



Internal value chain for commercial experience companies

By Alexey Smirnov

Thesis supervisor: Professor Joyce Falkenberg

Master thesis in International Business

This thesis was written as a part of the Master of Science in Economics and Business Administration program - Major in International Business. Neither the institution, nor the advisor is responsible for the theories and methods used, or the results and conclusions drawn, through the approval of this thesis.

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1. Introduction

A lot of interesting concepts are discussed in contemporary business literature: work-play balance, storytelling, (extraordinary) experiences, state of flow... Some authors then attempt to aggregate such notions into bigger concepts. Let us list but a few examples of such bigger concepts: “creative industries”, “dream society”, “emotionomics”, “experience economy”. It is possible that some of these will advance one’s general understanding of the world around, but none of the mentioned ones seem to be too useful from a managerial point of view. From the managerial perspective, one would want to classify things instead of grouping them relatively chaotically. At least, that seems like a proper way to understand what your company does or wants to do, and to organize your business accordingly.

Popular concepts can give enough material and space for more thorough scientific research. That is definitely the case with the “experience economy” one. A simple search for the term on www.sciencedirect.com gives over 30.000 business- and management-related hits. Empirically, the international impact of the notion can be illustrated by the fact that entertainment, tourism and education industries can be seen as parts of this ‘experience economy’... In this thesis, aside from the concept’s origins, scope and contradictions, we discuss its scientific elaborations. We will show that there really exists a special type of economic offerings called ‘commercial experiences’ and that it *is* a subset of services. However, commercial experiences and experiences in general are two very different notions. It is argued that experiences as a general notion are neither a subset of services, nor a specific kind of economic offerings, while commercial experiences are both.

Every enterprise provides some value to its clients. In order to do so, it has to know what exactly is of value – in a firm’s particular offering, to the firm’s particular customers. When that is understood, the company directs and structures its actions to properly shape its value proposition. One of the implications of this simple logic is that what a company does depends on what it wants to offer to its clients. *I.e. the structure of its business processes depends on the specifics of its offering* (a similar logic is seen in Norton and Kaplan, 2004). Service, manufacturing and raw mining companies internationally will thus have different business processes, value chains and structures by virtue of their offering types alone (e.g. Nootboom, 2007; Stabell and Fjeldstad, 1998). Commercial experience offerings have their specifics, so the typical internal value chain for this industry will differ from those for other

services, manufacturing or mining. Still, this has not been reflected in literature yet, to the best of the author's knowledge.

This provokes several general questions: how do we organize a commercial experience business? What business processes could be useful for creating a proper value for the customers? How could a succession of such business processes look like?

These questions are not concrete enough yet, but they give us two directions literature-wise: experience quality and business process frameworks. Let us explain. Pine and Gilmore (1999, 2007) say experiences are at the moment a way to avoid cost-based competition in developed countries. So, commercial experiences have a natural affinity for quality-based competition. Besides, they deal with customer's psyche, so it seems unethical to provide cost-driven instead of benefit-driven value (for the description of respective strategies see e.g. Porter, 1985). Because of these two reasons, we will assume in this thesis that customer value in commercial experiences should rely on product quality more than on its cost. If a company chooses to rely on advanced product quality in its value proposition, understanding what quality means for *their* type of product is a must. Thus, we will have to research commercial experience quality in this thesis. When this knowledge is gained, it is possible to organize a company's business processes accordingly. So, we will want to find a suitable framework to depict a company's business processes, including their structure, succession and possible impact on the end product quality.

Now, we can formulate preliminary research questions:

- *What is commercial experience quality?*
- *What could an industry-adequate structure of business processes look like for commercial experience companies?*
- *What business processes could be considered as industry-specific factors of product quality?*
- *Is it reasonable to outsource or offshore any business processes in commercial experience companies?*

Note that the second question, which is central for our thesis, is not based on any particular theory yet in this formulation. This will change after we choose a theoretical framework. These questions will be discussed in more detail in a dedicated chapter; they will be answered using two methods: critical literature review and in-depth expert interviews.

The literature review part of this thesis consists of chapters 2, 3 and 4. First, we discuss the notion of experience, moving from its general understanding to commercial experiences as a specific type of economic offerings. Second, we elaborate on commercial experience quality and its dimensions. This will answer our first research question to a large extent. Lastly, we ponder the notion of business processes, review some process-related frameworks and choose one as a platform. This is done to help us answer the second research question and portray a typical internal value chain for the industry-specific firm.

In chapter 5 we discuss our research questions and possible methods for answering them.

In chapter 6, empirical research methods are highlighted. It is argued that the research questions posed above are exploratory in nature and fall into the phenomenological qualitative approach. In-depth expert interviews are shown as the best methodological choice for the thesis' empirical part. First, empirics will support the literature-based answer to the first research question. Second, it will be used in answering the other three by solidifying possible conclusions from the literature. At the end of this methodology chapter, we present our respondents.

Chapter 7 showcases the data collected and its detailed analysis. Chapter 8 then summarizes the most important findings from the data. In this chapter we also answer the main research question and synthesize the internal value chain for commercial experience companies. Each of the processes comprising it is discussed in detail using both our interview results and the literature review. Lastly for the same chapter, we compare our resultant value chain to the previous theories

Chapter 9 concludes our thesis, summarizing it, discussing its possible practical implications and possibilities for future research. When theory and empirical methods are in place, we synthesize a typical internal value chain for the industry-specific firm and depict it in a diagram.. This allows us to then formulate thesis conclusions.

This thesis has its limitations. Due to the relative youth of research on commercial experiences, this work is restricted to phenomenological issues, and does not concern itself with statistic validity of the concepts derived.

2. Experience as an economic offering

In order to understand what experiences as an economic offering are, we have to first clarify what they are in the general meaning of the word. Then we will discuss the popular concept of ‘experience economy’ – its origins, scope, contradictions and elaborations. Lastly, we will conceptualize and define the notion of ‘commercial experiences’ as opposed to experiences in the general meaning of the word. The place of these will be shown amongst other types of economic offerings.

2.1 Experience as a general notion

People have long thought of experiences as a vital part of life. We perceive (‘experience’) the world through our five senses, acquire knowledge and impressions about it and remember these.

The Oxford English Dictionary defines experience as “practical contact with and observation of facts or events”, an “event or occurrence which leaves an impression on someone” or the competences acquired via that observation or event¹. The word could also be used as a verb, meaning “to encounter or undergo (an event or occurrence)” or “to feel (an emotion or sensation)”. It takes its origin from Latin *experientia*, from *experiri* ‘try’ (ibid). One of the other popular definitions states that ‘experience’ is “something personally encountered, undergone, or lived through”² and another moves up in scale saying that it is “the conscious events that make up an individual life” (ibid).

The concept of experience, along with many neighbouring ones, has received considerable attention in psychology, philosophy and religious studies. In psychology, perception (or perceptual experiences) is one of the main focal points of study (see e.g. Freedheim, 2003). Philosophical mind-body problem, first conceptualized by Descartes (Olby et al., 1990), raises the question of whether the immaterial and material worlds are separate or unified. This can be furthered to ask whether we just receive physical signals from the outside world

¹ http://oxforddictionaries.com/view/entry/m_en_gb0281190, retrieved on 05.04.2011

² <http://www.merriam-webster.com/dictionary/experience>, retrieved on 05.04.2011

with our brains, touch something immaterial in it with our own immaterial something called ‘soul’ or these two processes are one and the same. Popper & Eccles (1977) consider the two processes different, inadvertently calling the latter the ‘world of subjective *experiences*’. When we speak of ‘subjective experience’, we cannot omit the notion of ‘qualia’ that is usually used in close conjunction with it, if not as its synonym. More precisely, a quale is “the way a thing seems to us” (Dennett, 1985). It is a set of perceptible qualities of an object that are subjective. For example, that ethereal ‘something’ about a beautiful sunset that cannot be measured, but can be seen and felt by a human being would be a quale. Since subjective experiences deal with the ‘ethereal’, religions of the world are also naturally concerned with experiences – spiritual, sacred ones. These are seen as going beyond the ‘usual everyday experiences’ and connecting the experiencer with the divine (see e.g. Batson et al., 1993). After all, what is the difference between experiencing a subjective quality of a ‘real’ object and doing so with an ‘objective’ quality of a mythological one?

There exists one more notable psychological concept that should be mentioned: ‘flow’. ‘Flow’ is described as a mental state of deliberate, unconscious immersion in an activity. Its author, Mihaly Csikszentmihályi, attempts to describe major factors of *optimal* experiences and, ultimately, creativity and happiness (e.g. Csikszentmihályi, 1990). According to him, optimal experience is “when we feel a sense of exhilaration, a deep sense of enjoyment that is long cherished and that becomes a landmark in memory for what life should be like” (ibid).

Let us proceed to more empirically-oriented terms.

From the definitions of experiences above, it is clear that they are at the very core of human existence: on the individual level, they are the sources and results (depending on the definition) of everything we *try* in our life. They spur our emotions, form our memories and shape our characters. One may argue that it is because of the latter two that ‘experiential education’ was born, and because of the former – that ‘experiential marketing’ was.

Generally speaking, education tries to supply us with knowledge and influence our outlooks on life, shaping our character. Experiential education (or experiential learning) just embraces Galileo’s famous saying that “you cannot teach a man anything; you can only help him find it within himself”. It argues that in order for an education system to be efficient, it should combine the discipline found in didactic education and the relative student freedom of

progressive one. (see e.g. Dewey, 1916; Dewey, 1938; Dirkx, 2000). One possible way to achieve that might be to provoke students into Csíkszentmihályi's state of 'flow'. Dewey (1938) also says two interesting things about experiences. First, he directly states that each experience will influence a person's future, for better or worse. Second – that the value of an experience strongly depends on the person: taken to the extreme, one may find it exciting and beneficial, while another will see it as horrifying and harmful.

Experiences were long used in marketing. People are not robots – we experience things both rationally and emotionally. More than that, studies have shown that it is the emotional side that dominates our purchasing intentions & decisions today (see e.g. Kahneman, 2003). A notable work titled 'Emotionomics' (Hill, 2008) speaks of various ways marketing specialists can tap into their customers' emotions, using the resulting experiences to promote and sell their products.

With the advent of a trend to pay attention to customers' experience and emotions, some authors went a step further to claim a new type of economy (Pine & Gilmore, 1998; 1999) or even society (Jensen, 1999) was emerging. The 1999 book by the former is considered to be the seminal work for the 'Experience Economy' concept as it is used today in many an article.

2.2 Experience economy

The main idea of the experience economy is that experiences are now offered by marketers, instead of by the environment only. Dan Hill put a very good explanation of what companies in the experience economy should aim at: "The intent is to make the enrichment of the customer's life the end 'product'" (Hill, 2008, p. 142).

The understanding of the place experiences take in economic life went through an evolution in the last three decades. Three stages of research could be identified within this process: "marketing", "distinct economic offering" and "elaboration".

Marketing stage

It all started with acknowledging the hedonic nature of interaction between people and things they buy. This, of course, is the domain of consumer behaviour & marketing scholars (Hirschman and Holbrook, 1982; Havlena and Holbrook, 1986; Hirschman, 1984; Unger and Kernan 1983). At this stage, experiences are considered good instruments to promote goods and services – an aspect of consumption, a supplement to the real products: “Hedonic consumption designates those facets of consumer behaviour that relate to the multisensory, fantasy and emotive aspects of one’s experience with products” (Hirschman and Holbrook, 1982, p.1). It is “facets of behaviour” and “experience *with* products”, so it is clear that products come first, while experiences are seen as supplementary or instrumental.

A very good, and popular, example of the ‘marketing’ approach to experiences is the concept of experiential marketing. In essence, it is very close to relationship marketing: it aims to instill joyous emotions about a product, brand or company in consumers. As a result, consumers are expected to experience (or relate towards) the product, brand or company in a certain way that will make them buy more of that company’s product or stay loyal to its brand (Schmitt, 1999; Hill, 2008; Lenderman, 2006; Smilansky, 2009).

As can be seen, the ‘experiential marketing’ approach is still popular today as it was ten years ago. However, its contemporary proponents often speak of experience as a key notion, rather than a supplementary one (e.g. Zimmerman, 2005). This comes into a vivid contradiction with the earlier consumer behaviour research: on one hand, experiences and emotions are considered as ‘baits’ for the consumer, while on the other – they are spoken of as self-important things. This dichotomy seems to be unsolved in today’s experiential marketing discourse.

Distinct economic offering stage

Feelings like joy, happiness and even personally relevant grieves are deeply valued by people in their own right, since that is essentially the content of their lives. That is why commercial companies and researchers in developed countries started distinguishing emotions (or the process of generating them – ‘experiencing’) as a stand-alone type of economic offerings. When thought of in this manner, experiences are neither something happening naturally, nor a marketing instrument, but constitute the very core of customer

value offered by a company. This is precisely the point Pine & Gilmore (1998, 1999) are making and the one that lies at the base of the ‘experience economy’ concept that became so popular in the last decade.

History of economic offering types

Pine & Gilmore propose an evolutionary view of the development of economic offering types:

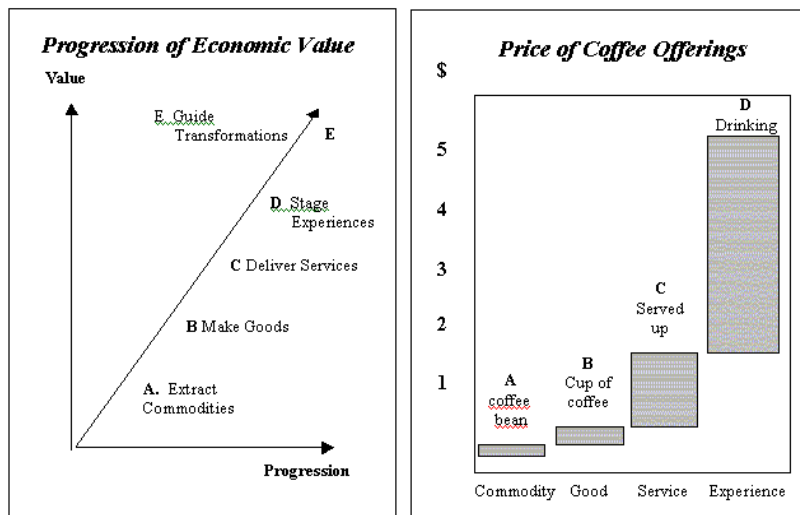


Figure 1. Progression of economic value & the price of coffee offerings (from Pine & Gilmore, 1999, pp. 21-22)

They say that “The history of economic progress consists of charging a fee for what once was free” (Pine & Gilmore, 1999, p. 67). In this logic fungible commodities were first substituted with tangible goods as the most sought-after economic offering type, than goods got commoditized by the advent of services, and at the end of the 20th century services were giving way to experiences whose distinction is that they are “memorable”. Elaborating just a little more on top of that, the authors say that experiences are “rich in sensations”, “created only in the mind of an individual... ..who has been engaged on an emotional, physical, intellectual, or even spiritual level” (Pine & Gilmore, 1999, p. 12). They also state that the next and final economic offering type would be the transformation. Transformations are presented as an offering developed on top of experiences via customizing them to fit individual clients. Transformations are supposed to change the customer in an inherently personal way, helping them overcome problems or develop competencies, and the end result will be the changed customer him-/herself. “With transformations, the customer is the product!” (Pine & Gilmore, 1999, p. 172). It is somewhat confusing that experiences that are

held as personalized services are supposed to become transformations via the same process of personalization. This is an example of one malicious tendency in the works of these authors: they start off with great ideas and when it comes to creating a model they pull things together too much, to the point of creating conceptual mismatches and collisions. This, however, does not diminish the creative value of their papers.

End products in the experience economy

Pine & Gilmore classify experiences into four “realms”:

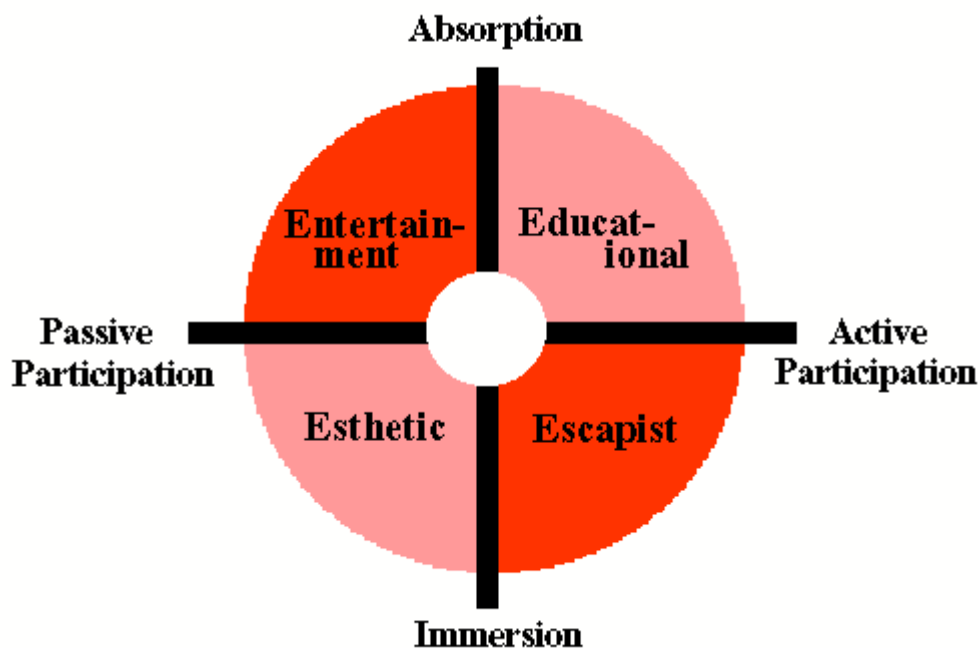


Figure 2. Realms of experiences (from Pine & Gilmore, 1999, p. 30).

They instate two differentiating axes: absorption-immersion into an experience and active-passive participation in it. Depending on what happens to the customer or on what he does, the type of experience changes. In my opinion, this simple and hence wildly popular matrix has at least one fundamental flaw. The horizontal axis is, ostensibly, in the supplying company’s domain, while the vertical one is largely taken care of by the customer’s mind. It is the experience product design that renders it as demanding active or passive participation, but it is the customer who regulates the level of immersion into the experience. Furthermore, it is possible to immerse oneself in an experience during the process and absorb it afterwards. For example, consider playing chess (active participation) and watching a film (passive participation). In both cases, you could forget about yourself and be immersed in the world of figures and the playing field or the film’s setting and character feelings, respectively. Afterwards, you could learn something or feel entertained by either of the two experiences. Since Pine & Gilmore themselves state that experiences should create an

alternative reality for the customer to be or act in (Pine & Gilmore, 1999, pp. 47-49), i.e. it *should* immerse them, I feel the vertical axis of figure 2 above is largely artificial and out of place. However, it does provide us with more ways to view experiences as an end product and takes us away from the popular misconception that experiences equal entertainment. That, apparently, was the authors' main goal for the graph, since they speak about this misconception right before presenting it.

Pine & Gilmore are not the only ones describing experiences as an end product of commercial companies. Among other things, Jensen (1999) speaks of “emotional market” as a business environment that is now upon us. He says that “Research at the Copenhagen Institute for Future Studies shows that the major growth in consumption in the future will be of a nonmaterial nature...” (Jensen, 1999, p. 52) and offers a rough categorization of this “future” market that he calls the “market for stories and storytellers” (ibid). Essentially, he does not distinguish between experiences and transformations as Pine & Gilmore do, while paying attention to aspects of emotional life that Pine & Gilmore largely ignored. For example, besides “adventures for sale” (active participation experiences), he speaks of self-identification, “peace of mind” and “convictions” as end products (that would undoubtedly be classified as transformation goods by Pine & Gilmore), as well as markets for care, togetherness, friendship and love (ibid). The latter are an especially delicate matter, as they deal with human *interconnections* rather than individual feelings alone. Nevertheless, Jensen presents them delicately enough not to be repulsing.

We've got experiences as a fact of life, as stated in section 2.1. We can produce and sell goods that help us get experiences and we can deliver services that can do so, because we can feel something about any tangible or intangible object in this world. So, even raw oil can be a source of experiences in the general meaning of the word, ‘as a fact of life’. What Pine and Gilmore then imperatively state is that *whenever the major selling point of an economic offering is emotional, it should be called ‘experience’, and that such economic offerings are the only ones to be prioritized by any company*: “In the emerging Experience Economy, companies must realize that they make *memories*³, not goods, and create the *stage* for

³ This is a nice metaphor, but, as will be discussed in the next section of the chapter (2.3), nobody can create your memories for you – that is the work of your own soul and mind. A company, however, can *help* create those memories by providing the right environments, training, guidance etc.

generating greater economic value, not deliver services. It is time to get your act together, for goods and services are no longer enough. Customers now want experiences, and they're willing to pay admission for them. There's new work to do, and only those who perform that work so as to truly engage their guests will succeed in this new economy" (Pine & Gilmore, 1999, p. 100). This situation, they argue, benefits both companies and individuals, as the former get price premiums over previous types of offerings, while the latter enjoy more product personalization and hence a better life.

This seems too ideal to be true, however. Pine & Gilmore themselves speak of authenticity as a key quality indicator for experiences (Pine & Gilmore, 2007), but what about hypocrisy, wrong expectations and misplaced images? The end products in the experience economy have a shadow side to them and are not as wholly blissful as it would seem from the first glance (Kociatkiewicz & Kostera, 2010). Other authors question the very statement that experiences make us happier than material things – i.e. tangible goods (Nicolao et al., 2009). Sköld (2010) criticizes experience economy proponents for disregarding a broad "range of ethical, political and economic consequences", although he seems to treat the concept mainly as a "marketing fantasy" (ibid). Another questionable area is whether customers should own or share their purchases, including experiences (Belk, 2007). The latter one can also be paralleled with thinking of Jensen's "markets" for care, togetherness, friendship and love. Note also, that many of the already mentioned authors, both experience economy proponents and opponents, say that experiences will not and should not substitute other types of economic offerings – that rational motivations for purchases will still survive, even if they won't be dominant anymore (e.g. Jensen, 1999; Nicolao et al., 2009).

Lastly here, we should mention that the notion of experience as an end product was not coined in by Pine & Gilmore. For example, Arnould & Price (1993) discuss river rafting as an "extraordinary hedonic experience" and speak of "experiential themes" (compare to Pine & Gilmore's "theming of experiences"). The themes they identified for rafting are worth mentioning to better understand the variety of experiences and transformations. They are: personal growth and self-renewal (through overcoming discomfort, difficulties or even physical danger), harmony with nature, and community sense (or harmony with other people, in other words).

Is experience economy about end products only?

The scope of the ‘experience economy’ concept goes beyond end products alone. Pine & Gilmore state that in the experience economy, not only products (be they B2C or B2B ones), but any work outputs at all should ideally be experiences, as that is what people on the receiving end will value most. They actively propose theatre as a model (not a metaphor) for *all* work-related activities, referring to a number of theatrical theory gurus, including Peter Brook, Richard Schechner and Konstantin Stanislavski. For example, a surprise visit by a troubled colleague is to be seen as a condition for playing a certain role. Unfortunately, Pine & Gilmore portray the roles that people at work should play in too Carnegie a way. Being effective in your work is important, as is staying in a role adequate to the experience you want to provide to your interlocutor, just as Pine & Gilmore say. But it does not necessarily mean blocking your true emotions and deceiving other people – it is possible to use them positively instead (Shostrom, 1974; Shostrom & Montgomery, 1990).

More than that, if we take a broader look at the implications of valuing experiences most and paying for them, we should look again at what Jensen (1999) writes. As a futurologist, he looks at the society that forms around valuing emotions. For example, he says that our understanding and attitude to work, the companies we work in, family and politics will have to change in what he used to call the “dream society”⁴.

Nevertheless, it is the ‘experience as an end product’ approach that is the most important aspect of the ‘experience economy’ concept, as well as the one that won it its popularity.

Pine & Gilmore’s works that are seen as seminal in the field give a lot of food for thought and are a good start for understanding the major concepts, but they are not elaborate enough and contain a number of conceptual contradictions.

⁴ If we look today at the website of his consultancy company, <http://dreamcompany.dk>, one of the first phrases to catch one’s attention is “We help your company enter the *experience economy*”...

Elaboration stage

Since the experience economy as described by Pine & Gilmore is very broad in scope, there appeared a number of academic researchers who strived to create “mind maps” of it. Such authors try to describe it as fully and broadly as possible through multiple case studies, delimiting themselves by admitting a universal classification of Pine & Gilmore’s concept is hardly possible at all (Sundbo, 2008; Hjorth & Kostera, 2007; O’Dell & Billing, 2005).

Other authors moved on from extensive and back into intensive development of the theory (Boswijk, Thijssen and Peelen, 2007). They coin in the notion of *meaningful* experiences, discussing the implications of what they call “economic experiences” for individual psychology and society as a whole. They also organized a scientific “node” to promote research in the field: “The European Centre for the Experience Economy” (ibid). In order for experiences to be meaningful, Boswijk et al. propose the idea of a second-generation experience economy. What they talk about is very similar to Pine & Gilmore’s notion of *transformation* economy. Boswijk et al. speak of experience co-creation with customers. This means customizing experiences. And Pine & Gilmore say a customized experience has to be a life-changing experience, or a transformation, in other words.

A third group of researchers found the existing conceptual basis of the experience economy to be insufficient, and decided to further concretize and clarify it (Poulsson & Kale, 2004; Eriksson, 2009, Lilja, Eriksson & Ingelsson, 2010). Even though Pine & Gilmore focused on experience as a stand-alone economic offering, rather than a marketing concept, they can still be seen by some as marketing gurus above all else. The reason for this is twofold. First, the experiential marketing discourse was strong at the time they first published and is still strong today, putting up a biased context for them. Even Pine & Gilmore themselves often slip and infuse the marketing perspective into what they say. Second, this can happen because they had failed to produce a clear definition for experiences as an economic offering – theirs is too vague, as the researchers mentioned in this paragraph point out.

2.3 Commercial experiences

Most experience researchers speak of them as a general notion, the one described in section 2.1. They do not try to locate the special place of experiences among other economic offerings. Furthermore, when people first hear of the experience economy, it is quite common of them to see it as a part of the service sector and wonder why differentiate experiences from services at all. It appears this is exactly the question James Gilmore was answering during one of his presentations, stating that experiences are “not a subset of services – they are distinct in kind”⁵. However, as described below, this statement is self-contradictory: experiences are either distinct in kind *and* a subset of services, or neither. Unlike experiences as a general notion, *commercial experiences* have *much* in common with other service offerings, although they do have a number of notable distinctions.

Conceptualization

Paying for the very fact of one’s own effort seems rather ridiculous at first glance. When a company provides a commercial experience, it actually provides the customer with an *opportunity* for experiencing something, not with the experience itself. It is the customer’s soul and mind that create the experience and the memories thereof, becoming both resources and materials for such creation⁶. This ‘opportunity’ may include some sort of environment, preliminary training, personnel that is just right or something else, but it still will be something a company *does* for the customer. It is possible to create a manless environment – a playground – and market it as something spurring emotional reactions, experiences. But it will still account for an ensemble of tangible goods (or to a piece of information if we speak about virtual environments). If we state such environments are now ‘commercial experiences’, we will have to discard the notions of tangible goods and information goods whatsoever. This does not look like an attractive advancement.

One may argue that a film, for example, is also an opportunity to experience something. That is true, but then any tangible or intangible instrument can be seen as an experience –

⁵ <http://www.strategichorizons.com>, retrieved on 15.04.2011

⁶ The customer’s psyche can help create an experience (through active or passive participation, as discussed by Pine & Gilmore), but without it the experience cannot be created at all, making it a major material.

computer games, books, data sets, razors, raw tea... That would be unfortunate, because then the ‘experience economy’ would be all about marketing and not about a special type of economic offerings. In that case, Joseph Pine’s statement that “the experience IS the marketing”⁷ makes sense, ensnaring us in an ‘experience-is-everything-and-hence-nothing-in-particular’ state – we are back to speaking of experience as a general notion. *In order to evade this trap, we need to differentiate commercial experiences from other types of offerings.*

One way to do so is to say that for an offering to be called a *commercial experience*, the company’s employees should personally *guide its clients during the process* of gaining their experience. It means closely monitoring and *co-controlling customers’ emotions* together with them. This would hold for theatre, for theme parks with ‘on-stage’ personnel, for experience-conscious hospitals and high schools and even for some computer games in which the developers opt to influence their customers’ gameplay through their own characters or developer-driven in-game events. *If you, the customer, decide on the **time** of experience “consumption”, having all the necessary tools for it to happen at your command – it cannot be called a commercial experience.* If thought of in this way, commercial experiences are indeed a part of services – although a very special one.

Commercial experiences conceptualized in this way seem to share all five classical key characteristics of services: intangibility, perishability, inseparability, simultaneity and heterogeneity (Parasuraman, Zeithaml and Berry, 1985). However, they have additional attributes that do not exist in other services. These were approximated in the formal definitions given to the term so far.

Poulsson & Kale’s definition

The first attempt to *operationalize* the concept of *commercial experiences* as a *specific type of economic offering* seems to have been made by Poulsson & Kale (2004). They pose three major questions: “We need an understanding of what exactly [commercial] experiences are, how they differ from services and goods, and in what way they create value for companies and customers”. Answering these, they define a commercial experience as “*an engaging act of co-creation between a provider and a consumer wherein the consumer perceives value in*

⁷ <http://www.strategichorizons.com>, retrieved on 15.04.2011

the encounter and in the subsequent memory of that encounter” (ibid). The authors proceed to admit the notion as a part of services, because it conforms to key service characteristics as listed above, and then describe differences between goods, services and (commercial) experiences. They formulate it in the following way: “Purchase of a good leaves you with a physical object to keep, and a service will leave you with something done for you or your possessions or on your behalf”; “Goods, services and experiences all have a consumption phase, what differentiates an experience from the other two offerings is that here the consumption phase itself is the main product” (ibid). Note that they often use the terms “experience” and “commercial experience” interchangeably, but the title of their article clearly shows they speak of commercial experiences in most cases, including those cited here.

The second important contribution of Poulsson & Kale’s article is in providing five crucial elements of commercial experiences. They are: “personal relevance, novelty, surprise, learning, and engagement” (ibid). The authors state that for a customer to see an encounter as an experience, he or she has to see at least one of these elements in it. The elements are, of course, always subjective to the customer.

Eriksson’s et al. definition

The next variant of an operational definition for commercial experiences seems to appear in print five whole years later: “A commercial experience is a memorable event that the customer is willing to pay for” (Eriksson, 2009; Lilja, Eriksson and Ingelsson, 2010). These authors introduce a chain of consecutive factors that lead to identifying an economic offering as a commercial experience:

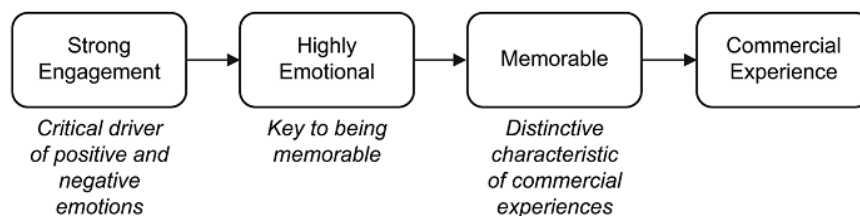


Figure 3. How strong engagement drives high affect that is a key to make an event memorable and hence a commercial experience (from Lilja, Eriksson, and Ingelsson, 2010, p. 289).

Very importantly for this thesis, Eriksson mentions that it is “remarkable that memorable, strongly emotional and strong engagement do not appear among the existing quality

dimensions: tangibles, reliability, responsiveness, assurance and empathy that are often used when measuring the quality on services” (Eriksson, 2009, p. 40).

Eriksson’s et al. definition is much shorter and clearer than Poulsson & Kale’s, but it is a little problematic. The main problem with their definition is in the way they treat the word “memorable”. According to the Oxford English Dictionary, it can be understood in two ways: “worth remembering” or “easily remembered, especially because of being special or unusual”⁸. Eriksson et al. openly use the second meaning, truncating it to the first two words and possibly confusing implied tenses. They make it unclear whether the main characteristic of commercial experiences is that they have to be easily memorized or easily recalled afterwards: “memorable refers to ‘remembered’ rather than ‘likely to be remembered’. Remembered is a must.” (Lilja, Eriksson and Ingelsson, 2010). In either case, speaking of memorability as a defining characteristic seems to be, in my opinion, taking a consequence for a factor, even if the authors clearly restrict themselves to the customer perspective. A commercial experience provider is to make an event *worth remembering* as in *worth committing to memory*, but making it *easy to commit to memory* is a different matter. Additionally, it is unclear how it can be considered *easily remembered* beforehand at all. Moreover, if we switch to the managerial perspective, even “worth committing to memory” does not explain clearly what a company should do with its customers specifically.

Eriksson et al. make Poulsson & Kale’s ‘elements’ of experience converge into the single notion of engagement, arguing that all the other four lead to it (ibid). While that may be true, ‘factors of engagement’, as they now appear, can still be of considerable interest for academics and experience firms alike. For example, they can be useful when speaking of commercial experience quality. Furthermore, Eriksson et al. seem to completely mistreat the notion of ‘personal relevance’: they speak of it in terms of physical impact on customers, while in Poulsson & Kale’s paper it clearly refers to clients’ psychological affinity towards particular event themes.

At one point, Eriksson agrees with Pine & Gilmore in identifying the scope of experiences. It is stated to be larger than that of goods or services, because goods and services can be used as “props” in creating and producing them (Eriksson, 2009, p. 8). However, when it comes to

⁸ www.oxforddictionaries.com/view/entry/m_en_gb0510700, retrieved on 24.04.2011

choosing an empirical focus for her work, she says it is on “hedonic services or ‘time-investment services’, referred to here as commercial experiences” (ibid), narrowing the notion down. This is a natural self-restriction for a management-oriented paper, indirectly supporting our earlier argument that experiences in the broadest meaning (as a general notion) are only suited for psychological or marketing perspectives. They are not suited for treating them as a specific economic offering type.

Choosing a definition

Let us revisit our ‘conceptualization’ section. Judging from it, commercial experiences:

- are a specific *subset of services*
- require companies to *guide customers during the process* of gaining their experience
- require companies to monitor and *co-control customers’ emotions* together with them
- require the *time of experience “consumption” to be arranged in an agreement* between the customer and the company
- require companies to *possess most of the resources* (material or immaterial) for an experience to be created. The only notable *exceptions* are the *two major resources and indispensable materials*: the customer’s mind and soul, or psyche, in one word.

Eriksson’s et al. definition is too compact to incorporate all these conditions. Let us test Poulsson & Kale’s operationalization for conformance with them. To recap, they say a commercial experience is “an engaging act of co-creation between a provider and a consumer wherein the consumer perceives value in the encounter and in the subsequent memory of that encounter” (Poulsson & Kale, 2004). Since it is an “act of co-creation”, a provider company gets an opportunity and responsibility to guide its clients and co-control their emotions. This means the company has to do something for and with the customer, which identifies this act as a service and says the company should be there for the customer. It also means the time of the event should be agreed upon by the involved parties. This makes this single expression, “an act of co-creation”, extremely valuable in the definition, taking care of four out of five conceptual conditions we set up. The first part of the last condition is taken care of indirectly: it is said that “the consumer perceives value in the encounter”. Of course, the intended meaning of this part is that the consumption phase itself is valuable in the case of commercial experiences. However, it can also imply that the client cannot take care of creating and producing a particular experience himself/herself. This

means they have to rely on the provider company's resources. Lastly, Eriksson's experience quality dimension of "emotional" is portrayed in the adverb "engaging" (both others, "memorable" and "engaging", are dealt with openly). Eriksson et al. themselves state engagement is a "critical driver of both positive and negative emotions" (Lilja, Eriksson and Ingelsson, 2010, see figure 3 above).

The sole thing left out of this definition is the importance of customer's psyche as both resource and material. Of course, this is mainly important from the company's perspective and it is only natural that neither given definitions pay attention to it, focusing on marketing and customer perspectives respectively. We could consider looking at the word "engaging" again, which implies customers and companies alike should be psychically and/or mentally active, but that does not address the view of psyche as a 'material'. One additional complaint I would have is the usage of the word "consumer". I do not think consumption is a proper notion to describe processes that deal with psyche or intellect. Taking all that into account, we can now produce an operational definition that will be used throughout this thesis.

A commercial experience is an engaging act of co-creation between a provider and a customer wherein the customer perceives value in the encounter and in the subsequent memory thereof and wherein the customer's psyche is the provider's major material and resource.

Economy sectors and the place of commercial experiences

Usually, three sectors of economy are distinguished internationally: primary (raw material mining), secondary (tangible good manufacturing) and tertiary (services), as first proposed by Clark (1940). This framework is not static, however, as some researchers speak of quaternary sector (knowledge) and even quinary one (e.g. Dicken, 1992; Kellerman, 1985). Let us see what can be done to put the notion of commercial experiences into this framework, so that their specific place can be better illustrated.

As we argued previously, *experiences as a general notion are everywhere, so they have no specific place among economic offering types. Commercial experiences, on the other hand, are a subset of services:*

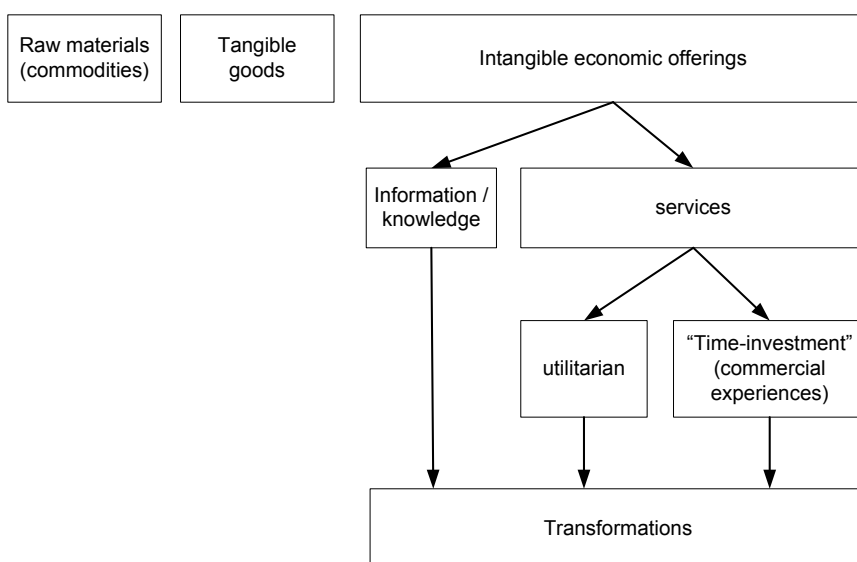


Figure 4. Categorization of economic offerings and the place of commercial experiences.

Commodities and tangible goods are in full conformance with the evolution of economic offering types as proposed by Pine & Gilmore. These are the two accepted varieties of material goods. Tertiary and quaternary sectors are put as equal in scope, under an artificial umbrella of intangible economic offerings. Services are divided into utilitarian and “time-investment” ones (e.g. Ying & Cheng, 2006; Mossberg, 2008). These latter are the commercial experiences as operationally defined in the previous section. Note that I do not use the notion of ‘hedonic services’ here, as proposed by Ying & Cheng and Mossberg, since it seems too restrictive in terms of emotional variety commercial experiences might have. Some authors suggest “it is conceivable that experiences can be either a positive or negative encounter” (Walls, 2009), while others had discussed the notion of ‘nadir experiences’ – i.e.

“negative peak” ones (Mathes et al., 1982). Following their metaphor, hedonic experiences could be called ‘zenith experiences’.

At the very bottom we see transformations, the ultimate intangible offering. Transformations, as conceptualized by Pine & Gilmore, cannot be solely based on experiences – they need a rational kernel as well as an emotional one. First, in order to change you have to reflect on what you feel – i.e. you have to learn, or acquire knowledge. Second, a change in a human being can be psychical, but it can also have a bodily side at the same time (e.g. changes in health or fit can have both sides). A bodily change would be a rational and tangible result of the provider company’s actions, making it a utilitarian service in part. On the other hand, without engaged and emotional participation on the customer side – without effort – a transformation is hardly possible. That is what experiential education is concerned with, as discussed briefly in section 2.1 of this paper.

3. Commercial experience quality

As we mentioned in the introduction, in this thesis we consider product quality as the main means of building customer value in commercial experience offerings. Understanding what quality, and thus ‘proper customer value’, is for this offering type will allow us to then think of a fitting set of business processes. Unlike most of this thesis, we will adopt a customer-oriented approach here. Thinking of product quality from the managerial perspective is limiting oneself to objective variable measurements. Experiences, however, are clearly affective and subjective to the customer (e.g. Zaltman, 2003), and so focusing on objective quality should hardly be an option.

Finding papers speaking of commercial experiences strictly as defined above was already difficult. It is even more so for papers on commercial experience quality. One recent article is of particular use to us in this respect: Chang & Horng (2010) conceptually define experience quality and argue about its differences from service quality. They posit that customer assessment of service quality tends to be cognitive, while that of experience quality is generally subjective and emotional. That statement is based on references to a number of notable researchers: Parasuraman, Zeithaml, & Berry (1988), Gronross, (1988) and Holbrook and Hirschman (1982). Unfortunately for us, Chang & Horng do not exactly side with the ‘specific type of offering’ outlook on commercial experiences. They instead focus on “the notion of experience *underlying the context of service*”, following e.g. Grove & Fisk (1992). Another drawback for us is that they limit their research to ‘group customer’ situations (think cinemas or collective tours) and admittedly omit settings where customers are to be alone or concentrate on the action rather than chatting with friends. Nevertheless, Chang & Horng’s article is of much value to us, since the authors *ground* five dimensions of [commercial] experience quality: *physical surroundings, service providers (guides, “on-stage” personnel), other customers, customers’ companions and customers themselves*. We will now look at four of these in more detail⁹, argue about process vs. product quality dimensions and finish by presenting both of these dimension groups for quick reference. It should be noted that we do not attempt to develop a quantitative measurement instrument analogous to SERVQUAL – that is a next step. We stop at gathering diverse conceptual evidences into one.

⁹ “Customers’ companions” is subject to Chang & Horng’s research limitations as mentioned. For a more generalized discussion of commercial experiences, we can consider “companions” to be a part of “other customers”.

3.1 Physical surroundings

This is the physical environment in which the process of experiencing takes place. It is the sum-total of what Pine & Gilmore would call “props” – an ensemble of tangible stimuli. “When a customer steps into and stays in a service environment, he or she interacts with the physical surroundings by five senses and acquires experiences at the same time” (Chang & Horng, 2010). Service environment, servicescape, physical design or atmospherics has been long seen as a major issue for service organizations (e.g. Booms & Bitner, 1982; Bitner, 1992).

Bitner (1992) proposes three groups of environmental dimensions that shape the servicescape: ambient conditions (temperature, scents, noises etc.), functional layout (equipment, furnishings) and symbolic meanings (artifacts and style). Interestingly, she also mentions that in order for a servicescape to work as expected, customers’ internal responses (emotional, cognitive and physiological) should be taken into consideration. This corresponds well with our understanding that customer psyche is an important material and resource for creating a commercial experience.

There are works emphasizing the importance of physical environments for offerings close to commercial experiences. Joseph-Mathews, Bonn & Snepenger (2009) speak of atmospherics in hedonic services, proving linkages between service environment, customers’ ‘symbolic perception’ of it and their behavioural intentions. Mossberg (2008) discusses servicescapes as an instrument for storytelling, particularly in tourism and hospitality, stating that “the servicescape can tie together the consumption setting by visualizing cues from the story”. O’Dell & Billing (2005) also focus mainly on tourism and coin in the notion of “experiencescapes”. Focusing on experiences allows these authors to move beyond physical servicescapes: they say that the surroundings for an experience (or commercial experience) can be completely immaterial – i.e. imagined or virtual (O’Dell & Billing, 2005, p.16).

3.2 Guides (on-stage personnel)

This is another popular topic for service quality scholars. For example, notions like “service encounter” (Bitner et al., 1999) or “moments of truth” (Gronross, 1990) deal with “on-stage” personnel. Focusing on service experiences, Chang & Horng (2010) go as far as to claim that

“interactions between customers and service employees *constitute* customers’ experiences”. A likewise thought can be seen in Grove & Fisk (1992): “Similar to a theatrical production whose success relies upon the acumen of those on stage, the quality of one's service experience is largely affected by the service's contact personnel. The service's actors, the performers of the service, are often perceived by their audience, the customers, as the service itself” (see also Gronroos, 1985).

Although commercial experiences are a little more complex than that, they are necessarily an act of co-creation between customers and providers (see our definition of the term above). Because of that, “on-stage” personnel directly influence (and guide, ideally) the creation of customers’ experience, and thus are partly in charge of its quality. Similar ideas can be found in Sundbo (2008).

Since we speak of the quality of service personnel work, we should touch on the concept of emotional labour. According to its author, Arlie Hochschild, a job involving emotional labour is characterized by the following:

- direct employee-customer contact
- personnel are required to produce an emotional state in other individuals (primarily clients and co-workers)
- employees’ emotional states are to a certain degree controlled by the employer (Hochschild, 1983)

All of that fits commercial experiences like a glove. The latter of the three conditions, however, should be paid additional attention. Hochschild (1983, 2005) seems to be rather critical of emotional labour as a social phenomenon. Although she has been researching it for so long, she does not seem to approve of it¹⁰. That is why in the third condition she speaks of external control over employee emotions, rather than internal one. Internal control is possible and can take several forms: *emotion regulation*, *surface acting*, *deep acting* or *true engagement in the role* (Grandey, 2000; Grove & Fisk, 1989). True personnel engagement is discussed at length by internal marketing researchers (e.g. Gronroos, 1985;

¹⁰ Hochschild criticizes the commercialization of emotions and personal life per se and questions the relationship between sacred and salable. In my opinion, her criticisms may be valid, but they are ultimately directed against labour division. The only way to preserve absolute authenticity of every emotion then is to restrain ourselves to natural economy. I doubt many people would choose that.

Ahmed & Rafiq, 2002). Whatever the means, it is true that on-stage employees should at least act in accordance with the commercial experience theme and setting, or else the experience quality will suffer greatly.

3.3 Other customers

With these, Chang & Horng (2010) mainly focus on delinquent behaviour that can interrupt the normal flow of experiencing. But let us employ theatrical terminology that is so justly popular in experience literature. Imagine you are staging a play together with a provider's guides. If you do not have the luxury to pay for other roles to be filled with the company's employees, these other roles will be played by *other customers*. In commercial experiences, *customers become a part of the play for each other, influencing each other's experience*. This means other customers can influence your experience positively, opposed to solely negatively as portrayed by Chang & Horng.

Consider 'adventure tourism': if you go on a trip as a group, other customers will likely go through joys and hardships together with you. Even if you did not know them before, collective activities will bring you to become each other's "companions". This holds true for less demanding situations as well, like staging an actual theatrical play: if we speak of 'co-creation' and there is more than one customer co-creating with a provider's guide, all the customers will *have* to co-create with each other.

With that considered, all that was said about on-stage personnel is also true for "on-stage customers", including emotional labour and engagement in one's role not only for one's own, but for others' sake as well, if they are present. *Customers and employees form a common group that influences each individual's experience quality* (this common group is collectively called "actors" by Grove & Fisk, 1992). This also means customers' performance influences employee satisfaction, and consequently their engagement and *their* performance. Emotional reactions (and consequential behaviours) of customers and employees influence *each other*.

3.4 Customer selves

Chang & Horng (2010) say customers themselves are “a significant dimension of experience quality”, indicating two ‘personal’ factors of such quality: cognitive learning and having fun. Both of these factors were seen when we discussed commercial experience quality definitions, and the whole statement reinforces our claim that customer psyche is an indispensable material and resource for its creation. “Learning” is singled out by Poulsson & Kale (2004), although Eriksson et al. (2010) put it under the umbrella of customer engagement. Engagement, in turn, is emphasized by both of these author groups. Having fun and being engaged can be seen as very close notions, hence the statement that the former was already seen in this thesis.

Personal engagement, as Eriksson et al. (2010) point out, is “a critical driver of emotions”. “An engaging act of co-creation...” that any commercial experience is cannot unfold without customer engagement.

Another important issue for this quality dimension is “personal relevance”, as in “customer-experience theme fit” (Poulsson & Kale, 2004). For example, if you don’t like high fantasy, you will not enjoy a fantasy-themed event, however good it might be in terms of physical surroundings, provider’s guides and other customers’ behaviour. Additionally to personal relevance, some commercial experiences may demand a certain minimum of skills or knowledge. In the already familiar example of an adventure tour, you might have to be able to navigate by the stars or start a fire.

To list additional evidence for this commercial quality dimension we can refer to servicescape and service experience literature. As briefly mentioned in the ‘physical surroundings’ section (3.1), Bitner (1992) posits the importance of customers’ internal responses (emotional, cognitive and physiological) for “environment-user relationships in service organizations”. Grove & Fisk (1992) speak of the necessity for customers to prepare and “rehearse” their roles for the service encounter. The latter gives us an “internal” perspective on the dimension of “other customers”: preparing for an event is not only making sure *you* will have proper fit and engagement in it, but also making sure you will be a good ‘other customer’ for the rest of the clients.

3.5 Process quality vs. memory quality

In services, it is possible to distinguish between product focus and process focus: “A product-oriented service is where the emphasis is on what the customer buys. A process-oriented service is where the emphasis is on how the service is delivered to the customer” (Van Looy, Gemmel & Dierdonck, 2003, p. 263).

In commercial experiences, the process of service delivery *is* the product. However, even here we can distinguish between process and result. Eriksson et al. (2009, 2010) emphasize memorability as a distinct characteristic of experience offerings. Pine and Gilmore (1998, 1999, 2007) also say creating memories are important. However, memories did not show up in the discussion of experience quality dimensions above. This is because they are, essentially, *process quality* dimensions. Therefore, for a more complete picture of commercial experience quality, we should additionally introduce dimensions of *product quality*. The latter can also be called quality of the result, aftermath or *memory*.

For the first dimension of after-experience memory quality, we can put thematic wholeness of the said experience. Pine & Gilmore advocate that “engaging themes integrate space, time, and matter into a cohesive, realistic whole” (1999, p. 51). This means that physical surroundings, provider’s guides, other customers and, arguably, even a customer’s own behaviour should be in harmony with each other and conform to the same theme. Then, when remembering the experience, the customer will see it as a whole instead of nit-picking on its elements. It is like remembering a good musical piece: you do not think of drums and vocals separately – you hear them *in ensemble* in your head. The same goes for commercial experiences: for a quality aftermath or memory, you should not be able to find thematic gaps between surroundings, actors and your own actions – even with cognitive analysis.

Another complex dimension for memory quality is the personal impact of an experience.

Eriksson et al. (2010) speak of emotionality as a factor of memorability. It is my belief that they mistreated verb tenses when speaking of memorability, but in this particular case it may come out helpful. Following their logic, the stronger the emotions an experience provides, the more vivid and fond a memory of that experience will be. Fond and vivid seem like desirable *qualities* of a memory, so emotionality becomes a factor of memory quality.

Aside from emotional impact, we can ponder cognitive one. By cognitive impact we mean information that an experience presents for reflection and learning, or for gaining new insights and competencies, in other words. Poulsson & Kale (2004) listed learning, surprise and novelty as important elements for commercial experiences. Earlier we argued that when information, which is mainly rational, is given alongside an experience, which is mainly affective, we are likely talking about the ultimate intangible offering – transformations. Pine & Gilmore state transformations are more valuable than ‘regular’ experiences. Hence, we can argue that the bigger its cognitive impact, the higher the value of a commercial experience. And we posited in our introduction that commercial experience value relies on its quality. Hence, cognitive impact might be one of the factors of experience quality, although, by logic, not necessarily so. Reflection and learning take time, so they will likely happen after the ‘process of experiencing’. Thus, cognitive impact should be placed as a dimension of memory quality.

Combining emotional and cognitive impacts into one we get an entity that may be called “personal impact”.

3.6 Commercial experience quality as a whole

Now that we have discussed process quality dimensions and memory (aftermath) quality dimensions for commercial experiences, we can list them in a common table for easy reference:

process quality	memory quality
Physical surroundings (servicescape / experiencescape)	Thematic wholeness
Guides' fit & emotional labour	
Other customers' fit & emotional labour	Personal impact (emotional & cognitive)
Customer's own personal relevance & engagement	

Figure 5. Dimensions of commercial experience quality (according to the literature)

These elements of product quality for commercial experiences will be used in our interviews, to make sure ours and our respondents' understandings of such quality are comparable.

4. Business process frameworks

Now that we have an understanding of what commercial experience quality is about, we can think of organizing a company's business processes accordingly. How could we organize a commercial experience business to achieve end result quality? We will want to portray a typical internal value chain of the industry-specific firm.

First, we need to define what a business process is. After that, we will choose one framework, the value chain, as a template for the aforementioned task. Lastly, we will discuss this framework in detail and position our thesis among its elaborations.

4.1 Business processes

Approaches to the notion

The idea of seeing work as a process or set of processes that could (and should) be improved dates way back to Adam Smith. Even though his famous pin factory example deals with consecutive operations within one function, it still proposes a change in work process organization. Frederick Winslow Taylor's scientific management also advocated process analysis and synthesis as a means to increase business efficiency. The accent on individual process quality can be seen in the works of William Edwards Deming and Joseph Moses Juran, among others. Moving from incremental changes in individual processes to complex analysis and radical overhaul of the whole enterprise, Michael Hammer and James Champy coined in the notion of business process reengineering. As can be seen, business processes were long in the spotlight as many theorists consider modeling, mapping, managing, analyzing, improving or reengineering them to help companies prosper.

Hammer & Champy (1993) see business processes as critically important factors of business success. They speak of reinventing the whole lot of an organization's processes to increase its effectiveness and efficiency. Aside from specifically focusing on cross-functional processes, they are also considered pioneers in accentuating processes that are "non-production" or "white-collar", like customer service and order management (Jeston & Nelis, 2006, p. xiv). The authors speak of reengineering as a way for a firm to "start everything from scratch", neglecting traditional labour division and reunifying operations that got

unjustly isolated from each other. This outlook on business processes is beneficial for this thesis' purpose, since it allows us to think of them in terms of 'how it should be' instead of from the 'how do we change what already is' perspective. It also focuses on relatively high-scale processes, which is also good for us, because we want to think of commercial experience companies on the strategic level.

Norton & Kaplan (2004) speak of a necessity to identify key business processes that influence end result the most. To help identify the right processes, the authors introduce the 'strategy map' instrument. When identified, each key process should be assigned certain criteria that are to be controlled by the company's managers. These criteria then form a part of the famous Balanced Score Card. Notably, business processes are considered instrumental in achieving the strategic objectives on the customer and, ultimately, financial levels. E.g. *focusing on certain processes can help in achieving high product quality and then in enhancing customer value*, which in the end leads to increased profits (ibid). This also implies *the choice of processes to focus on and the quality of carrying these out is a major factor of creating a high customer value, as well as of the end product quality in particular*.

Business process definitions

Hammer & Champy (1993) define a business process as "a collection of activities that takes one or more kinds of input and creates an output that is of value to the customer". Davenport (1993) says that it is "a specific ordering of work activities across time and space, with a beginning and an end, and clearly defined inputs and outputs: a structure for action" and also claims that "processes are the structure by which an organization does what is necessary to produce value for its customers". Johansson et al. (1993) call it "a set of linked activities that take an input and transform it to create an output". Lastly, Rummler & Brache (1995) state that "a business process is a series of steps designed to produce a product or service. Most processes (...) are cross-functional, spanning the 'white space' between the boxes on the organization chart. Some processes result in a product or service that is received by an organization's external customer. We call these primary processes. Other processes produce products that are invisible to the external customer but essential to the effective management of the business. We call these support processes".

The last given definition speaks of primary processes as opposed to support ones. This reminds a lot of Michael Porter's value chain framework. Although he uses the word

“activities” instead of “processes”, it can be argued these terms are interchangeable in Porter’s case. All the definition authors above, except Rummler & Brache, speak of activities as something that comprises a process, i.e. activities are in their view synonymous to individual operations as Smith or Taylor would call them. Porter, on the other hand, talks about things other authors call processes and calls them activities instead. For example, Norton & Kaplan consider supply, production and distribution to be processes, while Porter says they are activities, naming them slightly differently: inbound logistics, operations and outbound logistics. More than that, Porter lists ‘HR management’ and ‘marketing & sales’ as activities, when they are naturally bigger in scale than the processes of ‘employment’ and ‘customer selection’ as they are put by Norton & Kaplan (ibid).

With that said and since this thesis will not go into much detail regarding the anatomy of individual processes, I deem it fit to use the terms “activity”, “process” and “business process” interchangeably. If we need to describe elements within a process, the term “individual operation” will be used instead.

Choosing a framework

Since in this thesis we want to know what the core of a certain type of businesses looks like, we need an approach to business processes that would accentuate processes’ structure, succession and impact on the end result (i.e. end product or customer value). In addition, we would want to distinguish between primary business processes (those that are absolutely necessary for delivering an end result, that form the ‘backbone’ of the firm) and those that merely support its main activities.

Hammer & Champy’s approach cannot be instrumental to us: it does not concern itself with process structure or succession and is thus not a suitable basis for ‘*visualizing*’ the core of a business.

Norton & Kaplan’s ideas cannot be used as a basic theoretical framework for this thesis either. They do not look at the whole chain of necessary processes, asking us to pay attention only to those that are most critical for our next-level strategic objectives. Additionally, they do not group processes into successive chains, categorizing them by process objects instead – operations, customers, innovations or society.

Porter's value chain framework, on the other hand, does include a structure for business processes, divides processes into primary and support ones and presents a succession for the former. It also says all these primary and support processes contribute to the creation of customer value and produce a profit margin for the company. Overall, it conforms to our needs and looks like an ideal theoretical platform for the thesis.

4.2 Value chain

Approaches and definitions of the notion

The concept of value chain is a little controversial and may refer to different things depending on the approach. Three such approaches can be identified: industry-, intra-firm- and customer-oriented. It should be noted that drawing a full classification of writings on value chains is not the goal of this thesis, so the 'approaches' presented below are for convenience of literature overview only. Furthermore, some works span the borders of these 'approaches'.

Industry view

This is largely an economist outlook on value chains, although not entirely so. It has its roots in works that predate Porter (e.g. Wallerstein, 1974; Lauret, 1983). The researchers in this perspective speak of interactions between companies, global division of labour and possibilities for SMEs to partake in the globalized business environment. They look at the whole path of creating value, from raw materials to end customers, and identify links, or *agent firms* that comprise it. Although it is considered possible for a single company to internalize such a path (i.e. a value chain), the main focus here is on decentralized value chains comprised of multiple firms (see e.g. Wood, 2001).

Researchers with an economist background seem to have tended to converge value and supply chain concepts, depriving value chains of subjective effort and examining mostly object flows: "At the simplest level, ... value chain analysis plots the flow of goods and services up and down the chain, and between different chains" (Kaplinsky & Morris, 2001; see also Gereffi, 1994). Some details of what single firms do thus seem to be left unattended (e.g. customer service, intra-firm support activities etc.). On the other hand, economists utilize value chains as not only a descriptive, but also an analytical tool for a whole number of various problems, including quantitative ones (Kaplinsky & Morris, 2001).

It is in this perspective that the notions of value constellation, value network and global value chain arose to be widely used (Normann & Ramírez, 1993; Allee, 2003; Humphrey, 2005; Gibbon, Blair & Ponte, 2008; Bain, 2010). Aside from academic interest, the approach can mainly be useful for SMEs in complex industries and for policy makers. A good historical overview of this perspective is given by Faße, Grote, & Winter (2009)

Intra-firm view

This is the traditional managerial ‘in-house’ outlook on value chains, popular for building horizontal organizational structures and analyzing them for possible improvements. It seems to be the most useful one for this thesis. The view was introduced and popularized by Porter (1985), who defined value chain as “the basic tool for diagnosing competitive advantage and finding ways to enhance it, ... which divides a firm into the discrete activities it performs in designing, producing, marketing, and distributing its products” (Porter, 1985, p.26).

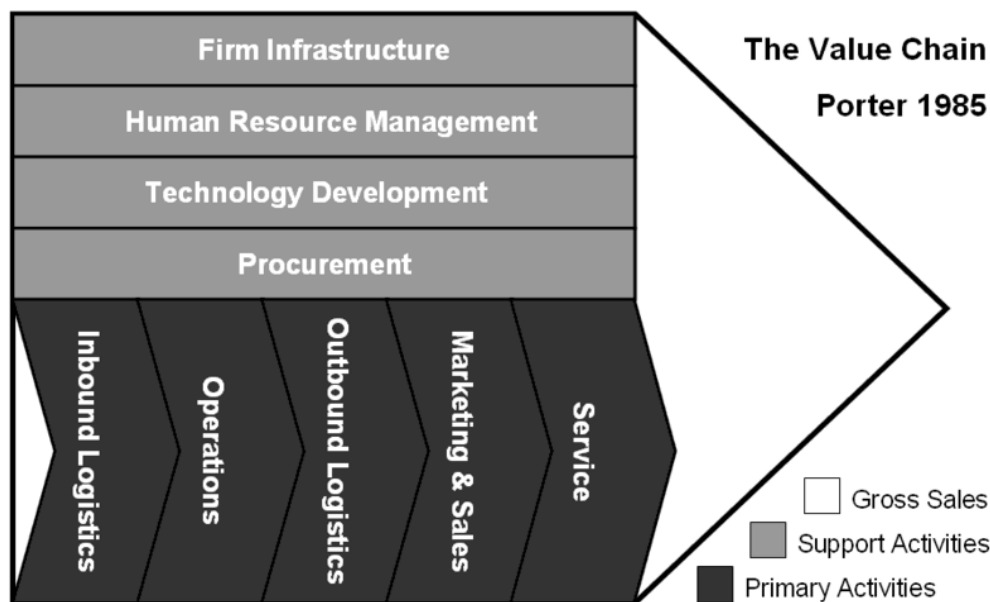


Figure 6. The original intra-firm value chain model (from Porter, 1985)

As can be seen, there is a succession of primary activities, or business processes, and four traditional function-like processes that are executed throughout the whole time or per necessity. Although the author’s very own definition mentions designing products as a discrete activity, there is no corresponding process in the figure above. This was one of the additions to Porter’s original framework that followed.

Brown (1997) closely follows Porter’s original understanding of a value chain: “The value chain is a tool to disaggregate a business into strategically relevant activities. This enables

identification of the source of competitive advantage by performing these activities more cheaply or better than its competitors”.

Walters & Rainbird (2006), on the other hand, go a radical way and state that a value chain is a combination of supply and demand chains:

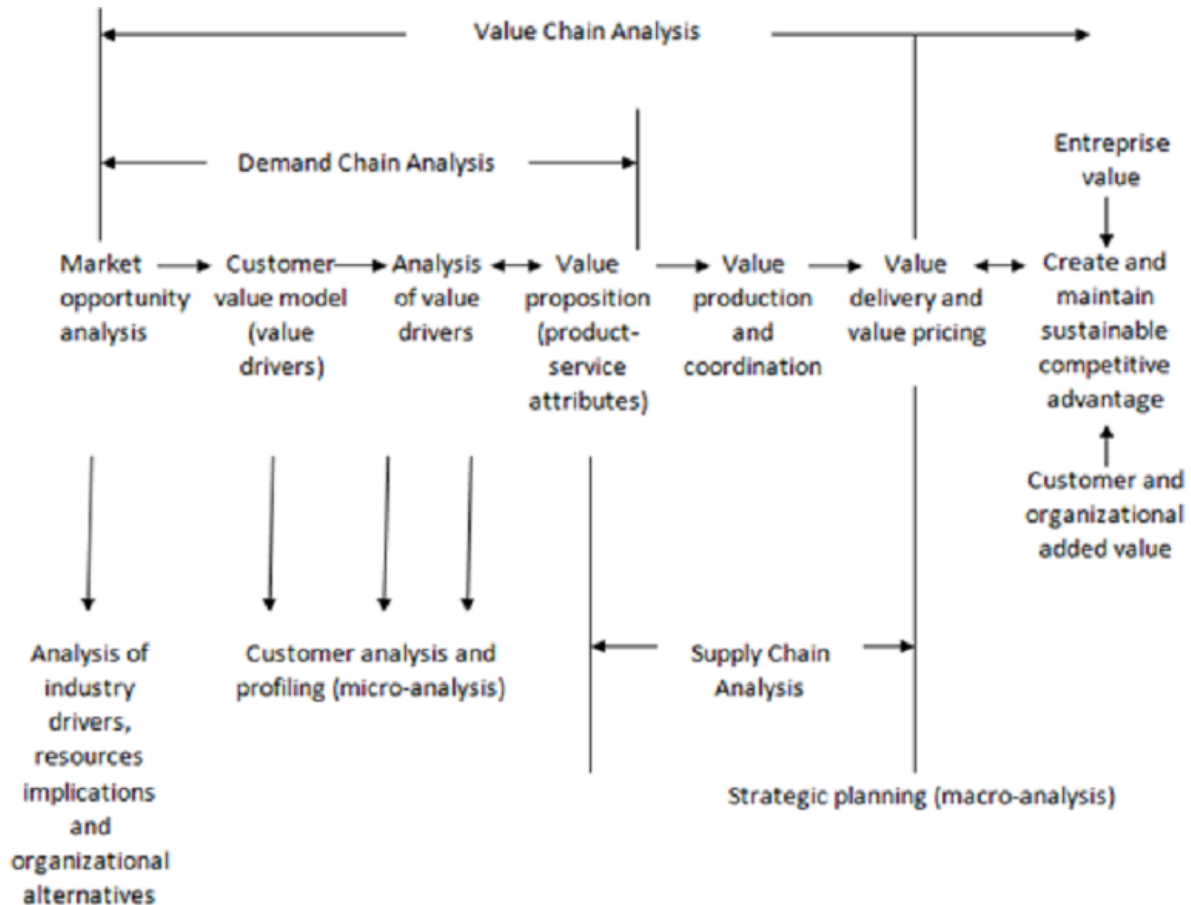


Figure 7. [Intra-firm] Value Chain = Supply Chain + Demand Chain (from Walters and Rainbird, 2006)

The authors argue that ‘value chain’ is a concept that integrates the activities needed to explore and understand markets, analyze market opportunities, consider positioning alternatives *and* organize operations. This is, obviously, a very bold and broad model. However, it seems to suffer from the same thing as industry-oriented frameworks by economist researchers do: speaking of business process organization in terms of supply chain management looks like narrowing the scope of it too much. Regarding the inclusion of demand chain into the model – that is much more characteristic of customer-oriented approach discussed below. In the particular case of our thesis, we do not have to go through the demand chain analysis part at all, because of previous research. Since service quality dimensions, including those unique to commercial experiences, can be seen as value drivers, we can say we already know these: engagement, emotionality and memorability. This puts

us at the end of demand chain analysis and the start of supply chain one in Walter and Rainbird's model.

Nevertheless, less radical developments of Porter's framework also exist, especially in more practice-oriented papers. For example, Value Chain Group's Value Reference Model¹¹ is an effort to create an all-inclusive standard model that would contain all possible processes an organization could ever have. Companies are then expected to simply pick their liking from this menu to form "their own" value chains. Lord Sainsbury of Turville (2007) takes Porter's original model, strips it of support activities and adds product development processes to the primary lot:

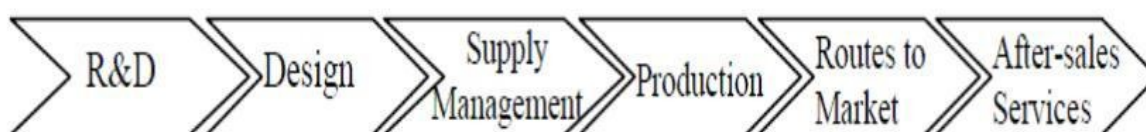


Figure 8. A streamlined value chain model for manufacturers (from Lord Sainsbury of Turville, 2007)

There are two more notable things about Lord Sainsbury's model. First, the author distinctly admits it to be specifically tailored to manufacturer firms. Second, the ambiguous term of "marketing and sales" is replaced with "routes to market", which is still broad, but at least avoids possible confusion between e.g. promotion and marketing research. The latter two could easily be put at opposing ends of the chain, so placing them into one single process, as Porter did, is troublesome.

There are other authors who look at innovation and product development processes through the prism of value chain models. Mello (2008) divides a product innovation value chain into three stages: idea generation (ideation), conversion of ideas into product and process projects and diffusion of ideas across the company and its market. The idea of distinguishing stages or phases to group primary processes into is also valuable in itself.

Customer-oriented view

This outlook holds customers and customer participation as the most important parts of a value chain. "Traditionally, value chain studies commenced with a review of assets and capabilities and ended with customer requirements. Given customer-value focus, target

¹¹ <http://www.value-chain.org/value-reference-model/>, retrieved on 03.05.2011

customers' wants, needs and desires should come first and the company should dovetail its assets and capabilities to customer requirements" (Mascarenhas, Kesavan and Bernacchi, 2004). Put simply, "value, like beauty, is in the eye of the beholder" (Feller, Shunk and Callarman, 2006).

This view is very much in line with the broader focus on the customer in contemporary business literature, where building company-customer relationships is deemed extremely important for a multitude of reasons.

Slywotzky and Morrison (1997) say the customer should be the first link in a value chain, not the last one. They pay utmost attention to choosing a "profit zone" and securing the company's place in it, i.e. – to making sure the company is profitable. They offer four steps to identify such a "profit zone". The first step is to *select which customers the company wants to serve*. Moving through 'value capture' and 'strategic control' issues, they arrive at the question of what activities the company has to actually perform to achieve its goals. This last one also includes the concern of process outsourcing (ibid, p. 12).

Walters and Lancaster (2000) follow the customer-oriented view, but pay more attention to the firm's environment, almost to the point of going back into the industry-oriented approach. They emphasize the importance of relationship management and information management as governing processes of the value chain. The researchers define a value chain as "a business system which creates end-user satisfaction (i.e. value) and realizes the objectives of other member stakeholders" (ibid, p. 162). Just as in a future article co-authored by Walters (Walters & Rainbird, 2006 – we already mentioned it in the intra-firm view), the authors of this earlier article include supply chain management as a part of the value chain:

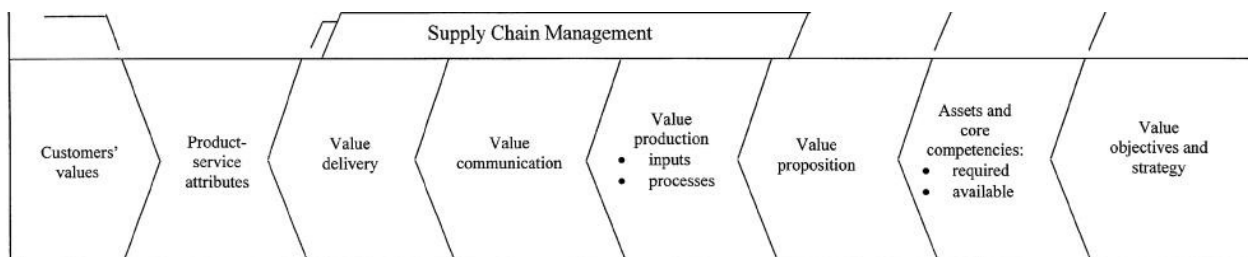


Figure 9. The value chain process: supply chain as a part of value chain (from Walters and Lancaster, 2000, adapted)

Just as mentioned earlier in the intra-firm view section, I think speaking of business process organization in terms of supply chain management is narrowing its scope too much. Saying it is supply chain management, the authors disregard the strategic implications of this stage of their value chain model. Choices here are not limited to logistics and cost reduction, as they imply, but can reflect alternative approaches to value creation. It is even more so if we think of the differences between various types of economic offerings (as described in chapter 2 of this thesis).

Unlike Walters et al., Feller, Shunk and Callarman (2006) contrast value chains and supply chains, stating they “flow in opposing directions”, with value chain starting from the customer and moving backwards along the supply chain:

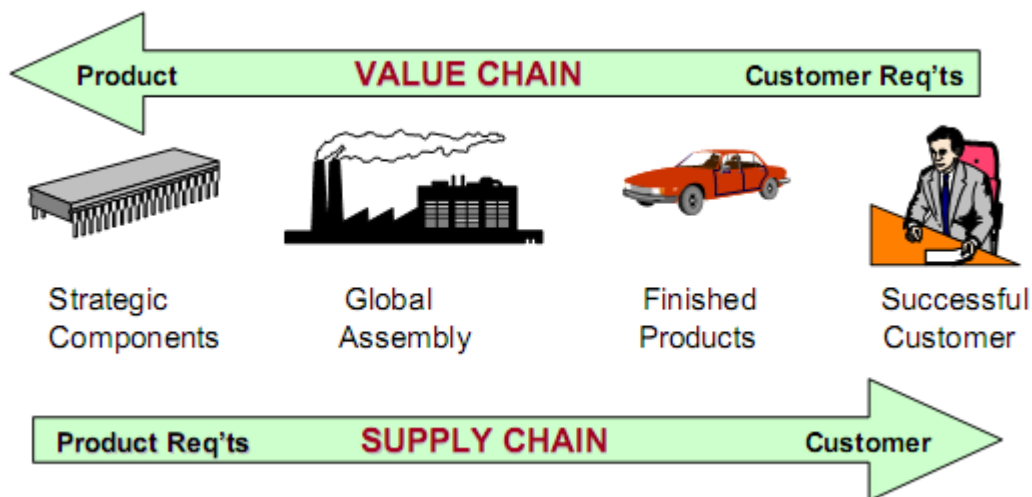


Figure 10. Value Chain VS. Supply Chain (from Feller, Shunk and Callarman, 2006)

They also say that “value is a *subjective experience* that is *dependent on context*” (focus kept from the original). It means that even in tangible goods’ manufacturing, a company cannot create value if it does not consider what the end customer will think or feel of the product. With commercial experiences, however, what the customer thinks and feels can be seen as the product itself (even if we say the product is the *opportunity* of thinking and feeling, the company’s ultimate aim is *to have customers realize that opportunity*).

Mascarenhas, Kesavan and Bernacchi (2004) propose possible modes of *value co-creation with customers in all value chain processes*, offering a Customer Value Chain Involvement model. The set of processes they present in this model is very marketing- and product

development- heavy, listing such activities as ‘prototype developing’ and ‘ad testing’ while restricting operational processes to a single one of ‘manufacturing’.

Since in this thesis we have a single firm’s process architecture in mind, the intra-firm outlook on value chains is the best choice for us. On the other hand, the customer perspective could also provide a few valuable insights.

Framework adaptations

One of the main criticisms directed at Porter is that he does not look beyond tangible goods’ manufacturing. Since service sector has been a popular research field for quite a while now, academics went on to model value chains for services.

A general and widely accepted adaptation to services was proposed by Stabell and Fjeldstad (1998). They introduce value configuration theory, which “builds on and extends” Porter’s framework. Porter’s ‘value chain’ is seen as one of the possible “activity templates”, relevant for manufacturing of tangible goods. Looking at services, the authors distinguish two subsets of them: “problem-solving” and “mediation” services (both of these fall into utilitarian service category depicted in figure 4). These two service types are given an alternative “activity template” each: “value shop” and “value network”, respectively. Note that the notion of value network as discussed by Stabell and Fjeldstad is completely separate from the one widely used in the industry-oriented approach to value chains.

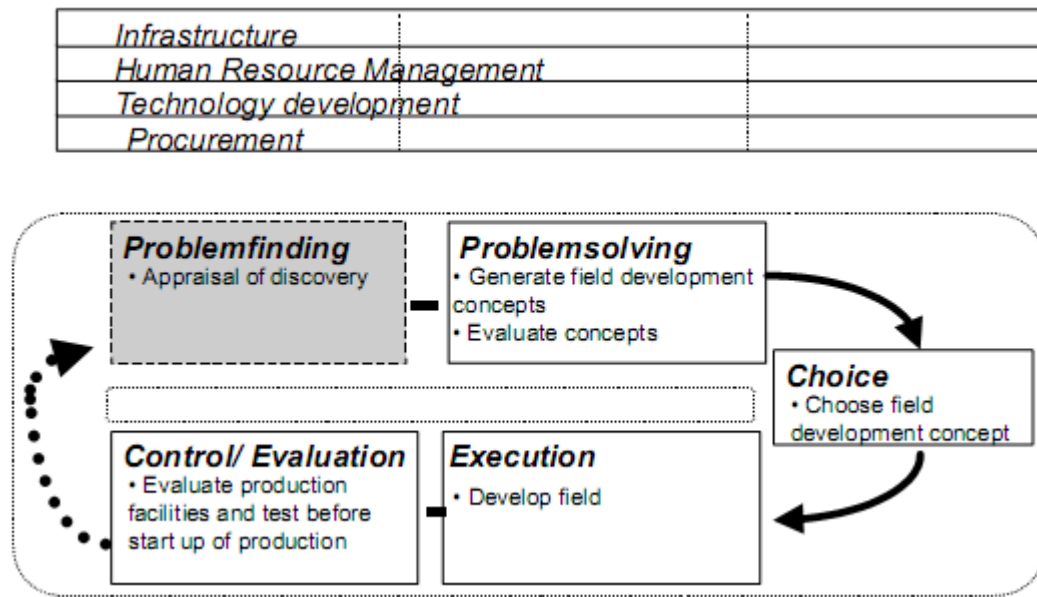


Figure 11. Value Shop Activity Template – applied to a field development contractor (from Stabell and Fjeldstad, 1998)

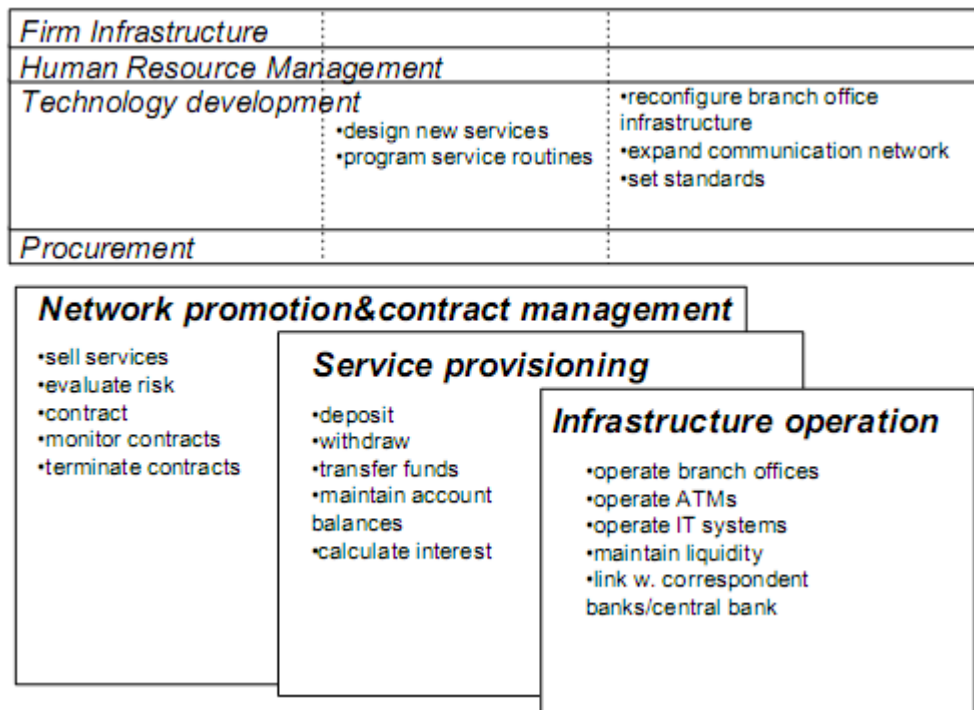


Figure 12. Value Network Activity Template – applied to retail banking (from Stabell & Fjeldstad, 1998)

Attempts to adapt Porter's framework to specific industries within the service sector proceeded. In addition to Stabell and Fjeldstad (1998) themselves, many authors have examined the healthcare sector in this respect (e.g. Burns et al., 2002; Pitta & Laric, 2004). Nooteboom (2007) draws a comparison of ten industries in terms of value chain specifics,

including six service subsectors. Among others, he identifies a “personal care” industry, containing healthcare, recreation and other ‘care’:

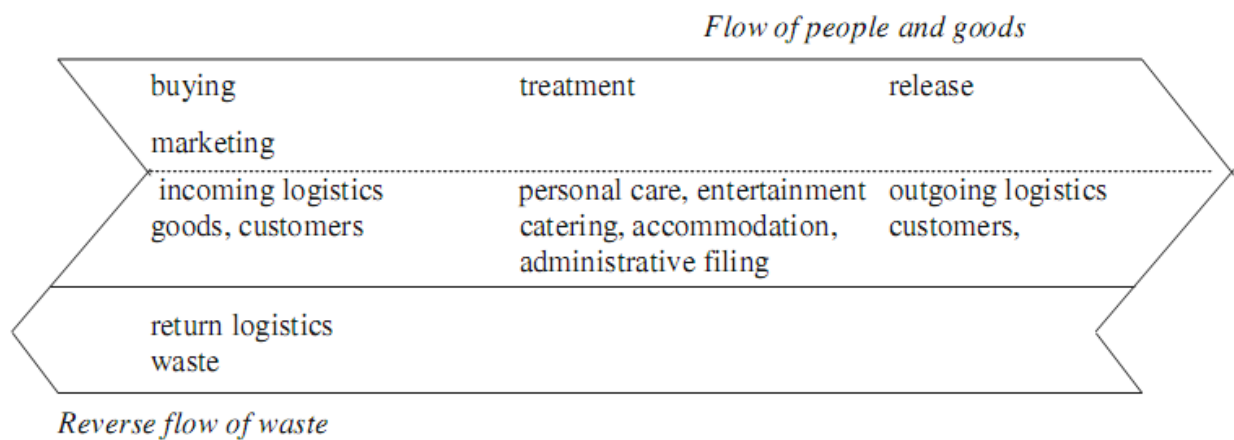


Figure 13. Personal care/recreation value chain (from Nootboom, 2007)

Nootboom looks at primary processes only, identifying broad ‘functions’, as he puts them (upper row of the figure), and ‘activities’ that comprise these functions (second row). He also mentions ‘recycling’ or ‘waste’ activities that are carried out after the product delivery (lower row). These are supposedly not related to product delivery directly, yet are in the company’s responsibility. Unfortunately, that author does not elaborate enough on these, so nothing specific can be said to comment on them.

Interestingly, there were moves into optimizing service value chains for experience offerings (Spence & Kale, 2008). Spence & Kale’s work, however, cannot be classified as Porter’s framework adaptation: they focus on service blueprinting and internal marketing instead, discussing ways to *enhance* customer experience in hedonic services.

One of the reasons why value chains are adapted to specific industries seems to be that they can help better understand which business activities and in which succession are appropriate for running a certain type of business. Although value chains for services and the experience economy are both favoured fields of research, no fundamental value chain revamp for commercial experiences was ever made, to the best of my knowledge.

In this thesis we will adopt an intra-firm approach to value chain and build an adaptation of it for commercial experience companies. It will stand in one line with Stabell & Fjeldstad’s works, but focus on a type of services that was ignored by them due to it being less widespread back then. While at it, we will also utilize insights from the customer-oriented approach to value chains.

5. Research questions

1. *What is commercial experience quality?*

Answered through literature, supported with empirics

This question has already been answered by us with critical literature review. We could proceed to verify the resulting concept with a quantitative customer survey, but that is unnecessary, in my opinion. All the listed dimensions of commercial experience quality are taken from other studies, with four out of six verified quantitatively. The sole contribution of this thesis here is unifying several conceptual understandings into one construct. It is possible to conduct a verification survey of this resultant construct, but first, that is not the aim of this work, and second, we have enough ground as it is to proceed with other research questions. We may still want to know what the managerial side thinks of commercial experience quality, to make sure our future but that doesn't seem like a central question for our research.

2. *What could an industry-adequate internal value chain look like for commercial experience companies?*

Answered through literature & empirics simultaneously

This is the central research question for this thesis, and we are talking theoretically uncharted ground here. Knowing the important business processes that are specific to your industry is necessary, but probably not enough to be successful. To understand the gist of your business, you likely need to see the whole picture of it. Answering this question, we will want to portray both industry-specific and generic activities within a common diagram. This means using insights from answering the second research question, as well as from various incarnations of the intra-firm value chain. Some processes or activities that are seen as support might be more suitable as primary for commercial experience companies, and vice versa. Also, it might appear that long-term practitioners see some industry *non*-specific processes as unexpectedly crucial for the sector.

A proper answer to this question would be a value-chain-like diagram, presenting a vision of an organization's structure of activities for its managers.

3. *What business processes could be considered as industry-specific factors of product quality?*

Answered through literature & empirics simultaneously

This is an important question for discussing the specificity of the value chain for commercial experience companies.

The closest to discussing the question in literature are probably Kale et al. (2009). However, in listing “elements” necessary for “designing and delivering compelling experiences” they seemingly do not rely on any solid understanding of what compelling experiences are. I.e. they do not link to a construct for experience quality while discussing its factors. Besides, they do not speak of processes or activities per se – they cautiously call their quality factors “elements”. Some of these “elements” can be seen as business processes, while others cannot, and many of them are marketing- or psychological manipulation-focused. All of that makes this article not instrumental enough for answering our second research question.

Unlike with the first question, we do not have a number of diverse evidences in literature that we can analyze and conflate. We can draw conclusions from our conceptualization of commercial experience quality, but that deduction will lack substance. We need additional evidence, and the easiest way to get it is by asking some kind of experts. It might also be possible that there are relevant processes recognized by practitioners and yet not posited in the literature. As with the previous question, we would want opinions from diverse yet relevant respondents here.

Going for a likewise question with a statistical mindframe is possible, but it seems too early for that. Before more formal quantitative studies are conducted, we need a conceptual understanding of the issue. Hence, we put the word “considered” into the question, implying subjectivity.

4. *Is it reasonable to outsource or offshore any business processes in commercial experience companies?*

Answered through empirics mainly

From an international business perspective, we would be interested in possibilities commercial experience companies have for internationalizing. However, the

internationalization issue as a whole could constitute a thesis in and of itself. Unfortunately, proceeding with it in this thesis seems to be a bad choice. Speaking of process internationalization in all its complexity would benefit from having a picture of a company's structure of business activities first. That is why in this thesis we restrict ourselves to speaking of process outsourcing and offshoring, rather than of their internationalization in general.

This question, to the best of the author's knowledge, was not approached in literature directly. So, evidence for answering it will have to come mainly from the field.

6. Methodology

When choosing methods, research questions are a good starting point for considerations (Ryen, 2004). The research question analysis from the previous chapter has two implications: a theoretical one and a practical one. First, it allows us to describe our study's methodology from a theoretical point of view. Second, it allows us to argue about appropriate practical methods for answering these research questions. After discussing these issues, we will spotlight our approach to choosing respondents for the empirical part of the study. Then, an interview guide for the said respondents will be presented. Lastly, we will present the respondents chosen for our study.

6.1 *Theoretical method*

It appears the majority of our research questions, including the central, second one, ask for subjective answers. We are talking about *ways of thinking* of commercial experience companies that are *adequate* to their specifics. Since we want subjective opinions on certain phenomena, we are talking *qualitative phenomenological research* (Heidegger & Dahlstrom, 2005; Moustakas, 1994; Lester, 1999). The phenomena in question are commercial experience quality and the structure of business processes for commercial experience companies.

Four of the five inquiries above are “what”-questions and the fifth one is a general question. That and the fact that we operate in the context of conceptual ambiguity makes our study *exploratory* in purpose, according to Zikmund (2000).

An exploratory phenomenological study approach means we will not be looking for support of certain claims, but try to enrich our understanding of the commercial experience phenomenon. This has several implications for data collection and data analysis. First, we will not be looking for a big sample, as we do not aim at reliable generalizations and thus do not have to strive for statistical reliability. Second, we will not attempt rigid generalizations, and no logical correlations could be drawn in our data. On the other hand, we will be able to contribute more rich data to the understanding of commercial experiences and of the service industry in general.

6.2 Data collection method

We already mentioned that some conceptual evidence will be taken from our *critical literature review*. This mainly refers to the concept of commercial experience quality. We need an empirical method that would complement literature as a source of evidence. This means a method that can yield diverse yet deep subjective conceptual insights. We have a managerial outlook on organizational value chains in mind. The phenomenon we have in focus is not as complex as CSR, for example, and we do not have to look research the opinions of several different types of stakeholders. Researching the opinion of relevant managers seems to be enough. Also, we are mainly interested in people's *thoughts* on what processes could be adequate for their projects, which ones they *consider* important and which ones they would *consider* outsourcing/offshoring. That is, we will *try* to focus on *what people think reality should be*, rather than on the reality of their current conditions and restrictions. This renders archival records browsing, documentation analysis and direct observation not too relevant. Interviewing, thus, seems to be the most appropriate method for data collection.

There are different types of interviews. One way to classify them is to distinguish between structured, semi-structured and in-depth interviews (Saunders et al., 2000). Structured interviews must have a rigid, predetermined set of questions with little flexibility for the interviewees. These are largely a quantitative instrument. The other extreme, in-depth interviews, are used in pilot studies, to build up hypotheses for quantitative research or in situations when an interviewer wants to tap into interviewees' subconscious (hence the claimed accent on feelings, motivations, verbatim transcriptions and theme analysis). In-depth interviews are thus useful for psychologists and marketing researchers. We, conversely, do not focus on emotional, but rather on cognitive matters when it comes to the empirical part of this thesis. The last of the three, semi-structured interviews, are to have predetermined themes and/or obligatory questions to ask, but do not pin the conversation flow completely. It is possible to change the order of the questions. It is possible to discuss certain questions in more detail, if it turns out they deserve additional attention. It is also possible to trim the discussion of other questions, if need be. Since we talk about conscious answers here, it is easier to achieve consistency between several semi-structured interviews than it is with the in-depth type. All these considerations make *semi-structured interviews* the preferred method of data collection for our thesis.

6.3 Sampling

Interviews in qualitative studies, be they in-depth or semi-structured, do not require large samples. This is because statistical generalizations are neither possible nor needed (Yin, 2003). More than that, purposive sampling instead of random sampling is regularly used (ibid).

In order to use purposive sampling, we need to understand the *purpose* of sampling clearly. What do we want from the interviews? Here is a summary of our previous thoughts:

- practitioner insight
- managerial perspective answers
- subjective conceptual opinions
- diverse yet deep responses

Judging from that, we can deduct that we need our interviewees to be:

- working or having worked in commercial experience companies
- familiar with management as a field of knowledge
- individuals with a high skill of abstract thinking
- coming from different types of companies or work backgrounds
- having enough spare time or inclination to share their deep thoughts

The first condition is probably the most discussible one. Most companies probably do not yet think of commercial experiences in the same theoretical terms as we used. Even in academic literature, there is no terminological unity among researchers, so thinking it will be present in practitioners is imprudent. However, there are a lot of companies that could be called commercial experience ones by definition, even though their employees may not use our terminology. Businesses in tourism and event staging, theatres and museums are but a few good examples. Of course, not all tourist operators and agencies can be considered as dealing in commercial experiences. The question is whether the firm's employees are directly co-creating customers' experiences together with them. If an agency sells the tickets, books the hotel and then withdraws from the stage – we cannot speak of a commercial experience. On the other hand, if a group of people goes on a veritable journey under the guidance of an

instructor, as is often the case with adventure tours – we *can* speak of such. Museums are in a similar position: without unconventional excursions or other projects, there can be no commercial experience to talk about.

The fifth and last condition could also pose a difficulty. The other four depict individuals with a good educational background (abstract thinking skill and management knowledge), working in managerial positions. Persuading such people to spend an hour of their time on non-job related tasks can be problematic. However, this problem can be alleviated through personal contact or by giving them proper incentive. We could also interview people at smaller firms, which are easier to enter for an outside researcher.

Overall, we will aim for managers of approximately 10 companies in adventure tourism, event staging, museum business having interactive programs for the guests and theatre field. To select only the relevant organizations, companies' websites and press releases will be examined prior to asking for an interview with that company's employees. After that, contact will be made with the chosen firms – first via e-mail and then, if potential respondents do not refuse to continue the dialogue, via a telephone call to agree on the time and place of a meeting. If the meeting shows a particular respondent is not suitable for our research, the interview will be discarded from the sample.

6.4 Presentation of respondents

The respondents that were interviewed total to 16 experts from 10 diverse organizations in Moscow and Saint-Petersburg. All of them are involved in businesses or business projects the products of which can be called commercial experiences by definition. All of them comply with the criteria we set for the respondents in the “sampling” section. Most of the interviews were one-on-one conversations, but 4 out of 12 were conducted with two respondents at a time. Each interview lasted up to one and a half hours, providing us with a lot of rich qualitative information.

#	Company title and web address	Company type	# of experts	# of interviews
1	Interior Theatre http://www.spb-ith.ru	theatre	1	1
2	Calypso – the world of travels http://www.calypso-spb.ru	tourism	1	1
3	Wind of Freedom – a travelers’ club http://veter-s.ru	tourism	3	2
4	In the World of Dreams http://www.iwf.ru	tourism	3	2
5	The “Courage” Artstudio http://www.artstudio.ru	events	1	1
6	EVO impressions http://www.evoi.ru	events	2	1
7	ISIC MegaQuest http://www.isicliga.ru	events	1	1
8	Anna Akhmatova’s Fountain House http://www.akhmatova.spb.ru	museum/theatre	2	1
9	Retro Bus: Back to the USSR! http://retro-bus.ru	museum/events	1	1
10	Vicaar – international projects and expeditions http://norpolex.com	museum/tourism	1	1

Figure 14. List of interview respondents.

We mentioned that we need our interviewees to come from different types of companies. In order to achieve this diversity of company types, four major industries were selected: theatre, tourism, event organization and museum business. These seemed like the best fields to look

for commercial experience firms. Of course, neither regular theatre plays, nor mass tourism, nor regular museum programs satisfy our definition of commercial experiences. Care was taken to choose only relevant companies for the interviews. Let us look at each group of companies in more detail.

Traditional western theatres draw a firm distinction between the actors and the audience. A play that is simply shown to the audience is not a commercial experience by definition. However, there are theatrical experiments (or forms of theatre) that render that distinction void. For example, take Jerzy Grotowski's "paratheatrical' participatory projects" (Kumiega, 1987). Such projects could be called the epitome of commercial experiences, and the practical insight of people organizing them could be very desirable for our research. However, such people seem to lack in managerial vocabulary and mind-set. They simply do not think of their projects from a managerial point of view, focusing on the artistic side instead. This assumption was substantiated when I interviewed a director of a small, long-standing experimental theatre in Saint-Petersburg. His practical insight was very inspiring, but he quickly lost enthusiasm when the question of how to organize a project became centre.

The "tourism" companies in the table above all offer individualized, non-conventional tours. For example, the "Wind of Freedom" travellers' club organizes expedition-like tours for groups of six-ten customers, guided by professional travellers and ethnographers. These journeys may be sport-oriented or contemplation-oriented, but the company claims either will have a profound effect on each client's psyche. And since the groups are this small, the guide can pay individual attention to each customer, making the co-creation of emotions possible. "In the World of Dreams" is rather similar to "Wind of Freedom", but they focus on spiritualism much more and their tours tend to be less elitist in character. They also tend to offer internal (within state borders) over outbound tours, capitalizing on the cultural and natural diversity of Russian Federation. "Calypso" is a multi-faceted travel agency, but the expert I interviewed there was in charge of in-bound tours.

As for event organization businesses, these are rather diverse within their own in-group. "The 'Courage' Artstudio" conducts festivities and celebrations, both corporate and individual. What is interesting about them is that they do organize 'non-conventional', 'conceptual' or 'exclusive' events. Of all holiday events, these are closest to our understanding of what a commercial experience is. "EVO impressions" deal in the so-called

gift experiences or experience gifts. It means they prepare a commercial experience and then sell a “ticket” for it, which is afterwards presented as a gift from the purchaser to the end customer. ISIC MegaQuest is not a company per se. It is an urban adventure game that ran as a repeated project for several consecutive years. Its participants were expected to navigate the city at night, finding places, solving puzzles and showing their physical prowess.

Finally, let us say a few words about museums. Traditional museums rely on exhibitions and excursions. There is no place for serious customer participation, making their offering uninteresting to us in the context of this thesis. However, museum experiments and "half-museum" companies can be relevant. “The Fountain House”, a memorial flat of Anna Akhmatova, a famous Russian poetess, runs an in-house theatre and conducts “theatrical games” for both children and adults using the museum’s facilities. The recently founded “Retro Bus” company accumulates a park of old soviet buses and uses it for both excursions and parties. It can be considered a “wheeled historical museum”, but the buses are often used to hold festive events of various kinds. At other times, they become “time machines” to an authentic social environment from the past: people recall (or get to know) what it is like to ride in an overcrowded soviet bus. “Vicaar” is a company that organizes polar expeditions from around the world. They work with individuals or groups of tourists, sportsmen, explorers, researchers – including filming expeditions. The interesting thing is that they are very closely related to the Russian State Museum of Arctic and Antarctic, to the point of having the same management personnel. On one hand, “Vicaar” can be considered an unconventional tourist agency, akin to “Wind of Freedom” or “In the World of Dreams”. On the other, their activities can be seen as a continuation of the aforementioned museum business.

6.5 Interview guide

An interview guide is a “grouping of topics and questions that the interviewer can ask in different ways for different participants” (Lindlof & Taylor, 2002, p. 195). Having an interview guide for our semi-structured interviews will allow us to have enough depth and flexibility during conversations, while keeping to the point. It will also help us retain consistency between different interviews and enjoy the possibility of drawing logical parallels between two or more interviews or an interview and a literate source. We will base our interview guide on the research questions:

- What is commercial experience quality?
- What could an industry-adequate structure of business processes (internal value chain) look like for commercial experience companies?
- What business processes could be considered as industry-specific factors of product quality?
- Is it reasonable to outsource or offshore any business processes in commercial experience companies?

Ideally, we would get direct answers to these from the respondents. However, we are going to interview people from different industries. These industries were traditionally not seen as parts of one larger industry, commercial experiences. Therefore, our *terminology* needs to be adapted somewhat to the interviewing process. With representatives of each “traditional” industry (tourism, events, museums and theatre) we will speak about their particular industry, in that industry’s respective language. We will focus specifically on those products of theirs that can be undoubtedly classified as commercial experiences (according to our definition of the term). Aside from that, we need to discriminate between open questions and closed questions. On one hand, we want to listen to what our interviewees are saying and increase our understanding of the phenomenon based on their responses. On the other hand, we want to keep our conversations to the point and to be able to compare different interviews. Therefore, we will have to ***first pose open questions (numbered)*** and then ***complement them with closed ones (dotted)***. Moreover, the third research question is too complex for an interview, but can be easily answered if asked indirectly. We can ask what processes are important for the respondents’ product quality, and then deduct which of these

are generic for all sectors of economy and which are commercial experience-specific, if any. The four interview questions, then, will look as follows:

1. *Name two-three characteristics of your product quality from your client's point of view.*
 - Do you think it is reasonable to distinguish between process quality and memory quality?
 - Do you think any of the following elements could influence your product quality (physical surroundings, guides, other customers, customer selves, thematic wholeness, personal impact)?

2. *What processes/activities are appropriate for running a [certain] project in your company? What do you think a good chain of business activities, from start to finish, would look like?*
 - This is a difficult question, so maybe we should introduce three big phases of such a chain: product development, preparations and realization.
 - To ease things even more, we can also list some building blocks, in no specific order: Creating a product concept, event/tour/spectacle planning, resource checking, budget formulation, procuring materials, selecting clients, client training, casting and training “on-stage” personnel, marketing and sales, transporting, accommodation, upholding infrastructure, carrying out HR, developing technologies, conducting and guiding the event (“action”) and follow-up activities with the clients, if any.

3. *What processes do you consider most important in achieving good product quality?*

4. *Is it reasonable to outsource or offshore any business processes in a project to achieve higher product quality?*
 - Are there any “unimportant” processes that can be delegated to whoever?
 - Are there any important processes that could benefit from outsourcing or offshoring?

As can be seen, question 2 is central and will help interviewees answer numbers 3 and 4, which can be posed in any order. The first question does not provide any basis for others, but allows to make sure the respondent complies with our literature-based understanding of commercial experience quality. When a closed question is posed and it has a lot of variants, these will be visualized for the interviewee. In question 2, for example, the “building blocks” of a chain will be presented as actual moveable paper blocks with respective titles. This will

allow us to discuss the order of processes. The resulting chains respondents build on their tables will be photographed, and the interviews will be recorded on audio, with the most important moments fixed in written notes during the process.

Question 2 offers 17 business processes for discussion with interviewees, in case they cannot speak in terms of business activities spontaneously. We will need at least some activities discussed in this question, if we want to approach questions 3 & 4. These 17 processes come from several sources, all of which we mentioned in our literature review chapters. Some of these are taken from the literature directly, others are inspired by it. Let us present them one by one:

Infrastructure – a complex of general management sub-activities, including general planning, finance, accounting, legal, government affairs, and quality management. Taken directly from Porter (1985) and Stabell & Fjeldstad (1998).

HR – a complex of sub-activities; includes recruiting, hiring, training, developing, compensating, motivating and controlling personnel. Taken directly from Porter (1985) and Stabell & Fjeldstad (1998).

Technology development – refers to the research & development of any technologies for producing goods or services. In the service context it can contain service design, among other things. Taken directly from Porter (1985) and Stabell & Fjeldstad (1998).

Material procurement – an activity concerned with purchasing various material inputs for the value chain. Taken directly from Porter (1985) and Stabell & Fjeldstad (1998).

Creating a product concept (product conceptualization) – a process of describing a product idea rigorously and formally. Inspired by Lord Sainsbury of Turville (2007) and Mello (2008).

Event/tour/spectacle planning, resourcing & budgeting – a process of creating a plan for the upcoming event and for all the activities necessary to prepare it. The plan is then checked for performability and profitability, and a budget is composed. Inspired by event management literature, namely Holzbaur et. al (2010).

Inbound logistics of people – a process of transporting and accommodating clients and, in case of commercial experiences, guides to the place where the experiential event will take place. Since a client's psyche can be considered a raw material for experience creation,

transporting and “storing” such “materials” is necessary before any production can take place. Of course, this is only necessary if the event is not local for either clients or guides, or both. Taken directly from Nooteboom (2007), with minor corrections referring to guide staff.

Determining the target audience – the process of identifying a product’s target audience through e.g. market research. Has to be carried out on a per-project basis, if the company wants to target different groups of people with different commercial experience products. Decomposed from Porter’s “Marketing & Sales” activity, which seems too broad for our context.

Promotion – the process of advertising, sponsoring and otherwise promoting a product in the market. Decomposed from Porter’s “Marketing & Sales” activity, which seems too broad for our context.

Sales – the process comprising of active sales and carrying out transactions with the customers. Decomposed from Porter’s “Marketing & Sales” activity, which seems too broad for our context.

Guide personnel casting – the process of recruiting and hiring specific per-project personnel. According to section 3.2, these personnel appear different from regular management, and should be treated differently. Extracted from Porter’s and Stabell & Fjeldstad’s HR activity.

Guide personnel training – the process of training and developing specific per-project personnel. According to section 3.2, these personnel appear different from regular management, and should be treated differently. Extracted from Porter’s and Stabell & Fjeldstad’s HR activity.

Event guiding – the process of holding the event. Holding a commercial experience event means co-creating clients’ experiences with them, by definition. Hence the provider does not just hold the event, but *guides* its clients through it via specially appointed “on-stage” personnel – the guides. This is a “production” process, as in “treatment of clients’ mental resources”. This is taken from service-oriented value chains and is analogous to “execution” or “treatment” from Stabell & Fjeldstad (1998) and Nooteboom (2007), respectively.

Production – this is the process of building a physical environment for the experience to take place in. It is a “production” process, as in “treatment of material resources”. This is identical to Porter’s manufacturing-context process of production.

Client casting – the process of recruiting and hiring specific per-project personnel. According to section 3.2, these personnel appear different from regular management, and should be treated differently. Extracted from Porter’s and Stabell & Fjeldstad’s HR activity.

Client training – the process of training and developing specific per-project personnel. According to section 3.2, these personnel appear different from regular management, and should be treated differently. Extracted from Porter’s and Stabell & Fjeldstad’s HR activity.

Follow-up activities – the process of “reverse feedback”. Clients are given after-event opportunities to shape their experience better (for example, by making them realize their emotions more vividly or by focusing their memories on a particular element of the past event). Inspired by the division between process quality and memory quality (section 3.5).

6.6 Data analysis and reliability

We are in the field of phenomenology and building a conceptual construct, so we seem better off relying on interpretive analysis over introducing more rigorous procedures. In order to have more clarity and a good direction for presenting and analyzing raw qualitative data, we will present it in tables – one per research question. Using these tables as guidance, we will then describe the detailed opinions of our interviewees and discuss the implications of those.

The notion of research validity has received considerable attention in methodological literature on qualitative research (e.g. Sandelowski & Barroso, 2002; Creswell & Miller, 2000; Sparkes, 2001; Rolfe, 2006). One of the most common judgments is that a qualitative researcher should present himself/herself as a visible, subjective and interested figure, rather than try to detach oneself from one's study (e.g. Guba & Lincoln, 1985; Plummer, 1983; Stanley & Wise, 1993). Detachment, such authors argue, is expected of quantitative or positivist scholars, but qualitative phenomenology is a “parallel” matter. Essentially, they argue that for a qualitative research to be valid, it has to mine information from the relevant sources. We will adopt this parallel view of quantitative and qualitative methodologies. In this thesis, literature and empirical methods are going to be used on par with each other to come up with a conceptual construct (an internal value chain). Therefore, the author will have to be subjective in bringing literature and empirical evidences together. *Interpreting* material is instrumental for this study, and so a certain amount of *subjectivity* is inevitable. On the other hand, since we want *subjective* empirical evidence, and since insights from the literature are conceptual in nature, this does not seem to be a big problem.

The reliability of our data analysis is based on the valid choice of respondents for the interviews. As was mentioned in the sections dedicated to sampling and the presentation of respondents, we took special care to set the right criteria for our respondents and to follow them when picking factual respondents.

7. Data presentation & analysis

In this chapter we will present and analyze the data obtained from our interview respondents. Data will be organized by interview questions (and thus, by respective research questions). Even though we did not conduct a quantitative survey and our interviews did not consist of “yes-no” questions, data will be first presented in table form for visual clarity and to give a direction to its presentation. Qualitative statements behind each cell will then be offered as explanation for the tables. Each interview took up to 1.5 hours, so giving all such statements seems unreasonable. Because of the amount of data collected, it is also entirely possible that the reader will find some interesting patterns in the tables themselves. Care should be taken, however, as they are not statistically valid due the thesis’ methodological choices.

7.1 What is your product quality?

Type	Title	Are process and memory quality separate?	Elements of product quality:					
			physical surroundings	provider's guides	customer's self	other customers	thematic wholeness	personal impact
Theatre	Interior Theatre							
Tourism	Calypso							
Tourism	Wind of Freedom							
Tourism	Wind of Freedom							
Tourism	In the World of Dreams							
Tourism	In the World of Dreams							
Events	The “Courage” Artstudio							
Events	EVO impressions							
Events	ISIC MegaQuest							
Museum/theatre	The Fountain House							
Museum/events	Retro Bus							
Museum/tourism	Vicaar							

	yes (spontaneous)
	yes (provoked)
	no

Figure 15. What is commercial experience quality? (according to the interview respondents)

We can see from the table that process quality and memory quality were seldom spontaneously separated by our interviewees. Sometimes this distinction was even rejected. Nevertheless, all our process quality and memory quality dimensions for commercial experiences were recognized. More than that, all experts recognized at least some quality dimensions spontaneously, i.e. they answered the initial open question by describing one or the other quality dimension in their own words. For example, the Interior Theatre director and creative director, Nikolay Belyak, spoke of “topochron” (“time-space”) with its history and symbolic meaning, which can be translated to “physical surroundings” in our terms. Other interesting insights from him include an opinion that a theme is not concrete enough to be a dimension of commercial experience quality. He stated that a theme is only a “river” from which scenario material is taken. It is the scenario that matters, not the theme. Another claim of his was that *any good* Grotowski-like theatrical experiment has to change its participants, i.e. it *has to be* a transformation – its personal impact should be outstanding.

One more theatrical insight that has to be mentioned is about the connection between actors (guides, “on-stage” personnel) and audience (customers). Belyak argued that there are three archetypes of theatre: personification, interaction and contemplation. The first originally had actors personify a sacred entity through a ritual to learn its wisdom for themselves. There is no such thing as audience at all here. The interaction theatre implies there are both actors and an audience, with the latter asking the former for advice or *guidance*. Originally, “profanes” were guided by godlike beings through their impersonators. The last one, contemplation theatre, is the one we consider traditional today, even though it is the youngest of the three archetypes. This is where audience and actors are segregated. Judging from this and our conceptual definition, commercial experiences are an exponent of the interaction theatre archetype.

All the respondents approved physical surroundings, guides’ fit and behaviour, emotional and cognitive impact and the focal customer’s relevance and engagement as elements adding to their companies’ product quality. Furthermore, each of these four was mentioned by the majority of experts spontaneously. Curiously, all “tourism” experts spontaneously mentioned their instructors (guides) as product quality factors; all event companies voiced the customer’s self as such; all museum-related organizations impulsively specified physical surroundings, customer’s self, thematic wholeness and impact. Of course, we did not conduct a quantitative survey and cannot draw rigid conclusions, but the pattern suggests

different types of commercial experience companies emphasize different elements of product quality in their work.

Other customers' fit and behaviour, as well as the experience's thematic wholeness were the two most disputed dimensions of quality. The inbound tourism expert from Calypso works through individual order fulfillment, so she naturally ignored other customers as a factor of product quality. The "Courage" Artstudio and The Fountain House focus heavily on other factors of the said quality – they seemingly do not feel it necessary to pay much attention to non-professional people surrounding each of their clients. Regarding thematic wholeness, 2 experts out of 12 doubted about it: those from ISIC MegaQuest and The "Courage" Artstudio. The former emphasized personal impact over theme correctness, stating a strongly emotional kitsch performance is better than a decently emotional and well-themed one. The latter said that a good theme is desirable, but can be sacrificed to impact or even to customer comfort.

It was mentioned that product quality may fluctuate due to factors out of the company's control. Vicaar's "physical surroundings" are prone to change because of weather: a blizzard could ruin a travel's program and all customer impressions of it. Wind of Freedom's experts said that their customers sometimes pay serious attention to something completely unexpected, turning away from things the company wanted to impress them with. This, they say, can either ruin or enhance the customer's experience, and all their journeys are partially improvisational, although authoritatively governed by their travel guides.

Overall, experts from Wind of Freedom were closest to the understanding of commercial experience quality suggested by the literature. Two of them listed *all* the dimensions *spontaneously*. The majority of respondents agreed with our literature-based conceptualization of commercial experience quality, exemplified by that of their own products.

7.2 Which activities could be adequate for running a project in your company?

For the table see figure 16 on the previous page. This was the central interview question and key for answering the main research question. Discussing it alone took approximately half an hour during the interviews. If we look at the table, the business processes that were introduced to the respondents are arranged from earliest within a project (left) to the concluding ones (right). Naturally, this succession cannot be considered a proper value chain yet, because it neither considers possibilities for parallel execution of activities, nor shows the linkages between them. The three activities on the far right are the supporting ones. Note that material procurement is listed among primary processes, since materials to procure, their sources and prices may differ from project to project within one company.

The open question proved to be too broad to navigate, so the phases of a project were presented to the respondents almost from the start. Only the ISIC MegaQuest co-organizer rejected the universe of these “three phases” classification. He argued that before any product development can start, a vague idea of it has to live in the mind of its creator for a while. Strictly speaking, “living the idea” is hardly a business process or business activity per se, but for this particular expert it was so important he still spoke of it. The Retro Bus CEO, Fyodor Chernousov, also mentioned half-seriously that the main business process in his two-month old company is enthusiasm or “drive”. Still, enthusiasm or motivation *during* a project is likely attended to by the HR activity.

Let us look at the processes that our respondents named spontaneously or *emphasized* as necessary for project success (darkest spots in the table).

As can be seen, although most processes are recognized as adequate or appropriate by most experts, different people, as well as different companies, emphasize different business activities. Belyak, the Interior Theatre director, accentuates a lot of processes, saying that their appropriateness varies from product to product and that their set-up depends on the concept and technology chosen for a particular project. Wind of Freedom managers focus heavily on their travel guides’ personalities, carefully selecting them and training them, if needed. Product conceptualization is accentuated as necessary by the majority of experts, although determining the target audience, planning, resourcing, budgeting and promotion are

also recognized enthusiastically by many of them. As could have been expected, material procurement and production are mostly stressed by museum-like and theatre-like companies. Even though he did not stress this much, Chernousov from Retro Bus also claimed that “items of an era should be there, and should be aplenty” and that not everything can be ready bought in proper condition. Actual holding of an event was only emphasized by 3 experts out of 12, but it looked like the rest of them simply thought the necessity of it was obvious. Follow-up activities were stressed by two experts, both executing long-range expedition-like tours. After 2-15 days of skiing in Antarctica, they bring their tourists to a camp on a tropical island. There, the tourists and their instructors recall the trip’s incidents, laughing at the funny ones, tell tales from their experience and “finally realize what they just did”. Both In the World of Dreams and Wind of Freedom act as clubs and organize “club meetings”, where the instructors, past clients and potential clients come together. These meetings become a follow-up activity for one group of clients and a promotion for another.

Let us now look at the “no” answers (lightest spots in the table). These mean an expert did not see a certain process as appropriate in his company’s commercial experience projects. Such answers should be paid attention to, because they can be seen as attacking the appropriateness of certain processes for commercial experience projects.

An expert from Vicaar says that although they develop and organize new tours, the target audience remains the same. Hence, they do not need to determine it again for new projects. This, obviously, is dictated by the company’s specificity, as they deal in polar tourism and all of its personnel are Arctic and Antarctic explorers who are extremely fond of the poles. They have a certain ethos and welcome tourists to share it with them. They share this particular specificity with people from “In the World of Dreams” and, to some extent, with those from the Interior Theatre.

The “Courage” Artstudio expert said her company does not run any active promotion campaigns, relying on their website and the word-of-mouth of numerous returning customers. The company obviously has a good reputation in the market and makes use of it.

Four experts do not see the process of casting clients as appropriate for their projects. The Fountain House and Retro Bus are mass-market oriented and are in dire need of clients at the moment, so it is understandable experts from these two companies are reluctant to speak of

handpicking clients to enhance product quality. Nevertheless, both of these firms train their clients before the actual event happens. “EVO impressions” is essentially an agency. They do not create commercial experiences of their own, collecting content-creating partners instead and focusing on promotion and sales. Since they do not know their products as intimately, they cannot properly cast clients for them and do not think of this process much. Calypso’s inbound tours fulfill client orders, so they do not cast clients for a project, but develop projects to suit the needs of particular, individual customers. They do not train their clients for the same reason, although forcing clients out of their comfort zone might yield good results in terms of experience quality.

ISIC MegaQuest is an intellectually, physically and emotionally demanding game. Customers learn during the game, but they are not taught anything prior to it. To compensate for this, the organizers pay close attention to selecting the right participants.

Three companies stated they want their “on-stage” personnel to be professionals from the start in any project, so they do not train such people – neither internally, nor externally via subcontracting.

Production was not seen as an appropriate activity in four interviews. All of these were with tourism-engaged experts. Not surprisingly, companies organizing tours, even unconventional ones, prefer to buy ready-made equipment instead of producing something from raw materials themselves. Of these, Vicaar is an arguable case. If we take only the tourism side of their business, they indeed do not produce anything themselves. However, if we take the museum part into consideration, it is eminent they develop and produce expositions from disparate objects. Note that In the World of Dreams, being a tourism company, still has the production process. This is because they have subsidiaries and camps in some of their destinations, which they have to physically organize and support.

As for follow-up activities, Retro Bus is, self-admittedly, too young to think of it yet, while the Fountain House does not dedicate special time to this process, preferring to interlink “main” events instead. A theatrical game can become a follow-up activity for a regular exhibition and a promotion for a literary evening. Or vice versa.

As can be seen, all the “no” answers originate from particular companies’ specificity or their strategic decisions. These opinions do not diminish any of the discussed business activities in their adequacy for a generic commercial experience value chain we are trying to construct.

Let us analyze expert answers by company type.

Experts from niche-oriented companies or those that are just starting out seem to emphasize the process of determining the target audience much more than those who continuously work for mass market. It is also notable that tourism companies tend to think of product development and their guide personnel more than other types of business. Museums, on the other hand, can be seen as focusing on material procurement and production more than others.

Drawing parallels between figures 15 and 16, we can cautiously assume logical interconnections.

Unlike interviewees from other company types, *all* “museum” experts impulsively called physical surroundings as an important element of their product quality. In figure 16 we can see that they consistently emphasize the processes that can build such a physical environment – material procurement and production. This can mean that if a firm wants to stage a commercial experience in a rich, stationary physical environment, it will both consider the latter an important factor of product quality and execute business processes to develop and maintain it.

Both all event companies and all museum-related companies spontaneously called customer’s self an element of their product quality. Of these, only ISIC MegaQuest casts its clients. However, all the other companies, except Vicaar, are mass-market oriented and rely on promotion to attract the right customers. Retro Bus and The Fountain House, as was mentioned, still train their clients, even if they do not cast them yet. It seems that although the “event” and “museum” managers want to achieve perfect customer-event fit, they do not yet focus much on processes that could help this happen.

While explaining figure 15, we noted that all interviewed “tourism” experts spontaneously mentioned guides as a product quality element. They follow this statement in figure 16, where almost all of them emphasized the processes of guide casting and guide training.

Type	Title	Business processes that are important:															
		Determining the target audience	Product conceptualization	Planning, resourcing & budgeting	Promotion	Client casting	Sales	Client training	Guide casting	Guide training	Material procurement	Production	Inbound logistics	Event guiding	Follow-up activities	Infrastructure	HR
Theatre	Interior Theatre																
Tourism	Calypso																
Tourism	Wind of Freedom																
Tourism	Wind of Freedom																
Tourism	In the World of Dreams																
Tourism	In the World of Dreams																
Events	The "Courage" Artstudio																
Events	EVO impressions																
Events	ISIC MegaQuest																
Museum/theatre	The Fountain House																
Museum/events	Retro Bus																
Museum/tourism	Vicaar																

 important

Figure 17. What business processes are most important for product quality? (according to the interview respondents)

7.3 Which activities are most important for your product quality?

For the table see figure 17 above. This interview question was rather provocative, as it forced the interviewees to make radical choices. Indeed, it is difficult to decide what influences one's product quality more: e.g. budgeting, guide training or technology development. As can be seen, the attitude to answering this question varied from respondent to respondent. Some, like the experts from Calypso, The "Courage" Artstudio and In the World of Dreams, said all the activities were important and they could not select a few over others. As the Calypso expert said, "Even the smallest detail may influence the experience a customer gets"¹². Some, like the Retro Bus CEO or The Fountain House representatives, picked only one process as the most important, noting that the rest are only *slightly* inferior.

In the original research question we wanted to find out what *industry-specific* business processes are important for the product quality of commercial experiences. We can answer that question by analyzing the processes that our respondents called important, and then leaving only those that are unseen in other industries.

We have the following processes accentuated as important by various experts: product conceptualization; planning, resourcing & budgeting; promotion; client casting; client training; guide training; material procurement; production; event guiding; follow-up activities and HR (or rather motivation, as the ISIC MegaQuest expert put it). Product conceptualization is, as the Retro Bus CEO rightly says, present in all consumer companies. The fact that in his business it "takes approximately 30% of a whole project" does not make it unique to commercial experiences – it only makes it more important than in many other types of business. Note that even the expert from EVO impressions considered this process important, although this company does not carry it out themselves. Planning, budgeting, promotion, material procurement, production and HR are standard business functions with little specificity in any industry. Event guiding seems important, but its equivalent can be found in utilitarian service contexts. The processes of guiding an event and providing a

¹² Note that to reflect this attitude, the table shows all seventeen activities as important to these respondents, even though in two of these interviews people did not list all seventeen as *appropriate*.

service can be seen as somewhat similar. Guide training can also be compared to service personnel education and training.

We have three processes left: client casting, client training and follow-up activities. These three do not seem to be characteristic of utilitarian services, let alone manufacturing.

We can say checking a driver's license in a car leasing company is a form of client casting. On the other hand, the process of checking it is rudimentary and simplistic; the necessity of having such license is self-obvious for potential clients. Even if it is not, it can be conveyed via marketing communication ("promotion"), alleviating most misunderstandings. With commercial experiences (namely, theatrical experiments and extreme tours, according to the interviews), it is possible for the criteria a client has to satisfy to receive a proper product to be vague or complex. These criteria can refer to physical fit, knowledgeability, specific skills or competences, or psychological characteristics. Hence, checking clients' "relevance" becomes a notable business process, if a company wants its clients to get what they pay for. "Client casting" is thus a business activity that is arguably unique to commercial experience companies.

Commercial experiences require much more effort on the customer's side than utilitarian services, and that effort has to be adequate to the challenge. Sometimes it may be possible or reasonable to work only with the qualified customers. At other times, a company will have to train its customers before the actual event. At yet other times customers are both cast and trained before the event. For example, anybody can become a passenger of the Retro Bus' "time machine" event, as long as they were born before 1980 and have memories of soviet times. But the event is somewhat theatrical in nature: clients have to play out certain roles that are intertwined in a scenario written by the company. In order to play their roles properly, they have to prepare for the event in advance. Two or three days before the event Retro Bus distributes booklets describing each participant's role and motivations. It is a very young company, and in time they may have enough resources to train future event participants personally, making people play their roles even better and thus raising the quality of the event. The CEO of "In the World of Dreams" says they already organize *practice trips with clients* before challenging journeys. The Interior Theatre director says customer training is an absolute necessity for both *personification* and *interaction* theatres, even though he did not mark client training as an important process in this question. Just as

with client casting, client training can hardly be found as a business process anywhere outside the commercial experience industry.

Follow-up activities seem to be the sole priority of commercial experience companies. Unlike informational feedback, this is not done for the company by its customers, but vice versa. Just like with feedback, customers and the provider company meet or otherwise contact after the event. However, this time it is done to make the customers' memories take proper shape or linger. Very vivid examples of true follow-up activities can be seen in *Vicaar* and *In the World of Dreams*, as was already described.

The appearance of these three processes in commercial experience companies – client casting, client training and follow-up activities – can be attributed to the necessity of product co-creation and the heightened importance of the customer's psyche. Through these processes a company can make sure that it has the right customer for a particular product, that the customer is prepared for the upcoming event and that customer remembers the event in a rightful manner, long after it is finished.

Type	Title	Business processes that can be outsourced/offshored:															
		Determining the target audience	Product conceptualization	Planning, resourcing & budgeting	Promotion	Client casting	Sales	Client training	Guide casting	Guide training	Material procurement	Production	Inbound logistics	Event guiding	Follow-up activities	Infrastructure	HR
Theatre	Interior Theatre																
Tourism	Calypso																
Tourism	Wind of Freedom																
Tourism	Wind of Freedom																
Tourism	In the World of Dreams																
Tourism	In the World of Dreams																
Events	The "Courage" Artstudio																
Events	EVO impressions																
Events	ISIC MegaQuest																
Museum/theatre	The Fountain House																
Museum/events	Retro Bus																
Museum/tourism	Vicaar																



 yes (spontaneous or emphasized)
 yes (provoked)

Figure 18. Is it reasonable to outsource/offshore any business processes in your company to achieve higher product quality? (according to the interview respondents)

7.4 Which activities could be outsourced/offshored to increase product quality?

For the table see figure 18 on the previous page. The interviews showed four possible outlooks on the outsourcing issue. Belyak from the Interior Theatre said that “which things are done uniquely and which can be outsourced – that depends on the technology chosen for the project”. This follows his logic that the importance and adequacy of certain business processes depends on the specifics of a particular product. The second view, expressed by the Calypso expert, doesn’t accept any outsourcing at all: “We do everything ourselves and only to a customer’s order”. In my opinion, this particular judgement is somewhat rash, as they probably would not take care of transporting and accommodation of tourists themselves. However, since the manager interviewed at Calypso rejected 5 processes out of 17 as appropriate (see figure 16), the company might really execute the rest of them internally. The third outlook on outsourcing sees almost all processes as fit for subcontracting. This is the case of EVO impressions, who act as an agency for a lot of commercial experience creating companies. The fourth view takes a selective approach to subcontracting.

Let us look at companies that chose the selective approach and at the logic of their outsourcing choices.

Both interviews at Wind of Freedom showed that they are willing to outsource product conceptualization, guide training and event guiding to their travel guides (“instructors”). These are professional travellers, ethnographers and region experts who should be seen as Wind of Freedom’s partners rather than its direct personnel. That is why letting these instructors develop themselves and sometimes prepare their own tours is encouraged. The firm’s managers also pointed out material procurement and inbound logistics as fit for subcontracting. Material procurement can also be carried out by either head office personnel or the instructors. The transport, however, is only partially subcontracted. When a jeep safari is planned, it is not uncommon for this company to rent the cars instead of paying for transportation.

In the World of Dreams consider it possible to train their clients in partner organizations or through freelance professionals. For example, at fitness centres or through the help of meditation gurus. They can also outsource the construction of a local camp or even the

holding of an event, if they know a local guide would conduct it better. It seems peculiar how only the second interview with the company showed its managers' readiness to hire other organizations to train the travel guides.

Aside from client training, production, inbound logistics and event guiding, The "Courage" Artstudio was the only one speaking about outsourcing follow-up activities, while emphasizing its importance for product quality. The manager said she would let customers discuss the company's events *on their own* and hope they relive them in their minds over and over. Strictly speaking, this is not outsourcing per se – it looks more like wishful thinking. It is a very good question whether *outsourced* follow-up activities could help increase product quality. It seems impossible, unless the subcontractor knows the focal company's product just as intimately. The "Courage" Artstudio's expert was also the only one to consider subcontracting a support activity. However, the focus in this interview question was shifted towards primary business activities, so the lack of attention to the support ones could be invalid.

ISIC MegaQuest and The Fountain House outsource two previously unseen in this question activities: promotion and sales. Both of these companies outsource both of these processes partially. They do promote and sell their products themselves, but they also participate in a network of partner organizations that promote and sell each other's offerings. Retro Bus does the same, except its personnel carry out promotion on their own through the corporate website and web-based solutions like Facebook, Twitter and LiveJournal. Another notable process the Retro Bus CEO thinks fit to outsource at this point in time is choosing his guide personnel. What he meant was that in this process he partially relies on advice from many people from various companies or even those not working in business. Some of them can know of a good candidate for a guide's position in one of Retro Bus' events.

The majority of our respondents approve of outsourcing inbound logistics (transportation and accommodation of tourists and guides) and event guiding. Other popular variants included training processes (of both guides and clients) and sales. Of course, to make any serious conclusions from this, a quantitative survey is in order.

We depicted the choices our interviewees would make for outsourcing. Now we can proceed to offshoring issues.

Subcontracting business activities abroad means the company will have even less control over them than if they were outsourced locally.

Some companies, like Retro Bus, can be considered mass-market locally, but are too culture-dependent and will probably be seen as niche firms internationally. Such companies are not big enough to make good use of scale economies in a global world. More than that, the Retro Bus's representative we interviewed only considered outsourcing sales and guide casting. Both are needed locally and are executed through a local network of partners. The company could hardly want to offshore these activities. Thus, *local commercial experience companies that want to increase their product quality through personalization seem to be unable to benefit from offshoring their processes.*

If companies like Retro Bus cannot benefit from offshoring, firms that can be called niche-oriented on the local scale will have even less chances of doing so. Interior Theatre is one such example. Even though it participated in international theatrical festivals with some of its projects, it still remains in a niche market twenty years after its founding. Their experimental products are too exclusive to be widely popular. On the other hand, with more professional management it could offshore e.g. promotion, sales and follow-up activities. This, however, will likely require entering foreign markets beforehand. Organizing events around the world seems a logical precursor to finding new business contacts and establishing international partnerships.

The most natural category of commercial experience companies that could benefit from offshoring are the tourism-related firms. For example Wind of Freedom already arranges international expeditions. It could offshore any of the processes that it considered for outsourcing. As a matter of fact, they already look for their travel guides in the countries they take their tourists to. "In the World of Dreams" offshores the production of their yurt camps in Mongolia, and Vicaar has a foreign partner that arranges the groups' tropical island accommodation that they visit upon their return from the poles.

The interview respondents were encouraged to discriminate between two groups of processes they would want to subcontract. One was processes that are important for product quality and should be subcontracted to professionals because of that. The other was processes that are relatively unimportant and could be subcontracted to whoever because of that. Overall, it seems that offshoring processes that are relatively unimportant is not an

option unless a commercial experience company operates in a global market. As for the important ones, offshoring those requires that a company's foreign partner understands the product just as intimately, or there will be no product quality increase. This can happen only if the company operates in that foreign partner's local market. Another variant would be for the partner to send its representatives to the focal company so they can acquaint themselves with its product – and that seems highly unlikely to happen.

8. Findings

8.1 General findings

First, the literature-based concept of commercial experience quality that we built in this thesis corresponds well with our respondents' thoughts of it. In most of our interviews the respondents named at least three or four of the described quality dimensions spontaneously (in their own words). This means these interviewees not only agree with our concept of their product quality, but actively think of it in a similar way.

Second, most business activities we discussed in the interviews were recognized as adequate for their commercial experience projects by most of our experts. We were able to thoroughly discuss with our experts each of the 17 activities we introduced in the methodology chapter. Different people, as well as different companies, emphasized different business activities in their interviews. Also, experts who spontaneously named certain dimensions of product quality tended to emphasize the appropriateness of business activities that can be seen as corresponding.

Third, our respondents collectively called the following business processes as especially important for achieving good product quality: product conceptualization; planning, resourcing & budgeting; promotion; client casting; client training; guide training; material procurement; production; event guiding; follow-up activities and HR. Of course, this is not a quantitative survey, and we can not draw any statistical conclusions from the seen patterns. However, the main point of asking about process importance was to find out which processes we can discuss as uniquely important for commercial experience products. Three processes seem to be both important and unique to the commercial experience industry: client casting, client training and follow-up activities. The rise of these can be attributed to the necessity of product co-creation and the heightened importance of the customer's psyche in commercial experiences, which we discussed in the notion's definition.

Fourth, the interviews demonstrated four approaches to outsourcing business processes: project-dependent, "no subcontracting", "subcontracting everything" (agent's position) and selective. The majority of our respondents approved of outsourcing inbound logistics (transportation and accommodation of clients and guides) and event guiding. Other popular variants included training processes (of both guides and clients) and sales. Of course, to

make any serious conclusions from this, a quantitative survey is in order. We will return to several interesting findings concerning outsourcing after presenting the commercial experience value chain, in the end of section 8.2.

Fifth, it seems that for a commercial experience company to benefit from offshoring, it has to either operate in its foreign partners' local markets, or have its events (products) happen abroad. In the first case we likely speak of companies working in two or more local niches in different countries, while in the second case the most natural example would be international tourism firms. Organizing events around the world seems a logical precursor to finding new business contacts and establishing international partnerships in this industry.

Lastly, we can now visualize the internal value chain for commercial experience companies (see figure 19). Note that the figure presented is for products that are developed by firms before marketing them, not for order fulfillment businesses. We will comment on the latter at the end of the next section.

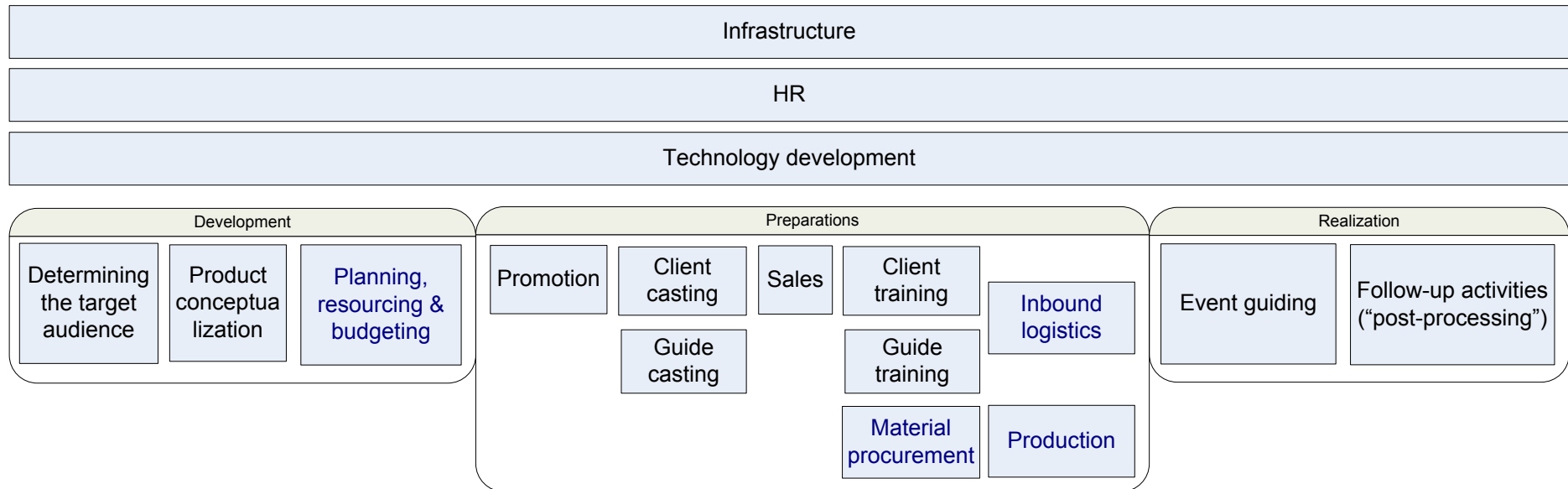


Figure 19. Internal Value Chain for Commercial Experience companies.

8.2 Describing the internal value chain for commercial experience companies

Just as in Porter's and Stabell & Fjeldstad's constructs, Infrastructure, HR and Technology development are presented as support activities for commercial experience companies. These are executed parallel to any projects a firm might run.

When a new product is thought of and a project is started to bring it to the market, the product development phase begins. First, the target audience has to be identified. This is especially important when the firm targets a new type of audience. Next, the product has to be conceptualized. This is the process of transforming a vague idea into an operable concept and then into an event scenario. This process will determine the theme of a commercial experience and create an understanding of what physical surroundings, what guide and client roles are needed. It will also determine the technologies and material resources needed for the project, and thus, as our Interior Theatre expert stated, which of the business activities will be really needed for it. The product conceptualization process, according to our experts, is unusually important for commercial experience companies, compared to other business industries. Lastly in the product development phase, managers have to plan the event and all the preparatory activities for it, check its performability and profitability.

The preparatory phase is the most complex one. It has three "layers" of processes, dealing with clients, guide personnel and material resources, respectively.

First, the new product has to be advertised or otherwise promoted. This, as our experts from The Fountain House and Retro Bus say, can be enough to attract the right audience for the future event. On the other hand, the expert from The "Courage" Artstudio says her company would not have existed if they did not pick their clients selectively, even after they show willingness to pay for an event. This does not necessarily mean that potential customers are rejected completely. For example, if a company has several commercial experiences to offer, it can advice clients on which ones would be best for them, according to the clients' knowledge, skills or psychological traits. When the provider company has defined which clients it wants in the upcoming event, through promotion and client casting or through promotion alone, it may start actively selling its product. Whether active sales are conducted or not, a transaction has to take place, and carrying this transaction out happens within the activity marked as "Sales" in the figure. When a client has bought participation in the

upcoming event, he or she should be trained for it, if necessary. Skiing in Antarctica for 15 days is not easy, both physically and psychologically, as our Vicaar expert says. Participating in ISIC MegaQuest requires teamwork. If one team member does not perform well, he or she can ruin the whole group's experience, including his or her own. They will become bad "other customers" for their team-mates. Client training seems unique and very important to challenging commercial experiences, and any commercial experience has to offer at least some challenge to the clients, as its definition suggests.

The provider's guides are to participate in the upcoming event on par with customers. They will influence its quality just as much, if not more. Both guides and clients will be "actors" in such an event, as Grove & Fisk (1992) put it. Because of that, guides are to be cast and trained, just as clients should be. This, of course, is nothing new compared to manufacturing and service value chains, except in case of commercial experiences we should not consider "guide" processes part of the general HR. The guides may not even be regular personnel, as in the case of Wind of Freedom. Casting guides can take place before the sales, as is shown in the figure, parallel to it or afterwards. The question a company has to answer is when to make the expenses for hiring the guides, if they are taken from outside the firm.

Lastly, the company is to procure the material resources that are specified in the event's plan and budget. Sometimes, as is the case with most of our interviewed tourism companies, this concludes the material resource work for the project. Sometimes, as our "event" and museum-related experts stated, these bought resources are used to produce a physical environment for the planned commercial experience. When the provider has all the actors prepared and all the necessary material resources at hand, it can prepare the "stage" (produce the environment), transport the actors to the destination and accommodate them there ("inbound logistics" of people). Naturally, if the actors can and are expected to get to the destination on their own, the firm will not have the "inbound logistics" process. This can happen if the destination is local for both customers and guides, as in the case of Saint-Petersburg citizens visiting The Fountain House, a museum-theatre in the same city, staffed by local professional actors. In case of international expeditions, like those of Vicaar, Wind of Freedom or In the World of Dreams, inbound logistics of people will be absolutely necessary. In some projects, In the World of Dreams has cross-border transportation and accommodation, as well as yurt camp production at the destination. In such cases, production is carried out before inbound logistics. In other cases, for example when production is less

time-consuming and resource-intensive, it might be possible to produce the environment and transport people simultaneously.

Finally, product realization consists of two processes: holding the event and carrying out follow-up activities.

Holding a commercial experience event means co-creating clients' experiences with them, by definition. Hence the provider does not just hold the event, but *guides* its clients through it via specially appointed "on-stage" personnel – the guides. The interesting finding here is that production and "consumption" are not exactly simultaneous in commercial experiences, as they are in utilitarian services, according to Parasuraman, Zeithaml and Berry (1985). Experiences are indeed created during an event, but in most new projects which require material resource treatment, this treatment will precede the holding of the said event. Production, as in "treatment of material resources" and event guiding, as in "treatment of human resources" both contribute to the creation of an experience in the customer's mind and soul.

Follow-up activities or "post-processing", as they are subtitled in the figure, seem to be a process unique to commercial experience industry. This is a complex of communications between the provider and its customers that happens after an event. Unlike feedback, this is not done for the company so it can make its next product better, even though that purpose can also be served. The main goal of this process is to make the customers' memories take proper shape or linger in their minds. It is "post-processing" their experiences after they receive them, making those more vivid and pronounced. In fact, this can be seen as ***changing the product after it was sold***. Some of our experts said they do not have dedicated "post-processing" events, interlinking main ones instead. Others have club meetings or after-experience group gatherings, like In the World of Dreams and Vicaar.

If a company's business model implies order fulfillment, the content and order of business activities in its value chain will be somewhat different. Determining of the target audience and promotion would precede product development, and client casting will be void, since in this case the product is created to suit the customer from the start, instead of trying to make customers suit the product. Everything else remains in the same places. Both Calypso and Vicaar work according to this scheme with individual buyers.

While discussing outsourcing issues, we saw that several of the interviewed companies build cohesive communities around themselves. Both *In the World of Dreams* and *Vicaar* act as social clubs with rich and pronounced principles, welcoming others to join and share these etha with them. *Wind of Freedom* is not far from that either, although they present themselves in a little more professional and formal manner. Their travel guides are not exactly regular staff members, bur rather freelance professional travelers. Many of the “*Courage*” *Artstudio*’s clients are returning ones or returning clients’ acquaintances, forming a loyal social network. The *Artstudio* can be said to outsource follow-up activities to this network. Commercial experiences deal with people’s psyche. It is thinkable to form a firm-centered community of people who will enrich each other’s psyche through commercial experience creation, taking the roles of guides and clients interchangeably. In such a case product conceptualization, client and guide casting and training, event guiding and follow-up activities could all be outsourced to the community, leaving the company with the role of an organizational catalyst.

8.3 Comparison of value chains

If we compare the commercial experience value chain to those proposed by Porter (1985) and Stabell & Fjeldstad (1998), we can see both similarities and differences. We already mentioned that Infrastructure, HR and Technology development are mentioned as supporting activities in both of them, and this did not change for commercial experiences. The project phases of product development, preparation and realization were introduced in this thesis for additional clarity of the contributed value chain construct. Although we used a new principle for it, the very idea of grouping business activities for clarity can be seen in Stabell & Fjeldstad's Value Network template (figure 12).

One of the additions we made to the value chain, compared to the works of Porter, Stabell & Fjeldstad and Nooteboom (2007), is the addition of product development processes. The idea of doing this came from the works of Lord Sainsbury of Turville (2007) and Mello (2008), plus the desire to describe the creation of a commercial experience from start to finish. We did not want to overlook any important activities that are not present *anymore* in companies operating finalized facilities, like e.g. Disneyland parks.

In order for our commercial experience value chain to make sense, we had to describe some of the activities suggested by other authors in more detail, decomposing them into smaller pieces.

Porter described an activity called "Marketing & Sales". Although our interview respondents were offered an opportunity to think of such an activity as a whole, they chose to speak of its parts individually. These parts include determining the target audience (through market research), promotion of their products (advertising, PR, sponsoring) and sales. As can be seen in figure 19, these activities are carried out at different moments and are connected to two completely different parts of the project. Stabell & Fjeldstad incorporated marketing issues into other activities, saying, for example, that "defining the client's problem is also client acquisition" and that "marketing is largely relationship management". Although that may be true, we in our figure wanted to portray marketing activities in a more pronounced way, hence the introduction of three dedicated marketing-related processes. We can also notice that, as was argued in the customer-oriented approach to value chain (section 4.2), customers do not have to be addressed at the end of value chain only, after the 'product' is ready for them. This makes Porter's putting of marketing & sales at the end of the chain

obsolete. Customers can be studied before product conceptualization, before the final formulation of an idea into a ‘business plan’ or after such. They should be communicated to during production, as well as during product realization, and possibly afterwards as well. This means the activities that are collectively known as ‘marketing’ are spread throughout the value chain today, and so cannot be assigned one single time and place.

Both Porter and Stabell & Fjeldstad list material procurement as a support activity. This can be true if we speak of utilitarian services or manufacturing, since such businesses work with the same types of materials over and over. Procuring detail blanks or instruments for a hairdresser can be seen as a routine, repeatable process. If we speak of commercial experiences, a company in this industry can market several products which will require different types of materials and sometimes even different technologies, as our Interior Theatre expert stated. More than that, the effect of “surprise” or personal impact on the customers is a part of commercial experience quality, so companies will continuously develop and market radically new products, which will likely require radically new materials. In such a context, material procurement should most probably be carried out on a per-project basis, making it a primary activity within a value chain.

Porter does not discriminate between different types of employees, describing the work with all of them as HR, a supporting activity. This is understandable, as both blue and white collars in a manufacturing firm’s context work to support the main value-creating activities, not being a part of them. Stabell & Fjeldstad do discuss the difference between specialists and generalists among the personnel, but do not consider working with these groups as distinct business activities. As discussed previously, a guide employee in commercial experience firms can be seen as someone in-between managers and clients. Therefore, working with these people should most likely be seen as a separate, per-project (i.e. primary) activity.

Client casting, client training and follow-up activities, as we already mentioned in sections 7.3 and 8.2, are likely unique to commercial experience firms. At least, they are not mentioned in any way in any of the value chain constructs we reviewed in literature.

Another difference from previous value chains is the presence of two “production” processes: Production and Event guiding. The first one is similar to manufacturing firms’ production: it concerns itself with material resource treatment. The second is similar to that

of people-treating utilitarian services, except commercial experiences mainly treat people's psyche, not their bodies. Manufacturing firms only treat materials to produce their products; utilitarian service firms can treat materials (e.g. renovation services) or people's bodies (e.g. hairdressers), but not both. Commercial experience products sometimes require both treatment processes, as in the case of experience organized by In the World of Dreams.

Inbound logistics, as in the process of transporting and accommodating people was already seen in Nooteboom (2007). In our value chain construct we simply expanded it from referring to clients only, to refer to both clients and project-specific guide personnel.

Naturally, all the value chain researchers we referred to had their own interests and biases. So does the author of this thesis, of course. Each of the value chains presented in the literature review and discussed in this section has its strengths and weaknesses, and can be appropriate in a respective context. We hope that the value chain synthesized in this thesis can help commercial experience companies all over the world to see more possibilities for increasing their product quality.

9. Conclusions

The thesis has both theoretical and practical implications. From the theoretical point of view, we now have a fuller understanding of the service sector. First, we have distinguished between experiences as a general notion and commercial experiences. Second, we have extended one of the found definitions of commercial experiences to incorporate a managerial perspective. We have also illustrated the place of commercial experiences among other types of economic offerings. Third, we have analyzed different dimensions of service and experience quality found in the literature, combining those relevant for commercial experiences into a single construct. Although not statistically valid, this construct received the approval of all of our interviewees. It can give a relatively broad understanding of what a commercial experience quality is. Fourth, we have synthesized an internal value chain for commercial experience companies. It has both similarities and serious differences from intra-firm value chains offered by other researchers. Fifth, we have identified business activities that can possibly be unique to the commercial experience industry. Finally, we have discussed the possibilities commercial experience companies have for outsourcing and offshoring their business processes.

From the practical point of view, we have hopefully provided help for companies around the world who work in the commercial experience industry by definition. Some of them might better realize the specificity of their industry and its place among others. Some could benefit from identifying a dimension of their product quality they did not emphasize before. Some could find our commercial experience value chain useful for reorganizing their business, changing strategic focus from one process to another or making a final decision to outsource some activities. As a matter of fact, several of our interviewed managers openly stated that thinking and speaking of their projects in terms of successive and interlinked business activities was both interesting and useful to them.

This thesis has its limitations and opens up possibilities for future research. First of all, we used the value chain framework to provide a strategic outlook of the processes adequate for commercial experience companies. Choosing a strategic-level of analysis prevented us from going in much operational detail like flowcharting or service blueprinting do (e.g. Grace & O’Gass, 2004; Johns, 1999). Second, this thesis proposes a static, linear value chain model for commercial experience companies. Many researchers put solid emphasis on the dynamic

and turbulent nature of contemporary business environments (e.g. Fine et al., 2002). Many others speak of emotional or social benefits end customers prefer today (Kano, 1984; Jensen, 1999; Pine & Gilmore, 1999, 2007). Some authors develop value chains to comply with these new conditions (e.g. Thublier, Hanby and Yongjiang, 2010), but do not pay attention to present value chain adaptations to service industries. Combining the new understanding of commercial experience value chains and that of the changing environment, it is possible to develop an adapted yet dynamic value chain for the commercial experience industry.

Other opportunities for future research include conducting quantitative surveys to support and develop the knowledge gained in this thesis. For example, one could research the correlations between focusing on certain business processes and increasing the commercial experience quality on certain dimensions. Another opportunity is for studying the internationalization of commercial experience firms more thoroughly. We now have a relevant, adapted for the industry value chain. Which outsourcing modes, of those we found out in our interviews, should be most beneficial if a company operates internationally? What are the opportunities and threats of offshoring certain business activities to foreign clients? Which business processes from the value chain could benefit the most from having an expatriate manager in charge of them? All of these questions seem interesting, but could not be approached in this thesis yet, due to the relative lack of more basic knowledge of the topic in academic literature.

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