

## Experience Design Management as Creation of Identity Economies: Reflections from Periphery on Entrepreneurial Designs in Tourism

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### Abstract

In a previous paper a contextualized model for development of identity economy as a platform for design of experiences for SMTEs was proposed (Hahti 2003 Identity Economy as a Platform for Design of Tourism Experiences. 2<sup>nd</sup> International Symposium on Rural Tourism and Hospitality Cultures, University of Lapland, 21-23.11.2005).

In the focus of this paper are entrepreneurs and entrepreneurially minded, self reliant individuals and social groups collaborating in search for viable economic presence in difficult conditions. My main *proposition* of this continuing research is that **such a search is often successful if it becomes a search of individual's, business and communities identities**. The thematics related to eg. consumption constellations or image and brand marketing underline the importance of identity issues in marketing sphere. The proposed view from periphery implies a criticism of the overtly decontextualized, mainstream relationship marketing management theory in use. That is viewed as relevant in dynamic market economies of today. Given the conditions of marginalizing peripheries, and given Gilmore& Pine view that experience is marketing, I propose a model to cover design of tourism experiences also in difficult conditions.

Two theoretical, interlinked constructs are suggested. These are the model of identity economy and relationship cultivation theory on which experience design is based on. Since I have discussed aspects of these before (see Hahti 2000, 2002, 2003, 2005) only the Exhibits 1 reflects the contents of the proposed construct discussion of the identity economy construct which we refer to only shortly in this paper. I also will skip the relationship cultivation discussion which integration of both views, however, form the platform for experience designs. I will focus on the case study based discussion of experience design. The case was published before (Hahti 2003), but it is the corrected and updated version that is presented here.

### Aim and Delimitation of the Study

Within theoretical discourses on value creation, the experience theory (Pine and Gilmore 1999, Gilmore and Pine 2002) spearheads new ways to model economic and socio-cultural discovery and to understand reality. Experience design is an approach and a method for discovery of value creation in all spheres of the society. Here we delimit our discussion to tourism services only, and specifically propose to view product development models in terms of experience design as a preferred mode for marketers and enterprises within tourism.

## The Emergent View of Experience Economy

The context of experience economy as discussed by Pine and Gilmore (1999, 2002) proposes an interesting view to the evolution of economy, and to the way of value creation. The argument distinguishes experience economy from service economy in several respects that I discussed in a previous Rencontres paper. An experience may be just an instantaneous revelation that may have lasting influences. It may be a short event or a stream of events. A very good example of the content of the meaning is given on the Gilmore and Pine company homepage [www.strategichorizons.com/](http://www.strategichorizons.com/). The source book is available through [\*The Experience Economy: Work Is Theatre & Every Business a Stage\*](#). The central argument the authors make is that experience is marketing. In their words “The best way to market any offering is with an experience so engaging that potential customers cannot help but pay attention — and pay up by buying the company’s offering as a result.” (Pine & Gilmore, 2002)

A point of departure for multidisciplinary discourses with focus on tourism experiences is a discussion of the concept of experience itself in several languages. The translation of the focal term “experience” to other languages such as German - two terms: *ehrfahrung / erlebnis*, Swedish *erfarenhet / upplevelse*, and Finnish terms are *-kokemus / elämys* which point toward two different meanings and two different concepts in other languages. The English term may be translated with two different concepts as may be seen with *ehrfahrung / erlebnis* example. The first alternative refers to cognitive aspects of experience, the knowledge gained by repeated trials or practical wisdom taught by the changes and trials of life. The cognitive aspect of wholly engaging in something as in absorption is the core meaning. The second meaning refers to the affective aspect of involvement, plunging in and engaging deeply in something. Sometimes an equivalent synonym for the affective aspect “*erlebnis/upplevelse/elämys*” is given in English with the words — flow experience.

In this paper we hope to contribute with discussion on influence of social and cultural context on entrepreneurship in difficult conditions and innovative experience designs as an approach to richness of offerings in seemingly poor surroundings.

In tourism practice it is evident that commoditisation and “productisation of services” is the revalent “lingua”, and product orientation is often strongly adhered to. Consequently, in conventional product development and itinerary planning, there is little evidence of needed synthesis. This paper attempts to integrate experience design with product development models to enhance value creation for actors within the tourism system. The discussion of the product development models in the literature in marketing are regarded as givens, and is excluded for space limitations from this paper.

## Theoretical Background

### Consumer behaviour and product attributes towards utility

Lancaster’s (1966) economic theory of consumer behaviour formalised the connection between consumer utility derived from objective and subjective product attributes. An attribute may be defined as “a quality or characteristic ascribed to a person or thing”. It may have different levels of the particular characteristic that will distinguish it from competing products or services. It is these characteristics of “different levels of attributes” which underlie much of the present day marketing thinking. The theory precipitated multi attribute choice theories and established a theoretical economic base for differentiation between utility, and derivation of benefits not from the good itself, but from the product attributes.

Product attributes, as sources for value creation, may be conceptualised as either: **objective** and concrete attributes (for example a relation to tourism central attractions such as hours of sunshine, availability of swimming pools, number of stars in the hotel classification), **subjective** attributes (refer to appeals chosen by marketers to construct the image of a destination in advertising, eg. “the vitality of Lapland experience”) and **perceived** attributes (attributes that are important personally and formative for customer satisfaction or dissatisfaction, such as perceived friendliness of hosts).

The theory contributed to several streams of marketing discourses in the late 60s, 70s and the 80s. It influenced applications of marketing thinking to service and relationship marketing.

## **Methodology**

We adopted a narrative approach and focussed on a few selected entrepreneurs (both husband and wife where ever possible) in the Teno valley and the Vuotso area in northern Lapland, in Finnish Sápmi, the country of the Sámi indigenous people, in the fall of year 1999. A second study (Haahti Antti and Teti Turkia 2002) with several more narratives in the Inari region, and a through compilation of available statistics followed during winter (2001–2002). These narrative texts comprise more than 300 pages of entrepreneurial life stories. These case studies were started again in 2006 to establish a base of longitudinal case studies. At the same time a broader view to entrepreneurship is becoming my research agenda. Specifically the entrepreneurial growth paths given the changes in the contexts of complex human ecosystems has become of high interest. The first setting of the study was indigenous research and the second setting was village tourism research, and in the most recent studies the households are viewed in terms of local complex human ecosystems (multiple methodological work in progress – Haahti & Turkia The Teno River Valley Studies – enterprise & population growth paths with focus on salmon fishing tourism).

We assumed that the chosen approach of narratives, being loose flexible frameworks, are close to the action of practitioners and are, therefore, richer in content, and have a higher mnemonic value. There is a very good source on the narrative methodology that we followed by Steyært and Bouwen (1996), which approach is justified given the early stage of the research and context of the study. Since the focus is on very small firms located in the arctic north of Lapland the theory of science view is that of a study of entrepreneurs in their cultural and ecological surroundings. In analysis of recorded narratives we followed the approach of Glaser (1994). We looked for the core variables in the process of constantly comparing incidents and concepts popping up in the recorded stories.

## **Identity Economy: The Missing Part of Experience Economy Theory?**

The competence of the personnel and the entrepreneur in succeeding in staging memorable experiences makes the difference between success or failure in building a guest clientele for a small tourism enterprise. The key to reaching its markets and keeping its customers is in entrepreneurial and employee competence and insights gained in relationship cultivation. Understanding these core processes in order to create experiences that meet the needs of customers and guests should explain much of the variance in degree of guest satisfaction and profitability of the firm.

But there are conditions where that is not enough. In peripheral contexts and marginalizing economic conditions such as villages outside the main skiing destinations in Finnish Lapland, the location and the environment pose extraordinary challenges to developing profitable entrepreneurship and socio-economic well being in the small local village societies. Main stream views, of often top-down character, to business development are of only partial help. Much more is needed. In following we put forward the argument that the realization of identity economy may integrate viewpoints and aspects of harnessing resources in a new way may create needed opportunity windows for SMTEs in difficult conditions.

The proposed construct of identity economy is based on relevant discussion on identity (see eg. Ashfort B.E. and F. Mael 1989, and C. Hall 2001) and recent explorations and narrative studies.

Understanding the meaning of the context, embeddedness, and the significance of understanding the impacts of the context on entrepreneurial behaviour became most important aim early in my studies into Sámi tourism enterprises and other indigenous cultures in other countries. This led to focused attempts to better grasp and to describe the context and the task environments of indigenous entrepreneurs, and to reconsider aspects of explanation of succeeding in sometimes very harsh, and always difficult conditions.

## ***The Korvala Inn Case***

[Jaana, brought up in England, English father, Finnish mother]:

*“It’s all very easy getting married,(we got married in 1993), but how are we going to support a family and make a living together? I sold my business in England after we were married before I moved out here, but we weren’t confident at one point whether Seppo should sell this business and move to England or that we would run both businesses. Seppo has very good training as a log house builder in addition to his lifetime experiences in a country-side inn-keeping family, and we thought that what he could probably do was build and sell saunas and cabins if we decided to stay in England. However Seppo didn’t like the fact that he couldn’t walk freely in forests and in England everything is fenced off, there’s no walking allowed on private land, there’s none of this right to roam like you have here in Finland. It made no difference to me but to somebody who’s used to hunting and fishing it’s very restrictive.... And I found when I came here, that it felt very strange walking on other people’s land, I mean, I had learned you have to own it if you want to walk on it. In a forest you should own that forest. Here you have that ancient Scandinavian custom of everyman’s right to roam.*

*When I visited here the first time I thought that because we were in Lapland all the locals were Lapps. I wondered ‘why don’t these people use the Sámi clothing?’ I had to learn more about this area and the local people to understand where I was, so I read some books and research articles which I found in the library and regional archives. I found out that this was culturally Ostrobothnia, and not traditional Lapland. The old border of Lapland is in fact just 8km north of here. It was a great revelation for me to read about the village and regional history, and that gave memany of the ideas for restoring the identity of Korvala. So it was very important toget the correct facts and thoughts of what vision to follow for our business development.*

*Korvala Inn was established in early 1889 and had to provide for horses and travellers from south to north and vice versa. It was one of a string of similar inns established on main roads. This road, the Arctic Ocean Passage, was very important in the early 1900’s because it continued right up to the ice free ports in the north warmed by the Gulf Stream. There were a score of old houses in the village, and like most buildings in Lapland they were destroyed during the Second World War. This main log building Seppo has rebuilt, and it had been his dream for a long time. It was a large farm house in Ostrobothnian style that was one of the few standing structures in the area after the war. The owners had moved to town and it had been left empty for some time, and was falling down. In 1995 we bought it and moved it log by log to Korvala near to the site of the original inn. This became the focus of our development. We wanted to restore it back to the way it was when it was first built so we bought some manuals from the Museum Department and got to work finding ways to reproduce all the bits and pieces needed to build and furnish the house authentically, including the windows, the ceilings, the floor boards and skirting boards, the fireplaces, the wallpapers, curtains, etc. On occasions the villagers helped voluntarily with specific phases of the building project. A great feeling of cooperation was starting to grow. The rebuilding and restoration took nearly half a decade.*

*Our aim originally was to make this business of an old small inn into one that would employ both of us. So basically, with the money that I got from selling the business in England, we started converting some of the log cabins into winter accommodation and then we worked on this main log building which now provides meeting facilities as well as our restaurant. We also needed to make this business into one that would employ us year round also, and that aim we achieved quite early on, I think. Now we also employ more than just the two of us and are busy enough to a point where Seppo was complaining the other night: “We don’t have any free time at all anymore!” Which is the actual truth.*

*It is getting physically tougher and tougher and now that it is open all year round, we have no free time ... not at all, not a minute.... Seppo gets up in the morning at around 6 o’clock making breakfast for clients and then doing whatever programmes and meals we need to do with the clients and I look after the horses and office work. Then he pops in and pays a few bills if there’s a few minutes to spare ... it’s just constant and it goes through until about 10-11 pm or even midnight almost every day, Saturdays and Sundays as well ... so there you go, that’s what it’s like having your own business up here. I think it’s the same for anyone trying to do this under these circumstances. Many could complain of the same problem if they are running their own*

*small tourism business, especially if it's one that is open year round. You know that during the summer the days are long (24hrs daylight for three months!), well we've had clients turning up at 2 or 3 o'clock in the morning that need accommodation. Because it's light all night they lose sense of time and if we can get four hours of sleep in at night during summer time, it's brilliant!*

*Some of the villagers, for example the Krupulas, are very keen to ... how should I say, broaden their activities - they have a farm. They have right from the start been very keen on working with us. Viljo has done these fishing trips with snowmobiles for our guests. He's invested now in more snowmobiles so that he can do more work with us. Together we've got more on offer for our clients, he's just great! If we had more of those types around, then we would be really happy ... The local reindeerherdsman has also decided that maybe we do have a serious thing going on here and maybe it's worth him also developing the reindeer side of the experience. We've got quite a few families interested in our work, and some of them do a lot with us these days. What else could they do? There could be much more but then we can't force the villagers to do more, and I mean it's amazing we've got this much co-operation going on as it is.*

*The co-operation might be due to the village's social structure, and I think this village is of the right size for this to have been able to happen, because it's fairly small and the villagers know each other pretty well. Also I think that it's important that Seppo's family has lived in the village for over a hundred years...well, you are also the oldest family of the region, aren't you? And so they've been here 'always,' really ... living in these parts for nearly 300 years. Originally there were three smallholdings in this village in your grandparents time but the other two places changed hands a couple of times. Because of that background they've had good relations with the villagers, most of the time. It has not always been good, it's not always rosy, but I think they're respected ... they weren't... he's not an outsider that's coming to say, 'you know, let's do this ...' - I'm the one that's done that!*

*Seppo here is the steady person that represents the, sort of the start of the village life as it were and his grandparents and parents, when you were young, provided services for the villagers also. There was a shop here, there were postal services, there was a gas station where Seppo sold gasoline to drivers when he was a kid. You started early, didn't you, selling fishing worms to German tourists when you were four? Korvala was sort of a centrepiece... even nowadays we have the village kids turn up to buy sweets and ice cream, to go swimming and fishing and it's a place where they can meet each other and do fun things during the summer holidays, and there's no other place in the village where this happens. I mean, our swimming facilities and beach ball etc. are freely available for our villagers and guests to use, but just for them. (We don't let and encourage people to come off the road and use all our facilities for free, but our villagers are allowed to use them freely.) I think you have to have some give and take, I mean the co-operation won't work if there isn't that and I think it could work in other villages too, if there was a similar sort of structure or a similar sort of background ... why not?*

*But you have to have a lot of respect there in the first place, it won't work otherwise. We don't work with everyone in the village, because that's impossible. I mean that would be utopia, but something you cannot achieve. We cannot employ everybody and we don't want to necessarily employ everyone because not everyone can do what we want them to do. Some can't provide the product in a way that we want it to be provided. You cannot meet the guests wearing smelly farm clothing and trainers, can you? We've always got to think of our image and the standard of quality that we want to put across. We can't just for the sake of it employ everyone in the village here because we are feeling charitable ... there has to be also some business sense behind it. I mean it would be wonderful to do, but that's not possible. It requires also that the people of the village are keen to develop the product and be part of its development and start and do things for themselves. We don't want to do all the investing. Take a family like the Krupula family, it's wonderful to work with them because they're keen to do something else, as well as their normal, every day farm routine. They want something more, and it's more like ... it becomes for them like a new interest, a mini business besides the farming. I think that's the way ... and that's a wonderful situation when it can work that way.*

*As I said earlier, Viljo has bought five snowmobiles already, and probably will, if this starts to work well, perhaps invest in more, but ... yes, it's great! Why not, they're not too old, they're not very young anymore but they're not too old to not be doing things like this. The problem is that in the village we've got a huge*

range of ages, we've got... we work with and employ many of the older people and some who are just retired as well, who want to work. Unfortunately some of the retired people don't want to work because a lot of their wages go in taxes then ... but some people work even despite the fact that their wages go to taxes, they just want to work, they want to do something different ...And it's not full time for anybody anyway, it can't be. And we can't guarantee that we will always have people buying these products, it also depends on how well they do it and how satisfied our clients are, and seasonal trends, etc. but I think for some of them, the threshold for actually doing something, for being part of our tourism product, has come down.

We have been involved in quite a few training courses recently in the village. I think as far as the language course is concerned, the English courses, the initiative came from the villagers. They asked if I would teach them, so I did that through the community college, but then we had other courses. The first course that we ran, which was called "peräpohjalaiset matkailupalvelut kyläyhteistyöllä" (Ostrabothnian tourism services through village collaboration) was a course which was started from our initiative back in 1998 as the rebuilding and renovation of what was to become our main building started to draw closer to completion. We wanted it to run in conjunction with the completion of this log house because we noticed that the villagers didn't understand what we were trying to do and what our visions were, so we thought the best way to help was to get them more involved and to learn also about what we were trying to achieve. I called one of these people in township offices and they suggested that I should contact the Service Industry Training College and speak to them. They would be able to arrange a course at the sort of level that we wanted for the villagers. So I phoned the college and they said that "Oh, we just happen to have some extra course money put aside here for just this sort of thing, which is part of EU money, but you need to have 12 participants on the course and they need to pay 200 FIM themselves so that we can then justify using the EU money, of course," I said right, I'll try and find 12 people.

So I had got the course and then I had to get the villagers involved and signed up agreeing to take part on it. After a bit of persuading I got 12 participants. The course covered first of all cultural history. Mr. Samuli Onnela came from Oulu regional archives to talk about what is Peräpohjola (Ostrabothnia). How Ostrabothnia has been populated from the earliest times: who's lived here the longest and who migrated here and how the culture came about. Basically it's a melting pot of many different cultures. We had someone talking about traditional clothing throughout the ages in Ostrabothnia, and another gave a talk about furnishing and furniture, another on the regional and local food, which we all enjoyed cooking and eating, ... what else? Part of the food section was about cooking and eating outdoors on safari. That was basically it, I think, the content of the course. It was a good start. Now we knew all about our culture of yesteryear: how to dress, how to furnish our facilities, what soft furnishings could be made to sell, how to cook and provide traditional food, and it was all in historical and cultural context. Over the next few years these became our development themes.

Every year the regional development fund had 200,000 FIM which they share out in small parts for different villages. The village has to apply for the money and give a good reason for its use. So at one of our village meetings we decided to apply for some. We managed to get a little two years in a row. In the first year we wanted to use it to develop our gift shop: paints, shelving, etc. And the second year ... well the criteria had changed and were for, not actual physical objects, but for the purchase of a sort of development resource. So if the village wanted to buy themselves some sort of education, that sort of thing would be favoured. We decided to apply for money so that we could get another course together that would help develop our skills. We already had a gift shop here full of village products, so we wanted to hear about product development and quality and pricing. And what else did we need? I think that was when we also wanted a computer course as well as German, because we also needed German language skills for our summer clients, basic words in German so that we could answer questions about the handcraft products and talk about prices and how they are made ...

Anyway, we were given the money, so next we asked for offers from both the polytechnic and university and we got the best offer from the university through its continuing education department. So the village bought the course and we got all these parts of the course taking place here except for the computer section which took place in Rovaniemi. I think there were eleven people from the village that drove down a few times to learn computers all day in Rovaniemi which was brilliant, wasn't it! I mean, it was basic stuff, but for people

*who have never sat in front of a computer before in their lives, even starting right at the lowest level is quite an achievement. And they did it!*

*Then, I think because of our contact with the university, somebody somewhere in the university or township offices thought it would be a good idea for us to be one of the villages in a pilot scheme for RECITE II alongside five other villages from Lapland and.... I remember when it came out in the papers, it explained that there would be something like six villages from Lapland, four villages from the Italian Dolomites, and four villages from Alentejo, the eastern part of Portugal. That's right, and the villages had already been selected and they listed them and there was Tiainen as one of the villages ... this was sometime in the spring just as our own course was finishing ... wow, our village had been selected!*

*But somehow, somewhere along the line, I don't know how it happened, things started to turn a bit sour. Maybe the other villages along this road decided that there was too much going on here, just in our village of Tiainen, and they all wanted to have a share of it. After all, the article said that the villages are going to be given 50,000 FIM each for development. Suddenly every village along this 70km long road as well as the side road wanted to be part of it. I don't know the politics behind this all, but now there were nine villages from nearby that also wanted part of the 50,000 FIM (about 8,000 dollars.) So, then they decided to split us up into three regions ... we had three villages from the northern end of the road, then there was the Vikajärvi region of villages and the Misi region to the east, and ... in the end the 50,000 FIM was split three ways, divided up to try to develop us all.*

*The villages here are each so different along this road, all the nine villages were so different. I think with 'RECITE, learning sustainability,' there was tourism as one of the main characteristics of the project – the idea was to develop a tourism product, and the other villages had never done anything involving tourism. Suddenly they wanted to be part of it and why not, but of course they had to start at a totally different level compared to our village. After all, our village had been doing so much already of its own accord, the villagers were involved in our products already. We were doing Christmas day trip programmes for 200 guests at a time here, we'd had two courses that had run through developing handcraft and Ostrabothnian products for tourism, and we were now doing our clothing project. You know, there were all these things that our villagers were involved with and then you have another village, the next village down the road for example, that had never done anything involved with tourism. They had a totally different need for development compared to our village and they shouldn't have been put with us, all together in one bunch and told 'now, you all need the same, the same course from the university through RECITE II ...' Every village has its own characteristics, every village has its own needs and I think some people in the village here felt sometimes that if you group us all together, it won't serve anybody's needs, it's like pulling a sleigh full of stones, you know, kivireki, if we take the other villages along with us. In the end our village got most of the northern share of the money because the other villages couldn't come up with a use for it. It went towards making the traditional clothing for the villagers participating in our programmes.*

*So we participated in this 'learning for sustainability' project that ran for several years. I think that if I can criticise this, it's a pity that the money was split up that way because the idea was that one village will get the 50,000 FIM to get something done really well. When you break it up into fragments, in smaller pieces because you've got somebody who's saying 'hey, they can't have all the money, they've already got it all, they do things already together,' it missed the point. There's a little bit of this envy in the background here. And I don't think the development in the other villages started in the right way anyway – the motivation didn't really come from them or their needs.*

*Anyway, that was that. That project took place and gave us the third development course which was sort of latched on to the end of our second course. However, there was another problem: our villagers had been studying now for some time and they didn't really have the energy and enthusiasm to study anymore, you know they ... it was ...perhaps the timing was wrong, it would have been better at some other time... but then you can never choose timing on these things. Sitting behind a desk had lost its interest. Numbers dwindled. But there you go ...*

*This didn't stop them though – they had itchy fingers. With the money, the villagers bought sewing equipment to help us with our clothing project: sewing machines, cutting tables, two weaving looms, and some wood work equipment to keep the men busy too! Also a little bit was used to buy some yarn. Our clothing project involved a clothing design student, Annemari, at the university's faculty of arts, textile design, who was studying the 1850s Ostrabothnian clothing for her design management thesis. With her knowledge and as part of her thesis, she designed the models for making the 30 male and female costumes for the villagers. One villager, Katri, hand wove 100 metres of cloth from the yarn to reproduce the right colours and patterns. We bought all the necessary fabrics and employed a few villagers to make the costumes, so the equipment etc. helped us accomplish our aim of recreating the atmosphere of yesteryear through our clothing as well, for everyone working in and around our restored log house at their various tasks, whether it was in the restaurant, or diving the horse sleighs, or tending to the fires, or teaching skiing, etc.*

*The village had decided to use the money as they wanted to, they wanted to help us and they also wanted to help themselves by buying equipment they could use for many years ... and they do, almost everyday. The village now owns weaving equipment, wood work equipment and what have you, so that they can make a greater variety of souvenirs, gifts, handcrafts etc ... for sale here or for themselves. They are not committed to providing anything for our handcraft and gift shop unless they want to. They can make their own rugs and toys and tables and boats and more courses through the community college system have been arranged to teach these things.*

*For a year now we have been part of a project called "Aidot Kulissit" (Authentic Coulisses). We wanted to really get a handle on our local past and history. Most of the oldest villagers' memories, stories and anecdotes on all aspects of life were recorded on tape and written up. This wealth of information has given us material for adding a new dimension to our products as well as giving the villagers who work with us a sense of belonging and identity through the detailed information on the everyday life throughout the year of times gone by. This study unearthed a goldmine, with the oldest villagers recalling the recent and more remote village histories of their childhoods and is an incredible source for designing authentic products, services and experiences for our guests and other customers. We are working with this material to provide information for the manuscripts for every conceivable event over the whole year. It is great, since here in this village we really do not have any tourist attractions in a real sense, so we had to find everything from the local past, and history of the region, and without the villagers it would not have been possible on such a scale. We are now in the process of producing a play in which our guests are part of the action – dinner at the inn, travelling back in time to see how it was done a hundred years ago, complete with the maids talking of their sweat-hearts and the men of their hunting and fishing exploits, all the while as the guests are being served.*

*Pricing our products has been a problem sometimes. It would be easier if we could buy services from the villagers but mostly we employ them, although for us it's not ... it actually doesn't make good sense when the price of producing a product fluctuates depending on the number of hours worked. When a group is delayed or for any reason requires extra preparation or handling time after the price has been set, the costs go up tremendously, and in addition we have all the extra employer costs, which are really high, amounting to 70% on top of the hourly rate. Another reason it is difficult to calculate the cost of our products when we employ on an hourly rate is that e.g. for a horse sleigh ride, we need to count how many buyers are needed to cover the costs, divide it out to get the unit cost, and if that is too high, estimate the average number of buyers per time to reach a price guests would find worth paying, and then we still need to be making a profit. Things go well if there are more buyers than expected and the price is right. It becomes unprofitable if you've got two people buying a product, which has nearly the same costs as when there were 20 people buying the same product, bring in ten times the income. And you've still got only one person working ....It's very difficult to estimate what the average use might be in a product that you have just launched and you are selling to a tour operator and that is going to be used a year later, perhaps. It's very difficult, and it makes it difficult for us to estimate the product's value, whether it's worth trying at all.*

*We have three different sorts of clients buying three different types of products which are all very labour intensive and demanding in their own ways. During summer we have a campsite alongside the lake and we rent the cabins, mainly for people travelling to the northern cape, Europe's northernmost point, looking out*



to the Arctic Ocean and the north pole. Some people come just here for their summer holidays though, swimming, canoeing, fishing, trekking, and generally enjoying what the wilderness has to offer around us.

Nowadays, one of the most demanding times though is during the winter from November to April. November and December are when our Christmas clients visit and January to April is for the winter holiday guests. For the days before Christmas when we have a group of 180-200 people visiting for the day, that's a 'plane full of people, we need to have about 30 people working here because everything has to happen at the same time. We have to have all of these outdoor activities available, sleigh rides with horses, huskies and reindeer, snowmobile driving, ice fishing, skiing, tobogganing, a joiku ceremony, fireside warming-up points complete with tea, coffee and hot chocolate, as well as the restaurant services, the Christmas Dinner, the musician playing Christmas songs on the accordion, the gift shop and the changing rooms with winter clothing for all the guests and ... it's very labour intensive, and the preparation is a labour intensive time too. Most of our labour comes from our villagers and then we have tourism students that come to help out as guides. That is mainly because of their language skills, because we haven't got many with English language skills in this village at the sort of level necessary. We need them to guide the guests through the day

We also have Santa, who comes here for his holidays too, of course. When our guests go to see Santa he is in his cabin, which is a very old log cabin with a log fire, candles and lanterns (no electricity), sacks of letters, Christmas cookies, and presents under the Christmas tree. It's very cosy with soft toys on a large bed and all the old fashioned warmly coloured furnishings. We keep it dressed up this way all year round, and Santa just happens to be there resting, reading a book while sitting in his rocking chair on the same day as our guests are visiting. They are really lucky that he's agreed to meet them so, he and his assistant, Mrs Santa, share out the presents – there's something for everybody. (In Finland you have a Mrs. Santa, Joulumuori, even though in English legends they don't have one). All of the villagers who take part in the day trip programs work here on site, they don't have to leave the village area to go to collect the guests from the airport, the guides do that.

The day trips all started when a British tour operator, who was an acquaintance, sat next to me after he gave a speech at a seminar in Rovaniemi in the spring of 1999. We got talking and he came to see how things had been progressing at Korvala. He said he thought he could use us one day. In December of the same year he called and wanted an offer for a full program to take place in two weeks. We got the villagers together and told them about the situation. Everybody agreed that we should prepare a proposal. We made it, the tour operator accepted it, and we worked for two weeks like never before. So couple of trips were arranged, also involving ITV and partly sponsored by a rock star, where they brought 400 visitors here with children in need, three years ago. That was the start of this Christmas Experience and it still continues. ITV broadcast footage of the trips with children from all over Britain flying to meet Father Christmas at Korvala for the day, in December 1999. It was so wonderful to see the kids in the snow doing all those winter activities and rounding it all off with Santa. They had all the winter and Christmas delights in one day.

After Christmas and throughout spring we have families that come mainly from France and Belgium through a European tour operator. They stay for a week with full board and have a preset program for each day. The first day is with Seppo, where they go with snowshoes or skis over to our other lake, have lunch there, do some ice fishing, some more skiing and tobogganing, try out the kick-sledges, etc. ... they get used to the way that people move and play around here. For people who have never stood on skis before and can't move for more than a few metres, we have to have snowshoes because they can't walk through the forest either because the snow is too deep, so snowshoes are a necessity. They laugh an awful lot because they fall over an awful lot into thick powder snow which is so difficult to get out of.

Over a campfire lunch Seppo tells some of the local stories and explains a few of our traditions. On the other days they go on snowmobiles with our local fishermen to check their nets which are cast and set under the ice; learn about reindeer herding and how to drive a reindeer sleigh; learn about the history of huskies and how to be a musher, driving their own team; go with our horses to collect firewood from the forest; and of course they spend a day in Rovaniemi. One day is kept free if they want to visit elsewhere or use the snowshoes and skis for some more exploring.

*Also from January right up until the end of April we have groups visiting from safari companies. They arrive in the afternoon, have a sauna and go swimming in the lake where we have cut away the ice, have a candle-lit dinner by the open fire, stay the night and set off again after breakfast. They usually stay for just the one night. Also, we have regional colleges, associations and businesses here for in-house training sessions or for meetings. While our holiday guests are doing activities during the day this building is available for these kinds of groups. They need to use the meeting facilities upstairs and then they have lunch here also. On a couple of evenings during winter we also have concerts given by Lapland's Chamber Orchestra or a local choir or singing group.*

*May and October are somewhat quieter."*

### **Postscript**

Jaana's reflections on the above corrected narrative, March 2006,

*"Since this interview there have been significant changes at Korvala and in Tiainen. Firstly, we now have three small children which has considerably reduced the amount of involvement I have in the business, especially on all activities outside the four walls of our home. However, I have managed to put together our website, [www.korvala.fi](http://www.korvala.fi) and still handle reservations and bookings, answer the phone and emails, write the invoices, etc. but Seppo practically looks after our guests single-handedly. The kids are enthusiastic to help whenever they can.*

*We bought 15 snowmobiles when Viljo was reluctant to invest in them. However, when Viljo's son showed he wasn't interested in developing their snowmobile safaris, he decided to take an early retirement from those activities. Seppo now does the snowmobile safaris himself. The reindeer herdsman found work at the Arctic Circle village, and now helps to provide reindeer sleigh rides to clients in their thousands down there. Another herder comes here from afar now, but he is very good.*

*A couple found they were being taxed too heavily on their side earnings from us and they couldn't find a solution to these penalties so had to stop working with us. Another couple who worked very closely with us in the restaurant and with the horses and snowmobile safaris were killed when a 400kg elk ran in front of their car as they returned from their grand-daughters sixth birthday party. They are greatly missed. Another older couple became more involved in local politics and spent more and more time in Rovaniemi.*

*A family of five moved away to the south and another family's young son was diagnosed with a progressive terminal illness causing them to withdraw under a vigorous routine of hospital and therapy sessions. One of our restaurant ladies developed a bad asthma so could no longer work in the rush of the kitchens. Another villager has developed cancer.*

*We stopped providing our Christmas product to our tour operator when, after a day trip had to be rightly relocated further north due to lack of snow and an inferior product was provided for them in a rush, he said that the feedback from the clients was just as good, even though they got less than they did from us. After all our efforts... He also had the annoying habit of always wanting more than originally agreed on – it stretched our resources to the point of being uneconomical.*

*We also declined to give a quota to our European tour operator after years of them misrepresenting our product in their brochures. We finally had enough of dealing with disappointed guests who thought they were coming to a hotel. Since then we have had more guests who have found us on the internet than we ever had from them.*

*Katri has developed her weaving and laundry business and does all our laundry nowadays. She is also looking into expanding her business with another villager. We have got planning permission for more cabins as we feel we need to balance our capacity of beds and restaurant places. However we have as yet no timetable for building them even though we know there is a demand. We are also looking into expanding the program services we provide, in a less labour intensive way. The problem with a small village is that it is very sensitive to change. We have recently lost a lot of good people to circumstances beyond our control..."*

## **Transformation of Case Experience to an Experience Design Model**

Entrepreneurs and self-reliant persons in difficult conditions survive and prosper, in some cases, through establishing their identities in their ethnic, cultural or social roots, or in innovative and productive collaboration among local inhabitants. Some of the villages in the periphery of Lapland are not dying, but grow, mainly due to the perseverance, self-reliance, ingenuity and initiative of the villagers. Often the innovative entrepreneurs are the change agents par excellence.

The Korvala Inn case deals very much with creating and designing tourism experiences. It is important to note that the initial success depended much on the identification of actors' social, cultural and historic identity, and transforming these into authentic coulisses for dramatized and staged experiences. Next part of the paper deals with the conclusions of the interpretation of the case material to experience design management.

## **Tourism Dramaturgy**

### **An application of experience design**

Adoption of principles of dramaturgy can assist to design the process of value creation in experiences. Dramaturgy is a field of science which analyses the rules of composing dramas and representing them on the stage. For tourism purposes there is an interesting example. The Finnish Theatre Academy developed a process application called "**Tourism Drama**" for local tourism experience design. The dramaturgic approach consists of idea generation, creative writing sessions, manuscript of the play, designs of and for the stage, plans for acts and roles, rehearsing the play, planning the staging of the play, role playing, involvement of the audience. To manage the participating guests, tourists may be guided to the stage(s), and actively take the roles of the "play". Thus in high contact, high involvement tourism, active tourists co-create their experiences with professional stagers, i.e. facilitators. Eg. in case of incentive tourism, the designers are the incoming travel companies whose operatives design the marketable incentive experience according to aims and budget constraints given by the client company. In Korvala the dramaturgy was a vehicle through the adoption of stages as "authentic coulisses".

The important point is co-creation of experiences. Clients and consumers co-create value for themselves with their host in charge of designing the experience. The ideas for the manuscript and for the staged experience are created to fit the needs and expectations of the client or the guest. Often the idea generation uses the available sources in the myths, stories, anecdotes and social or cultural history of the place or event, in order to create a place and a space for feeling together and to create feelings of "élan" or group identity in experiencing. A central aspect in experience design is the staging. Too wide gap between intended stages & intended experiences and realized stages & realized experiences distorts the total ambience by non-fitting signs or other mismatches, and such a mismatch may be a serious source of customer dissatisfaction. The Christmas staging in Korvala included making of authentic 1840 Ostrabothnian costumes for all the villagers and personnel that were employed for the one day X-mas experiences.

The tool for the critical evaluation of the stage is the design evaluation scheme - human senses: what we see, smell, taste, hear and feel gives us an understanding of the quality of the sensed physical reality, and whether the offering is experienced as it was designed. There is a similar structure to planning as there is to structure of attributes – objective, subjective and perceived. Differences in perceived experiences in comparison to expectations may determine levels of satisfaction, and business performance.

Dramaturgy introduces powerful possibilities for experience design. It provides a methodology for an integrated management of tourism experience, from design to service delivery. This integration not only

concerns products sold to tourist, services provided to them, and experiences along the tour, but also an integrated approach to value creation, addressing every event and occasion as a “theatre play”. This starts from the architect designs all the way to the memories carried from the place by a tourist.

The high contact and involvement encounters between guest and hosts, as well as the quality of such encounters determine the quality of the experience. This is a typical advantage of small and medium tourism enterprises with very little market power, but with a direct contact between the guest and the host. Clearly, there are synergies between the personal experience of the guest, the substance of the encounter and the core processes of a tourist enterprise in attempting to profitably delight the guest. The skill in which the strategic core processes of the firm are managed determine much of the value creation capability and the competitive advantage of the tourist firm.

### **Methodology for experience design processes for value creation.**

Pine and Gilmore stress the following idea: It is a fundamental shift in the very fabric of the economy. As traditional goods and services increasingly become commoditized, companies must *stage experiences* and *guide transformations* to establish differentiation and generate economic value. By understanding this new reality, forward-thinking enterprises can create entirely new ways of adding value to their offerings, their individual customers, and therefore their businesses.

Fundamental experience design processes are the strategic core of the value creation of the firm. These processes are:

**Understanding the needs, wishes and choice behaviour** of guests and potential customers in order to create sustainable business relations. This includes: targeting, segmentation and positioning. It is also critical to recognise differences in desire from time to time as well as between heterogeneous groups.

**Meeting the guest:** Meeting the other human being in the role of client, customer or guest is the most critical encounter between the buyer and seller in high contact encounters. Experienced host can read the requirements of guests and customise experience accordingly. In low contact services, the customer is left to her / his own wits to create the self-serviced experience. And in no contact encounters, such as in the virtual world, the representations of artificial bonds become of importance. **The moments of truth:** The customers may regard the early stage of the relation as the main source of satisfaction or stress, irritation, ambivalence and feelings of uncertainty. This is before getting to know a new destination or a new place as the stage for holidaying. It is the first impressions that often fully determine the evaluation of the quality of the stage, the staging, and the hosts’ competence in staging. The first encounters also mean **meeting and keeping the promise** to the customer.

**The stages and staging the experience** obviously dependent on the genius loci ie. the spirit of the place, location and on the super- and infra structures of the place. The **hospitality culture** supporting information handling structures and work processes are used to create and enable the experience formation. The stage offers important possibilities for delighting and building trust in the relationship between hosts and guests.

**The enabling management structure** includes communications, information technology, accounting and finance, leadership and management processes. These create the internal to the firm dynamic (network) and produce the successful experience, through guiding the firm in its adaptation to the competitive environment and the ever changing needs of consumers.

The fifth core process is **the quality management**. The total quality management philosophy, ideology and instruments permeate the above core processes and are critical in forming of the experience values and the profit chain. (See e.g. Parasuram, Berry & Zeithaml 1991 and later sources of the same authors)

The dedication and competence of the personnel and the management in staging memorable experiences makes the difference between success or failure in building a satisfied clientele. Understanding these core

processes, in order to create experiences that meet the dynamic needs of customers and guests, should explain much of the variance in degree of guest satisfaction and profitability of the firm. To better manage development of experiences the following model is proposed: The specific steps in the experience design are enumerated in Table 1 The step dancing model of experience staging and design.

	Stage and staging	Place – Understand genius loci – the sense of the place, its culture & socioeconomic history, “the roots”
Step 1	Idea generation and imagining	Analysis of the customer needs & expectations, definition and elaboration of expected customer value
Step 2	Creative writing sessions	“The story”, Content writing for chosen programme, alternatives for value creation (service concept design)
Step 3	Manuscript of the play	Manuscript to create the intended experience and itinerary (service process design)
Step 4	Designs of and for the stage	Using all your senses to think through & evaluate and design the site & the stages (continuous service system development)
Step 5	Management plans for programs, acts and roles	Manning and scheduling contact personnel tasks, control for timing & behaviour patterns & contact contents with quests (=blueprinting= itinerary)
Step 6	Rehearsing the play	Pilot trials to test the experience
Step 7	Planning the staging of the play	Master plan and the corrected blueprint
Step 8	Role playing	Co-creation of the experience, serving the guest, facing moments of truth
Step 9	Co-creation: Involvement of the audience	Enhancing involvement and contributions from all concerned to create, and to realize a most memorable series of experiences

**Table 1. The step dancing model of experience design**

The modularised design of combinations allow for differentiation of the basic design to variations that meet each individuals’ or segments’ specified expectations. An experienced master stager can skilfully integrate the various experience stages to a satisfying total experience. The service process for the same service concept would have to be tailored to the meet the customer or target group expectations or to exceed them.

Within marketing of tourism services this is an interesting opportunity. The model of theatre implies adoption of dramaturgy as an approach to the design of the process of value creation. Dramaturgy introduces powerful possibilities for experience design in that it calls for an integrated total view to management of tourism experience creation. This integration does not only concern products sold to tourist, or services provided to them and experiences along the tour, but also a combinatory approach to value creation. This is especially so in situations where the high contact encounters between the guest and the host, and the quality of such encounters determine the quality of the experience. This is a typical situation and most often so when we view small tourism enterprises with very little or no market power. Clearly, there are parallels between the personal experience of the guest, the substance of the encounter and the core processes of a tourist enterprise in attempting to profitably delight the guest.

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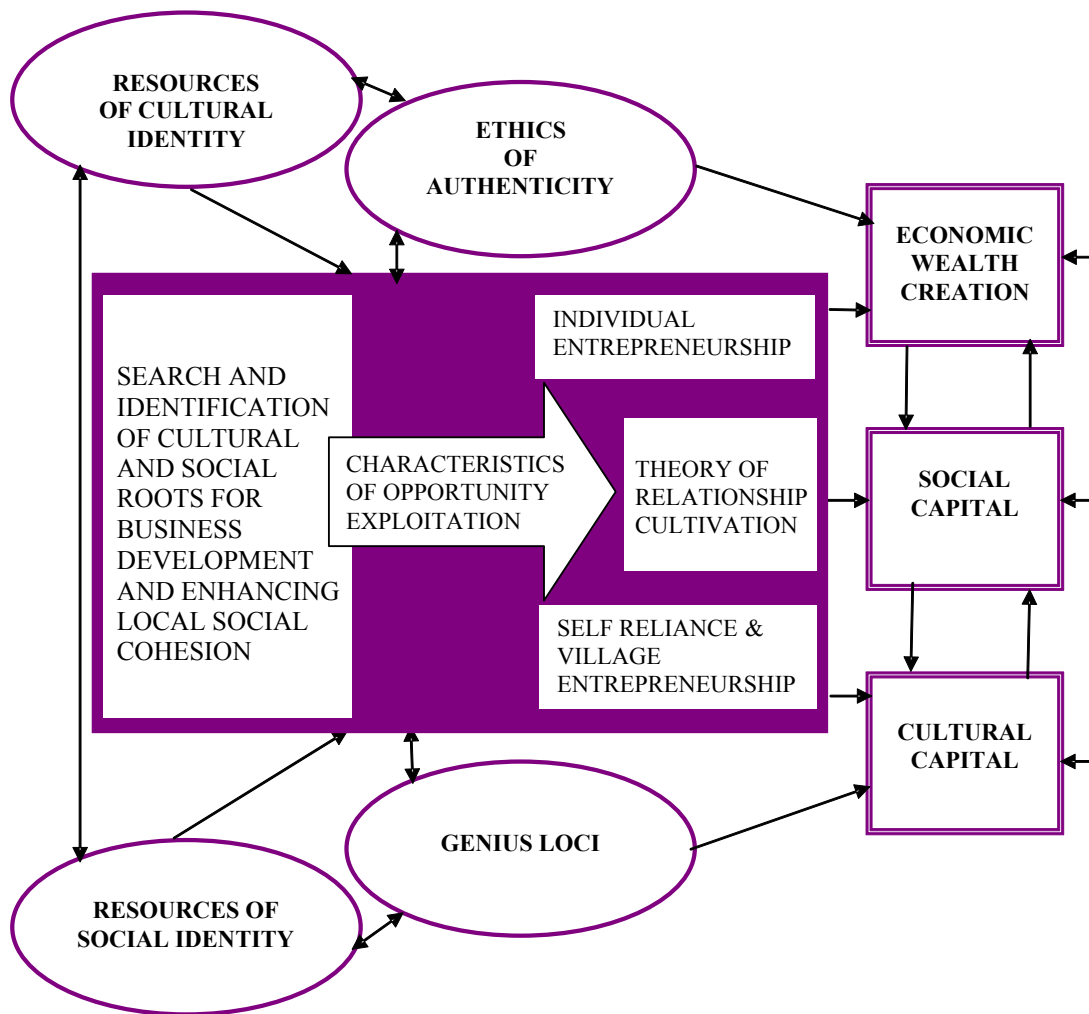


Exhibit 1. Theory of Identity Economy.