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*an anlysis of four flagships projects in Frederikshavn*

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# Knowledge networks in the experience economy

An analysis of four flagship projects in Frederikshavn<sup>i</sup>

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## **Abstract**

*Experience economic growth has become a recommended strategy for urban survival and growth for small towns. This is also the case in Denmark, where the city of Frederikshavn is an outstanding example, where many experience projects have seen the light of the day. It is a question, however, on what basis such a development should take place? To highlight this question this paper analyses four flagship projects of Frederikshavn. The overall question is the basis was for the projects and in what way the projects did help the development of the city? The perspective of analysis is knowledge, knowledge networks and innovation. The paper concludes, that the projects were highly innovative, based in local initiative, involving complex knowledge resources. The knowledge was exchanged and developed in ad hoc and temporary, cross sectoral and cross disciplinary networks, which on some very important points involved international network partners. Practical knowledge and artistic creativity was the basis for the project which became great importance for the city of Frederikshavn as symbol, brand and profile. The lessons learned include the importance of openness to unknown resources and creativity, flexible and inclusive organisation forms, and global knowledge networks.*

## **1. Introduction:**

In several smaller Danish towns the experience economy has become key to survival. One example is Frederikshavn in North Jutland. Frederikshavn is a municipality of 62.000 inhabitants with the main town of the same name hosting 33,600 inhabitants. Frederikshavn is a city which historically has been the location of industrial development based on shipyards and related industries in a dynamic cluster. The shipyards have undergone radical reconstruction, since the eighties, leading to periods of severe crisis, but also to innovative strategies of technological development. Also the harbour is an important source of income, together with the many transit tourists coming from Scandinavia. The engineering industries, the harbour and tourism are under severe competitive pressure, and the city has initiated a process of redefining its role, launching the motto: fra værftsby til værtsby (from engineering city to host city). During the last five year the town has been the location of many innovative projects which have contributed to redefining the identity and atmosphere of the city. The list of projects is long, the most known of them include the establishment of a Palm Beach and an artificial hill for all year skiing. Events have been organised, including visits from Bill Clinton and All Gore. Activities based on the history of the town are organised each year (the Tordenskjold Festival). And the town is undergoing renovation and development of the built environment, in which earlier typical industrial building are developed to

host new functions and as landmarks for the city. Many stakeholders support and contribute to the development, and the locals seem to enjoy the new atmosphere of their town. Most remarkable is the fact that within only a five year period Frederikshavn has been able to brand itself into the minds of most Scandinavians as an attractive and pleasant place to live and to visit. It seems that Handler's harsh prophecy that the re-imagining efforts of different institutions are 'ushering an objectified culture, pseudo-events and spectacles (Handler, 1987:141)' does not apply to Frederikshavn.

Research is needed to explain this transformation. Global factors play a role, such as the increase in income and the increased focus on leisure activities and tourism. There is no reason to believe, however, that the changes in Frederikshavn are the more or less automatic local outcome of global trends. The community of Frederikshavn has worked hard to create the many projects. The question raised in this paper is how was this possible?

When searching for answers to this question the focus will be on knowledge, innovation and knowledge networks. What has been the knowledge base for the development of experience economic products? How innovative have the products been? What kinds of networks produced the knowledge that resulted in the new experience products? Were the networks entirely local, or were partners from outside of Frederikshavn involved? And what was it that made the cooperation among the partners of the project networks successful?

The second section of the paper presents the theoretical basis for the study. The section starts out with a presentation of the notion of 'the experience economy', and the possible role of this notion in planning. Then follows a presentation of the role which knowledge networks have in innovation, and the mechanisms that enable successful innovation in networks. The third part of the paper presents the empirical research method and the four projects that serve as cases of the study. The fourth section of the paper presents the analysis of each of the four cases and a discussion of the general pattern that arises from this analysis. And finally the fifth and concluding section sums up the lessons learned from the case study that may serve as input in future experience projects of local communities.

## 2. A theoretical framework

### 2.1. The experience economy

The notion of experience economy is in the outset related to a particular way to compete on the global market. To Pine and Gilmore (Pine II & Gilmore, 1998; Pine II & Gilmore, 1999) experience is thus a competitive advantage of products. The experience economy is the latest stage of an evolution aimed at extracting as much value from the market as possible. The agrarian economy offered raw materials for the anonymous market. The industrial economy offered manufactured standardized goods to the users. The service economy offers customized services to clients, while the experience economy offers personal experiences to the guests and customers (Pine II & Gilmore, 1998:98). Today, the success of a product depends on the experience that the product creates for the customer.

Truly, the possibility of having individual experiences has always existed. However, with new technology the scope has considerably broadened, as interactivity can be built into many services and products, thus involving the customer. But most importantly economic actors have started deliberately to *capitalise on experiences*. It has become a value for the company. For example the company may charge admission to get into a shop or show room. Simultaneously, the value of the service or good may rise, if it is connected with a particular experience to purchase it.

According to Pine and Gilmore 'an experience occurs, when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event' (Pine II & Gilmore, 1998:98). The experience derives from the interaction between the staged event and the individual's state of mind. Therefore the experience is individual, although many individuals may have comparable experiences.

An experience can be considered a *product*, since it must be produced or staged to be available. Experiences are connected to the *consumption* of goods and services, by participating in activities and events, or by visiting, or by living in vicinity of, places and attractions. Experience products represent a great variety of artefacts, services, places and happenings. Common to them is that they are produced for the market. This involves design, planning, development, organisation, manufacturing or construction.

In the Danish debate experiences have been qualified in different ways (Lund et al., 2005). Some of the experience products have the experience as its core (theatre), others have the experience as an add on to known products (cell phones). Some experience products have a high experience value, others have a low value. High or low value refers to criteria of novelty, repetition, unpredictability and personal involvement.

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

According to Pine and Gilmore (Pine II & Gilmore, 1999) the experience economic strategy has got relevance for most branches. All goods and services can be staged, and new experience stages can be designed. It is not, what is sold, that defines the experience economy, but much more the *way* it is sold.

Of particular role to local development is the observation that in the experience economy 'place' has a particular role to play. Place for example part of the identity connected to traditional products and services (Danish design, Frankfurter sausages). However it is also being produced as something in itself, as when nice squares or parks are constructed and launched as places of experiencing sociability or recreation. This is because, in the experience economy, it is more than ever possible to *capitalise on places*. While some very popular and economically important experience products are footless (computer plays is the most important example), other experience products are place bound. Some products are particularly focused on arousing feeling, forming identity and involving the customer in a more or less absorbing experience. These are most often connected to particular places, either because they are produced there, or because they have to be consumed there. Examples of place bound, high value experience products are:

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

*Activities* such as shopping, hiking, participating in sport, handicraft or artistic activities are on offer on particular locations. The location hosts such activities because of particular characteristics attached to the location as e.g. its history, local traditions, competences or the quality of the build or natural environment. In order to participate in the activities the consumer has to be present on the location.

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

*Places* are more than just 'stages' for the production and consumption of services of goods, however. Places are experience products in themselves, or they constitute part of experience products. Places are understood as the built and the natural environment on different scales. The production of places involves the physical planning, construction and maintenance of buildings and natural resorts. It also involves the creation of attention, or *branding* of the places.

This means that experience based growth in a locality is closely connected to the development of place bound experience production and consumption, and to the development of places. This among other things involves new perspectives on *planning*. This growth is also closely connected to the development of new and competitive experience products, or in other words to *innovation*.

## **2.2. Knowledge networks and proximity mechanisms**

### **2.2.1. Knowledge and innovation**

In a market economy, 'not to innovate is to die' (Freeman, 1982). All actors on the market are under pressure to renew their activities in a way which gives them advantages over their competitors. Nelson and Rosenberg's concept of innovation encompasses the process by which firms master and put into practice product designs and manufacturing processes which are new to them (Nelson &

Rosenberg, 1993). This notion of innovation concerns the diffusion or the application of new knowledge in the firm. Innovation is a process in which the firm is the key institution.

Innovation presupposes the access to knowledge, whether internally or externally developed. It also presupposes the ability to organise. The ability of the firm to apply new knowledge and to integrate it into the practice of the firm is the crux of innovative capability. An enhancement of the technological capability has been defined as technological learning (Bell & Pavitt, 1993).

The knowledge of the firm is embedded in individuals and groups in the firm. The competences of the firm necessarily have limits. Often innovations require knowledge which does not form part of the existing knowledge base of the firm. Access to knowledge outside the firm is therefore of great importance to innovation (Lorentzen, 2005).

In existing literature on innovation, knowledge has been divided into two distinctive forms, namely tacit knowledge and explicit knowledge. This distinction has had implications for the understanding of the role of space in innovation. Polanyi (1966), suggested that we know more than we can tell.

The individual possesses tacit knowledge which he or she cannot communicate. The tacit knowledge may be a foreknowledge of yet undiscovered things and their implications, for example in science. Tacit knowledge is thus a motive force in search processes which precede innovation.

Nonaka and Takeuchi (1995) suggest that knowledge is created and expanded through social interaction in the organisation in which tacit and explicit knowledge undergo a social conversion process. Tacit knowledge is shared or socialised, translated into explicit knowledge, combined with other elements of explicit knowledge, and finally internalised into tacit knowledge in the practice of the organisation. The social knowledge conversion process may take place within the organisation, as the authors suggest. However, it may be suggested that this process also takes place *between* different firms or organisations.

Social processes of learning, involving either internal or external partners, require a social environment which enables and encourages knowledge sharing among individuals and groups. In the firm, group work and the rotation of personnel is a key to creativity (Nonaka, 1991). In parallel, it can be suggested that knowledge sharing among firms may take place as joint projects or cooperation on common goals. In connection with cooperation among firms, the importance of spatial proximity has been emphasized. Mutual processes of learning are thus most likely to take place within local economies (Maskell & Malmberg, 1999). Speculatively it has been suggested that the more tacit the knowledge involved, the more important is spatial proximity (Maskell & Malmberg, 1999:180). Another perspective is diverse role of proximity as related to the level of

innovation. The stationary technology is codified and in principle independent on specific types of environment. Incremental innovation requires flexible codes and communication with the users, so that proximity between producers and users is advantageous to innovation. Radical innovations break with the known codes and require communication of non-codified or tacit knowledge. This means that spatial proximity of user and producer becomes very important.

Proximity, however is a notion which needs clarification before it can be applied in empirical research.

### **2.2.2. Knowledge networks and proximity**

Lorentzen (2007c) gives an overview of the debate of proximity, and she suggests that the different dimensions of proximity can be summarised in the three broad categories of *geographic* proximity, *societal* proximity and *cognitive* proximity. *Geographic proximity* refers to the physical possibility of actors to interact, by meeting physically or virtually, for shorter or longer periods of time. *Societal proximity* contains the aspects of institutional, organisational, and social connectedness and denotes the different social mechanisms and structures that motivate actors to share goals. *Cognitive proximity* covers the cultural and technologically shared mindsets that enable the actors to understand each other.

The three proximities have to be present in order to make actors interact, exchange knowledge, and embark on processes of mutual learning, leading to innovation. It is not meaningful to imagine one type of proximity as being more important than the other, and they certainly cannot substitute for each other<sup>ii</sup>. The proximities can be established in different ways in time and space, but basically the idea is simple: different actors find it easier to relate to each other when they share some similarities, either in their operations or operational environment, even when this takes place at a distance (Oinas & Lagendijk, 2005). In this perspective, the notion of proximity is basically a relational and not an absolute one. It denotes the human relations that can be considered to be of importance for processes of knowledge exchange, and particularly for the sharing of tacit knowledge.

In real life agents are involved in different more or less overlapping networks. They are embedded in social, professional, or organisational networks. The social, professional, or organisational space in which the actors are embedded may have different geographic characteristics, uniting more or less distant agents in common endeavours. Empirically we therefore cannot expect all networks to exist in the local territory. Important linkages may be extra-local. This means that when the knowledge networks of the experience economy in Frederikshavn are in focus, different scales and types of knowledge networks have to be taken into consideration.

### **3. Planning of the research – the method**

#### **3.1. Research design**

Based on an explorative study (Lorentzen, 2007b), which makes a broad outline of the content and structure of the experience economy projects in Frederikshavn, four of the projects have been chosen for an in depth study of knowledge networks. The criteria for the choice of cases were that they were *pure* experience products, they were *place bound* products, and they had had, or still have, *significance* for the development of Frederikshavn as an experience city. One project is a product of land use planning, namely the Palm Beach at North Beach. Three of them belong to the category of activities or events of the experience economy, namely the Tordenskiold Festival, the Festival of Light, and the visit by Bill Clinton in autumn 2006.

Detailed information about the knowledge networks of these projects was gathered by the use of qualitative, open-ended interviews with key stake-holders of the projects. The interview persons were Jan Michael Madsen, Director of the Tordenskiold Fund, Steen Heftholm, Frederikshavn municipality, Lene Lund Nørgaard Nørgaard from Light Vision and Henrik 'Røde' Jensen, director of Top Event. The interviews were made in September 2007.

The questionnaires were applying the key concepts presented in the theoretical network developed in section 3, and the analysis and discussion of the cases is structured according to this framework.

#### **3.2. Presentation of cases**

The *Festival of Tordenskiold* started in Frederikshavn in 1998 and has been organised as an annual summer festival in the city since that year. From a humble start in 1998 in 2007 more than 25,000

people visited the festival which had 1000 local participants and activists. The historical core of the festival is a sea battle in the year 1717 in which Tordenskiold participated as a twelve year old boy. The festival is constructed as scenery at the harbour, with the water as an important element. A theatre play involving sailing ships, rowing boats, guns and canons and the wharf, as well as people dressed up in 18<sup>th</sup> century clothes as king and nobles, soldiers and mariners, represents the culmination of the festival. Many people dress up as 18<sup>th</sup> century peasants, vendors and street performers and serve food, sell arts and crafts and give little performances of different kinds during the two days of the festival. Sailing ships from different countries visit the harbour during the festival. The visiting ships are actors in as well as part of the scenery of the festival and the theatre play. Some of the ships are also attractions, inviting people to experience their beautiful interior. Only since 2004 the city council has put the festival on the budget with a salary for a coordinator. Until then it was run by volunteers and based on private donations.

*The Palm Beach* dates back to 2004. The natural beaches of Frederikshavn are not as attractive as those of the North Sea. They are narrow and with plenty of sea weeds. However the municipality has for many years added tons of white sand to the beaches close to the city, thus creating a pleasant re-creative environment for families and young people. Particularly young people have for decades met at the North Beach to party and have fun in summer. The maintenance of this beach is in the hands of Department of Parks and Roads, as part of the general maintenance and physical development of the city. For many years this Department has decorated the city with exotic plants in the summer. Well known are thus the big agaves at the entry roads to the city. The step taken in 2004 from agaves along the main street to the plantation of Phoenix and *Trachycarpus fortunei* palm trees at North Beach was not difficult for the department. It was considered a very innovative idea, though, and the beach has by its new decoration increased its popularity among the youth. It has even created interest among tourists despite of the tough competition from the popular broad beaches of the North Sea only an hour's drive away.

*The Festival of Lights* saw the light of the day in winter 2004, the year in which Frederikshavn was nominated the 'municipality of culture of the year' (Nørgaard, 2007). The festival was organised by a network involving representatives from the municipality, technical schools and private businesses in technology of light. It was repeated in 2006, and it is planned to take place every two years in the future. The idea of the festival is to illuminate important buildings and monuments of

the city. By illuminating the buildings the light artists accentuate and interpret selected parts of the city. The illumination stays for three weeks, and it attracts many people to the streets in the evening, when, during wintertime, streets are usually empty. Among the illuminated buildings are the Town Hall, Kattogat Silo, the new office building at the harbour, and the traditional fishermen's houses along the wharf. Starting the festival of 2006 the organisers arranged a workshop with the participation of internationally recognized light artists, who worked with the lightening projects. The workshop involved high school students and pupils from the seventh grade. At the day of opening of the festival specialists and artists met at a conference with 170 participants. The ambition is to develop the festival into an internationally recognized festival of light and to make Frederikshavn the Danish 'City of Light'. Further it is the intention to develop a genuine cluster of light technology by establishing a centre of light technology – the so-called Light Visions Innovation Centre.

The last case of the study is the *visit of Bill Clinton* in Frederikshavn. This event is seen by many as a turning point in the history of the city. Bill Clinton, president of the United States from 1993 to 2001, gave a speech in Frederikshavn in the newly build Arena Nord, for 2500 people from far and near. He should have been accompanied by the former head of the United Nations Monitoring, Verification and Inspection Commission from January 2000 to June 2003, the Swede Hans Blix, but Hans Blix fell ill and could not come. However, Bill Clinton alone was able to mobilise not only thousands of people paying up to 2000 DKr. a ticket, but the entire Danish press plus international media. Bill Clinton spoke about the fight against terror, the fight against poverty and the fight against global warming. The event was special in two respects: It was the first time ever that ordinary people got the opportunity to hear Bill Clinton live. And the first time ever that Bill Clinton visited a small Danish town. The event was organised by a private event maker in cooperation with local and international partners. It paved the way for the visits of Al Gore and international music stars in Frederikshavn.

### **3.3. Presentation of questions**

The theoretical framework served as point of departure for the interview guide that were used in the conversations with the four interviewees. This guide represents an operationalisation of the theoretical framework, and it was structured in the following way:

First the interviewee is asked to describe the experience product according to its history, its specific content and form, as well as its innovativeness, locally and globally. The source of creativity is detected by questions of who got the idea in the first place, and how the idea was developed into its present shape.

Then follows questions of the network in which the experience project is embedded. Who are the cooperating partners behind the project? What institutional context do the partners belong to? Where are these partners located geographically? Are they public or private organisations?

The division of labour within the network is described through questions related to the *contribution* of the different partners to the experience product. What kind of knowledge do they contribute with? Is this knowledge related to the market, the organisation of the product or to the content or production of the product? Do they contribute other ways?

The success of the network is assessed by questions focussing on the *outcome* of the network in terms of the quality of the knowledge created. What kind of knowledge is created and exchanged in the network? Is this knowledge innovative? And in what way is it innovative? The innovation aspects of the new knowledge divides into the *categories* of stationary, incremental, and radical knowledge, and into the *subtypes* of tacit versus explicit knowledge. The final issue in relation to innovation is whether the *level* of the new knowledge is practical or theoretical.

The next section of the questionnaire deals with the specific role of *proximity mechanisms*, or in other words what mechanisms enable the network participants to cooperate? What are the *geographical* characteristics of this cooperation? Was the contact among the partners organised as meetings, or as virtual contact through the internet? Was the contact established temporarily or was the contact of a more permanent character, and not only related to this specific experience product? Could the contact among the partners be characterised as tight or loose? And what was the specific content of this cooperation?

The second dimension of proximity was the *societal* proximity. How could this be characterised? Would it be possible to say that the partners shared a certain style of work? Did they maybe belong to the same organisation? Or were they members of a joint network?

The third dimension was the *cognitive proximity*, which enables the mutual understanding of the partners. What was the basis of this mutual understanding? Did the partners belong to the same cultural community, sharing values? Did they have the same educational background? Or did they belong to the same branch of industry or profession?

Finally the interviewees were asked to assess the importance of the product for the city of Frederikshavn in terms of visibility, atmosphere in the city, turn-over, employment, and spin-offs. They were also asked to assess the future of the product. Below the individual cases will be analysed according to this framework.

## **4. Analysis of cases**

### **4.1 Festival of Tordenskiold**

*History:* The Festival of Tordenskiold took its start in 1998, when a shop steward at the production school got the idea to develop a narrative and a project, which could serve as an identity creating and cultural activity for the citizens of Frederikshavn. The city was confronted with problems of deindustrialisation as well as the reduction of the number of tourists. And the shop steward had the vision that a new narrative for the city would be able to turn the atmosphere of industrial depression into a collective feeling of pride and civic initiative. At the same time he was looking for meaningful projects for the trainees at the production school. The Festival has been organised every year since then, with the former shop steward as a coordinator, and since 2004 as a director. The production school produces equipment and costumes.

Since 2004 the municipality has paid the director and different private sponsors contribute to other costs such as materials and rents. For example in 2007 the access to the festival ground was made free through the sponsorship of a regional bank. The festival has during its existence been able to attract a growing number of visitors. Between 2003 and 2007 the number of visitors grew by 400% from 6-7000 to 25.000 visitors. The backbone of the festival has during the whole period been the many volunteers from the local community, who work all year on preparations for the festival.

*Novelty.* The festival is new to Frederikshavn where no historic festivals have been organised before. The festival in Frederikshavn can however be compared with other projects in Denmark. On the one hand it can be compared with other recent local experience economic projects. Most well-known is Læsø Salt Works, which is an open air museum and factory for salt. On the other hand it can be compared with other historical festivals in Denmark, such as the big European Festival of the Middle-ages in Horsens. Like Læsø Salt Works the Festival creates a narrative of a the past, but the Festival is different in terms of the larger number of local people involved, the bigger variety of activities and entertainment, and its timing. Compared to the Festival of the Middle-ages, which is a European festival, the Festival of Tordenskiold has an entirely local focus, involving basically local volunteers. The festival is not only a show for a big audience, but an activity for the local community. The fun comes from being part of it. In this sense, it can be argued, that the Festival of Tordenskiold represents unique features, which makes it genuinely innovative: The festival was in its outset basically an activity involving the local citizens in the creation of a new narrative of the city. The increase in tourism resulting from it was not a goal, but a positive bi-product of the Festival. The initial focus and aim of the Festival may change in the future, however, with the involvement of the municipality since 2004.

*Who and how:* The idea of the Festival of Tordenskiold was conceived by an individual in the education sector. This individual was inspired by the idea of the Dream Society (Jensen, 2006). It argues that the declining industrial society will be taken over by a dream society, in which the creation and sale of dreams become more important than products. The initiator of the Tordenskiold Festival imagined how the negative narrative of Frederikshavn as a city in industrial decline could be substituted by a new and positive narrative of a city with a heroic past. The director of the production school supported the idea, and the school started the production of costumes and wings, while the shop steward began to write a play, based on a historical letter from Tordenskiold. The local lightening company provided a lightshow, smoke and the sounds of cannons and firearms. A Swedish frigate was projected on the walls of a ruin. An area was built of 600 pallets from a brewery. The opening took place on August 12 and 13 1998 from nine to ten pm. Participants were the trainees and staff from the production school, a few citizens and a visiting group from Norway. A big local audience watched the show. After the opening many local people wanted to participate, and together they started a society called 'The soldiers of Tordenskiold, Fladstrand' in 1999. This society was to support the production school with the practical arrangements that the Festival

needed. Until 2003 the production school was main responsible. In 2003 the responsibility of the Festival was transferred to a Fund, and the former shop steward and coordinator became a director for this Fund, and he has written a new play every year since 1998.

In 2004 a new concept was developed by the society: 'Dining with the king'. Firms can buy a dinner with the participation of members of the Tordenskiold Society dressed in historic costumes, to take place at a manor house. In summer dinner can be served on a sailing ship going from Frederikshavn to Skagen, equally together with members of the Tordenskiold Society. Sailing ships from different countries have become an increasingly important part of the Festival, both bringing in visitors and serving as wings and attraction in the harbour.

*The network and the contribution of the network partners:* The volunteers of the society of Tordenskiold represent the backbone of the Festival. There are 300 members, who are citizens of different professions and ages. They are members because they want to do something for their city. They involve themselves in the practical work of the festival. A few service companies from the culinary sector also participate, among other things in the activity 'dining with the king'. Some of the restaurants are from Aalborg, the regional capital. Sailing ships also represent part of the network, because they like to be part of this particular event and to follow some 'dogma rules' of authenticity. Some of them come from far away. Finally Frederikshavn Municipality since 2003 has become a partner, the role of which can be seen to protect the Festival from professional event companies and thus keep its status as a project of the city. The production school is participating in the network, even after the change of organisation of the Festival in 2003, and provides knowledge of the production of costumes, wings and equipment. The local lightening company provides electrical equipment and light and smoke shows. The director of the fund represents the drive and creativity which keeps the festival going as a living activity of the city. He does historical research to be able to produce a new play every year.

The change of the Festival of Tordenskiold into a Fund opened the possibility to expand the network by including external experts in the board. Notable external participants in board of the Fund are thus Rolf Jensen, the author of 'Dream society' (Jensen, 2006) and Christian Have, director of a PR company, specialised in experience economy. A representative from the regional bank, representing knowledge and access to financing, was involved more recently. The harbour became a member when it was transferred to the municipality. It contributes with the physical facilities, the need for which have grown considerably with the growth of the festival. Finally the

municipality has a representative in a working group of the board, providing knowledge of new urban development perspectives, and integrating the Festival more in the work of the municipality, than it had been done earlier.

*The knowledge:* Knowledge exchange and knowledge creation of the network has developed with its expansion. The production and organisation knowledge embedded in the production school was the starting point. The shop steward and later director accumulated and developed historical knowledge and knowledge of the change of markets from product markets to markets of dreams. Along the way he also developed knowledge about how to engage a community in civic activities, leading to urban development. As the network of the Festival expanded more people became involved in the work developing historical, production and organisation knowledge. However, the director remained in the centre of knowledge creation of the network. The work of the board has served to exchange knowledge of marketing, profiling of cultural events and insights in relation to 'dream society' ideas. With the involvement of Rolf Jensen, the Festival of Tordenskiold could serve as a laboratory for such ideas.

The knowledge exchanged in the network can be assessed as both stationary, existing knowledge (production), incremental (organisation) and radically new (the creation of civic involvement and thus new institutions of urban development). The stationary knowledge was also quite explicit, how to produce costumes, wings and equipment. There was no textbook on how to organise the production, shows, the play and the visitors. New insights, based on intuition, trial and error, were created. The creation of civic involvement and new institutions of urban development was based on highly intuitive, tacit knowledge, combined with explicit knowledge in terms of the visions from the 'dream society' book.

The knowledge produced and shared was thus not only practical, involving many people in the practical tasks connected to the Festival. The knowledge involved was also theoretical, both in the outset and as an outcome. The network of the Festival creates theoretical knowledge about civic involvement and urban narratives.

*Proximity mechanisms:* The network activities involved most of all people belonging to the city of Frederikshavn. Formal and informal meetings framed the development of ideas and activities. The work was most intensive during the preparations of the Festival, but the network worked all year.

With the establishment of the board the geography of the network was widened to include resource persons from the United States (Rolf Jensen), from Copenhagen (Christian Have) and from Aalborg (the banker).

The cooperation of the network was enabled by the fact that it consisted of people who were working much in the same way. They were visionary and were searching for opportunities, not for themselves, but for the city. They worked independently of established structures and procedures. The establishment of the board implied an expansion as well as a formalisation the knowledge network of the festival. By inviting resource persons to the board the Festival got access to expert knowledge and resources, e.g. the harbour facilities or PR expertise. The establishment of the board represents a return to traditional management forms. However, the majority of the work takes place outside board meetings in flexible networks.

The network of the Festival is quite broad in terms of education, profession or branch of industry. Practical skills are in high esteem, but the same is vision and fantasy. The uniting feature among all these different people seems to be the wish to create a new narrative for the city, thereby creating a better and richer life for the citizens of Frederikshavn.

*Importance to Frederikshavn:* The importance of the Festival of Tordenskiold is its role as a symbol of civic initiative and creativity. It is an example of what the post-industrial experience city could be like. The festival also creates a great deal of tourism in the festival period. And finally it opens up new agendas of land use and city development e.g. in relation to the Frederikshavn harbour front.

*Future:* The Festival is likely to continue as a yearly event for the benefit of locals and tourists. The big players, the harbour and the municipality may provide the festival with more permanent facilities in the form of workshops and a warehouse for equipment. After ten years of existence it is a question what type of innovation will come next. Will the Festival develop into something different? Will it inspire local groups and individuals to other activities and narratives? Or will it develop into a commercialised kind of event for tourists?

## 4.2. The Palm Beach

*History:* The Palm Beach of North beach was conceived and developed by two of the employees of Frederikshavn municipality, who were in charge of different aspects of city development. The interest in exotic plants, the responsibility for the public playing grounds, and the dream of developing a playing ground at the seaside was merged into a vision of a local Palm Beach offering different activities. The city gardener and a professional from the Department of Parks and Roads had a ride together during which they conceived this new idea. At the first possible occasion this idea, which they both thought was a serious break with usual planning thinking, was introduced to the technical committee of the municipality at its yearly roundtrip to new and planned municipal project locations. The committee was received on the location, which had been decorated with a few palm trees and a bar for the occasion. Two well-known entertainers served drinks. The committee became convinced of the value of the project and three months after this happening, the Palm Beach was ready for the public.

*Novelty:* The project was innovative locally, regionally, and probably also globally. Where else in the temperate climate zone can you meet a Palm Beach? However, the project cannot be seen only as the specific plantation and maintenance of the palms on a cold beach. It was conceived from the beginning as a symbol of the new age, in which we have to live from our dreams and the experiences we can create for each other. As such it was inspired by Rolf Jensen's book (Jensen, 2006), just like the Festival of Tordenskiold. The project was conceived as a means to create enthusiasm among the citizens in relation to the city. Most of all it was made to signal to the outside world, that Frederikshavn as a city is special.

*Who and how:* Two professionals from the municipality conceived the idea. The same people developed it, and the city gardener was in charge of its implementation. Since its conception the Palm Beach has developed. Not only a hundred palm trees, but also a big sports ground for beach volley, a bar, parasols made of sea weeds, sun chairs for rent and a beach life guard service has seen the light of the day during its three years of existence. The continuous introduction of news provides the Palm Beach with an image of being dynamic, innovative and interesting to visit on a regular basis.

*The network and the contributions of the network partners:* The Palm Beach was developed in a small network of two municipal professionals and implemented by the department of Parks and Roads. The city gardener contributed with his knowledge of exotic plants, while the Department of Parks and Roads contributed with green house resources and a budget for maintaining the beach and its facilities. The city gardener knew how to establish and maintain the beach and the sports grounds and how to organise the work. On top of this the network partners contributed with considerable enthusiasm. The wider institutional setting of the two initiating fiery souls was important in approving and supporting the idea of establishing a Palm Beach in the city.

*The knowledge:* The knowledge involved in developing the Palm Beach project was related to the production (gardening and land use/land development) and its organisation. In some sense it was also related to the market in a subtle sense of the word. Knowledge of the new wave of consumption and life style related to dreams and experiences was the central idea of the project. The network partners exchanged existing knowledge of gardening, land use, city development, markets and life style. The way they combined this knowledge in the Palm Beach project was innovative in a local, regional and global perspective. This new combination of knowledge can be considered quite radical.

The knowledge which was exchanged through the development of the project was in some respects well described and explicit, in other respects it was intuitive and tacit. The process which took place among the partners in the network can be described as a knowledge conversion process through which tacit knowledge is shared in a social process, through which it is made explicit and subsequently shared in the wider organisation (Nonaka & Takeuchi, 1995).

The knowledge applied to develop the specific project was rather practical. Gardening, surveying, and so on. However the 'market knowledge', which was the foundation of the project, was on a theoretical level. Without this more abstract justification the project would never have seen the light of the day.

*Proximity mechanisms:* The network partners of the Palm Beach project worked together at informal meetings, in between other tasks that they had. Their cooperation was very close during a brief period of time. During their cooperation they developed the ideas of the project itself. However much of their time was spent on the question of how to present and market the project to the decision makers of Frederikshavn municipality.

The network partners were members of the same organisation – the department of Parks and Roads. They both shared the new, creative approach to urban development which had developed in the municipality since the late 1990s (Landry, 2000). This provided them with the ability to work across sections and to see resources in non-traditional ways. They did not, however, have the same professional background (gardening and public administration).

*Importance to Frederikshavn:* The aim of the Palm Beach project was to create a something to make the citizens proud of their city, which could also serve as a symbol of the city. The branding value of the Palm Beach project has been quite high: It scores high in the press, and one of the main international transport companies has for three years used the Palm Beach in their advertisement campaigns. As branding is a main goal of the project it is important every year to be able to launch novelties in relation to the Palm Beach. *Future* ideas include the development of a new pier and playing facilities in the water. The development of the holiday resort close to the Palm Beach (Palm City) will no doubt inspire further innovations at the Palm Beach.

### **4.3. Light vision – festival of light**

*History:* The first Festival of Lights was arranged in 2004, the year when Frederikshavn Municipality was appointed the municipality of culture. Some teachers from the local technical school, where light design is taught, suggested organising a festival of lights, with students and professional designers. The festival became a great success, and it was decided to go on with the concept. A network was established with participants from the municipality, from education institutions, from the business council and from different businesses, and a steering committee was founded. The committee defined the development of ‘the third competence’ which denotes a co-operation between business, education and culture as a main aim of its activity. The second festival of lights was conceived as a project involving the development of ‘the third competence’. A criteria raised by the participating light technology companies was further, that the festival should be on an international level. Therefore ELDA, the international organisation for light technology became involved as well. This organisation already had a concept for lightening workshops. In this way the festival developed from a culture project in 2004 into a business and education project in 2006. In connection with this change of direction the business council of Frederikshavn applied the region for 5 mio Dkr. for an innovation centre for light technology. In 2006 students from 15 different

countries participated in workshops held by six light designers from around the world. In a week the working groups should develop and implement lightening projects for 6 buildings in the city which had been chosen in advance. The committee invited public schools and VIPs to visit the workshops and listen to presentations about the visions for the festival. The vision of the committee is that Frederikshavn should become the city of light in Denmark. The committee organised a conference with 175 participants. Participants came from other municipalities, and from different firms in Denmark working with light. The lightening of the buildings stayed for further three weeks. During these weeks the committee organised guided tours for the general public as well as for experts to the light projects. These activities should serve as an outset to establish an education for light design in Denmark later on. They also represented stepping stones towards the establishment of an innovation centre.

Many other ideas were presented during the preparations, among them to broaden the festival out to involve the retail and gastronomic sector, and to organise package tours to Frederikshavn during the festival. The second festival of light did not have as much attention of the media as hoped for, because it was overshadowed by the visit of Bill Clinton.

*Novelty:* The Festival of Lights was quite new to the city of Frederikshavn, and new in Denmark as well. However the idea is known from other, mostly much bigger cities, as Lyon. ELDA organises festivals of lights in different places around the world. Among other places light festivals have been organised in the Swedish town of Alingsås, from where the committee in Frederikshavn actually learned about the cooperation with ELDA. The second festival in 2006 represents a concept of cooperation between business, education and culture, which was new to Frederikshavn.

*Who and how:* Two teachers from the local technical school got the idea of a festival of lights in Frederikshavn. The first festival was organised with students and designers, while the second festival was based on a larger network involving the municipality, businesses and the international light organisation. It also involved a larger array of activities.

*The network and its contribution of the network partners:* ELDA, the international light organisation has experience of workshops, conferences and light projects and technology. ELDA also invited the six light designers as well as students from different countries. The steering

committee included municipal leaders, the mayor, the leader of the department of culture and education and so on. They represented authority when needed in connection with applications. The steering committee fostered the idea of an innovation centre for lightening, and the steering committee for the festival involves many of the same persons who later became part of the board of the innovation centre. The supply service (Forsyningen) of Frederikshavn was an important partner in making the festival possible, providing electricity, equipment and logistics. The Danish Society of Light techniques was also involved in connecting the committee with their young members. The Technical School was actively involved in producing light decorations and in welcoming the young participants. A local electrician company was involved both as sponsor and labour force.

*The knowledge:* The knowledge exchanged in the organising committee included fundraising, business perspectives and perspectives of culture and leisure. The creation of a new type of organisation and alliance between business, education and culture involved a learning process for the participants. They saw how culture could be commercialised. The activities during the festival also involved knowledge sharing: the workshops were educational, directed towards young people. The conference was directed towards businesses, focused on the prospect in cooperation in relation to light projects and technology and the commercialisation of culture. The conference was paving the way for a cluster of light technology.

*Proximity mechanisms:* The cooperation was started in Frederikshavn, at a technical school. In the outset the cooperation among the initiators was well established. They met in their daily work as teachers at the school and were able to develop the first festival based on their long acquaintance. The cooperation was close. Later on other actors from the city got involved. They represented business life, and different municipal departments. Also a national and an international professional organisation got involved. The partners cooperated in meetings, and the cooperation became stable and rather close.

The reason that the cooperation could take place was agreement on the common goals. A network developed during the process, headed by the steering committee of the festival. Many types of expertise were involved in the network, and knowledge sharing took place on different levels. Common values united the board while common professional knowledge and cultural interest was the core of the workshops.

*Importance to Frederikshavn:* The Festival of lights shows Frederikshavn as something special. It provides the city with a special attraction worth visiting for tourists and business tourists. It gives Frederikshavn a profile in the media and in the advertising campaigns of the region. The festival might attract young candidates from e.g. architecture and design from the university because something interesting is happening.

*The future of the project:* In the future the new Innovation Center of Lights will be the backbone of the festival, so that the Frederikshavn Festival of Lights will not have to rely on the international organisation of lightening, ELDA. The coming festival will involve development teams for the light projects six months in advance to give them time to develop their project. Two other cities in the municipality, Skagen and Sæby may participate in future festivals. One perspective is that some projects could be sold and thus become permanent decorations in the city.

#### **4.4. Bill Clinton's speech in Frederikshavn**

*History:* The visit of Bill Clinton in Frederikshavn September 29, 2006 was the result of the initiative of one small event firm with home base in the city. The director of this firm had for many years hoped to be able to invite Bill Clinton to Frederikshavn. He had been looking for this opportunity ever since the end of Bill Clinton's presidency. As the director, through his professional network, got the opportunity to meet with the personal manager of Bill Clinton, he discussed the possibility of an event in Frederikshavn with him. They came to an agreement, and within seven weeks from that day, the event took place in Arena Nord in Frederikshavn. The event consisted of a dinner buffet for 1200 people in the badminatton arena, and the show with Bill Clinton in the main arena.

*Novelty:* The event with Bill Clinton became a milestone in the history of the town. It was a new type of event for the city. It was the biggest in-door show the city had ever hosted. The event put big shows on the experience economic agenda of the town. And it made the city known outside of the region in new way.

*Who and how:* The director of the event company conceived the idea. The idea was developed together with Bill Clintons manager.

*The network and its contribution of the network partners:* The director of the event company served as the hub of a tight preparatory network. The director of Arena Nord was the main local partner. The municipal event company was involved. These and other local partners organised a working group consisting of 6 persons which met frequently during preparations. The event director compared the organisation of the event with a military operation. Each of the members of the working group had their field of responsibility in the preparations. They organised a large number of volunteers and staff. In Frederikshavn the number of volunteers was around 350. The regional media company (in Aalborg) and national media were already involved in the organisation phase, because it is a logistic task in itself to cover such an event and to get an interview with the main person. Two reporters from the national radio (DR) served as sparring on the public relations work and on broadcasting technique – how to best report from the event. Two elite soldiers served as sparring on the security work. One major partner was the national security police. Security was the main issue because of the status of the person as a former president and as official representative of the American government. Finally Bill Clinton's manager was the main partner outside of Denmark, with whom the event director had contact on a daily basis.

The contributions of the network partners and their organisations were financing, logistics and advertising (event director); local organisation of the place of event such as guards, tickets, food and general logistics (director of the Arena Nord); security (national security police); security and etiquette (Bill Clinton's manager); Finally the regional and national media made important contribution with public relations for the event and for the city.

*The knowledge:* A major field of knowledge exchanged in the network was related to security issues. This knowledge was concentrated among event director and the security experts from the security police. The size and scale of the arrangement was so big, that the working group developed a new kind of road map for the preparations. This road map can be reused with minor adjustments for other arrangements. The event company has organised three Al Gore arrangements and five Bill Clinton arrangements in the Nordic countries after the Bill Clinton event in Frederikshavn. The other knowledge involved in relation to light, sound, tickets, chairs, was like any other arrangement, just bigger. Food for 1300 guests was delivered by specialists from outside the region, from Aarhus. The practical preparations on location started three days before the event, and this part also involved a great deal of detailed planning.

Knowledge of public relations was involved. The same channels as usual were used, but the access to the media was easier because of the importance of the event.

The knowledge exchanged in the network was existing knowledge (stationary knowledge) adjusted to the new circumstances (incremental knowledge). The knowledge exchanged was explicit, as it was written down in road maps for the event. The knowledge level was practical knowledge.

*Proximity mechanisms:* The steering committee consisted of local people from Frederikshavn, who met almost on a daily basis, talked by telephone and send e-mails to each other. It was a very tight cooperation, which was temporary – it lasted seven weeks. Meetings were also held with the Danish reporters and the elite soldiers

The event company represented the hub of the network in which the other partners were spokes.

The cooperation was very structured during the weeks of preparation with the event company and the steering committee in the centre, and a hierarchy of supporting individuals and organisations outside of this. The network was a temporary event organisation to which the different contributors belonged. Up to 100 persons were involved in the direct preparations, apart from the volunteers.

The cooperation was supported by the fact that the network partners trusted each other, and all found it advantageous to work efficiently and thus invest in future cooperation possibilities.

Many different professions, educations and backgrounds were represented in the event organisation and it was style of work more than common culture or profession that facilitated the cooperation of the event organisation.

*Importance to Frederikshavn:* The Clinton event has put the city of Frederikshavn on the ‘world map’ and paved the way for big events.

## **5. Synthesising the results**

Based on the individual analyses of section 4, this section offers a comparative and synthetic analysis of the four cases.

The evidence suggest that the four projects are all *innovative* to the city of Frederikshavn. The projects are innovative on the local scale as well as on the national scale. The beach and the festivals even have characteristics which make them innovative on a global scale. These

characteristics are related to the high degree of civic involvement and creativity and the identity creation connected to them.

The four projects all originate *in local initiative and creativity*. The initiative was taken by staff in the semi-public sector or public sector in schools (Festival of Light and Festival of Tordenskiold), or in the municipal administration (Palm Beach) and by a small local company (Clinton's speech). The ideas were concretised and developed by embedding the project *in local organisations* (schools, municipal departments or the local firm). Along the way the ideas developed and new activities and facilities were added (Palm Beach, the Festivals) and the network of partners expanded (the festivals and Clinton's speech).

The projects were developed in *ad hoc partnerships, which were cross sectoral (public-private) and cross disciplinary*. The networks in which the projects became embedded were developed with the single goal of developing these projects. They became project organisations. Staff and leaders from the public sector cooperated with partners from the private sector in project organisations representing different kinds of knowledge and decision making power. The Palm Beach, which is an exclusively municipal project, is the exception, involving the city gardener and a creative public servant. Teachers of technical and production schools were key persons in the festivals, while the boards established later involved municipal and private sector leaders. The working groups were also cross disciplinary and cross sectoral. The Clinton event, which was initiated by a private firm, was likewise embedded in a cross sectoral and cross disciplinary working group.

The *contribution of the partners* was related to their professional profile, position and background. Each of the projects rested on a wide array of competences, which were combined in the boards and working groups. In all projects partners contributed with knowledge of PR and branding, organisation and logistics. Visions and enthusiasm was a common contribution of the partners in all projects. Access to money and decision making power was also important. Artistic creativity was a key contribution in the festivals and the Palm Beach (play writing, design of light, landscaping). In the Clinton event knowledge of security was a key issue and key contribution on which the whole event depended.

*The knowledge developed* and shared in the projects was related to the production and organisation of the experience product. This knowledge was innovative. The Palm Beach product combined existing knowledge in a surprisingly new way. The Tordenskiold Festival was not only based on innovative ideas of urban development, it also produced new insights about civic involvement. The

Festival of lights combined existing knowledge of lightening and architecture in new designs in the city. The Clinton event applied existing knowledge to a new location.

The focus was in all four projects on knowledge on the practical level (how). However the actors behind the Palm Beach and the festivals were inspired by theoretical knowledge of ‘the dream society’ (why).

The knowledge exchange leading to the innovative activities of the four projects was characterised by being tacit as well as explicit. The search process leading to the Palm Beach was based on vague ideas (tacit knowledge) which were concretised during some months into a well described innovative project (explicit knowledge). The Festival of Tordenskiold followed the same pattern. In both cases, the knowledge cycle between tacit and explicit knowledge continues, as new innovative activities are added.

The Festival of Lights and the Clinton event took the outset in explicit knowledge, which was combined in new ways during the project period. The development of the Festival of lights involves a continuous interplay between tacit (artistic) knowledge and technical knowledge (light, electronics, architecture). The tacit knowledge behind the Clinton event consisted in the organisational talent embedded in the event company.

What were the *proximity mechanisms* that facilitated the knowledge sharing and the innovative knowledge development of the four projects – and thereby their realisation?

The Palm Beach was embedded in entirely local networks, while the Clinton event and the festivals were embedded in local, national as well as global networks. This means even though the local relationships have played a considerable role in the development and realisation of the projects, global knowledge networks were involve on important points.

The cooperation was based on frequent, up to daily meetings among the partners. The intensive cooperation was however temporary and connected to the specific projects. This contact was supplied by virtual contact over the internet and telephone.

What was it that tied the partners together? The project partners belonged to the same organisation (Palm Beach, Festival of Lights). They shared the same goals (Festival of Tordenskiold) or had the same style of work (The Clinton event).

What motivated the partners to work together? The reason why they embarked on the projects together was that they shared the same values (Palm Beach, and the Festivals) and goals (Clinton event).

In sum the proximity mechanisms that enabled the knowledge sharing and development of the four projects were: Frequent meetings, membership of same networks or organisations, and the sharing of visions and values. These mechanisms connected local as well as global partners in the project networks.

*Importance to the city:* The role of the four projects for the city of Frederikshavn has most of all been symbolic. The projects serve as brand, symbol and as part of the new profile of Frederikshavn. The Palm Beach became a brand. The Festival of Tordenskiold became a symbol of urban regeneration and civic participation, and the Clinton event together with the Festival of Lights gave the city a new profile as interesting and innovative. In this way we can say that the projects each in their way have become part of the new city narrative of Frederikshavn.

*The future of the projects:* Important as they have been, what will be the future of the projects? The Palm Beach and the Festivals have come to stay in the city. All three projects will develop, based on new ideas for facilities and activities. The Palm Beach and the festivals started as popular, non commercial projects. However the Festival of Tordenskiold has embarked on commercialisation with its dining with the king programme. The expansion of the sailing ship activities may involve commercialisation as well. The Festival of light has been integrated in an innovation centre, Light Vision. This gives the Festival a more commercial goal as a showcase for locally developed light technologies. The Clinton event is certainly over, but it has made Frederikshavn a city of big events, and this new role will be pursued enthusiastically by the local actors. These shows are entirely commercial, but enhance the urban quality as well.

## **6. Conclusions**

### **6.1. Conclusion of the study**

The four highly innovative experience projects studied in this paper were based in local initiative and local creativity and knowledge. Ideas and initiative originated in the ‘bottom’, not in municipal or corporate management. The projects were developed in local networks, which developed into project organisations, representing different skills, resources and sectors. Artistic creativity was the core in three of the projects. However two of the projects involved important international partners,

without which they would not have been realised. The knowledge shared and developed in the specific projects was innovative, it was complex, it was mostly practical, and mostly explicit. The overall vision behind several projects was more theoretical and the development of initial ideas could be based on tacit knowledge exchange among closely connected partners. Frequent meetings in temporary networks, same style of work and the sharing of goals and values made the project organisations successful.

The four projects gained importance as symbols, brands and profile for the city of Frederikshavn. They became examples of urban development based on civic involvement and creativity. Most likely their future will become more commercial than their past, implying less civic and more private sector involvement in the future.

## **6.2. Wider perspectives for Northern Jutland**

What can be learned from the study of the four experience economy projects of Frederikshavn?

Small cities contain 'unknown' resources of initiative and creativity, and it is therefore important for urban leaders to be open new ideas and local creativity. Experience projects can successfully be developed in networks that are temporary and flexible, and which link together new partners. It is therefore important to enable new, ad hoc and temporary organisations and networks that link different types of resources. The role of the 'local' in developing the experience projects was quite important, but the role of international networks was on some points decisive. It would be erroneous, therefore to rely exclusively on local resources and networks in the development of experience projects. Global professional and artistic networks may represent a very important resource. Global networks may help the experience projects gain the quality and visibility which the local fiery souls wish them to have.

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Earlier papers are: (Lorentzen, 2007a; Lorentzen, 2007b)

<sup>ii</sup> In comparison (Boschma, 2005) approaches proximity from a functional perspective, in which proximities can be quantified, added in doses and which they can substitute for each other (like the factors of production in economic theory). Contrary to this the relational understanding of proximity implies that knowledge sharing among agents depends on geographic, societal as well as on cognitive proximity mechanisms at different spatial scales.