

Growth through Experiences

– an analysis of Denmark in the experience economy

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the experience economy

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Dahlerups Pakhus
Langelinie Allé 17
DK-2100 Copenhagen Ø
Tel: +45 3546 6000
ebst@ebst.dk
www.deaca.dk

Preface

Almost ten years have passed since researchers originally predicted that experiences would be one of the most important competitive factors of the future.

Today, experiences are essential elements of the business development process for many Danish businesses. Also, all over the world, increasing focus is being brought to bear on the significance of creativity and experiences as sources of growth, innovation and job creation for society as a whole.

The experience economy is an important element in the business policy agenda to prepare Denmark for the global competition. When specified in terms of experience industries, the experience economy comprises a large percentage – slightly more than 10% – of Denmark's total economic added value, and the productivity of the experience industries is slightly higher in terms of added value per employee than the economy as a whole. Yet the experience economy is also important because being able to provide unique experiences to consumers is becoming increasingly important in global competition.

This is one of the reasons why the Danish Government in 2007, together with the Social Democratic Party, the Danish People's Party, the Socialist People's Party and the Social-Liberal Party, decided to establish a new Centre for the Cultural and Experience Economy and four experience zones.

This study – "Growth through Experiences" – provides new basic knowledge for the work of strengthening Denmark's position in the experience economy in the future.

The study indicates that experiences are used across Denmark's business community and that many businesses expect to use experience-based business development in future as well.

Enjoy the reading!

Finn Lauritzen

*Director General, the Danish Enterprise and
Construction Authority*

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Summary

The Danish Enterprise and Construction Authority has carried out a study of the experience economy in Denmark. The study combines several different analytical approaches to the experience economy, which is unprecedented – also in an international context.

Most international studies focus on the creative industries. This analysis goes further and analyses the experience industries in Denmark and how the rest of the business community can use experiences for creating innovation and growth. At the same time, the study analyses the contribution of creative skills to the development of the experience economy.

The fact that businesses incorporate experiences into their work is not new any more. The new elements, however, are that many businesses across all industries are doing it and that experiences are now an important competitive factor in the global market.

Analysing the experience economy is not easy: there is no unequivocal determination of which sectors should be included in the experience industries. It is difficult to isolate the effect of how businesses use experiences. It is also difficult to define which people possess creative skills and then analyse how their skills affect a business's performance.

There are, however, a number of indicators to demonstrate that experiences generate growth. Thus, the purpose of this study is to define and delimit the experience economy and to lay solid groundwork for making better use of the commercial potential inherent in the experience economy.

The ten central conclusions of the study are presented below.

1. The experience economy is defined as the creation of economic value where experiences constitute part of the value of the product or service

Not one but many definitions of the experience economy exist! The study uses business economics as the point of departure, and the experience economy is defined as the creation of economic value where experiences constitute part of the value of the product or service.

The model on the right shows the delimitation of the experience economy. Rings 1 and 2 contain the delimitation of experience industries in Denmark. The industries in Rings 1 and 2 are defined by having products which are experiences. A group of creative industries (Ring 1) can be identified within the experience industries: these same creative industries correspond to the delimitation of the experience economy used in many other countries. Ring 3 includes the wider business community where experiences supplement the business' core product.

The delimitation used in this study is new. It includes both the experience industries themselves and the wider business community where experiences are used as a source of business development.

The aspect common to experiences is that they stimulate consumer emotions and senses. They move, entertain and surprise. They enthuse and involve. Through this, a unique value is attributed to the products/services, which increase their market value – in addition to their function and quality. Products of high quality and functionality are still important. But to an increasing extent, the distinguishing feature is the extent to which the manufacturer succeeds in engaging the user in an experience.

Delimitation of the experience economy into creative industries (Ring 1), experience industries (Rings 1 & 2) and the wider business community (Ring 3).



Source: Danish Enterprise and Construction Authority.

Adding value to products and services

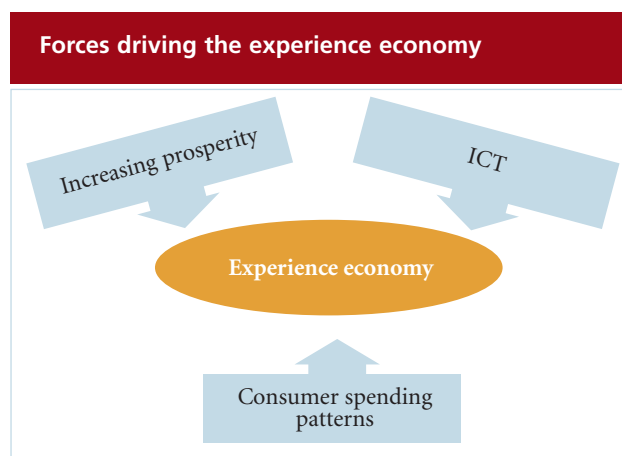
$$\text{Function} + \text{Quality} + \text{Experience} = \text{Market Value}$$

Source: Danish Enterprise and Construction Authority, inspired by Silverstein et al. (2003): "Trading Up – the New American Luxury".

2. The demand for experiences and global trade involving experience products are both rising

The demand for experiences has grown and experiences have become a competitive factor to businesses across industries and sectors in recent years, in line with factors like quality.

Increasing prosperity around the world and information and communication technology (ICT) trends have helped to open up new market opportunities and further develop the experience economy. In addition, consumer spending patterns have changed. A larger percentage of consumer income is now being spent on products that also include experiences (Silverstein et al. (2003)).



Source: Danish Enterprise and Construction Authority.

3. The contribution of the experience industries to the Danish economy is four times greater than agriculture, horticulture and forestry



In 2006, the experience industries comprised 10.4% of the added value in Denmark, or a total of DKK 87 billion. In other words, the contribution of the experience industries to the Danish economy is more than quadruple that of agriculture, horticulture and forestry.

In recent years, the experience industries have seen an annual rise in added value of approximately 6%, slightly below that of the economy as a whole.

The experience industries are also less export-prone than the economy as a whole. In 2006, experience economy exports totalled DKK 27 billion, or 3.6% of Denmark's total exports. If foreign tourist spending in Denmark is included in this calculation, the exports of the experience industries are roughly doubled.

Added value in various industries, 2006	
	Added value, 2006 DKK bn
Industries, total	194
Experience industries	87
Finance and insurance	76
Agriculture, horticulture and forestry	20
Furniture industry	11
Textile industry	4

Source: Statistics Denmark and the Danish Enterprise and Construction Authority.

Key figures for the experience industries

	Added value		Exports		Employment	
	DKK bn 2006	Annual growth, % 2000-06	DKK bn 2006	Annual growth, % 2000-06	Thousands 2006	Annual growth, % 2000-06
Economy, total	831	6.8	754	5.4	3,078	0.6
Experience industries, total	87	5.8	27	6.1	312	1.2
Experience industries in proportion to the economy, total (%)	10.4		3.6		10.1	

Source: Statistics Denmark and the Danish Enterprise and Construction Authority.

Overall, the experience industries have had higher export growth from 2000 to 2006 than the economy as a whole. And the experience industries employed a total of 312,000 people, equivalent to 10% of the workforce in the economy as a whole. Finally, productivity is higher in the experience industries than in the economy as a whole. Each full-time employee in the experience industries generated added value in 2006 of DKK 276,000, or DKK 6,000 more than each full-time employee in the economy as a whole.

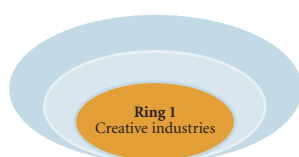
Productivity has grown at a slower rate in the experience industries from 2000 to 2006 than in the economy as a whole. The spread between the individual experience industries is substantial, however. Growth in areas like content production; architecture; radio & TV; and design are higher than the economy as a whole. The opposite is the case within gastronomy; sports & leisure; amusement parks, destinations & events; and advertising.

Productivity in the overall economy and the experience industries from 2000 to 2006 (Added value per full-time employee, DKK 1,000)

	2000	2006	Annual growth
Economy, total	188	270	6.2
Experience industries	212	276	4.5

Source: Statistics Denmark and the Danish Enterprise and Construction Authority.

4. Denmark's experience industries are strong internationally – but competitors are catching up



International comparisons of other countries' performance in the experience economy focus only on the creative industries of Ring 1.

Denmark is one of the countries in Europe where creative industries dominate most in the national economy.*

From 1999 to 2003, however, Denmark's creative industries grew more slowly than those of other European countries. Denmark was actually the only EU Member State to experience a decline in the creative industries' share of the overall economy from 1999 to 2003.

At the same time, international studies show that creative industries in other European countries are growing rapidly, which explains why several countries are gaining on Denmark.

* The European Commission commissioned a study to compare the creative industries in the European countries. The analysis includes only Ring 1 of the Danish Enterprise and Construction Authority's definition of the experience economy, cf. point 1 above. The study covers only the period from 1999 to 2003, inclusive.

Size and trends in the creative industries (Ring 1) in the EU up to 2003

% of GDP 2003	Annual turnover growth, 1999-2003
France (3.4)	Spain (10.5)
Norway (3.2)	Sweden (7.8)
Denmark (3.1)	Finland (7.1)
Finland (3.1)	Frankrig (6.7)
United Kingdom (3.0)	United Kingdom (6.6)
The Netherlands (2.7)	Belgien (5.2)
Belgium (2.7)	The Netherlands (5.0)
Germany (2.5)	Germany (4.9)
Sweden (2.4)	Norway (4.8)
Spain (2.3)	Denmark (2.7)

Source: The European Commission (2007): "The Economy of Culture in Europe".

5. Denmark's experience industries are more innovative than the manufacturing industries and service sectors



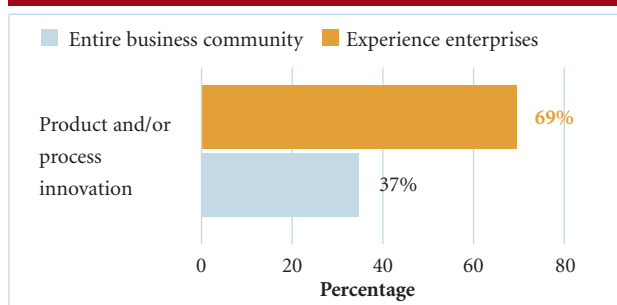
Overall, Denmark's experience industries are more innovative than the business community as a whole.

For instance, almost seven out of ten experience businesses state they are innovative in terms of either products or processes. By comparison, less than four out of ten Danish businesses give the same reply.

In addition, the analysis shows that there is a significant positive correlation between innovation and turnover trends.

Finally, the study shows that experience businesses innovate in collaboration with other businesses to a greater extent than is the case among businesses from the wider business community.

Innovation in Danish enterprises, total, and in experience enterprises, 2004-2006



Source: Fuglsang et al. (2008): "Innovation i oplevelsesvirksomheder" [Innovation in experience enterprises] and the Danish Centre for Studies in Research and Research Policy and Statistics Denmark (2008): "Innovation i dansk erhvervsliv, Innovationsstatistik 2004–2006" [Innovation in Danish business and industry, Innovation statistics 2004–2006].

6. Businesses in the wider business community which receive high input from the experience industries are more innovative



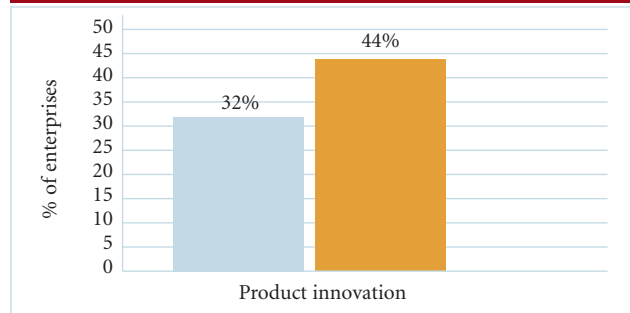
Businesses in the wider business community that collaborate the most with creative industries are more innovative, according to a British study.* For instance,

businesses with a high input from the creative industries are 12% more innovative in terms of products than other businesses.

Specifically, the study shows that businesses receiving above-average input from creative industries are significantly more innovative than businesses receiving below-average input.

* NESTA (2008): “Creating Innovation – Do the creative industries support innovation in the wider economy?”

Innovation activities for enterprises with the strongest (= orange) and weakest (= blue) trade with creative industries.



Source: NESTA (2008): “Creating Innovation – Do the creative industries support innovation in the wider economy?”

7. Experiences are the most important driving force for new business areas and radical innovation throughout the business community – and this affects the financial results



A new innovation study conducted by the Danish Enterprise and Construction Authority involving 1,095 Danish businesses shows that experiences are the

most important driving force in developing new business areas and for achieving radical innovation throughout the business community – even more important than globalisation, climate change, etc.

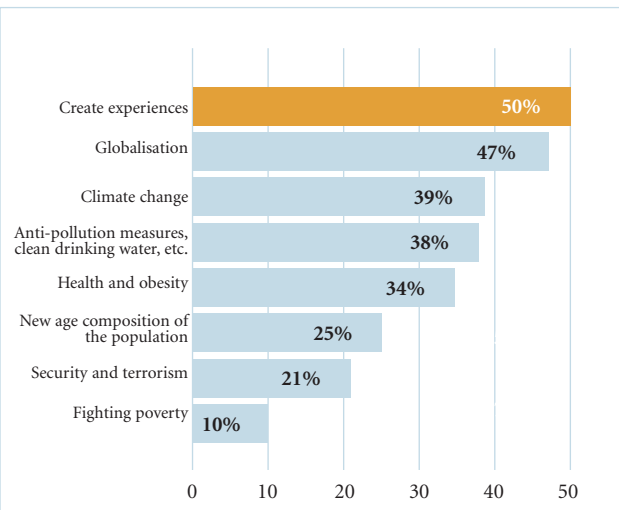
Another questionnaire survey, undertaken in 2008 and involving 1,200 corporate executives in Denmark, charts the business community’s use of experience-based business development.

According to the study, almost three out of four businesses use experiences in at least one link of their value chain, for example by integrating experiences into products, and using experiences for marketing or organisational development.

Also, 41% of Danish businesses use experiences in three or more links of their value chain. This means that experiences e.g. are used for HR, marketing and product development. The study also shows that the greater the number of links in the value chain where the business uses experiences, the greater the financial effect in terms of higher turnover is, according to the businesses themselves.

Businesses that use experiences in three or more links account for 77% of all businesses which believe that the use of experiences has affected their financial results “To a great extent”. This group comprises only 24% of the businesses responding that experiences have had absolutely no effect on their turnover.

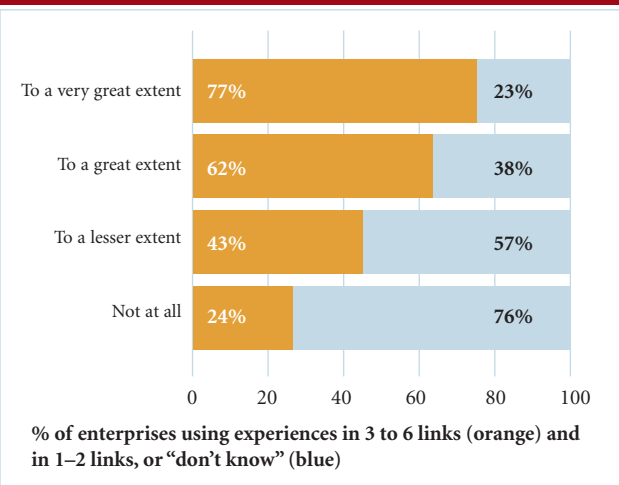
Driving forces of new business areas and radical innovation (percentage responding “To a great extent” or “To some extent”)



Source: Innovation survey conducted by Gallup for the Danish Enterprise and Construction Authority, 2008.

Businesses’ assessment of the significance of how the use of experiences affects the financial results

- broken down by the number of links where experiences are used in the value chain



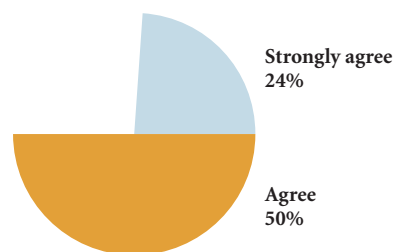
Source: Questionnaire survey conducted by Gallup for the Danish Enterprise and Construction Authority, 2008.

8. Three out of four businesses consider that experiences will also be important to the business' marketing and development in the future

The study shows that 74% of the businesses expect to use experiences for marketing and developing the business, its products and services in the next three to five years.

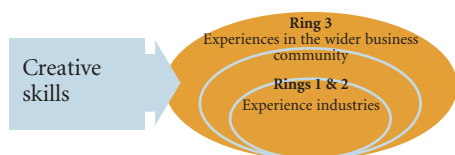
This indicates that experiences are deemed to be very significant, for the future as well, for business competitiveness and the ability to differentiate products and charge higher prices on global markets.

74% of Danish businesses expect to use experiences in the future for profiling and development



Source: Questionnaire survey conducted by Gallup for the Danish Enterprise and Construction Authority, 2008.

9. Businesses with high growth in added value have a larger number of creatively educated employees and a larger number of creative job functions



Creativity is a core skill in the experience economy.

Naturally, everyone has the potential to be creative. Statistically, however, creativity can only be quantified on the basis of fields of education and job functions. Accordingly, these serve as the point of departure for the report's analysis of creative skills.

The analysis of creative skills shows that the percentage of employees in Denmark in creative jobs – e.g. designers, advertising professionals, artists, journalists and actors – grew by 5% from 2001 to 2005. This is significantly more than employment in the wider economy, which grew by less than 1% in the same period.

Total number of employees in creative job functions and with a creative education in 2005, indicated in thousands

	Employees in a creative job function	Employees in non-creative job functioner	Employees, total
Employees with a creative education	15	99	114
Employees without a creative education	31	2,610	2,641
Employees, total	46	2,709	2,755

Source: Statistics Denmark.

People employed in creative jobs have a wide variety of educational backgrounds. Only one-third of the people employed in creative jobs have a creative education.

The report compares the top 25% of Danish businesses, measured in terms of added value per employee, with the remaining businesses.

The study shows that the best-performing businesses have a larger number of creatively educated employees and a larger number of people employed in creative job functions. For instance, 2.9% of the employees in the best businesses are employed in a creative job function, compared to 1.2% in the remaining businesses. The best-performing businesses also have a slightly higher percentage of employees with a creative education.

Correlation between businesses' performance and creative input in 2005

	Top 25% (Added value per employee)	Wider business community (Added value per employee)
Percentage of employees in a creative job function	2.9%	1.2%
Percentage of employees with creative education	5.1%	4.8%

Source: Statistics Denmark.

10. Denmark's regions have different strengths within the experience economy

A study of Denmark's regional concentration of experience industries (measured in terms of employment density) shows that each region has unique strengths.*

The Capital Region of Denmark has the highest density of people employed in the experience industries, i.e. 23% more than Denmark as a whole. For instance, the region's concentration of employees in film & video is more than twice that of the rest of Denmark.

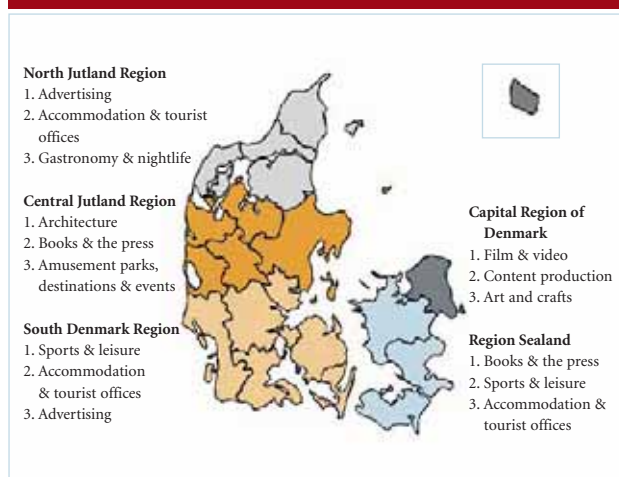
The analysis of experience-based business development shows that there is no particular difference between the prevalence of work involving experiences at the individual businesses, regardless of whether they are based in North Jutland or Zealand, for instance.

Analysing the experience industries together in terms of their innovation growth, the businesses in the North Denmark Region are in front. Almost three out of four experience businesses are actively innovative here. This is closely followed by the Central Denmark Region and the Capital Region, and in the South Denmark Region two out of three experience businesses are actively innovative. In Region Sealand, this group accounts for more than one-half.

* Employment density measures the number of the region's employees in fields like advertising, compared to the region's total employment. This percentage is compared to the same percentage for the entire country.

Overview of each region's three strongest creative and experience industries in 2005

(measured in terms of employment concentration)



Source: Danish Enterprise and Construction Authority.

1. Definitions, dynamics and driving forces

Main conclusions

- With business economics as the point of departure, experience economy is defined as the creation of economic value where experiences constitute a large or small part of the product's value.
- The report presents a model showing the businesses in the experience economy. The innermost ring contains the creative industries which are based on creative skills and whose products are an experience. Ring 2 comprises experience industries whose products are an experience. The third ring includes the wider business community where experiences are used to supplement the business' core product.
- It is still important to have products of high quality and functionality, yet in terms of sales the decisive aspect is increasingly whether the manufacturer succeeds in engaging the user in an experience.
- The common aspect of experiences is that they stimulate consumer emotions and senses. They move, entertain and surprise. They enthuse and involve. And in so doing, a unique value is attributed to the products/services which increases their market value.
- Increased global prosperity and new business opportunities generated by ICT developments and other factors are propelling the experience economy. In addition, consumers have changed their spending habits so they spend more money on products that also include experiences.

1.1 Introduction

"[V]alue is shifting from products to solutions to experiences... From cement to jet engines, education and health care, from children's toys to delivery of parcels ... all industries are going through this transformation. If managers do not recognize this trend and get organized to compete in this new environment, they will be left behind. This transformation is not a choice."
– C. K. Prahalad & M. S. Krishnan (2008): *"The New Age of Innovation"*.

To Denmark, the experience economy is an important element in the efforts to uphold the country's strong position in the global competition. As the rest of the world gradually develops the ability to deliver the same products, the same technology and the same high quality – and often at a lower price – Denmark must blaze new trails. Danish businesses should not imitate their competitors, but instead differentiate themselves from them – by making a target-oriented effort involving innovation and innovative thinking. And by developing products that entail unique stories, aesthetic styles or identities to give the consumer an experience.

Denmark has excellent prerequisites for doing well in the experience economy. We have a solid foundation in the form of a number of strong creative industries. Denmark's workforce is typified by a high degree of autonomy and inquisitiveness and the ability to take an interdisciplinary approach and think out of the box. Moreover, Danish businesses have a tradition of collaborating closely with consumers in developing new products and services.

1.2 What is the experience economy?

Accurately defining the experience economy is no easy matter. Concurrent with the rising priority of the experience economy on the political and cultural agendas and in the wider business community, there are now myriad of definitions, perceptions, angles and perspectives relating to the experience economy. Accordingly, the approach to the experience economy will necessarily vary and depend on the perspective and purpose at hand.

This report takes a business economics perspective and primarily focuses on how Danish businesses – across the business community – can exploit the commercial potential inherent in the experience economy to create added value and growth through experiences.

In this perspective, the experience economy can be defined as the creation of economic value where experiences constitute part of the value of a product or a service.

What is an experience?

Making a precise definition of what constitutes an experience is not possible. Ultimately, the consumer defines a product's value and assesses whether the product contains an experience. In other words, an experience is not static, but immaterial, something expressed in the space where the user and the product/service meet.¹

¹ E.g. LaSalle and Britton (2003): "Priceless: Turning Ordinary Products into Extraordinary Experiences".

In the experience economy, experiences are an essential condition in developing and selling products and services. It is still important to have products with high quality and functionality, but the decisive aspect compared to turnover is increasingly whether the manufacturer succeeds in engaging the user in an experience.²

As shown in Figure 1.1, the market value of products and services increases when they contain good functionality, quality and experiences. Businesses selling experiences in this manner can achieve a favourable competitive position in the market.



Source: Danish Enterprise and Construction Authority, inspired by Silverstein et al. (2003): “Trading Up – the New American Luxury”.

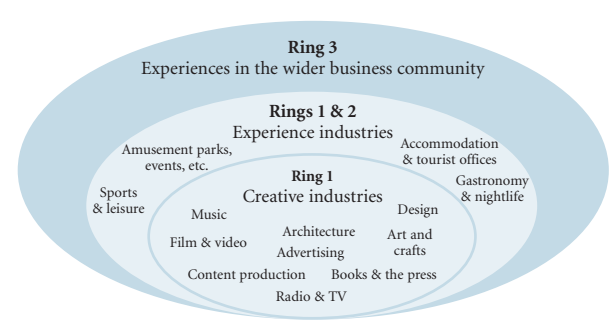
1.3 Businesses in the experience economy

In a business economics context, the businesses themselves provide a natural point of departure for analysing Denmark in the experience economy.

This report focuses on two main groups of businesses in the experience economy: the experience industries and the businesses in the wider business community that use experiences, cf. Figure 1.2 below.

This approach to businesses in the experience economy is new. It includes both the actual experience industries as well as the segment of the wider business community that uses experiences as a source of growth.

Figure 1.2: Two primary groups of industries in the experience economy



Source: Danish Enterprise and Construction Authority.

The experience industries

Experience industries are those that – to put it simply – earn their living by selling experiences. They are industries where the experience is the primary function of their products. In the experience industries, the production, dissemination and commercialisation of experiences are essential to the added value.

The experience industries are independent suppliers of experience products, such as films, computer games, amusements, etc. They supply the wider business community with things like products, ideas and expertise. The experience industries also contribute to society in a more general manner through their role as a bearer of and agent for culture, identity and creativity.

In this report, the experience industries are defined as the following thirteen categories: architecture; design; books & the press; art & crafts; radio & TV; film & video, content production; music; advertising; gastronomy & nightlife; accommodation & tourist offices; amusement parks, destinations & events; and sports & leisure, cf. the two inner rings of Figure 1.2.³

In European comparisons and in several European countries, the experience industries are solely delimited to the creative industries in Ring 1 of Figure 1.2 on the previous

² Cf. Pine & Gilmore (1999): “The Experience Economy: Work Is Theatre and Every Business a Stage” and Silverstein et al. (2003): “Trading Up: the New American Luxury”.
³ This delimitation of the experience industries has been produced by the Danish Enterprise and Construction Authority. The specific sectors, sub-sectors and NACE codes are shown in Appendix 2.

page.⁴ Appendix 1 contains a comparison of various definitions of the experience industries.

Compared to the creative industries in Ring 1, the value added in the experience industries of Ring 2 depends less on individual creativity and the use of intellectual property rights. But, like the creative industries, the four experience industries of Ring 2 earn a living by producing and selling experiences, and they operate – and compete – in the same global experiences market.

Chapter 2 revolves around the experience industries. The chapter describes the developments in the generation of value in Denmark's experience industries, including added value, exports and employment.

Experiences as a value generator throughout the business community

“The focus on unique personal experiences is increasingly permeating industries as diverse as toys, financial services, travel and hospitality, retailing, and entertainment”

– C. K. Prahalad and M. S. Krishnan (2008): *“The New Age of Innovation”*.

In addition to the creative and experience industries, businesses in the wider business community have the option of being part of the experience economy, cf. Ring 3 of Figure 1.2. Thus, a central point of the analysis is that the experience economy is not limited to specific sectors and that a significant amount of the potential in the experience economy is found in those segments of the business community usually not regarded as being part of the experience economy.

By working with experience-based business development, businesses across the business community have the potential to create added value, attract new target groups, retain qualified employees and develop new and different products and services – all of which contribute to growth.

The focus of Chapter 3 is on experience-based business development, i.e. how businesses across the entire business community can incorporate experiences into various links of their value chain. In this context, the results of a questionnaire survey involving a large group of Danish businesses will be presented.

In addition to and concurrent with this study, the Danish Enterprise and Construction Authority is publishing a separate collection of case studies to illustrate how Danish businesses use experience-based business development.

1.4 Creativity – a key skill in the experience economy

Creativity is the ability to come up with new ideas, concepts or solutions or to forge new links between old ideas, solutions and concepts.⁵

It is this very skill that is important when businesses need to develop new experience products or services and when they have to incorporate experiences into existing products and services. In other words, creativity is a key skill for businesses in the experience economy.

Chapter 4 focuses on creative skills and their significance to adding value in Denmark. The chapter presents quantitative analyses of formal creative educations and creative job functions.

1.5 Dynamics of the experience economy

Dynamic factors crucial to the experience economy arise from the convergence of the experience industries with the wider business community and people with creative skills.⁶

The initial dynamic involves the synergies generated when the experience industries collaborate with the wider business community.⁷ See Chapter 2 for further details about the effects of the collaboration between the experience industries and the wider business community.

Another dynamic emerges when people with creative skills are involved in developing experience offerings and incorporating experiences into various products and services. Last but not least, creative people can participate in developing an organisation, innovation processes and much more besides.

Figure 1.3 on the next page depicts the dynamics of the experience economy. This is a simplified presentation as, needless to say, these dynamics are not isolated phenomena. They influence and are influenced by one another to a great extent.

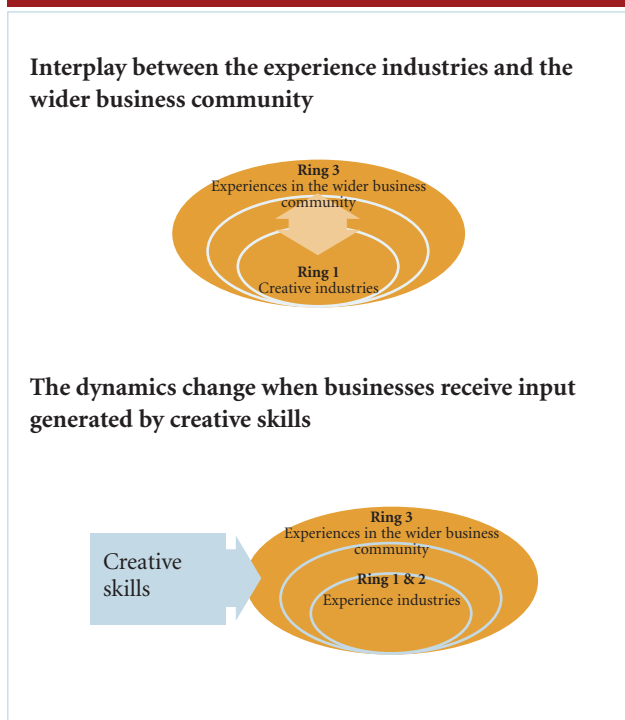
4 A recognised and frequently used definition of the creative industries was formulated by the British Ministry of Culture: “Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property”. Cf. Creative Industries Task Force (2001): “Creative Industries Mapping Document 2001”, p. 5.

5 Florida (2002): “The Rise of the Creative Class ...and how it’s transforming work, leisure, community and everyday life”; and Buhl (2007): “Kreativitet: Danmarks vigtigste råstof” [Creativity: Denmark’s most important resource].

6 Bille et al. (2008): “Den danske oplevelsesøkonomi – afgrænsning, økonomisk betydning og vækstmuligheder” [Denmark’s Experience Economy: Delimitation, Financial Significance and Growth Potential], p. 152 ff.

7 Ibid.

Figure 1.3: Dynamics of the experience economy



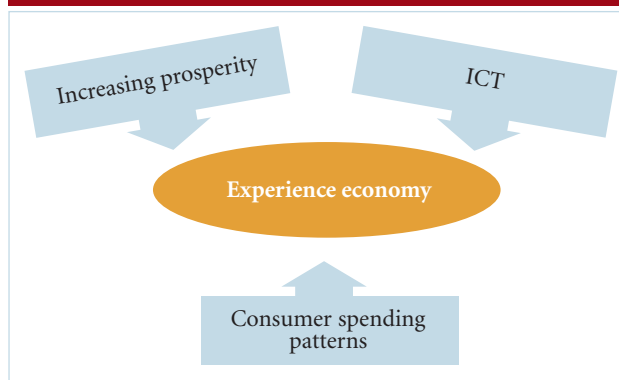
Source: Danish Enterprise and Construction Authority.

1.6 Driving forces of the global experience economy

The businesses, people and dynamics of the experience economy not only impact one another, as described in section 1.5, but are also affected by global trends cutting across the entire global economy. Generally speaking, three trends propel the experience economy in the global market.

Figure 1.4 below shows the three major driving forces behind the experience economy: a global increase in prosperity; the development and proliferation of information and communication technology (ICT); and new spending habits.

Figure 1.4: Three global trends driving the experience economy



Source: Danish Enterprise and Construction Authority.

Increase in prosperity: greater purchasing power and increased consumer spending

Over the last 150 years, the world's prosperity has risen by 25–30% in every decade to the current unprecedented level.⁸

In addition, the differences between rich and poor have diminished and more and more areas of the world are participating in the growing prosperity.⁹ In 2006, 124 countries experienced economic growth of 4% or more.¹⁰

The growing prosperity has caused real earnings to rise and resulted in increased purchasing power.¹¹ This has caused consumer spending to rise sharply. According to Statistics Denmark, Denmark's annual household spending rose by more than 25% from 1993 to 2003. The trend is similar in the rest of Europe, where consumer spending in most countries has risen by 20–40% since the mid 1990s.¹² In the US, this rise has been even more pronounced, i.e. 44% during the same period.

Concurrent with growing prosperity, the nature of consumer spending has also changed. As consumers all over the world increasingly fulfil their basic needs for food, clothing and housing, they can better afford other non-basic goods, e.g. education, holiday travel, cultural events and entertainment.¹³

8 Fareed Zakaria (2008): "The Post-American World"; Martin Wolf (2004): "Why Globalization Works"; and IMF (2008): "World Economic Outlook – Housing and Business Cycles".

9 Martin Wolf (2004): "Why Globalization Works", Yale University Press.

10 Fareed Zakaria (2008): "The Post-American World".

11 Danish Ministry of Economic and Business Affairs (2007): "Økonomisk Tema" [Economic Theme], June, issue 5.

12 Larsen, Gitte (2006): "The Show Must Go On", leading article published in Fremtidsorientering, 2/2006, downloaded from the website of the Copenhagen Institute for Futures Studies: <http://www.cifs.dk/scripts/artikel.asp?id=1359&lng=1>.

13 Lund et al. (2007): "Følelsesfabrikken – Oplevelsesøkonomi på dansk" [The Emotions Factory: Denmark's Version of the Experience Economy], p. 10; and Bille et al. (2008): "Den danske oplevelsesøkonomi – afgrænsning, økonomisk betydning og vækstmuligheder" [Denmark's Experience Economy: Delimitation, Financial Significance and Growth Potential], p. 152 ff.

Concurrent with this, consumers have often had more holiday and time off at their disposal, meaning that they spend more money, in both absolute and relative terms, on products with a high experience value.¹⁴

Information and communication technology (ICT)

Information and communication technology (ICT) is crucial for how businesses across the sectors can work with experiences and apply the business models generated by the experience economy.¹⁵

ICT developments have made it possible to offer brand-new experience approaches. One example is the development of the media industry's method of selling creative content, such as video-on-demand, music podcasting, computer games, etc.

At the same time, ICT has prompted the creation of far more marketing channels, and businesses have increased their potential to tailor products to specific consumer needs.¹⁶

One example is the rising number of niche products. Internet distribution makes it possible for businesses all over the world to earn a lot of money on niche products and services.¹⁷ The online company Amazon.com is a good example of a business that has established a profitable business based on selling many niche books published in limited editions.

New consumer spending patterns

"In the latest phase of mass consumption, products that not only indicate the consumer's social status but also help to establish personal identity are in demand. Products are no longer bought just to satisfy a basic need or a need for recognition. They are also purchased as part of a personal strategy to shape one's identity."

- Lund et al. (2007): "Følelsesfabrikken – Oplevelsesøkonomi på dansk" [The Emotions Factory: Denmark's Version of the Experience Economy].¹⁸

Growing prosperity has changed spending patterns by virtue of the fact that consumers round the world have become more affluent. Another trend is also responsible for changing spending patterns, however. This is the fact that consumers have changed their preferences and spend a rising percentage of their income on luxury items and experiences.¹⁹

Consumers increasingly want more than low prices, advanced technology and high quality. They have become more individualised, critical and reflective. Individualisation is exerting a strong impact on consumption. Consumer buying habits have become more unpredictable and involve individual preferences to a large extent.

A study conducted by Boston Consulting Group shows that the US middle class is willing to pay a higher price for products that offer intangible values, in addition to function and good quality.²⁰

According to the same study, current trends are moving towards polarisation, the middle class will either buy discount products or new luxury products. The trend has not eliminated the market in between, which is still enormous and larger than the low-price market – and far bigger than the luxury market. But that middle market is shrinking by 5–6% a year.²¹

The market for new luxury products is growing rapidly: from USD 650 billion in 2006, it is expected to exceed USD 1 trillion in 2010.²²

New luxury is also part of the experience economy. These products are generally characterised by the fact that they establish an emotional relationship with the customer by expressing intangible values like aesthetics or authenticity or by telling a story. Another common feature is that they can attract a higher price than similar products whose functionality is their sole quality.

14 Ibid.

15 Lund et al. (2007): "Følelsesfabrikken – Oplevelsesøkonomi på dansk" [The Emotions Factory: Denmark's Version of the Experience Economy], p. 60 ff.

16 Bille et al. (2008): "Den danske oplevelsesøkonomi – afgrænsning, økonomisk betydning og vækstmuligheder" [Denmark's Experience Economy: Delimitation, Financial Significance and Growth Potential], p. 152 ff.

17 Anderson (2006): "The Long Tail: Why the Future of Business Is Selling Less of More".

18 Lund et al. (2007): "Følelsesfabrikken – Oplevelsesøkonomi på dansk" [The Emotions Factory: Denmark's Version of the Experience Economy], p. 55.

19 Silverstein et al. (2003): "Trading Up – the New American Luxury".

20 Boston Consulting Group interviewed more than 10,000 people over a three-year period studying middle-class consumers across most of the US, Europe, Japan, China and compared their results to socioeconomic and demographic data from various international statistics databases, cf. Silverstein et al. (2003): "Trading Up: the New American Luxury", p. 65.

21 Silverstein et al. (2003): "Trading Up: the New American Luxury", p. 9 ff.

22 Ibid.

New luxury is described in Box 1.1. below.

Box 1.1: “New Luxury” – luxury as personal experiences

New Luxury products are characterised by being capable of attracting prices of 20 to 200% above the average price of similar products. In contrast to Old Luxury, however, New Luxury does not involve the actual product, but the customer’s experience of it.

In other words, typical New Luxury customers are willing to spend money on something they consider important to them personally and to their self-realisation.

To some people, this is a daily cup of coffee costing DKK 40, made from Fair Trade coffee beans from Columbia. To others it is an exquisite set of lingerie from Victoria’s Secret. Or a monthly visit to an elegant health club just around the corner.

Whereas New Luxury products are more expensive than average products, they are available not just to a small economic elite but to a large portion of the global middle class with great purchasing power.

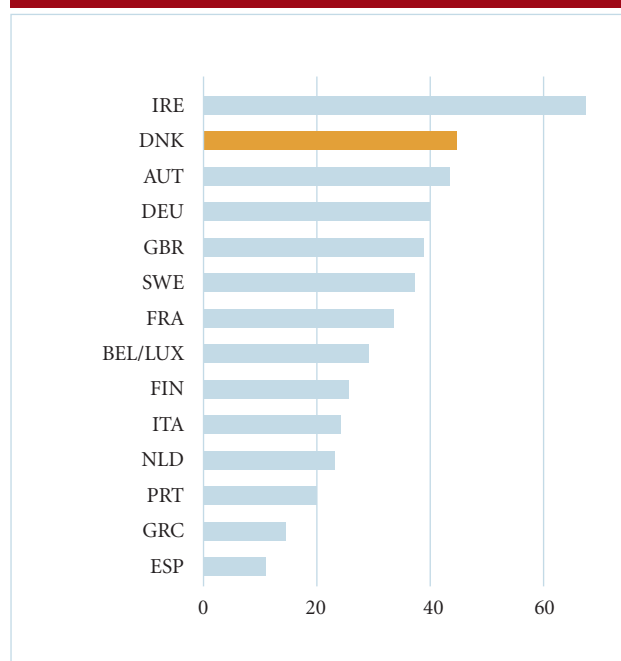
Source: Silverstein et al. (2003): “Trading Up – the New American Luxury”.

The ability of Danish businesses to compete in the global market involves more than productivity. It also involves factors that enable businesses to charge relatively higher prices for their products and services. One factor is quality; another is experiences.

If the market price of a product or service is raised on the basis of quality and experiences, it becomes an “up-market” product/service. This designation overlaps with the new luxury concept in many respects. Both are characterised by attracting prices 20–200% higher than the price for the same type of product. This does not mean that up-market is the same as new luxury, however. There are also pure quality products that can be referred to as up-market but not new luxury.

European comparisons of up-market product exports²³ show that Denmark is good at exporting products that attract higher prices. To be specific, Denmark comes in second in Europe, cf. Figure 1.5.

Figure 1.5: Percentage of product exports comprising up-market products in 2005



Source: Danish Ministry of Economic and Business Affairs (2007): “Økonomisk Tema” [Financial Theme].

The same analysis also shows that manufacturers of up-market products have higher earnings and are more productive than other export-oriented businesses.

In other words, it pays off to incorporate quality, luxury and experiences into one’s products/services.

²³ The study solely analyses exports of products and does not include service exports. Exports of new luxury products involve not only experience products but all products that can be sold for prices 20–200% above the average price of similar products.

2. Denmark's experience industries

Main conclusions

- Denmark's experience industries are a dominant factor in the national economy, representing 10.4% of the added value or a total of DKK 87 billion in 2006. This is more than quadruple that of agriculture, horticulture and forestry and more than the entire financial and insurance sector.
- In 2006, the experience economies' exports totalled DKK 27 billion, or approximately 4% of total exports. If the foreign tourist spending in Denmark is included in the calculation, the experience industries' exports are DKK 55 billion.
- The experience industries employed 312,000 people, or 10% of Denmark's total employed workforce, in 2006.
- Productivity in the experience economies, measured in terms of added value per employee, was around DKK 276,000 in 2006, and thus slightly higher than for the economy as a whole.
- From 2000 to 2006, productivity in the experience industries rose by 4.5% a year – which was a little slower than in the economy as a whole.
- The experience industries are international growth industries. In Europe, the experience industries' share of the total GDP rose from 1999 to 2003. The growth of added value from 1999 to 2003 was noticeably slower in Denmark than in other EU countries.
- Experience businesses are more innovative than the rest of the business community and there is a significant positive correlation between innovation on the one hand and turnover growth on the other.
- Businesses in the wider business community that trade the most with the experience industries are significantly more innovative.

2.1 Introduction



This chapter focuses on Denmark's experience industries, corresponding to Rings 1 and 2 in the delimitation of the experience economy. "Experience industries" is a

joint designation comprising the industries and businesses that earn a living selling experiences. The common characteristic of the experience industries is the fact that the value of their products/services is largely intangible.

The experience industries operate in the area where art, culture, technology and business converge. They comprise the entire cycle of idea, creation, production and distribution of goods and services, and they usually use creativity and intellectual capital as their primary input.²⁴ The experience industries involve high-tech sectors (e.g. digital animation and computer games), service-intensive sectors (e.g. tourism and advertising) and a number of traditional cultural sectors. This report covers the experience businesses in a total of thirteen industries, cf. section 2.2.

Significance of the experience industries to the dynamics of the experience economy

The experience industries are an important aspect of Denmark's options for exploiting the potential of the growing experiences market. This is primarily on account of the experience industries' sale of experience products direct to consumers, cf. this chapter. Secondly, it is because of the input – e.g. products, ideas or labour contributed by the experience industries to the wider business community – which exerts a positive influence on innovation and added value across a number of sectors, cf. section 2.3. and chapter 3.

In section 2.2 below, the economic value creation in Denmark's experience industries is outlined using a number of central indicators as the point of departure.

Section 2.3 then focuses on the role and significance of innovation and growth in the wider business community.

24 UNCTAD (2008): "Creative Economy, The Challenge of Assessing the Creative Economy: Towards Informed Policy Making".

2.2 Economic value creation in the experience industries

The experience industries are made up of thirteen sectors typified by the fact that the experience inherent in their product/service is the primary aspect of the value created.

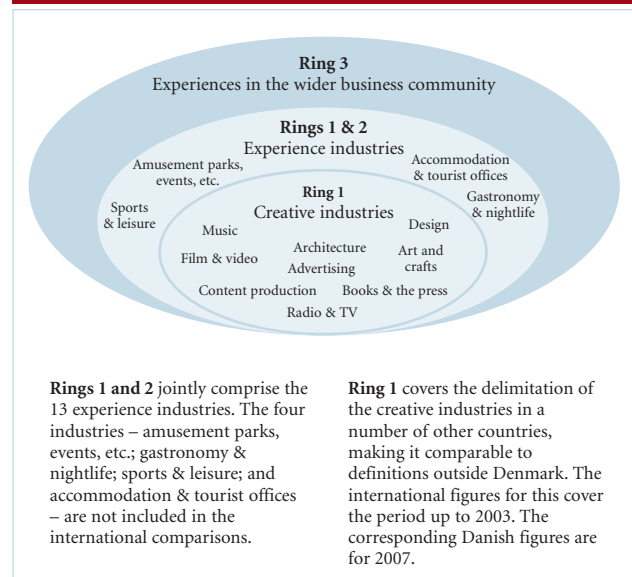
- Architecture
- Design
- Books & the press
- Art & crafts
- Radio & tv
- Film & video
- Content production (including computer games and software)
- Music
- Advertising
- Gastronomy & nightlife
- Accommodation & tourist offices
- Amusement parks & events
- Sports & leisure.

Each experience industry is made up of a number of sub-sectors.²⁵ It should be mentioned here that for statistical reasons, the specifications only include businesses which generate earnings. In other words, the cultural segments that also contribute to value creation in the experience economy but which do not generate earnings – e.g. the great many free outdoor experiences on offer in Denmark – are not included in the specifications.

At the same time, there are international differences in how the experience economy is specified. Figure 2.1 below illustrates the various delimitations that appear in the following.

In European comparisons and in the data for several European countries, the experience industries are restricted to the nine creative industries of Ring 1. Similarly, the industries are also often referred to as the “creative industries”.²⁶ That explains why the point of departure for the European comparisons below solely comprises these nine creative industries.²⁷

Figure 2.1: Breakdown of the 13 experience industries into Ring 1 and Ring 2



Source: Danish Enterprise and Construction Authority.

In Denmark and Sweden, studies of experience industries are based on a wider definition in which the creative industries of Ring 1 are supplemented by the other experience industries of Ring 2. Rings 1 and 2 jointly comprise the thirteen experience industries that are the focus of this study. As this expanded definition is only used by Denmark exactly as specified here, the developments of the thirteen experience industries as a whole are not comparable to any other countries but are solely described in terms of Denmark.

Compared to the creative industries in Ring 1, the creation of value in the experience industries of Ring 2 depends less on individual creativity and the use of intellectual property rights. But, like the creative industries, the other experience industries primarily earn their living from producing and selling experiences, and they operate – and compete – in the same global experiences market.

²⁵ Appendix 2 outlines all the sub-sectors. With regard to the “content production” category: this is broadly specified in Denmark to include software development and associated consulting services. It is not possible to isolate the production of computer games from this in the available sector data. This was done in the European study, as it used a corporate database. As a result, the two specifications differ in terms of how much of the overall added value is attributable to the experience industries.

²⁶ A recognised and frequently used definition of the creative industries was formulated by the British Ministry of Culture: “Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property”. Cf. Creative Industries Task Force (2001): “Creative Industries Mapping Document 2001”, p. 5.

²⁷ The European studies compare trends up to and including 2003. In Denmark, it is possible to study trends up to and including 2007.

Based on the sector codes of the experience industries, it is not possible to distinguish the more creative segments of the production process (e.g. work performed by architects, designers, artists, film producers and writers) from the associated production activities (e.g. support production, distribution and retail functions such as printing companies and record shops). This explains why the creative segments and the associated production activities are only analysed collectively in this study.

Value added in Denmark's experience industries



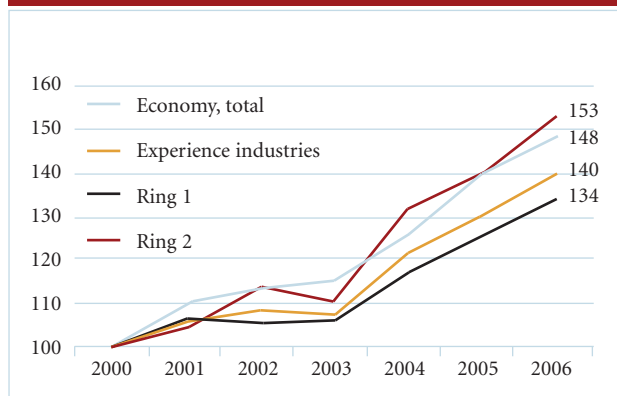
In 2006, the experience industries – Rings 1 and 2 – generated a total of DKK 87 billion, or 10.4% of the total value created in Denmark.²⁸

This is more than quadruple that of agriculture, horticulture and forestry and slightly more than the entire financial and insurance sector. In other words, the experience industries make a significant contribution to the Danish economy.

From 2000 to 2006, the value added in Denmark's experience industries rose by DKK 25 billion or a total of 40%, cf. Table 2.2 below.²⁹ This was slightly slower than the rise in value of the Danish economy as a whole during the same period.

These trends are also reflected in Figure 2.2 below, showing that since 2000 the economy has grown by a total of 48%, compared to 40% for the experience industries. Despite sizeable growth in 2006, it still shows that the experience industries have stagnated slightly in general. In 2006, the experience industries accounted for 10.4% of the total added value in Denmark, compared to 11.0% in 2000.

Figure 2.2: Added-value trends since 2000 (index: 2000 = 100)



Source: Statistics Denmark. Note: current prices.

At the same time, there are differences in the economic performance within the experience industries themselves. By differentiating between the two experience industry categories, Figure 2.2 shows that the experience industries of Ring 2 are the best overall performers. The creative industries of Ring 1 have grown more slowly than the economy as a whole, showing a 34% increase from 2000 to 2006.

The added value of the experience industries of Ring 2, on the other hand, grew faster than the total growth of the economy in the same period. Here the growth during the period was 53%. Consequently, the growth of the experience industries of Ring 2 was 19% greater than the experience industries of Ring 1.

Table 2.2: Added-value trends since 2000 (DKK millions)

	2000	2001	2002	2003	2004	2005	2006	Annual growth, %
Economy, total	559,845	613,489	634,838	644,314	704,558	782,030	831,072	6.8
Experience industries	61,825	65,291	66,869	66,455	75,241	80,433	86,616	5.8
Experience industries in proportion to the total economy (%)	11.0	10.6	10.5	10.3	10.7	10.3	10.4	—

Source: Statistics Denmark, Note: current prices.

²⁸ The specifications were compiled on the basis of figures provided by Statistics Denmark, cf. the sector delimitations in Appendix 2. Here it is possible in some areas to obtain specifications up to and including 2006.

²⁹ The specifications are in current prices, however. Consumer price trends for the same period alone grew by 12%, which means that real growth in the experience industries has been sizeable since 2000.

Table 2.3: Productivity trends in the experience industries and the economy as a whole from 2000 to 2006

	2000	2001	2002	2003	2004	2005	2006	
Economy, total	188,022	204,389	216,198	222,973	239,764	259,886	269,839	
Experience industries	211,666	221,565	227,696	232,047	256,478	266,197	275,852	
Ring 1	278,970	298,382	300,836	315,932	349,432	367,416	381,791	
Ring 2	141,395	143,748	156,222	153,070	172,895	176,945	184,623	

Source: Statistics Denmark, corporate statistics. Note: In this table, productivity is specified as added value per full-time employee.

The turnover figures show that the turnover of the experience industries in 2006 totalled DKK 257 billion, or 8.2% of the total turnover generated in Denmark.

Productivity in the experience industries

The productivity of the experience industries is slightly higher than for the economy as a whole, cf. Table 2.3 above. While each full-time employee in the experience economies generated added value of DKK 276,000 in 2006, the same figure for each full-time employee in the economy as a whole was DKK 270,000. The experience industries of Ring 1 are the highest, with DKK 382,000 per full-time employee. In the experience industries of Ring 2, the increase in value per full-time employee is only DKK 185,000.

The pro-rata productivity growth of the experience industries was less than that of the overall economy. While each full-time employee in the whole economy contributed an annual percentage growth of 6.2% from 2000 to 2006, this corresponding figure for the experience industries was only 4.5%.

Exports of Denmark's experience industries

The exports of the experience industries in 2006 amounted to DKK 27 billion, cf. Table 2.4 below.³⁰ By way of comparison, this figure is slightly higher than Denmark's total pork exports.

The exports' share of total Danish exports has grown since 2000, but this is solely due to striking growth experienced in 2001 and 2002. Since 2002, experience industries' exports have not grown faster than exports for the rest of the economy. In recent years, the trend has even fallen.

Although the experience industries make a striking contribution to Danish exports, they are not typical export industries.

Overall, the experience industries export substantially less than the economy as a whole, cf. Table 2.5 on the following page. While the economy exports DKK 25 for every DKK 100 of turnover generated, the corresponding figure for the combined experience industries is only DKK 12. This

Table 2.4: Export trends from 2000 to 2006 (DKK millions)

	2000	2001	2002	2003	2004	2005	2006	Annual growth, %
Economy, total	551,286	546,051	549,511	575,246	603,055	686,198	753,973	5.4
The experience industries	19,041	20,997	21,513	22,381	23,957	26,303	27,239	6.1
Total percentage of exports generated by the experience industries	3.5	3.8	3.9	3.9	4.0	3.8	3.6	

Source: Statistics Denmark, corporate statistics.

³⁰ The export figures are based on company statistics, for which data are available up to and including 2006.

Table 2.5: Exports as a percentage of total turnover since 2000 (exports as % of turnover)

	2000	2001	2002	2003	2004	2005	2006
Economy, total	26	24	24	25	25	25	25
Ring 1	11	12	11	12	13	13	13
Ring 2	6	8	9	10	8	8	8
Experience industries	10	10	10	11	11	11	12

Source: Statistics Denmark.

percentage has been growing slightly since 2000. In other words an increasingly larger percentage of the turnover generated by the experience industries is accounted for by exports.

The relatively low total export figures conceal differences among the individual experience industries, cf. Table 2.5 above. The level is slightly higher for the creative industries of Ring 1.

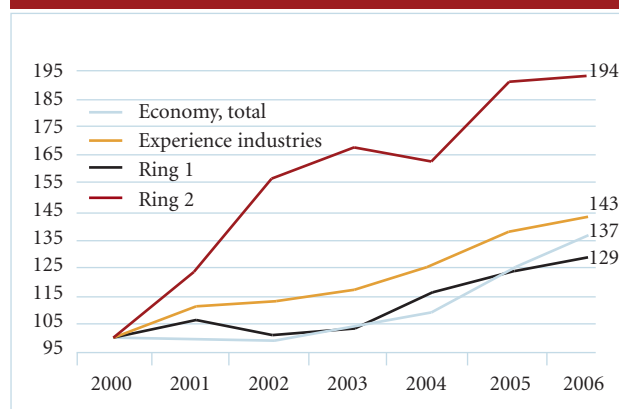
It is worth mentioning in this context that the experience industries include subsidiary sectors such as gastronomy & nightlife; accommodation & tourist offices; and amusement parks, destinations & events. All these subsidiary sectors are typically included in Denmark's tourism statistics. Technically speaking, foreign tourist spending in Denmark can also be included in export calculations. This figure is not included in the data above, however, which are based on actual exports.

Including foreign tourist spending in Denmark in the calculations would double the exports of the experience industries. In 2006, tourism exports amounted to DKK 30 billion. Including this figure in the experience industries would bring total exports in 2006 up to DKK 55 billion, or 7.3% of Denmark's total exports in 2006.

The export trends of the experience industries have primarily been driven by the actual exports of the experience industries of Ring 2, including particularly accommodation & tourist offices and sports & leisure, cf. Figure 2.4. The experience industries of Ring 1 have grown more slowly than the economy as a whole since 2000.

There are great individual differences among the various creative industries of Ring 1, however. For instance, the design sector and the art & crafts sector have seen strikingly higher export growth rates than the economy as a whole since 2000.

Figure 2.4: Export trends since 2000 (index: 2000 = 100)



Source: Statistics Denmark.

On the other hand, books & the press; radio & TV; and music are areas where export trends have been declining since 2000.

Employment in Denmark's experience industries

The experience industries employed about 312,000 people in Denmark in 2006, or roughly 10% of the total employed workforce. This is more than quadruple that of the entire food industry, and more than the total workforce employed in Denmark's business services.

The employment trends for the experience industries rose slightly between 2000 and 2006 with annual growth of 1.2%, cf. Table 2.6 on the following page. In the same period, the employment growth in the entire economy has been slightly lower than this, i.e. 0.6% a year. Employment growth for the experience industries has thus been greater than that of the economy as a whole.

Table 2.6: Employment trends since 2000 (thousands)

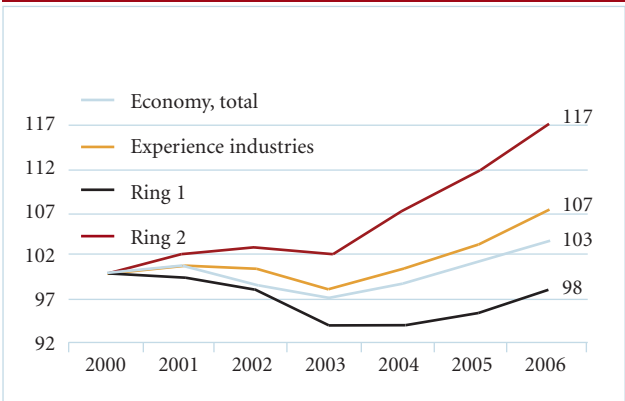
	2000	2001	2002	2003	2004	2005	2006	Annual growth
Economy, total	2,976	3,000	2,934	2,887	2,936	3,007	3,077	0.6
The experience industries	291	293	292	285	292	300	312	1.2
Total percentage of employment in the experience industries	9.8	9.8	10.0	9.9	9.9	10.0	10.1	

Source: Statistics Denmark.

Here, too, however, there are substantial differences among the individual creative industries, cf. Figure 2.5. In other words, the creative industries of Ring 1 have actually experienced an employment decline of 0.4% annually from 2000 to 2006. This trend is largely driven by the employment trends within books & the press and radio & TV. The greatest pro rata employment increase is found in the design sector, i.e. 12% a year during this period. The advertising sector accounts for the largest absolute employment increase of around 18,000 in 2000 to a total of 26,000 in 2006.

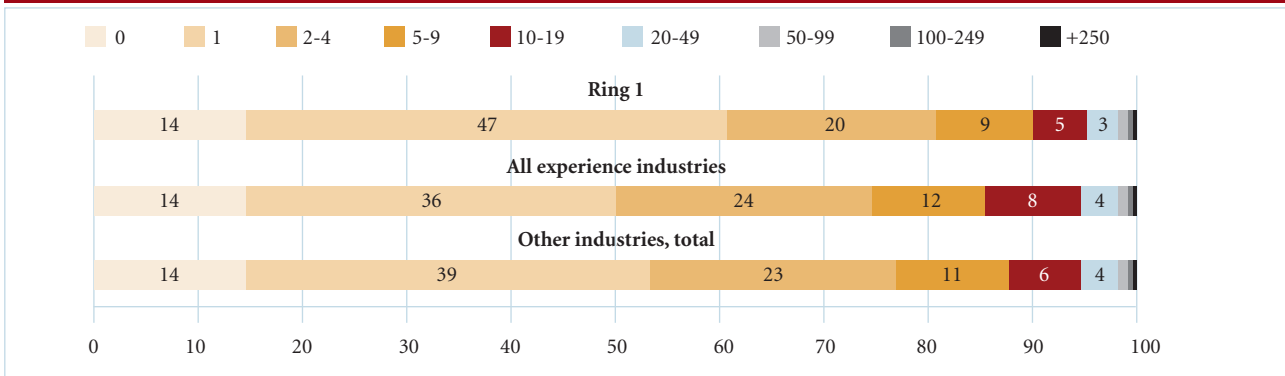
All of the experience industries in Ring 2 have seen relatively high levels of employment growth, except for accommodation, which has still grown faster than the economy as a whole.

Figure 2.5: Employment trends since 2000



Source: Statistics Denmark.

Figure 2.6: Business size by number of employees in 2005



Source: Statistics Denmark.

Size of the businesses in the experience industries

In this study, the composition of the businesses in the experience industries is measured in terms of the number of people employed in the businesses, and this roughly resembles that of the wider business community. In other words, the experience industries – overall – do not have a greater percentage of small or medium-sized businesses than the wider business community, cf. Figure 2.6 above.

A few clarifications are worth emphasising, however. Looking solely at the creative industries of Ring 1, there are relatively more small businesses than for Denmark as a whole. Among these nine creative industries, businesses with no employees or only one employee comprise 61% of all businesses. In the wider economy, the equivalent figure is only 53%. In other words, the businesses in the creative industries are generally smaller than the businesses in the wider business community. By contrast, there is a greater percentage of large businesses in the experience industries of Ring 2, than is the case for Denmark as a whole. Among these four industries, less than half have no employees or only one employee.

Differences in the performance of the experience industries

As already indicated above, the overall economic trends of the experience industries conceal large differences among the individual industries.

With regard to total value created, it is true that the value creation trend of experience industries such as film & video; books & the press; radio & TV; advertising; gastronomy & nightlife; and accommodation & tourist offices has been less than that of the economy as a whole since 2000. Architecture has been more or less in line with the economy as a whole.

By contrast, particularly in art & crafts; design; amusement parks & events; and sports & leisure, the growth rates have been strikingly higher than for the economy as a whole. But content production and music have also seen relatively higher growth rates, cf. Table 2.7 on the following page.

Table 2.7: Added value trend, export trend, and employment trend for the 13 experience industries (DKK millions and annual growth 2000–2006)

	Added value			Exports		Employment	
	2006, DKK millions	Ann. growth, % 2000-06	Growth 2005–2006, %	2006, DKK millions	Ann. growth, % 2000-06	2006	Ann. growth, % 2000-06
Economy, total	831,072	6.8	6.3	753,973	5.4	3,077,858	0.6
Experience industries, total	86,616	5.8	7.7	27,239	6.1	312,015	1.2
Experience industries in proportion to the total economy (%)	10.4			3.6		10.1	
Architecture	3,741	6.3	20.0	254	4.9	8,714	2.5
Design	1,234	14.1	17.5	771	19.8	4,312	11.5
Books & the press	13,809	-2.0	-4.7	2,402	-4.2	36,357	-8.6
Art and crafts	545	15.2	11.9	501	31.5	8,970	5.5
Radio & tv	6,237	-0.6	4.8	3,655	-0.5	13,747	-5.1
Film & video	523	-2.1	1.2	1,417	4.4	8,843	3.3
Content production	22,701	8.5	13.5	7,737	10.9	37,420	1.3
Music	1,160	8.4	-5.8	588	-3.0	2,751	1.4
Advertising	6,224	3.1	7.3	1,779	3.5	26,019	8.5
Ring 1	56,147	4.1	9.2	19,104	5.2	147,133	-0.4
Gastronomy & nightlife	9,521	3.6	8.5	19	-19.9	70,425	1.5
Accommodation & tourist offices	9,992	4.3	6.1	1,371	9.7	38,945	0.7
Amusement parks, destinations & events	3,724	11.4	5.8	675	15.9	18,054	6.3
Sports & leisure	7,204	10.4	18.7	6,070	12.1	37,458	3.7
Ring 2	30,441	5.4	6.2	8,135	14.1	164,882	3.2

Source: Statistics Denmark. Note: Export figures do not include foreign tourist spending in Denmark. Employees are full-time. Note: Green indicates growth rates higher than for the economy as a whole.

Exports grew faster in the experience industries than in the wider economy, cf. above, but here, too, there were great individual differences. Whereas industries like gastronomy & nightlife;³¹ books & the press; radio & TV; and music experienced actual export declines, experience industries like art; design; amusement parks; accommodation; sports & leisure; and content production saw pronounced export increases.

With regard to employment, all experience industries, except for books & the press and radio & TV saw employment rises greater than that of the economy as a whole.

Great differences emerge when looking at productivity measured in terms of added value per full-time employee in the thirteen experience industries. The productivity of selected experience industries is presented in Table 2.8. The best figures were generated by content production; architecture; design; and music, etc., all of which generate a level of productivity greater than that of the economy as a whole. At the other end of the scale are the experience industries of Ring 2, whose productivity is lower than that of the economy as a whole. The lowest are art & crafts; and film & video.

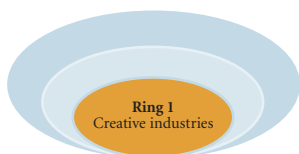
31 See the section above regarding exports within the experience industries, including the tourism-related experience industries.

Table 2.8: Productivity in terms of added value per full-time employee in selected experience industries in 2006

	2006
Experience industries	275,852
Economy, total	269,839
Architecture	429,309
Design	286,178
Accommodation & tourist offices	256,567
Advertising	239,210
Sports & leisure	192,322

Source: Statistics Denmark, corporate statistics.

Experience industries in a European perspective



As part of a major effort to chart the “Economy of Culture” and its significance to general economic trends in Europe, the European Commission conducted a

study and comparison of the creative industries of Ring 1, across 25 EU countries, in 2006.³²

The study shows that the creative industries’ share of GDP within the EU25 grew more than the total GDP from 1999 to 2003. In other words, the creative industries constitute an area of growth. The growth is higher than the average in Europe as a whole. In this light, the report concluded that the creative industries constitute an important element in the EU’s efforts to fulfil the objectives of the Lisbon Strategy relating to making Europe more competitive and promoting growth.

The report also shows that the creative industries in Denmark basically performed well compared to the other EU Member States. Creative industries of Ring 1 in Denmark represent a larger percentage of the total value created than in most of the other countries. In other words, Denmark is one of the European countries with the most dominant creative industries, cf. Table 2.9.

But the Danish situation is not unambiguously positive. From 1999 to 2003, turnover and value creation grew far more slowly in Denmark’s creative industries than in countries like France, Finland, Belgium and Germany.

Table 2.9: Creative industries’ share of GDP in 2003 and annual turnover growth from 1999 to 2003

	% of GDP 2003	Annual turnover growth 1999–2003
France	3.4	6.7
Norway	3.2	4.8
Denmark	3.1	2.7
Finland	3.1	7.1
United Kingdom	3.0	6.6
The Netherlands	2.7	5.0
Belgium	2.6	5.2
Germany	2.5	4.9
Sweden	2.4	7.8
Spain	2.3	10.5
EU 25	NA	5.4

Note: The analysis is based on collations in the Amadeus database and also involved the use of Eurostat. The most recent data in the analysis are from 2003.

Source: European Commission (2006): “The Economy of Culture in Europe”.

The picture of the creative industries of Ring 1 indicates that Denmark’s creative industries have achieved a high level more quickly, but that the trend has levelled off. From 1999 to 2003, the creative industries of Ring 1 actually grew more slowly than the general rate of growth in Denmark during this same period. In this respect, Denmark is alone in Europe. The creative industries in all the other European countries have developed more quickly than the general economy.

The European figures solely cover the period up to and including 2003, however. Looking at developments in Denmark since 2003, a slightly more positive value creation trend emerges. This is because since 2003, the creative industries have experienced the same positive value creation trend as the economy as a whole.

In other words, Denmark’s experience industries are still strong in a European context. But there are signs that the trend may have levelled off and that Denmark is in the process of squandering its head start.

32 The European Commission (2006): “The Economy of Culture in Europe”, 2006.

The same conclusion is supported by a comprehensive report on the creative economy among the 192 countries of the United Nations.³³ The report delimits creative products and services, and export trends are compared across all the participating countries. Denmark's share of total product exports in this area did not grow from 1996 to 2005.

Innovation in Denmark's experience industries



Innovation is an important prerequisite for future development and growth, in the experience industries as well. There are indications that Denmark's experience

industries are actually good at innovating, compared to the business community in general.

The OECD and the EU define innovation as the “*introduction of a new or substantially improved product (goods or services), a new or considerably improved process or marketing method or a significant organisational change.*”³⁴

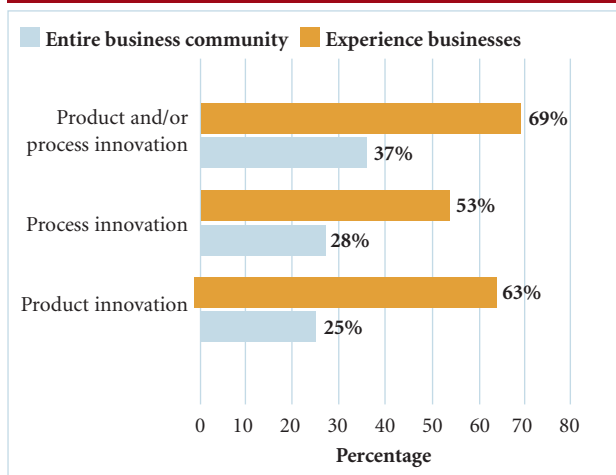
An analysis performed by CEUS and RUC 2008, based on a questionnaire survey involving 1,315 executives from Denmark's experience industries, shows that a strikingly larger percentage of experience industries innovate than the business community as a whole and than high-tech businesses.³⁵ Almost 70% of the experience industries are innovative in terms of products or processes. For the business community as a whole, this figure is just under 40%, cf. Figure 2.7.³⁶

In addition, the study identifies a significant positive correlation between innovation and turnover trends. This is supported by the analyses of the Danish Ministry of Economic and Business Affairs,³⁷ showing a positive correlation between businesses' innovation activities and productivity.

The analysis also shows that experience businesses innovate in collaboration with others to a greater extent than businesses from the wider business community. Also, experience businesses which use ICT to a significant extent are more innovative than businesses that do not.

This indicates that there is great potential for the utilisation of ICT for new innovation and that it is essential for businesses

Figure 2.7: Innovation in Danish businesses, total, and in experience businesses from 2004 to 2006



Source: Fuglsang et al. (2008): “*Innovation i oplevelsesvirksomheder*” [Innovation in experience businesses] and the Danish Centre for Studies in Research and Research Policy and Statistics Denmark (2008): “*Innovation i dansk erhvervsliv, Innovationsstatistik 2004–2006*” [Innovation in Danish business and industry, Innovation statistics 2004–2006].

in the experience industries to innovate together with other businesses or institutions. They are key factors of growth in the experience businesses.

From a regional perspective, it is true that most experience businesses in the North Denmark Region indicate that they are actively innovative. This applies to almost three out of four experience businesses. They are followed by the Central Denmark Region and the Capital Region of Denmark. In the South Denmark Region this applies to two out of three, while in Region Sealand it applies to just slightly more than one-half.

2.3 Experience industries' contribution to adding value in the wider business community

In addition to the direct and immediately measurable contributions to value creation mentioned above, the experience industries also make a number of other, less visible contributions to value creation, employment and innovation in the wider business community and society in general.

³³ UNCTAD, United Nations (2008): “Creative Economy, The Challenge of Assessing the Creative Economy: Towards Informed Policy Making”.

³⁴ OECD-ERUSTAT (2005): “OSLO MANUAL. Guidelines for Collecting and Interpreting Innovation Data”.

³⁵ Fuglsang et al. (2008): “Innovation i oplevelsesvirksomheder” [Innovation in Experience Businesses].

³⁶ Danish Centre for Studies in Research and Research Policy and Statistics Denmark (2008): “Innovation i dansk erhvervsliv, Innovationsstatistik 2004–2006” [Innovation in Danish Business and Industry, Innovation Statistics 2004–2006].

³⁷ Danish Ministry of Economic and Business Affairs (2005): “Vækstredøgørelse” [Growth Statement].

Experience industries as a driving force in innovation and growth in the wider business community

The experience industries also play a part in the innovation processes and growth potential of the wider business community. This role is indirect and is measurable to only a very limited extent. As a result, its significance cannot be captured by the official statistics for the experience industries' contribution to the Danish economy.

It is true in general that several sectors in the wider business community depend on receiving input from the experience industries and would not have the same development or growth potential without them.³⁸

This applies not least within the IT and telecom sector. The many new digital technologies, e.g. broadband and mobile telephony, developed and unrolled in recent years are thus closely related to the development of an innovative and differentiated media content – produced within the experience industries.

This is exemplified by music, which is of great indirect value to a number of activities and sectors. For instance, the spreading of 3G mobile service is largely driven by music, clearly the most preferred type of entertainment on the 3G mobiles. Music is also at the crux of the booming sales of portable music players in recent years. The example below, based on Apple's iPod, illustrates how the value of a digital platform is often determined by access to content.

Apple's experiences with its iTunes Store show that access to content (music, in this case) is one of the most important driving forces for sales of portable music players.

According to Apple's own calculations, iPod sales did not take off in earnest until Apple widened the access to content with its iTunes Store. In the quarter following the launch of the iTunes Store, iPod sales rose from 113,000 to 733,000 units. Sales have risen dramatically ever since, and in second quarter 2008, Apple sold more than 10.6 million iPods.³⁹

As regards the example above, it is worth noting that although iPod sales are largely driven by a wider access to content, Apple still generates most of its profit from selling hardware. The consumable product in this context, i.e. music, is not a source of great earnings. This is also one of the reasons Apple's success evokes mixed feelings in the record industry, which has had to watch its well-established business models being turned upside down in recent years.

The opposite is true in several other contexts, however. This applies to the computer games industry, which often sells hardware at a loss but earns money on selling creative content.⁴⁰ Both examples show the interdependence between the experience industries and the wider business community. And they illustrate the many options relating to merging existing revenue flows with new innovative business models.



Another way in which the experience industries are significant for innovation and economic development in the wider business community is documented by the British analysis institute NESTA.

Based on British statistics for inter-company trade (input-output data) and innovation studies (CIS data), NESTA has studied trade between businesses in the creative industries of Ring 1 with businesses in the wider business community and the effect of this trade on innovation in the wider business community.⁴¹

NESTA's study shows that the wider business community's collaboration with the creative industries pays off, cf. Figure 2.8 on the following page. The businesses in the wider business community which trade the most with creative industries are significantly more innovative. For example, some 44% of the businesses receiving a great deal of input from creative industries are innovative in terms of products. By comparison, 32% of the businesses that receive a small amount of input from creative industries are innovative in terms of products.

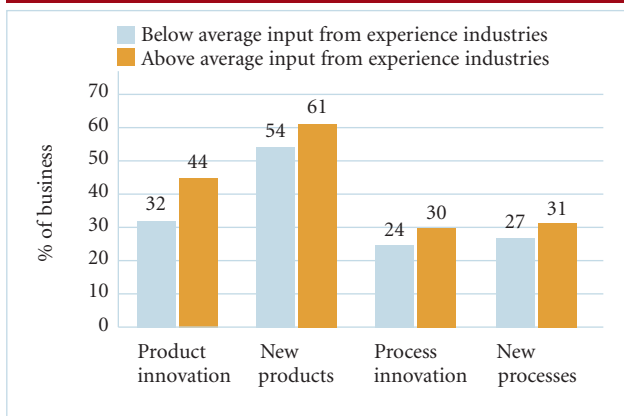
38 The European Commission (2006): "The Economy of Culture in Europe".

39 <http://www.apple.com/pr/library/2008/04/23results.html>. The European Commission (2006): "The Economy of Culture in Europe", p. 139.

40 The European Commission (2006): "The Economy of Culture in Europe", p. 139 (Chap. IV).

41 NESTA (2006): "Creating Innovation. Do the Creative Industries support innovation in the wider economy?".

Figure 2.8: Innovation activities for businesses with the strongest (above median = orange) and weakest (below median = blue) trade with creative industries.



Source: NESTA (2006): “Creating Innovation in the Wider Economy”.

Note: The experience businesses in this analysis are the creative industries only (Ring 1).

The experience industries seem to play a special part in terms of stimulating the development and innovation of new products in the business community as a whole.

3. Experience-based business development in the business community

Main conclusions

- All businesses can use experience-based business development as a source of differentiation, growth and innovation.
- Experiences are the most important driving force for new business areas and radical innovation throughout the business community – more important than globalisation, climate change, etc.
- Businesses use experiences in every link of the value chain, including sales and marketing, HR, organisation and management, as a supplementary service, integrated into the product, or the product is an experience product in itself.
- The analysis also shows that the greater the number of links of the value chain in which the business uses experiences to create added value, the greater the economic results are in terms of higher turnover, according to the businesses themselves.
- International studies show that businesses which collaborate with the experience industries are more innovative and have a higher rate of growth than businesses that do not.
- Three out of four businesses consider that experiences will also be important to the business's marketing and development in the future.



3.1 Introduction

The experience economy is not limited to certain sectors or industries. On the contrary, a rising percentage of the value in the experience economy is generated in businesses that do not offer experiences as their primary product.

The overarching focus of this chapter is experience-based business development. This means the chapter will focus on businesses that use experiences as tools for developing their business or organisation.

The experience industries can also use experience-based business development in their work. Accordingly, the chapter will deal with all businesses in the experience economy, cf. all the rings in the model above.

Section 3.2 will first focus on what it means to work with experience-based business development.

Concurrent with this study, the Danish Enterprise and Construction Authority has prepared a separate collection of

case studies that illustrate ten different Danish businesses' approach to and lessons learned from experience-based business development.

Section 3.3 focuses on the scope and effects of experience-based business development in Danish businesses. This section uses a questionnaire survey as its point of departure. The survey was conducted by the Danish Enterprise and Construction Authority in 2008 among 1,180 businesses across the Danish business community.

3.2 Experience-based business development in practice

Experience-based business development is used to distinguish a business from its competitors, to increase innovation and to generate more demand for the business's products and services that could have effects like greater customer loyalty, new customer categories or make the customers more willing to pay a higher price for the product.

In addition, working with experiences can also yield more indirect, internal results, such as consolidating the business's development processes, increasing employees' level of job satisfaction and strengthening the brand, making it easier to attract and retain customers and employees alike.

But how does one develop a business through experiences? One approach is to join forces with businesses from the experience industries, cf. chapter 2. Another is to employ people with special creative skills, cf. chapter 4. But even if these groups have a number of unique skills and potential in terms of the experience economy, the ability to generate experiences is not the unique domain of specific people or sectors.

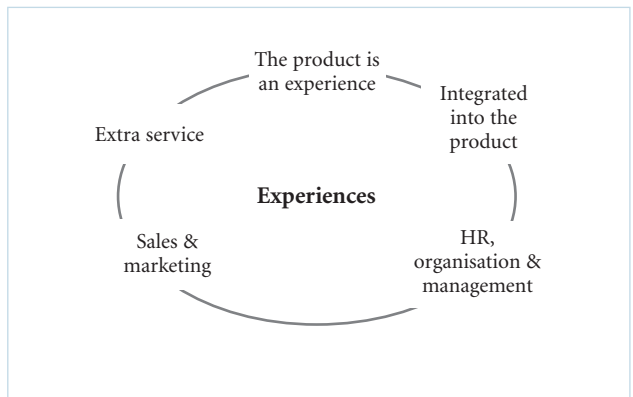
Many businesses in the business community possess the skills and resources it takes to understand and comply with customers' demand for experiences. The principal challenge to these businesses is to bring their skills into play and to obtain the requisite tools for working with experiences.

Applicability

Businesses can employ a wide variety of methods for using experiences depending on the link of the value chain and the purpose involved. The purpose can differ depending on whether the experience is to be used in relation to the end-users, external suppliers or the employees, i.e. within the business.

Figure 3.1 below illustrates five different links in the value chain where businesses can use experiences to create value. In other words, applying experiences in one or more links of the value chain can spur growth and innovation.

Figure 3.1: The five links of an enterprise's value chain in which experiences can be used to create value.



Source: Danish Enterprise and Construction Authority.

The five links of the value chain are the most widespread areas for experience-based business development. Needless to say, there are grey areas between the links, and it is also possible that businesses can use experiences in other contexts. The five links in the value chain are described in more detail below by involving the case studies.

The product is an experience in itself



To some businesses, the primary product/service is an experience in itself, e.g. film, design and art. The suppliers are often businesses which in this study are referred to as experience businesses.⁴²

Experiences integrated into the product



Experiences can be integrated into the functional elements of products and services. In other words, an experience can be built into the product/service.

Experiences can be integrated by focusing on packaging design and aesthetics or by getting customers to actively participate in the development or design of the product/-service. In so doing, the business can give the customer an experience into the bargain.

An example of a targeted use of experiences integrated into a product is Anthon Berg's venture.

Anthon Berg

In 2007, Anthon Berg changed its strategy from competing in terms of price. Now the business targets its efforts towards quality-conscious consumers: the modern connoisseur. The business does so because modern connoisseurs are willing to pay a high price for fine quality chocolate whose form and content is a total sensory experience.

Anthon Berg has developed a plate of chocolate which the consumer has to cut into pieces using an ice-awl, and the business has also put a lot of effort into the chocolate's taste and packaging. In so doing, Anthon Berg seeks to give the consumer experiences through taste, packaging and an activity (cutting the chocolate into smaller pieces). In other words, experiences are the focal point of the latest product development at Anthon Berg.

42 The experience businesses are found in the experience industries, described in chapter 2.

Experiences in HR, organisation and management



Businesses can also use experiences internally within the organisation in relation to HR, organisation and management. Experiences can be used to

support strategy processes, idea development, staff development, teambuilding and much more besides.

The VIMS computer game exemplifies how an experience product, i.e. a computer game, can be used as a staff development tool that enables employees to individually and flexibly assimilate knowledge and information and to do so in an entertaining manner.⁴³

VIMS computer game: playing your way to new knowledge

To differentiate itself from its competitors, Jyske Bank has launched a concept called “A Different Bank”.

To live up to this new brand and to teach its financial advisors how to be more proactive in relation to customers, Jyske Bank commissioned the Tonic Games company to develop VIMS, a simulation game for training the bank’s financial advisors.

In addition, Tonic Games developed a memory game to give the advisors a general idea of the bank’s products. This resulted in staff training that involves interactive learning, play and entertainment.

Vipp: marketing for the French market

To launch its pedal-operated bins on the French market, Vipp had to use a new marketing strategy.

The company collaborated with the Trade Council of Denmark to develop the idea of getting famous French designers and artists to decorate their own Vipp rubbish bin. The bins would then be sold at an auction. This took place at Silvera, a leading design shop on Avenue Kléber in Paris, and the proceeds from the auction were donated to charity.

The project was a success. Vipp found thirty French artists and designers to decorate the bins, including Philippe Starck, Christian Lacroix and Chantal Thomass.

Vipp’s entry into the French market led to a 163% rise in the company’s turnover.

Experiences in sales and marketing



Businesses can also use experiences in selling and marketing products and services. This can be done by means of storytelling, events in connection with product

launches, competitions, use of famous people in the marketing, etc.

The launch of the Vipp pedal-operated bins on the French market is a good example of using experiences as marketing.⁴⁴

⁴³ Further details about the game are available at the websites www.tonicgames.dk and <http://jyskebank.dk/>.

⁴⁴ Further details about Vipp are available at the website www.vipp.dk.

Experiences as an extra service



Experiences can also be used as an extra service for the business' core product. This could be things like product-related experience parks, interactive websites, exclusive discounts for customers, etc.

An example of an extra product-related service is Nordisk Skoletavle Fabrik's conference facilities.⁴⁵

Nordisk Skoletavle Fabrik

Nordisk Skoletavle Fabrik (NSF) that produce schoolboards, chose not to have a traditional showroom. Instead, they furnished an entire wing of their headquarters with classroom and conference facilities. Today, the facilities are not only an alternative to a classic showroom. They serve as a conference centre as well.

Since NSF opened the doors of its new conference facilities, more than 2,000 business managers have visited the company. And that was before any money had been spent on marketing the new facilities. If NSF had sent a sales rep on the road to get in touch with the same number of business managers, this would have taken several years.

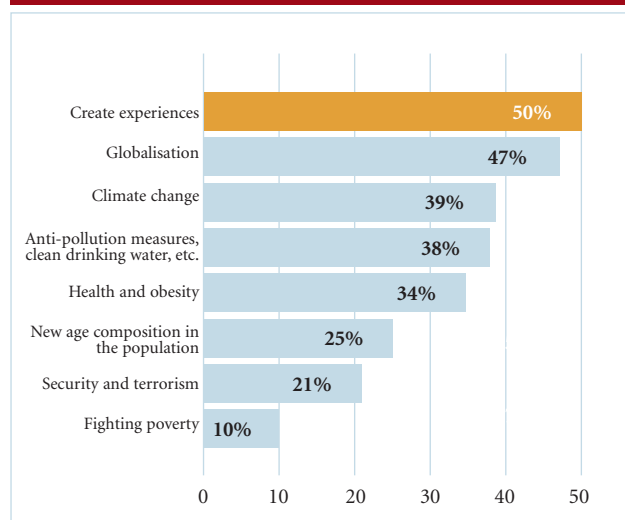
3.3 Danish businesses' use of experience-based business development

Experiences are the most important driving force for new business areas and radical innovation

A new innovation study involving 1,095 Danish businesses shows that experiences are the most important driving force in the development of new business areas and for radical innovation throughout the business community – even more important than globalisation, climate change, etc., cf. Figure 3.2.

The analysis of Danish businesses' innovation was performed by Gallup for the Danish Enterprise and Construction Authority.

Figure 3.2: Driving forces of new business areas and radical innovation (percentage responding "To a great extent" or "To some extent")



Source: Innovation survey conducted by Gallup for the Danish Enterprise and Construction Authority, 2008.

Study of Danish businesses' use of experience-based business development

To strengthen the basic knowledge relating to Danish businesses' use of experiences, the Danish Enterprise and Construction Authority conducted a questionnaire survey of this area. The questionnaire survey was the first of its kind in Denmark. The study was designed to obtain an up-to-the-minute description of the businesses that are using experiences, their geographical location in Denmark, the manner in which they are working with experiences and, finally, the value – economic or otherwise – achieved by the businesses from using experiences.

Both the experience industries and Denmark's wider business community were included in the questionnaire survey. As a result, the survey provides an insight into how Denmark's entire business community works with experiences.

Prevalence of experience-based business development

The study shows that many Danish businesses use experience-based business development. A full 70% of the respondents replied that their work involves experiences.

45 Further details about Nordisk Skoletavle Fabrik are available at www.nsf.dk.

The most frequently used links of the value chain for working with experiences are HR, organisation and management. But the analysis also shows that experience-based business development involves more than organisational development. In fact, 41% of the respondents replied that they use experiences in three or more links of the value chain.

The study also shows that businesses' experience-based efforts vary greatly, cf. Figure 3.3. Half of the businesses working with experiences have used experiences as part of an organisational development process.

In addition, many businesses incorporate experiences into the product in conjunction with sales and marketing or as an extra service for the product.

The businesses that have incorporated experiences into the product have primarily done so by focusing on design and aesthetics, e.g. in furnishings, in the form of storytelling or by actively involving the customer in the design and development of the product. Businesses that use experiences in their marketing have done so as events relating to product launches, in distributing product samples, in competitions and in trips to the manufacturing plant.

In terms of using experiences within HR, organisation and management, the businesses have primarily worked with this in connection with large-scale staff events, as a teambuilding tool or by means of external partnerships with creative

Box 3.1: Questionnaire survey of businesses' use of experiences

TNS Gallup conducted a questionnaire survey for the Danish Enterprise and Construction Authority in 2008. The survey studied how Danish businesses use experiences as an experience product in itself, as an element integrated into the product, in terms of HR, management and organisational development, in sales and marketing and as an extra service.

The survey was conducted among a total of 1,180 executives from Danish businesses in the manufacturing industry, the construction industry, water and power utilities, the retail trade, hotels and restaurants, transport and finance. The businesses surveyed had at least ten employees.

The five links in the value chain – described in section 3.2 – are the areas most frequently used for experience-based business development. To be open to other areas of use, the respondent could also reply that “the business uses experiences in other ways”. Accordingly, the questionnaire survey contains six links.

individuals, such as in conjunction with innovation and development processes.

Figure 3.3: Prevalence of different types of experience-based business development⁴⁶



Source: Questionnaire survey conducted by TNS Gallup for the Danish Enterprise and Construction Authority, 2008.

⁴⁶ The same business can reply “yes” for more than one form. As a result, the figure does not add up to 100.

Businesses that use experiences as an extra service have particularly done so in the form of customer clubs and networks, interactive websites or as exclusive events for the customer. A few businesses have also set up experience parks relating to the product.

Businesses using experience-based business development

Experiences are used within all sectors. At the same time, however, the retail, hotel and restaurant and financial sectors tend to use experiences to a greater degree in more links of the value chain than other sectors, cf. Figure 3.4.

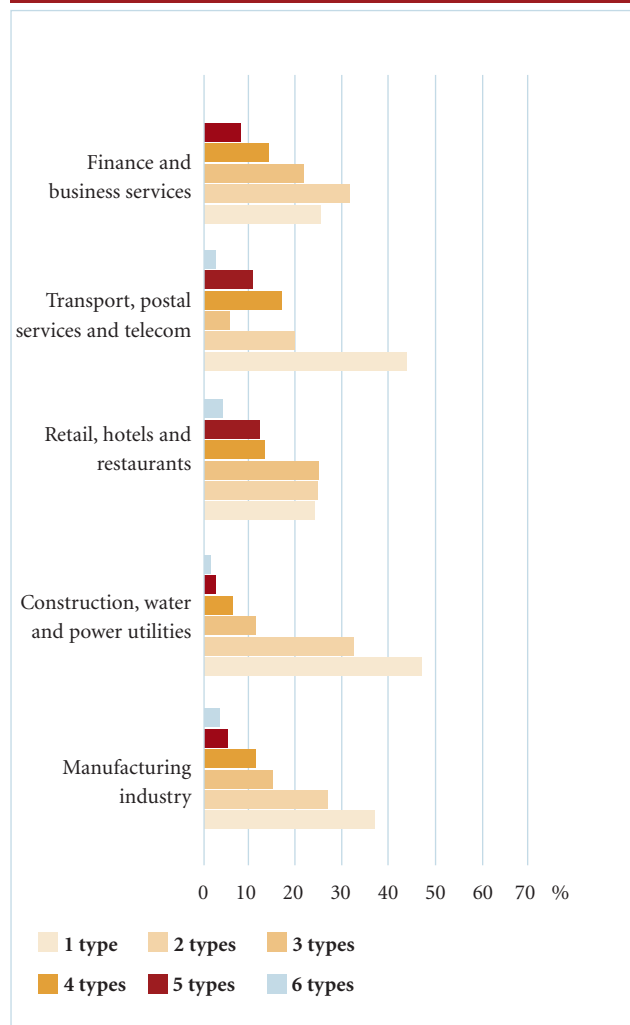
Small, medium-sized and large businesses all use experiences. Yet large businesses with more than 100 employees tend to use experiences to a greater extent in marketing and organisational development and as an extra service. There is also an obvious trend for businesses with more than 50 employees to make more frequent use of experiences in several links of the value chain.

Regional perspective

Generally speaking, there is little variation among the Danish regions in terms of the number of links where businesses use experiences.

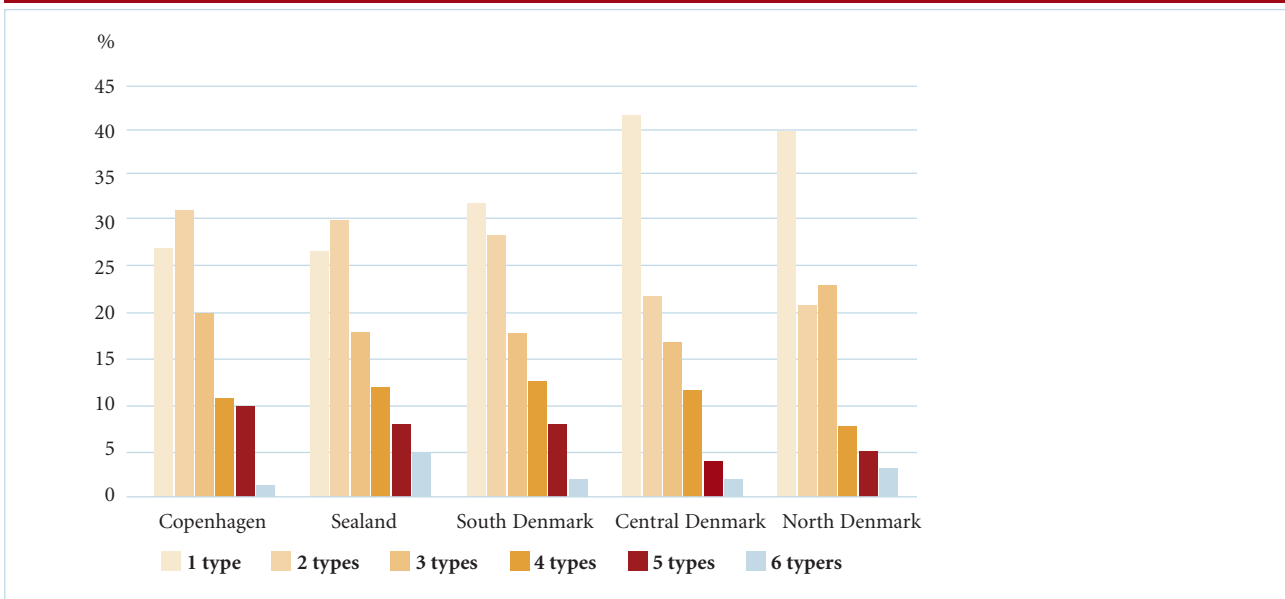
The greatest difference is found between the number of businesses that use experiences in one or two links. The businesses in the Capital Region, Region Sealand and the South Denmark Region use experiences to a far greater extent than the other two regions. But the Central Denmark Region and the North Denmark Region have a relatively larger number of businesses that use experiences in only one link, cf. Figure 3.5 on the following page.

Figure 3.4: Proliferation of different ways of using experience-based business development, by sector



Source: Questionnaire survey conducted by TNS Gallup for the Danish Enterprise and Construction Authority, 2008.

Figure 3.5: Proliferation of various ways of using experience-based business development, analysed by region



Source: Questionnaire survey conducted by TNS Gallup for the Danish Enterprise and Construction Authority, 2008.

Use of external assistance

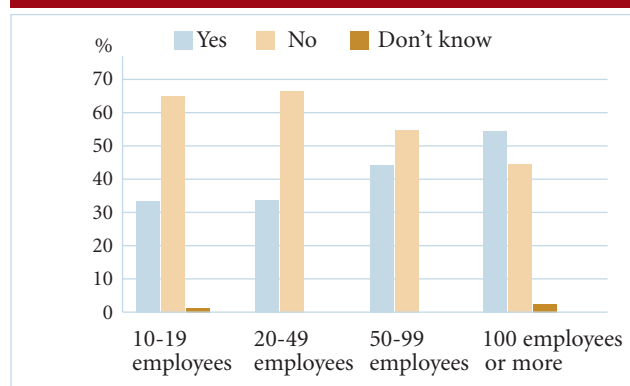
As described in chapter 2, the NESTA studies in the UK show that businesses that make extensive purchases of services from the experience industries are more innovative. For this reason, it is interesting to study the extent to which Danish businesses purchase external assistance for their experience-based business development efforts.

The study shows that only 37% of the businesses in Denmark buy external assistance for their experience-based efforts. In other words, most Danish businesses do not buy input from the experience industries.

In the light of the lessons learned in the UK, there is untapped potential in terms of strengthening innovation and growth by increasing the collaboration with experience industries regarding experience-based business development.

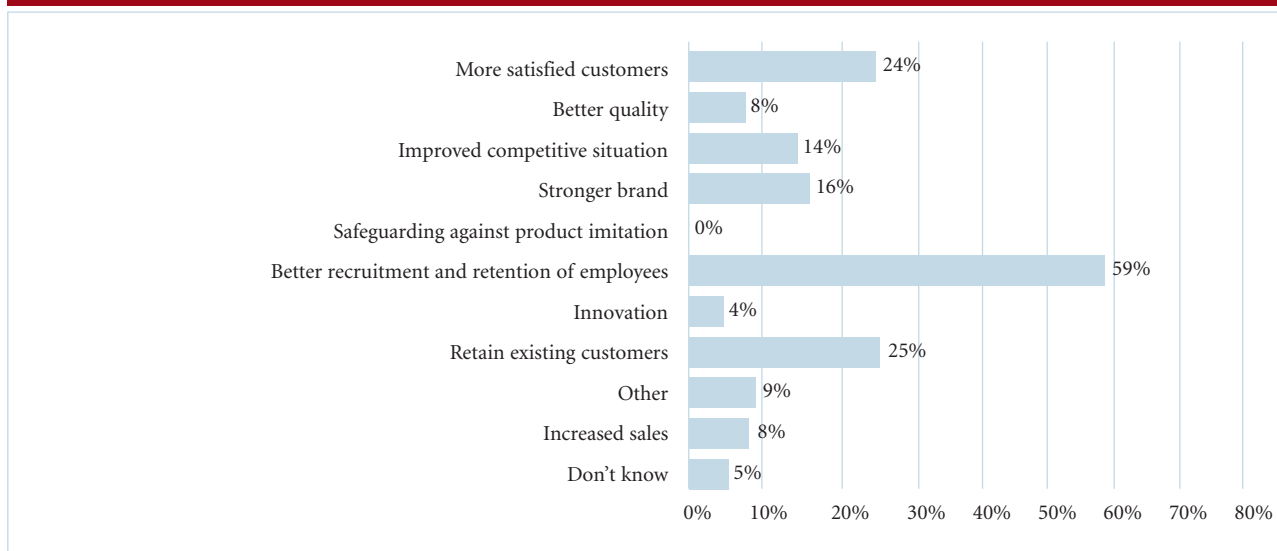
Those who buy external assistance for experience-based efforts primarily purchase input from consulting firms, teambuilding firms and advertising agencies. At the same time, the study shows that the businesses primarily purchase external assistance in connection with organisational development and marketing processes.

Figure 3.6: Purchase of external assistance for experience-based business development, analysed by enterprise size



Source: Questionnaire survey conducted by TNS Gallup for the Danish Enterprise and Construction Authority, 2008

Figure 3.7: Effects and aims of experience-based business development⁴⁷



Source: Questionnaire survey conducted by TNS Gallup for the Danish Enterprise and Construction Authority, 2008.

It is also apparent that large businesses buy external assistance to a greater extent than businesses with fewer than 50 employees. This should be seen in the light of the fact that, on the whole, large businesses also use experiences to a greater extent, cf. Figure 3.6 on the previous page.

The financial sector is the only one of the five main sectors included in the analysis where more than 50% of the respondents replied “yes” when asked whether they buy external assistance for experience-based business development. In the four other sectors, only 24–36% of the respondents buy external assistance for experience-based business development.

Effects of using experiences

As is apparent from Figure 3.7, businesses are primarily motivated by improving recruitment and retaining employees, including the improvement of employees’ job satisfaction, sense of community and enjoyment of working. The businesses do this through teambuilding activities, events and creative development processes. The businesses’ ability to create an attractive workplace where employees want to work is thus an important parameter for the businesses, which is ultimately also decisive for whether the businesses have the proper skills for developing and generating growth.

In addition to improving employee job satisfaction, the businesses are motivated to use experiences to improve customer satisfaction, strengthen their brand and retain existing customers, cf. Figure 3.7.

In spite of the fact that experiences can improve the market value of products and services, and increase business sales figures, these factors are only motivating to a few Danish businesses. The questionnaire survey also shows that few businesses cite innovation as the reason for working with experiences.

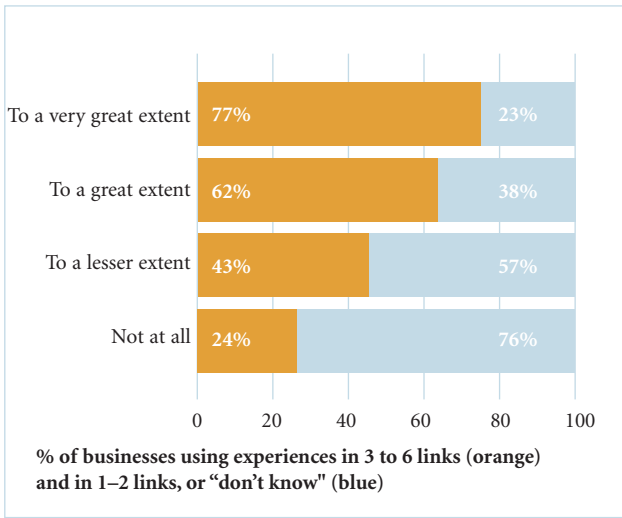
The fact that so few businesses cite innovation and sales as the aim and desired effect of using experiences could mean that Danish businesses do not exploit the potential of the experience economy to the full.

Economic value of experience-based business development

To test whether businesses which use experiences also have a higher added value per FTE, the questionnaire survey was collated with Statistics Denmark’s company database. The hypothesis was that a correlation exists between businesses’ use of experiences and the economic results. The collation could neither confirm nor disprove the hypothesis.

⁴⁷ The same business can reply “yes” for more than one form. As a result, the figure does not add up to 100.

Figure 3.8: Significance of multiple applications of experiences in improving the businesses' financial results.



Source: Questionnaire survey conducted by TNS Gallup for the Danish Enterprise and Construction Authority, 2008.

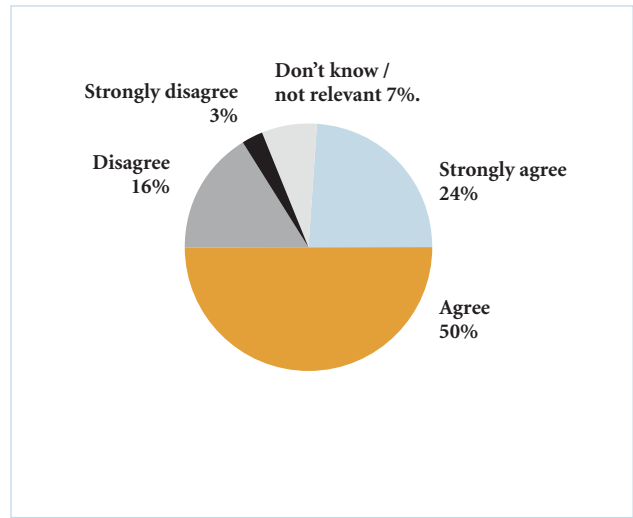
Why was the correlation between the use of experiences and the business' financial results not verified in the collation with Statistics Denmark's company database?

There is no unequivocal answer to this question. One explanation is that the correlation does not exist. Another is that the data in Statistics Denmark's company database are two years older than the questionnaire survey and that this difference in time could explain the lack of correlation. A third explanation is that the value of experiences should not be interpreted as added value but in terms of completely different parameters, e.g. retention of employees.

Looking at the businesses' own assessment of whether their experience-based efforts have improved their financial results, the hypothesis is partly verified in the questionnaire survey.

To get an indication of the financial results, the business' own assessment of the financial results from using experiences were crossed with the number of links in the value chain in which the business uses experiences. This cross shows a clear correlation. The greater the number of links in the value chain with experiences, the greater the number of businesses which consider that working with experiences has improved the business' financial results, cf. Figure 3.8.

Figure 3.9: Extent to which businesses expect to use experience-based business development in future as well



Source: Questionnaire survey conducted by TNS Gallup for the Danish Enterprise and Construction Authority, 2008.

Significance of experiences in the future

With a view to assessing future trends and development options, the respondents were asked to state what the businesses expected as regards the use of experience-based business development in the future.

Of the 70% of businesses that work with experiences in one way or another, three out of four consider that their business will continue in the future to use experiences for profiling and developing the business, the business' products/services and the business' employees. See Figure 3.9.

At the same time, the use of experiences relating to organisational development and marketing in particular is considered as having central significance for the future.

4. Creative skills in the business community

Main conclusions

- Creativity is a key skill of the experience economy. Creativity is an important source of innovation and growth, not only in the experience industries but in the wider business community.
- In 2005, more than 46,000 people were employed in creative job functions in Denmark, e.g. designers, advertising staff, actors, etc. The number has grown by 5% since 2001, while employment in the economy as a whole has not grown in the same period. In other words, creative jobs are playing an increasingly important role in Danish businesses.
- Persons employed in creative job functions represent many different educational backgrounds. Only one-third of those employed in creative job functions have had a specifically creative education. And only 10% of creatively educated people are employed in a creative job function.
- The top 25% of Danish businesses (measured in terms of added value per employee) have a higher percentage of creatively educated people employed and a higher percentage of creative job functions.
- The salary level of people employed in creative job functions is 37% higher than the Danish average. At the same time, their salaries are above the average level for the sectors in which they are employed. This indicates that people employed in creative job functions are highly productive and that they generate great value for Danish businesses and Denmark.
- Employment in the experience industries is spread across large parts of Denmark. However, with an over-representation in Copenhagen, followed closely by Aarhus/East Jutland, Bornholm, and sub-regions of North Jutland.

4.1 Introduction

“For sustained innovation and growth, companies need to be able to draw on the talents of a flourishing creative community; for innovation to flourish the creative community needs to be responding to the demand of dynamic and ambitious businesses.”
– Cox (2005)⁴⁸.

Creativity is a key skill in the experience economy. Creativity is defined as the ability to come up with new ideas, concepts or solutions or to forge new links between old ideas, solutions and concepts.⁴⁹ Creativity is thus a central source of innovation, which is a process where creative ideas are implemented in a specific context and generate commercial value.

This very ability to devise new concepts and solutions and adapt a variety of knowledge to new situations is decisive in a context where market competition is intensifying and where the ability to differentiate in order to comply with individual consumers’ unique needs for experiences is one of the most important competitive factors.

Creative skills are uniquely significant for developing experiences. Accordingly, creative skills are analysed separately below.

Method

All employees can be creative and no-one has a monopoly on the creative process. It is only possible to statistically analyse creative employees on the basis of education and job function, however. As a result, these factors are the point of departure for the report’s analysis of creative skills.

Using a creative education and a creative job function as a basis for the analysis raises two issues. First of all, people who are creative but who did not have a creative education or are not employed in creative job functions are not included in the analysis. For instance, a Ministry of Education study in 2004 of persons employed and their participation in innovation processes showed that more than 30% are involved with innovation processes.⁵⁰ This is a much larger percentage of the total employed workforce than the sum of the people with a creative education and people employed in creative job functions.

Secondly, it is assumed that everyone with a creative education or who is employed in a creative job function actually works with creative processes, which is not necessarily the case. In spite of the definition’s methodological limitations, the analysis of people with a creative education and employed in a creative job function is an excellent indicator of the significance of creative employees.

48 Cox (2005): “Cox Review of Creativity in Business: building on the UK’s strengths”.

49 Florida (2002): “The Rise of the Creative Class ...and how it’s transforming work, leisure, community and everyday life”; and Buhl (2007): “Kreativiteten: Danmarks vigtigste råstof” [Creativity: Denmark’s most important resource].

50 Ministry of Education (2004): “Det Nationale Kompetenceregnskab” (The National Competence Accounts).

Specifications of creative job functions and creative educations are described in Box 4.1 below.

Box 4.1: Creative job functions and creative educations

Job function

Statistics Denmark keeps job-function statistics for all persons employed in Denmark. There are 783 job functions in the DISKO classification, 69 of which, for use in this analysis, are defined as experience-based job functions, including PR and communications employees, film and theatre work, and artistic work – see Appendix 3.

Education

Statistics Denmark keeps statistics on the educational background of all people according to the DUN classification system. The DUN classification includes 2,901 study programmes. For the purposes of this analysis, we have defined 298 study programmes as creative, including journalist, dramaturge, and designer, see Appendix 4.

A relatively broad definition of creative educations is used. Other studies of this area have been based on a narrower definition of creative educations in order to focus more on the generation of creative value.

Table 4.1: Employees with special creative qualifications in 2005

	Employees in creative job functions	Employees in non-creative job functions	Employees, total
Employees with a creative education	14,884	98,782	113,666
Employees without a creative education	31,364	2,609,616	2,640,980
Employees, total	46,248	2,708,398	2,754,646

Source: Statistics Denmark.

Note: Employees in all industries, including the public sector.

The percentage of employees working in creative job functions in Danish businesses is increasing. From 2001 to 2005, the number of people employed in creative job functions rose by 5% and the number of employees with a creative education rose by 7%. The overall employment rate fell by 1% during this same period. Accordingly, people employed in creative positions constituted a larger percentage of the total employed workforce in 2005 than in 2001.

Employees in creative processes work throughout the business community

As expected, a large percentage of employees involved in creative processes work in the experience industries. The majority of employees involved in creative processes work outside the experience industries, however, thus presumably contributing to the creativity of many Danish businesses in the wider business community.

Of the 46,000 people employed in creative job functions, roughly 40% work in the experience industries and roughly 60% in the wider business community. As far as the 114,000 employees with creative educations are concerned, approximately 30% are employed in the experience industries and the remaining 70% in other sectors, cf. Table 4.2.

4.2 Effect of creative skills

Employees involved in creative processes

In 2005, approximately 145,000 employees were involved in creative processes in Denmark, measured as people with a creative education and people employed in creative job functions.⁵¹ This equals 5.3% of all employees in Denmark in 2005.

As Table 4.1 shows, in 2005 approximately 46,000 people were employed in creative job functions and roughly 114,000 employees had a creative education. The two groups logically overlap, which explains why about 15,000 employees are both in a creative job function and have a creative education, cf. Table 4.1. People with a creative education hold about one-third of the creative job functions in Denmark.

⁵¹ People with a creative education who are employed in a creative job function are included only once in the specification.

Table 4.2: Creative employees in experience industries and other industries in 2005

	The experience industries	Other industries	Total
Employees with a creative education	32,576	81,090	113,666
Employees in creative job functions	19,070	27,178	46,248
Employees in creative job functions with a creative education	9,706	5,178	14,884
Employees in non-creative job functions and without a creative education	224,508	2,385,108	2,609,616
Employees, total	266,448	2,488,198	2,754,646

Note: Employees in all industries, including the public sector. The difference from the number of people employed in the experience industries specified in chapter 2 is due to basic differences in the sources. Chapter 2 is based on the Danish Industrial Classification (Erhvervsbeskæftigelsen, EBS) and this table is based on Database Workforce Statistics (Registerbaserede Arbejdsstyrkestatistik) where job functions, etc., are available. Source: Statistics Denmark.

It goes without saying that employees involved in creative processes have a more significant role in the experience industries than in other industries. Relatively speaking, the number of employees with creative educations working the experience industries is quadruple that of other industries. Employees with a creative education account for 12% of the workforce in the experience industries, compared to 3% in other industries, cf. Table 4.2.

Corporate performance and creative skills

This section examines whether a correlation exists between businesses with a high percentage of creative employees and the performance of these businesses. For this reason, 25% of the Danish businesses with the highest increase in value per employee were studied in relation to whether they have more

people employed in creative job functions or with a creative education.

The results show a positive correlation. The top 25% of the businesses in the business community have 2.9% of their employees working in creative job functions, while the remaining businesses have 1.2% of their employees working in creative job functions. The top 25% also have a slightly greater number of employees with a creative education, cf. Table 4.3.

Table 4.3: Correlation between business performance and creative input in 2005

	Top 25% (Added value per employee)	Remaining businesses (Added value per employee)
Percentage of employees in creative job functions	2.9 pct.	1.2 pct.
Percentage of employees with a creative education	5.1 pct.	4.8 pct.

Source: Statistics Denmark.

Level of salary for people involved in creative processes

The salary level is a good indicator of an employee's contribution to creating value in a business. Or plainly speaking, the higher the salary, the greater the contribution to value creation.

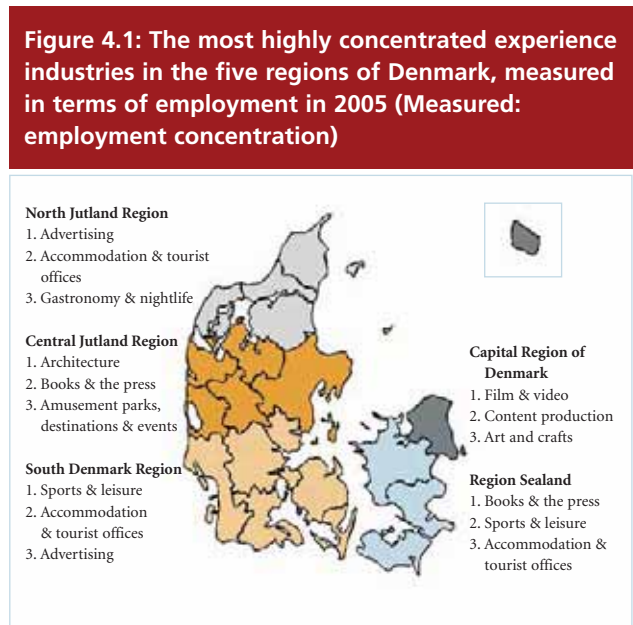
Employees in creative job functions are paid higher salaries. The salary level of people employed in creative job functions in 2005 was 37% above the average salary level of the employed workforce as a whole in Denmark. Employees working in creative job functions are usually paid a higher salary than employees with the same level of education, with the exception of tertiary higher education and doctoral research education. It was also discovered that employees working in creative job functions usually receive higher salaries than those paid to other people employed in the same industry.

The salary level of people with creative educations in 2005 was 2% above the average salary level of the employed workforce as a whole in Denmark. However, it is more correct to compare the salary level of people with a creative education

with the salary level of people with the same level of education. This analysis shows that people with creative educations are generally paid a higher salary, which is also the case in most sectors.

Regional differences

Employment within the thirteen experience industries can also be specified in terms of the five Danish regions and nineteen sub-regions. To gain an impression of the ratio of employment in the experience industries in relation to the total employment in all regions, employment density have been computed for all thirteen experience industries in every region. This is shown in Figures 4.1 and 4.2 (see also Appendix 5).



Source: Danish Enterprise and Construction Authority.

The employment density within the experience industries in the five regions of Denmark varies. Overall, the Capital Region of Denmark has the highest density of employees in the experience industries. An over-representation of 29% actually prevails in the Capital Region. This means that the Capital Region has 29% more employees within the experience industries than the average for the experience industries in Denmark as a whole.

Similarly, employment in the individual experience industries is strongly represented in eleven of the thirteen experience industries in Greater Copenhagen. In Central Jutland, employment is strongest in architecture; books & the press; radio & TV; and amusement parks, destinations & events. In

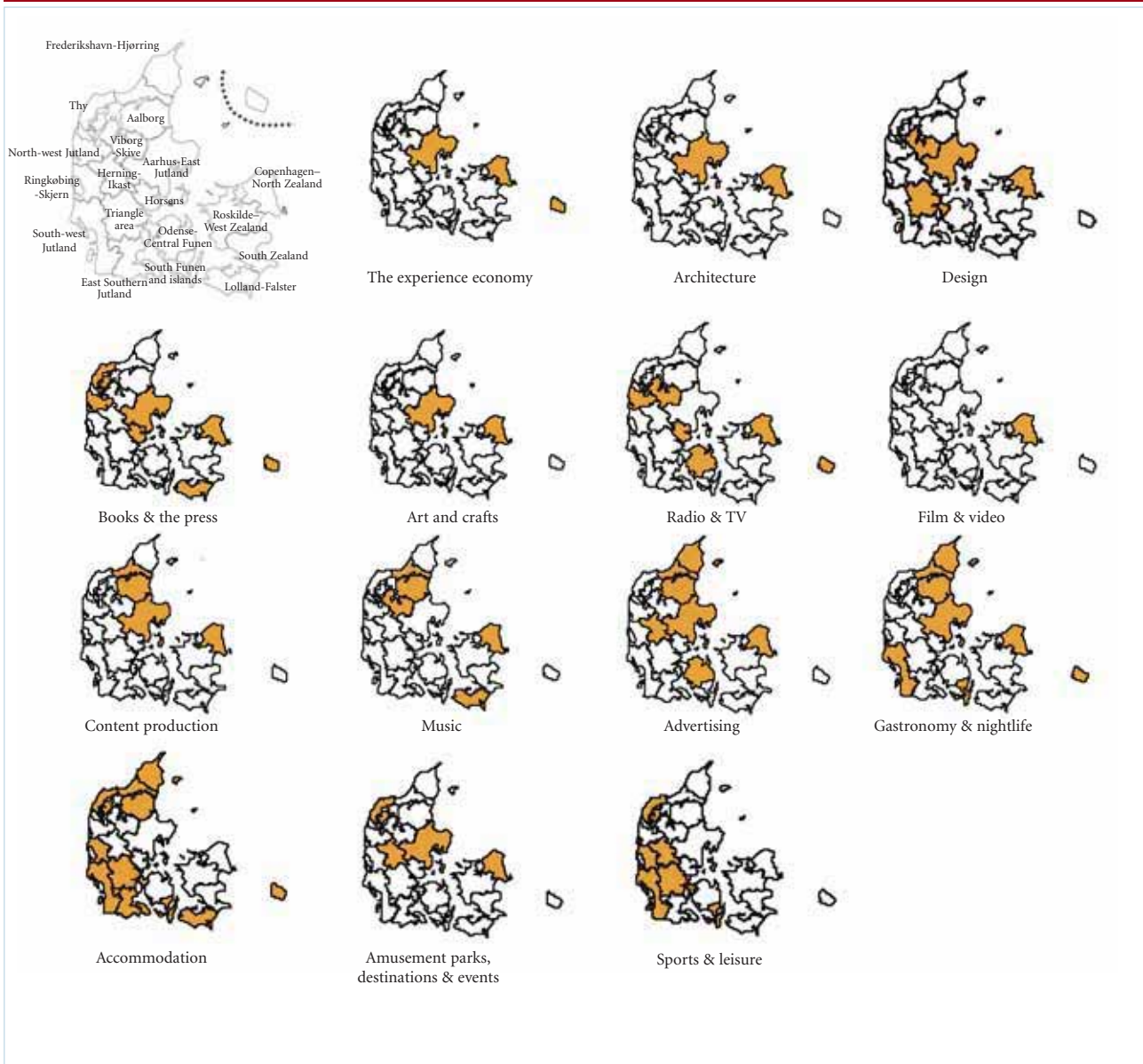
North Jutland, employment is highest in advertising; gastronomy & nightlife; and accommodation & tourist offices. And in South Denmark, sports & leisure and accommodation & tourist agencies have the highest percentage.

Looking at the nineteen sub-regions, cf. Figure 4.2, employment is over-represented in Copenhagen, Bornholm and Aarhus/East Jutland.

Table 4.4 on the following page shows details of the three sub-regions where the concentration of employment in the thirteen experience industries is greatest.

The table shows how employment in the experience industries is dispersed over large areas of Denmark. Here too, overly represented in Copenhagen, but closely followed by Aarhus/East Jutland, Bornholm, and sub-regions of North Jutland.

Figure 4.2: Highest concentration of experience industries in the 19 sub-regions, measured in terms of employment in 2005



Source: Danish Enterprise and Construction Authority.

Table 4.4: Employment concentrations in the three sub-regions with the greatest employment concentration in the 13 experience industries in 2005

	1	2	3
1. Architecture	Aarhus/East Jutland	Copenhagen	Ringkøbing
2. Design	Copenhagen	Aarhus/East Jutland	Triangle area
3. Books & the press	Viborg/Skive	Lolland-Falster	North-west Jutland
4. Art and crafts	Copenhagen	Aarhus/East Jutland	Odense – Central Funen
5. Radio & TV	North-west Jutland	Copenhagen	Horsens
6. Film & video	Copenhagen	Odense – Central Funen	Roskilde–West Zealand
7. Content production	Copenhagen	Aalborg	Aarhus/East Jutland
8. Music	Lolland-Falster	Copenhagen	Viborg-Skive
9. Advertising	North Jutland	Aalborg	Herning-Ikast
10. Gastronomy & nightlife	Bornholm	North Jutland	South Funen and islands
11. Accommodation & tourist offices	Bornholm	North Jutland	Ringkøbing
12. Amusement parks, destinations & events	Aarhus/East Jutland	Copenhagen	Herning-Ikast
13. Sports & leisure	Triangle area	South Funen and islands	Ringkøbing

Source: Danish Enterprise and Construction Authority.

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Appendix 1: Definitions of the experience economy

As shown in the table below, the definition of the experience economy by both the European Commission and the United Kingdom is the same as Ring 1 of the Danish definition, cf. Figure 1.2. Sweden also includes experience industries from Ring 2 in its definition. There are also some methodological calculation differences. For example, it was only possible for the European Commission to analyse computer games by themselves under “Content Production” because the Commission used a private corporate database.

Comparison of definitions ⁵²

Denmark	European Commission	United Kingdom	Sweden
Architecture	Architecture	Architecture	Architecture
Design	Design	Design Fashion	Design Fashion
	Books & the press	Books & the press	Publishing Literature
Art and crafts	Visual arts Practising art	Art & antiques Crafts Practising art	Art Dramatic arts
Radio & tv	TV & radio	TV & radio	Media
Film & video	Film & video	Film	Film/photography
Content production	Video games	Software & computer services Video and computer games	Computer games & TV games
Music	Music	Music	Music
Advertising	Advertising	Advertising	Market communication
Gastronomy & nightlife	-	-	Meals
Accommodation & tourist offices	-	-	Tourism
Amusement parks, events, etc	-	-	-
Sports & leisure	-	-	-
-	Cultural heritage	-	-
-	-	-	Experience-based learning (edutainment)

⁵² The European Commission (2006): “The Economy of Culture in Europe”; The Work Foundation (2007): “Staying ahead: the economic performance of the UK’s creative industries”; and the Knowledge Foundation [KK-stiftelsen, Sweden, 2004]: “Upplevelsesindustrin 2004 – statistik” [The Experience Industry: Statistics].

Appendix 2:

Subsidiary sectors within the 13 experience industries

1. Architecture

74.20.40 Architectural business / 74.20.50 Landscape architect.

2. Design

74.87.10 Interior designer / 74.87.20 Design and industrial design.

3. Books & the press

22.11.10 Publishing of books, brochures, etc., with printing works / 22.11.20 Publishing of books, brochures, etc., without printing works / 22.12.10 Publishing of daily newspapers, with printing works / 22.12.20 Publishing of daily newspapers without printing works / 22.13.10 Publishing of weeklies, magazines, etc., with printing works / 22.13.20 Publishing of weeklies, magazines, without printing works / 22.13.30 Publishing of local and advertising newspapers, with own printing works / 22.13.40 Publishing of local and advertising newspapers without own printing works / 22.15.00 Other publishing activities / 22.21.00 Newspaper printing houses / 22.22.10 Printing works and offset printing works / 22.22.30 Screenprinting works / 22.23.00 Bookbinding businesses / 51.47.45 Wholesale trading with books, paper and paper goods / 2.47.00 Book and paper dealers / 52.50.10 Antiquarian book dealers / 92.40.00 News agencies.

4. Art & crafts

36.22.20 Goldsmith's and silversmith's workshops, as well as jewellers / 52.48.35 Art dealers and galleries / 92.31.10 Theatres and concert halls / 92.31.20 Independently practising artists / 92.32.00 Operation of theatres, concert halls, cultural centres, etc.

5. Radio & TV

32.30.10 Manufacture of radios, television sets, etc. / 32.30.30 Manufacture of aerials and aerial systems / 52.45.20 Radio and television shops / 92.20.10 Television production activities / 92.20.20 Radio production activities.

6. Film & video

33.40.90 Manufacture of photographic and cinematographic equipment, general / 71.40.10 Rental of videotapes and DVDs / 92.11.00 Film and video production / 92.12.00 Film and video agencies / 92.13.00 Cinemas.

7. Content production

72.21.00 Development of standard software / 72.22.00 Development of customer-specific software and software-related consultancy.

8. Music

22.14.00 Release of sound recordings / 22.31.00 Reproduction of sound recordings / 24.65.00 Manufacture of unrecorded media / 36.30.00 Manufacture of musical instruments / 51.43.30 Wholesale trade with recorded and unrecorded videotapes, DVDs, etc. / 52.45.30 Record shops / 52.45.40 Musical instrument shops/dealers.

9. Advertising

74.40.10 Advertising agency activities / 74.40.90 Other advertising activities and agencies / 74.81.10 Photographers.

10. Gastronomy & nightlife

55.30.10 Restaurants / 55.30.20 Cafeterias, hot-dog stands, grill bars, ice-cream shops / 55.30.90 Function rooms, community centres / 55.40.10 Pubs, etc. / 55.40.20 Discotheques and nightclubs / 55.40.90 Cafés and coffee bars, etc.

11. Accommodation & tourist offices

55.10.10 Hotels / 55.10.20 Conference centres, training centres / 55.21.00 Youth hostels / 55.22.00 Camping sites / 55.23.10 Holiday centres / 55.23.90 Other facilities offering short-term accommodation / 60.23.00 Other land-based passenger transportation / 61.20.00 Sea route transportation / 63.30.10 Tourist offices / 63.30.20 Travel agencies, tour operators / 63.30.30 Travel agencies, ticket agencies / 63.30.40 Tourist guide activities / 70.31.30 Holiday accommodation rental / 92.62.2 Marinas.

12. Amusement parks, destinations & events

74.87.40 Conference, tradeshow and exhibition activities / 74.87.90 Other business services / 92.33.00 Amusement parks / 92.34.00 Other amusement activities / 92.52.00 Museums / 92.53.00 Botanical and zoological gardens.

13. Sports & leisure

36.40.00 Manufacture of sports equipment / 36.50.00 Manufacture of toys and games / 51.47.35 Wholesale trading with sports equipment, camping equipment and pleasure craft / 52.48.45 Sports shops / 52.48.50 Retail trade with toys and games / 92.61.10 Sports halls and indoor swimming baths / 92.61.90 Other sports facilities / 92.62.10 Sports clubs / 92.62.90 Other activities relating to sports / 92.71.00 Lotteries and other gaming activities / 92.72.00 Other activities relating to recreational activities / 93.02.20 Beauty and skin care / 93.04.00 Solariums, fitness centres, health spas, etc.

Appendix 3:

Classification of creative job functions in this study

DISKO code	Creative job function
123400	Information and marketing management
214000	Architectural and engineering activities
214100	Architectural activities and civil engineering activities
243000	Cultural information activities and general information activities
243100	Museum and archive activities
243200	Library activities
245000	Journalism and writing activities, as well as artistic activities
245100	Journalism and writing activities
245110	Journalism
245130	Copywriting
245140	Press and communication activities
245150	Webmaster activities (content)
245190	Other writing activities
245200	Illustration and design activities
245211	Graphic illustration activities relating to news reporting
245212	Graphic illustration activities relating to marketing
245219	Graphic illustration activities, other
245230	Artistic design activities relating to products
245240	Conservator activities
245290	Other artistic activities within pictorial art and design
245300	Artistic activities relating to music and singing
245310	Artistic work as practising musician and singer
245320	Artistic activities as conductor/leader within singing and music
245400	Artistic activities as dancer and choreographer
245500	Film and acting activities
311800	Technical design and draughtsmanship
311930	Graphic art and DTP activities
313000	Activities involving sound, lighting and images, as well as operating hospital equipment
313100	Recording of sound and images
313110	Photography, news reporting, press photographer
313120	Technical photography activities
313130	Film and video recording, news reporting
313140	Film and video recording, exclusive of news reporting
313150	Sound recording and sound technology, news reporting
313160	Sound recording and sound technology, exclusive of news reporting
313170	Editing sound and images, news reporting
313180	Editing sound and images, exclusive of news reporting
313190	Other activities involving sound, lighting and images for film and theatre
313200	Operating machinery and equipment for radio and television broadcasts, as well as telegraphy
313900	Activities involving sound, lighting and images, other
341910	Marketing activities
347000	Activities within design, art, entertainment and sports
347100	Decoration, design and illustration
347120	Design activities
347130	Interior design activities
347140	Graphic design activities
347150	Illustration and drawing activities
347190	Other decoration, design and illustration activities
347300	Singers and dancers not placed in main category 2
347400	Circus artiste activities, etc.

730000	Precision craftsmanship, graphic art activities, and the like
731000	Precision craftsmanship within metalworking and other materials
731300	Jeweller, goldsmith and silversmith activities
732000	Activities involving glass, ceramic and clay
732100	Pottery, turning and casting activities
732200	Glassblowing activities
732400	Activities involving the painting of glass and porcelain
733000	Handicrafts in wood, textiles and the like
733100	Handicrafts in wood and similar materials
733200	Handicrafts in textiles and leather
734000	Mould-making, manual bookbinding and screen-printing
734100	Graphic mould-making
734400	Other technical photography activities, e.g. film processing
734500	Manual bookbinding
742200	Cooper and joinery activities
743700	Activities within furniture and automobile upholstery
213200	Highly technical programming activities, including overarching configuration of database and file structures
213900	Other highly technical IT activities, including consultancy relating to implementation and maintenance of software and hardware
312100	Programming activities and IT operating activities
312110	Programming activities, adaptation of applications, template design activities.

Appendix 4: Classification of creative educations

Source: Danish Enterprise and Construction Authority.

Note: the figure after the type of education is the DUN code.

298 creative educations out of a total of 2,901 types of education.

Below is a list of the types of education defined as creative in the analysis. The types of education are classified by DUN codes.

Graphic arts (amu) ivu	0255	Steel engraver	4346
Graphic arts (eud) ivu	0355	Coppersmith	4347
Artistic (kvu) ivu	0430	Frontline radio/TV support	4357
Artistic (mvu) ivu	0530	Cook	4424
Artistic (Ivu) ivu	0630	Graphical integrator	4451
Clothing/textile (amu/ind)	2900	Digital integrator	4452
Photography profession	2909	Multimedia integrator	4453
Advertising sector (amu/hft)	2970	Multimedia animator	4454
Film operator (amu/hft)	2971	Web integrator	4456
Press photographer	2981	Graphic artist, media	4458
Theatre technology	2986	Printer	4459
Goldsmith and silversmith area (amu/met)	3606	Photographer	4461
Photography, film, TV, etc. (amu/adm)	3609	Reproduction photographer	4462
Tourism, travel (amu/adm)	3620	Graphic artist, imposing/data processing	4465
Technical design/artist	3651	Graphic arts technician	4467
Restaurateur, canteen (amu/lev)	3689	Bookbinder, craftsperson	4470
Bachelor of commerce, tourism	3823	Industrial bookbinder	4471
Bachelor of commerce, communications (form)	3837	Graphic artist, layout/montage	4472
Hotel and restaurant technique	4017	Serigrapher	4473
Bachelor of economics, tourism	4028	Press photographer	4474
Design (basic) communications	4032	Graphic artist, image production	4475
Design (basic), digital	4033	Film and TV assistant	4478
Design (basic) interior/product	4034	Film and TV production technician	4479
Design (basic), illustrator	4035	Potter	4481
Design draughtsman	4045	Tailor	4486
Industrial designer	4055	Glassblower/glassmaker	4502
Design (basic), ceramics/glass	4070	Ceramic designer	4506
Design (basic), graphical arts	4071	Under-glaze painter	4507
Design (basic), clothing	4072	Figurine and vase painter	4508
Design (basic), textiles	4073	Over-glaze painter	4509
Design (basic), furniture/interior	4074	Couturier	4529
Crafts, gold/silver	4075	Assistant couturier	4532
Designer, furnishing/layout	4076	Textile worker	4555
Design (basic) (interactive media)	4077	Housing service assistant	4557
Design (basic), industrial	4078	Nature guide	4637
Design (basic), fashion	4086	Gilder	4861
Jeweller	4122	Retail, photo shop	4912
Founder of precious metals	4123	Retail, sports/camping equipment	4916
Hotel/recreation assistant	4168	Retail, gold and silver	4917
Radio and TV specialist technician	4231	Retail, TV and radio	4918
Theatre/exhibition technician	4315	Retail, textiles	4926
Engraver	4339	Retail, furniture/home-furnishing exhibition	4927
Silversmith, cutlery	4340	Retail, toys and hobby accessories	4929
Goldsmith	4342	Decorator	4932
Silversmith, body	4343	Retail, music/video/software	4943
Letter engraver	4344	Bachelor of economics, sports/recreation	5008
Stamp cutter	4345	Bachelor of economics, hotel/restaurant	5009
		Model technician	5036
		Model designer	5038
		Knitwear technician	5039
		Textile technician	5040

Dyeing technician	5041	Character animation (professional bachelor's)	5808
Design (advanced) communications	5056	Visual arts, advanced	5810
Design (advanced), furniture/interior	5057	Visual arts, basic, normal	5811
Designer, one-off works	5058	TV producer	5816
Design (advanced), industrial	5059	TV planner/director	5817
Designer, gold and silver	5062	Graphic arts, advanced	5820
Textile profession (form/prof.ba)	5075	Painting, advanced	5821
Bachelor of economics, design management	5076	Sculpture, advanced	5822
Multimedia designer	5082	Mural/spatial arts, advanced	5823
Bachelor of economics, communications	5085	Media art, advanced	5825
Design (advanced), digital	5101	Theatre technology, lighting	5846
Design (advanced) interior/product	5102	Theatre technology, sound	5847
Design (advanced), graphic	5103	Theatre technology, scenery	5848
Design (advanced) illustrator	5104	Theatre director	5849
Design (advanced) interactive media	5105	Set design	5850
Design (advanced) clothing	5106	Stage management	5852
Design (advanced), textile	5107	Actor/actress	5855
Design (advanced), ceramics/glass	5108	Dancer	5856
Design (advanced) fashion	5109	Dance teacher	5857
Design technology	5131	Music profile	5895
E-designer	5137	Choirmaster, ensemble director, music teacher	5899
Industrial design, advanced	5138	Conservatory education 1	5900
Marketing economist	5143	Instrumental, singing, composing, BA	5901
Architect, MA	5470	Instrumental, singing, conducting, music teacher	5902
Architect, PhD	5480	Preliminary organ audition	5904
Graphic arts communication	5485	Instrumental, singing, music teacher	5905
Media profession/management (professional bachelor's)	5486	Rhythmical music, music teacher	5908
TV medium, professional bachelor's	5487	Music management	5912
Music teacher, 2-year	5607	Instrumental, singing, music teacher	5914
Music leadership, music teacher	5608	Instrumental, singing, choir, music teacher	5915
Music teacher, general, music teacher	5609	Rhythmical music, BA, teacher	5917
Soloist class	5611	Soloist, ensemble, rhythmical, BA	5918
Composer class	5615	Rhythmical, soloist class	5919
Music teacher, organists	5616	Rhythmical music, singing	5921
Conductor class, 3-year	5618	Music, singing, rhythmical, BA	5922
Conductor class, 4-year	5619	Sound engineer	5923
Opera academy	5620	Music, singing, rhythmical, music teacher	5926
BSc, computer science	5701	Marketing economist, English, BA linguistics	5947
BSc, communications	5702	Information management, BSc commerce	5948
BSc, tourism	5711	Folk music	5995
BSc, service management	5714	Early music	5996
Journalist, professional bachelor's	5735	Music therapy (AAU), MA	6029
Still-picture journalist, professional bachelor's	5736	Music therapy, BA	6030
Film photographer (basic programme)	5801	Music therapy (AAU), advanced	6031
Film sound technician (basic programme)	5802	Journalism (RUC) advanced	6147
Film director/manuscript (basic programme)	5803	Culture (basic programme)	6183
Film editor (basic programme)	5804	Multimedia technologist, MSc IT	6266
Film manuscript (basic programme)	5805	Music/therapy (AAU) general	6296
Film production (basic programme)	5806	Music therapy, general BA	6298
Animated film director	5807	Culture, subsidiary subject	6384
		Culture, supplementary subject	6394

Multimedia arts, MA	6452	Electronic music, graduate degree	7949
Tourism, MSc, 2 year	6455	Church music, graduate degree	7950
Culture, minor/subsidiary subject, 2 year	6492	Composer, graduate degree	7952
Dramaturgy, BA	6510	Sound engineer, graduate degree	7955
Dramaturgy, MA	6511	Music education, graduate degree	7957
Film science, BA	6520	Folk music, graduate degree	7959
Film science, MA	6521	Classical music, soloist	7960
Computer science, BSc	6536	Rhythmical music, soloist	7965
Computer science, MA	6537	Electronic music, soloist	7970
Communications, MA	6539	Multimedia science, graduate degree	8211
Theatre science, BA	6640	Physical education, major subject	8252
Theatre science, MA	6641	Athletics, bachelor's	8253
Journalism, BA	6665	Physical education, specialist teacher	8255
Multimedia, BA	6672	Athletics, MSc	8256
Design, cultural economist, bachelor's	6680	Design innovation, BSc Engineering, 2 years	8336
Dramaturgy, advanced	6710	Tourist guide, diploma education	8506
Dramaturgy, MA	6711	Journalist, ethnic studies, BA	8520
Film science, advanced	6720	Journalist, BA	8521
Film science, MA	6721	Competitive sports, BA	8630
Film media, TV, advanced	6724	Multimedia arts (MMA)	8820
Media science, MA	6726	Professional communications, MA	8823
Computer science, MSc	6737	Cross-media communications, MA	8824
Computer science, advanced	6738	IT (MI), MA	8825
Communications, MA	6739	Multimedia science (MMA)	8830
Music, advanced	6786	Athletics and well-being, MA	8836
Music, MA	6787	Experience guide (MOL), MA	8846
Theatre science, advanced	6838	Multimedia technician (MITM), MA	8903
Theatre science, MA	6841	Design, communications, media, MA	8904
Architect, MA	6890	Internet software, MSc	8905
Rhythmical instruments/singing, ensemble, BA	7845	IT software design, MSc	8906
Classical music teacher (AM) BA	7846	Software development, MSc	8907
Rhythmic music teacher (AM) BA	7847	Dramatic arts teacher, MA	8972
Electronic music, BA	7849	Music, teacher training course	9047
Church music, BA	7850	Film science, teacher training course	9050
Composer, BA	7852	Film school education, other	9167
Sound engineer, BA	7855	Soloist/composer/conductor	9171
Music education, BA	7857	Conservatory of music, una	9172
Folk music, BA	7859	Academy of art, una	9176
Music, MA	7873	Craft artist, una	9197
Theatre science, MA	7883	Specialist, hotel/restaurant	9682
Aesthetics, cultural worker, BA	7887	Specialist, photography	9757
Dramaturgy, MA	7893	Specialist, cooking	9776
Art History, MA	7903	Specialist, bookbinding	9777
Film science, MA	7913	Specialist, advertising	9786
Design innovation, BSc Engineering	7936	Specialist, clothing	9788
Classical instruments/singing, ensemble, graduate degree	7941	Specialist, art/glassware	9815
Rhythmical instruments/singing, ensemble, graduate degree	7945	Specialist, weaving	9822
Classical music teacher (AM), graduate degree	7946	Specialist, film operator	9830
Rhythmical music teacher (AM), graduate degree	7947	Specialist, bookbinding, experimental	9854
		Specialist, printing, experimental	9855

Appendix 5: Employment concentrations

Employment concentrations of experience industries in the five regions and 19 subregions of Denmark in 2005

	1. Architecture	2. Design	3. Books & the press	4. Art and crafts	5. Radio & TV	6. Film & video	7. Content production	8. Music	9. Advertising	10. Gastronomy & nightlife	11. Accommodation & tourist offices	12. Amusement parks, destinations & events	13. Sports & leisure	Experience industries total
Aalborg	0.64	0.49	0.65	0.76	0.84	0.61	1.26	1.31	1.62	1.07	1.16	0.54	0.77	0.97
North Jutland	0.55	0.23	0.60	0.90	0.36	0.41	0.31	0.55	1.70	1.13	1.88	0.65	0.91	0.94
Thy	0.39	0.00	1.23	0.29	0.35	0.40	0.11	0.09	0.15	0.89	1.27	1.02	1.06	0.76
North Jutland	0.59	0.36	0.71	0.74	0.65	0.53	0.86	0.95	1.46	1.06	1.37	0.63	0.84	0.93
Viborg-Skive	0.43	0.39	1.52	0.34	1.31	0.52	0.32	1.59	0.48	0.77	0.57	0.75	0.86	0.78
Aarhus/East Jutland	1.69	1.16	1.23	1.04	0.63	0.53	1.24	0.66	1.04	1.02	0.80	1.45	0.83	1.04
Herning-Ikast	0.59	0.48	0.85	0.41	0.22	0.48	0.55	0.09	1.29	0.79	0.78	1.08	1.03	0.78
Ringkøbing	0.91	0.07	0.70	0.13	0.14	0.07	0.04	0.09	0.11	0.83	1.82	0.41	1.09	0.70
North-west Jutland	0.59	0.39	1.29	0.67	5.05	0.52	0.07	0.29	0.22	0.83	0.94	0.77	0.72	0.92
Horsens	0.58	0.38	1.04	0.30	1.37	0.44	0.26	0.40	0.80	0.82	0.67	0.29	0.75	0.70
Central Denmark	1.19	0.80	1.19	0.74	1.08	0.49	0.80	0.62	0.86	0.92	0.82	1.10	0.85	0.92
Triangle area	0.69	1.10	0.73	0.40	0.45	0.33	0.50	0.55	0.94	0.89	1.21	0.66	2.15	0.94
South-west Jutland	0.46	0.36	0.60	0.65	0.50	0.30	0.09	0.28	0.81	1.01	1.31	0.54	1.03	0.75
East Southern Jutland	0.46	0.36	0.36	0.60	0.73	0.20	0.29	0.97	0.98	0.75	1.01	0.54	0.78	0.65
South Funen and Islands	0.86	0.89	0.89	0.49	0.53	0.30	0.20	0.36	0.66	1.13	1.54	0.66	1.10	0.88
Odense-Central Funen	0.57	0.56	0.68	0.99	1.21	0.81	0.67	0.57	1.13	0.96	1.00	0.73	1.00	0.88
South Denmark	0.59	0.68	0.64	0.66	0.73	0.44	0.43	0.56	0.96	0.92	1.15	0.64	1.34	0.84
Lolland-Falster	0.43	0.28	1.32	0.26	0.78	0.31	0.15	3.17	0.38	0.79	1.58	0.50	0.85	0.82
South Zealand	0.48	0.54	0.99	0.50	0.56	0.37	0.23	0.38	0.64	0.98	0.93	0.99	0.73	0.75
Roskilde-West Zealand	0.76	0.62	0.84	0.33	0.40	0.69	0.43	0.20	0.37	0.86	0.76	0.50	1.00	0.69
Zealand	0.66	0.55	0.94	0.35	0.49	0.57	0.34	0.66	0.43	0.88	0.91	0.60	0.92	0.72
Copenhagen	1.43	1.74	1.22	1.75	1.44	2.05	1.84	1.72	1.22	1.13	0.89	1.45	0.97	1.29
Bornholm	0.22	0.47	1.20	0.63	1.05	0.51	0.09	0.16	0.20	1.75	2.50	0.69	0.75	1.08
Capital region	1.40	1.72	1.22	1.73	1.43	2.02	1.80	1.69	1.20	1.14	0.93	1.43	0.97	1.29

Source: Danish Enterprise and Construction Authority.

Danish Enterprise and Construction Authority

Dahlerups Pakhus

Langelinie Allé 17

DK-2100 Copenhagen Ø

Tel.: +45 3546 6000

www.deaca.dk