



# Innovation in Hospitality ( $T_3$ )



*Euclides Major, PhD*

*Feb 2025 – Carcavelos*

# Agenda – Session 2

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1. Recap Previous Session
2. Sources of Innovation & Search Strategies
3. Windows of opportunity & Triggers
4. From ideation to Execution
5. Guest Speaker

Supporting Literature: recommended book 'Managing innovation integrating technological market and organizational change' Joe Tidd, John Bessant - *Chapters 6 and 7*

*'Strategic Management', Rothaermel (2021) - 6th edition*

# 10 Entrepreneurial Pathways (TENEP\*)

## *Diverse Routes to Venture Creation*

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1. VC backed  
Tech Startups



2. SME Local  
business



3. Cool branded  
consumer products Co's



4. Boring/ basic  
copycat models



5. Opportunistic /  
execution play



6. Search  
funds / ETA



7. Impact  
Entrepreneurship



8. Intrapreneurship /  
Corporate Entrepreneurship



9. Franchise



10. Creators

# What is innovation

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- Innovation is about growth (business, social) – about recognizing opportunities for doing something new and implementing those ideas to create some kind of value
- Innovation is also a survival imperative
- And it contributes to competitive success in many different ways – strategic resource
- *Innovation = 1% creativity + 99% work, work, work...*  
Innovation is more than simply coming up with good ideas; it is the process of growing them into practical use.
- Innovation means doing more with less.





# Innovation is about...

## New Ways of Serving Existing Markets

- Innovation can also occur in established/mature markets
- Example: Budget air travel and demand optimisation



## Rethinking services

- Service sector in many economies makes up majority of GDP
- Example:





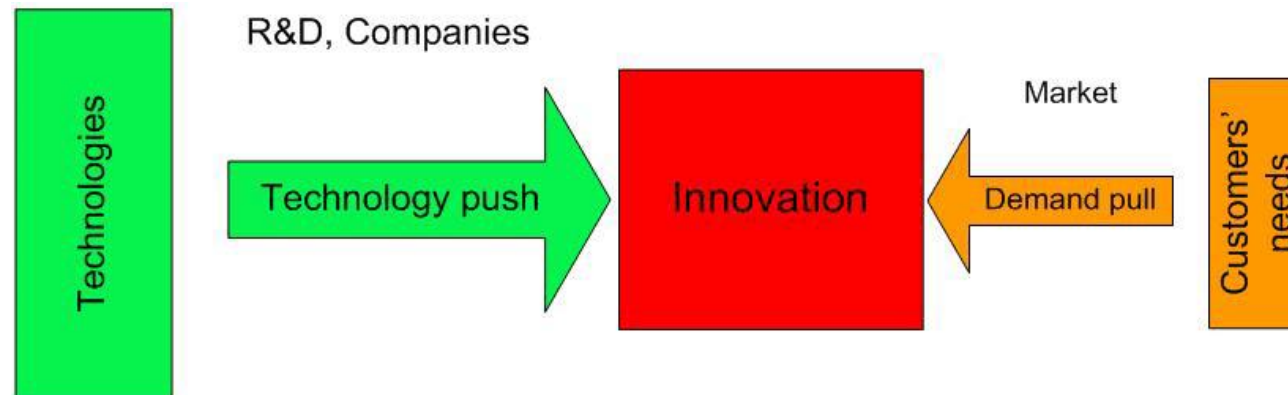
# Sources of Innovation & Search Strategies

Where it comes from & How to strategically search?

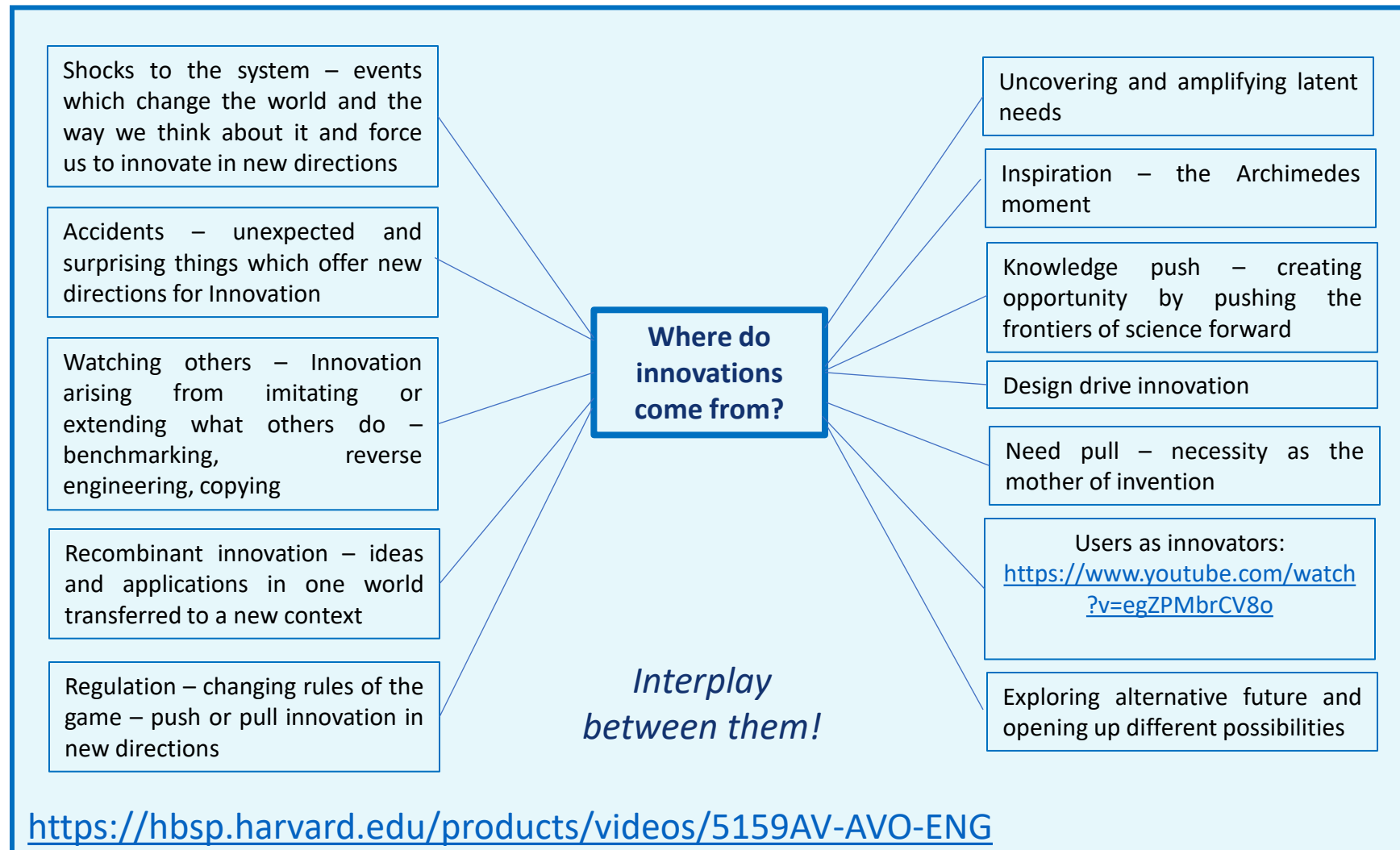
# Pull vs Push

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- **Market-pull** refers to the development of a new product oriented to fill a given market need
- **Technology-push** refers to the development of a product or technology that is then “pushed” to the market regardless of the market demand



# Where do innovations come from?





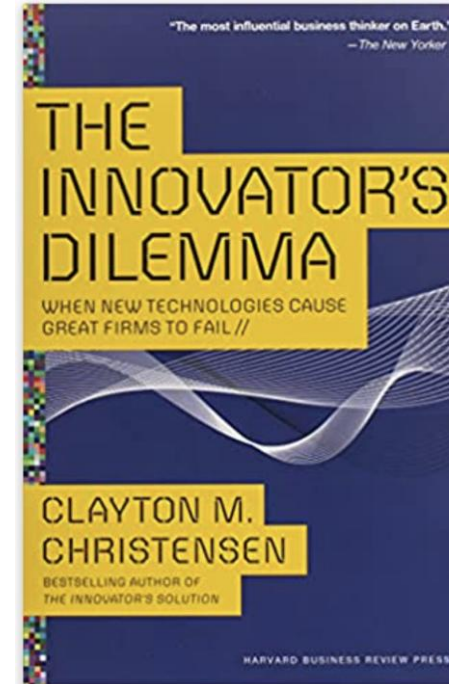
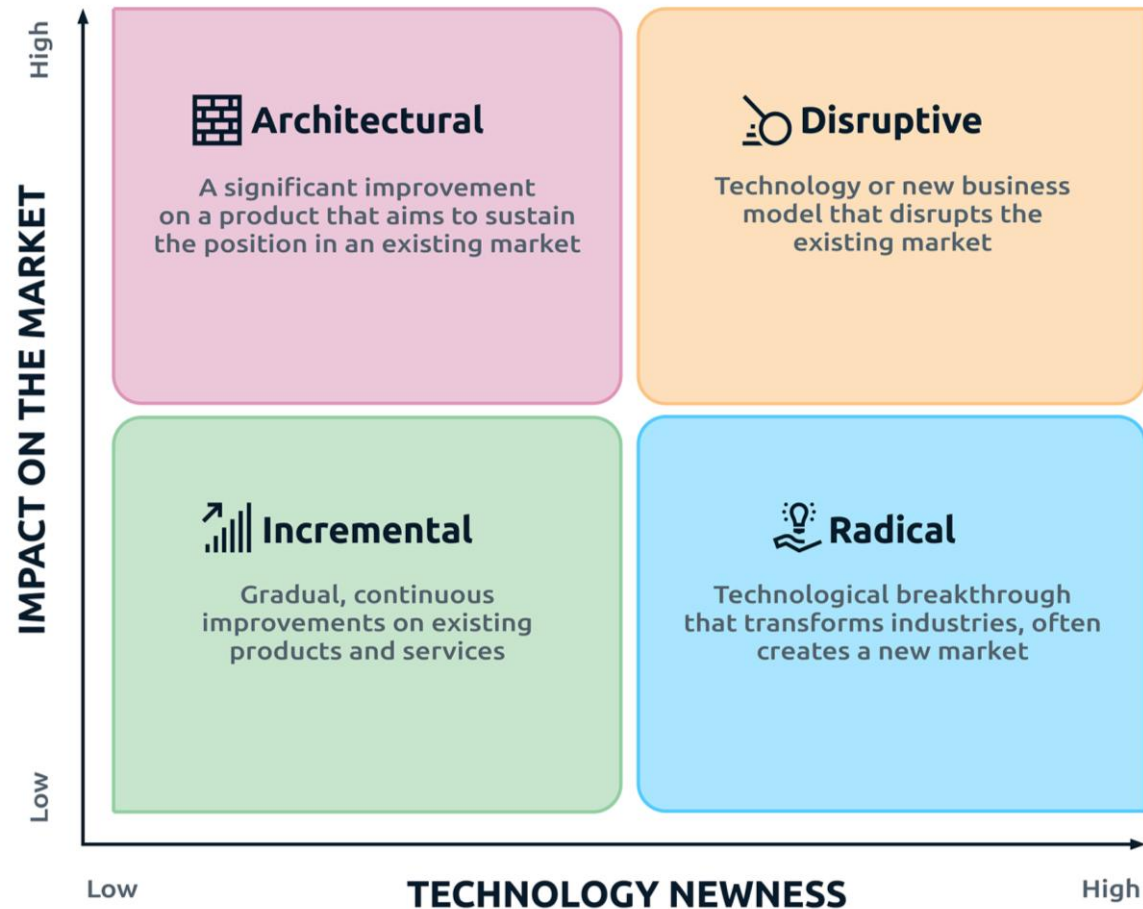
# Innovation opportunities are not in short supply! How to make sense? Be strategic!

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- What? – the different kinds of opportunities being sought in terms of incremental or radical change
- When? – the different search needs at different stages of the innovation process
- Who? – the different players involved in the search process
- Where? – from local search aiming to exploit existing knowledge through to radical and beyond
- How? – mechanisms for enabling search



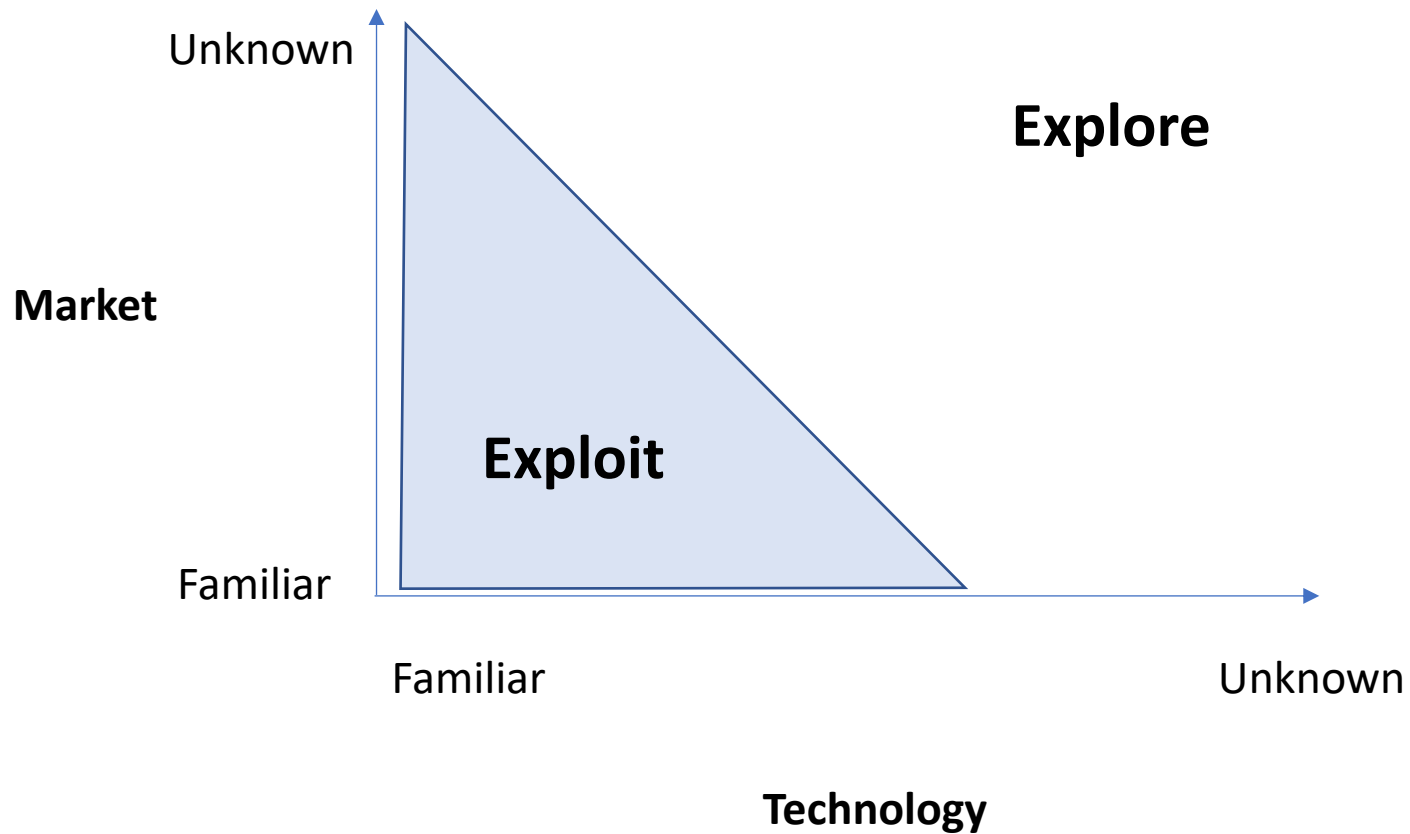
# Disruptive vs Incremental Innovation



Clayton Christensen (HBS): demonstrates how successful, outstanding companies can do everything "right" and still lose their market leadership – or even fail – as new, unexpected competitors rise and take over the market.

Good managers face a dilemma because by doing the very things they need to do to succeed – listen to customers, invest in the business and build distinctive capabilities – they run the risk of ignoring rivals with “disruptive” innovations

# Tension between *‘doing what we do better’* vs *‘doing something different’*



<https://www.youtube.com/watch?v=re09bTjlONU>

## Procter & Gamble example:



### Connect + Develop

Our global team searches for trailblazers outside the company. Then, we create and nurture partnerships with these inventors, patent holders and other innovators—ultimately leading to new solutions in every area of business, from supply chains to products and technologies to in-store and e-commerce experiences.

# Innovation: from failure to progress!

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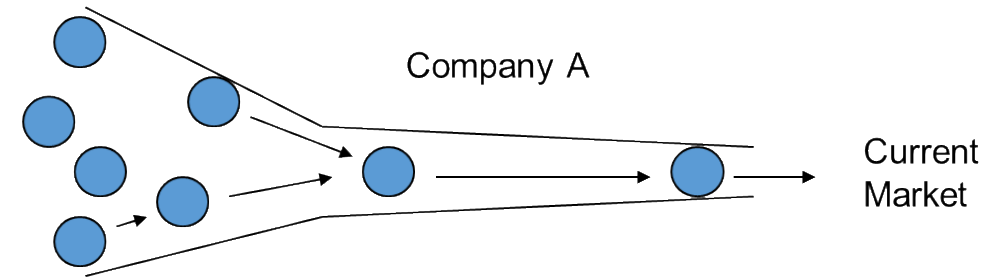
- Innovations come from a number of sources, and these interact over time
- A core purpose of the innovation process is the **conversion of uncertainty into knowledge**.
- Innovation is a matter of **learning**. A focus on learning creates a sense of progress rather than failure.
- Absorptive capacity – the ability to absorb new knowledge – is a key factor in the development of innovation management capability. It is essentially about learning to learn!

- *“If you do not know how to learn do not innovate!”* – Johanna Mair
- *“Chance favours the prepared mind!”* - Pasteur



# TRADITIONAL CLOSED Innovation

- Inward focused; inside path for new ideas
- Fully integrated
- Creation of own internal R&D organization
- Notion of 'total control'; no leakage out of the system
- Proprietary knowledge
- Intellectual property
- Trade secrets
- Firms rely on themselves for their critical technologies
- Focus often on current markets

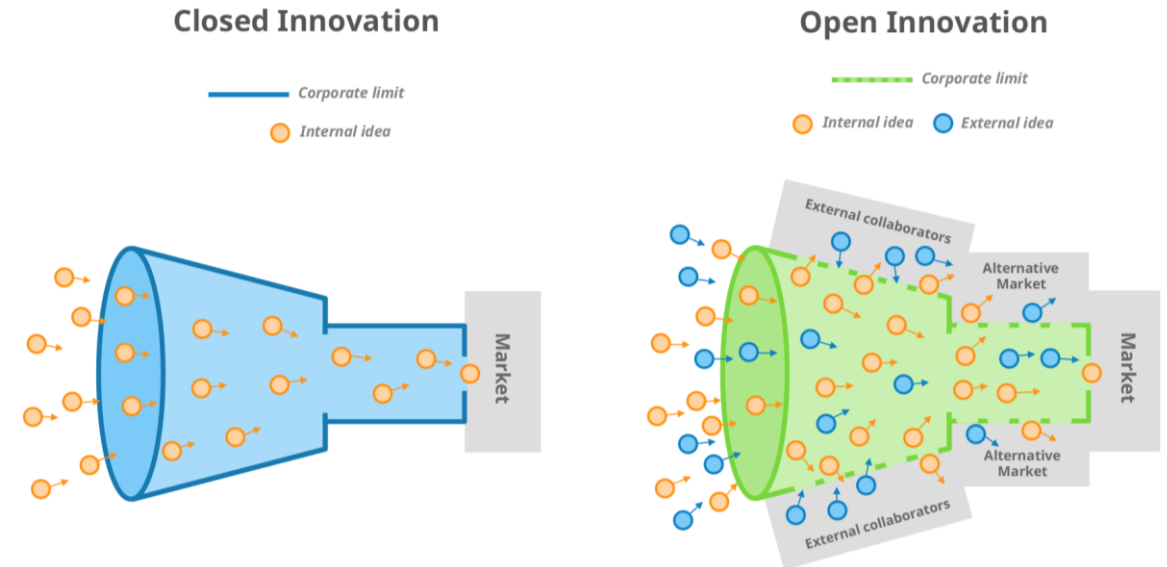


*Proprietary position at expense of progress*

# Open Innovation

Open innovation involves collaborating with **external partners** such as **customers**, suppliers, startups, and even competitors to co-create and co-innovate products and services. This approach can lead to faster innovation, reduced costs, increased market share, and improved customer satisfaction.

- ideas, solutions, and people necessary to solve an organization's difficult problems may come from outside the company



By **involving customers** in the innovation process, companies can **gain valuable insights** into what customers want and need from their products and services. This can help companies to create products and services that **better meet customer needs and expectations, which can lead to improved customer experience.**



# WINDOWS OF OPPORTUNITY

- A Window of Opportunity is a time period in which your target customer will be particularly open to considering your offering.
- A Trigger is a specific action you take within that WOO to create an urgency and / or strong incentive for the customer to act.
- Knowing when your customer is most open is an important consideration!



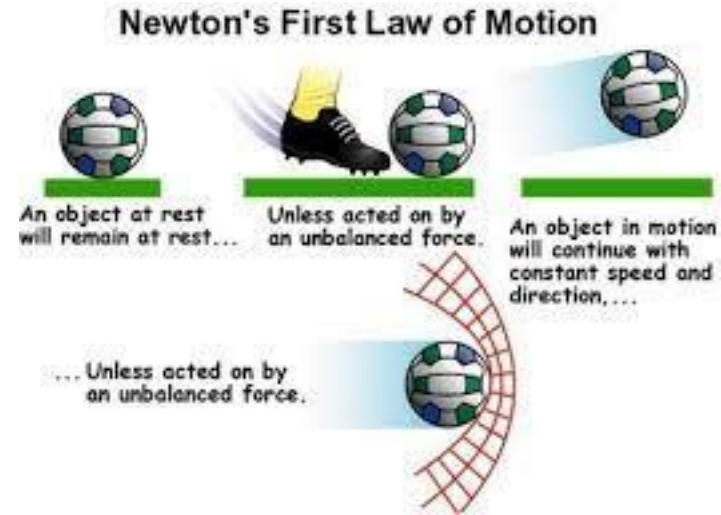
## Examples:

- Seasonality
- Crisis (forecast for a storm, blackout), Political event
- End of Fiscal Year (relevant for businesses, taxes)
- Budget Planning cycle
- Life transitions
- Changes in Leadership
- Changes in Regulation
- Competitor acquired
- Searching the internet and finding your product

Now you need to apply an external force >> TRIGGER

# WINDOWS OF OPPORTUNITY

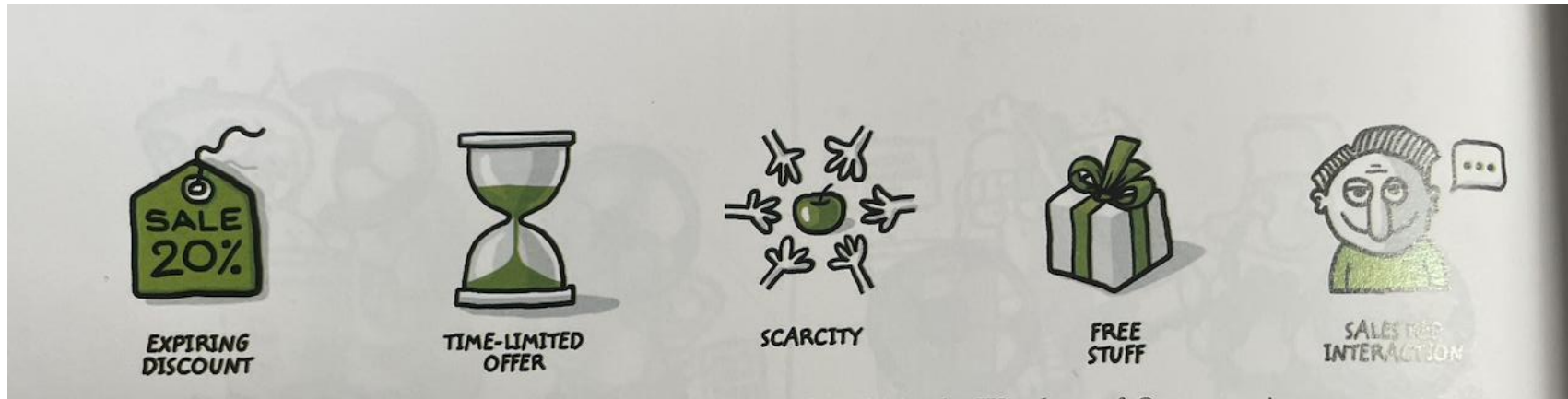
**Newton 1<sup>st</sup> Law:** a body at rest will remain at rest  
Change is very difficult



Covid was the  
ultimate WOO!



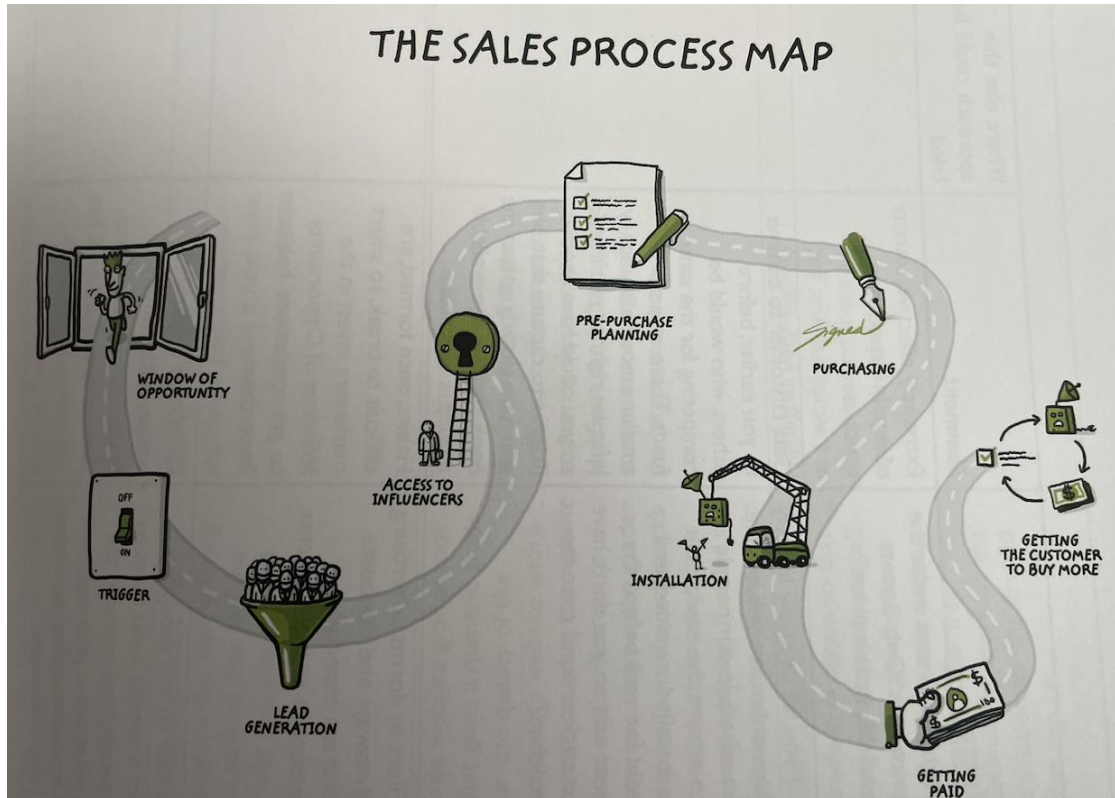
# EXAMPLES OF TRIGGERS – CREATE URGENCY



## Examples:

- Offering a discount that expires after a short period of time
- Limited time availability to join a community
- A salesperson suddenly appearing on a chat, phone, online or phone
- Clear action to avoid a disaster (e.g. cybersecurity)

# Understanding and utilizing WOO and Triggers help tremendously in kicking off the sales process and getting your customers to buy your product



**Booking.com is the ultimate 'Master of Triggers'!**

**Booking.com**

1. Choose your room | 2. Enter your details | 3. Confirm your reservation | 4. Reserved!

Your secure booking starts here - it only takes 2 minutes!

**Total price** (for 2 guests) € 150

Room	€ 136.36
VAT (10%) included	€ 13.64
Today you'll pay	€ 0
You'll pay at stay	€ 150

**Very good 8.1**  
Score from 578 reviews

**Best Western Hotel Universo** ★★★★★  
Via Principe Amedeo 5B, Central Station, 00185 Rome, Italy – [Open map](#)

Check-in: Tuesday **10 March** 2015 from 14:00  
Check-out: Wednesday **11 March** 2015 until 11:00 [Change dates](#)  
1-night stay  
**FREE cancellation before 8 March 2015**

Your booking includes:  
- Breakfast  
- Free WiFi  
- FREE cancellation

City tax (€ 6 per person per night) not included

[More about your booking](#)

**Best Price Guaranteed**

**Book with confidence**  
25,219 guests from the Netherlands made a booking in the last 24 hours

"Booking.com is one of the largest and most valuable companies in Amsterdam"

**Enter your details** [Book faster by signing in](#)

Title First name Last name

Email address You'll receive a confirmation email

Confirm email address

Add a password This creates an account and unlocks Secret Deals.

**Elounda** • [Show on map](#) • 40 m from center

143 reviews **9.0**

**Comfort 9.8**

Beachfront  
Travel Sustainable property

**Suite with Balcony**

Private suite • 1 bedroom • 1 living room • 1 bathroom • 45m<sup>2</sup>  
2 beds (1 sofa bed, 1 queen)

**Only 1 left at this price on our site**

17 nights, 2 adults  
**R\$ 12,735**  
Includes taxes and fees

[See availability](#)

on this price – [sign in](#)

**Genius**





From ideation to  
execution





# Early days: From idea to execution

Strong emotion on the problem

**Innovation = Invention \* Commercialization**

Get ready to iterate

“Lean start-up / Fail fast journey”

“Product Market fit” =  
Value creation

Willing to take risk

Team (complementarity)

Resilience and ability to  
adapt



# Software MVP

- Very fast to build (weeks not months)
- Very limited functionality
- Appeal to a small set of users



# Example 1: Airbnb



[Travel](#) [Host](#) [Sign Up](#) [Log In](#)



## Host

Make money by sharing your space and local knowledge. [List a room.](#)

## Travel

Check in  Nights:

[Search »](#)

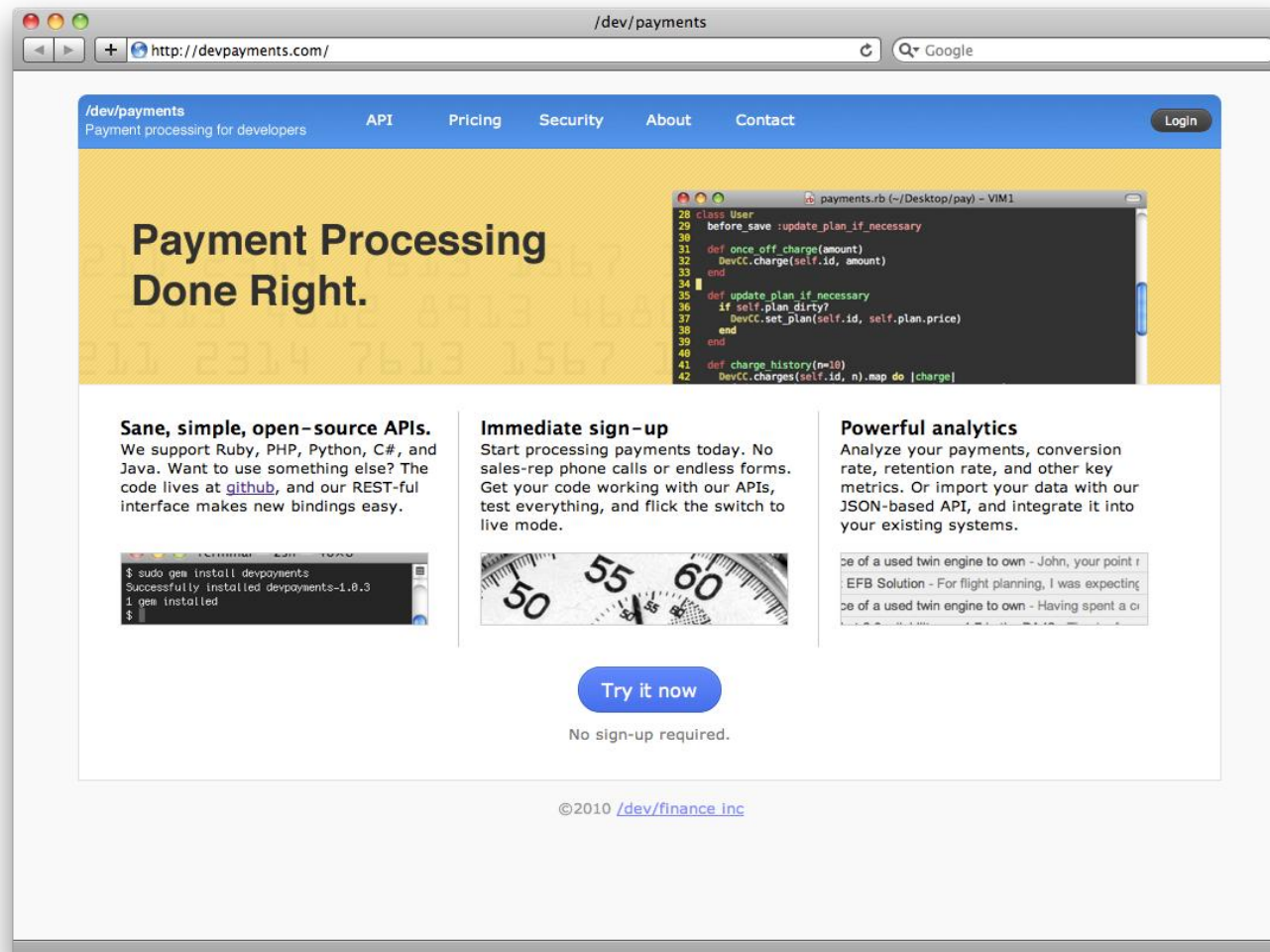
## New Listings

-  [Pietralunga, Umbria, IT](#)
-  [Tacoma, WA, US](#)
-  [San Francisco, CA, US](#)

[About](#) [FAQ](#) [Terms of Use](#)  
© 2008 AirBed & Breakfast, Inc.

- No payments
- No map view
- Must have airbed
- Only for conferences

# Example 2: Stripe (/dev/payments)



- No bank deals
- Very few features
- Founders were doing paperwork in the background



**I'M HAPPY TO TRY  
A CRAPPY STARTUP PRODUCT**



# Key areas I've learnt on early execution

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- 1 People: hiring people better than you; hire slowly fire quickly; culture
- 2 Engage great Mentors
- 3 Progress: do more faster; leverage free resources; data-driven; bias toward action
- 4 Product: don't wait until you're proud; metrics; know your customer; pivot
- 5 Legal and structure (vesting; equity)
- 6 Clear milestones. Strategic planning (including fundraising plan)

*“By failing to prepare, you are preparing to fail.”*

– Benjamin Franklin

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**Investor decks** (or traditional business plans), typically have:

1. Summary: company overview
2. Vision: why you exist and how will you transform the market
3. Problem: what is the problem and why are you solving it
4. Solution: product, tech, positioning, IP, unique value proposition
5. Market: sector, size (e.g. TAM, SAM, SOM)
6. **Target: who will benefit, customer, profile, stats/demographics**
7. **Business Model: how will you make money**
8. **Distribution: marketing & sales, how customers will learn about your solution**
9. Competitors: what are others doing, their market share, your differentiators
10. Team: founders and key people
11. Traction: MVP, early adopters
12. Financials: projected P&L and cash flow
13. The Ask: for fundraising purposes, how much you are trying to raise



# Who is your customer?

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B2B – SMB's, Enterprise, Gov't



B2C



B2B2C

# What is your business model?

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Platform / Marketplace (CAC:LTV; GMV growth; churn; scalability)



SaaS (unit ec.; CAC payback; NRR)



Freemium



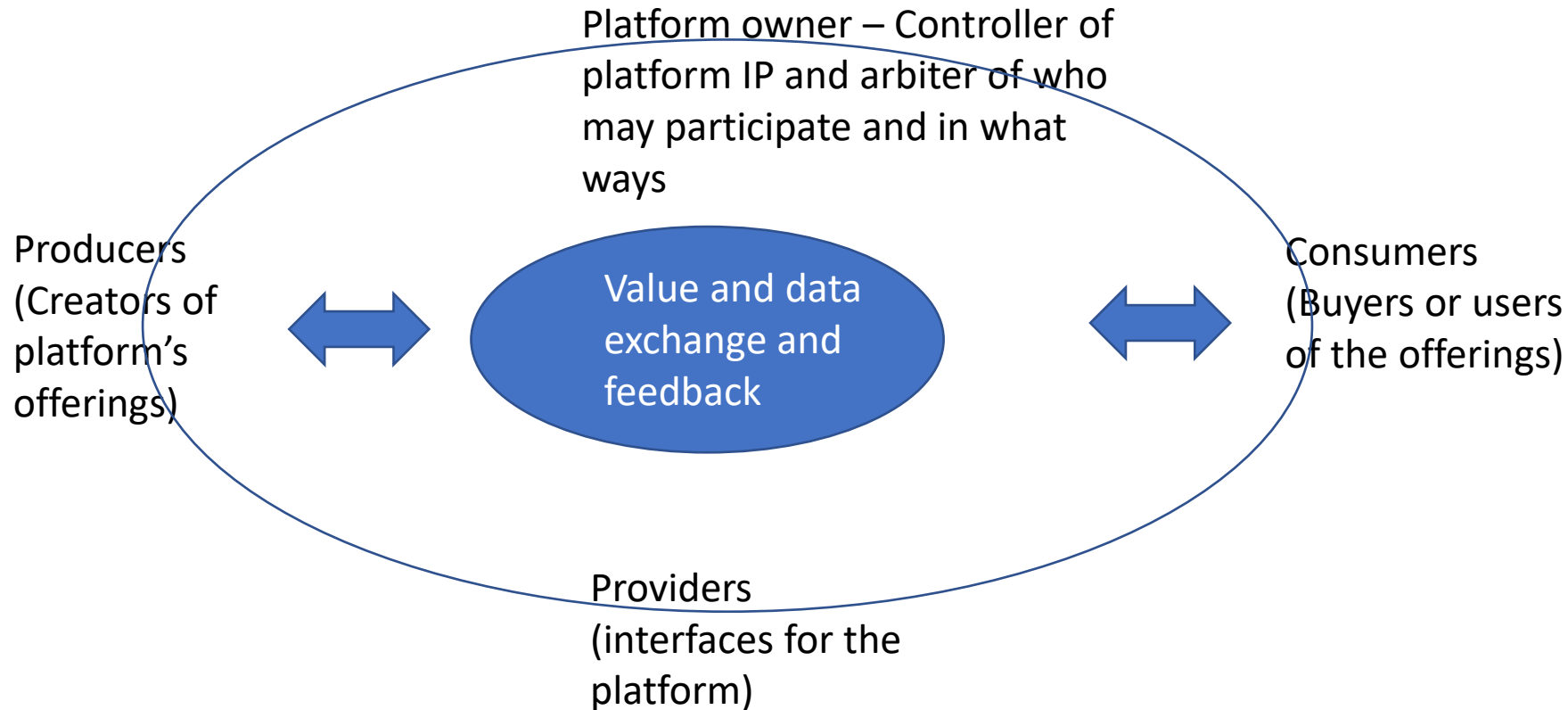
Subscription



Many other like brokerage, pay-as-you-go, bundling, razor/blades, etc

# Platform Ecosystem

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Platforms are business model innovations that use digital technology to connect organizations, resources, information and people in an interactive ecosystem where value-generating transactions can be created and exchanged. Effective use of technology allows to drastically reduce the barriers of time and space.

- Real-time information, location-based

# Business model Brainstorming challenge

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**Subscription everywhere!**  
**choose 1 product you use that is not yet**  
**available under subscription and**  
**propose a subscription model**

Discuss its impact and opportunity why it  
could be successful!

# Thoughts on Business models

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NOT ALWAYS DEFINED AT THE START



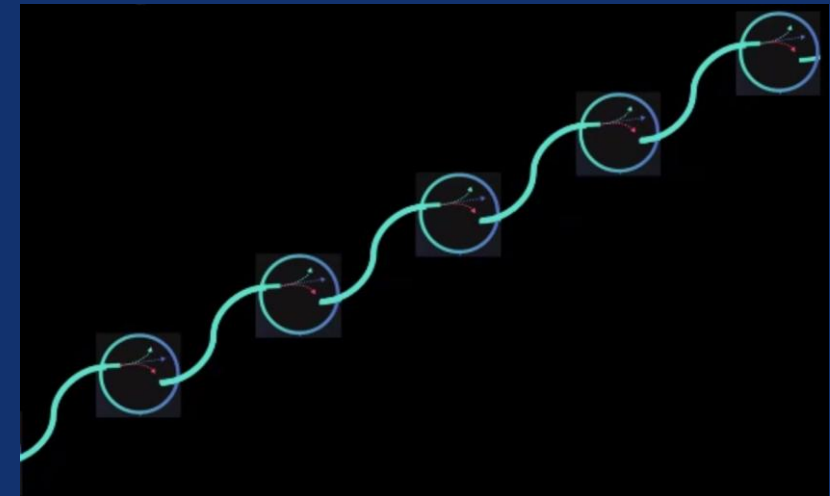
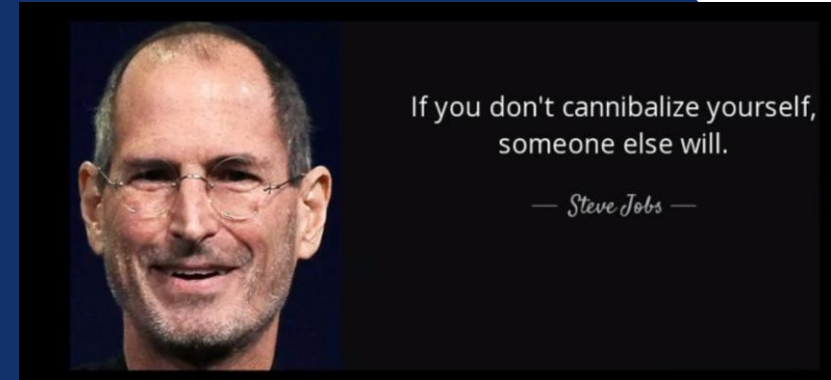
ASK THE RIGHT QUESTIONS



DYNAMIC



ALLUDE TO ANALOGIES FROM DIFFERENT INDUSTRIES THAT FACE SIMILAR CHALLENGES



# Distribution & Sales

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Distribution plan that outlines how you will acquire customers and provide them your solution.



Usually split into two segments: marketing and sales. Marketing - the act of promoting your startup (online, offline), whereas sales is how your customers purchase your solution (e.g. online, sales reps).

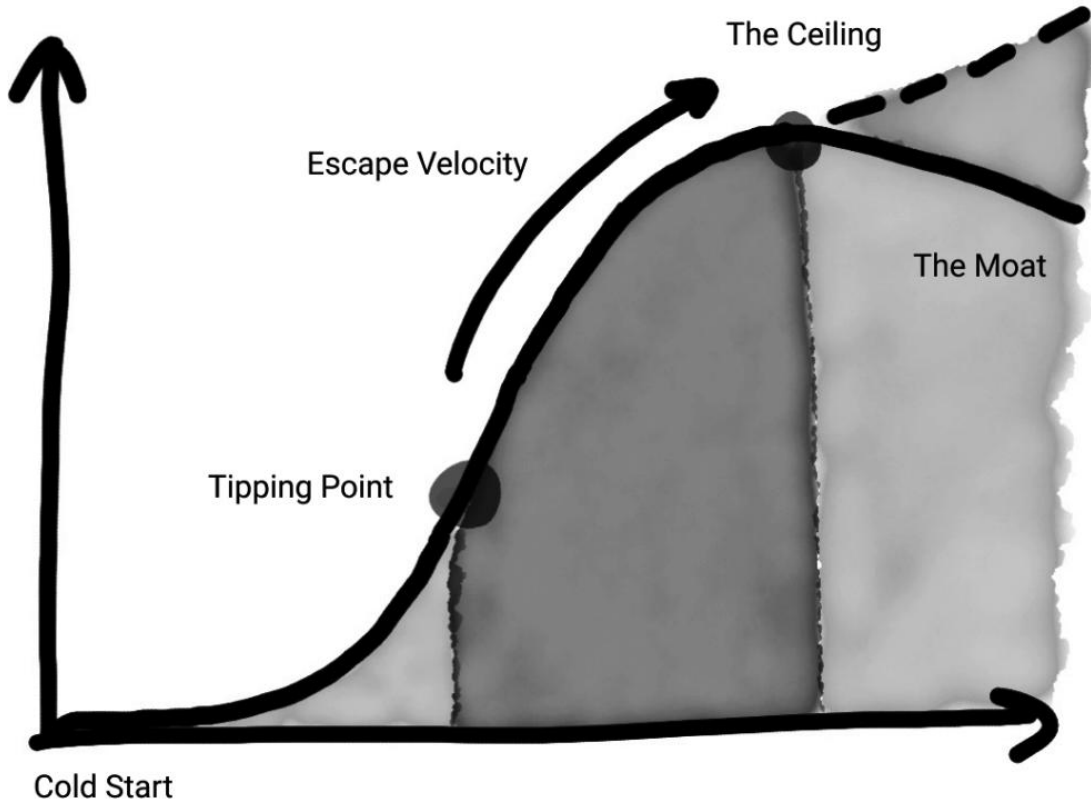


Thesis on the evolution of the influencer & its importance on D2C Brands



# The Cold Start

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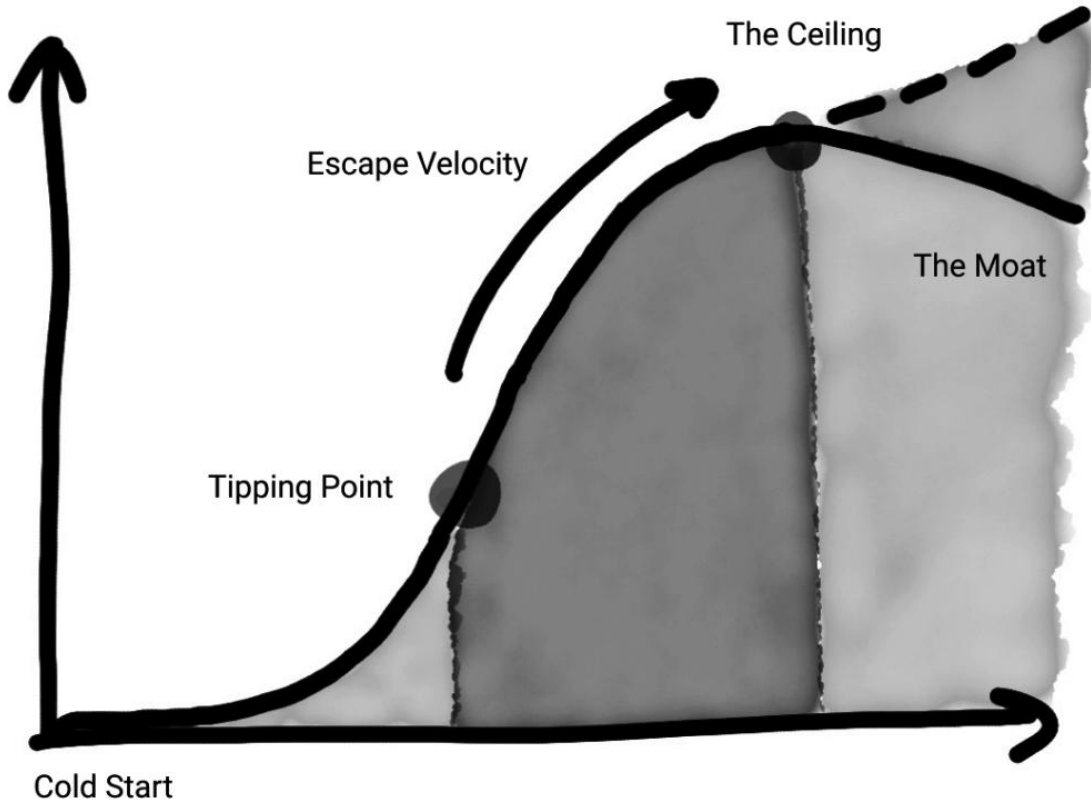


Scale through **network effects**

– products that become more valuable the more users they have

# The Cold Start

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## Scale through **network effects**

1. Anti- network effects. "Atomic network".
2. When NE start working. Find a repeatable strategy to expand the market.
3. Strengthen NE and its growth. Focus on acquisition, engagement and economic effects.
4. Find adjacent ops
5. Keep & extend your comp. advantage

# Case

*"When I first started Zoom in 2011, people thought it was a terrible idea" – Eric Yuan*

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Non obvious idea when there was already WebEx, GoToMeeting, Skype and others.

- Reasons for ZOOM success?

# Case

## *Understanding ZOOM's success*



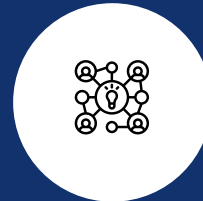
Mechanisms to grow network combined with a killer product.



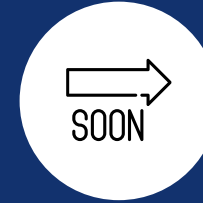
Killer Product: not a lot of features, but "it works" –  
*"do 1 thing well"*.  
High quality video



Killer Product simplicity  
(1 click to join call, no codes needed).



Freemium model: 40 minutes free



Network effects.  
High engagement



Timing: various tech trends at the beginning.  
From 10M users end 2019 to 300M a few months later

# Thank you!

Euclides Major

Connect on **LinkedIn**

[Euclides.major@novasbe.pt](mailto:Euclides.major@novasbe.pt)



# Mentors – what do they bring?

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**Objectivity:** A mentor can provide an objective perspective on a startup's goals, plans, and decisions, which can be valuable in avoiding blind spots and making better decisions.



**Experience:** Mentors often have extensive experience in their field, which they can share with early-stage startups to help them **avoid common pitfalls and make better decisions**.



**Skill Development:** Mentors can provide guidance and training to help entrepreneurs develop the skills they need to succeed.



**Network Building:** Mentors often have **established networks** that they can introduce early-stage startups to, which can be beneficial for obtaining funding, partnerships, and more.



**Problem Solving:** Mentors can provide advice and support to help entrepreneurs navigate challenges and find solutions to problems they may face.



**Confidence:** Mentors can help build confidence in entrepreneurs by providing support and encouragement.



**Accelerated Growth:** develop and implement effective strategies for growth; help them reach their goals more quickly.

# Pivoting

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**When a startup breaks with its core focus and changes direction in a fundamental way**



The myth about pivots is that they are an exception



In reality, pivots are an integral part of the entrepreneurial process. Whether you're pivoting in the early days because you haven't yet found product-market fit, or you're pivoting by reinventing yourself later on, all companies – if they're going to become and stay successful – are going to have to pivot.



- Slack started as part of internal tool for a gaming startup.
- Netflix went from mailing DVDs to streaming video
- Apple went from Apple II to the Macintosh to iOS.
- Microsoft went from MS-DOS to Windows to Office to many new reinventions, including Azure.



# Pivoting: PayPal case

Today, PayPal is \*the\* online payments company. It processes +\$1 trillion in payments every year and has a market capitalization of \$100 billion, \$27 billion in annual revenue (2022), \$1.3 billion in annual profits, and +30,000 employees.

10 MONTHS

0

THE STARTING POINT: MOBILE ENCRYPTION. IT was named FieldLink at that point

1

PIVOT #1: CASH ON MOBILE - needed to build own killer app

2

PIVOT #2: CASH ON THE PALM PILOT (6 MONTHS VS 3Y DEVELOPMENT)

3

PIVOT #3: CASH ON THE PALM PILOT WITH EMAIL SYNC - could just do email sync, and then we'd have payments by email as well."

4

PIVOT #4: EMAIL PAYMENTS FOR EBAY SELLERS

5

PIVOT #5: THE MASTER MERCHANT MODEL - merged with X.com and brought on Elon Musk as a co-founder

# Reasons for “*Blitzfail*”

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- 1 Unit economics
- 2 CAC & saturation distribution channel
- 3 Churn
- 4 External dependences (eg: big corporate)
- 5 Regulation
- 6 Sales team behaviour
- 7 Mechanical turk
- 8 Founder's Psychology
- 9 Company Culture
- 10 Commoditization
- 11 Macro events