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THE EXPERIENCE ECONOMY: PERSPECTIVES FOR EAST EUROPEAN BORDERLANDS

| Abstract

- ▶ *Goal* – consideration of the conceptual provisions of a new direction of economic theory, called the experience economy, in the context of a unique cultural space and diverse ethno-cultural landscape of the Eastern European borderlands.
- ▶ *Research methodology* – when conducting the study, general scientific and special research methods were used, such as dialectics, system analysis, historical-logical, method of theoretical generalization, etc.
- ▶ *Score/results* – the study is characterized by a sufficient level of scientific analysis and contains theoretical provisions and developments that can be used for further research on sustainable development based on the cultural factors available in the region.
- ▶ *Originality/value* – the practical significance of the results obtained lies in the development of theoretical foundations for the processes of economic use of cultural factors (cultural space, cultural landscape, cultural potential and cultural heritage), which creates the basis for their successful use in the system of the national economy, use by public authorities and local governments, institutions social and cultural services, business structures and local communities for sustainable development.

| **Keywords:** experience economy, cultural heritage, cultural potential, cultural capital, Ukraine.

1. Introduction

The relevance of studying the problem of development of borderlands through the use of their cultural potential is due to several reasons. First, the modern economy, which has moved culture from the periphery to the center of its research, has given rise to creative industries that bring a fairly high income based on the sale of impressions in a number of countries. Secondly, the processes that have engulfed modern society have led to the emergence of globalization as an attempt by cultures and peoples to preserve their own uniqueness. Its appearance has become a kind of response to attempts to unify the modern world, where millions of identical goods and services are produced and replicated, which is entangled in information networks, like a web, where it is very difficult, on the one hand, to surprise with something, and on the other hand, not to lose one's identity. Today, only culture is able to cope with this task, the traditions and values of which mark the differences between people, peoples and nations, which is especially relevant and significant in the pre-border regions of various European countries.

In modern research in this context, the problems of cultural space, cultural values and cultural heritage are increasingly raised. Moreover, the question is not so much purely in its preservation, but in the need to use it as a resource for development, the basis for the formation of a kind of cultural brand of a particular territory.

The problem of developing a territory through the use of its cultural potential unites several directions at once in modern scientific research. The very concept of cultural potential is closely related to cultural space: a rather broad term used both in relation to culture as a whole and to characterize a specific phenomenon of the socio-cultural sphere. In this vein, its cultural space can be defined as the sphere of everyday life of a person, which combines historical continuity, local flavor and unique traditions of the region.

Currently, there are several contexts for defining this phenomenon, from purely philosophical studies to geographical and urban concepts. The trend in the study of cultural space in the regional context, which can be traced in the works of individual authors, should be noted. In this context, the cultural space manifests itself in the form of a certain mental map, which represents the past of the region, its values and sources of existence and development.

The cultural space of the pre-border region as a synthesis of two parts: the passive part (cultural heritage) and the active part (cultural production involved

in socio-economic relations) is also considered in the legislation on culture in many European countries (including Poland, Hungary, France, etc.) and in the legislation of the European Union as a whole [Peacock, 1991: 9–12].

An analysis of the mutual influence of cultural resources, which include cultural heritage, and the development of the environment is reflected in the concepts of D. Throsby, who interprets cultural heritage as cultural capital [Throsby, 2001: 162], and C. Landry, who understands the territory as a resource for economic development [Landry, 2012: 207]. Of particular note are the works of J. Pine and J. Gilmore, who described the emergence of the impression as the fourth economic proposal, directly dependent on the cultural potential of the region [Pine, Gilmore, 1998: 65–69].

The subject of analysis in this article is the cultural space of the borderlands in a certain perspective: as a resource of the experience economy, and the main goal is to analyze the main aspects of the experience economy, characteristic for the development of the cultural potential of the borderlands.

2. Cultural space as a specific economic resource

In studies of new types of resources, economic potential, and sustainable development of territories, culture inevitably occupies one of the first places, acting as a source and basis for the further development of society, and not so much spiritual as economic. That is, the 20th century marked an intensive increase in interest in culture from a pragmatic and utilitarian point of view. Ideas about the economic value of culture were preceded by the emergence in the 19th century of the ideas of the classics of the market economy, many of whom raised the issue of considering the environment as capital, its impact on the production of goods and services in the economy. In fact, the concept of natural capital was taking shape, which not only preceded the emergence in the economy of the fourth type of capital – cultural, but also brought together natural and material cultural resources, called by D. Throsby cultural ecosystems necessary to maintain cultural life and the viability of human civilization [Throsby, 2001: 94–95].

Let us dwell in more detail on the mechanisms of convergence of the economy and culture, and in particular on the transformation of the concepts of “cultural resource” and “cultural value”. The latter is directly related to the perception of culture as a limited space, its territorial dimension, which formed the basis of regional sustainable development. F. Braudel, considering culture as a space with

delineated boundaries within which all social life takes place, in his work “What is France” defines specific territories, such as cities, towns, suburbs and villages, as cultural spaces that form characteristic cultural values, images and meanings, traditions and customs of each particular region [Braudel, 2014: 61–67].

At present, as mentioned above, there are many approaches to the definition of cultural space, generalizing which we can give the following definition of this phenomenon. Cultural space is not only the cultivation of the natural environment and the transformation of the surrounding reality, but also the endowment of the territory with a special meaning, a manifestation of its uniqueness and originality, embodied in local traditions, folklore, legends, customs, holidays, products of both high and folk culture, in historical and ethnocultural monuments. It includes ecological, geographical, social, political, psychological spaces, information resources, covers the needs and values of a person, their way of thinking and lifestyle.

This concept in terms of economic value and cultural resource is considered by D. Throsby. Let us dwell on several important aspects emphasized by the researcher. Firstly, culture is not a set of lifeless artifacts that need to be protected, culture is a resource and a kind of “catalyst” for the revival of a territory. In the works “The Role of Culture in Economic Development” and “Economy and Culture”, D. Throsby repeatedly emphasizes the ever-increasing role of culture in regional development [Throsby, 2001: 36–42]. Despite the fact that he focuses on urban development, all these provisions are typical for regional development in general, and for borderlands in particular.

3. Four directions of cultural potential

The cultural potential of the territory can manifest itself in four directions, not excluding, but most often actively complementing each other [Ganski, 2017: 136–138].

1. Cultural objects located in the city can themselves be symbols that affect the economy. Examples: the Castle of the Teutonic Order in Malbork (Poland), the family residence of the Radziwiłł princes in Nesvizh (Belarus), or places associated with the life of Taras Shevchenko in Kaniv (Ukraine).
2. More often a situation arises when the development of the city is promoted not by one object, but by the whole area (cultural district), such as the Old Town in Vilnius (Lithuania) and Riga (Latvia), the Main City in Gdansk (Poland) or the historical center of Lviv or Kyiv (Ukraine).

3. Various branches of the cultural industry can become a vital component of the regional economy (the fine arts are especially important here). Moreover, this may not necessarily take place in megacities such as Vilnius or Lviv, but also in small towns and settlements such as Kosiv (Ivano-Frankivsk region, Ukraine) and Hlyniany (Lviv region, Ukraine), Koniaków (Silesian voivodeship, Poland) or Rakau and Ivyanets (Minsk region, Belarus).
4. The role of culture can also be manifested in the education of citizens of a common self-awareness, creative spirit, cohesion and vitality. For example, there is an opinion that, despite several wars, the Holocaust and forced deportations, the inhabitants of Lviv – even if they were born far from it, but have lived in Lviv for a long time – are characterized by a higher level of culture, self-awareness and creativity, which is a consequence of living in urban environment with high aesthetic and cultural qualities.
5. The economic value of these cultural resources has both direct and indirect components. Income from a cultural resource (e.g. castle, palace, museum, galleria, etc.) is often seen as a direct contribution to the development of a territory. However, the indirect component is often not taken into account, but it can be very significant both in providing employment and in increasing the well-being of the territory. It is understood as industries related to culture: transport, the HoReCa industry, the tourism industry, etc. [Ganski, 2019: 164–172].

Secondly, in the context of the development of the territory, the concept of “cultural value” is increasingly used as a factor in countering the consequences of globalization processes. It is the cultural resource of the borderlands in the form of local traditions, national customs, folklore, objects of historical and cultural memory, features of fine arts, artistic and folk culture that makes it possible to appreciate the importance of the cultural diversity of the borderlands and the uniqueness of these lands in a globalizing world. In this context, the parallel between the cultural potential of the territory, its sustainable development and the new role of cultural heritage is interesting [Sabalenka et al., 2021: 458–460].

4. From cultural heritage to cultural capital

The very concept of cultural heritage is polysemantic and includes all inherited cultural experience. According to the definition of the UNESCO Convention for

the Protection of the World Cultural and Natural Heritage, adopted in 1972 [UNESCO, 1972], cultural heritage means:

- **Monuments:** works of architecture, monumental sculpture and painting, elements or structures of an archaeological nature, inscriptions, caves and groups of elements that are of outstanding universal value from the point of view of history, art or science;
- **Ensembles:** groups of isolated or combined buildings whose architecture, unity or connection with the landscape is of outstanding universal value from the point of view of history, art or science;
- **Sightseeing places:** works of man or joint creations of man and nature, as well as areas, including archaeological sites, of outstanding universal value in terms of history, aesthetics, ethnology or anthropology.

Currently, there is a change in the very essence of the approach to the perception of cultural heritage, and this is due to the spread of the concept of sustainable development. Thus, the heritage is now perceived not as a collection of cultural artifacts, the main task in relation to which is their preservation for future generations. In modern conditions, its main function is the formation and preservation of cultural and national identity; it acts as a factor in maintaining stability in a particular region and the world as a whole.

It is the cultural heritage that forms, among other things, the cultural space of the territory as a sphere of distribution of certain stable values, traditions and beliefs that ensure the existence and development of culture and have continuity. The understanding of culture as a necessary factor in the sustainable development of the territory has not only expanded the functions of cultural heritage, but also shaped its perception as a certain cultural and economic asset.

Thus, the definition of sustainable development given by the World Commission on Environment and Development as development that satisfies the needs of the present generation without infringing on the rights of future generations to meet their needs is quite applicable to culture, which is understood today as capital, which is a source of goods, values and services [Herrero, 2001: 154–155].

The value of cultural capital lies not only in the impossibility of exhausting and consuming the entire cultural resource (unlike natural, for example), but also in the fact that cultural capital, unlike ordinary capital, creates both cultural and economic value at the same time. Back in 1776, A. Smith was the first to draw attention to the value of a commodity in consumption, i.e. the ability to satisfy human needs, and value in exchange, i.e. the quantity of other goods and services

that someone is willing to part with in order to purchase a unit of a good. In this regard, D. Throsby's idea is interesting that social capital is exhausted not with use, but in the absence of use [Throsby, 2001: 188–190].

In this aspect, the consumption of culture looks even more attractive, because it is almost impossible to part with culture, both using it in the production of goods and services, and consuming it unlimitedly. This quality of culture, as well as its uniqueness, formed the basis for the functioning of a special type of modern economy: the experience economy.

5. The experience economy concept

The essence of this concept, developed by Harvard economists J. Pine and J. Gilmore, is the emergence of a new, most demanded, and therefore the most sold and popular product – experiences. In the work *The experience economy. Work is a theater, and every business is a stage*, the title of which is a paraphrase of W. Shakespeare's saying, the emergence and features of a new economic phenomenon generated by culture and competing with goods and services already familiar to consumers are described [Pine, Gilmore, 1999: 18–26].

In fact, the experience is the fourth economic proposition, coming after raw materials, goods and services, and offering the consumer a product in the form of unforgettable sensations and feelings. It is they who most often form the basis of the cultural industries and the entertainment sector, accompanying the production and consumption of any cultural product, be it shows, concerts, theater, cinema, exhibitions, etc. Experiences are built on recognition or familiarization with something majestic, for example, cultural heritage, cultural values of a particular territory or region. It is the experiences that underlie the currently quite popular phenomenon called “territory brand”, as they are the core of the popularity of a particular place, city, region or country as a whole.

6. The experience economy: case of Ukraine

In the modern world, one of the functions of the territory has become the production of experiences as a factor in its successful not only cultural, but also economic development. The role of cultural space as a resource can be described by the following example: the cost of two identical cups of coffee differs significantly

if one of them is drunk at a gas station somewhere on the road, and the other, for example, in a cafe on the Market Square in Lviv. In the first case, only the product itself is sold, in the second case, not just coffee, but also experiences are sold: a view of the square and a sense of belonging to the great city.

What are experiences and what are their features? There are four types of economic offers to the consumer: raw materials, goods, services and experiences. Raw materials are materials of natural origin. If we apply this concept to the development of the cultural potential of a particular territory, for example the Lviv region (Ukraine), then we can draw the following analogy. The entire natural landscape, including hills and mountains, rivers, forests and fields, in this case can be perceived as a raw material. In this regard, for example an independent trip by car to the Carpathian Mountains is perceived as a purchase of raw materials: where everyone separately receives hiking, skiing, searching for suitable housing, etc., and the consumer in this case seeks to purchase all this with the greatest benefit, because “buying” the mountains, he buys only the opportunity to walk and look at them. In this context, the raw material differs little from the commodity. Commodity are standardized products that a company produces. A significant role in the difference in prices is played by the associated costs of production and quality. As an example, let us take two well-known Ukrainian ski resorts in the Carpathians: Bukovel and Slavske, where raw materials, i.e. mountains are one and the same, and the differences are rooted in the associated costs and the level of service, from which the final price is formed.

Until recently, the maximum that manufacturers could offer consumers was services. Until now, some economists are of the opinion that experiences are part of the service industry and do not deserve special attention. Services are defined today as intangible activities aimed at meeting the needs of the client [Tsybouski et al. 2020: 478]. Services are valued more than goods, and even more so than raw materials, although in providing them, suppliers use all the same goods. This is due to the fact that goods simply provide a person with an opportunity to satisfy the necessary needs on their own, and services free a person from such a need, being the process of satisfying these needs. However, services and experiences are very different, because services still have standardization, as opposed to personalized experiences.

The best description of experiences is the phrase: “The best things on earth are not things” [Pine, Gilmore, 1999: 59]. Saving on goods and services, people are unlikely to want to save on experiences that are very important to their soul. One of the characteristics of the experience is its understanding as an unforget-

table theatrical performance, where buyers become guests, and producers and sellers become directors and actors, offering not just a product or service, but one way or another related experience that evokes a wide range of feelings in the client. All previous economic offers did not penetrate into the inner world of the buyer, while the experience is essentially personal. They affect a person on an emotional, physical, intellectual or even spiritual level. No two people get the same experience.

Experiences are worth more than services, because their value cannot be reduced to economic benefits, they cannot be touched or seen, but they can be taken with you forever. People strive for happiness; No matter what they associate with and no matter how they understand this state, it is realized to a large extent through emotional and creative activity. And consumers are able to express it through post-factum money signals. These payments will indicate the realized utility of the work, or its perceived quality, or the quality of symbolic communications, or, one might say, quality personal time that the person himself has identified as well spent. And it is experiences that are an indicator of this quality, increasing the value of emotions and experiences that directly give them and the need which increases every day due to the processes of unification and standardization that have engulfed modern society. People do not need emotions in general; they need emotions of a certain type at a specific time and in a specific place.

Another phenomenon that should be given special attention is entertainment. It is the most famous and oldest type of experience, and today its production is directly associated with a new industry called the entertainment industry. The entertainment element is now penetrating almost every segment of society [Vogel, 2010: 389–394].

Experiences created to increase sales eventually become a staple in their own right. A striking example of the sale of impressions is Lviv Coffee Mine. This cafe, which is located on the Market Square in Lviv and belongs to the FEST network of conceptual author's restaurants, exploits the legend created by him that coffee beans are actually mined in mines, like coal. Guests of the cafe are invited to go down into the long dungeons under the building, stylized as a mine, see and touch mining equipment with supposedly the remains of coffee mined here, see bags of coffee beans prepared for shipment to different countries, and also try coffee brewed according to original recipes. In addition to generating its own profit, this facility is a catalyst for the development of the economic and cultural potential of the city and the area on which it is located, and all this is through the sale of experiences.

7. Conclusions

Quite often, speaking about the culture of a particular territory, and in particular the territory that is located on the other side of the state border, we only list museums, theaters and other cultural institutions that make up the cultural heritage of this region, while completely losing sight of its economic potential. And it was the concept of the experience economy, proposed by J. Pine and J. Gilmore that revealed the possibilities of using the uniqueness and uniqueness of the culture of the borderlands. The need for experiences has become one of the most demanded in modern society, for whose representatives new emotions are important. This feature is associated with the mechanism of culture consumption: a person always expects new experiences from a book he has read, a movie or a performance he has watched, even if its content has long been familiar to him. The same applies to visiting the same places, and this is what the cultural tourism industry is based on, where tourists always get qualitatively new experiences compared to the previous ones and qualitatively different in relation to the experiences of other people. This is connected both with the phenomena generated by consciousness: with experience, perception, etc., and with the peculiarities of cultural values, which only benefit from their consumption. This is what makes experiences the most sought-after and expensive commodity in the borderlands today.

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