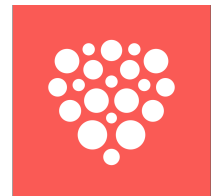


DISCUSSION - Case 5: Strawberry (Nordic Choice)

Resources:

- Lecture Friday 22.03.
- About eBerry and Boomerang:
<https://www.strawberry.no/blog/moteplasser/boomerang-utvekslingsprogram/>
- Paper on how Nordic Choice (now Strawberry) competes against online travel agencies (**if you have limited time to check out the resources, read this one**):
https://www.uio.no/studier/emner/matnat/ifi/INEC1820/h18/beskjeder/bygstad_iden_competing.pdf
- [Video on why Airbnb is not actually disrupting the hotel industry](#)



Short introduction:

Strawberry (formerly Nordic Choice) is a hotel chain and one of the biggest in the Nordics. It is owned by Petter Stordalen (who is currently in the media for tax-related issues). The chain can enlist known brands, such as Clarion Hotel, Quality Hotel and Comfort Hotel, among others. Strawberry focuses on digital customer journeys, and tries to be innovative in the hotel industry, given the pressure from online travel agencies. An example is the separate digital unit eBerry, the technology department of Strawberry.

eBerry

- Strawberry created eBerry as a separate unit for digitalization / customer experiences
- Initiative from top leaders
- Specialized teams, focus on technology

Paper from Bygstad (OTA vs. hotels)

- OTA new form for competition
- Hotels need to use digitalization for better customer solutions
- OTA - equipped for digital value creation. Platforms, network effects, scale
- Proposed solutions = 1. unified platform among hotels 2. chain-specific solutions

Study questions:

Many people mention Airbnb as an example of disrupting the hotel industry. Why is this not the case?

- Similar value proposition - need a room at a certain price
- Big hotels make most of money from fees, not disrupted
- Different offerings = standardized hotel service vs. localized experience
- Coexist with hotels → expansion of travel market

In which ways does digital technologies change the hotel industry? Or, how has the hotel industry gone through a digital transformation?

- Now book on a website - increased accessibility
- Fully digital hotels - from booking to check-in
- Rise of OTA - new offerings - ratings, info etc.
- Customer engagement through digital services

Given the rise of online travel agencies, how can more local hotel chains compete against the more global, online agencies?

- Can relate to Porter's strategy, how to be different/better
- Bonus programs, loyalty members
- Provide a specific experience, benefit from local activities/partners
- Direct booking incentives (discounts, flexibility etc.)

eBerry

1. Why do you think Strawberry released eBerry as a separate digital unit, instead of an internal department inside the organization?
 - “Startup culture”, foster innovation
 - Nordic Choice, larger organization - avoid processes and bureaucracy
 - Adopt to emerging technologies, dynamic market
 - Handling risk?
2. Do you have any other examples of companies creating a digital unit focusing on innovation? Or instilling a different culture than the parent organization?
 - Elektroimportøren in Norway: made a new organization for digital offering → SpotOn
 - Amazon: started AWS (Amazon Web Service)

- Skanska: built their own digital department, own use and external customers
- Vipps from DNB, internal startup
- FINN.no, started as something separate inside the newspapers

Why would companies hire and create positions for Chief Digitalization Officers? Is this enough for pursuing a digital transformation? Why/why not?

- CDO = Chief Digitalization Officer
- Why?
 - Building a bridge between digital technology and the business
 - Get in digitalization expertise
 - A step in the right direction → not enough to just hire though
 - Send a message to the whole organization
 - Large incumbent firms (Designed for Digital)
- Pursuing a digital transformation = company-wide commitment