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Case study

# Boring and expensive: The challenge of developing experience-based tourism in the Inland region, Norway

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ABSTRACT

In 1999 Pine and Gilmore argued that in the contemporary world economic success in service industries requires memorable experiences. Although not considered to be an entirely new phenomenon in tourism, their work has given a new impetus to the study of travellers who are no longer satisfied with "just a visit" but who wish to consume experiences rather than products. This article explores the potentials of experience-based tourism in the region of the Inland, located on the east side of Norway. Adopting a qualitative approach, an analysis was undertaken based on an "experience economic framework". The result indicates that the progression of economic value is not only useful to illustrate general economic development, but also relevant in the destination competitiveness context. Thus, destinations that seek to focus on experience-based tourism must also consider the other underlying levels or "economies" of commodities, goods and services because memorable experiences cannot be staged if other prerequisites are ignored.



## 1. Introduction

Tourism experiences and experience-based tourism have gained much attention from both academics and practitioners in recent years. At present, much of the experience creation is driven by a desire of operators and authorities to develop the productive resources of their regions (Richards & Wilson, 2006). A major contributor to the focus on experiences is the notion of experience economy introduced by Pine and Gilmore (1999). Although it did not focus on the tourism industry, this work brought forward the emphasis on *economy* in experience related industries. One of the key constructs in experience economy is the progression of economic value which illustrates how companies in the manufacturing industry can gain a stronger competitive position by focusing on staging experiences rather than just selling goods. While the concept of economic progression seems logical and self-explanatory, the notion has not been fully explored in a tourism context (Quadri-Felitti & Fiore, 2012). In fact, there is scant literature that explores its role in tourism comprehensively and even less its role in destination competitiveness. Additionally, some critics in the tourism industry remain sceptical about concepts introduced by the experience economy while others highlight the challenges in understanding tourism *experiences*. However, as destinations, like individual businesses, strive to achieve and sustain their competitive advantages in an increasingly global marketplace (Buhalis, 2000), the present paper suggests that key concepts in experience economy, particularly the construct of progression of economic value, would also be useful in a destination context with regard to experience-based tourism.

Norway as a tourism destination is often described as an "once-in-a-lifetime" experience. The country offers marvellous natural scenery and products that have received widespread praise in many international media; however the label is also justified by the high cost of living in Norway and the expenses that inbound tourists have to bear when holidaying in the country. As a result, inbound tourists will only choose unique products and destinations in Norway that they believe are worthwhile in terms of time and money. As a tourism destination in general, Norway is still under-researched in an international context. While the country's tourism development has been largely developed in the recent years due to active involvement by the public sector (Mei, Arcodia, & Ruhanen, 2012), some regions such as the Inland are lagging behind. The Inland region, located on the east side of Norway and consisting of the counties of Oppland and Hedmark, does not have the ability to offer "typical Norwegian" attractions and products such as the Arctic, the northern lights, the midnight sun and the fjords that inbound tourists are traditionally seeking in a Norway holiday. Nevertheless, the Inland has numerous potentials in terms of further developing the natural and cultural aspects as parts of experience-based tourism (Føsker, 2011). The challenge is therefore to develop the region as an attractive destination by using its existing resources. This study aims to explore the potentials of experience-based tourism as a way to develop and enhance further the Inland's competitiveness using an experience economy framework — the progression of economic value. In addition, the region's current tourism challenges are identified as part of this process.

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## 2. Literature review

### 2.1. The progress of economic value

The tourism industry has been an experience industry for as long as travelling has existed; nonetheless it was only in the recent decade that the *economy* in experiences has attracted massive attention, predominantly in Western society (Gössling, 2006). This is partially due to the notion of innovation, which is much related to experiences, particularly with regard to staging unique and out-of-the-ordinary experiences (Stamboulis & Skayannis, 2003). The construct of experience economy itself as a "new" economy can be argued to have been an innovative approach in business economics when it was introduced by Pine and Gilmore (1999). As stated by Pine and Gilmore (1999), experiences are the key elements on which companies in the manufacturing industry need to focus as a way to establish inimitable competitive advantages. In their explanation of economic progression (Fig. 1), experience economy is categorised as the fourth economy after raw commodities are extracted, through the second industrial economy where goods are produced and the shift to delivery of services in the third economy (Hayes & MacLeod, 2007). At the top level, which is the current economy of experiences, the focus is on staging experiences to enable businesses to maximise their profits by charging premium prices. The more unique the experience, the higher the price the operator can charge its customers and the stronger will be its competitive position. Offering experiences of high value is therefore a key emphasis in the experience economy theory as a way to create competitive advantages (Pechlaner, Herntrei, & Kofink, 2009; Pine & Gilmore, 1999). In addition, experiences are regarded as the attribute that can be differentiated more than any of the other economies consisting of commodities, goods and services which can be replaced, copied and imitated more easily by competitors.

Although Pine and Gilmore's progression of economic value was developed primarily for the manufacturing industry to illustrate the evolution of economic development, it has been suggested that the notion can be applied to tourism scenarios as well. Fernström (2005) argues that the construct can be a useful tool to understand destination competitiveness and the development of its products and offerings. For instance, destinations and tourism businesses can enhance their competitive position by focusing on staging experiences rather than merely the pure and raw nature or culture (commodities), the infrastructure and facilities (goods), and host–guest encounters such as hostmanship (service). The increasingly crowded nature of the tourism industry suggests that regions and destinations must adopt a series of strategies aimed at staging distinctive experiences (Richards, 2001). However, this is not to propose that the previous three levels or "economies" should not be considered at all. In fact, as Fig. 1 illustrates, it is arguably impossible to reach the top level of staging experiences if the previous three levels were not available to support the top level. For instance, the natural assets, the culture and the facilities may be key elements as to why tourists choose to visit a destination in the first place. Destinations nevertheless cannot rely solely on these elements to gain competitive advantages, particularly high-cost destinations that cannot compete on price. For such destinations, the quality and uniqueness of their offerings become sources of ways to enhance their competitive advantages (Zhang & Jensen, 2007). Subsequently, the progression of economic value proposes that it is even more important for high-cost destinations to focus on staging memorable experiences as their way to establish a strong competitive position.

The rapid changes that experience economy has brought forward have not occurred without criticism. While experiences and experience-based tourism are clearly emphasised in marketing efforts by tourism operators, destination management organisations (DMOs) as well as the public sector, many have wondered whether experience-based tourism is really a "new" form of tourism that can enhance competitive advantages. Essentially, the discussion of tourism experiences occurred in the tourism literature decades before the concept of experience economy was introduced (such as Bloch & Richins, 1983; Gunter, 1987; Howard, Tinsley, Tinsley, & Holt, 1993; Mannell & Iso-Ahola, 1987). Thus, it can be argued whether the focus on experiences and experience-based tourism is really a new and innovative approach. Questions also arise whether it is just a matter of repackaging the existing products or changing the marketing strategies. Richards (2001), for instance, argues that it is purely a result of new strategic directions in a competitive marketplace while simultaneously not denying the importance of engaging tourists through unique experiences.

Undoubtedly, a vast number of publications have explored tourism experiences and destination competitiveness, including its infrastructure and suprastructure as well as the importance of competitive products and service quality (Buhalis, 2000; Ritchie & Crouch, 2005; Ritchie & Hudson, 2009; Zhang & Jensen, 2007). In addition, several studies in recent years have devoted their attention to the process of creating memorable experiences. Few studies have however attempted to explore the experience economy's economic progression theory in the

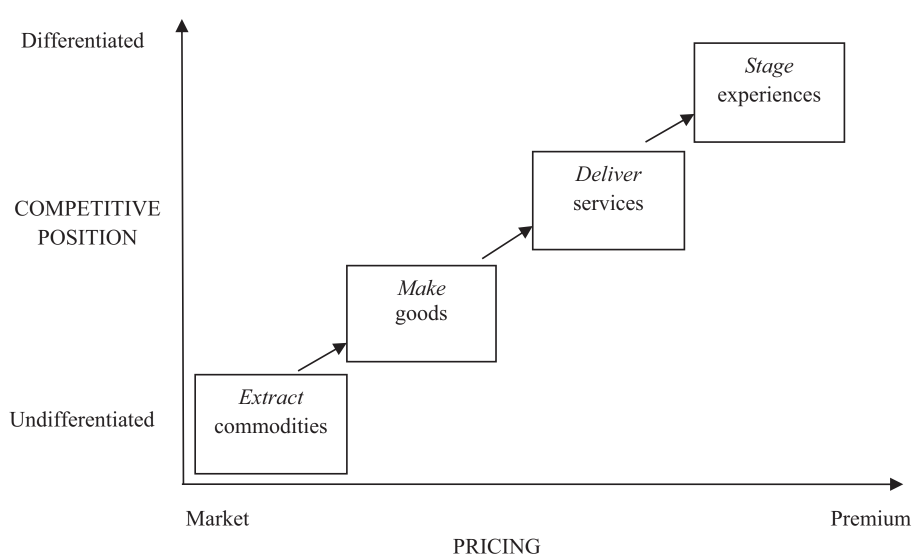


**Fig. 1.** The progression of economic value.
Pine and Gilmore (1999).