



**THE CIRCULATION OF WEALTH
A COMPREHENSIVE SOCIO-ECONOMIC MODEL OF
THE EXPERIENCE ECONOMY: THE TERRITORIAL STAGE**

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Abstract

This paper deals with the economic dimension of the experience economy, i.e. how economic value is created between customers and producers and is articulated to monetary transactions. After discussing the Pine & Gilmore's metaphor of stage and concept of admission fees, we propose the model of the Territorial Stage constituted by two elements. First, the Territorial Stage depends on the accumulation of transactions along history (complex process in time and space). Second, the accumulation of the transactions constitutes the territorial stage under a concrete dimension (arrangement, spatial organization, activities, etc.) and a symbolic dimension (image, reputation, level of range and price). From this core concept, we then suggest an operational typology of Territorial Economic Transactions (TETs) to analyse the history of Swiss tourism resorts. Indeed, tourism resorts are good examples of the fact that value, in the experience economy, is not produced at the scale of a business but beyond companies. Conclusions suggest that today's development of the EE is the result of a double movement of 'touristification'. First, the mobility of people increases and opens infinite possibilities to develop presential transactions. Second, traditional goods are more and more transformed into goods enriched by symbolic territorial meanings.

Key words :

Experience economy

Staging

Transaction

Tourism

Mobility

INTRODUCTION

This paper¹ deals with the economic dimension of the experience economy (EE) that is to say with how economic value is created between customers and producers and is articulated to monetary transactions. It considers that space and time are consubstantial for these two problems.

'Work is theatre and every business is a stage.' We do not agree with this catch phrase of Pine & Gilmore (1999). Tourism resorts are good examples of the fact that value, in the experience economy, is not produced at the scale of a business (or only in some circumstances like Disneyland) but beyond companies. Monetary transactions, contrarily, operate at the scale of companies and customers. Value creation and monetary transactions, while being profoundly intertwined, are distinct phenomena. Therefore, the second metaphor of Pine and Gilmore, the admission fee to charge customers, does not solve the problem of how the created economic value is articulated with monetary charges either: experiential transactions do not occur in clubs - or only a few of them!

Consequently, what is the space-time entity which is relevant in order to capture on the one hand, economic value creation for the customer and on the other hand the monetary transaction in favour of the producer in experiential economic transactions?

A second question deals with how the qualitative assessment of the value of a future experience made by the customer is articulated with the quantitative scale of the price proposed by producers. Value creation processes are largely described by the literature of tourism studies, for instance by examining the process of *enchantment of the world* (Réau and Poupeau, 2007), but these works neglect the question of monetary exchanges in this enchantment or even consider them as incompatible – our position being that tourism is always an economic monetized activity.

In order to deal with these questions, this paper proposes a model of Territorial Economic Transactions (TETs) which displays the following features and ambitions to capture the following points:

¹ This paper will be published in 2015 in : Lorentzen, A. Schrøder, L. & Topsø Larsen, Karin, *Spatial Dynamics in the Experience Economy*, London and New York: Routledge

- Space and time are not only the 'shape' generated by TETs. The space-time disjunction between on the one hand the concrete service and on the other hand the knowledge about it is indispensable in order to sell meaning on the top of goods in a post-utilitarian economy. First, there is a time sequence between the customer who develops an anticipated knowledge about the experience and then possibly moves to the place where the experience is lived. Second, the mobility of customers or/and of goods and services across space is also a fundamental component of value construction because places convey meaning for the customer that can be associated with goods and services.
- Since Tarde (2006 [1901]) and Habermas (1997), social sciences have given an account of the development of the "public space" as medias where meanings are shared. This *symbolic scene* allows individuals to build their opinion about places, goods and services, initially partly independently of economic transactions. Innovation and value creation today consists precisely in exploiting this customers' knowledge by selling associated concrete goods and services and by displaying the associated prices on this symbolic stage. Nevertheless, social sciences in general did not really focus on these transactions. In this paper, the *territorial stage* is made of a *symbolic stage* associated with *concrete stages* where concrete goods and services are delivered.
- This model provides a general understanding of all the economic transactions that embody meanings and shows why time and space are at the heart of value creation and monetary transactions. In today's society, where knowledge about places is more and more shared thanks to new information and communication technologies, TETs are becoming a general model of economic transactions.

Part I is dedicated to the contextualisation of this approach in the economic literature, in the literature about the experience economy (EE) and tourism studies. Part II is an extensive presentation of the model of the territorial stage and of TETs. Several examples based on research about the history of Swiss tourism resorts will be presented. Montreux will be used as an illustrative case of the functioning of the model². In part III the history of this Swiss resort is mobilised in order to show how, through history, territorial transactions developed and got more and more diversified and complex. A typology of territorial transaction is presented, showing how such places create value and generate monetary flows thanks to meanings associated with the attraction of customers (tourists, excursionists, residents) or with the export of goods (water) and services (the Jazz Festival) conveying territorial value. Today, this place is a complex 'territorial stage' with high territorial value. On this base, the conclusion suggests a broader validity of this model of territorial value. If touristic and experiential transactions matter more and more for territorial development, those 'presential' aspects should also be articulated, positively or negatively, with the more traditional production-based aspects.

² This frame and results come from a qualitative historical research (analysis of archival documents, press and interviews), a thesis carried out under the Swiss National Science Foundation project « Between Abyss and Metamorphosis: An Interdisciplinary Approach to the Development of Tourist Resorts » (subsidy n°CR1111_135390, principal applicant Prof. Mathis Stock)

1. ECONOMY, EXPERIENCE ECONOMY AND TOURISM

Compared to the traditional understanding of mainstream economics, the EE implies a large number of additional elements in order to understand how value is constructed in transactions beyond the question of the utility of goods. Nevertheless, the EE does not fully articulate those elements, especially the question of how time sequences and movements across spaces contribute to value creation. Tourism studies do not deal with economy, but with territorial practices and experiences. Tourism is largely overlapping with the EE but cannot be assimilated to the EE. Here again, issues about time and spatial mobility contribute to value creation.

1.1 The economy and the experience

Mainstream economics theorize basic economic transactions as the exchange of a good and a certain quantity of money. This vision implicitly postulates a certain number of things. First, all the properties contributing to the use value for the customer are embodied in the good. Borrowing the terms of Orléan (Orléan & Diaz-Bone, 2013), it is a 'substance value'. This essentially means that there is nothing like a "meaning" which would not be contained in the good. The good and the knowledge about the good are one single thing. Second, all the income for the selling company are included in the price. Third, customers are passive players who match purchases with their preferences. EE transactions are usually much more complex. Experiences are embedded in the cultural knowledge of people. Therefore, customers contribute actively to value creation and to the shaping of their preferences.

Also other traditions are marked by this archetypical transaction of a utile (physical) good which in counterpart is exchanged by means of money. In the context of industrialization and of industrial answers to basic needs, this probably used to make more sense than today. Still fifty years ago, during the Fordist era, when industrial standardization and mass consumption were the engine of the economy and the society (Boyer & Saillard, 2010), goods were not supposed to convey 'meanings'.

On the other side, several authors notice that we are presently living in an intense *Erlebnisgesellschaft* (Dubet, 1994; Schulze, 2005). From an economic point of view, this contrasts sharply with a vision of the industrial society, up to the Fordist period, which would be dominated by the practical utility of main goods and services. The meanings of products as well as the mind of a consumer are related to abstract and symbolic frames of thought (Schulze, 2005). To use (utilize)

something is no longer the point; to “experience” a product, a service or a place is what matters. The EE literature considers that most basic needs are satisfied and that a growing part of the income will be allocated to experiential goods and services. The EE is traditionally presented as an economy which historically succeeds the traditional economy of goods and services (Sundbo & Sørensen, 2013a). Here, the utility of a good or service is social and psychological. It concerns less the survival than the well-being: products are a substance which functions as a cognitive ‘stimulus’ (Sundbo & Sørensen, 2013b). There exists something which is not embodied in the product, but which exists as a distinct social and individual knowledge about the product.

Compared with value creation in the Fordist context of the sixties, the value of experiential goods and services consequently exploits the time sequence which starts with the meaning of the potential customer and his building of anticipations and expectations about goods, services and places before the concrete transaction. The existence of this time lag plays a fundamental role because it allows the consumption of a good to become memorable, a fundamental element of the experience economy (Pine and Gilmore, 1999). As Ek, Larsen, Hornskov, and Mansfeldt (2008) point out for the case of the tourist experience, a ‘performance and experience circle’ has to be considered, with several phases: cognitive anticipation and planning before the experience; participation and enactment during it; travel tales, memory work and exhibitions, people’s feed backs after the experience. Pine and Gilmore highlight this phenomena for authenticity: in business-terms, authenticity is « purchasing on the basis of conformance to self-image » (2013, p. 29). Value construction is therefore consubstantial with a time sequence with at least two distinct moments.

Regarding space too, the value construction in the EE necessitates at least two “places”. First, customers build their own opinion about a good and/or a place thanks to the huge amount of information, knowledge and debates one can find in books, in media and on the Internet. Then customers confront their opinions concretely. Value creation today consists in exploiting this difference between what customers expect, where they are, and what other places supply. So the substance of the objects matters little up to here, but it functions as ‘external stimuli’ (Sundbo & Sørensen, 2013b), which corroborates or invalidates what was foreseen by the customer. Experiences can be positively or negatively memorable. This will have consequences in the long run. One experiential process in itself means enjoying (*Erlebnis*); the accumulation of it along time means learning (*Erfahrung*) (Sundbo & Sørensen, 2013b). This learning can be considered as a lifelong socialization process (Mead & Morris, 1967).

Regarding regional development, some places manage to accumulate more meaning in the mind of customers than others. Following Pine and Gilmore (2013), urbaneness is the possibility to stage (Pine and Gilmore, 2013), to exploit the extra-substantial potential of a place to create value. Every place has the potential to be a 'creative hub' in the sense of Lash and Urry (1994). However, some places manage better than others to act on the knowledge of customers, which stimulates the latter to buy goods or services related to that place. "Branding" or territorial marketing can be a much richer practice than building an empty conditioning about the name of a place in the head of customers. It means exploiting and renewing the knowledge thanks to which customers participate in the regional process of value creation. In some European countries territorial marketing policies have dealt with experiences. Denmark developed innovative policies combining territorial marketing, place branding and experience policy (Lorentzen & van Heur, 2012) (Löfgren, 2003). This has consisted in designing complex territorial stages. A regional development policy relies probably not so much on marketing alone, nor on branding (Therkelsen & Halkier, 2008), but on territorial staging (Jeannerat, forthcoming 2015). The latter consists in shifting from a place-based production process to a place-based production and consumption process (Lorentzen, 2009; Lorentzen & Jeannerat, 2013; Manniche & Larsen, 2013).

Up to here, we have seen how time and space lags generate new possibilities of combinations and consequently new value creation sources, but nothing has been said about monetary transactions. However, pricing is a tricky question. Continuing on their metaphor about theatre and stages, Pine and Gilmore (1999) propose the admission fee as the main charging modality in the EE. Here, the metaphore is probably no longer satisfying and probably misleading. This is probably unsatisfying. In territorial systems, this system of payment encourages price packages for baskets of goods and services (Pecqueur, 2001) instead of separated pricing practices. This also allows to finance all the use of concrete (for instance the maintaining of the landscape) and symbolic (for instance the marketing of a destination) infrastructures customers cannot be charged for. However, most of the time, territorial economic systems do not function as pure 'clubs'. Tourism resorts are an emblematic example where admission fees cannot be considered as satisfactory.

1.2 Tourism and experience economy

This paragraph tries to clarify the relations between tourism and the EE. First, tourism is an emblematic, while very old, example of EE. Tourism is a part of the EE, while not covering all of the latter. Second, tourism has evolved considerably. Today one speaks of many kinds of tourisms, from business to shopping tourism, and many others. 'Tourism' is probably a too narrow word to encompass all this. Several characteristics of tourism can help to understand the functioning of the EE, and especially its way to create value, as well as its way to charge customers.

The history of tourism shows that the premises of the experience economy go back to the very first hours of European industrialization. Was tourism from the beginning an experiential economic activity? This question would require more historical investigation, but probably tourism service producers did not become stagers in one day. Moreover, in traditional regions where some of the first resorts developed, few monetary exchanges occurred, exclusively oriented towards basic goods and services like food and accommodation. The value of these products and services probably depended only progressively on symbolic dimensions with the growth of the flows of tourists and the specialization of tourism producers, creating more and more cultural content around tourism transactions. Hotelkeepers started selling landscapes, climate and meanings through payments for meals and beds; time and space matters and in this way transformed substantial goods into experiential goods.

Tourism is a byproduct of the industrial revolution (Tissot, 1990, 2000). From its beginning, the diffusion of travel books and guides, narrations in newspapers widely constituted places and territories as symbolic and commodified entities. These symbolic spaces opened the possibilities to travel by creating symbolic links and hierarchies between places. This particular appropriation of space by tourists and tourism providers generated the cultural fame of specific places. From a territorial point of view, the accumulation process of symbolic and communicational knowledge is of major importance; the tourist capital (Darbellay, Clivaz, Nahrath, & Stock, 2011) of a territory is a peculiar result of the recycling of the knowledge stemming from the experiences of its hosts. This dynamic is henceforth particularly visible thanks to the Internet, where tourists rank the places visited, recommending certain places while stigmatizing others... Indeed, also in the past, consumers who had a tourist experience used to speak about it, and not only in traditional media (guides, newspapers ...) but also simply by word of mouth.

Until recent times the conditions of mobility of people and the availability of information allowed only rare concrete territorial experiences – in other words, tourism used to be quite elitist up to the sixties. Today, territorial experiences can be found everywhere and everyday: commuters' migrations, day visits, local

products consumption, business tourism, medical tourism, shopping tourism, special events, fiscal tourism, etc. The limit between here and somewhere else has become porous. Geographers emit the idea of 'after tourism' (Bourdeau et al., 2012) to deal with this issue. Other concepts like 'amenity migration' (Gosnell & Abrams, 2011; Taylor, 2001) provide an account of this generalization of value creation linked to the mobility of people, even in daily life. Tourism haunts the literature of the EE and up to now, while constantly mentioned in the most prominent examples of what the EE is, it has been poorly articulated in the conceptual framework of the EE.

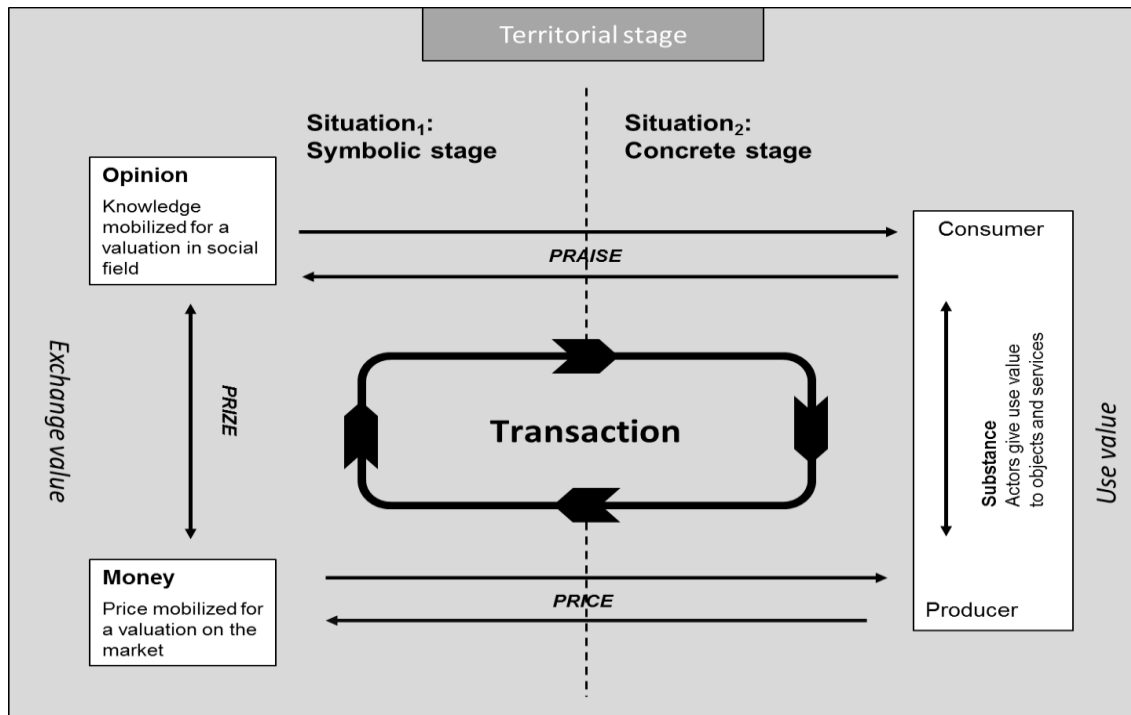
Our reading leads to the suggestion, that tourism is the archetype of the experience economy. Regarding the question of customization for example, in Tourism studies, like in sociology, the so called pragmatic approach has developed rapidly since the 1990s. Before, the tourist was regarded for a long time as a socialized, gregarious, determined being (Knafou & Stock, 2003). The notion of 'tourist gaze' qualifying the tourist experience completed this appreciation (Urry, 2000): the visual, abstract experience mattered above all. With the 'performance turn' (Crouch, 2003; Edensor, 2001), the tourist is considered being creative (Wearing & Wearing, 1996). Concretely, he acts and lives in the territory (Stock, 2004) and participates to the creation of the tourist space (Mossberg, 2007). The same evolution has been seen in the regional studies literature, where the co-creation idea exceeds the one of uni-directional customization (Jeannerat, 2013). Customization occurs here not because the supplier offers a variety of goods and services, but because different individuals mobilize their own specific opinion in the experience. Now diversity and specialization are central in terms of economic growth: goods and services have to be customized (Pine and Gilmore, 2013), but the value creation process is multi-directional – an unclear point in the original EE. In such a system, innovation no longer consists in inventing new products, or in discovering new substantial features, but in the suggestion of meanings and in the fulfilling of consumer's expectations in terms of experience. In staging terms, this means that collaboration (Bærenholdt, 2004; Larsen, Urry, & Axhausen, 2007) concerns two moments: Collaboration to do tourism and to value it.

2. THE ISSUE OF MONEY AND THE STAGE MODEL

At the cross of these diverse academic traditions and empirical questions is the question of the pricing, and the way we can understand this process in the frame of the experience. Prematurely solved by the EE literature with the admission fee system, it nevertheless proves unsatisfactory in many cases. One of the points noticed by Schulze (2005) about the *Erlebnisgesellschaft* is that sociologists, but also a broad part of the population, develop disparaging discourses about the commercial and monetary dimension of this economy and probably tend to underestimate, or to sideline the economic dimension of this experience society. Probably sociologists underestimate the role of monetary transactions and experiences in socialization. Nevertheless, since Marx or Polanyi, critiques about the commodification of everything are not new in social sciences (Bourdieu, 2000; Rifkin, 2005). This poses specific questions to the experience economy. If the commercial character of the transaction is too visible, it would compromise its authenticity value, the latter being defined by Pine and Gilmore as a purchasing based on conformance to self-image. Therefore, the value created would paradoxically benefit from a sidelining of its monetary dimension (Beckert & Aspers, 2011). This is like in the 'magic world of tourism' (*enchantment of the tourist world*) from Réau and Poupeau (2007), where all the labour needed for the staging is hidden.

In the dynamic frame suggested below (Figure 1), the monetary aspect (money box in Figure 1) is conceptually distinct from the substantive dimension of goods and services (substance box). Substance and money are not sufficient to realize an experience, or even any kind of transaction. This relies also on two kinds of symbols, qualitative and quantitative. The qualitative symbolic component is the cultural knowledge customers have about the object of transaction: this is the 'opinion' value (Orléan & Diaz-Bone, 2013) (opinion box). The quantitative aspect is the monetary aspect, through the prices displayed on the market. Economic value is a coin with two sides: it results from use as well as exchange values, first perceptible on the concrete stage, secondly valued (opinion) and calculated (money) on the symbolic stage. These three dimensions are interdependent. Together, they constitute the stage, on the one hand through the concrete aspects (on the right in Figure 1), and on the other hand by the symbolic ones (on the left in Figure 1): we speak of the concrete stage and the symbolic stage, constituting the territorial stage together. Let's detail the elements of this model and its dynamic operation.

Figure 1. The territorial economic transaction and the territorial stage.



Source: Own elaboration

2.1 Substance and knowledge building experience

Experience results from both substance and opinion dimensions, concrete and symbolic aspects. Following the literature about the EE, experiences involve people both 'physiologically' and 'mentally' (Sundbo & Sørensen, 2013b), that is to say in concrete and symbolic ways. The symbolic stage is a 'public space' in the sense of Habermas (1997), an abstract space where individuals can exert their rationality: an offer is launched on the market, an issue is set on the agenda, and individuals start interacting in this space, building their 'opinions'. This abstract interaction space has increased all through the 19th and 20th centuries as a complex and historically radical new social process. As pointed out by Tarde (2006 [1901]), 'there is no word, in Latin nor in Greek, which answers what we understand by public' (p. 11), and '[But] the public is infinitely stretchable, and, as it extends, its particular life becomes more intense, we cannot deny it is the social group of the future' (p. 15 – our translation). From our point of view, sociologically, the advent of the experience society can be explained by the explosion of shared knowledge. As the mobility and availability of the information is immensely increasing, the range of possible enrichment of goods and services is becoming infinite. If collective learning is crucial in order to create the social symbolic context of the experience, individual learning is valuable because customization is at the heart of the experience economy.

Today is indeed characterized by the huge importance of this symbolic space of social coordination, considerably enlarged by the diffusion of new information and communication technologies. Tarde (2006 [1901]) expected this space to be one 'social group' because he had in mind the 'audience' of the newspapers, which had been developing at that time. The opinions at play in experiential processes today have been constituted by the everlasting acquisition of knowledge. The latter is today particularly easily available thanks to the mobility of the information: a century ago, most people didn't care about a special mineral water³ brand for example, because they didn't know anything about it. But some people did: the leisure class (Veblen, 1970 [1899]) which for example knew Montreux as a thermal resort and as a mineral water producer⁴. At different times in history, the opinion area (opinion box in the Figure 1) in the market economy context is more or less complex; the more people have purchasing power for experiential goods, the more the social values concerned grow. This space acts today rather as an arena where

3 We take here an example from our case study, but the famous Pine & Gilmore's coffee on the St-Mark's squares would match too. See below for other similarities between these examples.

4 In 1899 for example three mineral water plants in Montreux exported 300'000 bottles a year to France and Great Britain. This industry did not survive after the World War I.

these groups are constituted: for example a group of 'amateurs' (aficionados, loyal consumer, follower...), or an Internet community where the experience of thermal resorts and/or water drinking is set as an issue, discussed and valued, or any social group in which particular consumptions are considered as valuable. The opinion of a community becomes the matrix which allows interpreting and valuing goods in an individual and collective way. The fact itself that agreeing on a particular *product* as being an issue to be discussed, constitutes a remarkable social phenomenon.

After having acquired a 'symbolic use' of the product through its social valuation, the consumer may concretely (physiologically) use the product or service. Tourists staying in Montreux during the Belle-Epoque or at any particular time is present on the spot, with their sensory aptitudes: they are walking, eating, drinking, sleeping, etc. The substance and use-value of the experience mobilizes their physiological capacities. Here, the utility of the water they drink is clearly physiological, functional. Now, as we see the drinker may not drink necessarily this thermal water on this place for its (almost standard) properties, but for everything else he or she can experience on this stage, which they know. This value of the water existed before it is drunk and independently of its nourishing properties, linked to the concrete stage in the moment.

2.2 Monetary aspect to perform the experience economy

The monetary scale is an easy way to compare goods and services. Beyond hundreds of mineral water brands and social values associated with these, some are more expensive than others. Here (money box in Figure 1), the price is the quantitative symbol of the exchange value. This symbolic dimension of the market can be better understood by contrast to the self-production, self-consumption economy (Braudel, 1979, 1985). During centuries, the latter used to be the dominant form of economic activities. In economic systems dominated by self-production and self-consumption, like a family, there is no need for an abstraction like a price because those systems are based exclusively on the use value associated to cultural meaning. In such socio-economic organizations, there is no money, no clear distinction between producers and consumers and valuation processes take place in the frame of the community. A market economy requires more symbolic abstraction in order to allow the exchange value to emerge. The exchange value appears as the articulation between the cultural interpretative valuation and the quantitative calculation about an anticipated substance. Water for people of Montreux in the 19th century had no price, because it didn't exist on a market.

Amid other institutions (like weight and measures), money allows the coordination between on the one hand heterogeneous, qualitative, subjective and inter-subjective valuations of quality and the price, that is to say the quantitative sign which institutionally designates the objectivized value of a good. Monetary exchange in the context of a market economy leads to the differentiation of producers and the multiplication of goods and services offered on the market. This leads to social and cultural learning in order to build meanings for those new activities which are largely dedicated to lifestyles in society.

To better understand this issue, we can relate the model to the valuation typology of Stark (2011). Following Dewey, Stark distinguishes the valuation's triplicate of 'price', 'prize' and 'praise'. First, the 'praise' is relative to the fact that a substance connects the user to a world of imagination. In the model, this conceptually is the link between opinion and substance (on top in Figure 1). Then, 'prize' concerns the valuation through market pricing, and 'prize' the valuation through the social field. 'Price' and 'prize' are the actions conceptually linking money with respectively opinion and substance. While 'prize' (link on the left in Figure 1) refers to various cultural values like taste, health etc., 'price' (below link in Figure 1) is relative to market in the sense of the concurrent influences of policies, supply and demand, production costs, etc. The 'praise' is parallel to the 'price': the meaning of a substance in social space exists symbolically as well as the price of it on the market. In territorial transaction we found these three valuation processes.

2.3 Territorial economic transaction: the archetype case of stay

Let's consider an example of the entire territorial transaction process with the same example. At first (Situation₁, the left side of Figure 1), consider somebody who is envisaging going to Montreux for holidays. The tourist is concretely standing in a place (for example London), and wants to go to another one (Montreux). At this first place (London), cultural knowledge is available for the valuation by the potential customer of a good or a service: Montreux is at this moment on a symbolic stage where the individual is standing. Moreover, even if the tourist never drank mineral water nor was in Montreux before, he knows that they exist, he knows a little about their characteristics (the quality of water, and the history and geography of the city, at least about Switzerland), he also knows if it is fashionable or not..., in short, he/she has an opinion of it. This is the qualitative dimension of the anticipated exchange value, where the customer starts the experience process. Next to this are the prices displayed on the market by the suppliers. Out of this, the potential customer can make his calculation about the exchange value in confrontation to his own anticipated opinion about the experience to live in the future. Seen from Situation₁, the experience performance

approximates what Urry (2000) calls an 'hermeneutic cycle' for tourism, first considered as a visual experience - the striking visually aspect limiting itself here to a preliminary representation.

Later (Situation₂), the consumer is drinking water in Montreux. Here the use value is realized and can be appreciated. Then, this experience gives rise to new knowledge by producers and customers. The exchange value was created on the symbolic stage both qualitatively (the opinion elaborated by the customer) and quantitatively (the prices displayed). It is now possible to confront the exchange value with the use value created by the actual side of the experience. This confrontation brings a new, adjusted opinion by the customer that he may now share with others (family, friends, Internet sites like Tripadvisor for example) on the symbolic scene. Feed-backs on the symbolic stage are part of the process. In Situation₂, people are acting on the place: it's the 'performance turn' point of view. In Situation₁, interactions took place, but the players were not co-present. The interaction was 'real', but symbolic. Here, it is made concrete. On both stages, there are increasing returns of adoption: the more people go, the more they talk about it, the more they go, the higher the territorial value rises. Consequently, the territorial value of a place is not only concretely shaped in the place, but relationally and also symbolically with other places.

Here the tourist experience is taken as an example of a territorial transaction. Because of the move from a place to another, we easily understand the anticipation phenomenon and the importance of both symbolic and concrete stages. This process is also valid for other kinds of transactions (see below); drinking Montreux water in London involves the entire territorial stage for economic value creation – immediately and in the long run. Nevertheless, presence on the spot has many implications.

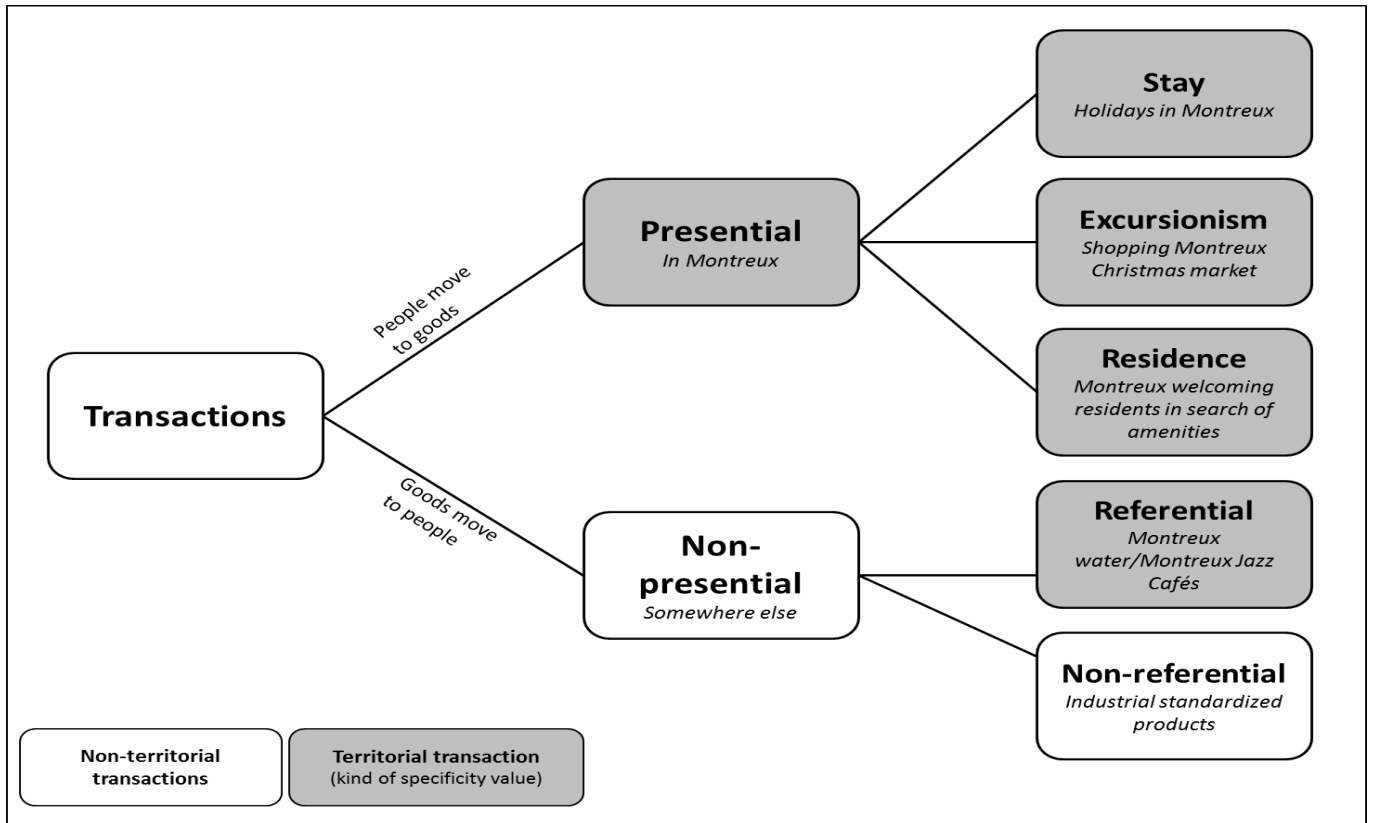
All the consumptions are worth more than their substantial value. In the case of Montreux mineral water drunk at home by a British consumer, the symbolic stage of Montreux matters, probably in order to distinct himself as an upper class member. In the case of the water drunk on the spot by a tourist, Montreux as a territorial stage attracted him as a consumer on the spot – symbolic aspects relying on concrete infrastructures. In both cases, something had occurred on a symbolic stage before drinking concretely and enjoying the water: this water already had a certain value – because of the expectations of the consumer, resulting from his previous experiences and other symbolic learning about quality. We talk in both cases of Territorial Economic Transaction (TETs), because the territory is involved in different ways in the economic value construction.

Now regarding monetary transfers, the above example shows that the model of admission fee doesn't match, even if this case corresponds to the scope of the EE. The part of the EE which is related to a move into another concrete space is about presence, and presence is at the core of how these TETs are monetarily charged. We observe admission fees appearing under various forms: traditionally with entrance tickets, packages (e.g. all inclusive stays), tourist taxes, but also under other forms: parking tax for one-day tourists, daily taxes for second home residents, etc. In our example the tourist didn't pay an admission fee to walk on the Geneva's lakeside, neither to drink free water at the village fountain, nor in the water bottle case. But in the case of staying, the free water drinking won't be the only action on the spot – all economic transactions count.

3. CASE STUDY THROUGH TETs ANALYTICAL GRID

Transportation and information technologies have developed considerably, and accumulation processes produced specific places, resorts, that have built specific competences and infrastructures in the field of tourism. This growth has been exponential since the 1990s due to new information and communication technology. This contraction of time and space had consequences on the value of all goods and services and not only for tourism. Because different articulations of time and space constitute the TETs, we suggest a typology (Figure 2) based on two criteria. The first one is the mobility in the transaction: do people move to goods and services or do goods and services move to the people? The second criteria is the relation to the territory: how does the transaction involve the territory as a source of value? The idea suggested in these paragraphs is that we can speak of presential economy as a generalized form of all the economic activities that look like tourism while being much more diverse and pervasive today than tourism used to be in the 19th century. By the opposite, non-presential economy, would concern economic activities not involving the presence of the consumer on the spot, but as 'productive' territory from where products are exported. Nevertheless, a part of this concerns 'referential transactions', which involves territory in the economic value creation as well. From a value creation point of view, all four territorial transactions depend on the territorial stage. From the territorial point of view (and especially planning), all kinds of transactions depend on the territorial stage. They all directly or indirectly play a role in this stage as a part of its concrete and symbolic organization.

Figure 2. A typology of territorial economic transactions.



Source : Own elaboration

3.1 Presential transactions

Presential goods and services combine real physical co-presence in a place. Transactions which depend on the mobility of consumers represent a growing part of the experiential market for two reasons. The mobility of people is easier and easier, and this is a historical trend. Second, as the EE literature stresses, it allows the creation of more value. Consequently, even companies that traditionally rely on the mobility of goods, shift to exploiting people's mobility, like the often quoted examples from LEGO, Volkswagen, Disney, etc. This innovation feeds both the symbolic and the concrete stage of a company. It reinforces both their presential and non-presential businesses, the entire territorial stage. In the latter examples, companies are very large and are often part of the local identity: the territory depends more on these firms than the firm depends on the territory. Should one speak more of company stage rather than of a territorial stage? In many cases like LEGO, companies made the reputation of the place. They invested in the territorial stage to increase the economic value of their products, the presential and non-presential economy contributing in theory to the increase of the value. Regarding decentralized territorial production systems, where many smaller players interact, places have tended to have a more visible reputation, sometimes more than companies on the symbolic scene. This is the case of the Swiss city of Montreux.

The term of 'station' ('resort' - 'place where we settle') befits to this city exactly because of the importance of *presential transactions* which have taken place there thanks to the stays (see Figure 2) in its regional historic development. Consumers used to settle in this place for stays of several weeks or months. Montreux, with a present population of 25,000, was built for and by the presence of people spending money there from the 1830s and onward. From 1850, the British clientele in particular sought the attributes of the Lake Geneva lakeside. The resort's golden age was between 1890 and 1914, when it totaled more than 7,000 beds in 100 hotels and 17,850 inhabitants.

In 1930, 47% of persons with an economic activity in Montreux did so within the category 'trade, hotel business, transport'. The local economy is completely dependent on tourists, on consumers who gain their income somewhere else and come to spend it in Montreux. There are multiple attraction motives of this territory: The landscape remains attractive throughout this period; the climate, dry and gentle in winter, is significant until the interwar period, winter sports dominate between 1895 and 1945, while the social life, night-life, conferences and travel incentives⁵ become import from the 1950s, music concerts are also important through out (classics during the golden age, jazz from 1967). However, from the economic point of view these differences don't matter: the

⁵ Travel incentives are a shapes of reward, incentives to the commitment of the employees (or regular customers), which had developed in a important way in the USA during the sixties.

basic income comes from consumers having expected and planned to travel into this place which – for reasons of their own – is preferred to another place.

After the Belle-Epoque's euphoria, the situation of the territorial system degrades repeatedly during World War I and the interwar period. The solutions envisaged for the territorial economic restart mainly focused on presential transactions (stays and excursions): the Tourist Information Office in particular developed diverse strategies to make people consume on-the-spot: conference participants, motor coach tourists in transit from north to southern Europe... These efforts pay off and the situation again becomes gradually favorable in the 1960s and 70s, until an upgrading of the local supply takes place towards more affluent customers with the concomitant development of residential transactions (see below). Besides the tourists staying in hotels and at second homes, the development of boutiques and of events is assured by the excursionists. Many inhabitants of Western Switzerland travel to Montreux for shopping, or for taking part in events like the Jazz Festival.

Looking back on Montreux's trajectory as a whole, presential transactions played a major role in the development of the region: actors built and exploited the territorial value, accumulating not only infrastructures, cultural activities and various service activities on the concrete stage, but above all, the actor's knowledge and the fame of the resort on the symbolic stage, thus raising the memorable value of the resort.

Next to the stay and excursionist experience, residential experience was of great importance for the development of Montreux since the 19th century, when British tourists used to stay several months and often built their own house there. During the last phase of its trajectory, Montreux has encountered a rapid growth in the residential phenomenon (main and second homes). Between 2000 and 2011, the share of the permanently occupied housing fell from 71% to 40%. In terms of flows of incomes, the holiday homes are doubtless important. From the 1980s, local tourism authorities developed an aggressive policy to attract affluent foreign residents. On the top of the traditional residential charms of the region, this policy was based on a lump sum taxation regime inherited from the 19th century. With regard to the territorial value in general, this substitution has consequences. Residential transactions do not contribute to the renewal of the territorial value. It is based on routine everyday life experiences and no longer with intense service provision to tourists. Real estate development does not contribute in the same way to knowledge accumulation on the symbolic stage. In other words, the local residential transactions today, exploit the territorial value inherited from former tourism activities, but they do not contribute to the renewal of this value.

3.2 Non-presential transactions

Spatially speaking, in the non-presential TETs, the experience depends on the mobility of goods towards the consumer's home or nearby. The success of Starbucks was to propose a cozy design and a palette of coffees. By expanding all around the world, the company places, at the disposal of the consumers, a stage near them. A Starbucks distinguishes itself in a given place from local competitors, but all Starbucks are identical all around the world. With regard to what we can call the global experiential market, the experiences which depend on the mobility of goods and services have a specific importance. Non-presential goods and services represent a large part of TETs.

The economic value which is released by such transactions relies more on the time sequence dynamics than on the spatial dynamics: the memorable good or service is proposed to the consumers in their daily place of life. Regarding this aspect, it is basically a traditional productive organization. Nevertheless, there is some more complexity. In these non-presential transactions, goods or services can use a symbolic link between the concrete place of origin of the product and the place of consumption, as in the case with the Montreux bottle of water. This reference to a place distinguishes the latter from its competitors by mobilizing the argument of the territorial exclusivity. This kind of non-presential good or service is called referential (see Figure 2). The referential transaction deals with an expected territorial experience: the consumer is expecting to live an experience linked to a specific place and the producer can stage the symbolic territorial dimension; however the place is not involved concretely. It is steered by an experiential contract based on territorial value.

The producers mobilize the symbolic aspects of the territory, but they also indirectly have an impact on the place referred to. Producers based on the place of origin need to take care of the reputation of the territorial stage. For instance, if a mineral water producing region, gets the reputation of being polluted, the value of its products would probably decrease. This is why producers of referential goods, who create more value thanks to territory, have to take care of the territorial stage (both symbolically and concretely): even if the customer is not directly in contact with the concrete stage, it contributes to the valuation of the good at home. In theory, in this category enter any sorts of goods and services with a territorial value as the common cultural denominator (Pecqueur, 2001); for example all territorial reference's proliferation on food (for example AOC wines or cheeses) and on manufactured goods (for example the *swissmade* 'label' for watches).

An example of referential transaction in Montreux is the catering school of Glion⁶. Indeed, this company was originally part of an expansion plan within tourism in the 1960s. Rather than providing a trained labour force for the local system, the school itself rapidly became an important part of the territorial stage due to; affluent students in residence (who are subjugated to the tourist tax during their studies); secondly by their relatives who come to visit; then, finally, by the former students, who later visit their place of training and eventually invest in this company. As a consequence of such acquisition by former alumni, a restructuring, and due to land availability issues, the catering school of Glion relocated part of its activities to a nearby little city. Afterwards it opened a new campus in London. We speak about referential transactions, because the value in this case, clearly depends on the 'label' Glion-Montreux.

The same phenomenon happens with the Jazz Festival, which exploits its knowledge accumulated over time. First, the festival was literally divided into halves abroad - in the USA in the 90s, in Japan till now. Second, it signed contracts to play its recordings on board of Swissair planes thanks to an exclusive partnership. Finally and today, Montreux Jazz Festival opens cafés-restaurants in European train stations and airports in partnership with a catering company. The concept relies on the broadcasting of the archives; the offer's specificity compared with standardized competitors (like Starbucks for example), in places of passage is the reference to Montreux. With regard to the functional and standardized competitors, the entertainment legitimated by the territorial reference participates to value creation by suggesting a memorable experience.

Presential transactions differ from referential transactions because in the first case, consumers move to the place and in the second case, goods move to consumers. Nevertheless, both types are based on territorial value and both mobilize the territorial stage. Those two types, when successful, reinforce each other because they both act on the territorial value to create economic value. This latter point is crucial to understand the necessity also for traditional productive industrial regions to take care of their stage: with the Internet and the exponential availability of information and knowledge about places, the value of their traditional production depends more and more on this. Of course, shifting from an industrial tradition to presential competences is not that easy. Many food producing regions have managed to do it, like the wine producing ones, but also other industrial regions, like watches, chocolate, cars, etc. In both cases some regions started to do it by transforming their industrial tradition into heritage following cultural motivations, but this is not yet a 'stage': one needs more devices to capture more monetary income.

⁶ Glion Institute for Higher Education. Glion is a hamlet in the municipality of Montreux.

3.3 Territorial transactions

TETs involve the territory in the value creation. They can concern tourism (stay) as well as export referential industry. Indeed, a TET puts territory in play, but in two different ways, depending on whether it is a presential or referential transaction. In both cases, the link with the territory is not the geographic demarcation of a price to be paid, but the meaning of the territory for the consumer; stagers have to manage these meaning (the various insertions in different scales: Montreux⁷, but also the Canton de Vaud, the Alps, Switzerland,...). In both cases, the territorial stage matters, in the short run for value creation or in the long run for the territorial value. Here again, the development of transport and information technologies have drastically changed the present way of operating TETs. The territorial shape of today's experiential activities is a complex network of interactions, involving intensively the Internet sphere and the physical circulation of goods, people and capital.

⁷ Here in the case of Montreux the geographic scale of municipality.

4. CONCLUSION

This paper suggests that the complementarity of presential and referential transactions and the link between TETs and usual industry opens new ways to think about territorial development in a time when the mobility of people and information increases continuously and consequently when sociocultural value becomes an increasing component of economic value. Through the micro issue of the complex economic value creation process explained here through the model of the territorial transaction and territorial stage, the issue for regional development is to take into account both the symbolic and concrete dimensions of the territory. The typology of TETs presented above helps to conceptualize the presential and productive dimensions. To distinguish these two stages positions the stream of thought of the experience economy better at the conjunction between the literatures in sociology, economy and tourism studies.

Once upon a time, territories like Montreux acted on their symbolic stage by making territorial advertising. Yet, in successful tourism resorts, the complexity of the goods, the services and the regional organization did not stop growing. Today, most regions have to stage their territory. This change is obviously easier in regions traditionally concerned by tourism like resorts or metropolises because they have been sensitive to the experiential potential in economic value creation for a long time. They would for example be the first subjects of 'eventification' (Jakob, 2013). In other words, they are used to acting on the symbolic and concrete stage together, contrarily to industrial areas where economic development was always based on the substantive value of exported goods and services, provoking dissociation between the competitiveness of the exported goods and the quality of local living conditions.

In summary, today's development of the EE is the result of a double movement of 'touristification'. First, the mobility of people increases and opens infinite possibilities to develop presential transactions. Second, traditional goods are more and more transformed into referential goods, that is to say, goods enriched by symbolic territorial meanings. In spite of the specific properties of tourism, the literature on innovation and on regional development used to treat tourism in the same way as other traditional productive sectors, that is to say stressing the generation of economies of scale and of innovation systems and even talking about tourism 'clusters' (Hjalager, 2010). This transposition of the cluster concept (Hall, 2005) shows well that the main concern here is to maintain competitiveness and sustainability of the tourism resort by focusing solely on the productive side. The point highlighted in this paper is that innovation in the experience economy consists in reducing the complexity of goods and services either by improving the mobility of the information (by constituting territorial knowledge by people thanks to guides, Internet sites...), or by improving the mobility (by facilitating the presence on a place, by developing the production of referential goods and services). These improvements occur through a double logic of inter- and intra-territorial connections. This setting is far more complex than the cluster model as it includes the symbolic stage – and consequently the knowledge of potential consumers – as a central

resource of value creation. The value creation process of TETs appears as an increase of the territorial value in a local-global dynamic. These kinds of presential and referential innovations, based on the staging of the territory, only started recently for industrial regions, but are much more ancient for tourism resorts as well as wine producing regions and metropolises.

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