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## Small cities in the experience economy. An evolutionary approach

March 2007

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## **Introduction**

For decades now small cities have been suffering from job loss in the traditional industries, while they have had only little potential to attract knowledge based activities, as these tend to concentrate in large metropolitan areas. A number of small cities in Denmark struggle against these trends by investment in tourism, attractions and activities, and by branding themselves as hosts for global events. They do so with considerable success. What they do is to exploit the potentials of the experience economy. This paper intends to lay the foundations for understanding the possibilities which the experience economy may offer small cities and peripheral places.

The paper sets out to present an understanding of the experience economy which focuses on its place bound dimensions. The paper then develops an evolutionary approach to understanding the particular characteristics of the experience economy, and it argues that the experience economy can be understood as a particular techno-economic paradigm with an economic geography, which is different from that of the foregoing paradigms. Based on this it is discussed, what the experience economy imply to the development of cities as places of location. It is argued that the experience economy represents a window of opportunity for small cities and places which in earlier economic paradigms have had peripheral positions. Finally the paper discusses how this window of opportunity can be addressed by urban planning, and it is argued, that there are important difference between what is known as culture planning and planning for the experience city. An outline of a planned empirical study finalises the paper

The paper is developed as part of a research programme on the City in the experience economy at the Department of Development and Planning, Aalborg University, Denmark.

## **What is the experience economy?**

Experience economy is a notion which intends to conceptualise a new trend in economic development in which the driver is people's search for identity and involvement in an increasingly rich society. It is not equal to the market for entertainment and culture, which is but one aspect of the experience economy. The occupation with the cultural aspects of city development is not new. Urban geographers have dealt with culture, entertainment and development. Geographers have thus dealt with entertainment and culture in city development (Freestone & Gibson, 2006:21-41), and with creative industries and culture economy (Scott, 2004:461-490; Scott, 2006:1-17). However, it is the business economists Pine and Gilmore (Pine II & Gilmore, 1998:97-103; Pine II & Gilmore, 1999:1-254) which have had become known for their notion of the 'experience economy' among urban developers. The notion of the experience economy has gained a role, not so much among

private managers as it has among urban planners, among which the notion has become the role of staging the discourse of urban development (Wikipedia, 12.3. 2007). In Denmark several cities have embarked on experience projects, and the Danish government has launched a programme with a focus on the experience economy (Regeringen, 2003:1-59).

In this section we will look into the notion of the experience economy as it has been used in the literature until now. Based on this review we will develop the notion of the experience economy further with a particular view to its place bound dimensions, which we consider particularly important to urban development.

The notion of experience economy is in the outset related to a particular way to compete on the global market. To Pine and Gilmore (1998:97-103; 1999:1-254) experience is thus a competitive advantage of products. The experience economy is the latest stage of an evolution aimed at extracting as much value from the market as possible. The agrarian economy offered raw materials for the anonymous market. The industrial economy offered manufactured standardized goods to the users. The service economy offers customized services to clients, while the experience economy offers personal experiences to the guests and customers (Pine II & Gilmore, 1998:97-103:98). Today, the success of a product depends on the experience that the product creates for the customer. Entertainment businesses creating experiences is nothing new. Just think of circuses, theatres and cinemas. The new evolution, according to the authors, is that experiences today become integrated in activities and products that were earlier trivial. Restaurants organize their services around particular themes (eatertainment). Shops and malls organise shows, events or expositions (shoppertainment). Mundane services like transportation are also being connected with experiences. Truly, the possibility of having individual experiences has always existed. However, with new technology the scope has considerably broadened, as interactivity can be built into many services and products, thus involving the customer. But most importantly economic actors have started deliberately to *capitalise on experiences*. It has become a value for the company. For example the company may charge admission to get into a shop or show room. Simultaneously, the value of the service or good may rise, if it is connected with a particular experience to purchase it.

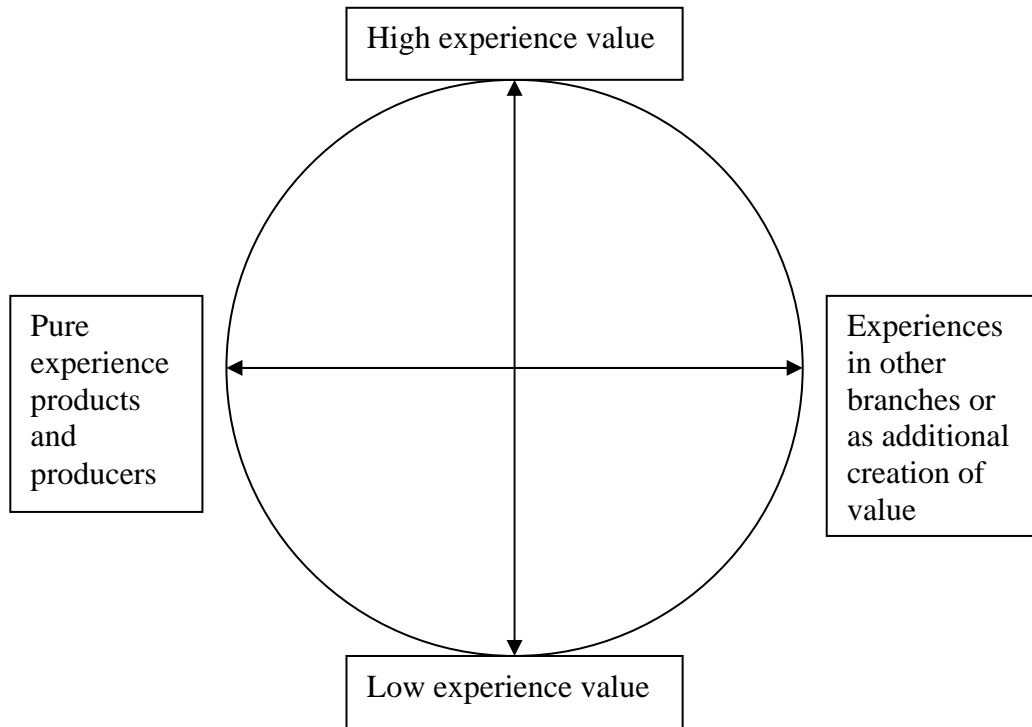
### **The notion of experience**

According to Pine and Gilmore (1999:1-254) ‘an experience occurs, when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates

a memorable event' (Pine II & Gilmore, 1998:97-103:98). The experience derives from the interaction between the staged event and the individual's state of mind. Therefore the experience is individual, although many individual may have comparable experiences..

An experience can be considered a *product*, since it must be produced or staged to be available. Experiences are connected to the *consumption* of goods and services, by using it, by participating in activities and events, or by visiting or by living in vicinity to places and attractions. Experience products are thus very varied and can be consumed in different ways. The common denominator of the experience products is the particular *relation* between the customer and the experience product (Pine II & Gilmore, 1999:1-254). The customer may participate passively, as when enjoying a movie, or actively, as participant in activities, as hiking, or attending a football match as supporter. The customer may further just absorb an experience being presented for him/her, or the customer may be part of the experience as participant. There are many combinations possible in the staging of experiences (Pine II & Gilmore, 1998:97-103:103). Generally, experiences must be produced, that is they must be designed and developed. They are not just there, waiting to be found.

In the Danish debate experiences have been qualified in different ways (Lund et al., 2005). Some of the experience products have the experience as its core (theatre), others have the experience as an add on to known products (cell phones). Some experience products have a high experience value, others have a low value. High or low value refers to criteria of novelty, repetition, unpredictability and personal involvement. This differentiation has been developed by Lund et al {Lund, 2005 1070 /id /d /ft ":19 ff" } as an 'experience compass'.



**Fig 1. The experience compass {Lund, 2005 1070 /id}**

Experiences are personal and memorable, as Pine and Gilmore suggest. This means that it is only an experience, when it being *told*. The demand for and use of experiences is part of the creation of *identity*, because the particular experiences used by someone are signals of the person, someone wants to be. The value of the experience from this perspective is connected to the experience as *communication and narrative*. This also means that the experience need not be unique. The visit to particular places is often repeated. Entertainment as shopping is neither unique nor very personal. It is connected to daily life experiences.

In Danish language there is a useful distinction between experience understood as a result of learning (‘erfaring’) and experience understood as a thrilling experience, as for example an adventure or an artistic experience (‘oplevelse’). It is the latter, which is in focus in the experience economy, while the former is in focus in the learning economy or the knowledge economy (Lundvall, 1998:33-54).

Of course not all experiences are marketed, which means that they are not part of the economy. Examples could be religious ceremonies. And as mentioned marketed experiences is not a new

phenomenon. It is thus neither the existence of experiences nor the marketing of them that make the difference between now and then. Most importantly it is the *structural context and role* of experiences that makes the experience economy.

### **From experience products to an experience economy**

The trade with experiences requires a mass market. This is established through two types of economic development. One is the growth of income among large population groups, particularly on the northern part of the globe, which allows a focus of consumption which goes beyond the lowest levels of the Maslow pyramid of needs. People are willing to pay for self realization (Maslow, 1970). When products are staged as experience, rich people are willing to pay a higher price for it, compared to trivial products. The second development is the emergence of the modern society, in which people plan their lives individually and in which there is an orientation towards the future. People orchestrate their future lives and thus their identities by planning to purchase particular experiences {Lund, 2005 1070 /id}.

According to Pine and Gilmore (1999:1-254) the experience economic strategy has got relevance for most branches. All goods and services can be staged, and new experience stages can be designed. It is not, what is sold, that defines the experience economy, but much more the *way* it is sold. Sometimes the experience economy is confounded with the so-called 'creative industries' as in the policy of the Danish government (Regeringen, 2003:1-59). The branches producing culture related products and branches representing a high degree of creativity have been in focus in research (Scott, 2004:461-490; Scott, 2006:1-17). The branches include tourism, fashion, visual arts, radio/television, publishing firms, toys/entertainment, sports, architecture, design, film/video, advertising, edutainment, events, television, film, computer games and cultural institutions. However, the creativity, innovativeness and culture content of the products do not make them experience products. To be an experience product there must be a certain relation between the customer and the product. The drinking of milk from a cow named Martha is an identity creating experience as well as the attendance of an exiting theatre play is. Focus in the experience economy is the customer and his/her involvement with the product, and the way the products are sold by involving the customer and his/her feelings.

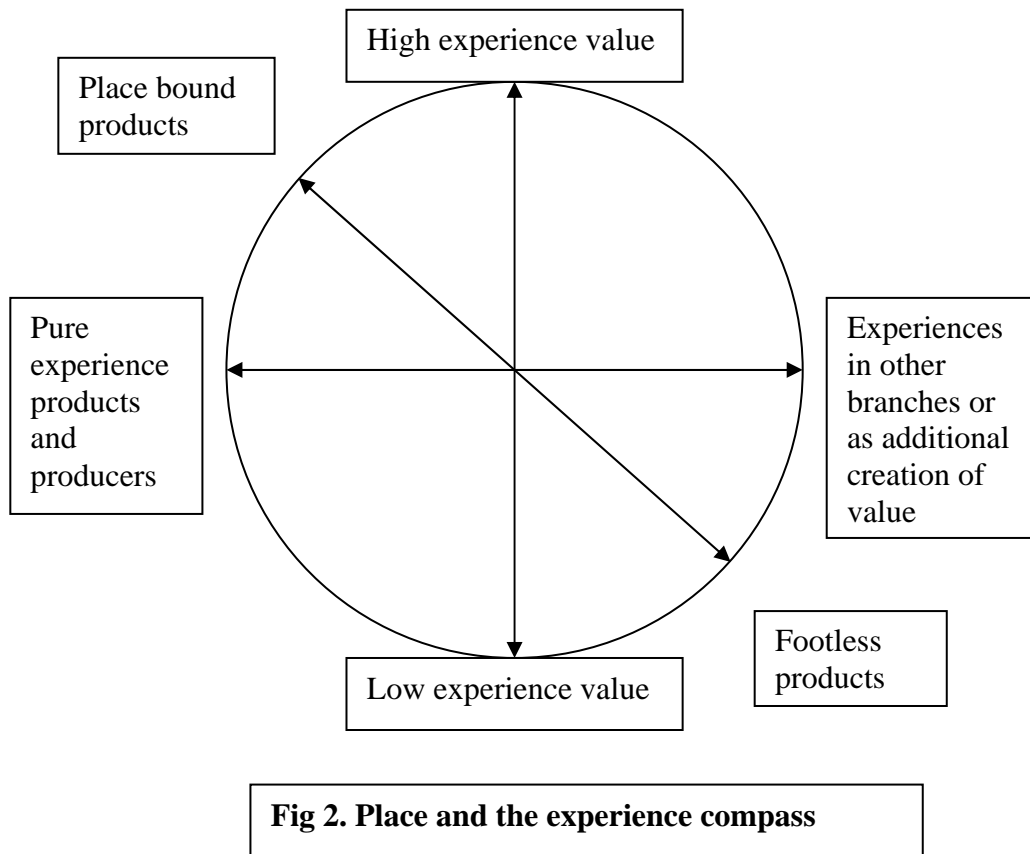
### **Place-bound vs footless production**

In the experience economy 'place' has a particular role to play. Place for example part of the identity connected to traditional products and services (Danish design, Frankfurter sausages). However it is also being produced as a something in itself, as when nice squares or parks are constructed and launched as places of experiencing sociability or recreation. This is because, in the experience economy, it is more than ever possible to *capitalise on places*.

In comparison culture industries and the creative industries are more or less footless. Their products can be produced everywhere, where the general conditions of production are fulfilled, and they can be sold to customers on the global market without any particular locational requirement to the consumption. In terms of location requirement there is hardly any difference between the cultural and creative industries any knowledge based industrial activity.

This is different in the experience economy. The experience economy is *place bound*, because of its particular characteristic of arousing feeling, forming identity and involving the customer in a more or less absorbing experience. The consumption of experience products is often place bound, and so is much of its production. If we return to the experience compass Fig 1 we will find many place bound experience products in the upper left field (theme restaurants, theme parks, spectacular museums of art). These represent high experience values and are at the same time pure experience products. In the opposite lower right field we find products with a low experience value, which are products with the experience as an 'add-on'. Here we find more ordinary shops and services. These are not dependent of location, they are footless. Tentatively we therefore suggest that the role of place in the experience economy is to increase the experience value on the market by the means of identity. The relationship between place and experience value is illustrated in fig 2.





The important role of place in the production of pure and high value experience products does not mean that the production is always limited to a particular place. The production of an experience product may be planned in one place, developed in another and staged for consumption in a third (O'Dell, 2005:11-33). The production chain may be geographically dispersed, as in relation to the development and planning of a major event involving international artists, the preparation of food in a restaurant or the exhibition of art in an art gallery. The final production and the consumption need to be collocated, and are thus place bound. Let us consider some examples of pure high value experience productions.

*Events* such as music festivals, historic festivals, sport events, lectures by highly prestigious people are place bound in a double sense. The market place is a particular place (an arena), where much of the production (organisation, the playing of music, speaking) also takes place. In order to consume the event as a full experience the customer has to be present in the same arena where the event is produced and offered.

*Activities* such as shopping, hiking, participating in sport, handicraft or artistic activities are on offer on particular locations. The location hosts such activities because of particular characteristics

attached to the location as e.g. its history, local traditions, competences or the quality of the build or natural environment. In order to participate in the activities the consumer has to be present on the location.

*Services* involving experiences include for example the serving of particular foods in theme restaurants, wellness services, exhibitions and art galleries, performances in theatres and cinemas. The final production of the service takes place on particular locations and they have to be consumed on the same location.

*Places* are more than just 'stages' for the production and consumption of services of goods, however. Places are experience products in themselves, or they constitute part of experience products. Places are understood as the built and the natural environment on different scales. The production of places involves the physical planning, construction and maintenance of buildings and natural resorts. It also involves the creation of attention, or *branding* of the places. Communication is a very important part of the production of places (Frandsen et al., 2005:1-320). It involves the production of the place in people's minds. Places like castles, squares, parks, woods, beaches, malls, museums, as well as parts of towns or whole cities need to be made positively known for their particular attractions.

In his discussion of the role of places in the experience economy, O'Dell (2005:11-33) suggests the notion of 'experiencescape'. By 'experiencescape' the author understands places on which experiences are staged and consumed. This understanding is not far from Pine and Gilmore's use of the word 'stage'. In addition to this we suggest that the *place as such is consumed*. Places are not only spaces of entertainment and pleasure, and meeting ground of diverse groups with overlapping or conflicting interests, as O'Dell (2005:11-33) suggests. They are consumed by people enjoying the atmosphere, sociability and even identity which can be obtained by being present there. Such places are strategically planned, laid out and designed by urban planners to meet such a demand for atmosphere and sociability. A subgroup of experiencescapes is 'nostalgiascapes' (Gyimóthy, 2005:112-127), which are places representing historic identity and lifestyles. The power of experiencescapes in producing feelings of identity is sometimes very strong. Special buildings connected to experiences may even help redefine the whole identity of towns, like the Guggenheim museum in Bilbao or the development of the docks in London and Gothenburg.

Below the particular characteristics and potentials of the experience economy for the development of locations will be highlighted from an evolutionary approach.

### **An evolutionary approach**

The significance of the experience economy for local development and planning can be analysed as compared to other types of economy. Pine and Gilmore's evolutionary approach is rather sketchy, and it is related only to business strategy. We have turned to a more comprehensive approach as an outset for our discussion, namely the notion of techno-economic paradigms, introduced by Perez (Perez, 1985:441-463). According to Perez the economy develops in long waves, each characterised by particular key factors, such as coal, steam power, oil, or microelectronics. It is characterised by specific cost structures, investment patterns, location geographies and inter-branch relationships. Each wave is also characterised by particular socio-institutional frameworks, involving relative proportions and character of public and private responsibility, the provision of education and training, the distribution of income, the organisation of workers and major interest groups among other things. The paradigms and institutions evolve historically, but coexist for long periods of time, and each paradigm has got its specific geography.

The argument of our paper is that the experience economy can be considered a particular techno-economic paradigm, which is different from other paradigms. Analysed as a techno-economic paradigm the experience economy is connected with the production and consumption of experiences, as defined above. Experiences are becoming increasingly constitutive in the economy, as people use still more money for experience based consumption. In Denmark expenses related to leisure, communication and transport constituted 22 per cent of the consumption in 2003 (Danmarks Statistik, 2007:221). Investments in experience based production and landscapes are equally growing. New locations emerge as economically dynamic places of experiences, while old (industrial) locations offer new attractions. This implies a change in the economic geography. This is supported by the still lower costs for transport and communication, which is a key ingredient of the paradigm.

On the institutional level, the experience economic paradigm also offers new developments. New actors, networks and interdependencies emerge, resulting in new strategies aiming at the production and consumption of experiences. New educations emerge focussing on e.g. tourism and integrated planning.

In terms of geography the experience economy is much less amenable to concentrate in large metropolitan areas than the foregoing techno-economic paradigms. The experience production and

consumption is widely place-bound, and experience products, activities and places are connected to different sorts of places like villages, beaches, mountains and cities of different sizes and history.

### **Urban development and techno-economic paradigms**

Urban development among other things results from the location of economic activities, and the role and function of cities has changed along with the change in techno-economic paradigms. From the perspective of location and urban development it seems justified to consider three principally distinctive phases of development. We thus consider the industrial paradigm, the knowledge based paradigm economy and the experience based paradigm, thus leaving out details related to the industrial economic development and earlier historical phases. In the following we will see, how these paradigms can be characterised in terms of space.

In the *industrial* paradigm firms have clustered in cities in order to reduce costs by being proximate to markets, supplies and labour (Hayter, 1998). In terms of consumption people located in cities because they wanted to socialise and benefit from different facilities and services (Glaeser, 2001:27-50). In the knowledge economy firms tend to locate in cities with access to specialists, research and decision making centres, preferably in very large metropolises (Simmie, 2003:607-620). The specialists and the creative classes have tended to locale in large cities with a varied offer of culture, and interesting jobs (Florida, 2002; Florida, 2005; Scott, 2006:1-17). The metropolises have grown to the detriment of smaller cities, reinforced by the intensified competition among cities (Brenner, 2004:447-488; Simmie, 2003:607-620; van den Berg et al., 2005:1-376; van den Berg, Pol & van Winden, 2004:1-27). In the experience economy, on the contrary, small cities and peripheral places have begun to produce events, places, activities related to culture, heritage and authenticity (Meethan, 1996:322-340; Wilks-Heeg & North, 2004:305-311). In Denmark there are numerous examples of small cities gaining new roles based on events and innovative branding. The implication is that, in the experience economy, the location of people and economic activity may prove to deconcentrate as the centres of gravity become redefined. The forces of globalisation, which have reinforced the concentration of people and economic activities during the industrial and the knowledge based paradigms seem to support the de-concentration of the experience economy when peripheral places become integrated in the global flow of people and information. To illustrate how we see the economic geography of the three economic paradigms we have developed the matrix, fig 3.

<b>Fig 3. Location and techno-economic paradigms</b>			
<i>Techno-economic Paradigm</i>	<i>The industrial economy</i>	<i>The knowledge economy</i>	<i>The experience economy</i>
<i>Dimension</i>			
<i>Production/location</i>	Concentration in advanced regions	Concentration in metropolises of the advanced regions	Many locations in central and peripheral countries and regions
<i>Consumption/location</i>	Concentration in advanced regions Export	Concentrated in metropolitan areas	Visitors from developed countries Local population in developed countries
<i>Globalisation</i>	Separation and dispersion of production International trade Direct investment	Flow of knowledge, goods, people and capital between the metropolises of the advanced regions	Peripheral places become integrated in the global flow of information and people
<i>Role of the big cities</i>	Decision making Research and Development Advanced industrial production and services	Decision making Research and development Very advanced production	Attract inhabitants and visitors Expensive and specialised offer
<i>Role of the periphery</i>	Raw materials Simple industries Low cost labour	Simple industries Global services Tourism	Attract inhabitants and visitors Authenticity and history Natural environment Activities, events

Fig 3 illustrates how urban development in the experience economy is characterised by patterns and dynamics that are different from earlier patterns and dynamics. This is because in the experience economy, it is possible to capitalise on the resources of small cities and peripheral locations and make them useful as a basis not only for investment, but also for people. The economic advantage of experience activities for local development is particularly big because of the mentioned place-bound character of the experience production and consumption.

### **The potentials of small cities in the experience economy.**

Small cities have embarked the experience economies. This can be seen everywhere. They host famous festivals or theme parks and coastal areas receive leisure and business tourists. The location characteristics make the experience economy attractive for urban developers. The question is

however, if what the real potential is in small cities to attract and develop experience based consumption and production. How do the factors of location related to experience based production correspond with the actual conditions of location found in small cities {Hayter, 1998 979 /id}? In particular who are the producers and what are their competences and capabilities? We tentatively suggest the following considerations.

The *producers* of the place bound experience products constitute a variety of actors reaching from small service producing firms, networks of firms, multinational corporations, urban planning authorities, civic organizations and fiery souls. The producers are permanently or temporarily located on the place of final production of the experience. Often they are part of networks or production chains that are global. To develop marketable experience products local private and public entrepreneurship is needed, and a high degree of cooperation, locally and internationally. Not every place represents the spirit of entrepreneurship required, but those who do seem to get far along the road of the experience economy. Peripheral places are often by tradition well networked internally, and this characteristic may serve as a point of departure (Hansen, Lorentzen & Lassen, 2007).

The *competences and qualifications* needed to produce experience products include a wide array of skills, high, medium as well as low by usual standards. To produce a rock concert the high skills involve logistics and acoustics as well as the artistic skills of the object of the concert. Information and advertising activities require knowledge of communication and media. The whole local infrastructure of the event needs to be produced. Here practical skills are needed related to construction, maintenance, organisation, parking services, the serving of customers and cleaning, just to mention some. Relational skills and artistic insight is also required and may be found in some small cities. The same composition of skills will be needed for more permanent experience products like theme parks. It is known that medium and low skilled labour abounds in peripheral areas, while highly skilled labour is scarce. It can thus be suggested that, in general terms, the local labour market profile fits nicely with the skill requirements of the experience production, but also that particular skills are needed to initiate and orchestrate the events and places. The latter is not necessarily found everywhere, and may have to be sourced from global networks.

The *consumers* of the experience economy are either residents or visitors. Cities need to try to attract both as a basis for economic development. Residents pay taxes from which urban development can be financed. Visitors serve as point of departure for economic multiplier effects in the local economy. Both visitors and residents are part of the experience space of the local place. They make the place interesting and sociable. Together the consumers constitute the market of the experience economy.

The *market* of the experience economy is basically global. The locality will need to compete with other localities to attract consumers by communicating, or by creating narratives about its attractions. This phenomenon has been labelled 'the catwalk economy' (Löfgren, 2003:239-253). It has been studied how this task of communication is being done in the Danish city of Horsens (Frandsen, 2005). In this way cities embark on strategies of 'glocalisation' {Brenner, 2004 1064 /id}. This leads us to further requirements for the location of experience economic activities in a city. Strategic communication is needed to give customers access to inspiring information of the city and its attractions. Physical access to the city and the attractions is also needed. This means that resources of *mobility* can be seen as an important basis for the development of experience based development.

### **Planning for the experience city**

Experience city development is about developing both spaces and places. The city is a social space in which cultural activities and events can develop. The city is also a place, a build and a natural environment, which can be made attractive to citizens, visitors and firms. These two aspects are interlinked, as experience activities take place in the build or the natural environment. In an interesting and attractive city, traditional economic activities are also likely to develop, and to nourish from the creative atmosphere {Lund, 2005 1070 /id}.

City functions change along with the change in techno-economic paradigms, and so do the possibilities for cities to develop. A distinction between different economic paradigms in relation to urban development has been suggested by Peter Hall (Hall, 2001), who sees a development from an 'industrial economy' towards an 'informational economy' and today a 'cultural economy'. There are resemblances between our 'knowledge economy' and Hall's informational economy, but not between our 'experience economy' and Hall's 'culture economy'. The difference is important for urban strategy, and shall be commented more in detail.

In the cultural economy the role of the city is to provide advances in transport and communication, quality in residential and environmental terms, and high level of cultural and educational offering. Particularly important in urban interventions is to make strategic use of cultural resources. There are many examples of cultural planning, aiming at local economic development. It has critically been noted that there need not be any link between the strategic use of culture assets on the one hand and culture policy on the other (Vaz & Jaques, 2006:241-253:243). Culture and capital has been linked, leading to what David Harvey calls a commodification of the city (Harvey, 2000). In comparison, in earlier planning paradigms culture, not local development has been in focus as when cities have been seen as works of art, or culture flagships have been developed as part of welfare policies (Freestone & Gibson, 2006:21-41). Cultural planning in the strategic sense of the word has been recorded since the mid 1970's in big cities of Europe and North America. Its rationale has been to create attractive locations for individual and collective consumption. This again is seen as a precondition for the attraction of wealthy people to visit towns and reside in them, and also for the attraction of investment and production (Evans, 2001:1-335).

It is our argument that 'cultural planning' for local development is connected, not to any specific 'cultural economy', but the techno-economic paradigms of late industrialism, and particularly to that of the knowledge economy. Thus Richard Florida has written extensively to justify the close relationship between the location of high-skilled labour, innovation and growth on the one hand, and a varied supply of culture on the other (Florida, 2002; Florida, 2005).

Evans (2001:1-335:141) is getting closer to an understanding of the city in the *experience* economy, as he distinguished between different approaches and functions to leisure and work in cities, all of which are related to some degree to the experience economy as we understand it. Evans suggests five different approaches. The 'culture city' has a focus on museums, galleries, theatres and concert halls. The 'historic city' has an offer of museums and monuments, plus the offer of the culture city. The 'night life city' has an offer of theatres, concert halls, night clubs, red-light districts, cafes, restaurants. The 'shopping city' has an offer of cafes, restaurants, shops and offices, while the 'tourist city' has it all.

These five city types are useful in relation to our search for experience city planning focuses. Each of the 'cities' offers possibilities of the place-bound consumption, which is the core of the experience economy. They invite the consumer to enjoy plays, to identify with the historical past, to



eat typical food, to shop typical products. It is however important to note, that all the model 'cities' that Evans deals with need to be relatively big, diverse and centrally located to fulfil these functions. They are 'culture capitals', world cities and metropolitan areas (Scott, 2004:461-490; see also Scott, 2006:1-17). The experience city is not, in our opinion, equal to culture capitals.

An 'experience city' need not be fully equipped with amenities. The city can be big or small. The important characteristic of an experience city is its attractive atmosphere, which comes from place-bound activities, events and services, nice places and diverse social spaces, which make visitors and residents *feel inspired, involved and connected to the place*. These characteristics imply that the city need not be big. Experience city atmosphere can be developed in smaller cities as well. It is produced, by mobilizing the above mentioned potentials. In this way the experience economy offers a 'window of opportunity' for small cities in more peripheral locations. Figure 4 illustrates our considerations concerning the role of cities in the three techno-economic paradigms.

<b>Fig 4 Role and function of cities and techno-economic paradigms</b>			
Techno-economic paradigm/ Dimension	Industrial economy	Knowledge economy	Experience economy
Production	Labour pool Transport node Physical facilities	Pool of skilled labour IKT network Proximity to universities Research institutions Decision makers	Low skilled and high skilled labour Accessibility Exposure, branding History, authenticity
Consumption	Stores and supermarkets Mass consumption Transport of persons Cheap housing Welfare services	Attractive malls Individual consumption Attractive housing Leisure space and activity and supply Culture supply	Sociability, activity, identity Residents and visitors Experiences
Mobility	Place (fixed) Functional qualities	Space (fluid) Functional and aesthetic qualities	Construction of places High individual mobility Consumption based identities
Governance	Hierarchy Authority Monocentric Welfare	Network Polycentric Tailored to context Facilitation	Entrepreneurial forms and networks Temporary networks Changing stakeholders

### **An example and research questions**

In several smaller Danish towns the experience economy has become key to survival. One example is Frederikshavn in North Jutland. Frederikshavn is a municipality of 62.000 inhabitants with the main town of the same name hosting 33,600 inhabitants. Frederikshavn is a city which historically has been the location of industrial development based on shipyards and related industries in a dynamic cluster. The shipyards have undergone radical reconstruction, since the eighties, leading to periods of severe crisis, but also to innovative strategies of technological development. Also the harbour is an important source of income, together with the many transit tourists coming from Scandinavia. The engineering industries, the harbour and tourism are under severe competitive

pressure, and the city has initiated a process of redefining its role, launching the motto: fra værftsby til værtsby (from engineering city to host city). During the last five years the town has been the location of many innovative projects which have contributed to redefining the identity and atmosphere of the city. The list of projects is long, the most known of them include the establishment of a Palm beach and an artificial hill for all year skiing. Events have been organised, including visits from Bill Clinton and Al Gore. Activities based on the history of the town are organised each year (the Tordenskjold festival). And the town is undergoing renovation and development of the built environment, in which earlier typical industrial buildings are developed to host new functions and as landmarks for the city. Many stakeholders support and contribute to the development, and the locals seem to enjoy the new atmosphere of their town. Most remarkable is the fact that within only a five year period Frederikshavn has been able to brand itself into the minds of most Scandinavians as an attractive and pleasant place to live and to visit. It seems that Handler's harsh prophecy that the re-imagining efforts of different institutions are 'ushering an objectified culture, pseudo-events and spectacles (Handler, 1987:137-141:139) does not apply to Frederikshavn.

The recent development of Frederikshavn will be a main case in our research programme on the 'city in the experience economy', which is being developed at the Dept. of Development and Planning at Aalborg University. The research programme intends to provide insights in relation to 1) the location of experience based consumption, production and innovation. 2) mobility forms and patterns enabling experience production and consumption and 3) The development of experience based urban development strategies. This paper was developed as a platform for further research.

In relation to the first point we would like to document the type of experience based activities that are being developed in small cities and to assess their wider role in the local economy. We would also like to map out the resources and capabilities that are involved in the production and innovation of experience based activities and how these are localised. Of particular interest are the local and global networks that are involved as product chains in the production of experience based activities, and as knowledge networks in the development of innovative projects and activities. Finally, the project would document the role of the re-imagining of the city for the decision of residents and visitors to go to the city.

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