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Bille, Trine

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The Nordic approach to the Experience Economy – does it make sense?

By Trine Bille, Associate Professor, Ph.D., Copenhagen Business School, Department of Innovation and Organizational Economics

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Abstract:

This paper discusses the concept of the experience economy in a Nordic context and shows how the Nordic version of the concept has come about from a mix of three different approaches and theories. Besides, the Nordic definition links the experience economy closely with cultural activities. In the Nordic countries the experience economy has been developed in a political context and it is apparently a popular development policy for local government authorities and regions. This paper discusses the Nordic definition of experience economy and questions if it makes any sense. The definition of experiences is not clear, and the definition of the word “economy” has different interpretations as well. In a narrow interpretation the term economy is related to market economic value, which is used in the political terminology. The paper shows that the experience economy can follow three different routes to market value creation, and how the growth opportunities for the different experience areas will depend on three different trends. Therefore, it can be shown that only some experience areas are growing, and the market value creation occurs in very different ways and to very different extents within, and in relation to, the different experience areas. The greatest growth potential resides probably in the broad value creation in association with the experience areas. But the experience economy does not lend itself to any consistent definition.

Three approaches to the concept of experience economy

The Nordic use of the concept of experience economy seems to have derived from a mix of three different approaches and theories. Firstly, Pine and Gilmore's book *The Experience Economy* from 1999. Secondly, the focus on Creative Industries in the United Kingdom with the first mappings of creative industries (DCMS, 1998 and 2001) and thirdly, Richard Florida's book *The Rise of the Creative Class*. These three approaches seem together to represent the core of the experience economy wave that has spread in Denmark and several other countries, particularly in Scandinavia. Each of the three approaches has something to do with experience and creativity, but otherwise they have little in common.

1. *Experiences as a source of value creation for companies*

The concept of the experience economy was first introduced by Pine and Gilmore's book *The Experience Economy* from 1999. Here the market is central and experiences are, thus, defined as a new source of value creation for businesses, an add-on to various consumer products and services. In the book, Pine and Gilmore predict that experiences will be a decisive factor in

the development of products, service and marketing, and that companies' future success will depend on their ability to build a universe of experiences around their products and services. Using metaphors from the theatre they show how companies can stage experiences - *Work is Theatre & Every Business a Stage* - as the book's subtitle reads. They write for example:

"The company - we'll call it the experience stager - no longer offers goods and services alone but the resulting experience, rich with sensations, created within the consumer. All prior economic offerings remain at arms-length, outside the buyer, while experiences are inherently personal. They actually occur within any individual who has been engaged on an emotional, physical, intellectual, or even spiritual level" (1999, p.12).

And further:

"Those companies which capture this economic value will not only earn a place in the hearts of consumers, they will capture their dollars" (1999, p.13).

Since 1999, new books have been published that follow the same approach; e.g. Pine and Gilmore (2007) and Boswijk et al. (2007). Boswijk et al. (2007) build on these ideas and talk about 1.0, 2.0 and 3.0 generation of experience economy, where the 1.0 generation is about staging experiences for the consumer, 2.0 generation is about the consumer as co-creator of experiences, and the 3.0 generation is about the consumer embarking on an "autonomous personal journey".

Following this argument, it is essential for the company to know what makes experiences meaningful for the consumer, and Boswijk et al. (2007) have analyzed the elements that make up an experience, including those elements that render an experience meaningful. The authors summarized 11 characteristics of meaningful experiences: 1) a high degree of concentration and focus, 2) the involvement of all senses, 3) the perception of time is changed (made irrelevant), 4) one is affected emotionally, 5) the process is unique and has intrinsic value for the individual, 6) contact with "the real thing", 7) one does and undergoes something, 8) there is an element and sense of play and expectation, 9) one feels in control of the situation, 10) there is a balance between the challenge and one's capacity to meet it, and 11) there is a clear goal (see further Boswijk et al., 2007). Moreover, they have developed a model (experience scorecard) to show how companies can generate profits on the value of experiences.

2. Creative industries - economic size and growth rates

The focus on Creative Industries in the United Kingdom with the first mappings of creative industries (DCMS, 1998 and 2001) is another important approach that forms part of the Nordic understanding of the concept of experience economy. The thinking behind this is that the creative industries represent an area of business activity with associated employment,

turnover, value added, exports, etc. Typically, it starts with a selection of the creative industries to be included, and the focus is upon the "economic size" of these industries as measured by various indicators. Similar studies, based on the model from the DCMS, have been carried out in many other countries. These studies show that the creative industries represent a significant economic factor in these societies and are characterized by considerable growth. In Denmark, a government report entitled *Denmark in the Culture and Experience Economy - 5 new steps on the road* (2003) published corresponding calculations; and there are further publications from Rambøll (2005)¹ and Erhvervs- og Byggestyrelsen (the Enterprise and Construction Authority), 2008. Similar reports have been published in the other Nordic countries; for example from Norway see Haraldsen et al. (2004 and 2008) and from Sweden see KK Foundation (2003). In 2007 the EU issued a report: *The Economy of Culture in Europe*, KEA European Affairs, European Commission following the same approach.

It is worth noting, that similar studies were already done in the 1980's trying to measure the economic importance of the cultural sector (e.g. Hummel and Berger, 1988 and Myerscough, 1988). Similar problems of delimitation and measurement were noticed and similar critique arrived (e.g. Bille Hansen, 1995).

3. Richard Florida and the creative class

The third major approach is Richard Florida's theory of the creative class and the importance of creativity in economic development. Florida (2002) has introduced a new perspective on economic growth which is based on the importance of creativity. He expresses this as follows:

"In the creative society, creativity in all aspects is what matters. Creative people (which should be understood in a broad sense; people who add a creative element in their job) want to live in a stimulating, dynamic environment, where other creative people live, and where there are many job opportunities. This means that geography and place matter, and the city matters more than ever, because creative people tend to cluster in cities with a creative environment. "

According to Florida, businesses today move to where the 'creative class' lives because human creativity, both now and in the future, is the single most important resource for businesses. Members of the creative class change jobs frequently, and therefore it is important for businesses to locate in a place that has a 'critical mass' of the creative class which, according to Florida, constitutes about one third of the workforce in the U.S. today.

Florida's theory is centred on the three Ts: tolerance, talent and technology which he believes are crucial for economic development in cities. The new concept is tolerance. Tolerance is

¹ See Bille and Lorenzen (2008, chapter 3) for a critique of this approach.

important, according to Florida, because diversity and an open society with a high tolerance attract the creative class which cannot be discriminated against with regard to country of origin, sexual orientation, clothing styles, age, etc.

Florida argues that it is the ability of cities and regions to attract and retain the creative class labour that will determine their future levels of economic growth. According to Florida it therefore, crucial for economic growth to construct a 'people climate' that motivates the creative class to move to a certain area. Here, tolerance, as mentioned earlier, is a key factor, but Florida also mentions the option of investment in 'lifestyle amenities' that the creative class really want and often use. He mentions parks in cities and towns, bicycle lanes, off-road trails for running, cycling and rollerblading. Art and culture, however, are further potentially significant factors in determining where the creative class decide to live, but Florida is not particularly detailed about this, a fact which has also been pointed out by Skot-Hansen (2005).

The biggest and most decisive problem with Florida's analysis is causality - what is it that depends on what? To put it blankly: Is it urban growth with rapid economic development that attracts the creative class? Or is it the presence of the creative class that creates economic growth? (See also the critique from Malangas (2004) and Bille and Schulze (2006)). The positive correlations in themselves do not provide answers to these questions.² In addition, some criticisms can be raised from a cultural-political standpoint; first, that creativity is not related to a particular class, but is something universally human. Second, Florida assumes implicitly that what is good for the creative class is good for all (see Skot-Hansen, 2005), which implies that the needs of classes other than the creative class may be undermined.³

The Nordic interpretation of the experience economy

In the Danish books and reports published about the experience economy, it is clear that the definition is developing as a combination of the 3 approaches described above.

The first Danish book on the experience economy came out in 2005: "Følelesfabrikken" (The Factory of Feelings – own translation) (Lund et al., 2005) in which the experience economy is described as a "mega-trend". By "mega-trend" the authors mean that "experiences occur in more and more industries and contexts and are no longer confined to a restricted area". This "mega-trend" or societal tendency is linked to a general increase in the population's overall demand for experiences. It is, therefore, relevant to discuss the experience factor "both in industries that offer experiences as their primary products and in industries that use different

² See Andersen, Lorenzen and Bille (2009) for a Danish analysis of Florida's theories.

³ Similarly, Skarpenes (2007) criticises the experience economy for being defined by the concept of experiences held by the well-educated and cultured middle class.

elements of experiences to create a universe surrounding their products and services". The experience component may lend the product or service an extra value that the customer is willing to pay for and, as such, the value of the experience can become "a strategic tool with the same potential utility as marketing, pricing and PR."

Bærenholdt and Sundbo (2007) use the same distinction in their definition. They write:

"Experiences play an increasingly more central role in the development of society. In the prevailing discourse, it is argued that society has been transformed and that the creative industries, culture and experiences play a key role. In economic terms this transformation is summed up in the widespread use of the concept "experience economy". ... One can define a primary experience sector comprised of companies and institutions which have the production of experiences as a primary goal, and a secondary sector, where experiences is an add-on for goods and services. Both these sectors are relevant. " (Bærenholdt and Sundbo, 2007, p. 11)

Rambøll Management (2005) uses a very pragmatic definition of the experience economy, namely: *"Economic value creation based on experiences, where the role and degree of integration of experiences in a product or service can vary"*. Defined this way, the experience economy can "act at all levels of economic activity: from product to company, to region, country and world economy."

Bille and Lorenzen (2008) deal with the experience economy as a concept - its demarcation, economic impact and growth opportunities. It adheres to this peculiarly Danish and Nordic definition that links the experience economy closely with cultural activities, but we also demonstrate the problems associated with this approach. The report defines the experience economy as:

"The market value of experiences or commercialization of experiences - whether in the form of pure experience products and services or of mixed products in which experience elements are coupled with functionality or other product content." (Bille and Lorenzen, 2008, p. 32).

This definition raises at least two new questions: What is the definition of an experience? How does value creation based on experiences occur in a market economy? Further, the definition raises some research dilemmas.

1. The definition of an experience

In the Nordic understanding of the experience economy the definition of an experience is not clear and many interpretations are used.

In the "Pine and Gilmore tradition", experience is purely subjective and can be attached to anything. One can have many kinds of experiences: aesthetic experiences, emotional

experiences, sexual experiences, intellectual experiences, experiences of nature, travel experiences, amusing experiences, etc.

In contrast, the "DCMS tradition" uses a range of experience sectors (pure experience areas) as its starting point. The problem with this, however, is that the delineation of such industries or experience areas is not complete and their borders are fluid. This is also shown by the fact that different countries use different definitions (see Birch, 2008). Bille and Lorenzen (2008) reached a tentative demarcation of the experience economy by defining 3 areas:

1. *Creative experience areas* (areas that have experience as the primary goal and where artistic creativity is essential to its production). For example, theatre, music, visual arts, literature, film, computer games.
2. *Experience areas* (areas that have experience as the primary goal, but where artistic creativity is not essential). For example, museums, libraries, cultural heritage sites, natural and green areas, restaurants, the pornography industry, spectator sports.
3. *Creative areas* (areas where artistic creativity is essential but which do not have experience as a primary goal: they are not intended directly for the consumer market but instead provide services to business (B2B), which are built into or around mixed products). For example, design, architecture, advertising.

But Bille and Lorenzen (2008) also shows that the current demarcation of experience sectors is not definitive. There are very many borderline cases and ambiguities. To mention just some:

- What about household pets and the entire industry that supplies equipment and care for pets of all kinds? It is never mentioned in connection with the experience economy, but for many people their pet is a great source of joy and experiences.
- The pornographic industry is quite obviously part of the experience economy, but is almost never included.
- What about business tourism – this is probably not a sector which has experiences as the primary goal – or is it? But usually no distinction is made between private and business tourism in reports on this.
- Is physical exercise experience? It is often included, but surely the primary goal is exercise and good health – not experience?
- Many cultural institutions, such as libraries and museums, do not have experience as their primary goal but have much wider objectives.

- Do the Church and religious organizations offer experiences, and is it part of the experience economy?

The list could easily be continued, but the message is already clear. Demarcation is, to put it mildly, problematic. Moreover, we do not capture the whole experience economy by focusing on the areas that produce (and sell) *pure experiences*, as described above. Much of the experience economy is composed of *mixed products* that combine experience and functionality and of companies that attempt, through the use of experience design, experience marketing, events, storytelling and branding, to invest their products and services with a range of experiences, histories and values which can differentiate them from those of their competitors (see Pine and Gilmore, 1999).

This also means that it does not really make sense to try to measure the size of the experience economy, i.e. to show how much the total experience economy represents in the national economy, as has previously been attempted in several of the studies mentioned above (including Rambøll Management, 2005 and the Danish government report, 2003). Depending on how many or few activities are included, the experience economy becomes larger or smaller - to put it blankly: you can add to it or subtract from it as you will. Besides, there are significant parts of the experience economy (mixed products) that cannot be counted.

The question of how art and culture is to be defined is an issue that has been under debate for centuries. The discussion will not be continued here, but it is enough to state that obvious parallels may be drawn between the discussion of the definition of art and culture, and to the discussion of the definition of experiences and the experience economy. Where culture can be defined as either art, cultural areas or as an aspect, experience can be defined as good (subjective) experiences, as experience areas or as a "mega trend" (see further Bille and Lorenzen, 2008, p. 38-39).

Table 1 Definitions of art and culture versus experiences

	Culture	Experiences
Quality evaluation	Culture as <i>Arts</i> Quality evaluated by: Primarily professionals (peer review) Partially objective	<i>The good experience</i> Quality evaluated by: The consumer Subjective ⁴
Sector	Cultural areas	Experience areas ⁵

⁴ Pine and Gilmore (1999).

Societal trend	Aspect	Megatrend ⁶
	Linked to societal values and norms	Linked to the market, consumption and commercial exploitation

2. Definition of economy

The exact meaning of the word "economy" in the concept of experience economy is also unclear in the Nordic use of the term.

Bille and Lorenzen (2008) have chosen a narrow definition of "economy", namely the market value or the commercialization of experiences. This is close to the "Pine and Gilmore tradition" where the experience economy by definition is commercial, but also to later definitions like Rambøll (2005). ⁷

A broader understanding of the word "economy" will define it as "society". We live in an experience society (cf. Schulze, 1992), where experiences generally play an increasingly more significant role both for the individual and for the society.⁸ This, in parallel with other names such as knowledge society and information society, provides an indication of an important trend in society.

That we have chosen to adopt the narrower market economic meaning of the word is, first and foremost, because the experience economy in the Danish and Nordic (political) interpretation is closely linked to expectation of economic returns and economic development (cf. the original definition of the term):

"From the merger between culture and business, a new kind of economy is growing. An economy that is based on an increasing demand for experiences and that builds upon the added value that creativity lends to both new and traditional products and services " (Danish government report, 2003, p.8).

At the same time, the report expresses a general expectation that the experience economy will grow:

⁵ See the discussion in Bille and Lorenzen (2008).

⁶ cf. Lund et al. (2005).

⁷ In contrast, some authors e.g. Bærenholdt and Sundboe (2007) and Lund et al. (2005) are not clear on this point.

⁸ The Swedish researcher Bengt Wahlström who published in 2002 *Guide to upplevelsessamhället: Från musik og museer till sushi & spa* (Guide to the experience society: from music and museums, to sushi & spa. Own translation) has also chosen the experience society rather than experience economy as his starting point, and herein lies a difference from the more narrow definition connected to the market economy. Similarly the Danish author Rolf Jensen writes about the Dream Society in the book of the same name (Jensen, 2001).

"That the culture and experience economy has come into focus, both at home and abroad, correlates closely with the fact that it is a field that is increasingly expanding within the economy"
(Government, 2003, p.9)

It follows, therefore, that it is a significant element in the political definition of the experience economy, that it should represent a market value. But there is a dilemma here, because in many areas experience is characterized by the provision of (semi) public goods with substantial public funding. This is true for museums, heritage sites, theatres, etc. which, like most other cultural institutions, are characterized by being non-profit institutions that do not have profit maximization as their objective but, typically, the maximization of output in some sense or another, either qualitative or quantitative.

Furthermore, it makes little sense to set growth as the target in areas with a substantial public funding. Employment growth in areas that enjoy substantial public funding will generally be associated with societal and economic costs and not with revenues. Growth in these areas can lead to improved socio economic welfare (if people demand these services)⁹ but not necessarily to increasing revenue that society "can live on."¹⁰ It is, therefore, the purely commercial activities such as computer games, photography, design, architecture, fashion and advertising which are of primary interest in the experience economy when we consider its potential to generate income and exports. But this also applies to mixed products where experience elements are used to raise the market value of a company's products and services.

Economic significance - three routes to market value creation

If we are to illustrate the significance of experiences in the market economy, we need a much more nuanced approach than those used in previous reports. In Bille and Lorenzen (2008) we present three different ways in which experiences can create value in a market economy:¹¹

- Focused value creation in the experience areas
- Broad value creation in association with experience areas
- Experiences as urban and regional development

The three routes to economic growth in the market reflect, on the whole, the three approaches and theories that were described at the beginning of this paper.

Table 2 Three ways to create market value in the experience economy

⁹ This non-market value may be quite substantial and may serve as a very good argument for public support for cultural institutions (see e.g. Bille Hansen, 1997 for an example with the Royal Theatre in Copenhagen).

¹⁰ Even though the value of public services is included in the national product by the total amount of salaries & wages.

¹¹ cf. also Rambøll Management (2005) and "Danmarks Kreative Potentiale" (Denmark's Creative Potential. Own translation) (2000)

C R E A T I V E E N C O U N T E R S

	Level of analysis	Primarily relevant to areas such as:
<p>Focused value creation in the experience areas</p> <p>“The DCMS tradition”</p>	Industries	<p>Primarily commercial experience areas:</p> <ul style="list-style-type: none"> • Photography • Computer games • Printed media • Music industry • Amusement parks etc. • Restaurants etc. • Porno industry • Design • Architecture • Fashion • Advertising
<p>Broad value creation in association with experience areas</p> <p>“Pine and Gilmore tradition”</p>	The individual company or the individual products or services	<p>Mixed products.</p> <p>Primarily B2B areas, like:</p> <ul style="list-style-type: none"> • Design • Advertising
<p>Experiences as urban and regional development</p> <p>“Richard Florida and the creative class”</p>	Geographical area	<p>Location specific experiences as:</p> <ul style="list-style-type: none"> • Theatres • Concerts • Events and festivals • Museums • Heritage sites • Natural and green spaces • Spectator sports

1. *Focused value creation in the experience areas*

Consumption of experiences can foster economic development in the industries that produce and sell pure experience products. The impact can be measured in the turnover, value added, employment, exports, etc. of the experience industries in question. The unit of analysis here is *the individual industry* and it is clear that this approach makes the most sense for commercial enterprises. For public funded experience areas the approach makes little sense. The existence of significant public subsidy together with non market values mean that, for example, increased employment is not an end in itself.

2. *Broad value creation in association with experience areas*

As noted above, the experience economy includes, in addition to pure experience industries, companies selling non-experience products that buy or associate themselves with experiences for purposes of branding, marketing and the manufacture of products combining experience and functionality. When we analyze these more complex business areas, as opposed to specific experience industries or professions, we find that experiences possess broader potential growth effects. However, these effects are quite difficult - not to say impossible - to measure and quantify on an aggregated level. It is not possible to measure or predict how many or which companies choose to associate with experience areas through projects or alliances at any given time. Rather than considering the aggregated level, a more obvious unit of analysis is *the individual company offering mixed products or even the individual product*: the benefit gained by the individual company from its association with experiences. It can be assumed that a company that does not sell pure experience products will only associate itself and its products to experiences to the extent this is profitable; but how much market value such alliances actually create is an empirical question that remains to be answered.

3. *Experiences as urban and regional development*

Culture and experiences can give rise to some indirect economic effects through the generation of activity in a geographical area by, for example, attracting tourists, residents and businesses. The natural demarcation here is a specific *geographic area*, for example a region, as we are dealing to a great extent with relocation patterns as the activity moves from one place to another, when tourists, inhabitants and companies choose where to move or locate. In terms of economic value creation, the impact will, among other things, depend on how the geographical area is defined.

In order to identify the ways in which experiences can generate regional (economic) development, it seems appropriate to distinguish between short and long term effects (see Bille Hansen, 1993 and 1995). The economic significance of experiences is to be found among the *external effects* which consist of short-term consumption effects, mainly from tourism, and long-term effects which are primarily attributable to the fact that experience opportunities in

a region can attract new residents as well as businesses and investments (cf. Florida, 2002). Indirect economic effects will mainly arise from the experiences that residents and tourists can enjoy in the region, i.e. culture, sport etc. can create these kinds of external effects.

This economic thinking had already been introduced into Danish cultural policy in the mid-1980s. The focus was on public-funded cultural activities and the economic impact created in the form of employment and turnover based on visitors' consumption (for a critique of economic impact studies, see Bille Hansen 1993 and 1995). However, economic development is seldom expressed as a goal in cultural policy statements and one must be circumspect in evaluation cultural policy in terms of "economic impact". Economic benefits are bonuses of cultural policy - not the intended goal.

The main conclusion is that the economic importance of these three different routes to economic market value will be very different for different experience areas, and that it is necessary to analyze this in detail for each area. This is because the various experience areas have very different demand conditions, content, economy, structure, financing, and so on. Thus, it is also reasonable to assume that the different areas will have different growth potentials.

Growth potentials and three trends

Bille and Lorenzen (2008) discuss three broad trends that are important to consider when analyzing what drives and characterizes growth and development in the experience economy. These three trends are:

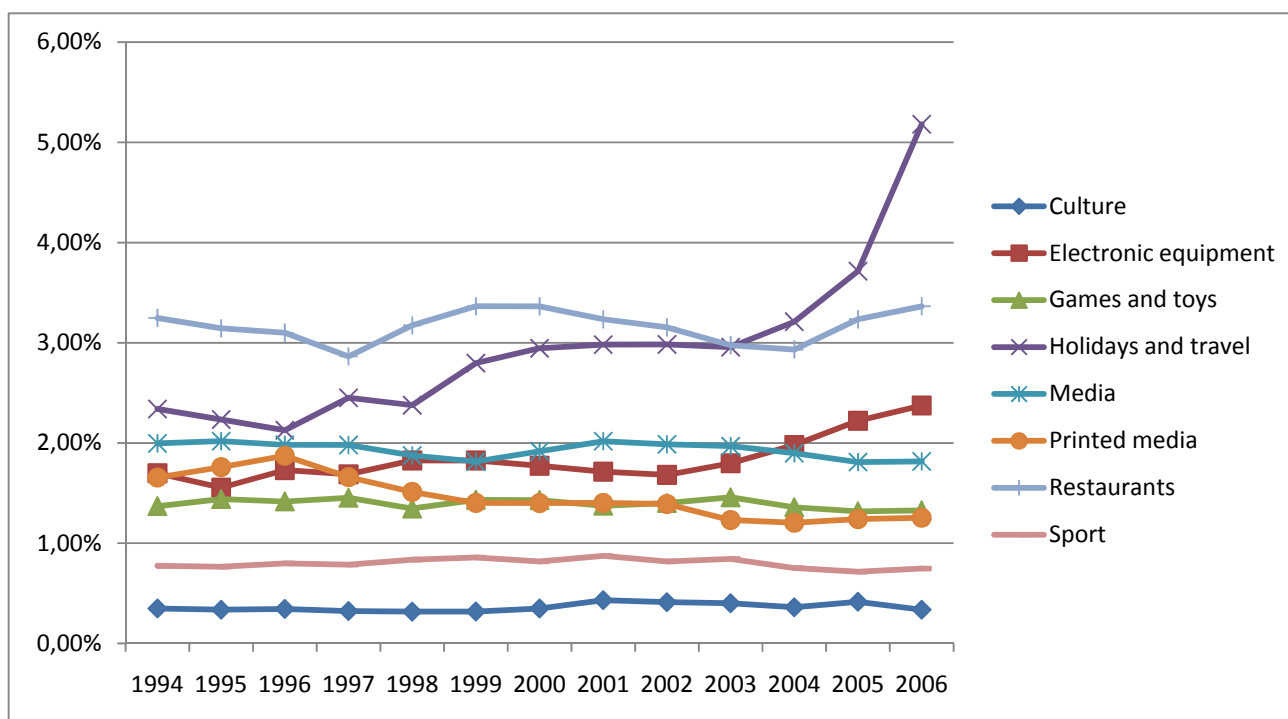
- A general increase in income and welfare
- The technological development
- The increasing globalization and internationalization

It is beyond the scope of this paper to go into detail here, but all in all, an analysis of the impacts of these trends indicate that those parts of the experience economy where there are opportunities for productivity gains - either in consumption or production - will increase, while those experience areas lacking potential for productivity gains will either stagnate or decline (see Bille and Lorenzen, 2008). This also means that different experience areas will enjoy very different opportunities for development - not all areas are expanding!

If we look at how the consumption of experiences has actually evolved, we cannot really confirm the increase in the population's use of culture, recreation and experiences that lies behind much of the focus on the experience economy. In Denmark, consumption per

household of "experiences" has accounted on average for 13-14% of total household consumption over years 1994-2004. In 2005 and 2006 the percentage has, however raised to about 15-16% of total household consumption. This more or less stable percentage does, however, conceal some variations. Especially, there has been a marked growth in the share of consumption that goes to tourism and travel, and since 2004 there has been an increasing trend in the share spent on restaurant visits. Likewise there is an increase in spending on electronic equipment since 2002. The proportion of the budget going to the printed media has been slightly declining since 1996. Otherwise the consumption figures are surprisingly stable.

Figure 1 Consumption of "experiences" compared to total consumption, 1994-2006.



Source: Statistics Denmark, consumer surveys.

A comprehensive analysis carried out by Bille and Lorenzen (2008) showed that some areas stand out due to their considerable growth.¹² These are:

¹² Furthermore, these areas are more or less the same as those indicated by Vækstfonden in its report "Oplevelsesindustrien – perspektiver for iværksætteri og venturekapital" (The experience industry – prospects for start-ups and venture capital. Own translation) (Vækstfonden, 2007). According to the report "growth in the global experience economy will mainly be led by industries such as TV (networks and distribution), films and games, and sport" (2007, p.10) while business pundits in Denmark predict the biggest growth in games development, film and TV, music, architecture and tourism (2007, p.37).

- Tourism in the form of holidays and travel
- Computer games and the internet in general
- Movie films
- Sport in general (which does not necessarily form part of the experience economy)

In all other areas, there does not appear to have been any significant growth over the past 10 years. It must be stressed, however, that it is only possible to analyze consumption trends in selected experience areas. Changes in the consumption of *mixed products* cannot be elucidated on the basis of consumption data.

Overall, there seems to be a good correlation between consumption trends and the analysis of general development trends, including the importance of technological development and the new possibilities this opens in, for example, media, films, and computer games. In addition, better and cheaper transport options, not least the development of air traffic, will result in a greater range of more accessible experience opportunities and tourism.

The main conclusion is therefore that only some parts of the experience economy are growing. Moreover, it will be interesting to see how the different parts of the experience economy will evolve now that the period of general economic boom and growth has come to an end. This we know very little about as yet.

Does it make any sense to talk of the experience economy?

The experience economy in its Nordic version covers, in other words, a highly diversified area with many different activities that rely on different economic conditions and that have different growth opportunities. It can, therefore, be concluded that:

- The experience economy does not lend itself to any consistent definition
- Market value creation occurs in very different ways and to very different extents within, and in relation to, the different experience areas
- Only some experience areas are growing

One can, therefore, with some justification raise the question of whether it makes any sense to use “experience economy” as a collective term for such a diverse field.

In my view, the greatest growth potential probably resides in the *broad value creation in association with experience areas*. The number of companies in Danish industry which potentially could be linked to the experience companies is very large. But it is not possible to determine, for example, what proportion of Danish industry might benefit from being

marketed through Danish films, or from integrating elements of Danish film or video productions in their products. Because the number of unexploited opportunities in the experience economy for such alliances is probably high, a challenge exists to identify the problems and barriers for this kind of value creation. Such associations also include temporary project collaboration and alliances, and there are a large number of potential problems associated with these. The problems are compounded by the fact that such alliances are made between firms and industries that are very different (and not all accustomed to working with experiences). Art and culture are probably important in this context, but research evidence on this point is still limited.

The experience economy is apparently a popular development policy for local government authorities and regions. The many investments made in strategies to promote the experience economy has been supported by a wealth of reports that have demonstrated the economic impact and growth potential offered by the experience economy. Today many local governments and regions have formulated a strategy for the experience economy in their area or region. The problem remains that that knowledge and research in this area is lacking; it seems that investments and efforts are being driven more by politics than by knowledge (cf. Birch, 2008). As Professor Andy Pratt from the London School of Economics has expressed it – it has more to do with policy-based evidence than evidence-based policy.¹³ In order to assess the results of these investments and efforts, it is crucial that we gain far more knowledge of this area than we currently possess.

¹³ In a lecture at the Copenhagen Business School, 19 April 2007.

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