

Generating Growth With an Open Business Model

A master thesis about how the organization
CrossFit generates growth

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ABSTRACT

Companies today are faced with tougher competition in terms of a broad product assortment, more educated consumers and technological advancements. As a consequence, traditional goods and services are no longer sufficient to foster economic growth for many companies. Companies have realized the need for change and have started to add elements of experiences and transformations wrapped around their core product in order to grow. This thesis explores how Experience Economy firms and Transformation Economy firms generates growth by looking into the fitness movement CrossFit to generate insight. CrossFit has grown to be one of the fastest growing fitness trends in the world and consist today of 10, 000 independently own affiliates worldwide. This thesis explores the reasons behind the radical growth of CrossFit and the challenges attach to the growth by applying the method of in-depth interviews and observation to generate insight. Based on my analysis I conclude that the open business model, the community and the transformational effect of CrossFit are the main contributions to the radical growth of CrossFit. Further the thesis concludes that the low barriers of entry, the lack of quality control and the risk of CrossFit to turn into a generic sport are the main challenges attached to the growth. This thesis contributes to an understanding of how companies can use elements from Experience Economy and Transformation Economy to create competitive advantage and value creation in the future. Furthermore, it provides insight into how companies can utilize an open business model in order to generate growth.

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Happy reading!

Cecilie Woldseth

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1. INTRODUCTION

Our society has progressed from Agrarianism, Industrialization, and the Service Economy into an Experience Economy (Pine & Korn 2011). Together with this evolution, a company's value creation has shifted to a focus on co-creation of value between the firm and its customers (Prahalad & Ramaswamy 2004). According to Richards (2001) the fastest growing sectors of the global economy are related to consumption of experiences, and Pine & Gilmore (2011) argue that future economic growth will come from businesses offering enriched and distinct experiences to their customers. This evolution can be considered in connection to the peak of the Service Economy as many traditional services are turning into commodities due to increasing competition and expectations from customers (Pine & Korn 2011). Customers today have more choices of products and services than ever before, as companies constantly invest in greater product variety; however, companies are less able to differentiate themselves and satisfy their customers (Prahalad & Ramaswamy 2004). Pine & Gilmore (2011), Postrel (2004), and Richards (2001) argue that there has been a fundamental change in consumers demand and expectations. Customers today are constantly searching for new and exciting experiences, from which they can learn and grow, develop and improve, and mend and reform, personally (Pine & Gilmore 2011). Consequently, growth and value creation have become a challenge for many of today's managers (Prahalad & Ramaswamy 2004).

There are an increasing number of companies experiencing radical growth, as a consequence of selling an experience wrapped around their core product (Richards 2001). The Experience Economy is already dominating many of our daily activities and has become a significant aspect of the customer's life (Pine & Gilmore 2011).

Supermarkets are selling vegetables in addition to teaching customers how to cook them. Apple is selling a lifestyle and knowledge, in addition to selling hardware, and Starbucks is selling a relaxing, aesthetic atmosphere in addition to coffee. In order for companies to thrive in this new economy where goods and services are no longer sufficient to foster economic growth, it is important to understand how companies generate growth by providing customers with an experience wrapped around its core product. We need to

understand what motivates consumers to pay a premium (i.e. paying an extra amount on top of the ordinary price). For example paying 5 USD for a coffee at Starbucks when the commodity such as coffee has a cost around 5 cents. Understanding what motivates customers to pay a premium in addition to understanding how companies distinguish their offerings by selling an experience will generate insight and understanding into how companies in today's economy create value and generate radical growth. It is within this context, I investigate the fitness phenomenon and business concept CrossFit, as I believe provides a unique example that will help us understand growth among Experience Economy and Transformation Economy firms.

1.1 Background

As the economy has moved towards an Experience Economy and Transformation Economy (Pine & Gilmore 2011), a new fitness movement, CrossFit, has marketed its territory. CrossFit is a radical new approach to exercise founded by former gymnast and fitness coach, Greg Glassman, in 2001. Since then, CrossFit has grown to become one of the fastest growing fitness programs in the world. Between 2005 and 2010 the number of CrossFit affiliates grew from 18 to 1700 affiliates (Kuhn 2013). In 2012, CrossFit passed 5,000 affiliates worldwide (Toledano 2012) and today, 2014, the number of affiliates has passed 10,000 affiliates (Herz 2014). Consequently, the founder of CrossFit, Greg Glassman, and CrossFit affiliate owners worldwide, are faced with challenges of managing one of the fastest-growing businesses on the planet (Cooper 2013).

I consider CrossFit an interesting company worth studying in order to better understand growth in contemporary, Experience Economy & Transformation Economy firms. The reason behind this is that CrossFit is selling an experience rather than just a physical workout by creating a community, class atmosphere and memorable events, which members will not have in a traditional gym. The fact that a CrossFit workout is done together with a team of 12–18 people creates a special and social bond among the members that fosters the community in CrossFit. CrossFit has also succeeded in charging a premium price based on their offerings. Looking into the example of CrossFit will generate insight and understanding of what elements that are important in terms of growth in today's economy and what motivates people to pay a premium. My aim with

this study has therefore been to generate insight and understanding into how companies generate radical growth based on experience, transformation and intangible offerings, by exploring the fitness movement, CrossFit.

This thesis builds on the argument that goods and services are no longer sufficient to foster economic growth for companies, due to the fact that customers increasingly seek products that offer an experience and transformation. In this study I develop an understanding of how companies in today's economy generate radical growth by providing experience, transformation and intangible offerings, based on my explorations of the fitness phenomenon CrossFit. To do this I explore how CrossFit relates to current knowledge about Experience Economy firms and Transformation Economy firms. In addition I explore how the business model of CrossFit adds new insight to our theoretical understanding of growth in contemporary firms. Furthermore, I explore the possible reasons behind the radical growth of CrossFit and discuss their relevance. I conclude by stating that the open business model, the community and the transformational effect in CrossFit are the main contribution to its radical growth. I generate insight into what motivates members to pay a premium to join CrossFit and how CrossFit affects members' lives. I also discuss how growth can be problematic for Experience Economy firms and Transformation Economy firms by looking into the challenges attached to the growth of CrossFit and give suggestions for how this learning is transferable to other industries. Furthermore, the thesis conclude that the low barriers of entry, the lack of quality control and the risk of CrossFit turning into a generic sport are the main challenges attached to the growth of CrossFit.

1.2 Study Design

In this section, I will describe the key choices I made when I designed this study. As mentioned above, I have used CrossFit as an example to better understand growth. The reason is that CrossFit is a relatively new fitness phenomenon, which has grown tremendously over the last years. Growing from one affiliate in 2001 to 10,000 affiliates worldwide in 2014 makes CrossFit a unique and interesting company study. The research objective of this thesis is to generate an understanding of how companies in today's economy generate radical growth and this has been achieved by seeking a

broader empirical understanding of the organization CrossFit. In order to explore the phenomenon of CrossFit, I have conducted a qualitative study where I have generated data through the methods of participant observation and 12 semi-structured interviews in addition to informal talks with people within the CrossFit community. This has allowed me to gain insight into how participants perceive and understand the reasons for growth, in addition to gaining insight into cultural attributes of CrossFit affiliates in general. I have explored the reasons participants give for growth and how they describe their experiences and transformation with regards to CrossFit. The method chosen for this study is an interpretive approach through a single case study of CrossFit with an embedded design. I will therefore study the case of CrossFit holistically, by studying different units within the single case.

1.3 Research Question

The following research question guides my thesis:

“How does the organization CrossFit generate radical growth?”

The aim of this thesis has been to explore the reason behind the growth of CrossFit, and I have used the theories of the Experience Economy and the Transformation Economy in order to address my research question. I propose that looking at CrossFit through the lens of the Experience Economy and the Transformation Economy will help me to generate insights and understanding regarding the reasons behind the growth of CrossFit. I find these theories relevant to understand the development, growth, popularity and expansion of CrossFit as CrossFit provides a strong example of a company that is focusing on experience and transformation to grow. This is based on the fact that CrossFit can be related to a lifestyle, a life changing experience, great community and the fact that the members are left with a feeling of achievement and fulfilment. Consequently, companies such as CrossFit distinguish themselves and create a competitive advantage by focusing on an intangible value creation.

1.4 Delimitation

The delimitations concern the scope of my research. I have focused on the CrossFit organization as a whole, but I have limited my research to the U.S. market. There are several reasons for this choice. Firstly, CrossFit started in Santa Cruz in the U.S. and has expanded tremendously within the nation in the last years. Secondly, I have knowledge and contacts in the U.S. market as I have been an active CrossFit member in New York for the last two years. My qualitative study and data collection are therefore mainly focused around CrossFit affiliates in the New York area due to my insight and knowledge about the market. In addition, New York has experienced more rapid growth compared to other cities in the U.S due to the densely populated city.

1.5 Structure of the thesis

This thesis consists of six chapters. Chapter 2 reviews the theoretical framework, and presents what we already know about how Experience Economy firms and Transformation Economy firms generate growth. Chapter 3 presents the case study, CrossFit, which is drawn upon a qualitative study of CrossFit. The readers get a thorough introduction of CrossFit, its business model and its growth. In chapter 4 the research methodology will be presented, where the research design, research approach, and research analysis is introduced. Chapter 5 provides the findings of the thesis and presents three reasons behind CrossFit radical growth. The thesis concludes in Chapter 6 with a discussion regarding further research to continue developing an understanding of the growth in contemporary Experience Economy and Transformation Economy firms followed by a discussion of the thesis' transferability to other businesses/industries.

2. THEORETICAL FRAMEWORK

In this chapter I explore how “Experience Economy firms and Transformation Economy firms provide competitive advantages by generating special forms of value to its customers. The aim of this chapter is to provide the reader with a description of the Experience Economy and Transformation Economy and describe how firms within these economies generate and cope with growth. Before introducing the thesis’ two theories, the three main drivers to the growing demand for Experience Economy and Transformation Economy firms are presented: 1) Change in consumer role 2) Technology advancement and 3) Social network.

2.1 The changing consumer

The concept of customer experience has increasingly gained attention over the last decade and Richards (2001) stated that the fastest growing sectors of the global economy are related to consumption of experiences. In support, Pine & Gilmore (2011) argue that future economic growth in the U.S. will come from businesses offering enriched, distinct consumer experiences. One of the main drivers behind this evolution has been the changing role of the consumers, according to Pine & Gilmore (2011), Richards (2001), and Postrel (2004). Prahalad & Ramaswamy (2004:2) argues that the role of the consumer has shifted from “*isolated to connected, from unaware to informed, from passive to active*”.

Our industrial system is generating more goods and services than ever before, delivered through a growing number of channels. However, product variety does not necessarily result in better consumer experiences because today’s consumers are in search of something more than just the tangible product – they are also seeking engaging experiences. Pine & Gilmore (2011) argue that services, like goods before them, are becoming more and more commoditized and that companies must strive to add value to their offerings and provide meaningful and memorable experiences to stay competitive. As a consequence, an increasing amount of companies are faced with the challenge that their products and services are turning into commodities, which forces them to compete

on price to stay competitive. However, this is far from attractive and sustainable in the long term, as the company's margin will just continue to shrink. Consequently, competition is intensifying and profit margins are shrinking due to the fact that consumers are no longer solely interested in goods and services. As a result an increasing number of companies give a greater interest to value creation based on intangible resources as experience and transformation to generate growth (Pine & Gilmore 2011).

2.2 Technological advancement

According to Prahalad & Ramaswamy (2004) the "new role" of the consumer is a consequence of growing technological possibilities. As technology has evolved, the consumer expectations have increased according to Pine & Korn (2011). With the technological advancement, especially in regards to the Internet, the consumer's role, capabilities and opportunities have changed dramatically (Prahalad & Ramaswamy 2004). Customers can surf online and compare companies, prices and products more easily and comprehensively than before. This has enabled consumers to make more educated choices than previously and that makes it harder for companies to differentiate their offerings (Prahalad & Ramaswamy 2004). The technology and information revolution has also increased transparency, which has given companies less time to profit from their innovations before they start to face competition (Pine & Korn 2011). As a consequence it becomes more and more challenging for companies to create a competitive advantage, hence a growing demand for experiences to stay competitive.

2.3 Social networks

Prahalad & Ramaswamy (2004a) argue that humans have a natural desire to connect around mutual interests and belong to a social network. The rise of social media and the explosion of the Internet have fueled this desire and created an openness of communication among consumers. Thematic consumer communities, where individuals share ideas and feelings without regard for geographic or social barriers, have transformed today's market. Consumers are, today, able to connect with brands and other consumers through a range of different social media platforms. Consequently,

word of mouth has become more powerful than the traditional top down marketing communications. Additionally, these social platforms have made it possible for the company to reach out to a larger population of their consumers, while still having a personalized dialogue and interaction with the consumers (Prahalad & Ramaswamy 2004). However, along with the possibilities, social networks also increase consumer expectations of what companies should be able to provide (Pine & Korn 2011). Consequently, an increasing number of companies are applying the growing online platforms into their strategies in order to meet the consumers' requirements and extend their value in use, as well as reducing risk, time and capital intensity.

2.4 Experience Economy and Transformation Economy

Pine & Gilmore (2011) differentiate between five stages of economic progression: Commodities, Goods, Services, Experiences and Transformation. However, as we have seen above, goods and services are no longer enough to foster economic growth, due to the fact that the world is saturated by largely undifferentiated goods and services (Pine & Gilmore 2011). Consequently, Pine & Gilmore argue that Experiences and Transformations should be the main focus in terms of value creation in the future. The next sections introduce the two theories "the Experience Economy and the Transformation Economy" as they will provide the base for the analysis. I will explore what we already know about how Experience Economy firms and Transformation Economy firms generate growth.

2.5 The Experience Economy

"Commodities are fungible, goods tangible, services intangible, and experiences are memorable".

(Pine & Gilmore: 2011:9)

Pine & Gilmore (2011) introduced the idea of Experience Economy, as the evolution of the economy from "extract commodities" to "stage experiences". Since then, a rich body of research on applications of the Experience Economy concept has appeared in the marketing literature. In their article "*Welcome to the Experienced Economy*" they point

out the commonly discussed problem of commoditized goods and services and how this forces the company to turn the focus towards creating customer experiences if they want to stay competitive, according to Pine & Gilmore (1998). Pine & Gilmore (2011) have therefore set out the vision for a new economic era: the Experience Economy, in which consumers are in search of extraordinary and memorable experiences. While prior economic offerings such as Commodities, Goods, and Services are external to the buyer, Experiences are essentially personal, existing only in the mind of an individual who has been engaged on an emotional, physical, intellectual or even spiritual level. Consequently, two people will not have the same experience, because each experience derives from the interaction between the staged event and the individual's state of mind (Pine & Gilmore 2011). An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event (Pine & Gilmore 2011). Economists have typically grouped experiences in with services, but Pine & Gilmore argue that experiences are a distinct economic offering, as different from services as services are from goods. When a person buys a service purchase a set of intangible activities carried out on their behalf. But when a customer buys an experience, they pause to spend time enjoying a series of memorable events that a company stages as in a "theatrical play" to engage them in an inherently personal way. A company does not truly sell an experience unless they explicitly ask the customers to pay for the time the customer spends with the company, such as an admission fee or membership fees. This illustrates how Experience Economy distinguishes itself from the Services Economy.

Creating value through experiences

Postrel (2004) argues that the twenty-first century has become the age of aesthetics, where style is one of the few ways to differentiate a company's offering and this influence has taken over the marketplace. Pine & Gilmore (2011) argue that experiences should be the main focus in terms of value creation and growth in the future due to the fact that goods and services are not longer enough to foster economic growth. Berry, Carbone & Haeckel (2002) claim that in order to be successful, businesses should provide unforgettable, satisfactory experiences to their customers by adding value to

their offerings. In the future, it is the ability to create personal experiences to drive customer loyalty that will give companies a sustainable competitive advantage (Prahalad & Ramaswamy 2004).

Creating value for customers through experiences has become the new competitive battleground for companies (Pine & Gilmore 2011). Experiences fuel the engine of growth because companies give away experiences in order to sell existing offerings better (Pine & Gilmore 2011). Today consumers unquestionably desire experiences, and an increasing number of businesses are responding by explicitly designing and promoting them. Pine & Gilmore (2011) argue that by incorporating experiences into a business offering provides a new source of value creation and it allows companies to differentiate their offerings allowing them to charge premium prices based on the distinct value provided. Experience Economy can therefore serve as a differentiating factor to drive the profitability in a company (Pine & Gilmore 2011).

Active or Passive participation in the experience

Prahalad & Ramaswamy (2004) have challenged the Experience Economy view by taking it a step further and have introduced the concept of co-creation of value. According to Prahalad & Ramaswamy (2004), companies should focus on co-creation of value as the consumers are becoming more informed, networked, empowered and active. Co-creation of value can be explained as an economic strategy that emphasizes a mutual company-customer value. The process of value creation has therefore shifted from a product and a firm centric view, to personalized consumer experiences. It differs from the traditional passive consumer market of the past since the market is now viewed as a platform for firms and active customers to share, combine and renew each others' resources and capabilities in order to create value (Prahalad & Ramaswamy 2004). Companies are depending on customer interference to design products and services, as co-creation of value is personalized interaction that is meaningful and sensitive to a specific customer. In order to achieve profitable growth, managers have to constantly strive for new sources of innovation and creativity. Prahalad & Ramaswamy (2004) also suggest that co-creation of value will help to build sustainable relationships

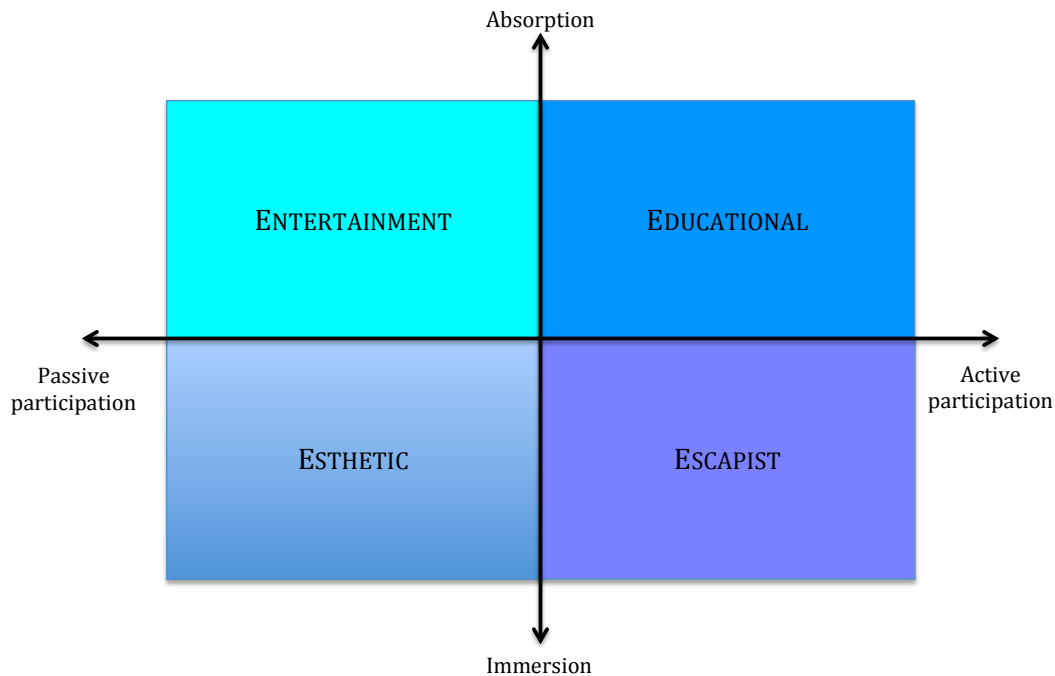
with customers that will lead to more loyal customers due to the fact that the customer is being heard and is part of the decision that are being made. However, we can see a tendency of companies focusing more and more on customer involvement and Prahalad & Ramaswamy (2004) argue that the best experiences are often co-created with the customers. While in staging experiences, Pine & Gilmore (2011) suggest that the customer is treated as a “passive receiver” (Prahalad & Ramaswamy 2004a). However, Pine & Gilmore (2011) have identified four realms of experience, which emphasize the customer’s involvement and participation in the experience.

The four ‘realms’ of experience

As the Experience Economy gear up, people look in new and different directions for increasingly unusual experiences

(Pine & Gilmore 2011: 47)

As mentioned above, Pine & Gilmore (2011) identify four ‘realms’ of experience to add value to a business, which are differentiated in terms of the level of customer involvement and participation. Experiences can engage in any number of dimensions. The four experiences vary based on the customer’s active or passive participation and on absorption or immersion in the experience. Absorption is “*occupying a person’s attention by bringing the experience into the mind*” and immersion is “*becoming physically or virtually part of the experience itself*” (Pine & Gilmore 2011:46). These dimensions define four realms of experience: entertainment, education, esthetic and escapist. The entertainment and esthetic experience require ‘passive participation’, and the consumer does not affect or influence the experiential outcome. In contrast, the education and Escapist Experience involves active participation where the customers play a key part in their subsequent experience (Pine & Gilmore 2011). The entertainment experience, where customers passively absorb the experience through their sense such as theatre, cinemas and television, is generally what many people associate with the Experience Economy. This form of experience usually involves a passive involvement of the individuals and a stage performance. Entertainment is the most developed and provides one of the oldest forms of experience.



Pine & Gilmore 2011

In Esthetic Experience, *“individuals are immersed in an event or environment but have little or no effect on it, leaving the environment essentially untouched”* (Pine & Gilmore 2011:53). The customer is therefore fully immersed, but do not have any effect upon the experience. Examples on Esthetic Experiences can be staring at a famous art piece, standing in the Grand Canyon or sitting in a café or restaurant (Pine & Gilmore 2011).

An education experience actively engages the mind of the consumer, intrigues them and appeals to their desire to learn something new. The Educational Experience is active and absorptive so the consumers play a vital role in co-determining their experience. Today, there are several opportunities for companies to offer an Educational Experience to their customers such as people signing up for business schools, fitness centers, nutritional courses, cooking course etc. As a result, consumers that engage in an Educational Experience will often have their knowledge increased or skills improved in one way or another. Ultimately, consumers should be left with the impression that they

felt they have learned or achieved something, whether it is a diploma, degree or more knowledge.

An Escapist Experience requires customers to actively participate in the events of a real or virtual environment and the customer shapes or contributes to the experience.

Escapist Experience is the complete opposite of entertainment as the customers are completely immersed and actively involved participants in the event. Typical examples of escapist environments include activities such as theme parks, casinos, chatting online, fitness classes or participating in a game such as paintball in the woods (Pine & Gilmore 2011). Rather than customers playing a passive role watching others, customers become “actors” who are able to affect the actual performance. This is a good example that expresses the shift from service economy to the Experience Economy. Before it was: *“You’ve read the book, now go see the movie!”* Today it is: *“Now that you’ve seen the movie, go experience the ride”* (Pine & Gilmore 2011: 50). Also, an Escapist Experience provides an environment that makes it possible for consumers to “escape reality” for a period and forget their troubles whether it is going to the casino to get an adrenaline kick or putting themselves through a physically tough workout. In addition, the Internet has become a great place for an escape experience as people surf online for the experience itself, rather than being a passive receiver watching television. Through active participation on the Internet the customer can achieve value by connecting, creating conversation and forming communities. Pine & Korn (2011) argue that technology increasingly enables experiences by merging the real and the virtual. *Today the tsunami of digital technology offers an ever-increasing multitude of opportunities to improve our lives and fulfill our purposes in wondrous new ways* (Pine & Korn 2011:4).

Customers buying an Educational Experience may want to learn, a customer buying an Escapist Experience wants to “go and do,” customers of entertainment experiences want to enjoy, and esthetic experience customers just want to be. While many experiences engage primarily through one of the four realms, there are often blurring boundaries between the realms, which allow companies to engage in several of the realms. Companies can therefore grow their businesses by offering one or more of the realms of the experiences. However, the richest experience might include aspects of all four realms.

Why Experience Economy firms grow

Apple and Starbucks are good examples of Experience Economy firms that have experienced radical growth by offering an experience to its customers. They distinguish their offering by adding values in terms of culture, storytelling, entertainment, and memorable experience in order to grow (Pine & Gilmore 2011). By doing this they design their offerings to facilitate the consumers social relationship, feelings and identities (Grant, 2009). Pine & Korn (2011) argue that businesses must create engaging offerings so they connect with customers on an emotional level in order for the customer to come again, which Apple and Starbucks is a good example of.

Apple is constantly focusing on how they can create better customers experience so the consumers are willing to pay substantial premiums just to own Apple's products and subscribe to its services (Pine & Gilmore 2011). People do not only go to the Apple store to buy products, but they also visit the Apple stores for the experience and to learn about their products and see the showcase of their products. The customer's motivation behind buying an Apple computer is often that they want to create or experience something. Apple put the focus on connecting with their customers on an emotional level (Thomke & Feinberg 2009). However, in order to do this, it is crucial to know whom their customers are and what they are trying to accomplish. Apple argues that the best way to design software is together with the customer. Apple is therefore constantly observing how customers use their products and where they get confused, in order to simplify the process and improve the overall user experience. Apple is therefore constantly trying to integrate customer experiences into its design and development processes (Thomke & Feinberg 2009). Apple has also created a sense of community between their customers where they are able to share tips, discuss technology, and have fun. Thomke & Feinberg (2009) therefore argue that part of Apple's success as an Experience Economy firm is that they are always trying to deliver better experiences to their users. This is also in accordance with the Pine & Gilmore (2011) argument that the companies that manage to figure out how to design experiences that are compelling, engaging, memorable, and rich will be the ones that succeed in the Experience Economy.

Starbucks, the largest coffee retailer in the world, is another example of an Experience Economy firm that has experienced radical growth by focusing on experience to grow.

From 1990 to 2000, Starbucks grew from 84 store locations to 3501 stores (Hennessey 2012). What has enabled this growth might be a mix of several factors. According to Postrel (2004), Starbucks delivers a multisensory aesthetic experience. The friendly atmosphere, rich color scheme, warm aroma, casual couches, alternative music, organic looking art, barista in green, signals comfort to the customers and is what creates the Starbucks experience for its customers (Hennessey 2012). They are selling an intangible immaterial aesthetic experience by providing a unique atmosphere, which make customers willing to pay around a 300% premium for cup of coffee, free Wi-Fi, and an environment they can sit and work or mingle and simply be part of the “experience.” Every detail in a Starbucks is carefully planned, such as the music, smell, magazines, the lightning, the comfortable chairs and the service they are offering their customers. This creates a feeling that drinking a cup of coffee is a luxurious activity. It is therefore not about the coffee, itself, but about the experiences of walking into a Starbucks for a coffee, that gains fans and loyalty from its customers according to Pine & Gilmore (2011).

2.6 Transformation Economy

Today, there are increasing demands for companies that stage experiences in order to change its customers, according to Pine & Gilmore (2011). Postrel (2004) argues that Transformation Economy will be the engine for growth in the future. In order for a company to grow based on experiences it is important that companies research what affect the experience will have on their customers, according to Pine & Gilmore (2011). If companies don't take this into consideration their experience might become commoditized and the experience will be less and less engaging. “*Been there, done that*” (Pine & Gilmore: 2011:244). However, companies can escape the commoditization trap by offering customization. When you customize an experience you automatically turn it into a transformation, which companies can create on top of experiences, according to Pine & Gilmore (2011). This leads us to the fifth and final economic offering in the Progression of Economic Value, as experience will become commoditized over time (Pine & Gilmore (2011).

While commodities are natural, goods standardized, service customized and experiences inherently personal, transformations are individual, according to Pine & Gilmore (2011). The offering does not exist outside the change traits each client desires. The reason behind the demands of transformation is that people are constantly searching for new and exciting experiences to learn and grow, develop and improve, mend and reform. People tend to value transformation above all other economic offerings because it addresses the ultimate source of all other needs: why the buyer desires the commodities, goods, services and experiences the purchases. Transformation is a distinct economic offering from experience. While experiences are memorable, transformation is effectual. However, experiences set the stage for transformation, and transformation builds on especially life transforming experiences. It is not truly a transformation if it is not sustained through time. Other economic offerings do not have any lasting consequences beyond their consumption. Even the memories of an experience fade over time. Some might argue that transformation is just a subclass of service, but Pine & Gilmore (2011) argue that it has too much disparity between them.

The customer is the product

In Transformation Economy, the customer is the product and the transformation is the factor that changes the individual who buys it (Pine & Gilmore 2011). When customers are transformed by an experience, customers will look back and feel that the experience had significantly changed their life and their mindset. However, people who buy a transformation seek guidance through a specific goal, aim or purpose. The buyer is therefore aspiring to be someone or something different. The customer is an *aspirant* seeking a real and meaningful personal change, for example, a better figure, a new career or a deeper understanding of identity and purpose. Without a change in attitude, performance or characteristic, no transformation occurs. Transformation as an economic offering requires three separate phases: diagnosing, aspirations and following through according to Pine & Gilmore (2011). It is, therefore, important that the company research: To what do customers aspire? Where are they today relative to their aspiration? Along with what dimension this transformation can be achieved? Without a proper diagnosis, customers cannot achieve their transformation. In addition, essential

to transformation is therefore to understand what a customer truly needs in order to see how far away they are from fulfilling those needs within themselves. During the diagnostic phase in a fitness center for example, a coach must learn the weight, muscle strength, or body tone desired by the customers and assess their current state along each dimension before they can design a physical regimen aimed at fulfilling their particular desires. However, customization is challenging when you are dealing with large groups of people, such as business schools, nutritional courses or fitness classes. It is also challenging to determine the degree of the transformation. An Experience Economy firm charges for the feeling customers get by engaging in the experience, while transformation firms charge for the actual benefit customers receive by spending time there (Pine & Gilmore 2011).

The customer is being guided through a series of experiences by the elicitor, which can be personal trainers, coaches, therapists, financial advisors etc. However, transformations cannot be extracted, made, delivered or even staged, they can only be guided through something. *"You can lead the horse to the water, but you can't make it drink,"* Pine & Gilmore (2011: 262). In order to have a successful transformation the exact form and content of any particular transformational offering has to be considered carefully. It is crucial to understand the customer's aspirations in order to be able to effect any changes whether it belongs to a physical, emotional, intellectual or spiritual dimension.

The fitness industry

According to Pine & Gilmore (2011), companies that help customers achieve their aspirations are those who will thrive and have competitive advantages in the future. Not all experiences are fun and breathtaking. People who join fitness centers can expect to experience physical pain and at the same time pay 200 USD a month for it. The same goes for people who leave their jobs to start business school where they have to pay thousands of dollars to attend. Their motivation behind this is that they pay to be affected by an experience that will affect who they are, what they can accomplish and where they are going. When people sign up for a fitness center, their motivation might be to lose weight, stay physically fit, or gain more energy. Consequently, it is not only for the experience itself, but also for the outcome of the experience. Therefore, people

who buy a membership at a fitness club do not pay for the pain they experience in the moment of the workout, but for all the consequences that follows; such as increased well being, a feeling of achievement and a fit body. The customer will therefore continue to come back as long as they see improvements in their mental, emotional and physical well being.

The fitness industry is still dominated by the fact that you pay a monthly membership compared to paying for the actual outcome. The fitness industry is therefore still in the Experience Economy as members pay membership fees and admission fees. If fitness centers were truly in the transformation business, it would not charge solely via memberships fees or by the amount of time spent on machines. Rather, it would charge for meeting the health and well being aspiration of its member. If the aspiration was not met within a fixed period of time, the fitness center would not be paid, or it would be paid less. It would not charge for the pain, but for the gain. Many fitness centers today receive much of their revenue from people who pay their membership fees, but rarely encounter pain on the machines. Signing up those people might be profitable for one period, but in the long term it would be costly to constantly replace expiring memberships. Fitness centers lose profit by not charging for the full value gained by those who do have the mindset to follow through on their aspiration according to Pine & Gilmore (2011). Who would not pay more for a guarantee that they would lose those thirty pounds, gain those 5 inches of pure muscle around the chest, or bench press 250 pounds. After the commitment the fitness center would design the right set of experiences to make sure the customer achieved their goals and be paid in full. If you charge for the time the customer spends with you, you are in the experience business. If you charge for the demonstrated outcome the customer achieves, then and only then are you in the transformation business. However, the Experience Economy naturally progresses into the Transformation Economy. Nevertheless as I will discuss later in the paper, there are many elements within the fitness industry that matches the Transformation Economy.

2.7 Summary

Technology advancement, customer expectations, market transparency and increasing competition have created a demand for Experience Economy firms and transformation firms. Companies can differentiate their offerings by implementing one or several realms of experience introduced by Pine & Gilmore (2011) or a transformational experience. We have seen how Apple and Starbucks carefully consider how they can constantly improve the customer experience by focusing on creating an environment that customers are willing to pay a premium to be a part of. Transformation companies are playing on a customer's desire to change in one way or another, and this is what motivates the customer to buy a "product". However, being in the transformation business means charging for the demonstrated outcome the customer achieves, and not the particular activity the company performs. As a consequence, very few companies that work to change people are truly in the transformation business because few companies charge for the transformation itself.

One thing is sure: Growth and economic value creation will be coming from selling an experiences and transformation in the future. Companies that provide their customers with a memorable experience will also be able to charge a premium price for their offerings. It is crucial to know what motivates the customers in order for the experience to touch them, transform them and give meaning to their lives, as great experiences build customer loyalty, which will increase profitability within a company.

3. CASE STUDY – CROSSFIT

This chapter provides an in-depth description of the fitness phenomenon CrossFit, and its radical growth the last years. The chapter starts with an introduction of CrossFit before I present my personal experience and the power of the community in CrossFit. Further, the unique business model and the growth rate of CrossFit will be described. I present two CrossFit affiliates in New York: CrossFit NYC and CrossFit Brick New York to illustrate that each CrossFit affiliate is different because of CrossFit's open business model.

3.1 What is CrossFit

If you ask a CrossFit enthusiast what CrossFit is, you will most likely get the answer that it is the best fitness workout in the world based on the fact that you work your entire body with multiple movements at the same time. The athletes do everything from traditional gymnastic movements to Olympic lifting. No workouts are the same, so CrossFit encourage the athletes to be prepared for the unexpected every day. CrossFit can be described as, “*constantly varied, functional movements performed at a high intensity*” (Glassman 2002). *Constantly varied* means that the workouts are always changing, never letting your body adapt. *High intensity* is about power/intensity: how much weight you can move over the longest distance in the shortest amount of time, while maintaining proper form and technique. *Functional movements* means doing movements that humans are built for and that are natural and safe. CrossFit therefore emphasizes movement that people use in their daily lives. For example pick something off the floor or put something up on a shelf. These are movements that promote neurological and hormonal responses, leading to better health, strength, core stability, agility, and flexibility according to CrossFit philosophy (Glassman 2002). According to founder of CrossFit, Greg Glassman, CrossFit can be defined as a core strength and conditioning program that attempts to optimize physical competence in ten recognized fitness domains. Those domains are: Cardiovascular and respiratory endurance, stamina, strength, flexibility, power, speed, coordination, agility, balance and accuracy (Glassman 2002). The goal in CrossFit is therefore to become competent in all ten domains in order to achieve great body control and be able to do functional movement,

which will gain the athletes everyday experience instead of just specializing in one movement of domain. CrossFit therefore differentiate themselves from other sports that tend to specialize in only one domain. Examples on this might be that a marathoner dominates cardio endurance, but might not be able to lift heavy weights. A power lifter is strong but might have low endurance. Instead of concentrating on cardio training on a treadmill or pumping one muscle group, CrossFit mixes pull-ups, burpees, rowing, rope climbing and other activities together in one workout. Another important aspect of CrossFit is the Tabatha method that involves training the aerobic and anaerobic energy system at the same. This is done by using short sets of intense all out effort followed by even shorter rest periods (Shugart 2008).

CrossFit language

People in CrossFit share a common language. Words like WOD (workout of the day), ROM (range of motion) and AMRAP (as many rounds as possible) as well as standardized named workouts like Cindy, Helen, Fran enable strangers across the world to recognize each other's accomplishments and bond over shared experiences. A CrossFit affiliates is referred to as a CrossFit Box and every member is referred to as an athlete, despite their abilities. The workouts are posted every day from the main CrossFit.com website and distributed globally so that everyone can do the workout on the same day regardless of location. Coaches, owners and athletes have the opportunity to comment, ask questions, and discuss the workouts on the same webpage (Glassman 2002).

3.2 Welcome to CrossFit

Let me introduce my personal experience of CrossFit. My first meeting with CrossFit was in 2012. I have always been active in sports so when my friends convinced me to try CrossFit for the first time I thought I would manage a CrossFit workout without problems, based on many years of membership at a traditional gym, and growing up playing soccer, basketball and going skiing. However, I was wrong and the word "intensity" got a new meaning for me after that day. When I arrived into something that reminded me about a storage room/garage I was meet with people hanging in the bar

doing pull-ups, toe to bars and sweaty people on the floor grasping for air. The air was tight and I could smell the heat and sweat coming towards me. Looking around me, I could feel the pain of the last people trying to finish their last pull-ups, as their hands started to rift after hanging from the bar for such a long period. Thoughts that went through my mind were “how anyone would be willing to go through this voluntarily?” “This looks crazy, lets reconsider trying CrossFit”. I could hear the coaches and athletes yelling encouraging words to people that were about to finish their workout: “Pick it up! Finish it out! Two minutes! As many rounds, let’s go!”

After a while standing by the entrance looking at all the “craziness”, one of the coaches came towards me and said: “Welcome to CrossFit, today the workout is “Murph”. Several people came suddenly running into the room and started to do kipping pull-ups. I quickly learned that “Murph” is a one-mile run followed by 100 pull-ups, 200 push-ups, 300 body weights squats followed by another mile run. I signed up for the 5pm class and started to feel nervous. The workout looked unmanageable when I stood staring at the board in front of me. I grabbed an elastic band for my pull-ups before I joined the rest of the 5pm team. After 10 minutes warm up, the coaches started the time and we started on our one-mile run followed by the rest of the workout. After finishing the workout, I was gasping for air as everyone else in my team and I felt more tired than I have ever felt after a workout. When I managed to get back on my feet I walked around giving and receiving high-fives from the other members and shouted encouraging words to the people who had not yet finished.

I admit that my first CrossFit experience was one of the hardest workouts I have done. However, it was something about it, which made me come back day after day. Today, two years later I am still an active member, doing CrossFit three to four times a week, and I would argue that it has changed my life in many ways. People outside my CrossFit community might find it hard to believe that signing up for CrossFit and doing workouts that looks terrible have had a positive life-changing effect. CrossFit is more than just the physical workout and the community and the class atmosphere is unique factors. I am often met with scepticism from my friends and family outside the CrossFit community when I am trying to convince them to try it. Generally they respond that it looks too

extreme and intense, being a closed community, even a cult, it looks dangerous and intimidating etc. I was sceptical as well, and I definitely felt intimidated before trying it, but after giving it a chance it all made sense to me. The feeling of pushing my body to achieve something I never thought was possible provide me with a feeling of achievement, energy boost in addition to being able to see measurable results in terms of more energy and more strength. When I first started CrossFit I could not do a single pull-up, I even found it difficult to hang on to the bar. After a few months I managed to do my first pull-up and I definitely felt stronger.

3.3 The power of the Community of CrossFit

The community in CrossFit is something special, which I have not experienced in a gym setting before. CrossFit fosters and creates community in several ways. Every workout is with a team of 12–18 people where everyone is doing the same workout depending on their ability. This is possible due to the fact that people in various stages of fitness can perform the same workout but scale it to their own ability level based on weight, intensity and rest. At my current CrossFit box in New York we often start our class with a question of the day. It could be as simple as what city are you born? What is your favourite movie? What are you favourite vacation spot? Those questions allow for a good and relaxed atmosphere and it's a good way to get to know each other. Each CrossFit box also arranges social gatherings such as happy hours, summer parties, and holiday parties, which empower the community and gives members a chance to get to know each other outside a the gym setting. The CrossFit social media strategy is an important factor that empowers the community. Through CrossFit.com, Facebook, Twitter, etc., CrossFit members have the opportunity to connect with CrossFit members from all over the world. Every independent CrossFit box also has their own website and Facebook group where members and coaches post articles, social gatherings, celebrating members of the months, encouraging words, motivational quotes etc., that helps to foster the community in CrossFit.

My personal experience of the community

I moved to New York the summer of 2012 and did not know many people. Today, two years later, I have become part of a great community of friends from different backgrounds, ages, and nationalities. I workout side-by-side with lawyers, elite military personnel, doctors, trained police officers, actors, dancers, students, moms, fire-fighters etc., who I am pretty sure are people I would not been able to get to know if it were not for CrossFit.

Becoming part of the CrossFit community has meant a lot to me, both personally and professionally. I would never have thought I would look forward to going to a gym since this is something that I have always associated with something "I have to do". Today, this is an hour of my day that I look forward to, because I get to meet my coaches and fellow athletes who have become my friends. As everyone is struggling through the same workout, I feel that a special bond is created among us and I receive great support from the rest of the class if I am struggling to finish. Everyone helps each other out, either if it is to clean up equipment, give advice/movements corrections or just encouraging words. It is an unwritten rule in CrossFit that everyone is encouraged to stay and cheer the last people until their finish. *"Class does not end until the LAST athlete finishes."* is part of the philosophy in CrossFit and often stated during class. Through the community in CrossFit I have also been given the chance to be introduced to companies, which has given me the opportunity to create a professional network in New York.

3.4 The Business Model of CrossFit

"You're in charge. Remove everything between you and your success that isn't essential. I mean, that's a beautiful thing"

Glassman 2012

The success of CrossFit does not originate from any conventional business model. Glassman owns 100 percentages of CrossFit.com and does not answer to Board of Directors. CrossFit affiliates are not franchises subject to control from corporate headquarters or franchise laws, but independently operated CrossFit affiliates owned

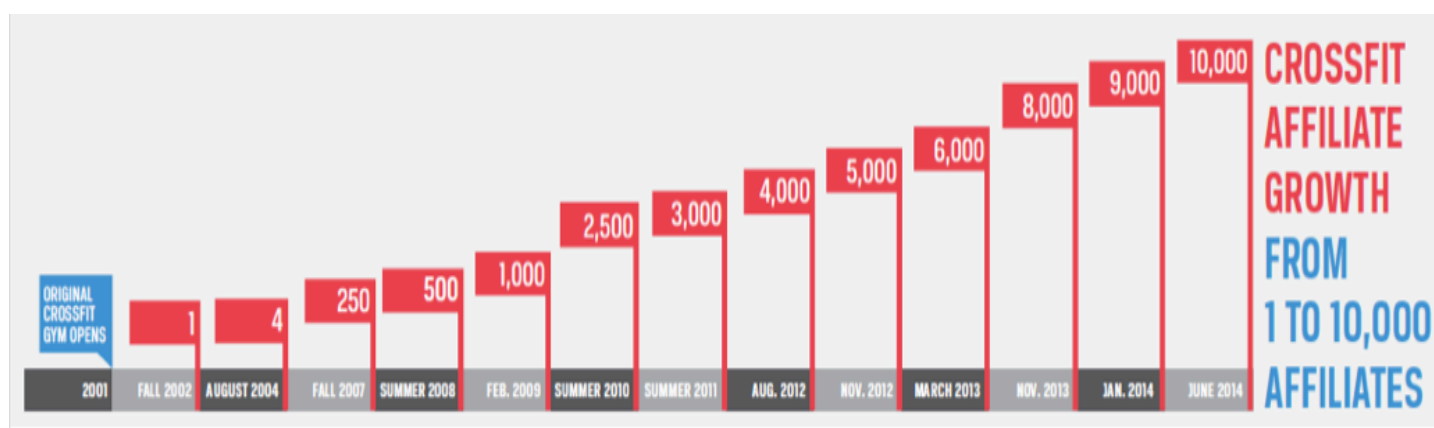
by entrepreneurs who pay 1,000 USD to get certified as CrossFit coach in addition to paying 3000 USD annually for the right to licence the CrossFit brand. Anyone who pass Glassman's two-day seminar can apply to open a CrossFit affiliate. Glassman wants his affiliates owners to feel free to open up a CrossFit box in a garage, a warehouse or shopping area, and train how they want, and charge what they want. As a result, each affiliate owner is free to innovate and run its CrossFit affiliate as they want, which fosters innovation through open-source. Hollis Molloy, one of CrossFit's first affiliate owner states: *"One of the rare beauties of being in a CrossFit gym is that it doesn't usually feel as if a business is operating around you. Instead, you can feel the pervasive community, the family that lives inside each box"* (Beers 2014:3). Glassman's philosophy is that the free-market will provide the necessary control instead of laws and rules. Glassman states: *"I believe that business is the art and science of providing uniquely attractive opportunities for other people"* (Glassman 2013). He further states that creating excellence is the key to success and that money is what happens when you do something right. Glassman states: *"I have a real problem with any business activity that isn't about value creation. Money is essential to run a business, but it's not why you run a business. It is not what makes business grow. Businesses grow on dreams."* (Glassman 2013).

Growth without a safety net

CrossFit has grown out of one particularly intense tribe in Santa Cruz, California. Glassman who had been training the local police force in Santa Cruz realized that his training methods worked for cops, fire fighters and Olympic-lifting athletes as well as "the average guy/women in the street". In 2001, Glassman launched CrossFit.com after a number of clients had asked him if he could put the WOD (workout of the day) online so they could do it when they travelled. That is how it all started and it has from that day relied on a grassroots promotion. However, it seems unlikely, from today's perspective, that a basic website featuring a daily workout has become one of the fastest growing fitness industries in world, capturing the attention of millions of people worldwide eager to spread Glassman's definition of fitness.

Glassman opened his first CrossFit affiliate in in Santa Cruz in 2001, and June 20, 2014 it had grown to 10,000 affiliates around the world (Beers 2014). It took five years to grow

500 affiliates, while in 2013 1000 new affiliates opened every three months. While the battle the first five years was to explain what CrossFit is and try to get people to join, the battle now is to handle the tremendous growth (Beers 2014). CrossFit constantly spreading to new countries, but currently 72.7 % of the CrossFit affiliates are in the U.S. (Toledano 2012). CrossFit has more than 35,000 accredited trainers and more than 10 million CrossFitters, where nearly 60% of them are women. More women than ever before have started embracing free-weight training largely thanks to CrossFit (Feine & Manning 2013).



Beers 2014:10

Revenue

The organization CrossFit as a whole is projected to generate \$100 million in revenue in 2014 (Feine & Manning 2013). The company CrossFit generates most of its money from training seminars where it certifies hundreds of people as trainers each weekend at a fee of 1,000 USD (Feine & Manning 2013). As of 2014, CrossFit annual licence fee is 3,000 USD in order to advertise as a CrossFit affiliate. After the affiliate's owner has paid the annual affiliate fee they keep all revenue themselves and are free to run their affiliate as they please. Other revenue factors for the organization CrossFit are royalties from Reebok, which started selling CrossFit-branded gear in 2010, in addition to revenue from tickets and registration fees from the annual CrossFit Games tournament (Feine & Manning 2013).

CrossFit ecosystem as a whole is worth over 1 billion USD. However, the company CrossFit has made strategic decisions by explicitly limiting the company's revenue

income to be mainly education fee and affiliate fee. Glassman states that the minute CrossFit expands into new or unfamiliar products it will dilute the brand, degrade CrossFitters' experience, and slow down the overall adoption. Glassman argues that his goal is not to widen his share of the pie, but rather make the pie bigger (Glassman 2013). Glassman's business strategy is therefore to stick to CrossFit's core competence, which is constantly adding more specialized and advanced classes and continue to grow the community. His strategy is therefore to leave the responsibility to other companies to sell the tangential products such as CrossFit clothing, workout requirement, nutritional products etc. Glassman argues that the money he is leaving on the table is the opportunity for other people to grow their business. One example on this is the company Rope that are producing CrossFit equipment. They have had revenue of 60 million USD a year after the introduction of CrossFit (Helm 2013).

Membership

A CrossFit membership ranges from 190–280 USD a month, which is quite high if you compare it to a regular gym. There is not a lot of emphasis on marketing and advertising in order to attract new members in CrossFit. The most common way that people hear about CrossFit is through friends and co-workers. Jeff Martin, CrossFit owner of CrossFit Brand X in California states that almost every single person who steps through his door seems to know someone who is already doing CrossFit (Beers 2014).

3.5 CrossFit affiliates

As a result of the open business model, each affiliate owner is free to innovate and run their CrossFit box as they want. As a consequence, every affiliate is different. A typical CrossFit box is in a warehouse space with cement walls and nothing but a black mat covering the length of the floors. There are no mirrors or regular gym equipment besides from barbells, kettle bells and rowing machines. Each CrossFit box receives mainly their revenue from memberships fees but also from selling clothing equipment such as t-shirts and sweatshirts with the box logo. The sales revenue from this constantly increases as members enjoy wearing CrossFit gear from their own box. My current CrossFit box, Brick New York sells sweaters, t-shirts, wristbands, shorts, socks, caps and

pants with the Brick logo. The fact that this has become so popular brings us back to the community of CrossFit. Members want to wear sports gear with the logo of the box they belong to. I will in the next sections present two CrossFit affiliate in New York City where I am/have been a member.

CrossFit NYC, Black Box

CrossFit NYC “The black box” was the first CrossFit gym I joined when I moved to New York the summer of 2012. Josh Newman is the owner of CrossFit NYC, which was the first affiliate that opened on the East coast. Today, CrossFit NYC is one of the largest CrossFit affiliates in the U.S. in terms of members and has currently expanded to three enormous locations, where more than 300 classes per week are routinely packed according to Newman. Newman did not expect the tremendous growth when they open up its first location in 2007, but by the first year they grew from 20 members to 100 members. They only needed 30 members to break even in terms of the lease and Newman admits he was worried that there were not 30 people in total in New York City that would be willing to join their CrossFit box. However, he was wrong. By 2008, their first location had reached the capacity in terms of members and they had to begin to look for bigger locations and hiring new trainers. In 2014, they reached 2,000 members and have basically doubled their membership number each year according to Newman.

“CrossFit is the least intentional business that I have ever been a part of, even though it has more than doubled each year. I would’ve never expected this”.

– Josh Newman

CrossFit NYC differentiation strategy

The competition between CrossFit affiliates in New York is becoming more and more intense and Newman states that CrossFit NYC aim is to differentiate itself as the original and authentic CrossFit affiliate on the East coast. Newman states that CrossFit NYC wants to be the old school, hard-core CrossFit with great coaches instead of trying to offer new classes such as yoga and mobility that are becoming popular among other CrossFit affiliates in New York at the moment. He argues that they will rather compete with having the best location, programming, coaches, equipment, most classes and

lowest membership fee. Newman admits that they have to keep up with the fact that it is New York City in terms of the standard of bathrooms, showers, towels and soap. Despite the fact that he wants to hold on to the core CrossFit warehouse feeling, he admits he has to find a balance between member's demand and holding on to the original, old school, hard-core side of CrossFit. CrossFit NYC puts a lot of focus into constantly reinvesting into growth and expansion. Their membership fee in 2014 is 199 USD per month, which is below national average of 215 USD per month, according to Newman. Newman states they could probably raise the price without losing members, but they have decided that they will not raise the price even though they should from a business perspective. They rather want to focus on continuing the growth at the same pace as they have done the last years. It would be a different gym if the price were 260 USD a month according to Newman.

CrossFit Brick New York

CrossFit Brick New York is my current CrossFit box in New York where I have been a member since it opened August 1st, 2013. Jarett Perelmutter, founder of both Brick New York and Brick Los Angeles describes CrossFit as "the unknown and the unknowable" in addition to preparation for all things that you may need to insert yourself physically, mentally or emotionally. Perelmutter entered his first CrossFit affiliate in 2009 and after experiencing the community and how people supported each other, he was hooked. After doing some research he identified a gap, which motivated him to open his own CrossFit affiliates. Brick New York has had a tremendous growth since its opening August 2013, and as of July 2014 they have around 660 members.

Brick New York differentiating strategy

Perelmutter states that members are not buying a workout at Brick New York. They are buying friends, community, a happy environment and group support. He further states that Brick NY aim is to be there to support their members at any given time. Perelmutter often states "Bring your problems, and we will make it better". Even though the class holds the energy of 20 people, the athletes have one coach that focus on them, know them, know what they did this weekend, know their weaknesses, strength, and their

family. Perelmutter therefore argues that membership at Brick gives access to their coaches' personalities and they are committed to their athletes.

Membership fee at Brick New York is of 2014 279 USD per month. Perelmutter argues that every time you can show someone the value of something, for instance something they can see, taste or touch, people are willing to pay a premium. He further states that when members at Brick New York see tangible results, or they feel and look better, they are willing to pay for it as they feel the value is greater than the cost.

3.6 CrossFit Social Media - Open Source

CrossFit provides free programming via the CrossFit.com website that posts the daily workouts, explanatory videos, highlights athletes and local competitions in addition to offering nutritional advice. It also provides a general blog for discussion, posting results and interaction. CrossFit has an intense social media strategy where the media staff continually post workout routines to the CrossFit.com homepage, celebrate athletes' achievements on Facebook, and upload exercise videos to YouTube. CrossFit makes use of a virtual community Internet model, which shares some common features with open source software. When CrossFit.com added a comment board, it started filling up with people posting their times and records and asking for help. This has allowed the best practice to emerge from a variety of approaches in addition to fostering innovation. In terms of open source on the workout program, what the workout looks like today is quite different from how it looked like when CrossFit first started. This is the result of a community of people that have come together on an open source to create and develop workouts and discusses what works and what creates results. Box owners are also able to ask other box owners how they dealt with certain problems in addition to sharing ideas. Open sources are also happening on a box level where owners and coaches constantly learn from their members and try to make improvement based on their members' feedback.

3.7 Criticism of CrossFit

CrossFit systematically address weaknesses and criticisms as it arises, and CrossFit's headquarter are working hard to respond and improve their business based on the feedback. One example is that an increasing amount of people have been criticising that the standard to receive the Level 1 Certification has been to low. The CrossFit headquarter has therefore responded by raising the certification standard, making it harder to pass the two-day seminar in addition to introducing level 2 and 3 into the training model.

3.8 Summary

This chapter has given a thorough description of CrossFit, its business model and growth from its origin in 2001. The chapter has also introduced my personal experience of CrossFit and how the community in CrossFit has benefitted me. Furthermore, it has presented two different CrossFit boxes in New York in order to illustrate that each box is different as a consequence of the open business model.

4. RESEARCH METHODOLOGY

This chapter presents the thesis methodological considerations that have shaped the research and helped me approach the research question. In the following sections I will provide a more detailed description of my research choices in order to get a deeper understanding of how my chosen paradigm affects the research process, as it contributes to explain the relationship between theory and research. The chapter will present the thesis' chosen scientific approach, data collection method, research design, and data analysis methods.

4.1 Scientific approach

Due to the complex nature of growth in contemporary Experience Economy firms and Transformation Economy firms, I have found an interpretive study approach valuable and suitable for my research. This approach has allowed me to generate insight and understanding of the whole complexity of a social phenomenon. In addition, an interpretive approach has allowed me to use theory as a “lens“ in order to develop an understanding of growth in CrossFit in relation to how it can be understood as an Experience Economy firm and Transformation firm.

According to the view of interpretive studies, the world is socially constructed and it assumes that people create and associate their own subjective and intersubjective opinions as they interact with the world around them (Deetz 1996). In this view the world cannot be understood by applying research principles adopted from natural science, and simple fundamental laws are insufficient to understand the whole complexity of a social phenomenon (Gripsrud, Olsson & Silkoset 2004). Interpretive research aspires to produce an understanding of the context by focusing on the full complexity of human knowledge (Deetz 1996). The goal of interpretive studies is to illustrate how particular realities are “*socially produced and maintained through norms, rites, rituals, and daily activities*” (Deetz 1996: 202). Consequently, an interpretive approach is appropriate as we are still generating understanding regarding a complex phenomenon such as growth in Experience Economy firms and Transformation

Economy firms. The approach has therefore allowed me to consider the complexity of the growth phenomenon from multiple perspectives such as from interviews with both executives in the firm and consumers as well as primary and secondary data, before I organized coherent theory. This has allowed me to get a rich description of the investigated phenomena in order to better interpret and understand what is happening within my research field (Blumberg, Cooper & Schindler 2005).

Interpretivism is “*influenced and shaped by the pre-existing theories and worldview of the researchers*” (Willis 2007:96). It therefore argues that humans are influenced by their subjective realities, which requires certain research methods to obtain desired data material (Deetz 1996). Interpretive research is driven by human interest. “*Human interests not only channels our thinking, but also guide how we investigate the world*” (Blumberg, Cooper & Schindler 2005:19). I have conducted participant observation, which works well with interpretivism’s wish to recognize the role of the researcher in the process of generating data together with informants (Bryman & Bell 2007). My informants have therefore been active sense-makers (Deetz 1996), and I have been able to present my own constructions, in addition to those of my respondents. Further, participant observation has allowed me to gain understanding and inside knowledge of CrossFit and the people within the community. This has enabled me to personally experience the community, and learn about people’s motivations, opinions and views. I have gained insight into how the community in CrossFit is being fostered and to what degree it can explain the growth of CrossFit. Direct access to the community has also allowed me to learn and experience how every CrossFit box is different as a consequence to the open business model.

In interpretive research, an organization is viewed as a social site, which shares important characteristics with other types of communities (Deetz 1996). In this type of research an important assumption is that access to reality is only through social constructions such as language, consciousness and shared meanings. Interpretive research attempts to understand phenomena through the meanings that people assign to them as people create and attach their own meanings to the world around them (Deetz 1996). Consequently, interpretive views argue that an objective world does not

exist, only different understandings of it (Gripsrud, Olsson & Silkoset 2004). Social phenomena can thus only be understood by looking at the total view of each phenomenon, which implies examining many different perspectives (Blumberg, Cooper & Schindler 2005). I therefore saw it important to interview a diverse set of people within the CrossFit community such as affiliates owners, coaches and members to explore their different experiences with CrossFit. This helped me understand how different experiences result in different constructions and meanings that they give to the world. For example, I learnt from the interviews with owners what they consider to be the most important sources of CrossFits' radical growth. I also took note of how members described "Experience" and "Transformation" attached to CrossFit, what their motivation for joining CrossFit and how CrossFit has affected their life. This allowed me to explore how members have different "Transformational" effect doing CrossFit.

Transferability

Social phenomena are complex and often unique as they result from multiple circumstances constructed by many individuals (Gripsrud, Olsson & Silkoset 2004). Through my chosen interpretive approach I can adequately gain an understanding of the subjective realities of a wide range of people within the CrossFit community (Willis 2007). An interpretive approach does not however attach a great deal of importance to the generalizability of findings, due to the fact that the world is constantly changing. By choosing an interpretive approach, I do not aim to make a broad conclusion, but rather offer a deep understanding regarding the phenomenon of growth in contemporary organizations (Willis 2007). Interpretive studies do however aspire to argue for transferability of findings, which implies that others can learn from my study of the CrossFit organization and explore how my findings may be relevant in similar cases or other contexts. My goal is therefore to gain an understanding that moves beyond the case of CrossFit, and I hope my research findings can transfer to other businesses and industries. My analysis therefore relies on persuasiveness rather than proof in arguing (Deetz 1996). The intention with this study is therefore not to draw a broad rule, but to learn something from the example of CrossFit that will help us understand how Experience Economy firms and Transformation firms grow in general. An interpretive approach therefore allows other interpretations to be generated in the future due to the

fact that people experience and interpret the reality differently (Blumber, Cooper & Schindler 2005). I am therefore open to the fact that other researchers should join with other study approaches in the future, as this supports a multiplicity of perspectives (Deetz 1996). I acknowledge that I am in a state of developing an understanding of organizations like CrossFit, rather than claiming to know precisely what they are about. I therefore consider my conclusion as one hypothesis that may be one of several explanations to an outcome, rather than trying to argue for an absolute truth (Bryman & Bell 2007).

4.2 Data collection methods

I find a qualitative research appropriate due to my emphasis on understanding growth in Experience Economy firms and Transformation firms. A qualitative method is suitable when the aim of the research is to generate an understanding and gain insight into informant's meanings and motivations where the context is more important than generalization of the findings (Willis 2007). Qualitative research tends to concern itself with words, rather than numbers, which mean that my data cannot be categorized statistically (Kvale 1997). However, the qualitative approach has enabled me to obtain in-depth knowledge of affiliates owners, coaches and members within the community of CrossFit in addition to an understanding of the radical growth of CrossFit affiliates the last years. A qualitative research methodology has allowed me to conduct participant-observation and semi-structured interviews in addition to collecting data through secondary sources such as books, articles and documents. In advance of my research, I examined available documents, books and theories through a literature search on Experience Economy, Transformation Economy and the organization CrossFit. My pre-understanding of growth in contemporary firms helped me shaped my data collection, analysis and interpretation. In addition, my experience of being a CrossFit member and my previous educational background have also contributed to shape my study.

Reliability for qualitative research means producing results and a chain of evidence in order to contribute to the trustworthiness of the analysis, rather than showing consistent results by repeated analyses. Another researcher might have a different interpretation of the data based on his/her own beliefs and discover a different angle to

approach the research. In qualitative research, validity depends on the chosen theories, research strategy and data collection methods that will lead to answer the research question. By collecting data through different research methods in addition to arguing for my methodological choices I have enhanced the validity and credibility of my findings (Kvale 1997). In addition, the validity of my study is supported by a semi-structured interview-guide, together with strategically chosen interviewees based on their relevance in relation to my research objectives. By engaging in several methods for data collection, I have obtained multiple and diverse realities that together will lead to a more valid, reliable and diverse construction of the CrossFit organization and its growth success.

Semi structured interviews

As I wanted to obtain thick data and gain an understanding of the respondents' subjective meanings, I conducted semi-structured interviews with different people from the CrossFit community. I started out my study by identifying the owners of the largest CrossFit affiliated in New York as I saw them as valuable informants to my thesis. Some of the key informants further introduced me to other interesting people in the CrossFit community who could provide me with valuable viewpoints and knowledge. I prepared a semi-structured interview guide, where I sketched the themes that I wanted to cover in the interviews, and listed potential questions within each theme. Depending on the situation and background of the informants, I chose which questions to be asked. This approach was valuable as it enabled me to formulate follow-up questions during the actual interview, in order to dig deeper into interesting subjects presented by the informants. It also allowed my informants to speak freely about their field of interest, which minimalized my influence on the interviews.

The length of the interviews varied from approximately 45 minutes to one and a half hours. The interviews were normally conducted at the specific CrossFit box that the informants owned, were coaching or worked out at, which was practical both for me and for the informants. This also allowed me to observe and experience the design and atmosphere as well as get a general sense of the spirit and community within each box. Three of the interviews took place at a café/library and one of the interviews was

conducted through a video conversation on Skype as my informant lived in Santa Cruz, California.

I started out all the interviews with a brief introduction of myself and a short description of my study. I emphasized that there were no “right or wrong” answers and that I was interested in hearing their personal stories and opinions. I asked for approval to use a tape recorder, as this would strengthen my study and assure the validity of the material to be used for analysis. Even though the use of a tape recorder resulted in a slightly more formal interview setting, it was crucial in terms of preserving what was being said, as many of the stories were complex and detailed. The first question I asked gave the informants the opportunity to introduce themselves and elaborate on their own backgrounds. My role as the researcher was to guide the topics of the interviews and let the interviewees tell their stories in an undisturbed way. However, I occasionally asked clarifying questions and in some cases I encouraged them to immerse or elaborate on their meanings and feelings regarding a particular event. Data was therefore generated through a chain of conversations rather than a questioning, which made the atmosphere more informal. This was important, as it increased the possibility that their answers were more personal than they would have been using a formal approach and a standardized question sheet (Kvale 1997).

Selection of informants

I conducted 14 in-depth interviews with people from different areas of the CrossFit organization such as owners, coaches, community manager, and athletes, in addition to one person working for the head quarter of CrossFit. The reason behind my selection of informants was that I wanted to conduct in-depth interviews with people from different backgrounds and professions in order to get multiple perspectives on my research. I interviewed the owners of the four largest CrossFit boxes in New York in terms of members and growth. Two of the CrossFit boxes were of particular interest however, due to the fact that I have myself been an active member in those. I also interviewed an owner of a CrossFit box in Santa Cruz, California where CrossFit has its’ origin. After interviewing owners I was interested to learn and understand what characterized their day-to-day experience and challenges, how they explained the growth and what they

strategically were selling members in order to achieve growth. I also wanted to learn how they foster community in CrossFit, which is considered to be a significant growth factor for CrossFit. Further, I interviewed two of the coaches at my current CrossFit box in New York in order to generate an understanding of their perspective and challenges with growth and see if this matched the owner's perspective. I also wanted to learn how their internal challenges with growth differed from the owner's challenges, as they worked closely with the members every day in class. I interviewed four members from my current CrossFit box in New York, which all have different professions, backgrounds and age. Three of these members had also been member of my previous box, CrossFit NYC before. The aim with these interviews was to generate an understanding of their experience and motivation for joining CrossFit. I also wanted to learn what role CrossFit had played in their life and to what degree it had affected their life. I also interviewed a professional athlete who was competing in the CrossFit games in Los Angeles, August 2014. , I thought it would be interesting to see how CrossFit has affected the life of a person who is a professional and doing CrossFit as a full-time job in order to widen my perspective on my research. Since community is a significant part of CrossFit, I interviewed the community manger that works at the first established CrossFit box in the east coast in order to learn how they foster communities in CrossFit. I also saw it relevant to interview a person that works for CrossFit's headquarter to find out how he perceived the industry growth. I found this interesting as I got the opportunity to gain an understanding of how the CrossFit organisation in general strategically approaches growth and related challenges.

Interviews reflection

The semi-structured interviews have contributed to the foundation of my analysis. In order to strengthen the thesis' reliability, the empirical foundation used in the analysis comes from multiple sources of evidence. As described above I chose informants with different perspective and backgrounds, which strengthen the reliability of my findings. I was constantly aware that the quality of the qualitative collection method would have a crucial influence on the quality of the analysis (Kvale 1997). It was therefore important that the informants were well informed and educated on the topics concerning CrossFit as this created a more reliable foundation for the analysing process. In addition, it was

crucial for me to conduct extensive research on the CrossFit industry in addition to learning about the background of my informants in advance of the interviews so I was better able to guide the interviews and ask good follow-up questions. When talking to my informants, it was important to take into account their type of position and involvement in CrossFit since this might influence how they responded to my questions. I tried to be aware and identify whether the informants were reproducing the company's vision and strategy, instead of giving me their personal opinions about the topics I presented. Due to the fact that some of my topics concerned challenges or critique of the industry, I ran the risk of not getting their honest opinion. I therefore tried to be aware that some of their neutral answers could be affected by this fact. I did not find this to be a problem during my interviews however, as I believe my informants stated their concerns and challenges in a trustworthy way and provided me with their personal stories. I found it interesting to compare what owners and coaches stated that a CrossFit membership was offering to its member to what the members stated they were buying in order to identify any selling arguments from the company's perspective. After conducting 4-5 interviews I started to see a tendency that the same answers kept appearing. I experienced that all my respondents stated three particular reasons for growth. In addition, two particular challenges with growth were common among the owners.

Participant observation

I have conducted participant observation through class participation, social events, and CrossFit competitions where I through questioning, listening, and watching have gained insight and understanding. I have been an active CrossFit member for approximately two years, working out 4-5 times per week. I therefore had a good understanding of the concept of CrossFit before I started my study, which also facilitated identifying key persons to conduct interviews with. I have been socially and physically immersed in the CrossFit community, which has allowed me to gain first-hand insight of everyday life and practice of people within the CrossFit community. I thus acknowledge that I have an advantage in terms of understanding CrossFit and that my unique access to data material has positively supported my study.

Secondary data

In addition to my primary data collection, I applied secondary data sources. I collected secondary data through articles, textbooks, lifestyle reports, CrossFit's official websites, and documentaries regarding the CrossFit industry. This data provided me with valuable information about CrossFit and my thesis' theoretical framework, which has been crucial in order to develop my research. Comparing and contrasting data from my interviews and observations with written documents and theories has also helped me evaluate the relevancy of my own primary data. However, I have been critical to the selection of my secondary data in order to ensure the validity of my research.

4.3 Research design

The research design is the logical sequence that connects the empirical data to a study's initial research questions, and ultimately to its conclusions. It can be described as a plan that guides the researcher in the process of collecting, analysing and interpreting observations (Yin 2009). A case study is defined as *"an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used"* (Bloomberg, Cooper & Schindler 2011: 256). Instead of seeking answers to questions such as "how much" or "how many," case study design is useful for answering "how" and "why" questions (Yin 2009). The case study approach is valuable for my study as it aims to *"contribute to our knowledge of an individual group, organizational, social, political and related phenomena"* (Yin 2009:4). Consequently, an interpretive case study strategy is valuable for my study as it allows me to retain meaningful characteristics and understand a complex real life phenomenon in depth. A case study design is also appropriate as my research topic is defined broadly and my research relies on multiple sources of evidence. The unique strength of this approach is therefore that I am able to combine a variety of information sources such as documentation, books, articles, observation and interviews to create the foundations for my analysis.

I examine the CrossFit growth success through an embedded case study approach. An embedded case study enables me to consider a wide range of data sources in order to

describe the features, context and process of the phenomenon of growth in CrossFit. An embedded design has also allowed me to look for consistent patterns of evidence across units, but within the case of CrossFit. As mentioned, my goal with this study has not been to argue for an absolute conclusion, but rather develop ideas for further studies. In my view an embedded case study contributes to advanced knowledge and understanding regarding growth in contemporary Experience Economy firms and Transformation firms such as CrossFit.

Critique of case studied

The challenge with an embedded design according to Yin (2009) is that when analysing at the individual subunit level the researcher might fail to return to the overall issue that they initially set out to address. I kept this in mind throughout my research.

Furthermore, one of the most common critiques of case studies is that they provide little basis for scientific generalization. Several scholars have expressed the opinion that case study research is too situation specific and, therefore, not appropriate for generalization (Yin 2009). However, this does not decrease the validity of the study, as the purpose of this study has not been to generalize the findings, but rather concerned itself with developing an understanding of growth in contemporary Experience Economy firms. Despite critique that the case study approach is not very scientific, it has provided me with a powerful tool to explore and challenge existing theories concerning growth of the CrossFit organization.

4.4 Data analysis method

I have collected data material through participant observation and in-depth interviews in addition to multiple books, articles, reports, and research related to my topic. The analysis of my primary data has involved listening to the tape-recorded interviews 2-3 times in order to grasp all the stories and opinions of my informants adequately. In some cases, I saw it necessary to write down some specific citations and descriptions word-by-word. I tried to verify the information from all my interviews and compare what was being said in each interview in order to see if there were any tendencies to similar experiences and statements. After 3-4 interviews I did start to see that the informants tended to give similar answers to various questions.

During the first step in analyzing the data, I divided my respondents into coaches, owners, and athletes in order to structure my data. Next, I made an overview of what reasons each of the respondents gave for growth and what challenges they attached to growth. When interviewing the athletes for example, I focused on their motivation and experience with CrossFit in order to gain an understanding of their motivation to pay a premium amount of money to be a member. I found this categorization useful in order to outline the different views, opinions and reasons for growth and obtain an understanding of possible answers to my research question. After comparing the different reasons the respondents gave for growth, I started to see similarities among the responses. Even though some statements were common among the respondents, I did not discard any statements that were infrequent, as I was interested in the different aspects of the phenomenon. The interviews were valuable as they supported my initial understanding from participant observations and reading books and articles about growth and CrossFit.

4.5 Summary

This chapter has introduced the thesis methodological framework and I have argued for my methodology choices. The following chapter will present the thesis analysis where the thesis data material will be presented. In the following chapter the thesis analysis will be presented. I have organized the data material into broad headings and different themes. As I had already created and structured my interview guide around certain themes, it was natural to use the same structure in the data analysis.

5. ANALYSIS

This chapter demonstrates how CrossFit as a fitness phenomenon and company engages and creates value for its members by using the theories of Experience Economy and Transformation Economy to generate insight. It suggests possible answers to the research question: *“How does CrossFit generate radical growth?”* and discusses their relevance by taking a deeper look into the different explanations. The chapter illustrates in what way CrossFit strategically offers an Experience and Transformation to its members, followed by a discussion on how members perceive the value of their Experience in CrossFit. The first part of this chapter argues for CrossFit as an Experience Economy firm as this is one lens of understanding the growth of CrossFit. Further, the chapter looks at CrossFit through the glasses as a Transformation Economy firm followed by a discussion of whether or how much they are in the Transformation Economy or the Experience Economy. A key finding in my thesis is how the open business model allows the affiliate’s owner with different strategies and approaches to co-exist within one organization. This has allowed some affiliates to be more Experience oriented, while other affiliates are more Transformation oriented. The chapter concludes by stating that the main reasons behind the growth of CrossFit are the open business model, the community and the transformational effect of CrossFit. Furthermore, the chapter concludes by stating that the main challenges with the growth of CrossFit are the low barriers of entry, the lack of quality control and the risk of CrossFit turning into a generic sport.

5.1 CrossFit as an Experience Economy firm

CrossFit is an example of an Experience Economy firm, and I will in this section illustrate to what degree CrossFit provides an experience to its members, and to what degree this can explain the radical growth of CrossFit. By looking at the phenomenon of CrossFit through the lens of this theory we are able to understand the motivation behind why people join CrossFit and the reasons behind its popularity and growth over the last 10 years. The following section illustrates how the organization of CrossFit makes strategic

decisions in order to offer an experience to its members based on the fact that their membership offers personal coaching, programming, social output, community and support. I will look further into these multiple reasons that argue for CrossFit as an Experience Economy firm and support it with the statements from my interviewees and data material. The first section illustrates how affiliate owners strategically design and offer experiences to its members. Furthermore, the following section presents how members perceive the value of the experience of CrossFit in order to understand members' motivation to pay a premium for the experience.

CrossFit membership offers a “memorable experience”

CrossFit membership offers an experience rather than just a product or a service. Pine & Gilmore (2011) states that consumers are in search of extraordinary and memorable experiences. Consequently, theory leads us to expect CrossFit to be an experience firm due to all the memorable events CrossFit provides. My informants confirm that the experience in CrossFit provides them with memorable events by stating that a CrossFit membership offers a great community, the feeling of achievement, and an opportunity to escape reality for a while. Heidi Jones, Head Coach at Brick New York argues: *“The difference between a CrossFit and a 50 dollar gym is that you are getting an experience out of it.”* Members are therefore getting an experience in CrossFit that is worth more than going to a regular gym. Jones compares the experience of CrossFit with the experience of a concert. *“Members are sharing an experience as if it were a concert”*. Members go to it, members experience it, and members talk about it just like an experience of a concert. Keith Wittenstein, part of the CrossFit headquarter training staff explains CrossFit as a lifestyle with many positive consequences. *“It’s a lifestyle, people start eating better, moving better and become better version of themselves”*. He admits it looks extreme and intimidating but he argues that people have to experience CrossFit to understand it.

Josh Newman, founder of CrossFit NYC argues that they sell members three things: *“Results, community and fun.”* Newman states the importance of delivery in all three areas. He admits his gym has not been great on creating the social part, which has led them to hire a Community Manager who is responsible for the community and social events within the box. This fact illustrates the importance CrossFit puts on the social

environment and community in CrossFit. Consequently, the statements above illustrate how CrossFit aspires to create memorable events for its members. Pine & Gilmore (2011) claim that it is the memory itself that becomes the experience and the product.

Another important factor in CrossFit is that it provides the athletes with measurable results. Members can go from being able to do one pull-up to 20 pull-ups in a couple of months or see improvements in their time on a standardized WOD. Consequently, when members are pushing themselves past their limits; they get a feeling of achievement, increase their strength and well being and become fit, which are all takeaways from the experience of CrossFit. Jones argues: *“Members will continue to return as long as they see improvements in their mental, emotional and physical well-being”*. The feeling of accomplishment and victory, gratitude that you getting stronger, and being part of a group who cheer you on and support you along the way is a unique factor that is hard to beat according to Herz (2014).

Esthetic Experience

Entering a CrossFit box can be explained as an Esthetic Experience introduced by Pine & Gilmore (2011) as the unique physical design and atmosphere of a CrossFit box is part of member's experience. Entering a traditional CrossFit box gives a feeling of entering into a storage room or garage with a rough atmosphere where barbells, kettle bells and pull-ups bars are the main interior. There are no mirrors, fancy machines or amenities such as in a regular gym. Sweat, dirt, and white chalk cover the floors after a WOD and people often keep track of the score by writing on the floor with chalk. Consequently, the particular aesthetic in a CrossFit box provide the members with an Esthetic Experience.

Educational Experience

CrossFit membership offers an Educational Experience due to factors such as personalized coaching, programming and the feeling of achievement. These findings match Pine & Gilmore (2011) theories regarding the Educational Experience, which actively engages the mind of the member and appeals to their desires to learn something new. According to Pine & Gilmore (2011) the Educational Experience demands active

and absorptive members. Consequently, the members play a vital role in co-determining their own experience. David Osorio, head coach and owner of CrossFit South Brooklyn describes CrossFit as an engaging, exciting and rewarding fitness program, both physically and psychologically. *"We don't offer our members a space to work out, we offer instruction, professional coaching and programming, in addition to a challenging environment where members see measurable results."* However, Osorio argues that people have to experience a CrossFit workout in order to understand what it is all about, which is stated by several of my informants.

According to Jones, CrossFit offers programming and the quality of coaching, as members essentially receive the benefits of a private coach. Jones argues that at a regular gym, a member might have a trainer walking around asking if they need help with the equipment, but the trainers are not putting the workout together for the members, they do not cheer the members on until they finish their last rep, and most of the time members walk away from the gym without having talked to anyone. In CrossFit, this is different. Even though the classes are in a group, each member is being guided, encouraged and corrected during the WOD by a coach, according to Perelmutter.

CrossFit sells a positive and challenging experience that promotes health and measurable results according to Newman. He explains CrossFit as a functional, varied and high intensity fitness program where the goal is to constantly strive for excellence at all times. Newman claims that CrossFit pushes people to push themselves *"We sell the idea that people can do something that they never have done before."* Lifting weights, squatting, deadlifting and climbing ropes, which seemed impossible for many athletes in the beginning, becomes something they easily can overcome after joining CrossFit according to Newman. Coaches teach the athletes proper movement, form and technique in addition to helping the athletes find a level of intensity within them that they did not realize existed, according to Newman. As a result, the members are left with the impression that they have increased their knowledge, improved their skills, in addition to a feeling of achievement, which is according to Pine & Gilmore's (2011) definition of an Educational Experience. CrossFit also offers an Educational Experience by improving a member's knowledge about fitness, nutrition and health, in addition to improving their strength and ability to lift heavy weights. CrossFit also self educates

their members in order for them to get to know their body's strength and weaknesses, which is accordance to the Educational Experience introduced by Pine & Gilmore (2011). Consequently, the educational value in CrossFit can, for example, be to learn Olympic lifting, do movement with perfect technique and shape or increased nutritional knowledge. In addition, CrossFit gives members the opportunity to learn from the experiences of fellow athletes with diverse backgrounds due to the social platform and the community CrossFit provides.

Escapist Experience

CrossFit membership offers a social outlet and this is confirmed by many of my informants. The experience of CrossFit goes well together with the Pine & Gilmore (2011) Escapist Experience that requires customers to actively participate and contribute to the experience. Pine & Gilmore (2011) argue that an Escapist Experience provides an environment that makes it possible for the customer to escape reality for a period and forget their troubles. Perelmutter's aim is to offer a happy environment and social outlet outside of their members' work life. *"Bring your problems here, and we will make it better"* is a statement from Perelmutter that illustrates this. Jones supports this by stating: *"It's our member's gym. We are creating a home away for home."* In addition, a physical tough workout with a group of people who know your name and cheer you on until your last rep can be linked to an Escapist Experience. Consequently, the experience of CrossFit offers a physical escape from the daily life pressure and routines where members will achieve more energy, strength or clear their mind-set. CrossFit can therefore be looked upon as a way to escape problems for an hour with an intensive workout.

CrossFit offers a community and support, which can be linked to Pine & Gilmore (2011) Escapist Experience. Being part of a supportive community can be a social outlet for some members. All my interviews informants state the importance of the community in CrossFit. Stacey Pearson, responsible for the community and social events at CrossFit NYC, regularly arranges social gatherings for her members whether it is Halloween party, a happy hour or various charity events. Newman, owner of CrossFit NYC states that members will become part of a community where people know their name and they

have the ability to meet new friends. Perelmutter claims that members are buying more than a workout. *“Members are buying friends, community and group support”*. His aim is to foster a good community and support by constantly being there for his members. Jones argues that members will make friends, whether they want it or not due to the strong community in CrossFit. Further, Jones states that Brick New York is constantly interested in getting members’ feedback in order to constantly improve and make it better for its members. Brick New York has a Facebook page where all its members can post their concern and feedback and get a response quickly. They can also post pictures, motivational words and advice to fellow members, all of which are factors that foster the community within the box. Consequently, the strong community in CrossFit allows members to escape “reality” for a period and get support, motivational words and encouragement from committed coaches and fellow members.

Summary

As illustrated above, there are many elements in CrossFit that match Pine & Gilmore’s definition of an experience such as memorable events, valuable takeaways and the feeling members achieve from participating. CrossFit offers elements of multiple realms of the experience but to a different degree. The Educational and Escapist Experience can be summarized to be the two most relevant experiences that CrossFit provides. However, the physical design and atmosphere of each CrossFit box also provides the members with an Aesthetic Experience.

5.2 Members perception of value from the Experience

The following section explores the way in which members describe, reflect and perceive the value of the experience they purchase. This will aid in the understanding of why members will pay a premium to be a part of the experience of CrossFit. I will introduce the personal stories and motivations of five members to illustrate how different members have different motivations, experiences and takeaways from doing CrossFit. I will also explain how CrossFit manages the process of delivering special, personalized experiences that can include multiple motivations for members. As each member comes from different athletic backgrounds, different motivation and starting points, there is

some degree of customization that is necessary and coaches have to adjust to the members' individual abilities.

From my interviews and talking to members at my CrossFit box in New York, I have learned how everyone is affected differently from the CrossFit experience in addition to having different motivations to join CrossFit. Jessica Radetsky is a ballet dancer in the Broadway show "The Phantom of the opera" in New York City. Being a dancer all her life and having not lifted anything heavier than her weekly groceries, she did not believe it was physically possible for her to do CrossFit and she was intimidated to try. However, in 2007, Radetsky injured her ankle and went back home to Santa Cruz, California to visit her family and recover. Her Brother Sam, who owns his own CrossFit box in Santa Cruz, introduced her to CrossFit. She started to observe several of her brother's classes and started to believe what he had been saying for all those years. *"Not only was it an incredible workout, but it looked like a lot of fun."* Radetsky therefore decided to try it and she was hooked after a week. She states, *"All my years of Pilates, all the so called 'core strength', didn't stand a chance against CrossFit. So really, I think it took about a week before I was hooked"*. Radetsky is motivated by the fact that the CrossFit workout changes every day, which constantly challenges her.

CrossFit has been invaluable for strength and stamina for Radetsky getting back into professional dancing shape after a really bad injury. *"Getting back into ballet class, after doing a few months of CrossFit, was uncharacteristically easy and I managed to keep my spirit high"*. Radetsky states that CrossFit will not only protect her from injury in the future, but it would also keep her dancing freely for a long time due to the constantly varying movements, the weightlifting and the insane amount of core strength she has built doing CrossFit. *"When I came in for my first class, I wasn't able to squat below parallel, now I'm squatting below parallel with over 100 pounds on my back "*. This supports the experience of measurable results that CrossFit is strategically selling its members. The fact that members can feel a form of transformation, improvement or achievement, brings us back to the Educational Experience introduced by Pine & Gilmore (2011). Radetsky says, *"I feel stronger now than I have in all of my life. I think I'm dancing better, I think I'm healthier than I ever have been and I know for sure that I'm happier. It's, by far, the very best, most fun part of my day"*. This illustrates how CrossFit

has made a significant difference in Radetsky's life and helped her come back to her dancing career. This also supports the idea that CrossFit is strategically selling an experience, and is supported by Radetsky's perception of value.

Johnny Won is another member of Brick New York and he has been doing CrossFit for around two years. Won works for an advertising agency where he constantly has to make decisions in his job. His motivation to come to CrossFit is that the workout is already programmed for him. Further, Won states that he is motivated by the fact that he is able to do things he would not be able to achieve by himself in a regular gym. Won enjoys the high intensity group based training, the competitive factor and the community of CrossFit. Won states that the team spirit and community allows him to meet friends and be social at the same time as he works out. Won claims that CrossFit has changed his life due to the fact that he feels better, both physically and mentally when he is at work. He also thinks it is fascinating that doing something so painful can be so rewarding. Consequently, Won's experience of CrossFit supports several of the factors that a CrossFit membership strategically offers its members. One in particular is the Educational Experience in CrossFit as Won argues that he is now able to do things he would not be able to do by himself and how CrossFit has made physical and mentally improvements in his life. Consequently, this is evidence that supports the experience CrossFit is strategically selling and is supported by Won's perception of value.

Lia Perez is another member at Brick New York and she was recently awarded member of the month for her determination and motivation to find strength to always fight through the workout, despite how hard it is. Perez grew up in New York City and has not been an active member in any fitness community prior to joining CrossFit.

Consequently, Perez admits she was skeptical, but her fiancé who was already a member, convinced her to try it out. Seven months into her CrossFit experience, Perez admits that she loves to brag about her new CrossFit life. *"I love to tell people that I went from doing nothing to loving this new life."* Perez claims that jumping into her fears and the challenges that the workouts posed completely changed her life and her outlook on life. *"I now consider myself an athlete. I can see myself competing some day. I can visualize myself accomplishing my goals and becoming stronger and healthier as an added bonus".* Perez further states that her and her fiancé have connected in a whole new way. *"We*

have always been best friends but now this journey we have embarked on means so much more than just working out. We are investing in each other and in our lives together almost like a daily commitment to becoming better than the day before". Perez claims that CrossFit has had a genuine impact on their life: *"I always joke that CrossFit Brick changed our lives, but it is so NOT a joke. Our lives have forever been changed."* From this example we see how the motivation, the take away from the experience and the impact on Perez's life is different from the other informants as her life and outlook on life have changed in addition to her relationship to her fiancé which has improved as a consequence. Consequently, how Perez' personal life and her outlook on life has changed are perceived to be two of the most valuable takeaways from the experience of CrossFit for her.

Erick Aguirre is a member of Brick New York. He heard about CrossFit from friends and decided to join CrossFit in August 2013. Aguirre claims that his life has changed in several ways after joining CrossFit as he has gone from not working out at all to doing CrossFit five days a week. Aguirre describes himself as overweight when he started CrossFit. However, this is not the main motivation for coming to CrossFit five days a week according to Aguirre. His motivation is based on the feeling he achieves from doing CrossFit such as more energy, confidence in addition to huge physical improvements. CrossFit also allowed him to understand fitness and strength. In addition, his eating habits have changed significantly. This example supports how CrossFit strategically provides an Educational Experience to its members. Aguirre argues that CrossFit workouts are more about the emotional and mental part than the physical part for him. Aguirre claims that after joining CrossFit he has enjoyed working out for the first time in his 29-year long life and he has never felt like this before. *"I never knew I would I be a person that would be excited about physical activity in my life."* Before, working out has always been an obligation according to Aguirre. Furthermore, he thinks its great to be around likeminded people and get support during the workouts. Aguirre argues that the fact that he understands mentally what fellow members are going through creates a special bond between people in class. Based on this we see how Aguirre is motivated by feelings of achievement, added energy and confidence, rather than being motivated by his problem of being overweight. This can be linked to the Educational Experience. In

addition, there is also evidence arguing for an Escapist Experience as Aguirre finds the mental component, the community and their support much more important than the actual physical workout.

Stacey Pearson, CrossFit member and Community Manager at CrossFit NYC describes CrossFit as a supportive arena with a great community where she learns something new everyday. Pearson claims that CrossFit has changed her life in many different ways. She states she has takeaways from the experience of CrossFit that have directly transferred into her personal and professional life. She demonstrated this by telling me how her ability to push through a really hard workout has helped her in her new position and responsibility in her job. In order to physically break down the barriers in a workout it requires her to break down the mental barriers. In addition, Pearson states that she is not afraid of the same things anymore. She finds it less frightening to hold presentations at work or conversations with strangers given her “new confidence” from CrossFit. *“I am much more able to stand up straight, chin up and walk into the fear now versus the person I was before”*. In addition, the supportive environment in CrossFit has helped her be more supportive with her friends.” *It translates into everything. It has definitely changed my life. I remember how I looked and felt when I started. I was petrified before every workout and thought I would not be able to finish”*. In the beginning of her CrossFit experience she was often the last person to finish the workout, which resulted in the whole class, gathered around her to cheer her on. Pearson admits she found this embarrassing in the start, but after a few classes she realized that this was what it was all about. *“It does not matter if I finish last. What matters is that I am finishing”*. From this example we see how Pearson has transferred the Educational Experience in CrossFit into her professional and personal life. The feeling of achievement, new confidence and her ability to face her fears are some of Pearson’s takeaways from CrossFit.

Summary

Based on the different stories from members’ motivation we can summarize the experiences and perceptions of value that were commonly shared amongst those I interviewed. The experience of being part of a community, feeling of achievement, having more energy and increased confidence were commonly reported. However,

Radetsky introduced us to how CrossFit has helped reignite her dancing career, while Perez argued how CrossFit has changed her life and improved her relationship with her fiancé. Won argued how CrossFit has helped him become better in his professional life while Aguirre argued how his view on exercise has changed significantly. Pearson argued how the takeaways from CrossFit have made her better able to handle day-to-day situations in her professional and private life. From listening to the members' unique stories and how it has changed their life, it demonstrates how CrossFit affect members' lives differently. In addition, these stories also emphasize how each member has a different starting point and motivation before joining CrossFit. For instance, Perez and Aguirre had not been members of any fitness community before CrossFit, while Radetsky had years of professional dancing experience as her background. This proves that even though CrossFit is in a group setting, members who are doing the same workout can customize it with scalable weights, their rest and the time it takes to finish a workout. Consequently, CrossFit is able to customize the workouts to a large degree even though it is in a group class atmosphere due to the scalability opportunity in CrossFit.

5.3 CrossFit membership offers a Transformation Experience

I have in the section above argued for CrossFit as an Experience Economy firm. In the next section I will challenge and advance this knowledge by argue for CrossFit as a Transformational Economy firm. In the section above we see how members reports evidence of Transformational Experience from CrossFit. I will therefore look further into what degree CrossFit offers a Transformational Experience by looking at CrossFit through the lens of Transformation Economy theory and present evidence that support CrossFit as a Transformation Economy firm.

According to Pine & Gilmore (2011) the main motivation behind why people join a gym is not to experience the physical pain of a workout, but to be affected by an experience that hopefully will affect who they are, what they can accomplish, and where they are going. Jones argues that CrossFit is selling an experience due to the fact that members have takeaways from CrossFit such as feeling of a transformation within a couple of months, whether it is more energy, a slimmer body or more muscles. Jones states:

“When you go to CrossFit, it is an experience because you have a takeaway you don’t have at other gyms”. This suggests that one of the motivations behind why people join CrossFit is the consequence surrounding the core product rather than the physical workout itself, which is in accordance to the Pine and Gilmore (2011) theory that people want to be affected by an experience that affects who they are.

According to Pine & Gilmore (2011) a transformation happens when the customers are being guided through a series of experiences. As every workout is an experience for CrossFit members, CrossFit can be considered as a Transformation Economy firm. However, one of the differences between an Experience Economy firm and Transformation Economy firm is how they charge their customers. According to Pine and Gilmore’s (2011) definition, if a CrossFit box charges a membership fee, they are an Experience Economy firm. However, if the CrossFit box charges for the demonstrated outcome/benefit the customers achieve from doing CrossFit, they are a transformation firm. Consequently, if CrossFit boxes were strategically considering themselves to be in the Transformation business, we would expect them to not charge solely via memberships fees but to charge for the explicit value that the experience offers, such as meeting the health/fitness aspiration of its members, according to Pine & Gilmore (2011).

CrossFit and the fitness industry in general is still dominated by the fact that members pay a membership fee compared to paying for the actually outcome of the experience. Pine & Gilmore (2011) argues that very few companies that work to change people are truly in the Transformation business as far too many view their offerings as services and few charge for the transformation itself. A reason for this is that many companies find it challenging to measure what effect the experience has on each individual, which makes it risky to charge solely on demonstrated outcome according to Pine & Gilmore (2011). Consequently, in order for CrossFit to be a true Transformation Economy firm they would have to personally customize the right set of experiences to make sure the athletes achieve their goals and aspiration according to Pine & Gilmore (2011). The challenge for CrossFit would therefore be to find the resources to fully customize the experience to each member in addition to measuring the exact transformation. Consequently, how CrossFit charges its members does not match a Transformation

Economy firm. There are, however, many elements within CrossFit that match a Transformation Economy firm and the following section will illustrate this.

Paying a premium

As mentioned above, in order for CrossFit to be a Transformation Economy firm, they have to charge solely based on demonstrated outcome of the experience. Even though CrossFit does not charge solely on the specific outcome of the experience, they are charging a premium for the experience they are selling, if we compare it to a regular gym. Pine and Gilmore (2011) argue that people are willing to pay more for a guaranteed outcome, for example to lose those thirty pounds or gain five inches of muscle. A CrossFit membership in 2014 ranged from 180–275 USD per month depending on the CrossFit box and location. The fact that members are willing to pay a premium amount of money to be a member of CrossFit is evidence that members trust that a transformation will occur, according to Jones. She further states that members are willing to pay a premium based upon CrossFit's success stories, word-of-mouth and the total experience a membership offers. Many members have already witnessed how their friends and co-workers have transformed themselves in their own CrossFit experience. Consequently, having the transformation of their friends as a reference makes it easier to put their trust into CrossFit according to Jones. This is supported by Newman who claims "*People join a gym because they are hoping to become in better shape. So if you actually deliver what people want, they will stay and tell their friends*". Furthermore, Newman states that word of mouth from friends and co-workers is mainly where CrossFit NYC get its new members. Newman states that what the premium members pay is directly connected to people's perception of value, and he claims that he can guarantee his members that they will become in better shape, see results and changes in their lives. Consequently, members are more than willing to pay 200 USD a month according to Newman. Sam Radetsky, owner of CrossFit West Santa Cruz argues that the reason why people are willing to pay a premium is due to the transformational results and community. He argues that the fact that the membership gives access to experienced coaches, programming, great facilities and knowledge about nutrition makes up for the premium members pay.

The customer is the product

In the Transformation Economy the customers themselves are the product.

Consequently, it is crucial for the company to understand members aspirations in order to be able to effect any changes whether it belongs to the physical, emotional or intellectual dimension according to Pine and Gilmore (2011). Further, Pine and Gilmore (2011) argue that members who buy a transformation seek guidance through a specific goal, aim or purpose. In CrossFit, the member often aspires to transform themselves, whether it is to be stronger, more slim, have improved health and energy, or simply just to be a part of a community according to Perelmutter. Through my interviews with CrossFit owners and coaches I have learned that they put a lot of effort into understanding the members aspiration and to learn about each individual member. Some might just be there for a workout, while others have a specific goal to lose 5 pounds, gain muscle or improve their health. Consequently, it is important for the coaches to be aware of the member's goals in order to be able to customize their approach in terms of intensity, weight, nutritional advice or workout advice. As illustrated earlier in the thesis, every member has different motivations and aspirations to join CrossFit, even though some are commonly shared. As members have different starting points and backgrounds, they have different aspirations, which demand for some degree of customization. Theory suggests that when you customize the experience you automatically turn it into a transformation according Pine & Gilmore (2011). However, as mentioned above, due to the fact that the CrossFit workout is in groups of 12–18 people, it is challenging to fully customize the experience to each member. On the other side, the uniqueness of CrossFit is that all members can do the same workout depending on their ability due to the possibility of scaling the workout. This illustrates that a workout can be customized to each member to some degree. Hollis Molloy, who has been active in the CrossFit community from 2001, learned from Coach Glassman that it is a coach's responsibility to help people change member's lives. Molloy claims that transforming life can start with something small and this has always been one of the main messages taught at the Level 1 Trainer Course (Beers 2014). *"Go home, get a broomstick and teach a neighbor how to deadlift,"* (Beers 2014:6). This is a simple but powerful message that demonstrates how transformation can start with something as small as each member have different starting points.

Build relationship

Pine & Gilmore (2011) and Prahalad & Ramaswamy (2004) argue that consumers are searching for a deep relationship with the products and brands they consume and the companies that provide them. Transformation Economy theory emphasizes the importance for companies to connect and build long-term relationships with its customers in order to be able to create a fully transformative process (Pine & Gilmore 2011). Jones emphasizes the importance of building relationships and getting to know their members. *“You can’t treat it as a factory. You have to get to know the members and make sure they feel they can come to you with anything.”* Jones further argues for the importance of being open to any concern members have and making sure members feel welcome to the box. Coaches at Brick New York are therefore encouraged to learn the members’ names and pay attention to each member by giving personal feedback. Additional evidence that supports this is that Brick New York building relationship to its members by sending out birthday cards to all members with personal signatures from all the coaches and owners.

5.4 Experience versus Transformation Economy

As all CrossFit boxes are individually owned, each box has different business strategies, areas of focus and ways of running their CrossFit box. Consequently, not all CrossFit boxes put the same emphasis on building relationships with its members like Brick New York. This is important to remember as even though my current box, Brick New York, focuses on elements that are important in Transformation Economy, it does not prove that CrossFit, in general, is matching up to this. For instance, if we look at CrossFit NYC presented in chapter 3, their focus is on growth and expansion, striving to be the original hard core CrossFit box in New York. Their strategy is focused around growth in terms of members and affiliates by providing more classes from morning to evening. However, they are also charging less than Brick New York, as their current membership fee is 199 USD versus the current membership for Brick New York, which is 275 USD. As CrossFit NYC focus on growth and expansion, it makes it more difficult for them to build the same relationship with their members as Brick New York, who does not have growth and expansion as their main focus. The owner of Brick New York, Perelmutter states that

they are not doing any promotions or marketing to attract new members in order to prevent growing above capacity. July 2014, almost a year after their opening, they decided to put a cap on their membership until they have opened a new location, as they prefer to focus on the retention rate of current members. Consequently, Brick New York and CrossFit NYC have different strategies for economic growth. However, the open business model allows boxes like Brick New York and CrossFit NYC to apply multiple strategy approaches to run their CrossFit box. These contrasting approaches demonstrate how CrossFit NYC matches up more to an Experience Economy while Brick New York is closer to a Transformation Economy firm because of their focus areas, values and strategy for growth.

Summary

As the Experience Economy naturally progresses into the Transformation Economy, it makes it challenging to place CrossFit in a certain category, as there is evidence that argues for elements of both Experience Economy theory and Transformation Economy theory within the organization of CrossFit. The open business model allows every box to strategically differentiate themselves as they prefer. Consequently, one box might be more Transformation oriented while another is more Experience oriented.

Based on theory regarding Transformation Economy, I find it difficult to believe that CrossFit will shift to a 100% Transformation Economy firm where they charge their members solely on the actual outcome of the experience. There are a couple of reasons for this. Firstly, CrossFit growth rate in terms of affiliates and members makes it difficult to find recourses to fully customize and find the aspiration for each individual member. Secondly, it will be challenging and risky for each affiliate owner to depend their income on the fact that each member reaches their aspiration, as there are multiple factors that have influence on the end result. Despite the success stories and the fact that my data from my interviews signals that owners, coaches and members trust that a transformation will occur, it is not feasible to charge solely on the transformation as it will be challenging to determine the exact transformation in numbers and measurements. Alternatives for CrossFit is therefore to continue to charge a premium

amount of money for their membership, in addition to continually ensure members that a transformation will occur to some degree.

CrossFit matches a Transformation Economy firm in multiple ways. I therefore find there to be a weakness in the theory that it requires CrossFit to charge solely for the actual outcome of the Experience in order to be a 100% Transformation Economy firm. Many businesses including CrossFit that match a Transformation Economy firm in several ways are being excluded. I therefore find the theory limited in this area and suggest further research is done in order to re-think the definition of a Transformation Economy. Pine & Gilmore (2011) argue that many businesses that are in the transformation business view their offerings as services. I believe the reason for this is that many business owners perceive a bigger risk when charging based on measurable outcome. I will therefore suggest that Pine & Gilmore should re-think this requirement, as I believe more businesses would view their offerings as Transformation Economy oriented.

5.5 The radical growth of CrossFit

As stated earlier in this thesis, the fitness movement CrossFit has today become one of the fastest growing fitness phenomenons in the world and has in less than 10 years changed the landscape of the health and fitness field and how the world views fitness according to Holiday (2014). CrossFit has grown out of one single CrossFit box in Santa Cruz in 2001 to 10,000 independent boxes in 2014 (Herz 2014). This makes people, including myself, wonder what has caused this tremendous growth. Glassman has developed an effective fitness methodology and an open business model that distinguishes itself from others in the industry. I will therefore in the following sections discuss three possible reasons that can explain CrossFit's tremendous growth and popularity over the last years. The growth of CrossFit cannot be addressed by looking at one single factor. I will therefore discuss to what degree the open business model, the community and the transformational factor in CrossFit can explain the growth.

The Open Business Model

One of the reasons behind the growth of CrossFit is the open business model that has allowed people to enter the CrossFit business with few obstacles. This has been stated in my interviews with box owners, coaches and members. They argue that this is a factor that has enabled the possibility for the radical growth and the expansion around the world. Perelmutter argues that the scalability and the low barriers of entry as a consequence of the open business model are the two main reasons behind CrossFit's radical growth from a business perspective. According to him the open business model allows people to try, fail and try again which allows for success.

As described earlier in the paper, everyone with a Level 1 Certification in CrossFit is free to apply to open up his or her affiliate and license the name for a cost of 3000 USD per year (2014). CrossFit member Won, claims that CrossFit is one of the cheapest ways to open up a business, as it is not a franchise so the owner does not need a huge capital to open up an affiliate. Furthermore, advantages of not being a franchise is that each affiliate owner can keep all the profit themselves in addition to being free to innovate and run their business as they want. Newman argues that the open business model has worked really well as the owners receive the full revenue themselves. At Equinox, a high-end gym in New York City, they provide personal trainers at 100–120 USD for one hour. However, the personal trainer earns 20–30 USD of this. In this case, the agency is taking 80 % of the money by only providing the facility according to Newman. When people realized the potential of opening up a CrossFit box and retaining 100 % of the revenue themselves, people have jumped on the opportunity according to Newman. Perelmutter argues that despite the fact that each box owner has their own style to run their business, all affiliate owners have the same core beliefs, which is that healthier people is the actual end product. He states: *“CrossFit is CrossFit, even though all affiliates are different.”*

Another advantage of the open business model is that it provides the affiliate owners with the autonomy and freedom to innovate and run their business as they want. Sam Radetsky, owner of CrossFit West Santa Cruz finds the CrossFit business methodology appealing and flexible as it allow him to build his own concept and develop his own programming. Wittenstein who works for CrossFit headquarters argues that CrossFit's

success and growth can be explained by the open source where all content is free and accessible to everyone on the webpage. Further, he argue that a significant reason for CrossFit's success is that no one controls how the owner runs their CrossFit box. He believes that the free market controls the market, as the failure rate is low for CrossFit boxes. The key in the CrossFit methodology is to constantly move in the direction of excellence and money will come as a consequence, according to Wittenstein.

The power of the community in CrossFit

The strong community in CrossFit is one of the reasons to CrossFit's radical growth and the majority of my interview informants have mentioned this as an important growth factor. Psychologist, Dr. Allison Wenglin Belger argues that the fact that CrossFit puts a lot of effort into creating an environment where members feel welcome and part of a group have contributed to the radical growth of CrossFit. She claims that humans are drawn towards being part of a community and she emphasizes the importance of the community in CrossFit in her book, "*The power of Community of CrossFit and the force of human connection*". Dr. Belger argues that groups of people coming together can do far more as a team than an individual could do on their own (Belger 2012). She states that doing something physically tough together, whether it is military training, adventurous hikes or CrossFit workouts, creates a special bond among the participants.

Radetsky argues that one of the main factors behind the growth and popularity of CrossFit is the support between members and coaches. As people get older they do not meet people to the same degree as they did before when they where studying or part of a soccer team. Wittenstein argues that one of the reasons for CrossFit's growth and popularity is the fact that CrossFit is one of the first fitness phenomena that has allowed a group of people to workout together regardless of gender, age, occupation and abilities. Consequently, the social interaction CrossFit provides has been missing in the industry according to Wittenstein. Perelmutter supports this by claiming that people have wanted this type of support in their fitness facility for a long time and so CrossFit has filled the gap in the market. Furthermore, Osorio claims that the growth of CrossFit was introduced at a time when the fitness industry in general did stagnate, which also is an explanation behind CrossFit's radical growth.

Group classes are not new, but CrossFit created the stage for it, and the bonding among athletes happened by itself, according to Wittenstein. CrossFit creates an environment where members can socialize and interact with people in a positive atmosphere which humans are designed to do, according to Wittenstein. He claims that the community in CrossFit is being fostered when a team of people goes through a physically tough workout as it creates a special bond among the members. This is in accordance to Dr. Belger's statement above. Furthermore, Herz (2014) argues that doing something physically intense and difficult together such as a CrossFit workout, binds a group of people together and this is something military trainers have known for thousands of years according to Belger(2013). The reason for this is that every athlete has empathy and understands what their fellow teammates are going through. They understand their sufferings and how tough it is since they have just been going through the same workout. This creates a special atmosphere within the box where everyone encourages each other to finish the workout. Furthermore, CrossFit fosters a social atmosphere by starting off the classes with an icebreaker question and many of the workouts are designed in teams of two, which also fosters this community.

Likeminded people and development of friendship

One of the reasons why I believe that the CrossFit community has been so effective is the fact that people who join CrossFit, despite their differences in background, age and occupation have a few things in common. They prioritize their health, they invest and place value in themselves, they are dedicated and committed and they are not afraid to take on a challenge. Several of my interview respondents claimed that they have met some of their best friends through the CrossFit community as they meet likeminded people. Jones argues that the community in CrossFit allows members to meet friends who are probably going to be their friends for the rest of their life. *"You are getting a community you did not know existed at a gym"*. CrossFit member Won supports this, as he enjoys the community in CrossFit because he is able to meet likeminded people and develop friendships. He claimed that it is natural to start a conversation with fellow members as they go through the same intense experience. CrossFit member Radetsky states, *"The CrossFit community is a very unique part of the CrossFit world. We are a tight*

knit, very welcoming group, and the friendships made within a CrossFit Box are some of the best because we all power through these workouts together. We cheer each other on; we want each other to succeed. It's a rare thing when you can't wait to get to your gym to workout and see your friends. Welcome to the world of a good CrossFit Box".

CrossFit facilitates and fosters the development of meaningful relationships by providing a strong community to its members. I can support this, based on my personal experience, as I have developed unique friendships at my CrossFit box in New York. A consequence of developing unique friendships is that members find it hard to leave or change CrossFit boxes. An example that illustrates this is when I switched a CrossFit box in New York the summer 2013. I felt like I was leaving a family as many of my friends who I had worked out with for a year did not join me at the new box. This is a good example on how the community in CrossFit differs from a regular gym, as I have never felt sad leaving a gym in the past. Hollis Molloy, who has been around from the birth of CrossFit together with Glassman, argues for the strong relationships among members and their box by stating, *"People will quit a workout program, but they won't quit a relationship"* (Beers 2014:3). Further, Molloy states: *"Coming in and teaching a pull-up is different than coming in and being a part of something"* (Beers 2014:3). He therefore argues that it is unavoidable for people to not get a sense of the community when participating in CrossFit. Evidence of this is that thousands of people all over the world show up at their CrossFit box week after week, and continue to pay a premium to be able to participate in the experience and community CrossFit provides (Beers 2014). Leonarda Schotness, who recently finished her Level 1 Trainer Course states, *"The biggest things I learned at my Level 1 were that CrossFit really is about community, passion, acceptance and knowledge,"* (Beers 2014: 8). Consequently, the strong community in CrossFit is one of the reasons behind CrossFit's popularity and growth.

Success rate & transformation

One of the reasons for CrossFit's growth is CrossFit's success rate and transformational effect on its members. Several of my interview informants claimed that this has contributed to the growth because people continuously witness how CrossFit "transforms" their friends and co-workers, which subsequently draws them towards

trying it. Jones argues that the outcome/transformation of doing CrossFit has provided the momentum for the sport. As a consequence, CrossFit affiliates do not need to advertise for CrossFit according to Jones, because a member walking down the street “looking good” is advertisement for CrossFit in addition to word of mouth. On the other side, CrossFit’s popularity in social media has been an important factor spreading this success according to Jones.

Chelsey Hughes, CrossFit coach and professional CrossFit athlete, claimed that the reason behind the popularity of CrossFit is the transformative effect where the athletes feel and look better. She argues that every workout will get old and boring if people do not see any results, which is the root to CrossFit success. Hughes states, “*I can’t imagine working out any other way*”. This is something that is stated by several of my informants and CrossFit friends. Furthermore, box owner Radetsky explains CrossFit’s popularity as the workout is observable, measurable and repeatable, which promotes efficient and fast results. This is also supported by David Osorio, founder of CrossFit South Brooklyn, who claimed that the transformative experience in CrossFit, which changes how the members feel about themselves, is one of the most powerful factors behind the growth of CrossFit.

Herz (2014) claims that participation in sports have declined in general the last couple of years and have been replaced by fitness centers. As a consequence, the intensity has been leached out of the fitness industry according to Herz (2014). The fact that CrossFit has changed this, and brought intensity in a workout back by providing a new, intense team workout has contributed to the growth, according to Herz (2014). Studies show that high intensity exercise promotes results that differ from moderate intensity efforts (Herz 2014). This can therefore be directly connected to the success rate and transformational effect in CrossFit. Furthermore, CrossFit has replaced the traditional gym machines with an emphasis on function, progress and work capacity according to Herz (2014). Consequently, this demonstrates that CrossFit has changed the fitness industry by re-introducing team sport and high intensity training. The growth and popularity of CrossFit is therefore an indication that people have been missing team sport and high intensity training that promotes results. Furthermore, the competitor factor in CrossFit encourages the members to compete with themselves or fellow

members. Consequently, this element makes people push themselves more than they would have done in a regular gym. *“As many rounds as possible in 20 minutes. GO!”* *“Complete this workout in the best possible time, GO!”* This is a common aspect in a CrossFit workout, which promotes better results and transformational effect according to Newman. CrossFit encourages members to put their time on the board, which makes them push themselves to reach their capacity, according to Newman. The fact that the members constantly keep track of their score, allows them to see measurable results in improvement in time, rounds and weights, which make them able to compare the results to previous scores and achievements. The measurability in CrossFit therefore confirms the transformational effect the athletes are feeling according to Newman.

Summary

The open business model, the community and the transformational effect in CrossFit are concluded to be the most dominant reasons behind the growth of CrossFit. The open business model is argued to be the reason behind CrossFit’s radical growth from a business perspective. While the community and the transformational effect is argued as the reason behind in popularity and growth in terms of members.

5.6 Challenges & drawbacks attached to the growth

As any organization that grows at the fast pace of CrossFit, problems and challenges occur along the way. Based on my interviews with box owners and coaches, evidence shows that there are some common challenges that most of the owners and coaches experience both internally on a box level and challenges connected to the industry as a whole. The open business model is presented above as one of the main reasons behind the growth of CrossFit the last few years. However, the open business model, which allows people to enter the CrossFit business with few obstacles, also includes some challenges. Perelmutter claims that the open business model, which allows all people with a Level 1 Certification to apply to open up a CrossFit box, is a challenge as they run the risk of unqualified and inexperienced people opening up a CrossFit affiliate. This brings us to the quality control in CrossFit.

Quality control

As the growth continues, many of my informants raise concerns about the quality control at CrossFit. CrossFit boxes are now opening at a much faster pace than before, according to Newman, and he believes that within two or three years there will be many poor quality CrossFit gyms in New York City. According to CrossFit member Won, *“The biggest problem for CrossFit is that it has no standard. The barrier of becoming a CrossFit coach is not huge, which results in the fact that there is tons of certified CrossFit coaches, but a limited number of qualified CrossFit coaches”*.

Jones claims that the open business model has pitfalls since no governing body controls how the affiliates are run as CrossFit is not a franchise. As long as owners run their box properly, no “big brother” will be watching over their shoulder according to Jones. Consequently, no one regulates their programming, how they foster the community, or how the quality of coaching is. Box owner Radetsky confirms this stating, *“The overall challenge with the growth of CrossFit is the quality control”*. A common concern among my informants is that people might have misconceptions of what CrossFit is as every box is run differently without any specific standard. For example, if someone goes to a CrossFit box with inexperienced coaches, will they try another CrossFit box because they know that every box is different or will they give up on CrossFit as a whole? That is a challenge mentioned by several box owners. According to Jones, poor quality CrossFit boxes can hurt the brand name of CrossFit. Hughes argues that a future challenge will be to maintain the integrity of the CrossFit brand. She suggests raising the standard of the Level 1 Certification which will improve the quality of coaching and raise the barrier to enter the CrossFit business.

So far, the free market driven forces have controlled the market according to Wittenstein, which is in accordance with Glassman’s philosophy that the cream will rise to the top and the free market forces will handle the quality and growth (Glassman 2002). Newman argues that the industry will wash out the “poor boxes” and the good boxes will survive. This is supported by Jones who states, *“It is a quick business to obtain, but if you are not savvy business wise and don’t do your homework, a CrossFit affiliate will not be profitable in the long term due to people leaving”*.

CrossFit headquarters constantly works to handle the challenge with quality control. Evidence of this is that CrossFit headquarters recently announced that they would improve the standard and raise the bar on their Level 1 Certification by offering more training courses with different levels. Currently, there are many people who have the Level 1 Certification, which make them qualified on paper, but not necessarily a qualified coach, according to Jones. Newman argues that finding good coaches will be one of their biggest challenges as the whole organization grows as the coaches are “the face of the business”. Fortunately, the CrossFit business has grown in a fast pace without any significant problems that have slowed down the growth. However, the growth will eventually stagnate, which makes it crucial to communicate that CrossFit is not a franchise or a single entity according to Perelmutter. He therefore encourages members to try out multiple CrossFit boxes before they decide if CrossFit is something they like or not.

The risk of CrossFit turning into a generic sport or commodity

An industry challenge is the possibility that CrossFit will turn into a generic sport such as baseball or skiing, according to Newman. Consequently, protecting the brand name of CrossFit is crucial. Currently, more than 10,000 affiliates license the CrossFit name, and CrossFit headquarters work aggressively to defend those affiliates in order to ensure that other people in the industry are not using their brand without a license agreement. Although Glassman keeps the CrossFit business model radically loose and open, he protects the brand name with an iron fist according to Briggs (2014). Glassman is therefore constantly fighting the risk of generalization by constantly identifying infringement in the market. If anyone were able to teach CrossFit or promote their gym as a CrossFit affiliate, it would effectively kill the value of being an official CrossFit affiliate according to Newman.

The brand CrossFit is the core product as this is what affiliate owners are licensing. Consequently, CrossFit headquarters have several lawyers on staff and at any given time, in addition to outside legal firms to pursue trademark-infringement cases (Briggs 2014). Wittenstein states that a significant challenge in the future is to protect the brand name CrossFit as there are gyms opening up where they use similar names to CrossFit.

Currently there are many imitators in the industry that want to ride the success of CrossFit according to Wittenstein. CrossFit has for example gone after businesses that use names such as “Cross Gym”, “CrossFat”, “CrossFitFood” and “Don’t Cross Me, I’m fit” according to Briggs (2014). This is damaging to the CrossFit brand as people might link it to CrossFit. This also raises concerns that CrossFit will turn into a generic sport or commodity in the future. Many of my informants express concern that this will be a growing problem as the growth of CrossFit continues. It is therefore vital to protect the identity of CrossFit.

Internal challenges on a box level

Each individual CrossFit box is faced with challenges and setbacks as the growth continues. The majority of the CrossFit owners I talked to claim that they were struggling to match demand as the membership numbers were increasing. Perelmutter claimed that one of Brick New York’s main challenges has been handling the class sizes during peak hours. When members are paying a premium and they cannot get into classes they end up unsatisfied. As a consequence, Brick New York recently put a cap on their membership, as they want to give the members the attention they deserve and keep a high retention rate among current members. Perelmutter states: *“When you go from 0-600 members in 60-90 days you cant please everyone despite how good customer service you have”*. Brick New York will therefore not allow more members until they have opened a new location. Newman, owner of CrossFit NYC admits there are many challenges to overcome when growing at the pace they have done. They are currently the largest CrossFit affiliate in the world in terms of members. Newman states that one of the main challenges has been to find space and a suitable location, especially since they need more room at each location. In New York City, there are many historical buildings, which makes it extra challenging to get approval to set up a CrossFit box according to Newman. As a consequence, it has been difficult to match the demand as the membership numbers continually increases. Newman states that the radical growth has demanded them to constantly analyze how many people can register for a class, how many classes can run at the same time and how much equipment they need for each class. Newman thinks the reason why they have managed to grow faster than other

affiliates is that they have invested many hours each week scrutinizing attending numbers, speaking to members and figuring out why some classes are full while other classes are half full.

Stacey Pearson, Community Manager at CrossFit NYC claimed that there have been several drawbacks with the extreme growth. She says, *“Something will suffer when you grow too fast”*. The existence of her new job as a Community Manager is an example of this. CrossFit NYC alone grew so fast in terms of members that all the attention had to go to creating more classes, finding larger spaces and getting more coaches in order to handle all of the new members. The main priority was therefore how to accommodate the growth by adding more classes. As a consequence, any attention that would normally go to customer service, maintaining the community and creating social events was given less priority. Pearson admits that one of the biggest challenges with the growth has been maintaining the quality in areas such as hiring good coaches, developing good programming and maintaining the community of 1,500 members. High quality on these areas is crucial as they are the “product” that members pay for according to Pearson.

Challenges from a coach perspective

A common growth challenge from a coach perspective is the class size. It is a challenge to watch over everyone and make sure everyone is safe when the class size constantly grows, according to Jones. The downside with radical growth on a box level is that coaches will find it difficult to remember the members names, keep the community tightness and keep up the quality according to Wittenstein. Osorio states that day-to-day challenge is to keep the community and not dilute the brand despite the growth. His aim is to preserve the same authenticity they had when they were 100 members as when they are 550 members so people continue to come back. The fear is to become similar to a global gym according to Osorio, which Pine and Gilmore (2011) categorize as becoming a commodity. This is a common statement mentioned by my informants. Box owner Radetsky emphasizes the importance of constantly developing and improving in order to hinder stagnation of growth and turning CrossFit into a commodity. Perelmutter argues for the importance of maintaining a high quality and constantly

evolving by listening to everything that is going on in the industry in order to hinder stagnation. Expanding CrossFit into new markets and areas has been mentioned by several of my informants as an alternative to escape becoming a commodity. Pine & Gilmore (2011) states that becoming a commodity will happen with all offerings in the end and they suggest turning into a Transformation Economy firm to escape this.

5.7 Summary challenges

The main challenges with CrossFit's radical growth are mainly concerned around the open business model where the quality control has been in focus. The radical growth of CrossFit has compromised the quality of CrossFit affiliates as the low barriers of entry have allowed people to open up an affiliate without the need to jump over many hurdles. Another challenge discussed is to prevent CrossFit from turning into a generic sport or commodity. Even though the growth of CrossFit has been increasing year by year it will stagnate in the future if no measures are made according to theory. Consequently, it is crucial for CrossFit to continue to develop and improve in order to fight generalization and commoditization. Pine & Gilmore (2011) claim that by time Experiences, same as Services will become a commodity, which is a common challenge for all companies. Pine & Gilmore (2011) suggests that moving into the Transformation Economy is the answer to escape the commodity trap. I have previously in this thesis argued that I find it difficult to believe that CrossFit will develop into a 100% Transformation Economy firm due to the requirement of charging members solely based on the transformational outcome. However, there are many elements in Transformation Economy theory that match some of CrossFit offerings. An alternative would therefore be to drag on elements from Experience Economy and Transformation Economy in order to continue creating value to its members. As every box is different, it will always be a mix of CrossFit boxes that are more Transformation oriented while some are more Experience oriented. Another alternative is to constantly expand CrossFit into new markets in order to fight commoditization. There is already a tendency of this happening where CrossFit has expanded into areas such as CrossFit for kids, CrossFit as an after school alternative for teenagers in criminal environments and CrossFit as treatments of drug addicts (Belger 2012).

6. CONCLUSION

CrossFit has taken the fitness industry to the next level by selling a memorable experience rather than a standardized service offered by a traditional gym. The method of training will forever be changed in terms of how the average person approaches fitness, the kinds of movements they do and the intensity of the workout. As companies within the service industry continue to charge for the activity they perform, CrossFit will continue to charge a premium because of the feeling members get from the experience of participating. Currently CrossFit is growing and going strong with no lack of new affiliate owners who are willing to pay 3,000 USD for the annual affiliation fee and coaches who are willing to pay 1,000 USD for the Level 1 Certification. However, a challenge ahead is to keep up the quality and standard of the CrossFit boxes around the world as the growth continues. So far, CrossFit boxes in general have not experienced any problems attracting new members as the popularity of CrossFit continues to grow. What happens when the competition is intensifying and the market becomes saturated is currently unknown. Pine & Gilmore (2011) claim that by time experiences, same as services before them will become a commodity. However, in order to escape the commodity trap, they suggest becoming a Transformation Economy firm. Theory suggests that turning CrossFit into a 100% transformation firm by fully customizing the workouts to each member is an alternative if CrossFit becomes a commodity and turns into a generic sport in the future. This will demand a lot of recourses, which might challenge this approach. Another alternative suggested to escape the commodity trap is to expand CrossFit into new areas and markets. We have already seen that CrossFit is being used as part of the treatment to drug clinics in addition to an after school activities to hinder teenagers from involving themselves in criminal environments.

6.1 Recommendation for CrossFit

Several of my informants have had strong opinions regarding where CrossFit will be in 5–10 years. Some have argued that CrossFit will become a brand like bandage and will develop into its own sport. CrossFit does not own the movements in CrossFit, which I

think will lead to an increasing number of actors in the market introducing something similar to CrossFit. I believe CrossFit will increase their brand awareness and continue to grow in the years ahead by focusing on elements from Experiences and Transformation Economy. This is also in accordance to theory that states that Experience and Transformation will be the basis for companies' future growth. The example of CrossFit illustrates how a focus on Experience and Transformation can provide radical growth. This example might encourage other companies and industries to focus on providing their customers with an Experience and Transformation in order to ensure future growth. Based on theory, I see evidence from Transformation Economy in CrossFit, but there are some gaps in terms of customization and how to charge customers, which makes me question this approach for CrossFit. I will therefore not recommend CrossFit to focus on becoming a 100% Transformation Economy firm. My recommendation is rather to continue to grow by constantly discovering new markets and new value offerings in order to ensure future growth and avoid commoditization. As the market and consumers are constantly changing due to technological development and increasing actors in the market, it makes it crucial for CrossFit headquarters to be aware that what worked a year ago might not necessarily be the best approach in the future. The market is constantly changing and so far the free market forces have controlled the growth of CrossFit. My recommendation is therefore that CrossFit continues to foster the open business model at the same time as constantly working on improving the quality and standard of their Level 1 Certification and training seminars to ensure high quality coaches and CrossFit affiliates around the world.

6.2 Transferability

CrossFit is a unique example of an open business model that has had a huge success. The example of CrossFit illustrates that it is not necessarily standardization and strict control, which is the way to go when aiming for radical growth. CrossFit illustrates how open source, freedom and autonomy for the CrossFit owners has encouraged and promoted innovation and new ways of thinking. The open business model in CrossFit has allowed each affiliate owner to be innovative and build its own CrossFit box without anyone watching over them, and I argue that this is one of the main reasons behind

CrossFit's success and radical growth. Each affiliate owner is therefore free to develop their own differentiating strategy instead of copying each other. Affiliate owners can therefore encourage and give ideas to other affiliate owners to foster innovation and new ways of thinking. I will therefore argue that the open business model allows the affiliate owners to take advantage of each other's strengths and ideas in order to raise CrossFit to a higher level. Every affiliate pushes CrossFit to become better. This promotes innovation and creative thinking on how to run affiliates more effectively. The example of CrossFit can therefore teach and encourage other companies to move away from the "franchise structure" and give more freedom to foster innovation and growth. I therefore believe that a focus on open source will have a significant influence in fighting commoditization and stagnating growth in the future.

Moreover, the open business model has allowed each CrossFit box to differentiate their offerings and grow with multiple value propositions. Consequently, Experience oriented and Transformation oriented CrossFit boxes can co-exist within one organization. We have, for instance, witnessed how two CrossFit affiliates have taken two completely different approaches. CrossFit NYC's approach is to be the hard-core, authentic CrossFit affiliate, emphasizing growth, which has resulted in it becoming one of the largest CrossFit affiliate in the world. While Brick New York, on the other hand, has focused on creating a more personal atmosphere by emphasizing member relationships and the development of these relationships, retention of these members and constantly creating a better product and quality for their members. As a result, they have stopped new members signing up to foster this strategy.

The open business model is one of the main reasons behind the growth of CrossFit, but at the same time the root to one of CrossFit's main challenges in terms of quality control. Consequently, the open business model has its challenges in addition to its strengths. Despite the challenges attached to an open business model in terms of lack of control, I believe this is a good strategy to fight commoditization. I am aware of the risk and difficulty for companies to give up control, but I believe this will be important in terms of innovation in the future. Furthermore, the community in CrossFit is unique and can be transferred to other industries and settings. CrossFit is therefore an example of doing

something physically tough together can promote team spirit, community and support in the workspace.

6.3 Limitations

This thesis research is mainly focused around Manhattan, New York, with some exceptions. I am aware that New York is a unique and diverse city, which prohibits generalizing my findings to other markets. Furthermore, I acknowledge that the thesis' findings are mainly concerned around four specific CrossFit affiliates in New York, with the exception of one affiliate in Santa Cruz, California. I therefore acknowledge that the limitation of the thesis affiliates also disallows a generalizing of my data to the overall market in New York. Furthermore, I was able to draw more information from CrossFit NYC and CrossFit Brick NY as I have been a member of the former, and I am currently a member of the latter. Therefore I acknowledge the possibility of my bias writing this thesis, as I have been part of the CrossFit community, in addition to taking advantage of my networks in order to gather informants for my interviews. Furthermore, I acknowledge that the people I have interviewed had an interest and enthusiasm for CrossFit, which may have influenced their statements and opinions. I acknowledge that I may have learned something different in talking to members who, for example, dropped out of a CrossFit box, did not get a sense of the community or were not willing to pay a premium to participate in the sport of CrossFit. At the same time, I might have learned something different interviewing affiliate owners who closed down their affiliate or who have been struggling with attracting enough member to their affiliates.

6.4 Further research

Theory is limited in terms of how to avoid the commodity trap so further research in this field is needed. Pine & Gilmore (2011) suggest turning the business into a Transformation Economy firm. As mentioned earlier, I find it to be a weakness in Transformation Economy theory that a requirement is to charge solely for the demonstrated outcome the customer receives. Consequently, many businesses including CrossFit that match a Transformation Economy firm in several ways are being hindered in becoming a 100% Transformation Economy firm. I therefore suggest further research

is done in order to re-think the definition and requirement of becoming a Transformational Economy firm in accordance to theory. The example of CrossFit illustrates that one can transform customers without charging solely on the outcome. Charging a premium should rather be the focus in my opinion. This would allow more companies to enter the Transformation Economy business.

The example of CrossFit illustrates how the open business model can be a way to avoid commoditization. Further research could therefore be on how other business and industries could implement an open business model to grow and innovate to hinder becoming a commodity in the future. For example, if we look at the example of Starbucks. The open business model would allow each store to take a strategically different approach in order to grow and create new innovative customer experiences. This would therefore encourage companies to move away from the standardized way of running their business, which would foster innovation and new ways of thinking. As mentioned above, one challenge in growing with an open business model is to ensure that each affiliate provides good quality. Consequently, further research could therefore be done on how to grow using an open business model, but at the same time managing to handle the challenges with keeping up a high quality and standard. As we have already seen in the example of CrossFit, the free market forces have handled this challenge to a certain degree. My research has therefore created the foundation for further research in order to see if the example of the open business model in CrossFit can be transferable to other industries. Further research concerning challenges attached to radical growth should be made as I find current theories insufficient in this area.

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