

# Exploring the resource and capabilities of food related enterprises in rural Denmark: Implications for rural enterprises in Ghana

Isaac K. Arthur<sup>1</sup>

Obi Berko O. Damoah<sup>2</sup>

## Abstract

*Developing economies stands to gain much by learning from the experiences of the developed economies. The study aims to explore the extent to which rural food enterprises utilise their capabilities to organise their resources in the experience economy to create value and remain competitive. The article uses a qualitative open-ended interviews to explore the issues using two cases of small food related enterprises in Denmark. The purpose of the method is to allow the respondents to construct the meaning of the topic from their own perspectives. Using the dominant themes as the main techniques to analyse the data, coupled with the hermeneutics approach, the results show that an entrepreneur's capability is crucial with regard to small enterprises in rural settings. Specifically, the two case studies illustrate the capabilities of business owners to identify assets at their establishments and the municipality level and reconfigure them into objects aimed at providing experiences for visitors seeking out for rural idyll. The implications of this study on policy and practice on entrepreneurship development in rural Ghana are suggested based on the results.*

**Key words:** Resource-based view, capabilities, rural entrepreneurs, food related enterprises, Experience Economy, Denmark, Ghana

<sup>1</sup>Department of Geography and Resource Development, University of Ghana, Legon E-Mail: [ikarthur@ug.edu.gh](mailto:ikarthur@ug.edu.gh)

<sup>2</sup>University of Ghana Business School E-Mail: [obodamoah@ug.edu.gh](mailto:obodamoah@ug.edu.gh)

## **Introduction**

To paraphrase Harvey (2008), the coercive laws of competition have led to the ceaseless introduction of new technologies and organisational forms, as these create a condition for capitalists to out-compete those using inferior methods. Beside the introduction of technological innovations on the market are non-technological ideas unleashed by businesses. Among the various capitalist driven ideas seen on the market is the commercialisation of experiences (the experience economy). By definition, it marks the offerings of goods and services that engage individual consumers on some level and exhibit idealistic, aesthetic and symbolic meanings. The experiential embodiments of goods/services represent their added value, their basis for warranting higher prices (Pine & Gilmore, 1999) and the “key differentiating element from other products” (Arthur & Hrac, 2015, p. 98). The experience economy is thus indicative of a shift from traditional marketing that focused on the functional features and benefits of products to creating memorable experiences for the consumer’s enjoyment (Schmitt, 1999; Pine & Gilmore, 1999; Williams, 2006). Although the commercialisation of experience is an old phenomenon (Holbrook, 2000), lately it has become a widespread ethos for consumer service businesses in particular to obtain competitive advantage in the luxury consumption segment of the market (Poulsson & Kale, 2004). This is common in the advanced capitalist economies where consumers’ disposable incomes are very high (Lorentzen, 2009). However, the ubiquity of this phenomenon has become more apparent as it is gaining ground in the global south, particularly in countries experiencing socio-economic success.

In the Scandinavia, policy makers have identified the experience economy as a potential growth model for municipalities and regions (Sundbo, 2009; Smidt-Jensen *et al.*, 2009). Businesses including food and tourism related enterprises in Danish rural communities are encouraged to exploit opportunities in the experience economy to energise business profits, competitiveness and local development (North Denmark Region, 2008). This resonates with the widespread public dependence on the private business sectors to offer local economic welfare (Leatherman & Marcouiller, 1996).

However, just encouraging businesses to operate in the experience economy seems a bit narrow as there is a need to recognise that enterprises are heterogeneous in terms of their resource endowments and capabilities (Penrose, 1959; Barney, 1991; Collis & Montgomery, 1995; Grant, 2002; Barney *et al.*, 2011). Indeed, in contrast to large enterprises in the urban areas, small firms in rural settings naturally cannot compete easily due to their inability to finance technological changes or radical innovations on the market. The remote rural locations of enterprises also suggest that they face problems such as “small local markets, isolation from larger markets, and remoteness from the business mainstream” (Baker *et al.*, 2007, p. 183). Interestingly, these issues are widespread in sub-Saharan Africa where for decades policy makers have been experimenting on various innovative strategies to promote rural entrepreneurship that will foster rural development and to improve the welfare of rural citizens. Although conventional wisdom suggests that entrepreneurship is key to rural development in sub-Saharan Africa, low productivity and income

yields appear to characterise most rural entrepreneurs (Nagler & Naudé, 2015). These challenges may be attributed to the lack of innovative strategies (Robson et al. 2009) and the inability of many enterprises to create market opportunities (Ampadu, 2010). Generally, rural enterprises need to overcome the issues constraining their success and competitiveness by being creative and innovative. In effect, it is imperative to understand the extent to which small rural enterprises are attempting to stand out in a growing competitive market by exploiting their internal environment.

The aim of this article is therefore to explore how the experience economy can play an important part in rural enterprises by way of describing the nature of experience offerings of food related entrepreneurs. The key objective is to draw on the resource based view theory of the firm (Wernefelt, 1984; Barney, 1991; Grant, 2002) to understand how enterprises recognise business opportunities to create value and combine resources to exploit such opportunities in the experience economy. Considering the importance of this study to rural enterprise competitiveness, our other objective is to draw implications from the findings for rural enterprises in a sub-Saharan African country like Ghana. Although there are numerous studies on the resource based view and experience economy concepts empirical works on the resource-based view privilege large firms which are predominantly urban. Essays relating to how small food related enterprises in rural settings commercialise experiences by exploiting their internal environment is under-explored. Therefore, this article contributes to the existing studies in geography by showing an example of how the resource-based view theory works in small enterprises in a rural setting. The empirical section of this article comprises case studies of two food related enterprise located in Thisted Municipality, Denmark. Interestingly, since innovation is an important feature in entrepreneurship (Henderson, 2002), this article also highlights on the innovativeness of rural food entrepreneurs in their quest to offer customers experience. Particular emphasis is placed on the process by which enterprises introduce products and utilise market opportunities based on the entrepreneur's capability to mobilise and re-organise resources.

The article is organised as follows: The next section discusses the theoretical foundation of the article. The most directly relevant framework is from the viewpoints of the resource-based view theory of the firm and the experience economy. In addition are discussions of key concepts which the article draws on as framework for empirical analyses. This is followed by a description of the research's methodological approach and the rural community in Denmark where the research took place. Thereafter, the article's results, analysis and discussion are presented. The final section presents the conclusion and policy implications.

## **Theoretical Foundation**

### **The Experience Economy**

Ever since Pine & Gilmore (1999) was published, scholarly works on the experience economy have become widespread (see, for example, Richards, 2001; Sundbo & Darmer, 2008, Lassen *et al.*, 2009; Lorentzen, 2009; Smidt-Jensen *et al.*, 2009; Sørensen *et al.*, 2010; Bille, 2012; Freire-

Gibb, 2011). As indicated earlier, the experience economy marks a shift in demand for functional products and services to distinctive and memorable experience offerings. This development echoes Toffler's (1970) prediction that experience production and consumption will be a key feature of the post service economy. The experience economy is considered as one of the booming sectors of the global economy (Richards, 2001; Oh *et al.*, 2007). Undoubtedly, this can be attributed to the rising demands of post-modern consumers and increasing disposable incomes of people (Bourdieu, 1984). Enterprises that have become aware of this phenomenon are thus looking for new means and new inputs to make their products experiential (Poulsson & Kale, 2004). Consequently, the experience economy indicates a reaction to the growing desires for consumption in society (Harvey, 2008).

In the consumer behaviour literature, Hirschman and Holbrook characterise experience as the hedonistic craving of consumers and relate it to the "multi-sensory, fantasy and emotive aspects of one's experience with products" (1982, p. 92). The multi-sensory attributes involve experience through "tastes, sounds, scents, tactile impressions and visual images" (Blythe, 2009, p. 115). As such, they result in the development of historic (remembrance) or fantasy imagery in the individual's mind, which can stimulate his/her emotions. This means experiential involvement entails "both cognitive and affective elements, since it acts on both the mind and emotions of a consumer" (*ibid.*). From the marketing literature standpoint, experiences can be defined as a kind of offering that can be added to goods or services to create a fourth product category that satisfy and extract value from consumers (Carù and Cova 2003; Schmitt 1999; Pine & Gilmore, 1999). Specific examples include stories attached to food and wine services for a café's guests (Pine & Gilmore 1999). This is indicative of a "symbolic value" (Sundbo & Darmer, 2008, p. 1), which consumers will purchase in addition to the main product, and accordingly pay a higher price for. However, not all experiences are add-ons to functional products as suggested by Pine & Gilmore (1999). Some constitute a core product such as festivals, boating, mounting climbing, theatre, cityscapes, sporting and music events (Richards, 2001; Scott, 2010; Sundbo, 2009).

It is commonly acknowledged that experiences are inherently personal (Gentile *et al.*, 2007; Pine & Gilmore, 1999) and occur particularly when one comes into contact with a given offering (Chang & Horg 2010; Lorentzen 2009). These engagements manifest in different contexts such as sensory, emotional, physical, intellectual and spiritual (Pine & Gilmore 1999; Hirschman and Holbrook, 1982; Gentile *et al.*, 2007). Accordingly, these experiential effects serve as a vital element to understand consumer behaviour (Addis and Holbrook 2001) and the basis on which enterprises capitalize by bringing experiences to the market.

It is imperative to emphasise that not all experiential offerings are created or consumed in the same manner (Arthur & Hrac, 2015). For example, Pine & Gilmore (1999) shows entertainment, education, escapism and aesthetics as typologies of experience realms which suggest different levels of intensity and engagement from consumers. While entertainment or aesthetic experiences typically involve passive participation from consumers, escapist or educational experiences are rather more active and hands-on in nature. An entertainment experience, for example, may involve listening to live music in a restaurant, but an educational or escapist experience may involve taking

cooking lessons in a farm house or playing an active role in creating a new product (Arthur & Hrac, 2015). By extension, firms purposefully distort the margins between production and consumption and charge consumers a fee to co-produce their own unique experiences (Prahalad and Ramaswamy, 2004; Arthur & Hrac, 2015). Hence, enterprises attempt to create a space, artifacts and contexts that enable interaction and let consumers co-create their own experiences (Carù and Cova, 2003). Such exchanges constitute new bases of competitive advantage since traditionally, firms determined what was to be produced and sold on the market. However, the rise of so-called 'user-driven' innovation (von Hippel, 2005) means this trend has shifted to prioritize consumers (Prahalad and Ramaswamy, 2004). This contradicts Pine & Gilmore's (1999) view that experiences are created by a producer for the customer. Conceptually, the experience economy represents an index of 'cultural' and 'marketing' innovation and a spectacular form of consumer-driven capitalism aimed at offering differentiated outputs that stimulate the cognitive, sensational and affective elements in the consumer.

### **Resource-based view and Capability**

The resource-based view (RBV) assumes that a firm's performance and sustainable competitiveness is determined by its internal resource capacity (Wenerfelt, 1984; Barney, 1991). Several scholarly works including Amit & Shoemaker (1993) maintain that resources consist of assets, capabilities, firm characteristics, organizational processes, information, knowledge, and routines which are owned and controlled by a firm. According to these scholarly works, resources empower firms to design and execute strategies that enhance their efficiency and effectiveness. Among the independent variables of the RBV include resource rarity, immutability, capability, and ordinary resources (financial resources, equipment). However, this article uses two of the independent variables – capability and ordinary resources as the main analytical framework for the study.

### **Analytical Framework**

#### **Resource and capabilities**

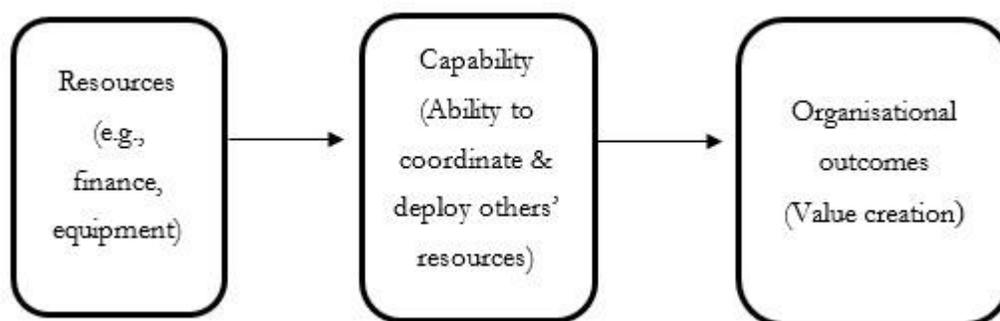
Researchers differentiate capability from other resources. Grant (1991) argues that whilst resources are inputs (e.g., skills of the workforce, financial capital equipment) that are put into the transformation process, capability refers to the capacity of a team that enhances the ability of the group to perform specific activities. Amit & Schoemaker (1993) concur with Grant's (1991) view of ordinary resources and argue that capability refers to a firm's capacity to deploy resources via organizational process to achieve organizational outcomes. Implicitly, it is the capability of the firm that enhances efficient utilization of other resources to produce outputs. Therefore, resources without capability make it less likely for a firm to achieve competitiveness in the market place. The reason for this is because capability is needed to coordinate, organize and deploy resources in a unique way to achieve organizational objectives.

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For instance, Barney and Hesterly (2008, p. 74) suggest that capabilities constitute an enterprise's resources. They define capabilities as the "tangible and intangible assets that enable a firm to take full advantage of other resources it controls". The term capability is also defined in the organisational perspective as the "capacity to undertake particular productive activity" (Grant 2002, p. 145). This means an enterprise's ability to engage in ventures that will enhance its profitability. Such ventures are carried out through the entrepreneur's ability to anticipate or respond to changing consumer demand, understand which know-how or skills to apply and determine suitable approaches to implement innovative solutions (Arthur, 2011). Essentially, it is about a firm's distinctive abilities to "recognise and exploit" (Foss, 1999, p. 3) opportunities on the market. Lorentzen (2005) shows the relevance of organisational capability as she argues that firms' continued existence in a competitive, globalised environment is based on their "organisational capabilities to innovate" (p. 1013). Although most of the above conceptualisations represent different viewpoints, they tend to have a common logic which translates into a suggestion that enterprise resources function through a systemic interactive process, and the abilities of individual enterprises to effectively exploit their resources through such interactive process signifies their capabilities. Capabilities are thus path-dependent and are indicative of the glue that puts all the resources of enterprises together and allows them to be exploited profitably (Day, 1994).

Following from the above, the basic assumption of the analytical framework that informs our study is that it is the capability of an enterprise's owner/manager that enables him/her to coordinate and deploy other resources to maximize the activities of the experience economy and create value. Figure 1 below presents the analytical framework that informs the study.

**Figure 1: Analytical framework**



Source; Authors

## Methodological Approach

Despite the experience economy being geographically ubiquitous, rural areas are said to “differ markedly in their economic structure and activity” (Marsden, 1999 p. 503) and the existing literature privileges examples in urban areas. Therefore, we chose to situate the empirics of this article in remote rural settings to explore new territory. In particular, we attempt to understand the capabilities of two small food related enterprises in recognising and utilising resources to enhance their competitiveness. We purposively drew our cases from a larger research which examined how food enterprises in three Danish rural areas can stimulate local development and competitiveness by operating in the experience economy (Arthur, 2011; Arthur & Hrac, 2015). Although we do not seek to generalise the findings of this article on the basis of two cases, we deliberately chose contrasting enterprises (Hyett *et al.*, 2014) in order to compare them by way of finding patterns and commonalities within the strategies employed by the individual enterprises (Thorne, 2000).

The findings presented are drawn from qualitative interviews of the two enterprises. There were two respondents who participated in the interviews, that is, one per enterprise. They were specifically the Assistant Manager of a brewery and the Owner-Manager of a farm guest house. These two are middle class and educated individuals who are natives of the municipality and have lived there for a long time. We found the use of open-ended interviews appropriate to explore and have a better contextual understanding of the process of enterprises resource utilisation, an ill understood phenomenon in the experience economy literature (Thorne, 2000; Boateng, 2014). The interviews took the form of face-to-face conversations that lasted for approximately 90 minutes. Table 1 presents the description of the case firms.

**Table 1. Sample of Enterprises**

Enterprise Name	Type of Enterprise	Year of Establishment	Number of employees	Size	Ownership
A/S Thisted Bryghus	Brewery	1902	32	small	Shareholders
Thy Bondegårdsferie & Gårdsbutik	Farm, farm shop Guesthouse	1994	None	small	Family

Source: Authors

Each interview was recorded on a digital recorder, transcribed verbatim and coded based on dominant themes (Arthur & Hrac, 2015). As part of the analysis, individual enterprises and their activities were described. We integrated verbatim quotations into the analysis to demonstrate how respondents conveyed meanings and experiences in their own words. Furthermore, we employed a hermeneutics approach – interpreting interview responses based on our orientation of theories employed in this study. The responses have been complemented with personal observations from the interviews including impressions about places (the internal and external environments of the

enterprises), products and respondents (Davidsen, 2008). We also contextualized the interview data by analysing documents such as enterprise brochures, flyers and posters.

### **The study Area (Thisted Municipality)**

After the Danish local government reforms in 2007, Thisted municipality (also known as Thy) became one of the eleven municipalities forming the North Jutland Region of Denmark. Currently, the municipality constitutes an amalgamation of three existing municipal areas - Thisted, Hanstholm and Sydthy. The municipality is a coastal area situated North West of Denmark. It is approximately 420 km from Copenhagen, Denmark's capital. It has a population of 44, 249 inhabitants, representing the fourth largest population in the North Jutland Region, and with a density of 41 inhabitants per km<sup>2</sup> (Thisted Kommune, 2015). The municipality covers an area of 1,073.70 km<sup>2</sup> which stretches from Bulbjerg in the north to Agger in the south and has a coastline of 226km (ibid.). The "rich natural and symbolic landscape" (Scott 2010, p.1569) of the municipality comprises white sand beaches and the first national park (*Nationalpark Thy*) in Denmark.

The national park houses some important sites of Danish history, lake, game reserve and congregation of plants and animals including rare species that constitute a basis for tourism (Arthur & Hracs, 2015). The most interesting historical marks on the park are grave mounds from the Bronze Age and numerous World War II German bunkers along the coast. Basically, the picturesque scenery and captivating cultural history of the national park is also considered as a potential source for branding and marketing an array of high quality foods in the area (Landsbygruppen Thy, 2008). As we shall see later in this article, the national park is utilised by a local food-related enterprise as part of its experience-based strategies. Other experiential related uses of the park include the annual food festival dubbed *Smag på Thy* (Taste of Thy), held in September. The most exciting feature about the food festival is that ingredients including seafood and game in the menus are all obtained within the park. The menus are historical in nature with a modern twist.



**Figure 2 Map of North Jutland Region, Denmark showing Thisted Municipality. Source: Region Nordjylland**

The Hanstholm harbour, which is Denmark's leading fishing harbour, is located in the municipality. There are approximately 1700 enterprises which provide jobs for people in several sectors including the food industry (Thisted Kommune, 2015). These industries, like in many other places, are either small or large. Indeed, the municipality has a hallmark of producing some of Denmark's finest animal products (especially pigs), foodstuffs, and alcoholic beverages. Food related enterprises in the municipality are predominantly small and medium size. They usually have to compete with larger enterprises on both national and global scales. Consequently, the development of new strategies or innovative ways to compete is generally imperative to enterprises in the area.

## **Results, Analysis and Discussion**

### **Case 1: “The farm guesthouse experience”**

Thy Bondegårdsferie & Gårdsbutik is owned by Jørgen Stubkjær Immersen, who manages the business with his wife, Lisbeth. The business is situated in the town of Snedsted, a small commercial town in Thy. Jørgen inherited the farm from his father in 1994 and produces crops (mostly potatoes), fruits, vegetables, poultry and livestock products, most of which were previously delivered to shops in Thy. The entrepreneurial drive in Jørgen led him to establish a farm shop where he sells both his fresh and processed farm products. Subsequently, he turned parts of the farm into a guesthouse, particularly for holiday makers with young children. Key notable reconfigurations on the farm estate are some pig stalls converted into bedrooms and a cow shed turned into an in-door sporting/playing facility for children. The guesthouse is largely patronised by people from other parts of Denmark and a few from abroad, particularly European countries.

### **Experience Offerings**

Certainly the recreational facilities for children and participatory experience provided at the guesthouse are to make a stay at the place memorable, nostalgic, attractive, eventful and more exciting. Guests are allowed to engage in voluntary services on the farm. For example, while the adults are helping in harvesting crops with the farmer, the children collect eggs of the poultry and feed animals. Significantly, since the children can see, touch, smell and hear some animals for the first time and can learn about when, how and what they eat, parents are prepared to pay for this amusing experience. The children have a variety of in-door and out-door facilities where they can play and entertain themselves. Furthermore, guests are invited into a hut to make pancakes. Evidently, this marks an innovative and strategic approach by the owner to produce and commercialise memorable experiences, and also to promote and sell his marmalades which are consumed together with the pancakes.

To sell the marmalades better the owner attaches stories related to the history of Thisted to the process. In his own words, the essence of the story is to “attract more people to buy”. Although the story suggests an act of promoting the marmalades, it also represents the valorization of the history and image of Thisted into the product. Apart from immersing the consumer into a learning experience with the story, it resonates with Ray’s (1998) notion of the cultural economy approach to rural development, which stresses on “strategies to transform local knowledge into resources” (Kneafsey, 2001, p. 763). Staying at the guesthouse does not only suggest a feature of both cultural and experience economy, but also ‘agro-tourism’ in a rural area (Goodman, 2004). This kind of experience offering emphasises on giving visitors, largely from urban areas, an authentic feel of a rural way of life or cultural landscape as opposed to a staged experience in urban areas (Gilmore & Pine, 2007). It reflects a diversion of traditional farming activity into the discourse of post-modernism, characterised by a feature of, after Harvey (1990, p. 426), “the emergence of a new geography of capitalist development” in a rural context.

## **Resources and capabilities for creating experiences**

The account above supports the analytical framework which informs the study (Figure 1). Ideally, the guesthouse experience reflects another tourist extravagance born out of an entrepreneurial action in a rural context (Anderson, 2000). Undoubtedly, one can explain that the owner-manager has shown capability in the light of the RBV because the capacity to utilise the farm, the image and the history of the geographical area in which it is situated as selling points is real evidence of entrepreneurial capability (Grant, 1991). Implicitly, the business and its products are resources, but the capacity to identify the approach so that the product is bought is a real example of capability resource. What this means is that without this capability, the product can be available, but there could be no sales in the recreation, farming and storytelling offer. Consequently, setting up a stage for all these experiences to take place is an expensive venture. As the owner remarks: *“it cost a lot of money to start or run this business...”* This indicates that financial resources are vital to enterprises that seek to compete via the offerings of experiences. This confirms our conceptual framework that for a capability to be useful, there must first be the availability of ordinary resources. Apart from the enterprise’s internal resources, the management of its external relation with the *Landsforeningen for Landboturisme* (National Association of Agro-Tourism) (authors’ *own translation*) appears to play an important role towards the creation of customer experience. This can be deduced from the farmer’s statement:

*“We have some standards that we have to meet in order to qualify to be in this network, and we have some courses through which we can learn to become better operators in different areas. The organisation sets the standards for us to follow...”*

Basically, the standards set by the association can be explained as influencing the types of services and facilities which subsequently enhance customer experience. Indeed, the knowledge and creative acumen of the owner demonstrates the quality of the enterprise human capital. Based on Amit & Shoemaker’ (1993) definition of capabilities mentioned earlier, the enterprise’s capabilities represent an ability to utilise different resources to create value. This in some sense demonstrates the owner-manager’s competence in reconfiguring his internal and external resources to deal with the increasing trends in production and consumption of rural cultural experiences (see e.g. Kneafsey, 2001).

### **Case 2: “Storytelling and tour experience”**

A/S Thisted Bryghus is a small-sized brewery established in 1902 in the city of Thisted. It produces approximately 10 million bottles of assorted beer annually, which are in the genre of conventional and organic. It is owned by over 1300 shareholders, and has 32 employees and a market share of about 0.6 percent of the national total sales. Despite its small market share in Denmark, the brewery takes pride in its innovativeness as being the first to introduce organic beer on the Danish market.

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The introduction of the organic beer is an attempt to develop a competitive edge and a new market niche. The brewery has a tradition of organising a picnic for its staff on the *Nationalpark Thy* where they collect *bog-myrtle* (Sweet Gail plants). An extract of this plant is used as flavouring and bittering agent for one of the beer brands, '*Porse Guld*'. In collaboration with the local tourist office, the brewery organises visitors' tours in its facility during the summer and winter seasons, for which visitors pay an admission fee. Individuals can participate in the tour during the day whereas groups such as associations and clubs take their turn in the evenings. The tour is climaxed with visitors being given an opportunity to taste/drink any of the brewery's products.

## **Experience Offerings**

Innovation in the food industry involves a complex process that can take place in the different segments of the food system (Capitanio *et al.*, 2010). This may include the introduction of new food products as seen in the introduction of the organic beer. It can also be a new marketing strategy to make a product more attractive, as seen in the story of the *Porse Guld* beer. Besides giving consumers a tasting experience of *bog-myrtle* extract in the beer, the brewery deliberately tells this story to give consumers a learning experience. According to the Assistant General Manager of the brewery "...it is a great story we try to tell..." The brewery has put this story among others on its internet website where visitors can have a virtual experience. The key plot in this story is the national park where the *bog-myrtle* plant is collected from. It symbolises a learning experience for consumers as they are engaged with the symbolic and aesthetic impressions of Thisted's 'wildscape' (Vepsäläinen & Pitkänen, 2010).

From the Assistant Manager's perspective, the tour events in the brewery are simply for promotional purposes as such tours only allow visitors/tourists from all walks of life to experience their production plant and operations. Yet, one can interpret this tour as an experiential event that visitors pay a fee to engage all five senses with a *smelling experience* of raw materials such as baileys, hobs and *bog-myrtle*, a *touching and feeling experience* of objects, a *seeing experience* of production processes, raw materials, workers, and machinery, a hearing *experience* of listening to sounds of machinery, and finally a *tasting experience* of assorted drinks including the bitter flavour of the *Porse Guld* beer. They also get to obtain insights of the brewery's history and stories (both old and newer). Such multiple experiences encompass what Pine & Gilmore (1999) define as the four experience realms which consumers can be engaged with. Here the visitors' pleasures of listening to the tour guide become both entertaining and learning experiences, as they passively absorb the event through their senses and actively participate in the tour simultaneously. Visitors also actively participate in creating their own experience when they choose particular drinks in the visitors' lounge after the guided tour.

## **Resources and capabilities for creating experiences**

Pine & Gilmore have argued on charging admission fee for experience offerings along the following lines:

*“You may design the most engaging experience around your service offering or within your retail establishment, but unless you charge people specifically for watching or participating in the activities performed- just for entering your place, as do concert halls, theme parks, motion-based attractions, and other experience venues- you’re not staging an economic experience”* (Pine & Gilmore, 1999, p. 62).

A reflection on the above suggests that the entrance fee to the tour is indicative of staging an economic experience that contradicts the notion of a right to free access to public goods experience. Accordingly, it adds value to a routine production process that allows consumers to exercise the choice to consume the process as a heightened experience. In general, the tour demonstrates an innovative approach to market the brewery and its products through the medium of customer experience and to attract more customers through these engagements. This in addition confirms the analytical framework that informs the study. Implicitly, the management first conceived that the idea of tasking staff to guide tourists represented value to the latter, and the fact that they were prepared to pay a premium price for the service is an indication of a capability to mobilise other resources to create value for customers. Another piece of evidence is that the brewery’s management recognises that making visitors to sit and drink at the production environment is a value. This also shows an indication of capability on the part of this firm to mobilise the resources to create value. This process represents a means through which experiences could be co-produced between the brewery and customers. Furthermore, it opens up an opportunity for the brewery’s market orientation by acquiring specific information from consumers (Chen, 2006).

Overall, there is a demonstration of the capacity of the enterprises to mobilise different internal resources to operate in the experience economy. The critical resources used in this case are physical - the brewery’s facility, location in Thisted, and the *bog myrtle* from the *Nationalpark Thy*. The knowledge of utilising these resources tends to show the nature of tangible assets of the enterprise and how they are combined. Just as in the previous case, this enterprise shows creativity in using its facility as a space to get closer to consumers and school them on its products, how they are made, as well as the machinery and other inputs used in production. The use of raw material from the national park and promoting it via storytelling marks a “valorisation of resources that have a place identity” (Ray 1998, p. 6).

Additionally, Penrose’s (1959) view on the functionality of an enterprise’s resources towards its creative prospect indicates that resources can be utilised for multiple purposes. Such resource utility in the brewery is seen in employees’ role in going on picnics to collect *bog myrtle* and guiding visitors at the tour events. This does not only reveal the brewery’s innovative capability but also indicates useful combinations of resources. The enthusiasm of these employees to contribute to such productive ventures represents a source of competitive advantage for the brewery (Wright *et al.*, 2001).

## **Conclusion and Policy Implications**

Against the backdrop of a highly competitive marketplace, this article explored in two case studies the ways in which food-related entrepreneurs utilise resources and capabilities in operating in the experience economy. In other words, the article sought to identify the mechanisms through which these entrepreneurs are adding value and marketing their products. The key motivation for this study was based on the suggestion that although the offering of experiences may be plausible in any given business, individual enterprises are different and therefore their resources and capabilities constitute a key determinant of their success.

Activities of the enterprises studied demonstrate a reinvention of themselves through a change manifested by a “shift towards immaterial and experiential stimulation” (Jensen, 2007, p. 212) as opposed to previous trends that prioritised more the utilitarian qualities of outputs. Clearly, the two cases have showed examples of how resources are identified and utilised to create experience for consumers based on their managers’ capabilities. In specific terms, for instance, the Thy Bondegårdsferie & Gårdsbutik case study illustrates the capability of the business owner to identify assets on his farm and municipality and reconfigure them into objects aimed at providing experiences for visitors seeking the rural idyll. Similarly, the brewery capitalises on experiences which are embedded in storytelling and visitor tour events.

Although stories identified in the two cases convey messages that connote experiential learning, inferences pertaining to the conventions theory - “particular bundles of conventions” (Murdoch & Meile, 1999, p.467) can be drawn from the contents of these stories. The findings in both cases suggest that stories have “domestic conventions” due to their emphasis on attaching the image of the “geographical space”- the local area to their products. In effect, consumers connect with the quality and localness of the products. Like others, this convention is influenced by the growing postmodernist consumers’ preferences and discernments common in affluent advanced capitalist nations (Murdoch & Meile, 1999, p. 469-471). The connection of stories to local image/history can also be understood better through the concept of exclusivity (Chamberlin, 1962). Although the logic of exclusivity may be analogous to the notion of differentiation, the key emphasis on exclusivity involves convincing the consumer that a particular product is unique in the marketplace, and therefore a basis for generating value for enterprises in the form of monopoly rents (Hracs *et al.*, 2013).

Thisted is undoubtedly unique in terms of its stature, ideal and the symbolic meanings associated with it. Hence, using these as resources to valorise products and services is indicative of exclusivity that creates an avenue for profit making for the food related enterprises. The use of local image/history by the enterprises as resources reinforces the OECD’s view that local assets are vital for rural economic development as they serve as source of attraction to rural areas and ‘raw materials for different kinds of economic activities ranging from tourism and entertainment industries to speciality products and foods’ (OECD, 2006, p. 57). By extension, these local assets in the Thisted municipalities have become a “set of commodifiable signs and symbols” that are utilised by the enterprises to potentiate their quality and value (Kneafsey, 2001, p. 762). It is

therefore indicative of how enterprises are embarking on new ways to respond to the demand for symbolic laden products in rural contexts (Ahuja and Katila, 2004).

Pittaway *et al.* (2004) reaffirms the view that new ideas introduced on the market do not always rest solely on ingenuity of individual enterprises, but increasingly, the network in which enterprises are entrenched. The brewery's relationship with the local tourist office and that of Thy Bondegårdsferie & Gårdsbutik with the National Association of Agro-Tourism attest to this as it is seen as crucial in shaping some of their experience offerings. It also echoes Batterink *et al's.* (2010, p. 47) view that "SMEs often lack essential resources and capabilities to successfully innovate exclusively by means of in-house activities, making inter-organisational networks essential for SMEs that want to innovate". This implies that network engagements of the two enterprises had emerged out of necessity (Andreosso-O'Callaghan & Lenihan 2008) and also suggests in principle a strategic relationship to help execute their promotional strategy (Jarillo, 1989). This gives an understanding that network capability of enterprises is vital in providing experiences to consumers.

Drawing on the capitalist embeddedness of the experience economy, this article identifies the brewery as not consciously operating in the experience economy as it does not consider the tour event as a major operation to raise its turnover. This suggests a limitation to the extent to which the brewery can maximize business opportunities in the experience economy. Nonetheless, its storytelling experience rests on making its *Pulse Guld* beer competitive and also promoting the image of Thisted to the outside world. Consequently, this, together with the tour events, has potential to attract tourists and more customers and to enhance local development.

The actions of enterprises in the case studies put together reflects constructing value out of previously unused rural idyllic spaces. This fits perfectly into what is defined as "the creation and extraction of value from an environment that involves the shift in value from an existing use value to a higher market value" (Anderson 2000, p. 103). The entrepreneurial and innovative acumen within these enterprises can best be described as their crucial resource and capability to operate in the experience economy, hence supporting the analytical framework that informs the study (Figure 1). Although the enterprises' capabilities to provide various experiences based on their available resource endowments deserves every right to be noted, Pine & Gilmore (1999) suggest that in view of the growing competitions on the market, businesses have to create new experiences to engage their customers. This focuses on sustainability and therefore, it raises the question: to what extent can all these experience offerings seen in the case studies become sustainable? These enterprises obviously have to identify new resources and employ different capabilities (depending on the situation) to create new experiences if they seek to compete on the market for a long time.

In the light of practice, the findings of this article show that individual enterprises' capability is a critical requirement for creating value. This is evident from the cognitive capacities of managers to connect local conditions such as image, history and heritage, among others, to the sale of their mainstream products and services to create customer experiences. This has implications for developing countries such as Ghana. As highlighted in Robson *et al.* (2009), historical accounts of

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entrepreneurship and small businesses show that business enterprise has been part of Ghanaian culture prior to even the arrival of the Europeans in the 15<sup>th</sup> century. However, like in other African countries, creating market opportunities especially in rural areas is underdeveloped. In addressing these issues to energise competitiveness, Ghanaian rural enterprises can take a cue from the activities of their Danish counterparts reported in this article. This provides an opportunity to expand existing markets, create new ones, increase productivity and incomes, create employment and more importantly, attract tourists. The latter is more viable given the vast heritage resources and rich history and stories associated with many rural areas in Ghana. However, the caveat is that rural development policies have helped in shaping the innovative activities of rural enterprises in Denmark. For example, the European Union and Denmark's policy reform on rural development encourage innovation in the food sector to animate the sector's competitiveness and local development (MFAF, 2012). The Danish government therefore creates the enabling environment through various forms of assistance for innovative businesses to thrive. Hence, in adopting the Danish example, a policy that guides the activities of rural enterprises and provides incentives is needed in Ghana. Policy makers must also take cognisance of the cultural and environmental differences between Ghana and Denmark. Therefore, it is imperative for the policy to be designed or framed in a manner that will be suitable for Ghanaian rural entrepreneurs.

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