

RSA Annual Conference 2009-01-07 Understanding and Shaping Regions: Spatial, social and economic futures 6th-8th April 2009, Leuven, Belgium

Gateway: Experience economy and spatial strategies

Space and place in the experience economy. A proactive approachⁱ

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1. Introduction

Industrial restructuring on a global scale redefines aims and conditions of development for peripheries as well as for core regions. While core regions successfully develop knowledge based activities, other territories seem to be stuck between job losses in traditional industries on the one hand and weak potentials of embarking on knowledge based activities on the other. Not being able to boost the local knowledge economy as an alternative to traditional manufacturing, what can such regions do? Some regions have started to compete as places of consumption. The focus of the efforts is to attract tourists and residents, and eventually business investment in emerging industries. What they do is to embark on the so-called 'the experience economy'.

The overall question of this paper is what the opportunities of peripheral places are in the experience economy. It is a conceptual paper, with empirical illustration from the Northern Danish periphery. It investigates the spatial dimensions of the experience economy with particular reference to peripheral regions. The paper is divided in seven sections. Second section of the paper recapitulates our knowledge of peripherality and proposes an understanding of this notion which is relative, dynamic, comprehensive as well as differentiated. Third section of the paper digs into the contributions on experience, culture and leisure economies and proposes a broad understanding of the experience economy as mainly related to affluence and leisure, and it is shown how consumption and production of experience offerings have different spatial implications. The fourth section takes a more detailed look on the role of place as a particular quality in the experience economy and identifies categories of place bound experience products, and the particular resources needed for their production. Fifth section approaches the experience economy as a new techno-economic paradigm representing a window of opportunity for new actors and territories. Sixth

section discuss how the preconditions of different types of peripheries for embarking on the experience economy. To varying degrees there is a role for all of them. Sixth section exemplifies how a small peripheral city in Denmark has jumped through the window of opportunity by approaching and developing local resources in innovative ways. Finally in the conclusion perspectives for other peripheries are drawn.

2. What is the periphery?

Peripherality is usually discussed in terms of accessibility. In a classic paper Stöhr defines peripheral areas as 'areas of low *accessibility* to large-scale (national, continental, world wide) interaction centres regarding access to markets, to production factors (including technological innovation), to private and public services, cultural facilities, to sources of social innovation and of economic and political power' (Stöhr, 1982). The definition is economic, since accessibility is related to the time and costs of transportation. The implication of this definition of peripherality is that areas with better access to the locations of input materials and markets will be more productive, more competitive and consequently more successful than remote and isolated areas (Oinas, 2002; Spiekerman & Neubauer, 2002). The locationally advantaged regions are core regions or central regions, while the locationally disadvantaged regions are peripheral regions. Peripheral disadvantages can thus be summarized as high travel and transport costs and remoteness to centres of economic activity. The wider implications of this are that there is an absence of agglomeration advantages, low rates of entrepreneurship and innovation. Also the population will be sparse. The region will depend on primary industries and be characterized by a poorly developed infrastructure, little research and development and low political influence (Copus, 2001). Stöhr suggests that peripheral areas can exist at various geographic scales, but that common characteristics are that peripheries tend to have lower levels of living, less diversification of the economy, industries in

decline, and a lower share of technology intensive industries corresponding to a higher share of routine activities, in combination with processes of disintegration at the socio-cultural as well as political-administrative level (Stöhr, 1982). At every level this means that peripherality can be seen as *relative in terms of cost and time* of transportation and communication.

In development economics, peripherality is connected, not with costs of transportation and communication, but with structural patterns of the economy (Amin, 1977), with patterns of dominance and dependency on foreign powers and capital (Cardoso, Urquidi & Faletto, 1979), and with negative cumulative causation (Myrdal, 1957). In this understanding peripherality is being produced by mechanisms of exploitation of the periphery by the core, and by few and weak economic linkages. In accordance with this Stöhr (Stöhr, 1982) suggests that both cores and peripheries are characterised by processes of spatial integration and differentiation on different levels. However, Stöhr stresses that the process is not only economic, as these processes take place on the economic, the socio-cultural, political-administrative as well as on the environmental level. Both cores and peripheries are being produced on a continuous basis by different coexisting mechanisms. Some of these processes are external (exploitation and dominance), while others are internal to the areas. For example there is a lack of dynamic clusters and support organisations, leading to a low level of innovation activities (Tödtling & Trippel, 2005). Hence, peripheral regions are not in command of their own social, political and technological development and are losing dynamics of development to the core. Following from this it can be concluded that the situation of peripherality is *dynamic*. Peripheries are produced and may change along with the change in the determining mechanisms on economic, political or other levels.

The descriptive 'comprehensive 4D approach' is developed by Ferrao and Lopes (Ferrao & Lopes, 2004:54). This model takes its point of departure in the classic theories of (Amin, 1977) and (Myrdal, 1957) among others, but is entirely descriptive. According to the authors the situation of peripherality can be seen as distance (to the centre), dependence (on the centre), difference (from the centre) and discourse (related to own destiny). These four dimensions of peripherality can be detected in seven aspects of their existence as peripheries: Environment and landscape; Settlement and demography; quality of life; human and social capital; economic profile; institutions and territorial integration. The four dimensions can be understood as general mechanisms leading to peripherality, while the seven aspects indicate the complexity of the peripheral situation. As a whole the 4 D model shows how and why the phenomenon of peripherality must be seen as highly *differentiated*. Their model can also be taken as an indication that there is no simple economic determinism at play. On the contrary the discursive dimension can be seen as the *potential escape* away from peripherality.

This distinction between core and periphery does not follow a rural-urban distinction. Today such a distinction is becoming increasingly difficult (Labrianidis, 2004:4). Thus 'rural' or non-core areas include small and medium towns integrated into the agricultural context, manufacturing and tourism activities, and also coastal areas (Labrianidis, 2004:5). This understanding underlines the idea that non-core, 'rural' or peripheral areas differ a great deal from each other. They differ in terms of accessibility, dynamism/innovativeness, economic performance and the role of agriculture in employment (Labrianidis, 2004:9-11) and many other fields, according to the 4D model.

Stöhr (1982) differentiates between three types of peripheries: (1) the agriculturally oriented primary producers, (2) the mineral resource frontier peripheries (3) and old industrial areas. Apart

from these three types the author is open to the possibility of defining more types of periphery. Stöhr's categorization here is based entirely on criteria of economic structure. Arzeni , Eposti & Sotte (2002) and more recently Fuduric (2008) suggest a differentiation of peripheries into 4 groupings. These are based on a combination of accessibility (distance) criteria with structural criteria (urban, industrial and rural development). According to these authors European peripheries can be divided grossly into 1) those near urban centres, 2) those that have natural, historical and leisure values 3) areas where agriculture is a dominant activity and 4) remote, distant areas with much migration flow. This distinction, which is empirically based, will serve as point of departure for the discussion below.

In sum peripherality is *relative* in comparative terms and in terms of the cost and time it takes to connect with the core (distance). Peripherality is *dynamic*. It is produced through certain structures and linkages through which it may have functional relationships with the core. Peripherality is also comprehensive, combining *economic* hierarchic relationships with other socio-cultural and discursive aspects representing potential change. Peripheries also *differ* considerably. They combine many different characteristics, making clear categorization difficult. Criteria should at least include distance, structural and political-cultural criteria. The four empirically based groupings of Arzeni (Arzeni, Eposti & Sotte, 2002) are promising as points of departure for discussion of patterns of experience based development in different peripheries.

3. What is the experience economy

Despite of the present hype connected to the notion of the experience economy, the phenomena behind it have got deep historic roots. Historically it is thus possible to give many examples of entertainments as a field of public investment (Forum Romanum) as well as of private income and

profit (circus). Places and societies have even been developed based on this (like Las Vegas). It is however only recently that research has started to investigate the phenomenon in the context of spatial development in a broader sense of the word. Probably the reason is that the phenomena of entertainment, culture and experiences hitherto have attracted only a small elite of society. This began to change after the Second World War. As the futurist Alvin Tofler (Tofler, 1970) presented the idea that with the increasing wealth of the Western World people would have the possibility of demanding psychic satisfaction. The industrial response to this demand would be the emergence of a still growing '*experience industry*'. The products and services of the experience industry would be beauty, prestige, individualisation and enjoyment. The general increase of the economic potential of society goes along with another development. The German sociologist Schulze shows in a book from 1992 (new edition 2005 (Schulze, 2005)) how people turn their lives into experience projects, implying an every day life with an increasing focus on its aesthetic dimensions and enjoyment. This change represents the core of the '*experience society*'.

According to Pine and Gilmore (Pine II & Gilmore, 1999) these societal changes represent an important strategic opportunity for firms to strengthen their competitive position on the market. Their idea is that it should be possible for firms to enhance the market position of a product by applying particular experiences to it. In the long term success of a product depends on the positive memory of the product which the customer keeps, and the experience he/she has in connection with it. It is, according to the authors possible to connect all products and services with an experience in innovative and profitable ways. This is the core of the '*experience economy*'.

'Leisure economics' investigates how the increase in leisure time leads to new forms of consumption. The increase in people's leisure time results from changes on several levels. The abbreviation of the working day, and of the working week leads to leisure time on a daily and

weekly basis. In the OECD countries the number of annual working hours has been almost halved between 1870 and 1979 (Andersson & Andersson, 2006:45). Also the right to vacation has been introduced on the labour market, and in Europe vacations have been expanding since the start. Demographic factors also contribute. In the advanced countries people live still longer, and the average age of the population is likely to increase in the future. In addition the birth rate drops, thus leaving more money in each household for leisure consumption (Andersson & Andersson, 2006). Incomes have grown steadily since 1870 with 2,3% annually, and the share used for recreational consumption has grown from 8.1% in 1975 to 10,3% in 2002 (Andersson & Andersson, 2006:42). This is the background for a dynamic market for entertainment and recreation inside as well as outside the homes. Recreational goods and services represent luxury goods, which in economic terms is defined as goods with income elasticity larger than unity. This means that by rising incomes the share of recreational consumption in total consumption will rise, thus representing a dynamic market. By falling incomes the fall in recreational consumption should consequently fall rapidly, corresponding to serious consequences for the recreation suppliers, thus making the recreational branches vulnerable to economic conjunctures.

'The culture economy' denotes the increasing commodification of culture. This commodification implies the integration of culture as products on the market, with the aim of creating a profit. In comparison culture can serve for example educational or religious purposes. According to Scott (Scott, 1997; Scott, 2000) the culture economy is represented by a complex group of products, which includes for example services for tourists, theatre, advertisement, music, radio and television production, clothing and jewellery. The consumption of culture products is rapidly growing, and the culture industries are among the most rapidly growing fields of the economy today. An expression of this culture economy is the commercialisation of cultural heritage and the development of

heritage industries aimed at entertaining customers and at supplying them with all sorts of heritage merchandise (Meethan, 1996).

'*The creative economy*' is a notion which was launched by Howkins (Howkins, 2002). Creativity is the ability to generate something new. It means the production of ideas and inventions, that are personal, original and meaningful. Creativity is a talent, and aptitude (Howkins, 2002:ix).

Creativity is thus different from innovation, which denotes the realisation on the market of a new idea (Nelson & Rosenberg, 1993). Howkin's argument is that today ideas for new creations serve as the point of departure for income and profit. Creativity is important in all fields of the economy. According to Howkins it is particularly related to 15 industries (Howkins, 2002:82ff). These are advertising, architecture, art, crafts, design, fashion, film, music, performing arts, publishing, research and development, software, toys and games, television and radio and video games. These industries have achieved an important role for all aspects of the economy with its turn over of \$2.24 billion in 1999 (Howkins, 2002:86).

If we compare the two notions of the 'cultural industries' on the one hand with the 'creative industries' on the other hand we find a considerable intersection between the two. However, the difference is not primarily related to the way different industries are defined as belonging to one or the other. The difference is related to the choice of perspective. By applying the notion of the 'culture industries', it is the result or the output that is in focus of interest. The culture industries can be seen as fulfilling an important task in society, and because of that the state is often a player in this field (Garnham, 2005). The presence of culture industries is important to attract 'creative classes' (Florida, 2002; Florida, 2005). The 'creative industries' on the other hand are defined according the creative processes preceding their output. The creative industries employ the creative classes, and their output is basically market oriented. The ideas of the creative industries may serve as point of departure for innovation and growth in other industries (Hartley, 2005). Both industries,

the 'culture industries' and the 'creative industries', give rise to the hope that they will be able to fulfil the gap left by the decline of traditional industries. This is the reason for mapping a selection of creative industries in Denmark in 2005 (Imagine, 2005a; Imagine, 2005b; Imagine, 2005c; Imagine, 2005d; Imagine, 2005e) in Europe (European Commission, 2008) and globally (UNCTAD, 2008).

It is not possible to put an equation mark between the different 'economies' (experience economy, leisure economy, culture economy, creative economy). They vary too much in aim and scope. However each of them seems to substantiate the vision of Alvin Tofler about a future provision system for experiences in an affluent society. Among the different notions it seems that the 'experience economy' can be seen as the most comprehensive in spite of its specific origin. The notion of the experience economy has its focus on the customer or the consumer and his/her relation to the product or the service. The experience economy has got the leisure economy as its precondition, and the production of culture products and creative products as part of its basis. But it is important to note that the experience economy is much more than culture, games, and fashion, since experiences may have many other sources such as sport, nature and gastronomy. The locus of development of the experience economy is determined by factors of affluence, lifestyle, leisure, and demography. Experience economy production and consumption will develop where these conditions are represented. The European peripheries are part of this affluence and changing consumption pattern, and will be consumers of experience products. The question is, if they are also going to be producers?

4. Experience products and place

Experience products are products that are produced for the sake of pleasure. They are luxury products in contrast to basic products. They are mostly, but not exclusively, related to leisure

consumption. They include culture products, some of which originate from the creative industries. 'Experience products' is however a much more inclusive category compared to 'culture products'. And it can be argued that what is considered an experience product varies in space and time (Lorentzen & Hansen, 2009), and varies according the socio-economic situation of the customers (Andersson & Andersson, 2006). Experience products often involve a narrative (Lund et al., 2005) and it involves the consumer (Pine II & Gilmore, 1999).

Experience products differ concerning the location of their consumption and of their production. Some of the products can be consumed in most homes. This applies for computer games, toys, books and video films. Other experience products require the presence of the consumer in the theatre, the art galley, at the sports event or at the rock festival. Such products are 'attendance based' (Smidt-Jensen, Skytt & Winther, 2009), meaning that their consumption is place bound (Lorentzen, 2009a).

The location factors of experience production equally differ. Some experience products can be produced everywhere, where the general conditions of labour and knowledge is available. This is true for computer games, books or toys, which are truly globalized branches today. Some products, however, require particular locations for their production. These locations represent resources like cultural heritage, local tradition and expertise or local produce, like for example some local beers or the famous Læsøsalt. The location may also represent part of the experience product, in which case not only the meal, but the whole atmosphere of the restaurant is a product, or not the music but the atmosphere of the theatre is the product.

This means that the *place* has a role to play in the experience economy as space of consumption and production of the experience. In this way, geography matters. However places can even be consumed. Places may serve as hosts for experiences like concerts and sports event. Places may however also serve as objects of consumption. People consume places when they pay to visit

historic or cultural places, or when they pay high rents to live in attractive places (Glaeser, 2001). Localities even change to please and attract citizens and tourists. Both gentrification and the development of tourist resorts and attractions can be seen as a result of the commodification of places (Urry, 1995).

Place can be seen as a particular part of many experience products, and the question is, if place does provide experience products with particular qualities? Pine and Gilmore propose a scale of different qualities of experiences reaching from passive participation, absorption, active participation to immersion into the experience (Pine II & Gilmore, 1999:30). The attendance of the consumer is a precondition for the two last mentioned experience qualities. Place making is an important theme in the most recent book of these authors. The establishment of experience places increase the interest of the consumers in foot loose products like toys (Gilmore & Pine, 2007). According to these authors the best brand is a flagship location signalling where in the world you are (Gilmore & Pine, 2007:153).

This all means that place has a considerable role to play. This role is differentiated, as the consumption of experiences can be attendance based and the production of experiences may draw on place as such or on place bound resources as input. Place-bound experience products can be categorized and analysed as in table 1.

Tab 1 Typology of place bound experience products

Products/dimensions	Production	Consumption	Examples	Resources
Events	global	Attendance based	Roskilde festival Salzburg Festspiele	Competencies Place Brand
Activities	local	Attendance based	Hiking Shopping	Environment Urban quality
Services	Global/local	Attendance based	Hotels Restaurants	Competencies History Brand
Products	Local resources	Global or Local	Beer Food	Local producers Local tradition Brand
Places	Local	Attendance based	National parks Theme parks Urban environment	Brand Physical, social environmental qualities

In a development perspective the question is: What are the place bound resources which may serve as point of departure for experience production? What kind of attendance based experience products can be produced, and what is the scope for attracting consumers to the place of consumption? The questions are generally relevant but of particular concern in peripheries, where the number of consumers may be small and the diversity and quantity of resources may be scarce.

5. The experience economy as a window of opportunity?

The possible role of the peripheries in the experience economy is related to their structure and resources, to accessibility or distance, and to discursive factors. These are all aspects, which belong

to the definition of peripherality. Simply put, the opportunities of the periphery in the experience economy are related to the possible 'match' between their potentials with the requirements and characteristics of the experience economy. A systemic approach is helpful for such an analysis.

Alvin Tofler developed a systemic approach to the new economy (Tofler, 1970) and Pine and Gilmore (Pine II & Gilmore, 1999) talk about a progression in the sources of value creation.

In evolutionary economics it is common to regard economic development in terms of waves, the point of departure of which are new technological key factors (Schumpeter, 1939). Perez developed this view when she included particular cost structures, investment and location factors, as well as particular institutional characteristics of each wave (Perez, 1985; Perez, 2004). During a wave a particular techno-economic paradigm evolves, matures and stagnates, leaving windows of opportunity for new actors and new places to embark on the emerging paradigm.

Basically the theory on techno-economic paradigms interprets long term global economic developments. However, here it serves the comprehensive analysis of the experience economy.

Following from this the overall questions which arise are the following: What are the key factors of the experience economy? What are the investment- and location patterns? What is the consumption pattern and what is the institutional framework in terms of policy, education, infrastructure or mobility and so on?

Table 2 The geography of techno-economic paradigms

Techno-economic Paradigm Dimension	The industrial economy	The knowledge economy	The experience economy
Production/location	Concentration in advanced regions	Concentration in metropolises of the advanced regions	Many locations in central and peripheral countries and regions
Consumption/location	Concentration in advanced regions	Concentrated in metropolitan areas	Attractive places (big and small) in developed and less developed places
Globalisation	-Separation and dispersion of production -International trade -Direct investment	Flow of knowledge, goods, people and capital between the metropolises of the advanced regions	Integration of different experience places in the global flow of information, people and money
Role of the centre	-Advanced industrial production and services -Research and Development -Decision-making	-Knowledge production -Research and development -Decision-making	-Magnet of inhabitants and visitors -Big and specialised offer of experiences based on variety and history
Role of the periphery	-Raw materials -Simple industries -Low cost labour	-Simple industries -Global services	-Tourism-based growth -Experiences based on authenticity and natural environment -Activities, events

Table 2 suggests three different techno-economic paradigms, the industrial economy, the knowledge economy, and the experience economy (Lorentzen, 2009a)ⁱⁱ. In the ‘industrial economy’ firms have clustered in cities in advanced regions in order to reduce costs by being proximate to markets, supplies and labour (Hayter, 1998), thus creating situations of dependence and marginalisation to non-core regions. From a consumption perspective people located in cities in advanced regions because they wanted to benefit from facilities and services, and to socialise (Glaeser, 2001). In the ‘knowledge economy’ access to specialists, research and decision making centres is an important location factor, which leads to the concentration of investment in very large metropolises (Simmie, 2003). This has implication for consumption, as specialists and the ‘creative

classes' tend to locate in very large cities with a varied offer of culture and interesting jobs (Florida, 2002; Florida, 2005; Scott, 2006). This means that the metropolises have been concentrating economic activities, reinforced by the intensified competition among cities (Brenner, 1998; Simmie, 2003; van den Berg et al., 2005; van den Berg, Pol & van Winden, 2004). Non-core regions do not seem to have a role in the knowledge economy apart from serving it with simple services and manufacturing. The development of the industrial and in particular the knowledge economy has thus produced peripheries, which have been integrated with the core by still better and cheaper communication and transportation technologies, leading to a disintegration of their own economies and societies.

The question is now, if the pattern of concentration and marginalisation resulting from the processes of integration and disintegration will continue in the experience economy or not? Or whether the experience economy represents a window of opportunity for peripheral areas? In terms of culture economy there seems to be little doubt that the supply and consumption of culture is concentrated in culture capitals, world cities and metropolitan areas (Scott, 2004; Scott, 2006). The 'culture city' offers museums, galleries, theatres and concert halls (Evans, 2001), and centralisation is a precondition for the needed economy of scale and the clustering of artists and experts to operate a high level offer of culture (Andersson & Andersson, 2006). Also in terms of consumption the variety of the culture supply in big cities is attractive for citizens and tourists. But experience production and consumption is more than high culture. It involves all sorts of mainly leisure consumption. Place bound or attendance based experience products is a vast category of products, which can be produced as well as consumed outside the metropolises. It has been documented recently how small cities and peripheral places do produce events, activities, services, products and places. These experience based offerings are often related to local culture, heritage and authenticity (Bell & Jayne, 2006; Meethan, 1996; Wilks-Heeg & North, 2004).

In Skandinavia there are numerous examples of small cities and peripheral places which gain new roles based on events and innovative branding. Different kinds of festivals have for example become a common tool in the ‘glocalisation’ of peripheral places. Branding is another tool of local development (Frandsen et al., 2005; Løkke, 2006). It thus seems that the location of experience production and consumption do include peripheral or non-core areas to some extent. This is favoured by globalisation which, due to the development of still cheaper and better information, communication and transportation (ICT) technologies integrate different places in the global flow of information, people and money. Big cities attract inhabitants and visitors due to their high culture supply. Non-core places have other attractions. Due to high mobility enabled by ICT, peripheral places become integrated in the global flow of people and money. This is most evident in relation to tourism development, where peripheries position themselves as experience producers of attendance based experience products on a global market. Their offerings are based on the natural environment, the urban environment, local culture and local competencies related to traditional production or the production of activities and events. The attraction may even be related to tranquillity and simple life styles. Geographic and cultural distance, which was a barrier for development in earlier paradigms, can be turned into a resource in the experience economy in terms of ‘authenticity’. Lack of diversification of industry can be regarded as an advantageous focus on special traditions or experience offerings. The homogenizing effect of global trade and travel stimulated a search for local identities and diversity which became strengthened as well as exposed to the outer world as resource or brand. Local or original live styles became globally interesting, and place identity, newly constructed or negotiated as it may be, becomes a resource in tourism (Kneafsey, 2000). Also the industrial development of big cities had left many territories with massive environmental problems. Again the outskirts of these processes could show an advantage in not being spoiled by pollution. Pre-industrial and rural lifestyles were no longer barriers to progress but valuable cultural

heritage, which could be turned into attractions and marketed (Ferrau & Lopes, 2004:41-43). In a situation of high mobility tourists and citizens are further able to connect the different specialised experience offerings by moving from one place to the other (Romein, 2005). Not only ease of transportation, but also information and communication is of great importance in the global experience economy. The experience potential needs to be communicated to the customers, whether visitors of future inhabitants. Narratives must be developed and told, implying the development of a new discourse related to the place. The regions are part of an increasing global competition among experience supplying places, and a considerable creativity is needed to enter and stay on the global catwalk (Löfgren, 2003).

In sum the particular resources and structures of the peripheries may serve as basis for the development of specialised experience offerings. But because of scarce population (one of the characteristics of the periphery) they need to access the global market to make the production viable and developmentally interesting. High mobility and globalisation enables this, but a well developed discourse is also needed to position the peripheral area in the global experience economy. The path is not without risk, however. Affluence, which is a key condition of the experience economy, is by definition restricted in the periphery, making it depend on external demand for its experience offerings from the more affluent core. Also the experience economy is subject to economic conjuncture, because of the high income elasticity of its products. This means that local economies with a large share of experience related employment are economically vulnerable. The question is then, if the creative potential of the periphery is sufficient. These reflections lead to the overall conclusion that the experience economy may represent a window of opportunity for peripheral areas.

6. The experience economy in the four peripheries

The differentiated analysis of the potentials of the periphery in the experience economy takes its point of departure in the four categories of Arzeni et al discussed above (Arzeni, Eposti & Sotte, 2002).

Non-core regions near urban centres (type 1) may benefit from the proximity to facilities and amenities of this centre (education, research and development, transportation nodes to be used for travel, as well as the offer of high culture). Non-core regions near urban centres may also serve as attractive residential areas for population working in the centre. Type (1) regions have the structural conditions for developing experience offerings of their own. The market for experience offerings in such regions is found among its own dwellers and among the dwellers of the nearby centre. The transportation node of the nearby urban centre may even enable people from other places to visit the experience offerings of the type (1) regions. Examples can be found near big cities, Roskilde near Copenhagen is one example, Frederiksstad near Oslo, Frederikshavn near Aalborg or Skørping near Aalborg. Some places applying to the criteria of type (1) regions do however also share characteristics with the type (2) regions.

Non-core regions with natural, historical and leisure values (type 2) have the potential for experience offerings related to out-door activities and recreation, and for 'heritage industries' related to their historical past. This past may include traditional industries related to for example fishery, mining, dairy production, handicraft or art. Historic figures or historic events can also be celebrated. Examples abound. A famous one is Skagen in Denmark where natural beauty and the history of artist colonies is being exploited, but also Hals, Sæby and Lønstrup in Northern Jutland exploit experience potentials of this kind.

Non-core regions where agriculture is a dominant activity or type (3) regions possess the experience potential related to agriculture production and rural living. The market potential for experience offering is not mainly local, due to the sparse population in agricultural areas. The experience offering related to agriculture is directed toward tourists. Holidays on farms, visits to traditional producers of food products, or to workshops of craftsmen and artists preferring the isolated location in the countryside constitute the potential experience offering of such areas. Amusement parks may find their way to such regions, thus expanding the experience offering of the place. Out-door events may take place there, as when Jean Michel Jarred in 2002 organised a performance for 50.000 people of electronic music and light in the muddy fields of Tylstrup (Denmark) with windmills as the impressive scene.

Remote, distant areas with much migration flow or type (4) regions do not have an easy job embarking on the experience economy. Their own population is shrinking, and the region most likely depends on neighbouring regions for jobs and income, education and infrastructure. The experience offering found in such regions depend more on chance than on structural preconditions. Even theme parks face the difficulty of distance, making access to the offering complicated. However, to the extent that remoteness can be turned into an attraction in terms of environmental quality and tranquility, there is a scope for out-door leisure activities, recreation and wellness. One example is horse-riding in the marshes of southern Denmark. But such offerings will hardly develop to represent a substantial contribution to the local economy.

The implication of this analysis is that the peripheral regions differ considerably in terms of resources, accessibility and market potential for experience offerings. The difference will potentially increase the differences between peripheral areas. Labrandis thus observed how in Southern Europe a trend can be seen towards marginalization and abandonment of certain areas and

a growing demand for 'nature' and 'rural heritage' in others (Labrianidis, 2004). Also more subtle differences in relations to institutions will add to this. Thus local governments and private entrepreneurs face different challenges in each of the four non-core regions.

7. The example of Fredrikshavn

The city of Frederikshavn in Denmark is an example of a peripheral region which has experimented with the experience economy as a strategy of growth and development for the last ten years.

Frederikshavn is a city of 23.600 inhabitants located in a municipality of the same name with 62.000 inhabitants. Frederikshavn as a municipality combines the characteristics of a type (1) region with those of a type (2) region. The municipality is located in the North East of Denmark, only 52 kilometres from Aalborg, which is the regional capital. The relative distance to Aalborg was reduced with the opening of the highway between Aalborg and Frederikshavn in October 1996 (Vejdirektoratet, 2004). The new experience based strategy of the city council was provoked by the multifaceted crises which hit the city in the late 1990s. The crisis combined industrial decline of traditional industries with employment decline due to the regulation of fishery, and the abolition of tax free sales on ferry boats, leading to reduction of tourism. The city was, according to one municipal director, standing with its back against the wall (Michael Jentsch, 2007).

Frederikshavn as a city has got potentials in relation to its urban qualities, which is among the best in the region (Nordjyllands Amtsråd, 2003) with historic building, beautiful costal location and accessibility by car, train and ferryboat. Also the surrounding parks and landscapes are attractive. The discourse of the city was, however attached to the industrial history and culture, and this understanding formed urban planning.

Then, in 1998 institutional changes of the municipality implied the opening up for new visions for the city. By inviting new actors into the planning process, and by making this more open and flexible, creative resources were mobilised (Therkildsen, 2007). The result was that the discourse of the city gradually changed from that of an industrial city to that of an experience city. The new discourse was reflected in the priorities of the city council and in the way planning was organised. Focus changed from employment, sports and industrial facilities towards leisure, urban quality and branding. Both culture and environment were part of this strategy. In the beginning of the new phase large facilities for sport and culture were built. Later this was supplemented by a 'green energy city' strategy. The number of experience projects in Frederikshavn since 1998 is quite impressive. Most visible are the three big arenas, the multipurpose stadium, the Ice Stadium and the House of Music. The urban space of the city has undergone considerable renovation, and a few most provoking projects have played an important part in the transformation of the city. One is the Palm Beach at the Kattegat coast, which was realised in 2004. The other is the all year skiing facility south of the city, a project which caused much discussion, but which in the end stayed on paper.

Since the establishment of the new arenas Frederikshavn has been able to host international events, and has done so with success. The visit of Bill Clinton in September 2006 went into history as the turning point of the city. The supply of classic and other concerts in Frederikshavn today attracts an audience from near and far. The number of annual festivals has grown and includes today the International Festival of Lights, Rock Party and the historic Festival of Tordenskiold among others. Tourism services is a traditional branch of industry in the city, but lately experience based services have been added to the 14 hotels and 21 restaurants. A wellness hotel and three theme restaurants have thus become popular. A very big holiday resort is under construction north of the city under

the name of Palm City. Even traditional manufacturing branches are changing direction. Two firms have started to produce light equipment for big shows and have become world leaders in their field. The institutional foundation of the transformation is found in the new approach to planning, through which it was possible to mobilise creative, organisational and financial innovative projects. Projects were developed in public-private partnerships, and various funds and centres have been established as operational agencies for the development of the projects. Also new educations in experience related services and management saw the light of the day in the local business school and the local technical school. There is a strong institutional focus on young people. One project aims at mobilising the young as entrepreneurs, another to generate ideas of how to develop the city according to their preferences.

It is early to generalise on the causes, the extent, and the impacts of the transformations going on in Frederikshavn. It seems evident, however, that local institutional changes and the powers of a new development discourse served as levers of change. Both were triggered by the crisis. The initial changes resulted in the involvement of new actors with new ideas, and the redefinition of resources and potentials. Hard indicators seem to prove the success of Frederikshavn: in 2008 unemployment rates dropped to 1,7%, only slightly over the Danish mean. Since 2005 population decrease has stagnated. Soft indicators add to this picture: The reputation of Frederikshavn in Danish media has changed radically, and the city has obtained the price of the 'city of the youth 2007', and people in the street are now proud of the city (Lorentzen, 2008; Lorentzen, 2009b).

8. Conclusion

The paper has discussed whether the experience economy represents a window of opportunity for peripheral regions, and the short answer is yes. Based on local resources related to agriculture, history, environment and other, the peripheries can be providers of place-bound and attendance

based experience products for the global market. The more urban peripheries also participate as consumers on this market. Accessibility as well as proximity to big cities seems to increase their opportunities considerably, both as consumers and producers. In the experience economy weaknesses can be turned into strengths by focused efforts and innovative discourse, like the example of Frederikshavn indicate. The geography of the experience economy entails a division of labour between big cities and the periphery as well as between the different peripheries. This division of labour is not simply hierarchic, between high culture in the big cities and sports and more popular culture in the small towns, but also horizontal, between different special experience offerings in the periphery.

Due to the high income elasticity of experience products it is not recommendable to focus solely on experience economy offerings, but experience offerings expand the scope of the economy as well as the quality of place, for the benefit of locals as well as of visitors of the peripheral region.

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Ref Type: Newspaper

ⁱ This paper was presented at the RSA Research network meeting Paper for workshop meeting in University of Paisley 12.-13. March 2009 on Peripherality, Marginality and Border issues in Northern Europe with the title 'The development of the periphery in the experience economy'

ⁱⁱ These paradigms do not correspond to the 'waves' of Perez and others. They have been chosen here due to their distinctive economic geographies.