

## Corporate Business Model Innovation: The Case of Travel Agent

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**Abstract**--Improvements in electronic information technology and the deployment of the Internet have resulted in the success of e-commerce. Yet the business model of e-commerce must correspond to an ever-evolving Internet business environment. The question remains as to how organizations can establish and innovate their business models to keep up with new Internet technology such as Web 2.0. Few studies have focused on business model innovation. This study uses a qualitative research method to investigate the business model innovations of Lion Travel, the largest travel agency in Taiwan. In-depth interviews and data analyses help identify the major elements of Lion Travel's business model, including phase changes. The results indicate that Lion Travel has made continual efforts in three areas to innovate its business model for information technological revolution. Those three areas are informatization, Web 1.0, and Web 2.0. This paper concludes with future studies and relevant suggestions for business model innovation in the service industry.

### I. INTRODUCTION

Enterprises engaged in innovation are not only affected by R&D, manufacturing and marketing strategic factors [1, 2] but also themselves generate different performances due to their own innovation capabilities and influences from the external environment. To obtain more profits through innovation, many scholars have conducted research on business model innovation, exploring the factors that affect a company's profitability from different dimensions [3-6]. The business model of E-commerce is the response to the rise of Internet, an innovative model derived from the application of information technology [7-9]. Scholars have emphasized the components of different business models by proposing a diversity of business models, such as the B2C business model [10]. Other scholars emphasize the core competency of enterprises by proposing the adoption of tri-core model for e-business innovation [11]. The other scholars emphasized profit-oriented arguments by proposing revenue models [12] and discuss the obstacles encountered at with opportunities and innovations for business model innovation [39]. Sorescu et al. [36] even focused the discussion on the retail industry by proposing a framework with which to guide business model innovation. However, few studies in the past have emphasized the technological revolution while limiting research to innovation changes and systematic frameworks. This research looks into the business model innovation from the perspective of the service industry and proposes a systemic logic framework for business model innovation.

Lion Travel is a representative Taiwanese travel agency that has adopted advanced IT [13]. Lion Travel has established an innovative Web 1.0 business model [14] and even implemented the rise of Web 2.0 based social networking power to develop new marketing strategies, create new

business models and bring higher revenue [15]. We selected Lion Travel as a case study on innovation in business models to discuss how a traditional tourism agency can employ information applications of IT technology. In addition, we discuss the development of Lion Travel coping with the emergence of Web 2.0 interactive models and facing with the changes in the development of the Internet and E-commerce. The purpose of this study is to understand how a service-oriented enterprise implements business model innovation to enhance the enterprise's competitive advantages and improve business operations in response to external environmental effects.

### II. LITERATURE REVIEW

In this section, we discuss the definition, components, and innovations of business models separately.

#### A. Business Model Definitions

The term "business model" often describes the key components of a given business, which are regarded as the sources of competitive advantages [16-20]. A business model contains a series of conceptual tools and the relationships with which to clarify the business logic of a particular entity. It describes how the companies provide value to customers, a company's internal structure, partner networks and relationship capital.

One of the first to explicitly define and classify business models was Timmers [21]. He defined a business model as the architecture for the product, service and information flow and included in the description potential benefits and sources of revenue for various business partners. Weill and Vitale [22] identified a business model as the major flow of product, information, money, and the benefits to participants, which included consumers, customers, allies, and suppliers. Mitchell and Coles [23] added that the elements of a business model comprised the "who", "what", "when", "why", "where", "how" and "how much" involved in providing customers and end users products and services. Moreover, Demil and Lecocq [24] explained a business model as the way an organization operates to ensure its sustainability. Some other researchers introduced a financial element into their definitions to explain how a venture is expected to create a profit [17, 25-27]. Most of the researches describe the business model using profit-orientation as the main argument, arguing that sustaining the company is the foremost task.

Generally, a company uses a business model to create value for the commercial system, and products and services as well as to convey the offering of value [17, 28-32]. Chesbrough and Rosenbloom [17] have indicated that value refers to the

abilities of companies to create customers and convey value; they also suggested that the meaning of value was to increase customer effectiveness or reduce company costs. Afuah and Tucci [33] further explained that a business model was a resource used by the companies to beat their competitors in providing value to customers, thereby profiting from such a method. Lumpkin [31] defined a business model as a method or a set of hypotheses that describe how to help companies create value and profit in a competitive environment. Most of the viewpoints on business models involve the offerings and production activity of companies. In sum, a business model is mainly used to describe the means and elements used by a company to ensure operation, create value for customers and earn profits.

### B. Business Model Components

To help a company gain competitive advantages and raise profits to levels higher than those of its competitors, the business model searches for systematic planning and long-term implementation [33]. Chesbrough and Rosenbloom [17] have indicated six major functions of a business model, namely to articulate a value proposition, identify a market segment, define the structure of the value chain, estimate the cost structure and profit potential, describe the firm's position in the value network, as well as formulate a competitive strategy. Afuah and Tucci [33] proposed that a business model consists of nine components, including customer value, scope, pricing, revenue source, connected activities, implementation, capabilities, sustainability and cost structure. Regarding the elements of business model, scholars hold different views according to the different layers and perspectives of the discussion.

In this study, we adopt the theory of Osterwalder [34], which uses a business model concept to express the commercial logistics of the company and a series of the mutual elements in business logistics. He proposed four dimensions of a business model; these four dimensions clearly describe the

mutually linked relationships between various elements in a company's operation. Table 1 shows the four main pillars with nine elements. In general, a business model is based on the company's core competency and resources, combined with a network of cooperative partners who deliver products and services to target customer through promotions, marketing channels and other activities, thereby to implementing the value proposition, producing profits and sustaining overall business.

### C. Business Model Innovations

The purpose of innovation is to enhance a corporation's business performance and profits. Innovation is applied to R&D activities at an early period [52]. The concept of innovation encompasses the following five procedures: proposing new objectives or improve the nature of current objectives, proposing new production methods, developing a new market, discovering new raw material or sources of semi-finished products, and forming a new industry organization [52].

Lin and Hsia [11] have proposed a tri-core model of e-business innovation as adopted from Swanson [35] and characterized by thirteen core capabilities into three domains – business technology, business model, and value network. Furthermore, Sorescu, et al. [36] have analyzed many retail examples, then proposing three core components (a retailing format, activities, and governance) and six major ways to conceptualize a retail business model for retailers to use for innovation and enhancing the creation of value. In addition, Demil and Lecocq [24] have investigated how a business model evolves, especially in the dynamics created by interactions among the components of a business model; they also noted three basic business model components in the RCOV framework – RC (resources and competences), O (the organization), and V (value propositions) through the supply of products and services.

TABLE 1 THE NINE BUSINESS MODEL BUILDING BLOCKS

Pillar	BM Components	Description	Set of –
Product	Value Proposition	A Value Proposition is an overall view of a company's bundle of products and services that are of value to the customer.	Offering
Customer Interface	Target Customer	The Target Customer is a segment of customers a company wants to offer value to.	Criterion
	Distribution Channel	A Distribution Channel is a means of getting in touch with the customer.	Link
	Relationship	The Relationship describes the kind of link a company establishes between itself and the customer.	Mechanism
Infrastructure Management	Value Configuration	The Value Configuration describes the arrangement of activities and resources that are necessary to create value for the customer.	Activity
	Capability	A capability is the ability to execute a repeatable pattern of actions that is necessary in order to create value for the customer.	Resource/ Actor
	Partnership	A Partnership is a voluntarily initiated cooperative agreement between two or more companies in order to create value for the customer.	Agreement
Financial Aspects	Cost Structure	The Cost Structure is the representation in money of all the means employed in the business model.	Account
	Revenue Model	The Revenue Model describes the way a company makes money through a variety of revenue flows.	Pricing

Source: Osterwalder [34]

TABLE 2 OVERVIEW OF PRIOR RELATED LITERATURE

No.	Author	Year	Main perspective	Research Method	Key findings
1	Bjorkdahl [53]	2009	Technology cross-fertilization and business model changes.	Multiple case – Alfa, Beta & SKF	To create value, the technology cross-fertilization development needs to be accompanied by changes in the business model.
2	Wang, et.al [38]	2009	The business model in an open innovation context.	Data analysis (literature)	Establishing a conceptual framework of business model innovation toward an open business model.
3	Demil & Lecocq [24]	2010	Dynamic interactions between the components of a business model.	Case – Arsenal FC	Building on the RCOV framework.
4	Chesbrough [39]	2010	The barriers to business model innovation.	Data analysis (examples)	When using the business model innovation, the organizational processes also need to change
5	Yan Jing [35]	2010	The development of e-business in China.	Data analysis (literatures)	Put forward four points about the implementation of EBM innovation in China.
6	Aspara, et.al [41]	2011	The role of inter-organizational cognitions in the business model transformation of a corporation.	Case – Nokia	Inter-organizational cognitions affect a firm's strategic decisions.
7	Lin & Hsia [11]	2011	Core capabilities for achieving e-business innovation.	Data analysis (literatures& Delphi)	Proposing a tri-core model for e-business innovation.
8	Sorescu, et.al [36]	2011	Retail business model innovations.	Data analysis (examples)	Offering a framework with which to guide retail business model innovations.
9	Chen, et.al [40]	2011	The major analytics of ecosystem trends.	Case (examples)	Ecosystem changes are forcing businesses to move into a much more collaborative, open, and co-developing model.
10	Weiner & Weibecker [38]	2011	The design and evaluation of business models in Internet services.	Data analysis (literatures)	Providing a framework to support the design of business model variants.

Nonetheless, innovation is not a unilateral action but a method that integrates all incidents and is carried out with clear procedures [37]. Voelpel, et al. [38] proposed a systemic operationalization process to help an organization both evaluate existing business models and establish a brand-new business model; they explain that the generation of a new business model is more than reconfiguring the core business strategy and dynamic capabilities of organization, as one must first take into consideration its own network configuration before positioning the organization. Table 2 summarizes the recent research on business model innovation and findings.

### III. METHODOLOGY

Section III.A describes the theoretical framework implemented; Section III.B explains the research, including the choice of research methods as well as case selection, and Section III.C introduces the interview process.

#### A. Theoretical Framework

Fig. 1 shows the research process of the study. We first conceptualize the research motivation to confirm the research theme and the objectives of appropriate case study. We then explore the literature, data collection, selection of appropriate research framework, comprehensive research method. The study applies observation and secondary data collection to design a semi-structural, in-depth questionnaire that was given to senior-level managers of Lion Travel. We organized the experts' comments to fulfill the framework of the business model at different stages. Another interview was conducted with the senior-level managers to develop a Systematic Logic Framework for Business Model Innovation with consensus and substantial contribution, which can be used as reference for the industry. The study also proposes conclusions and suggestions with clear descriptions of the research limitations in an attempt to continue future relevant research development.

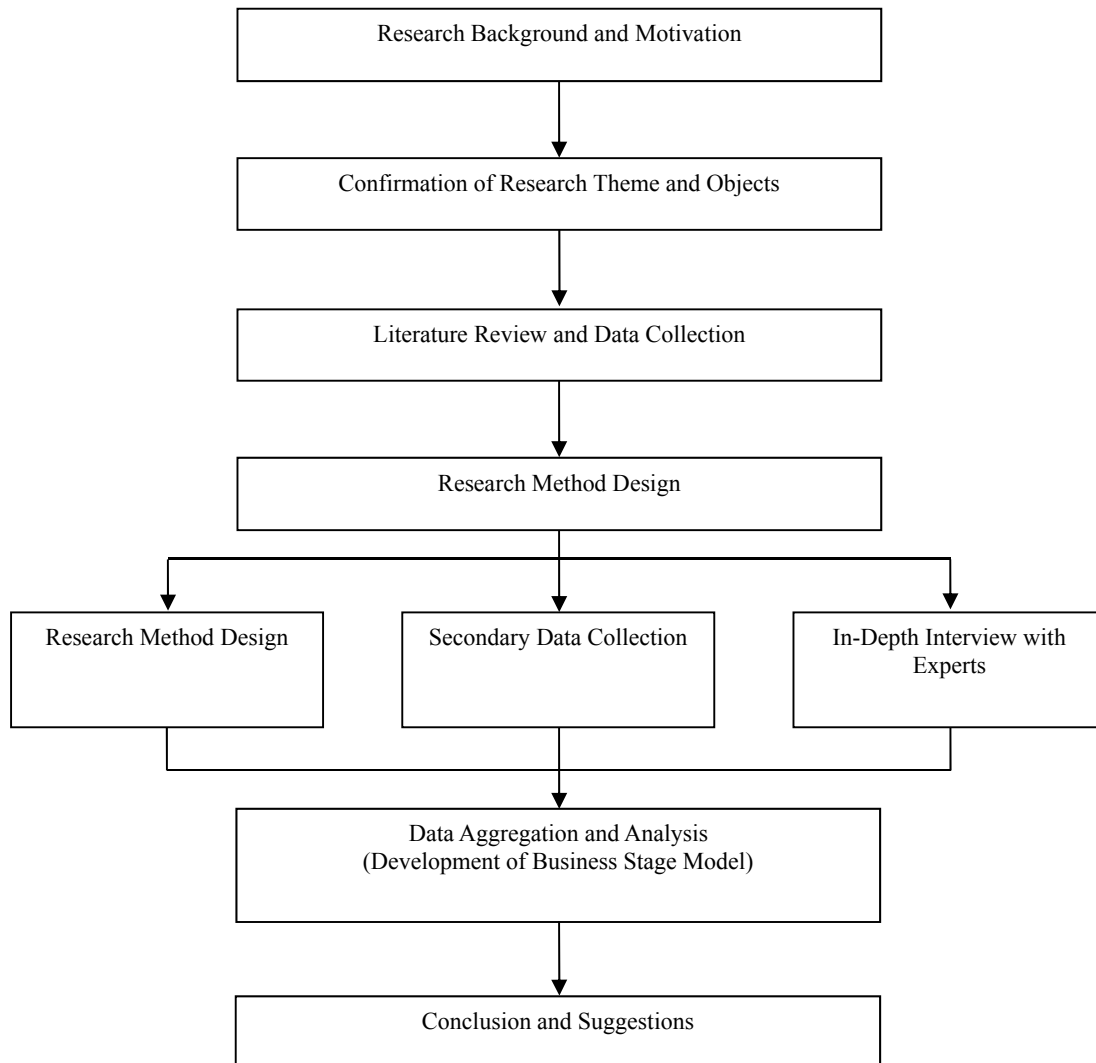


Fig. 1 Research Framework

### B. Research Design: a single-case study

In generally, researchers consider the case study appropriate for exploratory research, a survey suitable to describe a phenomenon, and an experimental design appropriate to construct causality. Yin [51] believes that a case study can be applied to research with three purposes: exploration, description, and explanation. Based on our research questions, we chose the case study as our research method. However, a debate on the number of cases required in a case study permeates the literature.

Eisenhardt [39] considers the acceptable number of case studies to be 4 to 10. In contrast, Yin [50] believes that a single case can be very vivid and illuminating, especially if the case is critical, extreme or unique. Dyer and Wilkins [40] also agree that one single case study has merits and that it can give researchers insights. Due to the purpose of this research being to seek insights regarding an experience service company, we believe that a single case to be appropriate.

### C. Case Study – Lion Travel

Lion Travel is one of the three biggest agencies in Taiwan's tourism industry (the other two are Set Tour and Star Travel). It was founded more than 30 years ago and is one of the representative enterprises using advanced IT technology in Taiwan's tourism industry [13]. Lion Travel has been implementing service innovations through the constant development of IT technology in three stages (see Fig. 2). Such a development not only improves the quality of the industry but also increases revenue and creates more business models. Moreover, Lion Travel has its own website, Liontravel.com, which is the biggest online travel site in Taiwan and the most common website used for searching for travel information (see Table 3). The successful business model of Click-and-Mortar has helped Lion Travel to become the only company maintaining positive growth during the outbreaks of closures among tourism companies during the 2009 financial crisis.

TABLE 3 USER SITE-SEARCH RANKING

Website	Global website ranking	Taiwan's tourism website ranking
Liontravel.com	8,580	1
Startravel.com.tw	22,119	2
eztravel.com.tw	28,905	3
Colatour.com.tw	33,982	4

Source: Lion Travel & <http://www.alexa.com> (2014)

Lion Travel Group founded the "East Asian Travel Agency," the formal Lion Travel Agency on June 6<sup>th</sup>, 1997, and has been committed to the tourism market ever since. In 1980, the "East Asian Travel Agency" was renamed to the "Baoshi Travel Agency," using "Lion Travel" as the brand to specialize in regular travel groups to the United States. In 1990, Lion Travel developed a civil aviation computer positioning system and officially launched a tourism information management system by introducing the ABACUS ordering system to facilitate international flight reservation. In that same year, "Baoshi Travel Agency" was approved by the

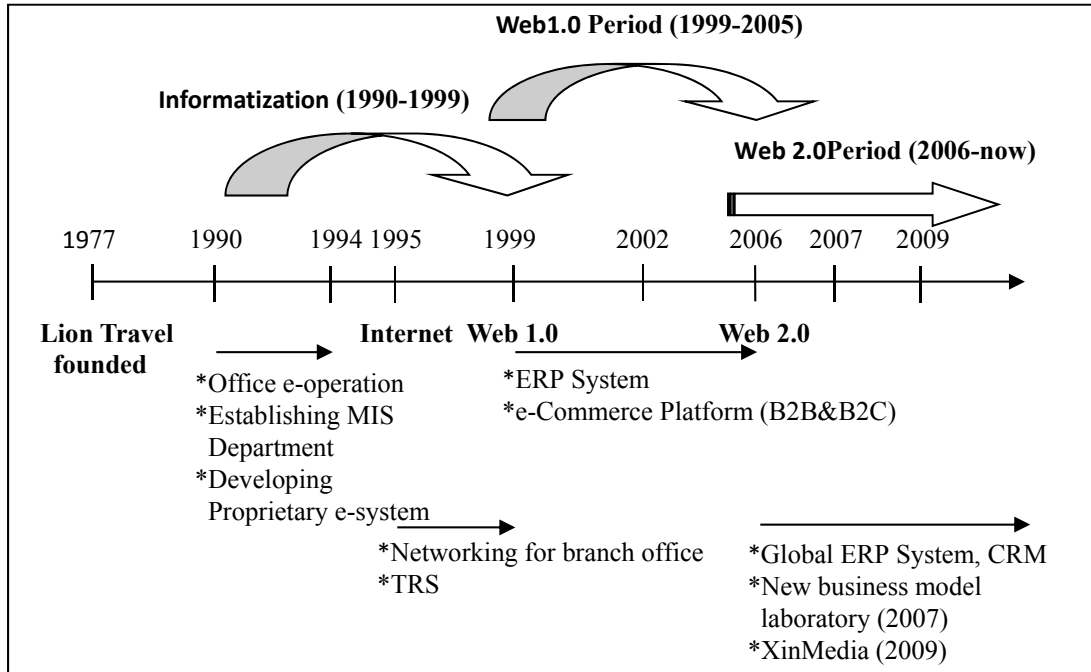
Tourism Bureau, upgraded from a Class A Travel Agent to a Consolidated Travel Agent, specializing in regular travel groups to Europe, Africa, New Zealand, America, Asia, and mainland China.

In 1993, the "Baoshi Travel Agency" was renamed the "Lion Travel Agency" to consolidate the Lion Travel Agency and the Lion Travel Tour brand. The online national tourism computer system was officially launched in 1994 and the agency was certified by ISO9002 for total quality assurance, the first travel agency to receive such honors in Taiwan. Lion Travel was the first to create the group tourism online automated registration mechanism in 2000 while the Lion Travel website started with initiation of e-service and CRS global aviation online positioning system. The Commerce Department of Ministry of Economic Affairs recognized the electronic system development plan for tourism industries with aid and funding. As the Internet developed, Lion Travel established the online business ([www.liontravel.com.tw](http://www.liontravel.com.tw)) and upgraded Lion Travel to 3C (Content & Community & Commerce) time. In 2007, Lion Travel cooperated with Youtube and launched its Youtube page in traditional Chinese. Lion Travel founded the first 24-hour store in Taiwan's tourism industry, integrating the physical and virtual advantages. Today the website has the highest website ranking for tourism sites in Taiwan (see Table 3). Moreover, Lion Travel organized XinMedia and presented tourism content with multimedia development, creating consumers acquisition by diverse channels. Today, Lion Travel has gradually expanded into livelihood industries in addition to that of tourism, using creativity, information, and service for added value in an attempt to provide consumers a balance between their tourism service and an improved living quality.

### D. Data Collection – In-depth Interview

The interview is the most widely used social-science research method and attains first-hand information through communicating with respondents. The acquisition of data is divided into the following four types: observation, recording, interview, and document analysis [41-43].

In the case study, we conducted systematic data collection on the environment of tourism industry and the company background. This study emphasized exploring the business model changes in travel agencies as a way to understand the revolution process and key factors for existing business model innovation through the changes of time and technology. The semi-structural interview questionnaire included four aspects of the business model framework: product, infrastructure management, customer interface, and financial aspects. The themes and purposes of this study were explained to the respondents in advance. The interview contents were modified and redesigned while the last interview re-confirms all content and data sorted and analyzed. The time of each interview was not constrained and was adjusted with time control according to the content of the interview, lasting from 1.5 to 2 hours. We conducted 4 interviews with Lion Travel, engaging 6 respondents at different times. The total number of interviews was 7 times, as Table 4 shows.



**Fig. 3** The development of Lion Travel in the past  
Source: Lion Travel & This Research

**TABLE TABLE 4** PROFILE OF INTERVIEWEES WITH LION TRAVEL AGENCY

Date of Interview	Code	Date-code	Position	The Length of Time
2011/10/21(1 <sup>st</sup> )	A	1-A	Director	90min
2011/10/21(1 <sup>st</sup> )	B	1-B	Assistant Manager	90min
2012/01/13(2 <sup>nd</sup> )		2-B		120min
2012/01/13(2 <sup>nd</sup> )	C	2-C	Director	120min
2012/04/06(3 <sup>rd</sup> )	D	3-D	Vice General Manager	90min
2012/04/06(3 <sup>rd</sup> )	E	3-E	Vice Director	90min
2012/06/01(4 <sup>th</sup> )	F	4-F	General Manager	75min

#### IV. EMPIRICAL ANALYSIS

We discovered three major stages in business model innovation for Lion Travel (Informatization, Web 1.0 and Web 2.0). We applied the four aspects proposed by Osterwalder (2004) to describe the business models at different stages. During the first stage, Informatization, Lion Travel implemented a manual operating process through a traditional business model since its foundation in 1977. The company started e-informatization upon the emergence of computer technology application and followed up with intranet in 1990. At the end of 1990, Web 1.0 Internet applications causing travel agencies once belonging to traditional industries to face tremendous changes following the intervention of IT and Internet technology. The E-commerce model appeared during this period of time. The CEO of Lion Travel recognized this business opportunity with E-commerce. The foremost important innovation for this stage was to expand the

traditional physical transaction model with an online transaction model. To accomplish this expansion, the company needed to enhance its core competency as well as strengthen its Internet content; therefore Lion Travel developed an e-business model innovation.

The applications for the Internet and E-commerce continue to develop at a steady speed into Web 2.0, with consumer habits changing to allow for interaction and the share of their own information via Internet platforms. The CEO recognized this change as bringing business opportunities. The main innovation for this stage was to diversify the general travel products in the past and thereby divide consumers into segments. In this way, the strengthening of social networking management before developing Web 2.0 business model innovation was made possible. Fig. 4 illustrates the third-stage business model innovation made by the company after the rise of Web 2.0.

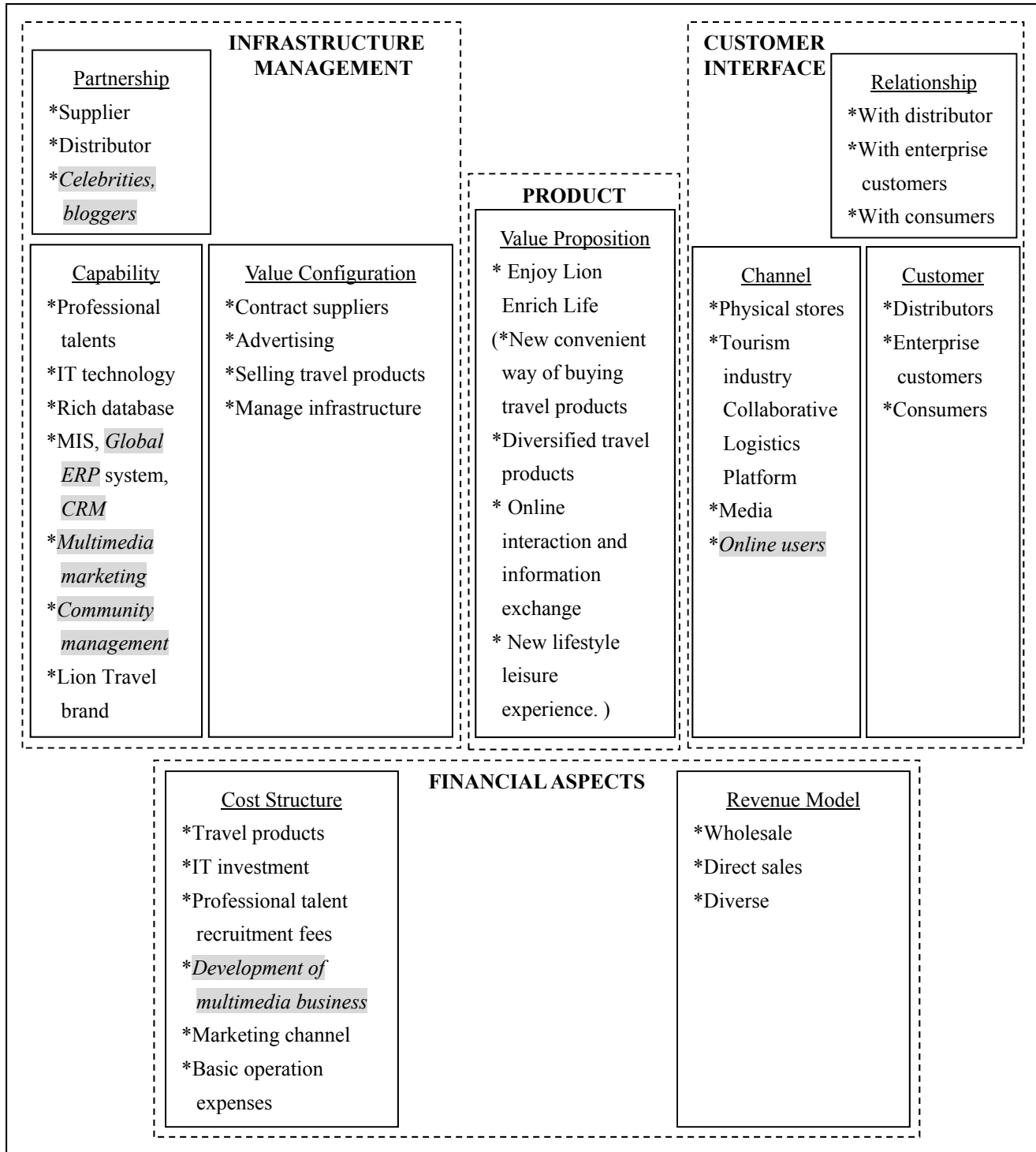


Fig. 4 The Web 2.0 business model

#### A. Discussion

After discussing the business model innovation of Lion Travel, we further organize the elements for the three-stage business model into one comparison table (See Table 5). We highlight the rich element content in the stage innovation

process with bolded and italic fonts. Moreover, through technology changes and the business model innovation revolution of the three stages, we develop a fixed systemic logic framework, as shown in Fig. 5.

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**TABLE 5 BUSINESS MODEL COMPONENTS OF DIFFERENT STAGE COMPARISON TABLE**

Pillar	Components	Information Business Model	WEB 1.0 Business Model	WEB 2.0 Business Model
<b>Product</b>	Value Proposition	*Travel products (B2B&B2C)	*Travel products (B2B&B2C)	*Travel products (B2B&B2C)
<b>Customer Interface</b>	Target Customer	*Distributors *Consumers	*Distributors <b>*Enterprise customers</b> *Consumers	*Distributors *Enterprise customers *Consumers ( <i>niche communities</i> )
	Distribution Channel	*Physical stores *Sales people *Media (DM, paper advertising, telephone...etc.)	*Physical stores <b>*Tourism industry Collaborative Logistics Platform</b> *Media (DM, paper advertising, telephone, website, <b>website</b> ...etc.)	*Physical stores *Tourism industry Collaborative Logistics Platform *Media (DM, paper advertising, telephone, website, <b>video, television, seminars</b> ...etc.) <b>*Online users</b>
	Relationship	*With distributor *With consumers	*With distributor <b>*With enterprise customers</b> *With consumers	*With distributor *With enterprise customers *With consumers ( <i>niche communities</i> )
<b>Infrastructure Management</b>	Value Configuration	*Contract suppliers *Advertising *Selling travel products *Manage Lion Travel infrastructure	*Contract suppliers *Advertising *Selling travel products *Manage Lion Travel infrastructure	*Contract suppliers *Advertising *Selling travel products *Manage Lion Travel infrastructure
	Capability	*Professional talents *IT technology *Rich database *MIS, TRS system	*Professional talents *IT technology *Rich database *MIS, <b>ERP</b> system <b>*Lion Travel brand</b>	*Professional talents *IT technology *Rich database *MIS, <b>Global ERP</b> system, <b>CRM</b> *Lion Travel brand <b>*Multimedia marketing</b> <b>*Community management</b>
	Partnership	*Supplier *Distributor	*Supplier *Distributor	*Supplier *Distributor <b>*Celebrities, blogger</b>
<b>Financial Aspects</b>	Revenue Model	*Wholesale *Diverse (led by MIS operating procedures improvement)	*Wholesale <b>*Direct sales</b> *Diverse (led by <b>ERP system and Internet rise</b> )	*Wholesale *Direct sales *Diverse (Led by <b>Internet, Multimedia, Community power</b> )
	Cost Structure	*Travel products *IT investment *Professional talent recruitment fees (IT managers, IT engineers) *Marketing channel *Basic operating expenses	*Travel products *IT investment *Professional talent recruitment fees ( <b>Internet engineer</b> ) *Marketing channel *Basic operating expenses	*Travel products *IT investment *Professional talent recruitment fees ( <b>marketing personnel</b> ) <b>*Development of multimedia business</b> *Marketing channel *Basic operating expenses

“Enjoy Lion, Enrich Life” has been the core value proposition of Lion Travel from the beginning. This slogan is the ultimate goal that is constantly innovated upon to increase the value that is provided to customers. The common point at the beginning of any stage of innovation is to maintain a high

sensitivity to the external environment in order to seize opportunities and trends, thereby sustaining the development of innovation.

The service provided by a travel agency offers a large amount of information. After perceiving this opportunity,



travel agencies reconfigure their core business strategies and observe the changes in the entire industry market and environment, therefore developing strategies to provide customer values. After formulating strategies and action plans, a company will estimate costs and profit structures to set up the annual goals, evaluate turnover, profits, and costs. This is combined with periodical reviews. To achieve these aims, the business network must be reconfigured. The strategy will determine the general directions of strategic objectives, so that the company must make adjustments with some changes in the internal organizations, particularly on the information capabilities and upgrades of core competency. Moreover, insufficient software and hardware must be expanded upon. The appropriate professionals must be introduced into the company. New business unit BU can be established to assist the company with the overall operation when necessary. Lion Travel was aware of the trend in future informatization at the first stage because of its recruiting of professional IT managers to establish an internal IT team and engage in system development. Lion Travel discovered the opportunities to progress towards Web 1.0 networking by recruiting network engineers for website development and design, providing transparent and rich information to target customers. At the third stage, the rise of Web 2.0, with the emphasis on interaction came many hidden opportunities. The marketing professional has been introduced to establishing a new business model laboratory for planning and strengthening the strategic development of marketing and multimedia.

After reconfiguring the business network, the operation is implemented to search for appropriate distribution channel and communicate and build relations with customers. The testing process is repeated and adjusted depending on the operating conditions. If the product is good but has no visibility to consumers, the marketing should be strengthened. If the product is not attractive enough, the product's R&D should be intensified. If the consumer behaviors have changed, reconfiguring core business strategy that means readjusting on strategies and internal organizational structure. After the stage of operation, Travel Lion always review the environmental changes and external opportunities, if they find the current business model cannot seize or meet the changing environment, the process will return to the second step of make sense and opportunity, and will be re-modified substantially on the entire strategies, followed by the overall innovation operating process. If the original business model can satisfy the changing environment, it go back to operation stage, and continue communicate and establish healthbuild relations with customers.

## V. CONCLUSION

This section further proposes managerial and subsequent research related suggestions for the analysis and discussions from Section IV. Section V.A includes the conclusions and

managerial implications while Section V.B describes the research limitations and offers suggestions for future research.

### A. Conclusions and Managerial Implications

Past studies of business models focus on how to cope with changes in external conditions. A limited number of studies on business model innovation and the systemization of innovation process exist. We adopted the business model proposed by Osterwalder [34] to analyze how an enterprise carries out business model innovation when faced with changes in external technology. We emphasized a systematic process for business model innovation, taking Lion Travel as a case study. Through its case interview, this study provided a systemic logic framework for business model innovation in service-oriented enterprises.

Lion Travel has undergone three technological changes since its foundation, applying consistent innovation to the original business model in addition to holding a fixed systematic logistics framework to the process of innovation implementation. The company reaches its core value proposition and offers customer value through continuous innovation. Additionally, our analysis shows that the core competency of Lion Travel is the IT technology, which the company commits itself to. Each innovation is a variation based on a strong foundation and even affects the direction of strategies, such as the development of E-commerce. In addition to IT technology, another important factor that makes Lion Travel a success is the timely introduction of professionals. Each stage of innovation focuses on the direction of strategies formulated by recruiting the appropriate professionals into the company, forming a common culture within the organization and progressing towards common goals, thereby enhancing the values to be provided to customers.

Facing changes in an external environment, managers should maintain a high sensitivity to the environment at all times and consider how to create differentiation through innovation as a way to outperform the rivals. While implementing business model innovation, the strategic thinking made by the managers should not stray outside the core value proposition of the company so that a clear strategy can be developed to intensify the company's internal core competency with appropriate innovation reforms. Moreover, the managers must be reform advocates while coordinating the professionals recruited with the internal staff of the company, forming a common culture with which to aid progress towards the common goal. Consequently, resistance will be reduced, allowing for effectively implementing the plans. Finally, the managers should utilize customer knowledge and internal corporate resources on customer management. The results of customer analysis should be used as basis for marketing strategy drafting and marketing activity development. The corporate profits will be increased while fulfilling consumers.

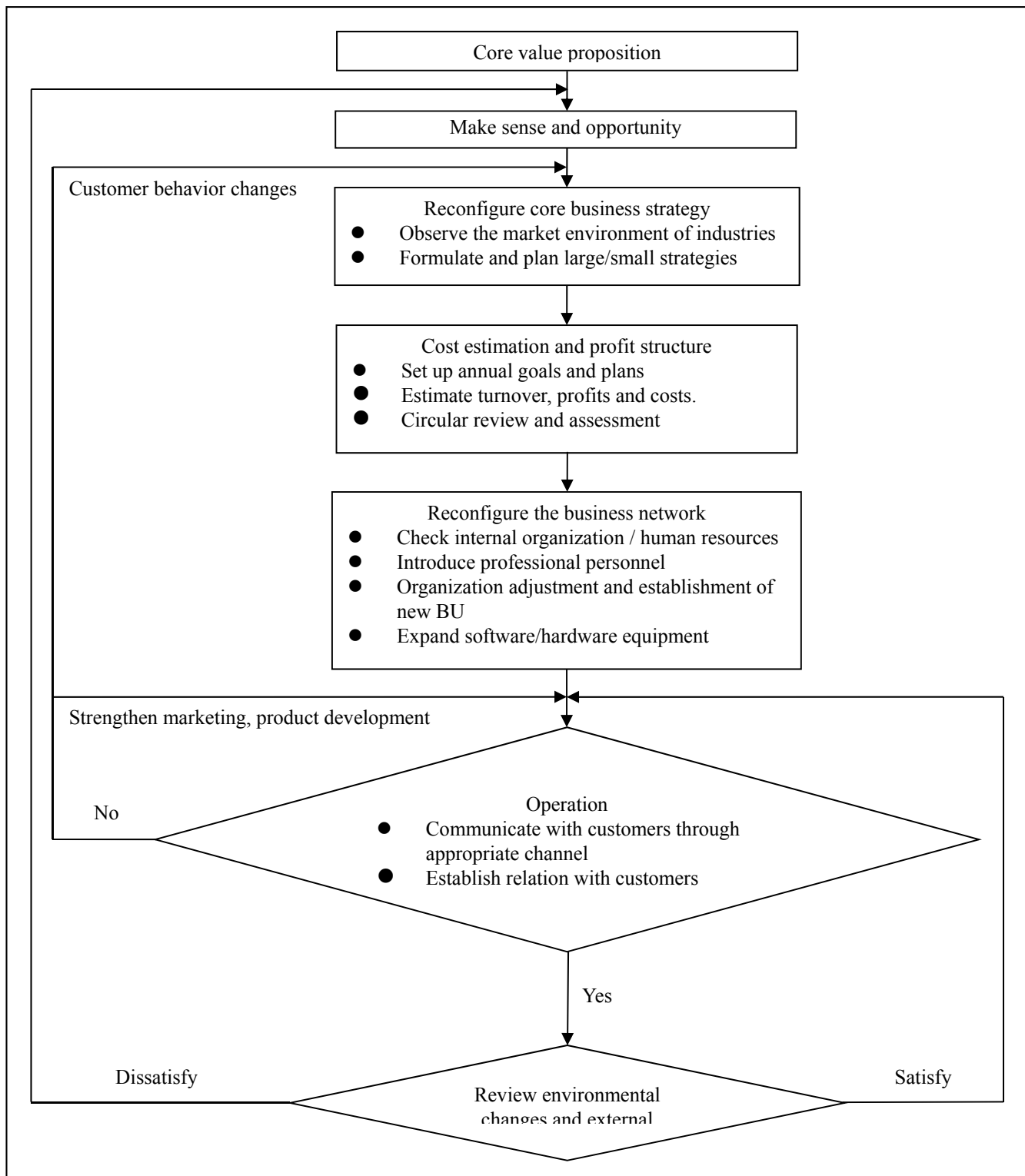


Fig. 5 Systemic Logic Framework for Business Model Innovation

### B. Limitations and Future Research

This study discusses the business model innovation made by the travel agencies when faced with changes in external technology, using one single case to conduct interviews with senior managers and relevant personnel. This study could face several limitations.

First, this research only focuses on the largest travel agency in Taiwan. Hence, the extent to which the results can be generalized to other countries or industry sectors remains uncertain. Future research could involve different countries as a way of analyzing whether nationality influences outcomes. Another limitation this study's choice of using interviews to gain an understanding of the company. The targets of interview were high-level management, hence limiting time and scheduling for interviews. Only six experts were been interviewed in a total of four interviews; the sample should be increased when time permits. Third, the study mainly aims to discuss the transformation in business model, but the data acquired on the financial structure is limited. Future research should collect more financial information.

This research applies the business model proposed by Osterwalder [34] as a framework with which to discuss the business model of Taiwan travel agencies and induce a systematically logistic innovation process framework. We suggest future studies discuss the business model innovation from different viewpoints or use multiple case companies in the tourism industry to discuss whether if there any differences between the business model innovations process framework for different companies. Alternatively, future studies can conduct a cross-industrial multiple case study to discuss the differences and similarities between different industries.

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