1. Introduction to experience creation

Per Darmer and Jon Sundbo

1 THE EXPERIENCE

The concept of experience is rather new, primarily introduced by two works, namely Gerhard Schulze's analysis of cultural behaviour in different social strata in Nürnberg (*Die erlebniss gesellschaft* – the Experience Society, Schulze, 1992) and Pine and Gilmore's book *The Experience Economy* (1999) which suggest that experiences are going to substitute services and become the next value-creating element in firms. Experience is not a new phenomenon as such. It includes activities that have been analysed and discussed using other terms such as leisure, tourism, cultural activities, marketing, Internet services and so forth. These terms will be used in the chapters of the book. However, the perspective of the book, namely creation of experiences, is a new one. We shall briefly elaborate the concept.

An experience can consist of a product, for example a theatre play. An experience can also be a supplement to the product, such as a dinner at a certain restaurant, or the experience can be the whole package, making the experience not just a product, but a mental process, a state of mind, for instance an evening out combining dining and seeing a play. The main point here is that experiences are always more than just the product. The core of the product might be an experience, like a theatre play, but it is always more than this: it includes where it takes place, the décor, whether the seats are good or not and so forth. One can also gain an experience via technology, such as the web net or watching television. The experience can also be a supplement to a good or a service. It is not the product, but the supplements of it which provide the consumer with the experience. It is not the shoes, but the fact that these shoes are fashionable and show who you are, which is the experience. This is an experience you cannot get from just any pair of shoes. It is the design, the marketing, the usage and symbolic value of the shoes that makes them an experience. The shoes acquire a story or a theme and it is the story or the theme, rather than the product, which the consumers buy and cherish in the experience economy (cf. Jensen, 1999). The story or the theme is constructed to sell whatever the product might be, whether tangible or intangible: shoes, vacations, music, films, food, museum visits or events.

Experiences are manifold. They challenge all senses. Some have a very physical core (such as adventure tourism, for example climbing mountains), others are physically very passive (such as watching a theatre play). Some are mentally demanding (such as a movie can be), others less so (such as staying at a designer (boutique) hotel). Some involve technology, often ICT (such as computer games), others practically no technology (such as playing football). Some are passive entertainment (such as watching TV), others are active learning (such as experience-based learning on the Internet (edutainment)). In some cases, for example tourism, the users or consumers come to the place where the experience is produced. In other cases, for example entertainment on mobile phones, the experience is sent to the users' place. This book reflects this wide variety of experiences and the circumstances in which they are constructed, produced, received and perceived by the audience. The book neither can nor should cover all kinds of experiences, but the chapters of the book will present a wide variety of them.

The book discusses culture and the cultural and social impacts of experiences. However, it is not a book on art and a culture-based critique of the society, such as Adorno (1975) produced in the 1950s. Instead of considering experiences to be art only, the book presents a broader view of experiences; they also include sports, tourism, town festivals etc. The book emphasizes that both large companies and small entrepreneurs see new business opportunities in the experience economy. Technology is also emphasized; however, it is not the technological development in itself, but its relation to and integration in experiences which makes technology important. Some predict that most jobs and economic growth will be created in technology-based global experiences within fields such as the TV, Internet and mobile phone-based experience services and computer games.

2 THE EXPERIENCE ECONOMY

So far, the literature has been dominated by an emphasis on experience production which is rooted in the ideas of the experience economy as the main driver of modern economic dynamics. This idea is seen in Pine and Gilmore (1999), who distinguish between four economic stages that predate the emergence of the experience economy: agrarian, industrial, service and knowledge economy. The concept of stages has been introduced earlier by, for example, Alvin Toffler (1980) and Daniel Bell (1973). The divisions are not neat – the fact that the economy has moved from an agrarian to an experience economy does not mean that there are no remains of the other stages in the present economy. Agrarian, industrial and service products are

still being produced, but the consumers are moving towards the experience economy. Experiences have a high value for consumers and the demand for experiences is increasing. Consumers are therefore willing to pay a high price for experiences and experience production becomes very profitable. However, competition also increases, which calls for innovation of new experience products to make experience firms stay competitive. Therefore, it is crucial to firms to construct their experiences the right way.

Pine and Gilmore (1999) and Jensen (1999) emphasize that the experience economy is not yet fully developed. They argue that that is the direction in which we are heading. At present we stand on the brink of the experience economy, and companies and organizations that realize this will gain a competitive advantage, as the development of the experience economy is there, and those who embrace it will benefit, compared to those that avoid or ignore it. 'The experience economy is here to stay, it is part of the public debate, part of the considerations of the companies, in Denmark, in the Nordic countries, in the whole Western world' (Jensen, 1999, p. 14).

The main experience industries (where experience is the core product) count for about 8–12 per cent of GNP and employment and are among the fastest growing industries (measurements of the experience economy can for example be found in Caves, 2000; Department for Culture, Media and Sport, 2001; KK Stiftelsen, 2003; Erhvervs/kulturministeriet, 2000). Furthermore, experiences are sold as additions to goods and services, activities whose size is unknown because they are not measured in economic terms.

In the earlier stages of the economic development, the production of products was more or less related to needs. The consumers wanted commodities, goods and services to satisfy their needs for survival, later for materialism, knowledge and solving problems (which the service sector provided). Now they want to have an interesting life, experience new aspects of life or new places, be entertained and learn in an enjoyable way. Customers are now looking for more than the mere product or service. Experiences fulfil this need.

Public institutions such as museums, municipal culture centres and broadcast companies become part of the experience economy and are increasingly forced to operate under market conditions. Many experiences are produced by volunteers, organized either in associations or in loosely-coupled networks (for example, rock festivals). Municipalities and other public authorities are often partners in experience activities such as town festivals. Such mixed public–private-market based events are part of the experience economy and result from the demands of the market within an experience economy. Sport clubs are often mixed amateur and professional organizations. The creation of new experiences becomes a prerequisite for

success even for public institutions and voluntary associations and groups. This book is useful for understanding the conditions for such developments.

3 AIM OF THE BOOK: EXPERIENCE CREATION

The focus of the book is on creation of experiences. The aim of the book is to contribute to the understanding and knowledge of experience creation and to do so by presenting diverse and innovative perspectives upon experience creation. Hence the book establishes a more solid foundation for making better and more complex analyses of experience creation, which pave the way for developing analytically based and innovative experiences in experience firms and institutions.

It is experience creation that goes beyond the pure production of experience that is what the book is all about. Experience creation is a broader concept than experience production, it captures the idea that experiences are more than a product to be produced. It is an experience to be constructed. It is the creation of the story or the theme or whatever the experience might be. Besides the production the process of experience creation may involve all or some of the following: the design, management, organization, marketing, sale and usage of the experience (how the users receive the experience). How many of these are involved in the process, and to what extent, differs from experience to experience, but the process of experience creation always involves some of them: it is just their combination which varies from case to case.

The book is based on the sciences, mainly the social sciences, but also the humanities and even natural sciences, such as the physiology of the senses and IT programs. Although the book is science-based, it does not only consist of theoretical, academic analysis of the way experience firms or institutions produce and construct experiences and how they are received by the public (which have been treated in anthropological literature, for example O'Dell and Billing, 2005). It also provides understandings and elements of experience creation by taking a broader perspective that looks at the circumstances of experience creation.

The book emphasizes that experience creation is not an easy task with a straightforward recipe. Experience creation is a complex matter, and the book helps researchers, practitioners, and all others with an interest in experience creation, to analyse and develop experience creation (there ought to be a wide range of people, as the experience economy is staring us right in the face). The book does this with the knowledge that experience creation differs from field to field and amongst organizations. The theatre company cannot copy the experience creation from the travel agency or even the film company.

The broader scope of experience creation goes beyond all companies applying the same process and the same engineering tools in a similar way. Other circumstances must be taken into consideration, such as the interpretative framework and physical arrangements. An experience is not only the artistic expression of an artist (the film and how the story is told, the action and the pictures); it is also the more peripheral circumstances such as the cinema, the reviews and so on. Experience creation is to be viewed in a wider perspective, including the organizational and managerial aspects of those constructing the experience. Therefore, the book includes the organizational, psychological, sociological, technical and cultural aspects.

The book looks at experience creation from different perspectives. It discusses several factors that can be used in concrete analyses of the construction of new experiences. Generally, it emphasizes three aspects: the experience, the experience constructing-organization and the consumer of the experience creations. The three aspects all have to be taken into consideration when an organization works with constructing new experiences. The three aspects are all exemplified in the book to give a better understanding of experience, experience creation and the consumer of experience creation.

The chapters of the book illustrate the diversity within the field of experience creation, exemplify the process of experience creation and its context, and highlight innovation within experience creation. The empirical investigations presented in the book include tourism (towns and family vacations), theatre, food, computer games and music. In this way the chapters add an empirical-practical side to the book, as they provide examples and illustrations of the way experience creation is undertaken and innovations made within the experience economy. The diversity of empirical fields and perspectives applied in the chapters of the book improve the understanding, the knowledge and the possibilities of innovating experience creation. Companies can benefit from such understanding and knowledge in their own experience creation, not on a how-to-do-basis, but to reflect upon, improve and innovate their experience creation in practice.

4 CREATION OF EXPERIENCES AS A BUSINESS ACTIVITY

The focus on the experience economy and experiences as a business activity shows that this is not a book about the creation of art or artistic creativity. The chapters of the book examine how marketed experiences are constructed, developed and innovated, which in a few of the empirical cases is based on artistic creativity, but in most not.

The perspective of experience creation introduced in this book is a concept that encompasses all the activities of such creation: design, managing, organizing, marketing, selling and using experiences. In some ways the circumstances of experience creation are becoming similar, as consumers can substitute one experience for another. Theatre plays compete with tourist journeys to the Mediterranean sea and staying home playing computer games. Furthermore, if we take a broader perspective and look at the consumers and how they purchase and consume experiences, there are many general characteristics which are valid for all or most types of experiences. This is the reason for writing a general book about experience creation. The experience is not only the core (the painting, the theatre play, the computer game), but also the extra features (the design of the physical environments, such as the theatre building), the food and drink delivery system, the web pages where you can read about the experience product, and so forth as described in Chapter 5 by Sundbo and Hagedorn-Rasmussen. The sales system is also a part of the experience. It includes for example storytelling about the product or the firm, web pages with information about the experience, and so forth. Thus the experience is a complex phenomenon with many aspects.

Pine and Gilmore (1999) emphasize the importance of the customer in experience and experience creation, as they point out that 'Experiences occur whenever a company intentionally uses services as the stage and goods as props to engage the individual' (p. 11). By this they mean that an experience occurs whenever companies intentionally construct it to engage customers. The engagement of the customer in the experience also means that customers rarely have the same experience, even though it is the same experience they are experiencing. The reasoning behind this is that the experience of the customer derives from the customer's personal interaction with the experience, as she or he is engaged in it, and all customers engage differently, depending on their background, emotions, interpretations and associations. Experiences challenge the senses and mind when they engage the customer. You succeed in going through a difficult activity such as a bungee jump (you 'get flow', as the psychologist Csikszentmihalyi (2002) says). Experiences may be learning as one connotation of the notion infotainment, (as much Internet service and broadcasting is called), as it simultaneously is information and entertainment. They may also be pure entertainment ('killing time'), or one may call it 'un-stressing'. These different uses of the experience that the customer makes must be taken into consideration when the experience is constructed. However, the constructor must also take into consideration that an experience, such as a TV soap opera, can be engaging for one customer and pure stress-free entertainment for another, or even change

importance for the same customer within one broadcast (even several times). This approach to experiences and customers implies that experiences are defined from what interests the customers and what they therefore purchase.

Authenticity is discussed in some chapters of the book. It is emphasized, amongst other things, in tourism, where there is a discussion about how vulgar and artificial attractions can be. Authenticity is analysed in relation to experience creation with no predetermined moral or aesthetic position. Further, one may discuss what authenticity means. Sand and palms that attempt to create an illusion of a Pacific island in a shopping centre may be said not to be authentic. However, a shopping centre is a place where some of the citizens use a part of their life, thus a shopping centre may be claimed to be authentic. People know that the sand and palms are not a Pacific island, but a decoration and illusion. They assess it as such. The sand and palms may also be claimed to be authentic as illusions in shopping centres. Experiences are also used as an addition to goods and services and as a marketing tool, for example as storytelling about the firm, the good or the service. In that respect the experience is a production and economic factor that must be constructed. One might have moral or political opinions on commercials and storytelling about firms, but they are nevertheless a part of the economic system.

5 EXPERIENCE AND INNOVATION

Experience creation seems similar to innovation, which is a topic that is very high on the agenda. We therefore need to discuss the relation between experience creation and innovation. Since the focus on the experience economy and experience as something special is rather new, the research on innovation and entrepreneurship in experiences is rather scarce. The little research done within this field has mainly been in tourism (for example, Morrison et al., 1999; Hjalager, 2002; Sundbo et al., 2007). The famous and widely used CIS (Community Innovation Surveys) that the EU regularly conducts has yet to include experience industries. In different ways and from different perspectives the chapters of the book look at innovation and entrepreneurship in experiences from a micro perspective to provide new knowledge on the way experience firms consider innovation, how innovations are received by consumers and diffused throughout society, and how new technology in some cases is used to develop new experiences. Such new knowledge can help us to understand the drivers behind the development of the growing experience industry and to develop theories and models about innovation and entrepreneurship in experiences. The book takes a

bottom-up approach to this, by looking at the circumstances and behaviour of the innovating experience organizations.

The book draws no clear distinction between experience creation and innovation. It makes no sense to draw such distinction, as innovation is a necessity in all organizations and can be seen as an immanent part of all experience creation. Two experience creation processes are rarely alike, which means that all experience processes to a certain extent are innovations, as innovations range from incremental to radical innovation (Pavitt and Walker, 1976). Most of them will be incremental innovations, as only a few innovations are truly radical. They are innovations when they come onto the market, as innovation is defined as a new combination of things that comes to market (see Schumpeter, 1934; Sundbo, 1998).

The literature (see, for example, Sundbo, 1998) distinguishes between three phases of innovation: invention (the invention process of the experience), innovation (where the invented experience is brought to market) and adaptation (how the experience is spread through the market). Some theories see both invention and innovation as the innovation process, while a few are focused on the invention process (for example, Darsø, 2001). How well the innovations are adopted by the market often makes no difference in theory, as the definitions do not consider adoption by the market as part of the innovation process. This delimitation is not suitable when we talk of experiences. We will include all three phases in our treatment of experience creation in the book as consumer adoption processes are extremely important for the success of a newly constructed experience (cf. the previous argumentation).

6 OUTLINE OF THE BOOK

The book falls into three broad areas. The different parts include chapters with the same theme (reflected in the heading of the part) but with different perspectives on the theme and different empirical fields of application. The common thread of the book has to be found in its quest for understanding experience creation and its various aspects, though from different perspectives rather than being a fixed understanding of experience creation.

The experience economy is a relatively new field of research, and experience creation is a unique new way of looking at experiences introduced in this book. Therefore, the contribution of the book is to explore the possibilities of the concept rather than to present a completed 'recipe model' of experience creation. Such an endeavour might come in a later book. The present book will enjoy, rejoice in, learn and gain knowledge from the diversity of experience creation.

The three parts of the book are experience creation designs, the management of experience creation and consumer perception of experience creation (how users receive and interpret experiences).

6.1 Experience Creation Designs

The chapters in this part of the book investigate specific experiences and how they are designed. Three different design processes are treated, demonstrating the variations in experience design.

In Chapter 2, 'The food and eating experience', Jacobsen is concerned with the way the experience of meals is designed and how food and the development of society are related. The creation of food culture reflects how the inhabitants of a society gather, produce and consume food. In today's developed societies, day-to-day meals have become an experience. Food is turned even more into an experience, rather than a necessity, as it is a minor part of the average income (approximately 10 per cent) which is spent on food. The chapter reveals how the eating experience is constructed and how that creation has developed over past decades.

In Chapter 3, 'Designing innovative video games', Kristiansen presents various forms of video games, and how they are designed. A video game is a rather complex experience creation as it is constructed in the interaction of the player (consumer) and the game. Video game design is a combination of technological development and social fantasy. The chapter discusses how the understanding of gameplay influences the innovation and design of video games.

In Chapter 4, 'What makes Rome: ROME?', Laursen examines the complex processes of the individual consumer when he/she is experiencing their surroundings and tries to figure out what is and what is not of significance. Laursen illustrates this by looking at Rome and places in the city and their significance for the tourist or traveller in Rome. The analysis emphasizes how Rome is designed as an experience and as a memory. The chapter also discusses the consequences of consumer's experiences of significance for the experience industry in general and the tourist providers in particular.

6.2 Management of Experience Creation

Where the focus in the first part is on specific experiences and the design of them, the focus in the second is on the creation process and the management of it. The chapters analyse how the creation process is organized and how different social actors participate in the creation. Experiences are seen as holistic, which means including more than the core experience.

Experience creation includes peripheral services such as the bar in a theatre, stories about football players as part of the football-watching experience and so on. The chapters also analyse how different parts of the holistic experience are constructed and managed.

Sundbo and Hagedorn-Rasmussen analyse, in the fifth chapter, ‘The backstaging of experience production’, based on case studies of how the production and innovation in the experience economy have become more business-oriented and backstaged. They argue that this development has led management in the experience economy to become more professionalized. The chapter shows how these changes can be located in three taxonomies of experience organizations and a model of experience production with special focus on backstage, stage and frontstage.

Darmer, in Chapter 6, ‘Entrepreneurs in music – the passion of experience creation’, argues that experience creation by the entrepreneurs in the Danish music industry is infused with passion, meaning that passion is an immanent part of all these entrepreneurs do. The chapter highlights this by presenting the tale of a passionate and economically unsuccessful entrepreneur and his experiences with experience production and creation.

Flemming Sørensen, in Chapter 7, ‘The urban innovation network geography of leisure experiences’, pays attention to innovation networks in the experience economy. The chapter discusses innovation networks theoretically related to place (local and global). The theoretical discussion is illustrated empirically by the case of a small Danish town: Nykøbing Falster. The chapter emphasizes the importance of innovation networks if small towns are to stand out and survive in the fierce competition they engage in for tourists and residents.

In Chapter 8, ‘Experience offerings – who or what does the action?’, Svabo focuses upon the interplay between materiality and employees in organizations. The innovation potential of such interplay is highlighted by applying an ANT (Actor Network Theory) perspective upon it. The chapter underlines that both humans and material objects are actants in the complex processes of experience constructing. The different roles and importance of humans and materiality are illustrated by two cases: The Manumission (a disco at Ibiza) and Prada’s New York store.

6.3 Consumer Perception of Experience Creation

The chapters in this area of the book are all primarily concerned with the way the experiences affect and are perceived by the consumers. How does the consumer perceive and react to the experience creation, and how can experiences be made to fit the needs of the consumers? This is important knowledge if one wants to construct new experiences or improve existing ones.

In Chapter 9, 'Performing cultural attractions', Bærenholdt, Haldrup and Larsen underline how experience creation involves the performance of the consumers, as they are the subjects who experience. Therefore, the chapter argues that an engagement with the experiencing subjects is part of the analysis of what 'makes places' in the experience economy. 'Makes places' refers to the two case studies of the chapters, which are a historical castle and a museum. The chapter argues that the two spaces or sights are performed differently both in the staging (creation) of them and in the way they are experienced by the consumers. The chapter discusses the relevance of authenticity in analysing performance in cultural tourism.

In Chapter 10, 'On sense and sensibility in performative processes', Christrup provides a theoretical foundation for creating space for experiences and how the user may use the experience. The theoretical foundation reflects Christrup's interest in combining the experience economy and human development, the economic and the emotional side of experience creation and consumption. Christrup calls this 'Space spirit innovation' and underlines that the foundation is applied both by the professional practitioners in their performances and in the design and creation processes to create space for experience and experience production.

In Chapter 11, 'Experience production by family tourism providers', Hartl and Gram look at the family as the decision-making unit in relation to holidays. The chapter draws upon empirical material involving both adults and children to see what kind of preferences they have for holidays and how they differ between adults and children, which they do. The empirical data are collected in Denmark and Germany and consist of focus group interviews with adults and children separately. The focus group interviews were primarily concerned with the translation of experiences into pictorial expressions. The chapter tries to identify what the consequences of these different preferences amongst the consumers and holiday decision-making units are for the tourism providers (and their experience creation).

7 THE AUTHOR TEAM

The book has been written by a team of researchers from the Centre of Experience Research at Roskilde University, Denmark, and its associate, the Centre for Leisure Management at the business academy CEUS in Nykøbing Falster, Denmark. Since 2005, this research group has made an effort to research the most important developments within experience production and use in society. This book is one result of this research. Experience creation is considered essential in the development of the experience economy and is related to innovation and performance design:

design of plays, events and other experiences where the experience providers and the audience meet face-to-face. The latter two disciplines are part of the research work.

The book is the result of a grant from the EU social fund, which was given to develop experiences in the Lolland-Falster region in Denmark.

REFERENCES

- Adorno, T. (1975), *Gesellschaftstheorie und Kulturkritik*, Frankfurt a. M (Suhrkamp).
- Bell, D. (1973), *The Coming of Post-industrial Society: a Venture in Social Forecasting*, New York: Basic Books.
- Caves, R. (2000), *Creative Industries*, Cambridge, Mass: Harvard University Press.
- Csikszentmihalyi, M. (2002), *Flow*, London: Rider.
- Darsø, L. (2001), *Innovation in the Making*, Copenhagen: Samfundslitteratur.
- Department for Culture, Media and Sport (2001), *Creative Industries 2001*, London: Department for Culture, Media and Sport.
- Erhvervs/Kulturministeriet (2000), *Danmarks kreative potentiale* [Denmark's creative potential], Copenhagen: The ministries of industry and culture.
- Hjalager, A.M. (2002), 'Repairing innovation defectiveness in tourism', *Tourism Management*, **23**, 465–74.
- Jensen, R. (1999), *The Dream Society*, New York: McGraw-Hill.
- KK Stiftelsen (2003), *Upplevelsesindustrin 2003* [The experience industry, 2003], Stockholm: KK Stiftelsen.
- Morrison, A., M. Rimmington and C. Williams (1999), *Entrepreneurship in the Hospitality, Tourism and Leisure Industries*, Oxford: Butterworth-Heinemann.
- O'Dell, T. and P. Billing (eds) (2005), *Experience-scapes*, Copenhagen: Copenhagen Business School Press.
- Pavitt, K. and W. Walker (1976), 'Government policy towards industrial innovations: a review', *Research Policy*, **5**(1), 11–97.
- Pine, J.B. and J.H. Gilmore (1999), *The Experience Economy*, Boston: Harvard Business School Press.
- Schulze, G. (1992), *Die Erlebnisgesellschaft: Kultursoziologie der Gegenwart*, Frankfurt am Main: Campus Verlag.
- Schumpeter, J. (1934), *The Theory of Economic Development*, Cambridge, Mass.: Harvard University Press.
- Sundbo, J. (1998), *The Theory of Innovation*, Cheltenham: Edward Elgar.
- Sundbo, J., F. Orfila-Sintes and F. Sørensen (2007), 'The innovative behaviour of tourism firms – comparative studies of Denmark and Spain', *Research Policy*, **36**(1), 88–106.
- Toffler, A. (1980), *The Third Wave*, London: Collins.