# Methods and challenges with NSD for small experiential service firms

A study on how challenges faced by small experiential service firms affect the methods used when developing new experiential services.

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# Abstract

**Title:** Methods and challenges with NSD for small experiential service firms

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**Key words:** New Service Development (NSD), Small firms, Experiential Services, Challenges, Methods

**Purpose of the study:** To further generate an understanding of previous research on NSD challenges in small firms and NSD methods used by firms when developing new experiential services.

**Theory:** Research on challenges faced by small firms with performing NSD and methods experiential service firms use to perform NSD.

**Methodology:** Qualitative multiple case study, the study is deductive in nature. Data is made up from semi-structured interviews, and analyzed both within each case and across cases.

**Empirical data:** Four semi-structured interviews were held with four different small experiential service providers. The respondents were people deeply involved or in charge of developing new experiential services. The data consists of what methods each company uses to develop experiences, and what challenges they face.

**Conclusions:** Each enterprise faces challenges that to different extent and in different ways affect the methods used to develop new experiential services. Lack of resources is an evident challenge in all firms studied affecting the methods used to perform NSD, while other challenges are unique to a few or a single firm. A challenge can be evident in more than one business, however the challenge affects the methods used differently between the firms.

# Preface

We would like to thank the respondents who chose to participate in this study. Thank you for being interested in our thesis, sacrificing time from your businesses and for being cooperative and honest. The study would not have been performed without each one of your precious insights, and your contributions help us to better understand the challenges faced in small businesses and their effects on innovation.

We would also like to thank our supervisor Joakim Winborg, who has helped us with giving precious advice on how to write the best thesis possible. He has supported us through the entire process, guided us in the right direction while still giving space for our own learning and reflections. Thank you Joakim.

*Lund, January 11th 2022*

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# Chapter 1 - Introduction

In the introducing chapter, the background of the thesis will be explained along with a problematization. The purpose of this study and the research question will be presented.

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## 1.1 Background

Innovation is considered a key to economic success in industries that are rapidly changing (Sipe, 2016). To effectively innovate new services is considered to be of great importance in the next coming years mainly due to technology and customers' changed needs (Kitsios & Kamariotou, 2020). Norek (2013) outlines the same type of need for innovation to create competitiveness also within smaller firms. Smaller firms continuously need to adapt to changed customer needs by launching new services (McDermott & Prajogo, 2012). However many firms implementing new innovation are not content with the outcome (Norek, 2013). The diffusion of innovation in small and medium sized-enterprises is met with problems, and many firms do not efficiently implement new innovations to the market (Norek, 2013).

As consumer behaviors constantly change, the demand for service technology rises and the commoditization of services offered by the market increases, enterprises are encouraged to find new solutions to implement, develop and launch new services (Skačkauskienė & Švogžlys, 2021). New Service Development (NSD) is a strategic factor to increase profitability from existing customers or to bring in new ones (Dahooie et al, 2021). NSD models describe the different stages when developing a new service, for example idea generation, development, market testing and launch (Kitsios & Kamariotou, 2020).

While companies need to innovate their services in order to stay competitive, another perspective on how to compete as a service provider is to offer what Voss & Zomerdijk (2011) calls experiential services. This perspective allows experience to be perceived as a distinct set of services and puts emphasis on delivering an experience as a service in order to create an emotional bond with customers. Hence, improving customer relations and competitiveness. However, due to the different nature of experiential services compared to more functional services, new service development in experiences should be understood and treated separately. Hence, development for a new experiential service at for example Walt

Disney World compared to delivering a new service at a bank suggest different types of NSD methods (Voss & Zomerdijk, 2011).

Whether you are a provider of an experiential or functional service, innovating services in a small enterprise comes with challenges (Gottfridsson, 2011). One of the reasons why small, though also medium sized firms are faced with different challenges than larger ones is that they lack resources needed to implement systematic service development methods (Warren & Davis, 2019). Meanwhile, Blommerde-Winters (2022) claims that standardized service development methods positively affect firm performance in small enterprises..

## 1.2 Problematization and purpose of this study

Research from Voss & Zomerdijk (2011) and Gottfridsson (2011) highlights different methods used to perform NSD in experiential service firms and small service firms in general. The research from Voss & Zomerdijk (2011) uses the words "processes and practices" as a way to describe the different actions firms take to perform NSD. In order to avoid confusion, the name used to describe these different actions found in both Voss & Zomerdijk (2011) and Gottfridsson (2011) is "methods", as they are methods such as organizing, methods to perform market research, or methods to generate ideas in regards to NSD.

There are lots of benefits with making use of these methods when innovating new services in small enterprises, where some are that it positively affects firm performance (Blommerde-Winters, 2022). Unfortunately research shows that innovating in a small or medium sized firm comes with challenges, many who are different from those in larger organizations (Modranský et.al, 2020). When innovating and developing new services specific challenges and problems with implementing systematic NSD can be found in different dimensions of the organization. For example, challenges can arise due to the firm's leadership, or resources and structure (Warren & Davis, 2019). Small firms find, among other things, that they need to be flexible to handle unexpected problems, and that it is hard to be structured in the NSD process in rapid changing markets (Gottfridsson, 2011).

Previous research highlights the specific methods used when developing a new experiential service by experiential service firms. These firms use specific methods when developing new

services due to the complexity of offering experiences as a service (Voss & Zomerdijk, 2011). This research gives valuable insights and understandings of what methods experiential service providers use to perform NSD. However, the case study companies in the research paper are larger corporations like Walt Disney World, Harley- Davidsson, Royal Caribbean and Virgin Atlantic (Voss & Zomerdijk, 2011).

Based on above, the research made by Voss & Zomerdijk (2011) may not necessarily be representative of the NSD methods used in smaller experiential service firms. Smaller firms whose performance is benefited by standardized service development processes (Blommerde-Winters, 2022). Furthermore, small firms face challenges with implementing systematic NSD methods as evident by Warren & Davis (2019). Gottfridsson (2011) also outlines specific challenges inherent to the development of new services in small firms. However, how these challenges affect the methods used to perform NSD in small experiential service firms is yet to be understood.

The purpose of this study is to further generate an understanding of previous research on NSD challenges in small firms and NSD methods used by firms when developing new experiential services. The challenges that previous research highlights will be investigated in the cases studied to better understand how they affect the methods used to perform NSD. It will also enable us to see if new challenges and methods in small experiential service firms can be discovered.

The research question for this paper will therefore be:

*How does challenges faced in small experiential service firms affect the methods used to develop new experiential services?*

# Chapter 2 - Theory

The following chapter will present the theories used as framework for this study. The theories address: Experiential services, Small enterprises, NSD methods and, NSD challenges in small and medium sized firms. At last, our theoretical framework will be presented.

## 2.1 Experiential services & Small enterprises

### 2.1.1 Experiential services

According to Sandström et al (2008), the total service experience can be viewed as the sum of a customer's emotional and functional outcome from a service. Meanwhile, Pine and Gilmore (1998) makes a distinction between service and experience. Service is described as helping customers save time and experience as helping customers spend time. In this report an integration between these two theories will be made. Functional outcome as time saved and reduced effort contrary to emotional outcome as time worth spent. According to Voss & Zomerdijk (2011) an experiential service has its focus on experience. This offering is inherently emotional and personal in contrast to more functional benefits of other services. Following definition of experiential services will be used for this research:

*A service that is inherently delivering an emotional outcome helping customers spend time.*

### 2.1.2 New experiential services and Small enterprises

Experiential services is to be seen as a distinct set of services according to Zomerdijk & Voss (2011), and the authors use Johnson et al (2000) to define a new experiential service.

For customers, a new experiential service is a previously not available offer that is either:
- A consequence of additional offerings to the experience
- A vast change or set of changes in the process of delivering the service creating the experience or;
- Small changes to the existing offered experiential services perceived as new by the customer.

Small enterprises are companies that have 10-49 employees (Blommerde-Winters, 2022), and apart from micro and medium sized enterprises, Blommerde-Winters (2022) finds support that small enterprises are positively affected by having standardized service development processes.

### 2.1.3 Experiential service innovation

To create or improve a service company's competitive advantage, Voss et.al (2008) describes how organizations can make use of the customer experience dimension of services. There are multiple examples of companies doing this by designing and managing the experience perceived by customers in all stages of the service delivery process (Zomerdijk & Voss, 2011). These companies are instead offering experiential services, meaning that the core functions of the service or product being delivered is not the main offering in these organizations. Instead, the focus lies upon the customer's experience in all interactions with the company providing the service or product.

An experience is unique and dependent on each individual's perception of the offered experiential service. Therefore, delivering an experiential service successfully strengthens the customer-company relationship, differentiating the company from competitors (Pine & Gilmore, 1998).

## 2.2 NSD methods in experiential services

Zomerdijk & Voss (2011) refers to Johnson et al (2000) who defines New Service Development (NSD) as the process in which companies develop and innovate new services. Zomerdijk & Voss (2011) use five relevant dimensions of common NSD practices for investigating how large experiential service companies innovate experiences and what special methods they use in NSD within these five dimensions named:

- The NSD process
- Market research
- Tools and techniques
- Metrics and performance measurement and;

- Organization

When arguing that these five dimensions are relevant for the development of new services, and therefore also relevant for the development of new experiential services, Zomerdijk & Voss (2011) refer to previous research from Cooper & Edgett (1994), Barczak et al (2006), Vermeulen et al (2005) and Griffin (1997a).

## 2.2.1 The NSD process

A key factor to succeeding with the development of a new service is to be systematic in the NSD process, which involves factors such as formal methods to generate and evaluate ideas, a written out plan for launch, clear planning stages etc (Zomerdijk & Voss, 2011). The NSD process is according to Cooper et al (1994) all the different activities and tasks performed to take a project from idea to reality.

In experiential service firms, the NSD process is systematic however it is not documented or expressed in a set number of steps. Rather, it is an ongoing process deeply integrated in many different activities of the organization, not distinguished and separately outlined (Zomerdijk & Voss, 2011).

## 2.2.2 Market Research

Gaining customer insights through research is the basis of experiential service design, and is a main driver of innovation (Zomerdijk & Voss, 2011). Traditional market research and trendwatching is a common trait among experiential service firms. Though, another type of research evident in some experiential service firms is to learn from others. Since an experience often consists of a number of different non related elements, it makes sense for experiential service firms to look for inspiration at other firms with expertise within the particular area of experience according to the authors (Zomerdijk & Voss, 2011).

## 2.2.3 Tools and Techniques

Some common tools and techniques in experiential service firms in the innovation process of a new experiential service are brainstorming ideas and to simulate new experiences (Zomerdijk & Voss, 2011). Some observed techniques and tools that are prominent in experiential service firms are to innovate experiences based on the customer journey and

touchpoints, use storytelling to enhance the experience and to use metaphors as a guide to innovate in the right direction. The authors make the conclusion that experiential service design use tools that are more focused on emotional and experiential aspects around the service offered.

### 2.2.4 Metrics and Performance Measurement

Zomerdijk & Voss (2011) states that experiential service companies consider measurement of different metrics and key figures an important aspect in innovating experiential services. Some companies state that having clear financial goals and KPI:s is a must to justify what investments that can and should be made, and others do not. One element outlined by the vast majority of the experiential service companies in the authors research was the need for continuous measurement, often on a daily basis, to measure how more incremental innovations impact the experience. The metrics measured in experiential service firms vary a lot from project to project, and do not give in depth insights into individual customer experience, but rather give a more general view of the customers experience of the innovation.

### 2.2.5 Organization

Organizationally, there is not one commonly used method for NSD in experiential service firms. However, a common theme is that NSD often takes place in different parts of the organization, sometimes more concentrated in operational departments, and sometimes not. (Zomerdijk & Voss, 2011). However, even though the NSD in some cases could be more concentrated to a specific department, the actual improving and innovating of experiential services often takes place in the actual organizational area where the experience is being delivered to the customer. The employees in the experiential service firms responsible for delivering the experiential service are therefore also the ones to innovate and improve it. This way of organizing the design is what Zomerdijk & Voss (2011) who refers to Gorb and Dumas (1987), calls "the silent design".

The research by Zomerdijk & Voss (2011) therefore proposes that when innovating in experiential service firms, different departments of the organization participate to various extent, and that creativity and ideas come from many different departments and functions across the organization.

## 2.3 NSD methods in smaller firms

In a study made by Gottfrisson (2011) 11 different micro and small firms (less than 49 employees) involved in personalized services were interviewed about their development of new services. The findings of the study suggests that most of the small firms were using unstructured and informal processes in their NSD. These were also mostly conducted by one person. The development mostly took place parallel with daily operations and often involved front-line employees in the daily work. Idea generation was informal and often done by the manager. Criteria for the selection of ideas was generally not used and was instead more based on intuition and subjective evaluation by the manager. Many of the firms had a trial and error interaction with customers when developing the new service.

## 2.4 NSD challenges in small and medium-sized firms

Gottfridsson (2011) found many different challenges evident when developing a new service in a small enterprise, which will be presented in detail further below. Warren & Davis (2019) also found that small and medium sized firms experience challenges particularly affected by the four different factors:

- Leadership
- Strategy and Capabilities
- Resources and Structure and
- The NSD Process

### 2.3.1 Leadership

The study by Warren & Davis (2019) puts emphasis on two problems that a firm can face when it comes to leadership. These two are that leaders are not committed enough to implement systematic NSD methods, and that the leadership lacks an understanding of what systematic NSD methods can yield. Factors explaining the leadership's actions are that the management themselves lack time to implement systematic methods and already see themselves as innovative enough even though no new services were introduced to the market despite attempts to produce them without a systematic process (Warren & Davis, 2019). The

challenges caused by management are also found in other innovation focused small and medium-sized firm research, where lack of research and development planning and management by leaders are considered a failure factor for innovation (Modranský et.al, 2020).

### 2.3.2 Strategy and Capabilities

The authors found challenges in that there was no clear strategy among the top managers, leading to a different view on what areas should be prioritized and that staff outside the management felt confused in what direction the managers wanted the firm to go. The findings also suggest that the enterprises lack understanding of what strategic capabilities the firm possesses (Warren & Davis, 2019).

### 2.3.3 Resources and Structure

Problems with resources were found to be evident in small and medium sized firms where the lack of dedicated resources, both financial and human, to perform the work associated with NSD is one problem (Warren & Davis, 2019). In general, the unstructured way the firms can operate yields challenges with communicating and teamwork within and between different project teams. Additionally, the absence of formal responsibilities and leadership within the innovation projects constrained the development of new servicers (Warren & Davis, 2019). This goes in line with the findings from Modranský et.al (2020) suggesting that project teams working cross-functionally is a success factor when innovating in small and medium sized businesses.

### 2.3.4 The NSD Process

Within the process of developing new services, the most evident challenges found in small and medium sized firms was firstly in the decision making process, where decisions to drive projects forward were made too slow, or sometimes totally absent. Secondly, the decisions that were made, were not based upon formal criteria and procedures, rather, it was an informal process not based on arguments or evidence about why the specific decision should be made. Thirdly, the idea generation part of the NSD process had no connection with the firm's overall strategy or plan (Warren & Davis, 2019).

*2.3.5 Other NSD challenges*

In the study made by Gottfridssson (2011) some small firms insinuates that in rapidly changing markets it is hard to be formal and structured in the development of new services. Unexpected problems also highlight the importance of being flexible rather than structured in the process. Growth is a problem for some firms since it may shift the need to be more systematic in the process in the future. Another problem is identified regarding employees unawareness of participation in the development process of new services as a consequence of unstructured processes.

## 2.4 Theoretical framework

In order to collect and analyze the data in a structured way, we combine the findings from Zomerdijk & Voss (2011), Warren & Davis (2019) and Gottfridsson (2011). This lets us form the two categories "methods" and "challenges" to be used as a tool to systematically identify existing and new challenges and methods in the data collected. The categories are to be seen as distinct from each other. Methods are what specific actions firms take to perform NSD. For example, methods to organize, methods to perform market research, or methods to generate ideas. In the challenge category, problems and barriers that firms face in the development of new services are found, for example lack of resources, low commitment from managers and slow decision making.

In this way, the data can be understood by existing theory, and challenges and methods observed not existing in the theory can easily be identified. This will later work as a tool to easier analyze how the observed challenges affect the methods used to perform NSD in the cases studied, hopefully resulting in a new base of theoretical framework to fulfill the purpose of the study.

# Chapter 3 - Methodology

*The following chapter will present the methods used to perform the study. The inductive research strategy and multiple case study research design will be presented, along with the method and procedure of selection and analysis. At last, a discussion about the validity, reliability and limitations of the method will be examined and discussed.*

## 3.1 Research strategy

The purpose of the study is partially to understand what challenges there are in NSD and how they affect NSD methods used in small experiential service firms. Since challenges to some extent are perceived by managers and employees rather than being purely an objective phenomenon, a qualitative research methodology was used. The qualitative research approach is considered reasonable for our study, as its focus lies upon understanding social phenomenons by examining how the phenomena are interpreted by individuals (Bryman et al, 2019), which in our case are the individuals within the cases studied.

Bryman et al (2019) describes the main differences between a deductive and an inductive study. A deductive study is said to be anchored in theory, and by applying empirical data to existing theory, distinctions can be made to what extent the theories can be applied to the research object or objects. An inductive study however, has the opposite characteristics, where instead the empirical data gathered forms the basis of new theory. Both approaches have limitations. A deductive approach struggles with justifying the selection of theories and an inductive approach struggles with the notion that no amount of empirical data can ensure a foundation for theory building. Abductive reasoning is a third alternate route that can solve limitations when solely using a deductive or an inductive approach (Bryman et al, 2019). The author refers to previous research by Atkinson et al (2003) and Schwartz-Shea & Yanow (2012) which describes abductive reasoning as an ´back-and-forth engagement´ between an external societal context and existing literature. This type of iteration between societal context and already existing theories is referred to as ´dialectic shuttling´. Bryman et al, also refers to Mantere and Ketokivi (2013) which describes that abductive reasoning is based on a

notion of puzzlement, in which theories can not sufficiently handle a given set of data and the abductive approach is thereby set out to turn eye-opening facts into usual practice.

With this said, our study will undertake mainly an deductive approach with the influence of abductive reasoning and inductive approach. The deductive approach will generate an understanding of an area which to some extent is explored by other theories. The framework used to interpret the empirical data builds upon these theories in order to understand how they do or do not apply to the cases studied. This will thereby be the foundation in which abductive reasoning can highlight surprising or possibly contradicting empirical data. Our study will also use an inductive approach when generating insights of how challenges affect the NSD methods used within small experiential service firms. The correlation between a challenge and a method should thereby be seen as an inductive approach. The findings of challenges and methods on its own will however be based on deductive approach and abductive reasoning.

## Research strategy

| Use of existing theories on NSD Methods and Challenges | → | Search for new types of methods and challenges | → | Interlink challenges with methods |
|---|---|---|---|---|
| **Deductive approach** | | **Abductive reasoning** | | **Inductive approach** |
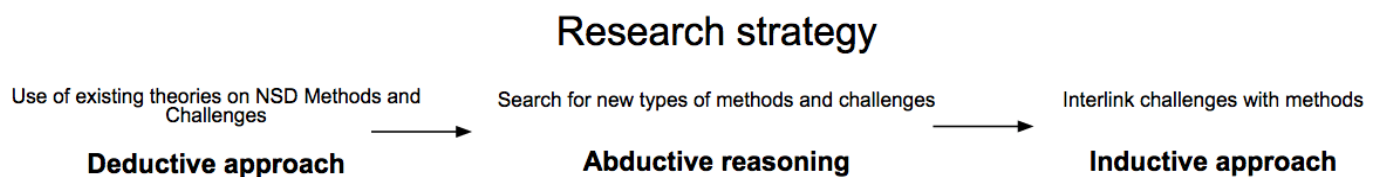
*Figure 1: Research strategy*

By having this approach, challenges and methods both evident and not evident in the theoretical framework can be identified and analyzed, generating further insights to the existing theories as to what extent they are or are not applied in the cases studied. By interlinking the observed challenges and methods with each other we seek to explain how the challenges used in the framework affect the methods evident in the framework.

## 3.2 Research design

The research design is characterized as a multiple case study, meaning that collection of data will be made from several cases, to gather a foundation of data that can be compared between the different cases to find similarities and differences (Bryman et al, 2019). We argue that due to the complex nature of experiential services and the challenges found with performing NSD in small enterprises, a multiple case study design approach is considered favorable to

understand each case in depth and the unique nature in which they act. Thus, promoting theoretical reflections generating new theory and building upon old (Bryman et al, 2019).

We argue that a multiple case study research design is more favorable for our study than a cross sectional design. A cross sectional study design would not be favorable to our study due to its emphasis on producing general findings of the cases studied, and does not consider the contexts unique for each individual case (Bryman et al, 2019).

It could be argued that a single case study research design would be more favorable to gain an even more in-depth understanding of the different challenges small firms face when developing new services. For example, by interviewing people from different parts of the organization. However, we argue that a multiple case study design is more suitable since it according to Bryman et al (2019) yields the data needed to compare and contrast the findings about challenges with NSD between the cases. This could potentially generate interesting insights on how challenges faced in different types of small experiential service firms affect the used methods to perform NSD.

## 3.3 Selection

### *3.3.1 Sampling strategy*

Purposive sampling is a common sampling strategy for qualitative research in order to match the research questions with the right type of respondents. Critical case sampling is a subtype of purposive sampling strategy which outlines strict criteria for how to select a case (Bryman et al, 2019). Since the size and nature of the firm is critical for the research question, a background check and questions to managers will be made in order to confirm that the selection of the company is valid before starting the research. There is support for small enterprise performance to be positively affected by standardized NSD processes, and not for micro, small or medium sized enterprises as a whole (Blommerde-Winters, 2022). Therefore, our sampling will consist of only small firms in order to increase the relevance of the findings made. These are the criteria for our sampling:

A company:

- with 10-49 employees
- that mainly provides experiential services, which is defined as *a service that is inherently delivering an emotional outcome helping customers spend time.*
- that has provided customers with a new experiential service previously not available as an offer. More precisely a company that:

    - has developed a new experiential service that resulted in a vast change or a set of changes in the process of delivering the service creating the experience

    - has made additional offerings or small changes in which customers perceive that a new experiential offering has been developed.

Additional offerings or small changes to an experience that can not be perceived as a distinct new offered experience will not be regarded as continuous innovation of experience. For example, a restaurant that renews their menu or changes their interior design will not be regarded as a new experience since customers likely will not perceive this as a new offered experience. Since this criteria is more subjective it will be evaluated on a hypothetical level based on the following question: *If an average customer would revisit the company would that customer agree that a new experience has been added or changed from the first visit?* This criteria will be based on the information managers involved in the design of developing new experiences gives us. If the level of truly new experiential services as stated above are not met, the company will be disregarded.

The selection consists of the following interviewees:

| Position | Company | Date of interview |
|---|---|---|
| CEO and owner | Disgusting Food Museum | 8/12-2021 |
| CEO and owner | Sherlocked | 8/12-2021 |
| Unit manager | Inferno Online | 9/12-2021 |
| CEO | Utmaningarnas hus | 10/12-2021 |

### 3.3.2 Empirical data

A semi-structured interview, also referred to as interview guide, is a guideline on what topics and questions the research aims to answer. This list of questions does not have to follow a chronological order and questions outside the guide may also be posed. This method is preferred when the research question has a somewhat clear focus and specific topics need to be dealt with (Bryman et al, 2019). With a clear focus on challenges for small enterprises to implement systematic NSD processes semi-structured interviews will be made for our targeted companies. Questions will follow our semi-structured interview guide in order to receive thorough but relevant information. The interview guide consists of 2 parts, the first one being that the interviewee describes each step of their NSD process, what actions they take and who is involved in each step. In the second part, the interviewee describes what challenges they face through the steps of the NSD process. The interview guide is constructed to give an open unbiased view of how the case's challenges affect the methods used, while carefully connecting these to existing and new methods and challenges to build upon the theoretical framework.

### 3.3.3 Data collection and analysis

Facesheet information (Bryman et al, 2019) was collected so all necessary details on respondents are saved, such as name, position, employment time, and how many years they have been in charge of developing new experiences.

The interviews were held with individuals that have a high responsibility for designing new experiences in the firm. These individuals were founders, executives or unit managers of the newly designed experience. Physical meetings were made with all respondents. All interviews were recorded with the interviewees approval. The interviews were later transcribed and translated to English.

In order to avoid biases in the data, the collection of data was made with the help of a semi-structured interview guide. The first step of the interview began with the respondent being asked to sketch all steps of their development process on a large piece of paper. The interview guide contained no questions of specific methods or challenges in order not to push existing theory on to the interviewee. However, the interview guide allowed the researchers to ask follow up questions once a method or challenge had been sketched on the paper or

mentioned by the respondent. This strategy to collect data reduced the risk that methods and challenges existing in the theory were mentioned by the respondent just because they were mentioned by the researchers. Hence, reducing biases in the data collected.

The analysis of the collected data is made by looking at the data from two angles. The first angle we take is to perform a within-case analysis. As said by Eisenhardt (1989), within-case analysis helps researchers with the large amounts of data generated from the case study research method. By having a within-case approach, researchers become very familiar with each case and its unique contexts. A within-case analysis approach does not have a standard format, however by systematically analyzing each case as a separate entity, unique findings in each case can be made, and patterns can be found on an individual case-basis before researchers even try to generalize the findings between the cases studied (Eisenhardt, 1989). By giving the researchers an in-depth understanding of each case, the within-case approach to analyze data also helps researchers to later make comparisons between cases studied.

After analyzing each case by itself, the second angle we look at the data from is the cross-case approach. Eisenhardt (1989) states that the logic behind performing an analysis between cases is that people tend to be bad at processing information without contracting biases. By using different cross-case analysis tactics, and looking at the data systematically from different angles, these biases impact on the conclusions can be minimized. Thus, contributing to more reliable and accurate theory generation, and increasing the probability for researchers to notice new insights possibly found in the data collected (Eisenhardt, 1989).

## 3.4 Reliability, Validity and limitations of the method

### 3.4.1 Reliability
In order to increase what Bryman et al (2019), with reference to LeCompte & Goetz (1982), defines as internal reliability (if all researchers have a mutual understanding of their observations), all interviews with respondents were recorded with their approval.

Bryman et al (2019) states that according to LeCompte & Goetz (1982), determining how reliable a study is externally, is to determine how repeatable the results are. If you were to use the same methodology, and use the same research objects as another study, you would

increase the odds of having the same results. With that said, stating how the research is performed, what methods are used, what questions that are asked and from whom you collected the data will increase the odds for someone else to replicate your study, hence improving reliability.

When performing a qualitative case study such as this one, Bryman et al (2019) refers to LeCompte & Goetz (1982) describing the difficulty to fully replicate a qualitative study due to the social aspects and the surroundings in action when the study was performed.

The interview guide used during the semi-structured interviews is specified in the appendix of this paper in order to increase external reliability. However, since the interview guide was designed to receive open unbiased answers, not forcing the theoretical framework on to the respondents, the external reliability can be criticized as the interviews flowed with the respondents specific answer. Furthermore, the name of the case study companies and the people being interviewed are stated for those that gave their consent. Due to one respondent's request to not have their name outlined in the study, the external reliability is weakened.

### 3.4.2 Validity

Bryman et al (2019) referring to LeCompte & Goetz (1982) states that internal validity of a study is determined upon to what degree the theories formed by the researchers harmonize with their actual observations. The interview guide was formed with the theoretical framework in mind, enabling the answers to systematically be categorized into the correct part of the framework in order to avoid that observations fall under the wrong category.

The external validity, which is categorized by Bryman et al (2019) referring to LeCompte & Goetz (1982) as to which extent the conclusions can be applied to general similar contexts, has its limitations within a qualitative study on a few number of cases. However, by selecting cases with different sizes (number of employees) in our sampling we argue that similarities between our cases in the findings will be more generalizable. The selection of research objects is based on the criteria that it needs to be able to categorize as a small company . Which is, having between 10-49 employees (Blommerde-Winters, 2022). The cases studied in this thesis have got 10, 17, 25 and 45 employees. Hence, strengthening the external validity as the findings span across the entire spectrum of small firms size.

### 3.4.3 Limitations

As all research methods, this one too has its limitations. For starters, one common critique of having a deductive approach is that the research is based on existing theory, but the selection process of the specific theories are unclear (Bryman et al, 2019). In our study, the theory was selected based on our interest in experiential services, what knowledge already existing there was about small firms challenges with NSD and about NSD methods in experiential service providers. When a base of current knowledge was established, it became clear in what areas research was limited, and the theories were selected based on how near they were connected to our field of research.

As well as there are limitations with a deductive approach so are there of having inductive elements. This is since no matter the amount of empirical data, building new theories has its limitations (Bryman et al, 2019). By having abductive reasoning, the limitations with being inductive and deductive can be reduced to some extent. For example, Bryman et al (2019) refers to Alvesson and Kärreman (2007) sees abductive reasoning as a way for researchers to be open minded, allowing them to be surprised by the data instead of using it to confirm existing theory.

Furthermore, the fact that the time to gather data is limited in our study creates limitations to our multiple case study design. Researchers can usually strive to have as many research objects as possible to encounter variations and to be able to make fine distinctions between them (Bryman et al, 2019). In our study, we managed to find about ten research objects that fit into our criteria, though due to time constraints only four were able to conduct an interview within our timeframe.

## 3.5 Ethical considerations

Bryman et al (2019) refer to Diener and Crandall´s (1978) four areas of ethical principles; no harm, informed consent, privacy and no deception, as a good framework of ethical considerations when undertaking a business research. In the process of making the interviews, questions for employees and managers might touch on sensitive subjects related to other individuals in the firm. By designing the questions with this in mind we hope to have reduced risk of encouraging internal frictions. All respondents are briefed on the research

topic and purpose of the study. All respondents' privacy was respected. To ensure informed consent we confirmed with respondents they know what they participate in and that they agree to take part in the study by having them sign a letter of consent.

# Chapter 4 - Empirical data

*The fourth chapter will present the empirical data collected through interviews conducted with the companies acting as research objects. The data is presented for each company separately, starting with a background of the company, the methods used in NSD and the challenges in NSD.*

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## 4.1 Disgusting Food Museum

In 2018 Disgusting Food Museum opened up in Malmö, Sweden. The museum is divided in two parts: the exhibition and the taste bar. In the exhibition visitors get to know about disgusting food around the globe both in the past and present. Through real objects or replicas, texts and smell samples the visitor gets an immersive and informative experience of disgust. The second part is the taste bar. Here visitors get to eat a set of different food samples (https://disgustingfoodmuseum.com). The exhibit comprises approximately 80 objects, with some themes and objects being temporarily displayed in what the CEO and founder (interview, 8 December, 2021) refer to as sub-exhibitions. According to the CEO their business has a little more than 10 employees.

The CEO explains he thinks the future of the company depends heavily on their ability to develop new sub-exhibitions. He explains it is important in order to get journalists to write new articles about them and also to make the customer experience something new when revisiting the museum. Preferably he wants a few new experiences every year.

### 4.1.1 Methods used in NSD

The CEO summarizes the development process for a new sub-exhibition as choosing a theme, deciding objects, buying all necessary things, doing research and then making the final texts.

Each step is undertaken solely by the founder. This process is elaborated with a few steps added later in the interview.

Deciding objects, step 2-3 in the development process, are divided in two lists according to the CEO. The first one comprises approximately 40-50 objects assessed through a first rough exploration of the chosen theme where he makes a broad search and writes everything down. The CEO continues to explain that a second list is made examining the objects more in depth. Here a smaller list of approximately 30 objects are chosen based on an approximately 1 hour evaluation process.

After the second list he will buy objects for each segment of the sub-exhibition. Anything that can be of value for the exhibition will be bought in this phase. After the buying process he does more extensive research for each object. A longer research text is made for each object, taking from 2 to 20 hours each. After the research text with about 5 pages he refines it to a 5-10 sentence long text in both English and Swedish. He will then send out the final texts to a pair of friends and people that are good at texts. Two people inside and three persons outside the organization are helping out with refining the texts. One of them is the cofounder that left the company. The CEO explains this is the only phase of the development process he involves others.

> *"The only* [part of the process] *where I involve others is in the Kill your darling process, where you take away texts and do fine adjustments. There I need input from the outside"*

Last phase is to implement the texts and set up the objects in the exhibition, he explains. It is also necessary to be iterative in the process the CEO emphasizes. In the "Kill your darling process" he sometimes has to go back to do research in order to make the final texts.

When asked to elaborate on how to make the evaluation the CEO explains he has an extensive experience of more than 500 interviews in the recent 3 years and that intuition plays a big part in understanding what customers and media want. He explains he has so much media experience he knows what they are interested in. When asked if an evaluation is made after a new exhibition has been released the CEO explains that he will read the articles written about the museum and see if his prediction of "star attractions" were right. He

explains that up til now he had an accurate prediction of customers and media´s interest for certain objects. The CEO explains he set an approximate total budget for a new sub-exhibition and that every object will be evaluated both separately and in relation to the total budget.

He deliberatly work with star attractions when designing the overall exhibition. He explains it is important to think about the path the customer is taking.

> *It is like a rollercoaster. You can not have transportation and then all action in one place and then transportation until you are done. You need some time to breathe, think about what you have seen…"*

When asked if customer insights are collected from other employees the CEO's answers it is mostly done by himself in the taste bar but that he is interested in doing it more systematically in the future. However he later explains they already let customers write down suggestions for new experiences. He says if enough suggestions are either spoken or written that can go under a certain theme he will evaluate the possibility of making a sub-exhibition about it. This process is according to the CEO somewhat systematic, not letting suggested ideas go unnoticed.

The CEO is then asked how he handles the abstract nature of experiences when developing new experiences. He explains that he makes a clear distinction in each phase, clarifying that the first list is a creative process but the second list is a critical process. The same goes with the research process which according to the CEO is divided in a creative and critical phase when writing the document.

When asked about how repetitive the described process has been through other developed sub-exhibitions he explains that it is the exact same process every time. But it has been fine tuned a little, it is also not rigid. You can go back in the process and do adjustments if needed he further elaborates. In terms of actual progress in the development of a new sub-exhibition he describes his distinction between the completion of text and the completion of the physical objects each treated separately in a google sheet document.

## 4.1.2 Challenges in NSD

When asked how the employees are able to represent and communicate the experiences at the museum the CEO explains they are not that involved in the sub-exhibition. According to him the journalists are always reaching him for interviews and therefore he is the one that needs to answer every question, understand and be responsible for the content of the exhibition.

> *"If a journalist is posing follow up questions I want enough information to speak for 5 minutes for each object…"*

The CEO explains that managing the daily operations and at the same time innovating new exhibitions are challenging. He describes that he is needed in the daily operations and when he works with development of new exhibitions he will often be disturbed. According to him it is hard to get the time to get away and sit focused with this type of work.

> *"For most companies* [refers to smaller companies] *the daily operations take a lot of time and energy. This results in less time to further development and improve this type of concentrated work. It is pretty usual you do not really have the time, because it is the daily operations that pays the bill, it is what gives money here and now. While this type* [referring to further development of new exhibitions] *gives money in the long run."*

He further elaborates that taking the time to do focused work on the future development of new exhibitions is hard at the moment. The CEO mentions that some employees ask if they can help out with the development of new exhibitions. He further explains that it is hard to let anyone else be part of the development since it is him that has to be responsible for the content and the interviews. He is however open to letting employees be more integrated with the first list in the future. The CEO hopes that he can let other employees take care of high priority tasks that do not have to be done by him so he can focus more on the development of new exhibitions. In line with previous statements he stresses that a lot of things pop up that disturb him from focusing on future development of the museum. He is however open to hiring 1 person in the future that is solely working with the development of new sub-exhibitions, but that will not happen within the next 3 years.

When making the final texts the CEO thinks it is necessary to also get help from outside the organization. Sounding board during the development of a new sub-exhibition and helping out with refining the final texts is not sufficiently supported by individuals within the organization at the moment, instead 3 out of 5 individuals in these advisory roles come from outside the organization.

When developing the first list after choosing a theme the CEO explains it is important to be creatively open, partly because creating an experience is a creative process. He explains having a very open mind and writing down more objects than you will end up with is necessary.

> *"...when I do this list I am not too critical. Then I just write the things that work. In the creative process you can not be too critical. Then you kill the creative process."*

The CEO explains that the development of new exhibitions is a long process with many steps and that these steps result in a cancellation of objects and ideas. In the second list he explains that through critical evaluation many ideas do not work for the exhibition. Here he will remove about 20 ideas that are boring or not possible to present in a good way. He explains it has to be something that is possible to show visually and makes people react. If too many objects were removed in the second list he has to go back to the first list and add more he explains. The CEO also explains that the buying phase leads to cancellation of ideas since he will here discover that some objects can not be recreated in a good way.

Furthermore, in the research phase many ideas have to be disregarded, he explains. If he does not have enough proof the objects have existed, that he feels he can not stand for having them in the museum or that some objects are too similar are some reasons for disregarding ideas. He elaborates more in detail that it is more important to not fall into sunk cost fallacy than to continue with an idea that will end up not being interesting.

> *"I do not want to release a sub-exhibition, beat the big media drum, get journalists here and they say - what is this? This is not interesting."*

The CEO further explains that money is a problem. Balancing the need to spend money now in order to secure customers and revenue in the future by making new sub-exhibitions is a

somewhat complex evaluation process. Sometimes it does not give more to find "the real deal" and sometimes it pays off. He further elaborates that they sometimes are restricted to practical problems being forced to make shortcuts regarding the level of accuracy of the exhibited object. On one occasion they simply could not find the object they were looking for. Substitutes for the object were found, making it cheaper and saving time.

The CEO also explains limited space makes them forced to disregard ideas. If an object is big it may take up two designated spots which force further reduction in the total exhibited objects.

Another challenge the CEO insinuates is that the customer's experience should be considered more important than getting access to customer insights. He voices a concern that being too formal in questions towards customers can ruin the experience as a visitor at the museum.

The CEO emphasize the importance of finishing partly developed exhibition as:

> *"... it has to be done. It can never get lost that it has to be done. But it can take a long time because they are not time critical, it is not that we are falling apart if we wait a little longer"*

An exception to this is the summer seasons. According to the CEO they should not release a new exhibition in the middle of the summer since journalists are on vacation then and customers need some time to plan their semester. When asked about time management, monitoring and deadlines he answers that he does not let ideas or partially developed sub-exhibitions get lost or forgotten. For the current exhibition he is planning to be done in 3 months, accepting some delay but no later than 6 months.

The CEO finishes off the interview by stressing that the development of new exhibitions does not happen automatically.

> *"You have to be determined that this is of higher priority than other things, financially and in regards to time. If we do not* [develop new exhibitions]*, we stand still and stamp in the same way and there is no reason for anyone to come back and there is no reason for a journalist to write another article"*

# Summary of methods and challenges in DFM

## Methods

- CEO involves individuals outside the organization to make the first list and the final text
- Development of new sub-exhibitions is solely made by the CEO, with a few exceptions mentioned above.
- Iteration back to previous steps are made
- Intuition and experience are used to evaluate ideas
- The pathway for customers are taken into consideration when developing new sub-exhibitions
- Insights from customers are made with discretion
- The same process is basically undertaken for every new sub-exhibition developed and clear steps are elaborated

## Challenges

- The CEO has many crucial responsibilities that take time and focus. Though it is hard to manage this workload he thinks it is not appropriate to let others in the organization take over some parts of the development process of new exhibitions
- Individuals in the internal workforce are not sufficient as sounding boards and linguistic advice for the final texts therefore help from the outside is needed.
- Handling both the need to be creative and critical is hard. Critical processes can kill the creative process if they are too integrated according to the CEO.
- It is a somewhat complicated evaluation process to decide how resources should be spent most efficiently when developing new sub-exhibitions. If an exhibition is not interesting it risks damaging the museum's reputation.
- Limited space in the exhibition has to be taken into consideration
- Customers experience can be ruined be collecting customer insights
- Partially initiated development of new exhibitions can not be lost or forgotten, but it can take a long time. In order to successfully develop new sub-exhibitions it has to be actively prioritized over other tasks.

## 4.2 Sherlocked

Sherlocked Live Theater offers a wide range of Real Life Games and Escape adventures in a Sherlock Holmes inspired environment (https://sherlocked.se/). Sherlocked offers three types of experiences to their customers. These experiences are Baker Street which is a concept including two large escape room games, Tales & Tables which is the bar and restaurant where customers can play a unique set of board games, and Cases which is a portable set of games that can be used for large team building events (https://sherlocked.se/om-sherlocked). The company is based in Malmö, Sweden, and has 25 employees according to the CEO and founder (interview, 8 December 2021).

### 4.2.1 Methods used in NSD

When asked if he could explain Sherlocked's process of innovating an experiential service, the founder and CEO of Sherlocked describes the first step of their process as the identification of a need. He states that he recently identified a need that he wanted to find a way to sell more drinks in combination with the games Sherlocked is offering.

After identifying a need, the CEO describes the team gathering for the project, where one game developer and one general manager in charge of more logistical aspects and staff was included in brainstorming, which is said to be the second part of the process. Here the discussions were centered about what is demanded from the project, what they want to gain from it and if it is feasible enough to actually perform. They need to get an understanding of how the logistics are and the staff that is needed to perform the idea. As the project progresses to involve questions about technology, they include the janitor with his expertise in the process as well.

The CEO continues that they discussed some basics around the new idea. Players cannot be able to move a lot and they cannot be able to run around. Therefore, there could also be no jumpscares when people are having a drink inside the escape room due to the risk of dropping the drink. The conclusion was to limit the space and the opportunities to move around in the room for the guests. When the specs were settled, the CEO explained how to proceed.

*"From there we looked at what exists in the rest of the world? Are there others we can get inspiration from? We set out to look for other examples of what have been before by others. So with that said part three of the process was that we went out to start benchmarking."*

The company identified one place in the USA, and two places in the Czech republic that looked promising. One reason that the CEO mentions why they are not using more methods to perform market research is because he tends to go with his gut feeling when developing experiences. He states that they are very passionate, with a mindset of being the smartest and the best in what they do, and that they sometimes hurry with executing on ideas due to that.

The fourth part of the process starts, including to create a blueprint of the idea in order to actually test it.

*"After this step, there are a lot of hours spent on testing, building and designing and so on, (...) There are three steps in our testing process, the first one is the rough idea, here we need to find out if what we have considered is going to actually work in the real world, meaning that we need to kill our darlings and a certain amount of ideas and twist and turn things to make it work."*

He further explains that they discuss many things in the Kill your darlings part of the process. One of them is the economics about the new experiential service. However, the CEO adds that for Sherlocked, the financial thinking about the experience starts in the first part of the process, is there throughout the process and may change continuously. He thinks that it is a common trait within the experience industry to not think about the economics at first, only to later realize that it is important to think about the feasibility in the early stages of the process.

*"When I started this I always trusted my motivation and did not think very economically, however I have learned throughout the years that it is good to think about that too"*

With the blueprint made after Sherlocked has killed their darlings, they need to get the game into the actual environment and start testing it. The environment is considered to be very important because cables and electronics cannot be visual for the people playing the game, he

continues. The room is 10 square meters large though there are about 15 kilometers of cables behind the wall to make everything work together in the environment. They then try out the technology and environment by testing the game with invited players, where first only people they know are invited to test the game. Though the CEO points out that they always need to test on random people which they know nothing about in order to make it more real.

## 4.2.2 Challenges in NSD

When asked about what challenges the firm has encountered throughout the development of the new games, the CEO speaks about the games that the company has offered earlier. These games demanded a certain level of sobriety to be played. Since the business recently launched a restaurant with the sale of alcohol, problems arose since this did not fit in with the other business model the company had which offered more complex games. The CEO wanted to sell more drinks in combination with the games. They therefore needed to create something that was more in line with the new concept with the restaurant and bar.

When asked about if the division of responsibilities within the development process is optimal, the CEO says he does not think it is optimal. Regardless if it is about building a company in general or building a new experience, the challenges with responsibilities are the same. The CEO stresses the importance of building a team where you have the right people at the right place with the right knowledge, and that the different roles require different approaches from his side. He points at the waiter serving coffee, telling us that he does not know anything about games in general, but also that he should not do that either since it is not his role and part of the process. The CEO continues to elaborate on this by bringing up his game developer with a tendency to lose his temper when getting critique on his games. The CEO describes him as a creative and in many ways special person, that should not be around the guests due to the fact that he is not a service minded person and it is not going to work out well.

> *"So yeah.. He should not either be involved with the economics and logistics, but there I am needed so that I can stop him when he comes with his creative thoughts and visions. He says that he wants to, but I say no you can't, and I need to steer him in another direction. There are a lot of soft values to consider, like how do you steer*

*different personalities? We all demand different ways to be. So there are a lot of soft values to consider in a small business to create experiences."*

As the discussion on challenges continues, the CEO brings up that he thinks they should conduct more market research and need analysis.

*"I have failed several times on my way forward through time. It has worked out in the end, though I have walked on so many mines since I am the small owner that does not take the time to perform market research. However, today I think we would take the time to actually do the research properly since we now have grown larger and have more resources."*

Sherlocked has 25 employees now, and the CEO says that when you are a smaller company you tend to skip a lot of the steps mentioned. Sometimes because you are in a hurry and have a passion for the project, not wanting to realize what challenges might arise later as a consequence.

*"If I would have known all the challenges I were to encounter when I started this I would never have started it. Not a chance. However, now that you have overcome those and are larger, though I'm not necessarily saying that I'm large, now we can start to add parts to the innovation process to make it more well developed."*

On the topic of resources, he states that larger corporations like the amusement park Liseberg tend to have a lot of resources from, for example, taxpayers which they can use to develop new experiences. A smaller company will need to be able to take large losses in the first coming years to develop an experience like those Liseberg does. If you are not going to think about the economics or logistics behind an experience in the first steps of the process, large resources are needed. He adds that it is not at all easy to create a feasible experience from scratch.

*"There are a lot of economics and logistics in the development process. Though, when developing experiences, you are working with a lot of creativity and creative people, for example our game developer. So there is extremely much creativity and will."*

The CEO stresses that due to this, there is more creativity than there is reality-checks in the mindset, but it is actually needed for Sherlocked to deliver an experience that is surprising.

> *"If you are going to deliver an experience which is surprising, you need to be creative and think out of the ordinary and that will always challenge the logistics and economics. To get those parts to work together is probably the hardest. There's a lot of will and creativity, but we are restricted financially like more or less everyone."*

The CEO continued by explaining the challenges the company experienced in the testing, where Sherlocked invites players to test the games, he elaborates that guests act differently than you anticipated, and a lot of different things happen, making the third part of the testing the hardest for Sherlocked. When talking about testing and getting feedback from random players that they do not know, the CEO claims that they often get mixed type of feedback from the testers as some people just want to test the game and are very happy about getting to do that. Even though the reason for Sherlocked to have testers is to get feedback and critique.

> *"That is a challenge for us since it depends a lot on what person that is testing.."*

With feedback from the testing, talking about the technology behind the game, Sherlocked experienced that they sometimes thought something would work out and later on found out in the testing process that it did not. This resulted in a need to change what did not work, adding more working hours to the project.

## Summary of methods and challenges in Sherlocked

Methods:
- Idea generation as identification of a need
- Include employees in the parts where their knowledge is needed
- Benchmarking
- Use of gut feeling and intuition instead of performing more market research
- Evaluating what works by killing their darlings
- Considering the economics from the beginning and throughout the entire process
- Testing the idea back and forth with known and unknown players

Challenges:
- The expansion with opening a restaurant did not align with rest of business
- Employees need to be allocated to different places as they are not suitable for specific tasks
- Lack of time or resources to perform proper market research
- Hard to create feasible experiences with less resources
- Balancing creativity with finances and logistics
- The feedback gained from testers comes in various quality

## 4.3 Inferno Online

Inferno Online, consisting of five online gaming centers geographically ranging from Stockholm to Malmö offers the possibility to rent one of the group's 650 computers to play almost all popular computer games on the market today (https://www.infernoonline.com/). Inferno Online offers a calm environment and an enjoyable atmosphere where people of all ages can play computer games with each other (https://www.infernoonline.com/). The group of gaming centers have between 40-50 employees, where the most recently developed experiential service was the gaming center in Malmö according to the unit manager (interview, 9 December 2021) of Inferno Online Malmö.

### 4.3.1 Methods used in NSD
When describing Inferno Online's process for developing the new gaming center in Malmö, the unit manager pointed out that the gaming center in Odenplan in Stockholm forms the core of the company.

> *"This is the core in what we do, and this gaming center generates ideas about what is working, and not working that we later can bring with us to form new ideas".*

In the beginning of the innovation process, the unit manager explains that there were a lot of brainstorming turns within the company. The topics discussed in this part of the process are said to be linked to questions of who they are, what they are doing and where they want to be. They also discuss if they are able to develop the center, if it is commercially viable and how

they will do it. Furthermore, the commercial mindset of the new experience is on the map from here on, locked early in the development process since they already have gaming centers and a proven business model. However, the unit manager mentions that the commercial aspects of the idea is not the only piece of the puzzle in the development of the new gaming center. The unit manager explains that the company has a history in Stockholm of being a part of the cityscape, where people always went when they were young, and young people still do. Therefore, in this part of the brainstorming process the focus lies also on figuring out how the company can take what they have built in Stockholm and place it in another city. The unit manager refers to this as the ground vision for the idea. Here, the unit manager claims that thoughts are broken down to smaller pieces to find what does fit, what does not, and what is missing when developing the new idea.

> *"Okay, so once that was cleared, we tried out a premium version of the gaming center and found positives and negatives. This we did completely without a bar and we quickly realized that to make the experience address more than just gamers with a hard core interest we would need to do something more, something was missing."*

What was missing was a bar and restaurant that was separate from the gaming center, therefore the company tried that out in Stockholm as well. The unit manager elaborates that this led to the idea of combining the premium concept with a restaurant to create a more holistic experience, and to generate an atmosphere to be spread around the entire premises.

The discussions about the project were in the beginning located between the founders and the CEO. Though as the project progressed, employees were included in the brainstorming sessions around the new experiential service.

> *"In this way we generated a lot of opinions, some not agreeing with each other."*

He continues to note that market research was one part of the process that occurred in the old gaming centers by speaking to customers and people physically to collect ideas.

> *"The people visiting our centers the most are the most important people to ask in my opinion."*

The customer's opinions were a large part of the insights gathered. The unit manager estimates that about 50% of all the opinions gathered came from customers.

*"We have a lot of ideas and thoughts but the ones who can determine if it actually feels good or not are the customers. So what was awesome here was that we did not have customers in only one place, but in many. Which gave us a very broad picture of what we do good and bad."*

The approach for whom, besides customers, that could contribute with their thoughts was very open. The CEO of the company has regularly been on site physically to talk to people, for example the janitor in Täby or people in their southern gaming center. In that way they gained insights even though the respondent was not actively aware of their contribution. By doing this, insights were added on the already existing equation.

*"The thoughts can come from me, the CEO, other employees or even the janitor and customer. He was the hub* [referring to the CEO] *for collecting the ideas. In the brainstorming, he was the brain."*

Using both customers and employees insights, brainstorming could be held with this as a foundation of ideas. The reason why one idea in the brainstorming sessions came out as a winner, the unit manager explains, is the result of a tight team, consisting of many passionate people discussing and wanting the best for the company. Scenario building was one part of the brainstorming that generated conclusions on what decisions to make.

When discussing the organization, it became evident that before launching the new center, Inferno Online made a large restructuring within the firm to formalize recruitment and educational processes, and personnel within the frames of the project were both exchanged and added. The division of responsibilities within the project was therefore a topic of discussion, and the unit manager claimed that even though there were a lot of people involved, every thought and decision would go through the founder of the company if possible.

The unit manager continued by answering a question of whether they had made use of any conceptual methods that have helped them in the work to understand what experience they are going to develop. At Inferno Online, one conceptual method used not only in the

development of the gaming center in Malmö, but in all recruiting efforts was the concept of being a Gaming Host.

> *"So we found a word, and that is that we describe our employees' tasks to be a "Gaming Host", which makes it easier for me to describe for the employee what experience they are going to deliver. Sure they are making the customer's drink and cleaning after them, though they are actually a host, and there should be an equal respect between the customer and the Gaming Host. That has been a really good one and has helped me."*

On the question of what performance measurement methods they use to evaluate new experiences, the answer was that they are currently working on choosing what KPI:s to use in the new gaming center.

> *"We want to try to measure the feeling the customer has when they leave our gaming center"*

## 4.3.2 Challenges in NSD

In the idea generation and brainstorming part of the process, the unit manager mentioned that the thinking behind this newly developed concept is not based solely on the commercial viability of the idea. The company already has a proven business model and suppliers and partners. However, the unit manager expressed that the most important part for Inferno Online was to come up with a concept that would fit into the cityscape of the city where the new center was to be launched. That had worked out in Stockholm, he explains. But they needed to really be sure that the new concept would work in the new city as well.

There were other things that the unit manager expressed as challenges. He expresses that the management and the founders had been doing their work for quite some time and therefore had a tendency of getting stuck in their own way of thinking. The unit manager also felt there were some problems with how the company was organized when executing the ideas yielded from brainstorming. He explains it could be beneficial to exclude some people out of the process in order to prevent development of experiences that are different from what initially was thought.

*"The people with the most knowledge about a specific part of the process should be the one to execute on that to make the conclusions of the brainstorming happen."*

When the company felt they were ready to go, the people most involved in the development, the people that are going to be on site physically and the CEO should be part of the project team according to the unit manager.

The conclusion is therefore that they would benefit by scaling down the number of people involved when not brainstorming. By doing this, the company would make sure not to develop experiences that are wider than concluded in the brainstorming he explains.

Another thing mentioned is that he felt the brainstorming sessions, and how to decide when to actually execute on the idea were time consuming. The reason for this had nothing to do with the idea and the details behind it, but more the fact that it is never a good time to launch something according to the unit manager, especially not something like this project.

*"While always having other projects that need attention and there always is room for improvement in other areas, when do you actually let those babies fly and dare to believe in this specific project to become reality? That is what took up much time I would say."*

But what was the moment that made Inferno Online actually start executing on the idea? We asked the unit manager who stated that they, before launch, understood that in order to trust the idea they needed to trust the people executing on the idea. Therefore Inferno Online started a restructuring process where they overviewed their human resources on a ground level. They started changing how they recruited employees and how they educated them.

*"Once we felt comfortable with that kind of process and felt satisfied with that, which before I think was lacking a bit, that you were not entirely sure if people actually understood what they needed to do to make this project work."*

The unit manager claims that this was maybe the main reason why there was a long time being spent before launching the new center. The company needed to make a restructuring

with the staff by exchanging some personnel and recruiting new ones. Even the unit manager himself came into the company in this process, though he stresses it was quite early on.

On the topic of staff, the company does not want their employees in the center to be seen as just a cashier. They want them to deliver a fantastic service and a nice experience that should be very personal to the customer. The challenge with this is that according to the unit manager that kind of role is said to be hard to explain to someone who is going to be the one delivering the experience to the customer.

A final challenge mentioned is what performance metrics to use to measure the success of the innovation. As previously mentioned, the company wants to measure the feeling the customer has when they leave the center.

> *"However, it's not that easy since we do not want to measure our success based on how much we have sold."*

The unit manager states that it is not considered a problem yet. Though more specifically, the unit manager claims that they would like to measure how many people walking through the door for the first time could consider becoming a customer.

> *"Our industry might be a bit shielded, and I think it's very important for us to capture people and show them what an experience we actually deliver, regardless if they're a gaming enthusiast or not. And that can be a bit tricky since it doesn't mean the customer actually spends money, rather it means how many people walk around for two minutes, and when they leave feel like they would like to actually come back to enjoy our experience."*

## Summary of challenges and methods in Inferno Online

Methods
- Idea generation and testing ideas back and forth with the old centers as foundation to find positives and negatives
- Employees are included in the brainstorming of ideas

- Contribution of thoughts made by employees with many different roles
- Market research is made on their existing centers by asking customers
- Scenario building is used to make decisions
- Formalization of recruitment and educational processes and restructuring the organization
- The use of "Gaming Host" as a conceptual method to describe to the employee what experience they are going to deliver
- To use KPIs to measure success based on what feeling the customer has when they leave the center

Challenges
- To be certain that the new idea fits into the new cityscape
- Management felt stuck in their own way of thinking
- Too many different people involved in the process after the brainstorming
- Brainstorming was time consuming
- Long time spent before launch due to restructure the organization
- The company needed to trust the people executing the idea, exchange personnel and feel comfortable with recruitment and educational processes.
- Hard to describe the role for employees that are going to deliver the experience to customers
- Hard to measure and use performance metrics based on feelings and not specifically on sales

## 4.4 Utmaningarnas Hus

Utmaningarnas Hus is a team building arena where colleagues and friends can have fun with each other in different games. Their main attraction is their physical rooms, located in Malmö, where groups need to collaborate and complement each other's abilities in order to complete the missions (https://utmaningarnashus.se). The CEO of the company (Interview, 10 December 2021) describes their attitude towards creating new experiences in their firm.

> *"We implement new challenges for the most part every year. It is almost in our DNA to always renew the place. It is both about renewal and coming up with new concepts.*

*Not just new challenges in our rooms but it can also be completely new concepts and new games."*

## *4.4.1 Methods used in NSD*

The CEO further explains that around 15 rooms are changed annually in order to give customers a new experience every year. They start with a very open encouragement across the organization for employees to think about new ideas for challenges in a room. These ideas can be anything and later everyone will get a chance to present their ideas in a meeting. The ideas will be sent in to a person that summarizes and makes sure the ideas are documented.

According to the CEO there are 5 persons that work full time at their firm but not all of them are interested in giving new ideas for rooms. Instead some part time workers can be, if they are interested, participating in the development of new challenges. It is an entirely open process for everyone at the firm to participate. However, he explains the majority of ideas generated he thinks are from full time employees.

In the next step the CEO, the engineer and partly the carpenter will evaluate the mechanics and tech to see if they are feasible. In this process they are given a specified budget from the CEO in which the development of all the new rooms are financially restricted by. The CEO explains he has a gut feeling and experience for how much money they need in order to create noticeable change with new challenges in their rooms.

After the evaluation by the CEO and the engineer he explains they will meet again with everyone that contributed to ideas in the first meeting and vote for the best ideas, ending up with approximately 20 ideas. There are not that many ideas that fall away in this process he points out. This is the phase when originators get the chance to explain their ideas more in detail.

> *"Some people want to talk and others want to use a whiteboard to sketch up, some have made powerpoint slides etc. Here the ideas get more clearly described"*

> *"...you get to vote on ideas and what ideas you want to see implemented. You are not allowed to vote on your own. Then it is the majority that decides."*

The CEO says no ideas get lost if it is not disregarded by the engineer or himself. Finally around 15 rooms are implemented with some of the ideas disregarded after the final voting by the engineer and the CEO. Different people can get involved in this process depending on what you are good at.

> "It can be everything from painting and decoration meanwhile the carpenter and the engineer do more of the technical aspects."

The CEO elaborates on this process and explains that the originator of the idea sometimes is involved in the decoration of the room such as painting and putting up wallpaper. The CEO also explains that the carpenter and engineer will have a constant dialog with the originator. The CEO expresses that some of the responsibility for developing new rooms lies with the originator.

> "It is the originators responsibility to have a dialog with the engineer and the carpenter if they want to make sure it is developed in the way they imagined. It can happen that the originator drop their idea in an early stage and then it falls on the engineer or alternatively on my desk if we should continue with the idea"

According to the CEO no specific theme, esthetics or expression is encouraged in this process and he explains that how a room is built depends on the originators ability to express his or her vision of the challenge.

Testing will be made parallel with the building process according to the CEO. This step is more about the technical aspects making sure everything is working as it should. Sometimes the engineer and carpenter can involve others in the company. He explains that they can be called in by the carpenter and engineer to test different aspects of the challenge, such as stability, visibility, sense of curiosity etc.

The CEO further explains that every summer after they have opened up fully again they will host an event for previous and new guests. It is often in the end of August or beginning of September this event takes place shortly after opening for the autumn season. Here the guests will get the chance to try out the new rooms that have been created. It is only the new rooms

that will be tested, he emphasizes. No testing for customers will take place before this event and no special activity is undertaken during the initial launching of the new rooms.

When asked if the elaborated process is something they have deliberately used, he confirms that they are intentionally systematic about the process.

> *"It is absolutely systematic. Most parts at least. Much is based on how the seasons look in terms of occupancy of customers. Much is connected to that."*

The CEO is asked if they have some sort of conceptualized customer journey but he answers their experience mostly consists of free-standing challenges.

> *"It is a mélange of the entire experience based on the notion that we are all humans, we are all different. A variation is what is the base for all rooms. Challenges should be extremely varied so everyone can be made justice and shine with different things."*

He later explains that they however try to make the rooms that are closest to the reception and lounge a little simpler and with more humor so the first rooms will be a little easier and more fun.

When asked about performance measurements the CEO explains they work actively with customer questionnaires.

> *"We occasionally make questionnaires for our guests after their visit. What they felt about it and thoughts. We ask them to choose some favorite rooms or rooms they want to remove. These questionnaires are made repeatedly."*

He explains he is not encouraging employees to do customer insights or to base ideas on customer insights but that he guesses they are doing it anyways.

## 4.4.2 Challenges in NSD

The CEO explains that without new experiences both employees and customers might lose their interest in the firm.

*"Why we make new challenges is because we think that if we stop making new challenges it will be more boring to work with something that stands still and not evolve and we also think that successively our dear guests will stop showing up…"*

When evaluating ideas, time and money are factors according to the CEO. He explains the first evaluation after the first screening of ideas;

*"...me and the engineer go through and check the ideas to see if they are feasible. Partly how much time it will take to develop them, if they are technically possible, how much money they will cost etc. Many different aspects are considered and it is from that discussion we choose around 20-30 ideas."*

*"It is the engineer that leads the building process so if he does not think it is doable it will simply not happen."*

The CEO explains money and time are also factors evaluated after ideas have been voted. He further elaborates the importance of time. Even if an idea is financially viable they can disregard an idea due to the risk of taking too long to implement.

*"If it is too hard to determine and you are scared it will take too long to get a challenge done it might happen that good ideas are disregarded due to time limit"*

Another limitation is the logistics and technical platform which all rooms have to work with. When guests finish a room it has to be reset. This makes it challenging logistically to have variations in the rooms since it favors some solutions to be repeated. He also explains that if it is not possible to maintain a certain level of quality of the room it can be disregarded. The CEO later elaborates on the step after voting admitting they go away from the democratic process in the previous step due to factors regarding the total budget. He also wants to make sure it is not similar to another challenge in order to create a good variation in the whole experience.

*"If it is democratic in an earlier stage it gets non-democratic in the evaluation. So in the end it is me alongside the engineer that makes the final decision in regards to the*

*budget, also in regards to what challenges we have today so it fits with the mix. We have a lot of challenges so it is important they feel unique and that it is not too much of a copy from something we already have. It has to be a good variation"*

When asked if the CEO himself participates in the building process he says he lacks the competence and that he is more involved in the idea generation. The CEO also emphasizes that the engineer and carpenter are responsible for the building process on the notion that people in the organization are good at different tasks. The originators ability to help out in the building process is limited to what experience they have from home, such as painting, putting up wallpaper etc. More technical and mechanical complexities have to be allocated to the engineer and carpenter. He further explains that the originator may not always be part of the building process but that the engineer and carpenter always is. They have a workshop in another location in which most of the creation takes place. This means that most of the building process is distanced from the building in which the other employees are working.

The CEO explains their business is very dependent on seasons because their main customers are companies. The summer is their low season. From the end of June until the beginning of August, they therefore have closed on the weekdays and this is the period they build new rooms. This is also the period new rooms will be tested. He explains they are not testing the rooms with customers and that there is no real structure for getting feedback from them at the moment.

The budget does not need to be the same for each room. Instead, they are encouraging some rooms to be a little more special, allowing the budget to be higher compared to the others in order to create a more substantial experience. However when asked on how this budget is made he says there is no good answer.

> *"I have no concrete answer to your question. It is surely possible to measure but I do not have a good answer to that."*

The CEO explains that they can receive spontaneous emails from customers asking them to develop a room. However, when the CEO gets the question about how these customer insights are involved in the idea generation he admits they are not actively using the insights but that it is probably incorporated subconsciously. He says the employees are working

closely with the customers. He himself sometimes joins the guests in rooms which often surprise him that behaviors differ from what they anticipated. When asked if these types of observations also are made by other employees he says:

> *"I believe it happens subconsciously or consciously but it is hard to determine. But I do it myself."*

The CEO explains that every room has to be reset and that it is connected to a technical platform insinuating only one group at the time can occupy a challenge.

## Summary of methods and challenges in Utmaningarnas Hus

Methods
- Idea generation of new rooms are open for everyone that are interested, including those that are working closely with customers delivering the service. The originator of an idea is also encouraged to be involved in later stages of the development.
- Separate phases specifically for evaluation
- Ideas are discarded after being democratically voted
- Some phases and tasks are allocated based on competence.
- Testing not involving customers until after the launch
- Expressed systematic procedures
- Use of intuition and experience to make a budget
- Customer journey is not strictly linear but instead created with variation and mix in mind
- Customer insights are voluntary and not encouraged when generating new ideas

Challenges
- Employees might find it boring to work at the company if not new experiences are developed
- Lack of time and money, technical and logistical limitations and problems creating high quality rooms affects the ability to create new rooms
- Ideas are deemed to not be strategically fit or possible to implement after they have been screened and voted

- Some tasks should not be undertaken by certain people due to lack of competence. and some parts of the development of new rooms takes place in a workshop at another location.
- Highly affected by seasonal changes
- No clear strategy of measuring the necessary cost of new rooms
- CEO is not sure how employees uses customer insights in their idea generation and he is not actively encouraging collected insights to be used
- Rooms are restricted to one group at a time

# Chapter 5 - Analysis

In the fifth chapter, an analysis of the empirical data will be presented in two parts. Firstly, we will discuss how the challenges experienced by the studied cases affect the methods used when developing new experiential services on an individual case-basis. Existing theory will be of help to understand what challenges were encountered and how they affect the methods used. Prominent methods and challenges outside our theoretical framework will be examined. Secondly, a comparison between the cases and the different findings will be outlined and analyzed in relation to existing theory. A new theoretical framework is presented in the end..

## 5.1 Within the case

### 5.1.1 Disgusting Food Museum

In the study made by Gottfridsson (2011) a high proportion of micro and small firms only uses one or very few people in the development process of a new service. Many experiential firms use silent design with employees delivering the service also developing new experiences (Voss & Zomerdijk, 2011). The data suggest the CEO of DFM does both, being solely responsible for development and also partly involved in delivering the service, suggesting a new method called top management silent design. Lack of human resources is, according to Warren and Davis (2019) a challenge in relation to NSD in small services. The CEO indicates that the current workforce is not sufficient to handle certain tasks and that he has to take care of it himself, though he lacks the time. The data along with theories thereby

suggests that lack of human resources can be a reason why top management design is adopted in DFM. Warren and David (2019) also mentions leadership commitment and understanding as a variable affecting how development of new services are undertaken. The CEO insinuates a low willingness to involve others in the organization to participate in the development. Though this is rationally explained it may also be an indication of low leadership commitment of how employees can support the development of new sub-exhibitions.

Customer insights are frequently used in the development of new experiences according to Voss and Zomerdijk (2011). DFM emphasizes the importance of less formal methods to collect customer insights suggesting a different type of customer insight that is more discrete. DFM expresses a concern for ruining visitors' experience by posing formal questions. The sensitivity of expertiental services is thereby an additional challenge to the theoretical framework, that is handled through discrete customer insights.

DFM has separated phases that are creative and critical which creates a need to be iterative if too many ideas are disregarded. According to the CEO the creative process can be ruined by critical evaluation and should therefore be separated. Iteration as a consequence of creative and critical phases should be added as a method to the theoretical framework. This method is possibly adopted since critical and creative thinking does not go well together, suggesting an additional challenge in regards to creative sensitivity.

Systematic approach is commonly used for experiential service firms. Voss and Zomerdijk (2011) explain it with factors such as formal processes for idea generation and evaluation, planning stages, customer testing and plan for launch. DFM has documentation of customers' ideas, designated phases for evaluation and uses tools such as google sheet to monitor the progress of research and physical objects. Initiated ideas are not forgotten and deadlines such as completing a sub-exhibition before the summer season is taken into consideration. This suggests that DFM are systematic in their approach. Development of new services in small firms often takes place in parallel with daily operations (Gottfridsson, 2011) which can be interpreted as a challenge. The CEO of DFM expresses that many daily tasks are taking his focus from the development of new sub-exhibitions indicating a coherence with the theory. Development of new sub-exhibitions takes a long time and it has to be actively prioritized over other tasks according to the CEO of DFM. Long development process and disturbance from other priority tasks in the daily operations can be a reason why tools such as progression

sheets and deadline planning have been adopted.  This further implies that challenges with working with development of new experiences parallel with daily operations partly can be handled through a systematic approach. This correlation is however not completely proven by the data and should be seen as suggestive.

Many small firms are using managers' intuition and subjective evaluation as a tool in idea generation for new services (Gottfridsson, 2011). This is also the case for DFM, where the CEO describes that his media experience makes him intuitively competent in understanding which objects are interesting and which are not. The CEO explains it is a complicated evaluation process to know how resources should be spent most efficiently when developing new sub-exhibitions. This suggests that experiential services such as DFM sub-exhibitions are hard to financially evaluate but instead have to be undertaken with some degree of intuition. Thus a new challenge regarding the difficulty of measuring experiences should be added to the theoretical framework.

Lack of human resources can as previously mentioned affect how NSD is undertaken (Warren & Davis, 2019). DFM is getting help with the final texts from individuals from outside the organization, such as friends and the co-founder, indicating the internal workforce is not sufficient. This suggests that the internal organization lacks suitable employees for certain tasks and that help is needed from the outside. This method, to involve managers associates, is added in the final framework.

Lack of resources, such as time and money is also a factor that affects many smaller firms in their development process of new services (Warren & Davis, 2019). This is also evident in DFM, as they have to critically evaluate objects and adapt the process based on these factors. A way to handle these challenges distinct phases of critical evaluation has been adopted by DFM.

Customer journey is a commonly used method in order to conceptualize the experience that is being developed (Voss & Zomerdijk, 2011). The CEO explains that it is important to give the customer some time to breathe between star attractions and that not all action can happen at once. Limited resources is a factor that can have a negative effect on the ability to develop new services according to Warren and Davis (2019). The CEO of DFM outlines that not only time and money is a limited resource but also space. This is a factor they have to take into

consideration when developing a new sub-exhibition. By considering the customer journey when designing the sub-exhibition, challenges related to spatial limitations can be better controlled.

## 5.1.2 Sherlocked

The idea generation in NSD in small businesses is said to be informal and made by the manager according to Gottfridssson (2011). The manager of Sherlocked makes the same insinuations that his idea generation arises when he identifies a need. The idea arose due to the fact that the restaurant and bar previously opened did not fully align with the games Sherlocked offered. This seems to align with the findings from Warren & Davis (2019) stating that ideas are generated without consideration to overall strategy or business plan, affecting Sherlocked to act on new ideas as needs to complement the business with drink-friendly games arose. Another possible connection to this is that Gottfridsson (2011) states that growth is a challenge for small enterprises since it forces them to be more systematic in the NSD process. Previously, Sherlocked may not have needed more systematic processes due to their limited size. Though as the manager states the company has grown, it is possible to think that the sporadic idea generating process may cause them the need to be more systematic going forward.

The silent design organizational structure mentioned by Voss & Zomerdijk (2011) is not evident in Sherlocked. Sherlocked's way of organizing themselves in the development process is based on where the CEO thinks the specific employee has skills or attributes that contribute the most. As this way of organizing exists outside our theoretical framework, we name this "competence structure". The CEO insinuates that to overcome the challenge that not all employees are suitable for certain tasks he needs to have different management approaches to different employees. This affects the way the organization is structured in the development process, and who can contribute where.

Voss & Zomerdijk (2011) suggest that market research is done through gathering customer insights. Sherlocked's way of performing market research however is by benchmarking, which is contrary to the theory. As Sherlocked's limited resources makes it difficult to develop a feasible enough experience from scratch, the challenge with lack of resources stated by Warren & Davis (2019) seems to affect Sherlocked's method to perform market research.

Voss & Zomerdijk (2011) states that market research is based on customer insights. In conjunction with benchmarking Sherlocked however tends to go with their gut feeling and intuition of what experiences to develop instead of conducting proper research and analysis on market needs. Though as the CEO claims, the company has grown, and they should now have the resources to take the time and perform the research properly. This could be a sign that the lack of resources posed by Warren & Davis (2019) affected the company to make use of their intuition and experience instead of market research methods based on customer insights.

Gottfridssson (2011) states that in small service firms, the selection process of ideas is based on intuition and subjective evaluation by the manager. As Sherlocked's team in the "kill your darlings" part of the process consists also of other people contributing with knowledge about economics and logistics, the theory does not seem to align with our observation. Warren & Davis' (2019) challenge with lack of resources seems to be coherent, since the kill your darlings-method is used to get rid of the ideas challenging the economics and logistics of the firm.

The data gathered from Sherlocked further suggest that Sherlocked needs to think about the economics and resources behind a new experience from the very beginning of the project process, and all the way through the entire project. A suitable name for this method of handling the resource aspect through the NSD process could be that the company has a "Resource-based mindset". This suggests that the challenge with lack of resources suggested by Warren & Davis (2019) affects Sherlocked by forcing them to have a resource based mindset throughout the entire development process. Another challenge that could be argued as an explanation to the resource based mindset is linked to the creativity needed to develop experiences that have a tendency to challenge the economics and logistics of the project.

When developing a new service, Gottfridssson (2011) states one method to be that the company has a trial and error interaction with customers. One evidence that Sherlocked to some extent uses this method is their testing. Both known and unknown players are invited to test, as the company faces challenges with getting good insights from unknown players while needing to do it to get real reactions.

### 5.1.3 Inferno Online

The trial and error interaction with customers found by Gottfridssson (2011) seems to be a well used method for Inferno Online when testing ideas and gaining insights from their old centers. Since the company finds it really important to make sure the new center fits into the new location's cityscape, one could argue that the company uses this trial and error method on their old centers to be better informed and to be able to develop the concept fully before launching. This method is thereby arguably used in order to overcome the challenge with fitting the center's role into the cityscape.

Inferno Online uses a silent design organizational structure stated by Zomerdijk & Voss (2011), where management lets the employees responsible for executing and delivering the experience also be part of the development process of the experience. The unit manager from Inferno Online states that the reason they used this method was to avoid the challenge of being stuck in old ways of thinking, as the management had worked with developing experiences for a while. We name this challenge a lack of perspective.

The silent design organizational structure that Inferno Online utilizes in their development process leads to many different roles contributing to the design of the experience. Employees can be part of the design of the experience independent of their knowledge and ability to contribute, we therefore name this other method to organize a "non-competence structure". Warren & Davis (2019) found that a lack of formal responsibilities within the project team can be a challenge when performing NSD. This challenge seems to have affected Inferno Online, as they have a very open structure of who can be part of the designing, which the unit manager felt was problematic.

The company performs market research on their old centers based on different insights, among them the customers, like Voss & Zomerdijks (2011) findings suggest. This can too be connected to the challenge with lack of perspective, since the CEO visits the old centers to gain the insights used in the brainstorming sessions.

The findings from Voss & Zomerdijk (2011) suggest that one technique used by experiential service providers in their NSD process is to simulate new experiences. The company used scenario building as a method for making decisions, hence theory aligns with the

observations from Inferno Online. The company spent a lot of time in the brainstorming sessions. Thereby the theory formed by Warren & Davis (2019), that decisions are made slowly, seems to align with reality.

The method used by Inferno Online, to restructure the firm and formalize recruitment and educational processes indicates that the management did not seem comfortable to launch the new experience with the previous workforce. They did not trust the previous employees to execute the idea and to understand the working process. The fact that the company changed personnel may also be a sign that they have lacked the human resources necessary to fully develop the project. Hence, the challenges with a lack of trust, and a lack of resources to perform NSD as suggested by Warren & Davis (2019) affected Inferno Online to reorganize and formalize organizational processes.

The use of metaphors is a common tool according to Voss & Zomerdijk (2011) to help employees to understand what kind of experience they are going to deliver. Inferno Online's metaphor "Gaming-Host" is a typical example of this tool. The company uses it due to the challenge they experience with how to explain the working role for a new employee.

The use of more general performance metrics suggested by Zomerdijk & Voss (2011) like measuring the general customer experience was not the case for Inferno Online as they wanted to use more abstract KPI:s. This is due to the fact that the company finds it challenging since wanting to become a customer does not necessarily mean that they spend money on their first visit.

### 5.1.4 Utmaningarnas hus

Utmaningarnas Hus expresses they are met with challenges regarding seasonal changes, adding a new challenge to the theoretical framework in the development of new experiences. Their business strategy has been adopted with this in mind and according to the CEO this is partly why they need systematic processes. UH´s use of distinct and formal processes for idea generation, designated phases for evaluation and exact deadlines for when new rooms have to be finished suggests UH is indeed systematic in accordance with the theoretical definition by Voss and Zomerdijk (2011). The use of systematic approach is thereby partly originated from challenges regarding seasonal changes.

Studies on both experiential service firms (Voss & Zomerdijk, 2011) and on small firms NSD (Gottfridsson, 2011) suggests that front-end employees delivering the service can take part in the development of new services. This is also the case at UH where all employees are encouraged to participate in the development of new rooms. Furthermore the CEO expresses a concern that employees might find it boring to work at their firm if new challenges are not developed. This further indicates that involvement of employees in the development of new rooms prevents the risk of having a low engaged workforce.

Ideas for new service development in small and medium sized enterprises are often generated without considering criteria regarding business strategy and with unclear selection processes (Warren & Davis, 2019). The CEO of UH admits that the process is less democratic since after the voting they still have to disregard some ideas partly due to non-strategic fit. He does not explain how he deals with communicating a disregarded idea that has been democratically voted. Disregarding ideas after voting can thereby be seen as a method to deal with unclear selection criteria.

As earlier mentioned factors regarding time and money affects the development of new services in smaller firms (Warren & Davis, 2019). In UH, both before and after ideas have been voted on, they can be disregarded, not only due to non-strategic fit as previously mentioned, but also due to lack of time or money. Distinct phases of evaluation are somewhat expressed in UH as a way to deal with challenges related to lack of resources.

According to Gottfridsson (2011) intuition and subjective evaluation is a tool used in many small firms when developing new services. This is evident in UH when the CEO is evaluating the strategic fit after the voting but also when setting the budget. The CEO expresses difficulties to formalize the evaluation process. This suggests that intuition and experience can be a tool to handle the challenges of measuring experiences financially.

Organizational structure based on individual competence is evident in the development process of UH. Employees are responsible for idea generation, the carpenter and the engineer are responsible for the building process and the CEO is responsible for overseeing the whole development and making sure the development has a strategic fit to the overall firm. Lack of

skill and knowledge, partly due to technical and mechanical complexity, is thereby handled through structuring the responsibilities based on competence.

Gottfridsson (2011) study suggests small firms use trial and error interaction with customers when developing new services. However, in UH, the opposite can be found as they describe that no rooms will be tested for people outside the organization before launch. It is however hard to make any linkages to why this method is adopted in relation to challenges in the firm.

Customer journey is a commonly used tool to conceptualize the development of a new in experiential service according to Voss & Zomerdijk (2011). UH expresses that rooms closest to the reception should be easier and with more humor indicating the use of customer journey is related to spatial considerations. The customer journey should otherwise be seen more as a mèlange of different challenges that together creates a good variation of experiences according to the CEO. This is possibly a result of logistical limitations since only one group can be in a room at once, forcing teams to enter rooms that are available. Thereby a non-linear customer journey is adopted partly due to spatial and logistical considerations.

Customer insights are commonly used for experiential services when developing new experiences according to Voss & Zomerdijk (2011). Even though UH systematically collects customer insights they are not systematically integrated in the development process. According to Warren & Davis (2019) low leadership commitment can affect the development process of new services. Collected data suggests this is applicable to UH in regards to systematically making use of collected customer insights. The CEO expresses an ambiguity over how customer insights are collected by employees in their daily routines and does not encourage them to make use of any insights in the idea generation.

## 5.2 Cross case comparison

### 5.2.1 Cross-case analysis

In all four case studies, the lack of resources, a challenge posed by Warren & Davis (2019) in NSD for small firms, is a factor that affects used methods when developing new experiences. To what extent limited resources affect used methods differs greatly between the four cases.

Most of the firms are handling these scarce resources such as time, money and space by having distinct evaluation phases integrated in the process.

Most firms in the study are using intuition and experience as a tool to evaluate different parts of the development of new experiences. This confirms Gottfridssons (2011) theory that small firms are using intuition as a tool for evaluation in NSD. The challenges interconnected with such tools can be explained by the abstract nature of experience. This challenge is not previously mentioned in the framework and will therefore be added. Lack of resources, which is a common factor affecting NSD in small firms (Warren and Davis, 2019) is also seen as a possible variable to why intuition is used over more formal methods.

Some of the firms examined in the study describe certain skills that are required in different parts of the development process which are directly linked with the nature of the experience such as technical complexity and mechanics. These firms have adopted an approach to the development of new experience based on employees competence. This highlights an important discovery that organizational structure for NSD can be dependent on challenges inherent in the nature of the experience. Experiences that require a wide range of different skills are thereby handled by competence structure, two new findings in the theoretical framework.

A way to conceptualize a new experience is to use customer journey as a tool (Voss & Zomerdijk, 2011). These methods can be seen in some of the firms studied. The usage of customer journey is related to spatial and logistical considerations. This suggests that the physical and logistical nature of a firm can affect how customer journey is used as a tool to conceptualize the experience.

Some of the firms studied say it is hard to balance critical factors and creative processes indicating that some small experiential service firms are struggling with the nature of experience demanding both creative and formal processes to work together. The methods adopted are somewhat the opposite, where one creates distinct creative and critical phases and iterates between them and the other fuses them together throughout the whole development process. Due to the duality of experiences, demanding both critical and creative thinking forces some firms to actively adopt critical and creative awareness throughout the

entire development process. These methods and challenges are new findings to the theoretical framework.

In the NSD process of small firms it is common to use trial and error interaction with customers when developing new services (Gottfridsson, 2011) and this is also the case for some of the firms in this study. This method is supposedly used as a way to access genuine reactions from potential customers and to improve the quality of the experience before launch. However some of the firms do not test their new experience with customers before launch suggesting firms value the collaboration with customers during the development process differently.

Most of the firms in this study are using some form of silent design, which supports both Gottfridsson (2011) theory on small firms using front-line employees in NSD and Voss & Zomerdijks (2011) similar notion on silent design in NSD for experiential services. The challenges related to this type of structure is however different in all the cases suggesting silent design can counteract a set of different challenges demonstrated in small experiential service firms such as low engagement and lack of perspectives. Silent design can also be a natural cause originated from lack of human resources, in which one person is responsible for both daily operations and development of new experiences.

Most of the firms in this study are using customer insights as a method to do market research, supporting Voss & Zomerdijk (2011) study on NSD methods in experiential service firms. The firms are however slightly different in their approach of using customer insights as a consequence of dealing with different challenges, such as low leadership commitment or notion that it may ruin customers' experience. The need for new perspectives is somewhat insinuated in some of the firms as a reason for collecting customer insights.

Two of the firms are clearly systematic in their development processes using formal procedures for generating ideas, use of documentation and planning for launch, in accordance to Voss & Zomerdijks (2011) findings on experiential service firms NSD. Both cases indicate that natural deadlines as a consequence of seasonal changes foster an interest in systematic methods in order to successfully monitor progression of NSD.

Low leadership commitment is a common challenge connected to NSD in small firms (Warren and Davis, 2019). Some firms in this study indicate that low leadership commitment has an effect on used methods such as haphazard use of customer insights or low involvement of employees in the development process of new experiences. This finding proposes that leadership can be a barrier to adopt certain methods in experiential service firms due to low commitment or understanding.

Worth noting is that many of the methods and challenges in the theoretical framework are not mentioned in the cross case analysis. If a method or challenge only has been identified by one firm, cross case analysis has not been possible to make. The same goes for methods and challenges that have not been identified in any of the four cases in the study.

## 5.3 New theoretical framework

| | Method | Challenge | Relation |
|---|---|---|---|
| **Methods or challenges from the previous theoretical framework are stated in bold** | **Silent design as organizational structure** | **Lack of human resources,** low workforce engagement or lack of perspectives. | Lack of human resources, with one person doing many tasks, silent design can sometimes be the only option.<br><br>Front-line employees being part of the development process can boost engagement and contribute with new perspectives. |
| | **Customer insights as market research** | Need for new perspectives | Customers can sometimes contribute with insights that otherwise would not been detected by internal employees |
| | **Systematic approach** | Seasonal changes and natural deadlines | Seasonal changes challenge some managers to finish projects in time, encouraging a need for systematic approaches in some firms. |
| | **Customer journey** | Spatial and logistical limitations | Due to spatial and logistical limitations has |

| | | | |
|---|---|---|---|
| | | | some firms used customer journey to improve the experience |
| | **Trial and error interaction with customer** | Hard to know customers final reaction to an experience without involving them in the development | Since it is hard to understand customers' reactions to an experience, trial and error interaction during the development is needed in some experiential firms |
| | Distinct evaluation phases | **Lack of dedicated resources** | Due to the lack of resources within each case, ideas need to be evaluated based on the amount of resources required to develop the experiential service. |
| | Haphazard use of customer insights or low involvement of employees | **Low leadership commitment or understanding** | Leadership can create barriers that affects used methods such as haphazard use of customer insights or low involvement of employees |
| | **Intuition and experience as a tool for evaluation** | **Lack of resources** and abstract nature of experiences | Due to lack of resources and the abstract nature of experiences it is favorable to use intuition and experience over more formal methods. |
| **New methods and challenges** | Competence structure | Some experiences put high demand on different abilities where one individual seldomly has the competence to be in charge of everything. | Due to complexity in the nature of some experiences different competences have to be responsible for different tasks. Therefore a competence structure is needed. |
| | Creative and critical awareness - distinct separated phases or fused together | Critical and creative nature of experiences is hard to manage together | Due to the duality of experiences, demanding both critical and creative thinking forces firms to actively adopt critical and creative awareness throughout the entire development process |

# Chapter 6 - Conclusions & discussion

The sixth chapter contains conclusions of the findings made in the study. Furthermore, a general discussion of the study as a whole together with theoretical as well as practical contributions are outlined. The chapter ends with ideas for future research within the research area.

## 6.1 Conclusions

This study's purpose was to further generate an understanding of previous research on NSD challenges in small firms and NSD methods used by firms when developing new experiential services. The challenges that previous research highlights was investigated in the cases studied to gain an understanding of how they affect the methods used to perform NSD which previous research outlines. The conclusions below gives an answer to the research question:

*How does challenges faced in small experiential service firms affect the methods used to develop new experiential services?*

Out of the 15 challenges which previous research has brought up, 11 could be identified in at least one case. A vast majority of the methods stated by previous research could also be observed in at least one case. More specifically, 9 out of 11 methods were identified. New methods that were discovered within only one of the cases were: Resource based mindset, Benchmarking, Formalizing recruitment and educational processes, KPI:s based on emotional aspects, Top management silent design and involvement of individuals outside the organization.

Low workforce engagement and lack of perspectives is a reason for some small experiential service firms to adopt silent design with front end employees being involved in the development process. Lack of perspective can also incentify customer insights as part of the development process when implementing new experiences. Seasonal changes also encourage some firms to adopt systematic methods to have better control over the NSD. Spatial and logistical limitations affect how some firms in the study are using customer journey as a tool

to improve the new experience. Some firms in the study express that it is hard to anticipate customers' reactions to a new experience and thereby involve them in the development process of a new experience. Lack of resources is an influential factor affecting what methods that are used in all small experiential firms in this study. By having designated evaluation processes concerned about limited resources small firms can prevent implementing ideas that will risk failure due to limitations in financial resources, human resources or limited space. Challenges such as making financial decisions and evaluating ideas for experiential services in small firms are partly handled by using intuition and work experience. The core nature of the experience offered at an small experiential service firm can create unique challenges such as technical complexity which incentivises a development process based on competence. Challenges originating from the creative nature of experience are affecting used methods for some of the firms expressing a need to make a distinction between critical and creative thinking in the development process.

In a more general context, the results of the study shows that small experiential service firms face many different challenges. A challenge faced by all firms may affect one firm much more than the others, causing many methods of the firm to be affected. A challenge can also be evident in more than one business, however the challenge affects the methods used differently between the firms. Furthermore, some firms use the same methods as a consequence of experiencing different challenges.

## 6.2 Discussion

The conclusions from the study should be seen as insights of how the different challenges encountered in small experiential service providers affect the methods used when developing a new experiential service. As the study is designed as a multiple case study with four research objects all located in the city of Malmö in Sweden, one cannot generalize the conclusions across the entire spectrum of small experiential service providers. We consider the qualitative research method to be of great importance for our conducted research since it gives us the opportunity to gather broad insights contributing to the deductive and inductive parts of the study, while at the same time generating in-depth data about how specific challenges affect the methods used. Since the purpose of the study was to further generate understandings about previous research like Voss & Zomerdijk (2011), Gottfridsson (2011) and Warren & Davis (2019), the multiple case study method was more suited than the initial

idea of a cross-sectional designed study. That said, a cross sectional design study involving several more cases would arguably increase the generalizability of the findings made. For example, the fact that all cases studied in this thesis experienced a challenge with a lack of resources to perform NSD does not necessarily prove that a majority of all small experiential service firms do the same. A cross sectional designed research would however be able to generate findings about the lack of resources that arguably are more generalizable, hence improving external validity.

The study can further be criticized as the data collected from one respondent was not always collected from another respondent. This has its ground in the semi-structured interview guide, which was designed to make sure respondents spoke freely about their methods, and the challenges they felt were the most evident. The idea behind this was not to push theory about challenges or methods onto the respondents just to be able to compare the cases to each other in the cross-case analysis. Also, since each case has to some extent unique methods in their specific process, it would not be possible to collect data about methods that some firms do not even use. By not pushing theories about challenges and methods onto the respondents, we argue that more unbiased data was collected, with the disadvantage that all findings could not be compared in the cross-case analysis.

What surprised us as researchers the most in doing this thesis was the amount of effort that the firms had put into their respective innovations and the processes to produce them. Each respondent was able to thoroughly talk us through their NSD process of one of their latest inventions, and the ups and downs with the methods they used. After reading literature by Voss & Zomerdijk (2011) we understood that at least larger experiential service companies put a lot of effort into developing new experiences. However, that did not prevent us from believing that small firms would put much less effort into theirs, mainly due to their size and smaller earnings prospects that could affect the effort put into developing new experiences.

## 6.3 Theoretical contribution

The theoretical contribution of the study is evident in showing that the methods used by experiential service firms that previous research outlines to a large extent can be found in firms of smaller size as well. The study complements the findings made by Voss & Zomerdijk (2011) and by Gottfridsson (2011) by outlining existing and new challenges small firms face,

and how it affects the methods suggested by the authors. The findings also contribute by giving insights to other methods that are used instead of the suggested ones. For example, Sherlocked who use benchmarking as a method to perform market research due to their lack of resources. Or Disgusting Food Museum who use a variation of the silent organization design, where the top management is involved in both delivering the experience and developing it as a consequence of the lack of resources. These methods have not been subject to previous research.

The theoretical contribution of the study is in large extent also attributed to the previous research made by Warren & Davis (2019), where the challenges with NSD evident in small and medium-sized businesses was in many ways well in-line with the challenges evident in the case companies. The study further helps us understand these challenges by connecting how they affect different methods used in the firm's NSD process, which previous research has not outlined. For example, all firms experienced challenges due to the lack of resources to perform NSD, affecting them to have distinct evaluation phases integrated in their process, and some firms make use of Gottfredson's (2011) intuition based evaluation process to evaluate ideas. Another discovery contributing to the understanding of the methods outlined by Voss & Zomerdijk (2011) and Gottftidsson (2011) is that the organizational structure to perform NSD can be dependent on challenges inherent to the nature of the experiential service.

## 6.4 Practical contribution

The conclusions of the study gives an understanding of how different challenges affect the methods small firms use to develop new experiential services. These findings can act as an inspiration to what methods can be used by firms in the same niche that are struggling with developing new experiences. As the study for example shows that small experiential service providers face challenges with a lack of resources, forcing them to have distinct evaluation phases, the study contributes by raising awareness that innovating is not free. This awareness could be one important piece to the puzzle of how municipalities and governments can promote innovation in small businesses, for the survival of small firms, the entrepreneurs behind them and the jobs they generate.

## 6.5 Future research

As previous research highlights the importance of innovation for small firm survival, to get an understanding of how different challenges affect the innovation processes in small businesses is to be considered important. As the new way of competing as a service provider is to offer experiences, more research around the challenges encountered by this industry's firms in all sizes should be made. This to shed a light on how challenges can be overcomed by the use of different methods, possibly finding new methods that can further help experiential service businesses staying relevant by innovating. Hence, promoting growth and job opportunities within the field of experiential services.

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# Appendix

Interview guide (swedish)

Fråga 1: Vi är intresserade av ett konkret exempel på en ny upplevelse ni nyligen utvecklat och lanserat. Hur gick utvecklingen till från start till slut? Rita och skriv steg/moment/aktiviteter för att beskriva hur idén föddes samt hur utvecklingen och lanseringen genomfördes (i grova drag). Denna ritning kommer sedan hjälpa dig att muntligt beskriva utvecklingsarbetet för den specifika upplevelsen.

Fråga 2: Hur är organisationen strukturerad i relation till exemplet ovan? Beskriv det som ligger bakom själva processen, varför processen såg ut som den gjorde, vem som var delaktig i varje steg, vilka avdelningar som var inblandade osv. Skriv anteckningar/nyckelord (separat eller integrerat med ritningen på fråga 1).

Fråga 3: Vi ska nu gå igenom processen du har ritat och beskrivit för att få en djupare förståelse av ditt svar. Kan du berätta för oss mer djupgående ditt svar på fråga 1 och 2?

Fråga 4: När du ser tillbaka på detta utvecklingsarbete, hur medvetna var ni om dessa processer under processens gång? Hade ni planerat att ha dessa steg innan de genomfördes

Fråga 5: Kan du redogöra för problem och utmaningar som har uppstått i samband med utvecklingsarbetet du precis beskrivit?

Fråga 6: Kan du redogöra för problem och utmaningar i utvecklingsarbetet av denna specifika upplevelse som uppstod på grund av strukturen på företaget?

## Procedure for every interview:

An email with brief information about the research and terms and conditions for the interview was sent out before the interview was made. We started off the interview by letting the interviewee sign the agreement. The interviewee was given a briefing of how the interview would be structured.  The respondent was given a paper and a pen and then asked to visualize for both himself and us the development of a new experience they have developed in the firm. 4 examples of different sketches, illustrating possible development processes were shown by us as researchers. These were hand drawn and very simple as an attempt to be on "the same level" as the interviewee. Two examples were chronological and with clear steps, another more circular and one was completely non structured. These examples were made so the interviewee was not pressured to explain a systematic process that did not match the reality but still give the respondent enough inspiration to understand the purpose of the sketch.

# Summary Interview 1 - CEO and founder of Disgusting Food Museum, 8/12/2021.

On the 8 december 2021 the CEO and founder of DFM agreed to have an interview which ended up taking approximately 1 hour. The interview was done at the museum in the same room as the exhibition which resulted in some noise from customers. The CEO summarizes the development process for a new sub-exhibition as choosing a theme, deciding objects, buying all necessary things, doing research and then making the final texts.

Deciding objects are divided in two lists according to the CEO. The first one comprises approximately 40-50 objects assessed through a first rough exploration of the chosen theme. *"...when I do this list I am not too critical. Then I just write the things that work. In the creative process you can not be too critical. Then you kill the creative process."* He continues to explain that a second list is made examining the objects more in depth evaluating if the ideas are interesting and possible to show visually. After the second list buying objects for each segment of the sub-exhibition is made according to the CEO. This phase also involves disregarding ideas due to problems of recreation. After the buying process the CEO does more extensive research for each object. A longer research text is made for each object, taking from 2 to 20 hours each. In this phase disregarding ideas is also necessary. Enough proof the objects have existed, similarity of objects, moral limitations, limited space or that an object is not possible to make interesting are some factors leading to disregarding ideas in the research phase. After the research the final texts will be made. This is the only phase except the first list in which he involves others. *"I send it out [the final texts] to a pair of friends and a pair of people that are very good at texts and get it down even further. Kill your darlings and remove stuff that actually was not that interesting"* - Last phase is to implement the texts and set up the objects in the exhibition, he explains. It is also necessary to be iterative in the process the CEO emphasizes, to go back and add new objects if too many have been disregarded.

The CEO is asked to elaborate on problems associated with the process he has described. Following answers were made. *"For most companies (refers to smaller companies) the daily operations take a lot of time and energy. This results in less time to further development and improve this type of concentrated work. It is pretty usual you do not really have the time,*

*because it is the daily operations that pays the bill, it is what gives money here and now. While this type (referring to further development of new exhibitions) gives money in the long run.".* The CEO further explains that financial cost and personal sacrifice are complicated factors that he has to take into consideration whether or not an object is worth being exhibited. They are also sometimes restricted to practical problems being forced to make shortcuts regarding the level of accuracy of the exhibited object.

Intuition from media experience plays a big part in understanding what customers and media want, he explains. A big purpose of a new sub-exhibition is to get more journalists to write about them. This is also why he thinks it is important that he has good knowledge about the objects. *"If a journalist is posing follow up questions I want enough information to speak for 5 minutes for each object…"* When asked if an evaluation is made after a new exhibition has been released the CEO explains that he will read the articles written about the museum and see if his prediction of "star attractions" were right.

The CEO explains it is important to think about the path the customer is taking. "*It is like a rollercoaster. You can not have transportation and then all action in one place and then transportation until you are done. You need some time to breathe, think about what you have seen…"*

The CEO explains he is the one doing most of the customer insights from the taste bar stressing it is important this collection of information is not ruining the customers experience. He is interested in involving employees in customer insights more in the future. They do already let customers write suggestions for new objects for the exhibition and are open to create new themes based on these insights. The process to evaluate how customers think of the current exhibition is however less systematic.

The CEO explains he makes a clear distinction between creative phases and critical phases. For example, clarifying that the first list is a creative process but the second list is a critical process. The same goes with the research process which according to him is divided in a creative and critical phase when writing the document.

In the process which the CEO refers to as "kill your darlings" he has 2 people inside and 3 persons outside the organization helping out with refining the texts. One of them is the

cofounder that left the company. *"The only [part of the process] where I involve others is in the Kill your darling process, where you take away texts and do fine adjustments. There I need input from the outside".* When asked how the employees are able to represent and communicate the experiences at the museum the CEO explains they are not that involved in the sub-exhibition but that it is very important they can professionally communicate the experience in the taste bar. The CEO thinks he is the only one that should currently be responsible for the development of new sub-exhibitions. High priority tasks, such as administration, can hopefully in the future be allocated to other employees and he is also open to hiring one person solely responsible for research.

When asked about how repetitive the described process has been through other developed sub-exhibitions the CEO explains that it is the exact same process every time. It has been fine tuned a little, it is also not rigid. You can go back in the process and do adjustments if needed he further elaborates. He uses a google sheet document, one regarding the progress of the physical objects and the other about the progress of the final texts.

When asked about time management, monitoring and deadlines the CEO answers that he does not let ideas or partially developed sub-exhibitions get lost or forgotten. *"... it has to be done. It can never get lost that it has to be done. But it can take a long time because they are not time critical, it is not that we are falling apart if we wait a little longer".* An exception to this is the summer seasons. According to him they should not release a new exhibition in the middle of the summer since journalists are on vacation then and customers need some time to plan their semester. Some partially developed sub-exhibitions can be disregarded, the CEO explains. He elaborates more in detail that it is more important to not fall into sunk cost fallacy than to continue with an idea that will end up not being interesting. *"I do not want to release a sub-exhibition, beat the big media drum, get journalists here and they say - what is this? This is not interesting."*

The CEO finishes off the interview by stressing that the development of new exhibitions does not happen automatically. - *"You have to be determined that this is of higher priority than other things, financially and in regards to time. If we do not* [develop new exhibitions] *we stand still and stamp in the same way and there is no reason for anyone to come back and there is no reason for a journalist to write another article"*

# Summary interview 2 - CEO of Sherlocked - 8/12/2021

On the 8 december 2021, the CEO and founder of Sherlocked agreed to have an interview which ended up taking approximately 40 minutes. The interview was held in Sherlockeds restaurant. The CEO summarizes the development process for a new game the company recently developed as idea generation, brainstorming, benchmarking, creating a blueprint and testing the game before launch.

When asked if he could explain Sherlocked's process of innovating an experiential service, the CEO of Sherlocked describes the first step of their process as the identification of the need to sell more drinks. Afterwards, he describes the team gathering for the project, where two employees were included in brainstorming, the second part of the process. In the brainstorming sessions, the team concluded to limit the space and the opportunities to move around in the new room for the guests to be able to bring in a drink without dropping it. *"From there we looked at what exists in the rest of the world? Are there others we can get inspiration from? We set out to look for other examples of what have been before by others. So with that said part three of the process was that we went out to start benchmarking."*

The fourth part of the process included creating a blueprint of the idea while developing a concept about it. Discussions about what the company demands from the concept, what they want to gain from it and if it is feasible enough to actually perform took place. *"After this step, there are a lot of hours spent on testing, building and designing and so on, (...) There are three steps in our testing process, the first one is the rough idea, here we need to find out if what we have considered is going to actually work in the real world, meaning that we need to kill our darlings and a certain amount of ideas and twist and turn things to make it work."*

The second part of the testing is to actually get the idea into the game and environment, and the third part consists of testing the game with invited players. When talking about testing and getting feedback from players, the CEO claims that they often get mixed type of feedback as some people just want to test the game and are very happy about getting to do that. Even though the reason for Sherlocked to have testers is to get feedback and critique. *"That is a challenge for us since it depends a lot on what person that is testing, and for example our game developer often gets offended when he hears the feedback. In the end he is grateful that he had the feedback but every time he does the world kind of ends for him."*

The CEO states that they after the feedback found things that did not work. This resulted in more working hours for the project. After testing and collecting feedback, there is a lot of fine tuning back and forth before launching the game. This fine tuning considers various parts of the experiential service, among them are the economics behind it. He further explains that the economics about the new experiential service is considered already from part one or two of the development process. *"When I started this I always trusted my motivation and did not think very economically, however I have learned throughout the years that it is good to think about that too"*

A smaller company will need to be able to take large losses in the first coming years to develop an experience like those larger corporations do. For Sherlocked, the financial thinking about the experience starts in the first part of the process, is there throughout the process and may change continuously. He thinks that it is a common trait within the experience industry to not think about the economics at first, only to later realize that it is important to think about the feasibility in the early stages of the process. *"In the experience industry I think that is a very usual trait since it is not at all easy to create a feasible enough experience from scratch"*

On the question about what challenges Sherlocked encountered throughout their development process, the CEO firstly highlights the testing part of the process, and the technology behind the experience as an issue. When asked about if they could have acted another way to avoid the challenges with the testing and technology, the CEO states that learning by doing and gaining experience from it is a common trait for Sherlocked. *"There are a lot of economics and logistics in the development process. Though, when developing experiences, you are working with a lot of creativity and creative people, for example our game developer. So there is extremely much creativity and will."* He stresses that due to this, there is more creativity than there is reality-checks in the mindset, but it is actually needed for Sherlocked to deliver an experience that is surprising. *"If you are going to deliver an experience which is surprising, you need to be creative and think out of the ordinary and that will always challenge the logistics and economics. To get those parts to work together is probably the hardest. There's a lot of will and creativity, but we are restricted financially like more or less everyone."* For Sherlocked, the financial thinking about the experience starts in the first part of the process, is there throughout the process and may change continuously. He thinks that it is a common trait within the experience industry to not think about the economics at first,

fonly to later realize that it is important to think about the feasibility in the early stages of the process. *"In the experience industry I think that is a very usual trait since it is not at all easy to create a feasible enough experience from scratch"*

Furthermore, he continues to elaborate on the fact that Sherlocked is bad at performing market research or needs analysis. They tend to go for their gut feeling with a mindset of them being the smartest and best at what they do. The reason for that is grounded in passion for the project, where the CEO states that his ownership and background as a founder of the company affects him to rush with executing on the development process instead of conducting research about the project. *"I have failed several times on my way forward through time. It has worked out in the end, though I have walked on so many mines since I am the small owner that does not take the time to perform market research. However, today I think we would take the time to actually do the research properly since we now have grown larger and have more resources."* The CEO says that when you are a smaller company you tend to skip a lot of the steps mentioned due to the fact that you are passionate and in a hurry to execute, which could be a problem. *"Though I would say that it is not necessarily always bad since you in some way save a lot of money and time by doing that. It may also be necessary since you do not want to know what challenges you have up ahead in the process when you are smaller."* The CEO continues: *"If I would have known all the challenges I were to encounter when I started this I would never have started it. Not a chance. However, now that you have overcome those and are larger, though I'm not necessarily saying that I'm large, now we can start to add parts to the innovation process to make it more well developed."*

When asked about if the division of responsibilities within the development process is optimal, the CEO says he does not think it is optimal. He states that some people in his organization should not be in specific parts of the process, e.g. the game developer should not be around the customers since he is not a service person. *"So yeah.. He should not either be involved with the economics and logistics, but there I am needed so that I can stop him when he comes with his creative thoughts and visions. He says that he wants to, but I say no you can't, and I need to steer him in another direction. There are a lot of soft values to consider, like how do you steer different personalities? We all demand different ways to be. So there are a lot of soft values to consider in a small business to create experiences."*

# Summary interview 3 - Unit Manager of Inferno Online - 9/12/2021

On the 9 december 2021, the unit manager of Inferno Online in Malmö agreed to have an interview which ended up taking approximately 50 minutes. The interview was done in the office in Malmö. The unit manager explains their development process for their new gaming center in Malmö that combines a restaurant with the gaming computers as a process where the core of the company in stockholm generates a lot of ideas that later can be tested on existing centres before launch.

In the beginning of the innovation process, the unit manager explains that there were a lot of brainstorming turns within the company. Where ideas were generated from the old centers in Stockholm. *"This is the core in what we do, and this gaming center generates ideas about what is working, and not working that we later can bring with us to form new ideas".* Here, larger thoughts are broken down to smaller pieces to find what does fit, what does not, and what is missing when developing the new idea. *"Okay, so once that was cleared, we tried out a premium version of the gaming center and found positives and negatives. This we did completely without a bar and we quickly realized that to make the experience address more than just gamers with a hard core interest we would need to do something more, something was missing."* The unit manager elaborates that this led to the idea of combining the premium concept with a restaurant to create a more holistic experience, and to generate an atmosphere to be spread around the entire premises.

The discussions about the project were in the beginning located between the founders and the CEO. Though as the project progressed, employees were included in the brainstorming sessions around the new experiential service. *"This was to get new perspectives and not to get stuck into their own thinking as they have been doing this for a while. Especially they asked new employees around this, in Täby and Redbull gaming sphere. In this way we generated a lot of opinions, some not agreeing with each other."*

The reason why one idea in the brainstorming sessions came out as a winner, is the result of a tight passionate team, discussing and wanting the best for the company, using scenario building to make decisions.

The unit manager stated that another hard part about the development of the new gaming center was in the designing of the actual experience. Merging of the two different spaces, and balancing the weight being put on security and rules around the center without taking away the fun part about gaming. *"Many elderly need to feel a bit of their childhood when they return so we cannot have super high age limits and be super hard with everyone to be silent."*

We continued by asking the unit manager about market research, where it became clear that it occurred in the old gaming centers by speaking to customers and people physically. *"The people visiting our centers the most are the most important people to ask in my opinion".*

When asked about what challenges that were encountered in the development process, the unit manager mentions that the brainstorming part was time consuming, and how to decide when to actually execute on the idea went slow. The reason for this had nothing to do with the idea itself, but more the fact that it is never a good time to launch something like this.*"While always having other projects that need attention and there always is room for improvement in other areas, when do you actually let those babies fly and dare to believe in this specific project to become reality? That is what took up much time I would say."*

The snap that made it all happen though, was that they before launch understood that in order to trust the idea, they needed to trust the people executing on the idea. Therefore, Inferno Online started a restructuring process where they overlooked their human resources on a ground level. They started changing how they recruited employees and how they educated them. *"Once we felt comfortable with that kind of process and felt satisfied with that, which before I think was lacking a bit, that you were not entirely sure if people actually understood what they needed to do to make this project work."* The unit manager claims that this was maybe the main reason why it took so long before launching the new center.

When talking about the division of responsibilities of the project throughout the organization, every thought and decision would go through the founder of the company if possible. *"The thoughts can come from me, the CEO, other employees or even the janitor and customer. He was the hub for collecting the ideas. In the brainstorming, he was the brain."* The unit manager stated that the framework for who could contribute with ideas was very open. But also, the CEO of the company has regularly been on site physically to talk to people. In that way they gained insights even though there was no intention from the one the CEO talked to

to actually give one. By doing this, insights were added on the already existing equation. The customer's opinions were a large part of the insights gathered. The unit manager estimates that about 50% of all the opinions gathered came from customers. *"We have a lot of ideas and thoughts but the ones who can determine if it actually feels good or not are the customers. So what was awesome here was that we did not have customers in only one place, but in many. Which gave us a very broad picture of what we do good and bad."*

The unit manager continued by explaining one conceptual method used not only in the development of the gaming center in Malmö, but in all recruiting efforts. *"So we found a word, and that is that we describe our employees' tasks to be a "Gaming Host", which makes it easier for me to describe for the employee what experience they are going to deliver. Sure they are making the customer's drink and cleaning after them, though they are actually a host, and there should be an equal respect between the customer and the gaming host. That has been a really good one and has helped me."*

The company is currently working on choosing what KPI:s to use in the new gaming center. *"We want to try to measure the feeling the customer has when they leave our gaming center."* To measure the success of the center can however be tricky. *"However, it's not that easy since we do not want to measure our success based on how much we have sold. We want to try to measure the feeling the customer has when they leave our gaming center"* The unit manager claims that they would like to measure how many people walking through the door for the first time could consider becoming a customer. *"Our industry might be a bit shielded, and I think it's very important for us to capture people and show them what an experience we actually deliver, regardless if they're a gaming enthusiast or not. And that can be a bit tricky since it doesn't mean the customer actually spends money, rather it means how many people walk around for two minutes, and when they leave feel like they would like to actually come back to enjoy our experience."*

When actually executing on the ideas yielded from brainstorming, it could be beneficial to exclude some people out of the process. *"The people with the most knowledge about a specific part of the process should be the one to execute on that to make the conclusions of the brainstorming happen."* By doing this, the company would make sure not to develop experiences that are wider than concluded in the brainstorming he explains.

# Summary interview 4 - CEO of Utmaningarnas Hus - 10/12/2021

On the 10 december 2021, the CEO of Utmaningarnas Hus agreed to have an interview which took around 50 minutes. The interview was done in a calm and private setting. The CEO starts the interview explaining how important it is for them to develop new rooms and create new challenges. *"We implement new challenges for the most part every year. It is almost in our DNA to always renew the place. It is both about renewal and coming up with new concepts. Not just new challenges in our rooms but it can also be completely new concepts and new games."* - *"Why we make new challenges is because we think that if we stop making new challenges it will be more boring to work with something that stands still and not evolve and we also think that successively our dear guests will stop showing up…"* He further explains that around 15 rooms are changed every year in order to give customers a new experience every year.

They start with a very open encouragement across the organisation for employees to think about new ideas for challenges in a room. These ideas can be anything and later everyone will get a chance to present their ideas in a meeting. There are 5 persons that work full time at their firm but not all of them are interested in giving new ideas for rooms. Instead some part time workers can be, if they are interested, participating in the development of new challenges. It is an entirely open process for everyone at the firm to participate.

In the next step The CEO, the engineer and partly the carpenter will evaluate the ideas. *"…me and the engineer go through and check the ideas to see if they are feasible. Partly how much time it will take to develop them, if they are technically possible, how much money they will cost etc. Many different aspects are considered and it is from that discussion we choose around 20-30 ideas."* The CEO further elaborates that the engineer is the one that has the highest responsibility to evaluate the ideas. *"It is the engineer that leads the building process so if he does not think it is doable it will simply not happen."*The CEO is however the person that in this step gives the engineer a total budget for what the new rooms can cost to implement. When asked on how this budget is justified he says there is no good answer. *"I have no concrete answer to your question. It is surely possible to measure but I do not have a good answer to that."* He then adds he has a gut feeling and experience for how much money they need in order to create noticeable change with new challenges in their rooms.

After the evaluation by the CEO and the engineer he explains they will meet again with everyone that contributed to ideas in the first meeting and vote for the best ideas, ending up with approximately 20 ideas. This is the phase when originators get the chance to explain their ideas more in detail. *"Some people want to talk and others want to use a whiteboard to sketch up, some have made powerpoint slides etc."* - *"...you get to vote on ideas and what ideas you want to see implemented. You are not allowed to vote on your own, Then it is the majority that decides."* Finally around 15 rooms are implemented he explains, meaning some of the ideas are disregarded after the final voting, which is intentional buffer-ideas. The CEO later elaborates on this phase admitting they go away from the democratic process in the previous step due to factors such as total budget and strategic fit.

After this the CEO explains that they begin to build the actual room. Different people can get involved in this process depending on what you are good at. *"It can be everything from painting and decoration meanwhile the carpenter and the engineer do more of the technical aspects."* He also explains that the carpenter and engineer will have a constant dialog with the originator. *"It is the originators responsibility to have a dialog with the engineer and the carpenter if they want to make sure it is developed in the way they imagined. It can happen that the originator drops their idea in an early stage and then it falls on the engineer or alternatively on my desk if we should continue with the idea".* According to the CEO no specific theme, esthetics or expression is encouraged in this process and he explains that how a room is built depends on the originators ability to express his or her vision of the challenge. When asked if the CEO himself participates in the building process he says he lacks the competence and that he is more involved in the idea generation.

The CEO explains their business is very dependent on seasons because their main customers are companies. During the weekdays in summer, when UH is closed for customers, they will build and test the rooms. The CEO explains there is no real structure at the moment to get feedback from customers during testing. According to the CEO the testing is more about the technical aspects making sure everything is working as it should. Sometimes the engineer and carpenter can involve others in the company to test different aspects of the challenge, such as stability, visibility, sense of curiosity etc. However, he further explains that after every summer they will host an event where guests will get the chance to try out the new rooms. When asked if the elaborated process is something they have deliberately used, he confirms

that they are intentionally systematic about the process. *"It is absolutely systematic. Most parts at least. Much is based on how the seasons look in terms of occupancy of customers. Pretty much everything is connected to that."* When asked if he thinks the process is possible to repeat he answers; *"Yes, it works but it will be harder and harder but then we are touching other questions. We are developing a lot of new operations and that makes it harder to keep this. But until Covid it has worked perfectly."*

According to the CEO there are few challenges they encounter when developing new rooms. However, he points out money and time is a factor they have to consider when developing new challenges. *"If it is too hard to determine and you are scared it will take too long to get a challenge done it might happen that good ideas are disregarded due to time limit".* Another limitation is the logistics and technical platform which all rooms have to work with.

When asked about performance measurements the CEO explains they work actively with customer questionnaires. *"We occasionally make questionnaires for our guests after their visit. What they felt about it and thoughts. We ask them to choose some favorite rooms or rooms they want to remove. These questionnaires are made repeatedly."* When the CEO gets the question about how these customer insights are involved in the idea generation he admits they are not actively using the insights but that it is probably incorporated subconsciously. He says the employees are working closely with the customers and that he himself sometimes joins the guests in rooms to get customer insights. When asked if these types of observations also are made by other employees he says: *"I believe it happens subconsciously or consciously but it is hard to determine. But I do it myself."* He explains he is not encouraging employees to base ideas on customer insights but that he guesses they are doing it anyways.

The CEO is asked if they have some sort of conceptualised customer journey but he answers their experience mostly consists of free standing challenges. *"It is a mélange of the entire experience based on the notion that we are all humans, we are all different. A variation is what is the base for all rooms. Challenges should be extremely varied so everyone can be made justice and shine with different things."* He later explains that they however try to make the rooms that are closest to the reception and lounge a little simpler and with more humor so the first rooms will be a little easier and more fun.

# Quantitative summary of the theoretical framework:

Summary of methods in accordance to theory:

- Systematic and incremental process
- Unstructured and informal processes in their NSD
- NSD performed mostly by one person
- Market research through customer insights
- Silent design as organizational structure/ Involvement of front line employees in NSD
- Customer journey, storytelling and metaphors as tools and techniques to clarify and simplify the development of a new service
- Customer loyalty and commercial performance as metrics to evaluate the success of a new experience under development
- Idea generation informal and performed by manager
- Selection process of ideas based on intuition and subjective evaluation by the manager
- Trial and error interaction with customers when developing new service

Summary of challenges in accordance to the theory:

- Low commitment and understanding of a systematic NSD approach by managers
- Lack of research, development planning and managing by leaders in the company
- Lack of strategic clarity leading to confusion in the organization on where to go
- Lack of HR
- Unstructured organization
- Lack of formal responsibilities
- Lack of financial resources
- Decisions to drive projects forward are absent or made slowly
- Decisions are made informal, not based on clear criterias and procedures
- Ideas are generated without consideration to overall business strategy or plan
- Hard for firms in rapidly changing markets to be formal and structured in the NSD process
- Need to be flexible to handle unexpected problem
- Growth forces small enterprises to be more systematic
- Unstructured process leads to employees not being aware of participating in the process
- NSD takes place in parallel to daily operations