

Olwethu Magaqa

15003225

**The Independent Institute of Education
Bachelor of Commerce Honours in Management
(HBCM)**

**Innovation Space Model: Cross-Sectional Qualitative In-Depth Interviews Describing
Customer Perceptions of Strategic Innovation in the Private Transportation Sector of
Durban**

29 October 2018

Supervisor – Kathryn Young

Research Methodology – RESM8419

Campus – Varsity College Westville

Word count – 14 649

ACKNOWLEDGEMENTS

I am thankful to God for blessing me with the opportunity to study this Honours degree and enabling me to make it through the year. I would like to thank my mother, my father and my sister for their never-ending love, support and provision.

Thank you to Siva Moodley, my research lecturer, for your constant guidance, assurance and assistance through each step of this research module. A special thank you to Kathryn Young for your patience, encouragement and supervision.

Lastly, to myself, thank you for persevering through this challenging academic year, and finding the strength within yourself to continue moving forward even when giving up seemed to be the only option.

DECLARATION

I hereby declare that the Research Report submitted for the IIE Bachelor of Commerce Honours in Management degree to The Independent Institute of Education is my own work and has not previously been submitted to another University or Higher Education Institution for degree purposes.

Olwethu Magaqa

Date

ABSTRACT

Strategic Innovation is essential for the survival and growth of businesses as they operate in volatile environments. Customer needs, economic conditions, technologies, legislative frameworks, competitor actions and industry regulations are constantly changing, thus making it important for businesses to develop dynamic capability. The concept of dynamic capability is closely linked to strategic innovation, and it refers to the ability of a business to “integrate, build and reconfigure internal and external competencies to address rapidly changing environments” (Tecee, 1994 p. 516).

South Africa, as a developing country, shows low-levels of innovation and this negatively impacts the economic growth of the country (Joffe, 2017). For many years the private transportation industry reflected this same lack of innovation and remained stagnant (Jenk, 2015). In 2013 a radical innovation was introduced to private transportation industry of South Africa and was challenged by traditional incumbents of the industry (Dube, 2015). On the other hand, customers welcomed and fully-utilised the innovation. The repercussions of innovation in this industry have been increased competitive rivalry and violence, as of 2013 these controversial topics have overshadowed the industry. In response to this, the research study needed to be conducted to shift the focus from controversy to an understanding of how innovation in the industry occurred, which elements were innovated, (processes, services delivery, market positioning or the industry paradigm) (Tidd & Bessant, 2014) and how value for customers was created.

TABLE OF CONTENTS

1. INTRODUCTION	8
1.1. Background	8
1.2. Rationale and Relevance.....	10
1.2.1 Rationale	10
1.2.2 Relevance.....	10
1.3. Problem Statement.....	12
1.4. Purpose Statement.....	13
1.4.1 Purpose Statement.....	13
1.4.2 Research Questions	13
1.5. Research Objectives.....	14
2. LITERATURE REVIEW	15
2.1. Theoretical Foundation	15
2.2. Thematic Literature Review	18
Theme 1 – Innovation definitions and typologies;	18
Theme 2 – The link between innovation, value and customers	22
Theme 3 – Strategic innovation in the business context.....	26
Theme 4 – Innovation in the private transportation industry	28
2.3. Conceptualisation	30
3. METHODOLOGY	33
3.1. Research Paradigm.....	33
3.2. Research Design	35
3.3. Population.....	36
Target and accessible population	36
Population parameters.....	36
3.4. Sampling.....	37
3.5. Data-collection Method	38

3.6. Data-analysis Method	40
3.7. Trustworthiness of Study	42
4. PRESENTATION AND INTERPRETATION OF FINDINGS	44
Theme 1 – Mixed customer perceptions	44
Theme 2 – Customers are aware of innovation in the industry and are making use of various types of innovation	46
Theme 3 – Innovation in the industry has impacted the competitive landscape and dynamics	49
Theme 4 – Customers are more aware of the industry and demanding of the service ..	50
Theme 5 – Customers mainly regard safety and price as important service elements ..	51
Theme 6 – Customers require improvements in the industry	52
6. CONCLUSION.....	54
6.1. Research Questions and Objectives Analysed	54
6.2. Research Problem Addressed	57
6.3. Ethical Considerations	58
6.3.1 Participants	58
6.3.2 Researcher.....	58
6.4. Limitations of Study	59
6.5. Recommendations for Further Research.....	60
7. CLOSING STATEMENT	61
8. REFERENCE LIST	62
9. APPENDIX A – Safe Assign Screenshot.....	66
10. APPENDIX B – Ethical Clearance	67
11. APPENDIX C - Participant Information Sheet.....	68
12. APPENDIX D – Consent Form for Participants.....	70
13. APPENDIX E – Audio-recording Consent Form.....	71
14. APPENDIX F – Interview Questions	72
15. APPENDIX G – Concept Document	73

LIST OF FIGURES

Figure 1– The Innovation Space Model	16
Figure 2 – Different types of innovation classified by Tidd and Bessant (2006).....	21
Figure 2 – Different types of innovation classified by Tidd and Bessant (2006).....	21
Figure 3 – Different types of innovation as classified by the OECD (2005).....	21

LIST OF TABLES

Table 1.1 – Question 1.....	44
Table 3.3 – Question 3.....	45
Table 4.1 – Question 4.....	47
Table 5.1 – Question 9.....	49
Table 6.1 – Question 10.....	50
Table 7.1 – Question 11.....	51
Table 8.1 – Question 12.....	52

1. INTRODUCTION

This section provided a background to contextualise the study, explained its' rationale and linked the relevance of the study to the management discipline and the private transportation industry of Durban. The problem statement, purpose statement, research objectives and research questions were discussed.

1.1. Background

Innovation is a critical concept in the 21st century, as it is considered to be “one of the most powerful tools for stimulating economic growth and improving human standards of living in the long-term” (Lam, 2015). In the business context, innovation is a key determinant of competitive advantage, growth and long-term survival within the highly turbulent macro-environments that businesses operate in today (Venter & Louw, 2013). “It’s a bit like Darwin’s model of the survival of the fittest, in which organisations find ways of coping with competitive and hostile environments” (Tidd & Bessant, 2014, p. 7). Therefore, innovation is regarded as key business process.

Innovation is rarely the result of random ideas, but is rather a planned, systematic process which is linked to strategy. This makes it vital for business managers and entrepreneurs to take cognisance of this process, use it to develop an innovation strategy and build effective innovation management in the business (Tidd & Bessant, 2014).

Since 2012, the topic of innovation in the private transportation industry has received much attention and has made global headlines (Herald, 2018; Lomas, 2017 and Dube, 2015). This is attributed to the growth and success of new market entrants, who developed an innovative, user-centric approach to private transportation (Dube, 2015).

Innovation in this industry has brought about significant changes to competition and industry dynamics, and as a result, this led to a plethora of research studies investigating and dissecting the topic. Predecessors of this research study, within the South African context, have mainly focused on violence, competitive rivalry and legislation in the industry. This study took a different approach and viewed innovation in the private transportation industry from the customers perspective. This study further aligned the topic with an essential innovation strategy theory known as the Innovation Space.

Such a study and approach to the topic of innovation in the private transportation industry was essential in South Africa, because it shifted the focus from violence and rivalry amongst competitors, to the needs of customers.

Violence and rivalry in the private transportation industry of Durban, has clouded the importance of value-creation for customers. Therefore, it was essential for the researcher to bring a different perspective to the topic from a customer's view, and to provide an understanding of how innovation in this industry impacted customers. The essence of innovation is the creation of value for customers (Tidd & Bessant, 2014), this makes it important to include customer perspectives into the research study in order to gain an in-depth understanding of how customers view strategic innovation in this industry, as well enabling them to describe the various elements which have been innovated.

1.2. Rationale and Relevance

1.2.1 Rationale

The study emerged from the researcher's frequent usage and dependence on private transportation. The researcher had previously used traditional service providers in the industry, however, once the researcher was introduced to innovative service providers, the researchers' transportation experience was radically transformed and improved. As a result, the researcher's perspective on private transportation changed, and the researcher became a loyal customer to innovative service providers.

There was a wide-spread interest on social media and many articles (Jones, 2017; Dube, 2015; Christensen, Raynor, & Mc Donald, 2015) were being written around the topic of innovation in the private transportation industry. This sparked the researcher's interest in finding out how innovation impacted the lives of customers. Controversial opinions surrounding innovation in this industry, and news headlines reporting on outrageous competitor responses to innovation (D'Agata, 2015) further sparked the researchers quest to investigate how innovative service providers changed certain elements of the industry (i.e. processes and service delivery)

1.2.2 Relevance

Authors Tidd and Bessant (2014) highlight that innovation is a process which needs to be defined and managed. This allows for the establishment of a vision, it allows the organisation to deal with uncertainties of the future (changing markets, technologies, competitor actions) and it allows for knowledge sharing between stakeholders who play a key role in making innovative ideas a business reality. These stakeholders include investors and employees. It is evident that strategic innovation is linked to the management discipline, because it is the duty of the managers to plan, monitor, communicate and implement an innovation strategy. The innovation space is an essential theory used in innovation strategy, however, research and information pertaining to this specific theory is limited to the writings of Professor John Bessant and Professor Joe Tidd who are authors of the theory. Although certain elements of this theory have been previously researched, namely product innovation and process innovation, this study will contribute new knowledge towards the theory by applying it within a specific industry (private transportation) and reviewing its elements from the perspective of customers in Durban, South Africa, an entirely new context.

According to Jenk (2015) prior to innovation, the private transportation industry existed in a stagnant environment and provided services to a saturated market. This study will therefore emphasise the importance of strategic innovation management in private transportation in order to sustain a competitive advantage, expand business markets and provide added-value that customers are willing to pay for.

The study approaches strategic innovation from the customers perspective, so it will assist private transportation service providers to; take proactive measures for responding to changing customer needs, continuously create value for customers and adapt to new industry dynamics. The study adds another dimension to previous research and literature surrounding the topic of innovation in the private transportation industry because it has considered customer perspectives.

1.3. Problem Statement

Multiple news reports (Quinn, 2018; Jordaan, 2017 and Lomas, 2017) and articles (D'Agata, 2015) showed that there had been ongoing violent protest action against innovative service providers in the private transportation industry in various parts the world including France, Brazil, South Africa, and Canada for the past three to four years.

A brutal incident occurred in July 2017 in Pretoria, South Africa, where an innovative service provider (driver) lost his life due to a petrol-bomb that was set alight on his vehicle (Poloko, 2017) . The extent of violence which traditional service providers have used in response to the innovation, specifically in South Africa, served as an indicator of the magnitude of change that has occurred in the industry, as well as its effects. Innovation has changed the competitive landscape in the private transportation industry and this has evoked negative responses from competitors which are counterintuitive for business strategy and effective strategic innovation management.

According to Jenk (2015) prior to innovation, the private transportation industry was characterised by post trip and pre-trip delays, bad quality vehicles, poor service delivery, outdated payment methods, inefficient booking methods, and high prices. Through innovation, new entrants in this industry changed the dynamics of private transportation as well as the business model which was used to create value for customers. The focus on violence, competitive rivalry and controversial responses to innovation in this industry over-shadowed customer perceptions and the creation of customer value.

The research problem is that customer needs as well as customer responses to innovation in the industry have been side-lined by traditional service providers in particular.

Traditional service providers focused on the competitive implications of innovation rather than the necessary improvements within their own services that would allow for customer value creation. Therefore, in response to the problem, the study was conducted in order to gain in-depth insights on; how customers benefited from innovation, which elements of the industry they felt had been innovated and how innovation impacted the industry from their perspective. The study also needed to be conducted in order to shift the focus of traditional service providers solely from competitive rivalry, to the need for innovation and constant improvements in the industry.

1.4. Purpose Statement

1.4.1 Purpose Statement

This study aimed to describe four customers' perceptions of strategic innovation in the private transportation industry of Durban, using the innovation space model as a theory to categorise responses. This theory was used to understand customer perceptions by applying them to the four dimensions for innovation; product innovation, process innovation, position innovation and paradigm innovation (Tidd & Bessant, 2014).

A qualitative methodology was followed, in-depth interviews were conducted, and findings were analysed using qualitative content analysis. Findings were grouped according to participant responses and presented in a tabulated format.

1.4.2 Research Questions

The study used non-empirical questions, these are questions that cannot be directly observed or measured (du Plooy-Cilliers et al., 2014).

Research Question 1:

How has your overall perception or view of the private transportation industry changed as a result of innovation taking place?

- Sub-Question 1:

How do you think that the industry has changed over the past few years? Prior to and post-innovation

- Sub-Question 2:

In what other ways do you think that the industry has been improved besides technology?

- Sub-Question 3:

To what extent, or on what scale, do you think that innovation in this industry has occurred? (Radically or incrementally). Please explain.

Research Question 2:

How has innovation in the private transportation industry improved your overall customer experience or added value to you?

1.5. Research Objectives

Main research objective:

To describe customer perceptions of strategic innovation in the private transportation industry of Durban, using the innovation space model.

Sub-objective 1:

To describe the various ways in which the private transportation industry has been innovated based on the four P's of the innovation space model.

Sub-objective 2:

To describe the impact of innovation on competition in the industry from the customers perspective.

Sub-objective 3:

To describe what value innovation means to customers within the context of strategic innovation.

In this section the study was introduced, the background and rationale were discussed and the relevance of the study to the management discipline and the private transportation industry of Durban was explained. A problem statement substantiating the need for the research study was provided, and a purpose statement outlining the study was given. Finally, the research objectives and questions addressing the topic were presented.

2. LITERATURE REVIEW

In this section the theoretical foundation of the study was discussed, a review of previous literature surrounding the topic was given and conceptualisation of key concepts was provided. The research problem was addressed and linked to literature surrounding the topic.

2.1. Theoretical Foundation

The innovation space is a theory which stems from the field of strategic innovation management. It was developed by Professor John Bessant and Professor Joe Tidd in 2006 (Francis & Bessant, 2006). According to Bessant (2015) the theory was developed for the purposes of exploring possible dimension for innovation and enabling businesses to address the following questions;

- In which areas or spaces can we innovate as a business?
- To what extent, or on what level do we innovate in each space? (Radically or incrementally)
- What space have we left untouched?
- Do we really explore all of the innovation space?

This theory is linked to a strategic innovation model known as the innovation space model which was first published in a Technovation journal article in 2006 (Francis & Bessant, 2006). This framework has been further established since then and is now published in a textbook called Strategic Innovation Management (2014) and a website called the Innovation Portal (2015). The framework was chosen for study because it is practical and applicable to any business industry and context. The theoretical concepts of process innovation, position innovation, product innovation and paradigm innovation corresponded with the types of changes which have occurred in the private transportation industry thus, making the innovation space theory relevant to the topic.

The innovation space theory is central to strategic innovation management and the development of an innovation strategy. The theory presents a four-dimensional compass which businesses can use when searching for areas in which to innovate. The four dimensions of innovation, known as the 4 P's, include product innovation, process innovation, position innovation and paradigm innovation (Tidd & Bessant, 2014). These will be defined in the conceptualisation section.

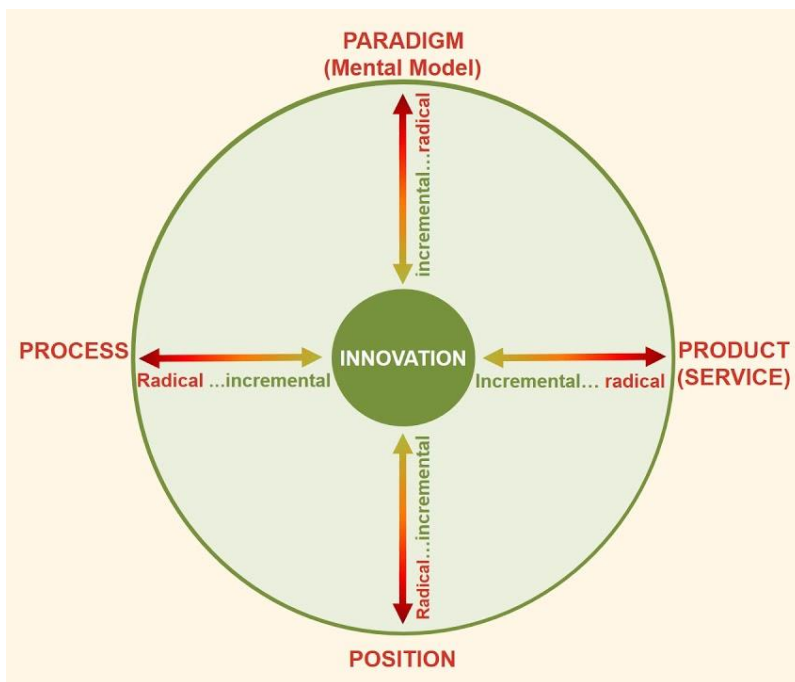


Figure 1– The Innovation Space Model

The metatheoretical position of this theory was in line with the interpretivist paradigm which the research study followed. The theory enabled the researcher to gain an in-depth understanding of customer perceptions of strategic innovation using the innovation space model. Furthermore, the theory allowed the research participants to describe their subjective reality and view of innovation in the private transportation industry.

This theory is appropriate for the management discipline because it is current, and it addresses innovation strategy which is an important concept management.

Authors of the theory have practically applied it to other relevant innovations and businesses that exist today. The innovation space theory is also useful in assisting businesses with mapping current innovations and identifying areas for potential future innovations. Furthermore, the innovation space theory can help businesses determine where majority of innovation currently lies, as well as the incremental or radical extent of innovations. The innovation space model can also be used as a tool for overall industry analysis to determine the spaces in which competitors are innovating, to determine the extent to which they are innovating and the trends that the industry seems to be following.

The innovation space theory is applicable to the study because it assisted the researcher to categorise customer perceptions of innovation according to the core elements of the

theory, which are product/service innovation, process innovation, position innovation and paradigm innovation.

The theory assisted in solving the research problem by shifting the focus of innovation in the private transportation industry from competitive rivalry, to customer perspectives and value creation. This theory helped the researcher to reach the main objective of the study which was to describe customer perceptions of strategic innovation the private transportation sector of Durban using the innovation space model. The researcher also aimed to use the innovation space model as a demonstrative tool for traditional service providers in the private transportation industry, showing that at the core of innovation strategy is value-creation for customers in terms of; improved processes and service delivery (Tidd & Bessant, 2014). The theory addressed the research problem and assisted in providing the solution of continuous improvement in the private transportation industry. Furthermore, the usage of this theory assisted in emphasising the importance of customer demands, perceptions and suggestions in the private transportation industry.

Although similar frameworks, such as the innovation landscape map existed and had been researched, this particular theory and framework had only ever been researched by its authors, alongside two other co-authors (Francis, 2006; Pravitt, 2007). The theory had not been contested or discussed by other academics or authors. This was a weakness associated with the theory because there was only a thin body of literature (journal articles and textbooks) surrounding the theory. The researcher aimed to address this weakness by incorporating seminal sources discussing the topic of strategic innovation and reading a wide scope of literature surrounding the topic. Furthermore, the theory had not been applied to any previous research studies or within the South African business context. Application of the innovation space theory to the private transportation industry of Durban, an entirely new context, amplified the significance of the study.

2.2. Thematic Literature Review

The purpose of a literature review is to identify and summarise relevant sources which will enhance the study and establish the foundation of the study (du Plooy-Cilliers et al., 2014). A thematic literature review is used to group the sources into themes of; innovation definitions and typologies, the link between innovation, value and customers, strategic innovation and innovation in the private transportation industry.

Theme 1 – Innovation definitions and typologies;

In 2011, the Journal of Technology, Management and Innovation published a study called *A Bibliometric study of Innovation based on Schumpeter*. This source is relevant to the research study because it discusses the origins and theoretical foundations of innovation based on the writings of seminal author, Joseph Schumpeter, in his book the *Theory on Economic Development: An Inquiry into Profits, Capital, Credit, Interest and Business Cycles*. The study was conducted in Brasilia through the University of Brasilia. Although the source is outdated it will provide a theoretical foundation for the research being undertaken and will allow the researcher to gain an in-depth understanding of the origins of innovation theory dating back to 1934. The key aspect of this source is its thorough explanation of Schumpeter's writings as the first academic to define and establish the concept innovation within the business context, although it was a concept which had already been vaguely considered and applied in other contexts since the late 1880's (Lazzarotti, Dalfovo, & Hoffmann, 2011). Schumpeter (1934, p. 34) defined innovation as "the formation of new products of services, new processes or raw materials, and new organisations." The bibliometric study covers a large scope of literature on innovation theory and describes contributions made by other academics to the field of innovation (Freeman 1982, Moingeon and Lehmann-Ortega, 2010). An understanding of such literature is critical to the research study, because it is based on innovation theory. The implications of this bibliometric study on the current research study, is that the definitions and typologies put forward will determine the way in which innovation in the private transportation is understood by customers.

The source links seminal propositions on the various types of innovation, as stated by Schumpeter (1934, p. 76) to more recent propositions and writings of Tidd and Bessant (2007) who are authors of the theory and model being used in the research study. Schumpeter posits that innovation can occur in the following ways;

- The introduction of new goods – new products and services which currently do not exist in the market.
- The introduction of a new method or production process which allows for a new way of creating products and delivering services
- The establishment of new markets
- Changing the sources of raw materials.
- The establishment of a new organisation or industry.

Strategic Innovation Management is a business studies and management textbook published in the United Kingdom by Wiley in 2014, this publication is an important source which defines innovation within the business context and expands on the four-dimensions of innovation listed below. This is a current source published in the past five years. It is a relevant source and has been applied to many innovative businesses operating today, such as Apple and Google (Tidd & Bessant, 2014, p. 71 & 105). The primary weakness of this source is that it focuses on the theoretical views of the two authors and has not been contested or aligned with publications of other authors and academics. This presented a limitation for the researcher and required the researcher to undertake further investigation around the topic of innovation and innovation typologies. Authors of the innovation space, Tidd and Bessant (2014) make use of Schumpeter's original proposition as a foundation and a base for developing a similar concept of four-dimensions of innovation which form part of the innovation space model. These include;

- Product innovation
- Process innovation
- Position innovation
- Paradigm innovation

This theory is relevant and applicable to the research study as various research studies and articles (Dube, 2015; Jenk, 2015) shows that the private transportation industry has been innovated on a product/service, process, position and paradigm basis. The result of this innovation is value-creation for customers. The researcher will use the four-dimensions of the innovation space, also known as the four P's, to determine how the private transportation environment has been innovated from the customers perspective and the overall impact on the industry. Tidd and Bessant (2007) state that defining the extent of an innovation or the type of innovation is part of innovation classification.

Incremental innovation is continuous, progressive improvements made to the components and processes that currently exist.

Radical innovation on the other hand refers to significant, advanced change and relates to doing something which has never been done before. Schumpeter (1934) does not address these two-types of classifications.

The Organisation for Economic Co-operation and Development (OECD) provides basic definitions and types of innovation. In 1981 the OECD defined innovation as the “scientific, technical, commercial and financial steps necessary for the successful development and marketing of new or improved manufactured products, the commercial use of new or improved processes or equipment or the introduction of a new approach to a social service” (OECD, 1981). The OECD presented a revised definition of innovation in 2005, referring to the concept as “the implementation of a new or significantly improved product (good or service), process, a new marketing method or a new organisation” (OECD, 2005. p.46). This is a relevant source which has been published by a global organisation, it shows evolution and progression in the definition of innovation and is applicable to the research study. The OECD presents three classification of innovation in a document called the Oslo manual, these classifications address some of Schumpeter’s original ideas (OECD, 2005).

- Product innovation – “substantial changes in the characteristics and or the composition of the products and services being offered” (Lazzarotti, Dalfovo, & Hoffmann, 2011)
- Process innovation – changes in product distribution, creation and service delivery
- Marketing innovation – new ways of designing or pricing products and the creation of new markets

A thesis written by Kotsemir and Abroskin (2013) presents an evolutionary discussion on innovation concepts and typology. The thesis was published by the National Research University Higher School of Economics in 2013. This is a current thesis as it was published in the past five years, therefore it provides relevant information which is applicable to the research study. The thesis is credible source because it was published by a registered research institution. The thesis is very long and discusses many different types of innovation, this presents implications of information overload and complex contextualisation when it comes to categorising customer perceptions of innovation in the private transportation industry. Kotsemir and Abroskin (2013) compare and link

classifications of innovation presented by the OECD (2005) to those presented by Tidd and Bessant (2007) in the tables below.

Type of innovation	Essence of innovation
Production innovation	Introduction of new products and services or changes to products and services that has added benefits for the customer or it meets market need
Process innovations	Introduction of new device, method, tool or knowledge to produce a product or render a service
Position innovation	Positioning of a certain product in a specific industry / business segment
Paradigm innovation	Shifting of long-held assumptions about the modus operandi of some industry or businesses

Figure 2 – Different types of innovation classified by Tidd and Bessant (2006)

-

innovation		specifications, components and materials in the embedded software in the degree of friendliness to the user or other functional characteristics
Process innovations	Implementation of new or significantly improved methods of production or delivery of the product	Significant changes in technology, production equipment and / or software
Marketing innovation	Implementation of new methods of marketing , including significant changes in design or packaging of the product during its storage, market promotion and market-based prices	Increasing in the degree of consumer satisfaction , creating new markets or new, more favorable market position for production companies to increase sales
Organizational innovation	Implementation of new forms and methods of organization of business companies , the organization of jobs and external relations	Implementation of business practices in the organization of workplaces or in the external relations previously used for organizational method that represents the result of the implementation of strategic decisions

Figure 4 – Different types of innovation as classified by the OECD (2005)

“Innovation typology has shifted from a more or less structured system to a system with a large number of very different elements” (Kotsemir and Abroskin 2013). This presents a challenge of refining the definitions and classifications of innovation types. Although innovation represents the standard idea of change and newness, it can be defined in varying degrees and applied in different contexts.

Theme 2 – The link between innovation, value and customers

Kim and Mauborgne (2005), in their book titled *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*, state that the essence of strategy is traditionally centred around competition, when considering the military origins of the concept. The authors state that this competitive mindset appears in business as well. As a result, direct competition occurs, imitation strategies appear, and this brings about a power struggle in the market as well as decreasing profits. Kim and Mauborgne (2005) state businesses should focus on the creation of an uncontested market space, thus making competition irrelevant. Although this publication is an adaptation of the original book written by the authors, it has been published by a credible publisher (Emerald Group Publishing) and has been adapted under the permission of Harvard Business School Press. This source is out-dated however, it is adapted from the original writings of seminal authors who developed the concept of value innovation. Furthermore, the source is published on a credible website called semantic scholar dot org. The limitation of this source is that the researcher did not have access to the original book, and therefore had to depend on information in the adapted version. The researcher addressed this by reading other publications stating the views of Kim and Mauborgne (Venter & Louw, 2013) on value innovation, this was to ensure that the information was in line with the authors' original views. The adaptation is only seven pages long and does not provide an in-depth view on the concept of value innovation, this required the researcher to review a broader scope of literature surrounding value innovation. A key strength of the source is that it contributes to the understanding the concept of value innovation and highlights the importance for businesses to maintain a customer focus rather than a competitor focus when implementing innovation strategies. The researcher will link this source to previous research studies (Henama and Sifolo, 2017; Jenk 2015 and Jones, 2017) showing that traditional service providers have focused on competitor actions, when innovation was introduced in the industry, rather than the creation of new market spaces and new ways of competing. Traditional service providers in the private transportation industry did not act in accordance with Kim and Mauborgne's (2005) view and have focused greatly on innovative service providers' actions, thus making these competitors relevant.

"Value refers to the benefits that a person receives from products or services, which contribute to the satisfaction of consumer needs" (Louw & Venter, 2013, p. 293).

Kim and Mauborgne (2005) emphasise the importance of linking innovation to strategy, they state that value without innovation results in minor improvements for buyers only and does not provide long-term benefits for the business.

They also state that innovation without value results in development of products or the provision of services that are not in line with current needs of customers, as a result, customers will not find these products or services useful. Kim and Mauborgne (2005) highlight the dangers of competition driven strategy, stating that it results in imitative rather than innovative strategies and reactive rather than proactive actions. The authors' propositions are in line with the challenges currently being faced in the private transportation industry of South Africa, as explained in the problem statement. The focus of traditional service providers has been on the competitive implications of innovation in the industry rather than the implications of innovation on customers (Dube, 2015).

Once businesses are able to make this link, customers will be placed at the centre of value rather than competitors. This source is relevant to the study as it addresses a critical component of the study, which is value creation for customers and the importance of customer inclusion when implementing an innovation strategy. A weakness of the source is that it focuses on blue ocean strategies, a concept which is not applicable to this study. The researcher will address this weakness by only focusing on the relevant and applicable elements of the source.

Vergragt (1988) puts forward in an article, that an important aspect of innovation is its link to the social context, in terms of its users. He further states that innovation is not purely for the benefit of businesses in terms of competitive advantage and increased profits, but rather that it is for the benefit of customers. Pisano (2015) supports this view, in his article titled *You Need an Innovation Strategy*. Pisano highlights that innovation should enable customers to save money, simplify their lives in some way and induce them to pay more. This article was published in the Harvard Business Review and is very current and relevant. Although Vergragt's (1998) article is outdated, it introduces a new perspective and approach to the concept of innovation which is customer value creation. Vergragt's article was published in the journal of Social Studies of Science, within the field of social sciences, however other strategic management authors such as Louw and Venter (2013) agree with his propositions and apply these within the business field.

O'Sullivan and Dooley (2009) highlight that innovation as a business process should be

aimed at increasing user-value. These authors also link innovation to value creation for customers.

This is stated in their article called *Applying Innovation*, this article is published in the Asia-Pacific Journal of Operational Research, this is a reliable source as it is published in a global research journal.

Although, the source is outdated it provides application of innovation in the business context which is a key element of the research study. A key strength of the source is its' international application of concepts surrounding innovation management.

Louw and Venter (2013) emphasise the importance of value innovation in a publication called *Strategic Management: Developing Sustainability in South Africa*, stating customers are more likely to perceive a product or brand in a positive manner if it sufficiently meets their needs. This source is current, reliable and is applied to various business case studies such as the Compaq (Venter & Louw, 2013, p. 296) and Volkswagen (Venter & Louw, 2013, p. 434). Since this source is found in a management textbook, it focuses on providing applicative measures of how value innovation can be implemented by businesses which is irrelevant to the study. The key strength of the source is that also incorporates ideas of other prominent seminal authors in innovation theory such as Joseph Schumpeter and Clayton Christensen (Venter & Louw, 2013). Although the source incorporates the views of international seminal authors, it presents a contextual strength because it is published in South Africa.

An article published by C.K. Prahalad and Venkat Ramaswamy (2004) establishes the view of customers being co-creators of value. These authors state that the role of customers in business has changed, they are now more informed, influential and active. According to Prahalad and Ramaswamy (2004), businesses need to engage customers in the process of defining and creating value because customers have gained greater influence. "The future of competition is co-creation of value with customers," (Prahalad & Ramaswamy, 2004, p. 4) this statement emphasises the importance of the inclusion of customers when it comes to innovation strategy. A key strength of this source is that it is written by a seminal author, Professor Coimbatore Krishnarao Prahalad, who is considered to be one of the most influential business thinkers. This source contributes to the study by highlighting the importance of understanding customer needs and perceptions when developing an innovation strategy. This source will enable the researcher to present a concrete argument as to why private transportation service providers need to consider

customer needs and perceptions when innovating. Understanding the meaning of value innovation and its link to customers is a vital aspect of the study, as the researcher will be asking participants to describe how innovation in the private transportation industry has created value for them.

Theme 3 – Strategic innovation in the business context

Strategic Innovation: A Review and Theoretical Framework is a thesis written by S. Kataria (2013) and published by the University of Twente in the Netherlands. In the thesis Kataria gives an in-depth perspective on theory surrounding strategic innovation and links this to entrepreneurship and businesses. This source is current, relevant and applicable to the study as it reviews literature surrounding the theory of strategic innovation. According to Kataria (2013) strategic innovation has been researched as part of the strategic management discipline for over a decade, however, theoretical and practical developments still need to be made in this field. Louw and Venter (2013) state that there are three branches of strategic innovation which include, value innovation, disruptive innovation, and innovation at the bottom of the pyramid. Strategic innovation is an important concept in strategic management because it is linked to competitive strategy and has an impact on the long-term survival of a business (Venter & Louw, 2013). Charitou and Markides (2003) support this view, these authors elaborate further on the concept by linking strategic innovation to business model innovation, stating that business model innovation will ultimately result in a new way of playing the game.

Govindarajan and Gupta (2001) highlight that businesses today operate in highly volatile environments, where customer needs are constantly changing, competition is increasing and the traditional way of doing business is being challenged and changed by technological advancements. Although this source focuses on the topic of a global competitive advantage, it discusses theory surrounding competitive advantage in relation to strategy, which is a core aspect of this research study. The global application of competitive advantage in this source is relevant to the study because strategic innovation in the private transportation industry has occurred globally (Jenk, 2015). Innovative service providers have globally managed to sustain a greater competitive advantage than traditional service providers. Articles written around the topic of strategic innovation often highlight the importance of strategic innovation as a competitive tool which is used to create a new competitive advantage or sustain an existing competitive advantage (Krinsky & Jenkins, 1997).

Authors Gebauer, Worch, Truffer (2012); Schlegelmilch, Diamantopoulos, and Kreuz (2003) are of the opinion that one of the implications of strategic innovation is choosing whether the business is going create new markets for customers or whether it is going to improve the existing product or service for an existing market.

Gebauer, Worch, Truffer (2012) make use of two longitudinal case studies based on European electricity providers and these authors conducted an empirical study. Although the source is outdated, incorporation of a source with an empirical background provides greater understanding of strategic innovation within a different business context.

Schlegelmilch, Diamantopoulos, and Kreuz (2003) applies the outcomes of strategic innovation to Amazon and makes use of a different model used in innovation strategy, known as the multiple indicator-multiple causes model (MIMIC). This source contributes a broader view to the study and allows for a comparison between the applicability of the MIMIC model versus the innovation space model. Although the source is outdated it is published in reputable journal known as the Journal of Strategic Marketing.

Tidd and Bessant (2014) state the innovation is strategic, meaning that it is a planned and thought out process which needs to be managed. Within the business context development of an innovation strategy allows for effective innovation management and clear sense of direction. This source links strategic innovation to management which is vital for this the research study as it being applied to the management discipline.

Theme 4 – Innovation in the private transportation industry

Innovation definitions and literature tend to link the concept to technology. However, technological innovation is only one type of innovation which can be distinguished from other types such as social innovation, economic innovation and strategic innovation (Freeman 1982, Zapata 2006, Hernandez, 2009). Freeman's (1982) book *The Economics of Industrial Innovation* is a commonly cited source in technological innovation studies and research. Although this source is outdated it presents the view and generalisation that all innovation is technological innovation, making a differentiation between technological innovation and strategic innovation is critical to the study because other different types of innovation have occurred in the private transportation industry, apart from technology.

Previous research studies surrounding the topic of innovation in the private transportation industry are mostly based on disruptive innovation and technological innovation. Harvard Business School's Professor, Clayton Christensen is one of the first authors to publish an academic article on innovation in the private transportation industry. *What Is Disruptive Innovation* is an article published on the Harvard Business Review in 201 (Christensen, Raynor, & Mc Donald, 2015). This source provides a detailed analysis and explanation of disruptive innovation, it also addresses an ongoing debate on the type of innovation which has occurred in the private transportation industry. A key strength of this source is that it applies disruptive innovation to the private transportation industry and explains technological elements of the industry that have been innovated. This source assisted the researcher in understand the type of business model innovation which occurred in the industry through the introduction of a mobile application. It also further enabled the researcher to understand the inner-workings of the private transportation industry. Although the source discusses a type of innovation which is beyond the scope of the research study, it highlights the fact that there is a debate and much controversy about innovation in the industry which has implications for the research study (Jenk, 2015). Due this debate and controversy, this research study will bring a new perspective and approach to innovation in the private transportation industry by viewing it from the perspective of the customer.

Dube (2015) gives an in-depth analysis of how innovation in this industry has occurred within the South African context. This author's work is published in the Centre for Competition, Regulation and Economic Development (CCRED) quarterly review. This source is current and relevant to the research study as it discusses the various types of innovations in the private transportation industry, as well as the competitive advantages

which have resulted in value creation for customers. These changes include technology-based innovation, convenience-based competitive advantage and quality-based competitive advantage (Dube, 2015). A key strength of this source is its' qualitative approach to the topic and the provision of statistical evidence in terms of innovation in the industry. Statistical results show that innovative providers charge lower prices, on average, for shorter and longer distances travelled around Johannesburg (Dube, 2015).

When examining the competitive landscape of the private transportation sector in South Africa, Henama and Sifolo (2017) state that there is direct competition occurring between traditional service providers and innovative service providers. Prior to the innovation, the private transportation industry existed in stagnant and stable conditions, with little innovative change and competition. Innovation in the private transportation industry came about through the introduction of a new business model which uses a mobile application as a medium for customers to request transportation instantaneously; easy payment methods; and use a global positioning system to navigate through the city when for pick-ups and drop-offs (Dube, 2015). This model differs from the traditional cab business model which uses cell phones and brochures to connect customers to driver. Jenk (2015) takes an economic approach to the topic of innovation in the private transportation industry and applies a different theory known as the Coase Theorem. This source enables the researcher to understand the topic from an economic perspective. The main weakness of this source is that it is applied to New York city, in this city innovative service providers existed in the industry for many more years in comparison to Durban. Therefore, the findings and the implications of the source may not align with this study.

Innovative service providers "changed the rules of the game" through the implementation of a new business model. Innovative service providers have done this by providing customers with added value in terms of; providing easier booking methods; varied payment methods ensuring high standards by allowing users to rate the quality of their rides; offering lower prices than traditional cabs; offering a variety of vehicle styles and sizes and finally delivering punctual and reliable service (Christensen, Raynor, & McDonald, 2015).

2.3. Conceptualisation

Strategic innovation:

This refers to “a fundamentally new way of competing, or a fundamentally different strategy for competing in an industry” (Louw & Venter, 2013, p. 292). This is the focal topic and basis of the research study, it will be explored within the context of the private transportation industry of Durban and based on customer perceptions.

The private transportation industry:

This refers to a local passenger transportation industry, that delivers the service of commuting customers to various locations based on their needs (Dube, 2015). The research study will be based on this industry and the descriptions of customer perceptions will pertain to this industry, as stipulated in the title.

Traditional service providers:

This refers to metered taxis registered to the Metered Taxi Council of South Africa and operating in accordance with the National Land Transportation Act No. 5 of 2009 (Dube, 2015). This concept allows for differentiation between competitors in the industry and will enable customers to make a comparison between innovative service providers and traditional service providers. In colloquial terms, traditional service providers are referred to as cab drivers.

Innovative service providers:

This refers to non-traditional service providers, that use a fundamentally different business model and process for offering private transportation to customers (Christensen, Raynor, & Mc Donald, 2015). These service providers are an essential part of the research study as customer perceptions will be based on how the innovation implemented by these service providers has impacted customers.

Incremental innovation:

This refers to small-scale, progressive and continuous improvements to the already existent products and services in the business (Kotsemir & Abroskin, 2013). This concept is critical in assisting customers to categorise and describe various kinds of strategic innovation in the private transportation industry. This concept is also linked to the innovation space model which forms an essential part of the innovation theory used the study.

Radical innovation:

This refers to significant, advanced change which leads to doing something that has never been done before (Lazzarotti, Dalfovo, & Hoffmann, 2011). This concept is critical in assisting customers to categorise and describe various kinds of strategic innovation in the private transportation industry. This concept is also linked to the innovation space model which forms an essential part of the innovation theory used the study.

Product/Service innovation:

This refers to a change in the products or services which a business offers to customers in order to satisfy their needs (Tidd & Bessant, 2014). This applies to the innovation space model used in the study and will enable customers to categorise their descriptions of strategic innovation in stating how they think the service offering has changed.

Process innovation:

This refers to changing the way in which a business creates its products or delivers its services to customers (Bessant, Exploring innovation space, 2015). This concept applies to the innovation space model used in the study and will enable customers to categorise their descriptions of strategic innovation in stating how they feels processes have changed.

Position innovation:

This refers to changes in the contexts, markets and geographic areas in which products and services are offered (Bessant, 2015) which will ultimately lead to changes in the way an established product or service is perceived (Tidd & Bessant, 2014). This concept applies to the innovation space model used in the study and will enable customers to categorise their descriptions of strategic innovation in terms of service repositioning.

Paradigm innovation:

This refers to “changes in the underlying mental models which frame what the organisation does,” (Tidd & Bessant, 2014, p. 24) and relates to a completely new way of thinking. This concept applies to the innovation space model used in the study and will enable customers to categorise their descriptions of strategic innovation.

Value Innovation:

This is a form of strategic innovation which allows businesses to “search for new ways of competing on the basis of customer value in existing industries” (Venter & Louw, 2013, p. 292). This concept is essential to the study because it emphasises the need for traditional service providers, who are battling innovative competitors in the private transportation

industry, to strategically make competitors irrelevant through the creation of new value curves. This requires traditional service providers to focus on creating value customers rather than rallying against competitor actions.

Dynamic capability;

This involves appropriately adapting, integrating and reconfiguring internal and external organisational skills, resources and functional competencies to meet the requirements of a changing environment (Tecee, 1994). The concept is relevant to the study because it considers an organisations ability to readapt established routines in order to respond to the environmental changes. The study will address this concept by considering traditional service providers' inability to adapt to new industry dynamics which came about as a result of strategic innovation.

Customer-delivered value;

This refers to "the sum of all the perceived benefits minus all the perceived costs expended" (Venter & Louw, 2013, p. 293). Innovation is about making change in order to create value (Tidd & Bessant, 2014, p. 5) and customers express how much they value a product or service through their willingness to pay for it. Customers' preference for innovative service providers over traditional service providers, shows that they value the service offering of innovative service provider more. The main objective of the study is to understand why this is the case and how innovative service providers were able to improve customer-delivered value in the private transportation industry.

3. METHODOLOGY

This section explained the research paradigm, research design, population and sample used in the study. The data collection method and the data analysis were presented. The trustworthiness of the study was given to show credibility.

3.1. Research Paradigm

A research paradigm refers to a belief system which dictates the way in which research is carried out in terms of what will be studied, what questions will be investigated throughout the research, what methods will be followed to answer these questions, and how findings are going to be applied and interpreted (du Plooy-Cilliers et al., 2014).

The paradigm selected for the purpose of this study was interpretivism. The interpretivist tradition is based on the premise that each individual experiences and constructs reality differently, this therefore leads to a variety of interpretations which need to be understood from the point of view of the individual (Barney, et al., 2015). du Plooy-Cilliers et al. (2014) further state that the aim of interpretivism is to gain an in depth understanding of human behaviour and reality based on their own view and perspective. Interpretivism is applicable to this study because the researcher aims to gain an in depth understanding on how customers perceive strategic innovation in the private transportation industry of Durban. Participants will each be describing how they feel that the industry has changed and how these changes have led to value-creation for them. The research study addressed the hermeneutics tradition within in this paradigm through the interpretation of customer actions and reasons for using innovative service providers rather than traditional service providers (du Plooy-Cilliers et al., 2014, p. 28).

The ontological position of this paradigm, upholds that reality is not rigid, but is rather subjective and is based on human interaction (du Plooy-Cilliers et al., 2014, p. 28).

The study will address this ontological position by allowing customers to describe their subjective reality and views on innovation in the private transportation industry. Because customers have different experiences in this industry, the researcher used in-depth interviews and a qualitative methodology to understand each unique customer experience.

The axiological position of this paradigm values uniqueness and the understanding of complex realities (du Plooy-Cilliers et al., 2014, p. 29).

In line with this position, the researcher aimed to understand customer perceptions and descriptions of strategic innovation in the private transportation industry by using a small sample and qualitative in-depth interviews.

The epistemological position of interpretivism states that “facts are not objective and neutral....what is factual depends heavily on the context and people’s interpretation of information” (du Plooy-Cilliers et al., 2014, p. 29). The study applied this position by viewing customer perceptions of strategic innovation in the context of private transportation as subjective and based on their own experiences.

Within this paradigm, theories should enable the researcher to understand the experiences and realities of what others go through in the form of thick descriptions (du Plooy-Cilliers et al., 2014). The study addressed this meta-theoretical position by applying the innovation space theory to customer perceptions. This enabled the researcher to obtain detailed descriptions and perceptions of customers experiences. The chosen theory also allowed the researcher to understand the realities of customers in the private transportation industry.

The methodological position of interpretivism uses subjective, qualitative methods to gain a deeper understanding of multiple realities (du Plooy-Cilliers et al., 2014).

The researcher addressed this position by studying the realities and experiences of customers subjectively, through one-on-one qualitative in-depth interviews the researcher allowed each customer to express their personal opinions and provided customers with enough time in the duration of the interviews to do this.

3.2. Research Design

A qualitative methodology aims to describe, explore and understand the way in which humans behave, so that patterns, themes, and trends can be established between their behaviour (du Plooy-Cilliers et al., 2014). The research study followed a qualitative approach to describe customers' perceptions of innovation in the private transportation industry. The main objective of the study was to understand the subjective reality experienced by each customer when using private transportation. The use of a qualitative approach allowed the researcher to achieve this by using one-on-one in-depth interviews and open-ended questions.

The cross-sectional time dimension required the study to be conducted over a short time period where the researcher collects data from participants once (du Plooy-Cilliers et al., 2014). The study was cross-sectional in nature as the research was conducted over the time-period of one year, and data was only collected from participants at one point in time.

Deductive reasoning and theorising were used in the research study, this allowed to the researcher to analyse the main elements of Tidd and Bessant's innovation space theory and apply these elements within the context of customer perceptions of strategic innovation in the private transportation industry of Durban (du Plooy-Cilliers et al., 2014). The researcher explored the broad and general aspects of the innovation space theory and applied these to the context of strategic innovation in the private transportation industry

The use of a qualitative methodology enabled the researcher to view strategic innovation from the customers perspective rather than the controversial perspectives of traditional service providers. This methodology was chosen because the researcher aimed to understand each participants' subjective perception of strategic innovation in the private transportation industry.

3.3. Population

Target and accessible population

The target population included all private transportation customers in South Africa who met the population parameters (du Plooy-Cilliers et al., 2014). Due to the widespread nature of the population the researcher was only able to reach and realistically include a sample of four private transportation users in Durban, Kwa-Zulu Natal in the study.

Population parameters

The population was made up of four customers who are active users of private transportation in Durban, the mobile application used to book private transportation was studied as a social artefact. The estimated size of the population for the study is 10 000 people, this includes all South Africans who have used both innovative service providers and traditional service private transportation. The unique characteristics of the population were that customers needed to have used traditional service providers and innovative service providers for transportation at least once and that customers needed to have a transportation booking application downloaded on their smartphone or electronic device.

3.4. Sampling

Non-probability sampling was used due to the qualitative nature of the study and the researcher's inability to determine exactly how many private transportation users exist in Durban. The researcher selected members of the sample based on ease of access and convenience rather than randomisation. The researcher resides in Durban Kwa-Zulu Natal and used a sample that would be easy to contact and locate.

The unit of analysis was the four customers who had used private transportation in Durban and were aware of innovation in the industry. This unit of analysis was selected on the basis of enabling the researcher to address the research objective and answer research questions.

Purposive sampling was used due to the qualitative nature of the study and the researcher's intentional selection of customers who had used both innovative service providers and traditional service providers in the industry; as well as those who had a transportation booking application installed on their smartphone. This sampling method was selected to ensure that the sample would make a valuable contribution towards the study and to exclude any participants that did not meet the population parameters (du Plooy-Cilliers et al., 2014). This sampling method allowed for easier access to participants and alleviated time constraints and resource limitations.

A sample size of four private transportation users was selected, participants of different genders and ages were chosen to achieve demographic representation. This sample was adequate to provide the researcher with the information required to address the research questions and objectives.

The four private transportation users were selected as the units of analysis for the study. Four one-on-one in-depth interviews were conducted with these subjects and these interviews were electronically recorded on a mobile device. The responses (sentences and phrases) of these customers were transcribed into a document, and these responses were thoroughly analysed and interpreted by the researcher.

3.5. Data-collection Method

Four in-depth interviews were conducted for the purpose of gaining an in-depth understanding of strategic innovation in the private transportation industry (du Plooy-Cilliers et al., 2014). Before interviews were held, a pre-test was conducted to ensure that participants would be able to answer and understand the questions. The pre-test participant was not required to participate in another interview for the actual study. After the pre-test was held, the researcher modified questions to make them more understandable for the study. The researcher made use of open-ended questions to obtain information from participants. The key strength of this data collection method is that it allowed the researcher to probe and ask participants to clarify their responses. This method enabled the participants to give detailed descriptions and gave the researcher flexibility in approaching questions. The method enabled the researcher to fully understand customer perceptions of strategic innovation in the private transportation industry through probing, clarification and observation of non-verbal reactions.

The researcher used standardised open-ended questions for all participants so that comparative notes and analysis would be simplified. Questions moved from a broad focus, such as “what is your overall perception of the private transport sector in Durban?” This question broadly introduced participants to the topic and allowed the researcher to understand the customers’ overall view. Questions then narrowed down and posed questions such as “how has innovation in the industry improved and added value to your overall transportation experience?” Another question asked during interviews was “in what other ways do you think that industry has been innovated and improved besides technology?” This question enabled the researcher to gain greater understanding of how customers felt that the industry had been changed. A challenge presented by this data-collection method was the drafting of questions and ensuring that questions remained open-ended. The researcher addressed this challenge by conducting a pre-test interview to determine the answerability and open-endedness of the questions.

Customers were selected through referrals and through the researcher’s efforts of directly approaching private transportation users. The participants were informed of the study and were given the opportunity to approve or decline participation. Customers who participated in the study were incentivised and thanked for their participation through the provision of a private transportation gift voucher.

Customers were notified that interviews would be recorded, and each participant signed an agreement which allowed the researcher to electronically record responses. The researcher used a mobile phone to record each interview session.

3.6. Data-analysis Method

Data analysis was one of the most important steps in the research of the study because it had an impact on the interpretation of findings, implications of findings as well proposed further research. Qualitative content analysis was used to identify and discover explicit and implicit themes and patterns in customer responses (du Plooy-Cilliers et al., 2014).

This data analysis method focused on finding unique themes which appeared in the text as well as discovering the meanings of phenomena through the themes. The researcher used thematic coding and deductive coding for data reduction.

The researcher used deductive content analysis in the study and applied an already established theory, the innovation space theory, to the transcribed text of customer responses (du Plooy-Cilliers et al., 2014). The theory was used in an extractive manner to generate codes and patterns within customer responses, the codes were grouped into certain themes, and the themes were then interpreted within the context of the private transportation industry.

The researcher followed the eight steps of qualitative content analysis.

In the first step, the data was transcribed from recordings into a written document.

The researcher then defined participants words, sentences and phrases that were spoken by participants during the interviews as the coding units to be analysed. The interviews were then broken down into themes of similar parts. The researcher grouped anticipated themes based on the innovation space theory into categories so that a coding scheme could be developed. The codes used by the researcher were based on the innovation space theory and were used to discover anticipated themes based on the core components of the theory. Some of the codes which the researcher used to structure data and reveal meanings participant responses include;

- >Positive perceptions (PP)
- >Negative Perceptions (NP)
- >Incremental Innovation (II)
- >Radical Innovation (RI)
- >Process Innovation (PI1)
- >"Product"/Service Innovation (SI)
- >Paradigm Innovation (PI2)
- >Position Innovation (PI3)
- >Safety and Navigation (SaN)
- >Service Delivery (SD)

>Ease of Contact (EoC)

In the next step the researcher tested the coding scheme on one interview to check for consistency and clarity amongst the definitions of themes. To code the text, the researcher highlighted the sections which were transcribed to find patterns of symbols and descriptive words that were used by customers in answering questions. The researcher checked the consistency of coding by comparing each coded interview. The researcher then interpreted the themes which had been identified and gave an explanation in the presentation and interpretation of findings section. The researcher reported on the process which was used to code, analyse and interpret data.

Through a repetitive cycle of analysis, the researcher tested the applicability of theory to participant responses and linked the themes to core theory components (service innovation, process innovation, paradigm innovation and position innovation) (Tidd & Bessant, 2014). Through this cycle the researcher discovered the following common patterns and themes in customer responses and descriptions;

- Theme 1 – Mixed customer perceptions
- Theme 2 – Customers are aware of innovation in the industry and are making use of various types of innovation
- Theme 3 – Competition in the industry has increased
- Theme 4 – Customers are more aware of the industry and demanding of the service
- Theme 5 – Customers mainly regard safety and price as important service elements
- Theme 6 – Customers require improvements in the industry.

3.7. Trustworthiness of Study

Due to the qualitative nature of the study trustworthiness needed to be tested (du Plooy-Cilliers et al., 2014).

Credibility refers to “the accuracy with which the researcher interpreted the data that was provided by the participants” (du Plooy-Cilliers et al., 2014, p. 258). The researcher enhanced credibility of the study by encouraging long in-depth interviews with participants to ensure that their opinions were heard and fully expressed. Interviews were electronically recorded so that the customer responses could be clarified. The recordings will be kept for a period of five years, for the purpose of any future references or requirements.

Confirmability ensures that findings of the study are based on the participants’ responses rather than the views and opinions of the researcher (du Plooy-Cilliers et al., 2014).

The researcher recorded and transcribed in-depth interviews verbatim to allow for clarification of responses and accurate interpretation of response. To ensure confirmability, the researcher fully describing the data collection, data analysis and interpretation of findings.

Transferability ensures that findings of the study can be applied to a similar context and deliver similar result (du Plooy-Cilliers et al., 2014). Although the study was limited to Durban, Kwa-Zulu Natal, the study could be applied in other regions such as Gauteng, the Eastern Cape and the Western Cape. Customer perceptions of innovation in the private transportation industry could be studied in a different regional context because innovation in the private transportation industry has occurred throughout the whole of South Africa (Dube, 2015).

Dependability considers process of integration and cohesion between the data collection method, data analysis and the theory (du Plooy-Cilliers et al., 2014). The researcher enhanced the dependability of the study through the usage of an academically sound theory developed by Professors Tidd and Bessant (2006). The researcher used this theory to draft the questions which would be used during data-collection, the researcher also used the theory as a base for establishing themes that would be applied to customer responses. The researcher carefully followed the eight steps of data analysis as per the qualitative method, which allowed for cohesion between interpretation of data and findings.

Furthermore, the researcher spent much time immersed in the data with the aim of truly understanding customer perceptions of innovation in the private transportation industry.

This section outlined the methodology followed by the study in terms of the research paradigm and research design. The section further discussed the selection in terms of the population and the sampling methods. An explanation of the data collection method and data analysis method was given. And lastly, the trustworthiness of the study was presented.

4. PRESENTATION AND INTERPRETATION OF FINDINGS

In this section, a presentation and interpretation of customer perceptions of strategic innovation in the private transportation industry of Durban is provided. Customer responses were grouped according to research questions and responses were further analysed and applied to the innovation space framework.

Theme 1 – Mixed customer perceptions

When using thematic coding, the researcher discovered customer perceptions as a prominent theme found in their responses. A significant finding is that all customers viewed the private transportation industry positively, this can be seen from the responses presented in Table 1.1. However, responses presented in Table 1.2 show that customers also have negative perceptions on the industry linked to rudeness of drivers, lateness, cleanliness and fear of kidnapping. Despite negative perspectives, the general consensus amongst customers is that the private transportation industry is a good and is convenient for the because of innovation. These perceptions are critical to the study and link to a concept in innovation theory which states that when customers have positive perceptions of a business, they are more likely to support an innovative and value-adding businesses (Louw and Venter, 2013). Therefore, innovative service providers' success in the industry can be attributed to provision of a value-adding service. Responses in Table 1.3 show that strategic innovation in the private transportation industry has improved customers' experiences and added-value to their lives. It is evident from these responses that the focus of innovative service providers in the industry has been value creation for customers. The concept of linking innovation, value and customers was thoroughly discussed in the as a theme in the literature review.

Table 1.1 – Question 1

What is your overall view or perception of the private transportation industry?	
<u>Participant A</u>	"it's helpful for us individuals."
<u>Participant B</u>	"I think it's a very good...I feel like it's a great industry."
<u>Participant C</u>	"I think it's very good and it's very convenient. It's a service which is always there when you need it to be."
<u>Participant D</u>	"I have a very good view of the industry."

Table 1.2 – Question 2

What negative experiences have you encountered, if any, when using private transportation?	
<u>Participant B</u>	“...the driver is not getting to your location and if you cancel you still get charged a cancellation fee”
	“...people are kidnapping people.”
<u>Participant C</u>	“Running late and rude drivers”
	“One of our friends almost got abducted not too long ago...”
<u>Participant D</u>	“...traditional service providers you find that the cleanliness is not that good.”
	“...driving skills weren’t good, the way he was braking was very abrupt. He wasn’t even looking at his mirrors”

Table 2.3 – Question 3

Has innovation in the private transportation industry improved your overall customer experience or added value to you? Please explain.	
<u>Participant A</u>	“Yes, it does improve my experience because it shows that they are trying to be efficient with their services”
<u>Participant B</u>	“It has made my life a whole lot easier...it’s just a very convenient and efficient system”
	“I’m such a loyal customer to the brand now”
<u>Participant C</u>	“I want to continue using the innovative service providers forever and I’m a loyal customer because of it.”
	“It’s made my life so much easier.”
	“I’m a happier person even.”

Theme 2 – Customers are aware of innovation in the industry and are making use of various types of innovation

Responses in Table 2.1 show that customers are aware that changes have occurred in the industry, and because of innovation the private transportation in Durban is no longer the same. Customers stated that industry has developed as result of innovation, new markets have been opened, a new service platform (business model innovation) has been introduced customer relationship management has improved. These responses are in line with previous research studies and articles. Customer responses in Table 2.2 show that customers are aware of business model innovation, which is the technology-based mobile application, and are gaining more value from using this innovation. Value such as real-time communication, flexible payment methods as well as safe and secure services. This a process innovation because radical, technological innovation has occurred in ride-hailing/booking through a mobile application which previously did not exist in the industry. Responses in Table 2.3 are in line with various findings and articles which state that the private transportation industry has changed and that customers now perceive it as very important and a part of daily life which was not the common perspective prior to innovation. Responses in Table 2.4 show that there has been a paradigm innovation (Tidd & Bessant, 2014) based on the way in which customers view the industry, prior to innovation it was not considered by customers to be technological. Paradigm and outlook on the industry has changed from being traditional to technological. This is in line with Tidd and Bessant's description of paradigm innovation as "changes in the underlying mental models which frame what the organisation does." Customers perceive change to be radical in this industry based on the responses in Table 2.5 and they are aware of the extent of innovation. These responses link to innovation space theory and model which highlights that innovation can occur in varying degrees, radically or incrementally.

Table 3.1 – Question 4

In your opinion, how do you think that the industry has changed over the past few years? Prior to and post-innovation	
<u>Participant A</u>	"...payment methods were not as flexible."
<u>Participant C</u>	"It's very safe now compared to previously"
	"It's improved everyone's overall transportation experience...you can get to a place faster."
	"It's much cheaper and you get value for money in terms of the service and vehicles."
<u>Participant D</u>	"The industry has really changed...innovation has caused a disruption with the public transportation as well as traditional service providers"
	"Because without technology, innovation wouldn't have occurred...without technology it took a long time for people to become aware of improvements or new services."
	"It has created new markets because of the new platform linked to technology...used technology to reach a wider market."
	"Customer relationships have changed over time...customer relationship management has drastically changed over time"

Table 2.2 – Question 5

What service features does the mobile application offer you that traditional service providers do not?	
<u>Participant A</u>	"Communication is clearer between the driver and the customer"
<u>Participant B</u>	"you get to see where the car is and how far they actually are...there is navigation..."
<u>Participant C</u>	"luxury to choose the vehicle...variety...able to track your ride, get the estimated fare price of how much the ride will cost you"
<u>Participant D</u>	"...able to share my ride and location...provides me with safety. "...gives you confirmation, you know who your driver is, the car, the number plate". Through the app features I feel like I already know this person by seeing their name, picture, rating. It really helps"

Table 2.3 – Question 6

How have your needs changed from the first time you started using private transportation until now?	
<u>Participant A</u>	"...it's more reliable...so now I use it more as compared to previously"
<u>Participant B</u>	"I'm addicted now, I use private transportation to go everywhere...it's a great service"
<u>Participant C</u>	"It has become a necessity in my life definitely, I can't live without private transportation now. It's become a part of my life"
	"...we are even considering leaving the Varsity shuttle and use innovative service providers only."
<u>Participant D</u>	"...the time I first started using it I was not a regular user."

Table 2.4 – Question 7

Prior to innovation which has occurred in the industry, would you have viewed private transportation as a technology intensive industry? Please explain	
<u>Participant A</u>	"Before I didn't view it as a technology intensive industry"
<u>Participant B</u>	"No! I didn't think modern day technology would take over like this"
<u>Participant C</u>	"No, not at all...there was no differentiation of the services."
<u>Participant D</u>	"No...people have built a relationship with this industry through the application because of technology"

Table 2.5 – Question 8

To what extent, and on what scale, do you think that innovation in this industry has occurred? (Radical or incremental)	
<u>Participant A</u>	"...on a large scale because of the technological aspect"
<u>Participant B</u>	"On a very big scale."
<u>Participant C</u>	"On a very large scale..."
<u>Participant D</u>	"...innovation has been radical...introduced technology. "...innovation in this industry has branched out into food delivery services in private transportation. Something which never existed prior to innovation."

Theme 3 – Innovation in the industry has impacted the competitive landscape and dynamics

Customer responses in Table 3.1 show that innovation has changed various aspects of the private transportation industry in terms of competition, market diversification and the overall service offering for customers. Post-innovation in the industry, many competitors have joined the industry and entrepreneurship opportunities which allow drivers to become independent contractors have arisen. This is due to new business model (process innovation) which has allowed innovative service providers to by-pass strict entry barriers and regulations.

As a result, customers have a wider variety of options in terms of innovative service providers. Customers agree that competition has increased and are even aware that the increase in competition has caused rivalry between innovative service providers and traditional service providers. The benefit of increased competition for customers is constant availability of private transportation in real time because of innovation.

Table 4.1 – Question 9

In your opinion, how has competition in this industry changed over the past few years? Prior to and post-innovation.	
<u>Participant A</u>	“...more competition now.” We are more alert now about what’s happening in the industry”
	“...problem with the private industry and the public sector, with the violence which has occurred affects us customers.”
<u>Participant B</u>	“...amongst drivers if you have a car, it’s a simple as getting your car registered and getting someone to drive it”
	“There is now more private transport available like everywhere”
<u>Participant C</u>	“...industry was very stiff and it wasn’t going anywhere... was very stagnant and there was no improvement or variety.”
	“Competitions increased drastically”
<u>Participant D</u>	“There is much more competition which is causing competitive pricing, whereas previously that did not exist.”
	“Prior to innovation there seemed to be no competition.

Theme 4 – Customers are more aware of the industry and demanding of the service

Customer responses presented in Table 4.1, show that other types of innovation and improvements in the industry have occurred other than technological innovation.

A significant finding in the theme is that innovation has allowed for integration of services and strategic alliances between private transport and other industries, such as the medical field. Although this finding is highlighted only in the response of participant D, it shows a significant position innovation, service innovation and paradigm innovation. The concept of medical being provided through private transportation (flu-vaccinations) is a very new and it goes beyond the market boundaries of the traditional service offering.

Customer usage and awareness of the industry has increased, customer relationship management has improved, and customer service has improved.

All of these improvements have had a significant impact on customers and have created value for them. These responses show a different approach to the topic of innovation in the private transportation industry, as previous studies and research has primarily focused on the competitive rivalry, regulation and technology. This approach could serve as a basis for further studies that focuses more on how innovation in the private transportation industry has impacted customers.

Table 5.1 – Question 10

In what other ways do you think that industry has been innovated and improved besides technology?	
<u>Participant A</u>	“people have become more alert of this industry...more people are applying for jobs as drivers.” “It’s created job development and people are more aware of the industry”
Participant C	“...customer service has improved.”
	“...it’s on a technological and a customer service basis that they’ve improved, and I think economical as well.”
	“...completely new pricing strategy through this platform”
Participant D	“...it was very stagnant and there was no improvement or variety.”
	“Innovative service providers created customer loyalty...”
	“...have built a relationship with their customers.”
	“...traditional transport companies haven’t focused as much on building that relationship, they just provide a basic service”
	“Innovative service providers have integrated another industry, which is the medical industry, offering flu vaccinations through private transport around winter time in collaboration with certain medical aids.

Theme 5 – Customers mainly regard safety and price as important service elements

Responses in Table 5.1 highlight which service elements customers consider to be the most important when using private transportation. Based on responses it is evident that customers value punctuality (service innovation), communication (process innovation), tracking of rides through a global positioning system (process innovation) and pricing. Jenk's (2015) article stated that prior to innovation, the industry was characterised by delays as well as inefficient communication and payment methods.

It is evident that innovative services providers have addressed the needs of customers and have improved service delivery for customers over all. As mentioned by Kim and Mauborgne (2005), it is important to link innovation to the needs of the customers, and it is important for business to put customers at the centre of innovation rather than competitors. Innovative service providers seem to have applied this approach to innovation. Customer responses correspond with C.K. Prahalad and Venkat Ramaswamy's (2004) view that customer are co-creators of value and that businesses need to consider customers when planning an innovation strategy. This view was discussed more in-depth in the literature review.

Table 6.1 – Question 11

Which service elements would you consider to be the most important when using private transportation?	
<u>Participant A</u>	"Punctuality... I think safety is also a major factor."
<u>Participant B</u>	"...pricing first, and then safety second...ability to communicate with the driver is very important."
<u>Participant C</u>	"safety first, the tracking and GPS and then price because innovative service providers are much cheaper."
<u>Participant D</u>	"...punctuality, ease of contact, tracking and communication." "...ease of booking is important and knowing how long they will take to get to me. If there's any problem they can inform me right away." "...on the app at least it tells you how many minutes away your driver is from you pick up point."

Theme 6 – Customers require improvements in the industry

Although overall customers perceptions of innovation in the private transportation industry are positive, they still require incremental improvements and other innovation such as service efficiency and industry regulations. These responses could possibly serve as future industry recommendations in line with the innovation theory of user-led innovation.

Two customers commented on the rudeness and trustworthiness of drivers, these responses could be used by both innovative service providers and traditional service providers. A significant recommendation of participant D was with regards to the marketing efforts of traditional providers. This participant felt that traditional-service providers did not make enough effort to attract customers. Another participant stated that the industry is male-dominated, and this presents issues of safety and uneasiness. Knowing that customers value safety (based on some responses in the previous theme) service providers in the industry could aim to include more female drivers to the industry. This service innovation has actually already been implemented in certain countries within the United States, where certain female drivers are only willing to transport females and young boys under the age of twelve-years old in the same vehicle (The Real Daytime, 2018). Such an improvement could be incorporated within South Africa.

Table 7.1 – Question 12

In your opinion, how would you like private transportation service industry to improve?	
<u>Participant A</u>	"...stay efficient every time during their pick-ups"
<u>Participant B</u>	"Manners..."
<u>Participant C</u>	"...stop being shady people... need to have a proper screening process." "...a lot of stubborn men who run it...let's put in some females to add a feminine touch to it because at the moment it's way too male oriented."
<u>Participant D</u>	"...assist you with your luggage at an additional fee." "...have the same treatment for everyone, in terms of offering music, assisting with groceries because some do it, but some don't...standardized service is needed."
	"...traditional service providers don't make themselves visible enough...they should market themselves better." "...also need to improve customer relationship management."

Participant responses were mostly similar throughout, as all participants had positive perceptions of the industry and were all aware of the changes which have taken place. All customers agreed that these changes improved their overall customer experience and added value to them either through convenience, affordable pricing or efficiency.

Not all customers had negative experiences, however, all customers advocated for incremental innovation in the industry. Trustworthiness of customers was established in the beginning of each in-depth interview as the researcher asked questions about their private transportation usage such as “how many years do you think you have been using private transportation?”. This question amongst others directed to specific innovation elements enabled the researcher to gauge each customer’s knowledge and experience regarding the industry.

This section presented the research findings in a tabulated format and interpreted responses in accordance with the innovation space theory and framework.

6. CONCLUSION

This section looked at the analysis of research questions and objectives and considered how the research problem was addressed by the study. Ethical considerations for the researcher and participants were discussed, limitations of the study were given, and the recommendations were provided.

6.1. Research Questions and Objectives Analysed

Research Question 1:

How has your overall perception or view of the private transportation industry changed as a result of innovation taking place?

Main research objective:

To describe customer perceptions of strategic innovation in the private transportation industry using the innovation space model.

The research study addressed customer perceptions of innovation by discovering that all customers who participated in this study have positive perceptions of private transportation industry. The study related these findings to other research studies and articles which state that the private transportation industry has changed and that customers now perceive it as very important and a part of daily life which was not the common perspective prior to innovation (Jenk, 2015). The research study addressed the main objective and discovered that although customers mostly have positive perception of the industry, they have encountered some negative experiences which alter their perceptions. The researcher linked these findings to innovation theory which states that customers have positive perceptions and are more likely to support innovative and value-adding businesses (Louw and Venter, 2013). Research question 1 and the main research objective helped the researcher to gain an in-depth understanding of how customers view the industry. As well as the negative or positive connotations which are associated with the private transportation industry from a customer's perspective

Sub-question 2:

In what other ways do you think that the industry has been improved besides technology??

Sub-objective 1:

To describe the various ways in which innovation in the private transportation industry has occurred based on the four P's of the Innovation Space Model.

Research sub-question 2 enabled the researcher how customers felt that innovation in the industry had occurred and linked those responses to the four P's of the innovation space model, addressing sub-objective 1. This question assisted the researcher in using the Innovation Space Model as a tool to categorise the various types of innovation which have occurred in the industry.

This research question and sub-objective linked elements of the Innovation Space Model (process, paradigm, position and product) and innovation theory discussed in the literature review (incremental innovation, radical innovation, value innovation) with customer responses.

Research Question 2:

How has innovation in the private transportation industry improved your overall customer experience or added value to you?

Sub-Question 3:

To what extent, and on what scale, do you think that innovation in this industry has occurred? (Radically or incrementally) Please explain.

Sub-objective 3:

To describe what value innovation means to customers within the context of strategic innovation

Research question 2 and sub-objective 3 addressed value-innovation and customer value creation, an element which tends to be ignored by previous research studies when researching the topic of innovation in the private transportation industry.

Research sub-question 2 addressed the extent or scale of change in the industry from the customers perspective, in terms of radical or incremental innovation. Businesses can innovate at incremental or radical levels, incremental innovation is the most common and most important (Tidd and Bessant, 2014). This question addressed the debates which have occurred around the extent of innovation in the industry as some authors feel an existing service and market was improved whereas others feel that a new market was created (Christensen, Raynor, & Mc Donald, 2015)

Sub-question 1:

In your opinion, how do you think that the private transportation industry has changed over the past few years? Prior to and post-innovation.

Sub-objective 2:

To describe the impact of innovation on competition in the industry from the customers perspective

Research sub-question 1 addressed the poor service elements which have been found by other studies, such as, post/pre-trip delays and outdated payment methods.

The study addressed these changes from the customer's perspective, majority of customer responses agreed with the characteristics of the industry prior to and post innovation.

Sub-objective 2 highlighted that prior to innovation the private transportation industry previously existed in stagnant and stable conditions without much innovative change or competition. Businesses operate in volatile environments which are constantly changing Govindarajan and Gupta (2001). Change is inevitable; therefore, businesses constantly need to innovate.

6.2. Research Problem Addressed

The study highlighted the need for traditional service providers to shift their focus from rivalry against innovative service providers, to customer-value creation. The study emphasised the importance of viewing customers as co-creators of value in the private transportation industry and the importance of integrating customers perceptions into the innovation strategy. The study showed that customer needs had changed over time, and that traditional service providers were unable to effectively use dynamic capability to address customer needs. The study used the innovation space theory to show which elements of the private transportation industry were changed in terms of service innovation, process innovation, position innovation and paradigm innovation, and how these changes provided customers with added value.

The research study proposed a new approach to the topic which could be adapted and applied to other geographic contexts of South Africa. Furthermore, the study contributed to the private transportation industry by shedding light on what service elements customers consider to be the most important (price and safety). The study showed that although innovation in this industry has mainly been technological, there are other areas of improvement such as customer relationship management.

Traditional service providers operating in the highly competitive private transportation industry, could use the findings of the study for improvement of services and for customer-driven innovation (Tidd and Bessant, 2014). Based on customer recommendations, traditional service providers should strive to maintain efficiency during pick-ups, improve the marketing strategies, provide more flexible payment methods and offer additional services at an extra price (assisting customers with unpacking groceries).

Therefore, traditional service providers can aim to regain market-share by focusing on adding value to customers rather than retaliating to innovative service providers with violence.

6.3. Ethical Considerations

6.3.1 Participants

The researcher obtained consent from customers for participation in the study. This was addressed through the signing of a written consent form by participants. The consent form explained how their identities would be protected and that the audio recordings from in-depth interviews would only be heard by the researcher. Participants were well-informed of what would be expected of them and how their responses would be used. Please refer to Appendix C for explanatory information sheet, Appendix D for participant consent form and Appendix E for audio recording consent form. The researcher explained in the consent form that confidential information such as age, occupation and gender of participants would not be revealed. It was ensured that participant identities would not be matched to participant responses.

The researcher ensured that names of participants would not be stated in their responses and that they would be referred to as “participant A, B, C, or D” throughout the study. The researcher did not share private and confidential information pertaining to participants with other people and did not misuse responses. The researcher remained sensitive to the personal opinions and did not threaten or force participants to participate or interview them under duress. The researcher conducted interviews in a facilitative environment and made participants feel comfortable and free to express themselves. The researcher was transparent about the purpose of the research and clearly explained the type of information that participants would be required to give in the information sheet.

6.3.2 Researcher

The researcher did not use fake or false information to present different results other than those stipulated by the participants. The researcher engaged in time-consuming data collection and data analysis to ensure that the true responses were presented in the study. The researcher did not place great importance on certain customers’ responses over others, the researcher paid an equal amount of attention to all responses. Although the researcher is an avid private transportation user, the researcher conducted in-depth interviews in an open-minded manner and did not impose personal opinions on participants. The researcher used random participants to prevent bias and predictable responses. The researcher used the participant responses only for the purposes of this research study and did not apply these in any other context.

The researcher complied with requirements of IIE's Research and Postgraduate Studies Policy (The Independent Institute of Education, 2018) and ensured that audio-recording and transcripts would be kept for a period of five-years. The researcher signed a plagiarism declaration stating that all the work submitted for the study was their own.

6.4. Limitations of Study

The innovation space theory used in the study, had only been substantiated and applied by its' authors Tidd and Bessant, although certain aspects of the theory were prevalent in other academic literature related to innovation. This presented a challenge for the researcher in the literature review, however, this was addressed by reading a wide scope of literature surrounding the topic. The researcher aligned information found in this literature to the study in order to gain an in-depth understanding of the theory. Furthermore, there were very few articles surrounding the specific theory used in the study. The theory had not yet been applied to the private transportation industry of Durban. The researcher addressed this challenge by reading previous studies that have applied other types of innovation (such as disruptive innovation) in the context of private transportation.

The researcher only had used a small sample of four customers, this sample was representative of the entire population. Therefore, customer perceptions in this study could not be a true representation of customer perceptions. The research study was completed within one-year, the cross-sectional nature of the study presented time constraints for data collection and data analysis. The study was not funded by any institution or organisation which presented financial limitations, because the researcher was only able to interview participants within the same geographic area (Durban). The researcher therefore, had to provide their own transportation when going to conduct each interview and had to provide their own incentives for participants.

6.5. Recommendations for Further Research

It is proposed that this study can further be applied to a new geographic area within South Africa, such as Johannesburg, Port-Elizabeth or Cape Town. Previous research studies (Dube, 2015) showed that innovative service providers operate in other South African cities and have impacted the private transportation industry and customer value creation in the same way as Durban. Therefore, further studies could be based on customer perceptions of strategic innovation in the private transportation industry of other South African cities.

This study could also be applied to a larger sample size that will be more representative of the entire population of private transportation users in South Africa. The research study can be used by private transportation providers to gain deeper insights into what customer value the most in the industry, (price, safety, efficient communication), and can serve as source of customer-driven innovations in the future.

In contribution to the private transportation industry, the study highlighted the importance of value creation for customers and importance of constantly making incremental innovations even when business do not have the capacity to make radical, technological improvements (Kim & Mauborgne, 2005). Further research studies could take a fundamentally different approach and consider responses of traditional service providers to innovation in the private transportation industry. This selection of a new population could possibly give traditional service providers greater insights on how they could use and improve strategic innovation within their own businesses. A similar study could also be conducted within the marketing discipline because customer perceptions, changing customer needs and the importance of customer value creation are important topics in marketing. Therefore, marketing managers could adapt this study and apply it to marketing strategy. With regards to the management discipline, the innovation space could be applied to other business industries in South Africa such as banking or hospitality.

7. CLOSING STATEMENT

In conclusion, the research study aimed to describe customer perceptions of strategic innovation in the private transportation industry of Durban using the innovation space model. The qualitative nature of the study provided an in-depth interpretation and understanding of four customers' descriptions of strategic innovation.

The purpose of this study was to shift the focus of innovation in the industry from controversy and competitive rivalry to customer perceptions and the importance of customer value creation. The innovation space model was used as a tool to categorise changes in the industry in terms of service innovation, process innovation, position innovation and paradigm innovation.

The study showed that; customer perceptions of the private transportation industry changed as a result of innovation, customers received greater value because of innovation, and that customers valued innovative service providers over traditional service providers.

8. REFERENCE LIST

- Abroskin, A., & Kotsemir, M. (2013). *Innovation Concepts and Typology – An*. National Research University Higher School of Economics. Retrieved October 6, 2018
- Barney, A., Choi, S., Davies, W., Davis, H., Fill, K., Gobbi, M., . . . Williams, I. (2015). What is your paradigm. Retrieved March 26, 2018, from eResearchers Methods: http://www.erm.ecs.soton.ac.uk/theme2/what_is_your_paradigm.html
- Bessant, J. (2015, April 19). Exploring innovation space. Retrieved August 6, 2018, from Innovation Portal: <http://www.innovation-portal.info/resources/exploring-innovation-space/?books=book3>
- Charitou, C. D., & Markides, C. C. (2003). Responses to Disruptive Strategic Innovation. MIT Sloan Management Review, 55-63 Retrieved April 4, 2018
- Christensen, C. M., Raynor, M. E., & Mc Donald, R. (2015). What Is Disruptive Innovation. Retrieved March 03, 2018, from Harvard Business Review: <https://hbr.org/2015/12/what-is-disruptive-innovation>
- D'Agata, C. (2015, June 25). Violence erupts in France during taxi driver strike against Uber. Retrieved March 05, 2018, from CBS News: <http://www.cbsnews.com/news/violence-erupts-in-france-during-taxi-driver-strike-against-uber/>
- du Plooy-Cilliers, F., Davis, C., & Bezuidenhout, R.-M. (Eds.). (2014). Research Matters. Cape Town: Juta. Retrieved March 25, 2018
- Dube, S. C. (2015, November 22). Uber: A Game-Changer in Passenger Transport in South Africa? Retrieved October 8, 2018, from Centre For Competition Regulation and Economic Development: <https://www.competition.org.za/review/2015/11/22/uber-a-game-changer-in-passenger-transport-in-south-africa>
- Francis , D., & Bessant, J. (2005). Targeting innovation and implications for capability development. Technovation, 171-183. Retrieved August 3, 2018
- Freeman, C. (1982). The Economics of Industrial Innovation (3rd ed.). London: Routledge. Retrieved August 18, 2018
- Gebauer, H., Worch, H., & Truffer, B. (2012). Absorptive capacity, learning processes and combinative capabilities as determinants of strategic innovation. European Management Journal, 30(1), 57 – 73. Retrieved August June 5, 2018

- Govindarajan , V., & Gupta , A. K. (2001, August). Strategic Innovation:. Business Horizons, 44(4), 3-4. Retrieved August 1, 2018, from <http://www.sciencedirect.com/science/article/pii/S0007681301800410>
- Henama, U. S., & Sifolo, P. P. (2017). Uber: The South Africa Experience. African Journal of Hospitality, Tourism and Leisure, Volume, 6(2), 2-7. Retrieved April 21, 2018
- Jenk, J. (2015). Theory meets practice in the taxi industry: Coase and Uber. Munich University Library. Muncih: Munich University Library. Retrieved August 3, 2018, from <https://mpira.ub.uni-muenchen.de/>
- Joffe, H. (2017, September 20). World Bank warns SA's Lack of innovation holds back growth. Retrieved October 23, 2018, from Business Day: <https://www.google.co.za/amps/s/www.businesslive.co.za/amp/bd/economy/2017-09-20-world-bank-warns-sas-lack-of-innovation-holds-back-growth/>
- Jones , B. (2017). Consumer Behaviour, Disruptive Innovation in the Public Transport, Uber and the Taxi industry . Manchester: LSBM Working Paper Series. Retrieved April 11, 2018
- Kataria, S. (2013). Strategic Innovation: A Review and Theoretical Framework. University of Twente. Nedtherlands: University of Twente. Retrieved April 1, 2018
- Kim, W. C., & Mauborgne, R. (2005). Value Innovation: a leap in the blue ocean. Journal of Business Strategy, 26(4), 22-28. Retrieved October 23, 2018
- Kotsemir, M., & Abroskin, A. (2013). Innovation Concepts and Typology – An Evolutionary Discussion. National Research University Higher School of Economics. Munich: National Research University Higher School of Economics. Retrieved October 17, 2018
- Lam, A. (2015). Innovation Perspectives for the 21st Century. In F. González. Spain: Banco Bilbao Vizcaya Argentaria. Retrieved October 9, 2018
- Lazzarotti, F., Dalfovo, M. S., & Hoffmann, V. E. (2011). A Bibliometric Study of Innovation Based on Schumpeter. Journal of Technology, Management and Innovation, 6(4), 1-15. Retrieved October 19, 2018, from https://scielo.conicyt.cl/scielo.php?script=sci_arttext&pid=S0718-27242011000400010
- Lomas, N. (2017, August 14). Spain's Taxi Drivers Stage Another Anti-Uber Strike. Retrieved October 9, 2018, from Tech Crunch: <https://techcrunch.com/2017/05/30/spains-taxi-drivers-stage-another-anti-uber-strike/>

- Louw, L., & Venter, P. (2013). *Strategic Management Developing Sustainability in Southern Africa* (3rd ed.). Cape Town, South Africa: Oxford University press Southern Africa. Retrieved August 15, 2018
- Mauborgne, R., & Kim, W. C. (2004, August). *Innovation: The Strategic Logic of High Growth*. Harvard Business Review. Retrieved October 23, 2018
- Moingeon, B., & Lehmann-Ortega, L. (2010). Creation and Implementation of a New Business Model: a Disalarming Case Study. *Management*, 13(4), 266-297. Retrieved August 10, 2018
- Nomahlubi, J. (2017, October 24). Two Uber vehicles torched during meter taxi strike. Retrieved October 11, 2018, from Times Live: <https://www.timeslive.co.za/news/south-africa/2017-10-27-two-uber-vehicles-torched-during-meter-taxi-strike/>
- OECD. (1981). *Defining innovation*. Retrieved August 10, 2018, from The Organisation for Economic Co-Operation and Development: <https://www.oecd.org/site/innovationstrategy/defininginnovation.htm>
- OECD. (2005, September 29). *The Measurement of Scientific and Technological Activities: Guidelines for Collecting and Interpreting Innovation Data: Oslo Manual, Third Edition*. Retrieved August 10, 2018, from The Organisation for Economic Co-Operation and Development: <http://www.oecd.org/science/inno/2367580.pdf>
- O'Sullivan D., Dooley L. (2009). *Applying Innovation* // Sage Publications, Inc. Pan T.W., Hung S.V., Lu W.M. (2010). Retrieved August 10, 2018, from *DEA Performance Measurement of the National Innovation System in Asia and Europe // Asia-Pacific Journal of Operational Research*, Vol. 27, No. 3, pp. 369–392
- Pisano, G. P. (2015, June). *You Need an Innovation Strategy*. Retrieved October 11, 2018, from <https://hbr.org/2015/06/you-need-an-innovation-strategy>
- Poloko, T. (2017, July 23). Uber driver's death raises fears, tension. Retrieved August 1, 2017, from News 24: <http://www.news24.com/SouthAfrica/News/uber-drivers-death-raises-fears-tension-20170722>
- Prahalad, C. K., & Ramaswamy, V. (2004). Co-Creating unique value with customer. *Strategy and Leadership*, 32(3), 4-10. Retrieved October 23, 2018
- Pravitt, K., & Bessant, J. (2005). *Managing Innovation* (3rd ed.). Chichester: Wiley. Retrieved August 6, 2018

Quinn, B. (2018, October 9). Uber UK strike: users urged not to cross 'digital picket line'. Retrieved October 11, 2018, from The Guardian:
<https://www.theguardian.com/technology/2018/oct/09/uber-uk-strike-users-urged-not-to-cross-digital-picket-line>

Schlegelmilch, B. B., Diamantopoulos A., & Kreuz P. (2003). Strategic innovation: the construct, its drivers and its strategic outcomes. *Journal of Strategic Marketing*, 11, 117-132. Retrieved August 10, 2018

Schumpeter, J. A. (1934). *Theory on Economic Development: An Inquiry into Profits, Capital, Credit, Interest and Business Cycles*. New Brunswick & London: Transaction Publishers. Retrieved October 11, 2018

Teece, D. J. and G. Pisano (1994). The dynamic capabilities of firms: An introduction, *Industrial and Corporate Change*, 3(3), pp. 537-556. Retrieved August 15, 2018

Tidd, J., & Bessant, J. (2014). *Strategic Innovation Management*. West Sussex: Wiley. Retrieved August 3, 2018

Tidd J. (1995). Development of Novel Products through Intraorganizational, and Interorganizational Networks: The Case of Home Automation. Retrieved August 10, 2018, from *Journal of Product Innovation Management*, No. 12, pp. 307–322

Vergragt, P. J. (1988). The Social Shaping of Industrial Innovations. *Social Studies of Science*, 6, 81-104. Retrieved August 23, 2018

9. APPENDIX A – Safe Assign Screenshot

Review Submission History: Activity 5.3.2: Submitting your final report

Page 11 of 11

Assignment Instructions

box

Olwethu Magaqa
15003225

The Independent Institute of Education
Bachelor of Commerce Honours in Management
(HBCM)

Innovation Space Model: Cross-Sectional Qualitative In-Depth Interviews Describing
Customer Perceptions of Strategic Innovation in the Private Transportation Sector of
Durban

Assignment Details

GRADE
LAST GRADED ATTEMPT /200

ATTEMPT
29/10/18 14:15 /200

SafeAssign Report in progress...

Submission

 [RESM POE.docx](#) 

OK Start New

10. APPENDIX B – Ethical Clearance

11. APPENDIX C - Participant Information Sheet

To whom it may concern

My name is Olwethu Magaqa and I am a student at the Independent Institute of Education. I am currently conducting research under the supervision of Kathryn Young about strategic innovation in the private transportation industry. My study aims to describe customer perceptions of strategic innovation in the private transportation industry using the innovation space framework.

I hope that this research will help us understand the importance of linking strategic innovation to customer value creation in the private transportation industry.

I would like to invite you to participate in my study. In order to explain to you what your participation in my study will involve, I have formulated questions that I will try to fully answer so that you can make an informed decision about whether or not to participate.

If you have any additional questions that you feel are not addressed or explained in this information sheet, please do not hesitate to ask me for more information. Once you have read and understood all the information contained in this sheet and are willing to participate, please complete and sign the consent form below.

What will I be doing if I participate in your study?

I would like to invite you to participate in this research for the purpose of describing your perception of strategic innovation in the private transportation industry. If you decide to participate in this research, I would like to ask you several questions surrounding your private transportation experience. You can decide whether or not to participate in this research. If you decide to participate, you can choose to withdraw at any time or to decide not to answer particular interview questions.

Are there any risks/ or discomforts involved in participating in this study?

Whether or not you decide to participate in this research, there will be no negative impact on you. There are no direct risks or benefits to you if you participate in this study. You might, however, indirectly find that it is helpful to talk about your experience within the private transportation industry, and how innovation has impacted you as a customer. If you find at any stage that you are not comfortable with the line of questioning, you may withdraw or refrain from participating.

- Your inclusion in this study is completely voluntary
- If you do not wish to participate in this study, you have every right not to do so
- Even if you agree to participate in this study, you may withdraw at any time without having to provide an explanation for your decision.

Will my identity be protected?

I promise to protect your identity. I will not use your name in any research summaries to come out of this research and I will also make sure that any other details are disguised so that nobody will be able to identify you. I would like to ask your permission to record the interviews, but only my supervisor, I and possibly a professional transcriber (who will sign a confidentiality agreement) will have access to these recordings. Nobody else, including anybody at the Independent Institute of Education, will have access to your interview information. I would like to use quotes when I discuss the findings of the research, but I will not use any recognisable information in these quotes that can be linked to you.

What will happen to the information that participants provide?

Once I have finished all interviews, I will write summaries to be included in my research report, which is a requirement to complete my IIE Bachelor of Commers Honours in Management degree. You may ask me to send you a summary of the research if you are interested in the final outcome of the study.

What happens if I have more questions about the study?

Please feel free to contact me or my supervisor should you have any questions or concerns about this research, or if there is anything you need to know before you decide whether or not to participate. You should not agree to participate unless you are completely comfortable with the procedures followed. My contact details are as follows:

Name; Olwethu Magaqa

Contact number;

Email address;

The contact details of my supervisor are as follows:

Name; Kathryn Young

Contact number;

Email address;

12. APPENDIX D – Consent Form for Participants

I, _____, agree to participate in the research conducted by Olwethu Magaqa about customer perceptions of strategic innovation in the private transportation industry.

This research has been explained to me and I understand what participation in this research will involve. I understand that:

1. I agree to be interviewed for this research.
2. My confidentiality will be ensured. My name and personal details will be kept private.
3. My participation in this research is voluntary and I have the right to withdraw from the research at any time. There will be no repercussions should I choose to withdraw from the research.
4. I may choose not to answer any of the questions that are asked during the research interview. 5. I may be quoted directly when the research is published, but my identity will be protected.

Signature

Date

13. APPENDIX E – Audio-recording Consent Form

I, _____, agree to allow Olwethu Magaqa to audio record my interviews as part of the research about customer perceptions of strategic innovation in the private transportation industry.

This research has been explained to me and I understand what participation in this research will involve. I understand that:

1. My confidentiality will be ensured. My name and personal details will be kept private.
2. The recordings will be stored in a password protected file on the researcher's computer.
3. Only the researcher, the researcher's supervisor and possibly a transcriber (who will sign a confidentiality agreement) will have access to these recordings.

Signature

Date

14. APPENDIX F – Interview Questions

- How has your overall perception or view of the private transportation industry of Durban changed as a result of innovation taking place? Please explain.
- What negative experiences have you encountered when using this service, if any? Please explain.
- In your opinion, how do you think the industry has changed over the past couple of years? Prior to innovation and post-innovation.
- In your opinion how has the competitive landscape in the industry changed over the past few years? Prior to and post-innovation.
- Which transportation booking method do you prefer and why?
- Which service features does the mobile application offer you, that traditional booking methods do not offer?
- In relation to the previous question, do these features improve or impact your perception of the overall service? Please explain.
- How have your needs changed from the time you first started using private transportation until now?
- To what extent (or on what level) do you feel innovation in the private transportation environment has occurred? Incremental or radically? Please explain.
- How has innovation in the industry improved and added value to your overall transportation experience?
- Prior to innovation which has occurred in the industry, would you have viewed the private transportation industry as a technology intensive industry. Please explain.
- In what other ways do you think that industry has been innovated and improved besides technology?
- Which service elements would you consider to be the most important when using private transportation? Please explain.
- In your opinion, how would you like private transportation service industry to improve?

15. APPENDIX G – Concept Document

<u>Title</u> Innovation Space Model: Cross-Sectional Qualitative In-Depth Interviews Describing Customer Perceptions of Strategic Innovation in the Private Transportation Sector of Durban	<u>Problem Statement</u> Innovations in the private transportation industry have led to actions that are counter-intuitive for innovation strategy, such as violence, rather than incremental innovation and improvements for customers. And as a result, customers' needs have been side-lined	<u>Relevance</u> -Strategic innovation is an essential part of strategic management -Businesses operate in volatile environments, therefore, innovation is essential for the survival and growth of any business -Customers are considered to be co-creators of value, therefore their needs and perceptions need to be incorporated into innovation strategy	<u>Key theory</u> -The innovation space	<u>Key Concepts</u> -Strategic innovation -The private transportation industry -Traditional service providers -Innovative service providers -Product/Service innovation -Process innovation -Position innovation -Paradigm innovation -Value innovation -Customer-delivered value -Dynamic capability -Incremental innovation -Radical innovation	<u>Research Objective</u> - <u>Main objective:</u> Describe customer perceptions of strategic innovation in the private transportation industry of Durban, using the innovation space model	<u>Research Questions</u> - How has your overall perception or view of the private transportation industry changed as a result of innovation taking place? - How has innovation in the private transportation industry improved your overall customer experience or added value to you?	<u>Literature</u> -Journal articles -Coursebooks -Textbooks -Working papers -Thesis' -Theoretical frameworks -Previous research studies
<u>Research purpose</u> -Describe customer perceptions of innovation in the private transportation sector of Durban	<u>Research problem</u> -Lack of strategic innovation the private transportation of SA -Resorting to violence in the face of competition rather than improvements and innovation -Needs of customers being side-lined	<u>Research rationale</u> As innovation is increasing in the contemporary business, it is a topic worth studying	<u>Seminal Authors</u> -John Bessant -Joe Tidd -C.K. Prahalad -David Tecee -Joseph Scumpeter	<u>Paradigm</u> Interpretivism	<u>Methodology</u> Qualitative approach	<u>Data collection method</u> -One-on-one in-depth interviews -Open-ended questions	<u>Data analysis method</u> -Qualitative content analysis -Thematic coding
<u>Sampling</u> Four private transportation users in Durban	<u>Anticipated findings</u> -Customer needs in the private transportation industry have changes -Innovation required to meet these needs -Prior to innovation, customers value creation did not exist	<u>Anticipated findings (cont.)</u> - Innovation in the industry has increased competition and opened up new markets -serve, process, position and paradigm innovation have occurred in the industry	<u>Anticipated contribution</u> -Emphasise importance of customers as co-creators of value -Shift focus from competitive rivalry to customer value creation	<u>Anticipated contribution (cont.)</u> -Continuous innovation in the private transportation industry	<u>Further research;</u> -Applied to larger sample size -Different geographic area -Study private transportation service providers		

