

# Disruptive Innovation

A Study of the Charter Industry

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## Abstract

The past couple of years have witnessed a strong increase of passengers departing from Danish airports, while the number of charter passengers has stagnated, or even decreased during the same period. Different experts argue that the development is caused by disruptive online platforms and that the agencies within the Danish charter industry are threatened, whereas the CEO of Dansk Rejsebureau Forening claims that this is not the case and that disruptive developments have not been seen in the Danish charter industry since the emergence of the Internet. He furthermore adds that the agencies are not threatened and that these online platforms are just expanding the market. The thesis therefore, seeks to clarify how the travel has experienced disruption in past and if it is traceable today. Furthermore, it seeks to investigate how prepared Danish charter agencies are to handle disruptive innovations.

The thesis initiates by giving an overview of the travel industry including the traditional charter agencies and the before mentioned online platforms. From this point on it presents the theory of Clayton Christensen and Hein and Honoré, which deal with principles of how to harness the principles of disruptive innovation. Throughout these theories, a unique thesis framework created and entails the principles of both aforementioned theories. The thesis framework consists of a section that aims to clarify what can and what cannot be identified as disruptive innovation and a section that provides guidelines to how a company can prepare themselves for a future disruptive innovation. The next chapter explains the account of method and continues into a section that is called “the digital scene”. This section initiates with an explanation of how industries has been altered by technological developments followed by a description of how digitalisation has had an impact on consumer behaviour and ending with an elaboration of how the online platform, Momondo, was created based on statements from the platforms founder, Thorvald Stigsen. From here on, the analysis begins and kicks off by analysing what can and what cannot be determined as disruption in the history of the travel industry. Moreover, the analysis continues by analysing the statements from the participating charter agencies with the uniquely constructed thesis framework. This leads into an overall assessment of the charter agencies preparedness and the thesis is concluded.

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## Introduction

In 2016, the number of travellers from Copenhagen Airport and Billund Airport increased by respectively 9,1 and 6,3 per cent, while the number Danes who chose to book their holiday through traditional Danish charter agencies decreased by 0,5 per cent from 2015 to 2016. (TV2 2017). The airports have experienced a solid growth in passengers since 2011, but the charter industry has stagnated since 2012 as illustrated below (TV2 2017).

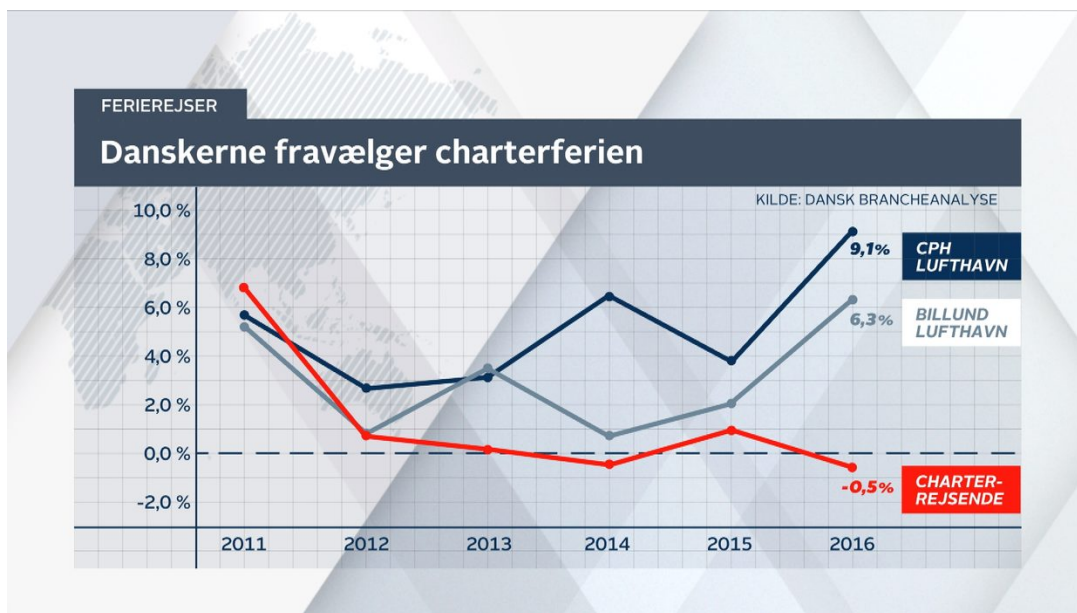


Figure 1: The Danes discard charter holidays - Source: (TV2 2017)

The Danish airports have also detected this change in the industry and in 2013 Billund Airport reported that they experienced an absence of 20.000 charter passengers, while the number in Copenhagen Airport reached 30.000 (Business 2014). This development indicates that the Danes have found other ways to travel than the package tour.

In an article from 2015, Jesper Ewald, Director at FDM Travel and who has seen FDM's net turnover fall by 200 million from 2010 to 2014, states that the competition in the travel industry has been intensified and altered by international companies like Hotels.com and Airbnb. Jan Vendelbo, CEO at Spies, concurs by explaining that the large actors can sell their products extremely cheap, which is resulting in lower market prices (Børsen 2015). According to Dansk Brancheanalyse, the revenue for the Danish travel industry decreased by 1.8 per cent from 2013

to 2014, while a report from Rejsearrangører I Danmark (RID) shows a fall in 4.327 charter passengers departing from Danish airports in the same period (Børsen 2015); (RID, Rejsearrangører I Danmark 2014). Ole Egholm, Director and Founder of Dansk Brancheanalyse, adds that the numbers seen in 2014 are significant and it is a tendency that has just begun. He continues by stating that the future of the Danish travel agencies is bleak and that the companies who have the possibility of moving their revenue to foreign countries, and thereby pay fewer taxes, will slowly force other Danish agencies out of business (Børsen 2015). The CEO of Dansk Rejsebureau Forening, Lars Thykier states that they have told charter agencies throughout the last ten years, to specialise and not sell standardised products since it would result in the market solely competing on price, but that charter agencies are nowhere near closing down (Børsen 2015).

Jan Damsgaard, professor at Copenhagen Business School, contends in his book from 2015, *The Digital Conversion*, that new platforms such as Hotels.com and Booking.com were companies that entered the market with the ambition of selling the rooms, which the hotels had difficulties in selling through their sales channels. He argues that these platforms are good examples of disruption and before the travel industry realised it, they had taken over the market (Damsgaard 2015, p. 41). Furthermore, in an article from 2017, Ole Egholm argues that the travel industry is the industry in Denmark, which is, by far, the most exposed to disruption and that airlines along with companies such as Hotels.com, Airbnb and Expedia all are taking revenue away from the Danish market. Despite these arguments, Lars Thykier, in the same article, insists that the charter agencies are not on the point of extinction, but maintains the fact that they need to develop more individual and customised products (TV2 2017).

### Problem Analysis

Based on the abovementioned, we contacted Lars Thykier and Peder Hornshøj, CEO of Bravo Tours, with the objective to investigate how they view the development in the industry and if they feel threatened by online platforms.

Lars Thykier acknowledges that there has been a shift in the way people retrieve information regarding travel and holiday, but underlines that platforms such as Expedia, Hotels.com and Airbnb are not disrupting the industry. He states that the real disruption happened, when the Internet emerged in the early 2000's (Appendix 2, 20:30-24:50 min).

Furthermore, he disagrees with the statements of Jan Damsgaard and Ole Egholm and states: “when people talk about disruption I start smiling and think to myself; disruption is something we experienced 20 years ago” (Appendix 2, 24:40-24:50 min). In addition, Lars Thykier cannot see the difference between what Airbnb is offering today and the holiday apartments, which FDM travel offered 40-50 years ago (Appendix 2, 24:50-25:42 min). He continues: “For me disruption is when you start all over and create something from the beginning” (Appendix 2, 26:30-26:50 min). When asked about the online threats, Lars Thykier states, that the online platforms have contributed in expanding the market and that there is room for everyone. The choice for the consumer is if they want to have the insurance of talking with someone, who knows something about it, or if they want to do it by themselves on the Internet (Appendix 12, 53:10-54:10). Peder Hornshøj agrees and contends that even though the online platforms have expanded the market, the charter industry is at its all-time high. He acknowledges that due to the arrival of many new competitors, the charter industry has lost market shares, but, simultaneously, he argues, that the Danes travel much more and utilises the online platforms to travel in a way, which the charter agencies have difficulties in offering. This is especially the flexible trips, where a customer can travel to Costa del Sol on a Thursday and fly home again the following Sunday (Appendix 12, - 12:45-13:30).

Through the introduction and above-mentioned data, it is clear to see that there are different perceptions of what disruption really is. This thesis aims to clarify when innovations become disruptive by employing the framework of Clayton Christensen, who coined the term disruption in 1995. He explains that innovations, and the technology used in them, can be defined as either sustaining or disruptive innovations. Moreover, as it is illustrated in the above mentioned, the charter industry does not follow the growth in the Danish airports and external experts deem that the charter industry is threatened by disruption, but leaders within the industry are convinced that the development is just expanding the market. By employing relevant theory, we will investigate the preparedness of agencies, within the Danish charter industry, towards disruption and this leads to the following problem statement:

## Problem Statement

**Has the travel industry experienced disruption and how prepared are agencies, within the Danish charter industry, to handle disruptive innovation?**



## Setting the scene

The next section will provide a small overview of the history of the travel industry, the actors that constitute it, and lastly, a brief introduction of the Danish charter travel agencies who have taken part in the thesis study.

## The Travel Industry

The travel industry, as we know it today, has previously experienced change multiple times through either changes in power structure, processes or methods. According to Erkan Sezgin and Medet Yolal, the authors of the *Golden Age of Mass Tourism: Its History and Development* (2012), the rise of mass tourism came in the early years of the twentieth century, as a consequence of Northern Europeans and Northern Americans having increasing wealth and outgoing attitudes, while there simultaneously were improvements in technology and people's transport (Sezgin og Yolal 2012, p. 73). Using the steam train and ship for transportation, Thomas Cook organised international package tours to three destinations including the Far East, India and America in 1862 (Sezgin og Yolal 2012). The nature of tourist products were dramatically changed after the Second World War, especially between 1960's and 1980's, with the commercial development in railways, air transportation, accommodation companies and travel agencies (Sezgin og Yolal 2012, p. 76). This, combined with the increased allure towards the sun, encouraged the emergence of package tours and mass tourism, as we know them today (Sezgin og Yolal 2012, p. 73). According to World Tourism Organisation, international tourist arrivals have increased from 674 million in 2000 to 1,235 million in 2016. In addition, worldwide destination earnings gave surged from US\$ 495 billion in 2000 to 1,220 billion in 2016 (UNWTO 2017, p. 2)

## Traditional Charter Agency

Thomas Cook founded the first travel agency in England back in 1841. During the 19<sup>th</sup> century, Thomas Cook agencies continued to develop while more and more agencies began to appear across the globe. This was a huge development and milestone for travel and for Cook, who was also the first man to establish a package tour holiday. As of today, travel agencies provide customers with expertise and guidance when booking a trip of any kind. Agencies can be small, independent operations or large, nationwide chains responsible for packaging trips to millions of

travellers. In return for their services, travel agencies receive commissions from suppliers who typically make payment after the trip has concluded successfully (Cook 2018). As of 2018, Thomas Cook Group is one of largest and oldest travel and tourism companies in world, having travel agencies, brands and airlines covering Europe, all while employing 22.000 people .

### Global distribution systems (GDS) - Charter Flights & Hotels

Even though this thesis focuses on charter travel agencies, the developments in air transportation and accommodation companies play a significant part in establishing the dynamics within the industry. The important progress in air transportation that helped facilitate mass tourism was the charter flights and the equal rights, which they were given in the 60s, making it easier and more reasonable for charter travel agencies to organise flights and tours to new destinations (Sezgin og Yolal 2012, pp. 78-79). During this period in mass tourism computer technology was still in its infancy, thus meaning, computers were mainly used for planning and delivery process, of the tourist product. In the 60s, airlines used computer reservation systems (CRS) to facilitate transaction, with hotels and travel agencies later on establishing their own. However, the CRSs in the early years were serving dumb terminals, without intranet or Internet, and were therefore not working synchronously (Sezgin og Yolal 2012, pp. 76-77). The limitations of CRS came to an end in the late 70s, due to the Airline Deregulation Act, which meant that the US government control of fares, routs and market entry of new airline was now removed, introducing the free market in commercial airline (Sezgin og Yolal 2012, pp. 77-78). The European Union introduced similar legislation in 1987. This resulted in great production growth within the industry. The new companies, schedules, fares and services brought on a fierce competition among airline companies, leading some airline companies into strategic partnerships, which eventually established global distribution systems (GDSs) (Sezgin og Yolal 2012, pp. 78-80). These were originally created by several of the largest airlines to facilitate transaction and marketing of their flights to travel agencies, but have since become independent firms, four of which, control the vast majority of the distribution market, namely, Sabre, Galileo, Amadeus and Worldspan (The Economist 2012). Some of the tastiest margins in the travel business are enjoyed by theses GDS companies, with most accommodations and flights being booked by a physical or online travel agent, going through a global distribution system. This has resulted in in carriers paying more than seven billion dollars in GDS fees back in 2012 (The Economist 2012), while hotel and other

accommodation companies usually pay up to 20 per cent on a booking when they sell a room through a global distribution system. The usage of GDS, by airlines and hotels, increase their cost, while travel agents and agencies get a small commission by employing and booking through a GDS (Sheivachman 2017, The Economist 2012).

### Online Travel Agencies (OTA)

An online travel agency or OTA is a travel website that specialises in the sale of travel products to consumers. These agencies sell a variety of travel products including flights, hotels, car rentals, cruises, activities and packages, on an online platform (May 2014). In the early days of OTAs, the main goal was to help airlines and hotels get rid of empty beds and seats, leading them to employ GDS to harvest the entire inventory supply. Today, they function as all around travel agencies and not only as an agency focusing on leftover beds and seats (May 2014). As of 2017, the two below-mentioned OTAs account for two-thirds of the global online travel-booking industry and land 80 per cent of all European hotel sales on online travel agencies, partly due to their consistent acquisition of smaller or new companies (Rossini 2016, Nasdaq 2017).

#### **Expedia Group**

In 1996 Microsoft launches [www.expedia.com](http://www.expedia.com) as part of Microsoft Expedia Travel Services. The Expedia Group consist of known brands such as, Expedia.com Trivago, HomeAway, CarRentals.com, Tripadvisor and Hotels.com to name a few (The Expedia Group 2018).

Hotels.com is an OTA site that sells hotel stays all over the world and show prices for international chains, bed & breakfast, resorts and local hotels. They offer last-minute deals and have a reward program, which gives the customers a free overnight stay after they have made 10 reservations through the site (Jet, Forbes.com 2017).

#### **Booking Holdings**

In 1997, founder Jay Walker launched Priceline.com. Booking Holdings have brands such as, Priceline, Agoda, Kajak, Momondo and Booking.com (Booking Holdings 2018)

On Booking.com you can book almost any travel reservation possible including hotel accommodations, business apartments, flights, trains, buses, rental cars, airport taxis and

restaurants. Booking.com is a member of Booking Holdings and, therefore, the search results on Priceline, Momondo, Kajak and Booking.com are rather similar. Booking.com contains 1.5 million hotel listings worldwide and Kayak.com powers their flight search results, so it represents a variety of possibilities for the consumers. Furthermore, Booking.com has as an extra service included, a trend window in the upper-left corner, which tells you, based on their prediction, if you should buy now or wait in case fare prices will increase (Jet, Forbes.com 2017).

## Meta Search Engines

What differs a meta search engine to a OTA is that they do not process booking transactions, nor do they provide the full range of services and destination content typically found on an OTA site. Instead, travel Meta search engines link a customer directly to the airlines, hotels or agencies, through a pay-per-click model. Meta search engine companies include Momondo, Kajak.com, Skyscanner.com, Fly.com, Trivago.com and Bing Travel among others (Christodoulidou, Connolly og Brewer 2010).

Momondo is an online price search engine that checks prices from thousands of travel providers and compare the prices to other travel booking sites. It was founded in 2006 in Denmark and started as a search engine, which searched the Internet for flight tickets. In time, Momondo has evolved to become a search engine, which besides flights also includes hotels and rental cars to their assortment. When searching for flights, Momondo's algorithm sorts the flights in three different options for the consumer. These three options are namely cheapest, quickest and best, and the options have been collected from approximately 30 flight portals. Additionally, when searching for a hotel, Momondo compare the prices from several sites including big sites such as Expedia.com and Booking.com, but also from lesser-known sites and, thus increasing the transparency in the travel industry (Jet, Forbes.com 2017).

## TripAdvisor

Tripadvisor is an American travel and restaurant website company founded in the early 2000s, providing hotel and restaurant reviews and other travel-related content. It also includes interactive travel forums and was an early adaptor of user-generated content. TripAdvisor is the world's largest travel site and has an average of more than 455 million unique

monthly visitors (TripAdvisor 2018). TripAdvisor-branded sites are available in 49 markets, covering approximately 7.5 million accommodations, airlines, attractions, and restaurants with more than 600 million reviews and opinions (TripAdvisor 2018).

## Airbnb

Airbnb was founded in 2008 on the idea to create a virtual marketplace, where property or house owners could share their space for short-term rents (May 2014). The virtual marketplace offers access to millions of accommodations in more than 191 countries, from apartments and villas to castles, tree houses and B&Bs. Customers have the possibility of experiencing exotic destinations and get a local, authentic experience without the use of traditional intermediaries. The accommodations are reserved and booked without flight seats, leaving that part to the customer (Airbnb 2018). In 2016 Airbnb launched their new feature, Airbnb Experiences, which aims at offering experiences beyond just finding a place to stay. It includes a wide range of activities from taking a surfing trip in Malibu to eating obscure food in Paris (AirbnbExperiences 2018, Looper 2016). The ultimate goal for Airbnb is to offer more than just short-term apartment rentals and they are therefore, offering experience services in the hope of users starting to see them as a go-to company for all travel need (Looper 2016).

## Travel Tech Start-ups

According to a report made by CBInsights in 2017 there has been a spike in travel tech start-ups, offering services and products including booking services, search and planning platforms, on-demand travel, recommendation sites and more. Car-hailing services are not included. The report shows that since 2013, travel tech start-ups have raised more than 10 billion dollars in funding (CBInsights 2017). US-based companies lead in both number of deals and dollar amount raised, but the travel tech start-up ecosystem has also emerged in Asia and Europe. India and China account for 10 per cent and 8 per cent of global deals respectively, followed by European countries such as, France 6 per cent, Germany 6 per cent, the UK 6 per cent and Spain 4 per cent. US based travel tech start-ups are still by far the ones claiming the largest pool of deals, with 31 per cent of the global deals (CBInsights 2017).

## Danish Charter Agencies

The Danes, and Scandinavians in general, have been some of the first charter tourists the world has seen. The earliest charter agencies seen in Denmark came in the mid 1950s, with Mallorca, Spain being destination. The transportation of customers was facilitated through trains, buses and ships, but like in the rest of Northern Europe and Northern America, flight transportation was introduced in the 1960s (Severisen 2012). The following section will give a brief introduction to some of the companies constituting the Danish charter travel industry. These companies also constitute the data by which, the thesis problem statement will be answered.

### TUI Group

TUI Group is the largest travel and tourism company in the world with 1.600 travel agencies and online portals across the world. Their operations were established more than 40 years ago and today include 150 aircrafts, 325 hotels and 15 cruise ships, which are operated and serviced by roughly 67.000 employees. TUI Group as we know it today, has been through many mergers and acquisitions related travel operations, i.e. airlines, hotels and agencies. In November 2016 the company decided to change the name of Star Tours, the name of their agency operating in Denmark, to TUI with the goal being to synergise their brand and operations (TUI GROUP 2018). According to RID, TUI Denmark has market shares amounting to 17 per cent of the total Danish charter industry, and has sold more than 180.000 packaged tours in 2017, making them the second largest charter agency in Denmark (RID, Rejsearrangører i Danmark 2018).

### Spies Rejser

Spies was one of the first charter agencies in Denmark, establishing operations back in the mid-1950s. Through time and acquisitions, the company developed into the biggest charter agency in Denmark accounting for 85 per cent of the total market shares in 1985. (Spies 2018). According to data provided by Rejsearrangører i Danmark, as of 2017, Spies are still market leaders in Denmark with market shares amounting to 25 per cent and package tour sales reaching 265.000 (RID, Rejsearrangører i Danmark 2018). Spies' organisation consists of 88 employees as of 2017 and has been part of the Thomas Cook Group since 2008 (Spies 2018).

## Bravo Tours

Bravo Tours was established in 1998 with an aim to combat the increased global competition the charter travel industry experienced in Denmark. When global travel agencies entered the Danish market, travel and tour guides increasingly began to include Swedish, Norwegian and English speaking guides, which Bravo Tours wanted to address. Today, Bravo Tours employs more than 70 people, with all their guides being Danish-speaking guides. Bravo Tours is also a part of Primera Travel Group, which consists of various agencies in Sweden, Norway, Island, Finland, Ireland and England, Denmark and the airline Primera Air (Bravo Tours 2018). According to figures from 2017, Bravo Tours is Denmark's third largest charter agency with 17 per cent of the total market shares and 175.000 packaged tours sold (RID, Rejsearrangører i Danmark 2018).

## Suncharter

Suncharter is a regionally based charter agency mainly catering to customers residing in the Northern Jutland region. The company was founded in 2012, but was later acquired by Primo Tours. Through their acquisitions, Primo Tours now own Aarhus Charter and Suncharter, besides Primo Tours, making them the fifth largest travel agency in Denmark, with more than 85.000 packaged tours sold in 2017, 27.000 of which Suncharter sold (RID, Rejsearrangører i Danmark 2018, SunCharter 2018).

## Apollo Rejser

Apollo Rejser (Apollo) is one of the leading charter agencies in Scandinavia, operating on the Swedish, Norwegian, Finnish and Danish charter market. The company established its first agency in Denmark back in 1986 and later on expanded into the Swedish, Norwegian and Finnish market through establishment of branches, or acquisitions of already established agencies. Apollo owns three different airlines, namely, Novair, Golf Plaisir and Lime Travel and employs more than 900 employees (Apollo 2018). In 2017, Apollo was registered as the fourth biggest charter agency in Denmark, with market shares amounting to 16 per cent and total amount of sold packaged tours amounting to more than 166.000 (RID, Rejsearrangører i Danmark 2018).

## Account of theory

In the following section, we will elaborate the theory of Clayton Christensen's disruption theory and explain the framework by Hein and Honoré, which is an expansion and modification of the theory by Christensen. This is done with the objective to obtain a thorough understanding of what disruptive innovation is and how companies should prepare for, and harness, disruptive innovations and digitalisation. Furthermore, based on the authors' work, a new and topical framework will be developed and it will include elements of the original disruption theory as well as containing the perspectives of how to handle disruption in the digital age.

### Clayton Christensen - Disruptive Innovation

The term disruption and disruptive innovation has been widely exploited the last decades, even in circumstances that had little to non-to do with the purpose of the original term. The term was first introduced in the paper, *Disruptive technologies - Catching the wave* in Harvard Business Review back in 1995. The theory of innovative disruption builds on the premise of why leading companies fail to keep their position when faced with an intrusion of new technology (Bower og Christensen 1995, p. 43). Bower and Christensen introduce the concept of disruptive innovation, and why it drives successful companies to fail, by highlighting two main elements. Firstly, leading companies misread the technology used to move them out of a leading position and secondly, they do this because they pay too much attention on their current customers (Bower og Christensen 1995, pp. 43-46). The authors explain that current customers are accustomed to using their current technologies and therefore seek technological progress that sustains their current operations, and not new ones that disrupt or change it (Bower og Christensen 1995, p. 48). As a result of this, Bower and Christensen (1995) highlight that managers and companies who try to study new technologies often misread the value, since they measure it on current use and needs rather than long-term development (Bower og Christensen 1995, pp. 48-53). In his book, *The Innovator's Dilemma – When New Technologies Cause Great Firms to Fail*, from 1998, Clayton M. Christensen highlighted which factors made companies misread the value of technologies and he introduced a failure framework, explaining why sound decisions by great managers can lead firms to failure (C. M. Christensen 1997, p. xvii)



## The Definition of Disruption

In order to understand the failed framework and theory behind disruptive technologies, the term must first be defined. Christensen defines the term, technology, as “processes by which an organization transforms labor, capital, materials, and information into products and services of greater value” (C. M. Christensen 1997, p. xvii, line 14-16) He uses the example of a retailer like Sears, who employs one type of technology to produce, present and deliver goods to customers, while a discount warehouse would employ a different type of technology. The term technology, therefore, extends beyond engineering and manufacturing, to include marketing, investment and managerial processes. The term Innovation refers to the change in one of the above-mentioned technologies, thus creating disruptive innovation (C. M. Christensen 1997). Moreover, the term disruption is the process, in which innovative technologies cause changes in industries, or as Christensen states it in an article from 2015 “*Disruption describes a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses*” (Christensen, Raynor og McDonald 2015).

### Disruptive Innovation

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*Technology definition:* Engineering, manufacturing, marketing, investment and managerial processes

*Innovation definition:* Innovation refers to the change in one of the abovementioned technologies

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Technological Innovations are either:

Sustaining Innovation	Disruptive Innovation
<u>Characteristic</u>	<u>Characteristic</u>
Improving an already existing product to a already exiting consumer and need	New-market entry or Low-end market entry

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Figure 2: Illustration Clayton Christensen definition on Sustaining and Disruptive Innovations - Source: Thesis creation

Christensen explains that the three main findings in his study of disruptive innovation in the disk drive, contradicts all the previously known good management practices, such as planning better, working harder, becoming more customer-driven and taking longer-term perspectives, since all those do, is aggravate the problem when dealing with disruptive technologies (C. M. Christensen 1997, p. xxii) Christensen states, that “Every company in every industry works under certain forces—laws of organizational nature—that act powerfully to define what that company can and cannot do” (C. M. Christensen 1997, p. xxii, line. 28) He continues by underlining that managers, who are faced with disruptive technologies, often fail their companies when these forces overpower them. To explain how dealing with disruptive technologies requires new methods and perspectives, he presents the analogy from ancient times, in which people attempted to fly by strapping feathered wings to their arms and flapped them with all their power as they leapt from high places; ultimately always failing. Flight did not become possible, until people came to understand the relevant natural laws and principles that defined how the world worked through the law of gravity, Bernoulli’s principle, and the concepts of lift, drag, and resistance (C. M. Christensen 1997, p. xxii) After gaining the knowledge needed, people where able to harness the power of these laws and principles, enabling them to fly and reach distances and heights that were previously unimaginable.

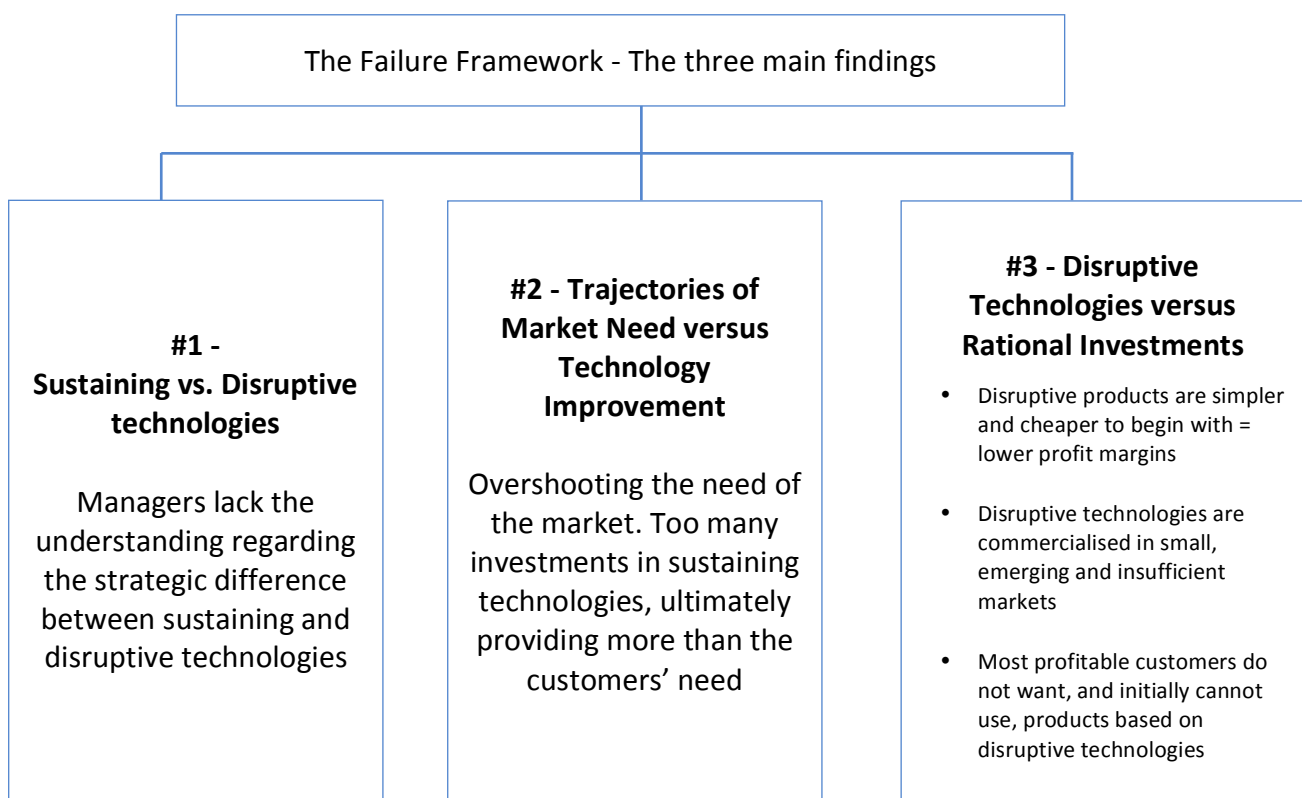


Figure 3: illustration of Clayton Christensen (1995) three main findings - Source: Thesis creation

## Harnessing The Five Principles of Disruptive Innovations

As in his analogy, Christensen presents five laws or principles of disruptive development that, if managers can understand and harness these principles, they can in fact succeed notably when confronted with disruptive technology (C. M. Christensen 1997, p. xxiii).

### Principle 1 - Companies Depend on Customers and Investors for Resources.

The first principle is that companies depend on customers and investors for resources. The history of the disk drive industry shows that the established firms stayed atop through their investments in sustaining technologies that increase the product performance and values related to customer needs. Christensen argues that this is evidence that supports the theory of resource dependence, where managers think they control the flow of resources, while in fact, customers effectively control the patterns of resource allocation in well-run companies (C. M. Christensen 1997, p. 99). Christensen argues, that resource allocation and innovation are two sides of the same coin since new product developing projects that succeed need adequate funding, staffing and management attention. In great companies, it is only possible to get these resources if customers want it, since the process of traditional good resource allocation is designed to weed out proposals customers do not want (C. M. Christensen 1997, p. 103). For a manager to harness the first principle, they need to embed projects to develop and commercialise disruptive technologies, by aligning them with the right customers. If this is done well, Christensen argues that resource allocation is possible since the right customers will increase the demand for these products, if they are sufficient in addressing their current needs (C. M. Christensen 1997, p. 99). The only instances, in which leading firms have successfully established a strong position in a disruptive technology, were the ones where managers established independent organisations that aimed at building a new independent business around the disruptive technology (C. M. Christensen 1997, p. xxiv). Companies whose cost structure is tailored to compete in high-end markets cannot be profitable in low-end markets as well. Therefore, creating an independent organisation, with a cost structure build to achieve profitability at the low margins, characteristic of most disruptive technologies, is the only viable way for established firms to harness this principle (C. M. Christensen 1997, p. xxiv).

## Principle 2 – Small Markets Do Not Solve the Growth Need of Large Companies

The establishment of a new, smaller organisation to focus on new disruptive technologies is also connected to the second principle presented by Christensen, because small markets do not solve the growth needs of large companies. According to Christensen, many large companies adopt the strategy of waiting for new markets to become large enough for them to become interesting and relevant, prior to entering (C. M. Christensen 1997, p. xxv). As seen in the case of the disk drive industry, this is not always possible since the companies entering these emerging markets early, have significant first-mover advantages over later entrants. For a large company the solution for dealing with this principle, is to establish an organisation whose size matches the size of the targeted market. Christensen argues that the evidence from the disk drive industry shows that creating new markets is significantly less risky and more rewarding, than entering established markets against established competition (C. M. Christensen 1997, p. 121). Therefore, managers should place projects to develop disruptive technologies in organisations small enough to get excited about small opportunities and small wins (C. M. Christensen 1997, p. 99).

## Principle 3 - Markets That Do Not Exist Cannot Be Analysed

The third principle concerns the issue of markets that do not exist cannot be analysed. Some of the hallmarks of good management are based on market research and good planning followed by executing the plan. When these methods are applied to sustaining technological innovation, these practices are invaluable since they are the primary reason for established firms leading in every single instance of sustaining development (C. M. Christensen 1997, p. xxv). The same approach cannot be applied to disruptive technologies, according to Christensen, due to the fact that the applications of the technology is still unknown at the time, and the strategies should therefore be plans of learning and discovering, instead of plans for executing (C. M. Christensen 1997, p. 143). In the context of a normal business environment, managers learn about innovation in a sustaining technology context because most technologies developed by established companies are sustaining in character. These innovations are targeted at known markets, in which the customer needs are known and understood. In such environments, a planned research approach to evaluate, develop, and market innovative products is not only

possible; it is critical to success (C. M. Christensen 1997, pp. 143-144). These forecasts can be nearly impossible to make in the case of disruptive technologies, as seen in the case of the disk drive industry, where the Disk/Trend Report forecast for 14-inch disk drives was seven per cent of what the industry actually shipped, whereas the forecast for 5.25-inch disk drives was off by 235 per cent (C. M. Christensen 1997, pp. 144-145). Christensen's argues that companies need to adapt an iterative process of trial, learning, and trial again, when searching for a market for disruptive technologies, in order to gain knowledge and the first-mover advantages associated with early entrance in emerging markets (C. M. Christensen 1997, p. 99).

#### Principle 4 - An Organisation's Capabilities Define Its Disabilities

The force presented in the fourth principle by Christensen also affects the establishment of an independent organisation. Here he argues that an organisation's capabilities define its disabilities. Managers that tackle innovative problems instinctively focus on assigning the most capable employees with the right requirements to handle the job (C. M. Christensen 1997, p. xxvi). What Christensen highlights as the problem in these cases, is that one could take two sets of identically capable people and put them to work in two different organisations. What the two employees accomplish would likely be significantly different. Christensen argues that this is due to the organisation itself, independent of the people and other resources in them, has capabilities. (C. M. Christensen 1997, p. 161). Christensen divides the organisations capabilities into three factors: the organisations resources, the processes, and its values.

A company's resources include people, equipment, technology, product designs, brands, information, cash and relationships with suppliers, distributors, and customers. All the before mentioned resources can, according to Christensen, be categorised as things or assets that can be hired and fired or bought and sold. The access to plentiful and high-quality resources enhances the organisations chances of adapting and coping with change (C. M. Christensen 1997, p. 162)

The factor of organisational processes is based on the value the organisation creates, when an employee transforms inputs of resources; people, equipment, technology, product designs, brands, information, energy and cash into products and services of greater worth (C. M. Christensen 1997, p. 163). Processes can be defined as patterns of interaction, coordination,

communication, and decision-making through which they accomplish transformations. These processes define how an organisation transforms inputs into greater value for the customers. The main process that makes good companies incapable of responding to change are those, that define how market research is commonly done, both in how analysis is translated into financial projection and how budgets are negotiated and delivered (C. M. Christensen 1997, p. 163). According to Christensen, by their very nature, processes are established so that employees perform recurrent tasks in a consistent way, time after time, to ensure consistency. This means the very mechanisms, through which organisations create value, are essentially inimical to change and, therefore, inflexible processes are where organisations most severe disabilities in coping with change reside (C. M. Christensen 1997, p. 164).

The last factor that affects the organisations ability in what it can and cannot accomplish, is the values of an organisation. Christensen describes values as the criteria by which decisions about priorities are made. These priorities could, according to Christensen, be based on a standard by which employees prioritise decisions, such as; whether an order is attractive or not; whether a customer is more or less important; whether an idea is good or bad and so on (C. M. Christensen 1997, pp. 164-165). Organisations that successfully address disruption, according to Christensen, utilise some of the resources of the mainstream organisation, but carefully focus on not leveraging their processes and values. Therefore, Christensen states, that a company should separated their organisation into departments or task forces, so that the individual department or taskforces resources, processes, and values, are in line with the attributes and needs the disruptive technologies creates (C. M. Christensen 1997, pp. 164-166).

#### Principle 5 - Technology Supply May Not Equal Market Demand

The fifth and last principles presented by Christensen, describes how technology supply may not equal market demand. As described in the section of sustaining versus disruptive innovation, the latter can become fully performance-competitive within the mainstream market against more established products, even though the technology initially only can be used in small and emerging markets remote from the mainstream (C. M. Christensen 1997, p. xxvii). These technologies become eligible in improving the mainstream customers demand due to the pace of technological progress in sustaining innovation, which creates a performance oversupply. This

creates the opportunity for disruptive technologies to emerge and invade established markets from below (C. M. Christensen 1997, p. 183). Products that seriously underperform today, regarding customer expectations in mainstream markets, may become strong performers tomorrow. At the same time, the attributes that make the disruptive technology unattractive in established markets, are often the very same that constitute their greatness in emerging markets. As seen in the case of development in the disk drive industry, where the 8-inch drivers, and later 5.25-inch and 2.5-inch drivers created new needs and markets before penetrating the mainstream market (C. M. Christensen 1997, pp. 19-23; p. 99). According to Christensen, companies that contributed to the creation of new markets and valued the attributes of the disruptive technologies were the most successful in commercialising the technologies. The creation of new markets is, according to Christensen' study, a far more favourable way of addressing disruptive technologies, instead of continuing to look for a technological breakthrough that enabled the disruptive product to compete as a sustaining technology in mainstream markets (C. M. Christensen 1997, p. 100, Christensen, Raynor og McDonald 2015).

The figure down below summarises Christensen's five principles

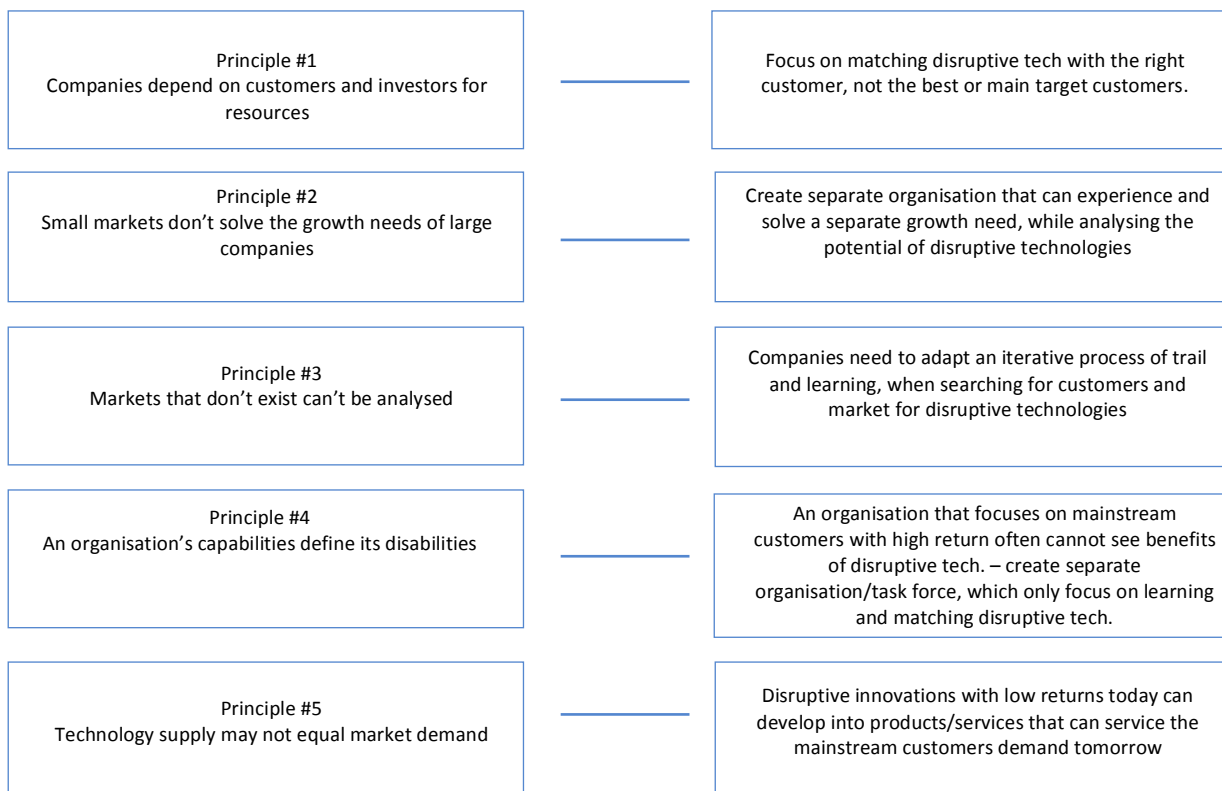


Figure 4: Illustration of the five principles and how to harness them - Source: Thesis Creation

## Hein and Honoré - Disrupt or Die

Many scholars and professionals have worked with the phenomena of disruptive innovations since Bower and Christensen introduced the concept back in 1995. Two Danish authors, Tine Hein and Thomas Honoré, continued Clayton Christensen work in their book, *Disrupt or Die*, from 2016 where they present the current situation of the already known concept; disruptive innovation. Even though the two authors continue the work based on Christensen's failed framework and five principles, they do disagree with one of the main statements put forward by Christensen. Hein and Honoré argue that Christensen's statement, which suggests that old companies fail due to their obligations towards existing customers, is not necessarily true and instead, they put forward an argument on how established companies can sustain and thrive, even when faced with disruptive innovations (Hein og Honoré 2016, p. 16). To illustrate their point, they use the example of how high-end car manufactures were threatened by disruption through the concept of car-sharing, but instead of dying or losing sales, manufactures such as, BMW and Mercedes ended up selling a great number of cars to car-sharing companies and clubs (Hein og Honoré 2016, p. 17). Even though Hein and Honoré argue that established companies do not have to be first movers, when dealing with disruptive technologies, they still stress the importance of paying attention to disruptive technologies and acting fast. This is due to the pace these new actors move in on the market and if the established companies do not follow, they might end up getting marginalised regardless of their size. Therefore, Hein and Honoré present the three main trends driving disruption and how companies can utilise them to their advantage, when preparing for disruptive developments.

To explain disruption, as it is known today, Hein and Honoré argue, that the world knows the concept of innovation, but what it seen today is what they call radical innovation. Innovations do not only create new digital products or markets, but instead radically changes established processes and methods (Hein og Honoré 2016, p. 19). This development is considered the forth-industrial revolution by World Economic Forum, where steam power and coal define the first revolution, electricity the second, computers and information technology the third and now, lastly, digitalisation and disruption is defining the forth industrial revolution (Hein og Honoré 2016, p. 19). The reason for this development is, according to Hein and Honoré, due to three trends,



which when combined, create the perfect storm regarding disruption. These trends are globalisation, digitalisation (IT-enabling) and shared economy (Hein og Honoré 2016, p. 20).

### Globalisation

Globalisation, as of today, is trivialized when compared to previous conditions. Today, it is not only big multinational companies who have an interest in China, but now it also includes small companies with few employees that are dealing with the Chinese market and suppliers. The same goes for the traditional Danish consumer, when he or she purchases foreign products through e-bay. The trend of globalisation is a well-known phenomenon, which has opened for cheap labour, transport and sales across the globe (Hein og Honoré 2016, pp. 19-20). Therefore, Hein & Honore state that companies have to incorporate the advantages that globalisation brings, while also having a global mind-set when formulating strategies regarding product and company development (Hein og Honoré 2016, pp. 19-20).

### Digitalisation – IT-enabling

The second trend, digitalisation is, according to Hein and Honoré, not necessarily centred on products being digital, but that they instead are driven by IT and the focus is on IT-enabling. They explain that a car is still a car, but IT enables it to become a car-sharing product/service, while a TV-series is still a TV-series, but when combined with IT, it enables streaming services. It is through this argument that the authors argue that traditional products and companies can get carried into the digitalisation era, with the correct use of IT-enabling (Hein og Honoré 2016, p. 21). The reasons IT-enabling facilitates disruption is, according to the authors, due to three overall consequences.

Firstly, all products that are driven by IT-enabling reduce their costs drastically, since the marginal costs for digital products are often, if not always, zero. This helps facilitate the move of customer preferences faster with products and services becoming cheaper. More importantly, other factors such as, coping with digital products becomes easier, while distributing costs often become smaller or non-existing (Hein og Honoré 2016, p. 21).

Secondly, the authors argue that a better customer service is an essential factor in disruption. They explain it by highlighting that it is not the digital dissemination of the taxa ride

that defines Uber as a disruptive platform, but the increased customer service and experienced associated with the usage of their digital product. Through the Uber application, customers can view where exactly the driver is, how many minutes they will have to wait and the estimated cost. Furthermore, Uber drivers are being rated consistently after each drive, delivering a more transparent and convenient product (Hein og Honoré 2016, p. 22). According to Hein and Honoré, managers and companies have to focus on design, on-demand, convenience, personalisation and purpose when digitalising or developing a product. By implementing these possibilities in their products, companies can utilise the benefits of increased customer service associated with IT-enabling products (Hein og Honoré 2016, p. 23).

The last reason IT-enabling facilitates disruption is, according to Hein and Honoré, based on the factor of tempo. Digitalising a product drastically increases the tempo, by which a company gets access to new markets and customers. A traditional company, regardless of how genius and revolutionary their product might be, depends on establishing sales and distribution channels in order for them to grow, while a company supplying a digitalised product or service, in theory, has access to all online customers. This enables companies to grow with an extraordinary speed, thus causing disruption to industries much faster than non-digitalised companies (Hein og Honoré 2016, pp. 24-25). According to Hein og Honoré, these three factors are all contributing to the argument, of why companies need to implement digitalisation and IT-enabling, in order to compete with future disruptive developments (Hein og Honoré 2016, p. 25).

### Shared Economy

The third and last trend is, according to Hein and Honore, shared economy. The phenomenon of shared economy has been well-known for decades, but, due to digitalisation, the concept now plays a much bigger role in everyday business (Hein og Honoré 2016, p. 26). Shared economy is driven by forces such as, savings and turning a profit on underutilised or available resources, while acting and being social also play a big part. According to Hein and Honoré, shared economy is focused on private resources (peer-to-peer) rather than commercially produced products, even though these services and exchanges can be facilitated through commercial companies (Hein og Honoré 2016, p. 26). They divide the behaviour and companies into three types of shared economy; match, shared consumption and shared knowledge. Match is focused

on connecting supplier and user without the traditional intermediary, while shared use deals with the actions of helping each other fully utilise already used resources, like for example, sharing a ride to work or buying and sharing assets. The last type is driven by the need for information and knowledge exchange, where experiences, endorsements, critiques and ratings of services, products and companies are shared with peers (Hein og Honoré 2016, pp. 26-27).

The figure down below illustrates the three trends driving disruption according to Hein and Honoré.

Globalisation	IT-Enabling	Shared Economy
<ul style="list-style-type: none"> <li>• New markets &amp; new customers</li> <li>• Cheaper labour</li> <li>• Cross-Cultural</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce costs <ul style="list-style-type: none"> <li>○ Production</li> <li>○ Distribution</li> <li>○ Maintenance</li> </ul> </li> <li>• Increased costumer service &amp; experience <ul style="list-style-type: none"> <li>○ On-demand</li> <li>○ Convenience</li> <li>○ Personalisation</li> </ul> </li> <li>• Tempo <ul style="list-style-type: none"> <li>○ Growth rate</li> <li>○ Expansion of sales and distribution channels</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Savings</li> <li>• Utilising under/left over resources</li> <li>• Green and socially responsible</li> <li>• Easier and more user-friendly to act sustainable</li> </ul>

*Figure 5: Illustration of Hein & Honoré the three trends driving disruption and how companies can utilise them*  
- Source: Thesis Creation

## Thesis Framework

The first section of the thesis framework is constructed to provide an overall understanding of what can be deem as disruptive innovation and what cannot. The second section has the purpose of providing a framework that can determine if Danish charter agencies are prepared to handle disruptive innovations and where they can improve.

## The Thesis' Definition of Disruption

This thesis acknowledges the same separation of innovative technologies, as Christensen makes, when dividing technological innovations into sustaining and disruptive technologies. When analysing if a company or a product is of a disruptive nature, Christensen states that the way in which a company or product enters the market should either be a new-market- or low-end market entry, in which the innovation services the needs of a new market or service the needs of lower level customers. The two scholars, Hein and Honoré, disagree with this statement and argue, that these two approaches are not the only ones that can be considered as disruptive. They claim, that by IT-enabling or digitalising a company's method, product or service, a company can become disruptive. Especially when companies take the two other trends, globalisation and shared economy, into account when developing new innovative products and/or services. The debate is essentially rooted in Hein and Honoré defining digitalisation and IT-enabling as disruptive, whereas Christensen argues that digitalisation focuses on minimising cost, increasing customer service and usability, thus making it a sustaining technology.

This thesis employs Christensen's definition of when a company, product or service is disruptive, but acknowledges that Christensen's studies were done before the Internet was a part of each household and individual, and before companies began investing in IT-enabling their products and services. Therefore, the arguments on disruption presented by Hein and Honoré are incorporated into the thesis framework, so that products and services that are based on digitalisation and accomplish more than just improving an already existing product, can be considered as disruptive due to their disruptive elements. This thesis acknowledges that Christensen has made a modification of his original framework in 2015, where the digital era was arrived, but Christensen, as explained above, considered the digitalisation of products as being a sustainable development. It can therefore, be indicated that Christensen, to some degree, fail to follow his own advice, as he in his book states that companies need to throw out the very things that made them successful because they do not work when faced with disruptive technological change (C. M. Christensen 1997, p. 172) It can be debated if Christensen's definition of what disruption is can be deficient since he sticks to his prior understanding of disruption, even though digitalisation has brought radical change to how companies evolve today. The figure 4, illustrated

down below, highlights three different criteria's this thesis employs to investigate if a company, product or service can be defined as a disruptive innovation.

The figure down below illustrates what the thesis considers disruptive innovation when determining a company, product or service.

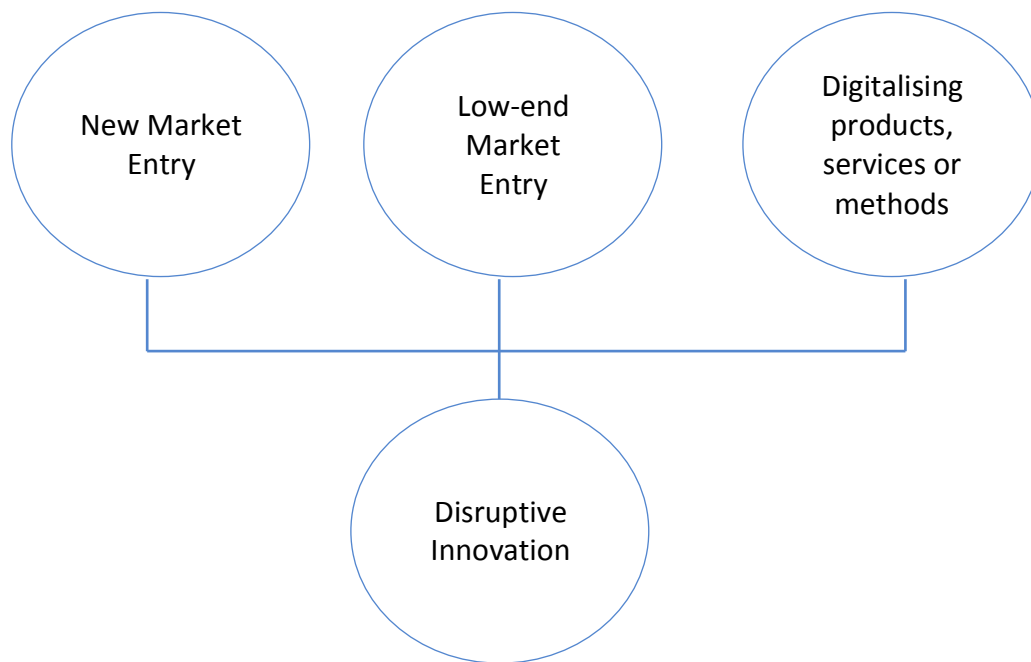


Figure 6: Thesis definition of disruption. Source: Thesis Creation

### Harnessing the Seven Principles of Disruptive Innovations

The five principles of Christensen constitute the foundation of the thesis framework and it is supported by the trends presented by Hein and Honoré. The two trends, globalisation and digitalisation are incorporated in the thesis framework, but the last trend, shared economy, have been discarded due to lack of relevance and insufficient answers provided by the interviewees. All elements of the two theories are loyally presented in the thesis framework, but for the sake of applicability, they have been adjusted for the purpose of the paper and the problem statement. The thesis principles are elaborated in the section down below.

#### Principle 1: Research for product development

Christensen argues that companies develop new products based on current customer needs since resource allocation for product development is driven by what current

customers demand. These actions result in the company investing in sustaining improvements to an already existing product and consequently not searching for new trends and technologies. Therefore, the thesis principle intends to investigate if charter agencies base their product development on internal or external research before developing new products and services.

#### Principle 2: Profitable vs. Less Profitable Customers

Christensen argues that small markets cannot fulfil a large company's growing needs and therefore, they do not want to operate in these markets. Furthermore, he contends that a company that is entering this market early gets first-mover advantages and gets foothold in this market. This principle of the thesis focuses on the charter agencies willingness to operate in the low profit part of the travel market and thereby narrowing the gap for new entrant companies.

#### Principle 3: Unknown Developments

Christensen contends that markets that do not exist cannot be analysed and that most companies execute instead of discovering and learning. He argues that managers are taught about innovation in a sustaining manner where product development is targeted at known markets and known customer needs. This principle of the thesis seeks to investigate if charter agencies focus on unknown trends and technologies that enable disruptive innovation rather than sustaining.

#### Principle 4: Organisational Structure

Throughout the entire framework, Christensen underlines the importance of creating a separate task force, which is not affected by the roots and values of the daily operations. This separation of an organisation enables the task force to think innovative without being limited by the company's processes. The objective of this thesis principle is to investigate if the charter agencies have a separate tasks force, which deals with new technologies and disruptive innovations. Furthermore, this is the most essential principle to harness.

#### Principle 5: Focus on Start-up Tech Companies

Christensen explains that products that are seriously underperforming today can become strong performers tomorrow. Therefore, the purpose of this principle is to scrutinise if

charter agencies are focusing on start-up techs that are servicing customers in the low end of the travel market, since, even though, these start-up techs are not a strong competitor, at the moment, they might become a threat in the future.

#### Principle 6: Global Considerations

Hein and Honoré explain that globalisation has brought a wide range of possibilities that even the smallest companies can take advantage of. They can operate globally, which has enabled them to grow in a fast pace, but, on the contrary, globalisation has also increased the number of competitors in local markets. This principle of the thesis framework focuses on how charter companies utilise the advantages globalisation brings, while also investigating how they view the threats.

#### Principle 7: Digitalisation efforts

Hein and Honoré argue that by IT-enabling a product or service can entail several improvements. Firstly, it reduces costs, secondly, it can improve customer service and lastly, it can grow in a fast pace. Therefore, this thesis principle seeks to examine how charter agencies utilise the benefits of digitalisation in their products and business.

## Account of Method

This section aims to clarify the methodological foundation of the thesis, which initially presents the ontological and epistemological standpoints. Following this, the research design and data collection methods will be elaborated as well as a specification of how the data is processed.

### Epistemological Standpoint

The epistemological and ontological standpoints of the thesis are established on the work of Hans-Georg Gadamer concerning philosophical hermeneutics. According to Gadamer, interpretation is a part of the human condition and he argues that it is by making sense of the world, and ourselves in the world, that we realise our full human potential as ethical agents (Nixon 2017, p. 15). Gadamer contends that humans understand the world in and through our experience

of the world. He, therefore, considers it vital for the individual to understand the world, that the individual is an active part of the interpretation process (Nixon 2017, pp. 18-19). Human prejudice or as he calls it, historicity, is the point of departure where interpretation begins and it is built upon interpretation values and assumptions that are shaped by our origins. Some of our prejudices may assist understanding, while others may deny understanding and, therefore, Gadamer stresses that we must be aware of the prejudices we are importing into interpretation process, since the hermeneutical task involves self-examination. It is therefore important not to have blind faith in one's convictions, but to have the commitment to question these convictions. The believe that an interpreter has undergone a self-examination process enables us to have trust in the interpretation and trust is a necessary condition of understanding. If we trusted nothing in this world, then it would be a world beyond our understanding. Gadamer, furthermore, argues that hermeneutics should focus on understanding rather than misunderstanding and that it cannot be considered a method to avoid misinterpretations. The understanding is made through utilising the prejudices that assist, but also through the knowledge, which derives from rejecting inappropriate prejudices. Gadamer, therefore, in opposition to the scientific ideal, insists on the productive power of prejudice instead of denying them categorically. Gadamer refuses to accept that we need to exclude ourselves from the interpretation process in order to achieve objectivity (Nixon 2017, pp. 18-19). In addition to Gadamer's work of understanding, he explains how new interpretation revise the pre-understanding through the hermeneutic circle. Gadamer states that the hermeneutic circle consists of the "whole", which is one's pre-understanding or prejudice of a topic, and the "parts" that is new knowledge. He argues, that understanding is a constant back and forth between the whole and the parts, which results in the interpreter is constantly revising the pre-understanding as he or she advances in the understanding of the new knowledge. The new knowledge thereby helps the interpreter to obtain a more accurate idea of the whole (Grondin 2017, pp. 11-14).

The work by Gadamer constitutes the very backbone of this thesis and we have therefore, chosen the ontological standpoint of constructivism and the epistemological standpoint, Interpretivism. The reason why we have chosen Gadamer's work as our guideline is that it represents the way in which our data has been processed. Each of the interviewees'



understanding of the travel industry is formed by their prejudices and therefore, they have different opinions on what is right and wrong. Furthermore, we, as researchers, are influenced by our prejudice, when we interpret the statements by the interviewees and therefore, the outcome cannot avoid being influenced by our understanding of it. In terms of the hermeneutic circle, we have through the interpretation of the theoretical frameworks and data collection evolved our pre-understanding. With data collection from several parties, we have attempted to develop our understanding to become as objective as possible.

## Research Design and Data Collection

This thesis is conducted as a comparative research design, since this design strives to understand social phenomena through comparing two or more cases or situations (Bryman 2012, pp. 64-68). In this matter, the aim with this research design is to compare how agencies, within the Danish charter industry, handle disruptive innovations. This is conducted with an objective of examining companies within the Danish charter industry and if there are any patterns in their way of responding to the changes. Furthermore, a research of companies within industries that experience a similar technological advancement will be executed, to compare how the charter agencies manage the development in comparison to these companies. Together with the theoretical frameworks, these comparisons are crucial to answer the problem statement, since they give an overview of the Danish travel industry and businesses with similar challenges.

This research design will be carried out through the application of both primary and secondary data. The latter consists of articles concerning the travel industry, the technological advancement in question and the impact it has had on other industries. The primary data is collected through a sequential purposive sampling method, since all interviewees of the thesis has either a connection to the Danish travel industry, expertise within technological advancement and how to manage it or is positioned in an industry, which have similar technological challenges. The interviewees are, therefore, chosen based on their relevance to the problem statement and not randomly picked. Furthermore, as a sequential approach, the sampling is an evolving process where participants are added during the research to give a broader understanding and more thorough answer to the problem statement. Purposive sampling cannot allow the researcher to generalize to a population, but the ambition with the sampling efforts is to collect enough

secondary and primary data to give an indication of the situation within Danish charter industry (Bryman 2012, pp. 408-410).

In this thesis, the collection of both primary and secondary data has shaped the construction of the theoretical framework. The framework consists of different authors across time, who challenges each other's viewpoints, but also contribute to a theoretical framework which includes the initial thought of the subject and how it has changed in time. Moreover, the initiate pilot interviews helped shape the theoretical framework and this framework played a significant part in collecting data from that point on. This includes both primary and secondary data. Therefore, the inductive approach, which is to develop theory from the data collected, is deemed suitable for the thesis, but, simultaneously, the deductive approach, which suggest that data should be collected based on theory, also fits the thesis structure. It can, therefore, be argued that the approach chosen for this thesis is a combination of both (Bryman 2012, pp. 21-24).

### Primary data

#### Semi-Structured Interviews:

Interview 1: Lars Thykier, CEO of Dansk Rejsebureau Forening

Interview 2: Peder Hornshøj, CEO of Bravo Tours

Interview 3: Jan Vendelbo, CEO of Spies

Interview 4: Terje Pedersen, Head of Digital Sales and Marketing at TUI

Interview 5: Glenn Bisgaard, Head of Public Relation at Apollo

Interview 6: Carsten Terp Hansen, Deputy Director of Suncharter

Interview 7: Ejner Munk Svendsen, Trade Promotion Officer at Sparekassen Vendsyssel

Interview 8: Allan Brodersen, Digital Product Manager at TV2

Interview 9: Thorvald Stigsen, Founder of Momondo

Interview 10: Tune Hein, Disruption Expert

## Interview Techniques and Approaches

The primary data of this thesis has been collected through semi-structured interviews with participants, who have significance in relation to the problem statement. The initial sampling of interviews was conducted as pilot interviews with a semi-structured guideline, which had the purpose of gaining a thorough understanding of the of the Danish charter industry. This was a part of the initial problem analysis and they played an important role in the development of the improved focus of the research.

Next, based on the initial interviews and theoretical framework, semi-structured interviews were conducted with a more narrowed focus on the developed problem statement. Common for the initiate pilot interviews and the semi-structured interviews later in the process, is that they are characterised by the utilisation of open-ended questions, which provided the informant with the possibility of answering freely. The researchers aim of the interviews was to create a relaxed environment with a flexible timeframe enabling the informant to reflect on the questions asked. Opposite to survey interviews, which is permeated with the utilisation of closed-ended questions, the aim of these interviews was to allow the participant to have a greater impact on the conversation and enabling the researchers to gain insight in possible unknown areas (Tjora 2012, pp. 104-109). Furthermore, the participants were informed about the agenda of the interviews beforehand as an attempt to ensure them that they wouldn't find themselves in an uncomfortable situation with questions they couldn't answer or weren't interested in answering. The interviewers have, therefore, strived to create an interview environment that the participant would feel comfortable in, which enhances the chances of him or her to answer the questions in a, to the interviewer, satisfactory manner (Tjora 2012, pp. 110-112).

The structure of the interviews followed principles of Aksel Tjora's three phases of the semi-structured interview. First, in the phase he calls the warm up phase, the questions of the interviews were simple and harmless, which allows the participant to get comfortable and relaxed in the situation. In the next phase, which is the reflexion phase, the informant, if necessary, would be allowed to give thorough answers. It is also in this phase the interviewer asks follow up question to dig deeper into certain topics relevant to the research. Lastly is round-off where the

interviewer normalises the situation and thanks the informant for his or her participation (Tjora 2012, pp. 112-120).

Due to the large distance between the interviewers and the participators geographically, most of the interviews have been conducted through a telephone or Skype connection. According to Tjora, semi-structured interviews are most optimal face to face, since it can enhance the comfortable feeling. He also argues that interviews conducted on a telephone are shorter than face to face interviews since the interviewer tend to be more planned in his questioning and, simultaneously, the informant tend to give shorter answers. The interviewers, furthermore, will not be able to read the informants body language, which can be helpful in forming a comfortable conversation. On the other hand, the fact that there is no visible contact can provide the participant with a greater feeling of anonymity and this can be a calming factor (Tjora 2012, pp. 140-142).

## Content Condensing

As a tool, coding is utilised to break documents of data into keywords, which can describe certain sections of the document. This can be efficient to understand the overall meaning of the interview by dividing it into codes, since it can contribute to a more general understanding. Coding brings several advantages for the researcher, since it can reduce the hours spend on selecting data and, furthermore, it can concentrate the data into being more simple and structured, which makes it more manageable (Kvale og Brinkmann 2015, p. 223) When coding data, two approaches can be applicable to reach a more thorough understanding of the data collected. Firstly, the coding process can be controlled by the data, which enables the researcher to develop codes as he or she interprets bits of data. Second, the researcher can be concept controlled where he or she has developed codes beforehand from collected data or other literature, which enables the researcher to conduct interviews with specific goals in mind. This is not to be understood as the researcher choose a more close-ended interview structure, but the researcher simply has keywords, which the questions are revolving around (Kvale og Brinkmann 2015, pp. 224-225). When content condensing the interviews, the researcher concentrates the relevant parts of the interview into short descriptions, which, as content units are easier to utilise in a content analysis. These content units compose the informant's opinion, of a certain matter

and make it easier for the researcher to compare to similar units from other informants (Kvale og Brinkmann 2015, pp. 227-228)

This thesis utilises a concept controlled coding process since the interviews of the thesis are conducted with codes set beforehand based on the theoretical framework. The researchers identified keywords of interest through, firstly, the pilot interviews and secondary data that formed the selection and creation of the theoretical framework, which, in the end, specified the keywords to become more analysable.

## Meta Matrix

To enhance the transparency of the data collected, a systematic model called meta-matrix will be applied. This method is utilised to create a better understanding of the data and to make it easier to interpret (Miles og Huberman 1994, pp. 240-241). The meta-matrix will consist of interviewees and theoretical assertions to illustrate if the interviewees are handling disruptive innovations, as they should, according to the theorists. The meta-matrix is located in Appendix 1.

### Example of meta-matrix structure:

		The charter industry					Other companies	
Thesis Principles	Theoretical Opinions	TUI	Bravo Tours	Spies	Suncharter	Apollo Reiser	TV2	Sparekassen Vendsyssel
Research for product development	Research should not be based solely on own customers	Internal research = High focus / External research = High focus	Internal research = High focus / External research = High focus	Internal research = High focus / External focus = High	Internal research = Medium / External research = Medium	Internal research = High / External research = Medium	Internal research = High / External research = High	Internal research = High / External research = High
Profitable versus less profitable customers	Product development should not be based solely on the most profitable customers	Profitable customers = High focus / Less profitable customers = Medium focus	Profitable customers = High focus / Less profitable customers = High focus	Profitable customers = High focus / Less profitable customers = High focus	Profitable customers = High focus / Less profitable customers = High focus	Profitable customers = High focus / Less profitable customers = Medium focus	Profitable customers = High focus / Less profitable customers = High focus	Profitable customers = High focus / Less profitable customers = High focus
Unknown developments	Companies need to focus on trends/possibilities that doesn't exist	High focus	Medium focus	High focus	Low focus	Low focus	Medium focus	Medium focus
Organisational structure	An organisation needs to create a separate task force that focuses on disruptive innovations	Has an innovation center	Does not have a separate task force	Has an innovation center	Does not have a separate task force	Has an innovation center	Has a separate digital department	Has a separate digital department
Focus on start-up tech's	Disruptive tech with low return can become a threat in the long run	High focus on new techs and startups	Medium focus on new techs and startups	Medium focus on new techs and startups	Low focus on new techs and startups	Low focus on new techs and startups	Medium focus on new techs and startups	High focus on new techs and startups
Global consideration	There has to be a focus on the threats and possibilities of globalisation in relation to their business	Possibilities = High focus / Threats = High focus	Possibilities = High focus / Threats = High focus	Possibilities = High focus / Threats = Medium focus	Possibilities = Low focus / Threats = Medium focus	Possibilities = High focus / Threats = Low focus	Possibilities = High focus / Threats = High focus	Possibilities = Low focus / Threats = High focus
Digitalisation efforts	A company should focus on IT-enabling their product and services	High focus	High focus	High focus	Medium focus	High focus	High focus	Focus

Figure 7 - Illustration of meta-matrix – Appendix 1

## Limitations

### Clayton Christensen

The theoretical framework made by Clayton Christensen is a thorough framework, which is efficient in defining what is and what is not disruptive innovation, and how these can be harnessed. Even though it is deemed very useful, the thesis acknowledges that Clayton Christen

has made his framework and published it in a book, which then should be sold to business leaders who fear the consequences of disruption. We, therefore, state that it has been taken into consideration that Christensen profits by spreading the horrors of disruption and can have motive for increasing the need for a book like his. Furthermore, Christensen's framework is suited for large companies, but the thesis assess that it is applicable for smaller organisations as well.

### Hein & Honoré

The thesis acknowledges that Hein and Honoré independently cannot be considered as a valid theory, but we deem our utilisation of their work can be justified, since they take their point of departure from the framework of Christensen and they from here attempts to add an extra dimension to it. Their work is thereby not a framework as such, but it is modification of an already existing theory. Furthermore, Hein and Honoré it can be argued that Hein and Honoré have the same motive as Christensen with book being possible profit.

### Analytical Approach

In order to investigate the phenomena of disruption and answer the problem statement, we will start off with providing a suitable theoretical framework. Firstly, we will introduce the Digital Scene, which aims to clarify how digitalisation has influenced the customer behaviour by presenting Kotler et al. Marketing 4.0. Thereafter, we will present how Momondo was created and how online platforms think and act, based on our interview with Thorvald Stigsen. The next step is to scrutinise how the travel industry has experienced sustaining and disruptive development to clarify why experts and actors within the charter industry, have so polarised perceptions on when something is disruptive. This is done based on relevant secondary data, supported by our interview with Lars Thykier. After establishing how significant innovations have affected the charter industry, our analysis of the Danish charter agencies will be conducted. The analysis is built on the thesis framework, which is comprised of two theories, and constructed with the problem statement in mind. The seven principles derived from our thesis framework will be incorporated in our meta-matrix and the answers given by managers. Next we will discuss how each company scores in our meta-matrix on the basis of the thesis framework and in relation to

our problem statement. Lastly, we will provide a conclusion, which answers the problem statement.

## The Digital Scene

The following section will provide insight on how industries have been altered by technological developments followed by a description of how the Internet and digitalisation have had an impact on customer and consumer behaviour. Furthermore, a brief insight on how Thorvald Stigsen created Momondo will be presented to gain knowledge on how online platforms think and act.

According to CBS professor Jan Damsgaard, the world is undergoing a change, which we have never seen before and if companies manage to adjust to this development, then the world is at their feet. Conversely, if they do not adjust to it, the result can likely be a shutdown of the company. This is the reality business leaders need to deal with today with the fast-going technological advancement (Damsgaard 2015, pp. 9-13). Evidence of this development is easy to find in today's society and it is visible in every city. Movie rental shops and record stores used to be visible in even the smallest cities, but today they are not to be found anywhere. Furthermore, the bank's branch offices were also widely spread all over the country, but today they are slowly reducing in numbers. This is a result of the digital revolution and, according to Damsgaard, this revolution will prove to be as comprehensive as the industrial revolution if not greater (Damsgaard 2015, pp. 9-13).

Figure 8, down below illustrates examples of industries that have been altered. These are industries that either, completely or partially, operate on the B2C market and are presented to illustrate how digitalisation can affect business models:

Industry	Change
The watch industry	From hand watch to watch on your phone
The book industry	From only the best authors could publish a book

	to all authors can publish their book on their own website
The grocery sector	From consumers doing their groceries in a physical store to home delivery
The TV and radio industry	From consumers scheduling their time to airtime and today where they can watch or hear their favourite show wherever and whenever they want.
The postal industry	From delivering mainly letters to only delivering packages
The financial sector	From physical service to online banking
The taxi industry	From expensive service to a cheaper transport through an app.
The music industry	From physical stores to streaming

Figure 8: How industries have been altered - Source: (Wiese 2016, pp. 292-293)

## Digital Effects on Consumer Behaviour

Over the years marketing has changed significantly and has followed the development within consumer behaviour and trends. These changes have largely been caused by new technology and the emergence of the Internet. According to Kotler, Kartajaya and Setiawan, marketing has evolved through 4 stages, which they call marketing 1.0, 2.0, 3.0 and 4.0 (Kotler, Kartajaya og Setiawan, Marketing 3.0 2010, pp. 3-5). In 2017, marketing 4.0 was published and this focuses on the transition from traditional marketing to digital marketing. According to Kotler et al. it was necessary to make marketing 4.0 since there has been in recent years has been a lot of technological advancements in recent years. They argue that it is not due to new technologies, but



that existing technologies have been converging and this has made a great impact on marketing practices around the world (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, p. 11).

### Power Shifts

The Internet has changed the world and the power structures we once knew are undergoing significant changes. As an example, from the financial crisis we experienced that the powerful G7 countries was not able to solve the crisis on their own, but were forced to involve the G20 nations, which includes countries such as India, Indonesia and China. This was an evidence of the economic power of the world has diffused and this is a result of the connectivity and transparency, which the Internet has brought to the world. One example of the connectivity we experience today is Facebook, which has 1.65 billion users on their platform (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 15-21). According to Kotler et al. (2017), the world has been accustomed to a vertical power structure, but this now has been diluted by a more horizontal structure. Today people get their breaking news on Twitter from citizen journalists instead of the TV networks and survey from variety magazine showed that the young generation from 13-18 were more interested in famous YouTubers than Hollywood celebrities (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017). These are examples of how the power structure has become more horizontal, inclusive and social instead of vertical, exclusive and individual. Customer communities have become more vocal and today they are more powerful than ever. They share stories about big brands and big companies, and these have now become more credible than the companies' targeted advertising campaigns (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 15-21). According to the authors, social circles have become the main source of influence and customers tend to follow the advice of these groups, when they are deciding which brand to choose (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 15-21). This can be seen as customers attempting to protect themselves against untrue marketing campaigns from the companies. In fact, Google research shows that 8 out of 10 smartphone users in the United States do mobile research in-store and in Indonesia more than half of the television audience does mobile research, while watching television commercials (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 23-24) This trend has in recent years made the foundation for companies like TripAdvisor and Yelp, and this development changed the relationship between customers and brands from vertical to horizontal. Customers will not be fooled by the brands' fake representation of value anymore due to their

communities and therefore, brands should take a more horizontal point of view and consider customers as peers and friends of the company (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 15-21)

Furthermore, globalisation has changed the balance of power between companies and the strength of company is no longer determined by their size, country or past advantages. Today, smaller and younger companies are able to compete with global companies and as (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 15-21) argue that in the future no company will dominate the others. Technology has taken away the superiority from high-volume mainstream brands and provided more power to niche companies. The physical and logistical constraints of the smaller companies have been reduced with the Internet. This inclusivity has made it possible for companies to enter industries they wouldn't have been able to compete in before and this has brought complexity into many industries since it can be challenging for companies to locate their competitors. In some cases, companies can experience becoming rivals with brands from other industries, since technology has made it possible for them to enter another market and therefore, it sometimes can be beneficial for companies to reach co-opetition (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 15-21). Additionally, Kotler et al. state that a brand can be more competitive by connecting with customer communities, since these represent the inclusivity that people embrace today and it is not about being similar, but respecting each other despite differences. In the online world, social media has enabled people to build relationships with each other with no demographic or geographic barriers and companies must accept that the market supply the ideas and the brand's job is to commercialise it (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 19-27).

### Connectivity

In near future, a new generation of customers is emerging and they are young, urban, mobile and have a strong connectivity. The connectivity is illustrated through their heavy use of mobile devices, which they utilise to stay connected with their community, but also to stay informed. For example, they utilise their smartphones to research price and quality of product online and, as mentioned earlier on, they trust product reviews from other consumers more than the brands themselves (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 22-28). This

development has led some people to say that the consumers are more powerful than ever, but argues that the consumers are not in control of what they are buying. According to Kotler et al. consumers are influenced by three factors, when they are making a purchase. The first factor is marketing communication in various media, the second factor is the opinion of friends and family and thirdly is personal knowledge about a brand, which the consumer has experienced in the past. These three factors combined with the consumers' ability to compare products and services online emphasises the importance of brands maintaining a great image (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 22-28). According to (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 28-36) consumers have become highly dependent of others opinion when making a purchase decision. They argue that the consumers are often considering the word of others as more important than marketing communication or even personal preferences. The reason for this, according to them, is connectivity itself and the low level of trust in marketing advertisement. Furthermore, connectivity along with the presence of devices and screens everywhere has also brought many distractions to the customers. A survey by the National Center for Biotechnological Information displayed that the average human attention span has dropped from 12 seconds in 2000 to 8 seconds in 2013 and this has attributed to the customers having difficulties in focusing and limited their ability to decide. This can be a result of constant messages on the consumers connected mobile devices, which require constant attention. This presents a challenge in the future for marketers since it becomes harder and harder to obtain the attention of the consumer and, on the same time, obtain their trust (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 22-28). (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 28-36) suggests that brands need to start conversations about the brand in customer communities, which can make consumers aware of their products and perhaps turning some consumers into loyal advocates. In the last decade, the definition of loyalty has become synonymous with a customer, who recommend a brand to friends and family. On the basis of this, Frederick Reichheld designed the Net Promoter Score, which is the most famous measurement framework of brand advocacy. It divides the customers into three categories, dependent on their score of the company, namely promoters, passives and detractors. The framework is measured by subtracting the percentage of promoters from the detractors and hereby finding if there is more positive coverage than negative. Interestingly to note is a large company like McDonald's has 33 % promoters and 29 % detractors,

but according to Kotler et al. the aim for every company should be to an army of promoters that can guard the company against criticism in the digital world (Kotler, Kartajaya og Setiawan, Marketing 4.0 2017, pp. 22-28).

## The Making of Momondo

Thorvald Stigsen, the CEO of SkyGate, established Momondo in the early 2000s. SkyGate was a company that delivered travel solution to large companies with global travel activities. In addition, the company provided customer relation management (CRM) systems to business travel agencies, which Thorvald Stigsen explains, would end up being the foundation for the technology used in Momondo's search engine (Appendix 3, 01:30-03.00min). Thorvald Stigsen states that he did not know much about the Internet or how companies, that built their business model online, earned money. This led him to investigate how successful online companies operated, where he discovered that online products were driven by click or as Thorvald Stigsen states it "you buy and sell clicks" (Appendix 3, 07:15-07:19min). After obtaining this knowledge, he realised that online business models were the complete opposite of the classical business model. When a company sells a product the value proposition of the product that the customer gets, is tied together with the revenue stream, meaning the quality of the product defines the revenue stream, according to Thorvald Stigsen. He explains that this is not the business model he discovered when he investigating successful online companies, but instead discovered that on the Internet it was completely different. Here successful companies managed to separate value proposition and revenue stream, so that the value the customer get is not tied to a company's revenue stream (Appendix 3, 06:15-09:00min). Thorvald Stigsen states that companies, such as Google, invested millions in developing the technology that enabled them to provide the value proposition of 'we'll find what you seek' and after launching the meta-search engine and obtaining a critical mass of users, then began to develop the technology that enabled them to integrate advertisements, which would define their revenue stream Appendix 3, 09:30-09:00min). Thorvald Stigsen explains that this was the approach he took when establishing Momondo and states that he separated a small tasks force of three employees, out of SkyGate's 20 employees, to only focus on developing the search engine used in Momondo (Appendix 3, 03:45-04:15min).

## Analysis

### Sustaining and Disruptive Development in The Travel Industry

The following section will investigate the travel industry to determine how it has experienced sustaining and disruptive developments. The previously mentioned actors constituting the travel industry, presented in setting the scene, will be investigated to determine the nature of the development their entrance to the industry entailed. By investigating the sustaining or disruptive nature of significant innovations and companies within the travel industry, the question of how and when the travel industry experienced sustaining and disruptive developments, can be answered. According to the thesis framework, the distinction between sustaining and disruptive innovations is based on, how companies that utilise new technology and facilitate these innovations, enter and affect the market.

***Sustaining Innovation:*** Companies utilising new technology to improve an already existing product to an already existing customer and need.

***Disruptive Innovation:*** Companies utilising new technology to create new products that supply the need of low-end customers or utilising new technology to create a new market. Companies utilising digitalisation to create new products, services or methods are also considered disruptive.

### 1930-60s

#### Public Transportation

The travel industry has, as mentioned earlier, experienced radical change multiple times. Public transportation was the first step in facilitating mass tourism and was industrialised through the technological developments in steam engine and its effect on trains, ships and railways. Meanwhile, trade unions forced governments for more flexible working hours and by the year 1939, many European countries agreed on salaried holidays for employees which brought increased prosperity and the need for vacation (Sezgin og Yolal 2012, 75). This disrupted the travel industry of the time since people could now travel longer distances, while the cost of travelling became more affordable because of the salaried holidays. The development in society and in the

technology of steam power, created what Christensen would define as a new market for the travel industry with the emergence of the charter tourist.

### **Charter Flights**

During the 1960s charter flights made their entrance on the market. This made it possible for charter tourist to travel across continents in record time compared to ships and trains. With the entrance of charter flights, computer reservation systems (CRS) were also introduced through the emergence of computers technology and disk drives. These CRS were later developed into what is known as global distribution system (GDS) today (Sezgin og Yolal 2012, 76-78). This technological development is what Christensen would deem as sustaining development, even though charter flights brought many new possibilities, it was still the same outcome for the same customers.

### **1970s**

### **GDS & The Internet**

Airline companies increasingly became more powerful in the travel industry due to the efficiencies their technologies possessed with flight minimising travel-time and GDS making the logistical operations more effective. During the period between the 1970s and mid 1990s, the providers of GDS became independent firms instead of being owned by the airlines whom established them (Sezgin og Yolal 2012). These GDS companies were also the first to experience change when the technology of the Internet became a part of the industry. The emergence of the Internet resulted in airlines and hotels being able to facilitate the booking and transaction through their own reservation systems, which were connected to the Internet. Lufthansa, Air France and Iberia sold most of their shares in Amadeus (the largest GDS); American Airlines sold Sabre; British Airways and KLM sold out of Galileo; and so on (The Economist 2012). The technology of the Internet and the affect it had on the travel industry can be described as a disruptive development as the new research and booking possibilities created the market for the “do-it-yourself” tourists. Companies such as EasyJet and Ryanair disrupted the industry by introducing a new low-cost model that encouraged customers to “Book on our website” instead of “Booking through your local travel agent” (May 2014). The “do-it-yourself” tourists were not necessarily interested in charter travels, but instead wanted to see the world without having to choose between the

products provided by the charter agencies and did not find it difficult to research and book their travels online.

1990s

### **Online Travel Agencies**

According to Lars Thykier, the CEO of Dansk Rejsebureau Forening, suppliers of inventory, especially hotels, were really bad in utilising the technology of the Internet with many of them having insufficient website or none at all (Appendix 2, 06:00-07:30). This led the emergence of OTAs, who gathered inventory from both flight and hotel companies to help them get rid of leftover seats and beds. Lars Thykier states, that it was normal for hotels to pay 20-30 per cent of the room cost in commission to the OTAs since the end goal was to fully utilise the room capacity of the hotel (Appendix 2, 06:30-07:30). This created even more convenience for the “do-it-yourself” tourist, who did not have to check multiple underdeveloped websites, but could instead gather a vast amount of information and offers, on one website. The convenience the OTAs offered, combined with cheap hotels, led to traditional charter products such as flight and hotel being divided into two separate products from which customers could customise their own vacation (May 2014). This development can still be characterised as a sustaining development due to charter holidays still being the product, but through the utilisation of the technology, the Internet, OTAs managed to supply the need of low-end charter tourist and people who previously did not have the economical resources to travel. Therefore, they can be deemed as a low-end disruptive innovation. By utilising the Internet and digitalising their entire process, OTA’s could reduce, if not eliminate, costs in customer service, office space, travel guides and insurance, thus supplying a cheaper alternative to what charter agencies were offering (Christodoulidou, Connolly og Brewer 2010). In addition, OTA’s such as Expedia Group and Booking Holdings have acquired multiple small and large tech companies and online providers, which indicates their increased focus on investing in sustaining technologies to improve their products, which in return, will increasingly make it possible for them to service the needs of the most profitable charter customers (Booking Holdings 2018); (The Expedia Group 2018).

2000s

### **Meta search engines**

Throughout the beginning of the 2000's the rise in online travel activity and number of online agencies continued to increase, which led to the emergence of meta search engines. These companies utilised the software called web-crawlers, in which an Internet bot searches the entire web based on pre-determined keywords and meta data. These companies further increased the transparency of the industry with these so-called web-crawlers scanning all travel related websites, in order to collect them all in one place (Appendix 3, 17:30-18:30min). The technology used to enable web-crawlers can be seen as a sustaining innovation, according to Christensen. Meta search engines contain disruptive elements, according to Hein and Honoré, with the increased transparency and convenience on the market by having all possibilities gathered in one place.

### **Tripadvisor**

The Internet also gave birth to the technology of social media and peer-to-peer platforms that facilitated the move of information. The social media platform, Tripadvisor, had the purpose of connecting travellers all over the world and create a community for them to share experiences and recommend airlines, hotels and travel agencies (May 2014). This facilitated a power shift, since customers did not solely rely on traditional travel agencies and OTAs for expertise and recommendations, but could now instead read peer reviews, continuing the transparency efforts of the above-mentioned OTAs and meta-search engines. As mentioned in the section of meta search engines, Tripadvisor also contains elements of disruption since it enhances transparency and reduces the control of information the companies and business leader have (TripAdvisor 2018).

### **Airbnb**

The increased digitalisation of suppliers and their travel products, combined with the technological advancement in mobile applications, gave birth to the shared economy platform Airbnb. The platform aimed at creating a virtual marketplace, where property or house owners could share their space for short-term rents (May 2014). The introduction of private houses and accommodations has previously been seen in the travel industry through timeshares, but due to the global presence of Airbnb and the digital availability of the product, the platform has grown drastically in short time. This is combined with Airbnbs utilisation of shared economy trends, where resources are efficiently utilised, information is peer driven and customers increasingly gain



unique experiences. Furthermore, Airbnb's launch of Airbnb Experiences, which is still fairly new and only available in some regions of the world, indicates that they are infiltrating some of the additional sales charter agencies usually harvest (AirbnbExperiences 2018). By enabling customers to choose which experience they wish to gain and combine it with accommodations adequate to the customer need, creates a new market servicing the need of "travel explores". These explores can gain unique experiences in exotic destination, thus leading to the argument that Airbnb is using innovative technology to commercial a new market.

Figure 10, down below illustrates the sustaining and disruptive innovations

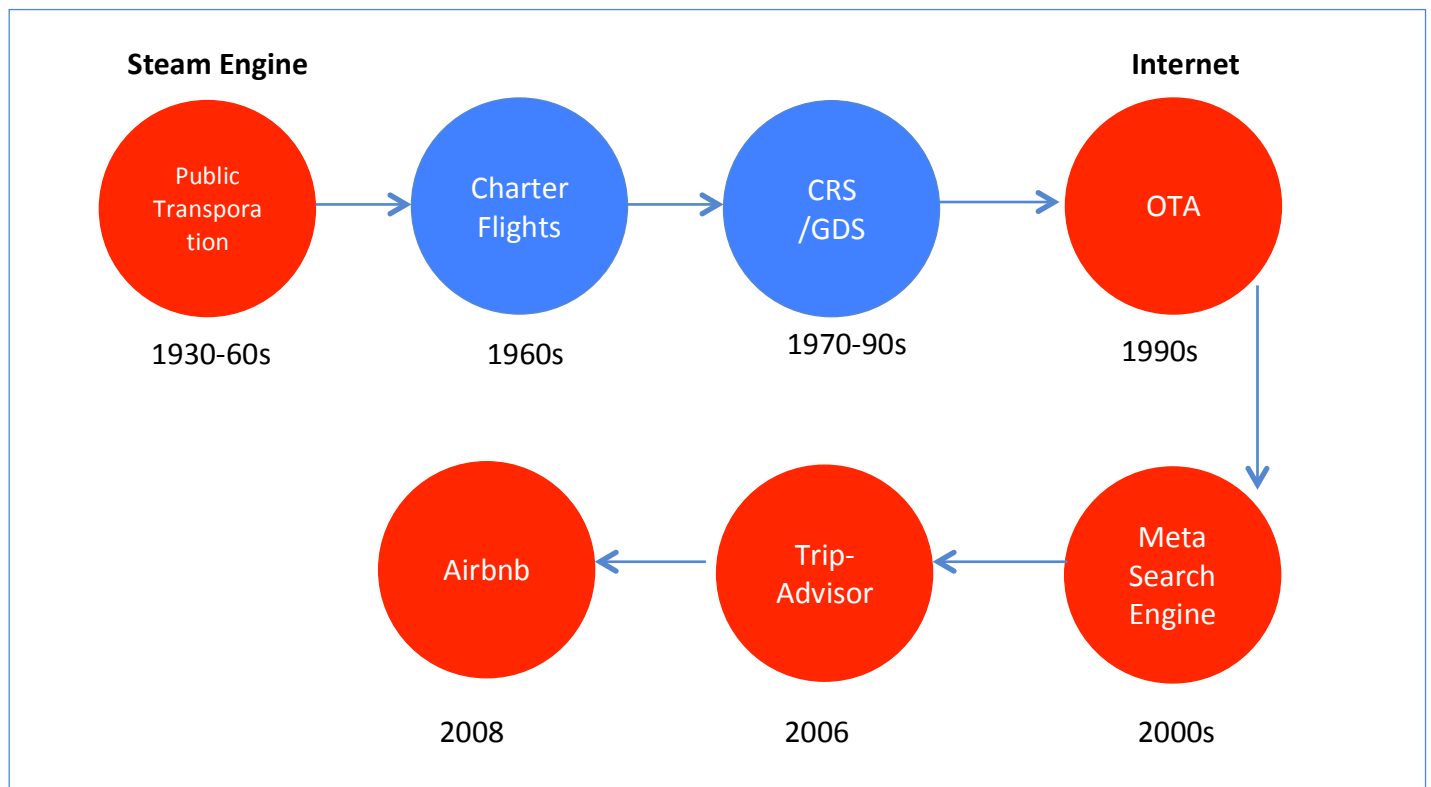


Figure 9: Illustration of sustaining and disruptive development in the travel industry - Source: Thesis creation

## Meta Matrix

In order for the thesis to investigate and compare charter agencies and other companies, in relation to the problem formulation, a meta-matrix is formulated. Each keyword

within the meta-matrix represents a theme, which was derived from the theoretical framework on the basis of the problem formulation. The following sections will present the answers given by managers regarding each theme in the meta-matrix.

## Research for product development

According to the thesis framework, companies should not only focus on their current customers when developing new products or services, since developing solely on behalf of existing customer needs might result in the company missing out on new market trends and technologies, which could define the future market needs.

### The charter industry

#### **TUI Denmark**

According to Terje Pedersen, TUI Group does not identify as being a charter agency anymore, but instead, functions as an overall tour operator that supplies packaged charter tours among other products and services. When the company focus shifted from being a charter agency to becoming a tour operator, the TUI Group renamed all of its worldwide brands, which were previously fragmented into local nation brands, in order for them to synergise and expand their operations (Appendix 4, 03:00-05:30min). Additionally, Terje Pedersen explains that TUI owns the entire value chain including planes, hotels, cruise ships and destination agencies. Each of them is separated from each other and has their own business model and i.e. Terje Pedersen argues that their aim is that each of them has to be the best within their field (Appendix 4, 05:25-06:30min). According to Terje Pedersen, TUI has a major advantage because of their global size, making their internal studies regarding customer behaviour more comprehensive and detailed, which in return gives the company a more accurate representation of possible future customer needs and demands (Appendix 4, 10:00-11:00min). The same size also gives TUI an advantage in developing new destinations and hotels, since they know how Chinese, Danes, Brits and Germans want to travel. This enables TUI to create concept hotels and unique tour packages, targeted towards a specific customer segment from various markets (Appendix 4, 11:00-11:30min).

#### **Score**

As a large tour operator, TUI collects insight on customer needs and demands from

the global market. Furthermore, the fact that they divide each of their operations into independent business models indicates that they have a thorough focus in several areas. Based on this, TUI is deemed to have a thorough focus both internally and externally, which results in a green score.

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### **Bravo Tours**

According to Peder Hornshøj, CEO of Bravo Tours, their product development is currently focused on expanding destinations and developing concept hotels. He elaborates by stating that this focus is driven by how other Danish charter agencies, namely TUI and Spies, have developed their products throughout the years, consequently leading Bravo Tours to invest a lot of resources in developing concept hotels (Appendix 5, 01:20-02:30min). According to Peder Hornshøj, this is something they have lacked in regard to their competitors, but what he highlights, as being their most important development focus, is to improve hotel quality relative to price. According to Peder Hornshøj, they determine their focus and investments in innovation partly on external data and trends, as seen above, but they also listen to current customers and their needs. He argues, that they already know their customers and their needs, and therefore the company follows market trends and developments more than internal data when deciding what to improve or develop. Peder Hornshøj continues by explaining how a combination of internal and external data provided them with insight, on the changing nature of departure needs, with both current customers and other consumers increasingly demanding more flexibility. This has led Bravo Tours to develop what they call dynamic packaging, where customers can combine flight and hotels to wherever and whenever they want (Appendix 5, 02:20-03:15min). According to Peder Hornshøj, it may be that it is still one of Bravo Tours' famous hotels that are used, but instead of their own airline, it may be SAS flying one way and Norwegian the other way. He continues by stating, that it is something brand new and the automation of this service has just been deployed and will be operational by late autumn of 2018 (Appendix 13, 12:40-15:15min). In addition, Peder Hornshøj states, that the most important element in research development, is the element of knowing which trends and technological developments not to follow. He argues, that even though they notice certain market trends or changes in buying behaviour, they do not react

on it, if it is not suitable regarding their business model. According to Peder Hornshøj, Bravo Tours wants to supply great, affordable and personal products, which means they do not see the need for incorporating too many services or products that varies away from their core-value proposition (Appendix 5, 03:00-03:45min).

## **Score**

Bravo Tours contends that they have adequate knowledge on internal customer needs and, therefore, they consider it as vital to focus on external data and developments. Therefore, Bravo Tours is appointed a green score.

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## **Spies**

According to Jan Vendelbo, Spies focus is on both internal and external research when developing new products and services, or as he states it, “we follow industry trends, and innovate based on those” (Appendix 6, 01:55-01:58min). Jan Vendelbo continues that the general trend is that customers, now more than ever, want hotels and hotel related products to be more customised and based on specific needs. He continues by stating that charter customers previously just wanted a simple hotel somewhere down south, whereas today, customers want more when vacationing during the summer. The new needs customers have are, according to Jan Vendelbo, more focused on experiencing what they want, when they want - while being in a customised environment. He uses the example of a customer who requires an adult hotel, without kids, which also has activities such as, tennis, fitness, etc. and can provide a wellness experience. The same can be said of customers who seek a gastronomical experience (Appendix 6, 02:00-03:30min). This development in customer behaviour has lead Spies to develop more unique products and packages based on segments and preferences. In order to supply uniqueness, Spies has developed concept hotels, which caters to a specific segment or segments. These are either newly build or the use an existing hotel, which is then remodelled to encapsulate the specific need. The hotels are based on different segments such as, families, couples, singles and adventure/experience seekers and divided into packages of good, better to great tours, depending on the quality and service level the customers seek (Appendix 6, 03:40-04.00min). As mentioned

earlier, Spies focuses on both internal and external research when developing new products and services, but, according to Jan Vendelbo, they do more than just following market trends. He highlights that Spies has a travel panel or focus group; comprised of 15.000 different travellers, who have not necessarily travelled with Spies before, but instead, represent the entirety of travellers. This focus group is utilised throughout the year is asked questions regarding travel research, booking, marketing, new products, services etc. (Appendix 6, 04:20-04.45min). According to Jan Vendelbo, their internal knowledge on customer needs and demands, combined with general market tendencies and the trends seen within their focus group, is what drives innovation at Spies. Furthermore, he states that the before-mentioned development research methods, are not the only methods used when innovating. The data regarding buying behaviour and customer needs, regardless of internal or external, indicates what the future might look like based on the travellers' preferences, but according to Jan Vendelbo, customers do not always know what can make a vacation even better. Because of that, Jan Vendelbo explains that Spies focuses on utilising their own knowledge, since they are one of the oldest travel agencies in Denmark, while also being a part of the Thomas Cook Group, to predict and enhance the customer experience, by innovating products and services the customer did not know were needed or possible (Appendix 6, 04:45-06.00min). Jan Vendelbo also emphasises that the change in customer behaviour, regarding flexible departures and destination, was a trend they caught early, leading them to introduce their concept of flexible flight and destination more than 10 years ago (Appendix 6, 08:05-09.15min).

## **Score**

As a part of a global operator group, Spies has extensive access to diverse data on customer needs and demands. Additionally, Spies' utilisation of a large focus group indicates extensive focus on both internal and external research resulting in the score green.

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## **SunCharter.**

When SunCharter develops new products, according to Carsten Terp Hansen, it is not on the same level as other agencies within the Danish charter industry (Appendix 7, 01:15-

01:30min). He explains, that due to SunCharter's fairly young age and their specialised focus on charter tourists from the Northern Jutland region, results in their product development is mainly focused on the needs from segments in this region (Appendix 7, 01:45-02:40min). He continues by stating that their segment size is not as large as the competitors and that their main focus is on external data and developments when formulating new products. The reason for this is, according to Carsten Hansen, due to the fact that if a company continues to develop solely based on demands from current customers, the company might end up diluting these customers, should the new products not suit or match a certain need. Therefore, SunCharter considers the broad perspective as essential when product developing, in which they research what the general customer demand is, and how they can develop products that addresses and suits these customers. Carsten Terp Hansen emphasises that when developing new products, directed towards these segments, SunCharter always looks at how they can differentiate themselves from other agencies already supplying these customers (Appendix 7, 02:50-03:45min). This is because, as he states it, you could end up diluting your own operations and company value, by offering the exact same product. Consequently, Carsten Terp Hansen states that SunCharter seeks to find destination, which are not well known or underdeveloped on the Danish market. This is something that has become increasingly difficult in the current marketplace, so their goal is to find small niche segments, and produce products to suit their needs. In regard to how they develop new products to current customers, Carsten Terp Hansen explains that SunCharter considers it important for the company to be able to offer current customer, the commonly known Danish charter destinations and therefore their focus is on establishing routes and hotels in these well-known destination (Appendix 7, 04:00-04:30min).

### **Score**

SunCharter argues that they have a small group of customers, but the answers provided indicates that the external focus is placed on the customers of other charter agencies in Denmark and not customer segments outside of it. Therefore, since the customers within in the Danish charter industry are not that diverse, the impact of their external research is limited to a yellow a grade.

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## **Apollo**

According to Glenn Bisgaard, when they initiate product development the company focuses on the question of, which opportunities are achievable and profitable to obtain. Therefore, both internal and external research is utilised when product developing. Apollo is the biggest business partner SAS has in Northern Europe with more than one million Nordic travellers boarding SAS flights every year, which according to Glenn Bisgaard, gives Apollo a great advantage when negotiating the possibility of developing new routes and destinations (Appendix 8, 05:40-05:06.30min). The company mainly focuses on what the customers want and then combine it with what they deem as, being possible and profitable, based on external research (Appendix 8, 05:54-06:00min). To illustrate the usage of external data in product development, Glenn Bisgaard uses the example of how Apollo, back in 2014, in cooperation with their departments in Sweden, Norway and Finland decided to make Albania a new charter destination. Today, he states, that there is a great demand for packaged tours to Albania and with Apollo being the first Nordic agency to provide this possibility, they have had a great advantage of establishing partnerships with hotels and building new ones, which in return helps Apollo create and develop new charter destination (Appendix 8, 06:45-07:30min). Glenn Bisgaard continues by stating that internal customer research, which is composed by data from all departments in Scandinavia, is also used to develop new services. The latest product development initiative Apollo has come up with is Apollo TV, which according to Glenn Bisgaard, is something that came to fruition, due to the demand and behaviour of their customers. The internal data suggested that Apollo's customers preferred to obtain new knowledge on travel and charter related news through a visual medium, rather than reading or clicking through different pages. This led to the development of Apollo TV, which is available on both the Apollo website and mobile application (Appendix 8, 11:15-11:45min). The development of the mobile application was also driven by their internal customer data with customers requesting more convenience regarding communication with the travel guides. The mobile application is still under development, according to Glenn Bisgaard, but states, that they continue to develop new functions to increase customers' satisfaction and convenience with the implementation of a booking system being the latest innovation (Appendix 8, 13:15-14:30min).

## **Score**

Apollo's product development is mainly based on internal customer needs and

demands, which are then supplemented with external data to deem what is possible and profitable. This constellation between internal and external research illustrates that their focus is primarily, on current customer needs and demands and due to the downgrade of the external focus, they score a yellow grade.

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## Other companies

### TV2

According to Allan Brodersen, the research conducted prior to developing new products in TV2 is divided between internal and external research. Allan Brodersen explains, that the local editorial offices supply the demand from customers and viewers, while the sales department supplies data on commercial possibilities. This constitutes the internal research within TV2s organisation (Appendix 10, 03:30-04:00min). According to Allan Brodersen, if product development was conducted solely based on the request from an internal commercial department, the product would essentially consist of ads and TV2 would lose all of their viewers, whereas, if the product development was conducted based on the demand from local editorial offices, they would have many viewers but lack profitability (Appendix 10, 04:00-04:30min). Furthermore, when elaborating on the use of external research, Allan Brodersen states, that the external research consist of monitoring competitors, both local and foreign, in order to gain insight on what programmes and add-ons they have success with. Allan Brodersen names DR as being the competitor they monitor in Denmark, but emphasises that they also follow large media outlets in USA and in England to gather information and inspiration for new products (Appendix 10, 04:45-05:30min). He explains, that when monitoring competitors, TV2 does not only focus on TV programmes but also digital add-on because of the development in how viewers consume written and visual media have become increasingly important. This is also the reason for TV2 having a department solely focusing on digitalisation and how to utilise its possibilities, rather than only focusing on developing products for TV, which before streaming and digitalisation, was the company's only revenue stream besides advertisements (Appendix 10, 05:45-06:00min).

### **Score**



TV2 has extensive internal research through their utilisation of multiple editorial offices and their sales department. When researching externally, TV2 takes into account both Danish competitors and foreign media. Therefore, TV2 scores a green in the meta-matrix.

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### **Sparekassen Vendsyssel**

According to Martin Braun, because of their size Sparekassen Vendsyssel has to monitor the larger financial institutions and how they operate. Sparekassen Vendsyssel assess both banks in Denmark and financial institutions on a global level to investigate for products and services that are in line with their values (Appendix 9, 00.45-01.30min). The reason they do this, is according to Martin Braun, so that they do not overlook services or products that customers' demand that potentially could give them a competitive advantage. The use of external data also extends into research on how companies with a technological background operate. These companies Martin Braun refers to as FinTech companies. Martin Braun and Ejner Svendsen states, that these companies possess a real threat to the market, especially with the emergence of open banking, where third-party providers build applications and services based on bank data (Appendix 9, 05.15-06.30min). These are all considerations they include before developing new products, but as Martin Braun and Ejner Svendsen stress, there is a reason why their current customers have chosen Sparekassen Vendsyssel rather than other institutes and this is due to personal contact and service. Therefore, the bank also focuses on internal data on customer demands before developing new products and services, since they should be in line with the banks values and current customer demands (Appendix 9, 02.05-03.15min). In addition, Ejner Svendsen explains that due to the competitive nature of the market, they cannot afford to ignore external customer demands, which means that they sometimes have to include products not in line with their values. Here Martin Braun explains how competitors have begun offering debit cards to kids under 10 years old. This does not concur with the banks values, but due to the customer demand, they felt the need to also incorporate products as such (Appendix 9, 01.30-02:15min). Furthermore, Ejner Svendsen states that innovation regarding technological services and products are done on a basis of external and internal data, in which he presents a report conducted by FinansWatch, on digital trends from 3.000 respondents (Appendix 9, 03.20-04.00min).

## Score

Sparekassen Vendsyssel is aware of that due to their size it is essential for them to have an external focus. This includes observing foreign and Danish financial institution, but also reports on digital customer trends. This illustrates extensive external focus and therefore, Sparekassen Vendsyssel score a green.

## Profitable Vs. Less Profitable Customers

This section represents the second principle of the thesis framework and aims to illustrate how companies apportion their resources between customer segments. The thesis framework stress the importance of companies having a focus on smaller and less profitable markets. Therefore, this section investigates the companies' willingness to be present in markets, which doesn't necessarily provide high profits, but contributes in narrowing the gap for new businesses to enter low profit markets and get their foothold in the industry.

### The charter industry

#### TUI

In the case of TUI, they underline that they have a focus on both profitable and less profitable customers as long as it is scalable. Terje Pedersen argues, that TUI is capable of providing holidays for customers, who does not have the economy or do not want to spend high amounts on a packaged tour, and, simultaneously, they can offer holidays for customers who seek the luxurious and more expensive holidays. They can offer the premium experience, which include five star hotels, high service level and have a high price, but they can also offer the three star hotels and experience, which is more competitive in relation to the price. He contends, that TUI offers both kinds of services in the Danish market, but that the Danish customers, to a large degree, prefer spending smaller amounts on their holiday. Terje Pedersen compares the Danish market with the Norwegian market and states that the Norwegian people have a significantly higher average order size. TUI offer the same products on the Danish and Norwegian market, but, as Terje Pedersen states, for some reason Norwegians choose to spend a higher amount of money

on their holiday, while Danes prefer the cheaper options. Furthermore, Terje Pedersen stresses that even though TUI wants to offer holidays on the low-price market, they do not want to be selling holidays for 500 or 1.000 Danish kroner, as some of their competitors does, since these solutions are simply not profitable for them. He says that this is only a solution for travel agencies, which does not operate with their own flights and hotels because they, thereby, have minimum risk bound to the sale. Moreover, Terje Pedersen argues that since these holiday prices only provide very small profits and are not something you can build your business on, TUI does not believe in this business plan (appendix 2, 14:00-15:50min).

### **Score**

TUI has a high focus on the profitable customers, but they have only been deemed to have a medium focus on the smaller customers. The reason why it is deemed as a medium focus is their unwillingness to operate in the part of the market where they get the lowest profits and therefore score a yellow

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### **Bravo Tours**

Bravo Tours has a broad focus on both profitable and less profitable customers, and this is not something they do solely because of their desire to serve all kinds of customers, it is a necessity. Peder Hornshøj argues that Bravo Tours would like to be in a situation, where they could run a business that only served profitable customers, but stresses that the company is in an industry where they have to sell holidays, which they lose money on, if they want to be able to get the holidays that they can earn big profits on. The reason behind this, as Hornshøj explains, is that if they want the best hotels in June, then they also have to put them for sale in other months such as May and April, where the demand for holidays is significantly lower. Therefore, he argues, that the less profitable customers that buy holiday packages outside of the main season are almost just as important to the company, since they help the company to minimize the profit losses on these holidays. Moreover, Peder Hornshøj contends that it is not possible to run a company that only sell holidays in the summer period, where the schools are closed because you will have difficulties in getting the right hotel bookings and flight tickets. Bravo Tours has, therefore, acknowledged

that a part of their business plan is to lose money in some months, so that they can get bigger profits in the main season (Appendix 5, 4:30-6:30min).

### **Score**

Bravo Tours is forced to focus on the less profitable customers if they want to get a hold on the profitable customers in the summer period. Therefore, their acceptance of this situation and acknowledgement of the importance of the less profitable customers is the reason behind Bravo Tours is graded with the colour green.

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### **Spies**

Jan Vendelbo emphasizes that the most important customers for Spies are the ones who are loyal and travel with them every year. But, in terms of profitable and less profitable customers, he argues that all customers are important for them. Jan Vendelbo states that they have customers they do not necessarily make any profit on because they want to travel in the off-season. He states that it is necessary for Spies to have the best hotel rooms for sale in the off-season, if they want to have them for sale in the main season. Furthermore, he contends that travellers in the off-season are also important because Spies needs to sell as many flight seats as possible, so that they do not lose money on it. Therefore, the customers who travel in the off-season for cheap prices are just as important as the customers who travel in the main season for full price tickets. Moreover, Jan Vendelbo states that Spies attempts to have products that follow the customers' life cycle meaning that they attempt to provide holidays for each generation and for people with kids and without (Appendix 6, 5:30-9:00min).

### **Score**

Spies are, like Bravo Tours, forced to have a focus on less-profitable customers if they want to have access to the best hotels during the summer. They have the same strategy that they need to focus on the small customers in the off-season, if they want a successful main season. The acknowledgement of the importance of the less profitable customers, results in Spies getting the score green in the meta-matrix.

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## **SunCharter**

Carsten Terp Hansen states that SunCharter attempts to serve both profitable and less profitable customers. He argues that the intensified competition in the travel industry has made the customers very price-conscious, but simultaneously they have also experienced that the customers want to pay the price that quality costs. Therefore, he argues that SunCharter has products to customers who wants to pay for quality, but also to customers who want a cheap vacation. He says that the latter is still of great quality, but they are making compromises in some areas of the holiday. Therefore, he contends that SunCharter's finest task is to make an honest description of the holiday, so the customers are aware of what they get and what they do not get (Appendix 7:50-9:30min).

## **Score**

SunCharter provides an equal focus on both profitable and less profitable customers and they are, therefore, graded with the colour green.

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## **Apollo**

Glenn Bisgaard states that Apollo has a focus on both profitable and less profitable customers. Their product development is based on all customers and he argues that Apollo 4 years ago made a decision of them wanting to be the largest Danish charter holiday provider to Dubai and the Emirates. Today this objective has been reached (Appendix 8 18:30-19:15min). Furthermore, they are very aware of the travel industry is dominated by a last-minute market, where customers can buy price reduced holidays (Appendix 8, 21:30-22:00min). When asked if they have an equal focus on less profitable customers as on profitable customers, Glenn Bisgaard states that the focus is equal due to their primary assignment, which is to sell each of their flight seats (Appendix 8, 23:00-23:30 min). He, furthermore, adds that this is a significant task since the moment when the flight takes off, the flight seats and hotel rooms in the given time is worth nothing to them (Appendix 8, 25:00-25:26 min). Based on this, he was asked if the focus would be

the same if their holidays was not time sensitive and he stated that they always have time sensitive products so the overall focus will always be on the profitable customers and the last-minute travellers no matter it is main season or off-season (Appendix 8, 25:27-26:20 min).

## **Score**

Apollo serves both kinds of customers, but since they only focus on the less profitable segment when they are forced to, they are deemed to have a medium focus on this segment and, therefore, are marked with yellow.

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## **Other companies**

### **TV2**

TV2 is in many ways a different case from the previous companies, since they have a lot of different customers. Their largest income is from television commercials and from television channel providers, and then they also have an income digitally from TV2 Play and online advertisements. The only service where they have customers as in the other industries is with TV2 Play, while the other incomes are from other companies (Appendix 10, 6:05-7:00min). Therefore, to investigate how they apportion their focus between profitable and less profitable customers, this will be based on the income of the product and not on the customers.

Allan Brodersen states that all companies have focus on their biggest income, but since that television commercials have stagnated the company, at the moment, is putting a lot of focus on TV2 Play and their television broadcasting. He states that the app, TV2 Nyhederne, is the biggest news app in Denmark, but they do not earn a lot of money on the commercials in the app. Their focus with the app is therefore to make people watch some more television or to use TV2 Play. He furthermore adds that all TV2's products reference to TV2 Play as a strategy to make people subscribe to TV2 Play, since this is where the largest growth is (Appendix 10, 7:00-8:30min). Moreover, Allan Brodersen states that the entire television industry is affected by the fact that people watch less television flow, but that DR and TV2 are less affected since their channels are available in every channel package from the television channel providers. Additionally, he states that TV2 Play is solution to attempt to win back some of the "cable cutters"

as he calls them, who does not want television channel packages anymore (Appendix 10, 8:30-10:40min).

### **Score**

TV2's decision to put their main focus away from their largest income and focus more on the less profitable areas of the company illustrates that they are well aware of the development in the industry. The efforts are deemed as satisfactory in relation to the thesis framework and they get the score green.

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### **Sparekassen Vendsyssel**

Ejner Svendsen and Martin Braun contend that when they are developing products, it is aimed to serve a broad audience and not only the most profitable customers. Martin Braun adds that the larger a customer is the more advantages he or she gets. Svendsen and Braun state that the bank wants to appeal more to the younger segment, since this where the potential is, and that they in current time do not succeed in making themselves attractive to this generation (Appendix 9, 21:45-22:20min). Ejner Svendsen ascertains: *"There are banks that are better at attracting the young generation than us and it irritates us"* (Appendix 9, 22:21-22:25min). Moreover, Braun and Svendsen contend that the younger segment demand fast and easy contact with the bank and, therefore, the bank is considering the possibility of creating an online chat solution for 18 to 28 year olds and perhaps hiring employees to be available on the chat in the evening hours, where the bank normally is closed. Martin Braun furthermore adds that this segment probably would prefer to contact the bank online with their requests instead of by phone and, therefore, the chat solution could be attractive to this segment (Appendix 9, 22:50-23:55min).

### **Score**

The banks acknowledgement of the lacking pulling power of the younger segment as well as their thoughts of how they can become more attractive to this segment displays that they

have a high focus on the less profitable segment and, therefore, they have been graded with the colour green.

## Unknown Developments and Organisational Structure

This section represents the third principle of the thesis framework and aims to illustrate how a company focuses on unknown developments. Furthermore, it contains the fourth principle, which stress the importance of companies creating a separate organisation or task force, which purpose is to handle disruptive innovations.

### The charter industry

#### TUI

According to Terje Pedersen, researching and monitoring new technologies and customer trends, which are not known to the travel industry, is an effort they consider essential. He continues by stating that three months ago TUI met with a lot of different travel tech start-ups during their trip to Silicon Valley. Trips to Silicon Valley are something TUI does on a regular basis in order for them to know what technologies is currently present and which are being developed (Appendix 4, 16:00-16:30min). Terje Pedersen highlights these actions as being essential, since this gives TUI an in-depth understanding on how technologies are evolving and how they could affect their business. During these trips, the goal is not only to see what possibilities new technologies produce, but instead, TUI is present so that they can communicate and consider, which start-ups to invest in or buy. Furthermore, Terje Pedersen states that TUI has entered cooperation with a tech. incubator called Plug-and-Pay, which does not only include travel tech start-ups, but tech start-ups in general (Appendix 4, 16:40-17:30min). According to Terje Pedersen this helps TUI identify which technologies they should invest in, while also gaining in-depth knowledge on how customers greet these new technologies and what future demands they should have. According to Terje Pedersen these demands and trends could be; customers demanding hotels fully equipped with the latest and best technology, or maybe a mobile application, which is streamlined and includes virtual room keys and automatic check-in when arriving at the hotel (Appendix 4, 17:30-18:15min). Furthermore, he continues by stating that TUI also has in-house programmers that research, study and develops new technologies with TUI innovation centres in UK, Germany and



Stockholm. Terje Pedersen explains that they arrange hackatons, as seen in some of the largest tech companies. A hackathon is a design sprint-like event, in which computer programmers and others involved in software development collaborate intensively on software projects. Terje Pedersen mentions technologies such as, bio hacking, voice chat, robots, AI and blockchain, as technologies tested and converted into prototypes during these hackathons (Appendix 4, 18:50-21:15min).

## **Score**

TUI has a comprehensive focus on unknown developments and has furthermore, three independent innovation centres. Therefore, TUI is marked with green in both principles in the meta-matrix.

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## **Bravo Tours**

According to Peder Hornshøj, Bravo Tours have during the last couple of years relocated a great amount of resources, both employees and capital, towards new technologies in order to enhance their technological position on the market. He continues by stating that the reason for their heavy investments in new technologies is due to the consumption development, in which customer research and buying habits now take place on the Internet (Appendix 5, 06:20-07:15min). Peter Hornshøj adds that, if they as a company do not sufficiently attract customers on the Internet, then the company would eventually evaporate from the market. This has, according to Peter Hornshøj, resulted in Bravo Tours investing millions on developing a new website (Appendix 5, 07:15-07:45min). The approach Bravo Tours has relative to monitoring unknown technologies and customer trends, Peter Horsnhøj states that the entire management takes part in researching and innovating new products and services, but does not have a separate task force (Appendix 5, 11:10-12:00). Previously the management focus was on destination developments when innovating, but has during the last couple of years shifted towards new technologies. Peter Horsnhøj states, that they do not have a separate department for innovation, but certain employees participate on worldwide travel fairs and exhibitions, which is the method Bravo Tours employs when gathering knowledge on unknown developments (Appendix 5, 12:15-13:20min). In

addition, he explains that the acquisition of their newest booking system was accomplished through the company's extensive research on which booking systems that were available on the market and how these systems could harvest the future possibilities, regarding compatibility with new technologies. According to Peter Hornshøj, this approach resulted in Bravo Tours now having the best booking system on the market, where after both TUI and Spies also have acquired and implemented the same system (Appendix 5, 13:30-14:30min).

## **Score**

Bravo Tours has undergone a transformation shifting their focus from destination development to focus on new technologies when innovating. They occasionally participate in worldwide travel fairs to seek new possibilities and technologies, but since the fairs only apply to the travel industry it is deemed that it is not the place to obtain knowledge on unknown technologies. Furthermore, they do not have a separate task force and are therefore graded with yellow in principle three and red in principle four.

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## **Spies**

According to Jan Vendelbo, focusing on unknown development and trends is not something Spies are just monitoring, but something they are creating. He explains, that back in 2012-2013 they made an April fool's joke, in which they launch a new concept hotel only focused on hipsters and hipster needs. Five years later, a concept hotel addressing the hipster need actually materialised in their development of Casa Cook hotels. The product was aimed at customers living in metropolitan cities, with a desire for healthy activities, design and high comfort. According to Jan Vendelbo, the need and demands for such hotels were not present on the market prior to their development of it. Furthermore, he states, that they do of course follow customer trends that are not established on the market, and stresses that due to Spies being a technology driven company, focus on unknown technologies also has a high priority (Appendix 6, 09:30-10:55min). Jan Vendelbo states that Spies, as part of Thomas Cook Group, have an international innovation department that focuses on how to implement new technologies, as well as developing them. In addition to that, he states, that delegations from Spies and the Thomas

Cook Group visits Silicon Valley where they aim to detect new technologies that focus on customer experiences and customer service (Appendix 6, 11:15-11:55; 28:00-29:15min). Jan Vendelbo additionally explains, that even though they do not have an innovation department in Denmark, they still search and monitor external developments in technologies and customer trends through their internal online innovation forum. Trends and technologies detected on these forums have also resulted in products and services being developed and implemented in Spies. Here Jan Vendelbo highlights how debates on the forums, led to further development of their mobile application with virtual keys being accessible through the application (Appendix 6, 11:45-12:10; 33:50-34:15min).

### **Score**

The fact that Spies has an innovation centre and that they visit Silicon Valley in research for new technologies results in Spies being graded with green in both principles.

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### **SunCharter**

According to Carsten Terp Hansen, SunCharter does not focus that much on trends and technologies that are not established on the market. He explains, that since they only focus on charter customers and charter products, they do not relocate too much energy in monitoring companies and trends outside their focus. Therefore, Carsten Terp Hansen states that companies like Airbnb and such are not deemed as an important focus area since SunCharter does not provide trips to metropolis and other destinations outside the charter category. Instead, they focus on what they are good at, which are charter flights and hotels (Appendix 7, 05:00-06:45min). In addition Carsten Terp Hansen explains that they do follow market developments, but when it comes to researching new possibilities, they focus on destination development and concept hotels. As he states with SunCharter being a three-year-old company they do not have the size, or resources, to focus on unknown developments and trends yet. Carsten Terp Hansen continues by stating that even though they do not have the resources to investigate these unknown trends, SunCharters procurement department does monitor the market and unique business models. Furthermore, he states, that they keep a close dialog with their foreign partners on what is

happening on a global level, while they also participate in several fairs and workshops regarding the travel industry (Appendix 7, 07:10-08:20min).

### **Score**

SunCharter does not have a focus on unknown developments as well as they do not have the resources to create a separate task force and, therefore, they are marked with red in both principle three and four.

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### **Apollo**

According to Glenn Bisgaard, Apollo does observe developments in customer trends and technologies, which are not present on the current market, but stresses that their focus is on what they are good at. He continues by stating that Apollo does focus on companies such as Airbnb, whom he describes as an intruder when first introduced to the market (Appendix 8, 28:10-31:30min). Apollo does not have a department monitoring these developments, but instead, they have an online forum where these subjects and developments are discussed (Appendix 8, 38:00-38:50min). In addition, Glenn Bisgaard explains that Apollo does have a collective Research & Development department, which monitors and detects newly develop tendencies and technologies, but states, that when you include something new to a company's business model you might have to abandon something else, which might deviate the companies core business. According to Glenn Bisgaard, due to their long history and experience regarding managing changes and challenges, he feels Apollo is well equipped to adjust and adapt (Appendix 8, 36:10-37:55min).

### **Score**

Apollo has a high focus on sustaining developments but relative to unknown developments, they do not prioritise it and are therefore, marked with a red. In relation to principle four, Apollo is part of a group that has an R&D department and therefore, score a green.

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## Other companies

### **TV2**

According to Allan Brodersen, TV2 has been monitoring developments in unknown technologies and customer behaviour ever since the introduction of digital media, which he explains, is what drove them to the establishment of a digital department. He continues by stating, that the digital department focuses on monitoring the media market for behaviour, technologies and future possibilities that could enhance TV2's TV products and digital products. He emphasises that the digital product department are mostly responsible for innovation and product developments (Appendix 10, 10:30-11:30min). According to Allan Brodersen, the digital product department keeps a close eye on the largest competitors, such as, Netflix, Facebook and YouTube to ensure that their digital products keep up with the newest technological possibilities. He highlights their focus on Netflix, which he states are market leaders on the digital medium market, and how Netflix's technologies regarding user experience, have been research by TV2. According to Allan Brodersen, the algorithms and technology used by Netflix to recommend which movies, series or shows customers should consider, are based on prior engagements on the platform. Technologies as such are something TV2 seeks to implement in their digital product, the TV2 Play mobile application, and have therefore conducted extensive research on who could provide such technologies (Appendix 10, 12:05-14:30min). Moreover, Allan Brodersen states, that even though digital products are on the rise, the TV part in their business model is still the most profitable, especially the advertising revenue related to the medium. Because of this, TV2 does not panic when digital competitors such as, Facebook or Netflix announces new products or functions. He elaborates, that even though the TV medium has been deemed dead by some, nobody knows if, and when it will happen, which is why TV2 keep calm when investigating new possibilities (Appendix 10, 13:40-15:30min). Furthermore, Allan Brodersen does emphasise that the way customers consume entertainment and news is continuously becoming more digital and therefore, they do have strategies and dialogues on how to make their digital products more profitable and how to act, if new technologies or competitors such as Amazon Prime enters the Danish market (Appendix 10, 10:05-11:00min).

### **Score**

TV2's focus is primarily on their largest competitors and their technological advancements. It appears that TV2 has less focus on unknown technologies and therefore scores a yellow in principle three. The establishment of a digital department illustrates the company is dividing their organisation into different task forces and therefore, score green in principle four.

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### **Sparekassen Vendsyssel**

According to Martin Braun, Sparekassen Vendsyssel does research developments that are not established on the market and explains that all financial institutions under the name Sparekasse, have a common data centre called SDC, which monitors developments in technologies and produces the new systems they employ. Martin Braun continues by explaining the research process, when monitoring these developments, which is a cooperation between the data centre and the IT and product department of Sparekassen Vendsyssel. The data centre supplies knowledge on what technologies are being developed and which are possible to implement, while Sparekassen Vendsyssel discuss and evaluate if, and how to implement the new technologies (Appendix 9, 29.35-31.30min). Ejner Svendsen states that they always try to keep an eye on developments outside the industry by reading FinanceWatch and foreign medias' reporting on the future landscape of the financial industry, but acknowledges that due to their size, Sparekassen Vendsyssel usually settle in the wake of larger competitors such as, Nordea and Danske Bank. He explains, Danske Bank have 400 IT personnel, who can innovate, code, programme, and develop new possibilities, whereas Sparekassen Vendsyssel is substantially smaller and focus more on utilising technologies that are in line with their values (Appendix 9, 31.05-33.30min). In addition, Martin Braun states that there are major advantages of being first movers on the Danish financial market, as seen with Danske Bank's MobilePay. Here he explains that the collective effort made from other financial institutions, which consisted of the application Swipp, never came close to competing with MobilePay due to customer preference already being established. Furthermore, he highlights that foreign competitors, such as Apple, have tried to enter the market with ApplePay but experienced similar difficulties (Appendix 9, 33.50-35.30min).

### **Score**

Sparekassen Vendsyssel attempts to seek for new developments, but due to their size and core values, they have their difficulties. Furthermore, they have in SDC a research centre. Based on this, Sparekassen Vendsyssel is graded with the colour yellow in principle three and receives a green in principle four.

## Focus on Start-Up Techs

The theoretical framework of the thesis stress the importance of incumbents keeping an eye on start-up techs that are operating in small markets, since these, in the long run, can be a threat in the established market. The companies participating in the thesis will be graded out from their focus and search for companies like these and how they decide to handle them.

## The Charter Industry

### TUI

Terje Pedersen underlines that disruption is characterised by the fact that no one saw them coming and therefore, it is hard to keep an eye on. He mentions an example of if someone was inventing a new way of sailing, then would TUI not be overseeing developments like this, since they are working out from the large volumes and large numbers. However, he underlines that when they are vitalizing their business models, then they need to take these techs and developments into consideration and that is why they attempt to join partnerships regarding innovation that can help them to decide if there are any merging technologies that they need to implement. They need to investigate if there are any start-ups that people are talking about in Silicon Valley, which could be interesting seen from the viewpoint of a travel agency. He mentions that everybody is currently talking about autonomous driving and TUI is, in this case, assessing if they should be the first to implement this in their travel busses on their destinations. But, as he mentioned in section two of the meta-matrix analysis, it all comes down to if it is a profitable business model or not and out from this assessment they decide to implement it or not. He argues that it has to be taken into consideration if autonomous busses differ TUI from the rest and if people will choose to travel with them because of this. He argues that it probably will not, but if it becomes convenient and they can minimise the costs of their customers, then it could end up being implemented. That being said, he argues that TUI probably will not be first movers in this

area, since they are, as he illustrates it, a big cruise ship that changes direction a bit slowly, but that is something that comes with being a big company. To compensate for that, he states, that they have a lot of small departments, which constantly are testing out new trends and technologies, so that the company keeps trace with the development and investigate if the world is ready for it yet. Terje Pedersen, furthermore, explain that there might come a new Airbnb and that there might be a software developer in a basement somewhere, who can develop a product that can end up being TUI's primary competitor in five years, but even though they are keeping an eye on new developments, then they cannot foresee it all (Appendix 4, 21:50-24:30min).

### **Score**

TUI focuses on start-up techs and takes them into consideration, when they are vitalising their business model. Even though they are assessing start-up techs, they acknowledge the fact that they are a large company that changes direction a bit slowly and therefore, they prefer utilising partnerships with tech start-ups, which can help them assess if a given technology should be implemented. Based on this, TUI score green.

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### **Bravo Tours**

Peder Hornshøj states that Bravo Tours keeps an eye on start-up techs and companies with another business model than themselves. They have software developers that are looking at other sites such as Momondo and Airbnb to investigate if there is something they can learn from them. Furthermore, he argues that Bravo Tours also attempts to be first movers on things that have not been seen before and even though that it is not easy to come with something completely new, the constellation is a mix of their best ideas and something other companies have had success with. Furthermore, he argues that all companies that enter the travel industry are competitors to Bravo Tours and that the profile of a competitor has changed. In the past, their main rivals were Spies, TUI, Apollo and basically other charter companies, since they are alike Bravo Tours, but today, he argues, that there is an even bigger competition from everything else than the traditional charter companies. There is of course competition within the charter industry, but the most essential competition comes from the broad spectre of companies. He considers the



competition from the old rivals as something they have under control, but the new competition is more difficult to respond to (Appendix 5, 16:34-19:02min).

### **Score**

The fact Bravo Tours acknowledges that their main competition does not come from their old rivals anymore indicates that they have a focus on new start-up techs, but, on the contrary, the reference to Airbnb and Momondo implies that their focus lies on already established companies outside of the charter industry. Therefore, they get a yellow.

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### **Spies**

Jan Vendelbo argues that Spies is very aware of start-up techs and that they recently had a delegation from the company, which travelled to Silicon Valley to have a meeting with some of these tech companies to get a hold on the development in the industry. He, furthermore, believes that Spies' competitive advantage is that they have the customer in focus and that they still have employees the customer can get in contact with both at home and at the destination. Moreover, he contends that people often are more satisfied if they have been in contact with a human being, but that there in some cases also are people who want the contact digitally, so Spies attempts to find the right balance in this matter (Appendix 6, 28:43-30:05min).

### **Score**

With trips to Silicon Valley it indicates that Spies has a focus on start-up techs, but since Jan Vendelbo's elaboration of the matter is lacking specification it can be argued that the focus on start-up techs is placed in the Thomas Cook Group and not driven by Spies' interest in the matter. This results in the score yellow.

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### **SunCharter**

Carsten Terp Hansen argues that SunCharter is glancing at all opportunities and at the business models of start-up techs, and if they can take advantage of their experiences, then

they are of course interested in doing that. But he states that these start-up techs are not a competitor to SunCharter (Appendix 7, 10:20-10:52min).

### **Score**

Whether or not start-up techs are a competitor to SunCharter, this statement illustrates that they do not have a focus on them and this results in the score red.

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### **Apollo**

Glenn Bisgaard states that they have a small focus on start-up techs, but do not assess or investigate them until they start stealing revenue. He highlights that should it happen that companies like Airbnb start to eat more and more of the customer travel budget, then they start evaluating what to do. This could result in initiating cooperation or even buying small start-up techs (Appendix 8, 31:30-33:00min).

### **Score**

The abovementioned statements illustrate that Apollo starts to focus on start-up techs, when they have become a threat and therefore, Apollo is graded with the colour red.

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### **Other companies**

#### **TV2**

According to Allan Brodersen, TV2 keeps an eye on new players on the market, but do not panic if these new actors supply content in a different way. He uses the example of Facebook providing free broadcasting of a NFL match on their platform, TV2 would not panic a start providing free content as an response since they would ruin their business model (Appendix 10, 13:30-14:20). He does state that technology has brought intensified competition to the market, where Allan Brodersen mentions Google, Facebook and Netflix as biggest competitors besides DR (Appendix 10, 18:20-19:30min).

### **Score**

TV2 is aware of the global competition, but their focus is mainly on larger and already established technological companies. Since TV2 acknowledges the global threat from tech companies, they are deemed to have a focus on start-up techs, but with Allan Brodersen only mentioning Facebook, Netflix and YouTube they get the grade yellow.

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### **Sparekassen Vendsyssel**

Martin Braun and Ejner Svendsen contend that Sparekassen Vendsyssel in the future could consider buying a FinTech company to get knowledge or to utilize their technology, but that the organisation, at the moment, is not ready to this kind of development (Appendix 9, 51:08-51:30min). Furthermore, Martin Braun argues that the bank keeps an eye on FinTech companies as a potential threat for the future and that they possess a bigger threat than the other financial institutes (Appendix 9, 05.15-06.30min).

### **Score**

Sparekassen Vendsyssel is aware of the threat from FinTech companies, which suggests that they are actively keeping an eye on these and therefore, they score a green.

### **Global Considerations**

The thesis framework emphasises that globalisation has brought a wide range of possibilities, which even the smallest companies can take advantage of. It has opened the possibility for every company to expand their business operations to foreign markets, which can help a company grow, but, simultaneously, companies can also experience more competition in their own markets. Based on the development, which the globalisation has brought, the objective for this section is to investigate how the companies participating in this thesis are contemplating the advantages and disadvantages in relation to their company.

### **The Charter Industry**

### **TUI**

Terje Pedersen argues that TUI has embraced globalisation and tries to reach the benefits instead of working against it. He mentions, as an example that many travel agencies have hotels closed for 6 months during the off-season, while TUI are trying to make the hotel attractive all year around. He says that a hotel on Gran Canaria might be filled with Danes for the first 6 months of the year and then Chinese people the next 6 months. This is one of TUI's attempts to take advantage of the possibilities that globalisation has brought. Furthermore, he contends that TUI taken a strategic decision of being a local actor in terms of marketing and service departments, but overall they are a global player in the market. He also states that the Danish market is more global than it is local today because of the global competition. Moreover, he states that a Norwegian or a German might buy a holiday a Danish consumer has been considering, since the packaged tours are customised and available to the Nordic market. This also has an effect on the pricing because if a group of Norwegians buy 10 rooms in a hotel, then it will also become more expensive for the Danish consumers due to market demand. He, furthermore, argues that the size of the competitors in each market also has an influence on the products that TUI's is going to sell in a given country. He explains an example of Airbnb and if they were not big in Germany, then TUI would attempt to sell the type of products in Germany, which they have not sold in Denmark, since there would be a better market for it. He is overall positive about the possibilities globalisation has brought, but he mentions Brexit as being one of the bad things about being a global actor, since this will cost the company money (Appendix 4, 26:15-29:05min).

### **Score**

TUI is a global player and knows how to fully utilise the advantages of globalisation, as seen in the example of how to fully exploit the capacity of a hotel all year around and thereby maximise profits. The threats TUI face by globalisation is mainly increased competition on the local markets while foreign politics also affects their business model. Therefore TUI is marked with the colour green.

### **Bravo Tours**

Peder Hornshøj contends that it is important to embrace globalisation and to have a global mind-set. Today, Bravo Tours is thinking much more global than they did just three years ago and because of this they are investing more money in technology so that they can act globally.

He argues that Bravo Tours could, if they wanted to, start a company in Germany in a week and start selling holidays within 14 days with the technology they have today. As a negative of globalisation, he explains that sometimes when a company are having more and more operations, then they are having less focus on some of the important areas. You need to have a control over your main business before you are expanding to foreign markets. Therefore, he claims that timing is crucial and that you cannot just go for every opportunity because this, in the end, will bring you down. He, furthermore, states that other companies are having the same thoughts expanding to the Danish market consequently making it important that they are in control at home (Appendix 5, 19:10-22:00min).

### **Score**

Bravo Tours is capable of expanding their operations to new markets, which indicates that they understand the possibilities of globalisation, but does not necessarily take advantage of it. On the contrary, Bravo Tours is also aware of the threats of globalisation since open markets has resulted in global competitors entering the Danish charter market and are therefore marked with green.

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### **Spies**

As a part of the world's second largest travel group, Thomas Cook, Spies has a lot of opportunities such as developing conceptualised hotels and bringing a more varied range of products to their customers. This would not have been possible if Spies were to make these investments themselves, according to Jan Vendelbo. Furthermore, he states, that globalisation has resulted in Spies cooperating much more across country borders than they have done before. He ascertains that they would not be the largest travel agency in Denmark if they have not had been a part of the Thomas Cook Group. As the disadvantages of globalisation, Jan Vendelbo states that the challenge is to avoid becoming too global and not have a local touch. A company must not think that the German and Danish market is the same, he states as an example. The attempt of staying local is also seen in the fact that Thomas Cook's brands in every country have kept their brand names instead of doing as TUI and changing all the agencies in to one name, he argues. Jan

Vendelbo ascertains that he thinks the largest threat of globalisation is the misperception of some companies thinking that they can rule the world from one country and not be present in each and every one of the countries they operate in (Appendix 6, 12:45-16:38min). Even though he has this opinion, Jan Vendelbo explains how Expedia and Thomas Cook has made a joint venture where Expedia will supply the type of travel that Thomas Cook has difficulties in offering. These are flight departures and hotels in destination they do not operate in, where he explain that from June, 2018 Spies will offer these products to their customers through their brand and will include the service and insurance the Spies brand is known for (Appendix 6, 21:00-25:00min).

### **Score**

As a part of Thomas Cook Group, Spies harvests the advantages of globalisation as seen in the joint venture with Expedia. In terms of threats Spies focuses on what they, as a business, should avoid instead of focusing on the external threats of globalisation. The fact that Jan Vendelbo explains that becoming too global is the largest threat is more a justification of Spies' decision to maintain local brands and not considerations regarding threats from globalisation. This results in Spies being marked with the colour yellow.

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### **SunCharter**

Carsten Terp Hansen argues that a lot of the hotels they have in their assortment are not available on other sites such as Expedia and Hotels.com. Furthermore, he argues that with their size and the type of travel agency they are, their main rivals are the other charter agencies and not global companies (Appendix 7, 11:00-14:50min). He states, that global companies like Airbnb is not a competitor to SunCharter (Appendix 7, 10:00-10:35min). Additionally, he states that the size of SunCharter contributes in them having a greater presence in relation to their customers and that they have a greater overview of their products, since they do not have that many (Appendix 7, 11:00-14:50min). In addition, Carsten Terp Hansen states that SunCharter does not have any plans of expanding their operation across the Danish border or to other airports in Denmark (Appendix 7, 17:00-17:15min).

### **Score**

SunCharter does not view globalisation, as an important part of their business model due to their embeddedness in Northern Jutland and their ambition is to stay local and not expand their operation. Furthermore, globalisation has not changed their depiction of competitors since they still view charter agencies as their main rivals and does not view global companies as a competitor to them. Therefore, SunCharter scores a red in the meta-matrix.

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## **Apollo**

Glenn Bisgaard states that globalisation has resulted in everything becoming more convenient, both in regard to Information sharing and that it has become easier to travel great distances to new destinations. He also argues that their customers have become wiser and in some cases have become more informed about a destination than Apollo, since they can read everything on the Internet and therefore, everybody have become expert. Additionally, he states that he thinks that globalisation has not brought any threats and that they only see it as new possibilities in the SWAT analysis (Appendix 8, 47:18-48:52min).

## **Score**

Apollo utilises the possibilities of globalisation by expanding operations and establishing new destinations. Furthermore, Apollo highlights that globalisation has brought no threats. Interestingly to note, Apollo argues that the customers in some cases have become more informed than Apollo, but they are still not capable of locating any threats. Therefore they score a yellow.

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## **Other companies**

### **TV2**

Allan Brodersen consider globalisation as a huge competitor to TV2, since it has brought companies such as Google, Netflix and Facebook, which are TV2's main competitors. Back in the day their main competitor was DR and their only objective was to have better audience

ratings than them, but now they compete on peoples' time and attention. Multiple alternatives to TV2's services have arrived and given people new entertainment possibilities instead of TV2. As the upside of the globalisation it has brought a lot of technology and possibilities, but the main thing is that it has brought more competition. Allan Brodersen ascertains that even though it would be boring, TV2 would have been healthier and more profitable if there were not any global competitors (Appendix 10, 18:35-20:15min).

### **Score**

TV2 has a great focus on the threats of globalisation while, in terms of possibilities, they emphasise on technological improvements and how they can improve current operations and products, and therefore they score green.

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### **Sparekassen Vendsyssel**

Ejner Munk Svendsen argues that globalisation has not had a big influence on Sparekassen Vendsyssel, since they are a small financial institute. The place where they are in touch with globalisation is in transactions and how they can move an amount of money from Iran to Denmark as he uses as an example. This is both regarding practical, safety and legal issues. Martin Braun adds that it also has the influence that there suddenly is not that far from their office in Vrå to Copenhagen, Stockholm or Brussels, when they have to communicate with someone. In other words, communication has become a lot easier, he states. When talking about disadvantages Martin Braun states that the FinTech companies have intensified the competition. Back in the days, you had to be placed in Denmark if you wanted to operate in Danish financial market, but with the development in EU legislation, which Danish law primarily follows, it expands the market with FinTech companies, according to Braun. Additionally, he contends, that his primary worry is the influence of the EU legislation, since the market of competitors becomes significantly larger (Appendix 9, 1.00:15-1.03:10min).

### **Score**



Regarding the possibilities that globalisation enables, Sparekassen Vendsyssel has a low focus on it since it does not add to their business model. In terms of threats they emphasise on the increased global competition from FinTech companies, which has resulted in the score yellow.

## Digitalisation efforts

The thesis framework emphasises that by focusing on digitalisation throughout the whole business, companies can utilise their resources more efficiently, create greater services and experiences for their customers, while also increasing their adaptability to new markets and customers.

## The Charter Industry

### TUI

According to Terje Pedersen, the digitalisation of TUIs products and processes, have already been accomplished. He states that the activities from marketing, sales, logistics and customer & user experiences have all been through some sort of digitalisation process. He continues by stating that discussions on digitalisation and its benefits is part of the past at TUI. Terje Pedersen states that they perceive digitalisation as part of everyday operation since that is the world we live in today. He elaborates, that customer service, sales and marketing have been conducted online for quite some time now. This is mainly due to the development in customer behaviour with customers now always being online and always having their mobile phone on them, which made TUI focus on how to utilise the development (Appendix 4, 35:00-38:35min). Terje Pedersen states that this customer development led the digitalisation process at TUI to come naturally and that they have since continued their development in digital improvements, like the TUI mobile application. According to Terje Pedersen, this is the reason why TUI does not view digitalisation as something external or new. Furthermore, Terje Pedersen states that TUI always seeks to find a competitive edge and with the company operating on a global scale, they have made investments in technologies that help manage the inventory more efficiently. He explains that TUI is the first agency on the market to utilise blockchain technology, which is a decentralised distribution system, which will help TUI manage and automate a large part of bedstock and hotel

capacity between all the markets they operate in (Appendix 2, 36:30-37:45min). In addition, Terje Pedersen states that all these investments in digitalisation and technologies have built the foundation for TUI to become an extremely data driven company. This has, as Terje Pedersen states it, created new unique selling points for TUI, since they can customise and personalise new products with their complete control of the value chain combined with new technologies (Appendix 4, 35:00-38:35min).

## **Score**

Digitalisation has led TUI to be a data driven company, both regarding streamlining departments and operation, but also product development. Furthermore, customers service and experiences have been increased through TUIs mobile application combined with access on the website in multiple languages. TUIs digitalisation efforts are deemed comprehensive and therefore result in the colour green.

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## **Bravo Tours**

Digitalisation plays an important part in Bravo Tours business model, but it creates both positive and negative outcomes for the company and its customers, according to Peder Hornshøj. He states that they decided to invest heavily in new systems and digitalising processes, since that was the new preference for the customers, which meant the marketplace also moved in that direction. He continues by stating, that if leaders think that digitalisation automatically brings convenience and cost savings, then they should reconsider. According to Peder Hornshøj, it takes skills and knowledge to reap the benefits from digitalisation, which he states they currently have, but that saving was not their end goal of digitalising their company. He adds, that of course Bravo Tours gain savings through the digitalisation of some routines and manual work, but that it undoubtedly costs a lot of money to be digital. Therefore, he states, that it was mainly due to the shift in marketplace caused by customers and not due to savings, Bravo Tours decided to invest in digitalisation (Appendix 5, 22:05-23:10min). The increased digitalisations of the travel industry and its products have, according to Peder Hornshøj, also brought a negative development for customers. Even though digitalisation has made the entire market more transparent, it has also

brought the struggle of gaining an overview of products, companies and possibilities. Today customers have too many possibilities, making it much more difficult to make the correct choice. Therefore, he states, that Bravo Tours will never become a 100 per cent digitalised company, since there still is a lot of customers who wish to get a confirmation from experts to insure they made the correct choice. He explains, that this is the reason why Bravo Tours is always ready to consult in person, by phone or through online chat. In addition, Peder Hornshøj states, that some product groups such as dynamic packaging might become 100 per cent digitalised and that Bravo Tours has become vastly more digitalised during the last couple of years, but since customers still value the physical and personal consulting, Bravo Tours are not, cannot and will not become a fully digitalised company (Appendix 5, 23:35-24:00; 26:10min).

### **Score**

Even though Bravo Tours maintain a critical standpoint towards digitalisation, the company still chose to implement and invest heavily in digital improvements. The answers given by Bravo Tours displays that the company has been through the process of digitalisation since Peder Hornshøj is capable of sharing concrete learnings and therefore score a green.

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### **Spies**

Spies began their digitalisations efforts back in the mid 1990's, which throughout the years has demanded massive investments, according to Jan Vendelbo (Appendix 4, 20:00-20:30). He continues by stating that this process would not have been possible if Spies was not part of Thomas Cook Group, due to the economical requirements digitalisation has and continue to have if companies want to keep up. Jan Vendelbo elaborates that Spies' current digital channels, such as website, mobile application and other systems, had not been on the same level with what they currently have if they were to invest by themselves. By investing in digitalisation collectively through the entire Thomas Cook Group, it has enabled all agencies in the group to utilise and operate on the same platform, thus providing simplicity and cost-effective efficiency, according to Jan Vendelbo (Appendix 6, 16:45-18.30min). He continues by stating that digitalisation generally is a very good, if not the best solution, but that there may be elements that could have been done

better, if it was targeted at the Danish charter market only rather than applicable on a global scale. There are some things Spies could do better if they only digitalised based on the needs and conditions of the Danish market, but, as Jan Vendebo states, as long as the whole Group benefits from it and becomes better, local agencies will have to renounce it. Furthermore, Jan Vendelbo adds that digitalisation has given rise to large and global competitors, such as the OTAs, but due to their awareness of the digital development, Spies managed to handle it. He explains that the focus was on how to position the company on the newly formed market and by successfully achieving it, Spies has grown and does better each year, according to Jan Vendelbo. This is because they did not copy the new competitors, but instead focused on modernising their platform at the time to adapt to the new marketplace (Appendix 6, 18:40-19.55min).

### **Score**

The fact that Spies is present digitally through their mobile application and website, which quality is supported by the know-how and economical resources by the Thomas Cook Group, results in Spies being graded with a green.

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### **SunCharter**

According to Carsten Terp Hansen, SunCharter was founded a couple of years ago meaning, the company was born into the digital era. He explains that they have an office in Aalborg airport but that bookings mainly are done online. He continues by stating that even though some of their segments are of the older generations he still experiences a lot of online activities from them. Some customers do not need any personal help, while others utilise their mail, online chat or phone lines to gain further knowledge or get customised advice. Carsten Terp Hansen states that most customers research all SunCharter's possibilities online and book thereafter, but stresses, that there is still a demand from customers seeking the physical and personal service (Appendix 7, 15:00-16:30min). These are mainly elderly couples or larger families, who wish to make sure of what kind of product and experience they are buying and if there are other possibilities they are not aware of. This is a big priority at SunCharter and Carsten Terp Hansen states that they always seek to inform their customers that it is possible to come visit

them and get a cup of coffee to make sure everything is as the customer wishes (Appendix 7, 16:40-17:25min). Regarding marketing, Carsten Terp Hansen explains, that in the beginning SunCharter's marketing focus was on being seen locally and therefore, marketing efforts were to support and sponsor multiple small local sports clubs. SunCharter have since moved most of their activities to online platforms and channels because, as Carsten Terp Hansen states, here they have the opportunity to measure the effects of their marketing efforts, while he emphasises that, in spite of their focus becoming more digital, SunCharter still sponsors locally in Northern Jutland (Appendix 7, 17:35-18:10min).

### **Score**

SunCharter has reduces costs by digitalising both sales and marketing activities, but their main focus is to provide an offline personal service. The focus on the personal service limits SunCharter in utilising all the advantages brought by digitalisation, since online activities are only there to support the personal service and therefore they score a yellow.

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### **Apollo**

Digitalisation has improved multiple processes in Apollo, according to Glenn Bisgaard. He explains, that the entire time-to-market process has improved drastically with ideas and new products being introduced and established on the market in record time compared to before the Internet. Additionally, Glenn Bisgaard states that digitalisation has made it possible for Apollo to develop and improve their point of contacts regarding customers and partners, which is freeing up a lot of resources. He explains, that prior to the Internet employees within the industry had to manually mark of hotel list and thereafter fax them to the next person. This process has been abolished at Apollo with employees now gathering and obtaining data through Apollos back-end in the reservations systems (Appendix 8, 49:00-50:20min). According to Glenn Bisgaard, this efficiency brought by digitalisation is what makes digitalisation fantastic, especially for the company but also customers. He further states, that the customer journey also has benefitted from digitalisation, due to the easy access to information and more convenient communication with relevant parties. With the establishment of Apollo's website and mobile application

customers now have a full overview of possibilities, recommendations and communication all in one place and, as he states, this is something Apollo consistently try to improve (Appendix 8, 50:30-51:20min). According to Glenn Bisgaard, digitalisation has only brought possibilities and he explains, that at Apollo, they do not want to act like the people in the mid 1990s that called the Internet a temporary innovation; instead they try to embrace digitalisation and technological developments. In order to do that, companies should, according to Glenn Bisgaard, view all possibilities brought on by the new technology and thereafter either hire personnel equipped for the task, or consult with external experts on how to implement the new technological possibilities (Appendix 8, 50:30-51:20min). He describes this as Apollo's journey and state, that companies should not fear digitalisation, but embrace it since it develops the market as a whole - not just the supplier of the product but also the customers using it. The only negative element he can point to digitalisation has brought on is the determination of valid information online. He explains that it has become increasingly harder to determining what is real and what is fake (Appendix 8, 51:50-53:05min).

## **Score**

Through digitalisation Apollo has managed to reduce costs, increase their customer service and launch products in record time, which illustrate that the company has an extensive focus on digitalisation and therefore get the score green.

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## **Other companies**

### **TV2**

According to Allan Brodersen, digitalisation brings about an abundantly mass of possibilities, but he stresses the negative impact it has had on TV2, due the marginalisation the TV medium is currently undergoing. This development is also what led to the establishment of the digital department in TV2 (Appendix 10, 22:55-23:30min). Allan Brodersen explains, that people no longer have to tune in to TV2 or DR to gain knowledge on current news or entertainment, but instead use mobile platform such as, Twitter and Facebook to obtain news and Netflix and similar platform to access entertainment. With everybody having a smartphone nowadays, Allan

Brodersen states, that news, events and incidents are reported on by whoever is closes, through a live feed on Twitter, Facebook or similar platforms and adds, that entertainment also can be consumed through smartphones (Appendix 10, 20:10-22:05min). As he mentioned prior, the TV medium is still a large revenue stream and therefore TV2 have not abandoned it, but with this consumption development, Allan Brodersen explains, that their digital effort and investments in these have to continue and even increase. They currently have five different mobile applications; tv2news app, tv2sport app, tv2vejr, tv2tid, tv2 play combined with streaming possibilities on their webpage, but Allan Brodersen states, that they have to become better at increasing the revenue stream on these digital products. The digital products have experienced a strong increase in revenue the last couple of year, but if they are to replace the TV medium revenue, Allan Brodersen states, that TV2 has to continue their investments in, and development of, these products (Appendix 10, 22:10-23:35min).

### **Score**

TV2 has a digital department and has developed multiple applications, which aim to support their television programmes digitally. Furthermore, TV2 is well aware regarding customer trends and media consumption and therefore score a green.

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### **Sparekassen Vendsyssel**

According to Ejner Svendsen, customers were more loyal towards financial institutions prior to the Internet. He explains, that the continued digitalisation of processes, methods, products and services within the financial industry, has led to a decrease of loyalty with customers now conducting their financial affairs on online platforms with independent financial service provider, which makes it harder for Sparekassen Vendsyssel to keep track of their actions and financial affairs (Appendix 9, 01:06:00-01:07:30min). Martin Braun adds, that the financial sector, as a whole, have experienced substantial downsizing regarding employees within the sector, financial branches and financial institutions, due to digitalisation (Appendix 9, 01:15:00-01:17:00min). Therefore, according to Ejner Svendsen, Sparekassen Vendsyssel focuses digitalisation and relocates resources to equip the bank with as many digital tools to enhance their

performance. He continues by stating that the digitalisation of their business model and processes has led to great savings in regard to production, especially in products and services where the profit margin is low, but expenses are high. He explains, that digitalising some services has led to customers being able to conduct certain tasks at home through NetBank, which they previously had to conduct physically together with the financial advisor. This has led to major financial saving with the financial advisor working the checkout desk have been cut in many braches, or have reduced the working hours at the checkout desk. Furthermore, efficiencies in credit ratings, document signatures and more has led the personnel, who usually conducted these tasks, to minimise their value with Ejner Svendsen stating, that 70 per cent of tasks conducted by some employees, have now been moved to their online platform and are available through self-service. This has made it possible for the bank to layoff many worker and close down branches, but can also, according to Ejner Svendsen, result in damaging the brand (Appendix 9, 01:07:50-01:09:45min). Ejner Svendsen states, that being locally anchored is one of Sparekassen Vendsyssels main values and therefore, he explains that they have to keep the physical presence, while they support these operations with digital tools in order to keep up with market demand and competition from larger financial institutes. In addition, Martin Braun elaborates on multiple new software solution Sparekassen Vendsyssel is currently implementing and how these also will reduce cost massively within the next 24 months, which could lead them to reevaluate certain employees and branches again (Appendix 9, 01:11:00-01:14:45min).

## **Score**

Sparekassen Vendsyssel is aware of the increasing digital demand, but due to their values they hesitate in following it completely. They implement digital tools where they can reduce costs without compromising with the personal service. The continued focus on digitalising the company and reducing costs results in the score green.



## Findings in Meta Matrix

This sections illustrates the companies' overall score.

### The Charter Industry

#### **TUI**

Throughout the analysis, TUI managed to score green in six out of seven principles with the seventh being yellow, which illustrates that TUI is harnessing the thesis principles in an extraordinary manner. They focus both internally and externally, while they are product developing and as a global company, they have extensive knowledge of market developments and customer demands. Furthermore, they have innovation centres, which focuses on new technologies such as blockchain, AI and robots. Occasionally, they take trips to Silicon to investigate what is new and meet with start-up techs to investigate what they should implement in their business model. TUI IT-enables all their products and as a global player they are well-aware of the possibilities and threats that globalisation brings. The only negative action detected in the seven principles is their unwillingness to fully focus on low-profit customers since this results in TUI providing better conditions for entrants in the low-end market.

#### **Bravo Tours**

Bravo Tours score four greens, two yellows and one red, which concludes that they are somewhat prepared to handle disruptive innovations. The company has a thorough knowledge of their own customers, so they are primarily researching externally when they are product developing. Furthermore, they have an equal focus on profitable and less profitable customers, which impedes the conditions for new entrants. Bravo Tours organisation is, additionally, capable of expanding to foreign markets within a short period, which illustrates that they are prepared to take advantage of globalisation and, simultaneously, they are aware of the development might result in more competitors in their own market. When focusing on Bravo Tours insufficiencies, they have not a separate task force to handle disruptive innovations, which is the most important part of the seven principles. This can hamper Bravo Tours attempts to handle disruptive innovations since it is possible that they are too deeply rooted in their own values and processes. Furthermore, Bravo Tours are not focusing enough on unknown developments, which enhance the chances of Bravo Tours missing the new major trend or technology. Additionally, Bravo Tours

explain that they focus on start-up techs, but since they mention Airbnb and Momondo, which are well-established companies, as examples of start up techs, it can be strongly indicated that they are not too informed in this area.

### **Spies**

Spies is scoring green in five principles and yellow in two principles and it can be concluded that they are prepared to handle disruptive innovation. Spies focus both internally and externally, while they also provide an equal focus on profitable and less profitable customers. Furthermore, they have an innovation centre and have a high focus on unknown developments illustrated by their trips to Silicon Valley. Throughout the principles, it became clear that Spies is very dependent on being a part of the Thomas Cook Group. This is displayed in their global considerations, digital efforts and focus on start-up techs. Spies as a brand could have a greater focus on the threats of globalisation and on start-up techs, but Jan Vendelbo does not hesitate in stating that they are benefitting greatly on having a global organisation behind them.

### **SunCharter**

SunCharter scores one green, two yellows and four reds, which concludes that they are not prepared to handle disruptive innovations. They have an equal focus on profitable and less profitable customers, which is line with the thesis framework, but this is the only place they are deemed sufficient. They argue that they have an external and internal focus, but since the former is placed on the customers of their competitors within the Danish charter industry, this is not deemed as sufficient. SunCharter does not have the resources to establish a separate task force and they are not focusing on unknown developments. The thesis acknowledges SunCharter's difficulties in creating a separate task force, but, nevertheless, this weakens SunCharter in the process of handling a potentially disruptive innovation. Furthermore, SunCharter is not capable of identifying any threat from globalisation and they do not consider global companies or start-up techs as competitors to them. Lastly, the company's IT-enabling of their products is done with the sole focus on supporting their personal service and this is not deemed to be the right focus to grasp the full potential that digitalisation brings.

## **Apollo**

Apollo scores two greens, three yellows and two reds, which concludes that they are not prepared. On the positive side, Apollo has an innovation centre, which the thesis deems as essential to harness the principles of disruptive innovation, but since the impact of this innovation centre cannot be traced in the other principles, they are still concluded as not prepared. Furthermore, Apollo has a high focus on IT-enabling their products, which results in they can launch them faster and reduce costs in their organization. On the negative side, Apollo primarily utilises internal research and downgrade the focus on external researching. They focus on the profitable customers and only focus on the less profitable when their products become time sensitive. Apollo has a high focus on sustaining developments, but de-emphasise the focus on unknown developments. Moreover, they do not focus on start-up techs before they become a potential threat and they do not consider globalisation as a development that has brought any threats. A summation of the negative side illustrates that Apollo could easily risk overlooking a trend or technology that could define the future needs of the travel industry's customers. Furthermore, they do not prepare themselves for future competitors by keeping an eye on them.

## **Other Companies**

### **TV2**

TV2 scores green in five out of seven principles and yellow in two principles, which indicates that TV2 is prepared to handle disruptive innovations. TV2 has a high focus on both external and internal trends and data when product developing, while also having a high focus on less profitable customers due to the changing consumer trends that pose a threat to TV2 main product. Furthermore, a separate digitalisation department has been established in TV2, which aims at focusing and developing digital products that vary a great deal from their TV programmes and medium. It is the same department that keeps a focus on the global possibilities regarding developments in technologies and consumer trends to insure that the development of new digital products are on par with the technological possibilities. Lastly, TV2 has also been through a process of IT-enabling most of their products with multiple application developed and website streaming being developed. The two yellow scores TV2 get are rooted in their lack of investigation

of unknown developments and their focus on start-up techs, which could result in TV2 overlooking a new possibility as they mainly monitor local competitors and large online platform.

### **Sparekassen Vendsyssel**

Even though Sparekassen Vendsyssel is not one of the major financial institutions in Denmark they still relocate resources and energy to keep up with the largest competitors, while acknowledging the threats from new entry companies. The two yellow scores they get are based on their lack of focus on unknown developments and global considerations, but as they explain, this is due to their size. Sparekassen Vendsyssel does try to follow unknown developments through the resources available, but receives support from the data centre SCD, which enables them to stay competitive through developments of new systems and software. Sparekassen Vendsyssel scores five green, which is only one less than the highest score given in the meta-matrix, making them prepared to handle disruptive innovation. This is despite of their organisation being relative small compare to some of the charter agencies, but they still manage to focus both internally and externally when developing new products. Servicing the less profitable customers is also vital for a financial institution as them, since the competition from FinTech companies pose a big threat to the way Sparekassen Vendsyssel wishes to conduct business. Therefore, the focus is high on start up tech and digitalisation effort, to insure they do not lose customers and revenue to FinTech companies.

## **Conclusion**

The purpose of this thesis has been to investigate the disruption phenomena and how prepared the agencies, within the Danish charter industry, are to handle disruptive innovations. During the research, it became clear that perception of the phenomena differed depending on who defined it. Lars Thykier perceives the Internet as the most recent disruption in the travel industry, which, in other words, suggests that he perceives companies deriving from the Internet to be of a sustaining nature. Jan Damsgaard, on the other hand, perceives a company as a disruptive innovation depending on the way in which they enter a market and is thereby,

proposing that the Internet is not the latest disruption seen in the travel industry. This illustrates their different perceptions and by considering the thesis framework it can be concluded that both, to some degree, are correct, but that Lars Thykier is limited in his understanding since he only accepts disruption if it is an entirely new technology.

Throughout the investigation, the thesis was able to conclude several disruptive innovations in the history of the travel industry. The 1930's public transportation was the first development, scrutinized in this thesis, which could be determined as disruption due to the invention of the steam engine in trains and the establishment of a new market through a development in the society. Furthermore, the emergence of charter flights arrived and brought new possibilities, but since the outcome for the customers was the same, the thesis deems it as a sustaining development. Following the charter flights came the reservation and distribution systems, which structured and streamlined the logistical processes related to travelling, but it did not provide any alteration to the market dynamics and therefore, it is deemed a sustaining innovation. Moreover, when the Internet emerged it created the foundation of the "do-it-yourself" tourist market, which gave the consumers an alternative to the established charter agencies. Low-cost airlines and OTA's took advantage of this foundation and created platforms that enable the consumers to book flights and hotels separate from each other and thereby customising their own vacation. This created a new market for "do-it-yourself" tourists, while, simultaneously, the companies were servicing the needs of the low-end charter tourists and therefore, the thesis can conclude that this was a disruptive innovation. Next, meta-search engines and social media platforms such as TripAdvisor arrived, but since these did not establish a new market or enter the existing market in a low-end manner, Christensen deems them as sustaining innovations. On the contrary, since the thesis acknowledges Hein and Honoré's perception of disruption, it can be concluded that these platforms are disruptive innovations since they collect data and prices, which enhances transparency and convenience on the market. Lastly, Airbnb arrived in the travel industry and created a new market by expanding the accommodation from hotels to also include private homes. Therefore, the thesis concludes that Airbnb is a disruptive innovation.

Now that it has been concluded that disruption has happened in the travel industry, both before and after the Internet, we will conclude how prepared the agencies, within the Danish charter industry, are to handle disruptive innovations. Throughout the analysis, it was identified that two out of five agencies were able to harness the seven principles of disruptive innovation in a satisfactory manner and were, thereby, deemed prepared. Additionally, one was deemed somewhat prepared and two not prepared. The two that managed to pass the thesis framework were Spies and TUI, which are the two largest agencies with TUI being a global actor in the travel market and Spies being backed by a global travel organisation in the Thomas Cook Group. These two agencies have both created innovation centres, they base their product development on internal and external data, they research for unknown developments and, lastly, they are digitalising their products and processes. Additionally, Bravo Tours were the agency that was deemed somewhat prepared. They lacked a more thorough focus on unknown developments, a greater emphasis on start-up techs and, finally, the establishment of a task force which overall purpose is to innovate and handle disruptive innovation. Moreover, the two agencies that were judged as being not prepared are SunCharter and Apollo. They only managed to harness respectively, one and two principles of the thesis framework. They focus too much on their own customers, do not attempt to research for unknown developments, pay no attention to start-up techs in the industry before they become a threat and refuse that globalisation brings any threats to their businesses.

The findings in the charter industry illustrates that the larger companies have a great advantage when preparing for disruptive innovation. This is partly due to their economical resources, but also due to their global presence, which enables them to obtain a better understanding of how the market needs and demands are developing. Their economical resources are especially visible in the establishment of innovation centres, which the thesis framework stresses as the most important principle. Even though, it is understandable that the smaller agencies do not have the resources to establish and maintain innovation centres, it can be concluded that they still do not manage to harness principles that require fewer resources. Based on the findings, with two agencies deemed prepared, two deemed not prepared and one deemed somewhat prepared, it can be concluded that the overall preparedness of the industry is somewhat prepared.

When comparing the findings with other companies in the meta-matrix, Sparekassen Vendsyssel illustrates that a smaller company can harness the principles in an equal satisfactory manner, as the company that is significantly larger. It can therefore, be concluded that the size of a company, does not necessarily determine how prepared they are at harnessing the principles of disruptive innovation.

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### Appendix 1: Meta-Matrix

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