



# BACHELOR THESIS

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## Business Success in a Crisis:

A Qualitative Study About How Decision-Making in Gothenburg's  
Tourism Industry Innovates Business Models to Create Value during  
the Covid-19 Pandemic.

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## **ABSTRACT**

**Title:** Business Success in a Crisis: A Qualitative Study About How Decision-Making in Gothenburg's Tourism Industry Innovates Business Models to Create Value during the Covid-19 Pandemic.

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The Covid-19 pandemic has made an impact on the tourism industry which has caused a myriad of businesses to change in order to combat the crisis. The purpose of this study was to investigate companies' decision-making processes behind innovation of business models to create value during Covid-19 pandemic. It is also to understand requirements for business success. The study focused on companies within the tourism industry operating in Gothenburg. The study was conducted with a qualitative research method through interviewing four companies in the tourism industry representing accommodation, activities, transport, and dining. From the study's findings, business model innovation, or innovation in general, is critically important when the company has been affected by a crisis. The study showed that it helps a company to gain benefits such as insight about its capabilities, vulnerabilities, customers, and competence in order to combat a crisis and get competitive advantage. Moreover, the study also found a connection between businesses using business model innovation to create value for customers when the business is pull-oriented and focuses on assisting in the value co-creation process. It was evident that the Covid-19 pandemic had a huge impact on decision-making which resulted in additional business opportunities. Lastly, the study contributed to a new finding in which business success was associated with forced motivation and motivational force.

**Keywords:** *Business Model, Innovation, Value Creation, Decision-Making, Crisis Management, Tourism Industry, Covid-19*

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## **1. INTRODUCTION**

*The first chapter of the thesis starts with the background of the research area. It contains a review of previous research and a problem discussion leading up to the knowledge gap. The purpose of the thesis is defined in this chapter. To fulfil the purpose, three research questions have been defined and aims to contribute to the current outcry for knowledge within the research area.*

### **1.1 BACKGROUND**

The Covid-19 spread has been attracting worldwide attention for the past two years (Acter et al., 2020). The virus threatens to cause serious respiratory disease in humans with a potentially fatal outcome. In March 2020 the World Health Organisation declared the ongoing spread of Covid-19 a pandemic. The declaration was a result of a massive ongoing global spread (Acter et al., 2020).

According to Santasa (2008), the tourism industry is not new to crises. It faced many challenges throughout previous virus outbreaks e.g., Ebola and SARS which damaged the industry both regionally and internationally (Meng, Zhiyong, Zhicheng, Jiabin & Jingyan, 2021). Other impacts have revolved around the 2008 global financial crisis, the 2009 swine flu pandemic (Page, Song & Wu, 2012), and various tourist boycotts (Yu, McManus, Yen & Li, 2020). Although many virus outbreaks have happened previously, they have been isolated to a region e.g., Ebola in Africa and SARS in East-Asian countries. Covid-19 has been the only modern-time global pandemic since the Spanish Flu (Meng et al., 2021). Hence, Covid-19 has had a different impact on the sector, causing tremendous damage to both the travel and tourism industries (UNWTO, 2020).

The main risk for tourism has been the way these infectious respiratory diseases spread via human travel and lead to prohibitions on the movement of people (Ala'a & Albattat, 2019). There is a higher risk for influenza infection among people on aeroplanes, cruises or tour groups (Freedman & Leder, 2005). Richter (2003) highlighted that international travel during a global pandemic can spread infectious diseases and threaten the health of crowded urban areas. MacIntyre (2020) confirmed this by saying there is a higher risk of Covid-19 transmission among communities due to travel. This affected decisions in countries' governments imposing restrictions on the movements and behaviour of their populations (WTO, 2020).

Due to the ongoing Covid-19 pandemic, many industries have been suffering from changed conditions e.g., changed consumer needs, restrictions, low demands and so forth (Renz, Krishnaraja & Schildhauer, 2020). Meng et al. (2021) explain that the tourism industry is one of the most vulnerable sectors to crises and disasters. When dealing with crises, it is important to manage the business properly to avoid substantial negative consequences (Coombs, 2007; Pedersen, Ritter & Di Benedetto, 2020). Purcell (2019) highlighted the opportunity for firms to innovate the business model in order to address new value propositions for customers. Moreover, innovation is made on the fundamental basis for providing value to customers (Sørensen, 2012).

During the pandemic, consumers have been given the opportunity to participate in gym classes or business meetings online (Renz, Krishnaraja & Schildhauer, 2020). Meanwhile, theatre and concert organisers, lectures and business meetings have switched to the virtual stage (Renz et al., 2020). The reason being that digitalisation has induced new business models within the tourism industry through business model innovation (Rastati, 2020). For

instance, virtual tours conducted over Zoom-calls, using Google Maps' Street view made it possible for people to navigate around the world in the comfort of their home. Rastati (2020) viewed this as an interesting alternative to tourism that sparked feelings of excitement and satisfaction for consumers during quarantine.

Furthermore, because of the national and international border shutdowns and travel restrictions between countries (Al Jazeera, 2020), the travel and tourism firms needed to take action regarding its marketing strategies (Savage, 2020). In Sweden, this resulted in new concepts i.e., "hemester" or "staycation" (Savage, 2020). Due to the lack of international visitors, many of the accommodations in major cities but also the smaller ones took this approach. The concept "staycation" launched within the industry where the focus was to enlighten the benefits of spending time at local accommodations. In a wider aspect, the concept opened for countries' inhabitants to see what their own country had to offer. National attractions and locations became popular tourist destinations as a result. Simply put, the vacation abroad was replaced by vacation in one's own country (Savage, 2020). Accordingly, statistics produced by Tillväxtverket (2021) show that the total number of booked nights at commercial accommodation facilities in Sweden increased by 32 percent in 2021 compared to the previous year. The number of nights booked by Swedish residents increased by 23 percent in 2021 compared to the year before and by 9 percent compared to 2019 (Tillväxtverket, 2021). This means that the number of booked nights in the summer season of 2021 was higher than before the outbreak of the pandemic. A possible result from the switch in targeting strategy on domestic travel (Tillväxtverket, 2021).

To ensure the risk of spread were diminished, smaller groups of people, activities set outdoors, and the assurance of social distance were implemented. Firms also took measures to improve their hygiene procedures. Contact-free or contactless solutions became vital to minimise human-to-human contact. Although firms' interest and possibility to use IT and smart solutions have been relevant long before the Covid-19 outbreak (Sigala, 2020). Firms felt impelled to reevaluate its current business model in order to adapt to the Covid-19 pandemic (Sigala, 2020; Ritter & Pedersen, 2020).

## **1.2 PROBLEM DISCUSSION**

Statistics from the World Travel and Tourism Council (WTTC, n.d) revealed the tremendous economic losses the tourism industry suffered in 2020. Sigala (2020) wrote that the industry might even suffer from long-term transformational changes, as a result of the profound effect Covid-19 had on socioeconomic factors. Crises have been a source of opportunity for innovation in human history (Bernstein, 1996; Chisholm-Burns, 2010; Goffin & Mitchell, 2010). Early literature on crisis has put emphasis on firms finding a survival mechanism (e.g., Champion, 1999). Technological innovation has been key to organisational growth and renewal, especially in times of crises (Lawson & Samson, 2001; Danneels, 2002). However, Bushee (1998) stresses the fact that technological innovation requires a long research and development a.k.a. R&D cycle. Besides, studies have shown that marketing efforts and business model innovation can be implemented relatively quickly in comparison to e.g., technological innovations (Naidoo, 2010; Wang, Hong, Li & Gao, 2020).

Moreover, innovation and change does not only derive from technology and the R&D department (Gassmann, Frankenberger & Csik, 2014). It can come from anywhere within an organisation. According to Gassman et al. (2014), a business' competitive success is decided by its capability to innovate an existing business model. It is vital for a company to possess the ability in remaining an up-to-date position within a constantly changing micro and macro environment (Gassman et al., 2014). Previous research has focused on how the tourism

industry is one of the most vulnerable sectors to crises and disasters (Meng et al., 2021). Early literature on crisis has put emphasis on firms finding a survival mechanism (e.g., Champion, 1999). It focused on the importance of managing crises to avoid substantial negative consequences (Coombs, 2007; Pedersen, Ritter & Di Benedetto, 2020) and highlighted the business model innovation opportunity as a tool to address new value propositions for customers (Purcell, 2019). It also stated that crises have been a source of opportunity for innovation in human history (Bernstein, 1996; Chisholm-Burns, 2010; Goffin & Mitchell, 2010).

A major part of the research related to the tourism industry regards natural disasters and the resulting consequences affecting the industry businesses, hotels, and travel agencies for instance. The general aspect of these studies is connected to the need for the preparedness required for crisis management in order to go back to normal as smoothly as possible (e.g., Ritchie, 2004; Tsai & Chen, 2011). While knowledge on managing crises in the tourism industry is vast, associated theories on business model innovation and value creation is limited. To the best of the authors' knowledge, the conceptualisation of a paradigm shift in the tourism industry caused by decisions made during a crisis have not been researched. The context for this paradigm is a change in value propositions through business model innovation. Ritter and Pedersen (2020) underline that a crisis event can create opportunities and become the reason for the creation of new business models, which in turn create new values and meet new and changed consumer needs.

While literature is able to explain innovation and business model development, it is unable to explain how companies are utilising these in different industries (Lawson & Samson, 2001; Danneels, 2002). In light of the possible outcomes that business development and innovation can have during a crisis, very few emergent studies have arisen. For instance, Ritter and Pedersen (2020) researched the fuelling role of Covid-19 for business model innovation by analysing the impact on business models. Although literature provides some insight on managerial implications for managing through a crisis, there is a lack of empirical results on how decisions made during the crisis affect post-crisis performance. This provides an interesting question of whether the tourism industry actually implemented new initiatives from business model innovation and if it gave any results.

Historically, many marketers and businesses placed more importance on the product and process development (Gassman et al., 2014). Vargo and Lusch (2004) coined this logic as the Goods-Dominant Logic. They argued that since firms mainly focus on profitability of the firm and quantitative key performance indicators a.k.a KPIs, it may face the chance of losing its competitive advantage. They proposed that businesses should switch their mindset to the consumers instead and see goods as a service a.k.a. Service-Dominant Logic. This caused a tremendous paradigm among marketers and managers. Now the suppliers are being interdependent on the co-created value that comes from the customers' contextual use of the product i.e., Value-in-Use (Prahalad & Ramaswamy, 2004).

The problem discussion has shown the following problems: The tourism industry might suffer from long-term transformational changes to tourism, as a result of the profound effect Covid-19 had on socioeconomic factors (Sigala, 2020). There is various literature regarding how businesses have been impacted by the Covid-19 pandemic (Renz et al., 2020; Ritter & Pedersen, 2020; Rastati, 2020). However, there is insufficient literature emerging on the matter of how the tourism industry has managed the crisis. This proposes a practical problem. Besides, the fact that business model innovation (Gassman et al., 2014), Service Dominant

Logic (Vargo & Lusch, 2004) and value co-creation (Prahalad & Ramaswamy, 2004) caused a paradigm in marketing and business development, providing an interesting qualitative research opportunity on the topic of their impact on today's decision making in companies. This creates the ideal research opportunity to uncover their use in the service-oriented sector that is the tourism industry and their impact on crisis management. This proposes a theoretical problem.

In conclusion, there is currently an outcry for knowledge in order to combat and endure through current and future crises. It is important to uncover the use of business model innovation in the tourism industry during a crisis since literature has focused mainly on crisis management without considering putting effort on value creation. In terms of theoretical contribution, given the subjective nature of business models and value creation, the most uncertainty is thus not only the decisions of managers, but its interdependent nature as well. The combination of which the authors believe needs investigation. In terms of practical contribution, tourism firms can benefit from new insight on the crisis' impact on decision-making processes that promote business model innovation to create value.

### **1.3 PURPOSE**

The purpose of the thesis is to investigate companies' decision-making processes behind innovation of business models to create value during the Covid-19 pandemic. It is also to understand requirements for business success.

### **1.4 RESEARCH QUESTIONS**

*What importance do business model innovation have in the success of a tourism company?*

*How does business model innovation create value?*

*What role does the Covid-19 pandemic play in the decision-making processes in tourism companies?*

### **1.5 DEFINITIONS**

*Business Model*

“The business model captures a firm's commitment in various strategic areas e.g., choice of market, product, and its associated benefits to customers, relationships with others, organisational structure and process, resources, and profit logic” (Shi & Manning, 2009, p. 58).

*Decision-making process*

“The process of developing a general problem understanding, formulating the problem explicitly, evaluating alternatives systematically, and implementing the choice” (Forgionne, 2009, p. 3885)

*Covid-19*

“Coronavirus disease (COVID-19) is an infectious disease caused by the SARS-CoV-2 virus. Most people infected with the virus will experience mild to moderate respiratory illness and recover without requiring special treatment. However, some will become seriously ill and require medical attention... Anyone can get sick with COVID-19 and become seriously ill or die at any age” (WHO, 2021, second paragraph below Overview).

*Firms/company*

“A firm is an organisation which sells or produces something, or which provides a service which people pay for” (Collins Dictionary, n.d. Below 1. Countable Noun).

#### *Innovation*

“Innovation is about growth - about recognising opportunities for doing something new and implementing those ideas to create some kind of value” (Bessant & Tidd, 2015, p. 37).

#### *Success*

“Degree or measure of succeeding” and “favourable or desired outcome” (Merriam Webster, n.d. 1a, 1b.).

#### *Tourism industry*

“In its broadest sense, the tourism industry is the total of all businesses that directly provide goods or services to facilitate business, pleasure and leisure activities away from the home environment.” (Destination NSW, 2013, p. 4).

#### *Tourism*

“Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes” (UNWTO, 1994, p. 5). A consumer of tourism “is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise” (UNWTO, 2008, 2.13).

## 2. THEORETICAL FRAMEWORK

The theoretical framework is based on relevant theoretical points that form the foundation for the empirical study. The chapter comprises a discussion of previous literature and theories. Theories will be used as points of departure to help analyse and fulfil the purpose of the research study. It will be based on business model, value creation and management in crisis (see the overview of the theoretical framework, table 1) with the aim of exploring value derived from innovative business models adopted in the tourism industry from decisions made during the Covid-19 crisis. At the end of the chapter, the theoretical analysis model based on previous theoretical points is presented and explained.

<p><u>2.1 Business Model Innovation</u>  <b>2.1.1 Business Model</b></p> <p><b>2.1.2 Business Model Innovation</b></p> <p><b>2.1.3 Business Model Innovation Process</b></p>	<p><u>2.2 Value Creation</u>  <b>2.2.1 Value Creation</b></p> <p><b>2.2.2 Service Dominant Logic</b></p>	<p><u>2.3 Management in Crisis</u>  <b>2.3.1 Decision-Making Process</b></p> <p><b>2.3.2 Decision-Making Behaviour</b></p> <p><b>2.3.3 Crisis impact on business models</b></p>
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Table 1. Overview theoretical framework (designed by the authors)

### 2.1 BUSINESS MODEL INNOVATION

First section of the theoretical framework regards Business Model Innovation which introduces what business models are as well as different concepts behind innovation of business models.

#### 2.1.1 BUSINESS MODEL

A good business model is essential to every successful organisation, whether it is a new venture or an established player (Margretta, 2002). A business model is at heart, stories of how the business works and through innovation can turn insight about human motivation into value (Margretta, 2002). Mintzberg (1979) assumed that the business model is the outcome of management actions in defining a firm's offerings to stakeholders, both boundaries for its activities and how the firm will make a profit from these. Margretta (2002) argues that a business success depends on management's ability to tweak, or even overhaul the model on the fly. While new technology might transform a business quickly, it often takes long before it is implemented by a firm. Business models, on the other hand, are far more capable of being implemented relatively quickly (Naidoo, 2010; Wang et al, 2020).

Amit and Zott (2001) stated that business models also are important since it enables firms' possibilities to create value. Gassman et al. (2014) wrote that many firms fail to capture enough value because of a lack of successful business model innovation. Ritter and Pedersen (2020) states that the business model is a concept that describes the way an organisation tries to create value for itself and its stakeholders. All organisations have a business model either explicitly or implicitly that is important for effective strategies and operations (Ritter & Pedersen, 2020).

### **2.1.2 BUSINESS MODEL INNOVATION**

To begin with, the general concept of innovation is about growth (Bessant & Tidd, 2015). It is also about recognising opportunities for doing something new and implementing those ideas to create some kind of value (Bessant & Tidd, 2015). In the past, focus on innovation was through technological advancements and superior products. Although this still drove growth and competitiveness in business, it reached the point where it was not sufficient to maintain a competitive advantage without focusing on other areas to innovate. This was part due to increased competition, changing markets, blurred industry boundaries, changing regulations and new technologies (Gassman et al., 2014).

BCG's definition of business model innovation "is the art of enhancing advantage and value creation by making simultaneous - and mutually supportive - changes both to an organisation's value proposition to customers and to its underlying operating model" (BCG, n.d, first paragraph below What Is Business Model Innovation?). Innovation has always been a significant factor to a business in order to stimulate growth and develop the competitive advantages of a business (Purcell, 2019). In past times the focus for companies has been aimed at product and process innovation (Gassmann et al., 2014). However, the strategic approach is changing in the majority of industries on the market. Contributing factors are new technologies, digitisation, new actors within sectors, changed markets and changed regulations. Therefore, the creation of new business models add more potential for innovation beyond product and process focused innovation. It means that business model innovation is the deciding factor of the future outcome of a company regarding success or failure (Gassmann et al., 2014).

The importance of innovation in business can be described in three critical factors (Purcell, 2019). Firstly, innovation helps companies grow to expand and become more profitable, but it also helps businesses to stay relevant in changing times. Innovations and change also help companies to stay relevant in a constantly changing world. Innovation is also a used tool regarding differentiation among companies. It helps businesses to differentiate themselves within their market and to stand out from operating competitors (Purcell, 2019). Business model innovation is seen as a threat by many managers against their competitive position. Whenever a new player introduces a new business model that disrupts the status quo, other firms are forced to let go of their previous business models. By the time they do so, they may already have been overtaken by newcomers that have a much better chance to exploit the new business model (Bessant & Tidd, 2015). While new entrants of the market see new opportunities to deliver more value through products/services. Established businesses are challenged in that they need to be fast followers to new rules of the game. The reality is that in order to stay profitable and alive, adaptation is vital to address these new realities (Purcell, 2019).

There are various myths surrounding innovation i.e., needing large investments, requiring geniuses, needing to be industry transformational, technology driven, to name a few (Gassman et al., 2014). In practice, small start-ups are responsible for most business model innovations. Among the biggest tech companies today e.g., Google, Microsoft, Facebook, all started small and implemented their new business models smartly instead of focusing on putting in large sums of money and expertise. While development in technology is a driving factor for change and innovation across business models and entire industry sectors, it is not the only answer for managers (Gassman et al., 2014).

The successful journeys of many businesses today started with business model innovation rather than just excellent product development (Gassman et al., 2014). An example of a business which has challenged the hotel side in the tourism industry in the past is Airbnb. It entered the market with the idea of being a franchise company in the hotel industry. By 2021 it has over 5.6 million Airbnb listings worldwide (Airbnb, 2022). This makes Airbnb the biggest accommodation provider in the world, yet the company does not own a single room (Airbnb, 2022). How Airbnb makes that possible is by using their platform to provide travellers with accommodation for a long or short stay at a destination. The company operates as an intermediate party connecting travellers with private hosts and experience providers. The profit is made from the booking fees that come from stays and experiences (BMI, n.d.). Hence, in order to innovate successful business models, it is important to have the ability to see past what competitors are doing to enable thinking outside the box. A revolutionary actor within its industry was IKEA. They created a new way of selling their stylish but affordable designs in flatpicks (Gassman et al., 2014).

### **2.1.3 BUSINESS MODEL INNOVATION PROCESS**

Business model innovation describes the process in which companies adjust their business model (Purcell, 2019). The reason for innovation often relates to a fundamental change in how business models are said to deliver value to customers a.k.a. value propositions. The opportunity to innovate a business model allows companies to take advantage of and address new customer needs. It is important for companies to embrace innovation in their business models as well as to have the knowledge and understanding in how to realise and implement the innovation into the business (Purcell, 2019). The three core challenges of tackling the business model innovations are, according to Gassmann et al. (2014). (I) thinking outside one's own dominant industry logic, meaning there is a mental block inside one's mind that hinders fresh ideas from coming through. (II) Thinking in terms of business models instead of products and technologies; Business models are abstract in nature which is more challenging for humans to grasp. Which is why people prefer to focus on the physical nature of products and tech to innovate. (III) Lack of systematic tools. Innovation requires management, tools and methods to be utilised effectively as with any other work discipline (Gassmann et al., 2014).

The below figure (figure 1) is a model of the existing elements in a business model created by Gassmann et al. (2014). The model is shaped as a triangle and consists of four different dimensions, each of which describes one building block of a business model. The first dimension involves the customers. The question asked regards the business' target customers which always form the heart of the business model. It is vital to understand the relevant customer segment for the business (Gassmann et al., 2014). The following dimension is the value proposition which states the offering to the customer segment. The value chain is the third dimension of business model design. This dimension clarifies how the offer is produced. It involves processes and activities in order to put value into what is proposed to the selected segment. The fourth dimension elucidates why the business model generates profit. Obviously, the business model must be capable of producing a profit. It gives an answer to the important question of how the business model creates value for the stakeholders (Gassmann et al., 2014).

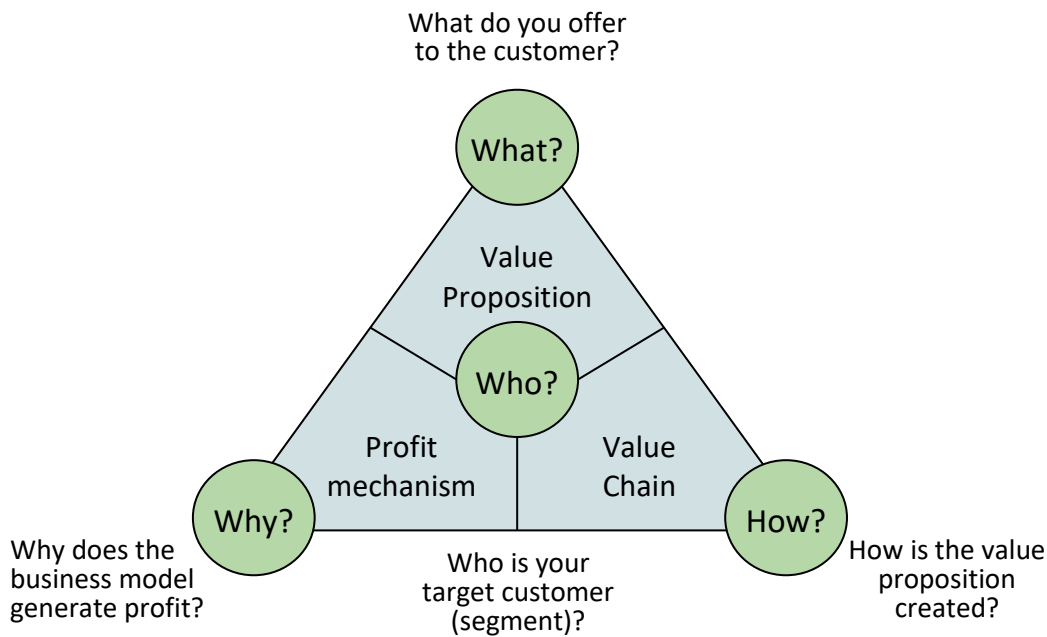


Figure 1. Business Model Triangle (inspired by Gassman et al., 2014)

The model assists in creating a clear image of the four mentioned dimensions, meanwhile creating a foundation for future innovation. Two of the dimensions, the who and the what, discuss the business model's external features whilst the dimensions of why and how explains the internal aspects. It is necessary for a business model innovation to change or upgrade at least two of these four dimensions (Gassmann et al., 2014).

Bessant and Tidd (2015) discussed the different approaches of pursuing continuous innovation. The innovation space (table 2 & figure 2) shows that innovation can come in very different forms. From simple incremental development of what already is there, to a complete radical development of new options.

	<b>Incremental</b>	<b>Radical</b>
<b>Product (service)</b>	Product improvement	New product
<b>Process</b>	Lean manufacturing, quest for excellence	Radical process change
<b>Position</b>	Extend, deepen, segment markets	Find new playing fields
<b>Paradigm</b>	Change the business model	Rewrite the rules

Table 2 Innovation Space (inspired by Bessant & Tidd, 2015)

The business model innovation is part of the paradigm. A firm or an entrepreneur could either change their current business model incrementally, but they could also choose the approach of radical innovation by inventing a completely new business model, rewriting the rules (Bessant & Tidd, 2015). Paradigm innovation can be triggered by external factors such as new technologies, new value expectations, new markets, new legal rules, new environmental conditions (e.g., climate change and energy crises) etc. (Bessant & Tidd, 2015). The emergence of internet and online retail is the reason many businesses are carried out completely in a different way. Similarly, technologies like steam power, electricity, mass

transportation and microelectronics brought a revolution to the industries (Bessant & Tidd, 2015).

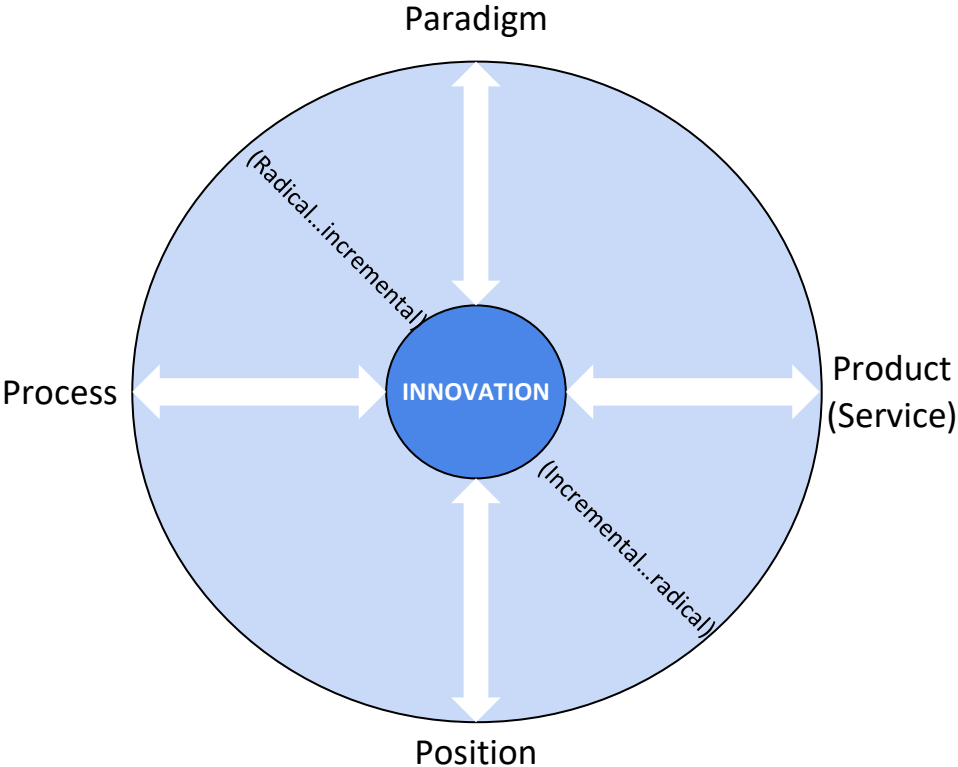


Figure 2. Exploring Innovation Space (inspired by Bessant & Tidd, 2015)

Figure 3 illustrates that not all business model innovation efforts are alike (BCG, 2014). It is up to each company to choose their path of growth depending on the context. To simply explain the model, the impetus scale is whether a company is defending against an external threat or proactively trying to disrupt the status quo. External threats could be economical declines, new regulations, or commoditisation the company is trying to defend itself against. While disrupting the status quo of the industry could be aspiring to be a first mover to gain competitive advantages. The focus scale, on the other hand, is the attractive areas of opportunities for companies. While it may reside in the core business for some, others look for adjacent businesses or markets (BCG, 2014).

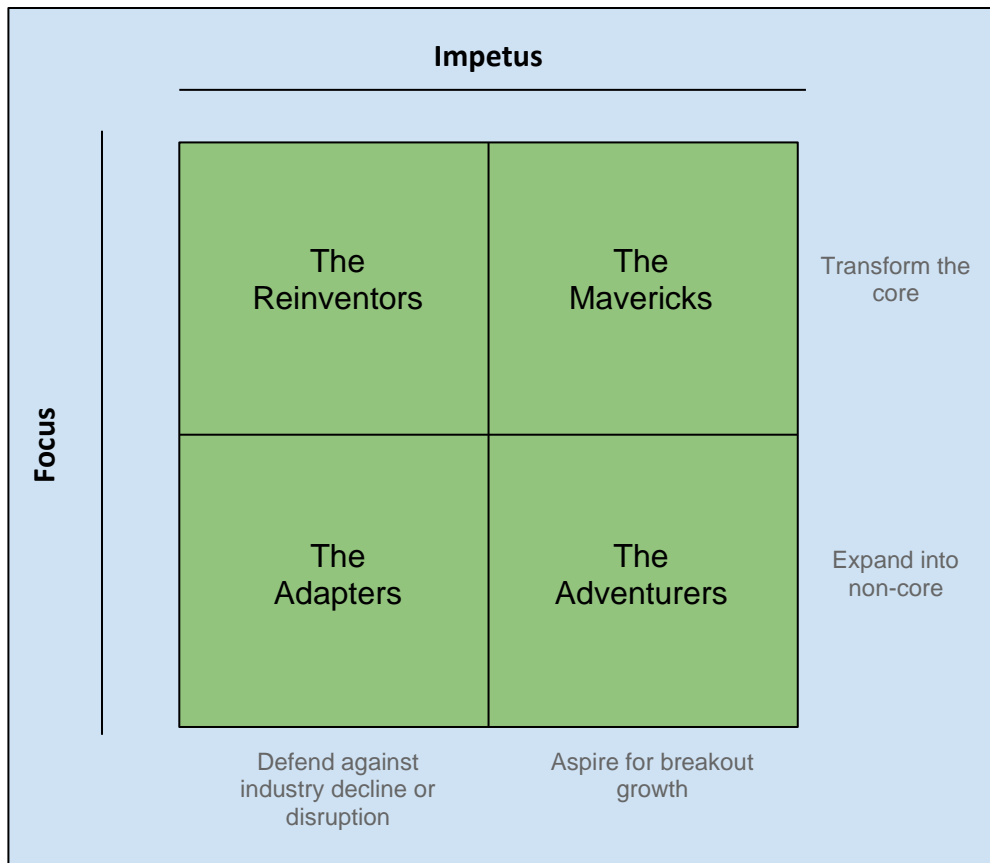


Figure 3. Four approaches to business model innovation (inspired by BCG, n.d)

The four approaches have the following characteristics (BCG n.d): In a situation where external threats are to be defended and the focus is on the core business, the reinventors must reinvent its customer-value proposition and realign its operations to profitably deliver on the new superior offering. In a situation where it is not sufficient to reinvent the core business to combat any disruptions, the adapters must find an adjacent market or business to innovate in a new core space with the right business model. The Mavericks are trying to revolutionise their industry by setting new standards with their core advantages. This requires the ability to continually evolve the competitive edge or gain an advantage that will drive growth. The Adventurers are willingly setting foot in new territories of either completely new or adjacent markets. This requires understanding of the company’s current competitive advantages that could be applicable in new markets which involve high risks (BCG, n.d).

## 2.2 VALUE CREATION

Second section of the theoretical framework introduces a logic of value creation that will provide context to business model innovation.

### 2.2.1 VALUE CREATION

What value the company will bring the consumer is advised in the context of the business model (Mansoor & Jalal, 2011). The process of customer value management involves four stages, to define customer value, to create value, to communicate value and provide value. The first stage describes the foundation of value that is offered to customers. This involves deciding the specific beneficial characteristics provided by the product or service (Pluta-Olearnik, 2018). The stage regarding the creation of customer value is about the companies’

actions and decisions to promote the process of creating both basic and additional value for the consumer. These actions and decisions happen both within the company but also together with the business stakeholders such as suppliers. It involves interaction and communication with the customer to ensure the final offer meets expectations (Pluta-Olearnik, 2018).

Traditionally, value was considered to be created through the activities inside a firm and in outside markets, while consumers were outside of the firm. The value chain concept presented a one-sided role of the firm in creating value (Porter, 1980). Prahalad and Ramaswamy (2004) claimed times were changing and the system was designed for value co-creation. This system is built out of blocks forming interaction between the firm and the consumers that make co-creation experiences possible. Dialogue, Access, Risk-benefits, and Transparency (DART) appears to be the basis for interaction between the two parties, firm, and consumer. These building blocks of consumer company interaction change the previous roles managers have taken on labelling laws, announcing risks, transparency of financial statements and communication and open access with consumers (Prahalad & Ramaswamy, 2004).

Dialogue describes the interaction, engagement, and the possibility to act on both sides (Prahalad & Ramaswamy, 2004). This makes the dialogue an important part of the co-creation view where markets are seen as a set of conversations between consumers and firms. The dialogue must focus on the interest of both parts, in which both parts are linked problem solvers. To enable the interaction through dialog, the consumers need to have the same access and transparency to information as the firm. Traditionally this information has not been equally noticeable by both parties. Dialogue, Access, and Transparency can now assist the consumer in assessing the risk-benefits taken through action and decision. Instead of solely depending on the firm, the consumer creates its own ability to make decisions and determine the risks and benefits of the consumer's own choice (Prahalad & Ramaswamy, 2004).

A deeper look into value proposition (what you offer the customer) and value chain (how the value proposition is created) are the focus of business models and business model innovation (Gassman et al., 2014). Bessant and Tidd (2007) said that innovation is about implementing new ideas to create value. The original discussion of value propositions is often attributed to Lanning and Michaels (1988). Lanning (1998, p. 55) defined it as “the entire set of resulting experiences, including some price, that an organisation causes some customer to have”. Vargo and Lusch (2008, p.7) said that “value is always uniquely and phenomenologically determined by the beneficiary”. The Service Dominant Logic outlines value as Value-in-Use. The Value-in-Use perspective states that a customer can only gain access to value-creation potential and not value itself. Value is instead created when the customer uses the offering (Anderson, Narus, & van Rossum, 2006; Grönroos, 2011; Eggert, Ulaga, Frow, & Payne, 2018). As such, the value proposition needs to promise value creation through the customer's use of the offering (Ballantyne, Frow, Varey & Payne, 2011). Grönroos and Ravald (2011) highlight, in a service-dominant logic-based view of value creation, the importance of distinguishing production and value creation. Production relates to the process of creating the resources included in the customer's consumption and use. Value creation on the other hand, is the process of creating Value-in-Use out of the produced resources. Resulting in the fact that value is not produced but the resources are produced and through the resources there is the ability to create value (Grönroos & Ravald, 2011).

### **2.2.2 THE SERVICE DOMINANT LOGIC**

A recurring perspective in literature is the Service Dominant Logic a.k.a S-D logic proposed by Vargo and Lusch (2008). This perspective influenced marketers' way of thinking more like

their customers, which helps firms add value to their offerings. Despite criticism against Vargo and Lusch S-D logic the thesis can benefit from adopting it, only because it allows the study to model the idiosyncrasies in the tourism industry such as the customers' central role and interaction. The Goods Dominant Logic a.k.a. G-D logic is focused on tangible goods and is limited to one-sided value creation from the fulfilment of the service provider. Vargo and Lusch (2004) argued that product marketing rooted in G-D logic, can be insufficient if the goal is to keep competitive advantage, since its focus is mainly on profitability of the firm and quantitative KPIs.

S-D logic switches that mindset and places the power of value creation in the consumers (Vargo & Lusch, 2004). The core idea in S-D logic is that the value creation arises when the offer is experienced by the customer. The supplier is being interdependent on the co-created value that comes from the customer's contextual use of the product (i.e. Value-in-Use). This interaction increases customer loyalty and gives the company more value than solely using a G-D logic approach to value creation. The way to work with S-D logic is to assist customers in their own value creation processes as opposed to producing and distributing units of output. According to the S-D logic, people exchange services only and the customer is the creator of value and not a destroyer of it. Lastly, innovation means helping customers create value in a more effective way; it does not mean better goods and services alone (Vargo & Lusch, 2004; Pop, 2017, 31 July).

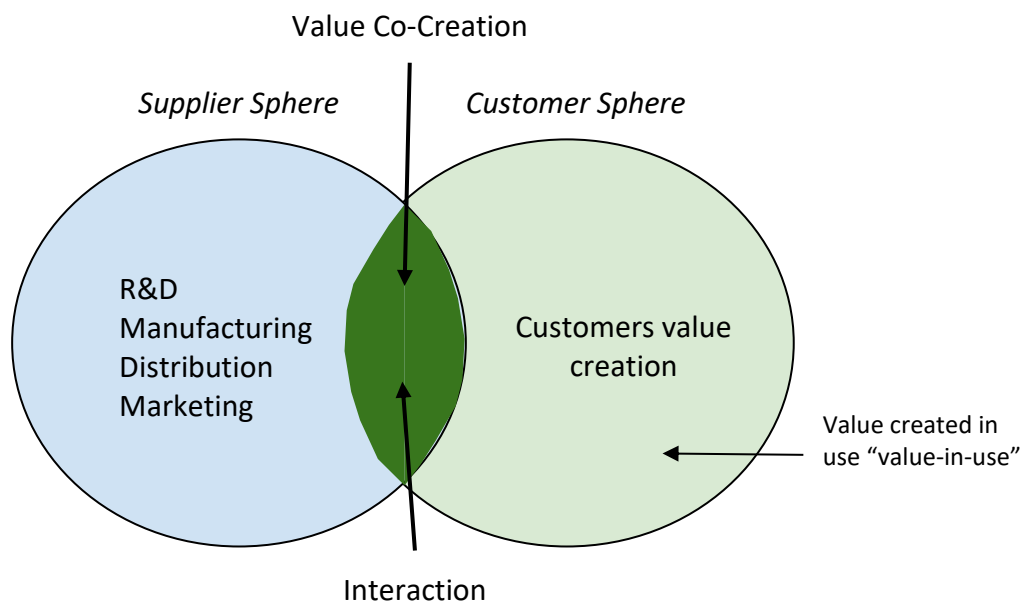


Figure 4. S-D logic (inspired by Pop, 2017, 31 July)

The term value co-creation has a literal meaning of together producing something to exist (De Koning, Crul, & Wever, 2016). It derives from co-production where a consumer interacts with the company (see Figure 4). The original idea was to reduce costs but later on the belief that engaging customers may result in a significant increase regarding customer satisfaction (De Koning et al., 2016). Prahalad and Ramaswamy (2000) proposed the idea that customers' interaction with businesses is changing into becoming more engaging and active. This led to the publication of a paper in which the term value co-creation was presented. Companies adopt the Service Dominant Logic meaning that today's customers do not buy goods or

services anymore. Instead, customers buy service-provided products in which the value is based on the customer experience, meaning the customer is always a co-creator (Prahalad & Ramaswamy, 2000).

There are two important notions on how co-created value is managed by the S-D Logic (Vargo & Lusch, 2006). Firstly, firms can only provide services as value propositions. Secondly, value proposition is an input for value realisation. This value realisation is heavily dependent on the customers' participation in the service process. The idea is that value is in the eye of the beholder, in this case the eyes belong to the customers. The perception of the generated value is subjective and customer specific. For instance, a smartphone offers the user the ability to check emails, surf the internet, make calls and stream media. Although, if the user never enables any of the functionalities, value will never be created. Hence why S-D Logic argues "value can only be created with and determined by the user in the 'consumption' process and through use of what is referred to as Value-in-Use (Vargo & Lusch, 2006, p. 284). Vargo and Lusch (2006) explains that co-created value cannot exist without the contribution from both supplier and by the customers. This goes beyond companies inviting the customer to participate in the processes of production (Vargo, Maglio & Archpru, 2008). It is rather about the customers' incorporating the offering into their lives that creates value (Payne, Storbacka & Frow, 2008).

## **2.3 MANAGEMENT IN CRISIS**

*Third section of the theoretical framework regards how companies' decision making processes work and how businesses are impacted during crises. It also provides further context with the topic of crisis management.*

### **2.3.1 DECISION-MAKING PROCESS**

A study made by Graham, Harvey, and Puri (2015) revealed that decisions are made by people within firms. Although firms as a generic entity matter in the decision-making process, it is evident that the degree of delegation varies with a CEO's personal characteristics and experiences. Hofstede, Hofstede and Minkow (2010) highlights that there are cultural differences in a society to consider regarding how decisions are made in an organisation. It all depends on how people in a society relate to each other on a hierarchical scale, also known as power distance. This measurement is closely related to the country the organisation is located in. A culture that gives great deference to a person of authority is a high-power distance culture, and a culture that values the equal treatment of everyone is a low power distance culture (Hofstede et al., 2010).

According to March and Heath (1994), the common portrayal of decision making is that action is interpreted as a rational choice. March and Heath (1994) explains that there are four questions deciding the choice a person makes. The first question is about alternatives: what actions are possible? The second question is about expectations: what consequences follow from each alternative and how likely is the consequence? The third question is about preferences: How valuable are the consequences associated with each alternative. Fourth and the last question is about decision rule: How is a choice to be made among the alternatives in terms of the values of their consequences? (March & Heath, 1994). The rational framework is a basis for decision making and is used to understand the actions of firms and business people (Edwards, 1954).

Al-Dabbagh (2021) has studied decision-making in crisis. He notes that a firm's decision-making during an on-going crisis is obviously different from decision-making in normal

conditions. A crisis puts pressure on the speed of the decision-making but at the same time the process needs to avoid improvisation and randomness. Furthermore, there must be a significant relationship between effective decision-makers and rational decision-making (Al-Dabbagh, 2021). The results from the study reveal five factors affecting the crisis decision-making process with the first being lack of competent decision-makers. The second factor is the fear of consequences of making decisions at a time of crisis followed by the lack of decision-making skills, lack of others confidence about the decision made and lack of information to base the decision on (Al-Dabbagh, 2021).

### **2.3.2 DECISION-MAKING BEHAVIOUR**

Studies made on decision-making behaviour (e.g., Smith, Gannon, Grimm & Mitchell, 1988) found that entrepreneurs from smaller firms are less comprehensive in their decision behaviour than professional managers from larger firms. A declining decision comprehensiveness also affects organisational performance negatively among both. Comprehensiveness is defined “as the degree to which an individual follows a formal rational decision process” (Smith et al., 1988, p.1). Entrepreneurs have been profiled to be high achievers, impatient and making quick decisions (Smith et al., 1988)

Managers are boundedly rational (Simon, 1955) and rely on performance signals when deciding whether to terminate or retain activities (Benner & Tripsas, 2012; Posen & Levinthal, 2012). Behavioural theories have demonstrated that organisations persist with successful activities (Audia, Locke, & Smith, 2000) but change activities following perceived failure (Baum & Dahlin, 2007). Joseph, Klingebiel and Wilson (2016) revealed that as product performance declines below aspirations, the rate of product phaseout decreases, but increases when the product falls below a sales threshold.

In relation to basic decision-making principles, Sigmund Freud’s principle of pain and pleasure (*the pain-pleasure principle*) constitutes that humans make choices to avoid pain and decrease pain (Carr, 2016). Humans also make choices that create pleasure or increase it. It is said to be the core of all decisions humans make. Pain and pleasure are linked to individuals’ personal past experiences. The principle suggests that while humans seek pleasure, they try to avoid pain. The level of the anticipation of pain and pleasure is the driving force for all decisions. Humans can allow a negative situation to continue, even though it is painful. The reason is that the thought of dealing with the conflict is far more painful (Carr, 2016).

### **2.3.3 CRISIS IMPACT ON BUSINESS MODELS**

Crisis can be defined as “an unstable or crucial time or state of affairs in which a decisive change is impending” (Merriam Webster, n.d, 3a). Swedish Civil Contingencies Agency (MSB, 2021) describes a crisis as the consequence of a sudden incident after which socially important functions cannot operate as they are supposed to. The consequences become noticeable and may result in a major number of people being affected. They may relate to factors threatening people's health and freedom (MSB, 2021).

Coombs (2007) said that crises may bring negative consequences for established business models if not effectively managed. However, it may also bring opportunities. For instance, during the Great Depression, widely used amenities such as supermarkets, laundromats, and chocolate chip cookies were all invented (Chisholm-Burns, 2010). According to Ritter and Pedersen (2020), crises are quite essential to business marketing in that they give managers motive to take action. Consequently, during crises most new business models are developed. These encompass new capabilities, new value propositions, new value demonstrations and

they address new customer needs. For instance, adaptive business models were able to reemerge more sustainably through quick implementation of business model development (Ritter & Pedersen, 2020).

Previous crises e.g., the dot-com crash highlighted that the development of profitable business models is an important task for managers to counter external threats (Osterwalder & Pigneur, 2010). The financial crisis forced many organisations across industries to streamline their business models and optimise operations in order to survive. Managers need to analyse the impact of a crisis based on the design of that particular business model. These concluded that the impact of a crisis is, in part, firm specific (Altunbas, Manganelli & Marques-Ibanez, 2011; Hryckiewicz & Kozłowski, 2017). Reviewing literature on tourism research related to natural disasters and crises for businesses (e.g., Ritchie, 2004; Tsai & Chen, 2011), there is a clear notion of preparedness being the focus. This has led the literature stream to provide mostly insight on risk and disaster management, two research areas related to each other. Risk management seeks to eliminate or minimise exposure to potential deviations prior to a crisis. Disaster management is the field of managing once a disaster has hit. According to Ritchie (2004), a disaster's impact can be limited by, for instance, creating contingency plans from e.g., forecasts, environmental scanning, issues analysis, scenario planning and risk analysis. Thus, a business model's resilience is dependent on the preparedness of a firm (Ritchie, 2004).

#### **2.3.4 CRISIS MANAGEMENT**

Coombs (2021) points out that crisis management is a set of factors created to react to a crisis. The purpose of crisis management is to reduce the negative outcomes and prevent harm affecting the organisation, stakeholders, and industry. In an effort to do so, there is also an attempt in facilitating a positive response to the situation. The precursor of crisis management is emergency preparedness which consists of four linked factors, prevention, preparation, response, and revision (Coombs, 2021).

Prevention involves the steps taken by the organisation to avoid the crisis. There is an aim to detect potential crises before they occur and by this prevent or minimise the crisis (Coombs, 2021). The business may face a transformation of the industry standard which affects the business chance of survival. It could be the risks of losing resources, the more control a business has over its resources, the better chance it must gain a sustainable competitive advantage. A change in the business model can also result in the business' capability to fully exploit the potential of its resources (Shi & Manning, 2009).

Preparation consists of the organisational crisis communication plan which all organisations should possess (Coombs, 2021). The crisis communication plan is a minor part of the crisis management. Diagnosing crisis weaknesses and selecting and training a crisis management team are also parts of the preparation factor (Coombs, 2021).

An organisation's response is visible to the public crowd during an actual crisis (Coombs, 2021). The reaction seeks to reduce the organisational harm caused by the crisis. Negative impacts relate to e.g., loss of sales. The possibility to strengthen the organisation is a fact because of the response. Another part of the response is recovery which involves the organisation's attempts to return to normal after a crisis (Coombs, 2021). Shi and Manning (2009) proposed that a business should respond by redesigning or switching business models when realising a potential system-level collapse. Otherwise the risk is that the business model does not function under the industry's circumstances in that the firm cannot promise their core

offerings, thus losing quality customers and suppliers as well as having trouble maintaining a healthy competition which affects total market value (Coombs, 2021).

Revision is the last crisis factor. Revision reflects what the organisation did right and what it did wrong during the crisis management performance. To understand this process is of great importance to hold effective crisis communication (Coombs, 2021).

## 2.4 THEORETICAL ANALYSIS MODEL

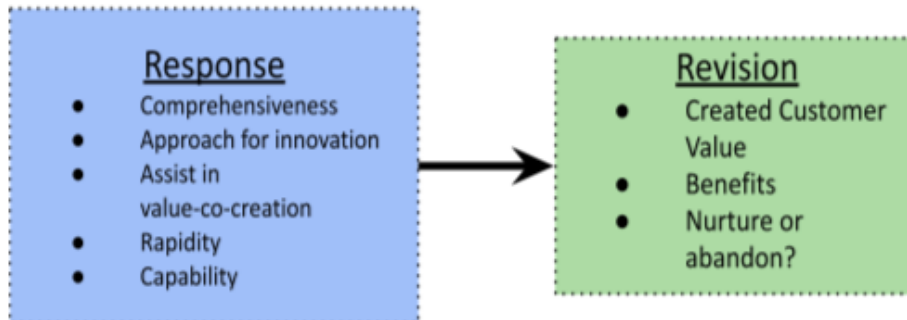


Figure 5. Theoretical Analysis Model (designed by the authors)

The figure above is a theoretical analysis model based on the authors of the study's interpretation of the existing theories and previous literature (Figure 5). The authors base the theoretical analysis model on Coombs (2021) theory; four factors to crisis reaction, where it dives deeper in two areas, namely response and revision. It aims to show the thought process and actions of business managers while also showing their reflection or revision of the company's decisions.

The first core category involving Comprehensiveness is based on Smith et al's definition "the degree to which an individual follows a formal rational decision process" (Smith et al., 1988, p.1). Approach for innovation is based on Four approaches to business model innovation by BCG (2014) and Innovation Space by Bessant and Tidd (2015). Assist in value co-creation is a Service Dominant Logic (SD-Logic) idea proposed by Vargo and Lusch (2004). Rapidity is based on Margretta's claim that it is easy to tweak and switch business models on the fly (Margretta, 2002). Lastly, Capability is based on Naidoo (2010) and Wang et al (2020) claim that business models have the capability to be implemented quickly.

Moving on to the second core category, Revision. Feedback is a general idea based on common knowledge that companies are dependent on the feedback from their decisions and actions. Created customer value has its core in the SD-Logic (Vargo & Lusch, 2008) and co-creation (Prahalad & Ramaswamy, 2004) while Benefits includes theories from Margretta (2002), Gassman et al (2014), Amit and Zott (2001) suggesting that business models and innovation create value. Nurture or abandon is the climax of the revision factors and reflects the company's ambitions and capability to either keep and nurture the innovation or abandon it, leaving it in the past. This ties together innovation, value creation, decision-making and crisis management which shows the actuality of the situation the company is currently in and where it is heading.

### **3. METHOD**

*The third chapter of the thesis explains the methodology used for the conducted research. It begins with a discussion of the philosophical position of the study regarding ontology and epistemology. Thereafter, the authors discuss the reasoning behind the decisions made on the type of research, research approach and research design. Furthermore, the method chapter consists of explaining the literature review procedure. It also includes a discussion on the selection made regarding the population and sample as well as the instrument to collect the empirical data. Later, the procedure of data analysis is explained and the authors consider the ethical aspects of the thesis conduction relating to the empirical data and study results.*

#### **3.1 RESEARCH PHILOSOPHY**

As emphasised by Easterby-Smith, Thorpe and Jackson (2015), the philosophical position of a study is crucial to achieve some form of clarity on the research design. The methodology of the research is dependent upon the ontology and epistemology, which affects all decisions and assumptions. Ontology relates to the nature of reality and epistemology concerns theory of knowledge (Söderblom & Ulvenblad, 2016). The ontological positioning for this study is that reality is a finite subjective experience, a.k.a. relativist ontology (Denzin & Lincoln, 2005). It is based on nominalism where it proposes that nothing exists outside the self (Söderblom & Ulvenblad, 2016). Easterby-Smith et al (2015) states that the observable reality is dependent upon variables such as status, race, country, time and context. This results in multiple observers with different perspectives.

The study was based on the foundation of this theory where the authors believe that customer perceptions as well as the firms' perceptions of value would differ depending on context, time and social norms. Besides, the way firms create value is completely dependent on how the company perceives reality. Decisions are in the hands of each firm, which is completely dependent on the context and impacts from the current crisis (Ritter & Perdersen, 2020). Thus, the authors took this into consideration when designing the methodology.

Regarding the epistemological positioning of the study, the authors believe knowledge, or what is believed, is only an expression of social constructionism. The self can only gain knowledge interpreted through its own lense, dependent on the interrelationship of the local context on a linguistic and social construction of reality (Gonzalez, Biever & Gardner, 1994). Finally, the authors are hermeneutics that believe insight can be gained through interpreting the data. Hermeneutics or antipositivism rejects positivism i.e. objective claims, and expresses information through interpretation i.e. subjective claims (Söderblom & Ulvenblad, 2016). However, the authors are aware that interpretation related to postmodernism and social constructivism is heavily influenced by the authors' relation to social constructs and the context of the study.

Taking the research questions into consideration, the study could have taken on the positivist viewpoint to achieve the purpose. However, since the research area lies in studying the tourism industry, there are unique constructions and meanings that tourism firms apply when managing crises. The hermeneutic viewpoint, addressed by (Söderblom & Ulvenblad, 2016) is crucial to understand an industry's approach to crises and to give some context to firms looking to find valuable insight on the matter.

#### **3.2 RESEARCH DESIGN**

This study conducted a qualitative research study. A qualitative research design is suitable in order to collect the relevant information regarding the knowledge gap. When there is

insufficient knowledge about the research topic issued, a qualitative research method is suitable (Eliasson, 2018). Included in the qualitative method is the study's ambition to understand decision-makers' perception and reality. Thus, a case study is suitable since the authors seek to investigate and interview decision-makers of companies in the tourism industry operating in a certain geographical location i.e. Gothenburg. Interviews could provide further understanding since they enable interaction between the interviewer and the respondent (Jacobsen, 2002). A qualitative method also means the data that is collected often is nuanced, in-depth and open to diversified responses (Jacobsen, 2002). In accordance with postmodern philosophy, a qualitative research approach is used since the belief in an objective world is rejected and nothing is value free (Becvar & Becvar, 2003).

### **3.3 RESEARCH APPROACH**

The research study took a deductive approach in regard to the scientific articles and theories collected and processed throughout the study (Söderblom & Ulvenblad, 2016; Jacobsen, 2002). The empirical collection was made by semi-structured qualitative interviews (Söderblom & Ulvenblad, 2016). The interviews were based on the theory of previously made research which warrants a qualified foundation of knowledge before the empirical data collection is carried out. The risk of deductive research is that the authors may unintentionally overlook important theories that have been left out, since the authors completely focus their empirical data on the theoretical framework (Jacobsen, 2002).

Thus, the authors argue that in order to bring better understanding through the empirical study, it is necessary to add an inductive approach. The inductive approach means that the analysis of empirical data is being coded to compare against existing theories (Alvehus, 2013). This allowed the authors to interpret and analyse the collected empirical data which is valuable for the study's results and the implication of businesses. The interaction of the two research approaches ends up in the usage of an abductive approach to conduct the research study and answer the research questions issued (Söderblom & Ulvenblad, 2016). An abductive approach is also suitable when using a qualitative research method, especially since the research area is limited in its research (Eliasson, 2018).

### **3.4 TYPE OF RESEARCH**

The research questions are of exploratory nature where the authors sought to understand and explore how Covid-19 changed the way firms innovate their business models in the tourism industry. Further, the study aimed to conclude if value derived from value creation through business model innovation. The method of choice needs to include flexible measures regarding nuances and individual situations, which makes the qualitative method suitable (Jacobsen, 2002).

Moreover, the analysis of the empirical data is intended to be interpretative. The authors are hermeneutics that, according to Söderblom and Ulvenblad (2016), aspire to understand the research topic with an interpretive approach through interpretive case research. The validation of interpretive research can be questioned due to disadvantages e.g., too little data can lead to premature assumptions and too much data may lack on being effectively processed by the researchers. When analysing the empirical data, subjective views can cause bias in the results. To prevent this, the authors aimed to use suitable data analysis methods.

### **3.5 LITERATURE REVIEW**

The literature review was conducted through searching, gathering, and processing theory and information retrieved from scientific articles. Some information was also collected through

relevant authorities' websites. The scientific articles were mainly retrieved from well-known databases such as Jstor and Google Scholar. Literature was found by using keywords set early when the authors decided on a research area. The most important keywords used throughout the research process have been business model, business model innovation, value creation, value co-creation, crisis, covid-19 and decision-making behaviour. The keywords have been searched individually and in different constellations.

Through exploring available literature, a relevant research area was identified. This area had a practical and theoretical that is presented in the introduction chapter. The research started off relatively broad with the mission of gaining knowledge about the chosen topic and identifying a gap in previous research. Extended knowledge has led to more topic focused research. Previous research has helped the authors to narrow down the research in order to conclude a purpose and relevant research questions. Through the process of research, the method of chain research has also been adopted. This means using the reference lists in relevant scientific articles in order to find additional interesting contributing articles related to the topic (Harboe, 2013).

### **3.6 POPULATION AND SAMPLE**

The choice of participating respondents was through purposive sampling and concerning the research questions issued (Black, 2010). The criteria were for the businesses to be operating and located in Sweden. The business also must be operating mainly or partly within the tourism sector. According to Mossberg (2007) tourism is commonly thought of as the combination of four different parts, transportation, accommodation, dining, and activities. Based on this statement, the authors aimed to cover the study by selecting four actors within the tourism industry related to these four parts of tourism. This means the sample of this study includes four businesses, each operating in one of the sectors transportation, accommodation, dining and activities. The reasoning behind the choice of sample is to represent the different branches of the tourism industry in order to guarantee, to some extent, external validity.

The choice of Sweden was suitable because the pandemic had a significant impact on society and the tourism industry. Moreover, the Swedish government chose a different strategy in comparison to other countries in the world where the regulations were not as restricted (Kavaliunas Ocaya, Mumper, Lindfeldt & Kyhlstedt, 2020). The general advice and regulations set by the Swedish government, still let businesses operate to maintain the national economy. This makes Sweden a starting point for this research topic.

Although the aim was to understand the broader picture, the study benefited from limiting the sample to a regional area. The broad picture set to a limited area creates an overall understanding of the changes in businesses set in an area with similar prerequisites. The regional area of choice was Gothenburg city. The reasoning for choosing Gothenburg was based on the city being the second largest city in Sweden and therefore a major market for businesses to operate. Gothenburg is also an attractive destination for tourists (Göteborgs Stad, n.d.). This made Gothenburg the study's case.

The authors conducted four interviews with a board member/business manager, CEO, Strategic Developer and Co-founder. These respondents were the most appropriate for partaking and answering the interview questions. The companies could either have been founded before or during the pandemic. The most important requirement was that the company had made a change in their business model during the pandemic that promoted innovation and with the intent of creating value for customers. The following info about the

companies are sourced from each company's own website and through answers from the interviews conducted. Each company has been divided into EAT, SLEEP, GO, DO representing Dining, Accommodation, Transportation and Activities (Mossberg, 2007):

### **3.6.1 DINING (EAT)**

EAT is a family-owned company that owns a couple of restaurants/bars in Gothenburg. They provide a variation of exquisite dining experiences at a reasonable price. EAT's restaurants are a popular dining destination for tourists and locals. The company was founded in 2014 and has since opened and run different restaurants/bars mostly focused on à la carte. During the hit of the pandemic, they introduced dining alternatives to some of its restaurants such as take-away and packaged menu items that you cook yourself at home. To this day, they offer their customers these services.

### **3.6.2 ACCOMMODATION (SLEEP)**

SLEEP is one of the largest hotel companies in Scandinavia, with over 200 hotels. Their business model is built on a franchise concept and is a well-known brand that is famous for its superior service and innovation. As of May 2022, SLEEP runs 11 hotels located in Gothenburg where both tourists, business travellers and locals stay. The pandemic impacted SLEEP's daily operations tremendously, which made them act quickly to find solutions to endure the period and realign its values.

### **3.6.3 TRANSPORTATION (GO)**

GO is responsible for public transport operating in the southwest of Sweden. A significant part of the region's inhabitants and tourists choose to travel on buses, trams, trains, and boats operated by the business daily. GO is a well-established company, vital for the society to function efficiently in the aspect of transporting people from A to B and for societal welfare. When the pandemic hit, the company was forced to take measures in order to reassure people's safety as well as comply with the governmental restrictions and recommendations.

### **3.6.4 ACTIVITIES (DO)**

DO provides a virtual conference and event platform packaged as a subscription service. It opens new possibilities for both virtual and hybrid events to easily reach target audiences, including tourists. Their market is mainly in Sweden and the company is based in the southwest of Sweden. They provide an easy, engaging and fully customisable platform to any customer and only require a stable internet-connection. DO was founded in 2020 as a response to the ongoing pandemic and the growing demand for non-physical solutions for interacting. Since its start, they have received great user-feedback from its customers.

## **3.7 INSTRUMENT TO COLLECT THE DATA**

The collection of data was conducted through qualitative interviews which were held between the 5th of April 2022 and 18th of May 2022. There are several advantages using personal interviews as instruments of collecting data, one being providing meaningful insights and exploring attitudes and values. The interviews were semi-structured and enabled the researchers to gather more information than intended and to clarify answers if needed (Adams, 2015). Prior to the conduction of interviews an interview guide (see Appendix 2) has been designed with questions which will be used in the qualitative interview. The interview guide is the result of the operationalisation scheme (see Appendix 1) in which the questions have been operationalised from theory with the aim to capture relevant information to answer the addressed research questions (Söderblom & Ulvenblad, 2016).

The interviews were held through a personal meeting, only through a video conference call over Microsoft Teams, Zoom and Google Meet. A preferable way of conducting an interview since it was easier to record and store files. The authors justify their method since they had no intent of observation, and it enabled them to collect the required data with minimal costs. Despite the prepared interview guide, a semi-structured interview approach allowed them to ask supplementary questions to gather as much relevant information as needed. The email that was sent out to potential respondents was written in Swedish. The interviews were also conducted in Swedish for the purpose of assuring the respondents were comfortable to answer in their native language. However, one of the respondents is Danish but had a sufficient ability to speak and understand Swedish. That way the quality of the respondent's answers did not suffer. All citations used in the empirical data were translated by the authors from Swedish to English.

Biases relating to the researcher involve leading questions and wording where the researcher leads the respondent into the desired outcome of the interview. The interviewer was careful to ask questions without the implication that there is a right answer. It was also crucial for the interviewer to avoid summarising the respondents' answers in his own words. (Sarniak, 2015; Malhotra, 2019).

### **3.8 DATA ANALYSIS**

One of the key parts of qualitative research is content analysis (Flick, 2009; Ryan & Bernard, 2003). The analysis was based on the analysis model which reflects the theoretical framework consisting of the study's three themes: business model innovation, value creation, and management in crisis. Furthermore, the authors chose an additional qualitative analysis method which is the Miles and Huberman method (Huberman, Miles & Saldana, 2014). Firstly, the authors began by highlighting key phrases from the empirical data. Secondly, the phrases were organised and sorted in an Excel sheet to be easily comparable. To highlight which phrase corresponded to which respondent, the authors decided to colour-code each and every phrase. Thirdly, the phrases were interpreted by the authors to match accordingly into different concepts. Fourthly, the authors reviewed these concepts and through data reduction were able to find Raw Order Themes. Through further discussion, the Higher Order Themes emerged. Lastly, the General Aggregations became evident through the author's interpretation of Raw Order Themes and Higher Order Themes.

This method combined with the author's analysis model made it possible to draw links between existing theories and answers from the respondents. Meanwhile, it also contributed to discovery of new implications that previously went unmentioned in the operationalisation scheme.

### **3.9 CREDIBILITY**

Since there is a strict deadline for a bachelor thesis, the ability to collect data over time was severely limited. For the sake of the study, only the current situation was investigated while also letting respondents reflect on the past. However, the validation can suffer because of the lapse of memory which gives the empirical study uncertainty in respondents' answers (Wärneryd et al, 1990). The interview questions were designed to be open to the respondent's own interpretation and let them reflect without the pressure of there being a correct answer to each question.

The authors are postmodernists that believe no true reality exists and reject the belief of an absolute truth (Becvar & Becvar, 2003). Humans inhabit different 'realities' that are socially

constituted and may vary quite dramatically across cultures, time and context (Gonzalez et al., 1994). This philosophical theory impacts the way research validity is viewed “No longer are we able to think of the outcomes of empirical research as representing the ‘real world’; rather, we must consider the subjectivity of the researcher and the likelihood that research may produce only partial images that are more or less useful” (Longini, cited in Becvar & Becvar, 2003, p. 94). The authors were aware that the respondents had their own reality and their answers differed from one another. Thus, each respondent’s answer was collectively interpreted in order to identify holistic hidden themes in their answers without looking deeply into each answers’ meaning to provide partial images of the reality of companies.

### **3.10 ETHICAL CONSIDERATIONS**

The respondents were at an early stage informed of the purpose of the study as well as what the interview intended to cover. A consent form (see Appendix 3) was sent out to the interested respondents to enlighten them about the terms and conditions set for the interview. The consent form also informed the respondents about the participation being voluntary and the ability to refuse to answer any question as well as the possibility to withdraw from the interview at any time. The consent form was to ensure the fulfilment of the information requirement as well as the requirement regarding the usage of the collected information (Vetenskapsrådet, 2002). When the respondent signed the form, the requirement of consent was met (Vetenskapsrådet, 2002). In addition to the consent form, the interview questionnaire (see Appendix 2) was sent out. The respondents were able to preview the interview questions before the meeting took place which provided them the possibility to determine whether their participation was appropriate or not.

To respect the respondents' integrity, they were given the choice of being anonymous. The preference to be held anonymous was expressed by two out of four respondents. To the advantage of the uniformity in the study the decision was made to anonymise all four respondents participating in the study. For the sake of anonymity, the study didn't mention the company's name either. It did however mention information about each company without revealing its name. As well as the respondents' given position in their company. The authors were by all means considerate and only referred to the respondents by pseudonyms.

## **4. EMPIRICAL DATA**

*The fourth chapter of the thesis consists of the empirical data conducted through qualitative interviews. Each case is individually presented with regard to the areas of the theoretical framework. All the information presented in the chapter is based on the answers from the respondents, this includes citations.*

### **4.1 EAT**

EAT is a family-owned company that owns a couple of restaurants/bars in Gothenburg. They provide a variation of exquisite dining experiences at a reasonable price. EAT's restaurants are a popular dining destination for tourists and locals. The respondent is a board member but also the business manager of EAT.

#### **4.1.1 BUSINESS MODEL INNOVATION**

EAT's value proposition is the strive to offer exquisite food and beverages in a quality restaurant experience which exceeds expectations to an affordable cost. Respondent EAT emphasised that the company provides people with food experiences and explained that the company constantly strives for new ways of running restaurants different from the traditional and conventional ways. The customer segment consists of anyone interested in experiencing a pleasant dinner, both new and returning customers. The company has no utility purposes similar to a lunch restaurant which you visit because you need to eat when at work, respondent EAT continued.

Further, Respondent EAT claimed the strength within the business model is the large number of customers which results in the company not being dependent on a narrow segment. Another strength related to the business model is the fact that the company offers an experience, meaning none of the restaurants are similar to one another. The restaurants may serve similar food, but the advantage lies in the restaurants being incompatible due to different experiences. The large number of customers creates the possibility to experiment with a new menu, new hours, or new booking systems and receive a higher statistical result, which a business with fewer customers lacks. The company's strengths are also its weaknesses according to respondent EAT. The large number of customers is vital which has been very clear during the pandemic. A 90 percent customer capacity only covers the company's costs, it is the last 10 percent which contributes to the profit. The respondent mentioned this as a reason why the industry becomes vulnerable in a crisis like the pandemic.

The respondent also pointed out the possibility to innovate the business model as limited since it is tough to modify a business model without changing the concept of the company. Respondent EAT continued to ascertain that the food on the company's menus is not suitable as take away which makes it problematic as it can end up impairing the dish. There are few dishes suitable for take away and a suitable replacement for the experience. As a result, the prepare-at-home-bags became the lasting pandemic solution. Obviously, EAT was unable to take into consideration if, as exemplified by respondent EAT, the steak was cooked correctly by the customer. The important thing was to supply the customer with clear instructions and high-quality products. In many of the cases, the food was most likely enjoyed accompanied by friends which completed the experience of meeting people, but at home. The respondent explained how EAT considered if any additional products in the bag could further strengthen the experience of dining at one of their restaurants. Considerations such as a playlist with suitable songs or perhaps a leather apron but in the end EAT did not proceed with the ideas, said the respondent. They were at least hoping that the product could spread word of mouth to acquire more customers.

#### **4.1.2 VALUE CREATION**

The respondent emphasised the restaurant experience as being a major part of the value proposition which is created in conjunction with the customer. It is not solely about the food and beverage. When the governmental directives implied an avoidance of crowding, it was not suitable for the restaurant environment since customers go out for dinner to experience crowding. It is half of the fun, respondent EAT clarified. The company's value proposition cannot exist in the absence of the guests. Customers visit the restaurants to consume their offerings. When customers eat at the restaurant, they also become a part of the experience that the company offers which could be seen as the co-created value according to the respondent. The customers become part of other customers' experienced value. Our restaurants are not a single thing in the absence of that value, respondent EAT said. The prepare-at-home-bag has not been a part of the value creation process through experiences.

According to respondent EAT, there has been a positive development during the pandemic years relating to the company's identification of the customer experience and to the fact it starts long before the actual visit. Respondent EAT explained that the experience starts when the customer visits their website or when they connect to book a table. Also, it lasts a while after the actual visit relating to feedback. EAT reallocated the redundant staff to i.e. operate the chat on the websites. The respondent believed similar activities to add more value for the customers would arise regardless of the pandemic. The pandemic forced EAT to reflect on improvements and changes. The respondent explained that EAT consistently strives to create additional value for their customers.

According to the respondent, EAT is slowly returning to its normal state in accordance with society which will likely result in a removal of the prepare-at-home-bags since nobody purchases them anymore. The respondent believed the way they designed the bags and the way they let customers purchase them has been to their advantage. The offer differentiated EAT's restaurants from their competitors since customers were able to purchase the company's bag the same day. The respondent said that the content of the bag was selectable which also stood out from the competitors who offered a pre-decided set of dishes. Respondent EAT believed the mentioned factors resulted in, at that time, a successful prepare-at-home-bag.

#### **4.1.3 MANAGEMENT IN CRISIS**

The company board consists mainly of respondent EAT and his colleague, which makes the decision-making process within the company informal, short, and efficient. The respondent considered the process as rational, based on data but not formal. Respondent EAT talked about the owners' minding inputs from staff but in the end the decision comes down to two people, which in a formal aspect makes the process both centralised and decentralised. The respondent emphasised the importance of making models and economic calculations as an attempt to see the possible outcome of any decision. Involved in the calculation are other important key members in the board who get to have an input. After decision making lies the conceptualisation along with the marketing.

The pandemic had major impacts on the company, respondent EAT issued. In order to mitigate the consequences, some major actions were taken. Firstly, new products were launched such as take-away and home delivery. One concept was called "Prepare at home-bags" which was the outcome of making use of all products. Respondent EAT continued to mention the imperative measures taken by the government such as distancing and limited

groups. The company would likely set measures regardless in order to reassure the guests safety according to the respondent. The company was also forced to let staff go as well as seek the governmental financial support that was offered.

On the question regarding the four approaches of business model innovation-matrix. Respondent EAT referred to the prepare-at-home-bag which was a shift to repacking their existing food into a unique take away bag. According to respondent EAT, this action relates more to transforming the core, which puts EAT in the reinventors section.

According to respondent EAT, the company's key performance indicators (KPI's) were not met i.e. the number of bookings made. Although there was no day without bookings, the respondent claimed there were many drastic decisions made due to the belief the pandemic would leave the restaurants empty. It did not, but it has lasted longer than expected, stated respondent EAT. The drastic decisions refer to when the company acquired two cars for the purpose of using when conducting the home deliveries which was totally unprofitable, said the respondent. But it was the result of the realisation that each and every actor on the market offered take-away which led the company to offer home delivery. The company aimed for the best and therefore also wanted to offer the best service.

Respondent EAT explained that when there was a major loss of income for the company, you start to question every aspect of the business. One look at marketing activities and one look at the food you serve. At the end, respondent EAT realised and became aware of the fact it was not the marketing nor the food. Customers did not avoid the company, they quite simply were not able to visit the restaurants. When restrictions were removed and things started to go back to normal the company's income increased again which indicates that the company has a well designed business idea, according to respondent EAT

Respondent EAT clarified the importance of understanding how this period of time consisted of panic and anxiety feelings and the main aim was to reassure the survival of the businesses. Respondent EAT continued: "Now in retrospect, I can see how this type of time period in the world enables people's innovative ability and driving force in order to create value. And yes, I am not sure if it is applicable on restaurants in particular but somewhere along the line one preferably would have considered oneself as an innovative and farsighted person who turned this mess into something positive instead of something negative"

The respondent further explained that the prepare-at-home-bag has been somehow a base for conflicts within the company. Early on this implementation, employees were content and happy by the fact they still could keep their job. But when that step in the hierarchy of needs is fulfilled, the chefs start to develop a feeling of tiredness to create 150 bags each day. Logistic problems also arose as to where to place all the prepared bags. According to the respondent, people were not eager to make the prepare-at-home-bags but the management insisted. For a while the management also believed that the concept of the prepare-at-home-bags were to stay profitable even after the pandemic. Alongside with the fact that people started to go out again, the demand for the bags decreased resulting in an overly high cost to produce the bags. Besides, there are other aspects of the company considered to be the core.

EAT does not actively work on crisis management and lacks a formal structure of procedures in case of crises. The respondent noticed EAT's development in the experiences on how to handle a major crisis like the pandemic and what role to take in order for the company to pass through in the best way possible. Respondent EAT believed the company has learned from its experiences and will most likely react differently next time. As said, organisationally the

respondent believed there are some applicable aspects learnt from the management during a pandemic which probably will result in some positive consequences eventually. Though, it will be in a distant future which results in the conclusion of rather being without the influence, respondent EAT declared

On the question if the pandemic has made an impact on the company as of today, the respondent definitely sees an impact organisationally but would not claim the pandemic has affected the business model. The respondent believed that the company still would have fulfilled their ambitions and that the pandemic rather was in the way of their business.

## **4.2 SLEEP**

SLEEP is one of the largest hotel companies in Scandinavia, with over 200 hotels. Their business model is built on a franchise concept and is a well-known brand that is famous for its superior service and innovation. The respondent is a long-time employee and currently works as vice president strategic developer.

### **4.2.1 BUSINESS MODEL INNOVATION**

Respondent SLEEP described the company's business model as built on a multi-branding structure where different brands are adjusted to meet different types of customer segments or suitable for different occasions. The differentiation lies in their branding which includes many different names instead of collecting all independent hotels under one brand. Their channels are quite similar to others business models in that they offer accommodation services to customers, in that case they are not that unique. Usually, it is the board group or the Holding-company that makes decisions regarding business models. The company's owner is part of the processes that involve very important decisions or new actions.

Respondent SLEEP explained that most decisions are made on a hotel-basis level and are exclusive to each independent hotel. Some decisions are held on different chains of hotels in the company where a head director together with the hotel managers take mutual decisions regarding their mandate. On a corporate level, it's not really a long decision-making process since it is a privately owned company. SLEEP is part of a holding company which has a bit of discretion, especially in the franchising aspect. Their franchise agreements let the hotels have a lot of freedom apart from having the same booking channels of course. They are free to choose their own booking systems or CRM systems as an example.

When it comes to organisation structure, the corporate group consists of people represented from different parts of the organisation, both from hotels and sister companies. Obviously, the highest managers have some sort of VETO depending on the characteristics of the decision. But the idea is that there is some form of democratic process through it all. Respondent SLEEP claimed that the company is decentralised since they are keen to hear inputs from the hotel managers since they are the ones that the customers meet.

Respondent SLEEP stated that the company is mostly Pull-oriented when it comes to strategic choices. Although, some decisions are Push-oriented when it is something the company believes in that customers are not aware of yet. Basically, the company looks for tendencies of people and tries to find some kind of solution for it. Doing a lot of research helps a lot with these decisions.

SLEEP is a company that, historically speaking, has made decisions based on gut-feel. According to respondent SLEEP, he believes the company has improved tremendously which

comes naturally since things today are easier to measure and analyse. SLEEP has also implemented a data-driven organisation which is also their sister company. They have helped the company to receive statistics and numbers which serves as a foundation for most of the company's decisions. This sister company can provide decision makers with data on what the customers ask for, trends and ideal margins. Despite this, the company is also emotionally driven which is in their DNA. SLEEP's culture is also more forgiving in a sense that no one gets ashamed for trying and not succeeding. The reason for the company's focus on data is that there is tougher competition out there and less margins for failure.

Respondent SLEEP says the implementation capabilities are slower when it comes to radical changes that each hotel needs to implement which may require education to follow-through. SLEEP is relatively quick in their implementation capabilities because of the organisation. The staff is united in how things should be done. Whenever SLEEP has decided on something, the company is quick to get it implemented. However, since each hotel is independently run by its manager and staff, SLEEP cannot push something that does not align with the hotel's priorities. The managers have their own responsibilities over budget and management. So often it becomes a negotiation between SLEEP and the hotel owner.

Before the pandemic, the industry was fed and happy and SLEEP was not really keen on doing any big changes. But when the pandemic hit, the pressure grew to find possibilities and act on them. Mostly, these were small concepts that were possible because of the company's capacity. For example, they transformed their conference rooms to Golf courts or Padel courts. As respondent SLEEP said "Everything was possible, everything, you could do anything as long as it didn't cost money". And in case it did cost money, "Then you just had to find an industry which had money and was willing to sponsor".

The pandemic had impacted SLEEP in a way that forced them to look for different ways to generate income. The company did not have any guests staying at their hotels because of the Covid-19 situation. Respondent SLEEP explained that the company had ideas for digital gift cards for over 4 years and when the company eventually faced the reality of the situation, it was quickly implemented in just 2 weeks which became the relying source of income during the pandemic.

According to respondent SLEEP, innovation is vital. Prior to the pandemic, respondent SLEEP introduced a new department focusing exclusively on the future of the company. It was everything from digital solutions, business models, partnerships and public relations. The fact is that innovation permeated in the whole company when the pandemic hit. They assigned a task force whose only purpose was to find ideas. Employees sat in meetings each week and tried to find new sources of income, partnerships and business models. For example, the idea of offering hotel rooms as an office was initiated during the pandemic. So essentially, the pandemic was an extreme innovation factor, but more in the present than looking far into the future.

Respondent SLEEP explained how the company aspires to become mavericks. In the role of the company's strategic developer, respondent SLEEP works towards what the mavericks are defined as in the matrix. SLEEP described how the company operates within the travel sector and is dependent on the fact that people travel. According to the respondent, SLEEP invests all in the same area which makes them vulnerable in a crisis. The most loyal customers stay with the company for a maximum of 60 days per year. This results in more than 300 days which must attract other customers. The company needs to be relevant and valuable for an

extended customer segment other than loyal customers. It is important to find alternative profitable areas in order to make the part of the company involved in the travel sector less vulnerable. The respondent highlighted the importance of becoming something further than a hotel company in the future.

#### **4.2.2 VALUE CREATION**

According to respondent SLEEP, the company conducts customer research since the company's ideal is to create a five-star experience in every touchpoint for the customer. The company strives to collect feedback in every possible aspect. SLEEP exemplified touchpoints by mentioning how the check-in process was, how the food was, if the customer was inspired etc. The respondent described how SLEEP has involved customers by inviting them to participate in Beta-testing in order to express opinions and thoughts of improvements. The company is driven by seeing customers return because of a pleasant stay and that the good experience is spread to others to create communities. The community aspect of the company will be increasingly important as well as finding new customer segments who use SLEEP's facilities in other aspects than just staying the night.

Respondent SLEEP reflected on the logic describing how customers are included in companies' value creation processes. SLEEP stated the impossibility for a company to purchase value or use marketing to create a community to which customers want to be a part of. The fundamental idea is to practise what you preach. If the company is transparent and provides customers with values, respondent SLEEP believes it will speak for itself and attract the right community. The respondent henceforth pointed out that value is something the company earns. Respondent SLEEP explained how the company's strategic documents underlines the vital focus on the customer. Happy guests, happy company, SLEEP stated. A great product or service is worthless without a customer willing to pay for it and will not result in a successful business. The company complies with the three keywords: people, planet and profit which are stated in the mentioned order. It is in that order the company acts and how the concepts of people, planet and profit should be fulfilled.

The idea with the gift card was that customers could still use them 2 years later and get a discounted room. According to respondent SLEEP, its purpose was to secure the customers after the pandemic. Furthermore, it was to incentivise people who sat at home and had nothing to spend money on with the intent of going on vacation once the pandemic was over.

#### **4.2.3 MANAGEMENT IN CRISIS**

The pandemic put SLEEP in a dark place in their industry over a long period. As respondent SLEEP stated every day throughout the pandemic, "This is the blackest day in SLEEP's history". This was because both the restaurant industry and hotel industry, including SLEEP, have small margins. Logically, cutting costs was the only way of surviving. Most companies in those industries didn't even make it past three months without going bankrupt, according to respondent SLEEP. Furthermore, staff costs, fixed costs e.g. properties are a tremendous cost on the company. The company does not deny the fact that they were on the breaking point of bankruptcy which made them question: What can we do? One thing was of course to get rid of anything unnecessary at that time. Second thing was to find new sources of income. They had all these business models and business concepts on how they can earn money quickly while also saving money. There was a will to keep the company going for the sake of their business partners and customers.

Since the company had lost its source of income and all hotel rooms stood empty, the company had to let a lot of employees go over Zoom-calls and thus close many hotels. SLEEP lost half of its staff in just a couple of months. Furthermore, the pandemic went on longer than SLEEP initially expected. Despite the tremendous impact it had on the company, those who were able to keep their employment became united. The staff worked together to defend against the common enemy i.e. Covid-19 pandemic, which created a strong bond among those left in the company. Sooner or later, the pandemic was to be over, and it meant they ought to be quick when it comes to delivering what is expected from their stakeholders.

Qualitative and quantitative KPI's are prominent in every department of SLEEP's organisation. Obviously, the company is dependent on earning money from its business activities. The pandemic made them react in different ways depending on whether they were able to sell something or not. Whenever they weren't able to sell, they instead had to focus on emotional values. For instance, all throughout the pandemic, SLEEP was communicative with its stakeholders. SLEEP saw an opportunity to adjust the business model when shaming entered the travel industry during the pandemic. The respondent said that they noticed how people stopped travelling and how the company saw a business opportunity to switch focus to the local market and operate in the moment with the mission of becoming the local hero.

The respondent believed the pandemic had impacts on the company. The respondent explained how the management is more considerate prior to entering a business area in which the risk of being vulnerable is crucial. The pandemic made the company understand its vulnerability. SLEEP clarified that the company now makes an effort in finding better ways to manage a similar crisis in the future, for example expanding into the local market. Furthermore, the respondent explained how the industry now suffers due to the lack of employees. There is a need to create additional value for employees beyond the value perceived in working for a salary. The human aspect of the company has become more visible than during fed and happy times. The economic loss has been devastating but the most tragic aspect was people's personal losses such as losing their job. This has majorly affected the company according to the respondent. More than any other crises have affected before.

### **4.3 GO**

GO is responsible for public transport operating in the southwest of Sweden. A significant part of the region's inhabitants and tourists choose to travel on buses, trams, trains, and boats operated by the business daily. The respondent is the CEO of the company

#### **4.3.1 BUSINESS MODEL INNOVATION**

The core of the company's business model consists of two parts. One part relates to the role played in creating public welfare by managing economic, social, and ecological perspectives of sustainability. The core of the company in which public welfare is part of the foundation results in the fact that the company has to provide a wide, basic range of public transport. It means that the company is unable to invest in public transport exclusively in areas where people live. The business needs strategies on how to expand and how to reach new segments but the importance of the societal public welfare role needs to be considered at all times.

Respondent GO clarified one half of the transportation company is funded by the government in the form of taxes and the other half of financing consists of a commercial part in which income is generated from customers. The financing of the company splits into one part focusing on the welfare of society and the other part focuses on developing and modernising an adequate public transport offer in order to achieve set targets. Respondent GO refers to the

set targets as mainly the ones relating to the customer benefits, or the value perceived by the customer while travelling and also market share. The measures regarding the public welfare of society focus more on environmental sustainability, measures set to safety and satisfactory geographical accessibility. The two parts are of high importance to balance for the company to achieve set measures, according to the respondent.

Respondent GO explained the strength of the company's business model as the perspective of being the smart choice in every sustainable aspect. GO described how the company in recent years has developed into a leading role and a position where other actors look for guidance. The respondent understands the need of collaborating with different and sometimes new actors on the market in the future. There is a potential for cooperation with the electric scooter companies for example. Respondent Go emphasised the importance to focus on the possibility of creating something great together instead of focusing on the potential threat and competition. A few years back, the company changed its vision to *Sustainable travelling as the norm* which resulted in a wider scope according to the respondent. It created the need to offer something further than collective travel since walking and cycling are far more environmentally sustainable than any other transportation. An increase in pedestrians and cyclists creates space for the commuters for whom public transport is vital and reduces the need for the company to make procurements.

The company consists of different arenas of innovation, the majority of which operate on the pull-side of the business. The respondent described how the company uses customer inputs frequently to understand the customers' perceived value. GO also stated that innovation depends on the definition set. Innovation and changes regarding traffic are more difficult to conduct, the respondent continued. The reason lies in the lack of an arena to test the potential innovation before implementation. Customers expect an innovation or a new feature to be usable and beneficial immediately, according to the respondent. Due to the industry in which the company operates and due to operating as a vital part of the public welfare, customers do not expect nor demand the company to be innovative. Customers expect the transportation to be on time and value a simple and smooth way to purchase tickets instead of innovation. Respondent GO exemplified an innovative ferry, if the ferry does not function one day the company receives no understanding from customers. They expect it to work. Respondent GO explained the need for innovation to consist of many different features. The company is required to innovate in various aspects with one aspect being cooperating with mobility partners to develop attractive services.

GO continuously develops its product and how the mobility service should be. There are quite comprehensive processes for how the development of transportation should be done. GO consults with their partners and in the end, each decision should be understood from an achievement perspective. Respondent GO summarised by saying that good competition leads to good processes.

#### **4.3.2 VALUE CREATION**

According to GO the core value for the customers is the assurance of travelling simple, smart and safe. Respondent GO reflected on the logic stating value creation arises when the offer is experienced by the customer. GO explained that the company possibly creates the prerequisites of the value for the customer, such as the charging opportunities or WIFI accessibility. The company does not provide the customer with an experience. GO emphasised the importance of creating the prerequisites for different aspects of value. Value for one customer is perhaps the environmental benefits created by public transport as another

customer finds the possibility to spend time on Netflix as valuable, GO said. Sometimes a customer's need does not have to be uttered, though the solution has become the norm in society which creates value for customers.

A feature, related to forecasting crowding in the company's app, was launched during the pandemic to assist customers in deciding what time was safer to travel. The respondent said that even though society is back to normal, GO still sees the benefits and the value created from the feature being relevant. Spreading out trips results in a sense of space on the transportation if travellers select another departure. This leads to higher efficiency due to the advantage taken of all vehicles in use etc. In conclusion, the original purpose of creating the feature could eventually result in more value for the customer than originally believed.

Due to GO's discretion, right when restrictions had vanished, they placed public transport in a different environment to make it more relevant in the public eyes. More specifically, they introduced commuters to musical performances by famous artists in the everyday environment they usually travel in. There was a limited number of tickets which cost as much as a normal ticket and sold out in under 10 minutes. People who managed to experience it felt completely surprised and lyrical. Respondent GO described it as magical. This also showed how GO has the ability to do things the competitors with less discretion cannot do, according to Respondent GO

#### **4.3.3 MANAGEMENT IN CRISIS**

Furthermore, the respondent explained the decision-making process. Decisions regarding long-term, major and strategic matters are political decisions. Respondent GO explained that the company is partly controlled by a political board which also is involved in certain matters e.g decisions related to budget or investments and decisions related to pricing. The company board acts to make strategic decisions related to the company's future and success with a beneficial purpose for the company. There is a constant dialogue with the owners of the company. A major loss of income during the pandemic, for example, forced the owners to decide how to exploit the equity to compensate for the loss. Decisions made by the owners are political as well. The company's vision and mission are clearly stated which results in a strategic framework. According to the respondent, the owners and political board express full confidence in the management and therefore provide them with broad freedom of action which means the management is allowed to act and prioritise within the framework.

The company constantly generates a large amount of data on which many resources have been focused to capitalise eventually. The respondent is convinced that decisions should be based on data but also emphasised the importance of conviction regarding decisions. There is always an uncertainty about the success of any decision, but it needs to be made in order to potentially succeed.

When the respondent was presented with the matrix Four approaches to business model innovation inspired by BCG (n.d), the respondent considered GO to be the reinventors. The company was busy complying with restrictions and recommendations etc. Respondent GO implied the pandemic was not a business opportunity for the company. During that period of time, the focus was on meeting the worried travellers and assuring them of a safe trip in all different aspects. Besides, the company's main competitor is the car. Many people created new habits during the pandemic in which the car was included. The respondent explained the company's focus on modernising and developing the opportunity to travel more sustainably which, in turn, still makes them relevant.

As a result of the pandemic outbreak, the company lost 50 percent of its income compared to the previous year. Logically the initial reaction is to locate possible cost reductions, though the company chose another direction. Despite the loss of income, the company continued to operate normally. In the matter of fact more departures were added to the timetable with the purpose to ensure safety onboard for commuters and travellers still needing to use public transport. The addition to the timetable created the opportunity of keeping a safe distance. In an attempt to reassure travellers about safety, staff were placed on the field in order to assist people in maintaining social distance and to distribute hand sanitiser and masks. The company innovated the app in which forecasts related to crowding were added. The app feature was based on both historical data as well as forecasting the upcoming trips which assisted the traveller in deciding when their trip was safe. The respondent realises how the simplicity and flexibility about travelling on public transport disappeared as a result of the front door being shut or the confusion which occurred regarding the mandatory mask times.

Throughout the pandemic, the company emphasised the importance of the long-term measures remaining. It was of importance to manage two crises simultaneously, both the pandemic but also the climate crisis. The respondent describes how set short-term measures were not met. Regarding the impact on their business model, respondent GO explained that there are ongoing contracts that need to be followed even during tough times. They had to treat everyone equally and find a business model where everyone could reconcile with. Although no one was really content with the model, they knew it had to be done for the company to survive. GO had to quickly take action while still showing consideration to their partners' requests. It was a continual process that stood out from previous instances. Respondent GO said that they can now look forward without having to make significant changes. They had competition in their offers which made them take some risks that the company otherwise wouldn't have.

The transportation company continuously works on crisis management. The respondent explains the company is very exposed and incidents happen which result in a need to constantly be prepared. A constant cooperation with the owners and other instances enables the preparedness. For instance, when the pandemic hit, a separate organisation was rapidly assigned for tasks related to the pandemic. The separate organisation was dissolved moments after the realisation that tasks could be handled by existing business functions fairly quickly. The respondent claimed the company is well prepared both structurally and culturally to handle sudden crises. Risk analyses are conducted annually for updates. Respondent GO believed the pandemic was no exception regarding the company's focus, collaboration and carrying through a major crisis.

The respondent said that advantages have arisen despite all the negatives throughout the pandemic, for instance a clear measure which has brought the company together. The respondent also gave two important reasons as to why the company has survived fairly well. The company received contributions from the government as well as support from the owners. Despite the fact of a 50 percent income loss, they were never strained to let employees go.

#### **4.4 DO**

DO is a virtual conference and event platform founded in 2020 and is based in the southwest of Sweden. It opens new possibilities for both virtual and hybrid events to more easily reach target audiences, including tourists. DO's platform can be used at big events as well as small webinars. The respondent is the co-founder of the company.

#### **4.4.1 BUSINESS MODEL INNOVATION**

In the beginning, DO's business model wasn't set. It was mainly focused on price negotiation of the product they offered. Respondent DO believed the reason why customers' chose them was because of their innovative value proposition. Their definition of customer is the one that pays for the platform.

According to respondent DO, the company uses two business models. One is a subscription-based model where DO aims to provide the ideal platform for each customer with customisation possibilities. The goal is to become a Software as a Service (SAAS) in order to capture the value and build a loyal customer base. However, respondent DO explained that simply selling a ready package to events is key to convincing first-time buyers to try their service, which also is their second business model. Respondent DO claimed it is something not many competitors are doing at the moment. Further, Respondent DO stated that it is not easy to provide a superior product, but meeting customers' expectations does help in receiving returning customers. The fact that DO uses penetration pricing to attract more customers away from their competitors, results in 10 times more sales according to respondent DO. Another reason to offer a packaged deal is that customers might be reluctant to enter the high-involvement process of planning, customising and setting up the platform which is something they instead offer the subscribed customers.

DO's main idea was to innovate the online event platform to be more of a virtual event where participants can feel as they would in a physical environment of an event, with coffee breaks and the possibility of interacting with other participants during breaks. For example, they have implemented an Ice-Breaker function that utilises GIF's so that everyone can feel at ease in the virtual environment. Further, to engage the listeners, a quiz or poll function is also available.

As a start-up company, DO is constantly trying to develop and innovate its product. A part of their development is indirectly innovation. But they also work a lot with storytelling in marketing aspects. Respondent DO think their most important innovation is to find the hole in the market and to capture value from the growing customer segments. They are able to do that with their unique value proposition. Currently, the product is only a minimum buyer product i.e., a functioning product. That is why DO wants to invest to develop and innovate their product further and then move on to investing in marketing activities to sell their product. The process is both small and big steps, explained by respondent DO:

“It's a bit of both. So this price list, I know it sounds pretty simple, but it will define quite a lot outwards on the website; what business model we have... That you can see how we think and what the pricing is and how to, what to say, hire us. So it will be a pretty big step for us, a small thing like a price list”

Furthermore, the smaller steps are due to them not having enough resources. According to respondent DO, the company has a lot of manual processes and is not ready yet, with the product but also the website. For now, DO does a bit of “fake it til you make it” by selling the product directly through the website instead of the SAAS product they aspire to sell someday according to DO. With a SAAS product, it becomes easily available to the customers and is something that respondent DO believes is significant when a customer chooses a company over another.

#### 4.4.2 VALUE CREATION

While other competitors are providing similar services, they seem to lack in the engagement aspect which is why DO aims to be engaging and fun for the audience. According to DO, online events at the beginning of the pandemic had trouble with an internet connection, one felt lonely and abandoned among a myriad of people joining the event. DO thought they could provide a better, more simple, and engaging experience for its users. Since then, they have received great user feedback from customers and they are hoping for a Word-of-Mouth effect. DO understands that the audience may easily lose interest if nothing particularly exciting happens during an event. Thus, working to make sure things happen is their main purpose while also making sure no one leaves feeling non-included.

Respondent DO stated that without the pandemic, DO would not have existed. There is a strong indication that the pandemic also has done a permanent change in how people act and that more and more will be digital. An example is when a yearly event in Gothenburg asked DO to be the host of the hybrid-event platform in 2021. This enabled people, who could not attend the event physically, to still experience and take part in the event's presentations. Initially, DO thought they would focus a lot on these types of events. But the company's ambition lies in providing companies that use the platform for smaller audiences. It could be used for product launches or education since the product can be customised to fit a company's brand and appear professional to the audience.

Their customer segment could potentially be anything from universities, companies and single individuals. DO firmly believes that their product can potentially be used for any matter, which also serves a challenge for DO's marketing and storytelling. Freely speaking from respondent DO, they would like to fulfil everyone's needs but they are aware that to make such a thing work is challenging, if not impossible.

When asked about how DO perceives the fact that value creation is an interactive process between the company and the customer, respondent DO answered confidently that they had the same view and continued: "If you have a perfect product and no one uses it... It shall be the customers that use it and actually think they get value-for-money." Which impacts the way DO work with value creation and also why engagement is a significant factor in their business model innovation. Engaging virtual events results in satisfied customers but also spreads Word-of-Mouth which then results in more sales. Respondent DO also expressed content with how their gut-feel decisions have generated positive feedback which helps in designing and defining the product itself. They have received user feedback with 5-star ratings from 80 percent of the participants, while only 5 percent had rated 1 or 2 stars. Feedback helps DO to learn more about their challenges that can help them improve their product. Respondent DO believed the company contributes to people travelling less which in turn may result in a better climate. Online events could also result in people having more time to spend with family. To summarise, DO hope to give more time to people.

According to respondent DO, the company has a dialogue with both the customers and participants. Through their subscription model they can continuously have a dialogue with their customers to make sure they always feel satisfied with the service. Moreover, DO collects feedback from the participants after an event. At hybrid-events they make direct contact with customers, participants and people with experience in the event industry to collect as much information and feedback as possible. This is very important according to respondent DO.

#### **4.4.3 MANAGEMENT IN CRISIS**

DO was founded in 2020 as a response to the ongoing pandemic and the growing demand for non-physical solutions for interacting. The platform was established in a couple of months right in the havoc of the pandemic. As a newly established company with few employees, respondent DO stated that all decisions are made mainly between the two founders of the company. The decision-making process is quick and simple, but respondent DO explains that the most important part is that none of the decisions are half-done. Thus, they challenge each decision by researching thoroughly before the decisions are made.

DO is managed by ambitious employees, and according to respondent DO, they have hundreds of ideas which they are not able to implement due to lacking the required resources. They are dependent on available freelancers to carry out some of the business activities at the moment. While it complicates their implementation ability, respondent DO still feels it is fairly easy to implement their ideas since they are a start-up company with a small organisation. Furthermore, the big and impactful decisions are only made during investor meetings every third month where each investor sits down and discusses the company's future. However, most decisions are allocated to an employee in their respective position in the company. According to respondent DO, this is entirely built on trust that each employee takes an informed decision. To summarise, DO's organisation is both centralised and decentralised. The fact that they are more or less decentralised is also because each employee is limited in their time and energy to be part of all decisions.

According to respondent DO, most decisions are not based on data itself. It is mostly based on intuition. With an analytics background, respondent DO tries to collect more data to have more basis in their decisions. DO continued by saying that they have done their own market research to try and quantify the market. Other than that, very few research opportunities have been seized. However, respondent DO is hopeful that more of their decisions will be data-based when they have more resources to research different outcomes of a decision before executing it. At the moment, their decisions based on gut feeling also cause some doubts about whether it was the right decision or not. While some decisions end up having a positive outcome, they prefer to be more certain of each decision.

Company DO's performance signals are mostly connected to sales numbers, customer satisfaction, and budget. As a corona-company their ambition is to challenge changing markets during the pandemic. When presented with the matrix of Four approaches to business model innovation inspired by BCG (n.d), the respondent considered the company's innovation approach to be as the adventurers. Respondent DO observed the tremendous popularity of Zoom and Microsoft Teams and the demand for video interaction at the beginning of the pandemic and thought they could offer a similar but different product for the same segment. To respondent DO, solely using Zoom and Teams felt limited and saw the opportunity to expand into the same spectrum and get competitive advantage over the market. It is an aggressive step into the blue-ocean market to quickly capitalise on fresh customer segments. One thing to consider is that since the pandemic, much more competitors have entered the market. Respondent DO expressed his delight that the company is in the position they are in. This competition increases demand from customers, but it also means that customers can make demands for DO which has anchored their company. Respondent DO estimated that there were about 5 companies before the pandemic and now the number has soared to about 5 to 10 times that amount.

According to respondent DO, the company does not have crisis management at the moment since they are so new and are trying to establish themselves in the market. Their biggest risk is if the big corporations enter the market because it is already a bit difficult when Zoom and Microsoft Teams is dominating the market, says respondent DO. The worst-case scenario is if these corporations develop the same functionality as DO and outperform them. However, since their company is so new it also makes it easy for them to be one step ahead and they can switch things easily if things go south.

Finally, respondent DO's perception of the pandemic has been to find the possibility and act on it. Especially during a challenging situation, whether it is a crisis or not. As respondent DO puts it: "When you see a problem, then seize it and try and find a solution for it." That is the dynamic which the company has at the current moment and something they hope they will never lose.

## 5. ANALYSIS

The analysis chapter consists of a theoretical analysis where theory from the theoretical framework is analysed. Secondly, it includes an empirical analysis where empirical data from the previous chapter has been systematically coded and analysed. Together, these analyses lead to the creation of the final figure (see figure 10).

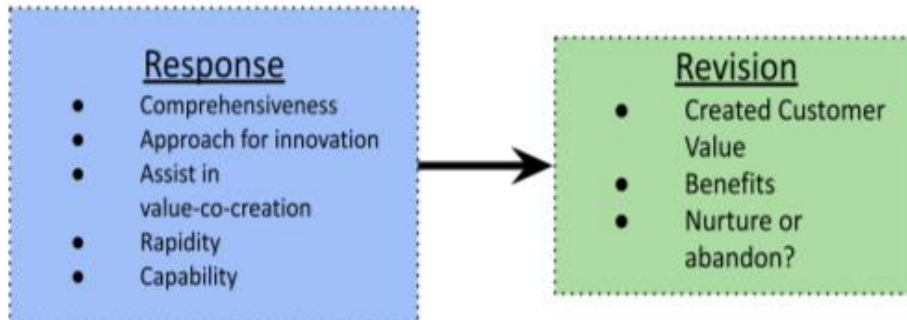


Figure 5. Theoretical Analysis Model (designed by the authors)

### 5.1 THE CASE OF GOTHENBURG

The case of Gothenburg consists of an analysis of four companies representing accommodation, dining, transportation and activities. These have been analysed according to themes of the theoretical analysis model (figure 5).

#### 5.1.1 RESPONSE

Our empirical data suggest all companies believe most of their decisions are made with rational decision processes. The reason for the companies' focus on data-based decisions is that there is tougher competition out there and less margins for failure. According to March and Heath (1994), the common portrayal of decision making is that action is interpreted as a rational choice. However, as we can evidently see from EAT and SLEEP's answers, a crisis and impact on KPIs affects the behaviour and thus the decision process. Answers from respondent EAT suggest that their decision was made in panic to mitigate the consequences in order for the business to survive.

Business managers in smaller firms are less comprehensive i.e., to follow a formal rational decision process, in their decision behaviour than managers in larger firms (Smith et al., 1988). GO's managers are provided with broad freedom for taking decisions and prioritising, although it is limited to the company's framework. Also, GO generates a lot of data which goes into each decision. Respondent SLEEP said there is a bit of freedom since they are part of a holding company. Although there is a democratic process where each department can add input into each decision, the decision comes down to the owners. There is a foundation of data for most of the company's decisions and a continuous dialogue with each hotel manager. DO is a corona-company which is in the start-up stages and most decisions are through a discussion between the two co-founders. However, there is a trust that each employee takes an informed decision in the company's best interest. For now, decisions are quick, simple, and based on intuition. According to respondent DO, most important is that no decision is half-done. EAT is a relatively small company that runs a couple of restaurants. The two managers are very different in their comprehensiveness. One solely bases decisions on intuition and aspirations while the other tries to be very rational and collect data before deciding.

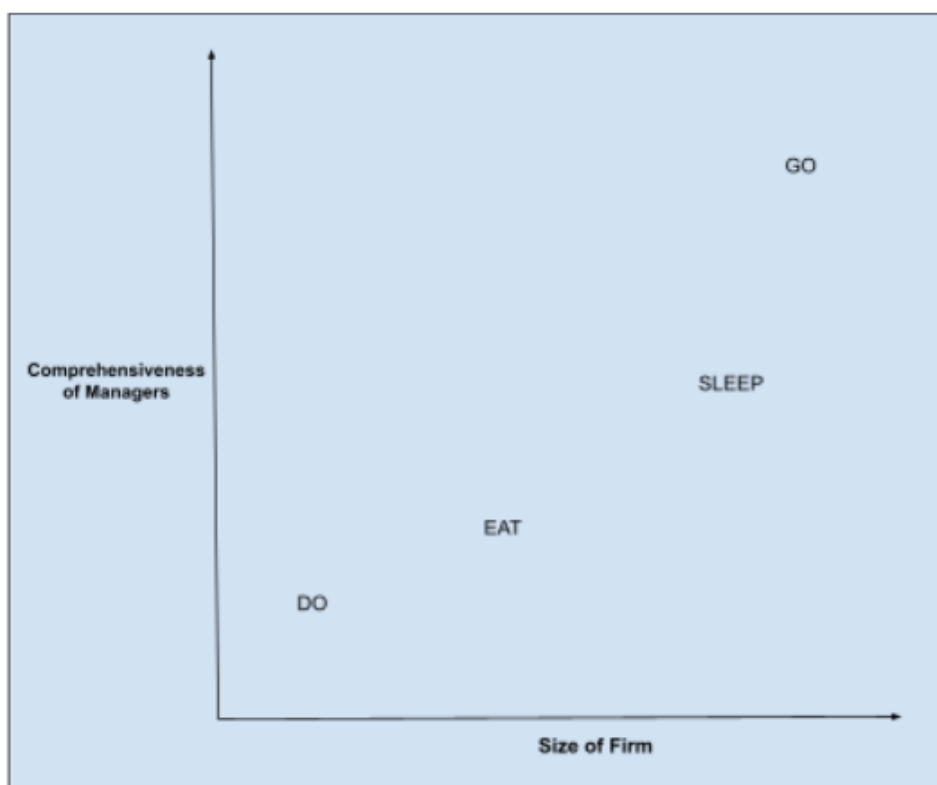


Figure 6. Relation between comprehensiveness of managers and size of firm (designed by the authors)

Through a simple graph (figure 6), we can visualise that the statement from Smith et al. (1988) is true. Keep in mind that this is just the author's interpretation of the answers from the respondents. Since the graph is not linear, it indicates that size might not be the only determining factor. Things such as organisation structure, decision processes and culture may also be a factor for the amount of comprehensiveness each manager has.

Al-Dabbagh (2021) also stated that firms' decision-making during a crisis is different from decision-making in normal conditions. While a rational decision-making process is important under normal conditions. There needs to be a significant relationship between rational and effective decision-making during an on-going crisis. Respondent SLEEP claimed the company had a fairly short decision-making process since it is a privately owned company, and it also comes with a bit of discretion. GO's management is provided a broad freedom to act and prioritise within the framework. DO's decisions are built on the foundation of trust that each employee makes an informed decision. EAT's decision making process within the company is informal, short and efficient between the two managers of the company. March and Heath (1994) say the process often consists of questions regarding alternatives, expectations, preferences and decision rules.

It seems that the respondents rely on noisy performance signals when deciding whether to terminate or retain activities (Benner & Tripsas, 2012; Posen & Levinthal, 2012). Respondent DO stated that most performance signals relate to sales numbers, customer satisfaction and budget. SLEEP has qualitative and quantitative KPI's prominent in every department of the company. Respondent SLEEP continued by stating that the company was fed and happy prior to the pandemic and was not motivated to make any significant changes. But when the pandemic hit and their only source of income disappeared, a special task force was assigned

to locate alternative income sources. Also, SLEEP had massive layoffs and closings of departments and hotels. EAT had a similar reaction and was forced to lay off employees in favour of the business' survival. This reinforces the behavioural theories that organisations persist with successful activities (Audia et al., 2000) but change activities following perceived failure (Baum & Dahlin, 2007). It also reinforces Sigmund Freud's Pain Pleasure Principle (Carr, 2016) that people try to avoid pain and seek pleasure.

Furthermore, crises pressure companies to speed up the decision-making process which could make it difficult for firms to avoid improvisation and randomness (Al-Dabbagh, 2021). As clearly expressed from respondent EAT, their decision to move to home-delivery and the prepare-at-home-bag was questionable from the business' perspective and a source of conflict since they faced logistics problems as well as motivational issues from staff. It was a period that consisted of panic and anxiety feelings and the main aim was to reassure the survival of the businesses, according to respondent EAT.

Al-Dabbagh (2021) found in his study that there is a fear of consequences of making decisions at a time of crisis followed by the lack of decision-making skills, lack of others confidence about the decision made and lack of information to base the decision on. All respondents claimed there was to an extent some uncertainty about each decision. DO's respondent expressed his hope that more of DO's decisions were based on more data. GO's respondent assured that conviction of a decision is vital which requires some intuition. Respondent SLEEP said some decisions are Push-oriented when the company believes in something that customers are not aware of yet. Then continues by saying that a lot of research helps with conviction. EAT's respondent states the importance of economic calculation and making models to see possible outcomes before a decision.

### **5.1.2 RAPIDITY/CAPABILITY**

Margretta (2002) argued that a business success depends on the management's ability to tweak the business model on the fly. EAT constantly strives for new ways of running restaurants, different from the traditional and conventional ways which results in an idea of innovation being important. When the pandemic hit and the income loss became a fact, the company was forced to act to survive. This resulted in a rapid switch in which the company needed to come up with ideas in order to manage to offer their value proposition in changed conditions.

According to respondent EAT's answer, decisions are made relatively quick and simple because of the management solely consisting of two decision-making people. EAT however stated that modifying the business model is limited since it basically changes the whole concept of the company. Respondent DO also referred to how the company's decision-making process is quick and simple as it comes down to the two founders of the company. The fact that DO is a new company makes it easy for them to be one step ahead and switch things easily if they need to. GO also stated that the company had to quickly take action while still showing consideration to their partners' requests, meaning the ongoing contracts that need to be followed regardless of tough times. The fact that GO is a company in which public welfare is part of the foundation results in the fact that the company has to provide a wide, basic range of public transport. This somehow limits the company's possibility to fully tweak and switch freely.

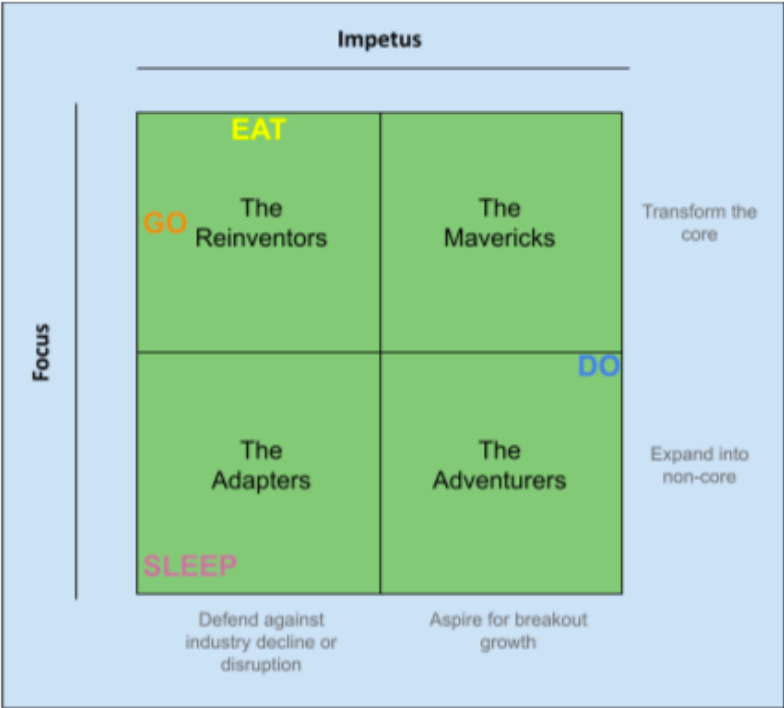
There are also theories stating that business models and innovation are capable of being implemented relatively quickly (Naidoo, 2010; Wang et al., 2020). EAT explained how

decisions and actions taken during the pandemic relating to alternative offerings were contemplated even prior to the pandemic. Though the pandemic turned out to be the driving force to fuel the changes. The company was forced into change in order to survive. The fact that the company has a short decision-making process and is relatively quick in the tweaking aspects of the business model, changes such as the prepare-at-home-bag was implemented quickly. EAT also stated that there was a belief the repackaging of their value proposition into the prepare-at-home-bag would be successful even post-pandemic.

SLEEP said that the ideas related to the digital gift cards have been an idea within the company for years prior to the pandemic. However, because sales decreased tremendously the idea was quickly implemented as the relying source of income in just two weeks' time. SLEEP also had capacity to quickly make new concepts which both included using Hotel rooms as office space and transforming conference halls to golf courts and Padel courts. DO's platform was established in just a couple of months during the pandemic and while the platform isn't in its complete stages yet, it serves as a fake until you make it so that the company could quickly capitalise on fresh customer segments while still being able to keep developing the product. GO stated how the pandemic was not a business opportunity for the company. The changes made by GO was a result of assuring travellers and customers, who still needed to use public transport, about safety. The implementation of the app feature relating to crowding was to reassure customers that despite the pandemic it was safe to use public transport. GO was able to quickly readjust within the framework of the company.

**5.1.3 INNOVATION APPROACHES**

All companies from the empirical data had some kind of driving force to change and innovate its business model in some way. Each had their unique approach and innovation ideas. Note that these all have come as a result from the pandemic. The following figure inspired by BCG (2014) illustrates that not all business model innovation efforts are alike. It is up to each company to choose their path of growth depending on the context. Through the respondent's own interpretation as well as doing some own interpretation from the context, the authors could profile each company in their respective business model innovation approach.



*Figure 7. Analysis of Four approaches to business model innovation (inspired by BCG, 2014)*

DO has been a unique case during the pandemic compared to the other candidates in this study. While the rest had to handle the business impact that came from the pandemic, DO seized the opportunity to challenge the market by taking an aggressive step into the blue ocean market to capitalise on fresh customer segments. DO is, according to respondent DO, a corona-company, that saw the opportunity from experiencing competitors' offerings and felt there was room for improvement. Especially in the aspect of engagement and transforming normal webinars and digital event platforms into a virtual experience where it would feel as in the physical world.

Respondent DO expressed his certainty that DO would certainly be in The Adventurers category as they aspired to capitalise on existing and new customer segments with a superior product and business idea. The business model was unique in many ways. One is of course the virtual reality aspect; another thing was the customisation possibilities but also that the experience would focus on being fun and engaging for the audience. The authors' interpretation of DO's explanation sees there is an attempt to expand into non-core for DO. The platform would be targeted against businesses that want to have a professional look while still engaging the audience in the best way possible, which is quite unique when it comes to virtual reality. But there also seems it's a bit of an attempt to transform the industry since competitors are providing similar services which lack many important aspects that customers and audiences are in need of. Therefore, the authors have placed DO sort of in the middle of the Focus-scale, landing them between The Mavericks and The Adventurers categories but more so on The Adventurers since there seems to be an ambition to move to a fresh market where DO will be a first mover and a market leader. DO also places as far right as possible on the Impetus-scale.

SLEEP has had tremendous aspirations regarding their business model and innovation opportunities. Prior to the pandemic, respondent SLEEP introduced a new department focusing exclusively on the future of the company. It was everything from digital solutions, business models, partnerships and public relations. SLEEP has recently been an ambassador for innovative ideas in the hotel industry. When the pandemic hit, it impacted the company tremendously, both economically and organisationally. The department respondent SLEEP introduced was dissolved when most of the staff were laid off. Most of the ideas for the future remained, but innovation focus switched to the present instead which permeated the whole organisation. There was a task force whose only task was to come up with ideas for the company to survive.

Respondent SLEEP argued that SLEEP was certainly in The Mavericks category. The authors found it clear that this came from the company's aspirations under normal circumstances. In practice, when the pandemic hit, SLEEP took a defensive approach where they sought every possibility to keep the business from going bankrupt. A lot of the solutions were not in line with the company's core value and the hotel industry. Using hotel rooms as an office space or a restaurant or the idea that conference rooms can be Padel courts was far from the core of providing a place to stay for customers. Through the authors' interpretation, SLEEP felt suitable in The Adapters category in order for a uniformity in this comparison analysis. SLEEP places far down on the Focus-scale and far left on the Impetus-scale.

EAT has always been looking for new ways of running its restaurants differently from conventional and traditional ways. EAT are quite unique in that their value proposition is to offer an unique dining experience instead of solely focusing on the product itself, the dish.

Their restaurants are differentiated from each other, but most are a la carte restaurants. When the pandemic hit, they lost most of its customers. In panic, they quickly moved to providing take-away and home delivery. Only issue was that they could not fulfil their promise of offering a unique dining experience anymore since they require the customers to be dining at their restaurant physically. This was a temporary thing to keep the businesses from going bankrupt.

However, there seemed to be some aspirations with the lasting solution becoming the prepare-at-home-bag. It was a unique product since customers could choose from a selection of dishes to be prepared and cooked on the same day. The competitors limited their bags to one specific dish each day and the customers had to order it days before it was delivered, which didn't make sense from a customer perspective. Customers are not expected to plan what they want to eat in the next few days. From an industry perspective, respondent EAT believed the concept would bring benefits for the company since their vision is trying to find new ways of running restaurants from traditional ways. The respondent claimed EAT to be in The Reinventors category and the authors completely agree with this statement after careful interpretation of the respondent's answers. EAT places far high on the Focus-scale but not as far left on the Impetus-scale.

GO was another extreme case in the study. Since GO has support from the government and its owners, GO received special contributions which still let them run its businesses without cutting any significant costs despite its 50 percent loss of income in a year. Respondent GO, stated firmly that the pandemic was not a business opportunity, and the company was forced to take measures in order to reassure people's safety as well as comply with the governmental restrictions and recommendations. For instance, to reassure travellers' safety and maintaining social distance, they added additional departures to the timetable and placed staff on the field to assist people in maintaining social distance and to distribute hand sanitizer and masks. According to respondent GO, they had a larger mission, which was to take the responsibility of reassuring the safety of the passengers in order to keep loyal customers and assist in making people comfortable to go by public transport after the pandemic. GO's main competitor is the car which became an issue since people felt it was the better option. GO also had to manage the climate crisis. The pandemic was no exception to the company's focus and long-term measures.

Respondent GO believed the company was in The Reinventors category since their focus was to keep the public transport industry going despite the pandemic's tremendous impact. Also, since GO introduced a crowding forecast function in their app and launched a concert on the trams when the restrictions vanished, it made it clear that there was some room for ambition to transform the core since other public transport companies followed the example set by GO. They had no intention of keeping any solutions to themselves which goes vice versa. Therefore the authors' interpretation matches respondent GO's belief and places them quite high up on Focus-scale and far left on Impetus-scale which lands them in The Reinventors category.

#### **5.1.4 INNOVATION SPACE**

To visualise that innovation often comes in very different forms: from simple incremental development of what already is there, to a complete radical development of new options. The authors present an analysis view with the help and inspiration from Bessant and Tidd's (2015) model of Exploring Innovation Space. From the authors own interpretation, each company

has been profiled in their innovation efforts to see the extent to which their efforts have been developed (incremental to radical development).

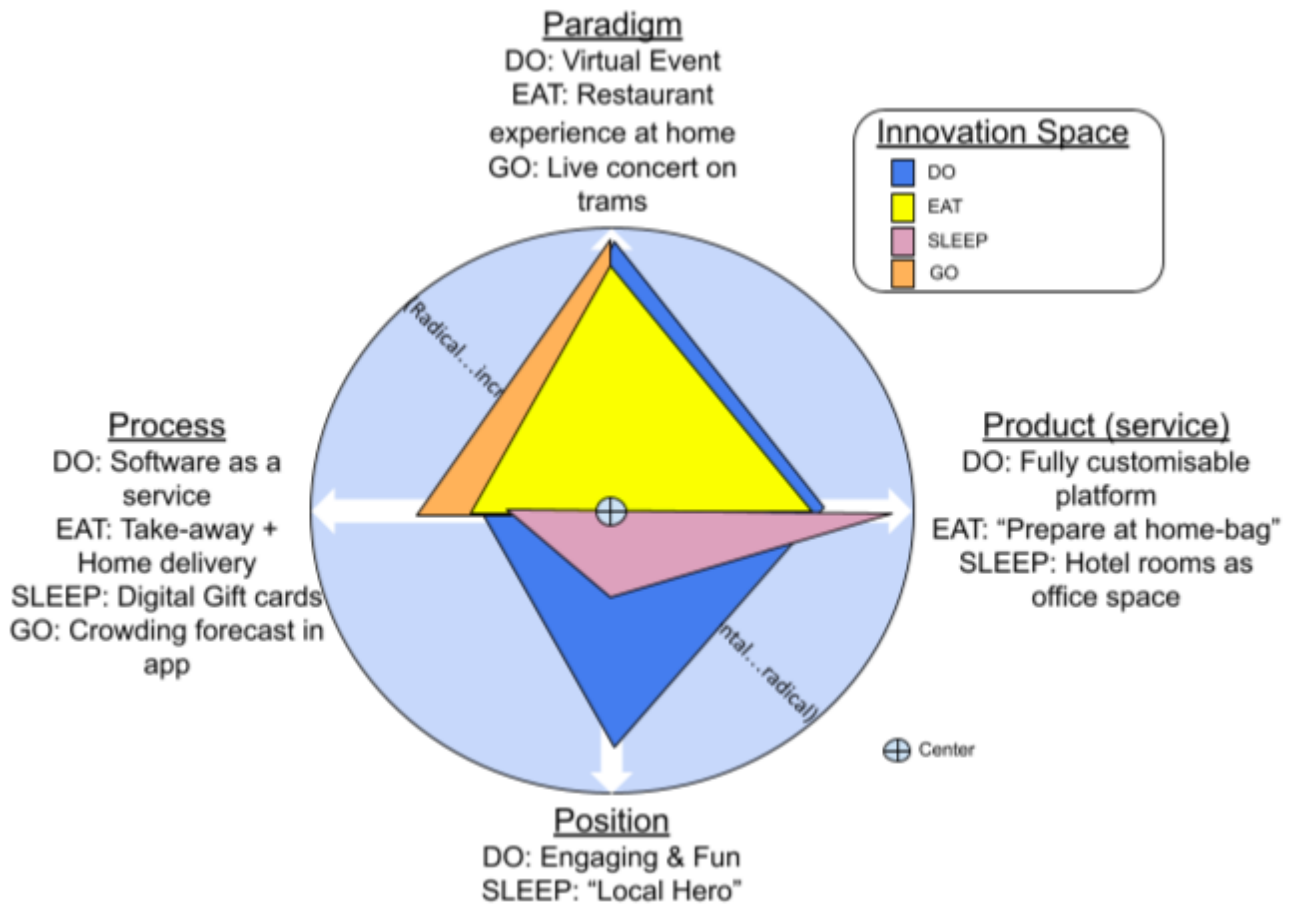


Figure 8. Analysis of Innovation Space (inspired by Bennant & Tidd, 2015)

DO has been innovative in every aspect. This is due to their ambitious approach to the pandemic. They witnessed the growing demand for non-physical solutions of interacting as well as the issues with the offerings on the market. They also saw the opportunity to step into the blue ocean market in order to capitalise on fresh customer segments and by offering a unique value proposition unlike no other. Virtual Event is their business idea which the authors believed to be a radical development of innovation since the competitors are at the moment focused on digital and hybrid events only. The product is a fully customisable platform which DO has developed themselves. Although, platforms are quite limited on the market to the big competitors e.g., Zoom and Teams, the fully customisable aspect is a valuable addition which customers can create their ideal platform for webinars and virtual events. This is quite a radical development of innovation but not radical enough since there are customisable platforms on the market but never before seen to this scale.

DO position and differentiate themselves as engaging and fun which many competitors' platforms fail to do. DO offers many functions that may add value for the audience if the customers decide to use it. In turn, it engages the audience which may spread word of mouth which benefits both the platform's reputation and the customer that tries to engage its audience. It's a recipe for value co-creation (Vargo & Lusch, 2008) and is quite a radical development of innovation. Lastly, the way a customer can use the platform is through Software as a service (SAAS) which means that you can use the platform from any device as

long as you have an internet-connection. SAAS-platforms are getting more and more popular, and both Zoom and Teams use it. Therefore, it's more developing incrementally but still innovation when it comes to the actual business idea itself.

EAT has reached three out of four spaces for innovation which comes from a focus on differentiation and action for the business to survive during the pandemic. Both the prepare-at-home-bag, and the experience gained from it, was quite a radical innovation when it came to the á la carte scene. It completely changed the way that the business operated and also inflicted some conflicts within the company as well. Although the company could not assist in the value creation process after the customers had collected the bag. They made the prerequisites for customers to enjoy EAT's dishes in company with others and gain confidence to cook exquisite food in their own kitchen. In the end, it proved to be beneficial to the company's survival. However, the process of home delivery and take-away really did not suit the company's value proposition when focus was on dining experience. While it was a bit radical development in a sense that it wasn't usually seen in the á la carte environment. It did not really prove to be a success for the business.

SLEEP also achieved three out of four innovation spaces. But most focus was on product, position, and process. SLEEP introduced hotel rooms as office spaces which then also spread among other hotel companies. This was logical from a capacity perspective. Also, it did include other rooms they transformed for a different purpose. This is a completely radical development of innovation since it didn't really make sense prior to the pandemic but became a source of income when the pandemic left all hotel rooms empty. In accordance with "Staycation", SLEEP also positioned themselves differently and targeted local markets as a local hero. There was a will to be supportive of its locals and the company was communicative with their hotels, partners, employees, and customers to unite them against the threat i.e., Covid-19. This is not an unusual idea for accommodation businesses to do but came natural for the company which served them well. Therefore, it's more an incremental development of innovation.

Further, digital gift cards became their only way of selling accommodation services e.g., nights at SLEEP's hotel rooms. There was a demand from customers, who thought the pandemic would soon be over, to plan their next vacation. The gift cards only made sense strategically to sell in order to bring back customers when the pandemic was over. The authors see this as a clever idea to do in times when customers are not able to do things they want to do. It is also a tad innovative since gift cards have never been used to this extent as an independent sales channel. Therefore, it was a lightly incremental innovation development.

GO achieved the least innovation spaces, two out of four. Despite this, these innovation developments are quite radical from the authors' interpretations. Since the company could continue to carry out their business as usual, in addition that customers do not expect the company to be innovative, it gave GO less incentive to innovate. However, in assurance of travellers' safety they launched a crowding forecast function implemented in GO's application which customers could use to see the forecast of how crowded the train, bus or tram would be. This aimed to spread out the passengers on the public transports which could prove beneficial for the timetable and commuting to be more efficient in the future. This was a function that set the prerequisites for creating value and it may be a tool that commuters use to plan their trip better which is something that can be valuable for GO in the long run.

Moreover, GO's discretion let the company plan a concert that would exclusively be held on its trams all over Gothenburg city. There was a limited number of tickets which sold out in under 10 minutes. The tickets cost as much as a normal ticket but included musical performances from famous artists. This was a complete radical innovation in that environment but it created a lot of buzz around the event and great feedback. It is this kind of innovation that causes paradigms in a market and where new business models might arise from.

### **5.1.5 REVISION**

It is evident that the pandemic has impacted the respondent companies in different aspects. Gassmann et al. (2014) pointed out that business model innovation is the deciding factor of the future outcome of a company regarding success or failure. According to Grönroos and Ravald (2011) value is not produced but the resources are produced and through the resources there is the ability to create value. Vargo and Lusch (2004) stated that the core idea in S-D logic is that the value creation arises when the offer is experienced by the customer. They further explain that co-created value cannot exist without the contribution from both supplier and by customers (Vargo & Lusch, 2006).

Respondent EAT emphasised the restaurant experience as being the core of their value proposition which is created in conjunction with the customer. This goes in line with the statement explaining that customers buy service-provided products in which the value is based on the customer experience, meaning the customer is always a co-creator (Prahalad & Ramaswamy, 2000). EAT's food may be similar to competitors' but the concept relating to the experience makes EAT's business model different. The fact that the experience is the core in the value proposition complicates the entire process of innovation when it is incapable of happening at the restaurant in which the experience takes place. As stated by Vargo and Lusch (2004) the supplier is being interdependent on the co-created value that comes from the customer's contextual use of the product (Vargo & Lusch, 2004).

Bennant and Tidd (2015) said that innovation is about implementing new ideas to create value. As a result of the pandemic and of the fact that EAT's food is not suitable for take away, the prepare-at-home-bag was created in effort to meet the customers who were unable to visit the restaurants. At the time EAT was successful in creating a bag consisting of benefits that competitors lacked which made the bag profitable for a while. It turned out to be a successful innovation relating to the product. However, EAT can now see how the bag is not purchased anymore when things are going back to normal, meaning it will be abandoned. At the time the bag was successful in relation to the company's competitors, but not valuable enough to align with the company's value proposition of creating an experience.

GO mainly made changes with the purpose to reassure customers safety, and it was not about the survival of the business. The travelling customer saw the value and benefits in the ability to travel safely with GO. GO also explained that there are ongoing contracts that need to be followed even during tough times and to this fact the company needs to be considerate. In order to reassure travelling customers' safety, a feature in GO's app was created by which it was possible to forecast crowding on the company's vehicles. Hence, according to Grönroos and Ravald (2011) value is not produced but the resources are produced and through the resources there is the ability to create value. GO said that even though society is back to normal, GO still sees the benefits and the value created from the feature being relevant. Spreading out trips can result in a sense of space on the transportation if travellers select another departure. This leads to higher efficiency due to the advantage taken of all vehicles in use etc.

In conclusion, GO's original purpose of creating the feature could eventually result in more value for the customer as well as the company than originally believed. Because the feature has turned out to be valuable in other aspects than expected the feature has continuously been a significant feature in the app. The future will tell if it remains or vanishes as stated by the respondent.

Gassmann et al. (2014) pointed out that business model innovation is the deciding factor of the future outcome of a company regarding success or failure. SLEEP explained how the pandemic has made the company realising its vulnerability. The importance of spreading its risks became evident during the pandemic since the travel sector in which the company is part of, is a vulnerable industry. There has been a reinforced focus on how to become the local hero. The question lies in finding new ways of creating value for the local market which has been an evident factor of survival during the pandemic along with the fact of ensuring future existence by e.g., selling digital gift cards. The changes SLEEP made involved activities other than supplying customers with a place to stay. As an example, golf courts and padel courts were introduced at the hotel to extend the core of the business. Extending the core could be vital for the company in order to survive future crises and to avoid being as vulnerable.

Furthermore, respondent DO stated that without the pandemic, DO would not have existed. The respondent called them a corona-company. As a start-up company they have managed to find their differentiation and identified how the competitors provide similar services but seem to lack in the engagement aspect in which DO aims to contribute. Engaging customers is an important part for the company's dialogue and a vital part of the co-creation view where markets are seen as a set of conversations between consumers and firms (Prahalad & Ramaswamy, 2004). There is also a strong indication that the pandemic has done a permanent change in how people act and that more and more will be digital. Due to the indication, there is a potential success factor for the company also post pandemic.

## **5.2 INDUCTIVE ANALYSIS**

After analysing the answers from the empirical data through an inductive manner with the help of Huberman and Miles model (2014), new concepts have appeared in the data which are interesting from a hermeneutics perspective. The new concepts were found with this qualitative data analysis method (see figure 9).

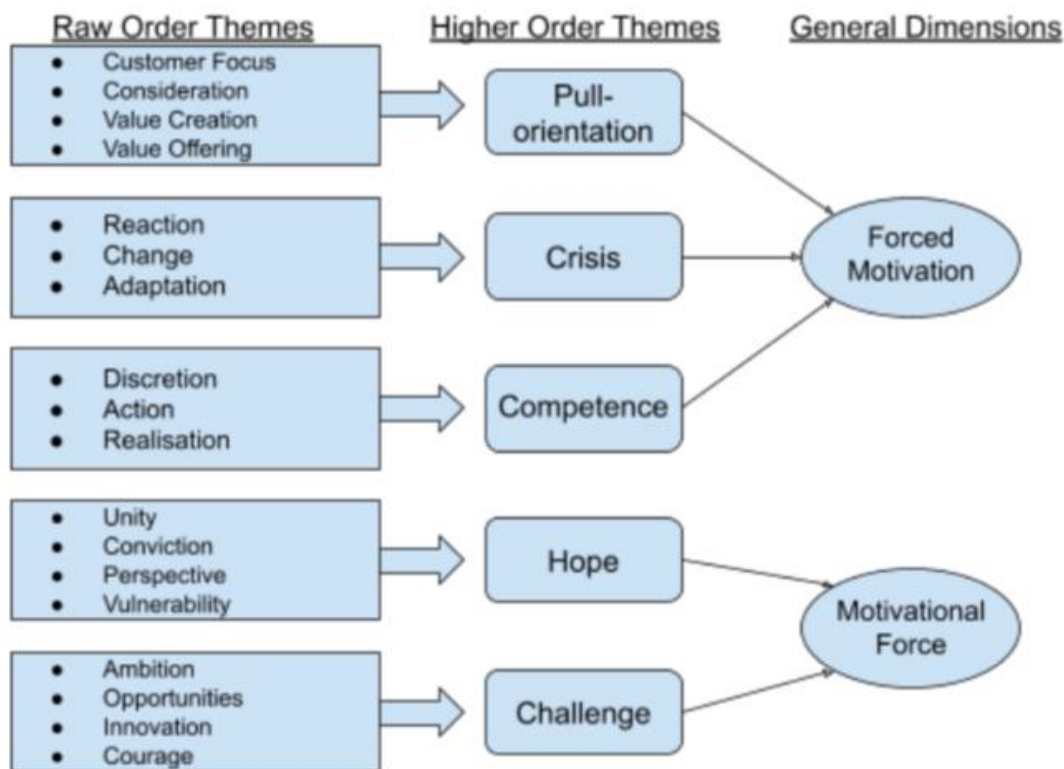


Figure 9. Qualitative data analysis model (inspired by Huberman & Miles, 2014)

By carefully highlighting each respondent's answers the authors were able to identify certain themes with an open and interpretive approach. These are the so-called raw order themes. These themes are grouped into clusters that translate into the so-called higher order themes which are completely based on the Raw Order Themes. The authors could then spot hidden patterns through an open interpretation of the Raw Order Themes as well as the Higher Order Themes. These patterns became the analysis' general dimensions. It is a successive manner which helps to break down data but also to see the bigger picture.

Forced motivation and motivational force are two dimensions of motivation which are important to understand in order to understand business managers' thought-processes in decision making and why innovation is a fact when crises face an industry. Forced motivation comes from the idea that crises impact many aspects of a company's business activities and management. It is exemplified when respondent SLEEP stated that the company could not sell their accommodation services and had to close hotels and lay off employees. When companies are mainly Pull-oriented, they are required to show consideration of the customer's needs and behaviour while also creating an offering which has the prerequisites of customer value creation. Most suitable example is when DO realised that competitors' platforms were not engaging and eventful for the audience. DO thought they could provide a better platform for audiences to engage in and something DO's customers could benefit from using. Furthermore, if the company fails to promise its value proposition, the business fails in general since it's not able to meet customer needs and expectations.

A crisis could force a change in the macro and micro-environment. If the macro-environment changes it also affects the micro-environment which causes companies to react in order to adapt its activities and management to meet the new conditions. The Covid-19 pandemic was a disaster which affected people's behaviours as well as the market. Respondent DO believed the company would not exist without the pandemic since it gave them the opportunity to

capitalise on changing customer segments. Competence forces companies to act on the presented data and information available. Without discretion to make decisions and acting on them, realisation would not be possible. This also means the company cannot meet changing conditions or customer needs which will eventually lead to a company failing. Due to GO’s discretion, they are able to do things their competitors are not able to.

In contrast, motivational force goes deeper and has softer characteristics. It comes from the fact that the people behind the firm are the powertrain in innovation efforts and survival of the business. SLEEP had permeated innovation through the whole company when the pandemic hit, and DO’s employees were ambitious enough to have hundreds of ideas which could be implemented if the company were able to. Moreover, hope is the soft value that business people feel when an organisation unites during challenging times. All respondents felt that the company and organisation became united as a result from the pandemic and its threat. Conviction comes from the feelings of belief and intuition and is vital when a decision is about to be made. Although most respondents claimed their company based decisions on data, intuition and conviction was still fundamental when it came to realising an idea.

An individual's perspective and the organisations’ perspective are the fundamental factor in the driving force and motivation that serves to give hope. All respondents had different perspectives and attitudes towards the pandemic situation which also contributed to different energies within the company and the amount of innovation that came from it. To be aware of the vulnerabilities gives a glimpse of the possibilities and requirements to mitigate the consequences which serves to give hope. SLEEP was clear on the fact that the pandemic raised awareness of the company’s vulnerability and how it forced the company to act on it. Lastly, an ambition to challenge something is a driving force like no other. To be ambitious enough to look for opportunities and use innovation to develop something that can confront the challenging times is a daring step to take when considering the risks and what’s on the line. Hence, it’s critically important to be courageous in order to make innovation efforts happen. To cite respondent DO, “Fake it til you make it” (Respondent DO, personal communication, 5th of April, 2022).

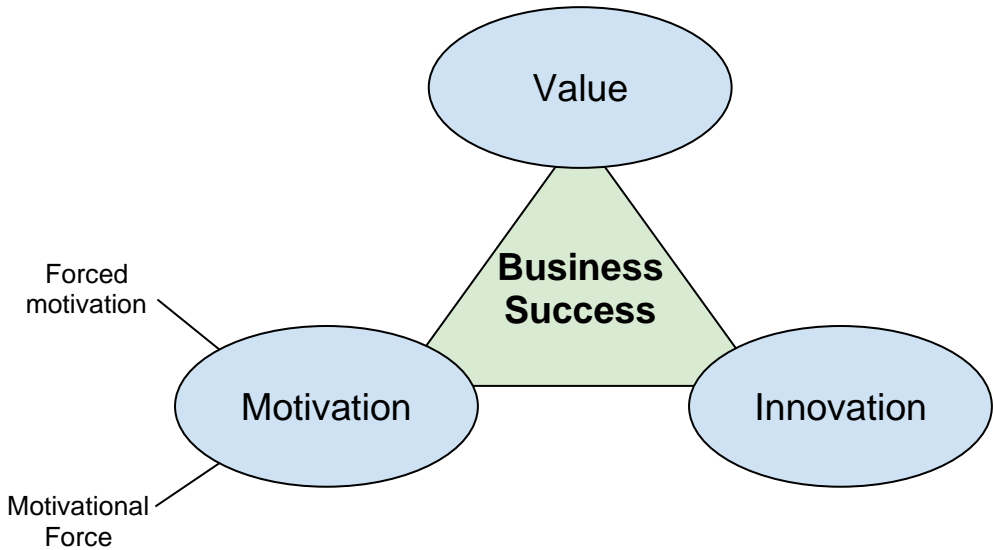


Figure 10. Three key dimensions that potentially lead to business success (designed by the authors)

Through the abductive analysis, the authors have constituted that there are three key dimensions that are important for a business' success. Whether it is to endure, survive or prevail in a crisis or to succeed under normal circumstances, the figure tries to show the reality of a business' success. The theories presented in the theoretical framework have been supported by the respondents' answers. Purcell (2019) explained that innovation has always been a significant factor to a business growth and competitive advantage. Innovation also helps companies to stay relevant in changing times. Gassmann et al. (2014) pointed out that business model innovation is the deciding factor of the future outcome of a company regarding success or failure. All companies have been innovative in different ways and have contributed differently to the company's success.

Margretta (2002) said that innovation can turn insight about human motivation into value. All respondents claimed to be pull-oriented which is also why they felt the necessity to innovate in order to meet demands or expectations. Innovation means helping customers create value in a more effective way; it does not mean better goods and services alone (Vargo & Lusch, 2004). All companies had a SD-logic perspective where they understood that the companies are required to provide a value proposition but also to assist in the prerequisites of value co-creation. Bessant and Tidd (2015) said that innovation is about implementing new ideas to create value. All companies had implemented some innovative ideas into their business model in order to create and capture value from their customers.

Even though value and innovation have a significant connection. They are also dependent on the motivation of a business. This includes forced motivation which is derived from the fact that most businesses are dependent on its customers and income. It also means that companies are forced to act when an outside force affects the company e.g., a pandemic. Moreover, businesses are dependent on the statistics and data which also affects a company's decisions and actions. Furthermore, motivational force is also a dependent factor since a company is driven by people who also have a say and influence on the actions and decisions of a company. It's the people that create hope and strive to challenge the market.

## 6. CONCLUSION

*The authors of the thesis have come to conclusions that are presented in the sixth chapter, conclusion. The chapter includes the study's contributions to research. It also answers the research questions and achieves the purpose of the study. Lastly, it suggests future research areas and addresses the limitations of the study.*

The study has answered the three research questions in order to achieve the purpose of the study:

- *What importance do business model innovation have in the success of a tourism company?*
- *How does business model innovation create value?*
- *What role does the Covid-19 pandemic play in the decision-making processes in tourism companies?*

From our findings, business model innovation, or innovation in general, is critically important when the company has been affected by a crisis and helps the company to gain benefits such as insight about its opportunities, vulnerabilities, customers, and competence in order to combat the pandemic and get competitive advantage and reach long-term measures. Moreover, the study also found a clear connection between businesses using business model innovation to create value for customers when the business is pull-oriented and focuses on assisting in the value creation process. It was evident that Covid-19 pandemic had a huge impact on decision-making in companies during the crisis. It was not only for the worse as it also gave incentive for companies to try out things that did not make sense from a company's perspective before the pandemic which came out beneficial for the company in the end.

The fulfilment of the thesis' purpose, which is to investigate decision-making processes behind innovation of business models to create value during Covid-19 pandemic, was achieved as an outcome of the thesis' abductive approach. The deductive approach led to an understanding of previous research made in order to identify themes in the existing literature on the topic. The authors found strong linkages between tourism and crisis management but less on business model innovation and value creation. An analysis model was created from the authors interpretation of the theoretical framework which became the foundation for the deductive approach. The authors conducted the inductive approach in the analysis which gave rise to new general dimensions: Forced Motivation and Motivational Force which are the dimensions of motivation and key to a company's success. The final figure showed that for a business to succeed, decision-makers need to have the understanding that motivation, innovation, and value are the required components of success.

In conclusion, companies are using innovation to change their value propositions and processes but are less prone to innovate the entire business model. Furthermore, business managers seem to have adopted the SD-logic to an extent in their business since they are aware of the fact that they need to assist customers in using the service they are providing. The study found that companies are aware that they cannot create value on their own without the interaction with the customers, as there is a pull-oriented strategy when it comes to innovation. Sigala (2020) wrote that the tourism industry might suffer from long-term transformational changes to tourism. While it might have been the case at one point, it seems that Gothenburg's tourism industry is recovering and returning to its normal state since customers are successively returning to normal routines. DO expressed his certainty that more and more will be digital as a consequence and people will be able to manage their time more effectively e.g., flexible workspaces, which may benefit the environment. There are still

questions of how much it will affect in the long run but for now it seems that few things have changed as the outcome from the pandemic.

## **6.1 CONTRIBUTION**

From the problem discussion, the authors found that there was room for qualitative research on how business model innovation (Gassman et al, 2014), SD-logic (Vargo & Lusch, 2004) and value co-creation (Prahalad & Ramaswamy, 2004) are used in today's management. The overall practical problem has been that there have been few emergent studies on how tourism companies have handled the Covid-19 pandemic. Our findings have shown that companies' efforts and approaches to the crisis have been different from one another. Although the companies might have similar views on business as a whole, there are important aspects i.e., people and their motivation which affects how the company decides to act and operate. Motivation comes from the fact that crises are impacting companies' motivation to change or innovate to survive, succeed or prevail depending on the aspirations of the organisation. Most companies who struggled had to do some kind of change to their business model, whether it was a simple incremental or a complete radical development of innovation and it also benefited the company when value was created through it. The theoretical contribution became the final figure where we added the important aspect to business success which was the dimensions of motivation i.e., forced motivation and motivational force which came as the result from the study's inductive approach.

In conclusion, the findings could contribute to the field of crisis management, especially the response factor (Coombs, 2021). Moreover, the authors are positive that it could contribute to the decision-making field of literature since understanding how something forces a decision versus how people are the force behind the decision is critical during times of crisis. From a practical contribution standpoint, the study has shown how business model innovation and value co-creation is adopted and used in tourism companies during crises.

## **6.2 FUTURE RESEARCH AND LIMITATIONS**

The current pandemic has been a relevant topic for the past two years. It has faced business actors with realisations about their businesses' vulnerabilities as well as the possibilities detained from a crisis like the pandemic. This study has focused on decision-making processes and business model innovations made to create value from a company's perspective with the aim to succeed during crisis circumstances. This study is the result of current theories and a small quantity of respondents. Since the study values the respondent's own interpretation, it includes a risk of a distorted reality and cannot be granted as knowledge, it can however provide partial images that may be more or less useful. The aim was to investigate new aspects of succeeding in a business and the respondents gave valuable insight into their experience and thoughts. It's safe to say it proved to be beneficial with an inductive approach when the current research was limited. Nonetheless, the authors feel they could have limited the respondents to only CEOs of a company which have the same role in a company and overlook each department and their activities while also having a broader view of the industry. This would likely have influenced the study's findings which could have ended up in a different conclusion.

From the study's findings, the authors are aware that there needs to be more studies on how motivation impacts business performance and success. The research can benefit from seeing how forced motivation is affected when a crisis is not prevalent. Also, investigating the dynamic between forced motivation and motivational force in different industries would be an interesting area of research.

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## APPENDIX 1: OPERATIONALISATION SCHEME

THEME	THEORY	REFERENCE	INTERVIEW QUESTION
Business Model	<ol style="list-style-type: none"> <li>1. Tweak and switch business models on the fly</li> <li>2. Business models capability to be implemented quickly</li> <li>3. Business models create value</li> </ol>	<ol style="list-style-type: none"> <li>1. Margretta (2002)</li> <li>2. Naidoo (2010) Wang et al (2020)</li> <li>3. Amit &amp; Zott (2001)</li> </ol>	1-5
Decision Making	<ol style="list-style-type: none"> <li>1. People or generic firms?</li> <li>2. Power Distance</li> <li>3. Rational Framework</li> <li>4. Comprehensiveness</li> <li>5. Performance signals</li> <li>6. The Pain Pleasure Principle</li> </ol>	<ol style="list-style-type: none"> <li>1. Graham et al (2015)</li> <li>2. Hofstede et al (2010)</li> <li>3. March &amp; Heath (1994) Edwards (1954)</li> <li>4. Smith et al (1988)</li> <li>5. Benner &amp; Tripsas (2012) Posen &amp; Levinthal (2012) Audia et al (2000) Baum &amp; Dahlin (2007) Joseph et al (2016)</li> <li>6. Carr (2016)</li> </ol>	6-10
Business Model Innovation	<ol style="list-style-type: none"> <li>1. Business Model Triangle</li> <li>2. Innovation Space</li> <li>3. Four approaches to business model innovation</li> <li>4. Innovation can turn insight about human motivation into value</li> <li>5. Fail to capture enough value because of lacking a successful business model innovation.</li> </ol>	<ol style="list-style-type: none"> <li>1. Gassmann et al (2014)</li> <li>2. Bessant &amp; Tidd (2015)</li> <li>3. BCG (2014)</li> <li>4. Margretta (2002)</li> <li>5. Gassman et al (2014)</li> </ol>	11-16
Value Creation	<ol style="list-style-type: none"> <li>1. Service- Dominant Logic</li> <li>2. Value Co-</li> </ol>	<ol style="list-style-type: none"> <li>1. Vargo &amp; Lusch (2008)</li> <li>2. Prahalad &amp; Ramaswamy (2004)</li> </ol>	17-21

	<p>Creation</p> <ol style="list-style-type: none"> <li>3. Value-in-Use</li> <li>4. Co-production</li> <li>5. DART</li> </ol>	<p>Vargo &amp; Lusch (2008)</p> <ol style="list-style-type: none"> <li>3. Vargo, Maglio, &amp; Archpru, (2008)</li> <li>Anderson et al (2006)</li> <li>Grönroos (2011)</li> <li>Eggert et al (2018)</li> <li>Prahalad &amp; Ramaswamy, 2004)</li> <li>4. Payne, Storbacka &amp; Frow, (2008)</li> <li>5. Prahalad &amp; Ramaswamy (2004)</li> </ol>	
Crisis Management	<ol style="list-style-type: none"> <li>1. Business Model Risks</li> <li>2. Four factors to crisis reaction</li> <li>3. Most new business models are developed in crisis.</li> <li>4. If not handled correctly, a crisis can result in negative consequences.</li> <li>5. A crisis might bring innovative opportunities.</li> <li>6. Crisis impact on business models</li> </ol>	<ol style="list-style-type: none"> <li>1. Shi &amp; Manning (2009)</li> <li>2. Coombs (2021)</li> <li>3. Ritter &amp; Pedersen (2020)</li> <li>4. Coombs (2007)</li> <li>5. Chisholm-Burns (2010)</li> <li>6. Ritter &amp; Pedersen (2020)</li> </ol>	22-24

## **APPENDIX 2: INTERVIEW GUIDE**

The interviews start with a short introduction on the purpose of the study and how the respondents participation will contribute to the empirical study. The interview guide is interlinked with the operationalisation scheme to guarantee that our questions are always referring to our theoretical framework.

### **Respondents information**

Name:

Company:

Title:

Role Description:

## **INTERVIEW QUESTIONNAIRE**

### **Business Model**

1. Hur beskriver du företagets affärsmodell?  
How do you describe the company's business model?
2. Nämn tre styrkor och tre svagheter med affärsmodellen.  
Mention three strengths and three weaknesses related to the business model.
3. Hur tas beslut gällande företagets affärsmodell?  
How are decisions made concerning the business model?
4. Har företaget möjlighet att förändra och modifiera sin affärsmodell på kort tid?  
Does the company have the possibility to innovate or modify the business model on short notice?
5. Hur ser er implementeringsprocess av en ändrad affärsmodell ut?  
Can you describe the process of implementation of an modified business model?

### **Decision Making**

6. Hur ser processen ut som berör att fatta beslut i företaget?  
Can you describe the decision making process in the company?
7. Finns det en enskild person som tar beslut (centraliserad organisation) eller är det en ledning där förslagen går genom en demokratisk process innan det beslutas (decentraliserad organisation)?  
Is there one person making the decisions (centralised organisation) or is there a democratic process in the business management leading up to the decision making (decentralised organisation)?
8. Till vilken skala sker beslut genom en formell rationell beslutsprocess?  
To which extent are decisions made through a formal rational decision making process?
9. Har ni upplevt en negativ effekt av pandemin? Om ja, vad gjordes för att mildra/undvika konsekvenserna?  
Has the company experienced a negative outcome due to the pandemic? If yes, what decisions were made to lighten/avoid the consequences?
10. Hur agerade företaget på prestationssignaler (KPI) under pandemin? Togs det drastiska beslut när era förväntade kortsiktiga mål inte uppnåddes?  
How did the company act on key performance indicators during the pandemic? Did any drastic decision making occur due to the absence of reaching short-term measures?

### **Business Model Innovation**

11. På vilket sätt arbetar ni med innovation inom företaget?  
In what way does the company work innovatively?
12. Anser ni att innovation är viktigt? Om ja, på vilket sätt?  
Do you consider innovation to be important? If yes, in what aspect?

13. Ser ni möjligheter att innovera er affärsmodell? Om ja, har ni förändrat er affärsmodell stegvis eller ersatt med en helt ny affärsmodell sedan pandemin?  
Do you see possibilities to innovate the business model? If yes, have you innovated the business model gradually or has it been replaced with another business model since the pandemic outbreak?
14. Enligt BCGs Four Approaches to business model innovation (<https://www.bcg.com/publications/2014/growth-innovation-driving-growth-business-model-innovation>), vilket tillvägagångssätt har ni tagit under pandemin?  
Referring to BCGs Four Approaches to business model innovation, which approach have you taken during the pandemic?
15. Har det varit svårt att hitta/bibehålla kunder under pandemin och har det motiverat er att vilja skapa mervärde för dessa?  
Have you experienced the challenge of attracting new customers or maintaining existing ones during the pandemic and has the motivation to create more value for the customers been derived?
16. Skulle ni påstå att nyckeln till att kunder väljer ert företag är genom innovation av affärsmodellen?  
Would you suggest a key factor of customers selecting your company is because of business model innovation?

### Value Creation

17. Vad är eran värdeproposition? Vad är kärnvärdet i denna?  
What is your value proposition? What is the proposition's core value?
18. Hur tolkar ni logiken att värde endast kan skapas när kunden upplever det ni erbjuder (värdepropositionen)?  
How do you interpret the Service Dominant Logic meaning value is solely created when the customers experience the value proposition?
19. Har era handlingar inom affärsmodellinnovation resulterat i värdeskapande för både kunderna och företaget?  
Have actions related to business model innovation resulted in value creation for both the customers as well as the company?
20. Innehåller er affärsmodell en idé om samskapande av värde? Det vill säga, erhåller företaget värde av att kunder nyttjar era tjänster eller produkter utöver intäkter?  
Does the business model consist of the idea relating to co-created value? I.e. Does the company obtain value in measures other than income when customers utilise services and products?
21. För ni en dialog och håller transparens med era kunder? Får kunderna möjlighet att hjälpa er med problemlösningar inom företaget?  
Is there a transparent dialogue conducted with the customers? Are the customers given the opportunity to influence the company?

### Crisis Management

22. Kan Covid-19 ha påverkat er affärsmodell? Hur har ni svarat på utmaningarna/möjligheterna?  
Has Covid-19 affected the business model? Describe the company's response to the emerging challenges/possibilities?
23. Hur arbetar ni med krishantering?  
How is the preparatory work regarding crisis management dealt with?
24. Hur har pandemin påverkat ert tankesätt hur man i framtiden kan hantera en liknande kris?  
In what aspect has the pandemic affected the company's mind-set in regards to handling future crises?

### APPENDIX 3: INTERVIEW CONSENT FORM

**Bachelor thesis research: “To Endure a Pandemic: A qualitative study about how Gothenburg’s tourism industry innovates business models to create customer value.”**

Thank you for agreeing to participate in this interview conducted by Marcel Thörnqvist and Louise Bengtsson who are students from Halmstad University, Sweden. This interview is as part of the researchers’ Bachelor Thesis which investigates whether decisions made by managers during the Covid-19 pandemic created customer value through business model innovation among Gothenburg’s tourism industry.

By signing this form, I certify that I have read and approved the following:

- I have been given the opportunity to ask questions about the project and my participation.
- My participation as an interviewee in this project is voluntary. I understand that I am able to refuse to answer any question and I may be able to withdraw from the interview at any time.
- The procedures regarding confidentiality have been clearly explained. Any direct quotations from the interview, that are made available through academic publication, will be secured against identification through the use of pseudonyms so that I can not be identified. Additionally, care will be taken to ensure that other information in the interview that could identify me is not revealed.
- I allow the recording of this interview through audio taping and for the researchers to take written notes.
- Access to the interview transcript will be limited to the research team and academic colleagues who might collaborate as part of the research process.
- I understand that this research study has been reviewed and approved by Halmstad University.
- I understand that this document is to ensure that I understand the purpose of my involvement and that I agree to the conditions of my participation

For questions regarding the research project, the participant may contact the researchers: Marcel Thörnqvist, email: [martho19@student.hh.se](mailto:martho19@student.hh.se) and Louise Bengtsson, email: [louibe19@student.hh.se](mailto:louibe19@student.hh.se). **We would appreciate that you could sign this form as a confirmation that you agree with its content.**

_____ Participant name	_____ Researcher name
_____ Participant signature	_____ Researcher signature
_____ Date and place	_____ Date and place

## APPENDIX 4: EMAIL TO RESPONDENTS

Hej NAMN,

Vi heter Marcel och Louise och läser vår sista termin på Internationella marknadsföringsprogrammet på Högskolan i Halmstad. Tillsammans skriver vi nu vår kandidatuppsats inom företagsekonomi.

Vårt syfte med uppsatsen är att undersöka företags bakomliggande processer relaterade till affärsmodellinnovation för att skapa värde under Covid-19 pandemin. Vi har avgränsat vår undersökning till att avse Göteborgs turistnäring. Vi har definierat turismbranschen till att avse fyra olika områden: att sova (hotell), att åka (transport), att göra (aktiviteter) och att äta (restaurang). Efter lite research har vi hittat till [FÖRETAG] hemsida och sett att ni arbetar mycket med .... Detta är av intresse för oss och därför skickar vi nu ett mail till dig. Just nu befinner vi oss i processen av att leta fram respondenter som kan tänka sig bidra till vår empiriska undersökning. Vi söker främst personer som har insikt i företagets strategiska ledning och kan ge svar på frågor relaterade till företagets affärsmodell, marknadsföring, krishantering, innovation samt värdeskapande aktiviteter. Vi skulle uppskatta att få låna cirka 1 timme av er tid för att svara på ett antal frågor. Vi avser att hålla intervjun via ett digitalt konferensmöte (Teams).

Ni är viktiga för studiens ändamål och forskning inom svenskt näringsliv.

Hoppas ni kan tänka er att bidra till vår kandidatuppsats. Väcker detta mail frågor så tveka inte att höra av er. Vi ser gärna att ni återkopplar oavsett om möjlighet finns eller inte.

Tack!

Med vänliga hälsningar,

Marcel Thörnqvist,  
martho19@student.hh.se

Louise Bengtsson,  
louibe19@student.hh.se

## **APPENDIX 5: EMAIL TO RESPONDENTS (TRANSLATED)**

Hi NAME,

Our names are Marcel and Louise and we study our last semester at Internationella Marknadsföringsprogrammet at Halmstad University. Together we now write our Bachelor Thesis. The purpose of the thesis is to investigate companies' decision-making processes behind innovation of business models to create value during Covid-19 pandemic. We have limited the study to regard Gothenburg's tourism sector. We have defined the tourism sector in regards to four areas involving: to sleep (hotels), to go (transportation), to do (activities) and to eat (restaurants). Research has led us to your company's (COMPANY) website and noticed that you focus on... which is of interest for our study and the reason why we send you this email. At the moment, we are in the process of finding respondents willing to participate in the study. Mainly, we are looking for people with insight in the company's strategic management and who are able to answer questions relating to the company's business model, marketing, crisis management, innovation and value creating activities. We would appreciate an hour of your time to answer some questions. We intend to conduct the interview via a digital meeting (Teams).

You are important for the purpose of this study and for research in the Swedish business field.

We are hoping for your participation in our study. If this email arises any questions, do not hesitate to contact us. We appreciate you reaching back to us regardless of interest or not.

Thank you!

Kind Regards,

Marcel Thörnqvist,  
martho19@student.hh.se

Louise Bengtsson,  
louibe19@student.hh.se