

**UNDERSTANDING  
THE EXPERIENCE  
INDUSTRY**

A SWEDISH PERSPECTIVE ON CREATIVITY

**TOBIAS NIELSÉN**





KING THÉODEN:

»I will not risk open war.«

ARAGORN:

»Open war is upon you,  
whether you would risk  
it or not.«

from The Two Towers

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QNB Analys & Kommunikation AB ([www.QNB.se](http://www.QNB.se)) is a research-based consulting and publishing firm, located in Stockholm, Sweden. QNB has extensive experience from analysing the cultural sector from an economic perspective. Current studies focus on symphony orchestras in Sweden and the economic impact of the use of design.

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# This Is a Book About Experiences

It's about **joy**  
**energy**  
**excitement**  
**exaltation**  
**sadness**  
**pride**  
**loyalty**  
**revelations**  
**memories**  
**a sense of belonging**

– it's about emotions and states of mind.

**IT'S ABOUT THE FIRST TIME** you went to the cinema. It's about the expectations for the new Harry Potter book. It's about the sensation of holding a new Gucci bag in your hand. It's about getting a shiny new bicycle for Christmas. It's about logging in and pitting your wits against players from all around the world. It's about rushing home to catch the new episode of *Friends*. It's about how experiences can change the way we think and feel – both as individuals and collectively. It's also about that new, stylish shell for your mobile phone. It's about reality TV. It's about a stream of pure, crystal clear spring water. **It's also about Las Vegas.**

# This Is Also a Book About Economics

It's about **growth**  
**value creation**  
**differentiation**  
**pricing**  
**marketing**  
**consumption**  
**social growth**

– about new competitive rules in a changing world.

**IT'S ABOUT THE NEED** for drawing up strategies for creating experiences. It's about why this is necessary, even in the realm of traditional industry and commerce. It's about what it means to be a part of the experience industry. It's all about new patterns of production, consumption and commerce. It's about a growth industry that accounts for 4.8 per cent of Sweden's GNP and posted a turnover of more than USD 387,927 million globally in 1998. It's about attracting new businesses, tourists and settlers. It's about the Cardigans being big in Japan and how *Sex and the City* is changing people's perceptions about New York City.

This is a book about the **obstacles**  
**risks**  
**and possibilities** offered by the experience industry.

**TO SHOW THE MULTIFACETED** nature of the experience industry, this book tackles the issue from a number of different perspectives. Not only is there growing demand for experience industry products, the experience industry also plays different roles: **spotlight, trend-setter, magnet and sub-contractor.**

Besides, this is also a book about what it means to be bombarded everyday with **promises of new experiences.** They can't all be good, of course, but in the end it all comes down to the question of values. And if the experience industry is here to stay, the question we should be asking is – where do we want it to go and how can we steer it in that direction?

## This Book Returns to Two Words: “Experience Industry”

**BUT THIS BOOK ISN'T** just about words.  
It is primarily about our changing society.

“Experience industry” is the term used in Sweden.  
Or “experience industries” to stress that the umbrella term covers more than one field.

In the UK, the term “creative industries” is used.  
UNESCO uses “cultural industries”.

The European Commission has used both “cultural sector” and the “cultural industries”.

In China they call it the “cultural industry”.

In USA it is known mainly as the “entertainment and media industries”, and also the “copyright industries”.

**DIFFERENT WORDS. BUT THEY** all mean the same thing, more or less.

In this book, however, the term “experience industry” is used.

Because this is the term used in Sweden.

But this isn't about words. It is about our changing society.

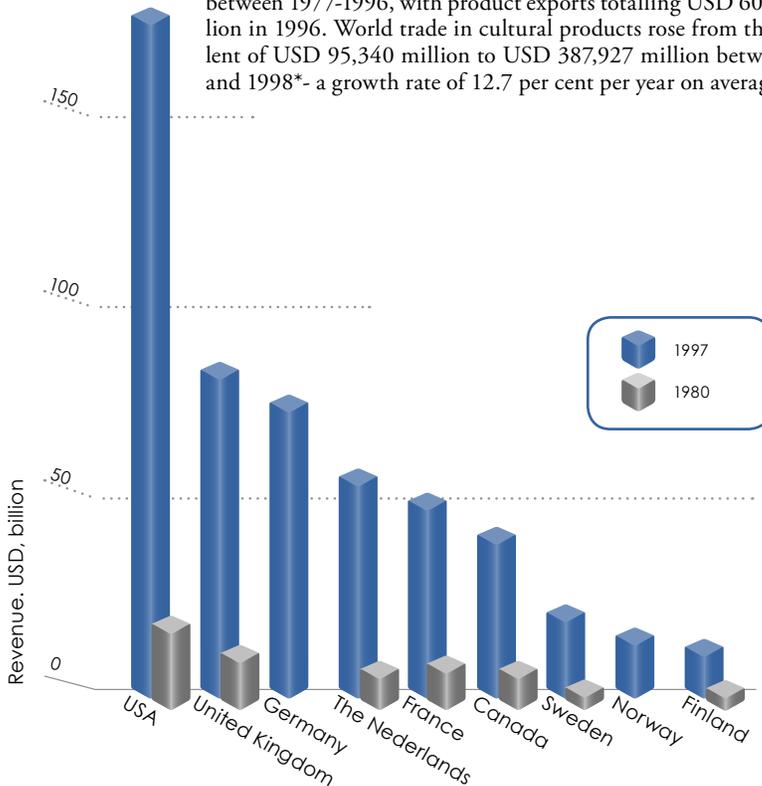


# The Rise and the Boom

**SALES OF CULTURE**, entertainment and experiences have increased rapidly in the last century and the trend continues intact.

In 1996 “cultural products”, i.e. films, music, TV, magazines, software and books was the US’s largest single export sector, overtaking for the first time all other traditional sectors such as the automotive, weapons, aerospace and agriculture industries.

**THIS NEW INDUSTRY GREW** three times as fast as the rest of the economy as a whole between 1977-1996, with product exports totalling USD 60,180 million in 1996. World trade in cultural products rose from the equivalent of USD 95,340 million to USD 387,927 million between 1980 and 1998\* - a growth rate of 12.7 per cent per year on average.



## Entertainment in everything – how did this happen?

**THE DEMAND** People’s attitude to consumption has changed. We allow ourselves to buy things because they make us feel good, not just so that we can sustain ourselves. One of the primary causes behind this change is welfare. The time when people bought products just to survive, when poverty was widespread even in the western world, is receding into the dim and distant past. We have therefore taken a step up Maslow’s Hierarchy of Needs – we have satisfied our fundamental needs and can now afford to indulge in extravagances over and above functionality.

**THE SUPPLY** Another explanation is that our view of human nature has changed. In the fields of manufacturing and economic research, it is becoming increasingly accepted that consumers should be seen as real people whose purchasing patterns are affected by dreams and aspirations. People are no longer seen as robotic, rational decision-makers.

**THE FACILITATORS** Companies in all sectors of business have realised just how powerful the language of entertainment and culture really is. This language is frequently used in advertising and branding in order to add value to products that earlier only had to be functional. Globalisation and digitalisation have boosted the acceleration even more.

\*Unesco’s definition of cultural goods includes literature, music, visual arts, cinema and photography, radio, television and sporting goods.

# The Swedish Experience

**WHY IS THE TERM “THE EXPERIENCE INDUSTRY”** used in Sweden? The rest of the world uses other terms.

Let's focus on the first word: experience.

**AN EXPERIENCE IS INDIVIDUAL** and therefore unique. The experience is not a specific event; rather it is dependent on how a person interprets and is affected by an event.

The purpose of using “experience” was to place **the focus on the consumer and not the producer**. Since experiences are unique to each individual person, focus should be placed on how the experience will be perceived and not on the production itself, as is often the case in the arts.

Experiences can either be negative or positive. They can also be mundane. The experience industry, however, is primarily about positive, memorable experiences.

How do experience and industry fit together?

**HOW CAN EXPERIENCES BE** mass-produced, i.e. industrialised, if they are essentially individual? **More accurately they imply promises of experiences – “experience packages” that are on sale.** It isn't until these promises are fulfilled and enjoyed by a person that they actually become experiences.

The experience industry as an expression stems from the concept of the experience economy. How do these differ? In simplified terms, the term “experience economy” refers to society in general, while “experience industry” covers a limited number of industries such as the media, advertising and computer games.

**The main way to identify the players in the experience industry is to look at their creative approach. The reference to art and culture is therefore unmistakable.**



# The Swedish Way – A Public Affair

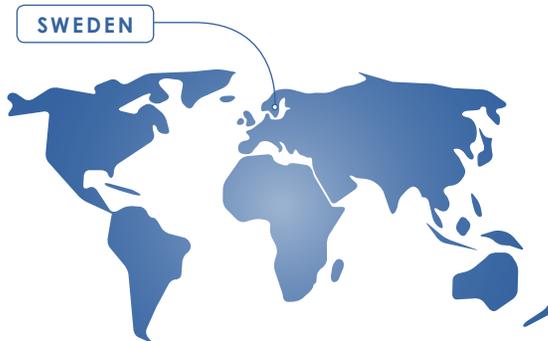
**THE EXPERIENCE INDUSTRY HAS** had many propagators recently, particularly at government level.

The Swedish Minister for Industry, Employment and Communications, Leif Pagrotsky, has repeatedly emphasised the importance of the experience industry. Not only is he keen that **industries such as music and design should be accepted as "real" sectors, that offer "proper" jobs**, he also acknowledges the experience industry's importance as a marketing tool for Sweden.

An initiative has also been conducted by the Knowledge Foundation, an organisation founded by the Swedish government, which in 1999 identified the experience industry as a "very significant growth area". To help perpetuate this development, it wants to promote Sweden's creative climate and highlight the significance of experiences as a competitive weapon.

The Knowledge Foundation's work and definition\* has been a decisive point of reference whenever the concept of the experience industry has been discussed in Sweden.

**ON A REGIONAL LEVEL**, initiatives have been supported by various regional and municipal organisations often with a clear aim to create jobs, promote tourism and create an attractive living environment for their inhabitants.



A multitude of perspectives can be noted when discussing the experience industry in Sweden. It is important to bear in mind that the effects can not only be measured in terms of sales. Aspects like marketing, regional development and the creation of a creative climate are also important to look at.

In order to discuss the experience industry we will focus on the values this industry might enable. We will collect and analyse these values further within the Solar System Model.

The model underlines another important aspect in the Swedish perspective – that these values are dependent on the creators, in broader terms, creativity.

One might argue that creativity is not necessary to produce experiences. Maybe not ordinary such, but memorable, long-lasting experiences often requires creativity as a foundation.

\* See page 46 regarding the definition.

# THE KEY VALUES OF THE EXPERIENCE INDUSTRY

## THE SOLAR SYSTEM MODEL

**THE EXPERIENCE INDUSTRY ACCOUNTS** for almost 5 per cent of Sweden's GNP. But that's not the whole story. The experience industry contributes other key values that are not expressed within that statistic. It is these values that this book aims to examine. We will tackle them one at a time, until the bigger picture begins to take shape.

Regardless of whether these values are seen as "good" or "bad", it isn't until we are familiar with these various perspectives that we can truly understand and evaluate the pros and cons of the experience industry.

The key values are:

- 1. SALES** The experience industry's products are sold in the market. For example, we go to the cinema, buy computer games and enjoy the fine art of cooking at a nice restaurant.
- 2. ENABLES** The experience industry in essence creates the conditions that allow certain manufacturing industries, distribution and other supporting sectors to thrive. This covers virtually everything from the manufacturing of electronic products to record stores and sound and lighting specialists for the film industry.
- 3. IMAGE** Success in the experience industry creates publicity which other industries can benefit from. The Swedish successes in design and music, for instance, can help put Sweden and its individual municipalities "on the map". What's more, these successes and the stories that arise in their wake, help to create a nation's identity.
- 4. ATTRACTS** The experience industry's products, that can manifest themselves in a richer cultural life, for example, can attract visitors and encourage people to settle here.
- 5. ADDED VALUE** The experience industry creates added value in the form of sub-contractors to other industries including music and games for mobile phones.
- 6. INTRINSIC VALUE** A sizeable portion of the experience industry has an intrinsic value that simply cannot be measured in economic terms. According to this philosophy, art and economics are essentially separate entities. If so, can art really be included in the experience industry? This and similar questions increase the complexity of the experience industry as a concept.

# Nothing Lives Without the Sun

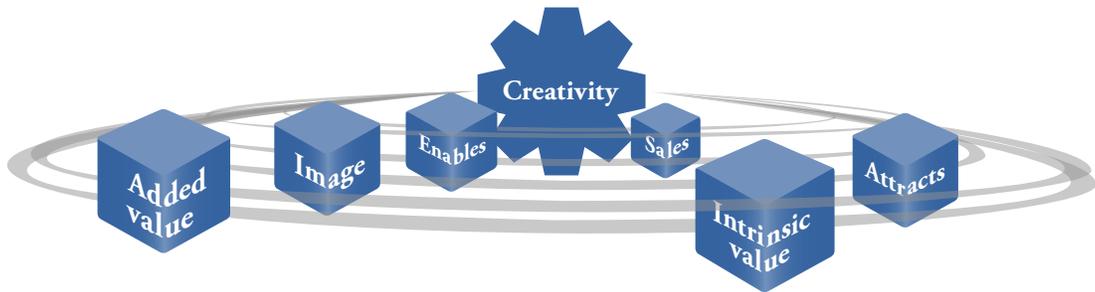
**THE SOLAR SYSTEM MODEL\*** lies at the heart of this discussion.

The Solar System model is based on the idea that the experience industry's core is like a sun.

**The experience industry is based on creativity, which takes the form of people who contribute energy, creativity and knowledge.**

Like a sun, these people create the conditions for an active solar system, around which planets revolve – some further away than others, but all still fundamentally dependent on the sun's energy.

**Without its sun, the solar system dies. Without energy, creativity and knowledge, the experience industry grinds to a halt.**



**THE VARIOUS PLANETS** that revolve around the sun symbolise the different facets of the experience industry. The Solar System model illustrates the key values which the experience industry contributes. These values sometimes have different preconditions and are not always compatible.

\* The model is developed by QNB Analys & Kommunikation AB in Stockholm.

## THE KEY VALUES OF THE EXPERIENCE INDUSTRY

**1: SALES**

**OUR CONSUMPTION OF EXPERIENCES** is on the increase.

We are buying more records, magazines, meals and computer games.

We go to more concerts and visit more amusement parks and museums.

# Sales of Experience Industry-Related Products Have Exploded

**IN MANY COUNTRIES** the experience industry has quickly become **one of the most important business sectors**.\*

The economic effects of this first value are obvious, compared to other more indirect values which will be discussed later on. Revenues from record sales and Box Office hit films can be counted in dollars, pounds and euros. The contribution to the exports of a country is equally apparent.

## **Two factors that have contributed greatly to the increased sales of experience related products are:**

### Technological Breakthroughs

**THESE INCREASED SALES HAVE** been made possible by a series of technological breakthroughs – such as the personal computer, the Internet, digitalisation, satellite distribution and storage capabilities of sound and moving images.

These new technologies also generate risks for diminishing sales mainly in terms of piracy and illegal downloading from the Internet. Although the threat from these types of activities should not be taken lightly, it also serves to illustrate the **great impact that technology has upon the experience industry**.

### Globalisation

**THE WORLD IS OPENING UP.** And so are the markets. In total, **commerce in 1997 was 14 times higher than it was in 1950**. Technological advances in recent years have boosted commercial acceleration even more, particularly as services are today much less costly to provide. Not only has the Internet and new technologies changed distribution channels in various ways; the products themselves have also changed fundamentally. Banking transactions no longer require a bank; music distribution is no longer a question of records, record stores and record players; and books no longer need to be made of paper.

**New patterns of production, consumption and commerce have come into play. And the experience industry's products and services are by no means exceptions to the rule. Quite the reverse.**

**THERE ARE NEW OBSTACLES** to overcome, but also enormous possibilities are opening up regarding production and distribution.

\* See examples on page 7 . Statistic data on Sweden and the EU will be covered on pages 44-49.

## THE KEY VALUES OF THE EXPERIENCE INDUSTRY

## 2: ENABLES



**THE EXPERIENCE INDUSTRY CREATES** the conditions that allow peripheral businesses to thrive. This includes manufacturing and distribution companies and most other types of supporting businesses.

These players and businesses only exist because of the experience industry. But this relationship can also often be co-dependent.

## Creative Professions Create Opportunities for Additional Revenue and Businesses

**MORE THAN 50 PER CENT** of film industry revenues in the United States comes from merchandising. Less than 4 per cent is from ticket sales at movie theatres.

**The business core of the majority of the largest entertainment and media companies is distribution, not creation.**

**THIS CLEARLY INDICATES THAT** creativity and the power of creation generate and facilitate a multitude of opportunities for peripheral and supporting businesses. But the relationship between the experience industry and these supporting businesses are often close and co-dependent.\*

**DISTRIBUTORS:** Distributors enable the experience industry's products to be put on the market. But their existence is in turn made possible by the experience industry's products - without products they wouldn't have anything to sell. A record store loses its function if no music is produced. A cinema with no films is just an empty theatre.

**MANUFACTURING:** This also applies to home electronics, CD's, instruments, plug-ins, radio antennas, etc. It should be remembered that they both affect and are affected by the experience industry. The relationship is mutual. In many cases manufacturers can actually influence and steer trends by producing new technological products, for example. But without the creative heart of the experience industry, much of the technological development loses its *raison d'être*. What good, for example, is an mp3 player without music?

**OTHER SUPPORTING BUSINESSES:** Accountants, lighting and sound technicians, management firms, consultants, training companies – there is an endless list of professions that grow on the back of the experience industry. And although these businesses are often essential, they are also in turn reliant on a thriving experience industry to fulfil their functions.

**SELLING OTHER PEOPLE'S PRODUCTS:** Advertisements for new mobile phones often tell you that you can download music or film clips. Mozart or Ingmar Bergman could not have had this in mind when they worked on their masterpieces, but the fact is that mobile phones – originally just a practical communication tool – are incorporating the experience industry's products.

\* Drawing an exact line of demarcation between the experience industry and peripheral businesses is difficult to do but then again neither is it always necessary. Statistical surveys require exact lines of demarcation to be drawn, but they essentially constitute the only example.

## The Heart of Innovation

**THE EXPERIENCE INDUSTRY** and all its peripheral players can collectively be described as an “industrial system”.

From this perspective, reality is made up of complex networks where a myriad of players and businesses form the production process.

These networks are not static; new technologies can, for example, change the relationships and balances of power in the system.

**One starting point is that  $1+1 = 3$ , in a way that suggests that a new unit or cluster is formed with characteristics that are not necessarily the sum of its component parts.**



## The Multiplier Effect

**THE CREATIVE CORE OF** the experience industry has enormous value-increasing potential. **Starting with one idea or story, a multitude of additional sources of revenue and spin-off effects can be created on the back of it.**

In order to understand the combined economic impact of an investment we need to measure the indirect and induced spending that result from it. This effect is commonly known as the “Multiplier Effect” as each dollar of new spending is multiplied in terms of new business opportunities and consumption as it travels through the economy. The Multiplier Effect indicates the recycling of dollars, pounds or euros through the different steps of the consumption cycle.

It has been argued that the experience industry’s Multiplier Effect is bigger than any other sector’s. Below is a simple definition to illustrate this effect. The revenues from the main release refer to the revenues stemming from the main creative medias.

$$\text{Multiplier} = \frac{\text{Total Revenues that have their origin in the main release}}{\text{Revenues from the main release}}$$

**ONE EXAMPLE TO ILLUSTRATE** this is *The Lord Of The Rings* series that went on to be a bestseller and become a true classic, translated into most of the world’s languages. The books have also inspired and provided the basis for numerous other creative projects like music, artwork and above all – films.

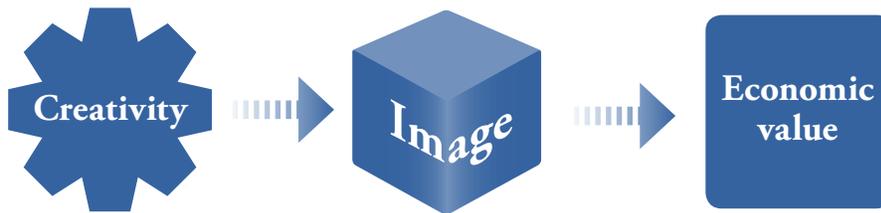
Peter Jackson’s trilogy of films based on Tolkien’s books has become a huge hit around the world. People were queuing for weeks to get tickets to the premiere showings. What’s more, a veritable business empire has emerged around the films. And merchandising and spin-off products like the DVD editions with unseen footage and extra material, toy figures and computer games are generating additional revenue.

**All this stemming from the original story.**

**THE TOURIST INDUSTRY** in New Zealand is also indebted to Tolkien’s imagination as the films were shot on various locations around New Zealand’s beautiful countryside and today thousands of tourists come to walk in the steps of Frodo and Aragorn.

The experience industry’s ability to attract visitors will be discussed further on page 20.

## THE KEY VALUES OF THE EXPERIENCE INDUSTRY

**3:IMAGE**

**THE EXPERIENCE INDUSTRY IS** a major contributor to the process of image creation.

Internally, the experience industry helps the process of creating an identity – by creating shared frames of reference, by generating self-esteem and pride.

Externally it is all about marketing. One of the experience industry's values is its ability to create publicity. The publicity generated by successful Swedish music artists can be said to promote the image of Sweden.

## Creating an Image Is a Critical Component This Is both About Marketing and Identity

### Marketing & PR

**THE EXPERIENCE INDUSTRY CAN** also create publicity for things outside itself. In this way **the experience industry acts as a spotlight, even in cases where it may not have been the original intention.**

ABBA, for instance, did not start out with the objective of promoting Sweden. But since the band's breakthrough in the mid-70's, millions of people have heard ABBA's music. This benefits Sweden since the band is associated with the country.

The Swedish Government has recognised the importance of the experience industry as a PR tool. Marketing is assumed to strengthen the possibilities for attracting investors and boosting sales across all industries.

Swedish Minister of Industry, Employment and Communications Leif Pargrotsky has said: "In addition to the jobs and revenues it generates today, the experience industry influences Sweden's image and therefore also the other segments of Swedish industry and commerce."

### Identity

**THE EXPERIENCE INDUSTRY ALSO** facilitates the process of shaping an identity. This is also one of the reasons **why culture has become such a sensitive subject in trade negotiations**, particularly between the US and Canada.

"Culture is a nation's identity," said Andre Lemay, a spokesman for the Canadian Government, before a World Trade Organization round in 1997. "Too often we have seen cultural barriers serve as thinly disguised protectionism," says Jay Ziegler, spokesman for the US trade representative.

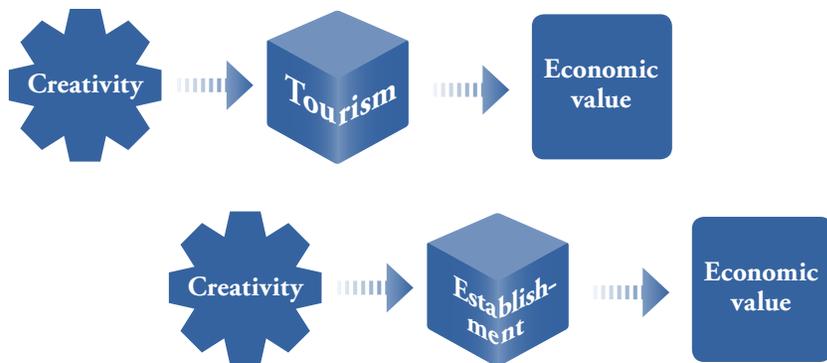
One of the US's objections to the cultural exemption was that it might serve as a precedent for other countries.

**BEHIND THE CONCERN LIES** big money. It is thus no surprise that today's entertainment moguls are focused on issues of fair trade, including NAFTA, the European Union, and China's recent entry into the World Trade Organization.

**JACK VALENTI, THE LEGENDARY** former president of the Motion Picture Association of America (MPAA), was prompted to complain that "this negotiation has nothing to do with culture unless European soap operas and game shows are the equivalent of Molière. This is all about the hard business of money".

## THE KEY VALUES OF THE EXPERIENCE INDUSTRY

## 4:ATTRACTS



**THE EXPERIENCE INDUSTRY ATTRACTS** and can serve as a magnet.

Tourism is often cited as being an arm of the experience industry. But tourism is usually a result of visitors wanting to see specific sites or events: museums, concerts or musicals.

Some people may even be so enamoured with a place that they decide to settle there permanently.

Similarly, businesses may realise that a place happens to be a perfect living environment for their employees, and decide to open an office there.

# Tourism Does Not Grow in a Vacuum Something Always Attracts the Visitor

**PEOPLE SOMETIMES VISIT FRIENDS** and relatives who live abroad, but usually people go overseas on holiday for other reasons.

People normally visit Provence in France, for example, to enjoy good food and admire the beautiful countryside. Similarly, visitors to Rome are likely to be interested in visiting the Colosseum or enjoying good food.

## **The experience industry often acts as a magnet.**

Attractions come in many forms: museums, theatres, concerts, architecture and amusement parks.

**SOMETIMES ATTRACTIONS ARE BORN** out of a creative, independent source. In Florida, for instance, the sleepy little town of Orlando blossomed into one of the US's main tourist attractions. All because of Walt Disney World.

In other cases, attractions are the initiative of regional or municipal politicians. This is how the Guggenheim Museum in Bilbao in Spain came into existence. And which town is going to say 'No' to initiatives like that?

**IN DISCUSSING THE CAPACITY** of the experience industry to encourage other businesses, the multiplier effect was emphasised. When it comes to attracting visitors and inhabitants, the experience industry also has a multiplier effect on the economy.

Dia:Beacon is a \$50 million art museum that opened in Beacon, a small town an hour north of New York City in the U.S.A., in May 2003.

Beacon is an economically depressed town, but the location offered an opportunity to combine culture and urban renewal. So eager was the state and local governments to transform this corner of the Hudson Valley into a thriving tourist destination that they contributed a total of \$2.7 million toward the museum's construction. The project was expected to create about 20 jobs and to attract about 100,000 visitors a year, generating about \$7.4 million annually in tourist revenue.

## “I’m In The Waste Management Business”

**ONE OF THE WORLD’S MOST** famous waste management entrepreneurs, Tony Soprano and his mobsters from the TV series *The Sopranos*, have shed new light on New Jersey.

The arguments about **creating a positive image of Sweden and the desirable results, i.e. investments, flourishing tourism, self-esteem, rising exports, PR** – can all be passed down to regional and municipal level.

In the same way, successful and colourful artists and businesses create PR for regions and municipalities. As ABBA helps create a positive image of Sweden, so does Dublin benefit from U2 and New York has come more into the limelight thanks to *Seinfeld* and *Sex and the City*.

**THE PUBLICITY THAT IS** created by the experience industry’s players and products for a particular place also creates indirect opportunities for attracting tourists and people.

When a place, region or country comes into the limelight, there is always a chance that it stays there, indelibly stamped in the public’s subconscious.

**And then you have something permanent to build on.**

Where this all leads can vary – increased sales or rising tourism. These are not direct, obvious effects – but they may well arise.



## How Do You Stop Young People From Moving Away?

## How Do You Encourage Businesses To Start Up In Your Area?

### THE EXPERIENCE INDUSTRY CAN be viewed as a tool for urban planning.

But the concept of urban planning covers a wide area: not just for existing inhabitants but also for attracting visitors and – in particular – for encouraging people and businesses to move there permanently.

An **attraction platform** should therefore be built.

There are examples of large companies that have financed concert halls to enhance the well-being of the staff. Usually, however, the opposite applies; companies and people move to an area because something already exists there. Something exciting, inspiring and entertaining.

In the autumn of 2003 a concert hall was officially opened in the small town of Vara in Sweden. Municipal director Gert Norell in Vara says:

"We cannot expect to see results in the next ten, even twenty years. We must be patient."

Holstebro is a small, rural, inland municipality in Denmark that managed to reverse a negative trend and, through a programme of cultural initiatives, make the municipality more attractive to businesses and inhabitants.

**BUT IT IS ONE THING THAT** institutions follow these examples. Another thing – equally important – is **the fertile, creative and dynamic foundation of the experience industry.**

You never know what's going to happen in the future. Just as long as it does.

Many young people leave their hometown to seek fame and fortune in other places. This begs the question: isn't it worth making these hometowns more interesting places to live?

Isn't it worth building a cinema that offers some sort of variety in films?

Isn't it worth getting two companies that have never previously thought about working together to join forces?

## THE KEY VALUES OF THE EXPERIENCE INDUSTRY

# 5:ADDED VALUE



**THE EXPERIENCE INDUSTRY CREATES** added value for other industries.

Increasing experience industry product sales indicates that consumers are spending more money and time on entertainment and the stimulation of their senses.

But rising experience sales also helps to boost sales of other products with the help of experiences. This is why product design and supplementary services, for example, are playing a more important role. The experience industry's role is to be an integral part of the production process in a capacity as tool or catalyst.

## What Made You Choose That Mobile Phone Model?

**DID YOU LIKE THE COLOUR?** Does it balance nicely in your hand? Was it the exciting new features such as camera and games?

It probably wasn't just because you can make calls on it. You probably focused on other factors such as design, brand or extra services.

## What Made You Choose That Car?

**WAS IT JUST BECAUSE** it can take you from point A to point B? You probably liked it for other reasons. As with the mobile phone, your decision was probably based more on its design, brand or extra functions. Perhaps it came with a DVD player.

**CARS AND MOBILE PHONES** are just two examples of products that entice the buyer.

It is widely assumed that Ericsson lost its market-leading position to Nokia because it failed to cater to the people's need for experiences in the form of design, games or music.



## ...and now for some theory

**WE DO NOT PRODUCE GOODS** and services because we feel like it. Regardless of what you sometimes read in finance magazines, economic activity is not based on production per se.

We produce to deliver benefits, as the old saying goes.

As Adam Smith said all those centuries ago:

"Consumption is the sole end and purpose of all production."

Alfred Marshall put it this way:

"Man cannot create material things... when he is said to produce material things, he really only produces utilities... Just as man can produce only utilities, so he can consume nothing more."

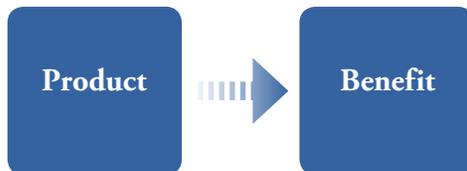
Ruby Turner Norris believes that:

"Wants should be thought of not as desires for goods – but rather for the events which the possession of them makes possible."

**THIS SUGGESTS THAT THERE** is an inbuilt connection between product and benefit or, as is illustrated by the figure below, we desire products that promise benefit when they are consumed.

Lawrence Abbott contributed another piece to the jigsaw when, in his description of production and consumption, he maintained that benefits are delivered in the form of experiences.

Or put it this way. When we eat a lump of sugar we experience the sensation of sweetness. When receiving an injection at the doctor's we experience discomfort. Listening to a record generates a musical experience.



Abbott writes:

" What people really desire are not products but satisfying experiences. Experiences are attained through activities. In order that activities may be carried out, physical objects... are usually needed. Here lies the connecting link between man's inner world and the outer world of economic activity. People want products because they want the experience-bringing services which they hope the products will render."

**THIS ADDITIONAL PIECE TO** the equation is illustrated by the figure below –which reflects the consumption process.

One profession that has always known this is the advertising world. Advertisements and commercials often present products within a specific context, i.e. whisky is invariably sipped by people in high-class environments, fragrances and chewing gum are bought to precipitate a desired situation (usually a boy-meets-girl or girl-meets-boy scenario) and cars are portrayed as gliding gracefully along winding roads.

**MARKETING PEOPLE FREQUENTLY TALK** about the difference between emotional and functional benefit. Emotional benefit can be described as the sensation of watching something beautiful or poignant – like a work of art, for example. The same differentiation can therefore be applied when describing the experience of a benefit.

**A lump of sugar delivers a functional experience  
– not an emotional one.**



## Welcome To the Experience Economy!

"**Welcome to the experience economy**", proclaim Joseph Pine and James Gilmore in the Experience Economy.

**THEIR THEORY IS THAT** if a product expresses a promise of an experience, then added value is created in that product.

If a product does not have this added value, it will be subject to downward price pressure. The current trend is that a growing number of products and services are treated as staple goods (airline tickets, hotel rooms, telephone services), particularly since the Internet offers a range of product comparison/consumer service sites.

**From this perspective, the creation of experiences that stimulate the customers' senses takes on the characteristics of strategic differentiation.**

**IF EXPERIENCES ARE CONSIDERED** to have value, then logically it follows that they can be sold. There are plenty of successful examples – Nike's lifestyle image, Nokia's mobile phones, Hard Rock Café's restaurants.

According to Pine-Gilmore a process of gradual change has come into effect. Whereas before, service was added to products to increase their value, nowadays experiences must be added in some form. And the authors go so far as to suggest that in the future, we may well be paying an entrance fee to stores such as Niketown and Harrods.

## Welcome To the Dream Society!

**MACHINES CAN DO MOST** things. They can provide muscle and intelligence. But they cannot provide emotions. This means that we essentially are heading into an age where society is based more on emotions according to future scenario expert Rolf Jensen. His vision of the future is a world full of stories and experiences, meaning we will enter a "dream society". And indeed, there is today much to support his theory that we live in a world where bi-products are more important than the products themselves; where design, art and stories are being increasingly incorporated into objects.

"Workplaces and the stores will be become the domains of the imagination. It will become acceptable to use your emotions. People are allowing themselves to base their choice of product on reasons that go beyond rationality."

## Welcome To The Entertainment Economy!

**"Everything is about entertainment"**, says Michael Wolf. As we are doing in this book, he approaches the subject from a number of different perspectives: entertainment as product (film, video, TV, music, computer games) and entertainment as strategy (added value for other industries).

**HE ALSO STRESSES THE GROWING** importance of having a hit – not just in the entertainment industry but everywhere. For examples look no further than the Sony Walkman, Pfizer's Viagra and Astra's Losec.

The logical conclusion of this is that all industries should implement the same business model that has long been used by entertainment producers.

**ALL PRODUCTS AND SERVICES** aimed at consumers must in part include entertainment in order to stand out from the competition. Lieberman and Schmitt highlight the importance of entertainment in connection with experiential marketing. Other industries have also realised that entertainment is a highly in-demand phenomenon. This has led to that the share of entertainment content has also grown in other contexts. Lieberman writes:

"This increased desire for sensory stimulation is everywhere we look."

## How Do You Sell an Experience?

**THINK ABOUT YOUR FAVOURITE** record. Did you know it was going to become your favourite record when you first bought it? Even though you have to purchase it the music experience can only truly be appreciated later on; the records are still purchased in advance.

The customers therefore never really know what they are getting. As far as the customer is concerned, therefore, purchasing a product always entails a certain element of risk.

You could argue that this is the case with all products, at least if you go by the consumption model above: all benefits are delivered as experiences. But this factor is even more significant when you realise that this value consists mainly of anticipated experience. We know what to expect from eating a lump of sugar – but what about the concert where the tickets cost 35 euros?

**THUS MAKING MONEY** in the experience industry isn't easy. Many products that are launched flop dismally. This is because it is impossible to foresee whether a product is destined for success or not. This is something that producers in the entertainment industry know only too well: there's no way of knowing how well a product is going to be received.

This uncertainty principle is incorporated into this business model. It is based on the assumption that out of ten projects only one will be a hit – but no one knows which one.

**This method is known as the rapid-fire method. In essence: the more shots you fire, the greater your chance of getting a hit.**

**SINCE ALMOST ALL BUSINESSES** have to focus on selling experiences, most of them have to use the rapid-fire method. The signs are already there. Mobile telephone companies nowadays release a multitude of models and wait to see which is going to be a hit.

**The experience industry has plenty of tricks up its sleeve for attracting buyers:**

### TRY-IT-AND-BUY-IT

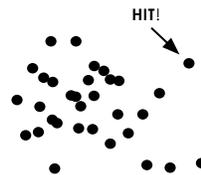
Trial offers have become more common with the Internet and digital technology. A trial sample gives customers a foretaste of the product. This method is commonly used in sales of music, literature and computer programs.

### MONEY-BACK GUARANTEE

You get your money back if you're not satisfied.

### CELEBRITY ENDORSEMENTS

Celebrities recommend the product. Often used on the back of books.



The Rapid Fire Method

## The Experience Industry Plays an Important Role in the Experience Economy

**PEOPLE HAVE TRIED TO ENCAPSULATE** the development using words such as “experience economy” and “entertainment economy”. But what do they actually mean?

In simplified terms “experience economy” describes the development of society as a whole while “experience industry” concentrates specifically on business players whose key skills are creating or supplying experiences.

**The experience industry is, in accordance with this definition, an important part of the experience society. But it is still only a part.**

The experience industry provides competence and acts as a supplier. Ideas are created inside the domain of the experience industry which in turn forms the basis of tomorrow’s products for the experience society of the future.

**The experience industry therefore assumes the role of competence provider.**

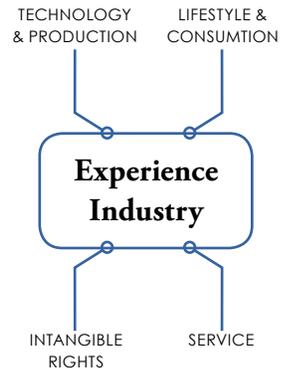
**THE FIGURE TO THE RIGHT** shows a number of factors that the experience industry can contribute with:

**TECHNOLOGY AND PRODUCTION:** advice and services that support physical products.

**SERVICE:** in connection with advisory services, tuition and much more.

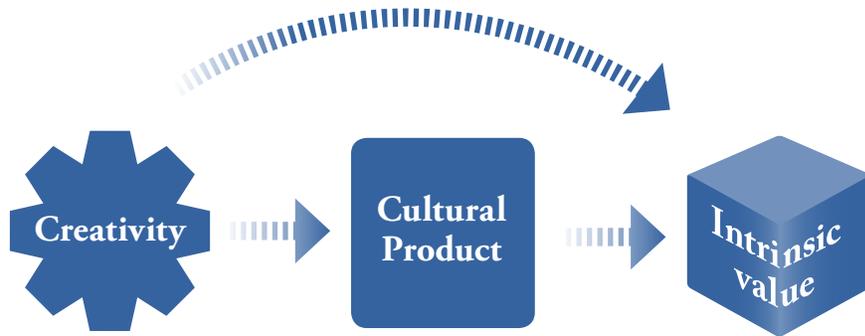
**INTANGIBLE RIGHTS:** both in the form of knowledge about how to protect them and in the form of licensing products for use by other industries.

**LIFESTYLE AND CONSUMPTION:** few industries steer or follow trends as vigorously as the experience industry has done for a long time.



## THE KEY VALUES OF THE EXPERIENCE INDUSTRY

# 6: INTRINSIC VALUE



**MANY OF THE EXPERIENCE INDUSTRY'S** products make us feel good and allow us to develop as individuals. But many people also get an enhanced sense of well-being from the process of creating something.

Experiences have until now mainly been described as a tool for achieving certain objectives: to entice, for example, or to sell or to create publicity.

But does there always have to be a utility aspect? Isn't there an intrinsic value in aesthetics, art, culture and beauty?

# The Experience Industry's Value Cannot Only Be Encapsulated in Economic Terms

**ACCORDING TO MANY PEOPLE**, culture and economics are two separate, non-compatible entities. They belong to **two different value spheres**. Culture has its own separate value: an aesthetic, cultural and artistic value (its own intrinsic value) that functions independently of market mechanisms. In Sweden this philosophy of culture has been propagated in government cultural policy in the last few decades.

Certain cultural spheres are subsidised to be able to survive, and so the key factor here is not demand but artistic value.

**IN SWEDEN, CULTURE IS** recognised as having its own intrinsic value, which is placed in polarity to commercial values. Culture's primary objective is to "counteract the negative manifestations of commercialisation." Culture must be given the "opportunity to act as a dynamic, challenging and independent social force".

The Swedish cultural policy's goal of "culture for all" also extends to embrace the intrinsic value of creative production. Swedish Minister for Culture Marita Ulvskog, for example, has introduced parliamentary bills proposing mandatory culture rooms in the workplace. The figure on the opposite page illustrates the intrinsic value of creative activities.

The value of culture is in many cases **a sensitive and highly subjective issue**. One of the criticisms that have been levelled against it concerns the difficulties in measuring its advantages. What are the advantages exactly? How big must they be? And at what cost?

**GRAMPP, FOR EXAMPLE**, writes that there is no evidence to suggest that the advantages of subsidising culture are greater than the advantages of subsidising anything else.

Some critics also **raise the question about the selectiveness of the types of culture that are supported**. Why, for example, is rock culture not considered important enough to be embraced by cultural policy?

## THE ODD COUPLE?

Historically culture and technology has been seen as incompatible. This book has shown that the two are slowly approaching each other.

CULTURE AND ARTS	BUSINESS AND TECHNOLOGY
searching	rational
abstract	concrete
beauty	useful
interpretation	facts
the left cerebral hemisphere	the right cerebral hemisphere
timeless	modern
change	stability
chaos	order
soft	hard
goal	means
depth	surface
not quantifiable	quantifiable
heterogenous	homogeneous
freedom	control

# THE KEY VALUES OF THE EXPERIENCE INDUSTRY

## ANALYSIS

Where Are We Heading?  
What Do We Want To Achieve?

**THIS BOOK HAS DESCRIBED** how experiences can generate economic value.

But should this be a goal in itself?

What good is economic value if it doesn't generate any kind of welfare?

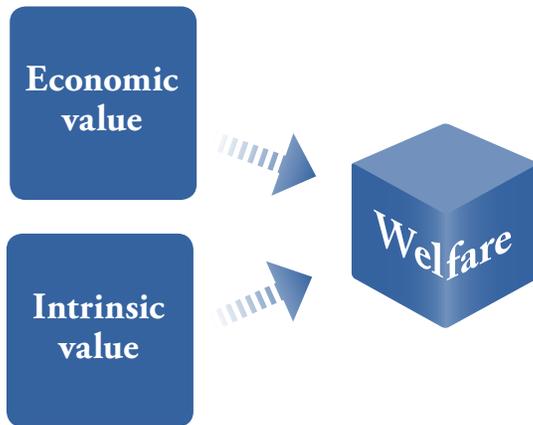
In other words, increasing economic value should be a means by which other goals such as a better environment, a better world, improved welfare can be achieved.

**A FOUNDATION SHOULD THEREFORE** be laid in accordance with this economic value. One word – welfare – encapsulates what we should all be striving towards.

Hopefully, the better the conditions for creating economic value – using the models explained on the preceding pages, for example – the better our chances will be for creating a better world.

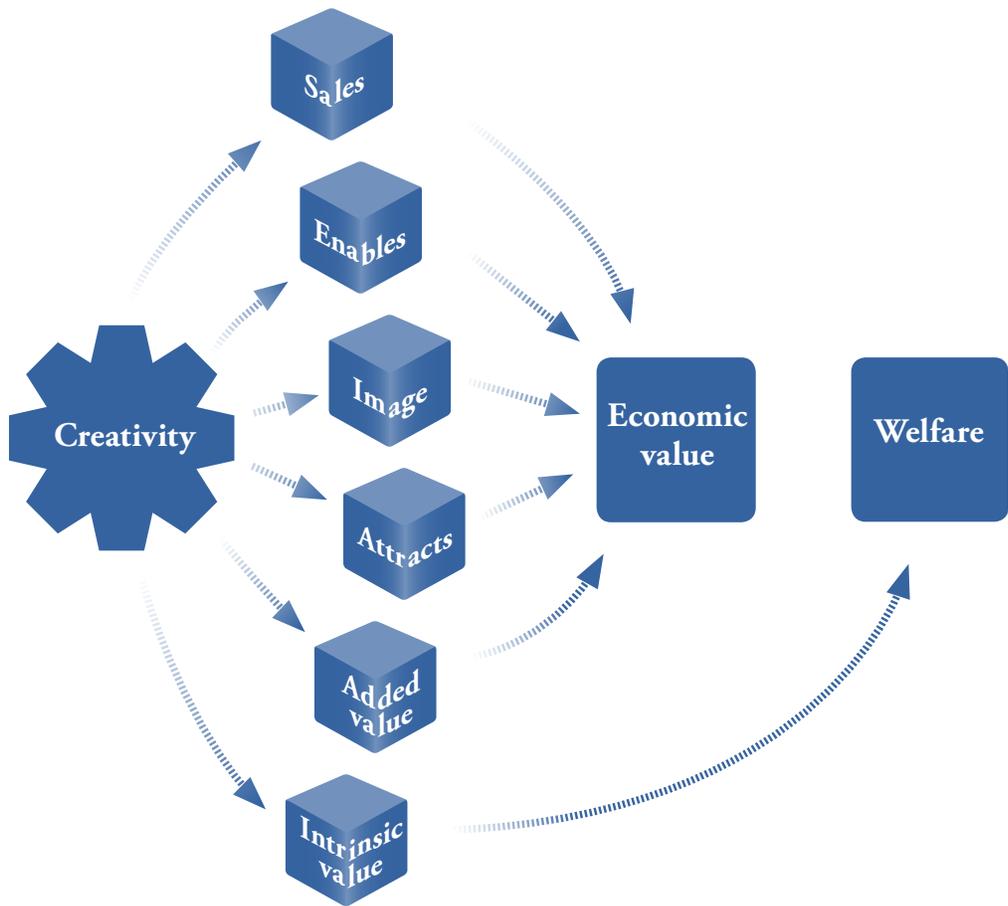
**THE SIXTH VALUE COVERED** in this book – intrinsic value – differs from the other values in one respect: it doesn't end with economic value but highlights a value that makes us feel good and allows us to develop as individuals. Also a kind of welfare.

In summarising this model, the inherent connection between this and other values seems entirely natural. Read on to find out why.



# THE KEY VALUES OF THE EXPERIENCE INDUSTRY COME TOGETHER

- 1. SALES** The experience industry's products are sold in the market – and our consumption of experiences is on the increase. We are buying more records, magazines, meals and computer games. We go to more concerts and visit more amusement parks and museums.
- 2. ENABLES** The experience industry in essence creates the conditions that allow certain manufacturing industries, distribution and other supporting sectors to thrive. This covers virtually everything from the manufacturing of electronic products to record stores and sound and lighting specialists for the film industry. These companies rely on the continued existence of the experience industry. But this relationship is often co-dependent.
- 3. IMAGE** Success in the experience industry creates publicity from which other industries can benefit. The successes of Swedish artists in design and music, for instance, can help put Sweden and its individual municipalities “on the map”.
- 4. ATTRACTS** The experience industry's products can manifest themselves in the form of a richer cultural life, for example, which can attract visitors and encourage people to settle there.
- 5. ADDED VALUE** Experiences sell. This explains why other products are marketed with the help of experiences. This is why product design and supporting services, for example, are playing a more important role. The experience industry in this way adds value to other industries.
- 6. INTRINSIC VALUE** A significant portion of the experience industry has its own intrinsic value that cannot only be encapsulated in economic terms. Isn't there an intrinsic value in aesthetics, art, culture and beauty? The fact that many of the experience industry's products make us feel good and allow us to develop as individuals suggests that it is good for welfare in general.



## THE KEY VALUES OF THE EXPERIENCE INDUSTRY

# THE SOLAR SYSTEM

**ALL THE EXPERIENCE INDUSTRY'S** values are based on creativity and the creative process.

Light = Value. No light = No value. Just as our solar system needs a sun, the experience industry cannot survive without one. This becomes clear in the figures presented on the previous page.

The six key values that the experience industry generates are covered here. It is essential to remember that all these values are based on the process of creativity.

The experience industry therefore has a common core, which can be likened to a sun, but this core comes in the form of people who have knowledge and creativity and who can provide energy.

**LIKE A SUN, THESE PEOPLE** create the conditions that allow a whole system to thrive; where planets circle around the sun – some at varying distances, but all equally dependent on the sun’s energy. Like ripples on water, they spread further and further away from the core.

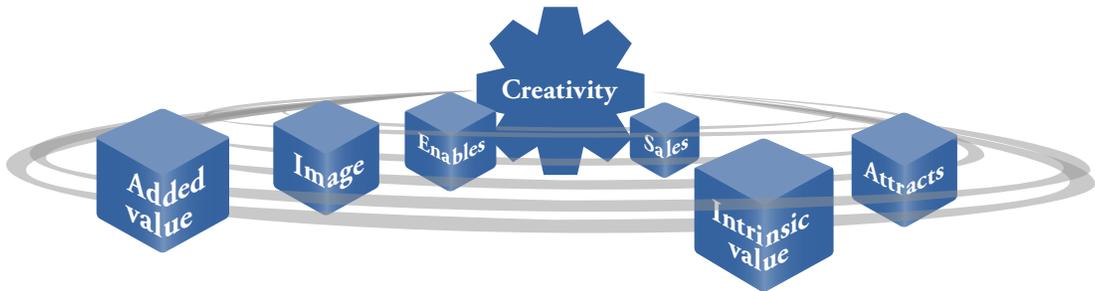
The various planets that revolve around the sun symbolise the different facets of the experience industry. **The Solar System model serves to illustrate that the experience industry can be analysed from various different perspectives and can contribute several values.**

**THIS IS ALL ABOUT ENTERPRISES** that support their core. About the manufacturing of materials and technology. It is about companies that provide distribution services. It is about positive PR effects for Sweden on the back of Swedish design and music successes.

It is also about all production deriving benefit from the energy of this core. Products no longer need to be functional, but must add extra, experience-oriented dimensions.

It is also about an important contribution to making us feel good and to develop as individuals. Welfare, in a word.

**WITHOUT ITS SUN,** the solar system dies. Without energy, creativity and knowledge, the experience industry grinds to a halt. All the experience industry’s values are based on the process of creativity.



# A SWEDISH STORY ABOUT CREATIVITY

## LOOKING INTO SWEDEN

### Swedish Stars

**THE EXPERIENCE INDUSTRY CONTRIBUTES** several values. In this book we have discussed six of them in order to broadly describe and illustrate the different perspectives of the cultural sector.

In a world where design and promises of experiences are becoming increasingly important, the Solar System model enables us to assess the capabilities of individual countries, regions or cities.

**WITH ONLY 9 MILLION INHABITANTS**, Sweden is a relatively small country. But despite this, it has a long tradition of making highly respected contributions to the world of music, film and design, among other things. What are the underlying reasons for this?

All the values in the Solar System model originate from creativity and the process of creation. Therefore, **solid structures to support the creative process are crucial** in order to ensure success in the face of the experience industry's global competition.

In Sweden there is a fertile and solid foundation for creativity and innovation which partly explains the country's successes so far. It also explains why **Sweden stands well-prepared** to meet future challenges.

# Exploring the Success

**FOUR ARGUMENTS WHY SWEDEN** has become successful within the experience industry and stands well prepared to meet future challenges:

- ❖ A high level of **technological development** with high penetration of personal computers, broadband services and mobile phones creates significant opportunities for the experience industry.
- ❖ In general, Swedes are adept at foreign languages, travel extensively and are quick to pick up trends and **influences from around the world**. Furthermore, Sweden is a small country, which increases the need to create bigger markets abroad.
- ❖ Sweden has a **high standard of living and a high level of education**. Swedish people are interested in experiences and have the time and money to invest in them.
- ❖ There is a **genuine public interest in cultural activities** and a government cultural policy that funds various cultural institutions and supports a strong public service television and radio and which. These factors create and support an infrastructure that makes various initiatives and projects within the experience industry possible.



## Eyes On the World

**IN SWEDEN MOST THINGS** come from other countries. Swedes watch American films, buy records from Jamaica, watch English football, eat Indian food, drink Italian coffee and browse through French fashion magazines (if only for the pictures).

Genuine Swedish traditions like Midsummer and Crayfish parties are nevertheless very important to the Swedes. This creates a unique culture that is both truly international but also genuinely Swedish.

**AS FOREIGN FILMS SHOWN** in Sweden are never dubbed and children start learning English from their first year at school, it is not altogether surprising that Sweden has had its fair share of international hit records, best-selling computer games, award-winning music videos, and the occasional academy award.

**There is a truly international mindset in Sweden.** Contemporary directors Lukas Moodyson and Jonas Åkerlund have already made a big impression, following the footsteps of legendary Ingmar Bergman, and others will undoubtedly follow.

In the leading Swedish newspaper Dagens Nyheter, there is a weekly column that covers the way Sweden and Swedes are portrayed in foreign media. An indication of the country's interest in being viewed favourably by the rest of the world. Ever since the 1960's, immigration to Sweden has been high. Combined with extensive vacationing abroad, it is not surprising, then, that Swedes know what the rest of the world likes and enjoys.

**THERE ARE ALSO THE ECONOMIC** conditions to consider. Sweden is a small country located in the northernmost corner of Europe. Without its wide-ranging and major exports, it would still essentially be a country of farmers. It is therefore only natural that the **Swedish people and businesses have had to learn what the larger markets want and demand.**

## High Standard of Living and High Level of Education

**THE EXPLOSION OF THE EXPERIENCE INDUSTRY** can be explained by an increase in welfare during the post-war era – economic growth in Sweden was among the highest in the world. This created a solid foundation for a high level of education for all citizens and a firm welfare system. The economic growth has levelled out somewhat in the last few decades, but it is nonetheless very high.

**These preconditions are ideal for the consumption of culture and experiences** and the Swedes love to put their money on goods and services which can help them to escape the darkness of the winter months for a few hours.

## A High Level of Development

**SWEDEN IS FAMOUS FOR ITS** innovators and entrepreneurs. In many cases, ideas and innovations have grown into multinational companies such as Ericsson, SKF and IKEA.

There is a **long tradition of quality exports and high-technology goods** in the traditional industries. With society evolving and moving into the post-industrial phase, it is natural that goods have been replaced by services and products by experiences. What started with the steel and paper industries has accordingly continued in the fields of IT, design and beyond.

According to an international study, the capital **Stockholm has the most competitive “knowledge economy” of any region outside the United States**. This annual World Knowledge Competitiveness Index ranks 125 regions throughout the world in terms of their ability to translate knowledge into economic value. Only ten non-U.S. regions made it into the top 50.

Other Swedish regions that were surveyed were Western Sweden (44th place) and Southern Sweden (52nd place). Both outperformed Norway (54th) and Denmark (62nd), which were treated as independent regions in the report.

**THE COMPETITIVENESS STUDY USES** a range of benchmarks – including employment, patent registrations, R&D investment, education expenditure and IT and telecom infrastructure – to determine the best performers.

**Today Sweden is a country with very high penetration of personal computers, broadband services and mobile phones.** As of the year 2000, Sweden was second only to the USA in the most computers per capita in the world and in 2001 there were 56 computers per 100 inhabitants in Sweden. A less computer dense country for 2001 is France, with barely 34 computers per hundred inhabitants. Access to computers in the home was also high in Sweden, 75 per cent in 2002.\*

## Major Public Interest In Cultural Activities

**SWEDES HAVE ALWAYS BEEN** interested in culture and the arts. There are, for instance, more choirs per capita in Sweden than anywhere else. This long tradition of concern for culture and the arts has led to a highly developed taste in many cultural fields and is also reflected in Sweden’s cultural policy, which supports a strong public service television and radio as well as solid funding for museums, the performing arts and other cultural institutions.

This is therefore another key factor behind the relatively well-developed cultural sector, which in turn creates the perfect conditions for a burgeoning experience industry.

\* Data from the the Swedish Institute for Transport and Communications Analysis

## A SWEDISH STORY ABOUT CREATIVITY

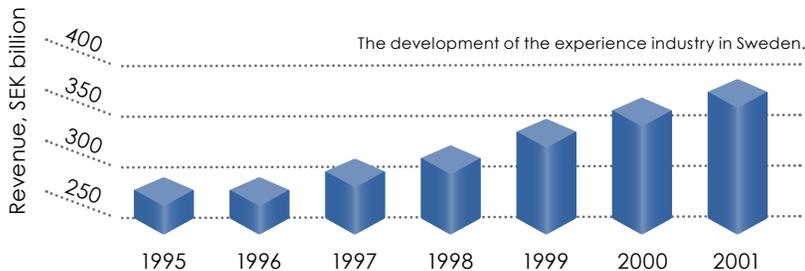
## GROWTH AND CONTRIBUTION

**THE EXPERIENCE INDUSTRY IN SWEDEN** is showing significant growth and makes an important contribution to the national economy.\*

The average growth in value added was 6.4 per cent per annum between 1995 and 2001. The total turnover of the industry in 2001 was almost EUR 40,000 million. The value added by the experience industry for the same year was approximately EUR 12,000 million, which implies a contribution of **4.8 per cent to the GNP**.

**THE EXPERIENCE INDUSTRY'S GROWTH** is confirmed by the fact that a number of variables such as value added, output and number of companies are growing at about the same rate. Relatively speaking, the number of employees is growing more slowly, which means that productivity is increasing.

In 2001 the experience industry employed 284,000 people. This is **6.5 per cent of the total labour market**. 43,000 new jobs were created by the experience industry between 1996 and 2001. Revenues per employee have risen from SEK 1.15 million in 1997 to SEK 1.31 million in 2001.



	1997	1998	1999	2000	2001
Revenue (MSEK)	294 274	306 556	329 399	355 724	371 733
Value added (MSEK)	86 242	93 805	100 268	107 250	108 818
No. of companies	77 078	81 048	84 439	90 714	98 088
No. of employees	256 841	267 977	280 224	286 971	283 960

\*The statistics are from the Knowledge Foundation. The study was made in 2003 in collaboration with QNB Analys & Kommunikation AB.

## How Do You Value An Experience?

**MEASURING THE EXPERIENCE INDUSTRY** is not easy. **It is difficult, if not impossible, to actually put a figure on the value of an experience.**

If you think about it, all experiences are individual and exist inside us only. They also change over time. The value described at one moment will therefore be inaccurate a moment later. Even if you capture an accurate value at a single moment for one person, experiences arise in billions of other people every day all over the world. Would you capture a “correct” value of these experiences too? Probably not.

Neither is it possible to predict whether a potential experience, e.g. a record, a concert or a ticket to the cinema, will actually lead to an actual experience or if it will leave you unmoved. Remember that it is only possible to sell the promise of an experience (a so-called experience package or product), not a bone fide experience itself.

**IS IT POSSIBLE, THEN,** to calculate the value of the experience industry? When the experience industry was measured in Sweden, the transactions of the promises of the experiences, i.e. the experience packages, were studied.

This implies that the calculated value of the experience industry is the number of transactions of experience packages multiplied by their market price. The revenues stemming from the record industry are therefore calculated as the number of records sold multiplied by their price.

**THE SWEDISH STUDY FROM** the Knowledge Foundation also discusses whether the experience industry should include the entire value chain from conceptualisation, manufacturing to distribution and customer sales.

To make this process as systematic as possible two criteria were produced. The first criterion was to ascertain just how dependent an industry – or industry arm – is on the experience producers’ initiatives. The second criterion was the purpose of the products – was it to create an experience? For example CD’s are sold in stores mainly to be listened to.

## Defining the Experience Industry

**THE STATISTICAL DATA OF** the experience industry in Sweden have been initiated by the Knowledge Foundation. The most widespread definition in Sweden is the one used by this organisation:

"A collective term used to describe people and businesses in creative professions whose main purpose is to create and/or supply experiences in various forms."

**A NUMBER OF SUB-CATEGORIES** have been identified to illustrate this definition and simplify the practical work process. This categorisation process has been modified on an ongoing basis and there are currently 13 categories.

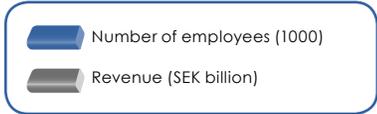
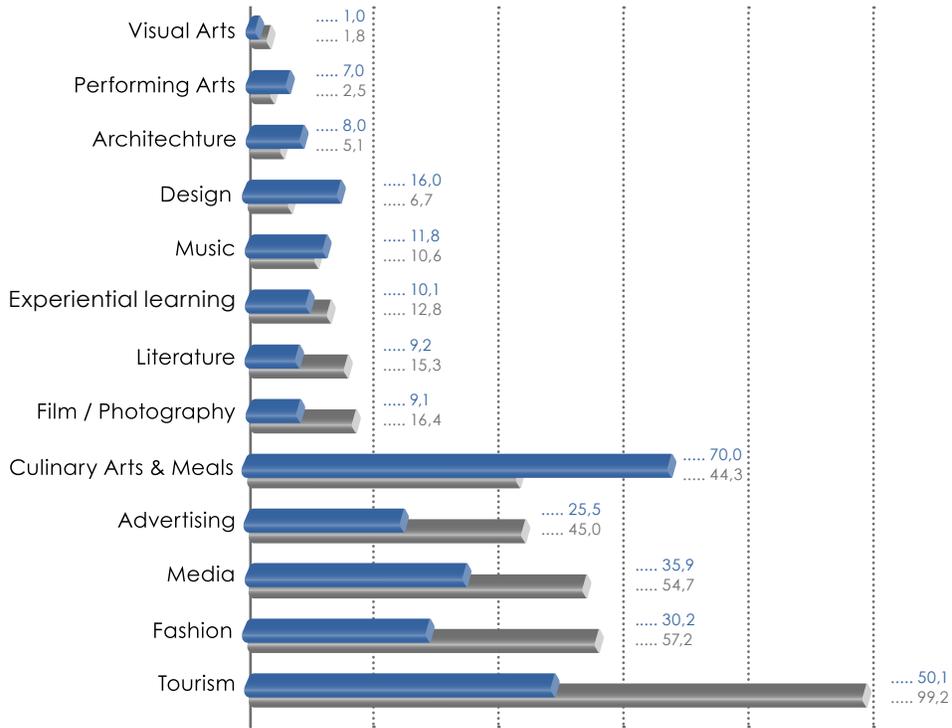
The break-down on the right shows the size of the different categories for the year 2001 in terms of revenues and number of employees. The categories Tourism, Fashion and Media have the highest revenues while most people are employed in the fields of Culinary Arts & Meals, Tourism and Media.

### CATEGORIES

- Architecture
- Design
- Film/Photography
- Visual Arts
- Literature
- Advertising
- Media
- Fashion
- Music
- Culinary Arts & Meals
- Performing Arts
- Tourism
- Experiential Learning



# How Big is the Experience Industry in Sweden?



## The European Picture

**UP UNTIL RECENTLY**, the economic and labour market aspects of the arts and cultural sector were of secondary significance in the welfare state. Culture was seen as part of social policy and was not considered an area which could or should be subject to “normal” economic criteria, since these criteria were interpreted as incompatible with culture.

This is emphasised in a recent report from the European Commission, which assesses and measures the cultural sector within the European Union.

The report showed that the cultural sector is characterised by a high share of freelancers and very small companies. **A new type of employer** is emerging in the form of the “entrepreneurial cultural worker”, who no longer fits into previously typical patterns of full-time professions.

**ACCORDING TO THE BROADEST** definition, there are **currently 7.2 million workers in the cultural sector within the EU**. From 1995 to 1999, the cultural sector in the EU experienced an average annual rate of employment growth of 2.1 per cent.

This employment growth was concentrated in those areas within the arts and culture where the demand for content is greatest, while employment stagnated in the characteristically industrial areas (such as the printing industry). **“Content producers” seem to be in greater demand than** marketing and sales persons.

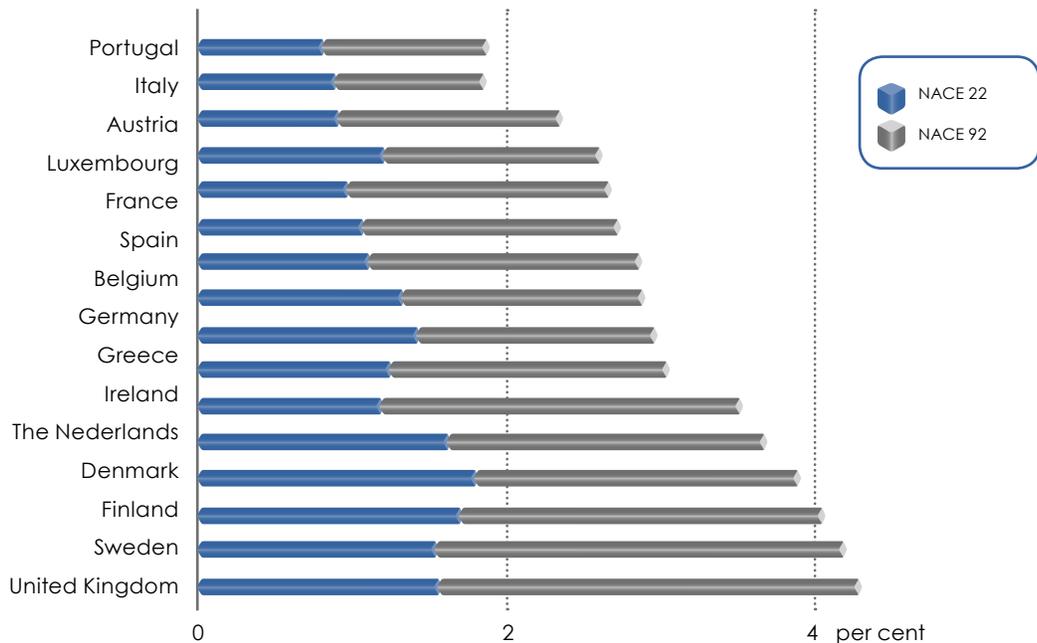
**UNSURPRISINGLY THE REPORT SHOWED** that countries with a large population – particularly those with high employment figures – contribute the lion’s share to Europe’s cultural workforce.

More than one fourth of the people working within the cultural sector are found in the UK, and one fifth in Germany. Sweden’s figure is just under 4 per cent.

# The UK and the Nordic Countries Stand Well Prepared

THE PICTURE CHANGES, HOWEVER, when you compare the percentage of people working in the cultural sector to each country's overall labour market.

It is clear that Sweden has a relatively large number of employees working in the cultural sector. Sweden is second on the list just over 4 per cent, based on the cultural sector's statistical codes. Only the UK records a higher figure than Sweden.



Employment within the cultural sector. Share of the overall labour market in each country, 1999.

## A SWEDISH STORY ABOUT CREATIVITY

# REGIONAL DEVELOPMENT

THE EXPERIENCE INDUSTRY HAS become an **important tool for regional development** in Sweden. New topics are being discussed: How do we keep our young people from moving? How do we attract new settlers? Do we obtain more value added using the forest as a recreational area in comparison to cutting it down?

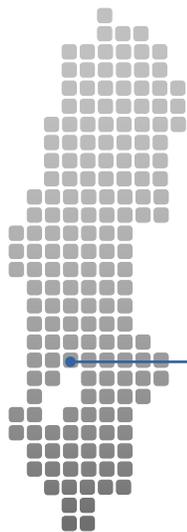
The question involves several of the values in the Solar System model. Firstly, the ability to attract and keep visitors, investments and inhabitants, i.e. the third (image) and fourth (attracts) value. Secondly, new jobs are expected within organisations which sell, manufacture or distribute experience products, i.e. the first (sales) and second (enables) value.

**In order to support and develop the regional efforts, centres of excellence have been appointed** at various locations around the country. Each centre focuses on a specific field within the experience industry.

## From Steel to Meal

ONE EXAMPLE OF THESE CENTRES of excellence is found in Hällefors, a small city in central Sweden, focusing on culinary arts and design.

**The world is changing and there are few places where the inescapable pace of progress is more evident than in Hällefors.**



HÄLLEFORS

**LIKE MANY SMALLER TOWNS** in Sweden, Hällefors was hard hit when its manufacturing industry closed down and the companies moved their production plants to more cost-efficient locations.

When the steel plant closed in 1991, the municipality was forced to realise that the manufacturing era had come to an end and a crossroads had quite clearly been reached. Many people were unemployed, but, as they say, the end of one road is also the beginning of another.

**IN THE LAST TEN YEARS**, Hällefors has developed into **a centre for culinary arts and design**. The journey from “wasteland to tasteland” involves the village of Grythyttan and has been made possible thanks largely to entrepreneur and innkeeper Carl Jan Granqvist, whose favourite aphorism is “A nation’s progress is dependent on its eating habits”. Meals are one of the key elements in human lives. Food offers an experience for all the senses. The meal is the perfect platform for enlightening discussions about the democratic ideal.

Grythyttan is also the location of the Industrial Development Centre for Meals and the House of Culinary Art. It also hosts the Restaurant Academy and attracts some 80,000 visitors every year.

**THE SWEDISH HOUSE OF FORM**, a meeting place and forum for creative discussions regarding design, has also been built in Hällefors. With a strong focus on raising awareness of and interest in design, its ambition is to bridge the gap between the industrial and functional aspects of design.

Pentti Supponen, municipal commissioner for Hällefors Municipality, also points out that this constitutes a major step away from everything being centred around large cities:

“If we can achieve standards of excellence and develop unique skills, then it will be our turn to be in the limelight. People and companies will come to us, we won’t have to go to them.”



# A SWEDISH STORY ABOUT CREATIVITY

## FOCUS: MUSIC

### It's a Hit!

**SWEDEN HAS MANAGED** to become the third-largest exporter of pop music in the world despite the fact that it is a small country with a mere 9 million inhabitants. This can be explained by a variety of factors such as a dynamic innovation system, including municipal music schools.

ABBA, Roxette, the Cardigans, the Hives and Max Martin are just some examples of Swedish success stories covering the entire musical spectrum.



## The Music in Figures

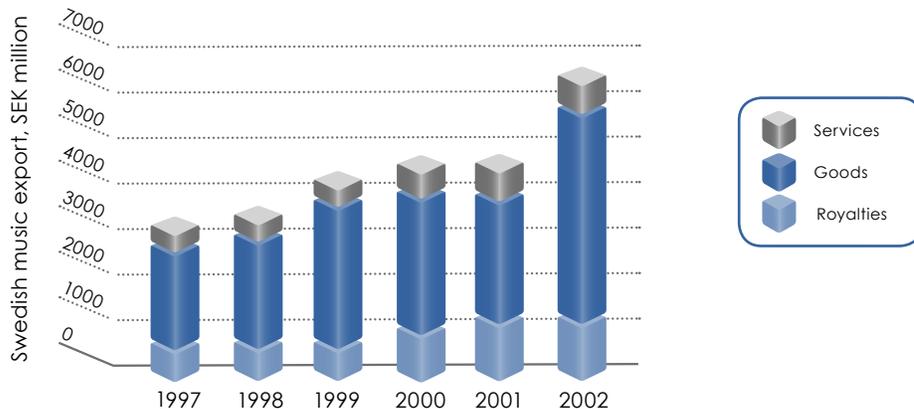
**SWEDEN IS THE THIRD** largest exporter of music in the world. It is the only country along with the US and the UK to have a positive balance of trade in the industry.

Putting this into figures, Swedish music exports totalled more than SEK 6.7 billion in 2002. Between 1997 and 2002, it had an annual growth rate of around 15 per cent.\* These are figures that many industries dream of being able to match.

## How Does Music Translate Into Figures?

**THE MUSIC INDUSTRY HAS** three sources of export income. For artists, royalties are the most important source of income.

- ▣ Sales of services (e.g. mixing and producing)
- ▣ Sales of goods (e.g. CD's)
- ▣ Royalties



\*Statistics provided by Export Music Sweden (full reports can be downloaded from [www.exms.com](http://www.exms.com))

## How Sweden Became a Hit

**WHEN ABBA WON THE 1974** Eurovision Song Contest with Waterloo, no one could have foreseen what this would lead to. Before the end of the decade, the band had sold roughly 200 million records and paved the way for the next generation of bands.

The 80's saw the emergence of Europe and Roxette and in the 90's acts like Ace of Base and the Cardigans became household names in many countries. Today, the Hives are almost as well-known internationally as IKEA, and Swedish pop and rock is as well-known to twenty-year-olds all over the globe as mobile phones from Ericsson.

**SWEDEN HAS A LONG MUSICAL** tradition of producing internationally successful jazz and classical artists – from Jenny Lind to Jussi Björling, to name just two.

But since the breakthrough of ABBA in the 1970's, Swedish popular music has seen an unprecedented surge worldwide, reminiscent of the British Invasion of the 1960's. With contemporary acts like the Hives and the Soundtrack of our Lives and producers like Max Martin – who gave artists like Britney Spears and Backstreet Boys their sound – only the US and the UK export more pop music than Sweden.

**THERE ARE AS MANY** theories and hypotheses about the Swedish pop phenomenon as there have been international hit songs. Certainly the great institution of municipal music schools is a part of the explanation, but other intangible factors like a domestic market of discerning buyers and a population of English-speakers are also key considerations.

The importance of the music industry has also been acknowledged by the Swedish Government, which has been awarding the annual Music Export Prize since 1997.

# How to Build a Rock City

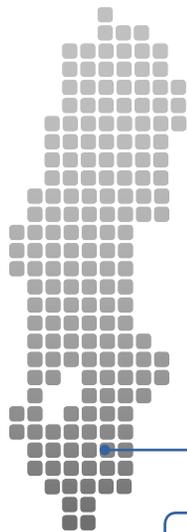
**THE STORY ABOUT HULTSFRED** and Rock City is rooted in the belief that nothing is impossible. But how could a village with 5,000 inhabitants become one of the most powerful brands in the European music industry?

The first Hultsfred Festival was held in 1986. It has grown ever since, and every June the festival has roughly 40,000 visitors. Many of the biggest rock bands in the world have taken the stage here. Crucial ingredients in the festival's recipe for success are the promoters' integrity and intuitiveness in picking the right bands.

The credibility is reinforced by the fact that the proceeds are reinvested into the operations. There are no private profits.

**THESE DAYS, HULTSFRED** is much more than a festival. Based on this core, a multi-activity village with small businesses, research and education in Music Management and Digital Media Distribution has developed. The umbrella name is Rock City.

In an environment characterised by natural commitment and an entrepreneurial spirit, meetings occur between the stars of tomorrow and established artists, between researchers and industry, between business and innovation. In progress is also the experience music museum Rockzeum.



**HULTSFRED**

## ROCK CITY'S OPERATIONS REST ON 6 PILLARS

1. **The Music** – The Hultsfred Festival, Rookie and Metropol.
2. **Rockzeum** – Planned interactive museum devoted to pop and rock history.
3. **Corporate Village** – 21 companies are connected to Rock City's operations.
4. **Development** – Activities to bring education, the industry, the public sector and society together.
5. **Education** – Five different educational programmes.
6. **Research** – Research-base in the field of popular culture.



# A SWEDISH STORY ABOUT CREATIVITY

## FOCUS: GAMES

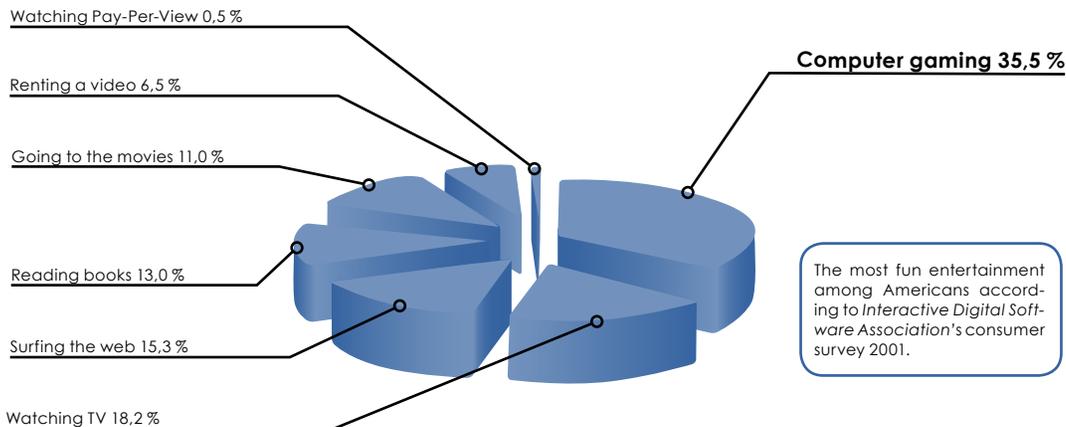
### It's All Games

**IF YOU GOOGLE THE WORD** “games”, you get more than 160 million hits.

Ever since a student at MIT created *Space war* – the first computer game – back in 1961, the industry as well as the pastime has surged.

Gaming is not just for kids or computer geeks anymore. The consumers are older, the target audiences broader and computer games have become a part of mainstream popular culture in the same way rock and roll did almost half a century ago.

Today, computer games are on every hard drive in every personal computer and every mobile phone. It is still a young industry, but the promising future is already here. In 2002, American consumers spent USD 7 billion on buying computer games. The corresponding figure in Sweden was USD 155 million.\* This implies that the average Swede spent just over USD 17 on computer games in 2002 while the average American spent USD 24.



## The Swedish Game

**SWEDEN HAS ONE OF** the highest computer penetration rates in the world. You see examples everywhere of how traditional businesses are out-smarted by on-line services.

This is happening in **a country where computer-literacy clearly is more than just a word**. Add the fact that there are no language barriers, and it comes as no surprise that this is an industry Sweden has the potential to excel in.

Game consoles are frequent in Swedish homes and gamers are just as likely to be females in the upper twenties as boys in grade school.

**THE SWEDISH GAME DEVELOPERS** are already making more money on export than in the domestic market. If you have a thing for analogies – you could compare ABBA's breakthrough with *Waterloo* to the Swedish game developing company Digital Illusions and their game *Pinball Dreams*. They paved the way for entire industries, and went big internationally.

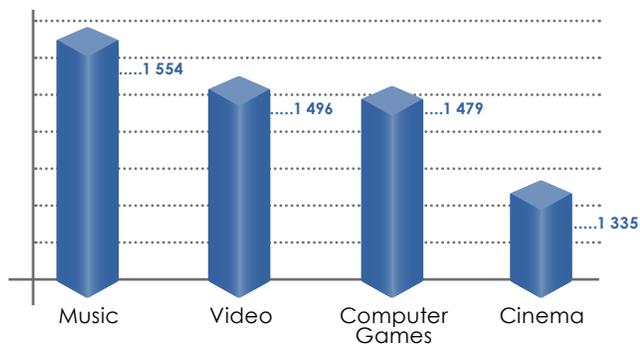
There are today close to one hundred companies working with game development in Sweden, employing almost six hundred people. Swedish computer game producers have a **high technological competence, relatively low salaries, no language barriers and a good reputation internationally**. There are two main clusters – one in the Stockholm-Uppsala area and the other one in Skåne-Blekinge – with dynamic companies in a dynamic industry.

**BUSINESS MODELS ARE STILL** changing, and the technology development will never slow down. But the foundation has been built, and the Swedish game development industry has an excellent position regardless of what the future holds.

## Games and Numbers

IN 2002, SWEDISH CONSUMERS spent USD 155 million on buying computer games. This is almost as much as they bought music for. That is not surprising, considering the fact that there in 2002 was **at least one computer in 73 per cent of the Swedish households.**

Swedish retail trade 2002, SEK million



## The Port to the Future

**THE RULES OF BUSINESS** and competition have been transformed by information technology and the experience industry. Expectations today are higher, the pace is faster and the possibilities are greater.

For a city to be an attractive place to live and to conduct business, research and development, there must be cross-industry dynamics, ongoing innovation, and an environment of continuous learning.

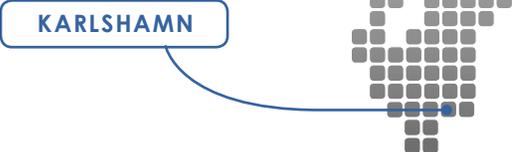
Technology, infrastructure and investments are all important preconditions for this – as are open minds, an innovative atmosphere, and a desire to challenge old ideas. This is the logic behind the network organisation Netport.Karlshamn.

**THE PURPOSE IS TO FOSTER** cooperation and to create one of Sweden's most interesting and stimulating workplaces and meeting forums, with special focus on the Experience Industry. Karlshamn, in southern Sweden on the beautiful Baltic Sea coastline, is situated close to a potentially huge European market.

NetPort.Karlshamn works together with regional business, local government and educational institutions to develop innovative systems. Focus lies on **research and development of games and the production of interactive, experiential learning and edutainment**. Netport.Karlshamn aims to work together with students, scientists, business and government agencies to create content, in close contact with international businesses. Other important aspects of Netports work are the incubator activities and business management support.

**WHAT MAKES THE NETPORT.KARLSHAMN** concept exciting is how learning and games might be seen as two completely separate things, but also bound together by the way information technology is used. The aim is to break through old barriers, create new ways of learning, and to challenge notions about what games and simulations really are.

The future may hold surprises – new and innovative ways of learning by playing lie ahead. However, Netport.Karlshamn aims to **spot the future a few minutes sooner than most everybody else**.



KARLSHAMN

# FOCUS: DESIGN

## An International Mission

**THINK OF SWEDISH DESIGN** and the first things that comes to mind is probably IKEA and then perhaps blond wood. But there's a lot more to it than that.

Swedish design has been in a state of constant and often rapid development since the Industrial Revolution and **embraces virtually every field and a wide variety of styles**. It involves materials ranging from fine glass to metal, and products including clothing, textiles, furniture, as well as electronic appliances from Electrolux and Husqvarna, mobile phones from Ericsson and cars from SAAB and Volvo.

**MOST SWEDES ARE ALSO** passionate about the look of their homes and are willing to spend significant amounts of time and money to find exactly the right furniture and accessories. Perhaps because the Swedish climate makes people spend a lot of time in their houses during the long, dark and cold winter months.

# Fashion

**THE SWEDES TRADITIONALLY HAVE** a fairly casual attitude towards clothes. Haute couture has never been a strong tradition.

But things are changing. There are nowadays a few designer names worth mentioning, looking back one finds Katja of Sweden, looking at the contemporary scene there are Filippa K, We, J Lindeberg and Nudie.

However, it is rather H&M that is the most notable contribution from Sweden to today's fashion scene, **making the world manageable for young fashionistas** with thin wallets around the world. The fashionwear company now operates almost 1,000 stores in 19 countries and has flagship stores on Fifth Avenue in New York City and on Oxford Street in London



## IKEA & SWEDEN

The story about IKEA is also a story about Swedes. A poor, ambitious man – Ingvar Kamprad – from a small village starts out with two empty hands and builds an empire that makes him one of the richest men in the world, and revolutionizes the furniture industry.

Of course, the now legendary Mr. Kamprad is the prime example of success, but Swedes have always worked very hard, influenced by Luther's theories and faced with a world of seemingly everlasting winters and uncultivable ground.

The story about IKEA is also a story about bringing great Scandinavian design to the masses around the globe. Because without great design, IKEA wouldn't have been the success it is today. This is regardless of how much cheaper they can sell the furniture because of flat packages or how good the Swedish meatballs taste which they serve in the restaurant.

Today IKEA operates 175 superstores in 31 countries, employing 70,000 people to supply 200 million customers a year with IKEA classics such as the Billy bookcase, Klippan Sofa and Poäng chair, generating annual revenues in excess of EUR 7.7 billion. The IKEA catalogue has a circulation of 100 million, making it 'the second most read publication in the world'.

## The Impact of Design

**INDUSTRIAL DESIGN IS BECOMING** more and more important. Forget the old times where a piece of furniture, clothing or kitchenware was either beautiful or functional – today it has to be both.

Companies use design to get an edge against the competition and individuals seek well designed and beautiful products **to solve everyday problems and enhance everyday life.**

But **what is important for business performance is not if companies use design, but how they do it.** This is one of the most important conclusions from a study with more than 1,300 Swedish companies.\* The analysis covered their performance in relation to their attitudes to and use of design.



2005 have been declared "The Year of Design". Under the parole, "More Design", numerous design initiatives will take place during the year in an attempt to put even more focus on Swedish design.

\* The study was released in May 2004 by the Swedish Industrial Design Foundation (SVID) and the Association of Swedish Engineering Industries (*Teknikföretagen*). The analysis was performed by QNB Analys & Kommunikation AB.

"Design" in the study implies a process to develop products and solutions with the focus on the end-user and where both functional and aesthetic requirements are taken into concern.

SVID was established in 1989. The organisation's goal is that the industry and the society in general shall be more concerned of the impact of design.

## How – Not If

**THE STUDY HAS ITS** starting point in how design is used. “The design maturity” of the 1,300 interviewed companies was categorised into four different levels on “the Design Ladder”.

- ◆ **Design as innovation.** Design is used strategically on an executive level, i.e. design issues have the capability to reformulate the critical business model in the company.
- ◆ **Design as process.** Design is used early in the process and involves people from different fields such as engineers, sales people and executives.
- ◆ **Design as styling.** Design is only used at the end of the product development process.
- ◆ **Non-design.** Design is only a negligible part of the business and there is no specific designer.

The companies were positioned into these four levels through interviews. These results were subsequently compared to financial data from 1998 to 2002.

**AN ANALYSIS OF THESE** tendencies showed that companies which recorded the highest rank of “design maturity”, i.e. using design as innovation, outperformed the other companies.

The average increase in revenues of the design-as-innovation companies was 9.0 per cent in comparison to – following the order of the design ladder here – 8.0 per cent, 6.5 per cent and 7.4 per cent. It is important to note however that the analysis did not indicate that companies that use design, perform better than companies which do not invest in design at all.

Therefore, it seems critical *how* design is used. Not just if it used at all. Hence, **design alone does not prove to be a recipe for success**. It is all about how design is integrated into the production process and interacts with the employees and the business model, and also how it matches the needs of the customers.



\* The model was originally developed by the Danish Design Council, but was modified in the Swedish study.

# INVESTING IN THE EXPERIENCE INDUSTRY

## HOW AND WHY?

### Which Value Should We Focus On?

**THE SOLAR SYSTEM MODEL** shows that the experience industry has the potential to offer several values, not only the direct value measured in sales.

However, you cannot be good at everything. The model which highlights these different values simplifies the process of analysing which role the experience industry can – and should – play in each specific context.

**THE EXPERIENCE INDUSTRY CANNOT** – and will never be able to – be the saving grace of all regions and countries. It can, on the other hand, make a valuable contribution **if you know how to decide which particular value to focus on.**

If everyone tries to achieve the same goal only a few will succeed. Initiatives must therefore be based on individual preconditions.

All the cities in Europe, for example, cannot launch nature beautification programmes to attract people. Not only is competition fierce (there is no shortage of beautiful places in the world), but some places are simply better equipped than others for such undertakings, so the others should therefore put their focus elsewhere.

Nevertheless, **one thing that all these values have in common is creativity.** A key element is therefore to focus on a creative foundation.



## The Need for a Creative Foundation

**THE EXPERIENCE INDUSTRY IS** based on creativity. Creativity must therefore be safeguarded.

Without a rich cultural life, there is no culture industry. Without a creative foundation, there can be no experience industry.

Activities in youth centres, clubs, associations, rehearsal facilities, venues, small businesses and suchlike constitute the “research and development” centre around which everything else revolves. **Investing in the cultural side of the experience industry** is, in other words, **a necessary precondition for the industrial side.**

**CULTURE CAN BE LIKENED** to infrastructure. The goal should be to create a living, dynamic infrastructure – not just straight, multi-lane motorways. They already exist, after all. As some types of cultures are in particularly strong demand, there are major companies that provide “the motorways”, i.e. international stars.

Culture everywhere is a good thing, but even better – for everyone – is **cultural diversity**. Simply because more people will have their tastes catered to and developed. A varied smorgasbord of culture will lead to a more dynamic culture consumption and more discerning demand. This kind of environment will create a source of inspiration and encourage people to experiment – a key element for cultural development.

**FOLLOWING THIS ANALOGY**, that is why crooked streets, picturesque neighbourhoods and a wide diversity of different stores is a good thing.

But even though some things are valued highly by many people in principle, providing the financing to create this fertile dynamic is often problematic.

One of the primary reasons is that the revenues usually end up somewhere else. Art galleries attract visitors, but those visitors will perhaps spend more money in the restaurant next door than on paintings. Small independent theatres are seldom profitable but they are in demand as training centres for film and TV, which are in turn more profitable.

## The Gap

**A GAP OFTEN ARISES** between cultural and commercial strategy. What is the best way of closing it?

The answer shouldn't lie just in exploiting the economic value of a successful experience industry. It is also **important that culture survives and remains a dynamic force** – that creators, producers and others are given the opportunity to carry on.

**A SIMPLE BUSINESS MODEL** in the experience industry can be illustrated in a few steps. The figure below represents the music industry, but it applies to most other domains within the experience industry.

What starts as amateur activities just for fun is actually what can be turned into a professional and profitable business. Even Britney Spears started as a little girl dancing and singing with the mirror as the only audience.

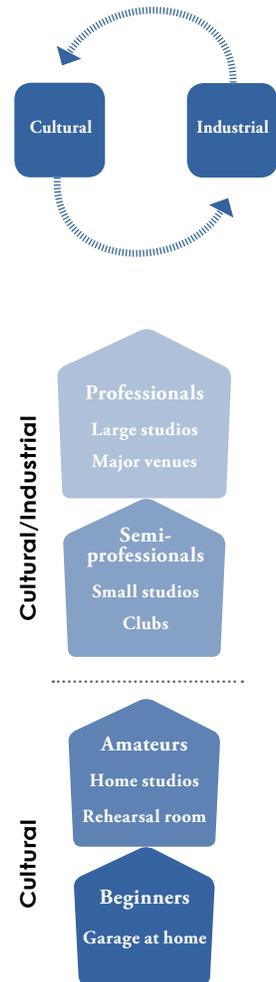
The challenge is to **remove the obstacles that separate amateur and professional activity**.

**THE ECONOMIC GAINS OF** a successful experience industry need no further presentation. But **commercial success will also benefit culture**.

The key factor here is cultural diversity. A successful experience industry paves the way for culture. It puts it in the spotlight and helps to legitimise its practitioners. Add a solid structural framework and good financial possibilities to the equation and you get the best possible conditions for quality and artistic renewal.

**A BENEVOLENT SNOWBALL EFFECT** is created – by reinforcing the cultural foundations you also promote economic growth. This in turn creates the conditions for more cultural growth.

Just as Benny Andersson, by creating a whole series of worldwide hits with ABBA, has also attracted many new listeners to the world of musicals and folk music and presumably also inspired a host of new artists, musicians and composers.



# THE FUTURE

**THIS IS A BOOK ABOUT** society undergoing change. But how and where will this change lead us?

Let's try to draw the line. Where will we end up if the promise of experiences becomes more prominent and aesthetic values are pushed into the foreground?

Opinions vary. There are three main schools of thought.

## 1 A Better World

**MANY PEOPLE BELIEVE THAT** the experience industry is able to cater to people's needs and aspirations. People have always wanted to enjoy themselves. Now they can. This development can also lead to the creation of more user-friendly products.

**Technological development should be guided by aesthetic considerations and achieving a better understanding of the way people think.** This creates a potential for product development that is more in harmony with people's needs. Function follows form, and not vice versa as is dictated by the well-known catchphrase. Creativity becomes a means in order to create order and understanding in a world of functional chaos.

This is an optimistic outlook: where commerce is subjugated to culture and not vice-versa.

## 2 Amusing Ourselves To Death

**FROM A MORE PESSIMISTIC** outlook, we are amusing ourselves to death in a world where we can no longer tell the difference between reality and entertainment.

Many media critics maintain that we are heading towards a **world where everything has become entertainment**, where promises of experiences are bombarding us with growing intensity. Compared with the scenario above, culture is here entirely governed by commercial forces.

According to Postman the end-result is a world where we are simply amusing ourselves to death. He draws a comparison with George Orwell's *1984*, which depicts a society where "Big Brother" watches us and feeds us misinformation.

In the book *1984*, this state of affairs is imposed from the outside. Postman maintains that we are creating this situation ourselves – crafting a world where entertainment will eventually supersede reality.

**THE REASON FOR THIS** is that "media events" are getting more prevalent. We perceive our contact with our computers, television and other media as being as real as real life itself. These media events are also veering closer to infotainment. According to Postman we will eventually lose our ability to evaluate information properly, if this continues.

Or, as Twitchell puts it, reality will become a carnival where the norms of vulgarity and good taste are dissolving at great speed. At the same time, according to Twitchell, "the trashing of taste" can be said to entail a triumph for the general public:

"Old-style intellectuals may not like what is published, projected, and broadcast, but it is **far closer to what most people want most of the time than at any other period of modern history**. (...) It is certainly hard to not be of two minds about the outcome, conflicted between democratic ideals and marketplace realities."

## 3 It's Up To Us

**A BETTER WORLD OR AMUSEMENT** to death – which is it going to be? Only we can provide the answer. The best possible solution is to achieve a better understanding of the mechanisms and values of the experience industry – an understanding of the fact that everything is based on creativity and that a creative foundation is a prerequisite for commercial exploitation, and that this relationship is one of co-dependency.

We should be trying to promote a scenario where all interests are evenly balanced. We should also be thinking in the **long-term**. And most important of all, any discussion regarding the experience industry's future should be conducted in an open, serious-minded manner, and not be clouded by utopian political dogmas or become the victim of narrow commercial considerations.

We cannot sit on the fence. Unless we **take the wheel and steer the development** in the direction we want it to go, there are plenty of other players who will only be too happy to do it for us. Most products from the experience industry are international in nature. Even if we don't particularly like Britney Spears, she will still be coming to your country to perform.

## A Question of Values

**THESE DIFFERENT SCENARIOS SUGGEST** that this development may not all be good news.

Growth is not being enjoyed by everyone. Only one third of the world's countries are in a position to benefit from these new possibilities. The rest lose out.

Similarly, only a relatively small number of countries consume the vast majority of cultural commerce. In 1998, the overwhelming majority of cultural commerce was accounted for by five countries – Japan, the US, Germany, the UK and China. These countries accounted for 53 per cent of exports and 57 per cent of imports.

What does this imply? How should we interpret these figures? Is cultural imperialism harmful? Opinions vary. Some people maintain that trying to widen your target group to embrace as many people as possible means making compromises, which means sacrificing quality. Some even suggest that the growth of media and entertainment is making people passive, indolent and half-witted.

### **But then again, who's to decide what's good or bad?**

**MANY PEOPLE BELIEVE THAT** there are simply too many target groups to enable us to find a common denominator for taste; which in turn means that variety will always be with us. When cultures spread, they automatically adapt to the conditions of the environments they meet. When the majority of Swedes on Christmas Eve congregate in front of the TV to watch the Disney Christmas Special – which they have done for the last 40 years – it is a Swedish tradition, not an American one.

What's more, it could be argued that popular culture is a result of cultural democracy – finally there is something to satisfy everybody's tastes.

**This is a debate between the democratic ideal and fear of the forces of capitalism.  
But in the end, it all comes down to a question of individual values.**

**SO IT MIGHT NOT** all be good news. And if we don't tackle this issue today, we may automatically relinquish our chances of influencing this development at all.

This is not an issue about whether to embrace or reject the experience industry.

**The experience industry is here to stay, whether we like it or not.**

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# Organisations in Sweden

**The Swedish Trade Council** (Exportrådet) aims to promote Swedish exports and actively works with Swedish companies seeking to establish a presence abroad. The Swedish Trade Council essentially provides all services required to establish a company. One example of an activity coordinated by the Swedish Trade Council is the appreciated *Swedish Style* in Tokyo, an annual event that aims to put focus on Swedish design.

[www.swedishtrade.se](http://www.swedishtrade.se)

**VINNOVA's** mission is to promote sustainable growth by developing effective innovation systems and funding problem-oriented research.

[www.vinnova.se](http://www.vinnova.se)

**IUC Music & Experience Industry** is a development company that promotes growth within the Swedish music and experience industry. The IUC ("the Industrial Development Centre") invests capital in new product ideas, services, processes and concepts at an early stage. IUC Music & Experience Industry is owned by 50 different bodies within the industry, working together for growth. There is a network of 19 IUC companies, which all work to promote their respective sector.

[www.iuchultsfred.nu](http://www.iuchultsfred.nu)

**The Swedish Association of Local Authorities** (Svenska Kommunförbundet) and The Swedish Federation of County Councils (Landstingsförbundet) represents the interest of the 18 county councils, the regions of Västra Götaland and Skåne, the Municipality of Gotland, as well as all the 290 municipalities in Sweden. The associations preside over a comprehensive range of professional skills for safeguarding interests and specialist expertise for all regional and municipal activities.

[www.svekom.se](http://www.svekom.se)

[www.lf.se](http://www.lf.se)

**The Swedish Institute** (SI) is entrusted specifically with disseminating knowledge about Sweden abroad and supporting exchange with other countries in the fields of culture, education, research and public life in general. Promoting Swedish interests is the overall goal, but SI also has special assignments within the framework both of international development cooperation and of Sweden's bilateral cooperation with Central and Eastern Europe. Much of this work is carried out in collaboration with Swedish embassies and consulates throughout the world.

[www.si.se](http://www.si.se)

**The Knowledge Foundation** (KK-stiftelsen) aims to boost Sweden's competitiveness by supporting research and postgraduate programmes, competence development in the industry, school development and IT. The foundation focuses on newly emerging industries with real growth potential and has identified the experience industry as one of them.

[www.kks.se](http://www.kks.se)

## **SWEDEN.SE** – the official gateway to Sweden

Sweden.se is Sweden's official Internet portal. It includes almost everything you need to know about Sweden, ranging from basic facts about Swedish society to business issues, politics, news, tourism, cultural life and current affairs.

[www.sweden.se](http://www.sweden.se)

## Centres of Excellence (Mötesplatser)

**Hultsfred** is one of the centres of excellence for the experience industry initiated by The Knowledge Foundation in cooperation with the municipality of Hultsfred, Rock City, the Regional Council in Kalmar County and the University of Kalmar. Hultsfred/Rock City focuses on the music industry, digital media and tourism. (See page 55 for more information.)

[www.rockcity.se](http://www.rockcity.se)

**Karlshamn** is one of the centres of excellence for the experience industry initiated by The Knowledge Foundation in cooperation with the city of Karlshamn, regional businesses and the Blekinge Institute of Technology. Netport.Karlshamn focuses on interactive edutainment, experiential learning and innovative systems. (See page 59 for more information.)

[www.netport.se](http://www.netport.se)

**Hällefors** is one of the centres of excellence for the experience industry initiated by The Knowledge Foundation in cooperation with the municipality of Hällefors, the Industrial Development Centre for Meals, The Swedish House of Form, the House of Culinary Arts, the Restaurant Academy and regional business. Hällefors focuses on culinary arts and design. (See page 51 for more information.)

[www.hellefors.se](http://www.hellefors.se)



## UNDERSTANDING THE EXPERIENCE INDUSTRY

Where are the opportunities? We are bombarded daily with promises of experiences – what does this signify? What is Sweden's role in the development process?

This book tackles the experience industry from a number of different perspectives. Not only is there a growing demand for experience industry products, the experience industry also plays different roles: spotlight, trend-setter, magnet and sub-contractor.

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## ON CREATIVITY

The experience industry is based on creativity. Without creative people, there would be no experience industry. Creativity therefore lies at the heart of the Solar System model, which forms the foundation of the book.

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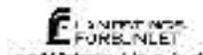
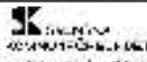
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