Leisure, culture and experience economy in the periphery. Does Northern Jutland benefit from the Experience economy?

Experiences have been connected with economy due to a growing leisure demand in the western world. Many people today give high priority to their leisure time, and as a consequence they are assumed to stress the existence of amenities close to their place of residence. Quality of place is a factor which is thought of as playing a considerable role in the decisions people make on where to settle, and this is the reason why quality of place is seen strategically as lever of demographic and economic development of local economies. Quality of place include among other things attractive natural environments as well as urban qualities, supply of culture and facilities for leisure activities. Earlier works on experience economy and place has developed the hypothesis, that experience economy may function as a lever of growth for peripheral regions, due to an assumed decentralised pattern of location and consumption (Lorentzen 2009). Others qualify this by pointing at the diversified pattern of leisure offerings depending on their profile (centrality/specialisation) vs. their ubiquity, at least in a Danish context, where leisure offerings are part of ‘modern welfare’ (Region Midtjylland og Plan 09 2008;Smidt-Jensen & Lorentzen 2011).
In Denmark politicians and planners have shown a growing interest in the notion of experience economy as a lever of local and regional growth in less favored areas. Experience economy is thus seen as a tool of industrial policy, both directly as creator of employment in industrial branches providing experiences and indirectly as a factor of attraction for potentially new citizens in general and of highly educated labor in particular. In Northern Jutland, the regional development strategy formulates the experience economy as a strategic focal point (Region Nordjylland Vækstforum 2007). Also the Danish municipalities have started to work with the experience economy, most often motivated by incentives from higher levels of territorial administration such as the Region and the Danish Government.

The question, which this paper discusses is the extend to which peripheral regions are actually able to develop based on amenities or in other words based on experience economic offerings? The question can be divided in two, namely to what extent the periphery is able to develop experience economy offerings, and secondly, what implications these offerings have for demographic and broader economic growth? The paper discusses this question based on empirical statistical evidence of the industrial and demographic development of Northern Jutland, a peripheral region of Denmark. Not only is this region located in considerable distance to the Danish core, it is also characterised by internal centre-periphery relations centred around the regional capital of Aalborg. This enables a regional as well as a subregional analysis of the extent, composition and dynamic of the experience economy of the periphery, and the role it plays for demographic and for industrial development.

The paper draws on a report from 2009 (Lorentzen & Krogh 2009), and it inscribes itself in an ongoing discussion questioning critically the role of amenities in development, as represented by Smidt-Jensen, Skytt & Winther, (2009) and Hansen & Niedomysl (2009) among others.
Theoretical framework of the study

Local development results from structures and processes which unfold on different scales. It is helpful to contextualize the evolving focus on experience economy within a few key processes. These are evolutionary economic processes, processes of globalization and the structuring of economic space in changing patterns of dynamic centers and lagging peripheries. It has been shown how economic geographic structures undergo change in connection with the emergence, maturing and decline of techno-economic paradigms (Hayter 1998; Perez 1985). The techno-economic paradigms are characterized by particular geographies as they evolve based on particular innovations, key factors and institutional frameworks. Different localities find their place in relation to the paradigms, due to their different resources, facilities and institutions. As production in the advanced economies has become still more knowledge intensive, leading to the notion of the ‘knowledge economy’, access to knowledge sources such as research centers and institutions of higher learning has become key to competitive advantage of industries and places (World Bank 1999). This has led to a concentration of economic activity in large cities as they are able to provide knowledge and creativity (van den Berg, Pol, & van Winden 2004). Cities, however are not only loci of production (firms, labor), but also loci of consumption (citizens). In the knowledge economy therefore, a particular alliance between businesses and cities can be seen to emerge. Firms competing to attract qualified labor urge cities to develop amenities to attract this labor (Healey et al. 2003). This has also led Florida (Florida 2002) to develop his theory of ‘the creative class’ in which the point is that amenities attracts highly educated labor, which again attracts firms in a virtuous circle of development with a point of departure in the urban qualities. Similarly Glaeser is able to document the role of consumption to urban development, measured as the relative house rent people are willing to pay compared to the salaries they are able to earn (Glaeser 2001). Both authors
focus on urban development in big cities. Based on their arguments, amenities, entertainment, culture provision can be regarded as strategic assets in urban development. The implication of this approach is a change of perspective in relation to public expenditure in culture and leisure. Instead of regarding such expenditures as expenses for local welfare, they can be seen as strategic investment in the global competitiveness of the city. This argument has raised the interest of still smaller cities in participating in the rush for culture, creativity and wealth (Allingham 2009; Lassen & Smidt-Jensen 2009; Lorentzen 2011; Lorentzen & Krogh 2009; Miles 2006; Waitt & Gibson 2009). Even rural areas have embarked on experience-based development strategies (Arthur 2008; Scott 2010).

The experience economy

While there are arguments to consider the role of amenities, culture and entertainment as connected to the spatial and social development of the knowledge economy, it seems fruitful also to consider the increased focus on culture and entertainment as a phenomenon and even a ‘paradigm’ (Lorentzen 2009) in itself. It can thus be argued that the focus on urban qualities, leisure and culture is just one aspect of the increased focus on luxury (non-basic) consumption which has been foreseen by Tofler (Tofler 1970) in 1970 and later described in more detail by Schulze (Schulze 2005) in the 1990’s. Tofler envisaged the emergence of a ‘provision system of psychic gratification’ as a response to the growing affluence of the Western societies, while Schulze discussed the changes in the value system of the modern society towards hedonism, leading to an ‘experience society’. Florida’s description of the preferences of the creative class as an affluent class in search of entertainment can also be seen in this perspective. However, it can be argued that the megatrend towards luxury and hedonistic consumption in Western societies is probably more generalized
among different social groups, than Florida’s work lets know, in particular in countries with relatively equal income distribution as e.g. Scandinavian countries.

Pine and Gilmore’s work on the experience economy takes Tofler’s visions of an emerging system of experience provision to the shop floor of private businesses (Pine II & Gilmore 1999). According to these authors every business may add psychic gratification as part of their product with the aim of enhancing its competitive edge on the market. They apply the notion of ‘experiences’ to make their point. The development of experience offerings is not only connected to specialized experience makers. On the contrary experiences are developed deliberately by many kinds of businesses to leave positive, memorable impressions with the customers. When describing how experiences may enhance the value of the products the authors apply the metaphor of the theater to explain how experiences can be seen as the play, the business management as the stager, and the basic products as props for the experience. The aim of this type of innovation is to arouse the interest and loyalty of the customers. The experience economy can be seen as a megatrend in strategic management in which the customer relationship has highest priority. The ability to innovate by developing experience offerings provides the businesses with a competitive advantage.

In businesses, like in cities, experience offerings can thus be seen as having a strategic purpose. In both cities and businesses it can be argued that the enabling factor behind experience production is affluence, combined with new preferences (of customers and citizens respectively), and in both cases the innovation of experience offerings, whether they be related to amenities, entertainment or culture, is driven by competition among firms and places in the global economy.

**Experience economy and place**
While it has been shown that there are important parallels in the approaches to business innovation and urban development today, it can also be argued that the relationship between economy and place can be understood as quite integrated in the experience economy.

If we focus on products in which the experience offering is the core (a game, a movie), as compared to products in which the experience is an add on (rural ecological narratives, or lotteries offered together with dairy products), a distinction can be made between foot loose or place bound experience offerings (Lorentzen 2009). Manufactured experience products are footloose (books, games video films, toys) because production and consumption is usually not collocated, and because both processes can in principle take place everywhere, where the general conditions allow it. Experience services (sports event, theme restaurant meals) require the collocation and simultaneity of consumption and production. The consumer needs to ‘be present’ sometimes even as co-producer of the experience. It seems fruitful to expand a little on the relationship between experience and place.

A distinction can thus be made between (a) place in products, (b) products in place and (c) place as products, as developed in Smidt-Jensen & Lorentzen (2011). First, experience offerings may draw value from places. Places can be seen as constructed by social practices and narratives about them, and businesses may draw on such narratives when developing their products and presenting them on the market. Examples are regional foods (Arthur 2011) and Swiss watches (Crevoisier & Jeannerat 2009). The use of local narratives makes local purchase of otherwise foot loose products appear particularly interesting. Secondly, places may draw value from experience offerings. This is the Florida perspective, according to which a place is enriched by the number of e.g. festivals, galleries, cafes and areas for recreational. Third, places may represent experiences due to the beauty of their natural or constructed environment, its history or the localized competences. The place can be
consumed by watching it, staying or living in it or by performing different activities in it. It can be purchased by the payment of entry fees or more indirectly by paying the price of housing and other local offerings, which may rise in price due to the experience value of the place.

**The experience economy and local development in the periphery**

Based on these three perspectives in relation to experience economy and place it can be argued that place bound experience offerings are of particular importance to local development because of the (a) potential alliance between producers and places, (b) the collocation of production and consumption of experiences and (c) because of the role of place as factor of attraction to businesses, citizens and tourists. In all three an impact on employment and demography can be seen as a potential outcome.

Obviously places are not equally equipped to develop experience economy, and compared to big cities, or core areas, peripheral localities have different potentials quantitatively as well as qualitatively. Core areas represent both economies of scale, which allow them to develop big, expensive productions, and economies of scope, which allow them to differentiate the offer and to developed specialized productions. Both size and variety is connected to the experience offerings of big cities. Creative and culture industries are known to cluster in big cities (Pratt 2004; Scott 2006), which often also host important historic monuments which serve them as flagships in the global competition. Peripheries on the other hand, are characterized by small cities, natural environment, and tranquility. Traditional industries prevail. The distance to the core calls for local solutions and a close social proximity among local actors can be seen as a possible outcome of this local focus. Conditions do not allow economies of scale and scope like in big cities. However, due to globalization, specialization may develop within some fields of inherited or new competences. Peripheries differ, and according Arzeni et al (Arzeni, Eposti, & Sotte 2002) four main main types
of periphery can be found in Europe today. They differ in relation to their distance to the core, their nature, culture and leisure values, their economic structure and their demography. The potential for experience economy in relation to the four types can be characterized in the following way.

Type 1 regions are found near an urban centre. They may benefit from the facilities and amenities of the centre, and serve as residential areas for people working in the centre. They may develop experience offerings directed to the citizens of the core as well as for tourists. Type 2 regions are more distanced from the centre and have natural, cultural and leisure values, which attract visitors, and based on which a heritage industry may develop. Type 3 regions are distanced from the centre, and agriculture prevails. We find holidays on farms and theme parks in such areas. Type 4 regions are remote areas in demographic decline. Due to low accessibility options are scarce, but remoteness can be turned into an asset. Adventure tourism or wellness and recreation are options.

In sum the distinction between different types of peripheries indicate different potentials of experience based development, depending on accessibility, natural and cultural values, economic structure and demography. It also implies a need to differentiated experience based local development strategies.

The differentiated approach to the periphery has informed the empirical study of Northen Jutland. The empirical study which follows investigates the question of if and how the experience economy evolve in Northern Jutland and its different subregions? And how the experience economy does relate to demographic and broader industrial development? What patterns can be detected, and how can they be explained by differentiated peripheral situations?

**Empirical method and research questions**

The study the experience economy of Northern Jutland is based on data for employment, unemployment and population changes. The first section describes and analyses the level of
development of the experience economy in the region and its 11 municipalities. The development is
discussed in relation to the differentiated potentials of the municipalities related to their geographic
experience resources such as their accessibility and experience values. Then follows and analysis of
the employment situation in the region and the 11 municipalities and the relationship that can be
detected between experience economy development and employment situation. The demographic
situation of Northern Jutland and its 11 municipalities is then analyzed and connected to the
experience economy development in order to throw light on the question if the experience economy
seems to attract citizens? Finally the relationship between the emerging knowledge economy and
the experience economy is analyzed to get an indication of whether experiences serve as lever for
industrial diversification in the periphery.

The empirical study of size of the experience economy sector in Northern Jutland Region is based
on employment data of 27 subcategories. Based on these, the place bound experience economy
(PBEE) can best be illustrated by the statistical subcategories of ‘hotels & restaurants’ and
‘associations, culture and renovation’. In relation to these categories the development of
employment in hotels and restaurants is closely linked to tourism, while the categories of
‘associations, culture and renovation’ can be seen as related to the consumption of culture and
leisure by the local population. The analysis assesses the change in employment of both statistical
subgroups at the regional level as well as at the municipal level. The region of North Jutland
consists of 11 municipalities. The year 2008 is the newest available, which implies that the impact
of the financial crisis is not reflected.

**PBEE in Northern Jutland in comparison**

Table 1 compares the size of the PBEE in Northern Jutland, Denmark outside of Copenhagen, and
City of Copenhagen.
Employment in PBEE amounted to 8.33 per cent as a national average. However the City of Copenhagen weighed heavily in this mean with 13.45 per cent of its employment in these branches. This is due to the position of Copenhagen as a metropolitan city with its vast supply of culture, and its high share of the Danish tourism. To assess the situation of Northern Jutland, it therefore seems more reasonable to compare this region with Denmark outside of Copenhagen City (DK – C). In this comparison employment in the PBEE has a higher share in Northern Jutland (7.9 %) than it has in DK – C (7.49%). As a traditional tourist region it is no surprise that in Northern Jutland a higher share of employment is found in hotels and restaurants (3.61 %) as compared to DK – C (3.43 %), but also employment related to culture (associations, culture and renovation) has a higher share in Northern Jutland (4.29 %) than in DK – C (4.06 %).

**The 11 municipalities and the PBEE**

Even though it plays a certain role in the employment of all the municipalities, the experience economy has not developed equally across the region. The analysis of PBEE employment thus shows that the differences are considerable between the 11 municipalities. Table 2 illustrates how 5
of the 11 municipalities are characterized by a PBEE employment above the regional mean, while 6 municipalities show an employment in the PBEE branches below this mean.

<table>
<thead>
<tr>
<th>Table (2) PBEE in 11 municipalities of Northern Jutland 2008 as share of employment, in percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Based on Statistikbanken</td>
</tr>
<tr>
<td>Northern Jutland</td>
</tr>
<tr>
<td>Læsø</td>
</tr>
<tr>
<td>Frederikshavn</td>
</tr>
<tr>
<td>Aalborg</td>
</tr>
<tr>
<td>Hjørring</td>
</tr>
<tr>
<td>Jammerbugt</td>
</tr>
<tr>
<td>Morsø</td>
</tr>
<tr>
<td>Rebild</td>
</tr>
<tr>
<td>Thisted</td>
</tr>
<tr>
<td>Mariagerfjord</td>
</tr>
<tr>
<td>Brønderslev</td>
</tr>
<tr>
<td>Vesthimmerland</td>
</tr>
</tbody>
</table>

The municipalities of Læsø, Frederikshavn, Aalborg, Hjørring and Jammerbugt show an employment of PBEE above the mean, while Morsø, Rebild, Thisted, Mariagerfjord, Brønderslev and Vesthimmerland have less than regional average employment in PBEE. Also Læsø, Hjørring and Frederikshavn municipalities have a higher employment in hotels & restaurants than the regional average. Fig 3 shows the location of the 11 municipalities of Northern Jutland.
Geographic experience resources

The background for the development of BPEE in Northern Jutland in general is no doubt the quality of the natural environment, and in particular the sandy beaches along the North Sea coast, which have been the object of tourism for decades, and in particular since the 1960es with the boom in the number of holiday cottages as second homes. Also the many forests and plantations, moors and lakes offer opportunities for leisure activities. Sparsely populated as it is, one major attraction is that the region does not appear to be crowded, even in midsummer.

The 11 municipalities differ from each other according to some important parameters of relevance for the development of PBEE. The parameters can be summarized as follows: Accessibility, urban qualities, the quality of the natural environment, history/authenticity, and visibility. Together these parameters are suggested as the key resources from which the PBEE can develop.
Accessibility to markets, labor and supplies is key to economic development and in the experience economy accessibility to localized experience offerings is equally important. In terms of accessibility the municipalities differ. Aalborg municipality and in particular the city of Aalborg represent an infrastructural node with regional, national and international accessibility with airport, intercity railway, and European motorway. A number of municipalities are connected with the European motorway and railway, namely Brønderslev, Rebild, Frederikshavn, Hjørring, Mariagerfjord (the latter has no railway). Very poor accessibility characterizes Morsø, Thisted and in particular Læsø municipalities, while Jammerbugt and Vesthimmerland have got reasonable regional accessibility. These differences in accessibility imply that Aalborg has a regionally central position, which enable neighboring municipalities to attend PBEE in Aalborg. Nationally and internationally Aalborg is not a node, but rather an accessible periphery. Morsø, Thisted and in particular Læsø are characterized by a peripheral situation with low accessibility, meaning that they lack a key factor of growth and innovation, also in relation to PBEE. In total, the municipalities exist in an infrastructure hierarchy with Aalborg in top and Læsø in the bottom, and the position of each municipality widely determine the actual exploitation of the experience resources.

A common characteristic of the municipalities is that they provide a high quality of the natural environment. Beautiful coastlines and beaches, forests and plantations, moors and lakes characterize the municipalities. Unique landscapes are however found in Hjørring and Jammerbugt with the beautiful broad sandy beaches. The two seas, the desert and dramatic plantations of Skagen in Frederikshavn municipality is equally unique, and also the newly erected national park in Thisted represent flagships with high experience economy potential.

Urban resources are scarce in the region with one main city, Aalborg, and two second tier cities, Hjørring and Frederikshavn. This means that 3 of the 11 municipalities dispose of important experience resources which the other municipalities do not have. They have theatres, concert halls,
shopping malls and streets, a build environment of historic buildings among other things. The other municipalities are rural with no towns bigger than 5,000 inhabitants. One rural municipality dispose of a huge and well known adventure park in comfortable distance to the main city of Aalborg.

History and authenticity or heritage is a potential resource in all municipalities. Cloisters, manor houses, traditional fishing villages, or remnants from the Danish Bronze age abound, but it is evident that the municipalities have quite different approaches to this resource. Some municipalities preserve old houses (Skagen), others reinvent history by reviving old crafts as is the case with the salt factory on Læsø. A third way is to develop narratives in connection with festivals as in the Tordenskiold Dagene in Frederikshavn.

As a whole The Region of Northern Jutland disposes of considerable localized experience resources. They are however unevenly distributed among the municipalities. There is a considerable concentration of localized experience resources in Aalborg and the traditional tourist destinations at the North Sea. At the same time accessibility mainly supports Aalborg and neighboring municipalities, while other municipalities are in less favorable infrastructural positions, rendering their attractions less accessible.

The different geographic experience resources are reflected in the employment figures of table 1, showing that the most urbanized municipalities have the largest share of employment in PBEE. Some of these in the same time also dispose of the most famous beaches. The least accessible municipalities have the lowest employment in PBEE. The suburban municipalities have equally low employment in PBEE, which reflects their reliance on the experience supply of the capital city. The high share of employment in PBEE of Læsø is likely to reflect more the lack of alternative employment than the actual strength of the PBEE on the island.
The experience economy as lever of employment?

High unemployment belongs to the main characteristic of peripherality of Northern Jutland.

However, the region has benefitted considerably from the economic upturn which has characterized Denmark more than its neighboring countries since about 2004. Figure 2 shows the unemployment rate between 2006 and September 2008 in the 11 municipalities. The figure shows how the unemployment rates differ between the municipalities in terms of level as well as in relation to seasonal variations. Five municipalities have relatively low levels of unemployment, namely Thisted, Mariagerfjord, Vesthimmerland, Morsø, Rebild, and Brønderslev while high rates of unemployment can be found in Læsø, Aalborg, Frederikshavn, Hjørring and Jammerbugt. These municipalities also have the highest seasonal variations in employment.

Figure 2 Full time unemployment in per cent of work force in the municipalities of Northern Jutland 2006-2009

Source: Lorentzen & Krogh 2009. Based on Statiskbanken
As lever of development the experience economy should contribute positively to employment. A simple correlation between the level and seasonal variation of employment with the share of experience economy of the municipality has been made.

Table 3 combines the results from table 2 and figure 2 in a simple two by two matrix. From this matrix it can be seen that the municipalities with the highest share of employment in PBEE also are those with the highest unemployment rates. These are also characterized by considerable seasonal variations in employment.
This implies two things. First, the experience economy employment is not big enough to solve the employment problem, which on the other hand would have been more serious without this employment. Second, experience based employment go along with seasonal variations of employment. This is because this employment is widely connected to the tourist services. In Denmark these service branches are busy during summer but much less outside of the main season. The case in point is the small island of Læsø with unemployment rates during winter of 12 to 17 per cent of the registered labor force while in summer it is around only 2-4 per cent.

**The experience economy as lever of demographic growth?**

Northern Jutland is the smallest region of Denmark measured in population (590,515 inhabitants in 2009), and it has stagnated demographically while the Danish population as a whole has grown 1.85
per cent between 2005-2009. The future looks equally bleak, especially because young people tend to leave the region.

Fig 3 shows that in Northen Jutland 6 of the municipalities have positive demographic growth, while 5 of them show negative growth. Positive demographic growth can thus be found in Aalborg, Rebild, Vesthimmerland, Brønderslev, Jammerbugt and Mariagerfjord municipalities. Of these only three municipalities have a natural demographic growth, meaning that there is an excess of births over deaths, which again means that the relative number of young families in Aalborg, Rebild and Brønderslev is higher than in the rest of the region. Negative demographic growth on the other hand characterizes Hjørring, Thisted, Morsø, Frederikshavn and the island of Læsø. The question if experience economy is related with positive demographic growth can now be analyzed in relation to
the 11 municipalities. Is it possible to identify a relationship between the size of PBEE employment on the one hand and demographic development on the other?

<table>
<thead>
<tr>
<th>Demographic growth</th>
<th>High share</th>
<th>Low share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive growth</td>
<td>Aalborg</td>
<td>Vesthimmerland</td>
</tr>
<tr>
<td></td>
<td>Jammerbugt</td>
<td>Rebild</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mariagerfjord</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brønderslev</td>
</tr>
<tr>
<td>Negative growth</td>
<td>Læsø</td>
<td>Thisted</td>
</tr>
<tr>
<td></td>
<td>Hjørring</td>
<td>Morsø</td>
</tr>
<tr>
<td></td>
<td>Frederikshavn</td>
<td></td>
</tr>
</tbody>
</table>

Table 4 shows that a high share of PBEE employment can be related with positive as well as negative demographic growth. However, if we exclude Aalborg as the big urban municipality with particular characteristics which are distinctively different from the 10 remaining municipalities (and which represents both high PBEE employment and positive demographic growth), we can see the contours of a reverse relationship between PBEE share of employment and demographic growth. Four municipalities represent low PBEE employment and positive demographic growth, while three municipalities have a comparatively high share of PBEE employment and negative demographic
growth. This means that municipalities attract citizens for other reasons than their offer of place bound experience offerings, and that a high share of PBEE is not enough to make citizens stay in the municipality. What other factors could explain positive demographic growth? A look on the map of the region in figure 1 can tell us that the municipalities with positive demographic growth all are neighboring the capital of Aalborg. In other words they seem to have gained the status of suburb in relation to Aalborg due to good accessibility and moderate housing prices.

**The experience economy as lever of new industries?**

Industrial diversification is of great importance to peripheral regions. Experience economy and knowledge economy are the new economies which local governments focus particularly on, when developing local development strategies. Localized experience offering are seen as a lever for other industries, as they represent a reason for knowledge intensive branches of industry to establish themselves in search of qualified labor. The question can therefore be posed, if a positive relationship can be detected between PBEE employment on the one hand and employment in knowledge intensive branches on the other hand in the region and its 11 municipalities? In the present study the ‘knowledge economy’ has been operationalized as the statistical categories ‘business services’ and ‘financing & insurance’ as they can be found in Statistikbanken.

Fig 3 shows that in Northen Jutland 6 of the municipalities have positive demographic growth, while 5 of them show negative growth. Positive demographic growth can thus be found in Aalborg, Rebild, Vesthimmerland, Brønderslev, Jammerbugt and Mariagerfjord municipalities. Of these only three municipalities have a natural demographic growth, meaning that there is an excess of births over deaths, which again means that the relative number of young families in Aalborg, Rebild and Brønderslev is higher than in the rest of the region. Negative demographic growth on the other hand characterizes Hjørring, Thisted, Morsø, Frederikshavn and the island of Læsø. The question if
experience economy is related with positive demographic growth can now be analyzed in relation to the 11 municipalities. Is it possible to identify a relationship between the size of PBEE employment on the one hand and demographic development on the other?

Table (5). Knowledge services in Northern Jutland, Denmark, Copenhagen and Denmark outside of Copenhagen 2008 as per cent of total employment.

<table>
<thead>
<tr>
<th></th>
<th>Knowledge services total</th>
<th>Business services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Jutland</td>
<td>10.4</td>
<td>8.2</td>
</tr>
<tr>
<td>Denmark</td>
<td>13.7</td>
<td>10.9</td>
</tr>
<tr>
<td>Denmark outside of Copenhagen City</td>
<td>12.9</td>
<td>10.2</td>
</tr>
<tr>
<td>Copenhagen City</td>
<td>21.0</td>
<td>17.4</td>
</tr>
</tbody>
</table>

First, the status of Northern Jutland in relation to knowledge services is made. Table 5 situates Northern Jutland in the national context. The employment share of Northern Jutland in knowledge services was in 2008 10.4 per cent of total employment, of which 8.2 percent were employed in business services. This figure is quite low in a Danish perspective as the table 5 shows. This is true both in comparison to Denmark as a whole, and in comparison to Denmark outside of Copenhagen. Denmark outside of Copenhagen employs 12.9 per cent of the labor force in knowledge services (NJ: 10.4%) and 10.2 in business services (NJ: 8.2%). Northern Jutland is lacking behind the rest of the country in terms of knowledge economy. This means that in Northern Jutland the relatively high employment in PBEE as shown in table 2 above does not correspond to a high share of employment
in knowledge services at the regional level. This indicates that, in Northern Jutland, PBEE economic growth has taken place without industrial diversification.

Also in relation to knowledge economic development the municipalities differ. Their share of employment in knowledge services can be seen in Table 6 below.

<table>
<thead>
<tr>
<th>Tabel (6) Knowledge services in 11 municipalities 2008. Percentage share of employment</th>
<th>Knowledge service</th>
<th>Of which business services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aalborg</td>
<td>13.87</td>
<td>11.53</td>
</tr>
<tr>
<td>Rebild</td>
<td>9.73</td>
<td>7.84</td>
</tr>
<tr>
<td>Brønderslev</td>
<td>9.14</td>
<td>9.19</td>
</tr>
<tr>
<td>Jammerbugt</td>
<td>9.14</td>
<td>6.91</td>
</tr>
<tr>
<td>Frederikshavn</td>
<td>8.84</td>
<td>6.83</td>
</tr>
<tr>
<td>Hjørring</td>
<td>8.80</td>
<td>6.72</td>
</tr>
<tr>
<td>Mariagerfjord</td>
<td>8.56</td>
<td>6.46</td>
</tr>
<tr>
<td>Væsthimmerland</td>
<td>8.08</td>
<td>5.73</td>
</tr>
<tr>
<td>Thisted</td>
<td>7.47</td>
<td>5.34</td>
</tr>
<tr>
<td>Morsø</td>
<td>6.65</td>
<td>4.32</td>
</tr>
<tr>
<td>Læsø</td>
<td>4.87</td>
<td>2.96</td>
</tr>
</tbody>
</table>

Source: Lorentzen & Krogh 2009. Based on Statistikbanken
The table shows that only one of the 11 municipalities finds itself above the Danish mean in relation to employment in knowledge services, and this is Aalborg, the regional capital. With 13.9 per cent of its total employment in knowledge services, and 11.53 per cent in business services, the city distances itself from all other municipalities, and also raises the mean for the region. The other municipalities have far lower shares of employment in knowledge services, but also differ considerably. No clear categorization offers itself, but for the purpose of analysis the municipalities have been divided in two groups. One group has around 9 to 10 per cent of employment in knowledge services (Rebild, Brønderslev, Jammerbugt, Frederikshavn, Hjørring), and the other has got below 8.6 per cent (Mariagerfjord, Vesthimmerland, Thisted, Morsø, Læsø).

Based on this grouping it is now possible to illustrate on the municipal level, if there exists any positive relationship between the share of employment in PBEE on the one hand and knowledge services on the other hand? Is PBEE followed by industrial diversification? For this purpose table 7 below compares the share of employment in PBEE with the share of employment in knowledge services in a simple two by two matrix. Table 7 shows that four municipalities are characterized by low shares of both types of employment, PBEE and knowledge services. Four municipalities show high shares of employment in both types of economy. One municipality, Læsø, has a high level of employment in PBEE and the lowest level of knowledge service employment, while two municipalities have high shares of knowledge service employment and low levels of PBEE employment. This means that two thirds of the municipalities show a positive correlation between the two types of economy! The municipalities which have high shares of both types of employment are the urbanized, and relatively big, municipalities (Aalborg, Frederikshavn, Hjørring) plus one small municipality, Jammerbugt. Low share of both types of economy is found in relation to the small, rural municipalities (Thisted, Mariager, Vesthimmerland, Morsø). Two municipalities have a
different combination, namely relatively high levels of employment in the knowledge services, in combination with low shares of employment in the PBEE (Brønderslev, Rebild). And finally one small rural municipality, the island of Læsø has a very high share of employment in PBEE and almost no employment in knowledge services. The question is now what sense can be made of this pattern?

First it seems that cities attract PBEE as well as knowledge services (Aalborg, Hjørring Frederikshavn). Secondly, small rural municipalities have difficulties in relation to both economies (Thisted, Mariager, Vesthimmerland, Morsø). Third, suburban position in relation to Aalborg has got positive implications for the knowledge service employment, which tends to be higher than in municipalities in greater distance to Aalborg (Brønderslev, Rebild, Jammerbugt). Cheap rent and good connections to Aalborg is available in these municipalities. Also the suburban position to Aalborg discourages a local development of PBEE because of the easy access to the many attractions of the neighboring city (Brønderslev, Rebild). Finally, a remote location may represent an opportunity for PBEE due to qualities of the natural environment, but not for knowledge services (Læsø).

<table>
<thead>
<tr>
<th>TB 7</th>
<th>Experience economy and knowledge economy in 11 municipalities of Northern Jutland 2008. Share of employment (High vs. low)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBEE</td>
<td>High share</td>
</tr>
<tr>
<td></td>
<td>Low share</td>
</tr>
<tr>
<td>Knowledge services</td>
<td>Aalborg, Frederikshavn, Hjørring, Jammerbugt</td>
</tr>
<tr>
<td>High share</td>
<td>Brønderslev, Rebild</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Low share</th>
<th>Læsø</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Thisted</td>
</tr>
<tr>
<td></td>
<td>Mariager</td>
</tr>
<tr>
<td></td>
<td>Vesthimmerland</td>
</tr>
<tr>
<td></td>
<td>Morsø</td>
</tr>
</tbody>
</table>

This means that PBEE and knowledge services share a preference for urban environments. PBEE further exploits natural environments, in particular sandy beaches (Jammerbugt & Læsø), while knowledge services benefit from suburban locations, which are cheaper, but in comfortable distance to industrial customers in the big city. Based on this analysis PBEE cannot be seen as a high road to industrial diversification in rural areas. Positive synergies between experience and knowledge economy are more likely to develop in urbanized municipalities and regions.

**Conclusion of empirical analysis**

The paper set out to find out if the experience economy represents a road to development in peripheral regions. First, does the experience economy develop at all in peripheral regions? And if this is the case, what implications does the experience economy have for broader development in terms of demography and industrial diversification? The study of Northern Jutland has produced some nuanced answers to these questions.

First, place bound experience economy (PBEE) has developed in Northern Jutland, where it is significant in a national comparison. A sub regional analysis shows that PBEE develops in relation to urban areas and traditional tourist areas characterized by particular natural attractions. On the other hand suburban municipalities and remote rural municipalities only have small PBEE employment.

Second, high share of PBEE employment is connected with high and seasonal unemployment. This can be explained by the significant role of tourist services in the region, which are concentrated in
the summer time. On this background employment in PBEE can be seen more as a supplement than as a solution to employment problems. Municipalities with no significant PBEE actually do better in terms of unemployment.

Third, Northern Jutland is stagnating demographically in spite of a significant PBEE sector. Aalborg, the capital, of course shows a positive relationship between PBEE and demography. But on the sub regional level it is possible to detect a reverse relationship between PBEE share of employment and demographic development. It is thus not the search for experiences that generate a positive demography, but rather cheap housing in the suburbs and good accessibility to the capital. Knowing that most of the PBEE in the rural areas are related to tourism services this makes perfectly sense.

Fourth, Northern Jutland is lagging behind in terms of knowledge service development in spite of a significant PBEE sector. In the urbanized municipalities, a significant PBEE sector is accompanied by a relatively big knowledge service sector, mostly so in Aalborg, the capital. Two suburban municipalities, representing cheap rents and good accessibility, have equally developed a certain employment in knowledge economy, however without high PBEE employment. Rural, more or less remote, peripheries have no significant development in either of the sectors, knowledge services or PBEE.

In sum PBEE development is connected mostly to urban areas and traditional tourist areas. The wider developmental impact of PBEE in terms of demography and industrial diversification in new branches can be seen only in relation to urbanized municipalities, and particular the capital, Aalborg.

Perspectives & further research
The results of the study shall now be discussed in relation to the theoretical framework above. First the results will be related to the different types of peripheries. Northern Jutland evidently consists of several subregions. The municipalities, which function as suburbs, represent a version of type 1 periphery. They serve among other things as residential areas for the labor force of the centre, but do not as expected, develop a significant PBEE supply of their own. Instead they access the abundant supply of the centre. The more distant municipalities with famous beaches represent type 2 regions. They have developed significant tourist services and some culture and leisure activities, but no significant heritage industries. Remote areas in demographic decline with low accessibility, or type 4 areas, include 3 municipalities. Small PBEE and knowledge service sectors should be a characteristic of them all, but one of them, a very small island, has a very large PBEE sector, because there are no other employment alternatives. Type 3 regions, or agricultural regions, is no separate group among the municipalities in Northern Jutland, as all municipalities in question are characterized by big rural areas. In one hosts a famous theme, quite according to the theory.

While the framework may thus help to systematize the rural peripheries, it has one major flaw. It fails to grasp the role of small cities, which in this study has proven to represent the most important geographical framework for PBEE development. It is in the cities that demographic growth and industrial diversification can be found, and in which it can be argued that virtuous circles of development can be identified in connection with PBEE.

This means that not only has the rural periphery less supply of place bound experiences, people in the periphery seems to care little about it outside of the cities. This is probably because they have other worries, such as employment and jobs, and because the tourist services do not match the wishes of the local population for culture, leisure and entertainment.
The implication of this is that regional and local development strategies need to recognize the crucial role of cities in the new economy. This further suggests that small municipalities rather than to compete against each other should find their role in relation to the regional dynamos of development.

References


Hayter, R. 1998, The dynamics of industrial location. The factory, the firm and the production system John Wiley & Sons Ltd, West Sussex.


van den Berg, L., Pol, P. M. J., & van Winden, W. 2004, *Cities in the knowledge economy*, The European Institute for comparative Urban Research (EURICUR), Rotterdam.
