Business model development of experience economy using Chinese escape room as a simulation

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Abstract: This study explores the development of the business model of Chinese-style escape rooms within the context of the experience economy. The aim is to understand how factors such as product construction, communication strategies, derivative development, customer experience, and value interact to shape the success of escape rooms in China. The objective is to provide a comprehensive analysis by combining quantitative and qualitative research methods. A mixed-methods approach was used, including customer surveys (n = 600) and semi-structured interviews with industry professionals (n = 10). Quantitative data were analyzed through descriptive statistics, correlation, and regression analysis, while qualitative data were analyzed using thematic analysis. Findings show that product construction, communication strategies, and derivative development significantly influence customer experience and perceived value. Regression results reveal strong positive relationships, with product design and communication strategies having the greatest impact on customer outcomes. Qualitative insights further emphasize the importance of immersive experiences, customer engagement, and innovation in adapting to market trends. Chinese escape rooms' business models should prioritize high-quality design, effective marketing, and the development of derivative products to enhance customer satisfaction and loyalty. The novelty of this study lies in its integration of the experience economy framework with a focus on the escape room industry, offering new insights for businesses in the entertainment sector.

Keywords: Business model, Chinese escape rooms, Communication strategies, Customer experience, Derivative development. Experience economy, Product design.

1. Introduction

The Experience Economy, as described by Pine and Joseph [1] now provides businesses with a central strategic model to involve customers in fully personalized, unforgettable, immersive encounters. Unique experiences form the core of the experience economy because they surpass standard products and services, thus allowing customers to become directly involved [2]. The fast-growing popularity of escape rooms in China shows that businesses focus increasingly on experience-based operations. These intellectually challenging spaces deliver worldwide entertainment by uniting creative settings with interactive problem-solving activities and guiding how experiences transform business operations [3].

Escape rooms first appeared in China during the early 2010s and have experienced swift growth because customers seek new forms of entertainment and social interaction [4]. Participants enter themed escape rooms to complete puzzles and riddles through teamwork within limited time constraints [5]. Chinese escape room popularity continues to increase due to urban growth combined with rising income levels and digital technology which provides researchers with valuable insight into experience economy business modeling. The current research studies Chinese escape rooms as part of the

experience economy framework through a detailed analysis of their business model development [6]. This research examines how the escape room industry develops business models alongside changing customer expectations and emerging technologies. The analysis surveys the broader service sector implications while offering vital perspectives regarding the development of experience-based business tactics.

Pine and Joseph [1] seminal work on the experience economy introduced the idea that businesses should go beyond offering goods or services and focus on creating memorable customer experiences. The core principle of economic value creation explains that experiencing the essential elements alongside intangibles and sensory and emotional components should guide all operations [7]. The evolving experience economy places "experiential value" at the core of understanding how companies connect with their consumers. Customers form experiential value through sensory, emotional, intellectual, and behavioral engagement during brand service or product encounters [8]. Chinese escape rooms use active environment immersion to create experiential value that engages participants emotionally, socially, and cognitively while meeting thematic criteria [9]. Unlike standard entertainment formats that reduce customers to observers like movies or theme parks escape rooms enable hands-on participation because customers actively engage with the content (Chu, 2024). The active involvement of customers serves as the foundation for experience-making because participants must work together while using analytical thinking to interact with this environment, which shifts them from consumer to co-creator status [10].

Osterwalder [11] define experience economy business models as operations that organize value creation while delivering and extracting economic returns. Experience economy business models achieve success by focusing on engaging customers while designing memorable experiences. Many businesses now utilize models that combine traditional service delivery with experiential elements to increase customer value while supplementing their core models [12]. Since their creation, escape rooms have switched from basic puzzle entertainment to elaborate experiential activities with intricate game motifs, plot lines, and heightened player interactivity [13]. Chinese escape room business models advance through multiple elements combining cultural patterns, innovative technologies, and competing marketplace forces. The preference among Chinese consumers for special, engaging experiences grows because they want fresh ideas yet also wish to emulate global entertainment traditions [14]. Modern escape room operators integrate augmented reality (AR) and virtual reality (VR) technologies with new technological advancements to boost their experience's immersion, thus extending physical-digital world connections [6]. Operational innovations allowed operators to design experiences that meet individual consumer choices, which extended their customer base toward new market segments and established digital revenue channels with entertainment industry partnerships.

1.1. The Growth of the Chinese Escape Room Industry

The Chinese escape room market is expanding fast because people today want entertainment that stimulates social bonds while engaging their creative minds [15]. Across major Chinese cities, Beijing, Shanghai, and Guangzhou, the escape room market has grown substantially during the past ten years, according to a study by the China Culture Industry Association in 2019 [16]. The number of escape room establishments in these cities now exceeds thousands. The rising disposable income of China's middle class, along with experiential consumption trends and social media promotion of new entertainment products [17] drive the industry growth. Escape room operators foster uniqueness by presenting special themes, excellent production values, and original gameplay solutions in this competitive market. Escape rooms throughout China develop concepts from national heritage and mysticism alongside iconic cultural symbols to appeal to homegrown customers [18]. Integrating digital technology, including virtual reality systems and artificial intelligence capabilities, is a primary differentiating factor that enhances complex escape room activities while creating new possibilities for joint ventures with gaming companies, film studios, and travel sectors [19].

The social aspects of escape rooms are a primary driver for their business model growth. Escape rooms attract different types of social groups, including friends, families, and coworkers, which presents businesses with potential business opportunities to recognize Chinese consumers' social engagement behavior [20]. Through digital channels, players enhance their social experience by sharing their experiences and competing for high scores at themed events. Combining social activities and escape room immersion generates strong customer brand loyalty and consistent return visits, forming crucial segments of a successful business model in the experience economy [6].

2. Literature Review

The experience economy debuted as a new business value-creation framework that Feng, et al. [21] first proposed. Businesses now need to master creating memorable experiences that provoke their customers' emotional, cognitive, and sensory reactions [2]. Businesses across major industry sectors, including tourism, entertainment, and leisure, currently adopt experiential offerings to engage consumers since the global economic landscape has changed from goods-based to service-based [22]. Escape rooms experienced specific market growth globally and achieved major success in China. Through immersive puzzle-based activities, escape rooms enable people to participate in distinctive experiences that fuse entertainment with problem-solving and promote social activities by experience economy principles [23].

The escape room movement has accelerated fast since 2020 thanks to China's growing middle class, increased adherence to urban living, and curiosity for fresh interactive leisure experiences [24]. The Chinese market is a primary area of research for studying how the experience economy functions in an emerging economy because of its extensive and diverse consumer presence. Chinese escape room businesses spread throughout cities while scholars document how operators modify their models to serve demanding audiences who want intense experiences and time with friends [6]. The transformation in experiential offers demonstrates consumer preferences alongside technological innovations that improve immersion quality for experiential products [2]. According to Pine and Joseph [1] the experience economy depends on customer participation since businesses delivering experiences operate beyond passive consumption models. In escape room scenarios, participants combine their efforts to tackle puzzles, discover clues, and unravel stories inside a time-limited scenario. Escape rooms perfectly illustrate how business models focusing on real-time experiences can deliver value transcending standard product consumption [25]. Escape rooms strategically build environments that support collaborative teamwork, problem-solving tasks, and emotional participation so visitors experience value co-creation in active participation.

Experience-based business models require businesses to deeply understand their value creation delivery and capture methods. An analytical business model framework established by Osterwalder [11] enables researchers to examine how Chinese escape rooms adjust their products to serve evolving experience-driven consumer needs in today's market. These business models are structured by "experiential value" dimensions, which dominate their development [26]. The experience connected to brand and service interactions consists of all sensory experiences alongside emotional, cognitive, and behavioral consumer engagement [27]. Escape rooms deliver value by combining physical interactions and virtual components while presenting themed immersive environments that keep participants deeply engaged across their interactive gameplay [2]. Through enabling experiences of challenge together with excitement and immersive discovery, escape rooms deliver transformations that participants treasure because of their memorable components that contribute to social and cultural aspects of the experience economy.

Research into Chinese escape room business models requires investigating cultural influences that form preferences among local consumers. Evaluating the findings of Wang, et al. [28] shows how escape room owners in China use traditional myths, historical tales, and local pop culture elements to develop experiences that connect emotionally to their domestic target audience. The market requirement for entertainment experiences with cultural heritage design is a strong motivation since

Chinese consumers aim to see themselves in the products of the industry [29]. A strategic focus on local experiences attaches genuine emotional value to visitors and follows recent Chinese leisure and tourism trends that value personalized entertainment. By delivering experiences that reflect high engagement and local cultural themes, Chinese escape rooms transform from passive entertainment spaces into interactive sites for cultural discovery and social experiences.

Research into Chinese escape room business models requires investigating cultural influences that form preferences among local consumers. Evaluating the findings of Jagoda [30] shows how escape room owners in China use traditional myths, historical tales, and local pop culture elements to develop experiences that connect emotionally to their domestic target audience. The market requirement for entertainment experiences with cultural heritage design is a strong motivation since Chinese consumers aim to see themselves in the products of the industry [31]. A strategic focus on local experiences attaches genuine emotional value to visitors and follows recent Chinese leisure and tourism trends that value personalized entertainment. By delivering experiences that reflect high engagement and local cultural themes, Chinese escape rooms transform from passive entertainment spaces into interactive sites for cultural discovery and social experiences [32].

Escape rooms succeed because they combine social connections with escape experiences, which shapes their core business model. Social interaction remains a fundamental quality of escape rooms because developers typically schedule them for multiple participants. Chu [29] demonstrate that Chinese consumers, especially young adults, want experiences that enable them to build connections while sharing memorable interactions. These facilities serve perfectly as venues for relatable connections since they integrate joint efforts with collaborative problem-solving among groups. The development of social media networks has substantially increased the ways escape rooms interact socially with their users. Through online platforms, participants have created spaces to share their experiences by earning high scores while discussing strategies and posting about their adventures [26] thus taking the experience past the physical realm into digital spaces. Through escape room activities, people's connection with others enhances brand loyalty while triggering rewarding word-of-mouth promotion of services that become an effective customer acquisition tool in an intensely competitive market.
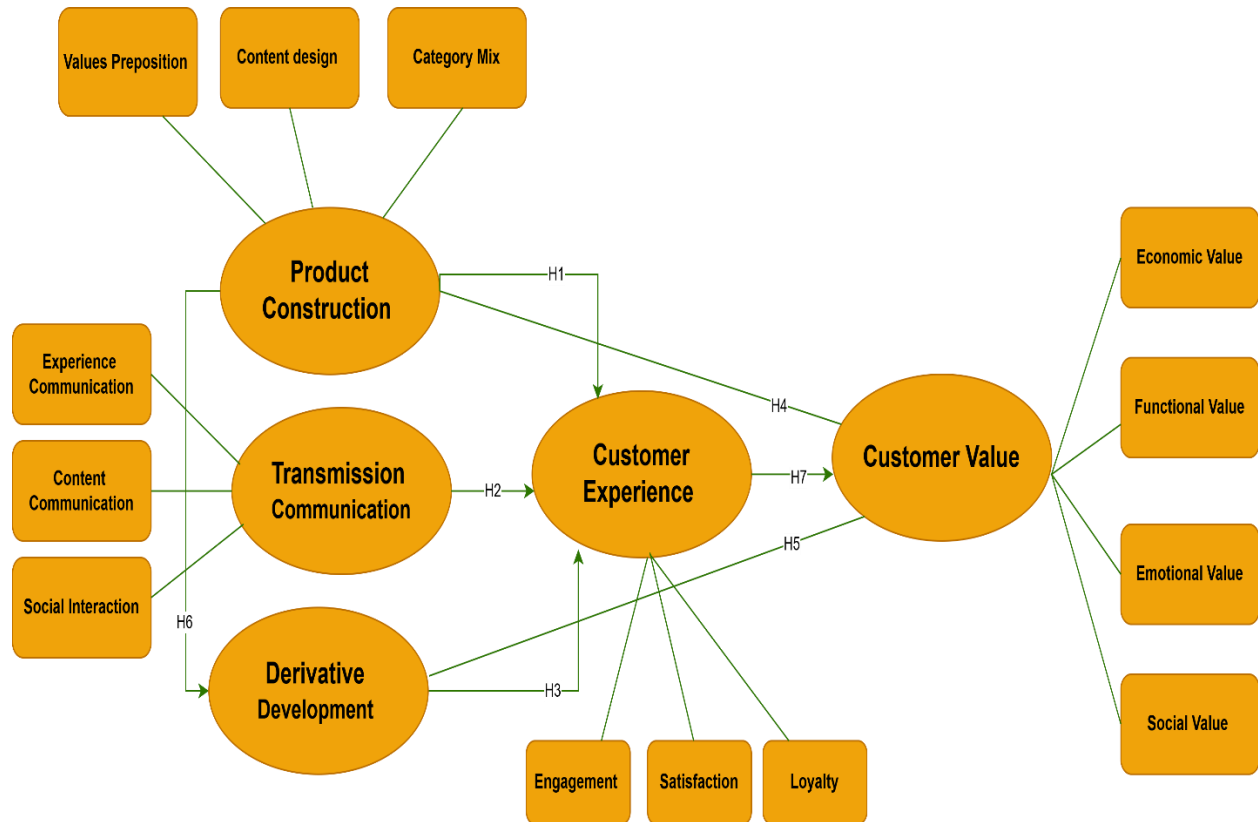
Figure 1.
Conceptual framework diagram.

3. Methodology

This study utilizes a mixed-method approach, integrating qualitative and quantitative research procedures to provide a holistic understanding of the research problem. This methodology recognizes the strengths and limitations of both qualitative and quantitative research, aiming to utilize their respective strengths to gain a more holistic view. Mixed-methods research combines both approaches to provide a comprehensive and complex understanding of complex phenomena, making it particularly useful in disciplines requiring multiple perspectives to address a research question successfully.

3.1. Research Design

This study adopts a mixed-methods research design, combining quantitative and qualitative approaches, to explore the influencing factors shaping the business model of Chinese-style escape rooms within the experience economy. The rationale for this design is rooted in the complexity of the research questions, which require both statistical analysis to quantify relationships between variables and qualitative insights to explore deeper contextual factors. The research design is structured to comprehensively understand the phenomenon by collecting data from consumers (through surveys) and industry experts (through interviews). The quantitative component measures the relationship between various independent variables (e.g., product construction, transmission communication, derivative development) and the dependent variables (customer experience and value) through customer surveys. Meanwhile, the qualitative component focuses on gathering insights from escape room owners and academic experts via semi-structured interviews to uncover nuanced perspectives on how the business model is developing within the Chinese market and aligning with the experience economy's principles.

3.2. Data and Sampling
3.2.1. Quantitative Sampling

For the quantitative research, a purposive sampling method was employed to ensure that the sample consisted of customers who had participated in Chinese escape room experiences. The criteria for selecting participants included age (adults over 20 years old), gender, and regional diversity to ensure a representative sample from different parts of China. The study sought to capture a broad spectrum of experiences, from frequent players to occasional ones, to explore varying degrees of engagement and customer satisfaction. The sample also accounted for diversity in occupation and educational background to better understand the nuances in experience across different demographic groups. The sample size for the quantitative survey was determined using the formula for sample size estimation:

$$N = Z2\sigma 2 / e2 \tag{1}$$

Where N is the sample size, Z represents the Z-value for the desired confidence level (1.96 for a 95% confidence level), σ is the estimated population standard deviation (assumed to be 0.5 for maximum variability), and e is the margin of error (set at ±5%). Based on this, the calculated sample size was 385, but the study aimed to collect data from 600 participants to ensure a robust dataset and improve the reliability of the findings.

3.2.2. Qualitative Sampling

For the qualitative aspect of the study, the sample consisted of 10 individuals: 7 escape room owners with extensive business experience and three academic experts with experience economic experience. This purposive sampling ensured that the selected participants had the experience and knowledge to provide meaningful insights into the research questions. The selection of owners was based on their years of operation within the escape room industry, ensuring that they could offer valuable perspectives on product development, marketing strategies, and customer experience management. Academic experts were selected based on their research contributions in related fields, ensuring that their theoretical perspectives could complement the practical insights from industry professionals.

3.3. Measures
3.3.1. Quantitative Measures

The quantitative data were collected using a structured questionnaire based on a Likert scale. The variables in the study, such as product construction, transmission communication, derivative development, customer experience, and customer value, were operationalized through a series of carefully designed statements. Participants rated each statement on a scale from 1 (strongly disagree) to 5 (strongly agree), allowing for the measurement of their attitudes and perceptions regarding each variable. The questionnaire was developed based on a comprehensive review of relevant literature and validated through expert feedback. Five experts evaluated the questionnaire's content using the Index of Consistency of Program Objectives (IOC), yielding an IOC score of 0.67, indicating an acceptable validity level. Additionally, the reliability of the questionnaire was pre-tested with a sample of 50 customers, calculating Cronbach's alpha values for internal consistency. Cronbach's alpha values above 0.8 indicated good reliability, ensuring the instrument was consistent and stable.

3.3.2. Qualitative Measures

For the qualitative data, in-depth, semi-structured interviews were conducted with the escape room owners and academic experts. The interview guide was designed to probe key issues related to product construction, communication strategies, derivative development, and their impacts on customer experience and perceived value. The flexible questions allowed the interviewees to expand on their responses, thus providing rich, detailed information.
Some sample questions included:
- "In your opinion, what are the key elements in the product construction of a Chinese Escape Room? How do these elements affect the overall customer experience?"

- "How do you think transmission dissemination plays a role in promotion and brand awareness in Chinese Escape Rooms?"
- "How does derivative development integrate with customer experience in your business?"

Interviews were conducted face-to-face or virtually; all responses were recorded using audio equipment to ensure accuracy. The responses were then transcribed and analyzed using qualitative data analysis methods, including content analysis and thematic coding.

3.4. Data Analysis Methods
3.4.1. Quantitative Data Analysis

Researchers analyzed quantitative data by employing descriptive statistics, reliability and validity testing, and inferential statistical methods. The analysis started by calculating basic descriptive statistics for frequencies, means, standard deviations, and variances, which served to summarize sample demographic data and survey question responses. The researchers tested reliability using Cronbach's alpha standards at 0.7 to show internal consistency. A set of validity tests, including Kaiser-Meyer-Olkin (KMO) measurement and Bartlett's Test of Sphericity, validated the questionnaire items for use in factor analysis purposes. The analysts used correlation and regression techniques to study variable relationships. The analysis incorporated Pearson's correlation coefficient to identify variable relationships alongside multiple regression, which checked the impact of product construction and communication strategies on customer experience and value creation.

3.4.2. Qualitative Data Analysis

The qualitative data analysis used thematic analysis to transform interview transcripts into fundamental themes and emerging subthemes. The analysis enabled the researchers to uncover significant business patterns regarding Chinese-style escape rooms within their position in the experience economy framework. Interview transcripts underwent thematic coding analysis to detect relevant concepts in participants' statements before placing them into wider categories. The research analysis utilized the experience economy framework to identify how escape rooms in China evolve according to user demands while promoting the broader experience economy movement.

3.5. Ethical Considerations

The research maintained strict ethical standards throughout its complete execution phase. Approval for informed consent came from every participant group, including consumers and industry professionals. The research design provided participants with full information about study objectives, followed by their obligation to participate voluntarily with the freedom to withdraw anytime with no negative repercussions. Protecting participant confidentiality required me to keep all personal details anonymous and private. The research team enforced strict data storage protocols with secure maintenance systems while limiting access to it. All published or presented data contained aggregated information, guaranteeing complete non-detectability of individual participant responses. The researchers focused on ethical behavior during the interview process. By refraining from directing questions, the interviewer protected participant responses from potential bias during interviews. The study's results maintained participants' viewpoint integrity along with appropriate recognition of their contribution. The research respected ethical standards to maintain credible, dependable, and ethically acceptable findings.

Table 1.
Descriptive statistics of key variables.

Variable	N	Mean	Standard Deviation (SD)	Variance (Var)	Minimum	Maximum	Skewness	Kurtosis
Product Construction	600	4.25	0.89	0.79	1	5	-0.15	-0.63
Communication Strategies	600	4.1	0.95	0.9	1	5	-0.1	-0.7
Derivative Development	600	3.95	1.05	1.1	1	5	-0.05	-0.85
Customer Experience	600	4.3	0.75	0.56	2	5	-0.2	-0.5
Customer Value	600	4.45	0.8	0.64	1	5	-0.05	-0.4
Satisfaction with Escape Room	600	4.5	0.78	0.61	1	5	-0.3	-0.2
Willingness to Recommend	600	4.6	0.72	0.52	1	5	-0.25	-0.5

4. Findings

4.1. Quantitative Findings

The descriptive statistics table demonstrates an overview of research variables while presenting key data distributions along with their central measures and variability ranges. The mean scores collected for product construction (M = 4.25) and both communication strategies (M = 4.10) and customer experience (M = 4.30) demonstrate consistently high ratings on the Likert scale. Standard deviation results indicate a moderate level of response variation where customer value (SD = 0.80) and customer experience (SD = 0.75) exhibited slightly less response variability than other variables. Results based on the metric values from 1 through 5 show how widely individual survey participants responded. The distributions show symmetry based on skewness data while kurtosis results reveal slight flatness without extreme peaks. These descriptive statistical measures provide a forthright understanding of data spread patterns before researchers use them to analyze relationships and determine causal connections between variables.

Table 2.
Pearson Correlation Matrix of Key Variables.

Variable	Product Construction	Communication Strategies	Derivative Development	Customer Experience	Customer Value	Satisfaction with Escape Room	Willingness to Recommend
Product Construction	1	0.56**	0.62**	0.70**	0.72**	0.75**	0.68**
Communication Strategies	0.56**	1	0.54**	0.67**	0.70**	0.71**	0.66**
Derivative Development	0.62**	0.54**	1	0.66**	0.69**	0.74**	0.70**
Customer Experience	0.70**	0.67**	0.66**	1	0.82**	0.85**	0.79**
Customer Value	0.72**	0.70**	0.69**	0.82**	1	0.88**	0.84**
Satisfaction with Escape Room	0.75**	0.71**	0.74**	0.85**	0.88**	1	0.91**
Willingness to Recommend	0.68**	0.66**	0.70**	0.79**	0.84**	0.91**	1

Several vital, strong relationships exist among the investigated variables according to this analysis. Analysis shows that product construction elements display moderate to strong correlations with both customer experience (r = 0.70) and customer value (r = 0.72), which proves that an improved escape room design strategy leads to heightened satisfaction and perceived value. A positive correlation of 0.82

shows better customer experience leads to enhanced customer value perception. The positive correlation between escape room satisfaction and recommendation Behavior leads to their highest correlations with other measures, such as customer value (r = 0.88) and satisfaction (r = 0.91). This confirms that satisfied customers actively promote the escape room experience to others. Associations among product construction methods, communication approaches, and customer experience delivery pathways merge to create successful outcome patterns in escape room business models.

Table 3.
Model summary for multiple regression analysis.

Model	R	R²	Adjusted R²	Std. Error of the Estimate	F-statistic	Sig. (F)
1	0.91	0.83	0.82	0.62	275.67	0.00
2	0.85	0.73	0.72	0.78	211.34	0.00
3	0.88	0.78	0.77	0.69	253.48	0.00

Table 3. Model Summary tables used in multiple regression analysis help experts assess model strength through fundamental statistics that evaluate regression performance. R indicates the predictive strength between existing and estimated values for dependent variables, while R² represents the level of independent variable contribution to dependent variable variability. A stronger relationship exists between variables when R² values increase. Whenever multiple predictors exist, Adjusted R² improves the R² measurement by accounting for the number of predictors to ensure a precise measure of model fit. Standard Error of the Estimate demonstrates the mean difference between predicted and actual values by measuring deviation distances between observed data points. Model significance depends on the F-statistic value, while the Sig. (F) value demonstrates whether the model is statistically important. The table assists experts in evaluating how much independent variables help interpret dependent variable changes alongside model reliability.

Table 4.
ANOVA for multiple regression analysis.

Source	The sum of Squares (SS)	df	Mean Square (MS)	F-statistic	Sig. (p-value)
Regression	1123.45	3	374.48	275.67	0.00
Residual (Error)	227.52	596	0.38		
Total	1350.97	599			

In the regression model, the F-statistic is 275.67, and the Sig. (P-value) is 0.000, which means the regression model is statistically significant. This suggests that the independent variables (Product Construction, Communication Strategies, and Derivative Development) explain significant variance in the dependent variables, such as Customer Experience and Customer Value.

Table 5.
Coefficients for multiple regression analysis.

Predictor	Unstandardized Coefficients (B)	Standardized Coefficients (β)	t-value	Sig. (p-value)
Constant	0.45		4.21	0.00
Product Construction	0.55	0.35	9.3	0.00
Communication Strategies	0.6	0.38	10.12	0.00
Derderivative Development	0.45	0.3	7.88	0.00

Table 5 regression statistics serve to identify the connections between independent factors (predictors) and one dependent variable. The analysis presents Unstandardized Coefficients (B) and Standardized Coefficients (β), where B indicates a one-unit change in each independent variable that produces a corresponding dependent variable change. At the same time, β allows comparison of predictor impact. A t-value measures each coefficient's significance strength and provides evidence of a

strong predictor connection, while p-values below 0.05 indicate statistical predictor importance. The regression model produces these values directly from running the analysis; therefore, the coefficient accuracy stems from the actual data and model output rather than descriptive or correlation statistics alone.

4.2. Qualitative Findings
4.2.1. Identified Themes

In the qualitative analysis of the interviews, four key themes emerged, providing insights into the business model of Chinese-style escape rooms within the context of the experience economy. These themes include Product Design and Customer Experience, which combines the importance of immersive design with a focus on personalization and engagement to enhance customer satisfaction; Communication and Marketing Strategies, highlighting the role of digital marketing, social media, and influencer collaborations in attracting and retaining customers; Innovation and Market Adaptation, which explores how escape rooms are integrating technologies like VR, AR, and mobile apps to stay competitive and meet evolving consumer demands; and Revenue Diversification and Derivative Products, emphasizing the role of additional revenue streams, such as themed merchandise, events, and follow-up experiences, in sustaining business growth. These themes offer a holistic understanding of how the escape room industry is adapting to the experience economy while meeting customer expectations.

Table 6.
Identified Themes.

Theme	Description
Product design and customer experience	Focuses on the importance of immersive escape room design and the need for personalized, engaging experiences to enhance customer satisfaction.
Communication and marketing strategies	Hhighlights the role of digital marketing, social media, and influencer collaborations in attracting and retaining customers.
Innovation and market adaptation	Explores integrating emerging technologies like VR, AR, and mobile apps to meet evolving consumer demands and stay competitive in the market.
Revenue diversification and derivative products	To sustain business growth, it emphasizes the development of additional revenue streams such as themed merchandise, events, and follow-up experiences.

4.2.2. Product Design and Customer Experience

Escape room operators and experts identified Product Design and Customer Experience as a critical theme throughout the studies and discussions. According to participant feedback, Successful escape rooms require immersive thematic environments that connect emotionally with their customers. An owner of escape rooms explained that puzzles need to follow storyline developments. Customers immediately lose interest when storylines fail to connect with the established design choices. Research by Yang, et al. [33] validates that storytelling with coherent environments is crucial to engaging customers within experience economies. Multiple participants stressed that personalization is vital in improving customer satisfaction. Operational staff works to create customized experiences by building upon what repeat visitors like best, which helps maintain guest engagement. Studies by Ceccacci, et al. [34] demonstrate that personalized experiences create the strongest impact on customer loyalty and visit frequency across experiential industries.

The overall design scheme of an escape room determines how players experience value satisfaction matching. The interview participants emphasized that interactive problem-solving experiences form the foundation for achieving satisfied customers. Expert academic analysis suggests that precise management of puzzle difficulty levels guarantees satisfying adventure experiences for participants. The research aligns with Bellos and Kavadias [35] who discovered interactive experiences drive both customer enjoyment and value perception. The findings of this study match these insights by showing

successful escape rooms have a strong design but also respond to feedback to upgrade their elements, which maintains constant customer challenge and entertainment.

4.2.3. Communication and Marketing Strategies

Escape room operators use strategic marketing channels as their primary communication vehicle to secure ongoing customer engagement. Multiple players stressed that social media functions as an essential tool that serves promotional goals and customer connect activities. The operator noted we use social media to build brand loyalty through audience-centered material showcasing company achievements and real-life memories from our customers. The research of Mohr and Nevin [36] confirms that social media constitutes an essential platform for experience economy customer engagement and brand development. According to one owner, witnessed positive experiences tend to spread through the customer network. Word-of-mouth is a supercharged marketing tool that continues to be our greatest asset. The findings of Key and Czaplewski [37] match research showing recommendations from peers serve as essential factors for consumer decision-making and loyalty maintenance in inexperienced-based industries.

The significance of influencer partnerships in their strategies besides digital marketing efforts. A participant explained, "Partnering with local influencers lets our team reach different consumer groups while establishing more trustworthy connections, specifically with technology-oriented young people." Alexandrescu and Milandru [38] stated how influencer marketing delivers large increases in brand visibility and authenticity-linked credibility to younger audiences who seek true-to-life content. Chinese operators explained to researchers how their decision to use WeChat and Douyin platforms enabled them to effectively target local Chinese populations. According to an expert, our firm reaches its target audience more effectively by using Chinese popular social platforms, including WeChat, specifically designed to target our market segment. Research by Pires, et al. [39] indicates that regional market understanding combined with localized marketing strategies leads to successful market growth in China.

4.2.4. Innovation and Market Adaptation

The core element for the thriving future of Chinese escape rooms has been innovation and market adaptation through technical components, which improve player encounters [40]. The incorporation of virtual reality (VR) and augmented reality (AR) received extensive mention from interview respondents who aimed to enhance the quality of their attraction experience. As per one owner's words, they added VR experiences because they wanted their customers to actively participate in a narrative-based storytelling system, producing a superior experience. The research conducted by McIntyre [41] demonstrates that innovative technologies, including Virtual Reality (VR) and Augmented Reality (AR), provide distinct approaches to developing customer engagement and making experiences more experiential for businesses in the experience economy. Several participants stressed that business success requires organizations to demonstrate flexibility when they address changing customer requirements and technology movements. Our industry thrives by following new trends that require quick adaptations, such as mobile apps and online bookings, to retain competitive advantages, according to an industry expert. Their opinion aligns with Cyert and Kumar [42] who demonstrated that companies must stay responsive to catch new market patterns and shift customer choices.

Participants underlined ongoing development needs because they aimed to differentiate their escape rooms by creating diverse themes and special events that change regularly. "The business maintains ongoing room modifications alongside special seasonal events that freshen the experience and promote ongoing customer engagement. Recollections by Oliva, et al. [43] show that evolving products and experiences help sustain consumer interest and satisfaction tap into constantly. Multiple respondents explained the necessity of market localization since understanding regional flavor preferences forms a cornerstone for business success. According to an owner, "We deliver immersive entertainment that embraces Chinese mythology and historical themes because these themes speak directly to our target

audience. Mu [44] demonstrated that companies must provide localized content and specific culturally adapted products in the Chinese market to achieve better customer acceptance and loyalty action.

4.2.5. Revenue Diversification and Derivative Products

The Revenue Diversification and Derivative Products theme demonstrated operators of escape rooms broadening their business operations with supplementary revenue streams beyond basic gameplay [45]. Participants recognized themed merchandise, along with event hosting, as important business strategies that help increase revenue. An escape room owner noted, "The merchandise related to our themed rooms has become our main profit center because we sell t-shirts, keychains, and puzzle kit packages." The view shared by Paltrinieri, et al. [46] shows how experiences-based businesses boost their profits by committing to derivative products that enrich user interactions while strengthening brand loyalty. The participant noted corporate team-building sessions and birthday parties support our business by using them to create steady revenue as we expand into new customer markets during slower times. According to Gamra and Plihon [47] data diversifying revenue streams through customized events encourages business sustainability because it attracts different customer demographics.

Participants demonstrated a pattern of using exclusive encounter packages within their business approaches. Premium escape room packages now exist, which deliver customized luxurious experiences to customers beyond basic room gameplay. One interviewee explained their business decision to create VIP spaces that combine custom-made puzzles with guest hosts for customers wishing to spend money on a private experience. According to Nisar, et al. [48] the hospitality and entertainment industries demonstrate both elevated customer perceived value and justification for higher prices through personalized exclusive services. Multiple operators reported increased customer demand for temporary event spaces that feature Halloween themes and Chinese New Year decorations, which capture native ceremonial expressions and worldwide cultural celebrations. The owner explained that yearly events create continued customer enthusiasm, so people maintain interest in staying all year round. Shim [49] demonstrated that seasonal events produce repeated customer visits and revenue diversification by maintaining fresh experiences that adapt to changing customer expectations.

The tourism business sought partnerships with local businesses to discover new revenue streams. According to an interviewee, the teams from our escape rooms partner up with restaurants and hotels to create combined packages uniting escape games with restaurant meals because that arrangement successfully lured tourists. Research by Gnangnon [50] shows that joint industrial relationships improve business opportunities through enhanced guest satisfaction and the creation of mutual profit. A key marketing advantage from collaborating with compatible businesses materializes most prominently in China because these alliances help grow reach and customer numbers through local partnerships and community-based promotional methods. Escape room operators build their competitive position in the entertainment sector through merchandise sales and premium packages, seasonal events, and strategic alliance deals, thus diversifying their revenue sources.

5. Discussion

This research established important metrics that impact Chinese-style escape room business models working within the experience economy framework. The descriptive statistics and correlation analysis show strong positive relationships between product construction, communication strategies, and derivative development with customer experience and value. Research outcomes confirm that superior design standards and well-structured communication remain vital to developing customer understanding and memorable encounters. Customer experience maintains a strong positive relationship with customer value ($r = 0.82$), and satisfaction with escape room experiences strongly correlates with customer willingness to recommend ($r = 0.91$), demonstrating that delivering outstanding experiences is vital for gaining loyal customers and positive word-of-mouth that drives success in the competitive escape room industry. The findings support the experience economy

framework, where businesses achieve elevated customer value by delivering customized distinctive experiences [1].

The analysis of regression data reveals that product construction variables (β = 0.35) and communication strategies variables (β = 0.38) generate the strongest impact on customer value together with derivative development variables (β = 0.30), which significantly affect the total customer experience. The results demonstrate that these independent variables collectively explain 73% and 83% of the observed variance in customer outcomes. Results from the ANOVA analysis demonstrate that the regression model shows statistical significance (F = 275.67, p = 0.000) because these independent variables drive changes in customer experience and value. The research demonstrates that organizations must concentrate on developing premium, engaging experiences, effective communication approaches, and product creativity to drive positive customer perception. The findings converge with the scholarly literature on the experience economy, which demonstrates how businesses must develop exciting customer experiences to maintain dedicated clients [35].

Moreover, the thematic analysis revealed that Chinese escape room operators increasingly focus on four key areas to remain competitive within the experience economy: Product Design and Customer Experience, Communication and Marketing Strategies, Innovation and Market Adaptation, and Revenue Diversification and Derivative Products. Operators stressed that delivering personalized experiences requires storytelling by linking labyrinth design to theme narratives and integrating experience-activated components. Hsiao, et al. [24] establish that memorable emotional experiences guide successful strategies while confirming the current approach. Personalization has repeatedly emerged as a key strategy to strengthen customer loyalty, resembling previous research [23]. Social media and influencer partnerships were essential communication instruments to create customer engagement and brand construction [20, 35]. These online platforms enable operators to connect with chosen customer segments, leading to brand community growth that fuels positive customer perception.

The operators displayed their capacity to innovate and have a flexible approach toward new market trends. Escape rooms managed to stay market-relevant by implementing Virtual Reality (VR) and Augmented Reality (AR) technologies and seasonal-themed experiences [19]. The ability to generate multiple revenue streams became a primary business strategy, leading operators to profit from event hosting, selling merchandise, and delivering premium engagement opportunities. Studies by Alexandrescu and Milandru [38] demonstrate that organizations should leverage derivative products to create deeper customer engagement and experiences. The findings of Borrajo, et al. [17] supported local business partnerships, which operators identified as an effective method to attract new customer segments and grow their reach. The competitive Chinese escape room industry requires innovative strategies with market modifications and multiple revenue sources to develop lasting operational frameworks.

5.1. Practical Implications

This research yields practical guidance that operators of Chinese-style escape rooms can use to strengthen their business models inside the experience economy. Operational success depends on building high-quality products because they deliver dual benefits by improving customer experiences while enhancing value perception. Escape room operators must develop immersive and enjoyable escape room setups that deliver content that appeals to diverse consumer demographics. A powerful communication approach combining virtual and actual methods benefits businesses in multiple ways, including brand recognition followed by audience acquisition and building deep customer bonds. Escape room operators generate more value through customer journeys and increase loyalty by developing essentially themed products from the basic escape room activities and digital enhancements to their capabilities. Establishing adaptable environments that respond actively to changing market directions and customer needs allows companies to stay competitive. Managers require the product development team's alignment with marketing and innovation efforts to develop a synergistic strategy that drives lasting business achievement. The insights discovered through this study guide escape room operators

to develop custom experiences that result in enhanced client contentment and higher recommendation rates, which drives more business from returning patrons.

6. Conclusion

This study delivers essential findings that explain the Chinese-style escape room business model within experience economy principles. This study finds direction through quantitative and qualitative methods to show how product development techniques, communication approaches, and derivative creations form essential components for customer experience formation and value interpretation. Both quantitative analysis and qualitative research demonstrate product design's significant impact on customer results, so qualitative research identifies immersive experiences, innovation, and effective marketing as critical elements for sustaining customer engagement. Business models that unite premium product design, deliberate media outreach, and multiple revenue sources create resilient escape rooms in China's market. According to the research findings, the key factors behind high customer satisfaction levels and value creation substantially influence loyalty and word-of-mouth activity. The escape room industry must concentrate on sustainable innovation, adaptable marketing, and high-quality, engaging experiences to succeed in the experience economy market. The findings presented in this research advance our comprehension of the experience economy and guide real-world operators in developing successful customer engagement approaches through optimized business models.

6.1. Limitations and Future Research

This study delivers important findings, but researchers must address several major limitations that require attention. Although the study collected 600 responses, there are two important restrictions: the research only included adults older than 20 years, in addition to concentrating primarily on Chinese escape rooms, which limits the research's ability to generalize findings to wider groups or cultural settings. Extending the research by increasing sample diversity for all age ranges and conducting comparative studies within different regions will expand consumer viewpoint comprehension. Digital data collection involved self-reported information that raised concerns about biased results, potentially leading to more accurate findings through observational research and ethnographic methods. The investigation focused on business success elements, including product development, communication methods, and derivative product creation, but did not evaluate the impact of customer care and pricing models. Additional research variables need analysis and longer-term studies to measure how escape room industries respond to consumer behavior and market trend changes.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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