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Urban and regional studies in the experience economy: What kind of turn?

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Abstract

The paper introduces a special issue on 'the experience turn in development and planning'. It is argued that the notion of the experience economy is able to challenge established theories of the culture economy in three ways. First, by placing consumption and consumers as point of departure for innovation and valuation. Secondly, by approaching place as valuable for consumption, and finally by turning the lens of planning towards places as destinations, which entails complex quality of place concerns. The papers of the issue contribute from three different but related perspectives. One perspective is to deconstruct economic value and innovation in regional studies and elaborate on the role of consumers and stages of consumption. Another is the actor perspective and the question of how localized networks of innovative actors evolve and engage in experiential staging. Finally the experience economy is seen as an integrated approach in policy and strategic planning on as well as across different scales. Future research should not only trace the evolution of experience offerings, stages and destinations and its possible dependence on specific economic phases and contexts. It should also develop further the potentials of the experience economy approach as a new perspective on economic phenomena as well as on territorial development.

Keywords

Economic geography, urban and regional development, urban planning, innovation, experience economy

The cultural and symbolic value of economic activities has increasingly been regarded as a decisive factor for regional competitiveness over the last few decades. Along with this issue, urban and regional studies have increasingly emphasized how culture may be turned into a competitive resource within specific innovative milieus, districts or clusters and how the public promotion of cultural activities can contribute to the regeneration and attractiveness of places. The notions of 'cultural' and 'creative' economy have thus become a focal point of conceptual models, research agendas and policy practices.

Considering the concept of 'experience economy' as a specific focus to explore, discuss and understand urban and regional development, the present special issue builds on a cognate concern. It emphasizes the economic processes whereby goods and services are primarily valued not for their physical performance (Beckert, 2011) but for their symbolic and

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imaginative role in consumers' memorable engagements (Pine and Gilmore, 1999).

The notions of cultural and experience economy have inspired scholars and policy makers dealing with industrial transformations, globalization and resulting shifts in economic geographies. Both notions seem to respond to the question of what the alternative is to manufacturing and technical improvement, which is no longer the exclusive capability of the high-income countries. They have different origins, as the experience economy originates in studies of consumer behaviour (Holbrook and Hirschman, 1982; Schmitt, 1999) and strategic management (Pine and Gilmore, 1999), while the notion of cultural economy was developed in critical economic geography (Harvey, 1990; Scott, 1997), even if the notion of the cultural economy is polysemantic today (Gibson, 2011: 283). Why do we suggest introducing the concept of the 'experience economy' in urban and regional studies when the established concept of cultural economy apparently covers many similar issues? Are we pouring old wine into a new bottle?

The provocative use of the term 'experience turn' in the title of this special issue suggests that there is something specifically challenging in the concept of 'experience economy' that is worth discussing in urban and regional studies. Our project is not, however, to add a new line to the already long list of turns being debated in regional studies and economic geography (Grabher, 2009). We would prefer to speak here of a 'prospective' rather than an 'assumed' turn. We propose not jettisoning the various established models of, and approaches to, territorial development but rather enriching them or bringing them into dialogue with the notion of the experience economy. Our thesis when collecting contributions for this issue was that the notion of 'experience economy' could challenge established theories in three important ways.

A first very fundamental issue raised by the notion of the experience economy concerns the perspective on *economic value and competitiveness*. Cultural economy has been addressed by urban and regional studies mainly from a production perspective. Numerous researchers and theories have pointed to the place of local production and exploitation of cultural activities to explain the global competitiveness of particular

cultural industries and milieus (see, for instance, Cooke and Lazzeretti, 2008; Lazzeretti, 2012; Power and Scott, 2004). The experience economy implies a radically different perspective, as it puts the emphasis on consumer engagement in economic value creation. In such an approach, economic value is conceived not through the competitiveness of particular market commodities (e.g. goods and services) but rather as the result of an engaging offering and of valuable consumer *praise* (Hutter, 2011). While cultural economy tends to be addressed as particular industrial and sectoral changes, the experience economy points out how producer–consumer relations are valued in particular socio-economic 'stages'. Schematically, the cultural economy approach tends to identify new industrial patterns, while the insights related to the experience economy are more far-reaching. It provides a different and more encompassing perspective on innovation and competitiveness, placing consumption and consumers as a point of departure (Lorentzen, 2013a).

Consequently, discussing an 'experience turn' in urban and regional studies implies a second important issue, namely a reconsideration of the role of *space and place in economic development*. While most models of regional development reflect an industrial and commodity approach to economic competitiveness based on production (Grabher et al., 2008; Malmberg and Power, 2005), the experience economy perspective implies considering a territory not merely as a production system but also as a valuable stage engaging various producers, intermediaries and consumers as well as different goods and activities in supporting a social performance (Stark, 2011). Accordingly, place gains a new importance in urban and regional development as a locus of consumption, whereas in earlier development strategies it was mainly seen as a production site. In this sense, regional competitiveness is not only about deriving profit from the mobility of goods and of knowledge (e.g. workers, firms) but also from the mobility of consumers, who are regarded as major resources of value creation. Both the functional and aesthetic development of places as consumption sites are, for example, reflected in the term 'quality of place'. The quality of places and the quality of products, in such a view, become the two inseparable sides of the same coin in economic and territorial valuation processes.

A third important issue bears upon renewed *policy and planning considerations*. By applying the experience economy approach, attention turns from production to consumption as an important field for planning. While cultural economy has increasingly been an object of regeneration policies seeking to stimulate local creative production, the experience economy raises policy implications in the promotion of urban and regional destinations. The actors involved in consumption processes (e.g. consumers, opinion leaders, media, intermediaries or retailers) are many and are oriented by different purposes from production firms. An experiential approach to local and urban governance consequently entails the involvement of a larger number and variety of stakeholders and activities. Policies developed upon the notion of the experience economy focus on the consumption of goods as well as of space. Access to attractive shops, cultural offerings, high-quality living spaces and urban or rural landscapes comes to the fore. Festivals, fairs, exhibitions and other cultural events have become increasingly strategic for rural and urban areas that want to exist as valuable stages on the map of consumer, visitor and resident circulations. An explicit experiential approach has become quite common among local as well as national governments in Scandinavia, where it represents a welcome step towards more integrated approaches to local development (Lorentzen, 2013b; Power, 2009).

These three interlinked dimensions are addressed here across seven complementary papers. From various perspectives, the different contributions discuss the pertinence of taking seriously the engagement and experiences of customers in today's economic and territorial development. The contributions shed light on the challenging theoretical and empirical issues that are raised by an experience economy approach in urban and regional studies.

Deconstructing economic value in regional studies

The first two contributions use the notion of an 'experience turn' to discuss the broader question of the socio-economic construction of economic value and quality in economic geography. By highlighting

how consumers' experiences participate in the valuation process of products, both contributions advocate the need to go beyond a 'productionist' (Coe et al., 2008) approach in the comprehension of contemporary processes of economic and territorial development. Economic spaces are not restricted to the notion of competitive production systems but are regarded as valuation milieus and quality systems.

The first contribution, by Jeannerat (2013), builds on the argument that considering the pertinence of the experience economy in regional innovation calls for a renewed approach to economic valuation and market construction. Building bridges between economic geography and economic sociology, the author conceptualizes different forms of market valuation. The technical, experiential and authenticity-based forms of valuation are distinguished and discussed along with specific territorial models of innovation. While technical valuation may reflect the development of technological and manufacturing regional clusters, experiential valuation points to the development of privileged consumption stages and spatial destinations. The particular form of authenticity valuation is derived from the case of Swiss watchmaking, which has undergone a remarkable change during the last four decades from technical valuation towards valuation based on carefully constructed authenticity. Authentication appears in a process involving the initiation of consumers, the ritualization of purchase and experiences and the development of cultural spaces, activities and goods. This complex form of market valuation reveals particular territorial couplings between production and consumption milieus.

Along similar lines, Hauge and Power (2013) suggest that the geographies of quality and differentiation are important for the construction of competitive advantages of both firms and territories. The construction of quality is a process which involves many actors, interacting in a regional quality system (a parallel to the well-known regional innovation system), and in which place has a particular role in the creation of association and authenticity. Through the case of winter sports equipment, the authors show how quality results from a dynamic and negotiated co-construction between consumers and producers. In contrast to the case of Swiss watchmaking,

in which consumers' knowledge is regarded as a reference point for innovation in technical and experiential development, consumers, especially lead users, are presented as co-producers of quality.

The social construction of quality involves actors of all sorts and goes beyond that which is measurable and quantifiable. It implies a set of promises related to the material and immaterial dimensions of a product. The fact that a product becomes trustworthy and recognized as such is also what makes it valuable. Memorable experiences can be connected to the construction of the broader quality. Quality represents a processual and relational understanding of entrepreneurial and regional advantage. The notion of experience relates to particular moments in the broader socio-economic process of quality construction.

Setting valuable stages through local milieus

From a complementary perspective the two following contributions depict the particular dynamic that underlies the construction of particular stages of experience. Regional innovation and learning processes are not only regarded as the capacity of local actors to mobilize resources in the production of end-commodities. They are fundamentally related to the ability to set an attractive and engaging stage for consumptive experiences. Local goods and activities are put into coherent landscapes assembling various sectors and creating new relations among firms and other actors in a region.

In their paper, Manniche and Larsen (2013) analyse the introduction of the experience economy approach in the food sector of the Danish island of Bornholm. Since the beginning of the new century, this island, which shares all the characteristics of a peripheral region, has witnessed various successful initiatives framed by notions of the experience economy. The authors analyse the emergence of a local experiential stage (firm, network, government, extra-regional linkages) and its construction upon particular territorial knowledge dynamics. They describe the rise of a regional food cluster based on small local producers of high-quality food that constitute the

core of a diversified territorial staging system. Symbolic knowledge shared within as well as outside the region in the development of branding and marketing activities is crucial. The narrative thus conveyed was newly constructed for the purpose of joint marketing even if it contained images of heritage and tradition, and it was strategically used to reach sophisticated urban consumers.

Fuglsang and Eide (2013) approach the experience turn from a knowledge perspective, as a matter of firm-level and societal learning. Based on the case studies of a Danish and a Norwegian peripheral region, they show how the concept of the experience economy has worked as a tool and trigger to stimulate innovation and new networks among small firms and institutions in rural tourism. The process is described as a 'bandwagon journey' consisting of four phases, starting with the labelling (the experience economy), followed by the progressive collective appropriation of the idea, continuing with the operationalization or the definition of a work space (what to do in practice, where and by whom) and finally the collective consideration of what the common efforts may contribute to. The article shows how the experience turn has served as a shared field of meaning which has motivated firms to engage in increasingly tight networks around common ideas, language and competencies. Government and local economic actors were important in getting the highly complicated and unforeseeable process started and financed.

Experience economy as strategic instrument for policy and planning

The last three contributions highlight how the experience economy, in various ways, connects to public voluntarism in regional policy and urban planning. It may be promoted as the core business of a whole area, as a strategy of urban and regional regeneration or as a stimulating tool to enhance local creativity. Not just a particular policy issue for development, the experience economy appears at the foundation of today's territorial competition within and across urban hierarchies.

D'Hautesserre (2013) looks into an early example of experience-based planning, namely the

development of a European Disneyland in Greater Paris since 1987. The choice of location was due to the ample space and attractive location offered. The development of Disneyland Europe took place in close partnership with the French state and was considered within the more general planning programme of the eastern Ile de France. This programme sought to develop entertainment activities, accommodation, shopping malls, parking facilities and services dedicated to tourists as well as to residents. The author shows that the expected conflicts between the French welfare-oriented planning of the new town of Marne-La-Vallée and the commercial interests of Eurodisney did not actually materialize. The implementation of the project is depicted as successful in the sense that the intentions of the company were subsumed under the planning intentions and land use regulations of the French state. The common interest shared among the private and public partners was to enhance the competitiveness of Eurodisney, Ile de France and Paris as a global capital. Beyond the boundary of a stand-alone corporate strategy, it appears that the Walt Disney Company contributed to the intended urbanization, the image and the economic development of the urban region.

Doreen Jakob (2013) tackles the issue of experience economy in planning by pointing to the ‘eventification’ strategy that is increasingly adopted by cities to stimulate local creative activities and to enhance urban competitiveness. Eventification is defined as the process by which consumption and space are turned into events. The author investigates the aims and the implementation of two neighbourhood projects in New York South Bronx and in Berlin-Wedding and questions their social advantage and disadvantage for local actors. She shows how local established inhabitants often remain outsiders to such projects that are led, to a great degree, by external coalitions of artists and of urban developers. A fundamental argument carried out by this contribution is that, by becoming a common best practice in urban planning, mass eventification strategies may lead to a gentrified and visitor-based form of urban development that leaves aside the actual stimulation of local creativity. In this view, an ‘experience turn’ in planning should not be restricted to economic reasoning but also has

to include measures to sustain and promote local creative initiatives.

Finally Lorentzen (2013b) finally discusses the particular Scandinavian soft urban development strategies of small cities, which are developed in response to the challenges arising from post-industrial transitions and territorial competition. Rather than cultural policies, they are encompassing territorial strategies, informed by the concept of ‘experience economy’. The experience approach to development entails a comprehensive ‘consumptionist’ (as opposed to productionist) interpretation of the local potential relating to the natural and built environment, culture and leisure offerings, urban image and connectivity. This change in perspective, scope and priorities represents an experience turn in development and planning. The experience economy concept can be applied in production as experience-based innovation of existing products (e.g. food), as the development of clusters of experience producers, or as the development of the experiential qualities of the locality. Experience planning has been adapted in Denmark since the turn of the century, in particular by small cities such as those of North Denmark, a peripheral and rural region. Illustrated by several initiatives in the small city of Frederikshavn, the effectiveness of the experience-based urban strategy of small cities is discussed. It is pointed out that the problems of the region would require more direct measures to solve the issues of employment and the level of education.

Towards a renewed research agenda in economic geography

This issue has provided evidence of new practices and approaches among localized business networks and urban planners. Localized businesses develop new forms of offering by valuing consumers’ experiences, and enterprises tend to consider their regional potential more and more from a consumption perspective. Similarly, regional and urban planners develop integrated perspectives on territorial development in which considerations of production location give way to broader views of urban attractiveness to different population and consumer groups. New forms of partnerships,

networks and governance are part of the change. We are thus able to identify the contours of an experience turn in the practice of economic actors, but we still need to research the extent of this turn, and its dependence on specific economic phases and contexts.

However, rather than pointing to the rise of a new historical phase of business, as proposed for instance by Pine and Gilmore, the notion of the experience economy invites us to look at economic phenomena from a renewed perspective. Broadening the supply and production perspective towards the demand and consumption side of economic processes asks for a renewed and enriched conception of innovation. It also leads to a notion of regional competitiveness that is seen not as related to particular products or production technologies but rather as socially constructed within the market.

As argued by Hutter (2011), cultural economy implies an experience economy. While the former emphasizes the economic value of producing goods and services with high cultural content, the latter stresses how consumer experiences are an inherent part of the value of such goods and services. As discussed in this issue, these two different perspectives provide different approaches to territorial development. Building future research on the complementarity of the two perspectives appears a challenging but promising agenda. In some quarters, the enthusiasm related to consumer-oriented new insights may have led to exaggerated assessments of local potential and blindness towards the weaknesses of the new approaches and of the related urban strategies.

To the question of whether an 'experience turn' in urban and regional studies is pouring some old wine into a new bottle, we would like to respond: 'let us taste wine in a more elaborate manner!' Discussing an experience turn contributes to a more general change in economic geographic approaches, moving away from conceptualizing the location of specific production activities towards a broader comprehension of territorial development based on a pluralist approach (Barnes and Sheppard, 2010) involving the social sciences as a whole, for instance economic sociology, economic anthropology or marketing and consumer studies. We imagine such a pluralist approach as being able to balance production and consumption perspectives on innovation, development and planning without

preconceived ideas of their relative importance, but as inextricably interwoven processes of economic valuation and change.

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