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## Experience Economy, Innovation and Traditional Industries

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*EXPERIENCE ECONOMY, INNOVATION AND  
TRADITIONAL INDUSTRIES*

Isaac Kwamena Arthur  
PhD Thesis, October 2011  
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*EXPERIENCE ECONOMY, INNOVATION AND  
TRADITIONAL INDUSTRIES*

Isaac Kwamena Arthur

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Isaac Kwamena Arthur  
PhD Thesis, October 2011  
Department of Development and Planning  
Aalborg University

## ***Dedication***

This thesis is dedicated to Beatrice, Lilian and Gabrielle Beatrice Arthur and in loving memories of Isaac Kwesi Arthur and Florence Mena Duku Nanka-Bruce (née Arthur).



# ***Experience Economy, Innovation and Traditional Industries***

By

Isaac Kwamena Arthur

Thesis submitted in fulfilment of the requirements  
of the degree of Doctor of Philosophy

October 2011

Department of Development and Planning  
Aalborg University

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## **Abstract**

This thesis investigates the role experience-based innovations can play in rural Denmark. The objective is to understand how food enterprises in Danish rural areas are reinventing themselves as viable units in the contemporary world by exploiting the potentials of the experience economy, and in practical terms, advise on its potential to enhance the competitiveness for food enterprises and implications for local development. This has been necessitated by the increasing competitions in the contemporary global business/economic environment and the need for strategic measures to bolster the competitive prospects of traditional rural enterprises and socio-economic vibrancy of rural areas. The guiding research questions to address the thesis' objective are what characterises the experience-based innovations of food enterprises; what are the mechanisms that shape the experience-based innovations; and how external resources and institutions influence the innovative strategies of rural food enterprises.

This study includes 16 case studies of food enterprises located in the municipalities of Thisted, Morsø and Bornholm. Semi structured interview data obtained from managers and owners of food enterprises as well as public and private actors in the three municipalities are analysed. Based on a qualitative analysis of empirical data it was discovered that enterprises are reinventing themselves by offering experiences as innovative strategy to create value. The extent to which this strategy is implemented however differs. While some appear to be very explicit about what they are doing, others are unaware of the experiential implications of their business activities. What characterises experience-based innovations of rural food enterprises are food products/services imbued with aesthetic, ideals and symbolic laden objects as added value. These added value objects are storytelling, guided tours, music and concert events, interior decors and designs, themed events, product tasting experiences, amusing side attraction, fishing experience, themed events, agro-tourism experience, display and sale of local cultural products, serving customers with antique dining wares, festival and trade exhibitions.

The most common experience offering is storytelling embedded with contents such as local image, history and heritage (e.g. the national park in Thy), local sources of raw materials, quality conventions (e.g. animal health, organic, environmental consciousness, animal welfare, etc.) and authenticity (product traceability and origins). The mechanisms through which enterprises construct experience offerings include the mobilisation of resources such as cognitive acumen, geographical location, technologies, raw materials, enterprise premises, etc, through their organisational and dynamic capabilities. Networking relations of some enterprises have also been crucial. Furthermore, these experience creations have been inspired directly and indirectly by public policy and local public-private actors.

Basically experience-based innovation of food enterprises in Thisted, Morsø and Bornholm is seen as the result of a systemic process involving the internal resource combinations of enterprises, networking relations with other enterprises, as well as the influences of local actors, local conditions, policy and public actors. The findings of this study hold a wide range of theoretical and practical implications. Although enterprises have the capabilities to combine assets in new ways to create experience for consumers, there are other limitations that may have negative consequences on their competitiveness and local development.



## Danske Resume

Denne PhD afhandling undersøger, hvilken rolle oplevelsesbaserede innovationer kan spille i udviklingen af landdistriktsområder i Danmark. Formålet med projektet er at forstå, hvordan fødevareindustrien i landdistrikter nytænker deres rolle som levedygtige enheder i det moderne samfund, ved at udnytte de potentialer som oplevelsesøkonomien kan bidrage med. Dette betyder i praksis, at udnytte oplevelsesøkonomiens potentialer til at forstærke konkurrencedygtighed for fødevareindustrien og herigennem bidrage til den lokale udvikling i området. Fokus på hvorledes dette udviklingspotentiale kan udnyttes er blevet aktuelt som følge af den stigende konkurrence i nutidens erhvervsliv, hvor der er et behov for strategiske målsætninger, der kan styrke konkurrencedygtigheden for traditionelle erhverv og den samfundsøkonomiske gevinst der er forbundet hermed for landdistrikter. Den styrende problemstilling der adresseres i projektet er derfor: Hvad karakteriserer oplevelsesbaserede innovationer fra fødevareindustrien? Hvilke mekanismer er styrende for skabelsen af en oplevelsesbaseret innovation, og hvordan kan eksterne ressourcer og institutioner påvirke innovationsstrategier i fødevareindustrien i landdistrikter?

Dette studie er baseret på 16 casestudier af produktionsvirksomheder indenfor fødevareindustrien i Thisted, Morsø og Bornholm kommuner. Empiriindsamlingen er baseret på semistrukturerede interviews foretaget med bestyrere og ejere af de lokale fødevarevirksomheder. Ligeledes er der foretaget interviews med offentlige og private aktører i de tre kommuner. En kvalitativ analyse af den indsamlede empiri klarlagde, hvorledes lokale produktionsvirksomheder genopfinder dem selv ved at tillægge produkterne en innovationsstrategi, der skaber værdi for kunden og virksomheden. Der ses dog en forskellighed i, hvorledes denne strategi er implementeret i den enkelte virksomhed. Nogle virksomheder har en meget eksplicit tilgang til innovationsprocessen, mens andre er mere uopmærksomme på, det oplevelsespotentiale deres produkter og virksomhed kan indeholde.

Det der karakteriserer oplevelsesbaserede innovationer indenfor fødevareindustrien i landdistrikter er, produkter/services der er tillagt æstetik, idealer og symbolske ladede objekter der tillægger produktet eller servicen en ekstra værdi. Denne ekstra værdi

består i historiefortælling, guidede ture, musik og koncerter, udformning af interiør og design, tema events, smagsoplevelse, underholdende sideløbende aktiviteter, oplevelse som f.eks. at fange din egen fisk, landbrugsbaserede events, udstilling og salg af lokalt producerede kulturelle produkter, servering af maden på traditionelt service, festivaler og handelsudstillinger.

Det mest almindelige oplevelsestilbud er den historiefortælling som ofte tillægges produkter og services, såsom den lokale identitet, historie og kulturarv (som f.eks. National Park Thy i Thy) tilgængeligheden til lokale råmaterialer, kvalitetskonventioner (som f.eks. dyrevelfærd, økologi og miljøbevidsthed) samt autenticitet (indsigt i produktets oprindelse).

De mekanismer der muliggør virksomhedernes konstruerede oplevelsestillæg er baseret på mobilisering af ressourcer som f.eks. kognitiv skarpsindighed, geografisk lokalisering, teknologier, råmaterialer, virksomhedsområder osv. som indgår i virksomhedens organisatoriske og dynamiske evner. For nogle virksomheder har evnen til at skabe netværk også været essentiel. Ydermere er disse oplevelsesbaserede innovationer foranlediget både direkte og indirekte af politiske målsætninger og lokale offentlige og private aktører.

Grundlæggende kan oplevelsesbaserede innovationer i fødevareindustrien i Thisted, Morsø og Bornholm kommuner ses som et resultat af en systematisk proces, der involverer en intern ressourcekombination af virksomheder, netværksrelationer med andre virksomheder såvel som indflydelse fra lokale interesseorganisationer, lokale forhold, politiske målsætninger og offentlige aktører.

Resultaterne fra dette studie indeholder et bredt udvalg af teoretiske og praktiske implikationer. Selvom virksomheder ser ud til, at have evnen til at kombinere fordele på en ny måde der skaber en oplevelse for kunderne, er der andre begrænsninger, der potentielt kan have negative konsekvenser på virksomhedernes konkurrenceevne og den lokale udvikling.

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## **Preface & Acknowledgement**

In the movie, 'Forrest Gump' (1994), Tom Hanks recounts on what his mother always said: "Life was like a box of chocolates. You never know what you're gonna get". When I left the shores of my beloved Ghana in 2002 to study in Germany, little did I know of coming to Denmark afterwards and let alone do a PhD research. I embarked on this PhD research journey on the 15<sup>th</sup> of January 2008. This was soon after I had graduated from the MSc degree programme in Urban Planning and Management at Aalborg University, the bastion of Problem Based Learning (PBL) model of education.

I had stumbled into a territorial development research earlier. This was in 2006 at the Geography Department, University of Otago, Dunedin, New Zealand. As an intern I was tasked to do a report on the potential competitive advantages of Dunedin's fashion industry cluster and how that could serve as viable resource for local image promotion and economic development. This was part of a broad integrated research programme, Competitive Advantage New Zealand (CANZ), dedicated to understand how enterprises in New Zealand can build-up world class competitive advantage. My experience with this study in Dunedin was undoubtedly a key inspiration to engage in another territorial development-based research such as this present one. My initial approach to this PhD thesis was a collection of papers, but abandoned the process after a while. See Appendix C for a published contribution in an edited book, conference papers, and peer reviewed papers that are to be resubmitted to international journals.

My experience of producing this PhD thesis can be described as mosaic of interesting and challenging moments. Accomplishing this thesis and rising above its numerous challenges have not been all by my strength and wisdom, but by the grace of God. Hence, I thank God for bringing this far. I am also indebted to several individuals for supporting me throughout this research process. First, many thanks go to my supervisor Andrew Jamison for all his tremendous efforts. I am also thankful to Philip Cooke for being a splendid co-supervisor. Anne Lorentzen deserves special commendation for her efforts in securing funding for this research and also supervising me through some stages of this research. Thanks Anne.

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As part of this PhD process I participated in conferences and workshops, in which several individuals gave useful comments on my presentations and papers. One of such valuable comments came from Dr. Eleanor Morgan, University of Bath, UK. I thank all these people for their contributions. In addition, I thank all persons who welcomed me to interview them for this research. Their indulgence has made this research become a reality. I cannot complete this paragraph without thanking Erhvervs-og Byggestyrelsen, Aalborg University and Forskeruddannelsesudvalget- Forskningsstyrelsen for financing this research. Without them my dream of doing research at this level could have been an illusion. Hence, I say a big thank you to these bodies.

Finally, I would like to thank my dear wife, mother, mother-in-law, brothers and sisters for their unflinching support and prayers. *Me da hom ase. Nyame nhyira hom.*



## **Part One**



# CHAPTER 1

## INTRODUCTION

### **1.1 Background**

The contemporary global business/economic environment is characterized by an ethos of competition, attributed to the turn of liberalisation of economies and globalisation (Bryson *et al.*, 1999; Álvarez *et al.*, 2009). This global economic order has not spared the various economic sectors in Denmark including the food sector (MFAF, 2007). Apparently, competitiveness and survival of food enterprises is threatened if no strategic measures are taken. The survival of the Danish food sector is not only a concern for enterprises *per se*, but also for the local governments of areas in which they are located as well as the national government. The latter resonates with the widespread public dependence on the private business sectors to offer local economic welfare (Leatherman & Marcouiller, 1996). This is obviously crucial in an era in which territorial or regional development has become a growing global issue as communities and regions face the challenge of promoting prosperity, improving welfare and augmenting the standards of living of their citizens (Pike *et al.*, 2006).

Apart from the issue of competition, recent trends in food consumption influenced by factors such as lifestyles, healthy living and food safety have affected food production and marketing. Consumer concern for quality food has in recent years received much currency in the Western world. This has been described by several scholars as the 'quality turn' (see e.g. Goodman, 2003; Ilberry & Kneafsey, 2000). This turn has led to the emergence of new food markets, which put emphasis on qualitative differentiation of food products. A feature of the quality turn is the "alternative food", which Jesper Manniche succinctly describes as "covers different products with fuzzy, symbolic-laden qualities such as organic, local, speciality, high-quality, slow and fair trade food" (Manniche, 2010, p. 53).

This development implies that on top of competing on the basis of providing products or services with symbolic-laden qualities, rural food enterprises also have to develop ways

to make such offerings attractive. However, food enterprises in many rural areas are confronted with the challenges of small local markets and distant from larger markets as result of their peripheral locations. This raises the question, in what ways can rural food enterprises make their offerings more attractive and also attract bigger markets.

In addition to these challenges confronting rural food enterprises, rural areas in the Organisation for Economic Co-operation and Development (OECD) nations are of late experiencing intense socio-economic transformations (Ward & Brown, 2009). Agriculture is currently no longer the backbone of rural economies albeit the industry's continuing significant influence on most economies of rural areas (OECD, 2006) such as services, manufacturing and tourism (Marsden, 1999). In Denmark for instance, since 1970 there has been a decline in the number farms from 140,000 to 29,000 although 66 percent of present land use is situated in farming (Danmarks Statistik, 2011).

There is a decline in job opportunities in the rural agriculture industry and "land-based industries" (Ward & Brown, 2009, p. 1238). Rural areas are said to trail "behind the national average economic growth rates", hence their low economic performance has been a push factor for out-migration of the youth and skilled labour (ibid.). The lack of "higher educational and skilled employment opportunities" (Davis, 2010, p. 3) are also attributed to their demographic decline, thus suggesting the loss of human capital in these communities. These out-migrants end up in other rural or urban communities with "higher socio-economic viability" (Dammers & Keiner, 2006, p. 10). Evidently, these issues necessitate the need for strategic measures to bolster the competitive prospects of the rural food sector and socio-economic vibrancy of rural areas.

Conventional wisdom in economics is that innovation enhances competitiveness and also plays a key role in the sustenance of enterprises. This suggests that the performances of enterprises are dependent on their abilities to innovate. In particular, Capitanio et al. (2009) emphasise that the capability of food enterprises to innovate is a key imperative to compete on both the local and global markets. Similarly, the recent European Union (EU) and Denmark's policy reform on rural development propose innovation in the food sector as a catalyst to facilitate the competitive advantage of



Danish food offerings (MFAF, 2007; 2008). This policy encourages enterprises to develop, produce and promote new quality products which can stand out and be different to sell better on the market. Innovation is also expected to enhance the sustenance and competitiveness of rural food enterprises, contribute to job creations, economic growth, territorial development as well as enhancing rural-urban cohesion. To a large extent this policy can be seen as rooted within the spirit of the ambitious EU's Lisbon Strategy 2000, which aims to make the EU's economy the most competitive in the world.

However, the Danish policy reform focuses largely on a need for technological innovation in the food sector. This is demonstrated by its appeal for "new high-tech methods, processes and products" to augment the creation of competent and "sustainable production system in the entire food sector" (MFAF, 2007, p. 43). This is not surprising because as Dargan & Shucksmith (2008, p. 275) points out, by and large innovation has been considered as "scientific and technical sequential process". Although technical changes may be vital to enhance the competitiveness of rural food enterprises, yet the question is whether innovation is all about technological changes. Can the rural food enterprises look beyond technological improvements and to consider other innovative approaches? To borrow the words of Virkkala (2007, p. 514) who studies innovation in periphery areas, "what kinds of innovation are possible" to contribute to the competitiveness of the food enterprises in rural Denmark and what will be their implications for territorial development?

In recent years, policy-makers particularly in Scandinavia have developed an interest in the experience economy concept (Sundbo, 2009). The experience economy is a business economics/marketing/management model that rests on the commercialisation of experiences deliberately produced as such for the market as distinct economic offerings (Pine & Gilmore, 1999). The concept is touted as a useful approach for the growth of "small-and medium sized cities, periphery regions and cities" (Smidt-Jensen *et al.*, 2009, p. 875). Recent development initiatives, for example, as formulated in the Growth Forums (*Vækstforum*) of many Danish regions recognise the experience economy as potential economic growth model. Hence, economic sectors including food are

encouraged to exploit business opportunities based on the notion of the experience economy (see, e.g. Bornholm's Growth Forum, 2007; North Denmark Region, 2008).

Ever since Pine & Gilmore (1999) was published a number of scholars have viewed the commercialisation of experiences as a way to meet the "post-modern" consumers' needs. Enterprises that have become aware of this increasing consumer demand are thus searching for new means and new input to make their outputs experiential (Poulsson & Kale, 2004). The production and consumption of experiences is also conceptualised as an index of the contemporary 'techno-economic paradigm' (a notion introduced in Perez, 1985) due to its evolutionary economic features (Lorentzen, 2009). In the experience economy, consumers are not just offered utilitarian products but also made to "consume the symbolic meanings of those products" (Baudrillard, 1991, cf. Elliot, 1994, p. 163). The effort to create experiences on the market is indicative of an innovation strategy that appears to be gaining ground in the economies of most western and advanced nations (Williams, 2006).

Against this background, I have focused on examining in this thesis the process in which food enterprises located in the municipalities of Thisted (also known as the Thy), Morsø (also known as the Mors) and Bornholm innovate from the perspective of offering experiences. The food sector in these communities is dominated by small enterprises, a common feature of Danish enterprises (Danmarks Statistik, 2011). Despite their geographical differences, they share common characteristics that make meaningful comparisons possible. Apart from being rural, they are also remote by Danish standards (Kjeldsen & Manniche, 2007).

Traditionally the food sector constitutes a key component of the rural Danish economic landscape, and there is a strong interest in promoting economic growth and attracting global capital through the experience economy. Furthermore, researching in these three settings not only broadens the understanding of the phenomenon under investigation, but also enables what the economic geographers, Hauge & Hracs (2010, p. 115) characterises as "comparisons across space and scale".

## 1.2 Aims and objective of research

### 1.2.1 Research Aims

The subject of this thesis is the Danish rural food sector, and aims to broaden our understanding by way of exploring the role experience offerings can play as an innovative strategy in rural Denmark. Innovation, according to (Pike *et al.*, 2006), represents one of the key ideas to understand and explain contemporary local development. This provides us an orientation of how specific rural areas for example, are confronting the growing globalised competitions and development challenges. This research's contribution is therefore expected to enhance the current state of knowledge theoretically and empirically, as it explores innovation from the perspective of experience-based offerings in the food sector of rural areas.

In addition to the key aim of this thesis, a number of other factors motivate this study. First, the commercialisation of experiences is a generic activity whose location can be found in both urban and rural settings. For instance, in their discussion on the emergence of the experience economy, Poulsson & Kale (2004, p. 268) point out that:

*“Several retailers, in particular, have followed this edict in incorporating experience as a part of their product offering. From the Forum Shops at Caesar’s Palace in Las Vegas to Weljekset Keskinen (the Village Shop) in the 500-inhabitant town of Tuuri in Finland, stores are now routinely practicing one-upmanship in inducing more store visits by making shopping fun and entertaining”.*

However, rural areas are said to “differ markedly in their economic structure and activity” (Marsden, 1999, p. 503). Some rural areas are said to offer idiosyncratic culture in the post-modern world, which in certain areas serve as the basis of their economic offerings such as “tourism, crafts or regional specialities” to the world (*ibid.*, p. 514). At least examples of commercialised experiences in scholarly works such as Anderson (2000) and Bill (2007) can be seen to be shaped by rural culture and resources. Similarly, examples of experiences presented in works such as Pine & Gilmore (1999), Sherry *et al.* (2001) and Allingham (2009) reflect more of city or urban culture. This simply implies that the types of experiences offered in rural settings to some extent differ from that of

urban areas taking into consideration the culture and economic landscape of rural settings. However, many examples in the experience literature appear to be situated in urban areas. Basically, these spur an interest to broaden the understanding of the experience economy in rural context.

Secondly, the food sector constitutes one of the significant sectors in the Danish economy (Grunert & Baadsgard, 1992; Furtan & Sauer, 2008), and also one of the important traditional economic sectors in both rural and peripheral communities (MFAF, 2008).

Thirdly, Pine & Gilmore (1999) posit that given the increasing competitive nature of markets globally, enterprises that engage in the commercialisation of experiences stand the chance of enhancing business performance and competitive advantage. Yet, this assertion appears to be prescriptive or possibly represents a toolkit approach that fails to recognise that enterprises are heterogeneous and particularly in terms of their resource endowments (see Penrose, 1959; Barney, 1991; Collis and Montgomery, 1995). Hence, in this thesis I argue that to understand and interpret how rural food enterprises innovate in the context of commercialising experiences, it is imperative to explore the resources and capabilities of enterprises in their specific settings.

Fourthly, from a personal and cultural point of view this thesis represents a learning experience. As an African studying in Denmark, it is an interest for me to learn how the experience economy concept is being utilised as an innovative strategy to foster development in Danish rural areas. This interest stems from the fact that most rural areas in Sub-Saharan African countries are in need of significant development interventions. These areas are spatially and economically underdeveloped since many inhabitants earn less than one United States dollar per day from the livelihoods. Therefore, the issue is which lessons can I learn from this research and advise my folks down south.

### 1.2.2 Research Objective

The attempt to reach an understanding of the significance of experience offerings as an innovative strategy in rural Denmark triggers the formulation of the thesis's objective.

The main objective of this thesis is as follows:

*To explore how food enterprises in the rural settings of Denmark are reinventing themselves as viable units in the contemporary world by exploiting the potentials of the experience economy, and in practical terms, advise on its potential to enhance the competitiveness for food enterprises and implications for local development.*

This broad objective raises an interest to identify the various experience oriented offerings introduced in the rural areas and how these activities become viable. Basically, this will serve as a basis to determine whether innovative experience-based offerings can potentially contribute to the competitiveness of food enterprises, and play a role in local development.

## 1.3 Research questions

To reach the thesis' objective the following research questions are formulated:

1. *What characterises the experience-based innovation of food enterprises located in Thisted, Morsø and Bornholm?*

Based on the assumption in section 1.2 that experience offerings in rural areas to some extent vary from that of urban areas, the above question focuses on identifying and interpreting the types of experience-based offerings introduced by rural food enterprises. In this process the various forms of experiential value connected with food offerings and their associated meanings will be explored. Furthermore, the innovativeness of these experience offerings is also examined to understand the ways in which rural food enterprises are competing.

2. *What are the mechanisms that shape the experience-based innovation of food enterprises?*

The main goal of this question is to uncover how food enterprises mobilise their resources and capabilities to create experiences as innovations. As indicated earlier the core rationale for the commercialisation of experiences is aimed at obtaining

competitive advantage. Therefore, to determine the competitive potential(s) of an enterprise's innovative experience offering, it is imperative to find out which resources it employs and its capabilities to utilise them effectively. This provides the basis to tell the strengths and weakness of the enterprise. Apart from the relevance of this question to the thesis' objective, it is also an attempt to contribute to filling a gap in the literature. Specifically, it aims to ascertain what the resource-based view theory means for small enterprises in rural settings since existing research privileges large enterprises mostly in urban settings. In addition, despite the recent increasing academic works on experience offerings, how rural food enterprises *per se* mobilise their resources and capabilities to innovate by offering experiences have often been ignored.

*3. How do external resources and institutions influence the innovative strategies of rural food enterprises?*

This research question is inspired by the recent interest among policy makers to use the experience economy as an instrument for economic growth and territorial development. In this regard, the interest is to find out how policy and public and local actors contribute to the experience-based innovations of rural food enterprises. The question is also an attempt to understand what kinds of market and social capitals, i.e. food enterprises' relations with individuals, businesses and other private entities contribute to the implementations of experience-based innovations. In a broad sense, this research question is expected to illustrate the external sources of rural food enterprises' innovations.

## **1. 4 Defining rural areas and the food sector**

### **1.4.1 Rural areas**

There are several considerations relating to the definition of the term rural. In addition are differences in the classifications of areas as rural. Such differences reflect country experiences, environment and administrative structures (Corpus, 2007). The term "rural" has no exact definition, but all the same it is obvious to recognise rural areas, according to Wiggins & Proctor (2001, p. 427). Frochot (2005) argues that one of the challenges with identifying a definition for rural areas is that it is commonly defined as

“what is not (non-urban) instead of what it is”. As a result of the complexities associated with rural, Tanvig (2007) describes the term rural as “ambiguous”.

Rural is defined as constituting “the space where human settlement and infrastructure occupy only small patches of the landscape, most of which is dominated by fields and pastures, woods and forest, water, mountain, and desert” (Wiggins & Proctor, 2001, p. 427). In others the term rural is perceived to be linked with “small population, sparse settlement and remoteness” (Hewitt, 1989, p. 2). Clout (1984) also defines rural areas as constituting “a low population density; loose networks of infrastructure and services; tight networks of personal contacts and a strong identity with home localities; below average manufacturing and office-based employment; and landscape dominated farmland and forestry ...” (As quoted in Hoggart, 1988, p. 35).

Dammers & Keiner (2006, p. 7) provide several categories of rural areas. Among them are areas with low accessibility- constituting “areas in the middle and high mountains, isolated plateaus, small islands and peripheral areas, for example, in the north of Scandinavia and the east of the CEECs”. The OECD also uses population and density as a key indicator to classify a place as rural or urban. For instance a local community is defined as rural when its population density is less than 150 inhabitants per square kilometer (OECD, 2010). The above views lend credence to the fact that rural is defined on the basis of attributes of a place, taking into consideration the physical landscape, culture, population and density, economic and social features. While I acknowledge all these definitions, apparently they are contextually general.

In Denmark there is no clear definition of rural areas as result of different meanings attributed to rurality. However, rural areas are commonly seen as areas outside the defined urban settings. Hanne Tanvig shows different contexts in which rural areas are defined in Denmark. Among them is first, the “statistical definition” which considers places as rural areas by virtue of their population density. Urban areas are thus defined as places with 200 or more inhabitants. She adds that statistics refers to “rural municipalities, in which the largest town has less than 3000 people”. In addition, from a

political perspective rural areas are defined as constituting “peripherality and backwardness” (Tanvig, 2007, p. 33).

MFAF (2008) provides a detailed definition of Danish rural areas based on a classification system that shows the “rural degree” for municipalities after the local government reforms in 2007. This approach is in contrast to the OECD typology which uses population density as an indicator to classify rural areas. The Danish classification system is meant for territorial development, hence it is used as an indicator to show which municipalities need the most developmental supports. The system is based on 14 indicators that rest on socio-economic, demographic and urbanization factors.

As a result of applying the classification system, Danish municipalities have been divided into four classes that define the level of rurality for each municipality. The classes are: remote municipalities, rural municipalities, intermediate municipalities, and urban municipalities. On this classification, the degree of rurality for Thisted, Morsø and Bornholm, whose food enterprises are being studied in this research, is remote municipality (see Figure 1.1).

Remote rural areas are indicative of a “special sub-category of areas with development problems, such as long-term decreases in population, income levels, jobs, etc”. Apart from that they are “influenced by urbanization, e.g. they may be touristic destinations or contain important concentrations of second homes and summer cottages” (Madsen, et al., 2010, p. 50). These descriptions of remote rural areas fit with Bornholm, Thisted and Morsø municipalities. Nonetheless, the application of the OECD rural typology also qualifies these three areas in the study as rural because all of them have population density below 150 inhabitants per square kilometer.



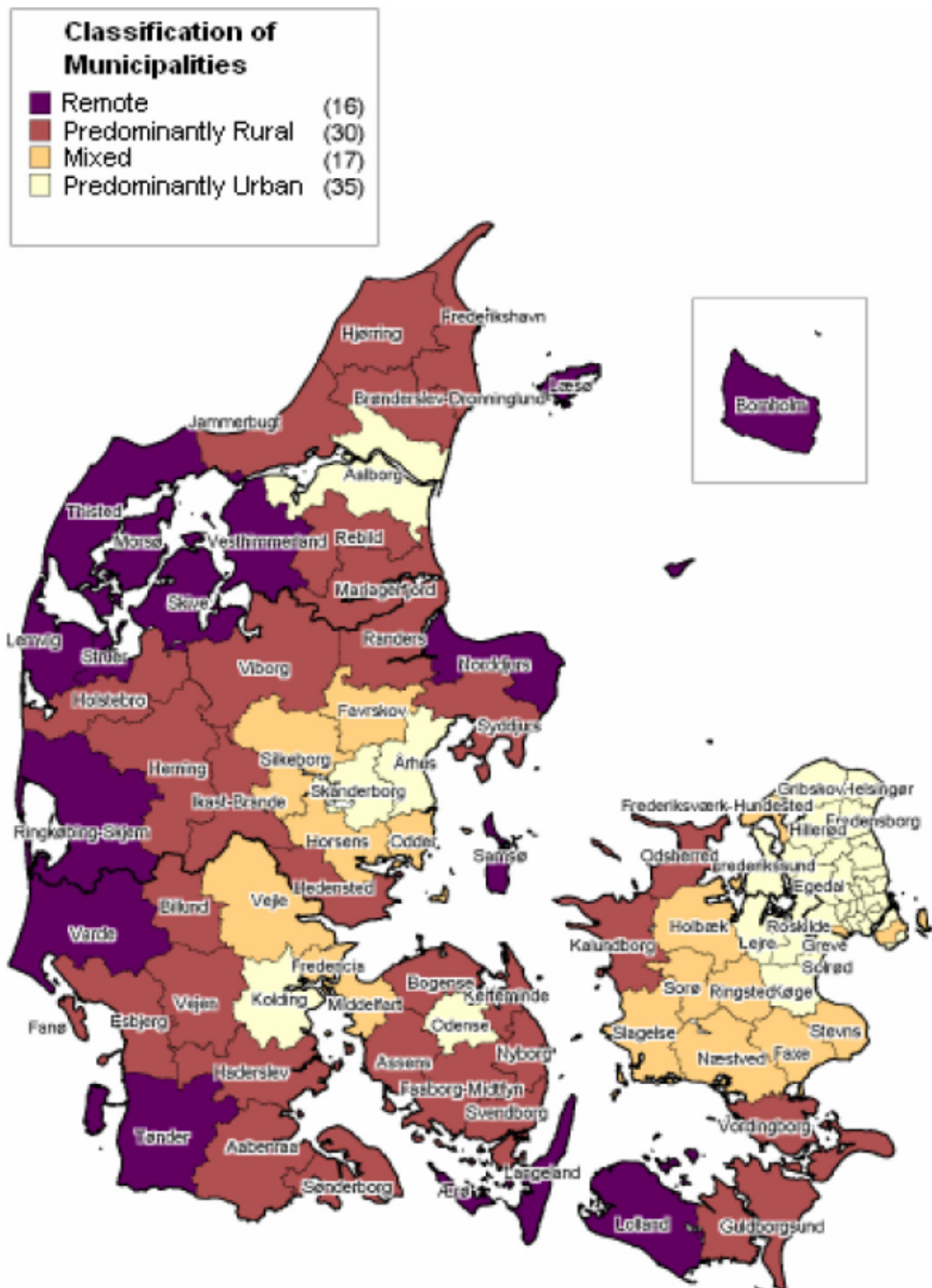


Figure 1.1: Classification of rural municipalities in Denmark (source: MFAF, 2008)

### **1.4.2 The food sector**

A necessary point to start here is to acknowledge the fact that existing definitions of the food sector vary. The Danish Ministry of Food; Agriculture and Fisheries defines the food sector to comprise both “primary agriculture and the production and manufacturing trades” (MFAF, 2007, p. 4). Others have defined the food sector in more specific contexts. For instance a specific definition of the food sectors is the “informal food sector”. It is defined to include “small producers, manufacturing enterprises, traders and service providers, involved in legal as well as unrecognized activities related to food” (FAO, 2007, p. 3). Generally the components of this sector cut across the various spectra of the food system, but what distinguishes this sector is the informal tag placed on it. One of the reasons for its informal labeling is because in many instances it lies outside the precincts of official statistics. This example is very common in the developing world (ibid.).

The food sector is also defined in relation to a spatial focus, for example, the “local food sector” (Morris & Buller, 2003; Holt, 2005). Holt (2005, p. 4) argues that “there is no definition of local food enshrined in legislation”, thus indicating the lack of a universal definition for local food sector. From a British perspective local food is more often defined simply by reference to the existing socio-administrative area, such as a county, in which it is generally produced to an unspecified distance factor (where, for example, under 50 miles might constitute “local” where 100 miles might not), according to Morris & Buller (2003, p. 561). This definition appears to be central to the geographical location or concentration of food productions and services.

In this thesis the food sector is defined from a mainstream perspective. It consists of enterprises engaging in primary food production, manufacturing or processing of food and drinks, and food services provision. However, the activities of many of these enterprises overlap into other units within the sector, hence these food enterprises can be classified as hybrids. We shall clarify the nature of these enterprises in later chapters.

## **1.5 Relevance of the research**

The experience economy concept has in recent years received much scholarly attention from different fields of study including, tourism, urban planning, geography, business and entrepreneurial studies, etc. In the field of tourism for instance, the experience economy concept has been “introduced sporadically to tourism research and it adds to the dimensions by which to interpret tourist experience” (Oh *et al.*, 2007, p. 120).

Apart from the interest of academics in the experience economy concept, the concept has also received much attention from practitioners (Tynan & McKechnie, 2009) thus indicating its significance in society. At the same time geographers, economist and other social scientists have made significant contributions to the study of innovation in different domains. Specific studies on innovation at the micro level include food enterprises (see e.g. Grunert *et al.*, 1997; Capitanio *et al.*, 2010; Avermaete *et al.*, 2003).

Notwithstanding, studies that relate to innovation from the perspective of experience offerings by rural food enterprises are quite limited, particularly in the field of economic geography where I have been working for the past three years. Interestingly the experience economy, as proposed by Pine & Gilmore (1999) is an emerging business model that has relevance for augmenting the performances of a wide range of enterprises or economic sectors. Therefore, this thesis is not only preoccupied with understanding how the experience offerings can augment the performance or competitiveness of rural food enterprises, but also contributes to the enrichment of knowledge in innovation and rural development studies.

## **1.6 Multidisciplinary approach to the study**

In this thesis, the study of innovations and rural development is carried out from a multidisciplinary approach. In this sense, I combine theories and approaches from different fields and sub-fields, especially economics, innovation studies, geography, strategic management, rural development/rural sociology to address the issue I am investigating. Economists, geographers, and economic geographers have been focusing on various subjects including competitiveness, innovation, networks relations, and the

role of public policy in the transformations of enterprises and territories. Others have concerned themselves with “the geographical scope and scale of economies in the context of economic change” as well as the “driving force behind those changes (Clark, *et al.*, 2003, p. 4). Basically all of these subjects of research are part of what this thesis touches on to understand rural development.

Numerous scholarly works have also drawn on innovation theory to understand the development, growth and entrepreneurial activities in small, medium and large enterprises. Others have looked at such innovations from national, sectoral and regional perspectives. In this research, the innovation theory is used to understand the processes through which small enterprises in rural areas are introducing changes in their operations in a competitive business environment. Although I acknowledge that these subjects are not exclusively new, we have to bear in mind of the heterogeneity of places, people, enterprises, resources, etc.

The resource-based view theory of the firm is drawn from strategic management to understand the internal environmental contributions to innovation in rural food enterprises. I make use of rural development/rural sociology literature to discuss matters pertaining to rural areas and rural development. The experience economy concept is also drawn from the fields of business economics, marketing and management, while I make use of ethnographic approaches such as fieldwork in the study of enterprises.

## **1. 7 Structure of the thesis chapters**

This thesis is structured in three parts and eight chapters. The first part is made up of three chapters: the introduction, theoretical background and research design and methodology. The second part also consists of three chapters in which analysis of cases are carried out. The third part is made of the analysis of the findings and the conclusions. Figure1.2 illustrates the linkages between the various chapters of the thesis and methods applied. The following is a description of the chapters:

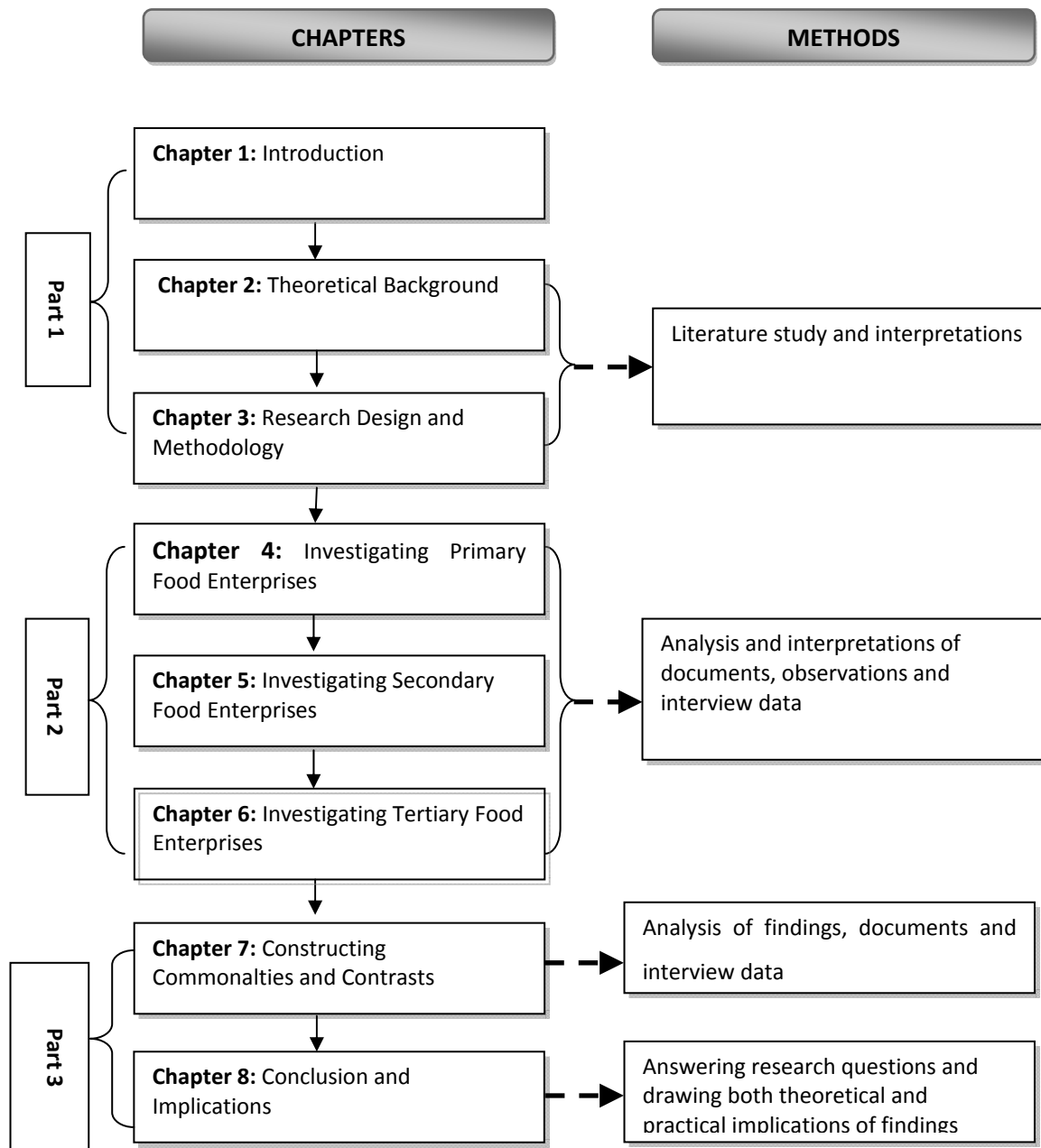
The second chapter presents and discusses the theoretical background of the research. This takes the form of a literature review on competitiveness, innovations, experience economy and the resource-based view theory of the firm. The chapter concludes with an analytical framework designed for the empirical study.

In the third chapter, I describe the research design and methodology applied in conducting the investigative part of my research. I begin by presenting a background to the chapter, the three municipalities and the food enterprises that forms the objects of investigation. This is then followed by descriptions of the research design and methodology.

Chapters 4, 5 and 6 represent the empirical sections of the thesis in which case studies of food enterprises grouped as primary, secondary and tertiary are reported. Accordingly, in Chapter four, I report on cases relating to primary food enterprises. In specific terms, I describe the enterprises and the activities they engage in. Thereafter, I analyse and interpret their activities within the analytical framework I develop in chapter 2. The same process is applied in chapters 5 and 6, where I deal with cases relating to secondary and tertiary food enterprises respectively.

In chapter 7, I compare the findings in chapters 4, 5, 6. In doing so, the commonalities and contrasts of findings are pointed out. Afterwards, in an attempt to deepen the findings, I discuss them across municipal levels. This is done by highlighting the institutional settings that influence the actions of enterprises to innovate in experiential context.

Chapter 8 is the concluding part of the thesis. In this chapter I attempt to provide some answers the research questions and discuss the implications of findings in two respects. The first is a discussion on the theoretical implications of experience-based innovations of rural food enterprises. The second is a discussion on the practical implications of findings for enterprise competitiveness and business development, local development and policy makers.



**Figure1.2:** Thesis structure and associated methods

## **CHAPTER 2**

### **THEORETICAL BACKGROUND**

#### **2.1 Introduction**

The objective of this chapter is twofold. First, it aims at reviewing some theoretical concepts from different literature sources. Second, it develops an analytical framework inspired by the concepts discussed in the review. The literature review focuses mainly on these theoretical concepts: competitiveness, innovation, the experience economy and the resource-based view theory of the firm. There is a vast literature on the theories being reviewed and it is therefore beyond the scope of this research to refer to and discuss all of them. This means that this review will be selective in the use of literature contributions.

I begin by discussing the concept of competitiveness. This is done by paying particular attention to what competitiveness is and the processes through which it can be achieved at the enterprise level. Thereafter, I attempt to disclose theoretically why innovation may be significant for enterprise competitiveness. By virtue of this research's aspiration to understand the commercialisation of experiences as an innovative strategy for rural food enterprises, it is apparent to delve into the concept of innovation. This leads to the enquiry in the literature about what constitutes an innovation, its forms, types and sources. Afterwards, I examine the experience economy literature in an attempt to demonstrate what the concept is, and elucidate what constitutes experience offerings. In order to understand the mechanisms through which experiences are constructed by enterprises; the resourced based theory of the firm is explored. Specific focus is therefore placed on what constitute resources and capabilities of the enterprises. Finally, I conclude with an analytical framework for the thesis' empirical analysis.

## **2.2 The concept of competitiveness**

Many researchers have argued that the term competitiveness is a buzz-word and have given various reasons to this claim (e.g. Miozzo & Walsh, 2006). Among such reasons are its applications and analyses at different scales such as, national economies, sectors, enterprises, and possibly in all facets of individuals and groups' social life (Fagerberg, 1996). In the field of economics, the concept of competitiveness is seen to appear between different theories and concepts in both economics and management (Garelli, 2006). There is a wide acceptance in the literature that the concept of competitiveness is built on the works of classical economists such as Adam Smith, David Ricardo, and Stuart Mill. The scope of these classical works rest on national competitiveness, yet recent studies has been extended to include enterprises (see e.g. Man *et al.*, 2002).

Apparently there is no universal definition of competitiveness in the literature. Borodin (2006) links this to different patterns of research agenda in which competitiveness is studied. This implies that the definition and understanding of competitiveness can be context specific. Porter (1990) defines competitiveness to entail low cost leadership or differentiation. The former is concerned with enterprises' capability in designing, production and marketing of similar products at a much lower cost than their competitors. This is common with large manufacturing enterprises, and is achieved through "formalised structures and systems" (Terziovski, 2010, p. 894). On the other hand, differentiation is achieved through the offering of distinctive and higher valued product on the market.

However, Maskell & Malmberg (1999) argue that competitiveness is no longer attainable merely through lower cost, but through various approaches including the capability to innovate in the process of production, entering new unique markets, creating new and improved economic outputs with a major subscription to the intended customer's advantage. This view demonstrates that competitiveness is determined by innovation. Phillips *et al.* (1983) also argue that despite the existence of various approaches to differentiation, superior quality appears to be the most popular approach to exemplify this strategy. Furthermore, they argue that differentiated-based quality protects enterprises from competitors by establishing "customer loyalty", reducing customer



responsiveness to prices, and safeguarding enterprises “from other competitive forces that reduce price-cost margins” (Philips *et al.*, 1983, p. 26).

Although superior quality may be widely accepted as an example of competitiveness strategy, the term quality in my view can be subjective. In other words, it is a social construction (Hauge, 2010) and therefore, its acceptance may vary in different markets as a form of differentiation. The differentiation strategy is however, criticised by Kogut (1985) for failing to show how products should be differentiated (cf. Moon & Peery Jr., 1995, p. 37).

Competitiveness is also defined to embody analyses of “how ... firms manage the totality of their competencies to achieve prosperity or profit” (Garelli, 2006, p.3). Implicit in this definition is that at the enterprise level, competitiveness is dependent on the ability to make profits through effective management of resources. According to Moon & Peery Jr. (1995, p. 37) competitiveness is the enterprise’s “...market position relative to competitors”. Based on these definitions, competitiveness can be understood to include a strategic approach based on the abilities of enterprises to outperform their competitors in relation to market positions, lower cost, profits, and differentiation. To some extent, this relates to Ramaswamy’s (1995) definition of competitiveness as the “ability to increase market share, profit and growth in value-added and to stay competitive for a long duration” (cf. Man *et al.*, 2002, p. 128). Having said that, what factors or processes can we identify to lead to enterprise competitiveness and how?

Man *et al.* (2002, p. 127) refer to competitiveness as “multidimensional construct”, thereby in analysing the process leading to competitiveness, it is essential to consider a more suitable construct. Hence, they propose that for SMEs, their internal and external environments may be considered independently since they may have various differing implications. Similarly, Peng (2002) indicates that the strategic approaches of enterprises are dependent on factors within or outside the organisation.

Based on a literature review, Man *et al.* (2002) identify a host of specific internal factors leading to enterprise competitiveness. Among these factors is innovation. In addition,

they identified the external environment leading to small and medium sized enterprises' competitiveness to include the dynamics of economies and the role of networks. This shows that apart from an enterprise's ability to innovate and become competitive, economic situations and cognitive abilities are also crucial factors towards competitiveness.

Literature reveals a large variety of strategic models that serve as conceptual frameworks to explain/analyse how firms can become competitive. Among them are the industry-based view (e.g. Porter, 1980), the resource based view (e.g. Barney 1991, Grant, 1991) and lately the institution-based view (Peng, 2002). While all these strategic models are acknowledged as means to identify the competitiveness of enterprises, yet in concurrence with Moon & Peery Jr. (1995), I consider the resource-based view I am studying in this thesis as the most suitable model to explain the competitiveness of enterprise. This is because it allows one to determine an enterprise's competitiveness, through its "core competence and the capability to deploy it" (ibid., p. 38). Accordingly, this can be seen as a tool to examine experience-based innovation as a key competence in rural food enterprises, and also the capability of these enterprises to capitalise on experience offerings to achieve competitive advantage.

In summary, competitiveness can be understood as a strategy that gives an enterprise an advantage over its rivals. Such a strategy can take the form of an innovation that may guarantee the enterprise a better market position, reduce cost, differentiate and earn high profits relative to its competitors. This is reliant on the enterprise's capabilities to exploit resources from its internal and external environments. In the following section, I explore the innovation concept.

### **2.3 The concept of innovation**

The concept of innovation is subject to different schools of thoughts and interpretations. Accordingly, there is a lack of common definition of the term. Understanding what innovation is can also be context specific, but in spite of that, OECD & Eurostat (2005, p.10) claims there is a common view that innovation is central to "the growth of output

and productivity”. This claim is however questionable because of its sole foundation in economics. Notwithstanding, a reflection on this view echoes the understanding of innovation as a key component of growth for economies (Freeman & Soete, 1997).

The terms innovation and invention are closely related and as a result of that, there are occasional problems with making a distinction between them (Fagerberg, 2005). Consequently, prior to uncovering further what innovation is about, there is a need to make a distinction between innovation and invention. The latter is considered as the initial thought of “an idea for a new product or process”, and the former is the initial “attempt to carry it out into practice” (ibid., p.4). This means that innovation is basically not an invention (Moseley, 2000).

The difference between invention and innovation could be summarised as an issue of thought for the former and attempted action for the latter. However, an invention becomes innovation when “it succeeds in the marketplace” (Ulijn & Brown, 2004, p 2). It is a commonplace that innovation is indicative of a ‘change’ that could for example, after Simmonds (1986), have an impact on the market position of an enterprise. It is simply the “introduction of new ideas into the market” (Sundbo, 2009, p. 542). Innovation can be understood to include an endeavour “to create competitive advantage by perceiving or discovering new better ways of competing” (Porter, 1990, p. 45). Augier & Teece’s (2007, p.177) also suggest that innovation is “very much about the ability of the entrepreneur to look at markets, technologies and business models and to interpret them *differently*”. Hence, from an entrepreneurial perspective it is about the entrepreneur’s capability to identify “market and technological opportunities through different lenses (and in new ways).

Joseph A. Schumpeter (1818-1950), the Austrian-American economist par excellence, known for his significant contributions in economic development, entrepreneurship and evolutionary economics defined innovation as “new combinations”. That is:

*“the introduction of a new good- that is one with which consumers are not yet familiar- or of a new quality of a good, the introduction of a new method of production, the opening of a new market, the conquest of a new source of supply*

*of raw materials or half-manufactured goods, and carrying out of a new organisation of any industry” (Schumpeter 1983, p. 66 [1934])*<sup>1</sup>

This definition characterises innovation as “new” things/activities embedded with multiple aspects of enterprises operations, hence providing a broader understanding of innovation. Edquist & Hommen (2008, p. 8) also define innovation to entail the “new creations of economic and societal significance, primarily carried out by firms (but not in isolation)”. This means innovation can be systematic- involving different actors. Furthermore, Ulijn & Brown, (2004, p. 2) define innovation as “creating something new and implementing it successfully at the market”. However, Rekettey (2002, p. 46) argues that if innovation is about the “concept of newness”, then “what is new, how new, and new to whom”?

Understanding the newness of innovation (i.e. *to whom*) can be identified from the perspective of the enterprise. Simmonds (1986) and OECD & Eurostat (2005) propose that the initial introduction of a change by an enterprise can be indicative of innovation. It could be also something new for a group of enterprises working in partnership (Rekettey, 2002). However, Grunert *et al.* (1997) argue that the notion of innovation differs among various actors. Thus, what consumers may consider as an innovation will be considered as something else for suppliers. Based on these assertions an innovation may be considered as something new to the market (consumers) and businesses (enterprises).

Rekettey (2002) refers to *how new* an innovation is (i.e. forms of innovation) to its degree of newness. That is radical or incremental. A considerable amount of space in the innovation literature has been devoted to these forms of innovation. The notion of radical innovation originates from Joseph A. Schumpeter’s creative destruction view, and rests on innovations that wipes out the positions of firms dedicated to “old technology” on the market (Chandy & Tellis, 1998, p. 457). Radical innovation is thus defined as creating a “dramatic change in products, process or services that transform

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<sup>1</sup> The original word for innovation translated from German in this publication is “development”, however several authors including Hagedoorn (1996) use the word innovation.

existing markets, or industries, or create new ones” (Leifer *et al.*, 2000, p. 5). In contrast, incremental innovation is commonly referred to encompass the continuous improvements in products, services and production processes of enterprises (Fagerberg, 2005). According to Porter (1990) innovation is mostly incremental and is usually concerned with the utilisation of existing ideas that have not been potentially explored.

The newness of innovation as pointed out in Rekettie (2002) implies types of innovation. The innovation literature highlights various types of innovation including product, process, organisation, marketing, and among others. Schumpeter (1983, p. 66 [1934]) defined product innovation as “the introduction of new good... or a new quality of a good”. Product innovation is also defined broadly as:

*“The introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvement in technical satisfaction, components and material improvement in technical specification, components and materials, incorporated software, user friendliness or other functional characteristics”. (OECD & Eurostat, 2005, p. 48)*

Yet there is caveat that, changes in designs which do not include significant alterations on a product’s functional features or designed uses are not product innovation (ibid.). Taking an inspiration from OECD & Eurostat (2005), Schumpeter’s definition of product innovation appears narrow since it is skewed towards new goods, and does not explicitly consider services as part of products. It should be recognised that the products of some enterprises are actually services and not always manufactured goods.

Process innovation is defined as the “implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software (OECD & Eurostat, 2005, p. 49). Grunert *et al.* (1997, p. 4) argue from a perspective of cost reduction in developing “existing products” or to enhance the creation of “new products”. This view is made clear to distinguish product innovation from process innovation due to their complementary nature. In this regard, they define process innovation as:

*“An investment into a company’s skills, resources and competences, which allows the company to introduce cost savings changes in production process but also to introduce new technology which allows the production of a range of products quite different from existing one” (Grunert et al., 1997, pp. 4-5).*

Grunert et al. (1997) also refers technological innovation led research and development (R&D) to process innovation. This view could be understood as a way in which firms engage in R & D to obtain knowledge to improve upon their output delivery. It is understandable for firms to engage in cost saving changes and introduction of new technologies to improve upon existing products, but could these be the only benefits or rationale for companies to engage in process innovation? Pianta (2005) posits that process innovation results in superior competence in manufacturing, lowers labour cost and prices of products; hence fostering high demand for products. This implies that process innovation does not only improve technological capabilities of companies, but also results in labour cost savings and achieving possible market enlargement through price reduction and high demand.

Organisational innovation is concerned with the introduction of new operational activities. It is defined as “the implementation of new organisational method in the firm’s business practices, workplace organisation or external relations” (OECD & Eurostat, 2005, p. 51). The OECD Manual clearly emphasise that carrying out organisational changes in relation to a new managerial policy are innovations so long as they are the initial execution of new organisational technique in business practices, workplace organisation or external relations (OECD & Eurostat, 2005, p. 52).<sup>2</sup> Taking a point of departure from industrial sociology, Armbruster *et al.* (2006, p.30) elaborates on the considerations of organisational innovation from two different contexts i.e.

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<sup>2</sup> OECD & Eurostat (2005) offers examples of business practices as the initial execution of activities for codifying knowledge such as establishing database of best practices, lessons and other knowledge to enhance easy accessibility to others; workplace organisation example is the initial execution of an organisational model of a firm that offers its employees greater autonomy in decision making and encourages them to contribute their ideas; external relations is also about executions of new approach to organisational relations with other firms or public institutions.

“intra-organisational and inter-organisational”. Intra-organisational innovation is considered to transpire within a firm or organisation. This development could be linked with implementation of new organisational method in the firm’s business practices, and workplace organisation aspects. This is similar to the OECD & Eurostat’s (2005) definition of organisational innovation discussed earlier, which is based on the internally bounded nature of activities within an organisation.

Inter-organisational innovation is also viewed as “new organisational structures or procedures with the organisation’s environment”. These could be seen as the firm’s external relations with other firm and organisations (OECD & Eurostat, 2005, p. 52). In specific terms, Armbruster *et al.* (2006, p.30) provides “joint ventures, R & D cooperation or supply chain management with other firms” as examples of inter-organisational innovation. The execution of organisational innovation is aimed at improving a firm’s operations by decreasing administrative cost or transaction cost, improving workplace satisfaction, gaining access to non tradable assets or cost of suppliers (OECD & Eurostat, 2005, p. 51). Cost reduction in a firm’s operation represents a vital element in organisational innovations.

Reading in between the lines, the purpose of this organisational innovation is seen as a firm’s competitive advantage through cost reduction. Armbruster *et al.* (2006) points out that organisational innovation is only an intrinsic basis for competitive advantage but also permits and foster product and process innovations. This is because the success of new products or technologies will depend on whether the level of the organisational structures and processes match up with the implementation of these new technologies.

Marketing innovation is defined as the development of new marketing tools and methods (Chen, 2006). This definition deliberates on the forms of marketing innovation that allow the effective acquisition of consumer information by enterprises, and also the lessening of consumers’ transaction cost. In their study on small business enterprises, Hine & Carson (2007, p. 13) also defines the enterprise marketing innovation to include “how they present their products and services, how they create ‘added value’ within the scope of products/services offerings- and in the delivery of this offerings”. Avermaete *et*

*al.* (2003, p. 10) also define marketing innovation as “the exploitation of new territorial markets and the penetration of new market segments within existing markets. A more holistic definition of marketing innovation is provided in OECD & Eurostat (2005, p. 17) as involving: “the implementation of new marketing methods. These can include changes in product design and packaging, in product promotion and placement, and in methods for pricing goods and services”.

Furthermore, OECD & Eurostat (2005) argue that a new marketing method could be implemented by an innovating enterprise or adopted from other organisations, and can be introduced for new and existing offerings. The above definitions show that marketing innovation is context specific and multifaceted in terms of application, but irrespective of that it is associated with a change in the marketing approach of enterprises.

Another type of innovation in the literature is social innovation. This type of innovation is used by some authors to complement technological innovations. For instance, Drucker (1985) argues that aside of scientific and technological breakthroughs, innovations can take the form of social innovation. Building on Schumpeter’s definition of innovation, Howaldt & Schwarz (2010, p. 21) define social innovation broadly as the “new combination and/or new configuration of social practices in certain areas of action or social contexts prompted by certain actors or constellations of actors in an intentional targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices”.

While it is vital to identify the types of innovation in enterprises, it is equally essential to identify the sources of innovation. A considerable amount of research has pointed to different sources of enterprise innovation (see e.g. Drucker 1998). One of the sources of innovation is identified to emerge within the enterprise (Penrose 1959). An earlier Schumpeterian hypothesis indicated that the “visionary entrepreneur” operating a small enterprise was the source of innovation (As quoted in Keklik, 2003, p. 1). Although this view has been heavily criticised by other scholars, Avermaete *et al.* (2004) suggest that the entrepreneur’s importance in the innovation of small food enterprises need not be overlooked. This is due to their role in determining the competitive strategies of the



enterprises. Carneiro (2000, p. 95) also consider the know-how of an organisation's workers as source of innovation. This is indicative of a source of innovation from within the enterprises. However, some enterprises have no employees. Thus, in such instances owners may represent the source of innovation.

Another source of innovation points to enterprises' external relations with other organisations (Edquist & Hommen, 2008). The importance of external relationships is exemplified in Diederen, *et al.*'s (2002) empirical study on innovative agricultural enterprises. They discovered that innovative ideas of farmers emerged from suppliers, the farmers (producers) and their colleagues (indicating knowledge flows or interchange between different actors). von Hippel (1988) also argues that interactions between users/consumers and suppliers are important sources of innovation. This resonates with Asheim & Gertler's (2005, p. 294) view on the exchange of information between users and producers as "social process of joint innovation". Similarly, Grunert *et al.* (1997) point to market orientation as a source of innovation. This is realised by obtaining information on customer needs through interactions between the producer and consumer.

Innovation through external relationships is also conceptualised in some literature as networks and systems of innovation. The latter is a big term in the innovation literature, which is defined in Edquist (1997, p. 14) as "all important economic, social, political, organisational, and other factors that influence the development, diffusion, and use of innovations." The systems of innovation involves elements such as national (Lundvall, 1992), sectoral (Malerba, 2005) and regional (Braczyk *et al.*, 2004). Within the systems of innovations, interactive processes and knowledge exchanges for instance, that take place between different actors within sectors or geographic settings can serve as source of innovation for an organisation or group.

There are common exchanges of knowledge between different organisations, which is defined as "collaborative networks or inter-organisational networks". These networks are also defined as "collaborative innovation" and are considered as potential source of

innovation since knowledge production is vital to foster competitiveness of firms on the market. (Owen *et al.*, 2008, pp. 39-59)

The significance of networks is considered more beneficial to enterprises with wider networking capabilities (Powell & Grodal, 2005, p.59). Although much importance is placed on networks as source of enterprises innovation, Fanfani (1995) comments on the inadequate attention given to the viability of networks in rural areas (cf. Murdoch, 2000). Owen *et al.* (2008) argues that the success level of innovation networks is generally low. They claim that about 50 percent of strategic associations do not succeed. Virkkala (2007) identifies the issue of low interaction and less flow of knowledge in remote areas, yet he argues that the problem of lack of interaction in remote areas should not prevent innovations in small and medium size enterprises. Hence, these enterprises can engage in external relationships by integrating into the national sector or cluster based innovation system, built in the framework of national innovation system. While this view is acknowledged, it raises a question of whether all rural food enterprises have the capabilities to integrate into such a broad network. Davis (2010) also argues the sparsity of businesses in rural areas may imply that enterprises are very isolated and therefore fewer sources of knowledge may exist to be exchanged through networks. Nevertheless, Avermaete *et al.* (2004, p. 476) stress on the need for small food enterprises to rely on external relations due to their limited “resources and capabilities”.

Summing up, innovation constitutes an enterprise’s introduction of new elements such as products, production process, marketing approach, and organisational make-up. Basically, the types of innovations discussed in the literature can be characterised as either technological or non-technological changes. The former is usually concerned with the development or applications of new technologies- “new technical knowledge and technical inventions” (Schmidt & Rammer, 2007, p. 4). They are usually associated with product and process innovations, and received significant attention in the literature. In contrast non-technical changes deliberates on the “use of new business methods, new organisational concepts or other immaterial ways of changing business activities” (*ibid.*). The degree of innovation is determined qualitatively as being an entirely new thing

which has the ability to disrupt extant market practices or only a representation a slight improvement in what has been introduced. An innovation can be considered as either new on the market or for an organisation. Furthermore, it can be created through interactions with resources within the endogenous and exogenous environments of enterprises. In this regard, the processes through which enterprise innovate can be seen to entail a social and systemic processes which can involve different actors and entities. The implementation of an innovation can also be understood to encompass strategic elements. That is an attempt to create value or wealth through different approaches. In the following section, an attempt is made to understand the offerings of experiences as a kind of innovative strategy through the lens of the experience economy concept.

## 2.4 Exploring the concept of experience economy

In the 1970s the futurist, Alvin Toffler predicted in his book, *Future Shock*, that the post-service economy will be characterised by the production and consumption of experiences<sup>3</sup> (Toffler, 1970). Towards the end of the 1990s, Pine & Gilmore's (1998, 1999) proposed the experience economy as an emerging economy after agrarian, industrial, and service economies, thus somehow following upon Toffler's prophecy. Experience, according to Pine and Gilmore, is not a new concept *per se*. The following are their views:

*"experiences have always been around, but customers, businesses, and economist lumped them into the service sector along with such uneventful activities as dry cleaning, auto repair, wholesale distribution, and telephone access" (Pine & Gilmore, 1999, p.2).*

This view demonstrates that the commercialisation of experiences represents a new approach to business whose relevance cuts beyond the service sector into other economic sectors. In a broad sense, Pine and Gilmore's work represents a proposed framework to facilitate business enterprises to shift from the mere provisions of services to "an experiential market offering" (Pektus, 2004, p. 50).

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<sup>3</sup> Alvin Toffler's allusions to experience appears to be combined with several other terminologies such as "psychic gratification" (p. 220), "psychic load" (221), "psyche-service industries" (p. 232), "experiential production" (p.227), "post-service economy" (p. 226), "psychological experience" (p. 227).

The contributions of Toffler, and Pine and Gilmore are not in a strict sense scientific. The former's assertion was a prediction made into the future on the basis of his reflections of what would come next after the services economy; whereas the latter also relied more on their observations of the booming western economy, particularly in the 1990s to propose the experience economy concept rather than scientific evidence. Nevertheless, these have spurred scholarly considerations into these changes in society. Pine & Gilmore (1999) for instance, are said to have spurred "instantaneous interest among service providers eager to differentiate their offerings in an increasing competitive world" (Poulsson & Kale, 2004, p. 267). This suggests that the significance of Pine & Gilmore's work have been embraced not only by scholars but also contemporary service providers.

In the scientific literature, the concept of experience, as suggested by Carù & Cova (2003, p. 268) originated in the "field of consumption and marketing" research through Hirschman & Holbrook's (1982) publication. Morris Holbrook notes that the focus on experience in the literature dates back to several sources including Ruby Turner Norris' *The theory of consumer's demand* (1941), Wroe Alderson's *Marketing behavior and executive action* (1957), as well as Toffler (1970). Based on these works, his 1982 co-authored work with Elizabeth Hirschman as well as other experience related publications, he describes Pine and Gilmore as "arrivistes rather than pioneers" to the concept of experience. This was in response to Pine and Gilmore's "claim to have presented the first publishing of the concept of experiences as a distinct economic offering" (Holbrook, 2000, p. 179).

Other contributions such as Schulze (1992) and Maslow (1943) also confirm experience as an old concept. Despite these initial contributions, Pine & Gilmore (1999) led the experience concept to the fore in the 1990s, according to Gentile et al. (2007, p. 396). In addition, several authors including Sundbo (2009) and Kociatkiewicz & Kostera (2009) have credited the origins of the term 'experience economy' to Pine & Gilmore (1999) despite their preceding article of 1998. Before delving further into the discussion on

experience economy, it is appropriate to first define the term experience and subsequently understand its connection with economy.

The term experience is associated with various meanings and usages (Forlizzi & Ford, 2000; Carù & Cova, 2003), thus suggesting the lack of a universal definition of the term experience. Lorentzen (2009, p. 832) distinguishes between the meaning of experience in the Danish language as “learning (*erfaring*)” and “...thrilling experience, as for example an adventure or an artistic experience (*oplevelse*)”. The latter, she claims, is concerned with the experience economy, whereas the former is concerned with the learning economy or knowledge economy. Learning how to drive a car or solve a mathematical problem, for example, may not only entail the experience of acquiring knowledge but can also become a “thrilling experience” for the learner in a given situation. This implies that both meanings of experience as suggested by Anne Lorentzen to some extent can overlap, thus making the distinction between experience as *erfaring* and *oplevelse* quite intricate.

Carù & Cova (2003) also posit that in all languages experience is an all-embracing term commonly used to describe people’s daily encounters in life. Furthermore, scientific fields including management have developed their own views of experience that adds up to the several meanings of the term. The former can be understood, for instance, as a farmer giving an account of his daily farm chores, or a family’s recount of their weekend holiday on a farm guest house in the countryside. According to Poulsson and Kale (2004) despite the many writings on the experience economy, a cautious review of existing literature shows the lack of systematic definition of what constitutes an experience.

However, Carù & Cova (2003) had earlier on categorised the definitions of experience in both management and non-management literature perspectives<sup>4</sup>, and also cite a host of definitions of experience provided in several scientific publications. Carù & Cova (2003) also notes that although the concept of experience had emerged in the field of

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<sup>4</sup> See Carù & Cova (2003 p. 253-254) for the various definitions of experience in non-management science literature such as (Agamben, 1989) science, (Dilthey, 1976) philosophy, (Dubet 1994; Dewey, 1934; Maslow, 1964, Csikszentmihalyi, 1997) sociology and psychology, and (Bruner 1986, Abrahams 1986) anthropology.

consumption and marketing in the 1980s, the term experience is “still ill-defined or, worse, defined in ideological terms”.

We can learn a bit from some examples of experience from the non-management literature. Forlizzi & Ford (2000, pp. 419-420) provide three different kinds of definitions of experience. First, following the cognitive scientist, Richard Carlson’s theory of consciousness, known as “Experience cognition”, they define experience as “the constant stream of events that happens during moments of consciousness”.

Secondly, based on the philosopher John Dewey’s view, they define experience to entail what someone will talk about as “an experience”. Such experiences are said to have a genesis and a climax, and transforms the individual’s perspective and occasionally her/his worldview. An example of such experience is “witnessing a story that allows us to feel powerful emotions, assesses our system of values, and possibly make changes in our behaviour”. Such an example of experience in my view could be linked to many people’s reaction after witnessing the numerous ‘terrorist’ attacks all over the world within the last few decades.

Thirdly, Forlizzi and Ford define experience as a story. They posit that stories are the means through which we “condense and remember experiences, and to communicate them in a variety of situations to certain audiences”. These examples basically tend to show experience as a feature of the individual’s intrinsic responses to encounters.

For the sake of this research’s aspiration, I am more interested in defining experience in the context of management/marketing. Hence, we can turn our attention to the literature to define the term experience. Poulsson & Kale (2004, p. 270) suggest that in the broadest sense, “experience is simply the mental state that occurs in any given individual”. This leads to the question of what is the relationship between the individual’s mental state and economy or, simply an economic offering. According to Carù & Cova (2003, p. 270) marketing (e.g. Hetzel, 2002; Schmitt, 1999) and economy (e.g. Gupta & Vajic, 2000; Pine & Gilmore, 1999) literature define experience as primarily a “type of offerings to be added to merchandise (or commodities), products and

services, to give a fourth type of offering which is particularly suited to the needs of the postmodern consumer”.

Implicit in this definition is that experience is an idiosyncratic offering that stimulates memorable or sensational effects in the individual consumer. Experience, according to Pine & Gilmore (1999, p. 10) occurs “whenever a company intentionally uses services as the stage and goods as props to engage an individual”. Although the latter does not explicitly represent a definition of experience, it suggests that experience relates to a marketing strategy. In a phenomenological sense, it rests on making use of the “essence of a product and amplifying it into a set of tangible, physical, interactive experiences which reinforce the offer” (Williams, 2006, p. 485). In effect, experience is a “product that does something to you (entertain, educate, or engage) and what you typically walks away with is the memory of the encounter” (Poulsson & Kale, 2004, p. 271).

Hirschman & Holbrook’s (1982) work deepens the meaning of experience with its emphasis on experience as a function of consumer behaviour. Situating experience within the framework of consumers’ desire for hedonism, they define experience as relating to the “multisensory, fantasy and emotive aspects of one’s experience with products”. The multi-sensoric attributes manifest through “tastes, sounds, scents, tactile impressions and visual images”. They result in developing historic (remembrance) or fantasy imagery in the individual’s mind, and also stimulates his/her emotions (1982, pp. 92-93). Hence, in a broad sense, experiential engagements entail “both cognitive and affective elements, since it acts on both the mind and emotions of a consumer” (Blythe, 2009, p. 115).

While there are many different definition of experience, there is a common consideration that experience engagements are intrinsically personal (Gentile et. al., 2007; Pine & Gilmore, 1999) and occur particularly when the individual comes into contact with a given offering (Chang & Horg, 2010). These engagements thus demonstrate in different contexts such as sensoric, emotional, physical, intellectual, spiritual (Pine & Gilmore, 1999; Hirschman & Holbrook, 1982). Accordingly, these experiential effects serve as a vital element to understand consumer behaviour (Addis &

Holbrook, 2001) and also the motivation for enterprises to provide experiential offerings on the market.

#### **2.4.1 Features and dynamics of the experience economy**

Conceptually, the experience economy represents a consumer-driven capitalism (Lassen et al. 2009), based on a purposeful approach to obtain global competitive advantage through the offerings of experiences in the luxury segment of the market. This is indicative of a paradigm shift in business marketing because the offerings of experiences have become imperative to guarantee business profits and competitiveness (Pine & Gilmore, 1999). The experience economy as a new orientation in marketing is viewed as different from tradition marketing. This is because the latter emphasis on the “functional features and benefits of products” for the consumer, but in the experience economy, the focus is on creating experiences for the consumer’s enjoyment (Schmitt, 1999a, p. 56).

It can be argued that the experience economy is a specific form of the neoliberal, deregulated, spectacular form of capitalism that preceded the global financial crisis. Reliant upon, for example, huge inflows of trade surplus investments from China and elsewhere in key emerging markets, and fuelled by historically low interest rates in the West, consumer-driven capitalism increasingly fetishised a kind of consumption excess. (Harvey, 2008) The consumption of experience is thus linked with affluence (Toffler, 1970), spurred by high disposable incomes (Bourdieu, 1984), and individuals craving for self-realisation after an attainment of esteem, social and psychological needs (Maslow, 1943). Accordingly, experience consumption represents a new movement in society inspired by people’s desire for identity (Lorentzen, 2009; Williams 2006). Schmitt (1999b, p. 32) also argues that the demand for experiences are characterised by “stimulation, entertainment, education, and challenge”. To a large extent, this behaviour is suggestive to the view that experience consumption is influenced by the symbolic meanings associated with the product. Drawing on the German sociologist, Gerhard Schulze’s book, *Die erlebnisgesellschaft* (1992), experience consumption can be understood as a feature of social change. Schulze (1992) demonstrates a change in



modern German society characterised by the culture of people's desire for stimulating experiences.

The rising consumption of experiences implies that enterprises have to respond to these consumer demands. This is consistent with Kortler's (1972, p. 50) argument that marketing involves "the attempt to produce the desired response by creating and offering value to the market" (As quoted in Simmonds, 1986, p. 487). In this sense, experiences offered by enterprises are aimed to grab a new market opportunity. Apart from that, the rising global market competitions necessitate the creation of experiences as a form of idiosyncratic offering for consumers in order to ensure enterprise competitiveness. Hence, in a marketing context, experience offerings are not just economic outputs of enterprises, but constitute a "total package of benefits obtained by the customers" (Silk, 2006, p. 10).

The ascription of experience consumption to affluence represents in my view too narrow an approach to understand the experience economy. Holbrook (2000) argues that the consumption of every product offers some sort of experience. The question is whether every experience related offering is expensive, or is consumed by only the affluent? This suggests that experience offerings need not be linked solely to affluence. The sort of engagement or symbolic meanings that consumers may have for the product equally matters.

Prahalad & Ramaswamy (2004) recognises the consumer as a key player in the experience economy. They posit that the creations of experiences are not solely dependent on enterprises, but can be co-created between consumers and producers. The essence of this assertion is embedded in the interactions between producers and consumers, which serve as an enabling platform for the co-creation of distinctive experiences. This manifest in an environment created by enterprises that allows the interaction between them (enterprise or providers) and their customers. Carù & Cova (2003) therefore describe the enterprises as the creators of artefacts and context for customers to facilitate the experience co-creation. This is viewed as a new source of competitive advantage because traditionally, firms determined what was to be offered

on the market, yet the rise of so-called 'user-driven' innovation (von Hippel, 2005) means this has shifted to prioritise consumers (Prahalad & Ramaswamy, 2004). The notion of experience co-creation echoes Poulsson & Kale's (2004, p. 270) definition of commercial experience as "an engaging act of co-creation between a provider and a consumer wherein the consumer perceives value in the encounter and in the subsequent memory of that encounter".

A recent phenomenon appears to express the need to reinforce experiences with new contents (Dell'Era, 2010). In Richard Florida's book, *The Rise of the Creative Class*, he argues that people in the "creative class" are more interested in having "authentic and participatory experiences" as opposed to staged experiences such as those provided by Disney (Florida, 2002, p. 167). This echoes Cohen's (1998, p. 373) argument that the "modern man" is viewed "from the perspective of a contemporary existential philosophical anthropology, as a being in quest of authenticity". Gilmore & Pine (2007) recently observed in an empirical research that contemporary consumers are into the search for authenticity where and when they spend. Hence, they propose authenticity as the new business imperative. This means that for businesses to obtain sustained competitive advantage, they must shift their focus from offering experiences which are usually 'hyperreal' (Firat *et al.*, 1995, p.41) to authentic experiences. For instance, providing a sea food eating experience in a real setting such as at an outdoor dining amid the beautiful landscape of a fiord (Morgan & Hemmington, 2008), instead of staging a dining experience in an artificial tropical rain forest settings such as, for example, at the Rain Forest Café, Niagara Falls, Canada.

One of the strategies for businesses to create experience as an economic offering is to charge "admission fees", according to Pine & Gilmore (1999, p.62). However, the likes of Holbrook (2000) and Richards (2001) have questioned the substance of this assertion. Richards (2001) for instance, argues that charging admission fees at places such as most natural environments and cityscapes is impossible. This relates to Lorentzen's (2009, p. 832) view that many experiences are "free" and not "marketed", hence having no economic implication. Poulsson & Kale (2004) also argue that some businesses offer experiences for sheer marketing purposes and thus consumers pay no admission fees.

This is carried out by providing experience that is “compelling enough to manifest in increased sales or profits for good or services the experience is designed to promote” (ibid., p. 271).

Understanding the features of the experience economy is mostly rooted in marketing thought, i.e. a marketing tool for value creation. However, Anderson (2000) demonstrates in an empirical research that the provisions of experience on the market also constitute an element of “entrepreneurial action”. It is shown in this contribution, the dynamics of entrepreneurs in two case studies of rural entrepreneurs who exploit existing local heritage resources to provide commercialised experiences to their post-modernist consumers. What follows is a discussion of the constituents of experience offerings and the different levels of experiential engagements.

### **2.4.2 Experience offerings**

Experience offerings, can be defined as products or services characterised by the aesthetic features and symbolic meanings that people attach to them (see, e.g. Hirschman & Holbrook, 1982; Csikszentmihalyi & Robinson, 1990; Anderson, 2000; Venkatesh & Maember, 2006). They can take the form of a primary output of a business, which represents a sector in itself, or they can be additions to functional/utilitarian product or services (Sundbo, 2009). Examples of primary experience offerings may include displayed art works at a gallery; entertainment event, e.g. Elton John or Steve Wonder’s concert; leisure time at zoo or a national park; theme parks, e.g. Disneyland; heritage objects such as the Ishtar Gate at the Pergamon Museum, Berlin; cultural festivals such as the Festival of Light in Fredrikshavn, the Royal Edinburg Military Tattoo, or the PANAFEST cultural festival in Ghana, dedicated to Africans and people of African heritage in the Diaspora; a tour of the Heineken museum, Amsterdam; and boat riding and sky diving adventure.

An example of experience as an addition to a utilitarian economic offering such as food products or services may include storytelling. Richards (2001) observes a focus shift in experience creations from the attraction of physical resources to attaching stories to

products. This implies that stories have become a tool to generate value on products which is expected to engage customers experientially. Rolf Jensen provides an anecdote in the following as a useful example of storytelling experience attached to a food product:

*“A few years ago, a Norwegian producer of canned sardines decided to enter the ‘experience economy’. But how do you go about this, when you are selling a product as ordinary as sardines? A sardine is a sardine is a sardine, isn’t it? Well, yes and no. The product and quality are roughly the same regardless of origin, at least in the eyes of the consumer. Whenever this is the case, any producer of a commonplace or standard product is facing very stiff price competition on the European retail market. So how can you get around this price competition? How do you differentiate your product from that of the competition? This sardine manufacturer chose a simple and cheap solution. They designed a small leaflet explaining that the date these particular sardines were caught in the net was September 21st, 2003, that the fishing vessel was the good ship Vikøy; furthermore, the captain was mentioned by name – and of course, the waters where they were landed and what the weather was like that day was spelled out in detail, creating a little story quite suitable for the guests around your luncheon or dinner table. Now hosts can say, ‘We are serving some exceptional sardines for you, not a mere run-of-the mill product’ (Jensen, 2005, p. 2).*

Qualitatively, the story signifies an added value imbued into a product or services. This serves as the key differentiating element from other products. The story is also indicative of a “symbolic value” (Sundbo & Darmer, 2008, p. 1), which consumers will buy in addition to the main product, and subsequently pay a higher price for. Other examples of experiences that are attached to goods and service include tour events, dance performances, musical events, festivals, etc. At a restaurant, for instance, food services are used as a “prop” to create a themed entertainment experience for customers (Pine & Gilmore, 1999, p.3). In relation to this, customers do not only pay to enjoy food, but also for a memorable entertaining event. This means that the attached event to the food services is commoditised.

The ambiance, history, location or environment in which the food services are provided for instance, can also contribute to a consumer's experience (Andersson & Andersson, 2006). Experience may also be created virtually through technologies such as the internet (Sundbo & Damer, 2008). For instance, an enterprise could provide a virtual tour of its production facility or process on the internet. Based on these examples, the experience economy can be defined as the commercialisation of goods/services embedded with aesthetic, idealistic and symbolic meanings, which are meant to arouse individual consumers' emotions through their senses.

Pine and Gilmore propose that experience offerings can serve as an entertainment, education, escapism and esthetic involvement for consumers. This is demonstrated in their four realm model, which determines the levels of an individual's engagement and participation in an experience. Experience realms are grouped in two forms. On one hand, a customer's involvement in an experience is "passive" or "active", and conversely, it can be an "immersion or absorption". The former is about the level of individual participation and the latter is the sort of bond that merges consumers with the experience (Pine & Gilmore, 1999, pp. 30-33). These realms tend to enrich one's understanding of the various features of experience consumption.

The entertainment realm is when a consumer passively absorbs an activity such as watching an opera. Applying this in the rural food enterprise can be exemplified by a food processing festival organised by local sausage producer, where he/she shows how his/her products are made in different forms. In this sense, customers watch the dazzling skills of the producer amid a 'cool' jazz music at the background, all in an entertaining fashion. The educational realm of experience can be when a consumer is allowed to actively absorb an unfolding event as they are presented. The 'Heineken Experience', Amsterdam is one example where the Heineken brewery offers the public self guided tour in its old brewing facility (now a museum) of to have a learning experience about the company's heritage.

Esthetic realm is manifest when a customer's role in an event is immersive but passive. The creation of esthetic experience in the rural food enterprise could be a situation

where a garden or national park is chosen as a place to sell some specific food products. In this sense the customers are passively immersed into the natural park environment. The escapist realm of experience is manifest when a consumer's involvement in an event is immersive and active. Application of escapist experience in a rural food enterprise may take the form of customers being engaged in the production or processing of their product. For example, customers are allowed to create their own salad recipe which will be packaged for them at special themed event or customers engaged with milking a cow in a dairy. These realms do not only show the levels at which a customer may be engaged with an experience but also serve as a framework for businesses to design specific experiences for customers that can always be identified as their hallmark. In this thesis, the realms of experience will be used to interpret the various types of experience offerings of food enterprises.

In conclusion, the offerings of goods and services embedded with experiential elements in general, represent an innovative approach to create value in order to achieve a "superior competitive position" on the market (Day, 1994, p. 38). Having understood in this review innovation as a means to create value through the combinations of resources, and subsequently offerings of experiences as an innovative strategy to achieve competitive advantage, the next section of the review focuses on the resource-based view theory. The discussion of this theory is expected to provide insights on resources and capabilities, which can serve as references to determine the competitive advantage prospects of enterprises.

### **2.5 Resource-based view theory of the firm**

A recent publication, Kraaijenbrink *et al.* (2010) suggests that the resource-based view theory of the firm (here after RBV) has become one of the most dominant and quoted theories in the history of management theorising. The term 'resource-based view' is noted to have been coined in Wernerfelt's (1984) publication (Barney & Hesterly 2008). The RBV as a theory in strategic management came to the fore in the 1990s as a framework to study competitive strategies. Over twenty years on, it still has relevance in contemporary management strategy studies. Runyan *et al.* (2006) note the RBV as widely used theoretical model in the management literature. However, the usage of the

RBV overlaps beyond the management literature into various fields of study including entrepreneurial studies and economic geography.

Early prominent contributions to the theory include Rumelt (1984), and the second wave of prominent contributions includes Dierickx & Cool (1989) and Barney (1991) and several others. Barney & Hesterly, 2008 provides an extensive list of early prominent contributions to the resource-based view theory of the firm. However, there is a widely held consensus among strategy scholars that the RBV originated in Edith Penrose's (1959) path-breaking book, *The Theory of the Growth of the Firm*. This contribution is credited for providing an "explanatory logic to unravel causal links among resources, capabilities, and competitive advantage, which contributes to a resource-based theory of competitive advantage" (Kor & Mahoney, 2004, p.184). Although, Foss *et al.* (1995) also acknowledge the origins of the RBV in Penrose's work, they also consider the RBV as emanated from pioneering works on business strategy by the likes of Kenneth Andrews, C. Roland Christiansen, and Alfred Chandler, etc. Barney & Hesterly (2008) also links the theoretical root of the RBV to neo classical microeconomic theory, specifically from David Ricardo's (1817) work, *Principles of Political Economy and Taxation*.

According to Grant (2002) in the 1980s, most developments in strategic analysis gave much attention to the industrial environment of the enterprise and its competitive position in relation to competitors. A most notable work in this area is credited to Michael Porter. An example of Porter's work in this area is the "five forces model", used in determining the competitive environment of a particular industry to predict its profitability. The five forces are threat of new markets entrants; threat of substitute products or services; bargaining power of suppliers; bargaining power of buyers; rivalry among existing competitors (Porter, 1985). The dominance of industrial environment analysis in strategic management implied that, analysis of the internal environment of the enterprise was less developed (Grant, 2002). Accordingly, the emergence of the RBV was a complement to the industrial environment analysis (Rugman & Verbeke, 2002; Kraaijenbrink *et al.*, 2010).

The RBV posits that enterprises are heterogeneous entities and also in relation to their resource endowments. Accordingly, the RBV focuses on explaining the differences in performances of enterprises by examining their internal environments. It is thus defined as a “model of firm performance that focuses on the resources and capabilities controlled by the firm as sources of competitive advantage” (Barney & Hesterly, 2008, p. 74). Primarily, the RBV rests on the notion that an enterprise is basically “a pool of resources and capabilities, and that these resources and capabilities are the primary determinants of its strategy” (Grant, 2002, p. 133). This implies that an enterprise’s ability to attain competitive advantage on the market is dependent on its distinctive resources and capabilities (Amit & Shoemaker, 1993) such as knowledge and administrative acumen. The RBV also posit that for enterprises to attain sustained (long-term) competitive advantage, they must have resources that are valuable or distinct from their competitors, rare, difficult to imitate and have no substitute (Barney, 1991).

The Key concepts of the RBV include resources, competencies, core competencies, capabilities, and dynamic capabilities. In some instances these terms are used interchangeably, for instance, capabilities and competence in the case of Grant (2002). The terms resources and capabilities are used interchangeably by several authors in the strategic management literature, including Barney (1991) and O’cass & Voola (2010).

However, the variations of these definitions should not be an issue. This is because definitions and analytical distinctions are not right or wrong. However, in some instances particular definitions may be useful or useless, hence in a practical sense the phenomenon under investigation should “influence the conceptual specification” (Edquist, 1997, p. 10). In relation to this research’s interest, the most directly relevant of the key concepts mentioned above are the firm resources and capabilities. Hence, specific conceptual definitions of these two concepts that are found relevant are utilised in relation to the goals set out in this research. What follows are discussions of various definitions of resources and capabilities.

In the field of strategic management, Wernefelt (1984, p. 172) defines resources to mean “strengths or weakness of a given firm”. Strength can thus be understood as the



higher resource quality that enables enterprises to outperform their rivals. Weakness on the other hand is related to factors that hinder enterprises' capability to outperform their rivals. Grant (2002) suggests the significance of making a distinction between an enterprise's resources and capabilities. This in my estimation allows an easy focus on the two terms as a unit of analysis.

Barney (2002, p. 155) provides a holistic definition of resources as "all assets, capabilities, competencies, organisational process, firm attributes, information, knowledge, and so forth that are controlled by a firm and that enables the firm to conceive of and implement strategies designed to improve its efficiency and effectiveness". Such resources are translated into final outputs of enterprises through the utilisation of different other resources (Amit & Shoemaker, 1993). Ray *et al.* (2004, p. 24) define resources and capabilities interchangeable to mean "tangible and intangible assets firms use to develop and implement their strategies". Helfat & Peteraf (2003, p. 999) also defines a resource as "an asset or input to production (tangible or intangible) that an organisation owns, controls, or has access to on a semi-permanent basis". Although these last two definitions are very useful and unambiguous, they fall short of explaining what constitutes tangible and intangible assets. Tangible assets are defined to include financial, human and physical resources, whereas intangible assets include technology, managerial knowhow, reputation and culture (see Penrose, 1959; Grant, 2002; Teece *et al.*, 1997).

For analytical purpose resource can be understood to include capital equipment, human resources, intellectual capital, etc (Grant, 2002, p. 139). Jay Barney provides a description of three broad categories of resources:

*"physical capital (physical technology used in a firm, a firm's plant and equipment, its geographic location, and its raw materials); human capital (the training, experience, judgement, intelligence, relationships, and insights of individual managers and workers in a firm); organisational capital (a firm's formal reporting structure, its informal relations among groups within a firm and between a firm and those in its environment)"* (Barney, 1991, p. 101).

Barney & Hesterly (2008) include financial resources as a fourth category. It is defined to include all the money, irrespective of its sources, that enterprises utilise to conceive of and implement strategies. Several other examples of resources have been provided the literature, yet digesting them all is beyond the scope of this thesis.

Penrose (1959, p. 63) argues that resources of an enterprise can have multiple functional usage. For instance human resource assigned to a particular task can be reassigned to other multiple uses. However, one of the points of the RBV is that it does not recognise all resources owned by enterprises, but instead focus on “critical (or strategic) resources”. That is, specific resources that could be responsible for the enterprises’ sustainable (long-term) advantage (Rangone, 1999, p. 234). Relating this to specific literature contributions, Barney (1991) avers that not all features of an enterprise’s assets are relevant for its strategy. Some may hinder the development and introduction of important strategies, reduce effectiveness and efficiency, and others may be simply useless for the processes of the enterprises strategy. In an analogous view, Grant (2002, p. 139) argues that only a few of enterprise resources are “productive”, therefore the productive ones need the “cooperation and coordination of teams of resources”. Implicit in this is that productive resources of enterprises do not function in isolation; rather they operate as an interactive system within the enterprise.

This view originated in Penrose’s (1959, p. 139) assertion that “resources must work together to create organisational capability”. In this sense, how do we understand the combinations of available resources of an enterprise, for example in the construction of experience-based innovations? In relation to the latter, how do managers utilise the geographical location of the enterprise to create customer experience? To what extent is an enterprise alert to changing consumer tastes regarding, for example, the local or regional provenance of food? This leads us to the attempt explore what an enterprise’s capability means, and its “theoretical understanding” (Day, 1994, p. 38) as well.

An enterprise’s capabilities, just as its resources are associated with different viewpoints and examples in the literature. The term capability can be understood as the efficient and effective utilisation of endowed resources for a specific strategy (O’cass & Voola,

2010). This reflects the many views associated with the term capabilities. Grant (2002 p.145) provides a general definition of capabilities as an organisation's "capacity to undertake particular productive activity". Amit & Shoemaker (1993, p. 35) define an enterprise's capabilities as its "capacity to deploy *Resources*, usually in combination, using organisational processes, to effect a desired end". Helfat & Peteraf's (2003, p. 999) provide a more specific definition of capability as the "ability of an organisation to perform a coordinated set of tasks, utilising organisational resources, for the purpose of achieving a particular end result". Similarly, Day (1994, p.38) defines capabilities as "complex bundles of skills and accumulated knowledge, exercised through organisational processes, that enable firms to coordinate activities and make use of their assets".

Although most of the above definitions represent different viewpoints, basically they tend to have a common logic which translates into an earlier suggestion that, enterprise resources functions through a systemic interactive process, and the abilities of individual enterprises to effectively exploit their resources through such interactive process signifies their capabilities. Capabilities are thus path-dependent and are indicative of the glue that puts all the resources of enterprises together and allows them to be exploited profitably (Day, 1994). An example of capability is the co-operation among the marketing and manufacturing departments of an enterprise that leads to the production of a distinctive product (Barney & Hesterly, 2008). Capabilities can thus be suggested as an outcome of the combinations of internal resources of an enterprise (Amit & Shoemaker, 1993).

According Day (1994) capabilities can be classified as distinctive, i.e. if they have superior qualities to outperform their competitors. Such capabilities have attributes such in supporting a market positions that is valuable and difficult to imitate, involves a complex process that blends with a collection of skills and knowledge and constitutes a substantial learning over many years, are vigorous and can be utilised in various ways to speed up the enterprise's adaption to environment change.

Capabilities are classified as either “operational’ or ‘dynamic” (Helfat & Peteraf, 2003, p. 999). The latter has been discussed extensively in Teece et al. (1997). The former, as defined by Winter (2000, p. 983) is “a high-level routine (or collection of routines) that, together with its implementing input flows, confers upon an organisation’s management a set of decision options for producing significant outputs of a particular type.” The term routine as referred in this definition means a “repetitive pattern of activity” (Nelson & Winter, 1982, p. 97). An operational capability are said to be normally involved with performing an activity, “such as manufacturing a particular product, using a collection of routines to execute and coordinate the variety of tasks required to perform the activity” (Helfat & Peteraf, 2003, p. 999).

Dynamic capabilities, is also identified to involve routines like operational capabilities (ibid.). Teece and his colleagues define dynamic capabilities as the enterprise’s “ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments”. Accordingly, they are suggestive of “an organisation’s ability to achieve new and innovative form of competitive advantage given path dependencies and market positions” (Teece *et al.*, 1997, p. 516). Helfat & Peteraf (2003, p. 999) argues that dynamic capabilities has no direct influence on the output of the enterprise in which they inhabit, rather they contribute indirectly to the enterprise’s output through an impact of their operational capabilities. Furthermore, they posit that for an enterprise to have a capability then it must have attained a minimum level of functionality that allows a repeated, reliable performance of activity.

Traditionally the unit of analysis within the RBV has been the enterprise’s internal environment. Yet, recent academics have suggested the importance of considering the enterprise as entrenched in external network relations that may serve as resources in themselves as well as means for examining external resource and capabilities (Zaheer & Bell, 2005). An earlier publication by Campbell & Wilson (1996) even argued that there is growing empirical evidence indicating that superior resources can also materialise through a synergy emanating from the harmonization of self-governing firms in a string of networks. Ziggers & Henseler (2009) argue that network relations between enterprises are a common phenomenon in contemporary business, and involve the

exchange and co-development of products, services and knowledge. According to Uzzi (1996) enterprises engaging in networks benefit from pooling resources from other firms, collaborations and coordinated adaptation (Cf. Zaheer & Bell, 2005). This is somewhat analogous to “cluster capabilities” (Hervás-Oliver & Albors-Garrigos, 2009). Based on the understanding that it is the enterprise’s capability that allows the activities in a business process to be executed (Campbell & Wilson, 1996), it can be argued that an enterprise’s network relation is based on its capability to engage in these forms of activities.

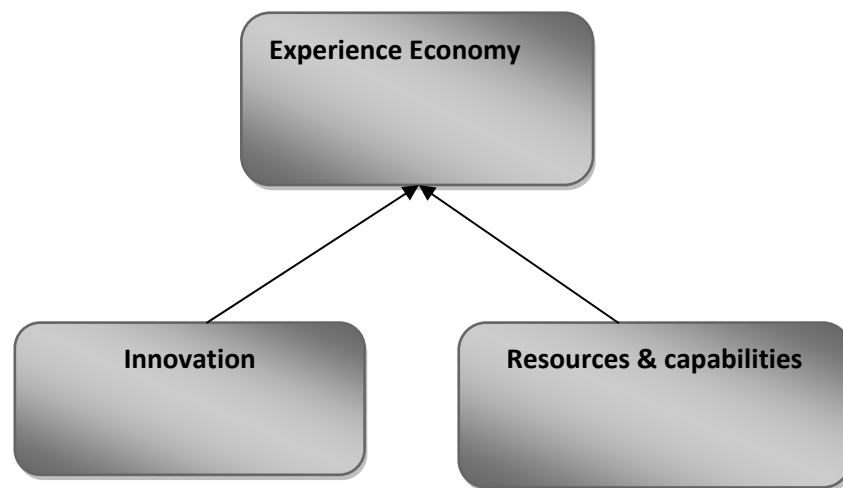
In summary, the RBV offers a general thought that an enterprise’s resources and capabilities determine the success of its strategy. This implies that the prospects of experience-based innovations of rural food enterprises to attain competitive advantage is dependent the resources of individual enterprises and the capabilities to maximise their exploitations. On the basis of this logic, the RBV will not only help to identify and understand the resources mobilised by food enterprise to implement experience-based innovations but also to determine their competitive prospects.

## **2.6 Analytical Framework**

The analytical framework of this research builds on the three concepts discussed in this overview, as shown in Figure 2.1. At the apex of the framework is the experience economy concept, which is being investigated in the food sector of rural food enterprises in Denmark. It is suggested in the model that an enterprise’s introduction of experience offerings on the market is a kind of innovation. On the other side of the framework, depicts that experience creations or the commercialisation of experiences are dependent on the exploitation of resources and capabilities, informed by the RBV. The proposed model is a simplified construction and does not represent the full picture on experience-based innovations of food enterprise and how they are constructed. In the following it is shown a broader picture of the research’s framework for analysis.

In studying the cases of innovative experience offerings of food enterprises, I will look at experience offerings largely from Pine and Gilmore’s perspective- goods and services

imbued with experiences. Regarding the interpretation of experiences, the 4 realm model also proposed by Pine and Gilmore will be utilised. However, the study acknowledges that certain experience offerings of food enterprise may not necessarily be add-on experiences. Such experience outputs will be equally identified and interpreted.



**Figure 2.1:** A framework of experience-based innovation in rural food enterprises

Ideally, the creation of experiences as a distinctive economic offering is a clear representation of an enterprise's capability. In instances where resources and capabilities are used interchangeably, experience creation or offering can also be argued as a resource. Thus a resource utilised by an enterprise towards its competitive advantage on the market. Yet, this research's approach is to understand capability from the perspective of the processes through which an experience-based innovation is created. In other words, it is interested in elucidating the resources combined towards an experience creation. However, to deepen the understanding of how experience is created, I look beyond the traditional logic of the resource-based view. That is, instead of focusing only on the internal resources and capabilities of enterprises to create experiences, I will extend my focus to the external environment of the enterprise. In particular, I will focus on the enterprises capabilities in networking with different actors, and how specific local public and private actors as well as policy provisions contributes to the experience-based innovations of enterprises. In the following chapter, a detailed description of this research's methodology is presented.

## **CHAPTER 3**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Background**

The purpose of this chapter is to describe the design and methodological approach to this study. Undoubtedly, it is a commonplace that accomplishing a PhD thesis involves a learning process. Therefore as part of my description of this research's design and methodology, I highlight some personal experiences, engagements and different knowledge acquired through my interactions with people and institutions that have contributed in shaping this research's design and methodology. The original focus of this thesis' empirical study was to be limited to the food sector of Thisted and Morsø according to the grant from the sponsors of the research. Yet, the research presented here is not only about the food sector of Thisted and Morsø but includes that of Bornholm. This means that the research has gone through a dynamic process. The reason pertaining to this development, as well as other factors shaping the research's design and methodology will be revealed in this chapter. In the following, I present the three municipalities and food enterprises that were the objects of investigation of this thesis. Thereafter the research design and methodology sections will be presented respectively.

##### **3.1.1 Thisted municipality**

Thisted, one of the eleven municipalities of the North Jutland Region is located in the north western part of Denmark. On its western flank is the North Sea, while its southern and eastern edges are formed by the Limfjord (see Figure 3.1). Denmark's municipal reform of 2007 resulted in the amalgamation of Thisted, Hanstholm and Sydthy municipalities to form the new Thisted municipality. Overall, the municipality is made up of cities including Thisted, the location of the municipal administration and a host of small towns and villages covering a total area of 1,093 km<sup>2</sup>. This stretches from Bulbjerg in the north to Agger in the south with a coastline of 226km (Thy Turistbureau, 2008).

The municipality is marked by various natural resources including Denmark's first national park (*Nationalpark Thy*) and sand beaches. A popular example of the latter is the one at Klitmøller nicknamed Cold Hawaii, which attracts surfers from both Denmark and abroad. This national park contains lakes, a game reserve and a wide range of plants and animals. The park also contains important sites of Danish history in grave mounds from the Bronze Age and several Second World War German bunkers along the coast. The latter is a manifesting relic of Nazi Germany's occupation of Denmark (Danish National Parks, [no date]). Furthermore, the park's unique scenery and captivating cultural history is considered as a potential source for branding and marketing an array of high quality foods in Thy (Landsbygruppen Thy, 2008). As we shall see later in this report, the national park has been utilised by food enterprises in Thy as part of their experience-based innovation strategies.



**Figure 3.1:** Map of Thisted Municipality (Map source: Thisted Kommune, 2011)



Recent figures show Thy's population density as 41.1 inhabitants per square kilometre and a total population of 45, 297 inhabitants, representing the fourth largest in North Jutland Region (Statistics Denmark 2010). A comparison of this population size to that of 1978, which was 47, 954 residents (Danmarks Statistik, 1978 cf. Billomoria, 1978) suggests a population decline of 5.54 percent. Table 3.1 shows a summary of the enterprises to be studied in this municipality.

Enterprise	Activity	Established	Employees	Ownership
Restaurant Købmandsgården	Restaurant	1999	20-25 (1 temporal staff)	Individual
Restaurant Cafe Conrad	Restaurant & Cafe	1997	17	Family
Hotel Thinggaard	Restaurant	2004	24	Individual
Spritfabrikken Thylandia ApS	Liquor producer	2008	None (casual)	Partnership
Agger Fiskbil	Fish retail	2002	None	Family
Thy lam	Sheep Farm	1998	1	Family
Fonfisk Hanstholm A/S	Fresh fish sales & export	1986	15	Partnership
Nørhå Ørredbutik	Fish farm	1969	None	Individual
Thisted Bryghus	Brewery	1902	32	shareholders
Thy Bondegårdsferie & Gårdsbutik	Farm, Farm shop & Guesthouse	1994	None	Family

**Table 3.1:** Food enterprises in Thisted Municipality investigated in the thesis

Hitherto, Thy can be identified with Billomoria's (1978, p. 27) description as "a region at the cross-roads. Rural, sparsely populated, an area termed "developing" in its struggle to forge a viable economic and socio-cultural future of its own". Regarding Thy's present economic geography, it is a location for about 1700 enterprises, providing employment for people in various sectors including food, metallurgy and the plastic industry (Thisted Kommune, [no date]). In the food sector, a total of 1164 enterprises provide 2493 full-time jobs for people (Danmarks Statistik, 2006). Approximately 3 percent of Denmark's agricultural products are produced in Thy (Thisted Kommune, 2007). The fishing industry can also boast of the Hanstholm harbour, established in 1967 as Denmark's biggest fishing harbour. Consequently, Thy's food sector can be regarded as a net contributor to

the national economy and local socio-economic development. However, food enterprises in this area are mostly small and medium sized and usually have to compete with large enterprises at both national and global scales. Hence just like other enterprises in rural remote areas of Denmark, food enterprises in Thy have to develop new innovative strategies on the market to guarantee their survival.

### 3.1.2 Morsø municipality

Morsø is another constituent of the eleven municipalities of the North Jutland Region. It is the largest island on the Limfjord covering an area of 367 km<sup>2</sup>. The island is also situated in the north western part of the North Jutland Region of Denmark and lies very close to the eastern part of Thy. Although Thy and Mors are separated by the Limfjord, they are connected by the Vilsund bridge.



**Figure 3.2:** Map of Morsø Municipality (Map source: Kort & Matrikelstyrelsen, 2011)

The island's total population of 21, 833 symbolises one of least populated municipalities in the North Jutland Region. However, its population density of 59.4 inhabitants per km<sup>2</sup>

signifies the fourth largest in the whole of North Jutland Region (Statistics Denmark, 2010). The city of Nykøbing, which has a population of approximately 10,000 inhabitants, is the administrative capital of the Morsø municipality (Morsø Kommune, [no date]).

Mors is noted for its distinctive and diverse landscape, with such features as dramatic molar slopes at locations such as Hanklit and Feggeklit in the north, and agricultural areas in the south. For most of the islands history, its landscape is well-known for impressions on local inhabitants, visitors and several artists for centuries. In general the island's fame extends to its numerous artists and craftsmen. In economic perspective, Mors is a location for numerous industries such as furniture and mussel fishery and processing, which employs many local inhabitants. However, agriculture is attributed as the traditional livelihood on the island while farming still remains important. (Morsø Turistbureau, 2010) Table 3.1 shows a summary of the enterprises studied in this municipality.

Enterprise	Activity	Established	Employees	Ownership
Tove Køkken	Catering & Cafe	2007, 1995	1	Family
Vilsund Muslinge Industri A/S	Mussel processing	1986	40	Partnership

**Table 3.1:** Food enterprises in Morsø Municipality investigated in the thesis

The geographical proximity of Mors and Thy is utilised by public authorities as a resource to form common development policies between the two municipalities. Examples of such cooperation include the Local Action Group (LAG) Thy-Mors. The LAG established under the EU LEADER initiative is defined as “public–private partnerships which foster interconnections between government, civil society and economic sectors” (Nardone et al., 2010, p. 64). The LAG Thy-Mors has the vision to develop the two municipalities into a “world class rural district” characterised by a national and global centre for outdoor life with particular emphasis on elements such as: “good life, wellness, sustainability, nature, experiences, arts, culture, leisure-time activities-or a lifestyle based on the natural strengths in the region” (LAG Thy-Mors, 2009).

### 3.1.2 Bornholm municipality

Bornholm, an island covering an area of approximately 588 Km<sup>2</sup> with a coastline of 158 km is situated in the Baltic Sea, and close to the southern Swedish coast. It is one of the municipalities forming the Capital Region of Denmark (*Region Hovedstaden*). Population decline has been a common phenomenon on the island since the 1980s (Bornholms Regionskommune, 2009). Recent statistical information shows its total population as 42,225 inhabitants, and a density of 71.8 inhabitants per square kilometre (Denmark Statistics, 2010). The island stretches from Hammer Odde in the north to Dueodde in the south (see Figure 3.3). Rønne, the administrative capital of the island is complimented as the gateway to Bornholm for both local residents and visitors. This is in view of its airport and ferry routes that connects people from the island to other parts of Denmark and abroad.



**Figure 3.3:** Map of Bornholm (Source: Google-Kortdata 2011)

Bornholm is known for its unique natural landscape, which is very different from mainland Denmark. This has spurred a tradition in Denmark for school children from the mainland to go on excursions to the island. Bornholm is an area of hills, waterfalls,

dramatic rocks, rocky coast, rift valleys, sandy beaches, harbours, lakes, wildlife, and exotic botanical species. It has various cultural heritage sites, most notable among them being the medieval round church buildings; the iconic herring smokehouses visible in most towns and cities on the island; fortresses, including the famous medieval Hammershus castle ruin. The latter is used as settings for different cultural events and also as one of the tourist hotspots on the island. Bornholm is also marked by various craft arts and smoked herring production for centuries. (Turist-Bornholm, 2010)

The richness of Bornholm's natural, aesthetic and symbolic landscape forms a basis for its reputation as a tourist destination, attracting approximately 600, 000 Danish and foreign visitors per annum. The economic livelihoods in Bornholm include primary sector activities (agriculture, fishing, forestry and mineral extraction), industries and services (ÅSUB, 2008). In recent years, Bornholm has been building a reputation for its food sector. This is through the offerings of culinary, gourmet foods, coupled with the emergence new enterprises specialised in "small scale artisan/industrial processing of specialised food and drinks" (Manniche, 2009, p.5). Table 2.3 shows a summary presentation of the four food enterprises in Bornholm investigated in this thesis.

Enterprise	Activity	Established	Employees	Ownership
Svaneke Chokoladeri	Confectionary	2007	3	Individual
Vingården Lille Gadegård	Winery	2000	3 (7- high seasons)	Individual
Farmers Markets Bornholm	Farmers market	2009	None	Partnership
Hallegård Gårdbutik & Pølsemageri	Sausage factory & Café	1990	3	Individual

**Table 2.3:** Food enterprises in Bornholm municipality investigated in the thesis

In general, the island is considered as having a robust brand that covers several enterprises with growth potential in smaller niche productions and larger exporting industries, as well as tourism and the experience economy. The latter is perceived as a potential model to revitalise the local economy and innovative competences to stimulate growth and development on the island. (Bornholm's Growth Forum, 2007). In this regard, economic sectors on the island, including the food sector are encouraged to exploit opportunities in the experience economy. What follows is the description of the

research design concerning the investigation of how food enterprises located in Bornholm, Thisted and Mors are embracing experience-based innovations, and its implications for food enterprise competitiveness and local development.

### **3.2. Research Design**

Research design is defined as the logical sequence which connects an empirical data to a study's initial research questions and, eventually, to its conclusions (Yin, 2006). There are several strategies pertaining to a research design available, as Miles & Huberman (1994) suggest. These may include surveys, experiments, ethnography and case study. To address the thesis' research questions in a rigorous manner, case studies, grounded in qualitative research methods has been adopted as the design strategy. Different views pertain when it comes to the understanding of a case study though. Some researchers consider a case study as a choice of what is to be studied; for others it is a strategy of inquiry, a methodology pertaining to a kind of design in qualitative research or an object of study (Creswell, 2007).

According to Andrew Jamison, there are three varieties of case study, which he refers to as the microcosm approach- the case as a world of its own; comparative approach- the case as representative of a broader pattern; and exemplary approach- the case as a good example or best practice (Jamison, 2010). The approach to studying cases in this research is a combination of the last two varieties, i.e. comparative and exemplary approaches.

This research is comparative as opposed to individual case study in the sense that, it compares specific aspects of what is going on in different food enterprises. To be more specific, it is a comparison of the experience-based innovation strategies, the internal mechanisms through which these innovations are made, and the external factors that influence them in the cases studied at each geographical setting. The elements which are being compared have emerged from the theoretical review carried out in the previous chapter. The comparisons are not only meant to generate an understanding of the phenomenon being investigated, but also bring out their commonalities and

differences. These nuances are important for the identification of the various issues of concern for food enterprises and other stakeholders in the municipalities to learn from. The exemplary approach is central to identifying good examples of reality in the cases, which are informed by theory.

According to Yin (2009) a case study is a preferred strategy when a researcher intends to have a detailed understanding of a contemporary phenomenon in a real world context, particularly when the boundaries between the phenomenon and the context are unclear. This assertion is apparent in the nature of my research questions and the research objective, which seeks to explore how rural food enterprises are exploiting opportunities in the experience economy. Reaching this understanding, thus, provides insights to assert on the potential of the experience economy to augment the competitiveness for food enterprises and local development. In this context, rural food enterprises represent the units of analysis in this study.

Various data sources have been utilised to broaden the understanding of issues under investigation in this research. This has been possible because the case study strategy allows the use of multiple data sources. Case study strategy also allows a researcher to work with several variables. This appears to be appropriate for this research, whose rationale is to unearth, understand and describe a range of variables. Furthermore, case study approach permits the replications of procedure for studying each case in a comparative study such as this one. (Yin, 2009)

The nature of the research questions requires a complex in depth understanding. Hence, through a qualitative approach, it is possible to talk to people and obtain exclusive information that may not be captured in the existing literature or other documents. The antithesis of qualitative methods, which is quantitative methods is normally characterised by statistical data. The use of this method does not fit the problem being investigated in this study. The reason is that, this study seeks to capture the voices of participants in order to understand the context in which the experience-based innovations are created and the internal and external environmental contributions to the creations.

In keeping with this research's focus and reinforcing its scientific foundations, the study draws on multiple theoretical positions from the competitiveness concept, the experience economy concept, innovation and the resource-based view theory of the firm as part of this research's design. Mixing of different theories or the interdisciplinary approach to construct reality in this study can be described, after Jamison *et al.* (2011), as a kind of hybrid imagination. Drawing on different theoretical thoughts makes available a rich source of ideas useful for the research (Giddens, 1993).

Apart from the theory of competitiveness, the remaining theories mentioned above formed the framework of analysis for the case studies. This has been carried out in the attempt to address the research questions, which happen to be influenced by those theories forming the framework of analysis. In this regard, the attempt to establish reality through the case studies approach will be through iterative and reflective process between theory and practices.

Although different research design strategies could be used in the study of food enterprises in Thisted, Mors and Bornholm, the choice of case studies have been influenced by the nature of the study. As I have indicated in the opening section of this chapter, this research is being undertaken on the basis of external funding. However, the research design and execution remains my choice, hence making my role as a researcher here an expert or consultant. Notwithstanding, considering the allocated task involved, it is apparent that to achieve the research's objective there is a need to have a detailed understanding of what is going on in the food enterprises. This is because the food sector consists of enterprises embedded in different industries and production cultures. In this regard, there is a need to study individual enterprises as cases in order to arrive at a logical conclusion on the issues being investigated in specific contexts.

However, readers should note that the inclusion of food enterprises in Bornholm was rather an 'accident'. Several enterprises in Thisted and Mors that I approached to interview declined my request, citing reasons such as lack of interest and time, the latter being the common excuse. Not even the persuasions of influential local intermediaries



could convince them. Since I was interested in having a broad overview on the subject of investigation, I decided to look for food enterprises in another rural setting.

The opportunity to look elsewhere came in April of 2009, when I was honoured through an invitation by the Business Ambassador, Business Center Bornholm to participate in an international conference on the rural clusters in Bornholm. Topics discussed in this conference included the experience economy. In addition, the Business Center Bornholm arranged for me to interview a couple of people after the conference. They were a representative of the local tourist office in charge of promoting food and tourism experience on the island and a local wine producer. This gave me some interesting insights about Bornholm's food sector, which I thought was worth exploring and to draw lessons as recommendations for Thisted and Morsø.

### **3.3 Research Methodology**

A research methodology, according to Silverman (2005) is concerned with how a researcher studies a phenomenon. The empirical approach to this study has been drawn from ethnographic methods. According to Thorne (2000) when a researcher claims to have utilised ethnographic methods, the assumption is that he or she has gained an orientation of a culture or group through immersion and engagement in fieldwork or participant observation and has also chosen to describe that culture through text. Ethnography as defined by Robert Yin is a:

“field-based study of people in their real-world setting, usually occurring over a sufficiently lengthy period of time to surface people's everyday routines- that is norms, rituals, and acceptable social interactions- hence also establishing the distinctiveness of their culture” (Yin, 2011, p. 309).

Just like all qualitative inquiry, there is no single approach to conduct an ethnographic research, according to Creswell (2007). Consequently, this thesis does not apply in the way that anthropologist usually do. In other words, it does not engage in deciphering the culture of a group in detail or in a comprehensive manner. My use of qualitative ethnographic techniques such as fieldwork and observations at the research sites has been a different sort of investigative approach. It has more or less been theoretically

driven. This approach to ethnography can thus be seen as such as selective ethnography, or what Andrew Jamison has referred to as an exemplary ethnography. That is looking at reality as problems through examples of things that we need to deal with. The problem being dealt with is not any old one (historic), but a socially significant problem. In this situation, the socially significant problem is the competitiveness of Danish rural food enterprises and the prospects of rural development. Hence, what I am looking for is how this problem is being tackled through the discourse of experience-based innovation.

Prior to the start of this research and the fieldwork at the three municipalities, I was concerned with setting up a background for this study. Therefore in November 2007, I attended the 'DestiLink Conference: Tourism Destinations for the Future' in Sorø, Denmark to gain some inspiration on the experience economy concept and its relations to local development. Thereafter, I studied literature and documents pertaining to rural development, policies and general challenges confronting rural areas and the rural food sector. Some of these documents and literature were specific to the municipalities or the administrative regions in which they are located. Furthermore, to also establish the theoretical lens for the research's empirical analysis, a literature review on the theory of innovation, the experience economy, resource-based view theory of the firm, and the theory of competitiveness was undertaken. It was upon these literature studies that this thesis' objective and research questions were formulated.

Indeed this study has been a dynamic learning process in the sense that, literature such as Michael Porter's five forces model, resource-based view theory of the firm, and the relational view of the firm had been drawn on as a conceptual framework to understand how the experience economy can energise enterprise competitiveness. This was elicited in a paper presented at the European Network on Industrial Policy (EUNIP) Conference 2008, San Sebastian, Spain (see, Arthur, 2008). However, annotations from a senior researcher at the conference and my personal reflections suggested that the five forces model would be more suitable for studying large enterprises. The initial analysis of my empirical data also indicated that the relational view theory would not contribute much to the study. The theory rests on collective resource pooling through inter-firm networking

to achieve both competitive advantage and sustenance on the market (Douglas & Ryman, 2003). The achievement of competitive advantage through relational context are said to be possible “when alliance partners combine, exchange, or invest in idiosyncratic assets knowledge, and resources/capabilities, and/or they employ effective governance mechanism that lowers transaction cost” (Dyer & Singh, 1998, p.622). These characteristics were less apparent in the initial analysis of my case studies. My intuition on the relational view in this regard was that, it may be more suitable for bigger enterprises and not the small enterprises that are largely represented in this thesis. Hence, it was summarily dropped from my conceptual focus.

Another activity preceding the fieldwork was a pilot study carried out to investigate the prospects of experience-based innovation in the food sector, using two enterprises in Thisted (Thisted Bryghus and Nørhå Gårdbutik) as case studies (see Arthur, 2011). This study was used to test the first two research questions formulated in chapter 1, and was also an attempt to ascertain the feasibility of relevant theories (e.g. ‘experience economy’), methodology (interviews) and the primary empirical approach to fulfilling the key aim of the research.

### **3.3.1 Data collection**

In this research, my key primary data are interviews collected in Thy, Mors and Bornholm. I spent the month of June 2009 in Thy and Mors, and also two weeks in the month of April 2010 at Bornholm to collect data. For logistical reasons, I resided in Thy and commuted to Mors to collect data. Entering a research site could be problematic, especially when the researcher is a foreigner (Steger, 2004). In my situation the challenge of getting access to enterprises or individuals was not only about being foreigner but also having inadequate Danish language skills to communicate effectively. Coupled with these challenges was also my little knowledge of local food enterprises and the research sites. I read about several enterprises on the internet, but still needed local knowledge on them. My personal contacts with some enterprises in Thy and Mors to participate in my interview were less successful as mentioned before. A similar situation was also experienced in Bornholm though. In a couple of instances, I experienced rude

responses from some people in Thy and Bornholm following my request to interview them. To some extent, this had a negative effect on my confidence to approach people for interviews. The implications of all these challenges meant that I had to depend on the goodwill of intermediaries. That is, to assist me in having reasonable knowledge of the local areas, enterprises and more importantly, to gain access to interview respondents.

My intermediaries in Thy and Bornholm were pretty instrumental in terms of providing information on the types of food enterprises and their operations. They also made several arrangements for me to visit some enterprises. My intermediaries in Thisted provided me free transportation to many of the enterprises I visited. This was such a relieving experience since most of the enterprises in Thy and Mors are sparsely located and public transport networks to their locations were not easily accessible.

#### *Interviews and observations*

A total of 30 interviews have been conducted in the three municipalities as part of this research process. These interviews can be classified into two categories. The first category of interviews are concerned with the cases (enterprises) being studied. The other category is interviews from public and private actors. However, not all interviews could be utilised in this study. While some interviews from Thy were found to be less useful to address the research questions, others from Bornholm could not be utilised due to time and resource to analyse them.

In total 22 interviews have been utilised so far. Out of these interviews, 16 of them are from enterprises and the remaining are public and private actors. Specifically, in Thy 8 interview data were collected from enterprise owners and managers during the fieldwork and 2 others collected between August 2008 and February 2009 for the pilot study. The case studies on enterprises in Mors are derived from 2 interviews obtained during the fieldwork from managers of enterprises. In relation to Bornholm are 4 interviews. These interview data were obtained from 3 business owners and a co-partner of a business establishment. One of these interviews was conducted in April 2009, thus before the fieldwork.

Regarding the second category of interviews, I interviewed the Municipality's Director of Business and Development during the fieldwork, the project manager of the Landsbygruppen Thy (Village group Thy), and the Coordinator of Local Action Group (LAG), Thy-Mors were also interviewed before and after the fieldwork respectively. In Bornholm I interviewed the LAG manager, the former food ambassador for the island, and an official of the local tourist office. The latter was carried out before the fieldwork. The somewhat unstructured time periods of the interviews have been due to the iterative nature of the research and the dynamic processes involved. For instance, after learning of the LAG Bornholm manager's influential role in promoting experience-based innovations on the island, I was motivated to find out from more or less his counterpart in Thy and Mors. Other people were contacted later after certain questions were raised in the initial analysis of the thesis, and in some instances, upon the receiving news on certain activities going on at a particular area.

All interviews were semi-structured and took the form of face-face conversations. By adopting a semi-structured format, it means that my interview conversations with respondents were based on set of themes and did not follow any specific order. In this sense, the interviews did not centre solely on the broad questions that were to be answered, but also some new and interesting points raised by the interviewees (Hughes, 1999). This means that semi structured interviews are flexible and allows further or deeper insights to be obtained.

Interviewing periods spanned between 45 and 90 minutes. The same interview guide was used for all enterprises, except for slight modification on the ones used in Bornholm. The modification relates to a question on whether the global economic crisis was affecting enterprises. Interviews took the form of general and specific questions. My interviews with public-private actors were based on different questions, but similar in some instances. This was because of the differences in the organisations they represent and their functions. Yet a common generic interview protocol was used to design the specific interview questions for each public-private actor (see Appendix B). The key focus of these interviews was to find out how local policy and the organisations which the

respondents represent are contributing to experience-based innovations in the local food sector.

The interview guides takes its inspiration from theoretical considerations of this study, and have been couched in a manner to address the research questions. I had to structure my interview guides also in a way to solve terminology issues (Lorentzen, 2004). This became apparent after an experience with the Assistant Manager of Thisted Bryghus. That is, when I said to him that my interview with him will concern how the brewery operates in the experience economy, his response was: “experience economy... I have heard about it but, I do not know what it is”. This meant that, I had to structure my interview guides in a comprehensive manner for interviewees. I took notes concerning the interviews situation, impression about places and respondents, and subsequently used as part of the contextualisation of the interviewees’ accounts (Davidsen, 2008). I recorded all interviews on digital recorder, and as part of managing this data I transcribed them verbatim.

During my visits to the enterprises, I took personal observations such as the physical environment (internal and external) of enterprises. Many interviewees gave me tours of the business facilities; hence it was an opportunity to observe things. These observations were made in order to help strengthen the findings obtained from the interviews or complement certain findings that could not be captured in the interviews. I participated in a local festival at Nykøbing, Mors sponsored by one of the enterprises being studied here. The purpose was to observe how the event was carried out, the sponsoring enterprise’s role at the festival, and to have a personal experience of the festival. I collected other documents such as municipality maps, enterprise brochures, flyers, posters, policy documents and photographs during the fieldwork to complement the interview data.

### **3.3.2 Choice of samples**

One of the criteria for choosing a research sample is when it is possible to produce in-depth insights on the kind of phenomenon that ought to be studied (Miles & Huberman,

1994). This motivated the selection of some of my samples for this thesis. To ensure the suitability of samples for this research, I visited the internet websites of some enterprises to study their business activities. I also visited the official tourism office website of Thy, Mors and Bornholm to identify some of these food enterprises and browsed through other documents bearing the list of local producers in the three municipalities. After reading the nature of these enterprises and the descriptions of their activities, I found some of them interesting and the possibility of obtaining from them rich insights for analytical purposes. In this sense, the selection of these samples has been based on, after Flyvbjerg (2006), my intuitions.

According to Creswell (2007) in multiple case studies, researchers would normally not choose more than four or five cases. However, he notes that the motivation for considering a larger number of cases, for example in this present study, is linked with “generalisability” (ibid, p. 76). Flyvbjerg (2006) links generalisability of case studies to strategic selection, particularly when the objective, such as the 16 cases being studied in this thesis, is to amass significant amount of insights from the phenomenon under investigation.

Conversely, my difficulty in gaining access to several enterprises contacted implies that, many of my samples have also been selected for convenience, since they were proposed by my intermediaries at the research sites. However, my acceptance of these samples has also been due their positions in the food chain. Furthermore, I trusted in the local knowledge of my intermediaries and their assurance to discover what I intended to find from these samples. This is because I had made these intermediaries aware of the type of enterprises needed for the research.

The 16 cases forming this research’s samples are selected as examples of enterprises attempting to reinvent themselves in both local and global competitive environments. They are categorised as primary, secondary and tertiary units within the food sector. However, this categorisation is blurred, given the overlaps in the activities of the enterprises. In this regard, these classifications have been made for the sake of convenience. The supposed primary unit, consist of farming and fishing enterprises. The

farming enterprises operate in the traditional sense, but have introduced new business elements that have experiential connotations. The fish enterprise, though a service provider is placed in this primary category because of its dealings with non-processed products. The secondary unit consisting of food and drinks processing enterprises are typically industrial. The tertiary unit of enterprises consist of those operating as restaurants and cafes. However, among this list is one that combines a café with sausage production. In the next three chapters that follow, enterprises within each sectoral unit will be espoused empirically.

### **3.3.3 Method of Data Analysis**

After managing and sifting through all the collected data, the next line of action was to analyse them logically in relation to the formulated research questions and objective. According to (Creswell, 2007) descriptions are good starting point in a qualitative study, thus vital for ethnography and case studies. Drawing on the collected data (interviews, notes and observations) the first analytical approach in this research is the descriptions of individual cases, i.e. enterprises and their activities. In effect, this was aimed at demonstrating the context of each case being studied. The next analytical process is the development of themes drawn within the tenets of the research questions. That is, the nature of experience-based innovation, the resources and capabilities of enterprises to create them, and the external factors roles in the creations of experiences in the food enterprises. The various themes identified and analysed are then interpreted based on the theoretical understanding obtained in chapter 2. The analysis and interpretations are carried out within each case.

However, since this study involves multiple cases, a cross-case analysis is carried out by way of comparing findings in the cases in order to identify their commonalities and differences. This is crucial for boosting the generalisability of conclusions that will be drawn from the cases (Voos *et al.*, 2002). As part of this discussion, I use a matrix technique to provide a visual illustration of the commonalities and differences in the findings. Besides, since the case studies are grounded in qualitative methods, there are extensive verbatim quotations of respondents' views from the interview data in the case



interpretation process. Relying solely on interviews from the enterprises has been inadequate in generating in-depth understanding, particularly in the unit of external resources and institutions' contributions to the experience creations of enterprises. This means that to deepen the analysis, I needed to rely on other documents and interview data from local public and private actors in the municipalities. Hence, through this process an alternative understanding is generated (Marshall & Rossman, 2006). After all these analytical process, I make inferences from the findings to construct implication statements.

#### **3.3.4. Validity of research inquiry**

John Creswell and Dana Miller point out that conventional wisdom suggest that qualitative researchers need to elicit the credibility of their studies. Accordingly several scholars have shown the interest to identify common ways for establishing validity in qualitative studies. Among the validity approaches commonly employed in qualitative studies include member checking, peer reviews, thick descriptions, triangulations and external audits. One or more of such approaches are adopted by researchers in their studies (Creswell & Miller, 2000).

Credibility as defined by Baxter & Eyles (1996) is concerned with the supposition that there is no single reality but rather multiple realities, which are mentally constructed by us. In order to establish validity/credibility in this research, I have triangulated my data sources. This is evident by the synthesis of interviews, documentary evidences, artefacts, and observations and notes in the analytical processes to construct reality. In many instances, during the analysis and interpretations of data, I had to draw on other evidences as mentioned above to corroborate certain information that interviewees had given.

I have also in some occasions, sought clarifications on what some informants have said in the interviews. These have been done through telephone contacts. This has helped in avoiding misrepresenting their views on certain matters. A couple of senior faculty members have reviewed the initial analysis and interpretations. A central comment

which was unanimous is the data interpretations were overly theoretically. They were based more on my theoretical arguments rather than the empirical findings themselves. Hence, in answering this criticism I have presented informants citations in my interpretations of interview data in order to strike a balance with my theoretical interest. As I have mentioned in section 1.7, in the next three chapters I present the analysis of individual cases.

## **Part Two**



## CHAPTER 4

### **INVESTIGATING PRIMARY FOOD ENTERPRISES**

The unit of analysis in this chapter are food enterprises, categorised as those engaging in primary activities. In the following, individual food enterprises are described based on their nature and activities. Afterwards, these activities are analysed and interpreted.

#### **4.2 Thy Bondegårdsferie & Gårdbutik**

Thy Bondegårdsferie & Gårdbutik, located in Snedsted consist of a farm, farm shop and guesthouse. Originally, this enterprise was only a farm owned by the present owner's grandfather. Then in 1994 he inherited the farm from his father, thus making him a third generation owner. Currently, he manages the entire business with his wife. The farm produces crops, fruits, vegetables, poultry and livestock. The farm's products were previously delivered to shops in Thy, but later on the family decided to have their own shop. They sell their own fresh and processed farm products as well as those of other enterprises in the municipality and even beyond. Food products offered in the farm shop are combinations of organic and non-organic.

The owner claims "it is too lonely to be just a farmer", so he decided to venture into tourism business to enable him to have more contacts with people. He finds that more interesting than just working on the farm. This led to the introduction of the guesthouse on the farm for holiday makers. The guesthouse is a member of the association of Denmark's 100 most serious farmhouse holiday providers. Pig stalls have been converted into rooms for visitors and construction works are being carried out to increase the number of existing rooms. Both in-door and out-door facilities for children to play are available. Among them is a big air bag on the compound inflated with air for the children to play with. The owner claims they were the first to have this kind of thing in the whole of Thy. A cow shed is being turned into an additional in-door playing facility for children. There is a hut on the farm, known as the "Barbecue House" in which guest families are invited to make pancakes once every week. Visitors are happy to do voluntary services by harvesting potatoes with the farmer. Children are also allowed to

voluntarily collect eggs of the poultry and feed animals. The owner is also considering using the farm as art exhibition centre and a place for organising birthday parties for children.

#### **4.2.1 Analysis and interpretations of activities**

Visitors' stay at the guesthouse can be understood as a set of "commodifiable signs and symbols" that are attached to this rural farm (Kneafsey, 2001, p. 762). This represents a feature of the "cultural economy" of rural areas (Ray, 1998). Alternatively, it is an example of what existing literature highlights as agro-tourism in rural areas. This kind of tourism esteems on giving visitors a feel of rural way of life or an introduction of rural cultural landscape to visitors coming from urban areas. It suggests a diversion of traditional farming activity into the discourse of post-modernism, characterised by a feature of, after Harvey (1990, p. 426), "the emergence of a new geography of capitalist development" in a rural context.

In general, the guesthouse and its associated package of activities indicate what can be described in Schumpeterian thought as the new combinations of existing resources, hence an innovation. Based on the understanding of the types of innovation discussed in chapter 2, the introduction of the guest house and those activities connected with it reflect an organisational innovation. That is the implementation of a new way/idea into the farm to create added value for both the enterprise and customers (Weerawardena, 2003). By creating added value for the enterprise, it means these new activities represent a way to differentiate from other farms in the area. Looking at the creation of added value for customers, based on the specificity of services offered to customers, this innovation can be seen as also experiential. The various recreational/pleasure activities for visitors and also their participations in farm chores have the tendency to involve them in both cognitive and emotional terms (Blythe, 2009).

Experiences offered to guest on the farmhouse are entrenched within the realms of what Pine and Gilmore refer to as education, esthetic, escapism and entertainment experiences. The voluntarily events involving children collecting eggs and feeding animals, while adults help with harvesting of crops are examples of both escapist and

learning experience offerings. For instance, the children will learn about where these animals live, when and how they are feed, what they eat, and also to see some of these animals alive all for the first time in their lives. Adding to the learning experience is the breed of goats imported from South Africa, which may be foreign to many visitors, particularly the children.



**Figure 4.1:** Farm Guesthouse, Thy Bondegårdsferie & Gårdsbutik (Photo source: Arthur, 2009)

Another escapist form of experience is the making of pancakes in the Barbecue House. In addition, this activity provides some sort of learning experience for the kids as they absorb in their minds the processes of making pancakes. Coupled with these is the possibility of entertaining experience for the entire family as they enjoy the fun of making pancake under a hut on a rural farm, which is apparently an esthetical experience in itself. This event is strategically designed by the farm owner for two main purposes. First, is to boost the demand of his marmalades, which can be seen in the following:

*“Once a week the visitors gather in this hut with the children and they can have pancake and marmalade. They can taste different kinds of marmalades. When these tourist are leaving some of them want to buy 10 boxes of marmalade to*

*their homes to make pancake. Making pancakes in this hut is to get people to buy the marmalade from our shop."*

The second strategic principle is to create a memorable experience for the visitors, particularly the children. This is demonstrated in the owners response to what goes on in the hut:

*"It is just a place for the people to feel cozy, feel at home and have a good experience so that when they go back they can always talk about this place. When the kids go home they ask their parents, when are they going to have pancakes again?"*

The farms innovative strategy of providing its customers the services of making pancakes is indicative of a stage, while its offerings of marmalade are in essence a prop to construct customer experience. The range of indoor and outdoor sporting and playing facilities for the children is also another kind of entertainment experience offerings to ease the boredom of being away from home. The economic aspects of all these experience offerings are factored in the entire cost for the consumers' stay. As the owner puts it:

*"People only pay to live here. They don't pay to feed the animals, or pay for the activities they engage in here. It is not like a zoo where they pay to visit the animals, it's all inclusive."*

Apart from the range of experience offerings for visitors in the guesthouse, the shop also provides customer experience through storytelling. According to the owner, he attaches stories related to the history of Thy to his marmalades. He argues that the essence is to "attract more people to buy them". Although this suggests an act of promoting a local product, it also represents the valorization of the historical image of Thy into the product. Apart from its learning experiential connotation, it has resonance with Ray's (1998) notion of cultural economy approach to rural development, which stresses on "strategies to transform local knowledge into resources" (Kneafsey, 2001, p. 763). Furthermore, the farm shop provides stories embedded with the quality of its animal



products. The main storyline on the animal products as claimed by the owner are as follows:

*“For instance the products is made from my own animals, they are quality because they had a good life they have had the right time to mature, animal safety, it’s all about being quality. Over here is a frozen chicken from Fuen and the story attached to it is that it is organic and had a good life, they are slaughtered by humans and so on.”*

As we can see from the following quote, these stories can be understood to be strategically presented as experience economic offerings. This can be drawn from the famer’s view:

*“Most of the animal products here are from my own animals. In an ordinary shop you buy just a product, but here you buy a story in addition if you are prepared to pay more.”*

In aggregate, the essence of these storytelling experiences is also to create added value on the food products being offered. One of the ways through which the above experience-based innovations have materialised is through the enterprise’s mobilisation of its internal resources. Generally, the farm environment and the various recreational facilities provided for visitors, represent a combination of both natural and cultural resources to create customer experiences. These resources are meshed with the enterprise’s location in Thy. This is based on the fact that an intangible feature, that is the history of Thy is utilised innovatively as a resource to create customer experience.

Establishing the guesthouse and putting in place all those recreational facilities for visitors, obviously involves money. As indicated by the owner: “it cost a lot of money to start or run this business. Funding this business was the biggest challenge”. Therefore, it can be argued that the farmer’s financial resource has been a vital contribution to the provisions of those experiences on the farm. The implementations of all of these new developments are understood as key to the owner’s rich entrepreneurial acumen, thus making him a crucial cognitive resource.

Apart from these internal resources, the farm's external relations with, i.e. the *Landsforeningen for Landboturisme* (National Association of Agro-Tourism) (*own translation*) appear to play an important role towards the creations of customer experience for holiday makers on the farm. This can be deduced from the farmer's statement:

*"We have some standards that we have to meet in order to qualify to be in this network, and we have some courses through which we can learn to become better operators in different areas. The organisation sets the standards for us to follow. In Denmark there are about 500 farmhouses with different activities and the standards are different and within the most serious 100 network there is a minimum standard for us. So that is kind of a quality standard."*

The sorts of standards set by the association can be seen as influencing the types of services and facilities which subsequently enhances customer experience. Based on Amit & Shoemaker' (1993) definition of capabilities mentioned earlier section 2.5, the enterprise's capabilities represent a capacity to deploy or combine its cognitive, physical and financial resources to create value. This capability in some sense is dynamic since it demonstrates the farmer's competence in reconfiguring his internal and external abilities to confront the recent increasing trends of the production and consumption of rural culture (See e.g. Kneafsey, 2001).

In summary, this case shows how rural cultural landscape and local history are exploited to create customer experiences. The farmer's initiative echoes Anderson's (2000, p. 106) views on rural entrepreneurial action, which rest on the "creation and extraction of value from an environment". A generally understanding of this case is that stories attached to products in the farm shop are simply marketing innovations, since they are intended to make those products sell better. The introduction of the farm guesthouse for holiday makers indicates an organisational innovation, but experiential in context. The internal resources and capabilities have been significant for the experience-based innovations created by this enterprise. These experience-based innovations are however, not destructive in the Schumpeterian sense, but rather incremental since they only depict an improvement in the owner's business activities.

### 4.3 Nørhå Ørredbutik

Nørhå Ørredbutik, located in Snedsted is a small size fish farm established in 1969 by a married couple, Mads and Lone Borregaard. However, Mads referred here as the 'farmer' is in charge of production, management and other operations of the farm. The farm has no employee, so the farmer is assisted by his wife when the need arises. On exceptional instances a casual labour is hired to help. The farm's traditional operations are the production of fresh and smoked fish, which are sold in Denmark and also exported mostly to Germany. A need to revitalise the business's performance on the market resulted in the introduction of a farm shop, *put and take* (active fishing), and preparing fish recipes for parties as new services in 2004. This was mainly an attempt to establish a competitive edge on the market. Between 2007 and February 2009, the farm had received over 5000 visitors of which 4000 were German tourists. Most of these visitors come to patronise the *put and take*, thus making it the main attraction on the farm. Customers pay a fee to fish from the lake for specific durations. Visitors who are unlucky to catch any fish can buy some from the farm shop.

#### 4.3.1 Analysis and interpretations of activities

One may argue that the *put and take* is a mere diversification of the enterprise's traditional activity to serve a different customer segment. Literature suggests that innovation may include the introduction of new activities on the market that can be new to an enterprise. Furthermore, innovation may be understood to include an enterprise's shift from "one production world to another" (Stræte, 2004, cf. Lindkvist & Sánchez, 2008, p. 345). Following these positions, I can interpret the introduction of the *put and take* is an innovation to Nørhå Ørredbutik.

Specifically, it reflects an organisational innovation characterised by the introduction of a new method to sell fish on the farm. This new idea tends to create added value for both the fish and customers to enhance the farm's marketing system (Weerawardena, 2003). This innovation also signifies the farm's attempt to achieve competitive advantage by creating a venture that allows customers to have the experience of doing their own fishing. By having an experience, customers are immersed into an active participation of fishing, which can be referred to as escapist experience. From the

Farmer's point of view, the introduction of this put and take service was timely and strategic. It was introduced at the time when the original operation of the farm was on the verge of collapsing. The farm was facing stiff competitions from low priced Turkish products on the German market where most of its exports go to. Coupled with this was the issue of low patronage of the fish by local residents.

According to the farmer, the introduction of the *put and take* have attracted more customers and increased his turnover within the last few years significantly. He describes this venture as: "the best we have ever had". This means that the *put and take* has not only contributed to the farm's sustenance in the fish business but also contributed to its competitiveness. However, he attributes his competitive strength in the *put and take* business to quality and taste. As he puts it:

*"There are lots of put and take in Germany but on a Saturday they will drive and come six or seven of them and when we ask them why they come here, they say they come here because they can catch a fish which will taste well. In Germany they can catch a fish (makes a gesture to signify big) but will not taste well. Over here they can catch a fish (makes a gesture to signify small) but still likes it. They like the quality and taste and will come here for that."*

The farmer describes his customers as follows:

*"We have two types of customers. Some come purposely to buy fish, others to catch fish. Even if they do not catch anything, they will still not buy from the shop because they want to fish. They want the experience of fishing."*

Reading into the above quote reveals that fishing experience can be entertaining for people or a form of leisure activity. Customers desire of having fishing experience as described in the quote echoes what Csikszentmihaly & Robinson (1990) describes as people interest to engage in certain activity not because of its accompanying rewards, but for the reason that enjoying the said activity turns into its own reward. This confirms the proposition that an enterprise's experience offering is a response to consumers demand for enjoyment (Tynan & McKechnie, 2009). Furthermore, this form of demand and supply on the farm is suggestive of a co-created experience between customers and

the farmer. This is because the customers decide on the experiences they want, instead of the farmer providing what the customer should have. This also corroborates the position in existing literature that an experience can be co-produced between the customer and producer, where the latter provides the platform for it to take place through interaction with the customer.



**Figure 4.2:** Put and take experience at Nørhå Ørredbutik (Photo source: Arthur, 2009)

Another co-created experience takes place in the farm shop. That is when customers demand to be engaged with how the fish are caught and processed before they purchase them. As the farmer put it:

*“In the morning we prepare the fish, get the fish fillet done and put them in the refrigerator, but the customers did not want that. They wanted to see the fish being pulled from the water. They don’t want to see the fish killed, they don’t want to see the blood. They want to see it alive, being cleaned and then put in a package. They want to have a whole experience.”*

This is also an indication of a memorable experience in which customers passively or actively absorb how fish is harvested and processed. In other words, it could be both an entertaining or educational experience depending on each individual’s state of mind. Consequently, this also demonstrates that the farmer does not only engage in staging

experiences but also co-creates them with his customers. Taking the role of the customers into consideration they can be viewed as the source of this innovation, or simply this process can be described as a consumer-driven innovation.

The enterprise's geographical location of Thy, a tourist destination on the west coast of Denmark has been capitalised as a resource for attracting tourist to fish in the lake. We can see this from this statement from the farmer:

*"Traditionally the west coast is a tourism destination, so we put our advertisers in the summer houses where they live for them to know us, but the most important thing is to make the first 5 Germans happy and they will tell other Germans and they will come."*

Apart from the farmer sending out advertisers to the summer houses, he also sends out brochures and other advertising materials to the office of the local tourist board, and other popular tourist locations in the area. These advertisements are written in both Danish and German, hence making valuable knowledge accessible to the tourist. Sending out these advertisements is also an indication of the farmer's informal relationship with organisations within its environment, hence suggestive of its managerial and strategic capital. However, this cannot be characterised as a key resource contribution to the experience-based innovation on the farm. It is rather a means through which it reaches out to its customers.

The farm's lake also represents a key cultural asset of the farm that contributes to customer experience. There are facilities such as a toilet (disabled access), a bridge over the water that provides space for the disabled to fish, a shelter for relaxation, a grill for smoking the fish, and a candy and drinks vending machine around the lake. From my own observation and estimation, all of these facilities are not only resources that the farm draws on to implement its innovation, it also serves as an incentive for people to have a fishing experience on the farm.

The farmer's in-depth knowledge of the market, abilities to recognise the market potential of his business and exploit that productively, good judgements and intelligence

are seen as crucial resources, which have paved the way for the development and implementation of the put and take service as a new business venture on the farm. The farmer claims to have conceived the idea of operating the *put and take* when he started the farm, but first had to own the property, i.e. the lake, before he could do that. However, the opportunity never came until the land was sold to him, so he chanced upon that. This implies that the financial resource has been key in establishing the put and take section of the farm.

The farmer's competencies in mobilising and utilising all those resources mentioned above for the introduction of experience-based innovations are identified as his organisational capabilities. According to the farmer, one of the main principles of his business is to have a good relationship with customers. In this regard, he interacts with customers and through that acquires knowledge to address their needs. Relating this to existing innovation literature, it is suggestive of a market orientation which provides an impetus for co-creating experiences between the farmer and his customers. The farmer considers his capability to regularly interact with customers as a competitive strength. This demonstrates the owner's ability to make good use of social capital. The owner's utilisations of knowledge from customers, his managerial skills and resources on the farm to meet consumers' experiential needs are suggestive of his marketing capability (Weerawardena, 2003).

Although the *put and take* is identified here as an experience oriented innovation, the owner only recognises it as another business venture to supplement his traditional business. He does not really take into consideration or interpret *the put and take* as an experience-based innovation. Yet, it can be argued that the farm represents a stage for creating a memorable fishing experience for customers, particularly the German tourists.

In summary, the *put and take* service represents a kind of organisational innovation on one hand. Conversely, the context of service provisions within this business venture suggests a marketing innovation, characterised by an infiltration into a new market segment within an existing fish market. It is an offering that provides customers

experiences within the realms of entertainment and the immersion of customers into active participation in fishing. Although customers pay a fee to fish, it is not an admission fee as proposed by Pine and Gilmore (1998; 1999), but rather for the period in which one has to fish. Hence, this fee is indicative of the cost of the product (fishing). The execution of this activity like most innovations has been path dependent. That is reliant on the available internal resources and capability of the farm as well as its external relations. Finally, although the farm provides its customers, the opportunity to experience fish processing on the farm shop, this activity has no direct economic value because customers are not made to pay any price on that. In my view, it is a feature of customer service or merely satisfying the customer's wish.

To conclude, despite the innovative capabilities of the farmer to create experiences, he also has some limitations. He concedes his inability to attach events or themes to his fish products. Hence, he laments over the inability of the fish producers association, of which he is a member to help educate them on such marketing strategies. Nonetheless, he is considering in the near future to make use of some resources from the Thy national park. They would be used as stories to add value to the fish. For instance, he is thinking of collecting water for from the park to wash his fish as well as heather to smoke them. This he considers as an easy task because of the farm is just 50 meters apart from the Thy national parks.

#### **4.4 Thy Lam**

Thy Lam, established in 1998 is an organic sheep farm situated in Snedsted, east of Thy. It is owned by a 53 year old woman and her husband, an educationist. The routine operations and management of the farm is carried out by the woman (hereafter the manager) on full-time basis. They have one employee who works 20 hours per week by helping with the physical aspects of the job. The farm produces 250 sheep annually and sells meat to the public directly from the farm's shop or by delivery. The wool and bones of the sheep are also sold as raw materials to other industries. As part of the Thisted municipal administration's nature conservation programme, a special permission from the municipal authority has been given to the farm to allow its sheep to graze at a



protected area in Stenbjerg, west of Thy. The sheep are used for landscape protection in this regard. The Nationalpark Thy is also another grazing place for the sheep. This activity was a response to an advertisement in the local newspaper that sought for people views on how the national park should be presented. The farm decided to be part of this initiative by introducing sheep to the park. The presence of the sheep therefore adds-up to the landscape and nature of the Thy national park.

In 2006 the manager organised a dinner event at the Nationalpark Thy, where a renowned Danish chef from Copenhagen was invited to prepare the food. Meat from the farm and other local food products were used as ingredients for the food. Unfortunately, this was not sustained because the farm's manager claimed it was too difficult to organise the event again. However, the event has been taken over by a group of volunteers in Thy, interested in the promotion of the Nationalpark Thy and the cultural history of the area with particular focus on food. It has become an annual event dubbed 'Smag på Thy' (Taste of Thy) and receives logistical support from different stakeholders including local food producers in Thy, and also financial support from the Local Action Group (LAG) of Thy-Mors. The farm also organises organic markets in the Easter and September of every year. In Steinbjerg where the animals graze, the owner organises a picnic where people get together to eat and can go to the dunes outside the fences with the sheep.

#### **4.4.1 Analysis and interpretations of activities**

This enterprise's key experiential innovation is rooted in storytelling. It is an example of a marketing innovation relating to how the enterprise presents its products on the market. The following shows what the stories emphasise:

*"On my meat there is special orange thing on it. This is special and shows where you have bought it and nobody else can use that. In my folder(referring to a flyer) it's about being out there, in the west coast, I try to do what I can so the animals are feeling good and sometimes I tell about it was very good in a competition<sup>5</sup>. I think that is what I do."*

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<sup>5</sup> Referring to an organic food competition in which her meat was adjudged the second best.

As we see from the above, the content of this story is embedded in traceability of the meat's origin and authenticity, and also their health and quality attributes, which are linked with the animals' organic nature or breeding in the west coast of Denmark. What makes the west coast special is the animals' connection with the natural landscapes of Stenberg where the animals graze on the historic grave mounds sites and the Nationalpark Thy. This is an indication of valorising the image and natural heritage of Thy into the meat. All of these stories are suggestive of providing a learning experience for consumers to know exactly the meat products' source and their production or handling processes. This tends to distinguish the products from others that have no information to engage the consumers' senses with quality assurance.

The dinner event is another experiential activity depicting a marketing innovation since it constitutes a new implemented approach to promote the meat products to the public. The experiential aspect of this event becomes apparent in the environment in which it was held. That is, a restaurant located on the Nationalpark Thy. It suggests a distinctive way in which to present and subsequently market the meat products. Pine & Gilmore (1999, p. 36) argues that "the esthetics of an experience may be completely natural, as when touring a national park... as when dining at the Rainforest Café", similarly the location of where the dinner was held in Thy is indicative of esthetic experience. Dining in such an environment leaves individual diners immersing themselves in the experience where they can encounter the scenery and flora and fauna of the park.

Another experiential activity identified with the farm is a picnic which brings together people to enjoy an experience of eating and taking the sheep outside their fences on the historic landscape in Steinbjerg. Such an event is memorable and particularly indicative of an escapist experience provided. In this sense, people are immersed in an environment where they actively participate or supposedly play the role of a farmer by helping the sheep to graze. It is also an event where people can have a learning experience of sheep grazing and the landscape which forms part of Thy's Bronze Age history. However, this event is organised for fun and not an economic offering where people are charged a fee for participation. Notwithstanding, it can be seen as an

innovative way to promote the image of the farm and also creating an awareness of its sheep as organic.

The farm's provisions of its experience oriented innovations have been reliant on both internal and external factors. From the internal resource perspective, the traceability logo on the meat represents a technology, and for that matter, a physical resource used in communicating where the meat has been bought. This logo forms part of the farm's stories to the public. In addition, the farm uses its internet website, which was designed by the manager herself to communicate stories to the public. The farm's location in the west coast of Denmark also forms part of its physical resources utilised for storytelling. The manager's entrepreneurial skills, insights and developing relationships with people and organisations, i.e. the chef from Copenhagen, local food producers, the municipal and national park authorities and other citizens in the area have contributed to all the experiences the farm provides. These make the manager a cognitive resource for the enterprise's innovation in experience context. The manager's relationships with people can also be seen as a form of strategic and managerial capital employed to innovate.

The national park and the field in Stenbjerg represent the external resources which the farm has utilised. Basically, the utilisations of these resources have been possible through public policies on nature conservation and the development and promotion of the national park. The manager's ability to combine all of these resources in creating experiences can be seen as her organisational capabilities on one hand, and an entrepreneur's innovative action on the other. The latter is traced from the manager's ability to create value out of natural and heritage resources.

Although this farm is identified with creating memorable experiences for its customers, with stories, its experience related dinner was a one-off event. Taking all of these into account, it can be concluded that storytelling is a key experience-based innovation in this farm. Yet, the degree of this innovation is somewhat incremental since it only depicts an improved way of reaching out to the market. Moreover, the storytelling experience does not represent an explicit activity that the enterprise focuses on, since the manager does not realise the experiential value on them.

## 4.5 Agger Fiskbil

Agger Fiskbil is a small mobile fish retail enterprise located in Agger, south of Thy. It was established in 2002 by a married couple who operates the business together. They got into this business to replace a retired mobile fish distributor. The absence of this distributor meant the community needed a replacement, so this led to the formation of Agger Fiskbil. They have no employee due to the size and demands of the business, which does not require extra labour. The enterprise operates all year, with annual sales of fish estimated to be about 50 tonnes. The fish is usually sold from a mobile van and their receiving depot at the local harbour. The fish is sold to locals, i.e. individuals, restaurants, care homes and other public institutions, and also tourists spending their summer holidays in the area. In the summer seasons the enterprise sells at the city centre on particular days. This sale is attached with a side attraction, where live fishes and other sea foods are placed in a barrel. It attracts many people, especially children to gather around the barrel and play. In some instances, the children urge their parents to buy some of the fish. This activity has been fruitful for the enterprise in terms of high sales and therefore it is repeated from time and time.

### 4.5.1 Analysis and interpretations of activities

The side attractions are meant to make the enterprise's products noticeable. They are more or less exclusively marketing innovations embedded in the offering of experience to stimulate high fish sales and attract global capital. The latter is in relation to the co-owner's view that they organise the side attraction to draw the attention of tourist in the area. The experiential feature the side attraction is apparent in these words of the co-owner:

*"Well, in the summer we put big barrels in the city centre containing live fish, crabs, and so on. So people come and experiences that buy and pay for them ... we operate all year round, but do the barrel thing in the summer when the tourists are around."*

The essence of this activity bears clearly a hallmark of a deliberate use of fish services as a stage to engage customers, especially tourist in a manner that creates memorable experiences. It can be argued that the enterprise seems to have bought into the notion

that the essence of tourists' visits to places are for experiential purposes, and therefore organises such events to attract them. It is strategic in character, innovative in context and a source of learning experience for people as they see or observe live fishes and other sea foods. It is also be an entertaining experience for others as well.

The provision of this innovative activity has been as a result of the enterprise's combinations of its own resources and capabilities. The former is identified with the vehicle which is used to transport the barrel and its contents and the also the live fish used as raw materials to create the experience. The barrel and its contents are also resources in themselves. The co-owner's intelligence in developing the barrel event is seen as a key resource. Having this picture in mind we can see from this case that the source of innovation has been from within the enterprise. Drawing on the general orientation of what constitutes an enterprise capability; this enterprise's ability to organise resources mentioned above effectively to provide the barrel event, is thus suggestive of its organisational capability.

In summary, this enterprise provides a single stream of experience-based innovation on the market, which is enabled by its internal factors. However, this stream is seasonal (only in the summer) and therefore questions the enterprise resources and capabilities to provide experiences in all seasons. In conclusion, it be can be submitted that this experience offering does not represent a major innovative strategy of the enterprise. Ideally, a much rigorous experience oriented enterprise will delve further into its resources or capabilities to establish experience all year round and even beef up its existing activities with new strategic approaches.

#### **4.6 Den Bornholmske Gårdbutik**

Den Bornholmske Gårdbutik, established in 2009 is a small farm shop located on the Lille Bjerpegård farm at Vestermarie, west of Bornholm. It is an affiliation of the Lille Bjerpegård farm, but jointly owned by two livestock farmers and their friend, Poul Larsson who somehow operates as the General Manager of the farm shop. The shop is concerned with the selling of meat products (mutton and beef) mostly from the two

livestock farmers, and several other food products produced on the island. Den Bornholmske Gårdbutik is also concerned with organising events on the farm (Lille Bjergegård) mostly in summer and autumn. They range from music and cultural events, food sales by different producers on the island, and themed food event. People also pay a fee to have a tour on the farm and sometimes climax it with a barbecue. The following is how of Poul Larson refers to tours on the farm: “it is just like the museum expedition. That is how we try to make our money”.

Mutton from this shop is popular and is served on menus of some restaurants in both Bornholm and Copenhagen. It is known as the *Hammerhuslam* (Hammerhus lamb). A story, concerned with the sheep engaging in nature conservation by grazing in different natural fields on the island is connected to the Hammerhuslam brand. A similar story is said about the beef from the shop. The beef is obtained from natural cattle (*NaturKvæg*). These cattle are breeds of Dexter and Scottish Highlands, produced in Bornholm.

#### **4.6.1 Analysis and interpretations of activities**

The underlying message in the stories on meat brands, i.e. Hammerhuslam and NaturKvæg Bornholm from Den Bornholmske Gårdbutik is to promote quality production embedded in environmental sustainability, organic and animal welfare consciousness. This fits in the spirit of recent turn of alternative food discourse on food production and consumption landscapes. These stories are promoted through media such as brochures, internet websites, and signs on the farm and places where the animals graze. Others include some of the organised events held at Lille Bjergegård farm. Besides the quality conventions upon which these stories stress on are aimed to stage experiences for customers. This is drawn from the words of Poul Larsson as follows:

*“As part of the promotion, at everywhere we have the animals; we put up these signs telling about the cattle and sheep ..... So when people are out in the nature on Bornholm they see these signs and they say OK that is a nice way to treat the nature here. And we think it is the alright way to produce meat because you have the animals in the nature, travel at short length in the nature to where we*

*slaughter them, and to get to the people. If we are talking about Bornholms oplevelsesøkonomi ...eh... Bornholm's experience economy, this is part of it. This is part of the adventure and what you can experience".*

These stories allude to the provision of a learning experience for people including children. The words of Poul Larsson below suggests to the learning implications of the experience offering:

*"Starting with the kids, they have to know. Even though they go to McDonalds and have a big Mac, they have to know that an animal died to have a Big Mac. There are lots of meats in the refrigerators at supermarkets. But you do not know whether the animals have suffered, if they have had problems with chemicals or something. So in short, you have to know where you get your food".*

The learning experience that one obtains from the stories' quality attributes in the meat is highlighted further in another statement by Poul Larsson:

*"Quality can be anything, but quality can be sensoric. If you taste these sheep that have had all their lives in the nature, it has a richer taste than have just a sheep in a stable outlet all its life. They get herbs and grass and what they find in the nature. That is, the natural food for them, so they produce a better cut both in structure and taste of the meat at least, I think, and most of the people think are better than that of traditional farmed sheep".*

These stories bear the hallmark of experience economic offerings since consumers pay to know them. The following is a response from Poul Larsson when asked whether stories have any influence on the prices of the meat:

*Of course it has. People are willing to pay more... if you are with a meat that produces a story from birth to the freezer or kitchen. You must be aware of the scandals that we have had in Denmark about food. So more and more people are willing to pay more for a product that they know all the way from as you can say from cradle to the grave... And again we are part of protecting the nature on Bornholm. That is not just a story but that is true because if we hadn't had sheep and cattle out it would be a spoilt nature again.*

The guided tours on the farm are also events with experiential implications. They are multi-functional in context. As mentioned earlier, visitors on these tours are told about how the animals are cared for, what they feed on, and their roles in nature conservation. They experience a demonstration of how the shepherd and his dogs work together to control the animals on the fields and again they can see how wool is trimmed from the sheep. As side of the official tour, children can ride horses owned by one of partner's children for a token fee. In some instances visitors are given the opportunity to co-create experiences with the organisers, but this not an institutionalised activity and happens per chance. As Poul Larsson puts it:

*"People have said to us, could you have the meat cut this or that way, is it possible that we have the lamb and not the two year old sheep old because we like that, could you tell us how to use the meat... When we had them here, they say it could be nice if in the summer you show us how to slaughter a lamb. Yes we will do that, but again we have to say we can't just do it on a big market but here in an hour or so, we will take a small living lamb and be slaughtered. The skin will be taken off, cut it up, so you can see how to do it. Both Ken and Jan are used to doing it."*

The tour event on the farm is a learning experience offering, suggestive of another example of rural agro-tourism within the framework of transforming a farming venture into a resource for tourism experience. The repertoire of learning experiences created by Den Bornholmske Gårdbutik appears to be endless as we can identify some in the themed food events. These events are sometimes integrated into the farmers' market days, where various producers on the island converge once or twice a month to sell their products. Different themed events are organised, but they are usually centred on food quality and recipes. At these events, what I would refer to as the 'gospel of Den Bornholmske Gårdbutik', that is the alternative food consciousness of the enterprise serves as a reference point to develop the themes. Examples of such are: *"du må godt vide hvor din mad kommer fra"* (You must know where your food comes from) and *"hvor din mad kommer fra"* (Where does your food comes from).



People are offered a taste of food prepared from meat products from the farm shop. They are based on the recipes of Poul Larsson who is a professional chef. According to Poul Larsson these recipes are made known to the visitor as means to provide opportunity for people to find use for their meat products. Simultaneously the stories associated with the meat products are also made available to the visitors. A similar event dubbed "*Mad med oplevelser*" (food experience) was actually the first to be organised soon after the establishment of the farm shop. This was an event organised by the tourist bureau of Bornholm as part of its promotion of food and food producers on the island. However, the farm shop continues to use the theme for its own events. From these themed events, visitors can also have a learning experience of the display of wool and how they are put to different uses. The musical and cultural events on the farm can be seen as entertaining experience that is offered to visitors.

The experiential activities illustrated above can be understood generally as innovations that are consumer driven. Experiential activities pertaining to recipe provisions, music and food tasting events are targeted at satisfying specific consumer need. The quality attributes of food products embedded in the stories, guided tours and themed food events are also targeted at satisfying the needs of quality conscious consumers. These consumer driven innovations are thus correlated to the market orientation of the enterprise (Capitanio *et al.*, 2010). However, looking at these experience-based innovations broadly, they also reflect a marketing innovation. This is because enterprise creates added value within the context of its products, and also how these products are presented on the market.

The enterprise's uses of its internal resources and capabilities have been instrumental towards the introduction of those experience oriented innovations on the market. From a resource perspective, the farm in itself, brochures and internet website have been used as resources. Another resource is the sign posts used in communicating the farm's stories. The design of stories and organisation of most of the activities on the farm has been based on the knowledge and skills of the enterprises' partners. Poul Larsson for instance utilises his professional skills as a teacher and chef to design recipes and teach people how to make food from meat products. The informal relations between the

shop's partners and other local food enterprises represent a strategic resource of the enterprise. In general the competence of this enterprise to introduce all these experience oriented innovations through the combinations of different resources gives credence to not only its organisational but also dynamic capabilities. Musicians/entertainers who perform at the events and the tourist bureau in Bornholm are identified as external resources that contribute to experience creations by the enterprise. The tourist Bureau's invitation of the enterprise to organise events signifies the role of public organisation in the offerings of experience.

In summary, the experiential activities of Den Bornholmske Gårdbutik allude to a marketing innovation, entrenched in a framework of implementing new approaches to effectively promote products or sell them better. The owners of the enterprise realise that the mere offering of their meat and other food products is not the best way to compete and succeed on the market. Accordingly, an innovative strategy such as the creation of experiences through storytelling and events making becomes an option to make profits and compete effectively on the increasing local and global competitive markets. In relation to the latter, the enterprise expresses worry about the stiff competition from New Zealand mutton on the Danish market; hence the promotion of quality through storytelling becomes imperative. The events also serve as source of visitors' attraction to the farm and enticement to purchase products from the shop. The sources of these innovations have been through both internal and external resources utilisations. To conclude, the implementation of experience-based innovation is very explicit in this enterprise. This is evident by the extent to which different types of experiential activities are organised for consumers. In what follows is another empirical chapter in which food enterprises categorised as those engaging in secondary activities will be examined. They are a total of 6 enterprises situated in the food and drinks processing industry.

## CHAPTER 5

### **INVESTIGATING SECONDARY FOOD ENTERPRISES**

#### **5.2 Thisted Bryghus**

Thisted Bryghus is a small-sized brewery established in 1902 in the city of Thisted. It is owned by over 1300 shareholders, has 32 employees and a market share of about 0.6 percent of the national total sales. The brewery produces approximately 10 million bottles of assorted beer annually, which are in the genre of conventional and organic. Beside its traditional products, it produces soft drinks, mineral water and liquor. The organic beer was introduced in 1995 as the first of its kind on the Danish market. In recent years, the brewery has added a variety of special beers to its collections. Among them is the *Brygmesterens Pakkekalender* (Master Brewer's Calendar Package), produced at Christmas. The entire package consists of a collection of different beer brands from the brewery. They can be purchased as gift for others and for one's own pleasure. For the sake of surviving on the market, the brewery's primary concern is to expand its production capacity from time to time, and thus explains why it has various collections of products on the market. The brewery's culture of introducing new beer brands on the market tends to portray its innovativeness.

The brewery has a tradition of organising picnics for its staff on the Nationalpark Thy, where they go and collect *bog-myrtle*. An extract of this plant is used as ingredient to produce one of its brands, the 'Porse Guld'. Visitors' tour of the brewery's facility are organised during the summer and winter seasons. Participants register through the local tourist office and pay an admission fee. At the end of the tour, participants are welcomed at the visitors' centre of the brewery and are given the opportunity to taste any of the brewery's drinks of their choice. There is a high demand for the tours and as such, some visitors are placed on a half year waiting period. The popularity of this activity and the willingness of visitors to pay

for it means the brewery, after (Pine & Gilmore 1999, p. 63), has created “a sense of place people want to go” and to enjoy themselves.

### 5.2.1 Analysis and interpretations of activities

Innovation in the food industry is a complex process and can take place in the different segments of the food system (Capitanio *et al.*, 2010). This may include the introduction of new food products and new ways of packaging. Hence, Thisted Bryghus’ introduction of the *Brygmesterens Pakkekalender* can be interpreted as product innovation. Yet, the key added value to this package does not rest on its functionality but rather the symbolic value of Christmas associated with it. The symbolic value of Christmas has experiential connotation, therefore making it an experience-based innovation.

The experiential element of this package depicts a deliberate attempt by the brewery to engage consumers’ senses with the event of Christmas. In other words, it illustrates an effort to provide customers a distinctive drinking experience of beer themed with the Christmas season. The story scripted around this product is that each bottle in the package is supposed to be consumed on a particular day during the Christmas season. The consumer’s sense of reality, in this regard, is altered with each day’s consumption of the beer during the season. This can be seen to stimulate memorable experiences in the consumer. Besides, this opens up a space for consumers to create their own experience, thus making the introduction of the *Brygmesterens Pakkekalender* an example of a consumer-driven innovation.

The interpretation of the *Brygmesterens Pakkekalender* as a themed product is underscored by the brewery’s Assistant General Manager in the following words:

*“well you could call that a theme but of course we have beers for the holidays; for Christmas, and for Easter as well, but I don’t think we have a theme but again it’s a way to get the right price for the product. You have to do something that others don’t do. This Christmas calendar has been a huge success for us the last 5 years. We also have a 12 package for gifts and so on, also a big issue for us. It is a*

*way to get the right price and we get full price being paid for the package and so on. I think it's more of a way to get the right price for the product or to be able to get full price for the products more than a theme".*

Although the Assistant General Manager opines differently, as seen from the above quote, his argument alludes to the fact that the *Brygmesterens Pakkekalender* constitutes a marketing strategy. That is an implementation of new marketing methods to guarantee a better price for the product. Apart from the symbolism of Christmas attached to the product to create an added value, reading into the brewery's rationale for introducing the beer is consistent with OECD & Eurostat' (2005) definition of marketing innovation indicated in Chapter 2. That is the implementation of a new marketing method, including changes in product packaging.

The *Porse Guld* beer represents one of the brewery's product innovations. The innovativeness of this product is the introduction of *bog-myrtle* extract in the beer to give it a unique taste. This is indicative of an attempt to offer customers a tasting experience of *bog-myrtle*. Beyond this tasting experience, one can see an innovative strategy by the enterprise to make the beer attractive to consumers. This strategy is about storytelling. The collection of *bog-myrtle* by the brewery's staff from the Thy national park is anecdotal in itself, which of course is told by the brewery as part of its promotion of *Porse Guld* – in the Assistant General Manager's word, "...that is a great story we try to tell, and of course we can tell it..."

The story is seen to provide a learning experience to consumers as they are engaged with the uniqueness of a key ingredient in the beer which is obtained from the Nationalpark Thy. The consumers' experience is thus enriched by actively engaging their minds or arousing their emotions with the impressions of the nature or cultural landscape of Thy. This storytelling strategy reflects an example of marketing innovation, as it represents a means through which the *Porse Guld* is presented on the market.

The brewery's position on its tour event is simply for promotional purpose. That is to introduce its activities to visitors, but not to make economic gains. To buttress on this, the Assistant General Manager argues as such: "it's hard making a business out of that one and it's hard to see if it's something that makes sense in terms of sales as well..." Furthermore, to expunge the notion of making economic gains, the Assistant General Manager stresses the following:

*"Yes, Yes, I think 40 Danish Crowns or so. It's just a way to well, it is not a high charge of course but it is a way to see that it's not for free and you just can't come in to drink all you can and so on. We think people are more interested when they have paid in this case a small sum. But they tend to be interested in the round trip than just come in and drink all that you can. That is the main issue why we do it and not to make money out of it".*

However, one can interpret this tour as an experience event that engages all five senses of visitors. This manifest in *smelling experience* of raw materials such as baileys, hobs and Sweet Gail, *touching and feeling experience* of things within the premises of the brewery, *seeing experience* of production processes, raw materials, workers, and machinery, *sounds experience* of machinery, and finally a *tasting experience* of assorted drinks including the bitter flavour of the *Porse Guld* beer. The tour also engages the visitors in multiple ways, hence encompassing all the four experience realms. The visitors' pleasures of listening to the tour guide can be both entertaining and learning experiences, as they passively absorbed the event through their senses and actively participate in the tour respectively.

Visitors also actively participate in creating their own experience when they choose particular drinks in the visitors lounge after the guided tour. Thus they are engaged in an escapist experience as they are immersed more into the act of consuming drinks of their choice. Ideally, irrespective of where a person consumes the brewery's product, it may provide some experience to him/her. However, when one drinks at the tour, he/she is immersed into the production environment of the brewery which provides another form of experience. This form of immersion is termed as the *esthetic* experience.

Pine and Gilmore have argued on charging admission fee for experience offerings along the following lines:

*“You may design the most engaging experience around your service offering or within your retail establishment, but unless you charge people specifically for watching or participating in the activities performed- just for entering your place, as do concert halls, theme parks, motion-based attractions, and other experience venues- you’re not staging an economic experience”* (Pine & Gilmore, 1999, p. 62).

Looking into the above two quotations, it can be argued that entrance fee to the tour is indicative of staging an economic experience. It thus contrasts with the notion of a right to free access to public goods experience. Accordingly, it adds value to a routine production process that allows consumer to exercise the choice to consume the process as a heightened experience. In general, the tour demonstrates an innovative approach to market the brewery and its products through the medium of customer experience. It also serves as a platform to attract more customers through these engagements. The tour is again a platform to interact with existing customers and potential customers. Such interactions represent a means through which experiences could be co-produced between the brewery and customers. Furthermore, it opens up an opportunity for the brewery to acquire specific information from consumers. This corresponds to Chen’s (2006) definition of marketing innovation indicated in section 2.3.

In all, the brewery’s experience activities thus demonstrate a new marketing approach and catalyst for urban competitiveness originating in a rural setting. For example, according to the brewery’s Assistant General Manager, the introduction of their special and organic beers was an attempt to develop a competitive edge and new market “niche” not just in the locality but in Denmark more widely.

The implementations of all the experience oriented innovations above have been dependent on different internal resource mobilisations. The brewery capitalises on its location in Thy, the site of the Nationalpark Thy as a natural resource to promote its Porse

Guld brand through storytelling. Primarily the image of Thy is exploited in this endeavour. Reiterating on the Assistant Manager's view, they use baileys from Germany for their organic beers but since this is not obtained locally, they cannot use that as part of their storytelling endeavour. This suggests the *bog myrtle* collected from the national park as raw material is a key natural resource contributing the brewery's experience offering. The brewery's facility comprising of its plant and equipment are also part of its cultural resource exploited for the tour events.

Penrose's (1959) view on the functionality of an enterprise's resources towards its creative prospect indicates that, resources can be utilised for multiple purposes. Such multiple functionalities of an enterprise's resources is evident in the brewery, as employees play a role in going on picnics to collect *bog myrtle* and guiding visitors at the tour events. This positions them as resource input in the brewery's experience creations. The enthusiasm of these employees to contribute to such productive ventures represents a source of competitive advantage for the brewery (Wright *et al.*, 2001). Yet on the broader note the utilisation of staff as a resource for innovation by the management, positions the management as the main cognitive resource for the enterprise's innovation in this regard.

The introduction of the special beer on the market is identified as one of the brewery's key innovation. Specifically, it demonstrates the brewery's organisational capability in terms of recognising and exploiting the Christmas season, which is widely celebrated in Denmark to introduce the *Brygmesterens Pakkekalender* as a theme product on the market. This is suggestive of providing, after Holbrook (2000), what the *postmodernist* consumer desires, i.e. an experience. Christmas therefore becomes a memorable event attached to this beer to engage customers. Other organisational capabilities identified were the abilities to attach stories related the natural heritage of the Thy region to beer and also to provide tour events. The brewery's ability to put its staff into multiple uses (e.g. collection of *bog myrtle* plants) does not only illustrate its innovative capability but also an indication of useful combinations of its resources to innovate.



Thisted Bryghus currently produces the *Brygmesterens Pakkekalender* alone. Previously, it was produced together with another Danish brewery, Bryggeriet Fuglsang located in Haderslev. This was carried out to meet increasing demand. As the Assistant General Manager puts it:

*“... A couple of years ago we invited another brewery to participate in that. We could sell more beers than we could produce so we actually split it. They have 12 beers and we have 12 beers in that calendar there...”*



**Figure 5.13:** Brygmesterens Pakkekalender (Photo source: Thisted Bryghus)

This joint venture is indicative of an inter-organisational innovation to meet consumer demand. It is however in contrast to the locus of inter-organisation innovation, which rests on cost reduction. The brewery also networks with the local tourist office in Thisted to register all participants of the visitor tour. Basically, all of these relations depict the brewery's ability to collaborate with external partners which results in the provision of experiences for consumers.

In summary, the nature of experienced-based innovations identified in this brewery is linked with packaging, stories, product content, and the visitor tour. These experiences resonate with Pine and Gilmore's experience categories. For instance, the *Brygmesterens Pakkekalender* is an indication of themed product because it meant to engage the minds of consumers with the event of Christmas. The stories connected to the beers provide educational experiences for consumers as they absorb these stories while they consume the beer. The tour of the brewery also represents an enriched experience since it encompasses all the 'four realms'. Basically, the physical (geographical location, raw material) and human resources as well as external relations have been the key assets utilised in this regard and this has been possible through the brewery's organisational capabilities.

Prior to interviewing the brewery's Assistant General Manager as mentioned in chapter 3, he claimed to have heard about the experience economy, but has no idea about what it was. Yet, considering the depth of findings on experience-based innovations in the brewery, it is legitimate to emphasise that experience offerings are perceived as something different in this brewery. The brewery only recognises what this research perceives as experience offerings as strategies to make its products more marketable in order to ensure its survival on the market.

### **5.3 Spritfabrikken Thylandia Aps**

This is a small size Liquor enterprise established in 2008 by two business partners. It is situated in the town of Nors, near the city of Thisted. Its total production as at June 2009 was approximately 20,000 bottles of beverages. The owners have an anticipation to increase this number in the near future though. The main philosophy of this enterprise is to exploit the Nationalpark Thy by using the sweet gail plant (*bog-myrtle*) from the park as ingredients to manufacture its beverages. Due to bureaucratic bottlenecks the enterprise is unable to obtain a license to operate its own distillery. Therefore it relies on a licensed distillery in Køge, Copenhagen to produce its drinks. Nevertheless, it owns the recipes, and decides on what should be produced and how. The owners hope to have their own distillery

located on the Nationalpark In future. The enterprise describes its products as “trendy” and “quality”. They are sold only in Denmark and well patronised in Thy and Copenhagen. The latter is due to Copenhagen’s large market size and consumers’ preference for the good story connected with the products, while the latter is as result of its popularity in the area.

### 5.3.1 Analysis and interpretations of activities

Innovation in this enterprise is couched within the framework of marketing products through storytelling. In this sense, storytelling is used as a means through which the drinks are showcased on the market. It is basically a strategy to create value and differentiate. This marketing innovation symbolises the enterprise’s key bastion in competition. As the enterprise’s co-partner put it:

*“...our competitive strength is the story. That is what we can focus on. I think we have a great product, it taste well, it has a nice package, a nice bottle, its expensive and of course that is an issue but mainly we have the story that is handpicked ingredients from the national park. And we always push that forward telling that story. Because that is something that no one else can do, but of course that is mainly our strength”.*

The key message accentuated in this story is enterprise’s use of *bog-myrtle* “handpicked” from the Nationalpark Thy. A reflection on this story reveals a strategic approach to make the said *bog-myrtle* in products appear special. In doing so, the enterprise links the *bog-myrtle* and the product to the aesthetics and symbolic meanings that people associate with the national park. This represents the main value adding object to the products. As the enterprise’s co-partner puts it:

*“ We thought it was a good way to make it commercial, we have an unexplored area and it’s not that easy to gain access to pick the ingredients, of course we have all the license for that as well but it’s something special, it’s a history, and storytelling is still a big thing in business today, and in this way we are giving a very good story. It is not only because of our ingredients but the main thing is to*

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*exploit the name Nationalpark Thy in a product as well. The brewery<sup>6</sup> had made for 15 years or something like that a beer which has its ingredients from the national park is 'Porse Guld', and our main seller is our 'Porse schnapps.'"*

Reading further into the story also reveals the provision of customer experience, which can also be seen as an experience-based innovation. In specific terms, consumers are engaged with a learning experience of *bog-myrtle* collected from the Nationalpark Thy. While the enterprise is exploiting the name of the national park commercially, it concurrently promotes the image of Thy in general. This can be identified in co-partner's words:

*"Promoting the area is something that I always thought strongly about at the brewery<sup>7</sup> and also here and certainly it's a good way too. I have talked to a lot of companies who have used this one<sup>8</sup> as a gift up to Christmas and so on and they think it's a unique thing to give to people and it makes us feel a bit proud about our area and we really like that".*

Clearly, this promotion exercise suggests a sense of patriotism and a gesture of social responsibility. However, it can be understood as an innovative approach to create value out of the image of Thy. This forms part of the enterprise's storyline adding to the learning experience which customers are expected to gain.

Another experience oriented activity of the enterprise is giving people a taste of its products in some local shops. This is however very common in both rural and urban areas in Denmark. In theory this experiential activity does not represent an economic offering because it is free of charge. Rather it can be acknowledged as a marketing strategy to beguile customers to buy the drinks after having a good tasting experience. This also provides consumers the platform to create their own experience with the purchased products.

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<sup>6</sup> Referring to Thisted Bryghus.

<sup>7</sup> This is in reference to when he worked as the Assistant General Manager of Thisted Bryghus.

<sup>8</sup> Referring to one of his products.

Having seen these experienced-based innovations, the question is which internal and external factors contribute to their developments. From the enterprise's internal resource perspective, the raw material (*bog-myrtle*) obtained from the national park is a key natural resource. The owners are also instrumental in the enterprise's innovations. This is by virtue of their know-how and insights on the production and marketing of products, hence they represent the cognitive resources of the enterprise's innovation. However, the innovation relating to storytelling and handpicking of plants from the national park and its usage is a knowledge transferred from Thisted Bryghus where the co-partner was previously employed. As he explains:

*"You know the Porse Guld, it started up in the brewery. It was my idea, I knew the guys in Køge who were making their own spirits over there and I thought with the new national park, we have a new way of making something that no one else can do. And from that idea we developed this product."*

The above quote also indicates the enterprise's informal relations with another enterprise in the drinks industry. On one hand, this external relationship depicts a feature of managerial and strategic resource and also as a form of inter-organisational innovation through a joint venture. The external relations of the enterprise also extend to friends who support them in diverse ways to create customer experiences. As the co-partner emphasised: "Well, in this company we are only two people and we have friends going with us to pick the sweet gail up so it's more of family picnic than a business picnic".

The quotation above indicates that apart from the owners' abilities to network, networking is crucial for the enterprise to make its innovations materialise. This confirms a common knowledge in the literature that small enterprises rely on external actors to innovate. Furthermore, the products' package contains a leaflet on which the story is inscribed. This leaflet was designed by a local artist. The co-partner describes the relationship between the artist and the enterprise as follows:

*"Well he actually lives at the boundary of the national park and has made art for a life time and he was a friend of the brewery and the whole thing started in the*

*brewery at first, and we asked him if will help us out with the good painting and he agreed ... it's a win-win situation that we haven't paid anything for his art but he has a commercial you could say in our brochure as well."*

The statement above indicating: "he has a commercial", actually means that the artist has his name on the leaflet therefore serves as source of promotion for him. This informal relationship epitomises another example of inter-organisational innovation, targeted at gaining access to non-tradable resources and cost saving.

Basically, looking into all the resources described above and how they have been utilised it shows the enterprise's capabilities as organisational. However, a further look into the enterprise's activities also reveals its capabilities as dynamic. This is because of its ability to tap into the turn of storytelling in marketing and also the valorisation of local assets (i.e. the national park) as resource for experience-based innovation. However, it should be noted that the national park represents an external resource contribution to its experiential innovation. Couple with this external resource is the authority that issued license to the enterprise to collect raw materials from the Nationalpark Thy, and also the shops that provide space for customers to have tasting experience of the beverages.

Considering this enterprise's main marketing philosophy to utilise the aesthetic and symbolic image of the Nationalpark Thy through storytelling- handpicking of *bog-myrtle* from the national park as ingredient for production, it can be concluded that its innovation is experience-based. However, just as some enterprises identified in this research, this enterprise is not aware of the experiential implications of its stories, but rather perceived that as a marketing strategy.

#### **5.4 Vingården Lille Gadegård**

Vingården Lille Gadegård, located at Aakirkeby, Bornholm is concerned with the productions of grapes, wine, whisky and the operation of a café and restaurant. This enterprise is owned by Jesper Poulsen, a Bornholm native, born in 1958 and who can be

described as a very fast speaking person, proactive businessman and hilarious. He started his career as a pig farmer, a trade he acquired at school and also what made him a third generation farmer in his family. However, he shifted his focus into strawberry farming in 1981. Then later in the year 2000, after acquiring skills on wine making from the internet, he started producing strawberry wine. This has made him a pioneer and still the only wine producer on the island of Bornholm.

For some years now, he produces the wine with grapes from his vineyard. His annual production is approximately 20, 000 bottles of both wine and whisky. He insists on keeping his business small and local, but of high quality. Therefore he claims to be maintaining his annual total production of 20, 000 bottles and also staying in Bornholm to do business. Just about 1 percent of his products are sold in the rest of Denmark, 90 percent are sold on his facility, and about 5 percent via the internet. He has 3 employees but employs a maximum of 6-7 people during the high seasons (July, August, and September). The number of visitors he receives depends on the season. On a good day in July for instance he receives about 1000 guests. Most of these visitors are tourists from both Denmark and abroad, some of whom are travelling on cruise ships and make a stopover on the island to visit interesting places including his own.

Jesper Poulsen claims to target ladies who are 40 years and above. This is because they have less family responsibilities and have more money to spend. Apart from that he finds ladies as influential in a family or among couples when it comes to the decision to spend money. He even makes sparkling wine purposely for the ladies. His main business concept is to receive visitors, give them a tour of the vineyard and production areas, and engage them with storytelling for a fee. Afterwards visitors may relax at the café and be refreshed with a taste of three glasses of wine. The fee is higher when food is included to the wine. Visitors may purchase some of the drinks if they are interested.

### 5.4.1 Analysis and interpretations of activities

The concept of giving visitors a tour and taste of food and drinks is the enterprise's main experience-based innovation. It is a strategy adopted to make a visitor's visit memorable and also to entice him/her to buy products from the enterprise. Although this enterprise produces both wine and whisky, the wine is the lighthouse of the business, and it is used as the main attraction to stage experiences for visitors. At the tour, visitors can see and learn about the vineyard, how the grapes are processed and bottled for sale at the café and restaurant.

According to the owner, the storytelling experience was initially centred on general information about the enterprise and its production processes. But many visitors did not find that interesting, so he had to change his stories into something more interesting. As he puts it:

*"In the beginning I thought people were interested in how to make wine, how big was this place, what was the production and so on and so forth, but found out that people did not like that, so I said ok. They also forget them very quickly and wanted to have some funny stories".*

Reading meanings into the owner's reaction to his visitor's behaviour reveals that his introduction of "funny stories" suggests a consumer driven innovation. Alternatively this indicates a co-created entertaining experience between the owner and his visitors. The political satirical nature of the stories makes them interesting, popular and memorable for visitors. We can understand this from an anecdote, but prior to that it is interesting to note the motivation behind the owner's political satire in the following words: "politics is like music for me so I listen and can make ten good stories from them". The following anecdote illustrates his point:

*"In the winter some birds come to the south and latter they go back, but when they come to Bornholm they come and eat a lot of my grapes. That was not very good. Then we got a blue net and put it on top of the fence to protect the vineyard so that the birds cannot eat them again. But the birds are very clever. And then 2-3*



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*years ago we had this election in Denmark and there was one picture of a lady on a board. The picture was Pia Kjaersgaard, do you know her? I put the board in my Vineyard and when the birds are coming, they say we don't want to be here so they go away... This is the kind of stories that people always remember. We have had people who have come here for 2-3 times and when we ask them what do you remember, they say the queen's (referring to the Queen of Denmark) tree and Pia Kjaersgaard, an so on, but when we ask them other things they say we have forgotten, so they remember the funniest stories."*



**Figure 5.2:** Vineyard at Vingården Lille Gadegård (Photo source: Arthur, 2009)

The essence of making a story about Pia Kjaersgaard, the leader and co-founder of *Dansk Folkeparti's* (Danish People's Party) is to make a joke out of her strong anti-immigration stance in Danish politics. These so-called funny stories connote both entertaining and learning experiences for visitors. The events of wine tasting and eating food after the tour are also identified as an entertaining experience.

The owner's concept of giving tours to visitors and his creativity in developing political satirical stories represents his competencies in creating entertainment for customers. Another resource in the owner is his reputation of engaging in cordial interactive

relationships with visitors. Such a marketing skill can be interpreted as an intangible resource of the enterprise and marketing orientation to improve his products and services. However, the whole idea of taking people on a tour of his farm had been inspired by another person in Bornholm. As the owner puts it:

*“I can tell you, when I started to make wine here in the year 2000 I was thinking as a capitalist that when I make a vineyard I will make wine from it. Then I met a lady who was making glasses not by machines but by hand. She said to me you should do the same as we are doing. When we are making the glasses we allow people in to see how we are blowing and making the glasses. When we make the glass people can buy them. This was in 2001 in Nexø where she was making glasses in her own shop. Then I said, I will make wine as a local production, people will look at how we are doing it, they can say we are crazy but we like it...”*

In theory, it suggests that the source of this innovation had been adopted externally. Basically, it shows how this enterprise is able to transform social capital into economic capital (Svendsen *et al.*, 2010). This is informal (friendship) relationship between the owner and another business person also signifies the enterprise’s strategic and managerial capital. The vineyard, production areas and cafe/restaurant are identified as other endowed assets of the enterprise, which are utilised towards the implementation of experience oriented innovation.

The capabilities of this enterprise to create experiences are both dynamic and organisation. In relation to the former, it is about the owner’s ability to absorb the strategy of making visitors aware of his business environment through tour giving. Another dynamic capability is observed in his abilities to respond to consumer demands for funny stories. In this sense, he reconfigures his storytelling skills (resource) to produce stories that meet the demands of consumers. Relating this into innovation thought, it points to the owner’s capability or competence to “unlearn” existing practice and also “learn” new ones (Soete, 1996, p. 44 as quoted in McLoughlin, 1999, p. 32). In general his abilities to combine both his cognitive

and physical capitals effectively in offering customer experiences also show his organisational capabilities.

A key motivation for this enterprise's experience oriented innovation can be attributed to the tourist industry on the island. Since this enterprise happens to be the sole winery on the island, coupled with its business concept, the owner has attracted a lot of local media attention. According to the owner he has given a lot of interviews and received media coverage. He gave TV2 Bornholm as one example of a media house that has interacted with him. This media attention appears to have made him popular, hence attracting many tourists.

In conclusion, Vingården Lille Gadegård represents an enterprise that has evolved from the production of primary products such as pigs and strawberries, to the production and services of wine and whisky, and transformed further into the offerings of storytelling and tour experiences for consumers. We can learn from this study that the offering of experiences is a major activity in this enterprise and characterises its key innovative strategy to compete. The creations of experience offerings by the enterprise have been due to the owner's innovative capabilities to create value through the combinations of internal and external resources.

## **5.5 Svaneke Chokoladeri**

In the city centre of Svaneke, east of Bornholm is the location of Svaneke Chokoladeri, a small handmade chocolate production and sales shop. It was founded in 2007 by its Bornholm native owner. She acquired training on chocolate production together with one of her employees in Belgium, thus making them specialist in the chocolate trade. Unlike many enterprises on the island whose operations are seasonal, i.e. in summer when the island is filled with many tourists, this shop operates all year round. This is suggestive of an advantage over others, particularly its competitors. The shop produces between 20-25 assorted chocolates including a popular Danish version, *flødeboller* from approximately 3

tons of raw materials annually. These chocolates are either made or flavoured with various locally produced fruits and vegetables, hence giving them a content of local culinary. Other ingredients include organic butter and cream, which together enriches the quality of the chocolates. These chocolates are therefore described as special by the shop's owner.

The owner sees her annual total output as a niche and wants to keep that standard due to her conviction that it will ensure the maintenance of "quality all the way through". Beside the usual production and sales in the shop, Svaneke Chokoladeri produces chocolates for weddings and other festive events locally. The shop's manpower is a team of three employees comprising of the owner and two other people. Svaneke Chokoladeri is a member of a local food enterprise network known as the Gourmet Bornholm. Members of this network have participated in different exhibitions organised in Bornholm and Copenhagen. The Business Center Bornholm, the municipality's office in charge of providing assistance for growth and development of local businesses has organised one of such exhibitions on the island.

Svaneke Chokoladeri has an interesting interior design. The production and service areas are separated from each other by a glassed see-through window designed purposely to allow visitors to see how the chocolate are made. Coupled with this is a splendid décor of crafted marble floor, lights, furniture and other assorted artefacts that can be described as unique and cosy place, simply inviting for a daily chocolate treat.

### **5.5.1 Analysis and interpretations of activities**

The interior design and décor of this shop can be elucidated as a marketing innovation, characterised by a strategic attempt to provide a distinctive environment for consumers to have a virtual contact with the production process and to purchase chocolates. In a services marketing research on the effects of "servicescape" on consumer behaviour, Wakefield & Blodgett (1996 p. 48) argued that "facility aesthetics", which are "a function of architectural design, as well as interior design and décor" contributes to the enchantment of a

servicescape. Similarly, it can be submitted that the interior design and décor of Svaneke Chokoladeri's are experiential enchantment for visitors to the shop, and can be seen as innovation in itself. It reflects a venture in which the added value created in the shop is not based on the functionality of the chocolates but, the entire environment (aesthetics) in which they are produced and sold. In a strategic sense, it implies the development of a space for customers to develop a relationship with the place and the chocolate products as a whole.

The above reflections can be traced first to the shop owner's statement regarding the essence of the shop's interior design:

*"When we were rebuilding the room, we thought of having a production area and a public area. We chose to have a window wall instead of a normal wall. One of the experiences besides tasting the chocolate or touching is looking at it. That is why it was made so. In the summer time we have a lot of people at the window saying oh my God look at that. It is very specific so that is why we did the interior of the shop like this. It was a strategy when we built it that it should be as open as possible. But we have to pay attention to the food regulators, so people are not allowed into the production area but can look through the window".*

Reading into the above is a suggestion that the enterprise intentionally uses its production area as a platform to engage visitors with a learning experience of handmade chocolates. Such a learning experience becomes more useful in this era of growing consumer interest on where their food comes from. It assures consumers of quality and authentic production in this instance, as they witness how the chocolates are made. This can also stimulate the consumers' emotions, fantasies and possibly leading to a memorable experience as they absorb the event of handmade chocolate production unfolding before them while they actively observe.

The interior décor, is described by the owner as purposely designed to create a "sensoric attraction and nostalgia" for the consumer. This can be seen as a form of esthetic

experience as visitors are immersed into such a cosy atmosphere. This experience is not only limited to engaging the individuals senses, but also to attract individuals to the place. The owner buttresses the attraction of the shop with the following anecdote:

*“Sometimes we have an old lady who just walks in and say excuse me, I just want to sit down for a moment, and she just sits down, and you can see she is in her own sphere”.*



**Figure 5.3:** Production area of the shop (photo source: Arthur, 2010)

Despite the owner’s consciousness of using interior design and décor to create customer experiences, they do not have any influence on the prices of chocolates. As the owner puts it:

*Not at all, we look at the chocolate business and found out that our prices are a little lower, so we are not at a higher price at all. But the interior things, I don’t think it influences, but when people come in here and have these experiences of how it is done they kind of feel attached to it. In summer time we have people who say I want that one; they are for specific ones they saw us make. They all have a relationship with that. Sometimes I get a phone call from people asking how much does it cost to be in your chocolate factory to see the production and I say it’s for free and they get*

*surprised by that... My little shop is like a laboratory and I want to share that with people as part of the experience, and that is why this chocolate shop is different anyone else.*



**Figure 5.4:** Part of the shop's interior décor (Photo source: Arthur, 2010)

Drawing on Pine and Gilmore's perspectives the above suggests that those experiences are not economic offerings. However, this can be seen as another example of marketing approach to attract customers and not a direct commercialisation of experience. A further reflection on the above quote shows that the interior design spurs co-created experience between visitors and the enterprise, thus suggesting an example of consumer driven innovation. After specific observation of the production process customers are able to choose particular product for their own consumption experience. Besides, the owner mentions of the fact that she is open to customers and allows them to give their suggestions. As she puts it:

*"We try to do that. It is part of the experience. You know 95 percent of it we thought about it, I should have a little room from people to give their suggestions".*

The shop's participations in exhibitions represent an avenue to offer experiences. At such exhibitions, producers display their products and interact with visitors. In the example of Svaneke Chokoladeri, they inform visitors about the business, how it started, talk about the chocolates as local or gourmet product, its contents and how they are produced. This has the tendency of creating a learning experience for people, particularly for those in Copenhagen and people visiting Bornholm. Although, these exhibitions suggest an innovative approach for the enterprise to present its products, it should be noted that they are temporary and do not constitute the shop's initiative.

A reflection on Svaneke Chokoladeri's interior design and décor reveal a key cultural resource utilised towards the materialisation of experience-based innovation in the shop. Furthermore, the shop's location in the city centre of Svaneke, directly in front of the city's bus station, and Bornholm in general, which happens to be a tourist destination serves another resource contribution to experience-based innovation. The owner's innovative competence to design the shop in a manner that stands out represents a key cognitive asset.

Svaneke Chokoladeri's appears to have a distinctive ability to provide better-quality services to its visitors through its identification of offering experiences as an innovative approach to engage customers. In addition, the owner and staff have the capability to interact with customers, thus serving as a lever for co-creating experiences. In general, the enterprise's abilities to combine different resources as identified to innovate are an indication of its organisational capability. The Business Council Bornholm's role towards the exhibitions held for members of the Gourmet Bornholm is also identified as an external actor contribution to the shop's experiences offerings. This also demonstrates the shop's capability to network with public actors to innovate.

In summary, the key lesson in this case indicates that the offering of experiences is an innovative strategy explicitly adopted by the shop's owner to make her products



marketable. The internal physical environment or ambiance of the shop is a key asset utilised among others to innovate. The shop has not operated in isolation, but have also related with public actors to innovate. The shop's rationale to innovate rests on serving a particular segment of consumers- those with high disposable income. As the owner puts it:

*"The people I target are those who want to pay a little more for my chocolates. This means that they have high income. Located here in Svaneke we are blessed with a lot of tourists, and a tourist is every one, but my strategy and segment of people is those with high income... This is because they appreciate the quality, ingredients and authenticity, so they are willing to pay a little extra on the gourmet that I make. Gourmet is attached to the product".*

The above tends to confirm to the view that experiences are staged to attract the affluent or people with high disposable income in society. Despite the enterprise's inability to directly commercialise the experiences stimulated by internal design and décor of the shop, they can still be seen as economic offering since they serve as source of marketing device to attract customers.

## **5.6 Vilsund Muslinge Industri A/S**

Vilsund Muslinge Industri A/S (Vilsund mussel industry) is concerned with mussel meat processing (de-shelling, cooking and re-freezing). In addition, it supplies other sea foods such as oyster, crabs and cockles caught from Danish waters, particularly from the Limfjord. It was established by two partners in 1986, and employs 40 people. The enterprise chose its location in Nykøbing, Mors because of its proximity to the Limfjord where the fishing activities take place, and also because the municipal authority wanted it to be in the area's food park. It processes between 3000-5000 metric tonnes of mussel meat annually, and about 85-90 percent of total outputs are exported to different food companies within Europe. It also has about 5 to 10 percent of the European market share. The enterprise sees its competitive strength in offering high quality products, food safety, and non aquaculture products.

As a result of the enterprise's sustainable production strategy, it became the first enterprise in the world to obtain a certification of sustainable seafood production from the Marine Stewardship Council, an organisation that promotes sustainable practices in the fisheries industry. One of the promotional strategies of this enterprise is telling stories that relate its products to the local area where they are sourced. These stories are presented in books and brochures. In some instances mussel recipes are included to the stories. The enterprise also gives visitors guided tours of its facilities and sponsors the annual mussel festivals at various fishing communities in Denmark including the one at Nykøbing, Mors. The Mors mussel festival is organised by a local association, *Skaldyrsfestival foreningen* (seafood festival association) (own translation), whose vision is to use seafood and the festival to promote a positive image of the island.

#### **5.6.1 Analysis and interpretations of activities**

Stories told by this enterprise are basically meant to promote and intensify the awareness and consumption of mussel, since it is less consumed in Denmark as the enterprise's Managing Director opines. However, these stories are also reminiscent of a marketing innovation aimed at presenting the mussels as no ordinary products but one that stands out. The innovative element of this storytelling strategy is noted in the Managing Director's comments here:

*"Yes, we try to do more of that than we did before. We try to do a bit of storytelling about the product, and when we do that we actually use some of the books that have been written on this... We try to tell a little about the local society where we are and the history about it also."*

The above indicates that storytelling represents a new way of presenting the mussels to the market. The storytelling strategy as averred by the Managing Director signifies an experience that they attached to the products. The Managing Director makes the following submission in this regard:

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*“I think it has a lot to do with the fishing part of it. The boat goes out early morning on the fjord, fish, they landed later that day and it’s produced. It is a story, a bit of a history.”*

To infer from this quote, there is a suggestion that these stories have been deliberately produced to engage the minds of consumers with how the fishermen from the area go out to fish the mussels, where the mussels comes from, as well as the history on mussels in the area. In Vilsund Muslinge Industri A/S’s own brochures, they also emphasise on other things, as indicated by the Managing Director:

*“This is our own brochure where we tell a bit about very brief. It is a bit about our profile where we try to emphasise on the fishing side of it. This is our fresh factory which is near Aalborg at the Aggersund Bridge where we also try to emphasise that it is a core product.”*

Basically, it is an attempt to assure consumers of the product’s quality and authenticity by demonstrating in the stories, the local identity- the fishing landscape of the areas where their mussels are caught, and the enterprise’s profile. Nevertheless, these stories have the pertinence to educate or provide people a learning experience. The stories are said to have impacts on the products, especially on German customers who are very interested in Danish products.

In principle, the enterprise’s sponsorship of the mussel festival cannot be considered as its own experience creation event. However, the sponsorship role is recognised as supporting in creating a space that allows visitors to get engaged by actively participating in the festival, passively engaged with a learning experience as they absorb the process of cooking and serving the mussels, and entertained with music and other forms of entertainment. Besides, the environment or location of the festival which is the Nykøbing harbour could stimulate esthetical experience in the visitors as they sit there to consume a garnished mussel cuisine. It is an experience that I personally had with my spouse, when we participated in the 2009 edition of the festival. The enterprise claims its role in the festival

has contributed to increase people's knowledge about mussel consumption in Denmark and has been beneficial to them as a business due to the increasing sales of their products. In this regard, the enterprise's sponsorship of the event can be seen as part of its marketing innovation, targeted at promoting its products.

From the enterprise's view point, they give visitors guided tours and inform them about their operations. This is done mainly for promotional purposes. This tour demonstrates a learning experience that can also be memorable for the tour participants, yet it is free of charge. This confirms Poulsson & Kale's (2004) view that some experiences are offered mainly for marketing purposes and come with no admission fees. In this sense, such an experiential offering can be seen as sending a positive message, compelling enough to enhance demand and also to increase the sales of its products. The guided tour, to some extent echoes an innovative strategy aimed at promoting the image of the enterprise through the presentation of its facility and activities to the public.

The enterprise's management can be regarded as the key cognitive resource responsible for its experience oriented innovations. This is evident by its marketing know-how to utilise stories based on the local community, the local fishermen, the Limfjord, a "natural capital" of the area (Ryser & Halseth, 2010, p.515), and the enterprise's profile to market its products in experiential context. However, some of these stories have not been authored by the enterprise. This shows that beside the internal resource mobilisation of the enterprise, it makes use of external resources. In relation to the tour activities, the enterprise's production facility and machinery is utilised as a resource to provide visitor/customer experience. Such experiences could be manifested through what visitors see, feel, touch, hear and smell. The management's relationships with local organisers of the mussel festival can also be identified as a form of strategic resource for the enterprise innovation. The enterprise abilities to mobilise its various resources as discussed above to introduce experience-based innovation in different contexts suggests its organisational capabilities to create value.



**Figure 5.5:** Mussel festival experience at Nykøbing, Mors (Photo source: Arthur, 2009)

In general, it is legitimate to say that this enterprise shows a competence to explore marketable opportunities both directly and indirectly. This is evident by the storytelling experiences it offers directly to customers and also the supporting role it plays towards the mussel festival experience. Although the latter does not appear to be a main experiential activity intentionally constructed by the enterprise to engage its customers, yet it is surmised as part of the enterprise innovation strategy. Furthermore, even though the tour activities of the enterprise suggest a marketing innovation, it does not appear to be a major strategy to stimulate increased profitability. The nature of this enterprise is restricted by health and safety regulations, so it cannot admit many people to tour its production facility and let alone turn it into a business venture. The following words of Managing Director point to why the enterprise is not interested in the tour as economic offering:

*"It's food production, there is a lot hygiene rules and that means that we cannot make a big tour. We only take 4 or 5 people at a time. We take some ... of course all our customers are welcome, but we take people from the community, schools whatever, they are allowed to come here. We don't take many a year because we are a small organisation; we are only 40 people working here so it's difficult for us*

*to do this a lot, but we... eh... I don't know how many tours, but we do about ten a year... people come here for free."*

The above also points to the fact that experience-based innovation is not a major strategy in this enterprise. Majority of its products are exported to food companies abroad who repackage and process them for the final consumer. Hence, its position on the food chain or food system as a sub-supplier also contributes to its limitation. My observations also indicate that the enterprise is more interested in competing strongly on providing quality products through product and process innovations. This implies, it is not deeply interested in competing on the intangible features of its outputs such as offering experiences. In other words, this enterprise is not explicitly into the offerings of experiences as its key innovative strategy. Example of its latest process innovation has been the introduction of an X-ray scanner, designed to remove all traces of shells and foreign objects in the mussel meat. They are the first in the world to introduce such a machine in the mussel industry.

## **5.7 Fonfisk Hanstholm A/S**

Fonfisk Hanstholm A/s is a fish sales and exporting enterprise located in Hanstholm, northwest of Thy. It was established in 1986 as a partnership between two families, but presently the ownership has expanded to include other partners. It employs 15 people, has an annual turnover of approximately 150 million Danish Crowns (DKK) and sells between 10-20 tonnes of fish daily. The enterprise's main operations are concentrated in Europe, particularly in the Italian, French and Spanish markets. But it has also plans to include the Danish market due to its recent acquisition of a company that operates within Denmark. One of the marketing approaches of this enterprise is attaching stories to its products. In addition, it has participated in a national fish promotion campaign, in which it organised a theme event for visitors.

### **5.7.1 Analysis and interpretations of activities**

Although this enterprise deals directly with supermarkets and wholesalers it acknowledges the fact that its products ends with the final consumer. Therefore, it recognises the

importance to let consumers be aware of what they consume through storytelling. This can be deduced from the Managing Director's response to the question of whether storytelling was an example of the enterprise marketing approaches:

*"Yes we do! It's always a good argument that you've seen the fish and have touched it, and have been close to where you have bought it. So yes, stories have been attached to all kinds of boats that have caught them. This can be from the night catch, day catch, from the big boats, from the small boats and so forth. These are always what you say, stories, and its certain way of fishing, i.e. if you trawl, net it or by hook, line catch, the various kinds of ways of catching the fish is also linked to the actual product, as a quality indicates and things like that."*

He goes on further to emphasise the following:

*"It is also the trend of the market that when the final consumer goes to the market and buy cut fillets, she will like to know where it has been caught, who have caught it, where did the boat landed. You have to attach a story... it is part of the marketing of the products."*

Ideally, stories connected to the products may be interpreted as the enterprise's response to consumer behaviour, characterised by the recent quality conventions turn. That is, the increasing consumer concerns for the environment, health and food safety, territorial embeddedness and other forms of symbolic attributes associated to food products in general (Manniche, 2011). Drawing on Kortler (1972) once again as indicated in sub-section 2.4.1, we can see that these stories are provided as value offerings on the market in response to consumers' desires. The enterprise's introduction of storytelling as a marketing strategy is thus suggestive of a consumer-driven innovation. In this sense, consumer behaviour represents a source of innovation, thus confirming an argument in the innovation literature that consumers can be a source of innovation. However, these stories have experiential connotation for consumers since they can engage them through active participation in learning or knowledge acquisition on fish origins, how they have been caught and processed and perhaps their authenticity. Overall, this experiential innovation is

also a commercialised venture since these stories are factored in the prices of the fish, hence making them high.

The theme event organised during the national campaign for fish consumption also represents the provisions of learning and entertaining experience to visitors. Relating to the former, it was an innovative venture aimed at making people aware of fish quality and teaching people, particularly the young how easy it is to properly prepare fish. We can see this from what the General Manager said about the theme fish event which the enterprise organised:

*" ... When we had this national campaign it was a theme like: see, touch and feel the fish. So we had all these water taps with live fish. You could touch, you could see how it was handled, and you could get closer to the fish. What a normal Danish consumer think when he wants to eat a fish, the first thing he thinks is does it have a lot of bones in it, so it was a way to connect the fish and not only to buy the fish already filleted and ready to work with. What we tried to do was to make people see how easy it was preparing fish and also to touch and work with the fish yourself because it gives you a better quality, you feel better, you feel secured for the quality. This is because there are kinds of fillet products which if you are not really into fish you might not be able to tell whether it is quality, it is super fresh, it is bad. But if you have the entire fish you will be able to identify whether it is good or bad fish. So we try to make a little bit of play ground out of it enough for the kids to come and watch. What do we have to think is that it might not be the 60/70 year olds who have to learn to eat more fish it is important that we make the next generation open their eyes to see whether it is interesting to eat more fish or not."*

Indeed, despite this event being a promotional campaign for fish consumption, it was capitalised by the enterprise as an opportunity to market its products and business to the general public. However, this was a one-off marketing innovation. The enterprise's participation in the event was more of voluntary activity than a permanent strategy to stimulate its competitive advantage. The education it provided to visitors may be viewed as part of its social responsibility for the community in which it operates. The enterprise



asserts that organising events of this nature is very expensive and does not have the financial resources to organise them. As the General Manager put it:

*“It is not consistent due to the simple fact that it cost a whole lot of money and the business in itself that does not generate the money that is needed to organise a proper or professional promotion so you have to have participation from the Danish government at some point. When we had the day of the fish it was actually the Danish ministry of agriculture and fisheries who decided to put focus on fish and they set out a certain amount of money to make this event. We were very keen to make this an event every year, may be the same date every year for some years but you know; it is always the question of money and making marketing and promoting things is a very expensive business.”*

Following Wernefelt (1984), Fonfisk Hanstholm A/S's inability to regularise the themed fish event due to financial constraints can be described as a weakness. Nonetheless it can be argued that since the enterprise operates mainly on the international markets, it is irrelevant to organise such events locally. The enterprise's management signifies a key resource towards the implementations of innovations. They represent an instrumental cognitive resource of the enterprise in terms of organising the themed fish event, developing stories embedded with quality assurance and other forms of symbolic laden objects, and responding to consumer behaviour through market orientations. However, it must be reiterated in juxtaposition that the themed event was largely inspired by the government authority in charge of fisheries. On one hand, this portrays the enterprise's ability to relate with external actors, while on the other, indicates public authority's contributory role in the enterprise's innovation.

Dynamic capabilities, as pointed out in section 2.5 rests on an enterprise's abilities to combine, construct, and reconfigure internal and external competencies to deal with a growing dynamic environment. In this regard, Fonfisk Hanstholm A/s abilities to respond to the recent consumer behaviour regarding quality conventions and the experience turn in

the contemporary market, suggests its dynamic capability. This capability has thus been crucial in the implementation of its experience-based innovations.

To sum up, as discussed above the main experience-based innovation this enterprise is storytelling. This innovation has been seen as consumer-driven inspired by market orientation. The key emphasis of the stories is quality, yet by virtue of the management's marketing acumen, these stories are presented in a manner that can engage an individual experientially. Notwithstanding, experience-based innovation does not constitute a major marketing strategy of the enterprise. The enterprise's position on the food chain as sub-supplier to wholesalers and retailers accounts for its lack of rigorousness. This is because generally it does not deal with final consumers. Furthermore, the nature of this enterprise does not allow much innovation in general. As the General Manager put it:

*"... you have to understand that dealing with fresh fish business is a not a high earned production as far as innovation and production, and introducing new packages, new ways of dealing with the fish, putting on...eh... I don't know vegetable source or branding or whatever. It is a basic kind of production so what we have introduced is that we make smaller packages. We see that every year, 3 or 4 years the packaging tends out to be smaller and smaller; meaning a less kilo in every package. This high innovation, new ways of doing things is not really that kind of business when we talk about fresh fish business. You go to other companies who is doing ready to cook dishes and things like that but in our company it is completely different story. In our kind of business it's a basically what we have been doing for several years."*

Based on the above, it can be concluded that an enterprise's position on the value chain to some extent determines its ability to create experience-based innovations. Basically, this case study has shown that not all enterprises can explicitly engage in experience offerings. Accordingly, the offerings of experiences can be as an innovative strategy that enterprises cannot fully depend on to guarantee their competitive advantage. In what follows I look at food enterprise categorised an engaging in tertiary activities.

## CHAPTER 6

### **INVESTIGATING TERTIARY FOOD ENTERPRISES**

#### **6.1 Restaurant Købmandsgården**

Restaurant Købmandsgården, established in 1999 is situated in a small town, Doverodde, south east of Thy in a restored old merchant building along the western part of the Limfjord in Jutland. The restaurant employs between 20-25 people albeit only one permanent staff. It is owned and managed by an individual who is also works as the chef. The restaurant opens to all manner of persons and attracts mostly tourists visiting the area during the summer seasons. The tourists are mostly Danes from other parts of the country and a few foreigners. Apart from the restaurant's usual in-house service provisions, it prepares food for various party events such as confirmations, weddings, birthdays, and among others. Apart from the restaurant's standard menu, it provides different food offers every month and also on special occasions such as mothers' day, fathers' day, Christmas, Easter and other religious and national holidays.

The restaurant's philosophy is to "make good home-made food" in order for people to have "good experience" and be "happy" when they leave the restaurant after a visit. The good home-made food implies traditional Danish cuisines. Furthermore, the restaurant places high emphasis on quality. Therefore it uses inputs produced with care and emphasis on animal welfare and the environment. As result of this commitment, in 2004 the restaurant was awarded a "Green Key"<sup>9</sup> certificate. Accordingly, the restaurant views this certificate as

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<sup>9</sup> It is an international eco-label awarded to organisations such as hotels, hostels, holiday centres, etc. Obtaining this certificate is an indication of the sense of responsibility an organisation has for its surroundings and society (<http://www.green-key.dk/da-DK/English.aspx>).

a business opportunity because it demonstrates its environmental friendliness and use of organic food inputs for production.

In every January, the restaurant invites a cook and wine producer from Italy to the kitchen. The cook gives the customers a talk on the served food, whereas the wine producer also shows pictures of his wine synthesised with stories to the customers. According to the owner, organising this event is an easy task because promotion is done in the newspapers and on the restaurant's homepage in good time. Customers are also supposed to book their reservations well in advance, so the expected customers are known before hand.

The restaurant has among its stock of alcoholic beverages a beer brand produced by a micro brewery in Thy. This beer can only be bought from the restaurant or the producer. The producer of this beer was once invited to the restaurant to tell stories and give people a taste of his products. Customers at this event had to pay more because the beer was served with bread, cheese, and other food items. The restaurant has network relations with different organisations such as other restaurants in the municipality and a tourist transporters group known as *Pro Bus*. Regarding the former, they assist each other, for example, in situations of over booking customers are redirected to other partners and *vice versa*. It also belongs to a network of local businesses in Thy known as the *Lokale Originaler*. Unfortunately, the owner will not comment much on how she benefits from this network. All she could comment on was that they just meet and talk but do not exchange ideas in particular.

### **6.1.1 Analysis and interpretations of activities**

The restaurant's owner associates her experiences offerings to the "good food, made from good raw materials". This, she claims is her business' competitive strength because it is a reason for most visits to the restaurant. To buttress this point, she states the following:

*"a while ago I had two ladies from Vestlås (a small village located 21 km east of the city of Thisted) who came here and said a friend of theirs from Thisted told them to come because they had a good experience".*

This means that the quality of her food is the main attracting of people interested in having a taste of the experiences they have been told about. From a resource-based perspective, this customer experience represents an intangible asset, i.e. a reputation of the restaurant, which is imbued in consumers. However, this appears general and complicated to associate an innovation to. However other activities of the enterprise can be identified and explained as experienced-based innovation.

Telling stories are identified as one of the experience-based innovations of this restaurant. These stories come from within and outside the enterprise. Relating to stories from within, the restaurant seizes on its exclusivity of selling beers from a micro brewery in Thy as an opportunity to tell a story to consumers. In the owner's own words:

*"You cannot buy it anywhere except at where they make it and here. And in that case we tell a little story, and we have the story on paper that we can show it to people."*

Basically, this story may seem as mere information about a product offering. Yet, the core essence of the story is to engage customers with a learning experience of a local product. This suggests an innovative approach to present this beer as distinct in order to establish customer loyalty. The aesthetic and symbolic meanings connected to the product's local embeddedness, therefore represent a key added value and commercialised objects by the restaurant.

Special service events involving the micro brewery, Italian cook and wine producer are also examples of experience-based innovation in the restaurant. In this instance, dinning in the restaurant is meshed with storytelling by the invited speakers. Customers are made to absorb knowledge of the cuisines and wines from Italy and a beer product from Thy while at the same time enjoying their food and drinks. Visitors pay a much higher price than usual. This is because they pay for both the services and the attached experiences. In the owner's response to whether she charges a higher price for these events, she said:

## Chapter 6: Investigating Tertiary Food Enterprises

*“Yes, I have to charge more. In the other way the price is for the whole evening. What you can eat, 5-6-7 dishes, wine, story from Italy, the cook is down to tell the people what we have prepared, the wine maker is down showing pictures, telling stories, and because of all this it’s another price.”*



**Figure 6.1:** Restaurant Købmandsgården (Photo source, Arthur, 2009)

The provisions of special food services during mother’s day, father’s day, religious and other forms of holidays are suggestive of using the days as themes to engage customers experientially. The symbolic meanings of these occasions are thus infused to the food services to give the consumer a memorable experience, which can be entertaining. Another experience-based innovation of this restaurant is a virtual tour of its interior and external environment on its homepage. These include the building, various dinning/drinking areas, and the serene view of the fjord, landscape and vegetations which are in close view and proximity to the restaurant. Other information includes the menus, events, and the restaurants ‘green key’ certificate to signify its health and environment consciousness. This presentation is characterised as a learning experiences for visitors. In addition, visitors are provided a guided tour of the restaurant’s physical environment, which adds up to the learning experiences for customers. Usually, visitors are tourists doing a tour of the municipality with the Pro Bus group of tourist transporters. They make a stopover at the

restaurant for a meal and are showed around. However, due to food safety regulations the restaurant does not allow visitors in the kitchen.

In providing most of the experiences mentioned above, the restaurant relies on external factors, particularly networking relations. Such relations includes activities involving the micro brewery, the cook and wine producer from Italian as well the Pro Bus group of tourist transporters in the enterprise.

Since the owner is responsible for the daily management of the restaurant, she represents the key cognitive resource in developing and executing ideas that leads to customer experiences in the restaurant. Other assets such as the physical environment that is in proximity to nature (the Limfjord, landscape and vegetations) and also the restaurants interior décor represents the main objects of experiencing for touring visitors. More so, the provision of a virtual experience on the internet indicates the use of its technological asset to stimulate customer experience. This is indicative of the enterprise's dynamic capability, since it depicts the restaurant's ability to transform its promotional approach from newspaper advertisements to the use of the internet which is a fairly new technology. Yet, the restaurant's abilities to mobilise all of these resources, both from within and externally is suggestive of its organisational capabilities.

It can be submitted in this case study that experience-based innovation is closely linked with the restaurant's marketing strategy. However, the approach to offering customer experience as seen in this case study is not rigorous. In other words, it is not a major strategic activity of the restaurant. Apart from the special events involving invited producers, where customers pay higher prices for the services and experiences obtained, other experiential offerings are determined by cost of production and do not include the experiences attached. This shows the enterprise's inability to innovate strongly in the context of offering experiences. It also raises a question of the restaurant's competitiveness in the experience economy. This is because in theory, an experience attached to a product

is supposed to increase its price value. If these experiences do not attract any additional price value then it cannot be really considered as an economic offering. Besides, storytelling with the beer producer was a one-off event. This event has not been regularised, hence indicating the owner's inability to provide a routine experiential events for her customers. Coupled with this, the special event involving the Italian cook and wine producer is also seasonal.

## **6.2 Restaurant Cafe Conrad**

Restaurant Cafe Conrad is situated in Klitmøller, a small town west of Thy. It is a family business (owned by married couple) and was established in 1997. This enterprise operates as café in the afternoon and switches over to a restaurant in the evenings. It serves different menus, provides new menus every week and also special food services on demand. Restaurant Cafe Conrad attracts individual customers, companies located in the area and tourists. About 80 percent of these customers are Danes. Prior to the closure of the ferry at Hanstholm in 2008, it attracted many Norwegians and Swedes who visited Thy. It employs 6 people in the restaurant, 3 people in the kitchen and 8 waiters. However, all of these employees work part-time, and most of them are students.

Customer attractions to the place are attributed to the food, and the physical atmosphere of the restaurant (back garden, outdoor service area and the interior decor). The café/restaurant chef's (co-owner) is an expert in Italian cuisines. He was trained in Italy and has working experience in Italian restaurants. He has also worked with restaurants in Germany and Tivoli, Copenhagen. The enterprise promotes itself with its speciality in Italian foods which are prepared with "Danish hands". The co-owner claims their competitive strengths lies with the "good stories" visitors tell about their services and good customer relations. The restaurant once organised a live band performance for its guest. The co-owner is also of the view that memorable experiences should be about the place, food, and the atmosphere. However, they cannot provide that due to the lack of physical space in the enterprise. Currently, the backbone of the enterprise is hosting of parties. Accordingly, the



owners wish to expand the physical size of the restaurant to host big parties, but their small kitchen has been a hindrance. The co-owner claim that business in Klitmøller is not very brisk as result of the low spending culture among residents and visitors, the town's small size, few shops, remote location, and the existence of few factories and businesses in the town to attract customers.

The enterprise is part of an informal network in Thisted. That is a club of 20 people from different organisations/businesses. Members help each other on issues relating their businesses. For instance when a member has a legal issue, he/she will contact the lawyer in the club for legal advice. However, formal network is not part of the enterprises current activities. The owner argues it is difficult to have a formal network in the municipality due to competition. The network will be possible when businesses are not very close to each other, i.e. direct competitors. The management makes use of the local business advisory organisation (*Thy Erhversråd*) when they need general directions on matters concerning the enterprise.

### **6.2.1 Analysis and interpretations of activities**

Drawing on the above descriptions we can see that the major experience-based innovation introduced into the enterprise was a one-off live music performance. This event could not be sustained due to customer reactions. This implies that although consumers can enhance innovations they can also be a hindrance in some sense. The following are the words of the co-owner's comments on the sort of event they have tried to introduce in the enterprise:

*"We have tried once but there were mixed reactions from the customers. Some went to my wife to complain. Some said he played too high other said he played too low. We got phone calls, emails afterwards from people saying that the man does not belong here. It was the first time and I think the last time. I don't think it was a good thing."*

Basically, the customers' reactions indicate that the experience was not very appealing. Despite this initiative being a fiasco, the restaurant can be credited for its attempt to

engage customers with an entertaining experience. However, an observation of the enterprise's interior décor, characterised by an artificial grape trees can be considered as experiential. These trees albeit its hyper-reality, has the tendency to engage a consumer's mind with the impressions of dining and wining in a vineyard. In other words, it indicates an innovative approach to immerse visitors' senses with esthetic experience. Relatively, this echoes the co-owner's view that memorable experiences should be linked with the atmosphere in which a service is offered.



**Figure 6.2:** Restaurant Cafe Conrad (Photo source, Arthur, 2009)

A reflection on what facilitates the creation of this experience reveals utilisation of the restaurant physical environment as a resource. Furthermore this resource has been exploited through the owners' intelligence of creating an ambiance with experiential quality. In other words, the management's organisational capability lies with its skill to create an atmosphere that enriches consumers' food experience in the restaurant/cafe.

In conclusion, it can be argued that despite the experiential activities identified, this enterprise is not involved actively in the implementations of experience-based innovation. It

has not shown a very conscious strategic approach to compete on the basis of offering experience albeit making effort to satisfy customers with good services and food. Although the restaurant provides an experiential dining and wining environment, prices of their services are not based on this experience. The restaurant charges high prices generally to compensate for the low patronage of its services. When asked specifically why they do not charge customers high prices for their nice dining atmosphere for instance, the co-owner responded:

*“Yes, we can’t do that here. It’s Thy. Yesterday for instance we got only five tables and that is not much. Sometimes we have no reservations. This evening I have a reservation for two and three, so it’s difficult. Many people have small bank accounts in this area... I think it’s something about the people. They do not go out a lot. The new generation in Denmark are more free. They want to go out to cafes two or three times, also when they go to the big town and cities like Copenhagen but this is not in Thy. It’s something in... eh... with the people of Thy. When they are here they stay there. May be ten, twenty years the people who are coming will have it like the young ones; they don’t want to pay. They will not buy a bottle of red wine but will buy a glass of red wine, spaghetti bolognas, or steak and that’s it. They will come here only two or three times. Only a few will buy a big beef and expensive red wine and come only ones”.*

Based on these challenges, the co-owner argues that charging higher prices becomes a way to “live”. That is a means to sustain his business and earn an income as well. Furthermore, when asked whether he tries to offer customers memorable experience which will make them always come back, his response was:

*“I hope they remember the place, the food and the atmosphere... when we bought this place I wanted it so much an open kitchen but as you can see it’s a small one so we couldn’t make it. When I was in Tivoli, Copenhagen there was an open kitchen and I think it was nice because I made lots of “spas” (Fun). Sometimes when am cooking there is a pin-pong on the other side so we play, I laugh and they laugh but we have no chance here. It is a problem...”*

The above statement indicates that the co-owner recognises the importance of creating memorable experiences for customers, yet he is not very sure about whether his services actually create experiences and lacks the physical space as resources to create customer experiences with.

### **6.3 Hotel Thinggaard**

Hotel Thinggaard, located in Hurup, southeast Thy was originally established in 1884 by a Christian missionary, but the ownership and management changed hands in 2004 to a young businessman who also works as a chef in the restaurant. The restaurant has 9 permanent staff, and 15 part-timers. It serves between 500-1000 meals every week. About 15 percent of the foods are served directly in the restaurant, while 60 percent are prepared for example, wedding and birthday parties in the hotel or are delivered outside to customers. The restaurant's management hopes to increase its services due to a recent increase of rooms in the hotel. The restaurant claims to target customers who have no family dependents and thus have more money to spend. It receives guests from both Denmark and abroad. The restaurant's location in a relatively big town is considered as an advantage to attract more visitors compared to its competitors located in smaller towns. Besides, the restaurant opens throughout the year as compared to others who operate only in the summer seasons. Hence, the management consider these as its competitive strength.

It has highly skilled chefs who have had 4 years of professional training. Recently, it has introduced advance modern ways of food preparation. It seeks to target many tourists who are visiting the Nationalpark Thy and also encourage people to eat at the restaurant when they visit Thy. The restaurant promotes itself through its internet website, co-operation with a Danish association of hotels and inn known as *Dansk Kroferie*, other networks and advertisements in tourist newspapers and brochures in Thy. Furthermore, customers are said to contribute to the restaurant's promotion by giving positive testimonies of the good services they had received from the restaurant. Many of the restaurant's patrons are said to be attracted by these testimonies and other things read about in the newspapers.

The manager believes the restaurant is able to attract visitors because of high quality services, the use of quality ingredients to prepare food by highly skilled chefs. Primarily, these tend to influence its food prices, which are considered as the most expensive in the area. To buttress this point, the manager suggests that:

*“We think that people want quality, we think when the tourist come here they will pay for a good experience, and we have had that philosophy from the day we started that we don’t want to go lower on price and quality, we want to go higher on quality and we have to have the price with it.”*

Theme events based on food, drinks and music are provided to customers on some occasions. The staff and manager are happy to tell customers stories when they are requested. As an enterprise operating in a dynamic market, some employees of the restaurant are student cooks, so they do tell management about some of the new trends in cooking, current demands on the market, etc. This enables the restaurant to blend some of these new developments into its existing activities.

Relationships with other organisation are taken serious in the restaurant. For instance, the enterprise belongs to a network of hotels in Denmark, where they meet once a year to discuss about new products, new emerging global developments on the market, and attend fairs to get inspiration for their businesses. Through informal networking the restaurant’s chefs are able exchange ideas with their colleagues in the area. The enterprise is also in partnership with other tourist attractive organisations in Thy. Examples of such activities include the golf club, national park, fitness centre. The rationale for this cooperation is to encourage visitors to experience other places in the area. The enterprise’s network expands further into marketing oriented network with the *Pro Bus* tour group, restaurants and other businesses in Thy. Members of this network help each other with marketing and also with the booking system. Although the restaurant networks with its compatriots in Thy, there is a feeling of competition among them. Hence, the management expresses fear of not having a good network with other compatriots when they are together in such a small area as Thy.

The network would be preferred rather in bigger areas where the sense of local competition will not be much felt. In this sense, it is more beneficial to network with other businesses such as the national park other than another restaurant within the area. Apart from these network activities, the staff members take inspiration from places they visit into their operations in the restaurant.

### **6.3.1 Analysis and interpretations of activities**

In this restaurant storytelling can be seen as one of its key experience-based innovation. This innovation is consumer-driven since they are demanded by visitors. We can see this in the following statement of the manager:

*“They want to hear about or have a little story about everything, they want to talk with the waiter, me, so they want to have a little history about everything they see, eat. When two people for instance sit in restaurant, they like to talk about what they have seen during the day, they want to hear about whether the food they getting is from this area, the workers are from this area or they come from abroad.”*

The explanation given to this consumer behaviour by the manager is:

*“It’s because they are on holiday and they want to learn about things in the area in which they are, they want to learn the special things about Thy, if they come from other countries they want to learn about how we do things in Denmark and want to know about the history of what they are eating.”*

These stories represent a commodity or an economic offering for the restaurant. This can be inferred in the following statement:

*Here it takes time for the waiter to tell a story and we have to have a higher price because it’s a whole package of experience. They get the food, they get the friendly waiter who is telling them a story and they get a beautiful table with a cloth, the flowers on the table and so on and I am going to have the price for it because it’s expensive to do these things, especially the salary for the waiter.*

The above shows a shift in the traditional service provision roles of the restaurant's staff and manager to storytellers. This corresponds to Pine and Gilmore's (1999) assertion that workers must perform an acting role in staging memorable experience for the customer. It also reflects the Penrosian view of the firm's utilisations of its resources in different forms. Following the understanding of innovation from this thesis' theoretical framework, the acting roles of staff can be seen as part of the enterprise's organisational innovation. That is the introduction of a new service practices in the restaurant. Reading into these activities, it is obvious that the restaurant provides a platform for interactions with customers, which subsequently gives room for its provisions of learning experience through storytelling. This is indicative of a co-created experience between visitors and the restaurant's staff and manager. At the same time, the ambiance in which the food is served results in making customers immerse themselves in an aesthetic dining environment, thus suggesting an esthetic experience. In other words, customers are enchanted by the aesthetics of the dining space.

Touching again on storytelling, the restaurant introduces to consumers the local sources of the food. The local embeddedness of these offerings to consumers is thus revealed, which in essence adds symbolic value to the offerings. This corresponds to, after Scott (2010), with assisting in reinforcing the authenticity of a visitor's experience and to underscore the profile of Thy as an iconic area. The following statement by the manager highlights on the contents of stories told to visitors:

*"Well, we tell them very good stories, for e.g. beer with 'porse' in; you know there is a beer called 'Porse Guld' from Thisted Bryghus and we always tell them that the staff from Thisted Bryghus go one time of the year to the national park and collect all this porse for the beer. People are glad to hear that story. This is just a specific story. But also we have some air dried meat from the local butcher and we talk about how the butcher makes the air-dried meat. And we also talk about how they collect mussels from the Limfjord and we talk about how they have started a new business where they collect these mussels in the Limfjord. So we tell all these stories."*

Basically, the idea of revealing the sources of food and drinks to visitors can be explained in theory as an element of marketing innovation. It depicts an act of presenting the restaurant's services and products better to customers. However, it should be noted that not all local food products are used by the restaurant. Some local food producers are very small and cannot produce enough to meet the restaurant's demands. Furthermore, some local food products are very expensive; hence buying them means prices of food in the restaurant will be very high. In this regard, the restaurant relies on affordable local products.

Apart from stories told by the management and staff, some producers are invited to tell customers stories about their products at themed dinner events. The manager provides an example of such in the following statement: "once we had a wine maker from Italy who came to talk about his wine and we served food inspired from Italy". The latter is also an indication of another esthetic experience whereby customers are made to immerse themselves into the impressions of Italy. At the same time, these events can be a learning experience as customers are made to absorb the talk by the wine producer. Themed events are not limited only to Italian food and wine but also live music performances, which attracts mostly local residents. This music performance is obviously an entertainment provided with a goal to engage individual visitors. The music performance is provided to make the diners passively absorb the entertainment through their senses. This activity as indicated by restaurant manager is carried out for marketing purpose. This can be seen in his own words below:

*"It is very hard for us in Denmark to have these theme nights and so on because there are some expensive things that you have to have. For example, the band cost a lot of money and I also have to charge all these people who come for this event. When we do that, we do it for marketing reasons and we think when people come here and they have spent 200 kroner for the evening, and their evening cost 300 kroner but paid 200 kroner then we think the last 100 kroner is a marketing thing. When we have these events instead of having an advertisement in the news paper,*



*may be its better to let people come here and have a good experience and come again and try the food some other days. Sometimes it's like that."*

Although these musical events depict entertaining experience, visitors are not charged admission fees. Relating this to Pine and Gilmore's treatise on charging admission fees, it implies that the restaurant's musical events are not experience economic offering. However, we can also reflect from last quotation that the musical event was meant for marketing, hence consistent with Poulsson & Kale's argument indicated in sub-section 2.4.1 that some experiences offerings are only for marketing purposes. The manager also avers that the main customer attraction is the restaurant, and food and drinks. The place is "not a concert hall" therefore charging admission fees means consumers will have to pay more. Apparently, this echoes the notion of consumers as rational and therefore the admission fee could scare them away. Hence, the manager's approach to this is indicated in his own words as follows: "so we calculate the price of food, drinks on the music for the theme event". Basically, this implies that although admission fees are not charged, it adopts a subtle approach to put monetary value on the music for consumers. Hence in principle this can be argued as an experience economic offering.

The restaurant combines its location in Thy and raw materials (local sources of food products) as assets to provide educational experience through storytelling. The manager exhibits various qualities pertaining to insights and skills, which appears to be useful for the restaurant's experiential activities. For instance, he is well vested with knowledge on the different activities taking place in other enterprises within Thy, which he utilises to create stories for his customers. He is also able to engage in multiple tasks such as performing the role of a storyteller, serving visitors, cooking, etc. In addition, he is also able to transform his waiters' roles as food and drinks service providers to storytellers.

The restaurant utilises its strategic and managerial resources through informal relations with organisations within the municipality and even beyond to innovate. For example, the stories related to local sources of food products for marketing has been possible because of

the manager's relations with the enterprises concern. He argues that he is allowed to use stories associated with these enterprises for his marketing because, the enterprises see that "as benefit for themselves". Secondly the restaurant co-operates with other local organisations such the hotels, restaurants, golf club, national park authorities and the fitness centre. This network focuses on attracting tourists visiting the area and therefore uses their presence to promote each other's business to the visitors.

The following is the restaurant's manager's description of the network activities:

*"Well when people come here they don't come to Hotel Thingard alone, they come to experience this area and we are many people in this area so we cooperate with the attractions, other restaurants and hotels. It is a new thing that we do in this cooperation and not that much with other hotels. Rather, more with the golf course, national park, fitness centre. So when a customer comes here I tell him you can sleep and eat here and also spend a day at the golf course, the fitness centre or the national park and through that we get people to stay here longer. In the same way when somebody goes to the golf course they tell him there is a hotel in the city he can lodge, so we have a co-operation, and we send people around this area in that way. We all make money when they come to each other."*

The restaurant also belongs to a network that has business relations with the Pro Bus tourist transporters group in Thy. This network consists of 10 hotels, 10 restaurants and a host of other tourism organisations. In this network they make a special marketing arrangement for the Pro Bus group. In addition they have hired an agent to promote the municipality, restaurant, hotels and other tourist destinations in the area. Through this initiative they are able to attract visitors to patronise their outputs. These network relations are thus seen as a resource that allows the restaurant to create experiences. Tourists travelling around with the Pro Bus transporters make a stopover at the restaurant just as it is done at Restaurant Købmandsgården.

In a more general sense, the capabilities of this restaurant to offer all the above mentioned experiences is central to its effective mobilisation and uses of resources. However, in specific terms these experiential innovations have been dependent on the dynamic capabilities of the restaurant. In the era of postmodernism characterised by experience consumption, the restaurant's ability to provide stories on demand and other forms of experiences suggests its ability to integrate, construct, and remodel its internal and external competences to respond to the postmodernist consumption turn. Although network relations with different actors have been seen as part of the enterprise's strategic resource contribution to its experience offerings, the abilities to capitalise on these networks to create value suggests its network capabilities.

In conclusion, experience-based innovation appears to be very explicit in this restaurant. This is by virtue of the restaurant's conscious approaches to engage visitors with experiences. Such consciousness is made visible in an anecdote where manager stresses that his hope is for visitors to remember how kind they were treated, how they were served, how the prices and quality were within their expectations, and more importantly the "nice experience" they had. Basically, experience-based innovation in this restaurant have been the result of effective utilisation its resources and capabilities. Some of them have been through external network relations, thus suggesting the enterprise's abilities to relate with external actors.

#### **6.4 Tove Køkken**

Tove Køkken is a catering services provider and café (known as Fjordcafeen) situated at Dragstrup, west of Nykøbing. It is owned by a family (married couple). The woman (hereafter the manager) is responsible for the operations of the café, kitchen and cooking, while her husband is responsible of making deliveries to customers. They have one employee who normally assists in the kitchen. According to the manager, she has been working in the restaurant industry since the late 1970s, but in 1990 she developed the interest to establish her own catering services. However, a family issue prevented the

realisation of this dream until 1995. They converted an old cattle barn into a kitchen to start their catering services. Thereafter they established the Fjordcafeen in 2007 to serve coffee and cakes as well as hot meals to visitors.

The catering segment provides services for weddings, parties and other festive and social gatherings within Nykøbing. These services are provided to about 6000 people per annum. The café is designed to provide food and drinks services to approximately 15 to 48 persons at a time. However, the monthly average visits are about 30 people, thus suggesting a low patronage in this section of the enterprise. Customers are mostly local residents and very few people from outside Mors.

The manager claims they prepare “good homemade food of high quality”. This is buttressed by the following statement:

*“I make the food from the old way. That is the traditional way. We peel the potato ourselves, we make homemade food ... I mean it is not like a factory product but more of a traditional way of cooking.”*

In addition the enterprise places emphasis on using local raw materials to produce Danish and some international cuisines. However, some raw materials are sourced from neighboring Thy. The manager suggests that the traditional way of cooking gives value to the food and a source visitors’ attraction since it makes them feel as if they are in their own homes. The enterprise’s usage of local raw materials stems from the owners’ business goals as reiterated in the following statement by the manager:

*“What we want is to show something out of local products. And to show that out here in the open land you can have a business and here we like to have family business.”*

The showcasing of local products are not limited to food, but also artifacts, literary and art works by different people from Thy and Mørns. These items are displayed and sold in the cafe. Visitors are fascinated by the antique dining wares in the cafe. Among the repertoire

of food services in the café is a buffet, dubbed 'Thy buffet'. Once an event was organised at the café to mark the return of two of the owners' children from Bolivia after about six months stay in that country. Visitors were therefore given a talk on Bolivia and served a Bolivian cuisine made from quinoa. Recent development in the Cafe is the hosting of concerts. Among them is one dubbed *Fra Thy til Dublin og hjem til Mors* (From Thy to Dublin and home to Mors) (own translation), in which Lars Kristensen, a musician and writer plays music and gives talks on his personal life and music. Visitors pay admission fee for and are served food.

#### **6.4.1 Analysis and interpretations of activities**

Based on the knowledge that experience occurs when an enterprise strategically use its outputs as means to engage the consumer, the Thy buffet and Bolivian dinner can be seen pre-eminently as events that the café utilise(d) to engage its visitors experientially. They demonstrate one of the noticeable examples of experience offering that is gaining root in the restaurant or café industry. That is attaching themes to food services for customers. Conspicuous examples of themed services in the literature include the Hard Rock Café and Starbucks (Pine & Gilmore, 1999). Using Thy as a buffet's theme is an indication of valorising the idyllic of the area to create value. Customers are thus engaged with an esthetic experience as their senses are immersed with the identity of Thy. The connection of the buffet to Thy's identity demonstrates and confirms an allusion that a place plays a role in the experience economy (Lorentzen & Smidt-Jensen, 2011).

The Bolivian dinner also entails experiential connotations as it can be deduced from the manager's response to the kinds of events which they attach to their services for the consumer:

*"There was one occasion where we had to talk about Bolivia because our son and daughter had visited there in half year. My son had written about the place, so I talked about it and we served a dinner with quinoa a special product from Bolivia".*

The above quote shows that guests were engaged with a learning experience, while they enjoy a themed Bolivian dish. Such an event has the tendency to alter the guests' sense of reality by giving an impression of being in that country. These examples of experience offerings presented above are innovative in context, since they represent the implementation of ways to create added value within the scope of the café's services. In other words, it is an indication of the café's marketing innovation.

The display and sale of artefacts, literature and art works of local people in the café may depict the promotion of local creative people and commercialisation of local "cultural products" (see Ray, 1998; Richards, 2001). However, the display of these cultural products, which enriches the ambiance of the café, epitomises a use of the food services to engage visitors with an esthetic experience. Besides, visitors are also immersed into an environment denoting a gallery stocked with local cultural products. Furthermore, the displays also provide a platform for visitors to have a learning experience as they gain knowledge of these cultural products and the people who have created them.

The innovativeness of the above activity in the café can be interpreted in a number of ways. First, the combinations of cultural products and the mainstream services of the café are seen as an organisational innovation, since they demonstrate a new method in the café's practices to create value for itself and consumers. Just as the previous examples of experience offerings discussed in this case, elements of marketing innovation can be read into the combinations of cultural products and the café's mainstream services. Basically, they embody a new way of creating added value on their traditional offerings, i.e. food and drinks, but generally all of these innovations are laced with experiences.

We are made to understand from the manager's view that serving visitors with antique dinning wares is experiential. This came to light when she was asked about her views on which of her services is likely to create memorable experience for visitors. She puts this view in the following:

*“I can see it when people come here to the Fjordcafeen, they see these old dishes and some of these things (referring to antique plates, tea sets which she reached out for), and they say wow and they talk about it. They like it. It is different things available”*

Furthermore, she claims these dinning wares attract people to visit the café. This implies that these heritage resources are enchanting objects connected to the food services. No wonder that they generate excitement and discussions among visitors. It illustrates the consumption of heritage resource, a phenomenon which has been widely documented in the rural studies literature (see e.g. Mitchell, 1998; Scott, 2010), but it is also experiential regarding its esthetical and learning implications for the consumer. Anderson (2000, p. 100) argues that objects and places are venerated, not just as icons of the past but as authentic items tied to ourselves by the threads of time. Focusing on objects, the provisions of these antique dining wares to visitors is an indication of the owners, tapping into the reservoir of time, drawing of value and selling this imagery of time (ibid). Literally, this suggests an innovative approach adopted by the owners of the enterprise to boost the patronage of their services.

The concerts held in the café are another example of experiential innovation which has been introduced into the enterprise. It is a typical add-on experience, which stimulates entertainment in the visitors. Apart from the musical entertainment that visitors obtain, they gain a learning experience as they listen to the performing artist's personal life experiences. The latter is particularly in reference to the concert given by Lars Kristensen. On the basis of Pine & Gilmore's (1999, p. 63) position that: “you are not truly selling an experience unless you charge admission”, these concerts are justly indicative of experience offerings. This is because visitors are openly asked to pay for admission fee for the concert as well as the food services which they are to experience in the café. Beyond the understanding of this experience offering as innovation, it suggests a marketing strategy for the restaurant to boost its image, hence an attempt to differentiate itself from rivals.

The experience-based innovations examined in this case have materialised through the enterprise's utilisations of its internal resources and capabilities. From the resource perspective, the intelligence and managerial acumen of the owners are identified as crucial in the innovations of the café. This included the combinations of both tangible and intangible cultural resources, i.e. antique dining wares, artefacts, literary and art works and music events. Informal relations with local creators of arts, artefacts and writers as well as musicians are also indicative of managerial and strategic resource mobilised for the introduction of experience-based innovations in the cafe.

Aside of these relations, the enterprise has benefited from a financial assistance to organise the first concert through a networking relations. This can be drawn from the manager's own statement:

*"The first concert was possible financially because I am part of a network called the Innovationsforum, and there was Jens Nørgård who was in another network called MOM Music somewhere on Mors, who had some money one could apply for, so we received a grant for the first concert..."* (own translation from Danish)

Drawing on Barney & Hesterly (2008) definition of financial resources as stated in sub-section 2.5, the funds obtained through the above named networking relations constitutes the enterprise's financial resource used in staging the first concert in the café.

Basically, the nature of experience-based innovations identified in this enterprise shows the owners' eagerness to differentiate or simply make the café more appealing to visitors. Drawing on O'cass & Voola's (2010) view on capabilities as the viable use of resources owned by an enterprise for a particular strategy, it can be argued that Tove Køkken's effective use of its resources has been crucial to its experience-based innovations. This is coupled with competencies in utilising external resources through networking. All of these competencies can be seen as organisational capabilities. The organisational capability in relation to networking is somewhat analogous to inter-organisational innovation,



particularly in reference to the dealings with local cultural producers and the concert performers.

Overall, innovative strategies identified in Tove Køkken demonstrates the owners' entrepreneurial action, exemplified by their abilities to create value out of the ideals of a place, local cultural products and also to enrich a dining experience with a themed event and concerts. These innovations have not been solely dependent on the enterprise's internal factor endowments but also external factors. Notwithstanding, there are certain issues that questions the level of explicitly of the café's experiential innovations. It was seen that Tove Køkken is unable to commercialise the experiential element of the Bolivian event. Visitors were made to pay for the normal café services and were not charged extra for the experiences attached. The manager admits this limitation in the following words: "It should have gone up, but I am not so good to do that". The enterprise inability to charge extra for that experience contrasts a treatise in experience economy that urges businesses to commercialise experiences to enhance high profitability. The Bolivian event has also been one-off, and the enterprise has not been able to organise a similar one. The following is the manager's response to why the vent has been one-off:

"Because it is not so easy to do, it was the first time I've ever had to do that. I will like to do that again but it is difficult to find time and how to say what people can come here and hear about... yes it is a little family firm. And I am nearly the only one doing everything. It's not easy".

In general, the above demonstrates the lack of resources and capabilities to regularise such an event. The size of the enterprise also contributes to these challenges because different cognitive resources perhaps are needed to ease down the existing overstretched functions of the owners. However, the manager claims they cannot hire additional staff due to financial constraint. Resources and capabilities issues can further be understood from the manger in the following: "This place is made from and old farm house. The kitchen was where the cows were living. This is already a history but we are not too good at telling this story".

The manager hopes to develop theme events based on the image or history of Mors. However, this has not materialised because she considers that to be a difficult task. Based on these noted limitations in this enterprise, one can conclude that implementation of experience-based innovation in this enterprise is relatively less rigorous. This is seen as a challenge that has to be addressed if this business seeks to thrive through the experience oriented innovation.

## **6.5 Hallegård Gårbutik & Pølsemageri**

Located in Østermarie, east of Bornholm, Hallegård Gårbutik & Pølsemageri is a café, farm shop and meat processing (sausages, ham and bacon) enterprise. It is a small sized enterprise, employs 3 persons and operates all year round. The owner, a *Federation Cuisiner Exclusive d'Europe* prize winner has been operating this enterprise since 1990. Prior to this establishment, the owner operated a pig farm in the same location. Meat products from this enterprise are handmade, contain both old local and foreign recipes and have no preservatives and artificial additives. The latter is a reputation which the enterprise uses to promote itself. The cafe/shop is decorated with paintings of a famous local artist, and except for wines imported from Italy it is stocked with locally produced food products. One of the owner's key concepts is to make visitors happy with stories and tours. Many of these visitors are tourists, some of whom are cruise ship travellers make a stopover in Bornholm to visit interesting places including the café. Other tourists partaking in gourmet trips also make a stopover to tour the place and enjoy tapas at a fee.

### **6.5.1 Analysis and interpretations of activities**

The owner of this enterprise has emphasised categorically that he wants to give his visitors a nice “oplevelse” (experience). Furthermore, he reiterates on the rising global competition, with particular reference to the influx of many global products on the local market as an issue that requires him to be “very sharp” if they can succeed in Bornholm. This implies he has to be innovative to succeed on the market. Accordingly, the owner's storytelling

activities represent an innovative strategy to engage visitors experientially. The following demonstrates his story contents:

*“I think I told you about the old sausage recipes. I have a lot of stories about my products that I tell my customers. People like to have a story about the sausage. For example we have a sausage called Poul Larsen and there is a joke about Poul Larsen, he once had a hotel. I can tell you most of my sausages have a small story. I don’t use chemicals and other things and it’s not organic but I can tell you I did not use anything. It is natural and people like that. And so I also try to make things with low fat and when people want things with low fat in I have it”*

These stories are themed on quality attributes, contents of the meat products as well as comics to entertain visitors. The comical aspects of these stories are obviously to give visitors entertaining experience. Stories relating to the products contents and quality amounts to a promotional strategy, but learning experience for consumers. These stories give details on the sources of recipes and animals. More details are given on the latter, for instance, showing their localness, how they have been treated as well as their symbolic attributes. The following words of the owner points to the stories about the animals:

*“Danmarks coop has made pigs that you can buy from them. It’s called the Bornholmer pigs. The Bornholmer pigs have had some special foods and it is good where they are living before they were slaughtered. I get some of the pigs from this farm, but I must not call them Bornholmer pigs because it is called Danmarks coop. All my pigs are Bornholmer pigs because they are born in Bornholm... I use ox, I buy them from a special farm. They have lived in Hammershus. And all the people who have come to Bornholm go to see Hammershus. I think most of the people have seen the lamps and the heifers living around Hammershus. It’s also a good story to tell...”*

Giving visitors, particularly the cruise ship travellers a tour of the enterprise’s facility, amounts to an experience to learn about what is produced in the enterprise and how they are carried out, and among others. Such an experience is multi-sensorial and may be apparent through what people will see, hear, touch, smell and taste. On the hind sight, this

tour is used as part of the enterprise's promotional strategy, because according to the owner, he expects that visitors will relay what they have experienced to others for them to come and have a similar experience.



**Figure 6.3:** Art decorations at Hallegård Gårdbutik & Pølsemakeri (Photo source: Arthur, 2010)

I indicated in the previous case study that the display of local art works at the Fjordcafeen enriches the ambiance of the place and depicts the use of food services as stage to engage visitors with esthetic experience. The same is true of the paintings on the walls of shop/café.

The underlying internal resource contributions to the experience-based innovations described above are identified as follows: First, the owner represents a cognitive resource for the introductions of these innovations. This is manifested in his skills to create stories based on the ingredients of his products to offer learning experiences, and comical stories to provide visitors entertaining experiences. The use of the entire business facility for tour giving is observed as cultural resources to offer customer experience.

The informal relations established between the owner and external organisations for recipes are also seen as managerial and strategic resource of the enterprise to innovate. To be specific on this, the owner claims to have obtained a lot of old recipes from members of the housewives association (*Husmøderforening*) and the Bornholm Museum at Rønne. However, this can also be considered as an external resource contributions to the enterprise's innovations.



**Figure 6.44:** Sausages at Hallegård Gårdbutik & Pøsemageri (Photo source: Arthur, 2010)

The enterprise' abilities to perform an array of different activities such developing stories, giving tours to visitors, providing an attractive interior décor, and engaging in strategic networking relations; all in the attempt to ensure customer experience is an indication of its organisation capability. However, the following anecdote by the owner indicates that the idea of giving visitors a tour was obtained from an external source:

*"We had a lot of pigs, frilands pigs and we had a lot of problems with the tourist coming to look at the pigs... I was not so happy about that. So we got a LEADER office from the EU and I was at a small meeting there and the person I was talking with was Henrik Andersen, he was the first director and as we were talking, he said it will be nice that if the tourists are coming, then you should make an open farm so*

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*that they can come down and look at the animals and make a small shop. And I said to him you must be crazy, but he was talking a lot about it and we started in about 1990. At this time, I sold the pigs and I made a small... what we call it Bornholms frilands pigs, and I was working with a small slaughter house in Klemensker so we made a place where people can park their cars and opened a small shop out here."*

The following also illustrates how he started giving visitor tours prior to the commencement of his present business activities:

*"And Mosekjær made me something for the pigs and then we had two days where you could come and make a visit and pay a little bit and we will go around and I was telling people about the pigs and how we make our corns from the field... Then I said to Mosekjær I wanted to make things with no chemicals... So we had to make our own sausages production"*

The owner's ability to absorb external knowledge into the business is indicative of a dynamic capability. This idea can be understood from the above quotation to have influenced the recombination and integration of resources to establish such a value creating venture.

To conclude, the main motivation for the enterprise's experience-based innovations is to differentiate in order to attract capital mostly from tourists. These innovations have been determined by the enterprise's interactions with internal and external factors. Although the experience-based innovations of this enterprise can be described as explicit within the context in which they are provided, nevertheless they can be seen as a niche and not necessarily a major feature of the enterprise.

## **Part 3**





## **CHAPTER 7**

### **COMMONALITIES AND CONTRASTS: COMPARATIVE ANALYSIS**

#### **7.1 Background**

In the last three chapters, I have concentrated on the analysis of individual cases with each food enterprise unit. Influential works in the literature have suggested that factors enabling innovation are sourced from within or outside an enterprise. My aspirations in the last three chapters was to uncover, in complement to these propositions, that the development of experience-based innovation is also dependent on the enterprise's internal resources and capabilities, and can also be through institutional influence and relations with actors outside the enterprise. Results from the analysis of individual cases show various experience-based innovations whose successful implementations are mostly enabled by factors within the enterprises' environment and also external.

As indicated in chapter 3, the main goal of this present chapter is to compare the findings within each food enterprise category and to identify their commonalities and contrasts. In this regard, the patterns of experience-based innovations of each enterprise category and the factors that enable their creations are noted. Secondly, the chapter is targeted at providing an overall picture of experience-based innovations in Thisted, Mors and Bornholm. Therefore findings are further discussed across municipal levels. The analysis focuses on the institutional settings that influence the actions of enterprises to innovate in the context of creating experiences. The motivation is that when one looks into the interpretations of findings in chapters 4, 5 and 6 critically, it is obvious to notice a methodological limitation as the analysis has overly been reliant on interview data from the enterprises. Apparently, this narrows the scope of existing findings, thus triggering the need for a broader understanding of the factors stimulating experience-based innovations in the municipalities.

Consequently, as indicated in chapter 3, I draw on insights from stakeholders' views and policy documents to explain the underlining motivations behind experiential activities of enterprises. However, the caveat is that not every finding can be explained given the limitation of available data regarding external factors influencing the actions of enterprises. Notwithstanding the chapter seeks to deal substantially with its set goals to show a broader representation of the experience-based innovation landscapes in Thisted, Mors and Bornholm municipalities.

The chapter begins with a comparative analysis of findings each food enterprise category. This is followed by discussions of these findings: storytelling experiences, guided tour experiences, trade exhibition experiences, farm guesthouse experiences and festival. I conclude the chapter by presenting a summary of the discussions in the previous section with particular emphasis on the findings.

## **7. 2 Comparative analysis: primary food enterprises**

In relation to the analysis in chapter 4, the types of experience-based innovations of enterprises in the primary food sector took the form of storytelling, fishing experience, side attractions, guided tour, holidays on farm guesthouse, and events such as themed food, music and dinner experience offerings. Many of these innovative experience offerings are reminiscent of add-on experiences. However, experiences such active fishing in Nørhå Ørredbutik's lake and lodging at the guesthouse of Thy Bondegårdsferie & Gårdsbutik were primary offerings. It can be argued that the latter is intertwined with other experiential activities making it quiet complex to firmly position it as a primary offering. The various activities connected to the guesthouse serve as a stage to make visitors' stay memorable.

Apart from Nørhå Ørredbutik and Agger Fiskbil, all other enterprises offer storytelling experiences. These stories have some common characteristics. First, they are all designed to provide customers learning experiences. Another common feature is that the story lines centre on promoting product quality, yet the specificity of quality varies to some extent. All

three enterprises stress on the organic nature of their meat. Thy Bondegårdsferie & Gårdsbutik and Den Bornholmske Gårdbutik also emphasise on the good lives their animals have had before being slaughtered. This demonstrates the enterprises' promotion of their animal welfare consciousness. Thy lam and Den Bornholmske Gårdbutik also stress on environmental sustainability concerns as part of promoting their products' quality, but Thy Bondegårdsferie & Gårdsbutik makes no such emphasis. The stress on traceability is also a distinctive feature in Thy lam's story on quality.

Beside the emphases on quality in the stories, Thy lam provides stories based on local natural resource and heritage, where as Thy Bondegårdsferie & Gårdsbutik draws on local history to tell its stories. These activities implies that the aesthetic image and symbolic meanings associated with Thy, coupled with its history and heritage are offered commercially in tandem with products/services as experiences. This reflects a feature of what have been described in the rural studies literature as the commodification of rural areas (see e.g. Mitchell, 1998; Anderson 2000; Kneafsey, 2001). Themed events identified in both Den Bornholmske Gårdbutik and Thy Lam are contextually different. The former provides multi-functional themed food events including music performances, while the latter provided a one- off dinner event.

Apart from the all of the above, other experiential offerings appear unique to particular enterprises. For instance, the barrel event organised by Agger Fiskbil, fishing experience at Nørhå Ørredbutik, the various activities connected with holidays at Thy Bondegårdsferie & Gårdsbutik guesthouse, and the guided tour organised by Den Bornholmske Gårdbutik. Tours giving at Den Bornholmske Gårdbutik is observed as more of events laden compared to others.

Despite the widespread offering of storytelling experiences, most enterprises combine this with other forms of experiential activities as shown on Table 4. This shows the dynamism and innovative qualities in these enterprises approach in differentiating their offerings.

While enterprises like Den Bornholmske Gårdbutik and Thy Bondegårdsferie & Gårdsbutik apply the experience concept explicitly as an innovation strategy, others do not (typified of the Thy Lam where experiential activities was one-off event), and whereas some appears to be unaware of the experiential implications of what they offer. It was also observed in these studies that Thy Lam for instance, creates experiences for consumers but free of charge.

The mobilisations of internal resource and the competences to utilise them, have been significant in the creations of customer experiences in all five enterprises studied in chapter 4. As heterogeneous these enterprises are, so are their endowed resources and capabilities. However, there are some similarities on how their internal factors are utilised. From a resources perspective, Thy Bondegårdsferie & Gårdsbutik and Thy lam have exploited their location in Thy as a form of cultural resource. As entrepreneurs/enterprises with the vision to distinguish their offerings, they have sought to commercialise the ideals of Thy to achieve this ambition.

Enterprises such as Thy Bondegårdsferie & Gårdsbutik, Den Bornholmske Gårdbutik and Nørhå Ørredbutik do have a common characteristic of exploiting their physical environment as resource. However, the contexts in which they are used differ. For instance, as seen in chapter 4, the farm complex in Thy Bondegårdsferie & Gårdsbutik is used to provide varieties of customer experience; the lake in Nørhå Ørredbutik is used for fishing experience; while the entire farm complex on which Den Bornholmske Gårdbutik is located is used for a guided tour experience and providing various experience offerings. Other resource applications are identified to be specific to some enterprises. For instance, Thy Lam's uses technologies such as its internet website and traceability logo, and Agger Fiskbil also utilise its delivery van and fish products.

Generally enterprise owners and managers are identified as crucial cognitive resources, hence the livewire in the creation of experiences in these enterprises. However, considerations of the rigorous levels of experience creations by enterprises points to

differences in the degree of owners or managers competences. Thy lam and Den Bornholmske Gårdbutik have in common feature as exploiters of strategic and managerial resources in creating specific experiences for the market. These are identified in their informal relations with other external organisations or individuals. It has also been shown that financial resource has been crucial in developing experiential sites for example in Thy Bondegårdsferie & Gårdbutik and Nørhå Ørredbutik. Based on Wernefelt's (1984) of definition of resources as noted in section 2.5, the financial resources of these enterprises can be argued as a 'strength' enabling them to invest in these ventures.

Capabilities, described in the literature "involve teams of resources working together" (Grant, 2001, p. 166). In the cases studied in chapter 4, the combinations of resources for undertaking experiential activities have been seen generally as organisational or dynamic capabilities. However, in some enterprises there were combinations of both forms of capabilities. As shown on Table 7.1 some enterprise's activities are based on both organisational and dynamic capabilities, while others are only dynamic or organisational. Thy Lam and Agger Fiskbil are examples of the latter. The organisational capabilities show basically the abilities of these enterprises to carry out their innovative activities, while the dynamic capabilities also show the enterprises' abilities to respond to new trends on the market. Thus an indication of what I will refer to the enterprise's vigilance to market behaviour and their subsequent adjustments of resources to suit new market trends.

Considering the North Jutland Region's endorsement of the experience economy as one of its pillars for development, it was my expectation to discover in the interview data the dominance of public policy or public actor influences on enterprises' creations of experiences. However, to begin with the findings in the primary enterprises studied in Thy, it emerged in the interviews that there are less influences. The only influences identified in the primary enterprises were in Thy Lam, where authorities of the local national park and the Local Authority have contributed to the farm's experience creations.

**Table 7.1:** Summary of findings in the primary food sector

	Type of experience-based innovation	Forms of experience	Resources mobilised	Capabilities	External sources of Innovation
<b>Thy Lam</b>	1. Storytelling 2. Dinner event	1. Learning 2. Esthetic	1. Internet website, traceability logo, geographical location. 1,2 Manager's skills & insights; strategic relations with chef & local food producers	1, 2 Competence in mobilising different resources	1. Network relations with local & national park authorities.
<b>Nørhå Ørredbutik</b>	Put and take service	Escapist, Entertaining	Farmer's deep insights and entrepreneurial acumen. Financial (buying the lake for put and take). Farm/lake	Competencies in exploiting market potential & combinations of resources	Networking with local organisations
<b>Den Bornholmske Gårdbutik</b>	1. Storytelling 2. Guided tours 3. Themed food event 4. Musical events	1,2, 3 Learning 4. Entertainment	1,2,3,4 Knowledge and skills of partners. 1. Brochures, website, tours, sign post. 2. Farm 3, 4 Strategic informal relations with local organisations.	1,2,3, 4 Competence in mobilising internal resources.  Reconfigurations of different resources.	1.4 Networking relations with entertainers.  Relations with local tourist bureau.
<b>Agger Fiskbil</b>	Side attraction at fish sale	Learning and entertainment	Fish and Delivery van  Owners' intelligence	Competence in mobilising resources	
<b>Thy Bondegårdsferie &amp; Gårdbutik</b>	1. storytelling 2. Holidays on Farm guesthouse	1. Learning 2. Learning, esthetic, escapist and entertainment	1. 2. Entrepreneurial acumen. 1. Local history 2. Farm and recreational assets. 2. Funding of guesthouse and recreational assets.	1. Competence in internal resources mobilisation. 2. Reconfigurations of internal & external competencies towards new market trends.	2. Networking with other shops and farm guesthouse association.

However, these contributions of can be seen as less explicit. This because experiences associated with the farm's sheep grazing on the historic site in Steinbjerg and the Nationalpark Thy was purposely for nature/landscape conservation rather than for experience-based innovations. The story is quite different in Bornholm where the local tourist bureau, a public organisation has played a more explicit role towards the creation of experiences in Den Bornholmske Gårdbutik.

Apart from Agger Fiskbil, all the other enterprises have created customer experiences through their networking relations with external actors. This shows that majority of these primary enterprises do not innovate in isolation. Basically this can be described as the networking capability of the enterprises. In the next section, the focus on comparative analysis of enterprises findings will be the secondary sector.

### **7.3 Comparative analysis: secondary food enterprises**

On the basis of analysis carried out in chapter 5, the types of experience-based innovations identified in the secondary food enterprises are storytelling, interior design and décor, trade exhibitions, guided tours, product tasting, themed fish event, themed product, festival event. Just as the types of experiences identified in the chapter 4, these are reminiscent of add-on experiences. These experiences offerings are representations of the enterprises' differentiation strategy. Yet, it should be noted that experience activities of Vilsund Muslinge Industri A/S are also arguably add-ons, albeit some degree of eclecticism in the manner in which they are presented. The enterprise does not author most of its stories, but rather approves of and utilise them for its business promotions. It also supports a festival event rather than organising it as part of its business operations. Basically, these are quite inconsistent with the locus of how enterprises stage experiences as demonstrated in the literature. Yet, drawing once more on Augier & Tecce (2007), innovation is understood as the capacities of the entrepreneur to translate markets and business models differently. Hence, it can be argued that although Vilsund Muslinge Industri A/S does not apply the experience concept to the letter, its actions still merits a description of innovation because

it applies the concept differently to fit its operational focus. This appears quite new to the traditional way in which enterprises have embarked on staging customer experience.

Apart from Svaneke Chokoladeri, all enterprises offer storytelling experiences, thus suggesting a common activity among the secondary food enterprises. They are communicated through mediums such as face-face interactions, product labels, brochures, and on the worldwide website to arouse the consumers' emotions through their senses. These stories vary in both contexts and contents, but are similar in some cases. Thisted Bryghus and Spritfabrikken Thylandia ApS are noted to provide similar stories regarding their use of *bog-myrtle* as ingredient collected from the local national park. The content of these stories relates to the provisions of learning experiences to customers, while at the same time, the aesthetic image and symbolic meanings associated with Thy and the national park are imbued into their drinks to create value. Vilsund Muslinge Industri A/S and Fonfisk Hanstholm A/S, both in the sea food industry are also noted for telling stories which are similar in context. They both provide learning experiences to consumers by stressing on product origins, how the products are obtained from the sea, and other forms of narratives on quality assurance and authenticity. In contrast, Vingården Lille Gadegård focuses mainly on entertaining visitors with amusing stories.

Another popular experience offering seen among these enterprises is guided tours. Vingården Lille Gadegård, Thisted Bryghus and Vilsund Muslinge Industri A/S are noted for providing visitors guided tour experiences in their facilities. However, the former undertakes this activity explicitly, since it represents its key economic offering. Thisted Bryghus and Vilsund Muslinge Industri A/S in contrast consider their tour experiences as more of a marketing strategy, despite the former charging of admission fees.

My observation shows that the interior design and décor of Svaneke Chokoladeri represent its key innovative experience offering. The same can be compared with other enterprises that dwell more on storytelling and tours. Svaneke Chokoladeri's interior design and décor



experience offerings are apparently unique since no other secondary enterprise was identified to offer such experience. The main motivation for these designs is for marketing purpose rather than charging explicitly for the potential experience it can create for consumers. The Interior design and décor of Svaneke Chokoladeri, as mentioned in sub-section 5.5.1 is also to stimulate consumer attractions to the shop. This could take the form of a guided tour, but apparently the nature and size of the place does not allow that. The entire production and services spaces are arguably less than 100 square metres. Enterprises with much bigger spaces therefore have an advantage to give their visitors tour experiences. Other experiences such as trade exhibitions, product tasting, themed fish event, themed product, and festival event are associated with particular enterprises, and can be seen in Table 7.2.

In Grant (2002) he argues that resources owned by an enterprise do not generate value for the enterprise by themselves, hence for an enterprise to obtain competitive advantage, resources should operate collectively to generate organisational capabilities. Accordingly, just as enterprises in the primary sector, the experience-based innovations identified in the analysis of secondary food enterprises are reliant on the collective use of different resources. Vingården Lille Gadegård, Thisted Bryghus and Vilsund Muslinge Industri A/S are noted for using their facilities as cultural resource for giving tours. The use of cultural resource is rather different in Svaneke Chokoladeri. Its interior design and décor are used as source of customer attraction. These nuances provide an understanding of differences in enterprises competencies towards resource mobilisations. Raw materials (production inputs) have been utilised for experience creation by Thisted Bryghus and Spritfabrikken Thylandia Aps. Based on the analysis in chapter 5, these inputs have consequently been conceptualised as a natural resource. The exploitation of such resource is obviously a creativity born out of satisfying what can be described as the post-modernist consumers' crave for authenticity, experience and quality.

Owners and managers of all the enterprises have a common feature of being the cognitive resources in the introductions of experience-based innovations. Many of them have no employees; hence ideas relating to experiential activities have been developed by these owners. For those who have employees, the role of workers in experience creations are been less visible or nonexistent, except for Thisted Bryghus. Spritfabrikken Thylandia ApS, Vilsund Muslinge Industri A/S and Thisted Bryghus are identified as users of strategic and managerial resources. This is evident by their involvements in informal networking relations. Basically, by virtue of the fact that all enterprises in the secondary sector have the abilities to combine different resources to innovate in experiential context, suggest their organisation capability. However, Fonfisk Hanstholm A/S and Spritfabrikken Thylandia are seen to create experiences due to their dynamic capabilities.

External sources of motivation for the secondary food enterprises to innovate have also been seen as through their relations with public and private actors. Table 7.2 shows the summary findings on enterprises in the secondary food sector. On one hand, it can be argued that Spritfabrikken Thylandia ApS and Thisted Bryghus's respective stories on their usage of raw materials from the national park in Thisted reflect some sort of contributions from the national park authority. Thisted Bryghus's networking relation with the local tourist bureau is also another source of innovation from a public organisation. The network relation between Thisted Bryghus and a sister brewery do not only show its source of innovation, but appears to be unique among the other enterprises. This is because none of them was found to engage in such a venture. Although this relationship was temporal, nevertheless it shows Thisted Bryghus' capability to network more or less a competitor on the market. The Danish Ministry of Food, Agriculture and Fisheries are identified as key contributor to Fonfisk Hanstholm A/S's experience creation at the national campaign on fish consumption. However, this supporting role was indirect because the essence of the campaign was not about promoting the experience economy in the fishing industry but to educate people on fish consumption.

**Table 7.2:** Summary of findings in the secondary food sector

	Type of experience-based innovation	Forms of experience	Resources mobilised	Capabilities	External sources of Innovation
<b>Thisted Bryghus</b>	1. Storytelling 2. Guided tour 3. Theme event	1, 2, 3 Learning, esthetic. 2. Learning, esthetic, escapist and entertainment.	1. Geographical location in Thy, Natural resource (raw material) 2. Brewery's facility complex. 1.2 Management as cognitive resource	1,2,3. Competence in mobilising resources	2. Relations with local tourist bureau. 3. Networking- joint venture with sister brewery.
<b>Spritsfabrikken Thylandia ApS</b>	1. Storytelling 2. Product tasting	1. Learning	1. Natural resource (raw material), Strategic and managerial. 1.2. Owners cognitive skills.	1. Ability to adapt to changing market environment, Competence in internal resources mobilisation.	Relation with a distillery
<b>Vingården Lille Gadegård</b>	1. Storytelling 2. Guided tour	1. Learning , Entertainment 2. Learning	1, 2 Owner as cognitive resource, physical environment. 1. Informal networking relations with friends and local artist	1, 2 Ability to adapt to changing market environment; Competence in mobilising resources.	1.2. Media and tour operators
<b>Svaneke Chokoladeri</b>	1. Interior design 2. Interior décor 3. Trade exhibition	1. 3 Learning 2. Esthetical	1,2 Owner as cognitive resource Interior design and décor	1, 2 Competence in internal mobilising resources.	3. Relations with Bornholm Business Council
<b>Vilsund Muslinge Industri</b>	1. Storytelling 2. Mussel Festival 3. Guided tour	1,3 Learning 2. Learning, Esthetical, Entertainment.	1,2,3, Management as cognitive resource 1. Local community, local fishermen, fjord (natural resource)	1,2,3, Competence in mobilising resources	1. Networking with authors. 2. Networking relations with festival organisers.
<b>Fonfisk Hanstholm A/S</b>	1. Storytelling 2. Theme event	1. 2. Learning	1.2 Management as cognitive resource. 1. Fish origin, fishing procedure, processing method.	1. Ability to adapt to changing market environment).	2. Relations with public authorities

In other words it was mainly a health awareness campaign. Svaneke Chokoladeri is another example of enterprises that benefits from relations with public actors. The same is true of Vilsund Muslinge Industri A/S due to its relations with book authors and festival organisers. Similarly, at Vingården Lille Gadegård external source of motivation is very much rooted in networking with private actors such as the media and operators of tourist ship to Bornholm.

#### **7.4 Comparative analysis: tertiary food enterprises**

In general, the introductions of experience oriented innovations by the tertiary food enterprises as seen from the analysis in chapter 6 are examples of add-ons experiences aimed at creating value. There are a host of experiences offerings which are specific to particular enterprises. These can be seen on Table 7.3. For sake the sake of brevity in this section, the following highlights on other experience offerings that appear to be common among enterprises.

The analysis in chapter 6 has shown that the culture of offering storytelling experience to consumers is not alien to most food enterprises. Basically, this phenomenon as seen in the entire research cuts across units within the broad food sector. This study has shown that 3 out of 5, thus majority of enterprises offer storytelling telling experiences. Just as seen in the primary food enterprises, the context and contents of these stories varies, while at the same time have certain common characteristics. Hotel Thinggaard and Restaurant Købmandsgården have their stories centred on the local sources of raw materials.

Apart from telling consumers where and how raw materials are obtained, the 'localness' of the raw materials signifies the key experiential element in their stories. In this sense, the experiences which consumers pay for is the idyllic of the local raw materials (Mitchell, 1998). These same restaurants create another dimension of storytelling experience for consumers. This takes place when invited business guests are allowed to tell stories to visitors at special events. Basically, these stories accentuate on how those business guests make their products and the associated quality dimensions. Hallegård Gårdbutik &

Pølsemakeri also forms part of the legion of quality oriented story tellers. But, Hallegård Gårdbutik & Pølsemakeri also includes stories created specifically to entertain visitors.

Restaurant Købmandsgården and Hallegård Gårdbutik & Pølsemakeri offer guided tour experiences, particularly to tourist visiting the municipalities where these enterprises are located. Music events to entertain visitors also constitute one of the common experience oriented activities identified among enterprises. Specific examples are Tove Køkken, Hotel Thinggaard and Restaurant Café Conrad. Restaurant Købmandsgården, Tove Køkken, Hallegård Gårdbutik & Pølsemakeri and Restaurant Café Conrad are noted to have interesting interior décor that are experiential in context.

In the analysis carried out in chapter 6, it was noticed that enterprise owners are key cognitive resources in the introduction of experience-based innovations. This feature is thus seen as common among rural food enterprises in all the sectors studied in this thesis. In addition individual enterprises have seen to employ cultural and natural resources in different capacities to enable their creations of experience. Table 7.3 shows the various resources in this regard.

It can be observed from Table 7.3 that Hotel Thinggaard and Hallegård Gårdbutik & Pølsemakeri are the only enterprises among the others that have utilised strategic and management resources. The context in which these resources have been employed is through informal relations with various private business organisations. The success of this relations is indicative of what Burt (1992) describes as the enterprise's social capital. Sourcing of financial resources for a special experience oriented activity has also been identified with Tove Køkken. The process through which this funding was obtained can be interpreted as an element of restaurants' networking capability.

In general the capabilities of enterprise in the tertiary sector are organisational. This is by virtue of their abilities to perform different actions in strategic sense towards the creation

of experiences as distinct economic offerings. Yet, as shown in Table 7.3 enterprises such as Restaurant Købmandsgården, Hotel Thinggaard and Hallegård Gårdbutik & Pølsemageri do have dynamic capabilities, thus indicating their versatility in resource combinations. These capabilities are based on the reconfiguration of their resources. For instance, Hotel Thinggaard has the ability to put its staff to different uses to meet market demand as it embraces the experience turn. As explained in the previous chapter, Restaurant Købmandsgården has adopted the internet technology as a new method to promote its offerings as distinctive, while at the same time offering customer experiences.

Drawing on the interview data from food enterprises, I mentioned in section 7.2 the lack of public policy and public actor contributions towards the introduction of experience-based innovations by enterprises in the primary food sector of Thy. A similar situation can be said in relation to the tertiary food enterprises located in both Thy and Mors. With the exception of Restaurant Café Conrad that has depended on its own resources, others have relied on networking relations with different private organisations to create experiences on the market (see Table 7.3).

It is interesting to note that networking relations of Restaurant Købmandsgården and Hotel Thinggaard extends beyond the borders of Denmark. Hallegård Gårdbutik & Pølsemageri paints a different picture when it comes to external sources of motivation for its experience creations. The enterprises has benefited from both public and private actor relations. Although many of tertiary food enterprises are noted for networking with private actors within Denmark, these relations are mostly between complementary organisations and not with direct competitors. Basically this is a common phenomenon in food enterprises across all three municipalities though.

**Table 7.3: Summary of findings in the tertiary food sector**

	Type of experience-based innovation	Forms of experience	Resources mobilised	Capabilities	External sources of Innovation
<b>Restaurant Købmandsgården</b>	<ol style="list-style-type: none"> <li>1. Storytelling at theme events involving local brewer, Italian Cook and wine producer.</li> <li>2. Storytelling by enterprise</li> <li>3. Virtual tour</li> <li>4. Guided tour</li> <li>5. Interior décor</li> </ol>	<ol style="list-style-type: none"> <li>1.2.3.4. Learning</li> <li>5. Esthetical</li> </ol>	<ol style="list-style-type: none"> <li>3. Internet website</li> <li>4.5 Internal and external environment.</li> <li>1.2.3.4. 5 Owner as cognitive resource</li> </ol>	<ol style="list-style-type: none"> <li>1.2.4.5 Competence in mobilising resources.</li> <li>3. Adaptation to changing market environment.</li> </ol>	<ol style="list-style-type: none"> <li>3. Network relations with local brewer, Italian Cook and wine producer.</li> <li>4. Networking with tourist transporting group.</li> </ol>
<b>Restaurant Cafe Conrad</b>	<ol style="list-style-type: none"> <li>1. Live band music</li> <li>2. Interior decoration</li> </ol>	<ol style="list-style-type: none"> <li>1. Entertainment</li> <li>2. Esthetic</li> </ol>	<ol style="list-style-type: none"> <li>1. Interior décor</li> <li>1.2. Owners as cognitive resources</li> </ol>	<ol style="list-style-type: none"> <li>1.2. Ability to enrich a dining environment</li> </ol>	
<b>Hotel Thinggaard</b>	<ol style="list-style-type: none"> <li>1. Manager and waiters telling stories to guest.</li> <li>2. Internal ambiance</li> <li>3. Themed event- talk by an Italian wine producer</li> <li>4. Music permanence</li> </ol>	<ol style="list-style-type: none"> <li>1. Learning</li> <li>2. Esthetic</li> <li>3. Learning and Esthetic</li> <li>4. Entertainment</li> </ol>	<ol style="list-style-type: none"> <li>1. 2.4. Location in Thy, local raw materials, Internet website.</li> <li>1. Owner knowledge acumen and staff support</li> <li>1.2.3.4. Manager's cognitive competence.</li> <li>3.4. Informal relations with external actors.</li> </ol>	<ol style="list-style-type: none"> <li>1.2.3.4 Competence in mobilising resources; Reconfigurations of different resources and adapt to changing market environment.</li> </ol>	<ol style="list-style-type: none"> <li>Networking relations with different private actors</li> </ol>
<b>Tove Køkken</b>	<ol style="list-style-type: none"> <li>1. Theme service: Thy Buffet</li> <li>2. Theme event: Bolivian 'Night'</li> <li>3. Display &amp; sale of local cultural products</li> <li>4. Antique dinning wares</li> <li>5. Concerts</li> </ol>	<ol style="list-style-type: none"> <li>1. Esthetical</li> <li>2,3,4 Esthetical, Learning</li> <li>5. Entertainment, Learning</li> </ol>	<ol style="list-style-type: none"> <li>1, 2, 3, 4, 5 Owners' intelligence and managerial acumen.</li> <li>5. Cultural and financial.</li> </ol>	<ol style="list-style-type: none"> <li>1, 2,3,4,5 Competence in mobilising internal resources.</li> </ol>	<ol style="list-style-type: none"> <li>3. Networking relations with cultural producers.</li> <li>5. Networking relations with musicians.</li> </ol>
<b>Hallegård Gårdbutik &amp; Pølsemakeri</b>	<ol style="list-style-type: none"> <li>1. Storytelling</li> <li>2. Guided tour</li> <li>3. Interior decor</li> </ol>	<ol style="list-style-type: none"> <li>1, 2 Learning</li> <li>3. Esthetic, Learning</li> </ol>	<ol style="list-style-type: none"> <li>1, 2, 3 Owners' intelligence and managerial acumen; Interior décor and production facility; Strategic and managerial.</li> </ol>	<ol style="list-style-type: none"> <li>1,2, 3, Competence in mobilising resources; Reconfigurations of different resources and adapt to changing market environment.</li> </ol>	<ol style="list-style-type: none"> <li>2. Networking relations with public actor; Relation with gourmet trip organisers</li> </ol>

## 7.5 Concluding remarks

In perspective, we can learn so far that enterprises in the primary, secondary and tertiary units of the food sector have the culture of introducing experience-based innovations on the market. Despite the similarities and differences of these innovations as identified in this thesis, they are all suggestive of endeavours to differentiate. We can also learn that individual enterprises' abilities to combine and reconfigure resource in new ways are significant in some of the experience creations. Alternatively, many experiences have been created through business and social network relations. Interactions between different local public authorities and food enterprises have also served as source of motivation for some enterprises to innovate in experiential context. These imply that experiential innovations are not in all instances created exclusively through the enterprises' abilities, but also emerge through the contributions of social and institutional relations. The tourism industry in the municipalities, particularly in Bornholm has been a key motivation for experience creations in many enterprises. This indicates that the experience economy in this municipality is tailored to attract global capital, particularly from tourists.

In his book, 'The practice of management', Peter Drucker assets the following:

*"The manager is the dynamic, life-giving element in every business. Without his leadership 'the resources of production' remain resources and never become production. In a competitive economy, above all, the quality and performance of the managers determine the success of a business, indeed determine its survival. For the quality and performance of its managers is the only effective advantage an enterprise in a competitive economy can have." (Drucker, 1955, p. 1)*

Relating the above to what has been studied in this research, it is important to note that despite the various internal and external resources at the disposal of enterprise, the cognitive skills of owners and managers are indispensable and crucial for any successful introduction of experience-based innovation on the market.



To conclude I submit that findings in the study of food enterprises in the primary, secondary and tertiary sectors open up an avenue for more discussion. That is in relation to the competitive potential of food enterprises and their possible stimulation of local development. Yet to come close to this we need to understand in a broader picture the institutional settings and incentives for the introduction of experience-based innovations of enterprises in all three municipalities.

## **7.6 Comparing types of experiences**

### **7.6.1 Storytelling experience**

Findings as shown in Tables 4, 5 and 6 indicate that a common practice of food enterprises in all the municipalities is the offerings of storytelling experiences. In Thy 7 enterprises out of 10, 3 out of 4 in Bornholm and Mors 1 out of the 2 were identified to offer storytelling experiences through various mediums. At the individual enterprises level, reasons pertaining how these stories are developed have been identified. What is yet to be understood is why storytelling has become very popular for food experiences in these municipalities?

In Thisted, public policy, public actors and a local non-governmental organisation can be seen as key players in harnessing the popularity of storytelling in the municipality. The rural policy for Thy (*Landdistriktspolitik Thisted Kommune*), in accordance with the municipality's agenda to stimulate local development cohesion, encourages business to exploit opportunities in the experience economy. In addressing the latter, it is expected that businesses will develop and attach stories connected with the image and history of Thy to their products, in order to create value.

This strategy is targeted at promoting tourism and also to make the area an attractive place for residence. The area's residential attractiveness is expected to include new residents, which is after, Ward & Brown (2009, p. 1242), a "way to breathe vitality into socio and economic institutions" of the municipality. Videncenter for fødevarerudvikling (VIFU), a

public scientific centre concerned with development and innovations in Denmark's food sector, also advises small food producers in Thy and Mors to make use of stories linked with the Nationalpark Thy for marketing purposes. The Landsbygruppen Thy (Village group Thy), an affiliate association to the *Lokale Originaler* group, which has members in both Thy and Mors has offered the same advice to the *Lokale Originaler* group.

In my interviews with Jan Krogh, Thisted Municipality's Director of Business and Development and Laurids Mortensen, the Local Action Group (LAG) coordinator for Thy and Mors, I learnt of their respective endorsements of storytelling as very useful for marketing food products/services from Thy and Mors. Jan Krogh suggested for instance that, the fishing industry in Hanstholm, noted for exporting many fish products abroad should provide quality assurance to international consumers, through storytelling. The following illustrates his views on how these stories could be presented:

*"...And how to make a story out of it... In some companies they have to find out a good story to tell. Part of the story could be where the fish was caught, and it could be, which boat took it to the harbour and so on....and a picture of boats.... I don't know you could add a lot of things."*

It is evident, based on the above advocacies that storytelling as a marketing tool is a common wisdom in Thy. It is endorsed by local policy, public agency/authority officials and a local actor. Even though one cannot emphatically establish all of the above campaigns as reasons why many enterprises in Thy have embraced storytelling, yet it can be surmised that they have direct or indirect influence on the enterprises. A critical look at the types of stories identified in the study of enterprises located in Thy reveals that many of them have been moulded around local assets such as the national park and other natural resources, local sources of raw materials, and aesthetic and symbolic values of the area. These kinds of stories are consistent with what the municipality's rural policy, VIFU and Landsbygruppen Thy are encouraging enterprises to exploit. On a broader note, they suggest the backings of localness to create value and offering that could be more appealing to people, especially tourists.

For Mors, the storytelling experience identified does not reflect most of the examples seen in Thy. Notwithstanding, when one takes into consideration the prevalence of storytelling in today's marketing dispensation, it can only be speculated that the storytelling experience offering identified in Vilsund Muslinge Industri A/S was purely an adherence to a market trend. As a highly export oriented enterprise, its rationale for providing customers storytelling experience is simply reminiscent of a phenomenon in the fishing industry (e.g. Fonfisk Hanstholm A/S) where a particular style of stories are used to assure consumers abroad of quality, traceability and authenticity.

In Bornholm, it has been identified in the cases that storytelling is a balance between entertainment and product quality attributes. The former can be explained as sheer creative exuberance of enterprise owners to entertain visitors. In relation to the latter, certain factors can be drawn into to explain the institutional setting and incentives behind them. Currently, Bornholm is branding itself as a "Bright Green Island", that is, making an ambitious attempt to apply sustainable approaches to all socio-economic and environmental endeavours. The rationale for this initiative is to become a 100 percent carbon dioxide (CO<sub>2</sub>) neutral island. Subsuming the attributes of quality in the stories of Den Bornholmske Gårdbutik and Hallegård Gårdbutik & Pølsemageri as identified in chapters 4 and 6 respectively, they weight on sustainable practices. Den Bornholmske Gårdbutik promotes more of such as it demonstrates in its stories, such as animals engaging in nature conservation on the island and travelling short distances between the places of production to the slaughter house. In essence, these stories border on the enterprise's reduction of CO<sub>2</sub> emissions. Hallegård Gårdbutik & Pølsemageri stresses on using local raw materials and no chemicals in the sausage production. This also bears credence to sustainable practices linked with the ideals of Bornholm's Bright Green Island initiative.

Furthermore, the usage of local raw materials echoes a promotion of local culinary. A host of food enterprises in Bornholm have formed a network under the European Network of Regional Culinary Heritage with membership of over 40 food enterprises. They produce

food products with regional origins and attributes. Although Hallegård Gårdbutik & Pølsemakeri is not a member of this network, the institution of culinary practices on the island can be argued as an inspiration to develop stories from. In other words, it practices a common norm on the island. The attributes of Bornholm's image on products is very common. The island's image has been branded extensively in Denmark to attract tourists and businesses. An official of the Bornholm tourist bureau (Bornholms Velkomstcenter) describes how the image of Bornholm is utilised generally by food producers:

*"They use Bornholm as a thing to add to their product... Bornholm is like a nice feeling in the stomach you know... more sunshine hours here, nice and cosy in the evenings and story of Bornholm is a holiday island, good experience for everybody here when the school people come here, a lot of people have good memories of Bornholm so they... Bornholm is a good brand."*

It can also be understood from Bornholm's LAG manager, whose office has since 1995 been working on promoting the experience economy in both food and tourism sectors that, local food producers are encouraged to use storytelling as an exemplary tool to attract tourism on the island. The following statement illustrates the LAG manager's professional view on the storytelling in the experience economy and how his outfit has implemented this strategy on the island.

*"Most of all, when we talk about experience economy, it's about storytelling. And in storytelling, talking about your products is also about having a good story, the better the story, the better the price. That is what we try to convince the producers... So from the beginning the idea was to say that we are a touristic area and for our visitors, we want to show and tell them where we get local food and the idea of the experience economy... back in 1995 was already in place to be a way of working. So what we did the first year was to register what we do have as local products, which story is behind this produce and to promote or tell a story about. Many food producers were not used to telling stories, so that was a very important thing to start with."*

Putting all of the above together, it is evident that aside of the creativity, acumen and innovative capabilities of enterprises in Bornholm to offer storytelling experience, there are different institutional arrangements stimulating the development of storytelling experiences. Hence, to assert in generalised sense, with the above as point a of departure, storytelling in Bornholm's food sector is an institutionalised marketing strategy inspired by development oriented initiatives, whose incentive for enterprise is to boost tourists attraction to their products and to foster local development. The same can be said for Thy and Mors except that each municipality approaches to this strategy are slightly different.

### **7.6.2 Guided tour experience**

It is apparent that guided tours identified in this study are carried out through the initiatives of enterprises and in some cases, emerge through networking with tourism agents, i.e. tourism operators and local tourism bureaus. In Mors, although guided tours are provided to visitors at the mussel factory, it is merely an activity carried out by the factory to make people aware of its operations. In relation to Thy, the tour events and Thisted Bryghus has a connection with the local tourism office, which can be described here as local development promotion agent. This is by virtue of its mandate to promote businesses in Thy. Hence, the tourism office's role in the brewery's guided tour is indicative of an institutional setting. It serves a key motivation for the brewery to carry out its tour giving experience to tourists for promotional purpose and to boost its market competitiveness.

However, among the three municipalities whose enterprises constitute this research's unit of analysis, Bornholm has a more explicit institutionalised strategy in place that is motivating guided tours in food enterprises. In Bornholm, encouraging guided tour experience offering is a strategy being used by the LAG Bornholm to stimulate cross-sectoral linkages between the food and tourism sectors. The following illustrates the LAG manager of Bornholm's position:

*"I think that the experience economy for me is about using the opportunity to show some of your production during the summer time when people visit Bornholm. But,*

*it's also to work cross-sectorally, like making the food production being part of the tourist picture of Bornholm."*

In connection with the LAG Bornholm's initiative to establish linkages between tourism and food enterprises within the context of a cross-sectoral approach, it encourages food enterprises to adopt what I describe as the 'openness strategy'. This is in line with a general responsibility of LAGs to explore "innovative ideas" that would support social and economic vitality of rural areas within their jurisdictions (Ray, 2000a, p. 166). The openness strategy calls on enterprises to admit visitors to tour their work places. This strategy is not only about sightseeing, but also linked with the offerings of storytelling experiences. As the LAG Bornholm's manager put it:

*"...When people for example went to a restaurant, we say... well, tell the guest that the meat is from this farmer, Koefoed for example. Then the controlling system was a customer-based control. It should be open, every product, every producer should be open for visitors. So that was the agreement between the members of the association of culinary heritage Bornholm. You need to open up so that visitors could come and see if what you are telling them is right..."*

The LAG Bornholm's manager adds, in the past the openness strategy was not common and uncomfortable for the food producers in Bornholm. The following is an example of an enterprise owner's reaction when he was first asked to adopt the strategy:

*"When I asked him the first time, he said he doesn't want anybody or visitors; it's too dangerous and things like that. But we told him it's going to be so, so you need to open you doors."*

Currently, the popularity of this strategy on the island has contributed to the recent increase in arrangements of tours to food experiences by tourist organisations, according to Bornholms' LAG manager. This suggests a win-win situation for the food and tourism sectors, and exemplifies a cross-sectoral development activity on the island. However, the openness strategy has not only stark with the traditional tour giving but, has brought about

design innovation in some food processing enterprises. The LAG Bornholm's manager demonstrates that in the following:

*"But for many of them, which have been built up later on, they have built their production so that it's possible to look inside it. I don't know if you have visited anyone? For example in Svaneke there is an ice cream house... if you go in there, you can just see it because it's an open production... the wine maker has also a lot of people walking around the yard with visitors talking about... showing them the winery..."*

This innovation stems from the fact that food quality and hygiene regulation would not permit a rounded tour, hence having an open production area serves as a complement. Arguably, this informs why Svaneke Chokoladeri, studied in chapter 5 also has an open production like its ice cream house neighbour, Svaneke Ismejeri and compatriot in the network of Bornholm's culinary heritage group.

### **7.6.3 Trade exhibitions**

In all the cases analysed in chapters 4, 5 and 6, it was identified that Svaneke Chokoladeri was the only enterprise that participates in trade exhibitions. Svaneke Chokoladeri's participations in these exhibitions can be explained as its response to the promotional campaigns for food producers and regional foods on the island of Bornholm. Central to these campaigns is the promotion of local producers and their products to the world. In other words, these exhibitions are meant to give those enterprises an exposure. Some of these exhibitions on the local front have been organised through collaborations between the Bornholms Velkomstcenter and the food producers. Apart from promoting these enterprises, they are also linked with the promotion of the island through tourism. An official of Bornholms Velkomstcenter describes one of the exhibitions as follows:

*"The food producers had this exhibition in the middle of the forest where they showed their products, you could have a taste, and you could talk with one another in an afternoon, and there were about 300 people there, I think".*

On the external front, the exhibitions are held in Copenhagen for food enterprises as well as handcraft producers. It is an annual event in the winter and has members of the Gourmet Bornholm as some of the participants. This initiative was introduced by Georg Julin, a former Food Ambassador of Bornholm, appointed by the LAG Bornholm. Georg Julin describes how the maiden event was organised and the colourful manner it took in the following:

*“I planned our first event in Copenhagen and we hired a 100-year old wooden ship from Bornholm to Copenhagen. We hired them to sail into Nyhavn, the new Harbour. I decided to have few producers on the deck and few designers like those making glass or whatever, we mixed them. We wanted tourism attractions, so we took the whole thing to the City of Copenhagen saying Bornholm is trying to show you what we produce and they got a fantastic response from them. It was a big set-up. It took me a couple of months to organise the whole thing via my network; the harbour authorities, the politicians, the food chains, many of those people we had to inspire... Of course that was totally new to all those guys down there, why should we take an old boat to Copenhagen?”*

He goes on to highlight on the event’s success and a bit of its ripple effect:

*“But we did and after that it opened up for them to do even some more events, like when we have the tourists exhibition in Copenhagen, it was strictly for tourist. I said to all the producers we should go and make a 300 square metre of exhibition, with the food as first priority, and the tourism as second priority and then, the artists, glass as the third priority. So we all made this exhibition area of 300 square metre where we had old things from the old mill, horse wagons whatever, and made this eye-catching things that got even the Bella Centre so excited that we really knew the exhibitions idea. People came from all over, journalist, and we had 30 000 people.”*

Apart from the promotional benefits associated with these exhibitions, food enterprises gain from networking activities. For instance some members of the Gourmet Bornholm



teamed up to present their products together. This usually involves producers of complementary products, for example flour and oil, etc.

#### **7.6.4 Farm guesthouse experience**

Thy Bondegårdsferie & Gårdsbutik was the only enterprise identified in this study to offer guest house experience to customers. An interview with the coordinator of the LAG Thy-Mors reveals insights that point to the institutional setting and incentive behind this particular experience offering. According to the coordinator of LAG Thy-Mors, the farm guesthouse project represents a cross-sectoral venture (food and tourism), and for that reason qualified for financial grant from LAG Thy-Mors, as it fits within the LAG's framework of supporting cross-sectoral oriented projects. This guesthouse project is praised by coordinator of the LAG Thy-Mors as the best example in Thy and Mors by "showing the connection between food production and the experience economy".

The LAG supports qualified enterprises up to 50 percent of their total project budget. These funds are provided by the EU and the Danish Ministry of Food, Agriculture and Fisheries. The LAG's policy framework of promoting and supporting cross-sectoral business development can thus be seen as a key inspiration for the establishment of the farm guesthouse. The key incentives are thus the opportunity to expand business operations and to offer customer experiences to both local inhabitants and tourists.

#### **7.6.5 Festival**

Mors' development plan, '*Planstrategi 2008-2011*', endorses the growth of experience economy in the municipality with particular focus on nature and culture. Hence enterprises are expected to exploit business potentials in the area's natural resources, cultural heritage and also contemporary culture. The plan stresses further on making experience creations on the island attractive for both citizens and tourist as such. The mussel festival, sponsored by Vilsund Muslinger Industri A/S is one example of such cultural led experience offerings that attracts both locals and tourists. The enterprise's rationale for sponsoring this festival, as

established earlier is part of the enterprise's marketing strategy, contributing its social responsibility and promoting mussels consumption in Denmark. Yet, supporting such an experiential event can be gathered as influenced by the municipal development plan's interest in promoting cultural led experience economy in the municipality. Alternatively, this serves as an incentive for the enterprise to promote its image and products to the visiting public.

## **7.7 Summing –up and generalisation**

In retrospect, analysis of individual cases in this research has revealed the various political capitals (policy, public actors/agencies) and a local actor's roles in harnessing the development of experience offerings in rural areas. In Thy such contributions were identified specifically in Thy Lam, Thisted Bryghus, Thy Bondegårdsferie and Fonfisk Hanstholm A/S, whereas in Bornholm they were Svaneke Chokoladeri, Bornholms Farmers Market and Hallegård Gårdbutik & Pølsemageri. However, as a result of limitations regarding the lack of depths in understanding the actions of political actors, led to furthering the discussion of these findings. For reasons elaborated earlier on, this discussion did not focus entirely on all the various types of experience-based innovations identified in the empirical chapters. Notwithstanding, by advancing this orientation, the key lesson gleaned in section 7.6 is a broader picture of how local development led policies implemented by public agencies and officials, the enthusiasm of a local NGO and consequently their corresponding benefits to food enterprise are shaping experience-based innovations in the municipalities of Thisted, Mors and Bornholm. This outcome partly addresses the research question formulated in Chapter 1, on how external factors influence the innovative strategies of rural food enterprises.

The role of institutional settings in stimulating experience-based innovations as seen in this research can be generalised to some extent. Examples of such can be drawn from Prince Edward County (PEC), a rural area in Ontario, Canada where I visited in 2010 as part of my one term stay at the University of Toronto, Canada. I interviewed an official in-charge of

gastronomy in the municipality's Economic Development Office (EDO) and learnt about how the office interacts with the local food sector. PEC touts itself as rural area going through economic renaissance, and also brands itself as a 'Creative Rural Economy'. The EDO is very committed to advance robust and sustainable business sectors in the area.

The food sector, which forms part of the area's identity receives various forms of support from the EDO. These include counseling food producers on marketing; organising educational workshops; promote the production of local foods embedded with sense of locality; promoting social and business networking between the different sub-sectors (e.g. farmers, wine producers, chefs, etc) through social media and events; and supporting experience oriented events such as food festivals. The annual '*Harvestin'the County Supper*' which attracts about 1200 visitors is one of such events supported by the EDO. The aim is to promote and support the local food sector by inspiring the local inhabitants to consume locally produced and crafted foods. Apart from the event bringing various food enterprises and chefs together and promoting them; it opens up a space for the enterprises and chefs to create different tasting experiences for visitors. Therefore to generalise this development, it can be argued that experience-based innovation in rural setting can materialise through the synthesis between public actors' stimulations and innovative capabilities of enterprises.



## CHAPTER 8

### **CONCLUSION AND IMPLICATIONS**

This thesis represented an attempt to reach a better understanding of how food enterprises in Danish rural settings are reinventing themselves as viable units in today's competitive markets by exploiting the potentials of experience offerings as innovations. This serves as a basis to advise on whether the experience-based innovation strategy has any prospects for enhancing local development and competitiveness for rural food enterprises.

The foundation of this thesis in the innovations of rural food enterprises, in practical terms, contributes to studies on rural development from an interdisciplinary perspective. Fundamentally, this thesis has contributed to the enrichment of scholarship in the experience economy of rural areas with innovation and the RBV theory, which has been lacking in earlier experience-based territorial development works including Lorentzen (2009); Lorentzen & Hansen (2009); and Allingham (2009). Investigating the mechanisms (internal factors) shaping the experience-based innovations of food enterprises from the lens of RBV, in particular, has contributed to the understanding of how small enterprises in rural settings employ different resources to introduce innovative experience offerings on the market.

My account in this thesis centred on the assumption that in order to understand experience-based innovations, one needs to “open the black box” and “get inside” to pursue what these innovations are and what enables them to materialise (Latour, 1987, p.13, as quoted in McLoughlin, 1999). This background served as the motivation and foundation for formulating the research questions of the thesis

To open the black box to address the research questions, I adopted case studies as a design strategy, grounded in qualitative research methods. Methodological wise, I have employed qualitative ethnographic techniques such as fieldwork and observations at the research

sites to collect data. I have combined interview data with observations, notes, artefacts and various forms of documentary evidences, and complemented them with different theoretical insights to identify, interpret and understand the issues investigated. Through these processes the study has shown examples how Danish rural food enterprises are reinventing themselves through experience-based innovations. In what follows are answers to the formulated research questions of this thesis.

Research Question 1: *What characterises the experience-based innovation of food enterprises located in Thisted, Morsø and Bornholm?*

The outcome of this investigation shows that innovations in food enterprises located in Thisted, Mors and Bornholm are based on the offerings of food and drinks products/services imbued with aesthetic, ideals and symbolic laden objects as their added value. As seen specifically in the analysis, food and drinks products/services are connected with storytelling, guided tours, music and concert events, interior decors and designs, themed events, product tasting experiences, amusing side attraction, fishing experience, themed events, agro-tourism experience, display and sale of local cultural products, serving customers with antique dinning wares, festival and trade exhibitions. The most common innovative experience offering is storytelling albeit differences and similarities in contents. The contents of these stories are embedded with entertainment, local image, history and heritage (e.g. the national park in Thy), local sources of raw materials, quality conventions (e.g. animal health, organic, environmental consciousness, animal welfare, etc.) and authenticity (product traceability and origins). These experiential activities are add-ons to mainstream food and drinks products/drinks offerings, yet a few constitute primary outputs of enterprises.

However, not all enterprises commercialise the experiential elements of their products or services, but rather provide them for marketing purposes (to promote the image of their enterprises). Notwithstanding, both the commercialisation of experiences and for

marketing purposes have a common focus to enable products and services sell better on the market.

The innovativeness of experience offerings as seen in this study is their focus on providing consumers learning, entertainment, esthetical and escapist experiences. In addition, the sense of place is constructed into some of these offerings. This is evident by the symbolic meanings, ideals and aesthetics of the local areas that are imbued into products/services. These appear to be more of place specific, but generally represent a way to offer distinct products/services. For instance, while some enterprises in Thy draw on the local national park and other natural resources, image and history of Thy; in Bornholm, the distinctive panoramic image of Bornholm and the culinary food culture are exploited by food enterprises. These show the extent to which local image and resources of these areas are commodified as experiences. Basically, these activities are a demonstration of how these rural areas extract value from their culture and landscape.

Following Drucker's (1985) view on innovations, in general the experiential elements connected to food and drinks products/services provided by rural food enterprises represent the act of endowing resources with a new capacity to create wealth. This phenomenon suggests the ways in which they are reinventing themselves in the contemporary competitive local and global markets. However, a critical look at some experience-based innovations of rural food enterprises suggests that they are not necessarily specific to rural settings since one could also find them in urban settings. For instance organising tasting events, providing themed music events or live music performances, interior decorations with paintings, etc. The question then is how innovative are these kinds of experience-based innovations?

Generally the experience-based innovations of rural food enterprises as seen in this thesis are incremental. This is because the idea of infusing memorable events to food and drinks products/services only results in customer involvement with experience. It does not lead to

the introduction of an entirely new economic offering or create any market disruptions. The attached experience only adds value to the products/services to improve their marketing prospects. This is therefore consistent with a widely held perception in the literature that most innovations are incremental. Apart from the innovativeness of experience offerings as seen in this study, it also depicts entrepreneurial action.

Research Question 2: *What are the mechanisms that shape the experience-based innovation of food enterprises?*

Rural food enterprises exploit various internal resources to create customer experiences. They include the internet, the physical environments (internal and external), geographical location, informal relations with different actors within their business environments, funds, business facility (e.g. buildings, farm), raw materials, and the cognitive acumen of managers/owners and among others. The usage of the internet, hence information and communication technology (ICT) as a resource for experience creation confirms a view in Sundbo *et al.* (2010) that experience offering enterprises are increasingly becoming technological as opposed to their traditional characteristic of being non-technological.

The abilities of rural food enterprises to mobilise different resources to introduce experiential offerings show their innovative capabilities to compete. A number of these enterprises are able to create specific experiences due to their dynamic capabilities. This largely represents their abilities to respond to new market trends or demands. It also shows the resilience and proactiveness of these rural food enterprises in the mist of the increasing market competitions to stay in business. In large enterprises, the combinations of internal resources to innovate manifest, for example, through relations with different departments. In contrast, most rural enterprises studied in thesis are small and managed by individuals. Hence these owners/managers are more or less seen to perform multiple functions in terms of combining their internal resources to innovate. One the broader note, the cognitive



capacities of these individuals is seen as very crucial in the development and introductions of the experience based innovations on the market.

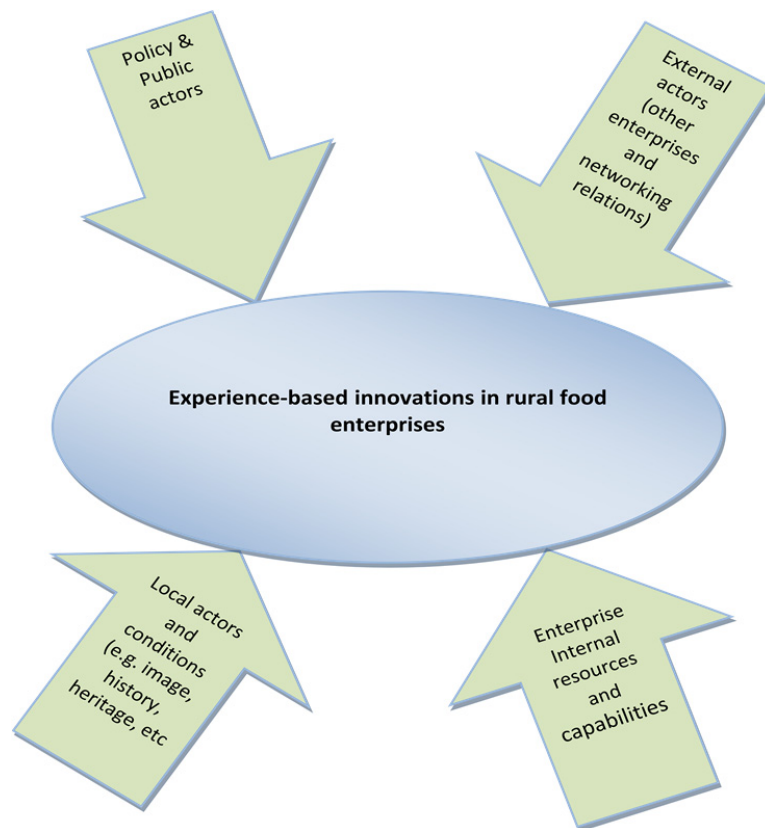
Despite the innovative capabilities of enterprises, there were limitations to the extent to which some enterprises can innovate in experiential context. This will be further discussed later. In general, it can be seen in this thesis that internal resource and capabilities of rural food enterprises are crucial determinants of their successful implementations of experience-based innovations on the market.

*Research Question 3: How do external resources and institutions influence the innovative strategies of rural food enterprises?*

Findings in relation to this research question suggest that first, many enterprises have benefited from relations through inter-organisational networking to introduce their experience-based innovations on the market. The scope of inter-organisational networking contributions to experience creations cuts across same sector enterprises, but usually not between direct competitors. They are more of cross-sectoral linkages and through social networks. Apart from these relations, institutions such as public policies, public and local actors' play both explicit and indirect roles towards the experience creations of rural food enterprises.

In general, the offerings of experiences represent a common innovative strategy in Danish rural food enterprises. This is basically based on two approaches, i.e. offerings of specific experiences that are more specific to rural setting and also others that are commonly identifiable in all geographical settings. However, as seen in this study some enterprises are very explicit about what they are doing, while others are unaware of the experiential implications of their business activities. Others were also identified to have challenges, particularly in terms of combining certain resources to innovate in experiential context. Yet, it can be emphasised that innovations in the context of experience offerings in rural settings

are based on the interplay between enterprises own resources, other enterprises and networking relations, local actors and conditions, as well as policy and public actors' influences. This suggests that many of rural food enterprises do not innovate in isolation but through direct and indirect interactive processes with factors external to them. Figure 8.1 depicts the various factors upon which experience-based innovations in rural settings materialise.



**Figure 8.1:** Model of forces shaping experience based innovations in rural food enterprises

Having addressed the research questions of this thesis, it has become apparent that the theoretical implications of its findings be elicited. That is, to show the motivations behind the experience-based innovations of food enterprises. Furthermore, in sticking to the objective of this research, answers provided for the research questions satisfy only the first aspect of the thesis' objective. Therefore to reach a full objective, practical implications of findings for enterprise competitiveness and local development as well as for policy makers

will be highlighted. However, since this research was designed originally to focus on enterprises in Thy and Mors, discussion on the practical implications is limited to these two areas. Notwithstanding lessons learnt from Bornholm in this study and Prince Edward County, Canada will be tapped into to highlight on the implications.

## **8.1 Theoretical implications**

### **8.1.1 Situating experience-based innovation in rural development policy**

The trajectory of recent rural policy reforms, 'christened' the *new rural paradigm*, points to major shifts in policy making in several OECD countries, including Denmark. This is characterised by a growing emphasis on developing a "multi-sectoral, placed-based approach that aims to identify and exploit the varied development potentials of rural areas" (OECD, 2006, p. 59). Among the new approaches fostering rural policy as suggested in analysis made by the OECD, is the promotion of "competitiveness of rural areas, valorisation of local assets, and exploitation of unused resources" (ibid., p. 60). The ethos of this new rural paradigm echoes the endogenous approach to socio-economic development, defined as "focusing on localities and their resources, and including the principle of participation" (Ray, 1999, p. 257). This is based on the assumption that the most prudent way of energising economic welfare of rural areas should be based on the utilisation of locally sourced resources, i.e. "physical, human and intangible". In addition, is the notion that development activities should rest on local participation in its design and implementation. In essence, it is to promote a sense of ownership and commitment to local development, and also to provide a platform to manage the nature of development within the framework of local needs (ibid., p. 259). Such an empowerment can be seen to reflect a form of social innovation in rural areas.

In the EU, endogenous approach to socio-economic development of rural areas is exemplified by the EU LEADER programme, launched in 1991 to provide rural areas the opportunity to have superior control of their development (Ray, 2000a). This initiative

operates under the umbrella of Agricultural Policy and Rural Development regulations for the improvement of underdeveloped rural areas in the EU (Skuras *et al.*, 2006). The LEADER rests on an “area-based participatory approach to rural development” (Convery *et al.*, 2010, p. 2), with the rationale to promote rural development through innovation. It adopts a bottom-up approach to development as opposed to the previous top-down approach. In this regard, actors involved in the design and implementations of local development agenda consist of “local public, private and voluntary sectors” (Ray, 2000b, p.449). This implies a change in the governing trend of rural areas, marked by a shift from government to governance (Rhodes, 1994; Marsden & Murdoch, 1998).

Christopher Ray describes some features of the LEADER as an initiative in which innovative ideas for rural development are capitalised, and locals inspired to revive and valorise their local cultural identity. The social, cultural and environmental elements of places are considered as significant components of a “sustainable, endogenous, territorial, development dynamic”. Furthermore, every municipality employs an individual or group to work with local community associations, enterprises and public actors to promote development projects. (Ray, 2000b, p. 449)

The set of actors mentioned above as in-charge of implementing the development plans to enable rural areas take control of their development are the LAGs- Local Action Groups (European Commission, 2005). Primarily, they explore “innovative ideas” that would support social and economic vitality of their territorial areas (Ray, 2000a, p. 166).

However, recent policy revisions in the EU has led to the LEADER been extended currently to constitute one of the Axes of the ‘Rural Development Regulation’ (RDR) 2007-2013, adopted by the European Council from the council’s regulation (EC) 1698/2005 (Convery *et al.*, 2010). In the Danish context, rural development programme implementing the RDR 2007-2013 to invigorate sustainable development in rural areas is articulated in three specific objectives:

*“Improve competitiveness of agriculture and forestry through the support to reorganisation development and innovation; improve environment, nature and landscape through support of land management; improved quality of life in the rural areas and encouraging diversification of the economic activity” (MFAF, 2007, p. 3)*

Reflections on the above reveals that local policy initiatives and the actions of public and private actors fostering experience based innovation in Thisted, Mors and Bornholm can be explained as endeavours that are taking their inspiration from the tenets of the new rural paradigm/endogenous approach to development. This comes close to von Hippel’s (2005, p. 2) view that “governmental policy and legislations sometimes preferentially supports innovation”. In what follows, this will be explained from a general perspective as well as relate to some specific cases studied in the geographical settings of this research.

To begin with Thisted Municipality, local development policy, public and private actors’ advocacies for food enterprises to develop stories based on the national park and other natural resources can be explained as an approach to development. This is based on placing value on local assets. These assets are unique to the area, hence by connecting stories on them to local products, creates a condition to commoditise them as well as promote local identity to the world. This demonstrates how local actors (private and public) have recognised the potential and use for an untapped resource in the area to (re)kindle local development. In my understanding, this initiative also reflects the local actors’ innovative contribution to boost the competitiveness of food products and services in the area.

Although the rural development policy for Mors does not stress categorically on enterprises to develop stories from local assets, as elaborated before, generally it stresses on businesses to exploit local nature and culture as resource for experience creations. Notwithstanding, the rationale behind this is absolutely no different from what has been explained above concerning Thy. In Bornholm, the promotion of local foods and culinary heritage on the island and beyond (e.g. exhibitions at Copenhagen and locally) through the

inspiration of LAG Bornholm is also a representation of how local assets are valorised. This suggests an approach to portray and establish the exclusivity of Bornholm's local food products and tourism. The same is true in Thy and Mors though (Skuras *et al.*, 2006).

Fundamentally, all of the above reinforces the OECD's view that local assets are vital for rural economic development as they serve as source of attraction to rural areas and "raw materials for different kinds of economic activities ranging from tourism and entertainment industries to speciality products and foods" (OECD, 2006, p. 57). These local assets are undoubtedly linked to the image of these municipalities, hence making the latter both commodities and a "set of commodifiable signs and symbols" that are attached to food products (Kneafsey, 2001, p. 762).

Beside all these placed-based interventions highlighted so far, are evidences of multi-sectoral approaches to development that can be explained here. In Thisted, I can understand the local tourist office's relations with Thisted Bryghus' tour events as an example of fostering cross-sectoral approach to development. In juxtaposition, this linkage is not only about promoting local beer products and tourism *per se* in the municipality, but also suggestive of encouraging the brewery to valorise its entire production facility as a resource for experience creation, thus a contribution to growth, sustenance and innovations of the brewery. The same can be said of Bornholm, where the LAG has encouraged local food enterprises to operate the openness strategy. This is also an epitome of promoting the exploitation of unused resources towards local tourism development. The LAG Thy and Mors' financial support for Thy Bondegårdsferie illustrates another lesson on promoting cross-sectoral linkages between tourism and food. It is an example and manifestation of the RDR 2007-2013's agenda of encouraging the diversification of rural economic activities.

Initiatives by public authorities to encourage landscape conservation activities with farm animals, as seen in Thy (Thy Lam) and Bornholm (Bornholms Farmers Market/Lille

Bjerpegård's Hammerhuslam) are examples of rural development policy, aimed at improving local environment, nature and landscape. It shows a sustainable approach to rural development; while at the same time serving as an incentive for enterprises to capitalise on creating customer experiences through their creativity or innovative capabilities.

To summarise the discussion in this subsection, it can be learnt so far that promoting experience-based innovations in Thy, Mors and Bornholm is a strategy aimed at fuelling development through local food enterprise, and also an attempt to ensure the growth and sustenance of rural food enterprises. This is evident by the various ways in which local actors and policy initiatives relates with food enterprises. However, since these municipalities are required to operate under EU regulations for rural development, the inspirational source of their policies and public-private actors' roles in energizing experience-based innovations is located within the tenets of the RDR 2007-2013, hence the new rural paradigm. This means that local policy and actors approach to support the growth of food enterprises in the experience economy are executed along the lines of endogenous approach to development. It also confirms Sundbo & Darmer's (2008) view that the experience economy of places can be stimulated through the networks of municipalities and public-private actors. However, the implementation of this approach as evident in this research is context specific, as they tend to address particular objectives of local areas. Consequently this indicates that the innovative approaches to development in Thy, Mors and Bornholm can be path dependent (Lindkvist & Sánchez, 2008).

### **8.1.2 Experience-based innovation: what do they mean?**

To paraphrase Harvey (2008), the coercive laws of competition compel the ceaseless introduction of new technologies and organisational forms, as these create a condition for capitalists to out-compete those using inferior methods. This wisdom comes very close to my understanding of this research, both conceptually and empirically. The introduction of experience offerings on the market by rural food enterprises studied in this research as

distinctive economic offerings reflects a consumer-driven capitalism, which in principle is a deliberate approach to out-compete rivals in today's competitive market.

The concept of innovation from the perspective of marketing shapes the understanding of experience offerings in this study. As Weerawardena (2003) notes, the main function of marketing within competitive strategy is innovation, which is considered as a key concept in the quest for differential advantage. Innovation as conceptualised in this research rests on the successful implementation of new ideas to execute a new marketing strategy. Results in this study have shown that food enterprises have exploited the notion of experience as a new idea, characterised by the sale of outputs whose values are imbued with elements such as aesthetic qualities, ideals and symbolic meanings. Basically, this is carried out in order to stand out in the crowd on both local and global scales. This positions experience offerings as analogous or situated in the realms of the marketing innovation.

Accordingly, this suggests a social change marked by a "shift towards immaterial and experiential stimulation" (Jensen, 2007, p. 212) in contemporary marketing, as opposed to previous trends that prioritised more on the utilitarian qualities of outputs. This dynamics can also be reflected into what Joe Tidd and John Bessant call "paradigm innovation". They define this type of innovation as the "changes in the underlying mental models which frame what the organisation does" (Tidd & Bessant, 2009, p. 21). Relating the above definition into experience-based innovations as seen in this research, it suggests that rural food enterprises are embedded in a paradigm change where they are reinventing themselves by engaging their customers with experiences (ibid., p 23).

It has been found in another empirical study that the process of offering experiences by rural entrepreneurs is suggestive of "the creation and extraction of value from an environment" (Anderson, 2000, p. 92). Although this thesis is not necessarily about studying the relationship between entrepreneurship and the structure of the periphery as Alistair Anderson has done, there is evidence suggesting that some food enterprises have been



identified it create and extract value from the local areas in which they are located. Typical examples are those enterprises identified to create value out of previously unused local cultural and natural resources and image as commoditised experiential objects. This process thus depicts both innovation and entrepreneurial action.

Analysis of all the cases studied in this thesis highlighted an array of interesting features about experience offerings, some of which appear to stimulate discussions on their theoretical implications. Although stories identified in some of the cases convey messages that have various experiential connotations (e.g. learning, entertainment, esthetic), inferences pertaining to conventions theory- “particular bundles of conventions” (Murdoch & Meile, 1999, p.467) can be drawn into the contents of many of these stories. As the findings suggests, some of these stories have “domestic conventions” due to their emphasis on the attachment of traditions and ‘geographical space’- the local area; “public conventions” pertaining to the recognition of logos for example in the case of Thy Lam; and “civic conventions” relating to ecological, health and safety issues. These conventions are said to be influenced by the growing consumer preferences and discernments common in affluent advance capitalist nations, and also food safety concerns and health scares that have emerged over time (ibid., p. 469-471).

Basically, the conventions of productions do only demonstrate the frameworks in which enterprises operate in the contemporary marketplace, but also add to the understanding of the institution that create the conditions for some kinds of experience-based innovations of rural food enterprises. Interestingly, these conventions are suggestive of resources from which enterprises are capitalising to market their outputs, hence the offering of storytelling experiences.

The contents of stories pointing to the attachments of local image/identity to products and services can also be understood better from the literature on ‘exclusivity’ (see Chamberlin, 1962; Hracs *et al.*, 2011). Although the logic of exclusivity may be analogous to the notion of

differentiation, the key emphasis on exclusivity involves convincing the consumer that a particular product is unique in the marketplace, therefore a basis for generating value for enterprises in the form of monopoly rents (Hracs *et al.*, 2011). Thy, Mors and Bornholm are undoubtedly unique in terms of their stature, ideal and the symbolic meanings associated to them. Hence the attachment of their image/identity to products and services, makes those economic offerings exclusive, thereby creating an avenue for profits making.

Following Venkatesh & Meamber (2006), who studies the marketing and consumption of aesthetics; experience offerings pertaining to interior décor, interior design, tasting of food and drinks, display and sale of local cultural products such as artefacts and literary works, serving customers at a café with antique dining wares, and the exhibitions of food and drink products at trade fairs can be understood as objects of aesthetic qualities. Similarly, Schusterman's (2003) analysis on the concept of entertainment and its relation to aesthetics helps in the understanding that entertaining experiences (live band music performances, side attractions around fish sales, the fun of fishing in a lake, pleasures of receiving guided tours and funny stories, playing at a farm guesthouse and having fun at festivals) as seen in this research are also associated with aesthetical qualities. The marketing of these aesthetics as objects imbued into food and drinks can also be understood as a means to contribute to the construction of enterprise or brand's identity (Schmitt & Simonson, 1997). This reinforces the understanding of this research that the aesthetic qualities associated with the experience offerings of rural food enterprises contribute to the promotion of their image and products.

### **8.1.3 Where are the networks positioned?**

Networks relations have been found in this study as crucial in shaping the creations of experience offerings by rural food enterprises (Jackson & Watts, 2002). Following Powell *et al.* 1996, it has been pointed out in Pittaway *et al.* (2004) that the locus of innovation is no longer the enterprise but, growingly, the network in which an enterprise is entrenched. Although this is debatable to some extent, several findings in this research suggest that

despite the reliance of enterprises' internal resource and capabilities to construct experience-based innovation, they have been aided successfully through network relations, therefore corroborating the above assertion. Of the 16 cases analysed only 1 was found not to have engaged in networks to create its experience offerings. But all the same, the said enterprise engages in a network that contributes to other aspects of the business. Basically, these network relations have shown that external environment of firms are useful, if not, a key resource contribution to experience-based innovation in rural food enterprises. Generally, the rational for networking relations of enterprises in this study is captured in Batterink *et al.* (2010, p. 47):

*SMEs often lack essential resources and capabilities to successfully innovate exclusively by means of in-house activities, making inter-organisational networks essential for SMEs that want to innovate.*

This implies that network engagements of enterprises can emerge out of necessity due to inadequate resources for achieving business goals (Lenihan & Andreosso-O'Callaghan 2008). It also suggests in principle that these relationships are strategic, since they serve as an opportunity to access resources needed to execute the strategy of differentiation via experience offerings (Gulati, 1998; Jarillo, 1989). In theory, the implication of these networks relations is resource dependent. Apart from that relations between networking partners have been through social and economic processes

The trends of networking relations of enterprises to a large extent differ. This is due to the heterogeneity of enterprise needs and the levels of engagements with network actors/partners. A common trend among food enterprises in all three municipalities that I visited is the lack of networking relations between direct competitors. The simplest explanation to this is the fear of competition between direct competitors. Networking relations among some enterprises have been found to be institutionalised, in other words they have been encouraged through local policy-makers initiatives. A typical example is the Gourmet Bornholm group. This is consistent with Batterink *et al.* (2010) who points out that recent trend in the EU, suggest that national and regional policy makers have placed

emphasis on boosting the innovativeness of their economies by promoting inter-organisational cooperation between SMEs. Although a similar network of food producers exist in Thy and Mors (Lokale Originaler) there was no evidence of how members of this network support each other directly towards the creations of experiences.

Whilst this section has provided the theoretical implications of this research's findings, in the following section the focus of discussion is the practical implications of findings for enterprise competitiveness, local development and policy makers in Thy and Mors.

## **8.2 Practical implications**

### **8.2.1 Enterprise competitiveness**

This study of innovations from the perspective of experience offerings in Danish rural food enterprises has a number of practical implications. One of theoretical orientations in this thesis is that apart from an enterprise's abilities to innovate, the dynamics of economies and networking can serve as a recipe for competitiveness (see section 2.2). In this research, it has emerged generally that enterprises have the abilities to adjust to the recent increasing turn of experience consumption of consumers to meet these demands. Coupled with this are the evidences of networking relations between food enterprises and other actors. Basically, on the basis of these competences and overall, the abilities of enterprises to create experience-based innovation as such, suggest their potential to achieve competitiveness on the market. The new combinations of assets such as nature, culture, cultural products, and image of a place as well as wide range of events connected with food and drinks provide an understanding of differentiated-based offerings that stands the chance of outperforming competitors and boosting enterprises profit margins. Consequently, this has the tendency of contributing to the sustenance of these enterprises on the market.

However, there are certain limitations that have to be improved upon in several enterprises in Thy and Mors or risk the possibility of hindering their competitive prospects. Some enterprises lack the prerequisite resources to innovate or capabilities to offer specific experiences. Basically, these suggest that the availability of resources and the capabilities to mobilise and exploit them are crucial for innovations in the context of offering experiences. The lack of awareness of several enterprises of the experiential implications of their activities also raises a question of how they can stimulate competitiveness. This implies that there is a tendency of such enterprises not utilising their resources and capabilities fully to exploit the usefulness of the experience economy concept. Others whose applications of the concept are inexplicit also suggest that they have less chances of becoming very competitive. Several experience oriented events have also been either seasonal or one-offs. For the former the implication is that enterprises may enjoy seasonal competitiveness. In relation to the latter enterprises may have to develop routine activities which they can benefit from over a long period of time.

### **8.2.2 Local development**

A number of enterprises in Thy for example have lamented over the low patronage of their offerings by local inhabitants. Many of these experiences offerings are also placed-based, i.e. consumed locally. The consequence is therefore for these enterprises to rely on consumers from outside the area. However, as indicated earlier several experience-based innovations of food enterprises as seen in this research are not exclusive to these municipalities. Now, taking in account the geographical remoteness of Thy and Mors, it raises the question of to what extent can those non-exclusive experience offerings attract customers from outside? Furthermore, considering the growing consumer demands for distinctive experience offerings, the prospects of experience-based innovations that are not distinctive of Thy and Mors may be less attractive for visitors (tourists) from outside. Subsequently, this means that contributions to local development will be less significant. This is because the inability of these offerings to attract more consumers will imply low

competitiveness, leading to enterprises possible closures, therefore affecting job creations and living conditions of people.

In contrast, there are some experience offerings identified to be embedded with unique attributes of Thy-Mors, such as local image, cultural, natural and heritage resources that can be described as authentic experiences. These ones have prospects in attracting tourists and subsequently, contributing to local development. However, in order to succeed on this count, there is a need for the municipalities to be more strategic in terms of making these experience offerings attractive.

Local development scholars such as Cont & Giaccaria (2010) have argued that development cannot depend on a single path. Similarly, in Sørensen *et al.* (2010) they proposed that experience oriented development strategy cannot be implemented in isolation but should serve as a complementary strategy to support other initiatives. In concurrence with these views, Thy and Mors in practice can be take a cue from Bornholm where the municipality is seriously walking on two legs towards development. That is, it has embarked on a robust local development agenda by meshing the promotion of locally produced foods/drinks with tourism. In this sense, local foods and drinks products/service laced with local symbols, idyllic, cultural and natural resources are tightly linked to tourism activities in the area.

Following Hans Jørgen Jensen, Bornholm's LAG Manager these local resource and symbolic laden food and drinks products/service should be the driving force or key reason for tourist to visit Thy and Mors. This can be made possible through an intensive branding campaign aiming at making Thy and Mors an attractive local food hubs, at least in North Denmark. Such promotional campaigns can take the form of Bornholm's example, where food enterprises are promoted through exhibitions both locally and in Copenhagen. Hence, in relation to Thy and Mors such exhibitions can be held abroad, for example in Germany where many of its citizens visit Thy and Mors for holidays. The openness strategy as seen in Bornholm can also be another lesson for Thy and Mors to promote its food enterprises and

particular those engaged in producing local symbolic embedded experience offerings. This means that attractions of tourists will potentially have a multiplier effect such as supporting other complementary industries like hotels/accommodation, transport, amusement centres, visits to the national park and among others. This also has the tendency to create new jobs and businesses in the municipalities.

The networking relations (i.e. cross-sectoral linkages) between food enterprises and complementary businesses as we have seen in Thy and Mors can also have positive impact on business development. This can take the form of joint business promotions, which may serve as catalyst to increase profits. The key advantage for enterprises in Thy and Mors is that many of these actors involved in network relations are based locally, hence the challenges involved in outsourcing network partners may not be an issue or minimised. Besides, these relations have local development implications since they can serve as a motivation for businesses to stay in the municipalities, thus contributing in averting the challenges of demographic decline and human capital loss facing these rural areas.

### **8.2.3 Policy makers**

The attempt to understand how food enterprises in rural settings are reinventing themselves has led to several discoveries that raise implications for policy makers in Thy and Mors. The incidence of food enterprises exploiting local cultural and natural resources, product origin and traceability, sustainable practices and forms of quality conventions in their attempt to differentiate may be considered as best practices. Hence, local policy makers can take into account some of these identified best practices when they promote other local economic sectors.

The lack of awareness among several food enterprises of the experiential implications of their offerings has an implication for policy makers. This means that policy makers in Thy and Mors through the co-operations of food enterprises and other local stakeholders may have to organise seminars or conferences on innovations in the context of experience

offerings. Emphasis will be placed on the how best experience-based strategies can be exploited by enterprises in the municipalities.

Networking relations as seen in this research represent a crucial dimension of experience-based innovations in many food enterprises in Thy and Mors. Although these relations usually take place between complementary businesses it appears to be useful among the networking partners. Hence, local policy makers in Thy and Mors should stimulate the deepening of such networks. This could be intensified by facilitating in efforts to bring all manner of enterprises/business together to boost knowledge sharing and possible business co-operations. Policy makers in Thy-Mors can learn from Prince Edward County, Canada where different business sectors are brought together through social events, where they socialise and at the same time exchange ideas and to establish business deals. As I can recall for instance, in a meeting organised for different food enterprises in Prince Edward County, the rationale was for chefs in the area to establish strong linkages with various producers such as wineries, dairies, vegetables, crops and animal producers. The overall objective of the event's organiser, the local Economic Development Office was to promote the growth and development of local food enterprises through the support of each other. Such ideas can be intensified in Thy and Mors not necessarily in terms of stimulating experiential activities but helping to promote growth and development of the food sector of the areas through such linkages.

### **8.3 Final remark and proposal for future research**

To conclude, I will like to emphasise that upon beginning this PhD thesis, I have been keen to learn from the findings of how experience-based innovation in Danish enterprises can serve as a lever for local development. Basically, I have learnt that experience-based innovation as a development led strategy is one among the lot. Coming from a developing country, Ghana, where for decades, policy makers have been experimenting on various innovative strategies to augment development and improve the welfare of citizens, can the experience-based innovation strategy serve as a viable tool to contribute to development in



Ghana or other developing countries in the world? What I find interesting about experience-based innovation in Danish rural settings is the cognitive capacities of owners and managers of food enterprises to introduce them on the market. This is relation to their abilities to attach local conditions such as image, history, heritage among others to their mainstream products and services to create customer experiences. Ghanaian rural enterprises can take a cue from such innovative practices taking into considerations the vast heritage resources and rich history connected to many rural areas in the country.

Now that we have studied in depth the way in which the experience economy is being materialised through what I have called experience-based innovations, it will be very interesting to see in the future how other kinds of challenges are met in rural Denmark in these areas that I have investigated. One of those important challenges is green innovation and entrepreneurship which I look forward to consider in future research. Hence, the research will attempt to re-banner the cases of the present research and also add additional case of similar food enterprises with the interest in evaluating their potential for green growth and growth entrepreneurship in business.

## Chapter 8: Conclusions and Implications

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## References

## **APPENDICES**

### **Appendix A**

#### **Protocol of questions for food enterprises**

##### **1. Profile of the enterprise and interviewee**

- Could you please tell me a brief history of your enterprise/business?
- What do you produce/do here?
- What is your total production per year?
- How big or small is the firm's market share in Denmark?
- What is the firm's share of sales for foreign and Danish markets?
- Which market do you produce for? (i.e. Denmark or offshore)
- Which groups of consumers/guest do you target on the market?
- Who are your biggest customers/guests?
- Do you have plans to increase your production capacity in the near future or beyond?
- How many people are employed in this firm?
- What are the levels of competence of these employees?

##### **2. Ties to local area (location) and locational advantages**

- Why are you located in this part of the country? (i.e. Any special prospects/reasons)

##### **3. Innovation and experience offerings strategies**

- What have you introduced new products within the last 5 years?
- Have there been any changes in the production process over the last 5 years?
- What kinds of new management strategies have you set for this business in the near future?
- What do experience offerings mean in your business?
- What do you provide as memorable experience for your customers or guest?

## Appendices

- Do you provide the same experiences all the time?
- What kinds of events do attach to your products/services?
- Do you create or use any special event/occasion to sell your products/services?
- What are the implications of these events on the value or prices of your products/services (i.e. high or low value/prices)?
- Have you ever considered inviting customers into the firm to see how your products are made?
- Do you charge any fees for these visits?

### **4. Resources and capabilities**

- How do you provide experiences on the market?
- What are the challenges involved?
- What kind of themes do you attach to your products/services?
- What kinds of stories do you attach to your products/services?
- To what extent do you link your products/services to Thisted? (i. e. history, image or landscape, politics, philosophy, etc?).
- How do you develop your themes?
- Is it easy to do that?
- How are you able to identify the needs of your customers/guest?
- How do you adjust to any changes on the market (i.e. consumer preferences)

### **5. Networking relations of the enterprise**

- What business network do you belong to?
- What other (social) networks do you belong to?
- Do you operate in connection with other firms/businesses? (i.e. agree to joint activities)
- Do you exchange ideas with other firms/organisations?
- How do you relate with your customers/guest? (Aimed at teasing out marketing orientation and experience co-creations)

## Appendices

- Who do you involve in the promoting and sale of your products/services?
- What is the relationship between your retailers /wholesalers /suppliers?

### **6. Enterprise connections with public actors/institutions**

- Do you receive ideas from institutions such the local authority, business council and related bodies?

### **7. The origins of the enterprise competitiveness**

- How do you present your products/services to the market?
- How do you attract your customers?
- What do you consider as your competitive strengths?
- What do you consider as an added-value on your product?
- What determines the prices of your products/services?
- Why do customers demand your products/services?
- What would you consider as your strengths, weaknesses and opportunities?
- In what ways has the recent global financial crises affected your business?

## **Appendix B**

### **Generic interview protocol for public and private actors/organisations**

- Their relations with the local food sector in general
- Their visions for the sustenance and competitiveness of local food enterprises
- Policies instituted to promote growth and development in the food sector
- The motivations behind their growth and development policies
- Any special initiatives to support food enterprise owners/managers through training, workshop or seminars on innovations, marketing and other forms of knowledge acquisitions
- How they promote networking relations among food enterprises and between other economic sectors.
- What does the experience economy mean to their area and the local food sector in particular?
- What kinds of policies have been put in place to encourage local food enterprises to operate in the experience economy?



### **Appendix C**

List of papers produced for conferences, submitted to international scientific journals, and published contribution in an edited book in the course of the PhD research process. See attached CD for digital copy of papers.

#### **Published contribution to edited book:**

- Arthur, I.K. (2011) "Oplevelserøkonomi i fødevaresektoren- En Pilotundersøgelse i Thisted Kommune", in A. Lorentzen & S. Smidt-Jensen (eds.) *Planlægning i oplevelses-samfundet*, Aarhus: Aarhus Universitetsforlag, 215-238.

#### **Submitted papers to international scientific journals:**

- "Contextualising experience offering as innovation: A tool for competitiveness in the rural food enterprises". (To be revised and resubmitted to City European Planning Studies Journal)
- "Experience-based events for creative urban and rural areas: The case of North Denmark". (Co-authored with Galland, D. - To be revised and resubmitted to City, Culture and Society Journal).
- "Investigating the prospects of experience-based innovation in rural food enterprises: a pilot study on Thisted Municipality, Denmark" (To be revised and resubmitted to Entrepreneurship & Regional Development Journal)

#### **Conference papers:**

- "Innovations and experience economy: A tool for rural food sector competitiveness and rural development?" Presented at the Regional Studies Association (RSA) Conference, Prague, Czech Republic, 29-29May, 2008.

## Appendices

- “Conceptualisation of experience economy as competitive advantage for rural food industry and rural development”. Presented at the European Network on Industrial Policy (EUNIP) Conference, San Sebastian, Spain, 10-12<sup>th</sup> September, 2008.
- “Investigating the prospects of experience economy in the food sector: A pilot study on Thisted Municipality”. Presented at the Regional Studies Association (RSA) Conference, Leuven, Belgium, 6-8<sup>th</sup> April, 2009.
- “When cultural economy and the experience economy converge in the food sector of rural regions: Analysis of implications for economic development”. Presented at the at the Martin Prosperity Institute Workshop: *Experience the Creative Economy*, University of Toronto, Canada, 22-24<sup>th</sup> June, 2010”