MSc Business Administration – Strategic Marketing & Servitisation

An Evaluation of Lean Start-Up Method Approached from the Service Dominant Logic

Author: G. T. Wilms[1]

Graduation Committee Members:

1st supervisor: Dr. R. P. A. Loohuis[2]
2nd supervisor: Dr. Y. Sahhar[3]

ABSTRACT

Entrepreneurship is fundamental to the growth of today's economy. From entrepreneurship a deepening towards innovations or start-ups can be made, which in today's time and market do not always succeed. At the same time, the last decades has seen a shift in marketing literature from the Goods Dominant Logic (GDL) to the Service Dominant Logic (SDL). The purpose of this research is about implications for the Lean Start-Up Method (LSM) when considering the shift to the SDL in the context of tangible commodities. There is a lack of revision and refinement of models in the existing literature as there is a change in the marketing literature. For this reason, the author of this article wanted to bring to light a refinement and implications of the LSM. Based on the theoretical framework, 8 propositions were put forward. To achieve the goal, research was conducted through an exploratory and qualitative approach. This was accomplished through a real-life case in which a firm adopted the model. In which innovative, sustainable packaging took centre stage. From this real-life case, a "new" Lean Start-Up model was built with input from the SDL. This model was presented to experts in entrepreneurship, innovation and packaging to verify and ultimately refine the model. It emerged from this research that the biggest implication is that the LSM is not yet fully compatible and can be approached from the SDL, remaining partially GDL-based.

Keywords: Lean Start-up Method (LSM), Service Dominant Logic (SDL), Goods Dominant Logic (GDL), Start-Up, Innovation

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[1] Master of Science Graduation Student, Business Administration, Faculty of Behavioural, Management, and Social Sciences, University of Twente, The Netherlands
[2] Department of Behavioural, Management and Social Sciences, University of Twente, The Netherlands
[3] Department of Behavioural, Management and Social Sciences, University of Twente, The Netherlands

1. INTRODUCTION

Entrepreneurship is fundamental to economies. Entrepreneurship can be identified as follows: "creating new enterprise" and propose the following: that entrepreneurship research seek to explain and facilitate the role of new enterprise in furthering economic progress (Low & Macmillan 1988). In more detail, entrepreneurs offer market better product and service solutions to existing problems. A key task is therefore creating a market with new customers. Entrepreneurs require customers to understand how their solutions are perceived and provide value. Interesting approached such as Agile and the Lean Start-up Method (*hereafter LSM*) have already been devised for this. These methods help entrepreneurs develop and market products and services in a cost-effective way. Since a decade there is increasing interest in practise and theory in methods that help spur an entrepreneur markets entry with novel goods and services. At the same time however, there is an increasing emphasis on services and experiences rather than commodities and goods (Pine & Gilmore, 2011). This causes a shift in thinking about products and services. With a greater attention for the Service Dominant Logic (*hereafter SDL*) compared to the traditional Goods Dominant Logic (*hereafter GDL*) (S. Vargo & Lusch, 2004). In this study, the role of goods is based on more than sec the product/service, and hence more on value creation. In addition, a key difference between SDL and GDL is that the SDL sees goods as transmitters in the value creation process and the GDL sees goods as a product with intrinsic value to the end user (S. Vargo & Lusch, 2004). This discussion may cause theorist and entrepreneurs to re-think their methods of innovation. Therefore, the SDL offers opportunities to consider value and interactions with customers differently.

The purpose of this this research is therefore to transform the LSM towards a more service-centred model in the context of tangible commodities. Previous studies have looked at the LSM from the traditional GDL. The LSM is a tried and tested method for start-ups. However, the literature lacks research on LSM in combination with tangible commodities, viewed from a new dominant logic in marketing, namely the SDL. The consensus from previous studies makes it very interesting to go into the field with a refined model to investigate implications for this method when approaching it from the SDL. This compared with the model approached from the GDL. With the objective of demonstrating the effect of missing or adding elements in terms of effectiveness and efficiency. Furthermore, it is important and relevant to study start-ups and their start-up methods. In fact, more than two-third of start-ups fail to gain a firm foothold in the existing market (Eisenmann, 2021). There are also several objections to start-up methods. These include that the more modern start-up methods can be very chaotic due to little or no planning (Thesing et al., 2021; Ghezzi & Cavallo, 2018; Yang et al., 2019). Besides little to no planning, the study of Ghezzi (2018) showed that defining and designing Minimum Viable Products (*hereafter MVPs*) is a major drawback. Further research is needed to better understand and enhance this proven method in the context of tangible commodities, where service is key.

There are a set of methodologies for entrepreneurs to start their own business. Initially, some of these methods were used for software development. Furthermore, little to no research has been done on start-up methods involving tangible commodities and viewed from the SDL. Traditional methodologies are for example, Waterfall or Agile Development (Blank, 2013). Waterfall Development refers to the start-up of a business which consists of consecutive phases.

These form a start-up development sequence (Royce, 1987). Agile Development focuses on building by repetition, testing and learning in rapid cycles. This will eventually lead to accelerated development towards commercial goals (Ries, 2017). A while later an alternative methodology emerged, namely the LSM. This method can be used for start-ups or existing companies where innovation is key. The LSM is a hands-on and up-to-date implementation of strategies based on the learning school of strategy (Bortolini et al., 2018).

Conformities between Waterfall and Agile Development are that they have the same goal, producing high-quality products. Both are execution-driven, including designing, developing, testing, and deploying. The outcome is predictable and there is a lot of emphasis on planning (Blank, 2013). Agile Development and the LSM can be used in combination, for eliminating wasting time and resources. Besides that, Agile Development can also be used within traditional methods (Blank, 2013). A similarity of the Agile and LSM is that the Lean Method is based on agile decision making for rapid change and iteration (Bortolini et al., 2018). Secondly, in both methods there is a focus on customer value. This contrasts with the Waterfall Development, where customer involvement is low. Besides that, the Waterfall consists of several consecutive phases, where the next phase cannot be reached until the previous one is fully completed. This differs from the LSM, where the focus is on eliminating wasted time as much as possible to get a qualitative product to market as soon as possible. Since using a particular method does not guarantee success, there are also disputes when looking to these methods. These disputes were revealed by the systematic literature review of Bortolini et al., (2018). This research showed that the LSM has counterpoints. Since there are counterpoints, this study goes into the field with a refined model of the LSM, which is created using a real-life case from practice.

The delineation relating to tangible commodities was chosen because, firstly, little to no research has been done on this. In addition, the aforementioned methods used to be for software development. Such developments are intrinsically often incremental and iterative. It is easily adaptable and close to the MVPs. When it comes to tangible commodities, there is a limitation that it is less easy to adapt once a mould has bought, as the functioning and technological aspects of a physical product are largely fixed. Furthermore, there is also a trend in the market and marketing literature that increasingly emphasises the SDL rather than the GDL. Since this research investigates LSM improvement through tangible commodities, it is necessary to consider the shift from the GDL to the SDL.

To complete this research objective, a clear and specific research question must be defined. The answer to this question must offer a greater understanding on the LSM in the context of tangible commodities, taking into account the SDL. The main research question is defined as follows:

> "*What are the implications when considering the Lean Start-Up Method approaching it from the Service Dominant Logic?"*

This research question will be answered through an empirical study. This empirical study focuses on a real-life case. Through the axioms of S. Vargo & Lusch, (2004), an interview with

the inventor of the real-life case and focus discussions with experts in the field of innovation, entrepreneurship and packaging, implications will come to the forefront. The literature review will show what are the current drawbacks of the LSM. This will also be briefly addressed in the focus discussions to give a better grounding to this. Throughout the study, it will be found out how the LSM is approached through the GDL. Once this is clarified, the study will look at how it can be approached through the SDL. Focus discussions will then be held with experts in the field of entrepreneurship and tangible commodities, specifically packaging, to ultimately transform the LSM transform it towards a more service-centred model.

The aim of the study is to go into the field with a refined model after the critical review of the LSM to come up with remarks and/or improvements to transform the model towards a more service-centred model. This will be done in the context of tangible commodities and in terms of effectiveness and efficiency, viewed from the SDL. Based on the experts' feedback, the usefulness of the refined model can be explained. In addition, implications for future research will also emerge to contribute to the literature and entrepreneurial literature in general. These contributions are listed the conclusion section. This study would provide evidence with a real-life case. This to enhance and ensure a greater understanding of the LSM and motives of experts in this field. The aim of the research is also to ensure that entrepreneurs and start-ups can enter the market better and more effectively with a refined LSM model, specifically involving tangible commodities. The foundation of this research is a theoretical framework that addresses in depth the transition in marketing from the GDL to the SDL and what it means for the LSM. Based on this framework and practical evaluation, implications can be drawn for start-ups both theoretically and practically. The relevant insight from this study can then be implemented in business models.

2. THEORETICAL FRAMEWORK

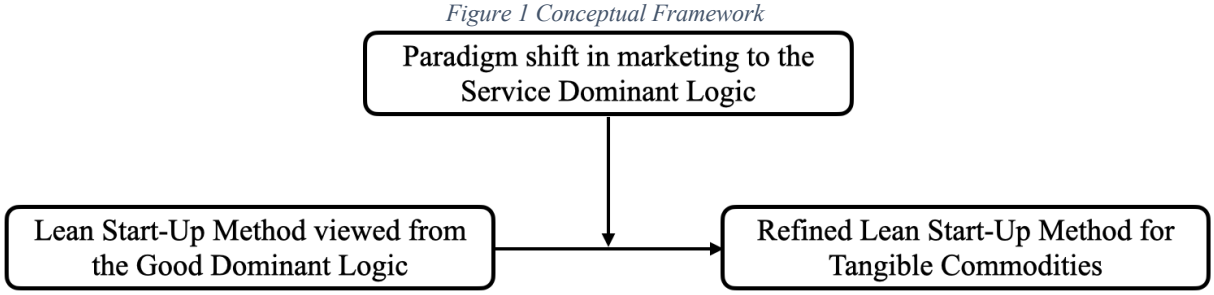
The basis of this research is the theoretical framework outlined below. This chapter delves in-depth into concepts and existing theories that help this research to shape a conceptual framework that outlines the essential elements of the research in one figure. The first sub-paragraph denotes the conceptual framework so that it is evident what is being examined. The second sub-paragraph discusses the transition in marketing from the GDL to the SDL. Next, it discusses entrepreneurship in general and specifically start-ups and different methods for entrepreneurs to start a business. From here, various drawbacks of these start-up methods are highlighted and a modified LSM model is described in chapter 3.

2.1 CONCEPTUAL FRAMEWORK

Looking at existing market figures, it appears that many start-ups ultimately fail. Looking then at the existing literature of start-up methods in general and specifically the LSM, there are a number of drawbacks for this method. However, the literature lacks research on the shift from the GDL to the SDL in terms of start-up methods in the context of tangible commodities. Therefore, this paper will explore these drawbacks taking into account the mediator effect of the paradigm shift of the dominant logic in marketing. To illustrate this purpose, a representation of the conceptual framework is shown in Figure 1. The final outcome of the study is to compare the LSM from the GDL with the LSM from the SDL in order to finally

draw conclusions about why this is different in an era where service plays a significant role. The subsections below delve deeper into the elements of the conceptual framework.

Figure 1 Conceptual Framework



2.2 PARADIGM SHIFT IN MARKETING

There is an evolution towards a new dominant logic in marketing. Research by S. Vargo & Lusch, (2004) shows a shift from the GDL to the SDL. Previously, the emphasis was on activities focused on discrete or static transactions (GDL). The GDL considers goods as the pivotal elements of exchange (Lusch et al., 2007). However, nowadays there is an emphasis on a dynamic exchange relationship where processes are carried out and services are exchanged where value is created together with the customer. Equally, research has shown that competitive advantage can be increased through service (Karmarkar, 2004). Which can certainly be an important issue in start-ups or innovations. The GDL sees products and services as a commodity, where the SDL as a service in the value creation process. The SDL can be more effective but can also be more complex, as the traditional dominant logic in the SDL must be taken into account.

Operand and operant resources help distinguish the GDL and SDL. Operand resources are resources on which an action is performed to produce an effect. These are compared to operant resources. These are used to act on operand resources and other operant resources (Constantin & Lusch, 1994). In the traditional GDL, people exchange for goods as opposed to the emerging SDL where people exchange for the benefits of specialised competences or services. A feature of today's market is that people still exchange a lot for goods and less for services. This means that this axiom partly conflicts with the LSM from the SDL perspective. Where the customer's role is also more about co-producing service rather than the customer being entirely the recipient of the goods. This axiom is related to the "*Role of Goods*" and is not fully compatible with the LSM looking from and SDL as in the current market, customers are often only recipients of end-products and not intermediate products. In addition, in the SDL, value is and determined by the end user on basis of "value in use". The role of the goods is also different and relevant to this research. in the GDL, goods are operand resources and already end products. Whereas the SDL is mainly about goods being carriers of operant resources, they are intermediate "products" used by other customers as tools in processes of value creation. This axiom is related to the "*Role of Customer*" and is not fully compatible with the LSM looking from and SDL as in the current market, "finished" products are mostly delivered to buying customers. Besides, customers are active participants in relational exchanges and coproduction (S. Vargo & Lusch, 2004). The axioms have been slightly modified over the years to clarify them. Hence, 11 premises were eventually designed (S. L. Vargo & Lusch, 2016). In this study, the basis is taken from the first six axioms of S. Vargo & Lusch, (2004).

As services, like goods before, become more commonplace, experiences are the next step in economic value. From now on, leading businesses will find that the next battleground for competition lies in staging experiences (Pine & Gilmore, 2011). The research by Lovelock & Gummesson, (2004) showed that service has the following four characteristics, which distinguish them from goods: (1) intangibility, (2) inseparability, (3) heterogeneity, and (4) perishability (IHIP). They also point out the need to give new directions to service marketing. Also, this study examined in the same analytical way as the research of Lovelock & Gummesson (2004), where they claim to support the paradigm that services and goods are different from each other. As in their study, this study utilises propositions. This section is concluded with the following proposition:

"*The Lean Start-Up Method can be partially integrated with the SDL*".

The above proposition can be divided into six different sub-propositions that reflect back on the six axioms from the study of S. L. Vargo & Lusch, (2016) ; S. Vargo & (Lusch, 2004) and are elaborated below. These propositions will be answered in chapter five and state as follows:

Table 1. Axioms and propositions applied on LSM

AXIOMS	SDL PROPOSITIONS APPLIED ON LSM
PRIMARY UNIT OF EXCHANGE	P1: *Is the primary unit of exchange, (SDL – where people exchange to acquire the benefits of specialised competences, or services) compatible with the LSM?*
ROLE OF GOODS	P2: *Is the role of goods, (SDL – intermediate 'products' that are used by customers as appliances in value-creation processes) compatible with the LSM?*
ROLE OF CUSTOMER	P3: *Is the role of customers, (SDL – a coproducer of service, where marketing is a process of doing things in interaction with the customer) compatible with the LSM?*
DETERMINATION AND MEANING OF VALUE	P4: *Is value perceived and determined by the customer (SDL – on the basis of 'value in use') compatible with the LSM?*
FIRM-CUSTOMER INTERACTION	P5: *Is firm-customer interaction, (SDL – where the customer is an active participant in relational exchanges and coproduction) compatible with the LSM?*
SOURCE OF ECONOMIC GROWTH	P6: *Is the source of economic growth, (SDL – where wealth is obtained through the application and exchange of specialised knowledge and skills) compatible with the LSM?*

(S. L. Vargo & Lusch, 2016; S. Vargo & Lusch, 2004)

The paradigm shift to the SDL and the differences between goods and services requires a more focused interpretation of entrepreneurship, there are tools for that such as start-up methods. These are detailed below.

2.3 ENTREPRENEURSHIP

For entrepreneurship to occur, there must be opportunities in the market. These opportunities can occur when new products, services, raw materials, and organisational methods are introduced and yield more than the production costs of these opportunities (Casson, 1982). Previous studies on entrepreneurship have mostly focused on opportunities in product markets (Venkataraman, 1997). Entrepreneurial opportunities arise because individuals have different perspectives on the value of resources (Kirzner, 1997). These different perspectives bring different prices to the market or create new opportunities in the market (Shane & Venkataraman, 2000). In recent years, the emergence of a series of novel and powerful digital technologies, platforms and infrastructures changed innovation and entrepreneurship in significant ways (Nambisan et al., 2019 ; Nambisan et al., 2017).

2.4 START-UPS AND THEIR METHODS

A start-up can be defined as a business that is new, active, and independent (Luger & Koo, 2005). The success of start-ups can be influenced by networks. The network success hypothesis postulates a positive relationship between networking activities of founders and the success of their start-up (Johannisson, 1988 ; Birley, 1985). This network success hypothesis argues that entrepreneurs can obtain cheaper access to resources by using their network contact that would otherwise not be available (Dubini & Aldrich, 1991).

Initially, the named start-up methods below originated for software development. Traditional methodologies for software development are Waterfall or Agile Development. The Waterfall model was introduced in 1970 by Winston W. Royce. The concept behind this model is that it must complete a step before it can move to the next step. The advantage of this is that there is a lot of control over the project. It is eminently manageable through planning (Thesing et al., 2021). During the process, a lot is documented and there is knowledge of exactly what needs to be done. In contrast, the problem arises that testing is only done at the end of the process and not at the intermediate phases. If constraints have taken place, then a radical redesign is needed (Royce, 1987). In addition, there is also no input from external stakeholders during the process as it is deployed at the end of the steps. All in all, this is a method with low flexibility and can take a long time when a phase runs into blockages (Thesing et al., 2021).

Because there was little efficiency to be found in this method, a new method emerged. In 2001, Agile Manifesto[4] emerged as a rebuttal to the Waterfall Method. In Agile Development, the top priority is to keep the customer satisfied through early and continuous delivery of value. At the heart of the principles of Agile Manifesto is the concept of self-oriented teams that work together at pace that sustains their creativity and productivity (Dingsøyr et al., 2012). In addition, what is also positive compared to the Waterfall method is that bugs can be identified quickly due to short development cycles (Thesing et al., 2021). Customers are actively involved, allowing easier feedback and reflection. This will ultimately lead to more favourable outcomes for the customer. This method also has drawbacks. Firstly, because the focus is on getting a product to market quickly, poor or no documentation often occurs during the process.

[4] http://agilemanifesto.org/

This can result in little to no oversight. In addition, because there is often no planning and there are large and dispersed teams, it can also become chaotic. Besides that, success is strongly dependent on the team's self-organisation (Thesing et al., 2021).

Sometime later an alternative methodology emerged, namely the LSM. The Lean Start-Up Methodology was first introduced in 2008 by Eric Ries. Through his own experiences with high-tech start-ups through adapting lean management and customer development principles (Ries, 2017). So, for software, such methods have been proven to work. When it comes to tangible commodities viewed from the SDL, it should be different. The LSM has three key principles: (1) summarize hypothesis in a framework called a business model canvas, (2) Lean Start-Ups use a "get out of the building" approach called *customer development* to test their hypothesis, (3) Lean Start-Ups practice Agile Development, this eliminates wasted time and resources by developing the product iteratively and incrementally (Blank, 2013). Whereas Agile Development focuses on "building the right thing", Lean Start-Up focusses more on "building the thing right". What is further consistent with Agile Development is that it is about releasing the product as soon as possible in order to gain insights from stakeholders for improvement. This way, there is less uncertainty in the final market release. In addition, there is greater efficiency because changes can easily be made in between.

The LSM is not a simplistic approach that focuses on a single customer. Especially in the business-to-business environment, multiple actors are involved in the process, also referred to as a Decision-Making Unit (DMU). Typically, a DMU may include initiators, influencers, users, buyers, decision makers and gatekeepers. It also often involves Total Cost of Ownership (TCO), also known as all (indirect) costs associated with the procurement process throughout the company's value chain (Degraeve et al., 2000). The systematic literature review by Bortolini et al., (2018), showed that the LSM also has counterpoints. This review identified counterpoints from different researchers. Smith (1998) argues that small organisations that adapt formal and traditional methods of strategic planning outperform organisations that adopt dynamic and evolutionary processes. Brinckmann et al., (2010) state that having a formal business plan can have significant value for small firms and new ventures. Also Chwolka & Raith (2012) raise a counterpoint. They state that advance planning can be relevant if certain conditions are beneficial. These include good quality planning, the beneficial type of the enterprise and the entrepreneur's prior experience. The study of Ghezzi (2018) showed that defining and designing MVPs is a major drawback. This because start-ups need to spend sufficient time on actually understanding who their target group is, along with their pains, benefits, and needs (Osterwalder & Pigneur, 2010). MVPs are one of the first versions of a new product which allows self-organised teams to gather maximum amount of confirmed knowledge with minimum effort. To overcome these drawbacks, recent studies suggest the possibility of integrating the LSM with traditional business planning (Ghezzi & Cavallo, 2018; Yang et al., 2019). This research will bring more insights to counter current drawbacks, possibly bring new drawbacks to light and refine the method through a real-life case in the context of tangible commodities, viewed from the SDL. In the refined model there is a focus in terms of planning and MVPs. Ultimately with the aim of demonstrating the effect of missing or added elements in terms of effectiveness and efficiency in the context of tangible commodities. The two aspects

are further explained below. These aspects will be taken into the field to compare with the current model to refine the LSM. This research investigates whether more planning and fewer MVPs works in context of tangible commodities. Thus, in addition to the proposition about the axioms, this research proposes the following. See table 2.

Table 2. Drawbacks of the LSM from GDL applied on LSM from SDL

DRAWBACKS LSM FROM GDL	DRAWBACKS APPLIED ON LSM FROM SDL
NOT UTILISING PLANNING	P7: *Is utilising distinct planning beneficial for the LSM looking from the SDL perspective?*
UTILISING MVPS	P8: *Is utilising less MVPs beneficial for the LSM looking from the SDL perspective?*

Proper planning in Lean Start-Up Method

Referring to the paradigm shift in marketing in chapter 2.1, the planning aspect should also be considered in the LSM. As indicated earlier, planning is not yet part of the LSM. Since the shift to a new dominant logic, SDL, the use of planning is becoming more and more important. Planning is about form and content. The form is about the development process, the different steps to be taken. The content is about elaborating process steps. The content should be more open, but you want to tighten the form using planning. Since the SDL is less tangible compared to the GDL, the role of planning becomes increasingly important. As the goods are no longer finished products but intermediate products, proper and qualitative planning is needed. In the SDL, the customer is a co-producer of services and marketing is a process of doing things in interaction with the customer, and this requires sufficient planning. Planning also becomes important for determination and meaning of value and firm-customer interaction. This is because value is perceived and determined by the end user based on "value in use", this can only be done when the product is as good as finished and for this, planning is necessary. There also needs to be time for relational exchanges and coproduction.

As Ghezzi & Cavallo, (2018); Yang et al., (2019) stated, proper planning can in fact be positive for the LSM. Therefore, this study chose to explore this further. In addition to the three key principles, the first refined model will also emphasise proper and quality planning. As previous research has shown, a planning-oriented approach is prominent for entrepreneurship and start-ups (Contigiani & Levinthal, 2019). In fact, planning is even more important for tangible commodities, viewed from the SDL. On the other hand, when it comes to software development test and trail is more convenient. When a product is defined, it is largely fixed how it should come out for proper functioning. Ultimately, narrow adjustments can then be made to the product after input from customers. However, no drastic changes will come here about how the product works.

Minimum Viable Products in Lean Start-Up Method

Referring to the paradigm shift in marketing in chapter 2.1, there is a shift from the GDL to the SDL and this should take into account the MVPs in the LSM. MVPs in the LSM used to

be approached from the GDL, however, due to the new dominant logic, MVPs in the LSM have not yet been clearly approached from the SDL. Since the SDL is less tangible than in the GDL, the role of MVPs also becomes different. This is because the primary unit of exchange is no longer goods, so an MVP may have less importance for customers. People exchange to acquire the benefits of services. In addition, goods are used as applications in processes of value creation. Also, the customer is no longer the recipient of the good but a co-producer of the service. The value of the service is determined by the end user based on "value in use". Finally, the role of MVPs becomes different because customers are operational resources and active participants in co-production.

As Ghezzi (2018) stated, defining, and designing MVPs is a drawback. Therefore, a refined model is developed in this study. There is a need for entrepreneurs to figure out which assumptions should be tested first. Who should be responsible for experimentation, and how many actors should be involved and to what extent (Bocken & Snihur, 2020). In addition, the conditions for using or not using minimum viable products and customer validation deserve further attention (Felin et al., 2020). However, this same study argues that the most appropriate and effective approach is likely to depend on technology, industry, and other factors. In software development, MVPs can certainly be more convenient compared to tangible commodities. For instance, in software development, intermediate testing of whether the design works well before an entire application is used, is useful. To do drastic changes to tangible commodities in between can lead to high costs in the production process if it has drastic changes for machines/products. Therefore, in this research, a refined LSM model is designed where the role of tangible features is downplayed in the in the MVPs and puts value in use at the foreground.

3. METHODOLOGY

Chapter three describes the research methodology that is used in this paper. This includes the research design, units of analysis and observation, data-collection, and data-analysis.

3.1 RESEARCH DESIGN

Research shows that around 75% of all start-ups ultimately fail (Blank, 2013). This study aims to come up with implications of the LSM with a focus on tangible commodities. In which the old model, viewed from the GDL is compared with the refined model, viewed from the SDL. This will be studied by means of firstly, a real-life case. This case focuses on environmentally friendly packaging. The case is prepared with the inventor of the packaging. Due to restrictions from the inventor, the packaging will not be mentioned during the study, but will be referred to as "packaging x", where necessary. It is necessary that this case is put on paper as concrete and sufficient as possible, also referred to as modelling. Once the modelling is done via the first interview, a new LSM model viewed from the SDL is build. Then, from the data of the first interview together with the axioms of the research of S. Vargo & Lusch, (2004), the aim is to critically examine the LSM and transform it towards a more service-centred model. Within this transformation LSM model the main emphasis lies on the SDL. This refined model is presented to various experts in the field of entrepreneurship, innovation, and packaging. Information is collected from these experts. This is done through focus discussions. The

purpose of these focus discussions is to gain insights from experts on why this new model would or would not work. Here, firstly, the current drawbacks of the old model are taken into account and, secondly, the new LSM model is considered from the new dominant logic in marketing, namely the SDL. Bearing in mind that it is almost impossible to completely move away from the GDL. This method of investigation can also be referred to as an inductive approach. Inductive analysis refers to the approach of using raw data to infer concepts, themes, or a model through interpretations of the raw data by a researcher (Thomas, 2006).

The first steps of the refined LSM emerged from the literature review in chapter two. The previous chapter involved looking at the history of start-up methods, and specifically, the consensus, disputes and advantages and disadvantages of the LSM. To improve the LSM, it is compared from the GDL perspective with the SDL perspective. To explore this, the following research question was formulated: "*What are the implications when considering the Lean Start-Up Method approaching it from a Service Dominant Logic?*". To study this research question empirically, this study uses a real-life case study from the practice and focus discussions with experts. Case studies are considered useful research because it allows for micro-level examination of data. Case studies are also a practical solution when a large sample population is difficult to obtain (Zainal, 2007). For this research, business owners (entrepreneurs), and experts on entrepreneurship, innovation and packaging will therefore be contacted. This research focuses on improving the LSM by exploring implications when this method is approached from the SDL. This is a tried and tested method for start-ups. However, an insufficient level of research has been done on the LSM in combination with tangible commodities, viewed from the SDL. With the objective of demonstrating the effect of missing or adding elements in terms of effectiveness and efficiency.

3.2 UNITS OF ANALYSIS AND OBSERVATION

This study comes up with an refinement of the LSM taking into account the paradigm shift in marketing, where the SDL is becoming the dominant logic in the context of tangible commodities. To create a better understanding of the research question, this chapter explains the units of analysis and observation. The units of analysis can be described as the main identities investigated in a study (Babbie, 2020). The observation units can be described as an object from which information is collected, such as an individual person. This helps to clarify conclusions about units of analysis (Lavrakas, 2008). The unit of analysis mentioned in this study is the LSM, viewed mainly from the SDL. Since there are some drawbacks about this method, a refined model is examined in this study, to transform this method by exploring implications. This unit is studied through units of observations. In this study, information is collected from business owners (entrepreneurs), and packaging /innovation experts who are the unit of observations and knowledgeable enough to reflect on the research question at hand.

3.3 DATA-COLLECTION

In order to answers the research question data can be collected in various ways, namely via a quantitative, qualitative, or mixed approach. This research makes use of a qualitative approach. The first part of the study consists of a real-life case study. This real-life case is about eco-friendly packaging which can have a big impact on the market. Since the inventor of the

packaging does not want to name the application of the packaging in the study, it is referenced where it needs to be as “Packaging x”. From this interview, a refined LSM model is built. Later, along with experts, there will be a focus discussion on this refined model, which makes it a qualitative design. Qualitative research involves the process of collecting, analysing, and interpreting non-numerical data (Denzin & Lincoln, 2008). The research question for this study is a descriptive question. The research question for this study is about developing an in-depth understanding for a unique case (Creswell et al., 2007). As indicated earlier, this study uses an inductive approach. A refined model is produced from raw data through the researcher's interpretation (Thomas, 2006). For this, focus discussions will be conducted with experts who are specialized in entrepreneurship, innovation, and packaging. As this research seeks to uncover motives, opinions, and thoughts, it is more convenient to engage more deeply with experts through focus discussions.

The focus discussions will have the same topic, namely, to compare the old model with the new SDL based LSM to verify the refined model. This model was created from the interview with the inventor of the real-life case and the axioms form the research of (S. Vargo & Lusch, 2004). The focus discussions also discuss innovation in general to build context around the research and better support the results. This was done, because a focus discussion only on the refined model would give too few insights into whether or not it is compatible from the SDL and is more difficult to really go into depth. By asking about, first, the experts' own experiences and, second, how they think about packaging and innovations, it is possible to get a better grounding from the results. To ensure that the most important aspects are mentioned in the focus discussion, the two models will be elaborated as concretely and sufficiently as possible, so that no parts are neglected. The questions that will be asked are semi-structured, but it is mainly about continuing to ask about the answers given by the experts. To facilitate this, it is ensured that the interviews take place face-to-face. To ensure the quality of the study and results, the interviews are recorded. The interviewees will also be asked for permission to record the interview. In addition, the interviews will also be anonymised, for ethical reasons. To find experts and entrepreneurs who are willing to participate in the study, people in the researcher's network are used. Experts and entrepreneurs were also contacted through the internet and other people’s networks. To build a sufficient level of theory, enough participants must participate in the study. This study has a specific topic on which little or no research has been done. Such a specific topic would limit the number of eligible experts. A study with a few experts can provide access to hypotheses from a high level of information power. In addition, empirical studies with very small experts are useful for stirring up and elucidating what is crucial for theory (Malterud et al., 2015). Since little research has been done on this study, this rule of thumb comes is convenient. A case study requires fewer participants than a cross-case. Within an explorative analysis, the aim is not to cover the whole range of phenomena, but to present selected patterns relevant to the purpose of the study (Malterud et al., 2015).

3.4 DATA-ANALYSIS

To ascertain proper analysis of the data that is gathered, the in-depth conversation and focus discussions were recorded and transcribed. This study is examined in the same analytical way as the research of Lovelock & Gummesson (2004), through drafting propositions. The data

analysis of this study can be referred to as thematic analysis. Thematic analysis is a qualitative research method that is widely applicable (Nowell et al., 2017). This method identifies, analyses, orders, describes, and reports themes found in qualitative research (Braun & Clarke, 2006). The in-depth conversation and focus discussions are recorded during the session. In this way, the conversation can be re-listened to and transcribed. Firstly, themes are identified using key concepts from, both the old LSM as the new LSM viewed from the SDL. These are analysed and sequenced as steps to ultimately re-design the model. The first model is created in section 4.1, these are the data from the interview with the inventor of the packaging. With the qualitative data from 4.1 and scientific articles, the new LSM model is built from the SDL point of view in section 4.2. Then, the new model is verified in section 4.3, through focus discussions with experts and is shown in chapter five the conclusion. The data from these focus discussions will form the basis for chapter five. Finally, chapter five answers the central research question of how the LSM can be transformed when viewed from the SDL perspective. Which should also take into account the traditional dominant logic in marketing. A thematic analysis offers freedom and a flexible approach that can be easily applied. This type of analysis produces data that is detailed but described in a complex way (Braun & Clarke, 2006; King et al., 2004).

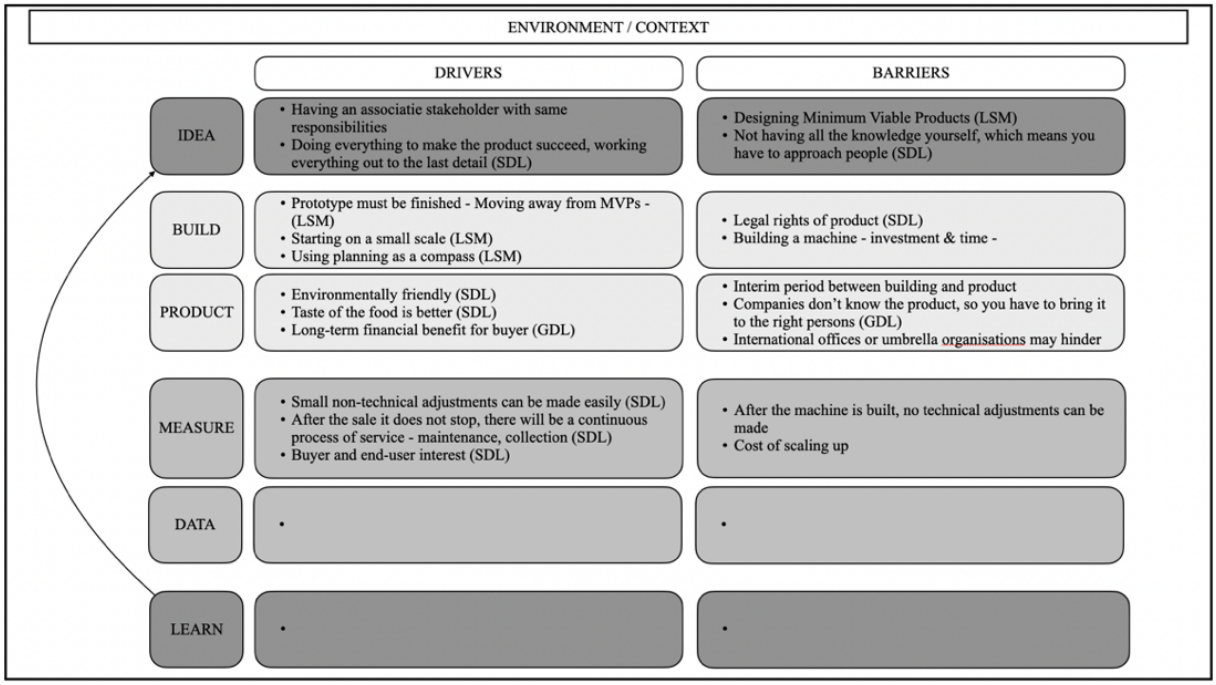
4. FINDINGS

Chapter four outlines the findings of the study. First, the results of the first interview are explained to eventually arrive at a new model. This LSM model is then constructed with ingredients of the SDL and GDL to finally refine it with feedback from experts. Paragraph 4.3 elaborates the focus discussions with two experts on entrepreneurship and packaging.

4.1 BUILDING THE MODEL WITH INPUT FROM THE LSM AND SDL

The first phase of the research involves interviewing the inventor of the product used to describe the real-life case and whether his way of doing business takes into account the SDL in terms of user value and co-creation. This interview is broken down into four different topics, namely entrepreneurship in general, product introduction, product development and product growth phase. This is approached from a practical standpoint where in the interpretation the link was made to LSM, SDL and GDL. This is done without informing the interviewee about these issues. After the interview, the transcript was analysed to distribute the main results to the various stages of the LSM to build a model with the ingredients of the LSM, SDL and GDL. The purpose of this section was to identify drivers and barriers at each stage of the LSM looking from the SDL perspective. The model came to look like as shown in Figure 2 and will be elaborated in more detail below.

Figure 2. Model with input from partly GDL, mainly SDL and LSM



Idea phase

The phases of the LSM are in constant sequence. Introducing a product or business begins with the "idea" phase. For the real-life case, this is where drivers and barriers emerged from the conversation when viewed from the SDL. What emerged emphatically from the conversation is that designing MVP is the biggest barrier in this phase. In addition, the process can slow down when you don't have all the knowledge yourself and you have to approach other experts to advance. On the other hand, there are also factors that accelerate it, firstly that the entrepreneur has to do everything to make the product succeed. It is imperative that you work everything out to the last detail The interviewee said this as follows:

> *"Pick the right materials, you also do that by "feelings" or someone who knows about the parts. Then you can make a prototype, start putting things together, see for yourself how far you get. If you do not have enough knowledge and you are not going to make it, then you will have to approach people."*

Second, according to the interviewee a cooperating shareholder can increase the success to make the product successful, provided the same burdens are borne. In conclusion, before building the product, you should try to have all the knowledge yourself and do everything you can to make it successful. You do this by moving away from MVPs and arriving at the customer with a working prototype so they can purchase immediately. Once the idea is worked out, building the product can begin.

Building phase

In building a tangible commodity, drivers and barriers have also emerged. The biggest barrier is building a mould that can build the commodity. This part contains the biggest investment in terms of money and time. In addition, sufficient research must be done on what is allowed and what is possible, also known as the legal rights of the product. What may ensure

success is moving away from MVPs, which is also a current drawback of the LSM (Ghezzi 2018). The interviewee said this as follows:

> *"Yes, the prototype must work and that's where the investment is … If you don't have a working prototype, you can't sell "fear". By that I mean that when buying entity-1 doesn't do it that you say you will go to buying entity-2 the next day and deal with them."*

Another feature of the LSM is starting on a small scale, and that is also a driver for this real-life case and the SDL. In addition, a current drawback of the LSM is little to no planning (Ghezzi & Cavallo, 2018); (Yang et al., 2019). This issue also becomes important in the SDL according to the interviewee. The interviewee said this as follows:

> *"Using a timetable is better for a new business when setting up. You can either act like a Gary Gearloose and take a long time or you tackle it right and take care of it quickly and structured with a schedule."*

To sum up, through planning and starting on a small scale, you can get to the customer with a working prototype, so the customer really has no reason not to engage with the company. Building the product can involve a lot of time and money because of building a machine and making sure everything is legally correct. After building, the product emerges, and this is mainly where the value generation is for the customer and the user.

Product phase

The product itself is the most important stage in the LSM looking from the SDL. In fact, this is where the most co-creation and value in use can be created. There should be an emphasis when introducing the product on the value what it brings to the customer and end users, first of all on business level. The interviewee said this in the following way:

> *"Substantiate it away, especially what is the environmental impact. It is 100x reusable, how environmentally damaging is the current packaging, in all areas. If you can then substantiate when you switch to this packaging what it will do for the environment. Also let them think in visual terms, so for example show how many football stadiums you can fill with what they buy annually in packaging and compare that with the new packaging."*

Second, the interviewee says from his own experience that the top management do not benefit as much from the environmental aspect anyway. Therefore, it is also necessary that you can show when in the long run the investment becomes profitable for the company, this can be fed back to the GDL in terms of primary unit of exchange (S. Vargo & Lusch, 2004). Therefore, it is important to be able to show the value creation at multiple levels within the company:

> *"You also have to show the financial picture what it is their saving. People want to know; I'm going to invest now and when is it going to pay off. It's going to pay off immediately ecologically and CSR-wise but financially only after, say, two years, you must have that well mapped out."*

Besides the employees and the company, there are other actors who play an important role. These are mainly the end users of the product. They can both create value in the process and

the end user can perceive the “value in use”. After all, for the end user, it is also being environmentally conscious and in addition, the quality of the substance is better:

> *”You will also have to get something that is completely new into the mind of the consumer. It's also educating the end consumer, the whole story you tell the company about rendering ecologically, you also must show the end user. In addition, the taste of the food is also better for the consumer. You have to do that in concert with the customer whoever says yes first. Then it is immediately positive advertising for the company. If they see its importance, they can also share it with their customers making it positive for the customer.”*

Barriers can also occur in this phase. Especially the time between construction and the final product. You can always run into unexpected things here that cause you to lose time and not get a working product to the customer on time. In addition, if it's a totally new product that you don't know about yet, you have to make sure you get it to the customer. They don't know it exists so they can't ask for it. This strikes back at the role of the good and the customer of the GDL (S. Vargo & Lusch, 2004). In addition, international operations or umbrella companies can hinder the process.

> *”You have to be patient, meet the right people, and dare to say no … If you have a completely new product, we have nothing to want, we can't do anything. People don't come to you because they don't know it's there … It is extremely important that the other party also shows interest.”*

In short, at this phase, it can be argued that this is where the greatest “use value” resides. This is because in this phase, the actors get to experience the product and the benefits it brings to them and their environment. The downside is that it can take quite a while for a working product to be in the actors' view, due to the period between building and the final product. Then you have to make sure you get the product to the right actors. In this process, different enterprises can hinder the process. Once you have the product in the actors' minds, the next phase is possible, measurement.

Measure phase

As described, making tangible goods in this real-life case requires buying and building a large mould. This makes major adjustments impossible in terms of money and technology. This is a big barrier at this stage. The prototype arrives ready for use at the customer's site, making major modifications impossible. However, it is possible to make minor non-technical adjustments to promote co-creation with the actors. About this, the interviewee says the following:

> *“It depends on what stages you are in. If you are in your first part, making the prototype and it stops there for a very short time. You have it clear on paper how the machine should look then you could make changes. If you already have the machine in place to make the product and you would have to change it, it will cost a lot of money to change it technically.”*

In addition, the interviewee spoke directly about a service partnership. After the sale of the product, the relationship does not stop. There is a continuous process of service, which includes, for example, maintenance and collection. In addition, at this stage, much consideration can be

given to the interests of the customer and end user. A barrier in this phase is also the additional costs that exist when you need to scale up to provide the customer with enough products.

> *"After the sale, you should basically become a kind of service partner, that way you can possibly take care of the take-back or you can offer maintenance on the packaging. But broken is broken ... it's a continuous process where you are available as a supplier."*

In summary, at this stage, small customer requirements can be included in the development process, allowing value (in use) to be created together with the actors. Customer and end user interest can thus be partially addressed. Major adjustments and increasing scale take too much time and money in this phase, making it unfeasible. The idea is, as mentioned in the SDL, that there is a continuous process of service, and it is not just a buy-sell relationship.

Data & Learn phase

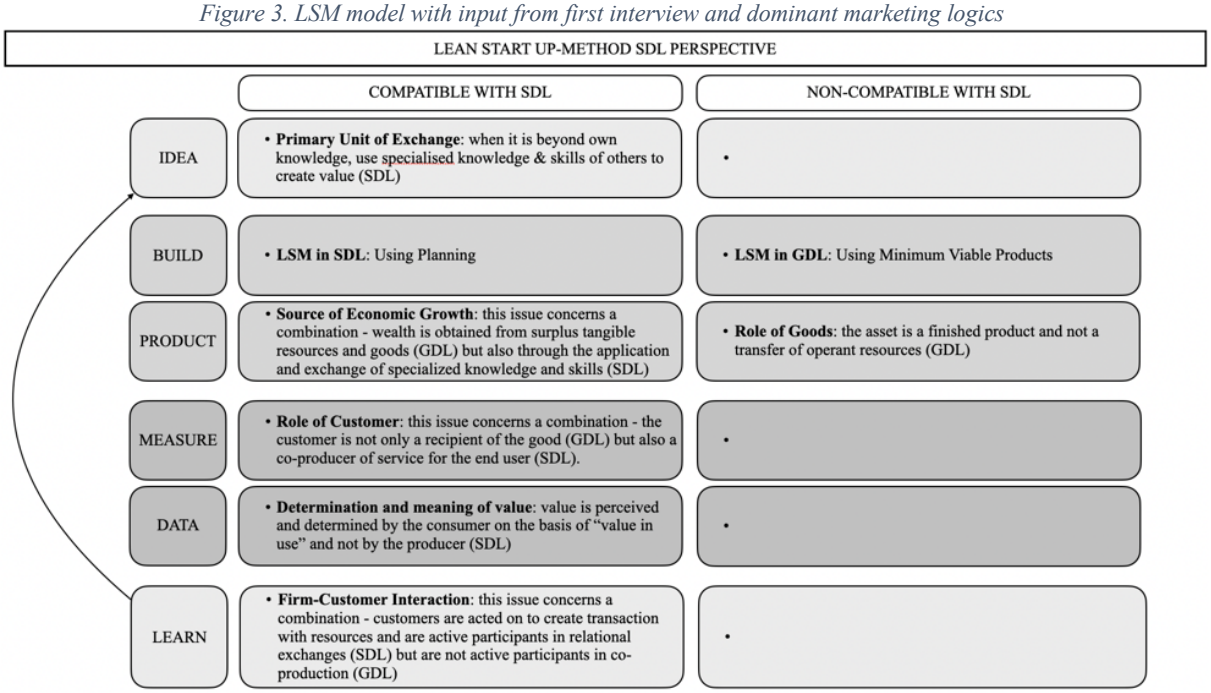
The last two stages were not applicable at this stage of the product and study. Since this part of the research is empirical and it is a new product with no existing customer base, it is not possible for the entrepreneur to learn from customer data. For this reason, these fields were not answered. However, these will be examined through the axioms of the SDL compared with the GDL. From the last phase, it is possible to start again in a preliminary way so that a co-creation and value in use can be guaranteed together with the different actors in the environment.

4.2 CONSTRUCTING THE REFINED LSM

In the second phase of the study, a preliminary new LSM model is mapped to the analysis of the previous paragraph and the axioms of the dominant logics in marketing. From previous research, the LSM has only been used from the point of view of the GDL. This research investigates whether the LSM is compatible with the new dominant logic, the SDL. Because of this change in the dominant logic, this model chose to look at whether it is compatible with the SDL for each phase. This is further elaborated below.

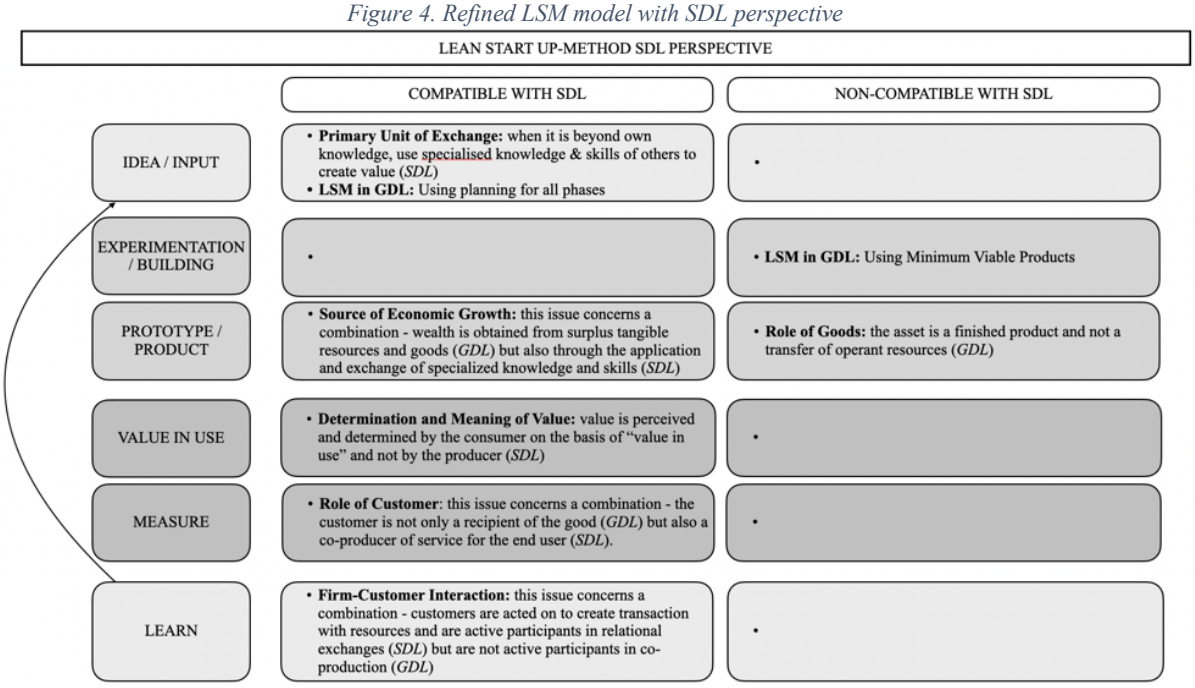
After the first phase of the study, the second phase arrived at two different LSM models. As can be seen in Figure 3, the axioms of the dominant logics in marketing were filled in the current LSM, as is knows. From this, it can be analysed that the LSM cannot be fully viewed from the SDL perspective because some aspects are also incompatible. This means there will be a model with both features of the GDL and the SDL.

Figure 3. LSM model with input from first interview and dominant marketing logics



Since the aim of the study is to get an evaluation of the LSM looking from the SDL perspective, it was necessary to change some phases of the current LSM to make it more applicable for this study. This will put certain aspects under other phases. This model is shown in Figure 4. The different phases and the inputs of the phases will be explained in more detail below.

Figure 4. Refined LSM model with SDL perspective



Idea / Input

The name of the first phase has been completed with "input". The beginning of the LSM is with coming up with an idea. After the last phase, you "learn" from customer feedback and with that "input" you move forward again. When we talk about the axiom Primary Unit of Exchange, it is compatible for the first phase of the LSM from the SDL point of view. In the first phase of a new product, chances are you don't have all the knowledge to set everything up

yourself. In the research of S. Vargo & Lusch, (2004), they describe the "*Primary Unit of Exchange*" as: People exchange to get the benefits of specialised skills (knowledge and abilities), or services. This is necessary at such an initial stage at the idea of the high value product. In addition, previous research has shown that not using planning is to the detriment of the LSM (Ghezzi & Cavallo, 2018); (Yang et al., 2019) (this has always been viewed from the GDL). Following the discussion with the entrepreneur in section 4.1, it was found that in the SDL-oriented model, this is for the positive for all the phases.

Experimentation / Building

The name of the second phase of the LSM has also been slightly modified. Since you don't normally start building directly but you also have to experiment, this phase has been complemented with the term "experimentation". Also, this comes in handy since using MVPs is detrimental to the LSM in the GDL (Ghezzi 2018). When MVPs are not used, it may be for the better for the LSM looking from the SDL perspective. This will still have to be verified with the experts.

Prototype / Product

Since the entrepreneur was talking a lot about prototypes in tangible commodities in section 4.1, it is chosen to expand "product" to "prototype/product" in the third stage. Also, this is a more logical name since there is more experimentation when you talk about ideas. This phase addresses two axioms from the research of (S. Vargo & Lusch, 2004). First, the non-compatibility with SDL is described. In this phase, it is the axiom: "*Role of Goods*". When it comes to tangible commodities via building an expensive machine, the product is finished and not a transmitter of operant resources, as described in the SDL. In contrast, what is compatible with the SDL is the "*Source of Economic Growth*". Although it is compatible with the SDL, this issue concerns a combination of both the SDL and the GDL. This is because wealth is obtained from surplus material resources and goods, which relates back to the GDL. In addition, wealth is also obtained through the application and exchange of specialised knowledge and skills since, as an entrepreneur, you do not have all the knowledge and skills and need to engage other people.

Value in use

The fourth stage is a new stage that allows the model to combine well with the SDL. The phase is called "value in use", since as a company you want to emphasise the value of your product to customers. The axiom "*Determination and Meaning of Value*" fits well with this phase. Value is perceived and determined by the end user based on "value in use". Value is not determined by the producer but therefore by the user of the product because they use the product. The value received and determined by the customer can then ultimately be measured in the next phase, in order to keep value creation high.

Measure

As described in the previous phase, it is necessary to properly measure the "value in use". The "measure" phase already exists in the current LSM. In the current model, the "data" phase also exists; since data and measure are close to each other, it was decided to refer to this phase

purely as “measure”. In this phase, the “*Role of Customer*” is compatible with the SDL. As with the third phase, this again involves combining the GDL and the SDL to make it as compatible as possible. Since this is a new product which people and companies are not familiar with, a part return from the GDL. After all, the customer is first only a receiver of goods. As a marketer, you must segment customers, get through to them, distribute to them, promote to them to get it noticed. On the other hand, the can customer also be a co-producer when talking about minor adjustments/improvements for tangible commodities. This links back to the SDL.

Learn

In the “learning” phase, it is important to understand what you have measured properly so that you can start again from the beginning with new inputs to optimise your product/business. To learn, you need to be well in touch with the customer. Therefore, in this phase, the axiom “*Firm-Customer Interaction*” is compatible with the SDL. However, this again involves a combination of GDL and SDL to reinforce it. In the research of S. Vargo & Lusch, (2004), they talk about customers being engaged to establish transactions with resources and are active participants in relational exchanges. This part strikes back at the SDL and certainly makes it compatible with the LSM. However, when it comes to tangible commodities made with a large machine, it is not necessary for customers to be active participants in co-production. This strikes back at the GDL. The firm-customer interaction is then purely to create value between the two parties and to help each other.

4.3 VERIFYING THE MODEL

Having constructed the new model, this paragraph verifies the new model by two experts in entrepreneurship and packaging.

Context

Before delving deeper into the new LSM model and the phases, the context that surrounds the model will be discussed. As indicated earlier, the LSM can be used by start-ups, but also for existing companies where innovation plays a key role. Both focus discussions revealed that the magnitude of the innovation and the impact of the innovation play a significant role. Both experts indicated that the type of start-up/innovation determines to what extent the refined LSM model can or should be used. The focus discussions revealed that large innovations that are impactful for organisations or the market deserve strict application of the model. Small, adaptive innovations, on the other hand, need a less strict application of the model. In addition, it also emerged with innovations, where the entrepreneur knows the starting point and what the outcome should be it is easier to achieve its objective and also requires a less strict application of the model. However, in start-ups/innovations where the entire goal and the path towards it have not yet been figured out, the model does deserve strict application again.

> *“Suppose we need to develop a complex, innovative packaging with a custom shape, you're not going to just make that. Then it would mean going through the steps, step by step carefully.”*

The overall reaction of the experts to the refined model was very positive and compatible with the SDL. Although one expert indicated that it is a more nuanced version of the model, he

did find the phases more logical in structure. The other expert indicated that the model is very clear and improved. In fact, he indicated that innovations should also consider certain risks. He said the following:

> *"When it comes to start-ups/innovations, of course you have to spend money. Only you want to do that as efficiently as possible, but the risks or making a wrong decision in the second model is a lot diminished."*

Although the overall response of the model was positive, the experts also detected some missing elements in terms of effectiveness and efficiency. Two significant concerns emerged from the focus discussions. The first is a "missing phase" at the beginning. Both experts indicated that within the traditional LSM model, you jump from idea to product too early and are thus more likely to fail. One expert indicated that you need "input" before the "idea" stage can be reached and the idea can be developed. The other expert indicated that when you start a start-up/innovation you need a clear "goal" and a final outcome. They both expressed that they are actually missing a stage for phase 1. Referring to the goal and final outcome of the start-up/innovation, both experts consider it prudent to work on a business case for structure throughout the entire process. Talking about structure, this should be accompanied by concrete planning. In addition, what also emerged directly from the focus discussions is that planning is exceedingly necessary at every stage of the model. As is known, not using planning is a major drawback of traditional LSM. Both the practical conversation with the inventor of the real-life case and the focus discussions with the expert indicated that the chances of success of a start-up/innovation are greatly increased when clear planning is present.

<u>Idea phase</u>

Delving deeper into the different phases of the LSM, both experts indicate that in the first phase of the LSM, it is very important for people to exchange to acquire the benefits of specialised skills or services. This can be reasoned back to the SDL. However, from a practical point of view, this is discouraged due to confidentiality classification. From the practice point of view, there is apparently more of a GDL perspective. Practice says that a cooperating shareholder can be enough to make a start-up/innovation succeed, however, focus discussions show that collaboration in a small team or with an external company is recommended. This way, you get a combination of experience and creativity in the process. Therefore, the idea phase is compatible with both the SDL and the GDL. However, the magnitude and the type of the innovation must be taken into account.

> *"In any case, I think it would be good to have a no-obligation discussion with experts as soon as possible. This is to see what is going on in the packaging world and what is important. You don't have to hire someone right away but just find out what world you are in."*

There may be a downside if specialists have to be hired for your idea. The following is said about that:

> *"If you have to start hiring people, there is an investment involved. If it is just an idea and not a business, you normally have to pay for it out of your own pocket. That can be a big hurdle, especially if you don't know what to do with it yet. So, you actually want to have your own idea first, then the disadvantage can be that this way you find out that it is not at all feasible as you had thought it yourself. That is why it is important to have an informal talk with specialists as early as possible."*

Experimenting / Build phase

In the second stage, the build phase, both experts indicated that "experimentation" is a valid addition in this phase. This is because it is almost never the case that the idea is immediately built properly, and the product is ready for use. Both experts said they found the use of MVPs very valuable. After all, it is useful to catch early ailments in the development process. This way, it is possible to experiment well with prototypes before reaching a final product. Again, the inventor of the real-life case indicated he did not want to use this feature. Also, the scientific articles show that MVPs are a disadvantage of the LSM. Thus, there are some contradictions in this area. Moreover, the magnitude of the innovation must be taken into account. Both focus discussions revealed that in the case of a complex/large innovation, it is wiser to work with MVPs. When it comes to a relatively small innovation/adaptation, this is often not necessary. One of the two experts said the following about this:

> *"I want to have a concept that I can show via a 3D model as soon as possible. Ideally, I would then make a physical mock-up of this to see if it all works well. If you don't do this, you often find out afterwards that you haven't acted practically, and problems arise."*

When working with MVPs, this concept pairs well, and is compatible with the SDL as you can start collaborating with your customers and the market to see how best to optimise a prototype. In this way, this saves a lot of money and takes out errors early because of the iterative process, but it takes more time to realise a final product.

Prototype / Product phase

Looking at the third stage, the product phase, it emerged clearly from both experts that packaging should always fulfil at least three functional aspects. These, in order of importance according to the experts, are (1) protecting, (2) transporting, (3) informing.

> *"Packaging actually has three basic functions it must fulfill. Firstly, that it is held together so that transport is possible, secondly, that the product is protected from external influences and lastly, that the packaging can provide information about what it contains or how it should be disposed of."*

The first two aspects can be reasoned back to the GDL, where it is viewed purely from the product point of view. Here, goods are in fact end products. Finally, informing is important. Informing can be reasoned back to the SDL, where you can deliver value to the customer by informing. In both focus discussions, it was also clear that sustainability plays an important aspect in the packaging chain. Recycling or reusing packaging should be well informed. The sustainability aspect is putting more and more emphasis on SDL. Looking from the GDL, the focus is purely on the product and that is sold to the customer. Looking from the SDL, there is

more emphasis on customer value, and customers and end users consider this to be increasingly important. When we talk about service, more is expected by everyone in the chain in terms of sustainability. In addition, it makes more sense that packaging is an “end product” and not a transmitter of operant means. A focus discussion revealed that you don't build the product with your customer, but with the specialisation of external companies. In addition, both experts indicated that packaging should definitely have value in itself to make clear what its benefits are. This point can be perfectly reasoned back to the GDL.

> *”For me, it is obvious that packaging has value in itself to make the benefits of the product clear. Packaging should always be able to add value.”*

The last aspect, financial wealth, is obtained both from surplus material resources and goods, which can be reasoned back to the GDL. But also, through the application and exchange of specialised knowledge and skills, which can be reasoned back to the SDL. Therefore, the third phase is mostly compatible with both the GDL and partly with the GDL.

“Value In Use” phase

Looking at the fourth stage, the “value in use” phase, it emerged in both discussions with the expert that a product must have value in itself to make it clear what the benefits of the product are. This way of determining value can be reasoned back to the GDL. However, at the same time, the SDL mentions that firms can only create value propositions and the end user ultimately determines and interprets it.

> *”If your packaging becomes too expensive, but everyone loves it, you won't keep any margin either. This is often where it goes wrong for companies. Even when you look at sustainability and the cost of convenience. These are all considerations you have to make at the same time, and you almost always make concessions. So, if you make packaging more sustainable, and therefore give more value to it, it can come at the expense of your “value in use”.”*

Both experts indicated that the end user ultimately determines the “value in use”. As a producer and reseller, it is evident that you add a certain amount of value to the product. In the end, both experts did indicate that you can only add value to the product, but after all, value is perceived and determined by the end user based on “ value in use”. This is also a feature of the SDL, which makes this phase of the LSM very compatible with the SDL.

> *”The value in use is ultimately determined by the end user after all. The producer and the team may have thought that the product is valuable and would definitely succeed. However, if no one orders the product, you still did it wrong.”*

Measure

Looking at the fifth stage, the measure phase, the role of the customer involves several aspects. Together with the customer, you can measure how the product is performing in the market. Firstly, one expert indicated that when it comes to start-ups/innovations, the potential customers do not know the company/product. That means you have to get the new product to the customer. Which means the customer is a recipient of the good. This can be reasoned back to the GDL. The start-up has to ensure that they reach out to customers through the right

communication. One thing that this expert and both the inventor of the real-life case pointed out is that you also need to inform the end user as they can ultimately determine the "value in use". This means marketers need to segment, penetrate, distribute, and promote to them. This implies that this aspect should be considered from the GDL. Secondly, both experts indicated that you need to actively involve the customer in improving the product. For instance, the customer can easily ascertain from the end user the opinions about the product. In this way, as a maker, you interact with the customer a lot and thus the customer is a co-producer of service for the end user. All in all, this phase is compatible with both the GDL and partly the SDL because it deals with innovations and not existing products.

Learn

Looking at the six and last stage, the learn phase, it is imperative that firm-customer communication is optimal to learn from each other and from the market. Both experts were in agreement at this phase. One of the experts even said that this is the most important phase. The other expert said that customers and end users can also cause innovation to be hampered. If customers and end users cannot be convinced of the concept, it will be difficult for the innovation to succeed. So even at this stage, the experts talk about both the GDL and the SDL approach.

> *"The trick, though, is to convince that end user of your product. He already has a reference of the product he has now, and he will compare it with the new one. In my experience, consumers still value the traditional."*

In fact, according to the experts, customers are engaged to create transactions with resources. In addition, customers are not co-producers. These two aspects can be reasoned back to the GDL. However, these customers are active participants of relational exchanges, which again can be reasoned back to the SDL. For example, one expert indicated that this may involve the producer gathering information from both the customer and the end user about the use of the product. What was discussed is that also the size of the investment should be taken into account if a change is to take place. So, at this stage of the LSM, it is largely compatible with the GDL but to a certain extent also with the SDL.

5. CONCLUSION

Chapter five contains the conclusions of the study and will answer the central research question. The findings from chapter four are used here to refine the new model and write conclusions regarding the model. In addition, this chapter will address the discussion and contribution made by this research. It will also identify limitations and further research. Finally, managerial implications will be described.

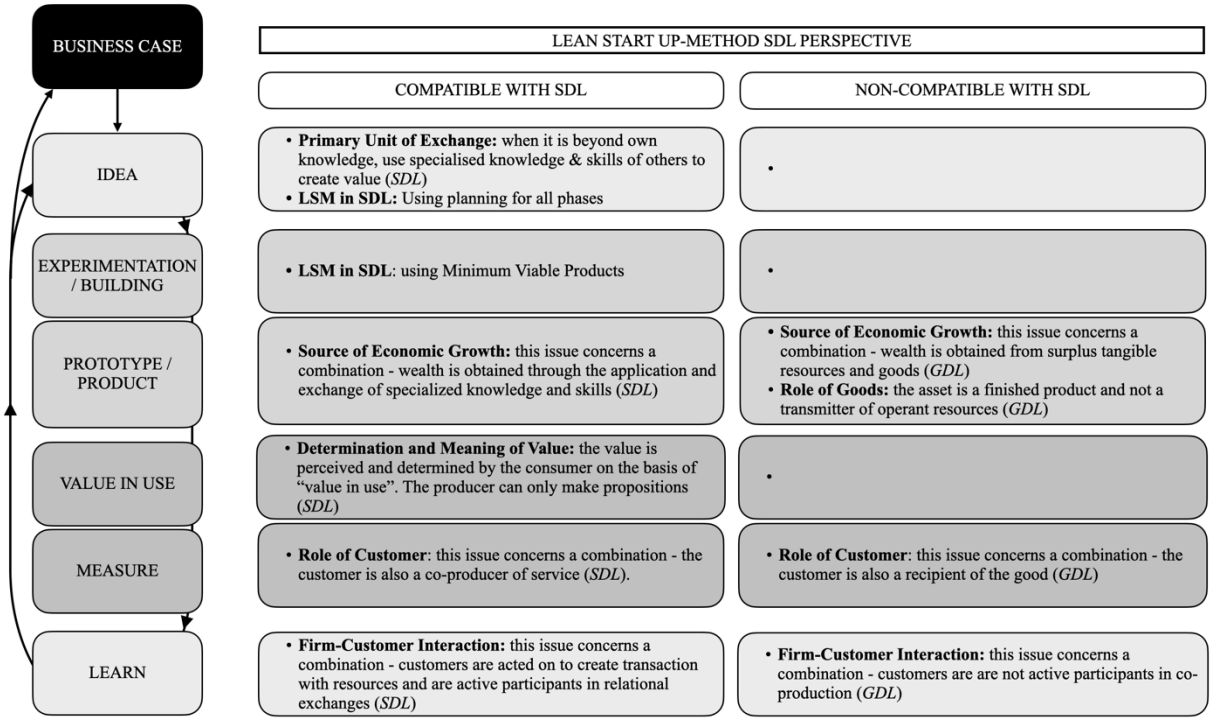
5.1 KEY FINDINGS

To this day, majority of start-ups or innovations fail to succeed in the current market. For this reason, in practice and theory, there is increasing interest in methods that help entrepreneurs enter new markets. Simultaneously, there is also a shift in thinking about products and services. From the literature, it can be stated that within marketing there is a paradigm shift from a GDL

SDL (S. Vargo & Lusch, 2004). Because of this shift, refining start-up/innovation models in general is a necessity, and specifically the Lean Start-Up Method in this research. As a matter of fact, contemporary literature has only reasoned the drawbacks of the traditional LSM from the GDL. However, literature on a refinement in models within the SDL has not been studied significantly. Hence, the aim of this study was to refine the LSM when viewed from the SDL perspective, both from practitioners and experts. To investigate this objective, the following research question was formulated: "*What are the implications when approaching the Lean Start-Up Method from a Service Dominant Logic?*". Through a real-life case involving an innovation of "*packaging X*" and qualitative research consisting of focus discussions, various implications were uncovered, and a refinement was made on the LSM.

Considering the context surrounding the LSM, it can be concluded that the magnitude of the innovation and the impact the innovation has play a significant role. When the innovation is large and impactful, it means the LSM deserves strict application. Conversely, when the innovation is smaller in scale and has a less significant impact the LSM deserves a correspondingly lighter application. When delving deeper into the different phases of the LSM model, it is largely compatible with the SDL. However, the traditional GDL must be considered as still applicable in the LSM (this is shown in Figure 5 and is also the refinement of the LSM). This is due to a number of aspects and are further elaborated below.

Figure 5. The refined Lean Start-Up Method after verification



From both the practitioner and the experts, the discussions automatically emphasised a service-oriented approach. Within this service-oriented approach, it was made clear by the experts that there is a phase missing at the beginning. An implication therefore is a "starting point" separate from the iterative process of phases. This block should clearly describe the goal, the path towards it and what is required in the process. This block can be supplemented with new information but is largely fixed. Both experts mentioned a "business case" in the focus

discussions. This is consistent with the study by Brinckmann et al., (2010). Having discussed this and adapted the phases, further consideration is now given to the prepared propositions from Chapter 2.

1) "*Is the primary unit of exchange, (SDL – where people exchange to acquire the benefits of specialized competences, or services) compatible with the LSM?*"

The first proposition is about the "Primary Unit of Exchange", and this axiom is partly compatible with the LSM based on the SDL. This is because according to the experts, it is the case that you want to get specialist competences, such as knowledge and skills or service, as early as possible in the process. This is not something to be done with employees of companies it is sold to. In that area, it remains an exchange for goods. This can be reasoned back to the GDL, making this axiom not fully compatible with the LSM from the SDL perspective.

2) "*Is the role of goods, (SDL – intermediate 'products' that are used by customers as appliances in value-creation processes) compatible with the LSM?*"

The second proposition is about the "Role of Goods" within the LSM. Practitioners and experts both hold that the "Role of Goods" must be a finished product and not intermediate products. According to S. Vargo & Lusch, (2004), marketers must continue to ensure change in form, place, time, and possession. When it comes to innovations or start-ups, this is especially important because hardly anyone knows about them. From this it can be concluded that the "Role of Goods" is non-compatible with the LSM from the SDL point of view and remains compatible with the GDL.

3) *"Is the role of customers (SDL – a coproducer of service, where marketing is a process of doing things in interaction with the customer) compatible with the LSM?*"

When it comes to the "Role of Customer", it is partly compatible with LSM when looking from the SDL, but the GDL perspective still needs to be observed. When it comes to innovations, it needs to be distributed to the customer and promoted so that the innovation becomes known in the market. From this perspective, it is non-compatible with the LSM from the SDL point of view. On the other hand, the customer can be a co-producer of service. Since working with the customer may help to improve the product. Furthermore, marketing is a process that has to be done together with the customer, which in turn makes it compatible with the LSM from the SDL perspective.

4) "*Is value perceived and determined by the customer (SDL – on the basis of 'value in use') compatible with the LSM?*"

Both practice and focus discussions with the experts revealed that a product must have value in itself to make clear what the benefits of the product are. Furthermore, everyone indicated that it is ultimately the end user who can determine and interpret the "value in use". From this, it can be concluded that this axiom is fully compatible with the LSM based on the SDL. At the same time, the SDL mentions that firms can only create value propositions and the end user ultimately determines and interprets it. Marketers, besides the fact that customers ultimately determine value, must also communicate well the value propositions when it comes to start-ups or innovations. This is in line with the research of Grönroos, (2008).

5) "*Is firm-customer interaction, (SDL – where the customer is an active participant in relational exchanges and coproduction) compatible with the LSM?*"

Looking at the fifth axiom, "Firm-Customer Interaction", what was pointed out by all those in the study is that business are not going to co-create an innovation with the customer, but rather with an external company. This means that the Firm-Customer Interaction is partly non-compatible with the LSM from the SDL perspective and also remains GDL-based. However, customers are active participants in relational exchanges for improvement for example. As described earlier, companies in a B2B environment have to face a DMU and TCO, which makes the process a more critical one. From there, it can be concluded that the LSM in a B2B environment is more compatible with the SDL perspective. This is also in line with the research of Grönroos, (2008); they argue that a service logic-based market offering is a value-creating process that includes resources, such as goods, services, and customer-firm interactions during the customers' value creation in their day-to-day business (Grönroos, 2008).

6) "*Is the source of economic growth, (SDL – where wealth is obtained through the application and exchange of specialised knowledge and skills) compatible with the LSM?*"

For the sixth proposition, both practitioners and experts said that wealth is initially obtained from both from tangible resources and goods, however, it is necessary for the producer to obtain wealth through the application and exchange of specialised knowledge and skills from both the customer and the end user. The "Source of Economic Growth" is largely compatible with the LSM viewed from the SDL and partly from the GDL viewpoint.

7) "*Is utilising distinct planning beneficial for the LSM looking from the SDL perspective?*"

Looking at the seventh proposition about utilising distinct planning, it became clear from both the practitioner and experts that planning is a must have in all phases of the model. So, this is definitely beneficial and compatible with the LSM looking from the SDL. Since non-planning is a drawback of traditional LSM, this implication was added to the model. This is consistent with findings from other research on the LSM (Ghezzi & Cavallo, 2018; Yang et al., 2019).

8) "*Is utilising less MVPs is beneficial for the LSM looking from the SDL perspective?*"

In terms of MVPs, there is some contradiction between observations of the practitioner and the experts. The practitioner say to use this as little MVPs as possible, where the experts say that experimentation ensures that early mistakes are filtered out. So, looking from the SDL, using less MVPs is not beneficial for the LSM. Making use of MVPs and engaging with your customer and the end consumer can definitely be for the compatible with the LSM. To be more precise, when considering the SDL perspective, using MVPs is a useful tool according to the experts.

That said, the biggest implication from this research is that the LSM cannot yet be fully approached from the SDL viewpoint. However, it can certainly in cooperate parts of the SDL to refine the LSM in the present day. To answer the research question, the following implications are most important when the LSM is approached from the SDL. First, a clear business case should be designed, and enough information collected before approaching the first step. In addition, planning should be properly used throughout the process, and therefore at all phases. Despite MVPs being a drawback in the traditional LSM, it is considered that from the SDL perspective, this is what should be adopted. Third, the customer is not an active participant in co-production but receives a finished product. Conversely, the customer can be a co-producer in service when it comes to improvements to products. Consequently, it is important that the producer and the customer are active participants in relational exchanges in order to improve the product and learn from each other and the end user. Therefore, you use the specialist knowledge and skills of others.

5.2 DISCUSSION & CONTRIBUTIONS

For several years, the existing literature and the time in which one lives have profoundly changed theory and practice. Experts in the focus discussions also believe that these theories deserve a fresh look due to this shift. There is a need to evolve with the times. With a shift in the last decade where there is more emphasis on customer value, not only the LSM needs to be revised, other start-up or innovation theories and models also deserve this fresh look. While the current literature deals extensively with various traditional topics on entrepreneurship, and specifically start-up methods, literature considering the shift towards the SDL remains scarce. This study delved into this gap created by the shift to the SDL. This has resulted in several complications when the LSM is approached from the SDL. This was done using a real-life case where an entrepreneur wants to market a new type of innovative packaging under a service perspective. These implications have provided a refinement of the LSM. Thus, this study contributes to the field of entrepreneurship, marketing strategy (SDL) and innovation processes (LSM).

First, we deepen insights about the importance of planning and MVPs. In doing so, it contributes to the existing literature of Contigiani & Levinthal, (2019); Ghezzi & Cavallo, (2018); Yang et al., (2019); where they also indicate it is advised to utilise a distinct planning within the LSM. In addition, this study also contributes to the literature on MVPs of Felin et al., (2020; Ghezzi, (2018). They indicated that it could possibly be for the benefit of the LSM to move away from MVPs. This research has shown that the practice actually agrees with this. However, the experts indicated that they do use MVPs in a service-oriented market. Thus, this study has considered both practice and theory in the field of MVPs and does show differences of opinion on this topic. In addition, this study also contributes to the research of Brinckmann et al., (2010) where they also stated that having a formal business plan is beneficial for small businesses.

Second, this study contributes to the existing research on the dominant logics in marketing from Lusch et al., (2007); S. L. Vargo & Lusch, (2016); S. Vargo & Lusch, (2004) by exemplifying the applicability of the axioms in the LSM. Taking a more in-depth look in the

SDL, with regard to value creation, it can be debated that complete value creation by the end-user can be difficult to determine. In this research, it has emerged that the producer of an innovative product certainly needs to fulfil value propositions to help the customer and end-user support value creation. This is also a contribution to the research of (Grönroos, 2008), as they also argue that the company cannot create value for the customers, but to serve as a value facilitator. Also, this is a contribution to other literature observing the shift from the GDL to the SDL, such as the study by Lovelock & Gummesson, (2004). In this study, this has been extended in particular by including the entrepreneurship and innovation aspect. In addition, also how this shift causes methods of developing products with customers to be revised and refined.

Third, this study contributes to the literature of entrepreneurship and specifically the LSM. This study took the basis of the study by Blank, (2013) and makes the biggest contribution to this study. Additionally, this study provides a contribution to existing research on the LSM, such as the studies by Bortolini et al., (2018; Eisenmann et al., (2012); Ries, (2017). Thus, this study further addressed the existing drawbacks of the LSM and thus contributed to this field. Although the LSM cannot yet be fully approached from the SDL perspective, it can be a spur to further research on the LSM. In addition, this research contributes to the entrepreneurship literature by recommending examining other start-up methods, such as the earlier-mentioned Waterfall or Agile methods. When it comes to entrepreneurship, innovation is a deeper part of it. Now that the shift is there in marketing from the GDL to the SDL, it not only means that entrepreneurship in general needs to be reviewed, but specifically innovations. In fact, this research revealed that when it comes to innovations, and the market or consumers do not know about them, they still need to be marketed. This is also called "Push Marketing" and is contrary to what is stated in the research of S. Vargo & Lusch, (2004). So, when it comes to innovations, it is not a given that they will be an immediate success, but that they will get attention among end users through clear communication in order to turn customers into active participants in relational exchanges. However, not yet to active participants in co-production. Namely, this may have negative consequences for the creator of the innovation. When the buying party knows what materials you use, how it is made, what the cost price and margin is, it can easily make a different variant itself, thus losing the creator's advantage.

5.3 MANAGERIAL IMPLICATIONS

Although it remains a challenge for start-ups or innovations to succeed, theories and methods should help entrepreneurs innovate and introduce new goods. The findings uncovered in this research will give entrepreneurs and innovation managers a better foothold. First, a refined LSM emerged from this research that should be approached from the SDL (Figure 5). This will give managers a better understanding of the process, what stage they are in and what still needs to be done before the innovation can be sold on a large scale.

Firstly, there are a number of points that were emphatically approached by both the practitioner and the experts. When the model is used, the first detached stage plays an important role. After all, this is where you as a manager want to gather as much market data as possible and talk to specialists to get information on whether your start-up/innovation is worthwhile before experimenting and building. Managers should do this by actively setting aside time to

gather information or knowledge with specialised people from different disciplines, such as a legal expert, financial expert or an expert in the market area of the innovation to build a sufficient business case.

Secondly, making and following a good and clear planning influences the whole process positively. Thus, managers need fixed pragmatic planning with two action points. The first is to see how things have gone recently and where they may need to be adjusted. The second is what needs to be done in the coming time and by whom. It is necessary to set targets and see if capacity is sufficient to achieve the goal. In this way, you work with milestones, meaning milestones in the overall planning and working against those milestones.

Thirdly, it is important to follow the steps iteratively, which is already a feature of the LSM. Managers should "just start". During the process of building and to market the product, you come across many ailments and learning points. So, by going through the process iteratively, using MVPs is wise. Entrepreneurs will learn faster and will spend less money at the end. It is a process of continuously going around in order to enter the market as quickly and efficiently as possible. When the product is almost ready and is going to be sold, managers need to use consumer research, for example, to see what the value is for the customer or end user. This way, you can set the sales price more conveniently and optimise your margin.

5.4 LIMITATIONS & FUTURE RESEARCH

This study used a real-life case and two focus discussions on how an innovative packaging can best enter the market when approached from the SDL. The results of this study are likely to motivate other scientists to expand knowledge about the LSM or other start-up methods when approached from the SDL. Limitations of this research can be good starting points for future research for this purpose. First, a real-life case was used about an innovative sustainable packaging. Thus, this research is delimited to only “tangible goods.” This means that this research does not consider non-tangible goods, such as software development, for example. However, it seems that this method is also very applicable for software development, as the experts indicated that they make extensive use of MVPs. In addition, they also indicated to take an incremental and iterative approach to innovation. This is also very useful in software development. However, when it comes to insurance companies, for instance, it could be less applicable as MVPs are a lot less relevant there. In addition, only two focus discussions were held with experts on entrepreneurship and the packaging industry. From this, it can be discussed and concluded that this research is not generalisable to all markets, and this research deserves further exploration.

Second, this research is exploratory in nature, so no hard facts can be linked to it because it has not yet been conducted in practice. The qualitative interviews throughout the study are expectations of practitioners and experts but they also do not yet have experience in this field. This makes it difficult to determine the exact effect of refining the LSM. For this reason, this study suggests that future research should verify the modified model with multiple experts and eventually test it in real-world practice. This would help determine the efficiency and effectiveness of the model.

Third, this research did not consider legal and financial aspects. These aspects can be barriers in the innovation process. On the other hand, they can be accelerators when it comes, for example, to the use of plastics in packaging that is increasingly being placed under a magnifying glass. Finally, this study does not consider the differences in size of innovations. As both experts point out, the degree of strict adherence to the model depends on the magnitude of the innovation. For this reason, it is recommended that this be further investigated involving large impactful innovations and smaller, less impactful ones.

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