power of their suppliers inserts little competitive pressure on the field because they are not firmly dependent on providers thanks to the variety of alternatives. The essential amenities services to fully equip properties can be easily collected and the competitive market often results in a good deal for investors (Bedlington 2002).

However, buyers' bargaining power in hotel industry suffers from vigorous variables (Cheng 2013). On the one hand, buyers are less powerful if their purchase is demanding and hard to satisfy. In the hotel industry, such specific buyer categories as tour operators who focus on large tourist groups, business exhibitors, governmental convention attendants to some extent exercise low bargaining force because they often require a bulk purchase at once.

On the other hand, when hotels set their preference for targeted buyers – whether tour groups or individuals, businessmen, low-profit margins tend to make the business more subject to the high negotiating power of buyers. This can get more intense in a situation of oversupply and the occupancy rate is low (Cheng 2013). When they have a variety of choices and options, they can substantially affect the hotel suppliers' price policy to be compatible with fierce competition.

Competitive rivalry in the hotel industry is remarkably extreme (Cheng 2013). Theoretically, the intense rivalry possibly results from the population and scale of potential and direct competitors (Porter, 1980). For hotel industry, that the real estate market for resorts and hotel property is under a very dynamic development has increased the intensity of the fight among existing businesses and upcoming properties. The market share game can get more intense because of a wide variety of options that customers can pick for their staying in various forms, from a traditional hotel, B&B, hostel and to Couchsurfing, Airbnb, Homeaway, OneFineStay, Expedia,...(Cheng 2013).

Fourth force is the threat of substitution in which substitute products or services have their impacts on reducing costs and/or bettering the quality performance value because they cool down the monopoly extent of existing ones by offering alternatives while still remain the same function (Porter 1980). In all major cities which represent the center of accessibilities to other places of interest is not much threatened by substitute products except that in times of recession or the dominance of domestic travel over overseas visits or the replacement of new destinations as the other alternatives (Cheng 2013). These factors will contribute to drive the cost down. However, the long-term sustainability of this strategy is still uncertain, given the fact that cost-conscious travelers may be prepared themselves to the loss in the saving battle. According to Cheng 2014, taking into accounts the clear fragmented nature of hotel industry, the threat of substitute products for hotels is not a big deal. They are not vulnerable to intense rivalry because each property may belong to different groups with different target markets as well as a specific potential growth rate of that market. For instance, in the “high-tier” strategic groups like five-star hotels particularly focus on middle-high income segments of business travelers in which the likelihood for substitute products is low

Last is threats resulted from new entrants. Newcomers in the hotel sector find it hard to get a pie out of the cake. This force, according to Porter's research (1980), is determined by barriers to enter including product diversity, level of switching costs, and loyalty of customers. These are controlled by reliable brand image, service quality; capital requirements which include resources to establish, build and run a business, especially financial flows; competitive advantages of existing properties in terms of their location, experience, price, and brand image; customer database; tax incentives from the local authority, law support; and prediction for reactions of existing competitors as a consequence of rivalry. As a common fact, hotel business at global scale functions with high capital costs, in which fixed costs play a major part in the whole structure with the dominance of big brands, which causes the new entry more difficult although with the trend of asset-light models where big brands often franchise and provide management services only, the door is more open for new entrants in different segments of the industry (Cheng 2013). In big cities, a limited source of available land also creates a big challenge for new enters. Considering the access to distribution channels, the international hotel chain has mitigated the relationships with their customers so well thanks to loyalty programs whereas smaller ones find difficulties in acquiring proper occupancy rates. While government policy including tax and system and regulated law is not hostile to new hotels to appeal more investments, responses from competitors are likely to be intense. However, this also depends largely on a particular targeted market and strategic segments.

In brief, competitiveness in hotel industry in Porter's model can be summarized as below:

Table 1. Summary of five competitive forces in hotel industry

Forces	Level
Bargaining abilities of suppliers	Low
Bargaining abilities of buyers	Variable
Threat of substitutes	High
Competitor Rivalry	Low
Threat of new entrants	High

In short, it exhibits entry barriers limiting potential entrants to hotel market because of such various reasons as a high capital scale for entry, the limited supply of suitable locations. With all this analysis, hotel newbies should take serious consideration to define valuable markets as well as their motto for a high standard service. Investments into innovation can create product differentiation, which might be an efficient approach for new entrants.

The new entering into hotel market has been considered a challenging decision for a long time, not to mention the prospect of expanding to the international market with prestigious big players who are also making attempts to mitigate themselves to continue their market (Cheng 2013). And this can get harsher and harsher with the continuous flow of time in which strong competitors become stronger. New ideas are draining out, while radical changes are harder to find.

2.2. Business model innovation

2.2.1. Business model innovation

Business model innovation (BMI) as a phenomenal term in economic theory was not widely aware, especially setting side by side to other types such as process and product innovation or technological breakthroughs which are conventional ways of innovating an existing

business or creating a brand-new company (Teece 2010, Chesbrough 2010, Casadesus-Masanell & Zhu 2012).

Insights about BMI as a research field starts from the understanding of innovation. Lambert & Davidson - two professors at the Chalmers University of Technology in their publication in 2013 regarded innovation the implementation of a business model that is new to the firm. Johnson et al. (2008) gave a hint about BMI as a change in the entire component set of current BM. This delivers the right access to BMI from innovation and business model concept, but it is an intense work as regards changes in all BM structures. At the meantime, other findings also express their opinions about BMI, which can be demonstrated in Table 2 as follows:

Table 2. Different perspectives about BMI

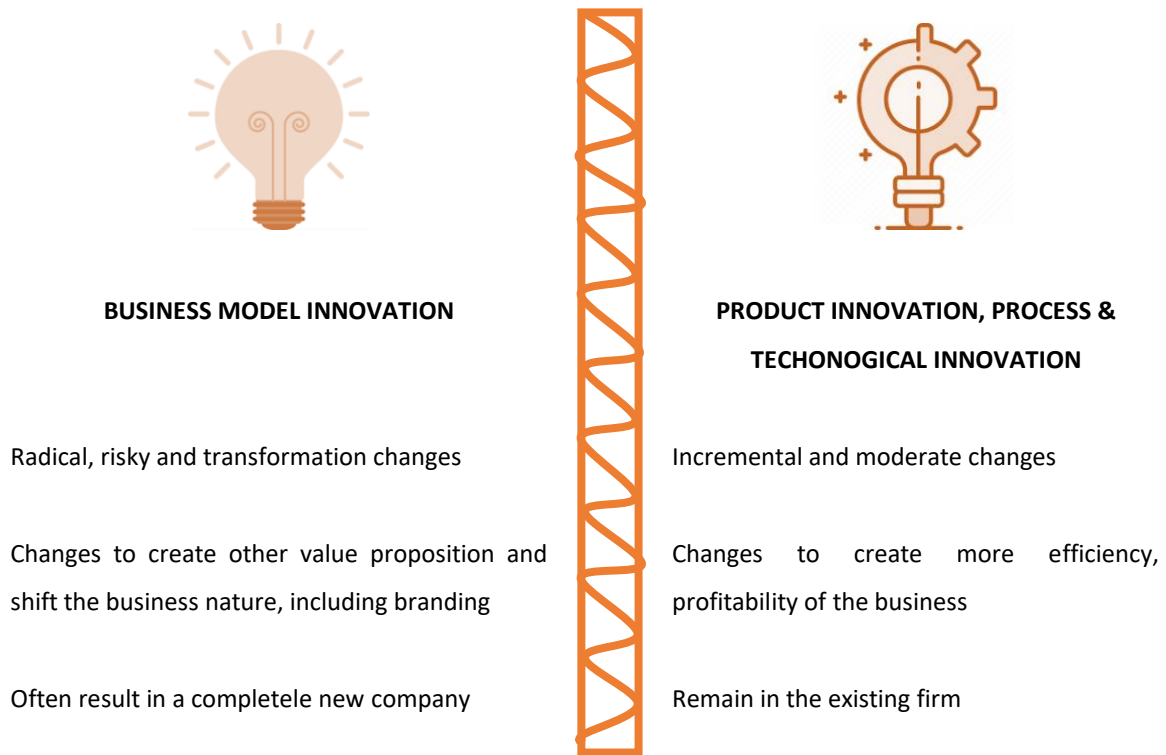
Author	Perception
Gambardella & McGahan 2010	BMI is the result of the firm's adoption of a novel approach for the commercialization of its assets
Casadesus, Masanell & Ricart 2011; Chesbrough 2007	BMI is the result of the firm's adoption of a novel approach for the improvement of value creating and capturing mechanism via renewing involved business activities
The Boston Consulting Group 2009	The reinvention of two or more components to deliver value in a creative method can turn an innovation into business model innovation
Teece 2010	BMI is the refinements of existing BM, which helps to cut costs while increment value for customers

Two key features separate BMI research from conventional innovations such as products and technological innovations: the extent of novelty – the extensive influence of adjustments to the business and the improvements/ changes in the value proposition for both business owners and customers. These features arise from the nature and primary purposes of innovation in a business model – domino effect when one component changes and the work of improving strong points, boosting value creation process by influencing positive adjustments both to internal operating model and external value proposition for customers

(The BCG 2009). When efficiency components for operating the business change, focusing on better competitive advantage and profit generations, the domino effect will happen due to inter-relationship among components. For value proposition as well as other value related elements, these changes will redefine targeted customer segments, new products or service, and revenue model, as a result, reposition how value to be delivered and how to capture benefits to the firm (Björkdahl 2009). Teece (2010) also confirmed this idea with a more specific look at the value created for customers by viewing BMI as a process of renovating the current business model, which often leads to a lower cost but increasing value to customers.

BMI can be seen as a radical adopted refinement (Roger 1964) in one or two or any components of previous business model, which eventually results in a modified or new business model. The new the internal links among components as well as new grounds of how firms perform their value creation, delivery and capture to customers are also created (Teece 2010).

Figure 9. Different between BMI and product and process innovation

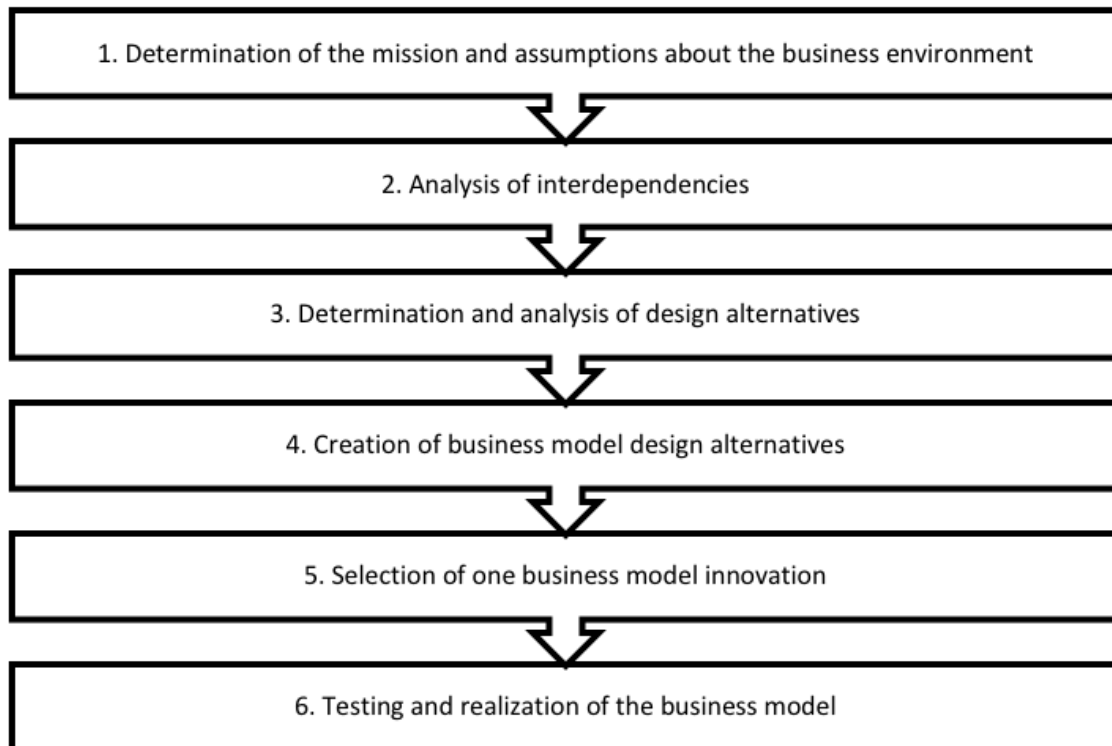


2.2.2. The process of developing a business model innovation

Several models are demonstrating the process of developing a BMI and definitely, there are differences among them. No simple formula leads to the success of implementing a BMI (Lindgardt & Ayers, 2014). This statement is also supported by Empretinger (2018) on the LEAD innovation management blog when he claimed that though BMI embraces numerous advantages, a formula or a methodology to systematically plan and implement it has not yet been found. Adopters can just look for suitable tools to generate fresh ideas and initiate new BM. Few firms can create a 180-degree transformation from a one to another type of BM, for example, from product to service business with the complete shift in their business focus or just partly develop the new BM by combining the old and the new to create parallel BM (Markides & Charitou, 2004). Despite the urgent demand highlighted for new solutions (Storbacka, 2011), researchers for transformation deriving from various dimensions of the business model have not yet found many references (Kapletia & Probert, 2010).

Eurich, Weiblen and Breitenmoser (2014) proposed the six-step approach to BMI by developing the “network thinking” adopted from Probst and Ulrich (1998). Both Internal and external environment of the business are defined, then the process realizes a BMI in the way that dynamic components of the business model are analyzed in relationship with other elements to create different scenarios when changes happen. The selected models are defined after testing and measurement (See Figure 10)

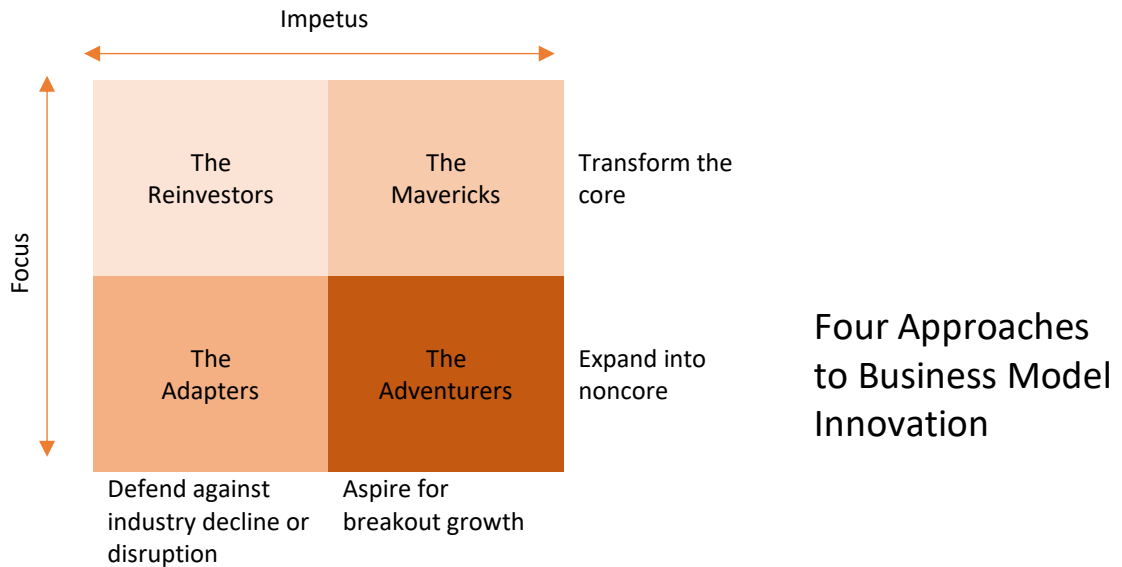
Figure 10. Eurich, Weiblen and Breitenmoser’s approach to BMI



Source: Eurich, Weiblen and Breitenmoser 2014

Boston Consulting Group researched about the motive behind the adoption of BMI to find out four approaches to BMI, basing on “impetus” and “focus” (See Figure 11).

Figure 11. BCG’s approach to BMI



Source: BGC Analysis (2009)

Details of the business model innovation approaches proposed by BCG can be summarized as below:

Table 3. Details of BCG’s approaches to BMI

Approach	Situation of application	Guideline for application
The reinventor approach	A fundamental industry challenge, in which a business model is gradually going weary and the prospects of growth are uncertain	Reinventors create new customer value proposition and realign operation activities according to new offering.
The adapter approach	The existing or even modified core business is unlikely to confront with disruptions which might make fundamental changes to the market	Adapters explore alike businesses or markets and build an innovation, keep experimenting to reach the proper business model and reach new pieces in the market cake while even entirely escape from core business

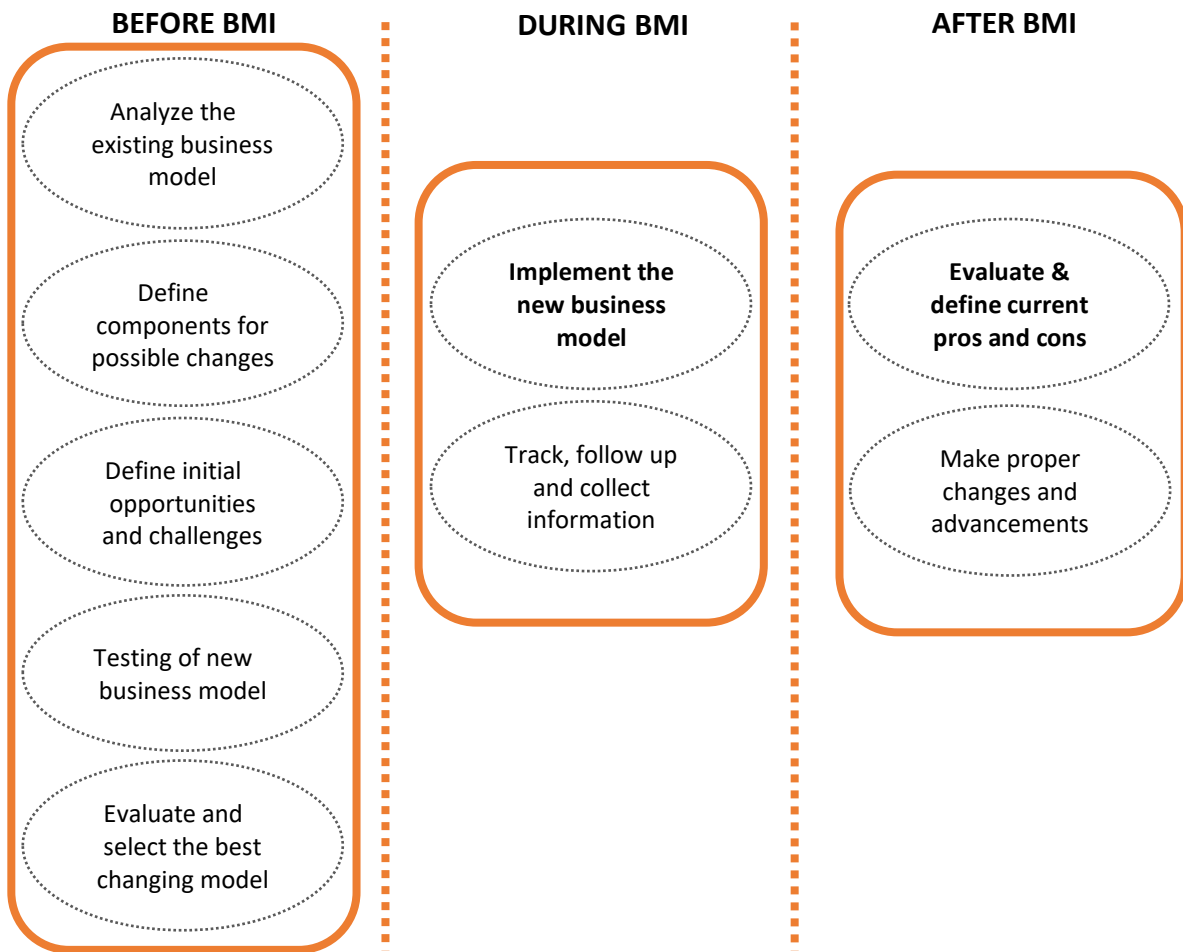
The maverick approach	When the innovator wants to extend their core business to reach to a more potential scale	Mavericks, either a startup or an established companies revolutionize the business sectors and propose new standards by evolving competitiveness power to enable scaling up.
The adventurer approach	When a business wants to expand its position by discovering into completely new or similar markets.	Adventurers understands carefully about the company's competitive advantage, from which they place a bet on with a new application to generate success

Source: The BCG (2019)

Although these approaches hold different natures and methodologies, they all result from adjustments in components of business models. These interdependent changes will create innovation due to associated operation activities (Amit & Zott, 2012). Different as they are, these studied processes still bear core resemblances in steps of evaluating purpose and objectives, making market researches, making assumptions of changes in elements, building stimulated scenarios when these changes happen, achieving the new business model, and testing them to the real market. These steps can be divided as before (idea conceptualization, investigation and model selection), during (BMI implementation and data record), and after (opportunity and challenge defining, improvements) for the implementation of BMI. No matter what they do to approach BMI, a company always needs to relate to at least one element in their previous model which can be their key resources, their value proposition. This definition is automatically linked with our definition of BMI analyzed above.

The basic model for proceeding an innovation in business model can be presented in Figure 12 below:

Figure 12. A three-phase simple model to proceed a business model innovation



2.3. The adoption of business model innovation in hotel business

Most hotel brands, no matter how big or small, are facing similar challenges of a changing landscape in the hotel business as referred to Porter model previously-analyzed, no single approach is recorded to deal with these new twists which insert huge impacts on business models of these firms (Grant Thornton 2019). Though all the big players in the sector are not standing still, they are showing their efforts in different manners but normally with minor upgrades, not differences to the core business model. Marriott scaled its business with the acquisition of Starwood and formed their alliance relationship with Alibaba via booking services through Alitrip (“Landmark Agreement Between Alitrio and Marriott International”, 2015). In the meanwhile, Accor is making more investments in acquiring technology start-

ups and platforms related to the field. The company used to perform business model innovation via rebranding itself to AccorHotels in 2013 and opened its booking platform to independent hoteliers to counter the high commission fee of OTAs in 2015. Another white shark of the industry - Hilton spent a huge budget to advance their technological strengths with the system of seven innovative solutions applicable to every aspect of their business to drive increased business and boost up customers' loyalty and experience; partnered with Uber and most recently Lyft to offer seamless experience (Grant Thornton 2019).

Before, one of the fundamental changes which can be regarded as a business model innovation were made to get rid of the asset-heavy model of traditional hotel business (Grant Thornton 2019). This non-smoke business sector has its first kick-start by the public offerings of some hotel companies and subsequently the evolution from the original BM as an exclusive owner business operation towards asset-free ones. Following that is the constant separation of the crammed business model into smaller sub-sectors such as real estate, hotel management outsourcing. The expansion generated from this separation enabled global hotel brands to put more focus on different development as brand value and building up customer loyalty rather than building their own hotels, which removes potential risks of too much fixed assets investment. Ultimately, revenue structure in business model of hotel business changed significantly.

Some small and medium hotel brands are triggering alternative products and services in their portfolio to generate new revenue streams, some others created more value for their customers via innovations within their own business model system to optimize costs, not many changes have been seen on business model of entities in this sector. But it was not until 2008 with the emerging of Airbnb that there appeared a turning shift in the hotel industry with a brand-new BM which is peer-to-peer accommodation service platform (Grant Thornton 2019). The design of Airbnb business model with all components in their BMC will be analyzed in Chapter 4 to see how a technology start-up coming from nowhere in the extremely competitive hotel industry and became a \$24 billion worth business, ranked higher than many other industry giants (Makhmoor & Rajesh Verma, 2018).

2.4. Opportunities and challenges after the implementation of business model innovation

BMI requires a higher complexity level than any other traditional product or service innovation because it not only has power of advancing value creation but also empowering value delivery to reach new profit springs (Lindgardt & Ayers, 2014). The survey conducted in 2014 by Boston Consulting Group among the most creative companies revealed that 94 percent of the 1500 senior executives reported to have their business engaged to BMI at some degree, but only 27 percent confirmed their pursuant to BMI. However, due to its promising future, firms are taking a turn toward BMI as a complementary solution (Amit & Zott, 2014).

Doz and Kosonen (2010) in their articles pointed out an agenda that business managers and strategy team might consider to trigger a more practicable, actionable and adaptable innovation for their business models and then end up with a fruitful transformation.

The aim of this part is to assemble, review and summarize theoretical foundation for the two facets of BMI, review academic attitudes about opportunities and challenges of adopting BMI in the second phase of the process.

2.4.1. Opportunities after the implementation of a business model innovation

For big corporations, recognizing and managing BMI can be critical for long term survival in turbulent markets (Lindgardt & Ayers 2014, Umihanic 2014). New business as starts-up take the advantages of BMI because it takes less effort for them to rebuild and adapt their new-born BM as its design is still at initial stage. Many disruptive innovations take their root from new or small unknown groups rather than developed and matured businesses (The BCG 2009). A study conducted globally by IBM with the participation of over 750 leaders of both private and public organizations about innovation pointed out that market pressures pulled BMI to a higher level of priority consideration (Pohle and Chapman, 2006).

There are many opportunities and challenges arise in every single step of BMI's implementation process (Storbacka 2010). When it comes to weighing pros and cons of a business model innovation after the implementation, different ideas are sourced, but they all

refer to BMI's transforming feature to create extraordinary competitive advantages, BMI as solution to overcome market plunges and generate bigger profit.

Lindgardt & Ayers (2014) talked about it as a solution to “ensure competitive advantages that an enterprise has to obtain to during unstable periods” due to its hard-to-imitate nature with complicated adjustments involved. Karan and Serguei (2014) even thought that BMI comprised changes invisible to the outside world and potential advantages brought about by BMI was unable to copy, therefore, competitive advantages are unique. Many other researchers also realize this opportunity created by BMI adoption. Innovative idea applied to BM takes its effects in establishing a firm's position and securing its competitive advantage for a sustainable development (Schindehutte and Morris 2010), gaining a competitive edge (Eurich, Weiblen). Umihanic (2014) also emphasized the competitive advantage of BMI in her public research paper called “Business Model Innovation as a Source of New Competitive Advantage” where she concluded that BMI has its greatest value to achieving competitive advantage with its ability to turn crisis into competitive power (Bekmezci, 2013). Results from a global survey conducted by Economist Intelligence demonstrated that 54% of all 4000 managerial seniors favors BMI as a potential competitive capability over product and service transformation (Raphael Amit & Christoph Zott, 2014). The unpredictable environment as well as the rising of disruptive ideas have made changes within the internal structure of the firm far more urgent than ever to secure survival and commercial success.

“BMI can provide companies a way to break out of intense competition, under which product or process innovations are easily imitated, competitors' strategies have converged, and sustained advantage is elusive. It can help address disruptions such as regulatory or technological shift that demand fundamentally new competitive approaches” (BCG 2009, p2)

The competitive advantage term apparently presents its attached bonding to BMI whenever opportunities given rise by BMI is taken into account.

Goorah and Panchoo 2017 discussed the transformation and reinventing nature of BMI as a function to help firms address downturn effects via value creating, which supported the idea of the BCG 2009

“The companies that flourish in downturns frequently do so by leveraging the crisis to reinvent themselves rather than by simply deploying defensive financial and operational tactics. Moreover, during times of crisis, companies often find it easier to gain consensus around the bold moves required to reconfigure an existing business” (BCG 2009, p2).

Though process and product innovations are more widely adopted, these types of innovation often incur a lot of expenses and time and human resources as well as the demand for huge investments from the initial stage of research and development (R&D) (Raphael Amit & Christoph Zott, 2014). More than that, the expected returns on these investments are often under uncertainties as the above description of incremental innovation. As a result, BMI is always a greater alternative via its degree of novelty and expected positive outcome effects.

Researchers also discuss the higher and more sustainable return via the new value creation nature of BMI. To identify the list of most innovative businesses, Boston Consulting Group and BusinessWeek analyzed database of innovators, segmented them into different types in an annual investigation to reveal a critical result that though both types of innovators achieved higher return than average shareholders, innovators adopting BM transforming on average made four times more money than product or process ones. The survey also marked that returns from BMI were more sustainable, which was proved by the statistics that adopters of BMI remained their outperformance even after a decade of the innovation

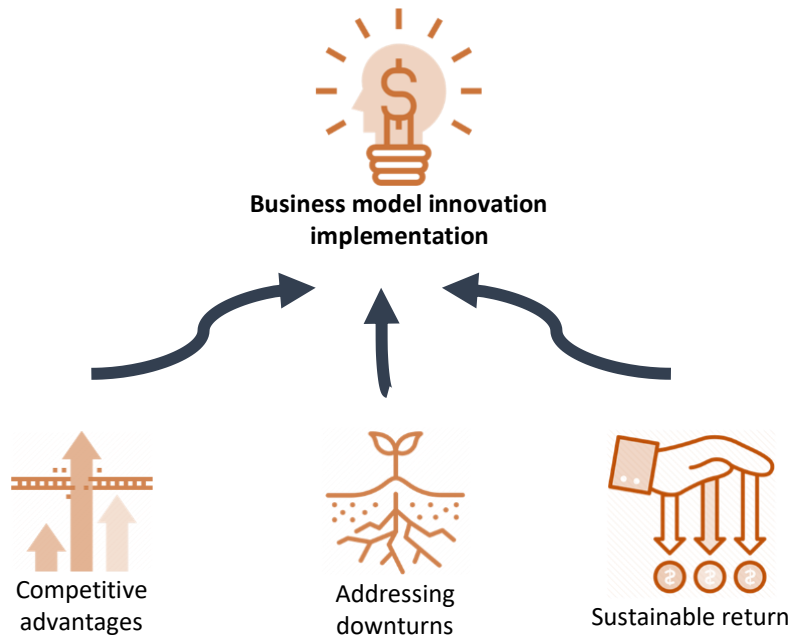
“Many companies pursue BMI as a defensive move to protect a dying core business or defend against aggressive competitors. But we are convinced that BMI can be most powerful when it is approached proactively to explore new avenues of growth.” (BCG 2009, p3).

The IBM research extracted from the study of G.Pohle (2006) mentioned above also pointed out that companies who paid relative attention to BMI might see their margins grow twice as fast as their competitors.

“In the operations area, much of the innovations and cost savings that could be achieved have already been achieved. Our greatest focus is on business model innovation, which is where the greatest benefits lie. It’s not enough to make a difference on product quality or delivery readiness or production scale. It’s important to innovate in areas where our competition does not act.” (G. Pohle and M. Chapman 2006, p34-40)

BMI is a powerful driver for value creation and secure success other than innovation in technology, product, or service (Karan Girotra and Serguei Netessine, 2013), potential benefits from BMI implementation can be illustrated in Figure 14:

Figure 13. Opportunities brought about by the implementation of BMI



2.4.2. Challenges after the implementation of a business model innovation

Though little academic review has been found, possible barriers brought about by BMI implementation has been an interesting topic in business model literature review. According to Joakim Björkdahl & Magnus Holmén (2013), unlike technological or services, product innovations, there is no professional workforce in charge of BMI referring to the novelty characteristic of business model innovation with no official training and regulated laws available, which is the current problem for almost all firms after the decision of BMI implementation. Alessandro Agostini 2014 answered the question of BMI challenges in a structured and logical way via three “descriptive categories”: people, process and strate (See Table 4.) with the theoretical platform from by Van de Ven in 1986

The long journey of BMI from conceptual idea to implementation period of creating, capturing, delivering value and eventually the period market intrusion and user acceptance

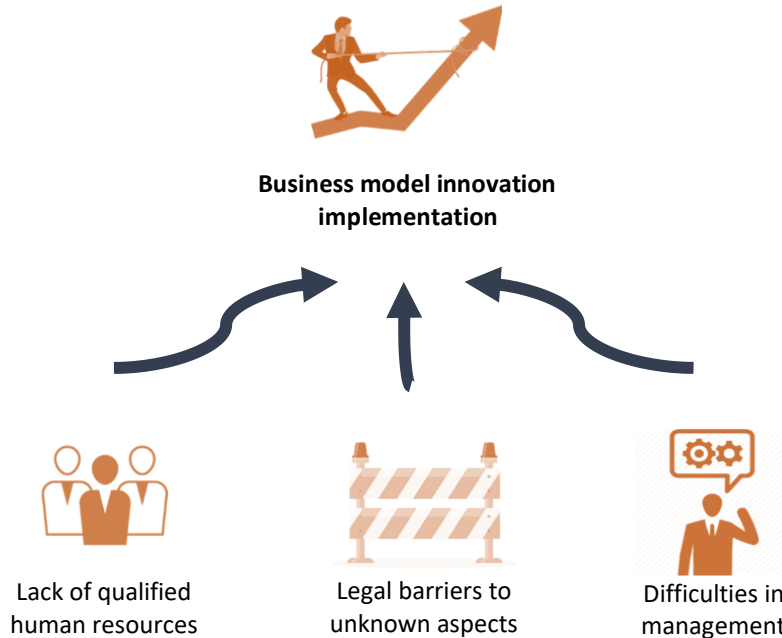
might make many business leaders might feel insecured (Björkdahl & Holmén, 2013). Storbacka 2010 developed her approached towards BMI challenges and barriers via literature review and gathered all the most explicit one into three themes: organizational structure, organizational culture, financial metrics and incentives.

The interesting thing in Storbacka's paper was that she also built up the flow of challenges according to BMI process where she explained key notes with an easier acknowledgement of challenges for a firm of different phases in their BMI process. Challenge can come from the initiation phase where a firm can find it hard to identify their own need for a change. Chesbrough (2007, 2010) takes notice of the fact that managers simply have little awareness of a demand to change and eventually, it is often too late when the need comes. At the adoption stage in which innovation should be adopted, BMI often falls out of the list due to their complexity as well as the afraidness of systematic failure due to the internal relationships of all elements in the BM if a firm wants to create their own new BM. Because it consists of a multidimensional set of activities, execution and imitation are of high difficulties (Lindgard et al., 2009). Might they find an available alternative for the previous BM, they still have to face with difficulties in comparing the two BMs.

Lastly, the challenges are often diversified with a lot of obstacles to overcome (Storbacka, 2010). There can be difficulties in the restructuring process to adapt the old organization to the new BM or encouragements needed for involvement into new changes (Comes & Berniker, 2008).

Despite different approaches towards challenges put forth by BMI, both Storbacka and Alessandro share some resemblance in problems related to business strategy and management. Besides, external challenges such as fluctuating business environment or competitors' emerging innovations are excluded from their findings which seem to assume a very stable environment for the BMI development from the awarenss stage to the adoption ones and just point out internal challenges put forth by BMI. Challenges resulted from BMI implementation can be summarized as follows:

Figure 14. Challenges brought about by the implementation of BMI



2.5. Synthesis of business model innovation in hotel business

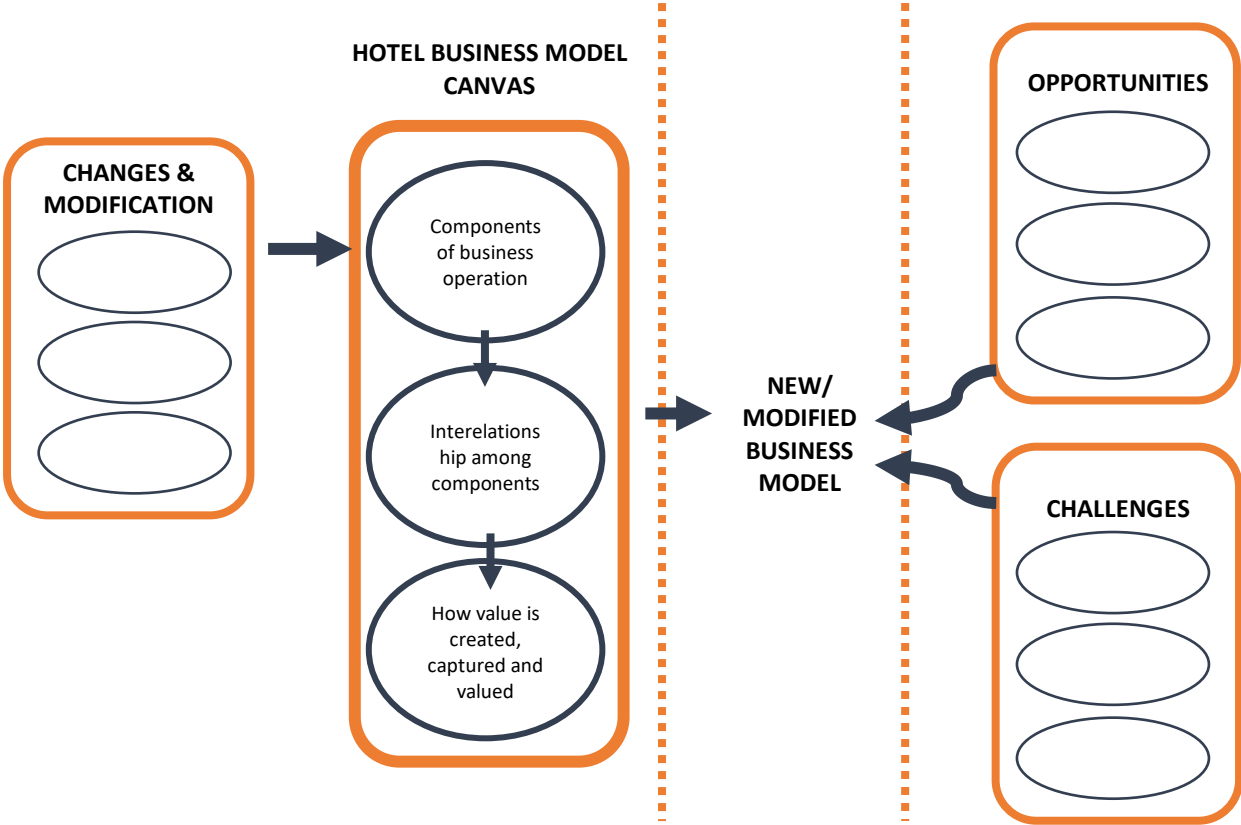
This section combines the two areas of business model innovation and hotel business that are presented in the literature review then introduce a model to examine business model innovation, opportunities and challenges arising with the implementation of BMI in the hotel business which is employed in the empirical part.

First of all, the literature review examined BM components; process of generating an innovation on a BM. Components of BM illustrated on a business model canvas were selected as the main focus of the thesis because they are key subjects of possible changes to eventually make a BMI happen. BMC by Osterwalder was the model chosen to visualize these components as well as their linkages.

Not only examining business model and its components allocated in BMC with BMI which arise from changes in these components, the thesis processed to look at possible opportunities and challenges related to the adoption of this radical change.

The application of BM and BMI's literature to hotel business is pararrely introduced. A general model to study for empirical part is presented in Figure 15 below:

Figure 15. A model to study and analyze of BMI, the opportunities and challenges of implementing BMI in hotel industry



Noted: Changes can happen to one/two or all components of a business model

3. RESEARCH METHODOLOGY

This chapter of the thesis provides details about research methodology adopted via introducing assumptions, research strategy, research method. After the discussion of these aspects, data collection and analysis are in turn discussed. Finally, the paper presents how the validity and reliability of the research are ensured.

3.1. Research strategy

This thesis adopts case study as the research strategy because it can give the most accomplished perspective of a business in the context of complicated external events. Yin (2009) claims the suitability of case study in situations of researching a contemporary set of phenomena, to which researchers hardly hold any control since this methodology allows writers to make use of all the possible sources of data to evidence their work.

Research work can be divided into three types: exploratory, explanatory, and descriptive research (Pipponen 2019). This paper is more of an exploratory type than the other because it discovers the hotel business to identify innovative features in the BM of the case company. Saunders (2016) agrees that exploratory investigation fits well with researches which tries to figure out the mechanism of phenomena. Applied to this thesis, as BMI in the hotel business has not been academically explored, the case study of Airbnb will pave the way to understand the model of developing a BMI with an emphasis on the opportunities and challenges after the implementation phase.

Although case study strategy can insert some challenges, considering its result which is difficult to become exemplary or to generalize (Yin 2009), the excellence in delivering a fulfilled investigation over a problem within a determined field has made it the perfect candidate to be the research strategy. This thesis explores the phenomenal success of Airbnb business model as well as difficulties caused by its creative novelty in the context of hotel business with prestigious hotel brands, therefore, there can not be a better alternative for research strategy other than a case study.

With the research strategy defined above, the single case study is adopted as regards to the uniqueness of case study in hotel business. As BMI is still an aspect of many unknown features and inaccessible to scientific investigation, analyzing a phenomenal case is a better choice than multiple case (Yin 2009).

The case selection went through two rounds. The first one was scanning. The first and foremost choice was companies that operate hotel services and adopt innovation in their business model. After defining some entities which satisfy the scanning round, the final choice was determined via a set of criteria with the most important one related to their relevance to previous theoretical findings, especially the one drawn from the analysis of BMI challenges. The criteria for the case selection comprise two dimensions, which were considered critical for the analysis of BM and BMI. First of all, the chosen case should have existing competitors – generally experienced business in the field - to make a basement for comparisons with its business model. Then, the selected case study should be at least three years old to have an accessible source of information about the transformation with significant events.

After weighing all the possible options, Airbnb was selected as the case study for further analysis and researches because its emerging prestige and unique business model in the hotel business make this study newsworthy. Airbnb also satisfied the selection criteria described above. The availability of previous BM in the field of hotel and accommodation enabled access to a big database for seeing differences of Airbnb's BM from different perspectives. Besides, the innovative characteristics of Airbnb's BM are visible with the application of the P2P website, application, sharing economy concept as well as their approach to different components in a business model. Last but not least, the successful portfolio since its first launch in 2008 has empowered favorable sources of information for a thorough investigation.

3.2. Research method

Qualitative data can be text, speech, videos, and pictures...and divided into primary and secondary data. For primary data collection, online interviews, or direct communication like face-to-face conversations are conducted depending on the actual situation of the

interviewees to fulfill researchers' perspectives about related matters. Therefore, primary data does not precedently available. Also, updates with chosen case studies via social media and other platforms fulfill data for the discussion. For secondary data that exist beforehand due to the collection of other researchers (Saunders et al. 2016), it can be raw data from academic journals, papers, books. The secondary data is collected via journals, articles, and available reliable sources. The thesis reviewed, cited then justified the data from these sources to reinforce theoretical findings. The applicable validity of previous studies is evaluated to find out new approaches that match the current situation of the business world, in which the concept of BMI may have changed.

This thesis selected semi-structured interview with questionnaires planned in advance as the measure of collecting primary data as it enables flexibility and friendly vibes during the interviews (Eriksson & Kovalainen, 2016). While still ensuring that key content is provided with all necessary information collected, the interviewer can lead to different questions of the same topic, therefore, the proposed questions might not be in the same order as stated in the Appendix to ensure the natural flow of conversation.

3.3. Data collection

The selected secondary information is divided them into three categories. The first one is extracted from the firm themselves, including printing copies or soft copies available such as white papers, brochures, training materials that present information about the company. In the case of Airbnb, as a private company, no annual reports have been released or publicized, access to their website's newsroom was made to collect the most updated data about their business performance. The next category of information is generated from annual reports, financial statements, and publications from business partners, third parties. Publications, journals from analysts and experts, academic scholars, and researchers represent the third category.

For the primary source of data, organizing semi-structured interviews with experts who are more or less connected to the case was selected. Interviewees are contacted in advance to ask for their availability and willingness. Among ten formal invitations sent out by emails to

inquire about an interview, seven responses were received with three online interviews and two face-to-face meetings conducted. The thesis managed to collect opinions from two experts in the field of hospitality with one interviewee as an international hotel chain manager and the other as a local hotel chain general manager; one interviewee having property listing on Airbnb; one is an expert in generating innovative idea as a CEO of an innovation center and the fifth interviewee currently working for Britain governmental organization in the field of tourism and hospitality. On top of that, all the interviewees reported having experience with booking and staying on Airbnb, so they feel comfortable to share the information.

Although face-to-face interviews are much more preferred, the conference call can be conducted depending on the geographical location of interviewees. For meetings in person, the most convenient places as the natural choice of the interviewees are suggested so they can confidently share confidential information whereas phone or video call interviews will depend on their comfortably free schedule. Each talk is estimated to last about 47-93 minutes. On average, the interview length was 73 minutes. The language choice is mostly English, just one Vietnamese interview as it is the native language of both interviewee and interviewer. The interview questionnaire was prepared in advance to make the best use of limited time as well as to avoid off-track question (See Appendices.). The interviewees were of great support with frank and honest responses, even went great lengths to give advice and recommendations. Thanks to rich material from an abundance of sources, this paper was able to increase the validity of its finding.

Table 4. Details of interviewees

Interviewee	Date (D/M/Y)	Title	Type of interview	Field of work/ Place of work	Interview length
1	15/08/2019	Vice President	Face-to-face	International Hotel Chain	90'
2	27/02/2020	CEO, Airbnb Host	Face-to-face	Hospitality	73'
3	01/03/2020	CEO	Video call	Education (Innovation Center)	62'

4	05/03/2020	Chairman	Video call	Local hotel chain	47'
5	03/06/2020	Marketer	Video call	Visit Britain (Government organization)	93'

3.4. Data analysis

After collecting and noting down essential information, the thesis proceeded to the within-case analysis stage to verify the findings. The within-case analysis provides an executive overview of the case as its own entity before making any generalizations (Piipponen.L, 2018). This also enables researchers to have a thorough first-hand understanding of the material before comparing them to others.

The within-case analysis starts by reviewing the transcribed records of each interview; taking careful, word-for-word notes to summarize important key points, and put them into the proper categories of reference according to each component in the business model canvas. The theoretical framework was used as a tool to structure the information received. Since there are nine blocks in the business model canvas, nice categories of reference to interviews are created. The responses will be quoted in some part of the case analysis to reinforce discussions about the Airbnb business model, create strong support for the transparency of case investigation. The within-case analysis backed up by objective viewpoints will reduce the risk of missing or misinterpreting something.

For the secondary data collected, the results and conclusion given, especially outcomes of academic journals were carefully studied to acquire a higher level of credence as well as to grab the most completed insight into BM, components of BM and BMI and then to adopt specific results to later apply them into the case study.

3.5. Validity and reliability

To secure the quality of the work, validity and reliability features were seriously taken into accounts. For validity which indicates the accuracy of information (Liipponen L, 2018), all related interpretations after quoting in the within-case study are delivered back to the

interviewees to make sure that there is not a single misunderstanding. The validation from respondents was also performed by a double-check measure during the interviews thanks to clarifying questions after each vague idea, considering its simplicity and efficiency. As a result, on one hand, internal validity is increased (Silverman, 2001). On the other hand, in terms of external validity which can be seen as the generalizable application of findings to a larger scale, the results of the study are somewhat generalizable to other hotel businesses as an accommodation-providing platform. However, it might not apply to other types of business in hotel business such as food and drink, recreation,...or other industries.

For reliability, it can be stated that this thesis can ensure the reliability aspect in a short-term period thanks to the logical flow of how data is collected and analyzed together with deliberate records of the interviews. However, since semi-structured interviews are not likely to be repeatable or accessible to the same kinds of results in the long-term because it just temporarily represents at the collecting time (Saunders et al., 2016), it is of great challenging to identify the permanent reliability of the research.

4. FINDINGS

This chapter demonstrates the finding section of the research. In the first place, a thorough within-case study of the Airbnb business model is discussed to reveal the influencing power of innovations in business model within the context that other hotel brands are on the race of innovating themselves by different means. The findings are examined in view of other researches as well as interviewees' responses.

4.1. Airbnb's business model

The case analysis initiates with a brief introduction of the case, brings about an overview of the main subject. Then, components of Airbnb's business model are exploited to find out innovative points. Afterward, effects including opportunities and challenges brought about by BMI are presented. Quotes of interviewees are integrated to relevant sections while the findings are summarized at the end of the analysis.

4.1.1. Introduction about Airbnb in competitive hotel industry

Airbnb was founded in 2008 in the event that Brian Chesky and his friend put their apartment for rent to guests who attended a local convention. First, it was seen in the form of 'Air Bed & Breakfast' where they offered air mattresses to the guests for their sleeping. Afterward, following the light of the initial idea, a P2P sharing business model of accommodation renting was established. Apparently, eleven years must be a long successful journey for the company to reach over 7 million listings in over 100 thousand cities, covering 191 countries across the globe (Company website). Airbnb is currently operating itself with revenue streams from accommodation hosting and event hosting. The summary of Airbnb's business performance is presented in the below table:

Table 5. Airbnb's updated performance information

Listings worldwide	7 million listings
Cities with Airbnb listings	100.000 cities

Countries with Airbnb listings	191 countries and regions
Accumulated guests and arrivals	500 million guests by the end of the first quarter of 2019
Average number of guests staying per night	2 million
Reviews	Over 250 million reviews by both hosts and guests
Profit or Loss	The business is profitable in two continuous years on Earning Before Tax, Depreciation and Amortization basis

Source: Airbnb's Newsroom 2019

Airbnb described itself as a social website that has ability to connect people with spare spaces and those who are searching for an accommodation, instead of a hotel brand. Simply understanding, Airbnb operates as an open market place without owning any properties itself where hosts can directly make a transaction with travelers (Choudary, 2013). However, it appears that the company has managed to set its position in people's minds as a great alternative for a hotel. When they think about Hilton or Marriott, people will see them as luxurious lodging services with prestige for a long history in the hospitality business, whereas Airbnb is regarded as a cheaper option for budgeted travelers or the interested in local exposure with a wide range of options. Airbnb even holds strong competitive advantage of unique offers such as staying in local castles, treehouses, or windmills, which guests can hardly see in traditional hotels' deal.

*"I can build luxurious hotels, I can draw them in whatever architecture I want, I can serve many people but not **everyone** because guests might hold extremely hard to satisfy demands"* (Interviewee 4)

The company expanded to reach the estimated valuation of \$30 billion. Though this number was lower than Hilton's brand value, it is bigger than the owner of 4000 global hotels with \$13.8 billion revenue - Marriott International Inc., whose brand value is \$21 billion in 2014. (Winkler & Macmillan, 2015). Though Airbnb is not counted in the Brand Finance Hotels 50 league as considering the criteria of owning properties themselves, the fact that its value

rose double to over US\$5.5 billion marked the first time in which Airbnb surpassed many other hotel brands.

Considering the year 2008 when Airbnb first launched and the already-competitive market of the hotel industry, it is appraised that Airbnb magically managed to find its radical way through the stormy sea and built up its global brand with stable position in the hotel industry with their extensive geographic coverage all over the world.

In this context, the paper will come to see how Airbnb revolutionized the lodging service industry through its BM that allowed hosts to offer accommodation to potential guests, in a peer to peer digitalized platform. This will be further demonstrated in the upcoming analysis of Airbnb business model. The analysis will send its focus on each block in Airbnb's business model canvas to point out innovative approaches of the firm over traditional hotel business models as well as to explain why they can enter successfully into the fierce market of hospitality as concluded in Porter's five force analysis with few obstacles.

4.1.2. Airbnb's Business Model Canvas

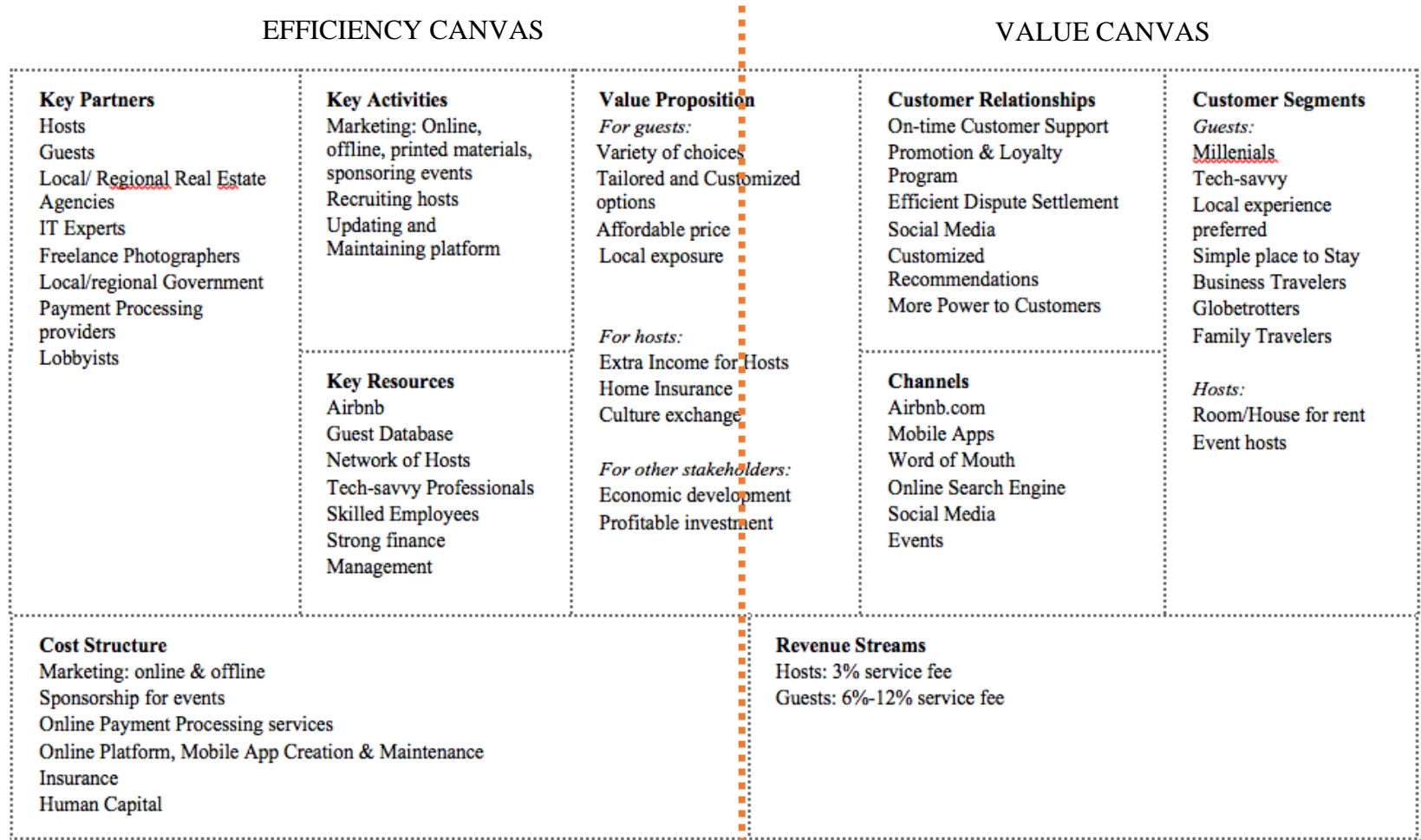
From general perspective, this paper found out that the Airbnb's BM on one hand is disruptive in the reference to Hilton's and other hotels' but on the other hand it is very simple to acquire. As a P2P market place in the sharing economy, Airbnb authorizes property owners to introduce available spare spaces to guests who search for a lodging space to discover and book on Airbnb website or mobile app. Airbnb has no control over the price of the stay. It is the property owners that establish their own price policy for each night, week or month and offer accommodation.

However, Airbnb does not offer their website for free of charge if transactions are successfully made. As both guests as well as hosts are customers in Airbnb's BM, they are charged for the service. Guests might be required a 6-12 percent fee for reserving their booking according to the length of the stay while hosts should address 3 percent for processing the payment service. Airbnb generates huge money from that.

“Such a brilliant idea when they do little but get billion dollars just by creating a common lodging exchange. They are building an empty market and seller [host] and buyer [guest] automatically fill in all the spaces and they got management fee. I am learning from them to build a peer-to-peer secondhand stuff exchange shop. Hope it works” (Interviewee 3)

Further information will be revealed upon analysis of Airbnb’s BMC. It would be kind to note that BMC has their emphasis in the accomodation hosting business only to keep the investigation within the framework of hotel industry although currently Airbnb is deploying the event hosting and tours with hosts. Available already-built business model canvas for Airbnb by Innovation Tactics, Canvanizer, Moodle UFSC,...have been researched and although they delivered fundamental platform for Airbnb’s BM, it seems that some of them bypassed elements that might be the key notes in the company. For examples: while insurance should be mentioned as the key partner of Airbnb due to its tremendous role in appealing more , it is no where to be found in the BMC proposed by Business Model Toolbox. After thorough consideration and research, the thesis finalized all blocks to create the most completed Airbnb’s business model canvas for housing business as in the Table 6.

Table 6. Airbnb Business Model Canvas



Source: Own development

4.1.3. Business model innovation in Airbnb's Business Model

The research discloses the innovative features in each block as following:

Key partners: With the peer-to-peer platform, hosts and travelers are indispensable to Airbnb's operation as key partners. Besides, there are other key parties that make huge contributions to the success of the company. First of all, hosts are the people who own properties which can be in any forms ranging from apartment, condo, guest room, or entire houses and aim to make money by putting available spaces for rent. They are regarded as critical supply side of Airbnb platform to ensure customer value proposition due to their creating a variety of choices for travelers. Hosts can list their property on Airbnb by completing detail description and setting their price with recommended range, personalizing the schedule and the services they can further offer such as tour guide or consultation for local experience. Upon receiving a staying request, hosts can go through guests's profile to decide whether to accept or reject the booking. Other key partner to form the other side of transaction are guests - the ones who make a reservation, booking after viewing available options listed for different purposes. They can be travelers, business men,...With Airbnb, guests are empowered with various options via customized filters about prices, location, facilities and services, etc. They can realize the payment through such trusted portals as Paypal, Master, Visa credit card,...The partnership created by guests is also one of the two main revenue sources for Airbnb besides hosts. While hotel brands serve as hosts with property under their ownership and work directly with guests, Airbnb is totally asset-free and have no connections with guests as a house owner.

"Because they [Airbnb] are not the house owner, they are totally care-free. I are not like Airbnb though I might be categorized into the same name of "accommodation provider" (Interviewee 1)

Local/ Regional Real Estate Agencies: Real estate agencies can be the owners of properties such as residential complex or even hotels. They can deliver win-win benefit for themselves and Airbnb. Whereas Airbnb can benefit from a huge supply with less concerns about demand over supply, these agencies can overcome the real estate industry crisis of more

competitors and disruptive forces to return their investments. Besides, in case of some unknown hotels, I found out that their emerging into Airbnb is the result of their seeing more benefits with lower expenses for marketing or the bad influence of seasonality characteristic when listed as a hotel alone. However, I also realize the potential negative impact of these local/regional real estate agencies in the value proposition of Airbnb with the controversial question of how conflict it is to include these agencies who is personally only one host with hundreds of listings while stating “local homes offered by locals”. This is one of the points that I will further emphasize in the upcoming conclusion of Airbnb’s business model canvas.

“Some [hotel owners] are shaking hand with Airbnb. They accept the removal of their brand on the hotel map – I mean just some local brand I know... - to be listed on Airbnb” (Interviewee 4)

IT Experts: Website designer, web master, hosting company, database management, mobile app developers are of great importance for Airbnb as the website is the key asset, key channel of the whole system. All the business activities are operated surrounding the website, as a consequence, the secure partnership with these IT experts is the golden key to ensure the smooth operation, maintenance as well as possible updates for on the daily basis of the system.

“I pay a lot for operational team such as receptionist and house keeping department because they are the backbone of operation. Not so much money for IT but they [Airbnb] do – information technology is their money earning tool” (Interviewee 1)

Investors/ Venture capitalists: As of November 2015, Airbnb has received funds from 32 investors after 8 rounds and raised totally \$2.39 billion (See Figure 16.). The most recent round was closed in November 2015 and led to the cash-in flow of \$100 million to Airbnb's bank. The biggest round was made in form of private equity in June 2015 made Airbnb one of the most valuable startups on the market. This was made possible by General Atlantic, Tiger Global Management, Hillhouse Capital and ten other investors. The funding helps to develop the functionality, apps, algorithms but also for marketing plans which accounts for

a huge part in the cost structure. Besides, acknowledged about innovation, it is essential to make further investment in improving and refreshing business model.

Figure 16. The funding rounds history of Airbnb

Date	Amount/Round	Valuation	Lead Investor	Investors
Nov, 2015	\$100M/ Private Equity	-	-	0
Jun, 2015	\$1.5B/ Private Equity	-	Genera Atlantic	13
			Hillhouse Capital Group	
			Tiger Global Management	
Apr, 2014	\$475M/ Series D	\$10B	-	5
Oct, 2013	\$200M/ Series C	-	Founders Fund	4
Jul, 2011	\$112M/ Series B	-	Andreessen Horowitz	8
Nov, 2010	\$7.2M/ Series A	-	-	8
Apr, 2009	\$600k/ Seed	-	Sequoia Capital	2
Jan 2009	\$20k/ Seed	-	-	1

Source: Craft.com (2019)

Other partners: Other partners at Airbnb can refer to freelance photographers. A network of over 2000 freelance photographers can be found in almost all cities around the world for the objective description of the property via pictures. Fee for this service is directly paid by Airbnb. Besides is local government. Collaboration with a government is one of the strategies in Airbnb’s marketing plan. They rent outdoor advertisement spaces in local touristic attractions to acquire acknowledgement of their service. Therefore, local government should be regarded as the key partner in the company’s business model. To enable payment, payment processing providers such as banks, Paypal/ Venmo, visa, mastercard credit card have played an essential role in empowering guests to make their online payments and deposit for their

wanted properties. This helps to simplify the business model of Airbnb by make the revenue control easily. Last but not least, lobbyists who are crucial for Airbnb as they will support with potential legal issues which might insert negative influence on the business. The profitable business of Airbnb has disrupted many big players in hotel industry. Due to little legal frameworks generated for Airbnb, many hotels have claimed for their rights.

“There is no way they [Airbnb] can survive without begging governors for mercy. They are lawless. It takes years for us to get the operation licence for hotel management” (Interviewee 4)

“As a tourism promoting agency of Britain, I worked a lot with Airbnb. They are of course trying to make us love them and present them as our partner. I are considering but I think some areas have already had their banners advertised every rush hour” (Interviewee 5)

The case is quite the same as Uber when they first came and got initial success in the market with the raging protest from conventional taxi brands.

“Can you see Uber in Vietnam? Taxigroup, Mailinh Taxi....they are up on a huge fury when any car owners can be a taxi driver. It disrupts the market in an uncontrollable way” (Interviewee 4)

And some government has been taking actions towards settling down these conflicts. For examples, to better regulate Airbnb, New York City has prohibited to sublet an entire home for the periods which is not enough 30 days with the exception that landlord should also live in the same apartment (New York State Multiple Dwelling Law, 2011). This has its root from regulations at the beginning of 21st century to take control over illegal hotel business and Airbnb called it lobby-supported “back-room dealing” (Green System Solutions, 2017). Even, there was an event in which a famous senator called Elizabeth Warren was under an investigation due to the allegations against Airbnb and it was believed that they were all planned by lobbyists for hoteliers (ibid.). As a consequence, Airbnb has soon joined the race to count on lobbyists to maintain and strengthen their existence in the city.

Value Proposition: To define Airbnb's promised value to customers and related stakeholders, this analysis can conclude that P2P online housing platform of Airbnb facilitates trusted direct transactions of for accommodation booking with a variety of choices which can satisfy travelers' personal tastes. For property owners, Airbnb enables extra income by their willingness to list their free spaces for rent. In the meantime, for travelers, the Company empowers an easy way out for searching and booking a room which can be perfectly fit to their desires wherever they go.

Comparing to Hilton's value proposition, Airbnb obtains more extensive values for their key partners: hosts, guests and related stakeholders:

For hosts, Airbnb not only enabled hosting users to get extra income but also a secure approach for their safety via insurance for the properties in the case of any vandalism or theft or even conflicts which might cause physical injuries. The primary liability coverage of \$1 million is offered to gain trust from hosts during the period that they allow a stranger to live in their houses.

"I am so up to the offer of their insurance for my house. No worries of damage, I already have \$1million on hand. I trust them" (Interviewee 2)

For guests, Airbnb provides an easy searching tool for an accommodation even in the peak season in a manner of a more tailored and customized to your personal preference with affordable price thanks to the cutting middlemen characteristic of the sharing economy platform and still enjoy the same amenities that you can access in a hotel. Besides, the included review and rating system where both hosts and guests can give objective opinions about each other facilities a transparent platform. Hoteliers are all acknowledged about this:

"Airbnb is a professor in gaining trust. Their million reviews are so tempting that people are loving them more than hotels of the same conditions. My brand of Zest in Indonesia for low budgeted travelers are struggling to co-exist with local Airbnb properties" (Interviewee 1)

For other stakeholders, Airbnb's business will help to boost up economy and increase business revenue for key partners such as local government, designers for renovating unique

looks of each space to meet up with requirements for a lodging place. For investors and venture capitalists, Airbnb brings about profitable investments with the constant increase in market capitalization.

Key resources: Key resources at Airbnb can be categorized into human resources and asset resources. First of all, the most valuable intangible asset is Airbnb brand. As described previously, after eleven-year development, Airbnb managed to place their image in people's mind like the way other hotel brand own. Therefore, the brand itself carries a huge value, which has recently been proved with the estimated number of \$36 billion valuation by Forbes (2018). Then, it is impossible to exclude the house for all transactions and business to operate - the digital, online platform Airbnb.com and Airbnb Mobile App. This can be regarded as the key innovation which the company has to preserve considering its business characteristics as a P2P digitalized platform where business transactions are absolutely managed online. Considering the financial resources, Airbnb holds strong finance of \$2.39billion in eight rounds from 32 investors which was detailed in the Figure 10 above. The stable finance support has given Airbnb a strong backup to reach the further development as well as to mine new competitive advantages. Besides, guest database which records profile information and usage patterns of users has enabled Airbnb to give recommendation for customized options with less effort. Host network: The more hosts list their properties, the more alternatives that customer can choose from. This is critical key point to ensure Airbnb's value proposition as well as to activate the competitive advantage of Airbnb over hotels for their variety of choice – not only options around luxurious double bed, pool view,...Also, an increasing host portfolio remains Airbnb at a competitive edge. Instead of spending bulk budgets to building new properties to add up to their portfolio like other hoteliers, Airbnb expenses for this investment sector is zero.

“They have nothing to lose. As I said, they own nothing. Ah, worst case if they got hacked, then their biggest asset is in danger” (Interviewee 1)

For human forces, technology experts who maintain, deliver and update website are the partners but also the key internal resources that Airbnb has. Also, specialized human resource system with well-network founders, IT, technology experts and country manager,

professionals who can deliver branding image of Airbnb via their own voice, design, advertisement and commercial publication has gradually contributed to the elegant image of Airbnb as well as to make the business operation go smoothly and beneficially. On top of that, each member in Board of Managers takes their own specialized tasks, contributes to the operating engine without conflicts in responsibilities (See Table 9.) and makes sure of direct assistance to key partners as well as effective exploitation of key resources.

Table 7. Airbnb's Board of Managers

Brian Chesky	- Chief Executive Officer (CEO) cum Head of Community: In charge of strategic management and external relationship
Greg Greeley	- President of Homes: In charge of supporting hosts – the decisive key partners of the business and crucial resources for future expansion
Belinda Johnson	- Chief Operating Officer (COO): In charge of non-issue operating system in terms of Customer Experience, Trust and Safety Teams to ensure that the company’s capacity can catch up with the scaling of hosts and guests
Ari Balogh	- Chief Technical Officer (CTO): In charge of IT issues, along with engineering for payments, trust to ensure the operating system of the online platform to be ready for the expansion with new business units.
Dave Stephenson	- Chief Financial Officer (CFO): In charge of ensuring cash-flow for both business growth and long-term profitability

Source: Airbnb’s Newsroom 2019

Key activities:

Airbnb typically has a set of key activities to take use of the resources and eventually ensure the value proposition. At a conceptual idea, according to Joe Gebbia – the co-founder of Airbnb, they need to build a good design to overcome stranger-danger bias with the review system to solve the trust issue. As the company has developed to this far, the key activity now is marketing in forms of online-based advertising via social network which I defined as one of the effective touchpoints and offline-based advertising in bus/metro station, airport, outdoor, billboard where the local/ regional government’s approval holds their power as mentioned in the key partner block.

“Because everything is already transparent in the platform, all transactions are processed automatically. Their headache is just how to set their feet in every corner of the world, reaching more and more guests and hosts as possible” (Interviewee 5)

Besides, many other activities are performed on a daily basis to ensure the value offered to related partners including recruiting more hosts and platform update and maintenance. The more hosts Airbnb might have, the more variables that the guests can choose from. Besides online, offline ads, Airbnb’s sponsorship for sports or cultural events serves the objective of reaching more hosts at the local places and intuitively informing them about potential income from their own house. In addition, serving as the biggest key asset of the business as well as the key channel to meet with customers, the homepage and mobile app are kept fresh by the technical team. However, generally put, there is much less to do with the operation of Airbnb comparing with a hotel business.

“I have more or less twelve departments for each hotel, I do endless work everyday. You can imagine yourselves from the single task such as laundry, cleaning, fixing faucets,....” (Interviewee 1)

Customer Relationships

The peer-to-peer Airbnb platform with the review system has empowered them to break the conventional model of customer-seller. Instead, there is no one doing sales and buying products to Airbnb, the two customers from supply and demand side of Airbnb are making their own transaction to confirm a stay. This is completely different from conventional hotel business, even via OTAs. However, considering the customer relationship, Airbnb still offer the same delicate investments as hotels to ensure the most satisfying communication to both hosts and guests. Airbnb acknowledges of the importance of a safe and reliable market place to ensure customer experience, that is why it pay huge attention to updating and making sure of a high-performance website. Airbnb also activates on-time customer support and loyalty programs together with policies to settle disputes. Also, they keep in touch with the customers via social media to see, hear, and feel them. The customized recommendations thanks to online search engine and previous experience put customers more at ease.

“They all need feedbacks – hotels need them on OTAs, Airbnb needs them to validate the property reliability. The two both attempt to connect with their customers but Airbnb seems to have a more authentic interface to do that”

(Interviewee 3)

Channels For the blocks of channels, the advertising campaigns via print, display and especially paid advertisements via social media are taking huge effects and become one of the major channels to reach customers. However, it should be noted down about other channels that Airbnb takes use to link with their customers. *First of all is Airbnb.com.* This is the most crucial channels of executing all searches and transactions in the platform. That partly explains the role of IT experts as key partners in Airbnb’s BMC. Also, there is no affiliated links, advertisements to other travel booking sites, which contributes to the exclusive role of Airbnb.com. *Second is Airbnb mobile app.* Taking advantages of the rocket usage of smartphones, especially the trend that millennials who occupied 60% of guests booking with Airbnb is turning from desktop to mobile, the mobile app of Airbnb has its all functions as I can see in the homepage with high responsive speed with focus on user experience (UX) and user interface (UI). *Third is the referrals (words of mouth)* which is made possible by the constant tracking and maintaining feedbacks of both hosts and guests and also some special incentive program to encourage more attributes to the network. Customers can send \$25 off for their friends upon their first trip with Airbnb and the senders can receive up to \$100 travel credit for their successful references. Besides, Airbnb wisely finds touchpoints to reach their customers by adopting the advantages of *searching engine tools* such as Google, Yahoo, Bing,...to understand users’ search history and update with current trends. Airbnb also never stays out of the trend to employ *social media* to reach global users. Airbnb operates its own fan page and banner ads to reach potential Internet surfers. Last but not least, by participating and sponsoring some local, regional and cultural events, Airbnb also finds an effective way to reach to not only customers but hosts. For examples, it sponsored the Sundance Film Festival to encourage participants to upload 15-second to inspire people to visit their cities on Instagram.

Customer segments To define customer segmentation, I included both hosts and guests as both of them need to pay for service fee when the transaction is completed. From macro level, I can segment Airbnb’s customers via their purpose of accommodation renting: hosts/ guests for house renting and hosts/ guests for event renting

From a less macro perspective, I can use different approaches listed in the table below to complete the customer segment profile of Airbnb:

Table 8. Customer segment profile of Airbnb

For guests	
By travel type	- Business travelers, leisure travelers
By demographic	- Marriage status: Single/ Couple/ Family with kids - Age: Millennials, Middle-aged, Old peoples
By income	- Tight-budget - Middle-High Income
By interest	- Nature-oriented - Proximity to the city
For hosts	
By accommodation type	- Shared/ Private Room - Apartment, condo - Entire house
By location	- Country/ City/ Suburb/ Metropolitan

Source: Own development

According to this classification and Airbnb’s business characteristics, key customer segmentation for Airbnb is guests: Millennials, Tech-savvy, Local experience preferred, Business Travelers, Family Travelers, Globetrotters and hosts: room or house for rent hosts, Event hosts. However generally, with their diversified property listing and customized recommendations, Airbnb can serve all types of customers which can not be realized in one specific hotel brand. Normally, a hotel chain is formed by different sub-brands to clearly

differentiate customers from various segments such as businessman, packbackers,...whereas Airbnb only presents a hub of all available options.

“If you don’t want where to start, go to Airbnb. If you don’t care about the brand, find your room in Airbnb. I haven’t thought about others except Airbnb for a long time because I feel like I have so much choice there” (Interviewee 4)

However, the mass market characteristics of Airbnb might end up into their less attractive feature to some high-end segments because they will not feel Airbnb’s options live up to their expectations

“Airbnb hasn’t touched the luxurious customer segment. This is still the sweet pie of big brands such as Marriott and Hilton. They need more than a lodging services and to be treated as king and queen. The Airbnb hosts are not professionally trained to do this” (Interviewee 1)

Revenue model As mentioned from the first part of this section, Airbnb receives commissions from both hosts and guests, which is the main source of revenue. Airbnb has nothing to do with the prices of properties listed on its website, which is one of the key points that makes Airbnb’ BM more outstanding and transparent than any other accommodation services operating brands. The property owners acquire an absolute right to set the rate on nightly, weekly and also monthly basis. Up to date, 3 percent service fee is charged for hosts, except in Mainland China of 10%; 14,2% percent for guests on a successful transaction. Guests experience a fee much higher than hosts as a result of supply and demand calculation in macro economy. It is of a more difficulty to gain listings from hosts as it is harder to get the willingness of leaving their spaces for rent to potential insecure strangers whereas guests have incentives to use Airbnb to save money.

“I can see people are crazy for Airbnb because they think it is cheaper and more convenient than hotel. They don’t think much about the service fee but

actually it is a big sum in the grand total and in the end it can be much more expensive than a hotel room of better services” (Interviewee 4)

“I don’t mind about 3% service fee because I have already calculated that in my price. It is worth paying because I are making money from their platform” (Interviewee 2)

There has not been any disclosure of Airbnb’s revenue but consulting firms estimated their expected revenue of \$10 billion by 2020 with EBITDA (Earnings Before Income Tax, Depreciation and Amortization) accounting for thirty percent. Winkler & Macmillan (2015) reported Airbnb’s share on global market at one percent, therefore, to tab \$10 billion, Airbnb must get one-tenth of total market share.

The growing share of interests to have experience in local communities as well as the desire to share stories with like-minded people has initiated the very first success of Airbnb. In the long run, the company sets their ambition of entering global travel industry as a leading position and has just started offering travel options in selected cities..

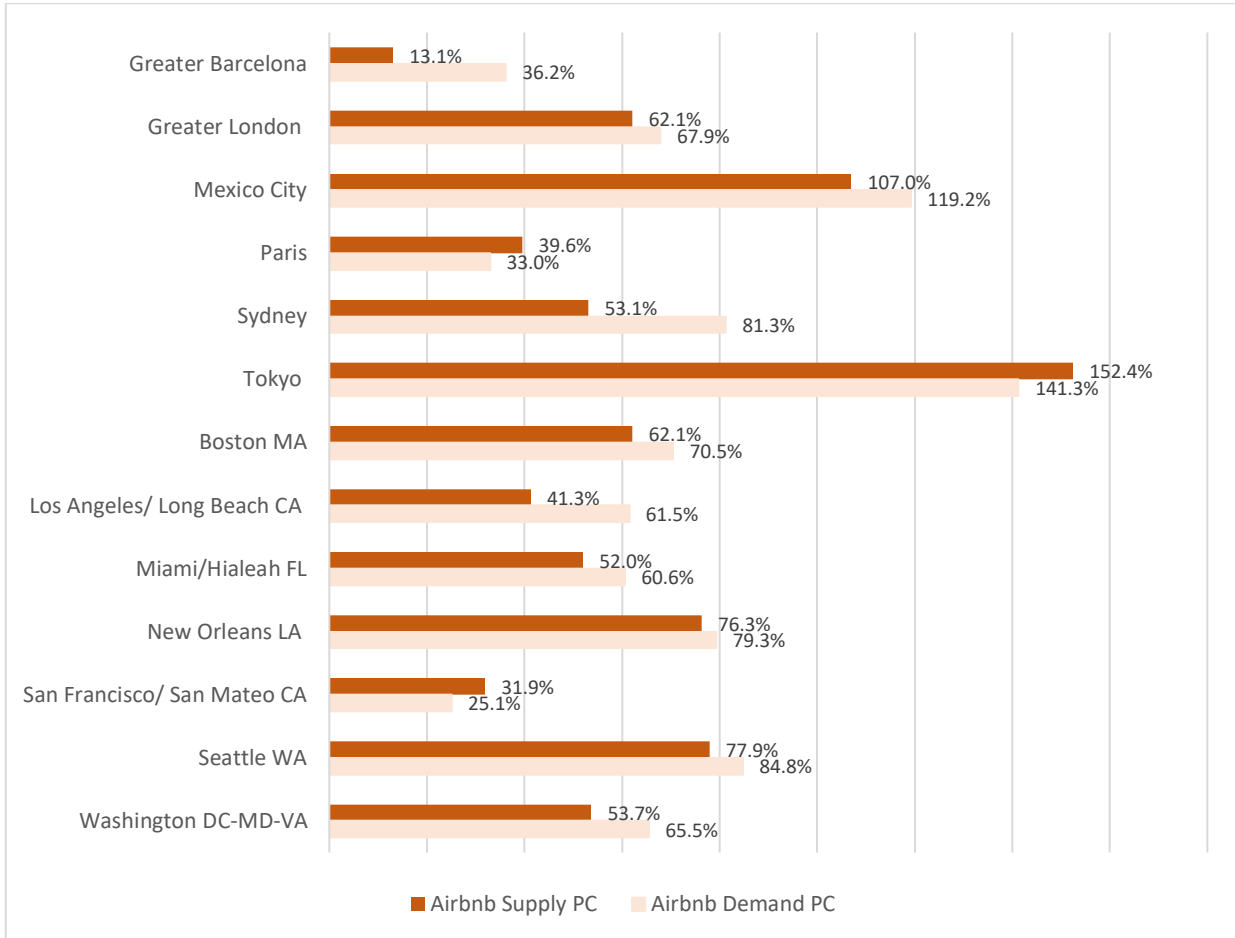
Cost Structure With no physical properties for managing and leasing, Airbnb’s cost structure does not include significant amounts as compared with Hilton and other hotel brands who have to pay for property maintenance and renovation, labor expenses for accommodation operation. However, with the key activities of marketing, a huge total will come to this section. Besides, costs incurring from this business include expenses for programming, payment processors since the transaction is 100% online. Fee applicable to each online payment providers will also suck a large proportion of the budget. Additionally, as all magic things happens in this big house, a certain amount of investment is required to keep it the online platform updated and optimize the expansion of the business. Last but not least, as human are also key resources, to sustain the constant success of an innovative model with tight dependence of technology, Airbnb must accept great welfares for staffs, especially IT and marketers.

“I used to be offered with very high salary in Airbnb in Barcelona. Because I can speak Swedish and their target is Scandinavian countries, they are willing to treat me well. Sorry I can’t tell you how much” (Interviewer 5)

4.1.4. Innovations in Airbnb’s business model

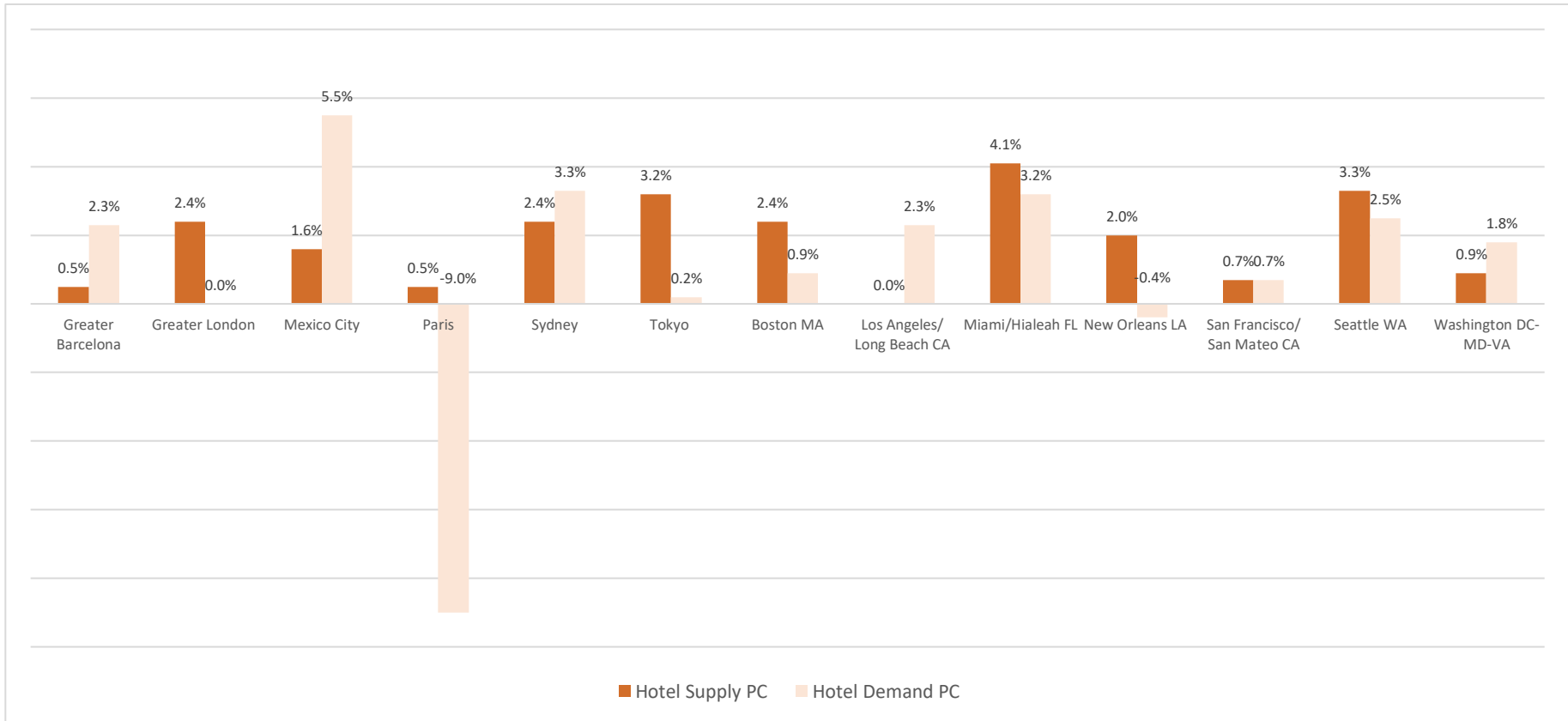
As a P2P platform with the elimination of middlemen, Airbnb has demonstrated to achieve an innovative business model. Actually, the concept of peer-to-peer house renting, sharing has been created for ages before the launch of Airbnb. The most well-known platform is CouchSurfing which was founded in 2003 to allow connections between local hosts and travellers to have free stay offers. When it comes to Airbnb, they have taken advantages from CouchSurfing model with the hotel’s model, erase limitations of each one to create their own perfect platform to offer highest experience to customers. A sharing economy platform with profit: Unlike the non-profit CouchSurfing, Airbnb promises extra income for hosts, which encourages them to join the networks and expand the business. Airbnb is the first one in the market to enable peer-to-peer transaction-based temporary housing site. To beat couchsurfing.com, they give host financial incentives via money made from renting house. Airbnb’s art also presented in the ideal harmony between supply and demand (See Figure 11.) whereas hotels must struggle to get that stability (See Figure 12.)

Figure 17. Airbnb Supply and Demand Growth (July 2016, 12-Month Moving Average)



Source: Haywood, J., Mayock, P., Freitag, J., Owoo, K. A., & Fiorilla, B. (2017)

Figure 18. Hotel Supply and Demand Growth (July 2016, 12-Month Moving Average)



Source: Haywood, J., Mayock, P., Freitag, J., Owoo, K. A., & Fiorilla, B. (2017).

What is changed/innovated in Airbnb's Business model?

Considering the key resources, the innovation at Airbnb's BM is that not only something brand new is an innovation, but also the aptitude of a new profitable design for BM from the available ones. Airbnb has developed with a very simple concept, using a minor resource which is an application and website Airbnb as comparing with competitors. For examples, whereas Hilton has to make tremendous efforts to scale their brand carrying heavy-asset properties, Airbnb with no capital on real estate for rent works perfectly to accommodate travellers and properties owners.

For key activities, while a huge source of labor is required to manage hotel properties with various tasks, Airbnb main activities are just expanding their network and coverage via marketing campaigns. They take no responsibilities for housekeeping, concierge,...of their listed properties, which should be a huge consideration for any hospitality operators.

Besides, with simple key activities, Airbnb's operation is at extremely low cost. It can be seen from the value proposition block in Airbnb's BM that Airbnb creates a cheaper solution and many other extra values than the hotels despite the same amenities. Generally, Airbnb has managed to deal with some problems from their customer segments when they are searching for an accommodation. First is the price as the main concern of tight-budgeted travelers, especially millennials. Then, dealing with booking, a room at a local house is not an easy task considering trust matter. The culture integration problems is also dealt since staying with local will definitely have local experience. For host, it is the additional income and a settlement declaration of insurance that urge them make additional income without any major investment. If the property has long term rental alternative possibility this additional income is a bit low but if the property is situated in a vacation spot where long term rent is not possible than Airbnb is a major boost for the property owner.

Besides, the thesis realize Airbnb's BM transformed . The idea of letting a stranger stay at your house has been regarded as crazy at first, especially considering stranger-danger bias that have been adopted since the childhood of many people. However, Airbnb founders have made a huge success in calming down this fear to let guests decide their own choice from a

variety of accommodation with the support of objective review system. Instead of having free accommodation like at CouchSurfing which can trigger the feeling of owing a favor to someone and as a result, the review can sometimes just be pretended to be positive, the payment made by guests will make them be more objective to deliver a comment about not only hosts but also their houses after the stay. This creates a trust pool – the most important goal to be successful in this business.

This contributes to explain why over 500 millions room seekers have chosen Airbnb for their trips. In the meantime, localists who are willing to rent out their house also benefit from the platform to get extra income. Morgan Stanley in 2018 found out in his study that 49% of users used Airbnb as an alternative to traditional hotel - up from 41% in 2015.

Right from the value proposition for guests, Airbnb has proved their transformation by endowing their customers with the power to book amazing, unique local homes to stay with a budgeted price money while still live the authentic local experience. This is innovative from the perspective that tourists have their freedom in matching their own preferences to the available accommodation supply resources. Undeniably, traditional hotel model has done great work to deliver personalized experience for their guests, which is realized via their previous experience and profile. However, the freedom of choice that Airbnb enable the booking guests will work more accurately to deliver the higher satisfaction. Moreover, considering the current expansion of special offers with unique staying experience in antique castle or local windmills that Airbnb delivers, Airbnb has upgraded their value proposition to a new level of satisfaction for guests.

Considering the key activities, owning, managing properties, leasing, franchising, booking are keys to the business of Hilton and many other hoteliers while Airbnb have nothing to do with these activities. Neither do they own a house for rent nor franchise their business model to have other versions of Airbnb in different countries. Also, no booking is realized by Airbnb, but the guests and hosts themselves. The only thing that Airbnb model pay emphasis on is marketing to expand their networks to involve more people in their network. This is an extremely effective model, given that little human force is involved and as a result, costs are cut while the value and customer satisfaction of the stay is still ensured.

The other innovation in Airbnb's business model over hotel's is their revenue streams. The simple revenue structure has made the accounting work less complicated as comparing with Hilton's where the revenue comes from not only bookings but also franchise which accounts for 70% of their revenue. In addition, the simple revenue stream enables more focus on the expansion plan. Instead of building different strategies to generate more cash-in for different revenue sources like the hotels, Airbnb just need to do well with their marketing plan to enlarge the network. Another perspective needed considering in this block is the negative influence due to seasonality which is little to be found in Airbnb comparing with hotels. While hotels have struggled to fight against the low season with falling occupancy rate, Airbnb's independence on this has made more stably financed and less sensitive to any financial issues.

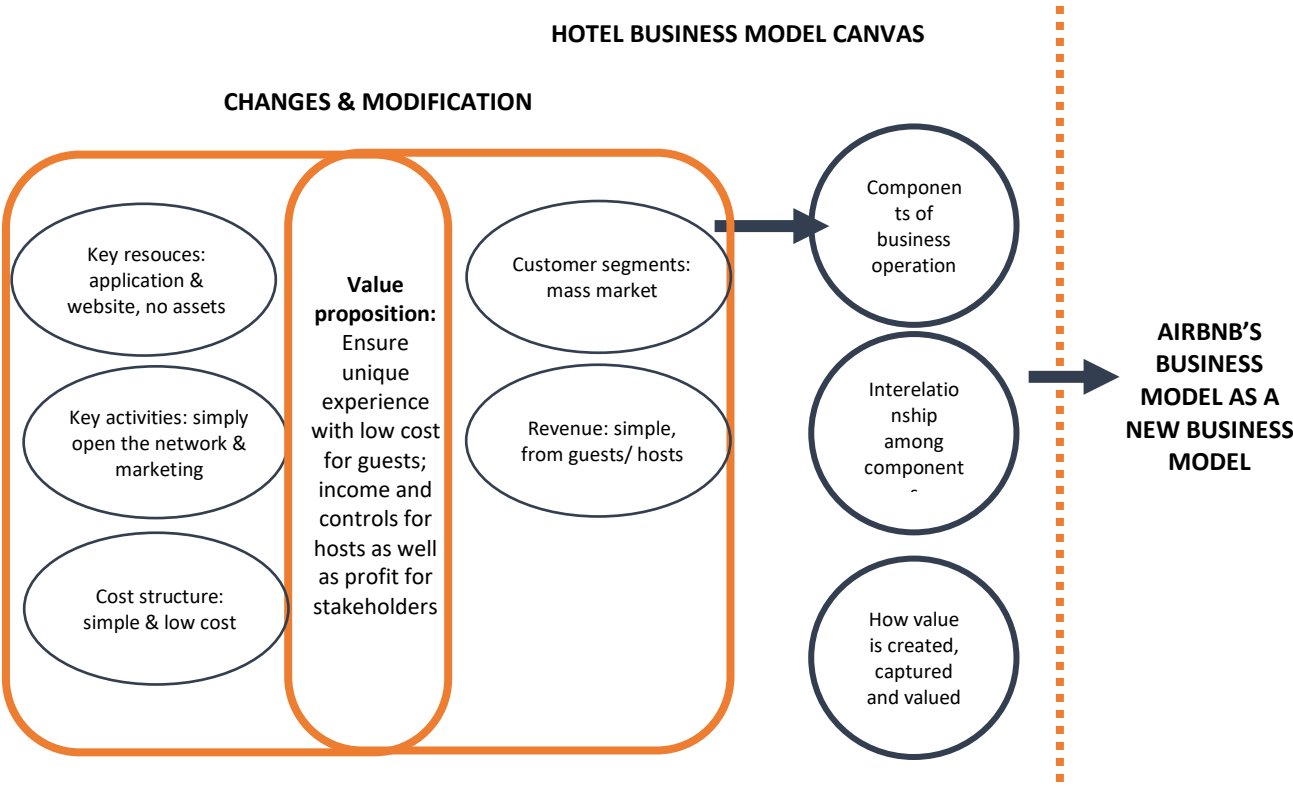
In terms of cost structure, Airbnb stands at a competitive advantage in comparison with its competitors thanks to low fixed cost model. The company does not specifically own any properties for themselves with no hotel team for each properties, no utility bills for operating their accommodation offers, which enables the minimization of costs and maximization of cheap offer for guests. The independence of Airbnb's business model on heavy fixed-costs has released them from many burdens and pressure of optimizing all resources. Although hoteliers like Hilton is now more revenue from asset-light streams with their franchise and hotel management agreements, the real estate acquisitions, operational costs: staff, marketing, hotel upgrade & maintenance still account for a large pie in the cost structure. Besides, by employing an entirely digital channel, Airbnb has optimized their costs with no engagement of tour operators, booking agents or call center receptionists to realize reservations and bookings. All of these activities are digitalized via Airbnb's app and website.

With our overarching dimension about customer segments, Airbnb appear to outweigh Hilton on their offerings to different types of guests. Airbnb's BM is targeted for a mass market and connect with them in a unique way. The controversy of this conclusion is highly aware of given the fact that each firm has their own target segments. However, in the case of Hilton, their segments go for corporate, business travelers and people with high purchasing power, which has limited a lot of lower-income tiers to reach the firm. In the meantime, Airbnb

seems to be the common house where all customer segments go for a mutual community no matter how big their budget is.

Undoubtedly, after the detailed description about Airbnb’s business models, this thesis points out a far discrepancy between the two representatives. In this paper, I do not mean to prove that the business model of Airbnb is much better other hotels’ BM, but to show their innovative aspects to further analyze the power of business model innovation. In almost every aspect, Airbnb’ BM is exponential from a hotel’s one. If having a side-by-side look, viewers can notice all the big shifts that Airbnb has managed to create to enter and virus scale the competitive hospitality market as proved in the Five Competitive Force model.

Figure 19. Innovation in Airbnb's business model



4.2. Analysis of opportunities and challenges Airbnb facing with their innovative business model

The thesis will come to discuss the opportunities that Airbnb has been bestowed from their innovative business model as well as some challenges that Airbnb has faced as a result of this disruptive transformation. The result will help us to evaluate the sustainability and effects of BMI as well as to give the further implications that will be disclosed in the discussion part later.

4.2.1. Opportunities from Airbnb's business model innovation

Considering chances given by the transforming characteristics of Airbnb's business model, innovative features as analyzed in the previous section of Airbnb's business model canvas have brought about more competitive advantages for the firm over conventional hotels, more resilience and more sustainable profit.

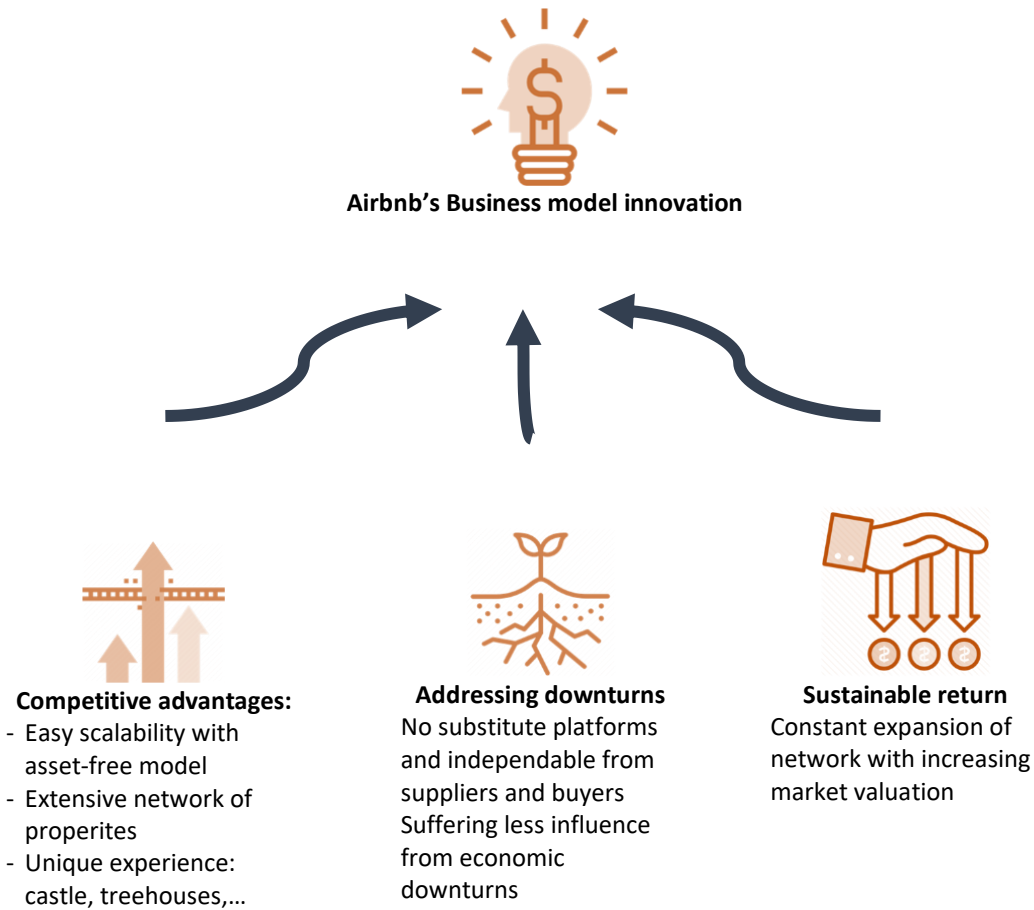
First of all, considering the competitive advantage that enable a company to sail through unstable and highly raging periods of the market, the innovative Airbnb' business model has proved their power given the scaling of the business that no hotel giant players have ever reached. Their brand network is the map of millions houses and properties around the world listed on the platform to offer accommodation and lodging services for travelers. By the first quarter of 2019, the number of listed properties at Airbnb is recorded at 7 million, spreading through 191 countries. The number of Airbnb's listings was bigger than the top five biggest hotel brand together (Business Insider, 2017). Scalability is one of the biggest opportunities that Airbnb's BM can offer to their own adopters. The easy and simple concept enables Airbnb to escalate the no-asset homing services in a way that heavy-bricked hotel chains like Hilton or Marriott only wish for in their wildest dreams.

Secondly, considering the ability to address downturn effects as well as settle down the rivalry forces, the value proposition of Airbnb by continually satisfying demands by offering right value to right people has enabled the company to keep their stable stand. This can be attributed to the presence of local host network and guest database as key resources for the revenue streams who are connected via the automatic platform. Airbnb is not subjected to

any suppliers' or buyers' bargaining power as well as the not yet any comparable new substitute platform which can deliver the same easy housing services. Airbnb, as the whole process is all about the peer-to-peer platform and the matching of hosts and guests themselves whereas hotel groups are highly exposed to the rivalry forces and substitute products as well as possible buyers' bargaining power, which can spoil their business in the event of economic downturns.

Last but not least, as regards to higher and more sustainable return via the new value creation nature of BMI, though official number of their profit has not been discovered throughout the history, the constant development and increasing valuation of the business can be used as an evidence to evaluate this opportunity brought about by their BMI. As CNBC reported on their articles on 16 November 2018, the \$32 billion worth accommodation-sharing startup experienced over \$1 billion in revenue in the third quarter of 2018. Unlike other peer-to-peer platform business like Uber who publicize their financial status, Airbnb is quite reserved in with their profitability number and shows no hints for their intention of going public. However, according to an internal trusted source, Airbnb is on a fast track to be a promising profitable business during the two straight years after EBITDA (The Motley Fool, 2019). In 2017, the company posted \$2.6 billion revenue with \$100 million in profit (BMI)

Figure 20. Opportunities from Airbnb business model innovation



4.2.2. Challenges from Airbnb business model innovation

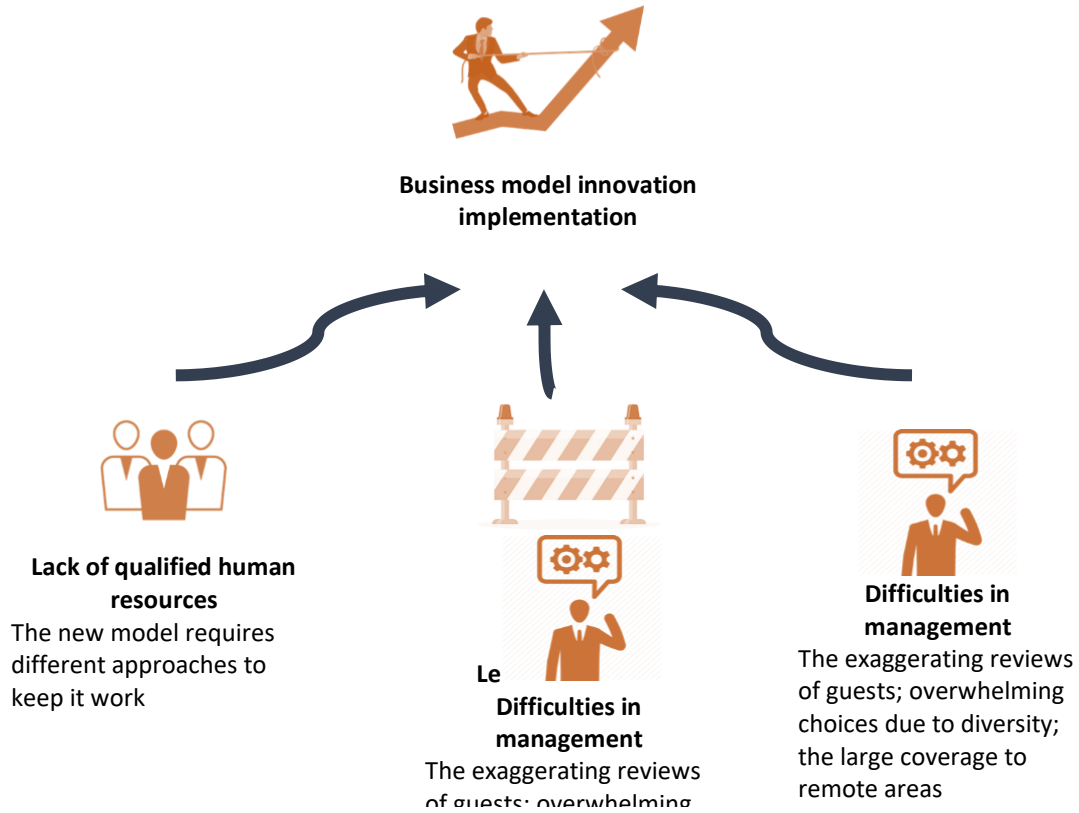
Despite the perfect developing progress, there are still lots of challenges to confronting Airbnb's innovative BM.

First is insufficiency of regulatory control. This is one of the biggest potential risks that Airbnb has to face with as Airbnb is currently operating under the lowest and even in some places no governmental authority or control by laws. According to Folger, J in Investopedia.com (2019), though Airbnb has been fortunate to avoid many rental and hotel tax laws, this fortune becomes the major concern for many hosts and Airbnb themselves from

many hotel local businesses. A recent report conducted by New York Hotel Association and HVS declared that Airbnb inserted adverse influences which caused \$2 billion calamity for New York housing business sector and worsened the whole industry economy. This was demonstrated by over 2,800 job loss as hotel brands cut down on labor demand. The induced impact of Airbnb emergence also caused over one thousand indirect workers from other sectors unemployed, causing \$200 million loss in direct labor income besides the \$226 million dollars gone for tax revenues to state and federal governments. This fired a frustration to not only hotel-engaged businessmen but also public officers.

Last but not least is the management of promised value proposition. BMI in lodging services presented at Airbnb is apparently bringing about a lot of opportunities as seen in the previous part. Airbnb is still updating their presence in more than 190 countries as well as their listing lists of hosts. However, when looking at a specific area, there has seen a rising number of obstacles in the evolution of this platform. For example, Manhattan, which was one of the earliest acceptors of Airbnb and. Data sourced from airdna.co. It is difficult for this BM to control the review or actual staying experience of guests, which as a result will create a conflict with the value proposition stated in Airbnb's BM. Moreover, Airbnb and other experience offering platforms are still struggling with this new model as they do not have real control the actual delivery of the experience while hosts and guests directly realize the transactions with each other. As a result, customers might end up with overwhelming choices and possible misleading offerings, which can break the trust value proposition of Airbnb and in the meantime endowing traditional hotel brands an opportunity to enhance their brand equity with collaborating services beyond a hotel stay thanks to the loyal trust from precedent experience. Adding appealing features by hotel can help to remain the stickiness to a brand. Besides, in the race of expanding brand equity, while traditional hoteliers such as Hilton are attempting to detach themselves from physical asset model, more investments can be made to offer exclusive and innovative experience, Airbnb's innovative BM might be at another competition.

Figure 21. Challenges from Airbnb business model innovation



5. DISCUSSION

The purpose of this thesis was to find a model to proceed a business model innovation and figure out opportunities and challenges which can be generated from implementing business model innovation in hotel business. The study started by presenting literature about business model, elements in business model as well as canvas for BM by Osterwalder and Pigneur (2010) as a visualization of BM components with inter-relationship among them. Additionally, the hotel business and competitiveness in this field was also discussed to provide a panoramic insight of the research scope.

Then, business model innovation was introduced. Differences between BMI and other categories were demonstrated and revealed the transforming power of BMI. Different approaches to BMI were introduced, then summarized by the three-phase simple process model which includes before, during and after implementation of modifications in a BM. Followingly, identification of opportunities and challenges of BMI was placed in the after phase of the process and given focus in this study. The model shown in the last section of literature review set the platform for empirical study and was applied to analyze the single case of Airbnb.

This thesis found that there are a lot of similarities between the case study in empirical part and models in literature review. The innovation in business model presents in components of a business model canvas, changing the way they are related and value proposition. However, the emergence of BMI can derive from an accidental idea from real experience, not necessarily a planned strategy as emphasized in the first phase of BMI development process. During the implementation of BMI when the new BM was tested to different markets with changes and modifications coming into effects. The generalized model worked well with the case study but it is not too mechanic. It was interpreted that though a clear strategy and vision are importance, the process of implementing BMI happens in a more flexible and emerging manner, which may result in unexpected outcomes, including opportunities and challenges. The last phase is mutually referred as the after-implementation phase in which opportunities and challenges are collected for further developments, improvements and modifications.

With radical changes, business model innovation was introduced to bring about competitive advantages, sustainable development as well as strong survival in downturns, among which competitive advantages are key benefit to make a company with business model innovation stand out their competitor. However, the transforming features were also proved to have their challenges such as qualified human resource shortage, lack of regulation and management of the resources. In general, it was found that BMI of the case study with opportunities and challenges they are embracing are surprisingly quite similar to the model in the literature.

5.1. Theoretical contribution

The thesis applies the research of BMI and BMC to hotel business as the two fields have not seen any combination before. In addition, hotel business has not been presenting in business model innovation, the paper triggers innovative possibilities for an innovation in hotel business model as well as possible challenges and opportunities related to the adoption of this change. As an exploratory study, the thesis has supported the business model innovation in the matured hotel business in which such small changes as product innovation might not take it effects. There should be many more study possibilities in the field.

The main theoretical implication is a model of opportunities and challenges that connects with the development and implementation process of a BMI in hotel industry. This can be further applied in any research that studies business model innovation, not only in a certain industry. Accordingly, this paper enables a ready model for later applications and deeper researches.

5.2. Managerial implications

Findings in empirical part suggest managerial implications to take into accounts. Generally, with analysis business model innovation, developing and implementing process with potential opportunities and challenges from implementing BMI in hotel business, the paper delivers a coherent view on how a hotel business realizes its business model innovation and entailing opportunities and challenges from the implementation of BMI. The illustration of

BMI as well as opportunities and challenges described in this paper can be a good start for a hotel firm to start a business model innovation.

The first managerial implication from the discussion is that business model innovation starts from an idea to change or modify the current model. If the company is simply waiting for someone to notice them what to do, business model innovation seems quite passive and less creative. Though it might come accidentally from a real experience, business model innovation still needs to figure out what component is changed as well as new value creation, delivery and capture to evaluate possibilities of a winning investment.

Second, the role of technology as a resource to trigger a BMI is emphasized in the findings. The paper has overlooked on the basis of sharing economy approach. Airbnb has amazingly applied this model from the first place in their business model concept thanks to the peer-to-peer platform whereas it takes ages for hotel groups to move forward from their asset-heavy model. Sharing economy has been successfully applied in many different business sectors but it is not mentioned as an asset in Airbnb business model. Instead, it is often generalized by the norm “technology” when presented in the key resources block. It is better to put it as a separate contributor as considering it a radical innovation in Airbnb’s BMI. Without it, the whole model of Airbnb will be definitely no longer innovative and of no uniqueness as comparing with the conventional hotels’ model, considering the way customers get the products/ services and the property’s owners do the sales not via middlemen.

Additionally, this paper noted that the role of business strategy is not clearly mentioned though they take the initiative role to trigger innovation implementation as well as the general navigation for the whole operation. In academic literature, by themselves, neither business strategy, nor management force are mentioned as a part of the business model. This might result from the general and guiding role characteristics of these two assets covering the entire business model instead of a partial contribution as a specific component which can be clearly defined as other components. Considering the relationship and the effects of business strategy towards business model, adding one block in the Osterwald’s business model canvas can be considered. This will give a more vivid picture for the firm from the strategic scope to operational one.

5.3. Suggestions for future research

Academic background about BM, BMI is still an open source of research, considering their extensive scope with various application. As our thesis can just manage to cover a small part related to this radical innovation, there exist many possible approaches that future researchers can adopt to conduct a deeper insight into business model related fields. Here, within the latitude of our knowledge, the thesis recommends four chosen areas that he considers to be particularly interesting to look at.

First, it is hard to find any pronounced evidence to weight the importance of different elements in the BM framework according to different types of business. Though they all appear to be irreplaceable in forming BM of a firm as well as making it functional, it is possible different firms would identify conflicts when applying the framework towards their case. Also, there is a high likelihood that there might exist other, significant constituents that should be included which the model, based on previous literature review, has missed, for example business strategy. Therefore, the first suggestion for of future study would go for the solidity of our model by excercising it on various cases.

Second, additional researches could be conducted with regards to solutions towards challenges related to business model innovation. Besides just viewing BMI from a promising future, strategy makers should be well-aware of potential challenges or some risks to predict possible negative effects and harmonize them by a set of prepared solutions. Probably, some firms might be aware of risks incurred by their adoption of business model innovation when it fails or even succeeds, however, they still accept challenges in the exchange for more giant impacts which they believe can reinforce their position in the competitive market. From this observation, findings about risk managements towards business model innovation are highly recommended. Although this topic has been developed by Yariv Taran & Harry Boer (2011) to understand how risks are handled in different practice phases of BMI, in our opinion, there might appear exits before the incurring of a challenge or risk related to BMI. A theoretical platform to detect these risks in advance will be very valuable for any BMI adopters and strategy makers.

Third, related to previously mentioned issues about the unidentified connection between the model of a business and business strategy, attempts should be made to find the link between these two terms in the context of BMI. New implementation from an innovation to an existing model undeniably results from a strategic decision. That is why it would be an interesting work to forward a study to see the connection between these two areas and see how they relate to each other to enable an innovation. The strategy will deliver the orientation from managerial level to see how the operation is working presented in business model canvas. This takes roots for any innovations, even the one coming from the very tiny part in business model and report them to strategy makers to enable necessary adjustment and adaptive movements.

Fourth and finally, the last suggestion is to scrutinize and evaluate business model framework in light of current debates on the disruptive characteristics of BMI. A more interesting prospect in the hotel market to be mention is that Airbnb in the near future may encounter with fiercer competition when it revealed the future plan of targeting business purposed trips. However, the prospect of a collaboration between Airbnb and hotels should not be eliminated considering the changing trends and business strategies in hotel industry to deliver enhancing personalised experience to consumers. It can not be more eager to see any academic research into this case. The especially interesting in this regard is whether our suggested framework, and the innovation like Airbnb's BM is really disruptive for the traditional hotel or instead they are just an alternative that hotels can co-operate to co-survive the competitive market. Instead of blaming Airbnb for robbing the market pie from existing housing services, concerned parties can view its BMI as a new approach that they can use to balance the mismatching puzzle of demand and supply.

5.4. Limitations

In this section some limitations from assumptions and simplifications in the analyzed model, and placement issues are presented. The limitations of general interpretations and assumptions are especially extensive in the dimension of theory adopted and in the dimension of identification for opportunities and challenges of BMI.

The theoretical dimension is complicated from the very origin. It namely to a large extent follow Osterwalder's BMC design, which are originally general for the whole business model, rather than as specific, more narrow customization options for a firm's products and services. The nine-block model that is referred for the analysis of BMI has limited our framework to the only nine components, resulted in some of others can be ignored. As recommended to include business strategy as a covering block added to create ten-block model, but considering the complexity as well as the insufficient academic background about the connection between business strategy and other component in the business model canvas, this paper will require further observation to update.

Regarding to the way the thesis identified opportunities and challenges of BMI, the limitation of approaches and resources has caused some confusion. A solution is to define them according to each phase in the entire pathway of BMI, from the conceptual idea before official adoption to evaluating stage after the implementation. Also, they can be also viewed from their origin where the innovation takes roots from, according to constituents of BMI followed to deploy his understanding about this field. In this way, if adapting to Osterwalder's BMC, the work will get huge due to the number of components.

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APPENDICES

Subject of interviews:

- The interview will be conducted with managers from different fields, especially hospitality to have the most accomplished aspects of Business model innovation, Airbnb in a firm from their viewpoints

How to conduct the interviews:

- Face-to-face conversation
- Skype call/ Conference call

Objective of the interview:

- To collect opinions about innovation, business model and business model innovation in different fields, especially hospitality
- To collect data about the willingness to adopt of business model innovation
- To collect opinion towards Airbnb's business model

General guide:

- Ask for permission to tape record the interview
- Ask for permission to put the real name of the interviewee in the study
- This is the interview to get information, experience and ask for opinion.

Get the interview started

- Introduce and explain briefly about the focus and meaning of the study
- General overview about the current challenges when researching which need support from the interviewee

Interview questions:

Content	Questions
Business model & components of business model	Do you analyze the specific business model in your company?
	What are the key components in your company's business model?
	Do you know business model canvas by Osterwalder?
	Do you think it is important to define a clear business model?
	What is exactly a business model? (Their meaning, demonstration)
Business model innovation & process to develop business model innovation	What is a business model innovation?
	What can trigger a business model innovation?
	What do you think about the difference of business model innovation and other types of innovation such as product, process, technology...?
	To create a transforming business model innovation, what can a company do?
	What do you think about business model innovation in hotel business?
	Do you think Airbnb follows the process of developing business model innovation that you have just mentioned?
	What are the differences of Airbnb and other hotel brands in business model innovation? (key resources, key activities, value proposition, customer segments, cost structure, revenue stream,...)
	What are the key factors behind Airbnb? (the platform, app, management,...)
Opportunities and challenges of implementing business model innovation	What do you think about the strengths of a company with business model innovation? (Competitive advantages, profit...)
	What do you think about the challenges of a company with business model innovation? (Legal barrier, management,...)
	What are challenges faced by Airbnb? Does it result from their business model innovation?
	What opportunities Airbnb have over a hotel business?
	Do you think Airbnb a successful business model innovation?
	What is your recommendation about implementing a business model innovation?