

**Business model adaptation in market fluctuation: A study of Vietnamese travel companies**

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<p>Abstract</p> <p>Business model concept has developed over time since the 70s. Among all the company types, SMEs are accounted for the majority of the Vietnamese tourism sector. In this thesis, the author would like to analyze how the SMEs tourism case companies adapt their business model to the market changes, which can be from internal to external factors.</p> <p>The data is collected through the interviews with the top managers of the case companies. In order to answer the research question- "How does a company's business model adapt with the market fluctuations", a qualitative content analysis approach is used which includes four steps: selecting the units of analysis, deciding and defining categories derived from prior theory, data coding into the predetermined categories, and revising categories.</p> <p>The Vietnamese tourism area is getting more competitive with the rise of more company amount. The purpose of this study is to find out the similarities and differences in the case companies' business model that contributes to each one's success in gaining the market share.</p> <p>At the end, some managerial solutions are suggested to increase the enterprises' performance based on the findings. It is like a benchmark among the cases for their managers to have an overview about the internal operation as well as observing the surroundings in order to adjust their strategy when needed.</p>	
Keywords: business model, SME, fluctuation, tourism, adaptation, qualitative content analysis	
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# 1 INTRODUCTION

Business model a major determinant that influences how firm operates. As defined by Venkatraman and Handerson (1998), business model is “a coordinated plan to design strategy along the customer interaction, asset configuration and knowledge leverage vector”.

In practice, the core elements of business model are the firm’s network relationships, operation of business processes and resource, the firm’s finance and accounting, strategy and structure (Tikkanen, Lamberg, Parvinen & Kallunki, 2005). Therefore, there are many aspects to analyze about business model as a whole, not only about strategy as the common misunderstanding. While the characteristics of business models are fairly widely addressed in earlier research, the dynamic aspects and contingencies related to change and modification business models in changing environments provide several open questions, both theoretically and in terms of practice of management (Tikkanen et al.,2005)

In this thesis, I provide an incremental advancement on this issue by examining the variety of business models in Vietnamese tourism industry and the challenges they have faced due to various changes in markets and broader environment of the firms. Specifically, this study seeks to answer the question of how firms’ business models change and can be changed in response to market changes in a specific industry. In order to answer this question I examine the business models of four tourism industry SMEs located in Ho Chi Minh City. These cases illustrate the variety of business models in this industry and consequent effects on their behavior in changing markets.

The in-depth interviews with open questions are conducted with the high managerial staff of the case companies, which are constructed basing on the business model factors in the study of Tikkanen et al. (2005). The whole interviews are done in Vietnamese language and translated into English by the thesis writer afterwards. In order to achieve the best result, the questionnaire is sent to the interviewees in advance.

The earlier research theory has mentioned that business model acts as guideline for the companies in their operation, which consists of different factors to contribute to the success. Each element plays a certain role in the whole corporation matrix that reflects each company's strength and weakness in the market.

The five case companies are all SMEs located in the same city (i.e. Ho Chi Minh, Vietnam) with various travel services and even side business. With the same business model elements and market fluctuation factors, the thesis aims at

finding out “How does a company’s business model adapt with the market fluctuations” to analyze the success of one compared to another.

Qualitative content analysis is an appropriate method to analyze the data as it supports the understanding as well as interpretation of the written recorded communication materials. Next, the researcher tries to point out the similar and different features in the cases' business model to answer the research question.

## 2 CONCEPTUAL BACKGROUND

### 2.1 Research on business models

Emergence of the business model concept has developed significantly from 166 (during 1975-1994) to 1563 published articles (during 1975-1994) by using ABI/INFORM database. It indicates the popularity of the term over the time after the concept's introduction on the Internet in the mid 1990s. During the end of the late 90s and the early 2000s, the number of publications which are either on Academic Journals (PaJ) or non- Academic Journals (PnAJ) had a huge increase ever, which marked its prosperity in the business/management field (Zott, Amit & Massa, 2010).

The business model concept was first mentioned in the scholastic literature in 1957 (Bellman et al. 1957). Afterwards, the concept was in common on the internet in the 2000s that the business model studies grew remarkably. The business model has been applied in both theoretical and empirical research. However, business model is sometimes misunderstood with business plans, business concept and revenue logic. (Palo, 2014)

According to Venkatraman and Handerson (1998), business model is defined as "a coordinated plan to design strategy along the customer interaction, asset configuration and knowledge leverage vector". Teece (2010) stated that a business model is a representative of a business in terms of organizational and financial design (Teece, 2010).

Researchers studying the tendency in practice promote the "business model" concept (Amit & Zott, 2001; Baden-Fuller & Mangematin, 2013; Chesbrough, 2007). The directors apply the term business model when they take into account a company's value creation and capture (Chesbrough, 2007; Schneider & Spieth, 2013).

Business model's key material aspects are the firm's network relationships, operation of business processes and resource, the firm's finance and accounting, strategy and structure. (Tikkanen, Lamberg, Parvinen& Kallunki, 2005). A business model establishes logics and gives evidence to express how a business generates and distributes value to customers. The elements of business model design is illustrated in the Figure 1. (Teece, 2010)

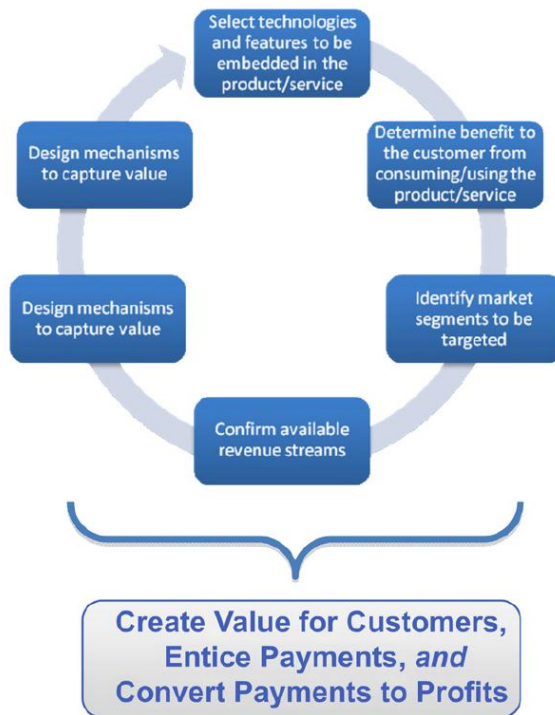


Figure 1. Elements of business model design (Teece, 2010)

Another key factor of business model is the business network. Customer relationship portfolio management is critical in a company's business model management, which can be implemented through the customer relationship management (CRM), identifying customers, creating customer knowledge as well as customer relationship. (Srivastava et al., 1999; Hunt and Morgan, 1995)

The role of customer relationship is analyzed in the study of Heikkila and Tinnila (2008) with the business model named CSOFT (i.e. Customer relationship, Service, Organization of the network, Finance and Technology)-see Figure 2. Those factors have an impact on analysis, negotiations and process changing in order to find out the customer limitations affecting the business model. A company should solve the network's limitations which contribute to the feasible and networked business model. (Heikkila and Tinnila, 2008)

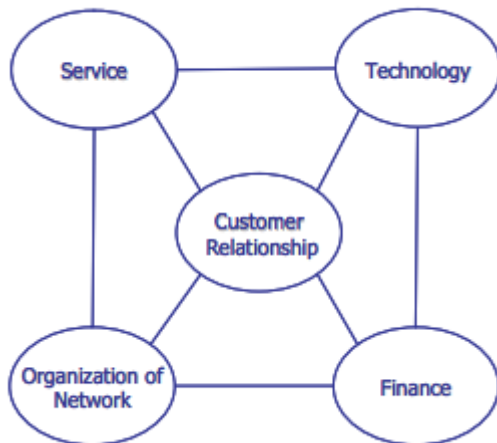


Figure 2. CSOFT ontology

Strategies, processes and the environment are vital for organizational structure as they affect the link with organizational performance (Ketchen, McDaniel & Reuben, 1996). Organizational structure is important for decision-making. In other words, strategic action has an impact the organizational structure. Furthermore, strategic choices and resulting actions may change the organizational structure.

Anderson and Narus (1999) found that the key source of a company's revenue and knowledge comes from customer relationship portfolio, which helps to understand the customer value creation. It means that a company should increase the value creation for the main customers by orienting the core competencies and business processes. In addition, customer and market intelligence also plays an important role in the CRM process.

Resources may help a firm to gain competitive advantage if they are valuable, rare, hard to imitate and cannot be substituted (Barney, 1991). Teece, et al. (1997) defined capabilities as "a set of differentiable skills, complementary assets and routines that provide the basis for a firm's competitive capacities and sustainable advantages". Resource management and product and/or service offerings also have a tight relation (Gronroos, 1990)

The collaboration gives an opportunity to approach complementary resources for value recreation (King, Covin, & Hegarty, 2003; Sarkar, Echambadi, Cavusgil, & Aulakh, 2001). Value capture provides the benefit division among the partners (Lavie, 2009; Destri & Dagnino, 2005).

The business model of a firm can be conceptualized similarly to the well-known Canvas, which consists of nine building blocks (i.e. customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure) as suggested by Osterwalder and Pigneur . A company needs to decide the segments that



should be served and not (i.e. to be ignored). After the customer segments are defined, a business model is formulated to increase the understanding of specific customer needs. (Osterwalder & Pigneur 2010, pg 16-20)

Value proposition is a tool for customers to evaluate the expectation versus reality through the products/services. These customers have an impact on a specific segment through different distribution channels, for instance Key Opinion Leaders have significant effect on consumer behavior with the rise of social media. The closer value proposition is reached, the higher chance for revenue flow.

Morgan (2001) divided business model into two types: descriptive and demonstrative. They both consist of three components: definitions, elements and devices. The definition and element parts help to give an overlook about the companies' operation by answering the question "How to describe a business". In the meanwhile, "How to understand and perform business" issue is more clearly explained with the devices that the companies use in their management.

The traditional business models focus on developing, producing, marketing, and product selling (Chesbrough and Schwartz, 2007). Therefore, business models are said to be a core of a particular actor (Amit & Zott, 2001). Some of business model concepts concentrate on the external factors, of which network is considered as a main element (e.g., Shafer et al. 2005, Tikkanen et al. 2005, Westerlund et al. 2008).

The importance of network in a business model is defined in the study of Kijl et al. (2005) that "network of companies aims to create customer and network value". Doganova and Eyquem-Renault (2009) say that business models could be regarded a crucial tool for creating the network for a new innovation or venture.

Another question about business models is concerned with their functions, of which exploiting business opportunities is valuable to the companies (Zott & Amit, 2010). Moreover, the study about opportunity recognition has the origin of entrepreneurial literature, which discovers three elements of business opportunity recognition: entrepreneur seeking, collective knowledge and firm experience, and the business venture technology. (Park, 2005).

Shane and Venkataraman (2000) say that entrepreneurship field is attached with opportunities resources; the discovery, assess and exploitation process; as well as people who are involved in the previous process. Singh (2001) identifies entrepreneurial opportunity as an obtainable, profit oriented, a potential chance to bring the new innovative products and/or services to the market.

The importance of opportunity development is mentioned in the theory of Ardichvli et al. (2003) that the new business creation begins with an opportunity development procedure. It indicates that an inventor or entrepreneur must be able to notice the opportunity and correct evaluation to exploit it in a business model. It is because technological developments is highly related with opportunities to create new processes, products and markets (Shane, 2000). (Ardichvli et al., 2003)

However, business models have got failures in technological innovations commerce (Palo, 2014). Therefore, it is better to concentrates on business models development and innovation, instead of focusing on business models' correct describing methods (e.g., Chesbrough, 2010 & Teece, 2010).

There are important factor that have to be taken into account in improving business models: technology choice relating to a product/ service, the product/service's benefits to the customers, market segments identification, revenue streams confirmation, value capture. (Teece, 2010)

The decision concerning business model development should not be made straight away, like market segments identification. It indicates that the decisions need to be regarded with other market actors as well. Particularly, when there is not existing market or customer demand yet, it is essential to interact the choice and those actors. (Palo, 2014)

The beginning phrases of business model development is quite informal and implicit. Morris et al. says that the procedure consists of a number of decisions and mark out the directions. In other words, it requires the actors to decide a way to follow and restrain the possibilities among the uncertain technology possibilities (Doganova& Eyquem- Renault, 2009). The actors such as research institutes, entrepreneurs, venture capitalists have an crucial position in the initial steps (Kijl et al, 2005).

Moreover, business model development process is regarded as a non-stop process which does not have an ending point at any time. Time plays a significant role in developing business models (Palo, 2014). For example a too-early planned business model does not work out if technology is saturated (Afuah & Tucci, 2001).

This paper also takes into account how the external factors could utilize business models to frame the actions of the business market and the market (Palo, 2014). It analyses how companies frame their business models and the corresponding effect in a market.

The frame concept is studied remarkably in sociology by Benford and Snow (2000). In the field of linguistics, Oliver and Johnston (2000) find that framing indicates the assumptions and meanings of the events or actions. Framing is

also linked to the literature on social movements as stated by Benford and Snow (2000) and Snow et al. (1986).

Fiss and Zajac (2006) discuss that frames may influence the events' interpretations among different actors. In addition, Beunza and Garud (2007:26) gives a definition about calculative frame as "internally consistent network of associations, including (among others) categories, metrics and analogies".

Frame is vital for business models as it gives a cumulative understanding as well as mobilization among various actors. Therefore, Reckwitz (2002) states that business models play a role as 'shared knowledge' through framing. In conclusion, a business model and its components may be framed in different ways with different aims and different actors.

Following the theoretical framework, business models are dynamic and consist of different components (structure) that might be combined in various ways. They are interrelated and have an impact on each other. Business models take advantage of opportunities, are improved and framed action at different classification: organizational level, business net level and market (Tea, 2014).

Demil and Lecocq (2010) develop the Resources-Costs-Organization-Value (ROCV) framework to depict the main business model components and their relationships. This framework's content is by some means similar to Osterwalder's study (2004) about business model that is guided by resources and competences (RC), organization (O) and value (Value). ( Demil and Lecocq, 2010)

The ROCV framework implies the business model's ongoing dynamics which may appear from the changes within the core components. It means that the changes within the resource may lead to the subsequent change in other elements of the same component. In addition, the changes between the core components also affect the business model's dynamics. (Demil and Lecocq, 2010)

The same highlight of ROCV framework compared with Osterwalder's one (2004) is the tight connection between value propositions and the organization (both internal and external). Value propositions influence the revenues directly in terms of volume and structure, the internal and external relations of a company act on the cost factor. Consequently, the margin is decided basing on the difference between revenues and costs, which will reflect the efficiency of resources and competences.

In general, Baden-Fuller and Morgan (2010) make a summary table of business model definition, analysis focus, model notion as well as giving concrete examples (see Table 4). It can be seen that business model really takes into account the innovation factor in their research's concentration. It is due to the

continuous technology development which requires the compatible adaptation in the business models correspondingly. (Baden-Fuller and Morgan, 2010)

There is a similar meaning of 'business model' and 'strategy'. One of the famous strategies is **Porter's five forces model**, which focuses on the forces for the governing competition in a industry, not an individual company's strategy. Porter's model aims the factors bringing different Return on Equity (ROE) over the long period. (Currie, 2004, pg 15&16).

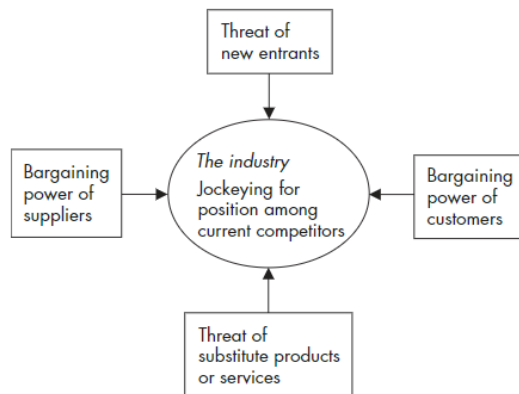


Figure .Porter's (1979) five-forces models: forces governing competition in an industry

Basing on Porter's models, there are two perspectives among the critical difference between the two terms 'business model' and 'strategy'. The first perspective argues that " business models as abstractions of strategy", which indicates the application of an individual firm's strategy aspects on other companies. . (Currie, 2004, 12)

Whereas, the other perspective refers to a "two-to-two matrix competitive focus versus firm specificity". It means that business models are more internal-oriented that concentrates on the activity systems. On the other hand, strategy pays attention on competitive positioning. (Currie, 2004, 12)

### Business models for e-Business

In the company's introduction, Ben Thanh Tourist (BTT) shares their vision for the future, of which they aim to implement e-business to their current business model. In particular, the corporate website should have more commercial functions, for example direct transaction, instead of just displaying information. Why does BTT plan for such a big change in their business model, the following theory about e-business helps to provide closer understanding about what e-business is and its advantages and disadvantages.

In addition to the traditional business, the development of e-business is increasing over the time due to technology. "E-business" indicates any means of "doing business electronically". Particularly, it consists of "Internet-based

business", "e-commerce", "e-markets". However, some studies exclude the business that only use website for displaying the products and/or service, instead of having real commercial transactions with the business partners and buyers. (Zott, Amit and Massa, 2010).

Another definition of e-business model is "a description of the roles and relationships among a firm's consumers, customers, allies, and suppliers that identifies the major flows of product, information, and money, and the major benefits to participants." (Weill & Vitale, 2001, p. 34). The examples of successful e-business models basing on a buyer behavior perspective are Amazon.com, e-bay and priceline.com (Kauffman and Wang, 2001).

Geoffrion & Krishman (2001) classify e-business into three domains. The first area is related to consumer-oriented activity, which includes business-to-consumer (B2C), consumer-to-consumer (C2C), government-to-consumer. The second perspective is business-oriented that consists of business-to-business (B2B), business -to-government, government-to-business decisions. The third element is the e-business technology infrastructure, which is concerned with network infrastructure, network applications, decision technologies and software applications. (Geoffrion & Krishman, 2001)

The internal structure of an e-business building block includes the capabilities that a company grows through the e-business model technology according to Strategic Capability Network. Specially, the companies take advantage of the Internet growth with cost-effective strategy should take into account the capabilities to exploit the resources. (Bagchi & Tulsikie, 2000)

Compared with the traditional business model, the e-business also endeavors to offer the value proposition to both internal (i.e. to the firm itself) and external (i.e. customers) through their capabilities and e-business resources (with technologies and skills).

The external structure of business models is required to adapt when firms apply e-Commerce. In other words, there is a relation between complexity and market evolution of e-Commerce and e-Business development. The former (i.e e-Commerce) is considered as the first generation as it emerged in the companies' operations before the latter (i.e. e-Business). The second generation is marked with the emergence of "mission critical, industrial strength platforms" to reinforce new markets and new models. (Shaw, 2002, pg 84&85)

The market revolution has developed its complexity over the time from the first to the second generation. The e-commerce upgrades from this revolution that started with their domain (i.e. website URL) to web enabled. Afterwards, e-business took over with more advance function which is click and mortar (a business model that has both online and offline operations including a website and a physical store).

The classification of the e-business models are based on the user role, interaction pattern, offerings nature, pricing system, customization level, economic control, security system to monitor and verify purchases, value integration level, value/cost offerings, traffic scale, innovation degree. (Dubosson-Torbay et al., 2002)

Kaplan & Norton (1992) came with a measurement system that reflects a balanced view of the company's goals in unified four areas: product, customer, infrastructure and finance. These areas can be represented by a cause-effect relationship with an integrated and international strategy. (Kaplan & Norton, 1992)

Precisely, the detailed components that product aspect is related to innovation, which consists of target customer, value proposition and capabilities. The second area is about customer relationship, which aims at serving and branding issues. The third aspect about infrastructure management is concerned with resources or assets, activities/ process, partner network. The final are is about financial aspects which covers the revenue, cost and profit perspectives. (Dubosson-Torbay et al., 2002)

It can be seen that there is a similar measurement system (i.e. measuring areas) between e-business model and traditional one. Due to the characteristics of e-business, infrastructure activities are highly focused to ensure the performance, communication and transaction with customers and other partner in a company's network.

Gordijn and Akkermans (2001) design detailed e-business models to depict the information system development, terminating, the originating of e-business models. The next step is to evaluate the feasibility of those designs by taking into account the object value of all factors involved by using lightweight approach. This method concentrates on to consider the real interest instead calculating all profits. (Gordijn and Akkermans, 2001)

An e-business model is also helpful to support supply chain activities in construction, which consists of resource planning, teamwork, process improvement, training and development and performance measurement aspects (Figure ). The traditional resource planning is lack of integration, which mainly focuses on own resource instead of deploying effectively. (Cheng et al., 2001)

An inter-organizational teamwork is beneficial for construction project (Albanese, 1994). Moreover, internet has facilitates the construction technology new development. Information management is definitely improved with the existence of technology. Emails is a remarkable means to be wisely used for information exchange (Johnson & Clayton, 1998)

Other technologies that changes the traditional business performance are Internet, intranet and videoconferencing (Gordijn and Akkermans, 2001). It can be seen that those new tools help to reach larger target without the country borders, which contributes to the internationalization stage. Therefore, security system is in demand to insure the safety of information management. (Gordijn and Akkermans, 2001)

Technology role in e-business implementation is also mentioned in the study of Zhu & Kraemer (2005), especially the existence of Internet. Furthermore, the ability to match the customer demand in the high seasons, which is a main reason for some online retailers (Lee & Whang, 2001). For that reason, e-business technology integration that concentrates on technology usage than technology readiness (Zhu et al., 2006).

Training and development is also a critical aspect of supply chain. With the e-business model, this factor should be conducted non-stop to upgrade the employees' skills (Clarke & Wall, 1998). Hammer & Champy (1994) also state the importance of job rotation among the strategic alliance in overall project performance. Furthermore, the companies might keep pace with the demand competition by investing in the human resources' skills, technology and knowledge (McCreadie & Rice, 1999)

Organizational adaptation has a certain position in e-business (Straub & Watson, 2001), such as business process reengineering (Devaraj & Kohli, 2003) and organizational restructuring (Chatterjee et al., 2002) that refers to the managerial obstacles within the organizational context.

E-business is affected by the external factors as well. One of the most crucial features is attached with environment, which are competition (Porter, 2001) and regulation (Zhu et al, 2004). Internet offers the business opportunities to involve different sectors such as business law, security, credit card and online transactions. Government's regulations impact both directly (i.e. government purchase) and indirectly (free taxation on Internet sales) (Kraemer et al, 2006).

Internet era is a major technology development in the e-business model that consists intermediaries, internet channel, e-markets, collaboration (Geoffrion & Krishnan, 2003). Intermediaries exist in B2B, B2C and non-profit areas that act as a middle man in the web-based and group purchase (Anand & Aron, 2003).

Internet channel connects the B2B trading partners together and retailer companies with customers. Internet is a fast way to update information; therefore, it allows to adjust the price in the channel (Elmaghraby & Keskinocak, 2003). The channel has an effect on consumer surplus (Brynjolfsson et al. 2003). The organizations can determine the price by comparing with the brick-and-mortar channels (i.e. physical store) (Swaminathan & Tayur, 2003).

E-markets deal with contracts, operational options and risk management (Kleindorfer and Wu, 2003). In the meanwhile, collaboration is momentous component in supply-chain-management that might be intra- and/or interfirm (Geoffrion & Krishnan, 2003). Internet is applied in a company's functional extent such as product, marketing, customer relationship management (CRM) (Sodhi, 2001).

## **2.2 Business model in the context of Vietnam**

### **Vietnamese tourism history**

One of the biggest milestones in the Vietnamese development is the revolution in 1986, which is known as Doi Moi. Since 1986, the Vietnamese abolished the restrictions on private investment and foreign investment is encouraged. As Vietnam was isolated from the world before Doi Moi, opening up the economy was difficult due to lack of capital, experience, infrastructure and skillful labor force. (Hall & Page 2011, p. 167)

Tourism was expected to grow fast with the foreign exchange needs and overcome the embargos after Doi Moi was passed. Moreover, Vietnam became the official member of Association of Southeast Asian Nations (ASEAN) in 1995. Consequently, there were 1.6 million international visitors in 1996, most of who are from Taiwan, France, Australia, Japan. (Hall & Page 2011, p. 168-171)

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Moreover, it is crucial to analyze the milestone in the whole country's business model changes: the restructure of Vietnamese tourism (also known as 'Doi Moi') occurred in 1968. First of all, the central government tourism institution (i.e. the Vietnam Tourism Company) was renamed into the General Department of Tourism. The new institute opened the new regulatory power to welcome foreign visitors to Vietnam. (Hitchcock, King & Parnwell, 2009)

Another vital factor in the new tourism business model is concerned about social ties and relations. It indicates how the entrepreneurs take advantage of pre-existing relationships and creating new ones with the country's officials to support the founding and maintaining of their tourism businesses. (Hitchcock et al., 2009)



### Challenges of Vietnamese tourism

Vietnamese tourism is restricted by the government's regulations. Moreover, Vietnam started developing the tourism later compared with the other countries of Southeast Asia. Therefore, the industry does not have significant change in the performance during 1995-2011 (see Table 1) (FayosSolá 2014, Chapter 7)

**Table 1. Foreign Tourist Arrivals in Vietnam 1995–2011**

Year	'000	Year	'000
1995	1,351	2004	2,928
1996	1,607	2005	3,468
1997	1,716	2006	3,583
1998	1,520	2007	4,171
1999	1,782	2008	4,253
2000	2,140	2009	3,772
2001	2,331	2010	5,050
2002	2,628	2011	6,014
2003	2,430		

Source: FayosSolá 2014, Chapter 7

Similar to other countries, Vietnamese tourism also dropped due to the world economic crisis in 2008 (Table 1). There was been significant increase in the number of foreign tourists coming to Vietnam annually during the period 1995-2011. However, the growth was positive in general which implied some development after Doi Moi revolution.

The economic crisis in 2008 affected the Vietnamese tourism seriously. Particularly, Ho Chi Minh City, which is the tourism industry leader in Vietnam, had a decrease by 23 % of outbound and the inbound growth was merely 16 %. In order to encourage the growth, most of the hotels had to discount the room fees but more offerings, such as picking up from the airport and vice versa, promotion package, extra services, etc. (VOH, 2008)

According to Mr. Nguyen Van Cuong, who is the marketing director of Vietravel Company (top five biggest tourism companies in Vietnam), another underlying reason of the tourism decline in Ho Chi Minh City in 2008 was about the traffic deterioration, which indicates the worse quality of the road conditions. (VOH, 2008)

The two main gateways approaching Ho Chi Minh City was in a severely damaged and polluted situation. In addition, the sewage system was overloaded or in preparation which causes obstacles for the traffic controllers.

The construction sites appeared frequently on the streets. There were not clear lanes for different vehicle types; especially sidewalks did not exist in these cases. (Sai Gon Giai Phong News, 2008)

Another inevitable issue in Vietnam is about traffic jam that restrains the tourists from travelling. The traffic may be stuck anytime not only during rush hours. There have not been effective solutions to this issue, for example different finishing time for schools, factories, companies. Because the public transportation has not been popular and good enough in addition to the poor quality of traffic infrastructure, traffic jam has been still one of the major challenges, especially in the big city like Ho Chi Minh (Viet Bao News, 2008).

Furthermore, deterioration also refers to the actual implementation of the planned projects. For example the delay in opening SaiGon-Dong Nai special trip route to boost up the tourism attraction in Ho Chi Minh City (VOH, 2008). Another macro project that has not been implemented is to build an international airport in order to replace the Tan San Nhat Airport in Ho Chi Minh City. The new airport has not been launched yet although the project was conducted since 2004 (Nguoi Lao Dong News, 2014)

Compared with the other countries in Southeast Asia, Vietnam had lower development in tourism that was showed in Table 2. Particularly, tourism industry did not contribute much to the GDP (per capita). However, it did not mean that tourism was not important to the country's economy. The reason was that there were many regulations behind that restrained the industry development.

**Table 2. Southeast Asia: Main Tourism Variables (2011)**

Country	Income <sup>a</sup>	Domestic Tourism (%)	TI 2011 <sup>b</sup> (%GDP)	TI 2011 (US\$ Million) <sup>c</sup>	TI 2011 (US\$ per capita) <sup>c</sup>
Cambodia	LI	14.7	8.4	1,053	72
Laos	LMI	41.4	4.3	341	53
Indonesia	LMI	78.6	3.2	25,300	103
Malaysia	UMI	37.3	7.2	18,779	654
Philippines	LMI	74.1	3.4	7,659	75
Singapore	HI-NO	32.3	3.9	9,680	2,060
Thailand	UMI	35.3	5.9	20,213	303
Vietnam	LMI	44.6	3.5	3,809	42

<sup>a</sup>As per World Bank ranking: LI, Low Income; LMI, Lower Middle Income; UMI, Upper Middle Income; HI-NO, High Income, Non-OECD member.

<sup>b</sup>TI is the Tourism Industry or Direct T&T Contribution to GDP. Definition as per WTTC (2012a).

<sup>c</sup>US\$ at current exchange rates as on November 30, 2012.

Source: FayosSolá 2014, Chapter 7

The Vietnamese government also had the actions in order to solve the tourism issues in 2008. There was a temporary solution plan for all domestic market, which was the co-operation among the key players such as aviation, commerce

and the other related services. Particularly, there should be a unified discount campaign from the hotels (30-50%), aviation (30-50%), etc. (Saigon Tourist, 2008)

The government was considering reducing the Value Added Taxes (VAT) for inbound tourism companies during 2009 and 2010. Particularly, a tourism company should get 100 USD of VAT back (equal to 10%) if the turnover from the inbound customers is 1.000 USD (excluding the international transit fees and other extra incurred costs). Because inbound tourism is considered as one form of exporting in terms of services; therefore, there should be a favor in tax for the firms during the economic crisis that is applied similarly to trading. (Saigon Tourist, 2008)

According to Mr. Nguyen Manh Cuong, who is the Vice General Director of Vietnam National Administration of Tourism, there were three major challenges of Vietnamese tourism since 2013 onwards. First, the tourism would be affected by the macro factors from the world, such as political instability, terrorism, diseases, natural disasters, financial crisis at the partners' countries. (BaoMoi News, 2013)

Even though the economy has been recovered since 2008, financial crisis still existed which can be reflected by the gasoline price increase. It restrained the high potential customers from the far market such as Northern America and Europe. In addition, it also reduces the rate of other countries visiting Vietnam, for example Asian tourists. (BaoMoi News, 2013)

The second issue was about the competition among the Asian market. The famous tourist countries are Thailand, Singapore and Malaysia that are highly invested and expertise in this industry, as well as the non-stop innovation about the tourism services and brands. Moreover, Vietnam has to face the challenges of human resources, service quality, and business competence when the ASEAN members are going to join the ASEAN Community in 2015. (BaoMoi News, 2013)

There were also other weaknesses as well as the limitations of Vietnamese tourism. There has not been any consistent and effective in the destination control. Food hygiene and safety were also warned at the tourist points. Especially in the high seasons, charging higher price, hawkers, cheating still existed. Pollution, overloading, excessive exploitation of tourism resources, wrong purpose of usage, destroy, etc. have been problematic for many years. (BaoMoi News, 2013)

There has not been high expertise in building and promoting the tourism services, lack of creation and uniqueness, repetition at the tourist points. In addition, there has not been much government investment in boosting up the tourism attractions at the target markets. There was an increase in the number of quantity more than quality in the services. (BaoMoi News, 2013)

**Tourism business model in Vietnam**

By taking into consideration three variables which are real GDP, tourism earnings and the real exchange rate, the studies of Balaguer and Cantavell-Jorda (2002), Gunduz and Hatemi (2005), Akinboade and Braimoh (2010), and Brida et al. (2010) have confirmed a stable long-run relationship between tourism and economic growth. (Nguyen, T. Nguyen, D & Nguyen, D., 2014)

Similarly, Nguyen et al. (2014) also find out the tourism-led growth also exists in Vietnam. In other words, there is a long-term relationship between tourism and economic growth in Vietnam. However, the hotel and restaurant sector's contribution to the Vietnamese tourism is rather low compared with its capability.

During 20 years of the period 1992-2011 (Nguyen et al., 2014);, the real rate of growth of GDP per capita of hotel and restaurant sector fluctuated with the minimum value was 1.00% (year 1999) and maximum level was 22.14% (year 1994). The contribution of this sector to the Vietnamese economic growth never exceeded 1% during that time, which was too humble for the country that has many natural tourism resources like Vietnam.

### 3 DATA AND RESEARCH METHOD

#### 3.1 Data

Interviews are applied in this thesis. This gathering data method aims to obtain unique information or interpret the interviewees' answers. It helps to know the explore the views, experiences, beliefs and/or motivations of individuals on specific issues regarding to the business model elements.

On the top of that, the researcher may find out the gaps or phenomena that findings cannot bring about. (Stake, 2010, pg 95-97)

Attending the interviews are the representatives of the four case companies. Due to the company size difference, there were five interviews conducted in BTT with the different departments about each question. The CEOs of the other three companies answered the interviews, as the size is less than 50 employees.

The interview was conducted totally in Vietnamese and translated into English by the thesis writer then. The reason to interview in Vietnamese language is to let the interviewees answer coherently and ensures they understand the questions correctly. There was an assistant to help with the note taking in every interview in addition to the interviewer, because recording was not allowed.

There are ten open-ended questions in the interview which was designed basing on the business model aspects: strategy, organizational structure, corporate governance matching the strategy, business network, operation management, resource and competence management, service development and fund raising. At the end of the interview, an interviewer is asked to give the brief answer about the research problem: "How the company adapts with the market fluctuations?".

Qualitative content analysis is an appropriate method to analyze the data as it supports the understanding as well as interpretation of the written recorded communication materials. According to Abrahamson (1983), content analysis is useful for communication materials types consisting of "narrative responses, open-ended survey questions, interviews, focus groups, observations, printed media such as articles, books or manuals" (Hsieh& Shannon, 2005, p.1278)

In order to answer the research question- "How does a company's business model adapt with the market fluctuations", a deductive approach is used which includes four steps: selecting the units of analysis, deciding and defining categories derived from prior theory, data coding into the predetermined categories, and revising categories (Cho & Lee, 2014, p.11).

### 3.2 Method

Quantitative research is used when the quantity is huge and the researchers would like to give the preliminary answer to the research problem. On the other hand, qualitative method provides the in-depth descriptions of the phenomena. Qualitative research also explains the study issue more meaningful with the open-ended questions. (Sofaer, 1999)

In other words, qualitative research focuses on depth instead of breadth. Therefore, it does aim at a narrower group rather than acquiring a whole interest population. Qualitative research studies people's behaviour, thinking and meaning behind (as a replacement for what people do and/or trust on a substantial scale). In addition, qualitative research aims at different levels (i.e. from micro to macro spectrum) on both structural and procedural bases (Maines, 1977 & 1983). (Ambert et al, 1995)

This research method emphasizes discovery rather than verification. For that reason, researchers often select an inductive approach (Becker & Geer, 1960) to take into account the critical elements, rather than just relying on the existing research. Another purpose of using qualitative research is to refine the theory emergence procedure, which leads to forming or reforming depending on the ongoing observations and conceptualization validity. (Ambert et al, 1995)

Qualitative research consists of three core elements. First is about data, which comes from different sources, such as interviews, observations, documents, records, films. Next, researchers are required to interpret and assemble those data. This procedure may include various technique that may be involved with conceptualizing, reducing data, elaborating (Becker, 1970; Charmaz, 2006; Lofland, 1971, Miles & Huberman, 1994).

However, qualitative product can happen in different orders according to Marshall and Rossman model del (Gilgun, 1992; Glaser & Strauss, 1967; Strauss & Corbin, 1990). For instance some researchers might implement theoretical framework and sample development at the same time (Lofland, J. & Lofland, H, 1984). Therefore, theory, data and methods may be arranged to suit the researchers and the studies' features.

Qualitative research also has proliferation with four levels. First, the research programs vary with different methods in research issues, methods and theoretical backgrounds. Next, the definition of qualitative research are adjusted in each country, such as in the US, in the UK, Europe. Third, different majors have certain disciplines, such as psychology versus sociology researches. Fourth, the analysis levels are dependent on the area-specific discourses, such as master's versus doctoral levels. (Flick, 2011)

It is worth analyzing the core distinction between quantitative and qualitative methods: the purpose of explanation and understanding as well as determining personal and impersonal role for the researcher. They all influence the shading, variety, options that researchers have to decide. (Stake, 2010, pg 19-20)

Among the methods such as ethnography, grounded theory, phenomenology, and historical research, content analysis is chosen as a main methodology in this thesis. The aim of applying qualitative content analysis is to concentrate on the language's characteristics as a means with focus on the content or text's contextual meaning (Budd, Thorp, & Donohew, 1967; Lindkvist, 1981; McTavish & Pirro, 1990; Tesch, 1990).

Qualitative content analysis examines text data which can be in different forms such as verbal, print or electronic form. Those texts may be collected through narrative responses, open-ended survey questions, interviews, focus groups, observations, print media (for example articles, books, manuals). (Kondracki & Wellman, 2002).

Qualitative content analysis does not mean keeping a record of word amount. It sorts out the texts into the categories where they correspond to similar meanings. The classification is either explicit or implicit. (Weber, 1990). Downe-Wamboldt (1992, p. 314) states that the purpose of content analysis is "to provide knowledge and understanding of the phenomenon under study."

There are three approaches to content analysis, which differs in how a study is started with (Table 3). Consequently, time of defining codes or keywords and the source of codes or keywords are unlike. Conventional content analysis begins with observation to stay away from preconceived categories (Kondracki & Wellman, 2002). Open-ended questions are utilized when data are collected through interviews to clarify the information (Tesch, 1990).

TABLE 3 : Major coding differences among three approaches to content analysis (Hsieh & Shannon, 2005).

<i>Type of Content Analysis</i>	<i>Study Starts With</i>	<i>Timing of Defining Codes or Keywords</i>	<i>Source of Codes or Keywords</i>
Conventional content analysis	Observation	Codes are defined during data analysis	Codes are derived from data
Directed content analysis	Theory	Codes are defined before and during data analysis	Codes are derived from theory or relevant research findings
Summative content analysis	Keywords	Keywords are identified before and during data analysis	Keywords are derived from interest of researchers or review of literature

When there is enough existing theory, direct content analysis is applied to extend theoretical framework. It can be referred as a deductive category use (Mayring, 2000). While summative content analysis is implemented to explore the usage of the words, instead of drawing the inference to the content's meaning (i.e. "manifest content analysis") (Potter & Levine-Donnerstein, 1999).

Content analysis is not only exploited in qualitative methodology but also quantitative (Forman & Damschroder, 2008, pg 39-40). It is considered as a set of systematic and rule-guiding technique in order to scrutinize the information contents of textual data (Mayring, 2000). In qualitative content analysis, data are classified into the categories, which is said to be produced inductively. In the meanwhile, data is sorted out basing on the predetermined groups not basing on the collected data in quantitative content analysis. (Morgan, 1993).

Qualitative content analysis gives detail and in-depth data rather than just measurement (Forman & Damschroder, 2008, pg 41). Study begins with research question. The recommended issues when designing a qualitative study are related to data sources, methods, background. For example which elements of the background (literature, theory, research) do the methods and sources relate to (Mason, 2002, p. 27).

Titscher et al. (2000) defines that content analysis is "the longest established method of text analysis among the set of empirical methods of social investigation" (pg 55). Afterwards, the concept was modified to consist of the processes that categorizes and quantifies those groups by means of a classifications' frequency survey (Kohlbacher, 2006).

Babbie (2001) considers content analysis as "the study of recorded human communications" (pg 304). However, Ryan and Bernard (2000) argue that content analysis relates to the "major coding traditions" (p.780). It indicates the method requires unit-by variable matrix that test hypotheses quantitatively. Then, the researcher can apply the matrix set to qualitative data collection.

Gläser & Laudel (1999, pg 4) has established the fundamental procedure of qualitative content analysis (Figure ). At the beginning, the researcher should know the theory about this method, so that he/she can code agenda basing on the theoretical parts. It is essential for the next step to analyze the text through data collection, which needs summary, explication, structuring. After that, information is created that is essential for the analysis and/or interpretation. (Gläser & Laudel (1999, pg 4)

The key difference between Gläser & Laudel (1999) and Mayring's approach is the handling of the category system. The former's argument is that the relevant information might not be suitable for the category system. Therefore, it may lead to problems when applying the method to practice after adjusting Mayring's approach (Kohlbacher, 2006).



Another concern is related to assessing qualitative content analysis with different debating terms, such as rigor, validity, reliability, trustworthiness (Koch & Harrington, 1998). It indicates the validity and reliability, of which the criteria are put in an application for both qualitative and quantitative when evaluating the credibility (Emden & Sandelowski, 1999; Koch & Harrington, 1998; Ryan-Nicholls & Will, 2009). The most commonly used criteria has been researched by Lincoln and Guba (1985) that the chosen term is trustworthiness.

There are other trustworthiness assessment criteria have been suggested in qualitative studies as well. (Emden, Hancock, Schubert, & Darbyshire, 2001; Lincoln & Guba, 1985; Neuendorf, 2002; Polit & Beck, 2012; Schreier, 2012). Nevertheless, they all aim at keeping in track the trustworthiness by reporting the process of content analysis correctly (Elo, et al., 2014).

In particular, the trustworthiness is highly contained in the qualitative content analysis findings (de Casterlé, Gastmans, Bryon, & Denier, 2012). For that reason, checklist for researchers who try to improve the trustworthiness of a content analysis study is proposed by Elo et. al (2014) is crucial. There are questions which supports checking the trustworthiness through each phase of the content analysis study (i.e. preparation, organizing and reporting phase).

In the preparation phase of the content analysis study, the questions are raised up to assist the researcher to discover the answers for the data collection, sampling strategy, selecting the unit of analysis. Later on, the appropriate categorization and abstraction, interpretation and representativeness are determined. Finally, the reporting phase is for that reason to find out the results and reporting analysis process.

Qualitative analysis guide of Leuven (QUAGOL) also aims at the qualitative interview data's insights and trustworthiness. The process of data analysis consists of two sectors: preparation of coding process and actual coding process. The former part implies the interview data arrangement, and the latter focuses on the analysis and findings with the help of qualitative software (Figure ).

Both processes consist of five smaller steps to reach the optimal outcome for the qualitative analysis. Precisely, the preparation of coding phase suggests that the first activity is to read the interview thoroughly with the aim of getting holistic understanding of the respondent's experience. Second, the narrative interview report is get the overall abstract of the interview's key points, which is fundamental for the narrative interview report to attain the interview scheme: from concrete experience to concepts.

Forth, the test of the conceptual interview scheme is run to check the appropriateness of simplified card in dialogue. The fifth step is constant comparison process to switch between within case and cross-case analysis. The actual cod-

ing process takes over with sketching a list of concepts to be used as preliminary codes.

The seventh step is about coding process which connects all relevant particles to the suitable codes. Concept-analysis is the next activity to explain the concepts and their meaning and features. The theoretical layout or storyline is in the next line for the crucial structure production. The closing part is concerned with result description to look for the necessary findings.

In addition to credibility and validity, transferability also refers to the trustworthiness aspect (Guba, 1981; Patton, 1987; Polit & Hungler, 1999; Berg & Weland-er Hansson, 2000). Credibility is concerned with the research's focus and reliance level that the data and analysis processes are planned (Polit & Hungler, 1999). According to Long & Johnson (2000, pg 31), validity and reliability are similar which can be used interrelated.

However, qualitative content analysis has some limitations as well (Gray et al., 1995b; Milne and Adler, 1999; Unerman, 2000) . The core restriction is the subjectivity when coding is conducted (Deegan and Rankin, 1996; Frost and Wilmshurst, 2000). Data and instrument should be attained with reliability to ensure the valid deduction (Milne and Adler, 1999). Moreover, the data's quality and category affects the analyzing process (Guthrie et al., 2004)

Kracauer (1952) studies the challenges of qualitative content analysis. The first proposition comes from the quantitative content analysis' one-sided credit that might cause lack of attention to the qualitative explorations. Consequently, the analysis' validity is reduced. Next, it is about the latent quantitative analysis which may prevent the assessment of qualitative considerations' communications. It requires the theoretical reorientation. Finally, the focus changes from quantitative to qualitative process as a result of the reorientation. (Kracauer , 1952)

Another common challenge of content analysis is called double hermeneutic (Giddens, 1984; Noorderhaven, 2004), which the researchers may interpret off the track the original researches by other authors. Therefore, it is recommended that the researchers should not take into account deeply the published study's authors motivation or modifications during the review procedure (Welch et al, 2011).

Welch et al. (2011) also develop the comparison among the four methods of theorising from case studies, which consists of inductive theory building , natural experiment, interpretive sense making and contextualised explanation. The dimensions to evaluate are philosophical orientation, nature of research process, case study outcome, strength of case study, attitude to generalization, nature of causality, role of context, and certainly main advocate.

For instance Eisenhardt is well-known in the inductive theory building, which is applied in the main advocate dimension (Welch et al., 2011). After, Yin's theory is a tool to support the natural experiment, Stake's study to interpret the meaning behind the case studies. In the meanwhile, role of context dimension uses the contextual description at the beginning phase only.

The context-sensitivity of qualitative content analysis is beneficial to express the research's extent, for example the coverage direction to be evaluated as favorable or unfavorable (Stempel, 1989: 121) . This methodology also allows the researchers to come back to small portion of unnecessary missing data, which is mostly impossible in experimental or survey research (Woodrum, 1984).

As mentioned above, reliability and validity are problematic in content analysis (Krippendorff, 1980). Therefore, it could be considered as one of the method's disadvantage (Lal Das & Bhaskaran, 2008). In addition, content analysis cannot be made used to check casual relationships between variables (Chadwick, et. al., 1984).

Content analyst and communication process are interrelated. It starts from information source to convey the message to the senders. The content analyst interprets the message's characteristics into an understandable means to reach the receiver, so that the audience can perceive the effects of the communication. (Prasad, 2008)

Berelson (1952) develops a comprehensive image of the implementation of the content analysis' method. In particular, the purposes are concerned with the content's characteristics description, the content's reason to conclusion, and the content's consequence to conclude. The 'WH-questions' such as what, why, who, etc. help to determine the research problems more concretely and focus on the analysis.

In order to describe the features of content, 'What', 'How' and 'to Whom' are the inquiry words used to discover the research problems related to the communication content's trend, analysis style, communication pattern description. In the meanwhile, 'Why' and 'Who' are a solution for making inferences about the causes of contents. Finally 'with What effect' question is there to measure readability, information flow analysis and evaluating responses to make inferences about the effect of content.

Conducting content analysis is less complicating in terms of technique (Rosen-gren, 1981; Weber, 1984; Ogilvie, Stone and Kelly, 1982). At the beginning, content analysis focused on word counts, i.e. word frequency or occurrence (Stone, 1968a; Stone, 1968b). Nowadays, the methodology is more qualitative procedures which takes into account the text's aspects (Carley, 1990).

There are different aspects that content analysis are recommended. The applicable examples are to find out various nations' literature (Sebald, 1962 & Lewin, 1947), sentence length and impact on literature's comprehensibility (Coleman, 1962), the language behaviour between normal and abnormal people (Mann, 1944; Fairbanks, 1944). It refers that content analysis is plentiful in use and not necessarily connected with all documentary research (Holsti, 1969).

Basing on the content analysis' history, the method's trends are predicted to increase over the time, result in higher level of hypothesis testing (in contrast with descriptive research), allow diversified studied materials, combine with other social research techniques, concentrate on theoretical and methodological matters. (Holsti, 1969)

This thesis study begins with the observation collected from the interviews; therefore, the codes are determined during the data analysis. The conventional content analysis is started with reviewing the data word by word by the thesis writer. The goal is to concentrate on the exact words appearing from the text in order to define the key thoughts or concepts.

In the upcoming step, the researcher writes down the notes about her thoughts and preliminary analysis. When the procedure goes on, the codes' labels become apparent which are divided into categories based on how different codes are related and linked.

The subcategories are formed relying on the relationship among them, which researcher may decide to merge or arrange the big amount of subcategories into a smaller size of categories. Analyzing the connection between the categories and subcategories on the certain aspects such as coincidence, antecedent or outcome is essential for answering the thesis' findings part.

### 3.3 Case companies

#### *Ben Thanh Tourist (BTT) introduction*

Ben Thanh Tourist (BTT) has been one of the top 10 tourism companies in Vietnam with more than 25 years of existence as well as experience. The company had built the reputation in the tourism sector. BTT has a closed business network and has many segments with different sizes which includes international tourism, domestic tourism, MICE (Meetings- Incentives- Conferences- Events), transport services and air ticket agents, tourist offices, hotels, restaurants, commercial investment and development, sales agents. (Ben Thanh Tourist, 2015)

The company always tried to build customer trust by improving the staff's expertise in tourism, diversified product chain, good facilities and infrastructure to meet the customer's expectation. Moreover, the company has the core values such as understanding customer demand, focusing on quality, inspiring tourism love among the customers, maintaining active and friendly environment, commitments to customers. (Ben Thanh Tourist, 2015)

The company has set the vision for the period 2010-2020 that BTT should focus on manpower in investing and developing the travel sector (including outbound and domestic services). This strategy aims at long-term efficiency. Furthermore, the shops and stores should serve the travel sector together with distribution agents as supporting sectors. (Ben Thanh Tourist, 2015)

With the fast development of technology, BTT endeavours to build the e-business tourism model to facilitate the demand. Particularly, the website is not only for information display, but also for online travel bookings and associated travel services. In general, the company targets at potential customers both domestic and international so that they can reach the company 24/7 through the updated website with online chat function.

#### *Vietmark (VM) Company introduction*

Vietmark was founded in 2006 by Mr. Do Tuan Anh who has both theoretical and empirical background in tourism. The core business activities are M.I.C.E (Meeting, Incentive, Conference and Event), counselling and consolidating the companies' human resources (with indoor and/or outdoor activities), domestic and outbound tours, providing the local knowledge and history of the destinations in expertise. (Vietmark, 2015)

Moreover, Vietmark's main focus is team building, although the price is not cheap. However, Vietmark is professional in this team building sector because the company has deep knowledge what the correct requirement of each team-

building trip is. The other companies confuse between teambuilding and team bonding. Therefore, Vietmark has been chosen to organize the team building tours for the big customers in Vietnam, such as HSBC, Abbott, Nike, Holcim, Mitsubishi, etc. (Vietmark, 2015)

#### ***Exotic (Exo) Company introduction***

Exo was established in 2013 by Mr. Phuong Hoang Truong who also has both theoretical and empirical background in tourism sector, through working in the top tourist company and being a teacher at tourism colleges and universities in Vietnam. The main services are related to team building, M.I.C.E (Meeting, Incentive, Conference and Event). M.I.C.E (Meeting, Incentive, Conference and Event). Exo aims at being the top team building service provider in Vietnam with more big companies' contracts in the future.

With the flat organizational structure, Exo outsources their tour guide resources to cut down on the expenses. The CEO has optimized his experience and network in operating the company with an expect to make Exo more well-known in the team building area, and getting more potential customers for the company.

#### ***LB Company introduction***

LB has been existing in the tourism market since 2002 with both domestic and international destinations. The company offers other services such as visa consultancy, foreign study consultancy, document translation (especially English-Vietnamese and vice-versa), flight ticket sales. Exo targets at the internal business cycle relating to travelling issues either short time or long term.

The company's structure is middle-sized with 48 official employees and a significant amount of part-time workers, particularly in the high season who is required to speak good English and/or Chinese. The customers are diversified from B2C to B2B. The company has won many awards since its foundation time. Furthermore, Exo is also a member of different tourism associations not only in Vietnam but also abroad.

### 3.4 Data analysis

First, the thesis writer has to view the whole interview transcripts, notes, documents provided by the case companies as well as through interviews. Then two categories are determined and defined: business model elements and the market fluctuation factors. The two categories are divided into subcategories (e.g., seven business model elements mentioned above together with domestic and international fluctuation factors)- see Table 3.

Table 3: subcategories and categories used a deductive approach to qualitative content analysis- case BTT

Category	Business Model Elements	Market Fluctuation Factors
Subcategory	strategy	disease (MERS)
	organizational structure	financial crisis
	corporate governance matching the strategy	price increase in high season
	business network	institutional factors
	operation management	free visa for some European countries
	resource and competence management	
	service development	
	fund raising	

The business model element subcategory is the core components that are taken into account in the interview. In response to each element, the market fluctuation is found out through the interviewers' answers. The open-ended interview results in diversity in the market fluctuation factors, which is interesting to analyze the data and discover the similarities and differences among the case studies.

Afterwards, all texts that appeared to describe the business model element and market fluctuation features are coded basing on the predetermined categories. During the procedure, the categories can be revised, removed or added. Data will be added into new categories if they cannot be coded in the predetermined

categories. Finally, the categories' contents are compared across all the four case companies. It is a procedure of deductive approach to qualitative content analysis.

Sometimes an inductive approach to qualitative content analysis is applied in order to get deeper understanding about the subcategories of a business model. For instance with the subcategory about strategy, human resource needs, market concerns (inbound and outbound, domestic and international, new and old), and to establish the units of analysis by synthesizing text.

Next, reading the transcript carefully to open coding. Then the preliminary codes are decided after completing the open coding. The new codes are added when the encountered data cannot suit an existing code. Afterwards, similar code groups are categorized. The categories can also be reorganized into broader extent, then grouped, revised and refined. If the categories are checked to be mutually exclusive, the final categories are formed. By identifying the sub-themes both within and across the categories, the main themes are created (Table 4)

Table 4: Themes and subthemes using an inductive approach to qualitative content analysis- case BTT

Main theme	A company wants to improve the human resource quality	A company wants to focus on the market situation by...
Subtheme	training	profit adjustment
	motivation	partner relationship enhancement
	being qualified	promotion campaigns
	creating new solutions for a company	looking for new partners
	consistence in working among the level	

Because human resource is the key factor in BTT's business model, inductive approach gives a closer look on how the management activities matching with the goals and/or focuses. The main theme requires data review to find out the core factors that have been outstanding among the others and subthemes are the corresponding elements appearing in the texts.



By repeating the same cycle with deductive approach to the rest three cases, it helps to provide the preliminary image of the mentioned market fluctuation features and business model elements without the correlation analysis. Table 5, 6 & 7 represent the category and subcategories of case companies VM, Exo and LB.

With the same business model elements, market fluctuation factors are shown up, which is beneficial for comparison among the case companies. The main difference in the interview data is that the CEOs of the small enterprises answered all the questions related to the business model elements. Whereas, BTT had different management levels to respond to the questions, which only affect the answers' lengths, not the correctness.

Table 5 represents the application of deductive approach in VM case with the same categories. The corresponding factors are "unsuitable", fundraising, unfair competition, copyright, human source attraction from other companies, low-corporation among the organizations.

Table 5: subcategories and categories used a deductive approach to qualitative content analysis- case VM

Category	Business Model Elements	Market Fluctuation Factors
Subcategory		Unsustainable business network
		Fundraising
		Unfair competition
		Copyright
		Human source attraction from other companies
		Low-corporation among the organizations

With Exo case, the analysed market fluctuation are external resource dependence, human source attraction from other companies Funding raising: own mortgage , customer share: fierce competition, macro-level, outbound tour price increase (Table 6).

Table 6: subcategories and categories used a deductive approach to qualitative content analysis- case Exo

Category	Business Model Elements	Market Fluctuation Factors
Subcategory		External resource de-

		pendence => lack of company's deep understanding
		Human source attraction from other companies
		Funding raising: own mortgage
		Customer share: fierce competition
		Macro-level
		Outbound tour price increase

The last case LB's findings are related to new technology development, supplier dependence to achieve good price R&D resources limited, new service test maintaining farm trips, fundraising, unfair market competition and risky external factors (such as disease, safety, politics).

Table 7: subcategories and categories used a deductive approach to qualitative content analysis- case LB

Category	Business Model Elements	Market Fluctuation Factors
Subcategory		new technology development
		Supplier dependence to achieve good price
		R&D resources: limited
		New service test: maintaining farm trips=> budget
		Fundraising: capital
		Market competition: unfair and risky
		External factors: disease, safety, politics

## 4 RESEARCH FINDINGS

### 4.1 Market fluctuations

At the beginning of the research findings, the thesis writer mentions about the market fluctuation factors that the case companies were facing. The first subcategory affecting the Vietnamese tourism in 2015 is the MERS disease as it was contaminated in Korea, which is one of the main inbound and outbound market to Vietnamese tourism (Bao Moi News, 2015).

It is inevitable for the case companies to come up with the urgent solutions during the MERS breakout disease. The common options are to postpone the trips until further notice, or replace with similar value with other tours. The final negotiation is to refund the customers' money, which causes the finance damage since the companies have to compensate the deposits with their partners.

The next market fluctuation is related to financial situation, which certainly has an impact on the company's strategy on the organizational structure. Especially during the financial crisis happened in 2008, the case companies all reacted by downsizing. In addition, the staff's benefits such as rewards, bonuses, annual trips are also cut down during the challenging time.

Another external fluctuation is the price inflation during the high season. The suppliers, typically related to accommodation, transportation, restaurant aspects, often raise the costs compared with the regular prices. Consequently, the case companies are in a passive case by simultaneously increase the tours' prices.

In Vietnam, the government has more supporting program for the big corporations compared with the SMEs. Hence, business network is truly important in order to react with the institutional factor as a fluctuation. The companies would like to be acknowledge the sudden changes sooner than later which is beneficial to adapt their internal strategy on time for the least cost damage.

The national tourism operational management is not in the favour of the firms due to the visa policy, which is exemption for some limited countries. The visa fees are relatively high compared with other neighbouring countries. The inbound customers are for that reason restricted to frequent countries that Vietnam is a common choice.

## 4.2 Comparison part (4 case companies)

### Strategy

BTT sets the strategy of expanding the market in terms of more agencies for sale boost up, while the other three firms concentrate on the niche market or a certain tourism segment due to limited resources. It may be seen that BTT has a competitive advantage in brand awareness, which assists in more agencies establishment to leverage the sales. On the other hand, the three small companies would like to put more effort on a specific area so that the customers are aware of the corporate names. Afterwards, the companies might take into account more business sectors.

In other words, BTT takes advantage of the strong brand image that has been built during the past 25 years. VM has a certain position in the team building field that would be fundamental for future expand, which is challenging for the customers to trust the company's other services except team building. Exo and LB do not dare to take risks which is implied in their strategy on team building and inbound-outbound concerns respectively.

Before the higher competition in the tourism market as a market fluctuation, BTT's strategy was to cover as many tourism segments as possible, without main focus on a certain one. BTT maintained the financial situation from other business sectors, for example real estate as well, although tourism is the company's strength among the others.

VM used to focus on different tourism sectors before, from domestic and outbound tours. With an increase of more competitors, the company decided to aim at the team building, which brought the main revenue for the company. VM's board of directors applied SWOT analysis intensively to determine the key power that might help the company survive the rivalry.

Exo is a new comer in the Vietnamese market (established in 2013) that the board of directors has strategized since the beginning to target at the niche market, i.e. team building. However, the company did not segment the target customers effectively at the beginning, which resulted in lack of customers due to low brand awareness and team building as a new trend at that moment. Later on, Exo's strategy has been shifted to companies with foreign investment located in Vietnam. It is such an outstanding change to attract the customers that are interested and can afford the team building activities.

LB used to cover both tourism and study abroad consultancy sectors. The former is the company's emphasis, with a varieties for outbound and inbound destinations. The company also expanded the visa and travel document consultancy, for both tourists and students studying abroad. Due to the saturated situa-

tion in study abroad market, LB did not gain enough shares and low in brand awareness compared with the existing big players. Consequently, LB revised the strategy by focusing on the tourism sector only, especially on GIT (accounted for 70%)

### **Organizational structure**

Originally, BTT has hierarchical organizational structure to manage the big scale firm. The board of directors expected the clear authority for work and departments, i.e. every employee knows the chain of command. Managers played such significant role as a spokesperson between the committee and subordinates in the communication.

Nevertheless, this organizational structure resulted in separation among the departments. In addition, each department may focus on their own goal only, which may neglect the corporate mission overall. Another disadvantage is that the lower level staff in the hierarchy cannot contribute much to the organization due to the central power and authority at the highest positions. Bureaucracy decelerates the company's operations, such as decision making, communication, action.

Hence, BTT the organizational restructure since January 2015 as the highlighted reaction to adjust to the market trend. Particularly, new departments are established to support the existing ones to obtain cost efficiency and stimulating sales. Restructure is helpful for human resources sorting, which eliminates the low-productive and focuses on the effective employees. Recruitment may take place to ensure the staff's average level. Since the market is changing nonstop, which requires the employees to have eager to learn instead of following the same path over the time.

VM is a small start up; therefore, the CEO applied the functional organizational structure to focus on the teambuilding services mostly. It consists of specialized units to report directly to the top management. The CEO was accountable for combining all units' efforts and combine together as a whole.

The advantage is that human and informational resources are efficiently utilized as the experts' knowledge is shared with their subordinates. However, the company decided to keep the functional organizational structure but emphasizing on the team building sector mainly. This field has contributed most revenues to the company, it is wise to allocate more human resources to boost up the sales performance.

Before, VM shared all resources equally among the sectors to ensure a limited number of experts' knowledge to eight departments. Afterwards, the CEO changed the human resources structure with the raise of part time employees in order to supply sufficiently with low operation costs.

Exo also designs the functional organizational structure but with priority in the sales department in order to boost up the sales as well as revenue. The company also outsources especially in tour guide staffs to reduce the operation costs. It results in a lack of deep understanding about the case company due to external resources.

Until the time that the interview was conducted, Exo still strategizes flat structure due to small amount of full time staff. The part time resources are recruited when the demand exists. The CEO used to be fully reliable for the corporate performance, which lead to lack of collaboration between the sectors. The adaptation with the help the group leaders results in better communication flow and create more attachment among all the staff.

LB has the cross-functional organizational structure, which means that some departments are commonly used (i.e. accounting, IT and marketing, HR and administrative resources) to help the other functional departments (i.e. inbound, outbound, flight ticket, domestic and study abroad counseling). Similar to Exo, LB owns less permanent employees than external ones. The aim of getting more part -time employees is to reduce fixed costs and adapt more quickly with the demand situation (i.e. customers).

#### Corporate governance matching the strategy

There are adaptations in each firm's governance compared with the set strategy due to unexpected changes or fluctuations happen. The common solution features among the case companies are to cut down on expenses, improve efficiency in management, using financial indicators to measure performance. In other words, there are adjustments to practice that requires the cooperation between the managerial and employee levels in order to assess accurately in corporate governance.

#### **Business network**

BTT paid high attention on the customer origin before, particularly from Europe, America and Asia that is the main inbound resources. With the significant increase in Muslim travellers to Vietnam, the company changed the business network focus on the target group characteristics instead of just origins.

With the strategy shift from covering different tourist sectors to focus on team building, VM's business network was definitely changed. Specifically, B2B is the company's main segment that mostly has demand in team building. B2C almost does not exist anymore.

The shift to companies with foreign investment indicates that Exo has narrowed down the customer segment and increased the business network properly. In other words, Exo changed the focus from B2C to B2B with foreign investment in order to compete better in the team building area. Moreover, the company's business network relies heavily on the CEO and other board members' network

in operation. For that reason, Exo tries to utilize more effectively to satisfy the customers and expect their retention or reference to other B2B.

Unlike other case companies, LB aims at suppliers as the move in the business network concentration. The explanation is that the good relationship with suppliers might bring about contracts with reasonable price for extra benefits. It helps LB to increase the price competitive advantage in the long run, which is a trigger for the business network change.

### **Operation management**

There is such a surprising fact that all case companies decided to tailor services to meet the demand. Let's examine in details the motives and reasons behind the shift affected by external fluctuations. Tourism is mostly related to services, which clarifies the mechanism behind operation management similarities.

BT's new operation strategy is "selling what customers need instead of what a company has". It indicates that BTT has to tailor the services to catch up with the new requirement. One of the key measurements is the customer feedback, which aims at maximizing the happiness and satisfaction, as well as minimizing the complaints. Furthermore, the feedback has to be designed more professionally so that the customers can share opinions and/or report the fault. After-sales is also taken care intensively, which is expected to bring customer retention.

VM's operation slogan has been made: "selling the corporate value, not just purely services". What does it imply? There should be quality and lesson after each trip, which is also the meaning of team building. For that reason, the tour guides have such crucial role from corporate strategy concept to implementation. It indicates that the guides should be informative about the VM in order to meet the objectives, as they might be full time or part time

Customer satisfaction is a criterion to evaluate the overall company's operation level. It is significantly important as it reflects how a customer perceives about VM. "Customer is even more than a King" - said the CEO. He implies that it is hard to satisfy customers nowadays that the supply is more than demand. Therefore, VM tries to manage the customer satisfaction by feedback, telephone, random check or face-to-face meetings. (Interview with VM, 2015)

Exo considers customer satisfaction as a core value in its operation management. Particularly, more effort in strategic management is required so that the company can optimize its limited resources, such as finance, human. Exo aims at big B2B customers that also indicates higher expectation from them.

### **Resource and competence management**

Another aspect in business model that every company pays a lot of effort is how to maintain good human resources with them. There is a surprising finding is that all interviewees responded salaries is the main attracting factor from their staff's perspective.

Let's find out why salary is all mentioned in resource and competence management. The Vietnamese average monthly wages is approximately 170 euros per month, which is quite low compared with neighbouring countries such as China, Thailand (General Statistics Office of Vietnam, 2018).

BTT is among the top tourism in Vietnam. Therefore, key competence is also the core in competition that is upgraded with external training. On the other hand, the other staff has chance to improve their skills through internal training by the key people. This method helps to save costs in training, create positive awareness among the top persons and care about other staff as well.

VM notices that salary is the most appealing element to keep their staff. Before, the company used bonuses as the main payment method to boost up the sales team. Due to the variation in each month's income, employees mostly must have another side job for living which affects the efficiency at VM. Lately, VM applies both basic salary and benefits (including bonuses) to improve the staff's life quality. Nevertheless, the overall payroll cannot be substantially higher than the average salaries in Vietnamese tourism sector

The CEO exploits his expertise as a tourism teacher at university in HCMC to conduct the internal training. The employees can have constant update about the company and domestic tourism market, while the company can save costs without hiring external experts.

Salary amount is also a matter to Exo, which is a question of how much they can afford to keep the staff. Compared with the past, the company has adapted the additional payment (i.e. extra benefits) to trade off fees between attracting current employees and new recruitment. The fixed salary is determined so that the staff can afford their basic living needs

Similar to VM, Exo is a small size company that training is mostly done internally as the CEO is also a tourism teacher at university. Some external training sessions are taken place to improve the staff's safety knowledge and soft skills. The training is a golden opportunity for the CEO to recognize the hidden talents of his human resources.

LB used main salary as the key payment method for their employees. An advantage is that the staff has enough basic income to cover for their life. However, it leads to a disadvantage of not achieving more sales target due to the absence of bonuses. Therefore, the company adds rewarding system to their re-



source and competence management which is evaluated annually basing on the staff's performance. Dismissal may occur if there has not been significant improvement in an employee's job.

Due to the company's size and limited budget, LB occasionally organizes training externally. The superiors are often responsible for updating new trend and improve junior level staff's knowledge. The CEO has tried to increase the frequency of internal training so that the employees can catch up as soon as possible.

### **Service development**

BTT is known for providing medium and high standard in tourism services. Quality is the core competing factor with others in the same area. The selling prices of BTT is relatively high, which limits the target group in the fiercely competitive tourism market.

Nowadays the company aims at gaining more customers from more diversified groups, which covers from low to high prices. Infrastructure is for that reason various in hotel and accommodation, which results in suppliers diversification to match the versatile target groups.

The company has been developing their services to suit the demand instead of limited options for the medium and high class like before. For example approximately 40% of the inbound customers are from Europe (Netherlands, Belgium, France) who prefer more sightseeing activities. It indicates that BTT has lower profit margin compared with tours having the sightseeing that often suit the Asian customers. (Interview with BTT, 2015)

Customer feedback is the key system for service development at BTT. After every tour, the tour guide is responsible for delivering and collecting customer feedback forms from customers anonymously. The corporate website is not fully efficient, which restrains the online customers to approach the company, especially the foreign ones. Therefore, the managers' vision is to make BTT as an e-business model to catch up the technology development and demand.

VM does not have any long-term strategy on service development since establishment. The company does not have much budget, so annual farm trip is the only R&D's activity for service development. Prior to this decision, the company used to spend such an amount on market survey with domestic and foreign trips for the key customers. With only domestic farm trips nowadays, VM expects to update the latest tourism trend and critical discussion with the key stakeholders and also more future investment.

In addition, VM gives priority on intangible aspect of the service development, which is related to for example personnel's attitude. The tangible area is considered more easily to be adapted, for instance through new supplier

selection. This adjustment is due to demand variation and more development of Vietnamese tourism in general.

Due to the company's small organizational structure with more external resources, the collaboration was not strong especially between official and external employees. Therefore, the first letter 'C' in the company's strategy for developing team building is about Collaboration. The corporate spirit is highlighted to appreciate each member's contribution to the Exo, regardless of the contract length. Another purpose is not to make the outsourced persons to feel opted out which affects their performance toward Exo.

The next 'C' in Exo's service development is about Creation. Field trips for core employees are conducted as the CEO believes that learning by doing is a most effective way to absorb new knowledge. In contrast, only the CEO attended in the experimental learning before, which is challenging to express and analyze the information to his staff completely later on. The trips are often organized to the hot trend or brand new destinations, which helps Exo to be either proactive or reactive in the market, depending on their resources at that time.

The last 'C' refers to Culture. This aspect is highly related to collaboration, which ensures the corporate mission and vision are transmitted similarly to the staff. The employees used to be more individualism that in the long run results in productivity decrease and conflict increase. Therefore, the CEO has tried to gain the connection among the employees from the same and different departments, such as scrum meetings, team building activities, pair work.

### **Fundraising**

BTT does not have any external fundraising from investors except from stakeholders, even though the company is well-known in Vietnam. The money circulation is maintained through different business units. Tourism's revenue used to be the main financial resources for the whole company until the economic crisis. Nowadays, real estate sector takes over the tourism for the leading position in income.

VM is a small company which is challenging to borrow the money from the bank for fundraising. As a common solution like other SMEs, the CEO has to use his private assets as a mortgage trade-off at the banks. It is such a high risk for the owner with that solution for money circulation, especially for the new services development.

Similar to VM, Exo's CEO has been using his personal property to get liquidity from the banks for the company. Only until the investment is profitable, the CEO can get the returns on investment (ROI). Due to limited budget, Exo would like to allocate the major part of the financial resources in team building sector, instead of lacking of focus like before.

On the same page with the SMEs above, the main capital of LB comes from the CEO's resources to trade off with money circulation. In other words, the fundraising is independent on the external investors that gives the director more freedom in decision-making and not afraid of withdrawal during the economic crisis.

In order to avoid the unexpected shortage of financial resources, LB has reserved the flexible fund in case of limited resources. The most common issue in circulation is the gap in the payment time between LB with the suppliers in advance and the transaction from the customers later. In this case, capital reserve is definitely useful, which can be accumulated from the profits of the better-off periods.

### **Challenges**

The challenges for BTT comes is related to both macro and micro levels. The continuous issue is about food poisoning, which threatens the tourists' safety and reduce the amount of visitors. The company has been passive in this matter. The only solution is to select the trusted or ranked catering services for the customers.

Later on, the company decided to invest in its own restaurant to be more active about the catering supply. Nevertheless, there is a limitation that the restaurants are only available in Ho Chi Minh City. The company considers this as a win-win situation because it can stimulate sales for BTT and customers have better deals with discount from these restaurants.

Another external challenge that BTT has to face is diseases, such as H5N1 (since 2009), HFMD (Hand-Foot-Mouth Disease active again since 2011), MERS (since June 2015). At the beginning, the company was afraid to maintain the operation during the disease crisis. The adaptation has been improved over the time. The common solution is to stimulate the attractions of other destinations as an alternative. The tour cancellation is inevitable from customers during the hard time. BTT should prevent the customers from deposit withdrawal by offering more added values to other feasible tours.

In case the customers insist on continuing their journey, BTT should change the visiting places that are far from the infectious areas (from a same country). The company has to instruct the customers of health safety information before the trips (for example wearing mask, buying travel insurance, keeping distant with people having fevers). BTT also requires discount from the partners in the infectious countries to offer the lower prices for the customers. Furthermore, additional services should be included to encourage the sales maintenance.

With the high seasons such as summer or national holiday, the prices inflate spontaneously that might be even double or triple in Vietnam. There have not been any governmental interventions yet. Therefore, BTT has to cope with the

solution itself by booking in advance an extra amount of the popular destinations' accommodation. It may be risky in case the demand is less than supply. BTT will try to resell for the other tourism agents in case there are non-used rooms.

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The company avoids the significant price difference by signing the contracts before hand to state the certain additional percentage that the suppliers may get during the high seasons. BTT targets at 25% as the maximum increase that the company can bear. Otherwise the company has to consider changing the partners, which takes the whole process to get to know the other party and establish the partnership. For that reason, long-term and trusted suppliers would be an advantage for BTT's operation.

The internal issue that BTT has to deal with is to create more co-operations among different company's department and business sectors. In other words, there are gaps existing, especially between the operation unit and the domestic as well as outbound ones. Conflicts often occur during the decision making process of the issues relating to tour design. Particularly, the operation department is reliable for final decisions of choosing suppliers for accommodation, restaurant, entertainment services, visiting places suggested by the domestic and outbound units. The operation has the responsibilities in allocating the resources efficiently, which may lead to rejected the other units' proposals.

The first challenge of VM is unfair competition about tourism company registration. VM tried to point out the companies without license with the local authority, because the CEO is not satisfied with the license fees which is approximately 20.000 euros. Those non-licensed firms can evade taxes from the government. Moreover, they can disappear in the market in case of bankruptcy, which is cautious for the customers and affects the prestige of other companies as well. VM decided not to cooperate with any tourism partners without license to ensure the fair trade.

VM is one of the first companies in Ho Chi Minh City which has the tourism business relates to team building. It implies the risks that the other companies imitate the business concept. In addition, those competitors also use the low-price strategy to attract the customers. VM aims at quality that limits from the

price competition. For that reason, VM has lost some contracts to those non-licensed firms.

Copyright has been problematic as there has not been any tourism product or service copyright. VM can only register copyright for its brand copyright so far. VM's team building concept has been copied by other SMEs. Therefore, the company has to be proactive or at least innovative in order to adjust with imitation.

Challenges are from both internal and external to Exo. The competition for customers becomes more fierce that reduces the customer royalty rate. Instead of just concentrating on existing customers like before with the expect of customer retain, Exo looks for new customers to increase the market share in team building sector.

Phone calls, email, advertisements, website chat are the common channels to reach potential customers. It is difficult to persuade customers to choose Exo at the first time as the company is new in the market. Positive corporate image and get-to-know customers are the priority. The referrals from previous customers are highly useful for Exo to gain the trust of the new ones.

The biggest obstacle to LB is unfair competition, which aims at price war. LB used to apply zero profit at the beginning to compete. However, the company cannot maintain financial sustainable in the long run. The adaptation is continuously invest in different company's sectors to ensure the operation. It means that the tourism, flight ticket agent and study abroad counseling together contribute to the circulation, especially in terms of finance. The managers would like the departments to collaborate closely to face difficulty, instead of separation among the three sectors.

## 5 DISCUSSION AND CONCLUSION

### 5.1 Theory distribution

The findings illustrate how the case companies are different from others in implementing the business models in practice. The strategy orients the business models toward effective operation to reach the target. In other words, the strategy affects the business model elements, for instance in defining organizational structure, which follows the study of Ketchen et al (1996) that strategies, processes and the environment are vital for organizational structure as they affect the link with organizational performance.

VM and Exo might be considered as the concrete examples of CSOFT ontology with the business network concentrating on the B2B segment (Heikkila et al. 2008, pg 222). These two firms emphasize customer relationship in their business model activities. It could also be explained basing on their strategy on niche market of team building, of which most customers are the companies. Therefore, they have to take care of the customer relationship that aims at customer retention as well as getting new ones.

The study's result of Anderson and Narus (1999) that the key source of a company's revenue and knowledge comes from customer relationship portfolio can be found through VM and Exo cases. It means that these two firms place great emphasis on customer among the stakeholder groups. The purpose is to increase the number of customers which ensures these companies' profitability to maintain the specific niche market of team building.

Srivastava et al. (1999) has pointed out the importance of supplier relationship that establishes fundamental basis for lowering operational risk and maximizing value creation through procurement. LB's is a reflection for this theory as the company is really concerned about choosing trustworthy suppliers in order to aiming at both cost- and time saving. Good suppliers provide the qualified services which helps to gain LB's strength among the tourism market.

A new finding point is that a company's scale and experience also influences its business model option, which is not mentioned in the previous literature. Particularly, BTT is medium-sized while VM, Exo and LB are small enterprises. BTT decided to expand the market during the challenging economic time. While the other three firms responded the opposite way, i.e. shrinking the operation. In addition, BTT has been successful in building its brand, which facilitate the company to take advantage of the corporate prestige among the stakeholders such as customers, partners, shareholders.

Key activities is one of the elements in Canvas business model (Osterwalder & Pigneur 2010, pg 37) that VM, Exo and LB are struggling with strengthening the position in their own niche market. The three cases concentrate on team building; however, VM has more competitive advantage in their brand awareness among all with quality guaranty. The similarity in key activities is that these companies are newly or recent-established SMEs that are competing for a small percentage of tourism market share compared with BTT.

The number of team building companies have increased instantly lately, which is more challenging for a new established company like Exo to be outstanding. It results in choosing a really specific customer segment (i.e. companies with foreign investment) to compete and orient the business model toward that market division. Exo has to tackle with the cost efficiency by using the sales employees as the tour guides, which is useful in understanding the corporate value deeply and win-win situation for both Exo and the salespersons.

It implies that Exo pays attention to cost structure element in Canvas business model (Osterwalder & Pigneur 2010, pg 37). Particularly, Exo cuts down on unnecessary expenses as well as aiming at cost efficiency. BTT, VM and LB also apply the cost factor but not as strictly and effectively as LB, for instance by combining the sales and tour guide resources.

Resource importance, which is referred in the research of Tikkanen et al. (2005) as a factor influencing a company's routines and resource acquisition, is reflected in the case companies which target at maintaining the staff's attachment by different schemes. However, salaries and other financial compensation programs attract the employees mostly which is implied in the findings. The human resources gives an explanation to the business model success in the market.

In particular, BTT and VM have better competitive advantage in human resources compared with Exo and LB. BTT owns the potential human resources with experience, skills and competence, which is required to maintain the tourism market leader position in Vietnam. VM competes with staff that have good English level and other language skills. It enables VM to get the contracts with foreign owned and/or investment firms in Vietnam. Whereas, Exo and LB do not have extraordinary staff that make the business model distinguished among the competitors.

In the research of Srivastava et al. (1999) about the role of CRM in the companies, the firms rely significantly on the customers' feedback and comments to evaluate the services and the corporate performance in general. The companies do not have own the R&D department, as well as the scattered activities in improving the services among different units. All case companies

do not implement the service development strongly in their business models due to the budget limited.

In practice, the funding raising actions encounter many obstacles due to the firms' credit prestige and the institutional policy is not in favor of the SMEs yet. It does not mean that this business model's element is absent in the companies' implementation. It is replaced by the in-house's money circulation, either by mortgage the owners' assets or relying on a company's other business sectors. The study of Tikkanen et al. (2005) is reflected in the cases that there are different options to acquire the capital, such as by investing in real assets from many resources, debt, equity, securities.

In conclusion, the result indicates the gap between predefined strategy and business model, which requires the adaptation process to reach the corporate goal. Strategy is the most challenging element which determines the direction for a firm to follow in the daily operation. The service development and fund raising features do not perform strongly mostly because of the financial limit.

Compare with the Canvas business model, the firms have not paid attention to the revenue stream factor which helps to find out how much a customer is willing to pay and what values make them to pay more. It is useful for the companies in SWOT analysis as well as having timely reactions toward the trend and demand. Furthermore, revenue stream assists the companies in calculating earning per customer, which supports the cost budget and control the account efficiency.

## **5.2 Managerial implications (solutions)**

Basing on the findings and the context of the case country (i.e. Vietnam), some solutions are suggested which helps to increase the business model efficiency. First, the recommendation focuses on the service development process, especially R&D. The case firms do not organize the development process systematically that means each operation operates separately. Moreover, the service development mostly involves the managerial level, which disregards the staff's contribution. Therefore, the problem may be solved by taking into account the bottom-up level with the idea selection process.

Particularly, the companies should take advantage of their human resources for the brainstorming use. The employees need to be encouraged to participate in contributing their suggestions so that the service may be developed further. Afterwards, each department has to select the best options in order to discuss with the other units. The purpose is to combine the strengths of different departments to devote to the managers' decision making process.



The service development needs to take into account the updated tourism's as well as a company's market situation. These activities should be conducted at least annually. Moreover, the rewards would be practical motivation that stimulates the employees' involvement in the idea generation. The purpose is to raise the staff's attachment to the company' business model and leverage the potential internal resources that are realistic and cost-saving.

The second issue to be enhanced is concerned with the fundraising. The case companies should exploit the benefits of the new bank policy valid since 2015 about the SMEs' money on credit. The firms should maintain the sound credit history, for example avoiding bad debts or paying the loan punctually. The banks prefer loaning to the firms that have clear tax payment, good financial performance and growth rate.

Longer payment term with the suppliers would be advantageous to the firms. It indicates the value of partner relationship in terms of financial benefits. In other words, a firm may lengthen the money circulation with the extended payment gap between the suppliers and customers. Moreover, the trustworthy partners might be a useful referral to the credit organization for the case companies.

The third suggestion is to intensify the business relation with the related partners in a certain tourism segment. Particularly, the companies are advised to co-operate tightly with the core partners concerning with transportation, accommodation, as well as other related tourism service suppliers. Due to lack of unified system in operation of the current tourism in Vietnam, the competition does not appeal to the foreign tourists and also lead to the shift in traveling abroad of the domestic customers.

For instance, the airlines companies should concentrate not only on their league but also with the tourism agents such as BTT, LB. The operation would help both parties to stabilize the incoming customers, especially in the low tourism seasons. Similarly, the case firms need to reinforce the partnership with accommodation partners, which may result in booking rooms with lower price, advanced reservation in the high seasons, additional customer care, extra services without surcharge.

Furthermore, the team building firms such as VM and Exo are recommended to work together deeply with the local authorities, associate with other event organizers, attend the seminars and conferences about this niche market to modernise the customer trend in order to adapt quickly. The firms might obtain new customers through those events as well. In some cases, there is possible co-operation among the firms in a certain market segment.

The fourth point to be discussed is about resource and competence management issue, which takes into consideration the issue of keeping the sustainable human resources. All four case companies are struggling with the

salary amount to appeal to the employees. The financial compensation is also the main attraction to the staff currently. Nevertheless, the companies' payroll is limit. Therefore, the resolutions should be compatible with the firms' business model.

Specifically, the case companies could emphasize the employees' wellness, which is useful for maintaining the long run health in order to work effectively. Moreover, it reflects the firms' care toward the staff that follows the predetermined business model and creates a positive corporate image. Moreover, the employees need to be aware of the recession time and how it affects their company. The purpose is to pay more effort in performing their tasks and develop the potential capabilities.

Incentives might be another method to maintain the staff without raising salaries, which can be either financial or non-financial. The budget cannot afford the cash incentive. Therefore, recognition can be applicable, which consists of complimenting in front of public or private (such as "Thank you" or "Job well done" sentence), newsletter, personal meetings, etc. The aim is to recognize a specific person's or team's contribution to a company. It also enhance the connection between the staff and its firm.

Another important factor is to be mindful of the managers' attitude and leadership style. It refers to the managerial level persons' method to maintain a firm's business model in daily life. Despite the flat organizational structure, it does not mean a small gap between the boss and employees, especially in a medium company like BTT. It is cautious that the managers need to revise their leadership skills and technique so that staff are more willing to devote and share their thought.

The senior may be responsible for scrutinizing the juniors' performance in terms of managerial level position. The anonymous survey may be carried out that could be helpful for the employees to answer honestly. In addition, the senior might evaluate the junior's performance basing on different criteria such as daily task, goal achievement, attitude, efficiency, management skills, employees operation.

The final suggestion for the case firms' development is connected with business model revision. It means that the companies are advised to arrange more meetings and discussions to catch up with the up-to-date market situation. The business model is decided in advance, which requires constantly modifying in the implementation. In other words, the gap between the predetermined and actual plan should be minimized.

In particular, the four enterprises should manage the results as well as performance during over the time, which needs to be at least annually. With the bigger scale company like BTT among the four case enterprises, the revision has

to be carried out more often because of larger organizational structure. It is beneficial for the quick adaption in case of fluctuation, and immediate response to the customers and other stakeholders.

### **5.3 Limitations and future research**

Due to the limitation to access the case companies' internal data, the paper cannot analyse deeply how the business model adaptation affects a firm's operation in terms of finance. Especially BTT company had the organizational restructure since 2015 to increase more competitiveness. Therefore, the financial reports would be useful to illustrate the firm's performance before and after restructure milestone.

Another limitation is about the three small companies which I did not get chance to interview other managerial levels (for example a department manager) except the CEOs. Although their corporate structure is flatter than BTT, it would provide better understanding how a business model adaptation influences the whole company's administration, not only with the strategy makers but also the staff.

Moreover, this paper focuses on the business model literature review mostly. Whereas, the market fluctuation analysis focuses mainly on the case country tourism context. Consequently, it is not feasible to generalize the findings, for instance to support other interrelated economy sectors. The future research may take into account deeper aspects of the market fluctuations which supports the deductive method instead of using inductive one in this paper.

Salary is the main attracting factor of the resource and competence management in four companies according to the findings. However, the average salary level was not revealed in the interviews which restrains the deeper analysis of employees' benefits among the companies. Furthermore, the additional benefits as well as non-financial compensations are not mentioned profoundly, which might be helpful for knowing the other factors influencing the resource retainment in addition to the financial reasons.

Another limitation feature relating to the resource and competence management is about the training costs. The interviewees did not disclose the average fees to conduct either internal and external training. The result shows that only BTT can afford the external training, which is worth scrutinizing in order to know how the firms allocate financial budget in the human resources and the corresponding outcomes. It is crucial to concentrate on the human issue as they are the key resources in the tourism operations and competitive factors in the market.

Fund raising in tourism SMEs might be an interesting topic for future research. The findings have shown that the case firms have to either manage their other business sectors or get contributions from the owners. Because the bank's regulations for lending money are not in the favor of SMEs in Vietnam, it would be a valuable study to figure out other feasible solutions to manage money circulation as well as financial issues in general.

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