

Ekaterinburg city development in the experience economy context

Alla Oshkordina^{1*}, *Nadezhda Goncharova*¹, and *Elena Makarova*¹

¹Ural State University of Economics, 62/45 8 Marta/Narodnoy Voli St., 620144 Ekaterinburg, Russia

Abstract. The article discusses the socio-economic aspects of the development of the city of Ekaterinburg from the standpoint of the cultural and entertainment potential of its development. The authors examined the dynamics of the development of the quest industry in the Russian Federation within the framework of the experience economy. The main development trends in the field of entertainment are identified. Collected, analyzed and systematized statistical and economic indicators characterizing the current state of the entertainment industry in the post-pandemic period of economic development of the country and the city of Ekaterinburg. The most competitive areas of the entertainment industry have been identified. Based on consumer preferences, the authors formulated conclusions about the further growth of the market share of quest services in the total volume of entertainment services in the city of Ekaterinburg.

Key words: Service; Experience economy; Quest service; Entertainment industry; Statistics.

1 Introduction

The service sector is a complex of sectors of the economy, enterprises and organizations of which provide various kinds of services and perform various jobs for the population, as well as for other enterprises and organizations [1, p. 28]. According to Reznik, Maskaeva and Ponomarenko, the fast-growing entertainment sector belongs to the tertiary service sector in accordance with their classification, according to a functional basis and is characterized by a high degree of elasticity of the population's demand [2]. At the same time, today there are a large number of interpretations of the essence of services, highlighting various specific features of their provision. Many works of foreign and domestic scientists have been devoted to this issue since the end of the 19th century [3, 4].

Thus, after analyzing the conceptual and terminological apparatus of the essential interpretations of the service, we can conclude that the provision of services occupies a significant position in the conscious economic activity of any person, which affects various aspects of his activity [5].

In recent decades, questions of time distribution in the economy have changed, as have the boundaries of economic human behavior. Now people are in a situation where they need to come up with solutions to distribute their free time between family, work and personal

* Corresponding author: al21111a@yandex.ru

hobbies rationally. In addition, in order to approach the process of time distribution thoroughly, it is necessary to measure this resource [6, p. 28].

Obviously, in terms of organizing leisure, the interests of people are different and often do not coincide. Some individuals prefer to read a book or watch TV at home after a hard day's work, others go in for sports and maintain their health, and still others prefer to go to the cinema or museums. Naturally, the economy and the market adapt to the needs of people and new types of services appear in society, offering to spend their leisure time.

2 Materials and methods

Statistical, accounting and reporting and information and analytical sources of activity of entertainment industry enterprises in Russia and abroad served as materials and research base. The authors in their work relied on the study of the colossal experience in organizing the leisure of the population both in economically developed countries, and on the experience of Russian organizations in the field of entertainment, including organizations in the city of Ekaterinburg. Materials of scientific researches of domestic and foreign scientists in the field of development of economy of impressions are used. When processing and systematizing the information and analytical material, the methods of grouping, detailing, synthesis, the historical and logical method of research, as well as methods of economic and statistical analysis were used.

3 Literature review

According to World Bank statistics, almost 2/3 of GDP in economically developed countries is produced in the service sector, given this fact, the economy can be defined as a "service" one [7]. An integral property of a service is its inseparability from production (simultaneous production and consumption of a good), as a result of which the service consumes not only the time of the producer himself, but also the time of the consumer, connecting the producer's working time with the consumer's free time. The peculiarity of the modern economy is that it treats the consumer's free time as its resource, and this time can be optimized, controlled and rationalized [8, p. 534].

In modern society, the consumption of services occurs in real time, while a person has a wide choice of what to spend his free time on. In the modern world, most of what brings pleasure to a person is a service produced by someone. Thus, we can conclude that the consumer's free time for the service economy becomes a limited economic resource that needs to be analyzed and evaluated, since the production of services is inseparable from their consumption.

According to the official statistics of the Russian Federation, since 2016-2020, there has been an increase in the volume of paid services per capita (Table 1). It indicates a high level of demand in the service sector of the economy.

Table 1. The volume of paid services per capita by type (rubles) [9].

Indicators	2016	2017	2018	2019	2020
All services rendered including:	58,880.5	62,730.0	66,085.4	69,767	61,507.1
household	6,331.2	6,541.5	6,855.1	7,297.1	6,582.6
transport	11,586.5	12,601.5	13,137.4	14,037.7	9,330.8
postal service, courier	8,802.3	333.6	341.1	373.5	409.9
telecommunications		8,702.8	9,055.7	9,546.8	9,547.7
housing	3,958.5	4,615.6	4,918.7	5,039.3	5,194.9

Indicators	2016	2017	2018	2019	2020
utilities	12,326.7	13,052.3	13,589.9	14,364.2	14,435.1
culture	1,051.6	1,132.4	1,179.7	1,245.6	628.9
tourist	1,100.0	1,134.0	1,172.0	1,225.3	627.4
physical culture and sports	479.1	534.4	597.2	653.3	474.2
medical	3,902.8	4,267.3	4,615.4	4,926.9	4,737.3
hotels and similar accommodation	1,454.2	1,497.6	1,741.5	1,684.9	1,239.8
specialized collective accommodation facilities	...	933.2	1,057.7	1,116.2	783.6
among them sanatorium organizations	818.2	764.8	849.8	866.6	584.0
veterinary	117.6	123.7	128.9	147.9	145.5
legal	654.8	667.2	734.0	808.5	720.5
education systems	3,867.8	4,176.5	4,464.1	4,747.5	4,413.0
services provided to the elderly and disabled	130.3	150.2	170.8	193.3	194.8
other services	2,298.8	2,266.1	2,326.2	2,388.9	2,041.0

All types of services show positive dynamics until 2020. The drop in demand by more than 15% in 2020 compared to 2019 is due to the preventive measures of the coronavirus infection in 2020-2021. Moreover, it should be noted that the entertainment sector, including the tourism business, suffered first. It should be noted that not only in Russia, but also throughout the world, of all aspects of the economy, the service sector suffered the greatest losses [10]. In addition, it should be noted that the share of paid entertainment services accounts for about 7-8% in the total structure of services provided. Moreover, for the analyzed period of time, their share remains unchanged, with the exception of the 2020 pandemic year, in which their share decreased to 5% against the backdrop of an increase in housing and communal, medical and telecommunications services, which once again confirms the greatest vulnerability of entertainment services in the context of epidemiological instability.

The peculiarity of the modern economy is that it treats the consumer's free time as its resource and this time can be optimized, controlled and rationalized [8, p. 539]. In addition, in the modern world, most of what brings pleasure to a person is a service produced by someone. Thus, we can conclude that the consumer's free time for the service economy becomes a limited economic resource that needs to be analyzed and evaluated, since the production of services is inseparable from their consumption.

Research by neuroscientists has shown that people whose brains are damaged in the area that generates emotions are unable to make decisions. This idea is significant because it helps us understand that human beings are not as logical as we might imagine. Understanding this has important consequences that affect the formation of the entertainment services market [11].

According to the researchers, experiences create longer lasting happiness because they are more open to positive reframing; they tend to become more significant parts of the personality; and they have a stronger influence on the development of social relations. Experiences help us learn, grow, and connect with each other, so it is no wonder we spend our money and time on them.

Back in 1998, the Harvard Business Journal coined the term "experience economy" in an article about how more people are spending money on experiences rather than products. What is the experience economy? The experience economy is defined as an economy in which many goods or services are marketed with an emphasis on the impact they can have on

people's lives. The development of the experience economy that earlier a person could receive half of the services of leisure activities free, and now these services are becoming an object of sale.

World Economic Forum experts note that the entertainment and mass media industry has experienced several digital transformations over the past 20 years. In total, they include four similar waves: the emergence and development of file-sharing systems in the mid-1990s; the emergence of the first video streaming services in the early 2000s; the growth of mobile traffic and the development of cloud technologies in the late 2000s; at the moment, the fourth wave begins, associated with the introduction of the Internet of things and the emergence of entire ecosystems around the information provider [12].

4 Results

Traditionally, the global entertainment industry is referred to by the acronym REST (Recreation, Entertainment, Sports, Tourism) and includes businesses specializing in recreation, entertainment, sports and tourism. Everyone wants to be able to take a break from work, get new vivid impressions and emotions, and try new things. In this regard, the entertainment market is one of the most dynamic and developing, always ready to meet the rapidly growing needs of consumers [13].

Pine and James [14] consider the experience economy in terms of the scale of consumer participation and environmental impact and divide it into four sub-segments: entertainment, education, escapism, and aesthetics. One of the most promising areas that combines all four areas of the experience economy is the quest industry.

To date, experts distinguish the following types of quests focused on various consumer goals: experiential room, performance, action game, city quest, role-playing quest, corporate quest, immersion quest theater [15]. In addition, in the world of global digital reality, a person needs to switch to other activities in order to maintain his psycho-emotional state of health. Therefore, according to many domestic and foreign scientists, games in virtual reality do not have the same strong impression as games in the real world, when a person can touch objects, smell and see everything with his own eyes without the help of special glasses [16].

At the end of 2019, the Levada Center research organization conducted a survey among the Russian population to identify the most popular type of leisure among Russians. Sociologists interviewed 1,616 citizens over 18 years of age (Fig. 1).

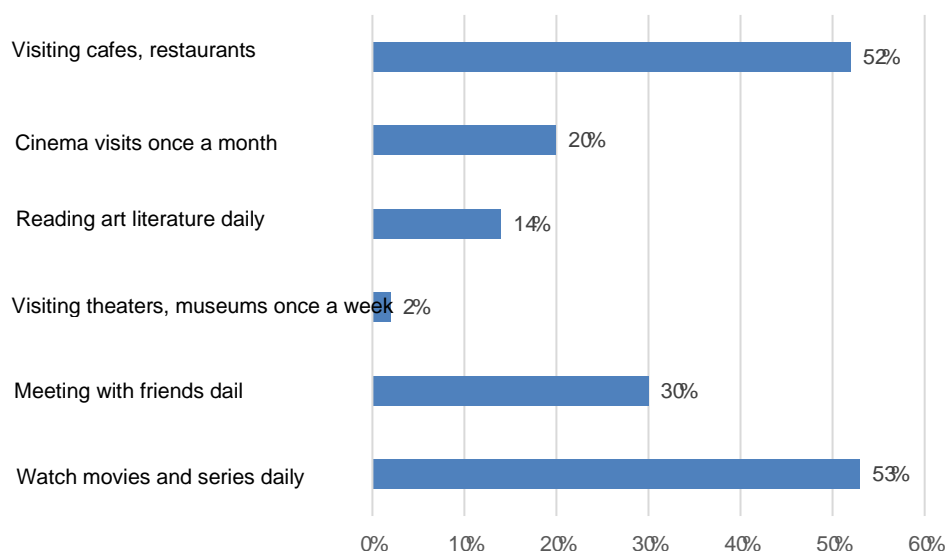


Fig. 1. Leisure of the population of Russia [17].

It can be seen from the diagram that the most common type of recreation among Russians is passive recreation, which consists in watching movies and series on TV. About a third of Russians meet with friends almost every day. This is because people tend to make useful contacts, communicate with new people and increase their social connections. Visiting theaters and museums has become the most unpopular type of leisure, only 2% of the population prefer to do it once a week, monthly - 3-8%. More than half of the respondents (55%) stated that they never go to theaters and museums. It can be concluded that many consumers prefer to stay at home, in a place where they can use the Internet as a leisure activity, read blogs, information pages, communicate with friends on social networks.

According to the statistics of Russian Standard Bank, for the three quarters of 2021, the total number of transactions with bank cards when paying for entertainment among Russians increased by 35%, and the average check - by 19% compared to the same period in 2020 and amounted to 2,041 rubles [18]. Ekaterinburg is in fourth place in the list of Russian cities where residents spent the most money on entertainment. The average check amounted to 1,509 rubles, for comparison, the largest amount in Moscow is 2,141 rubles [19].

Ekaterinburg is the capital of the Urals with a population of almost one and a half million people. The city is an industrial and industrial center of the entire Sverdlovsk region and attracts tourists not only from nearby cities. According to the Minister of Investment and Development of the Region, Victoria Kazakova, since the beginning of 2021, more than 1 million guests have visited the Sverdlovsk region. Kazakova noted that Ekaterinburg is one of the "leaders in business tourism" in the country. Residents and guests of the city want to take a break from everyday routine, work and spend their leisure time in different ways. Due to the large population and its constantly growing needs, the entertainment market in Ekaterinburg is trying to offer various types of leisure.

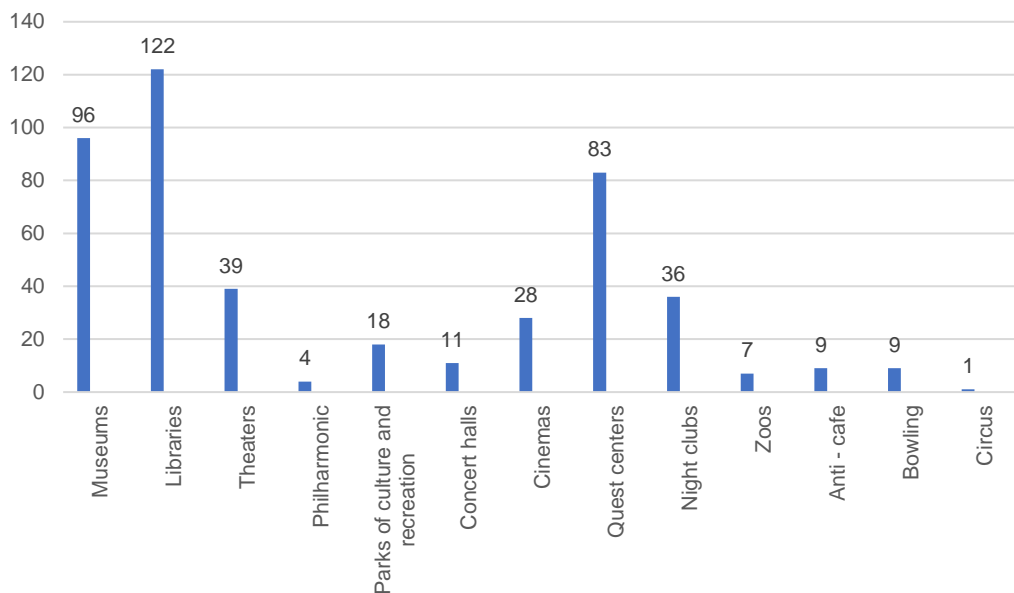


Fig. 2. The number of organizations in the entertainment sector in Ekaterinburg [19].

Nowadays the city has a large number of libraries, museums and quests. These organizations occupy a leading position. The number of museums is increasing every year, as the desire of people to immerse themselves not only in history, but also to visit contemporary art exhibitions and interactive platforms increases. New shopping centers are being built in the city, in which cinemas are opened; therefore, their number is increasing. Various large objects, such as zoos, circuses, theaters, parks, practically do not change their composition, since the construction of buildings requires large areas.

Based on the data presented in the graph, we can conclude that quest organizations rank third in terms of the number of all entertainment companies in Ekaterinburg. Every year their number increases, and this industry is gaining momentum.

According to the report on the development of the quest industry around the world, published by the international booking service Xola, in 2016, there were 3,000 quests in the world, and in just a few years their number has grown rapidly [20]. In March 2020, it was estimated that more than 50,000 quests are already functioning worldwide (Fig. 3). The report also reveals that 41% of repeat quest bookings are made on the same day that the team attends the first game. This does not apply to planning large events such as birthdays or team building. The report also notes an upward trend in mobile bookings, prompting businesses to develop not only a full-screen version of the website, but also a scaled-down version of the website to fit any screen size.

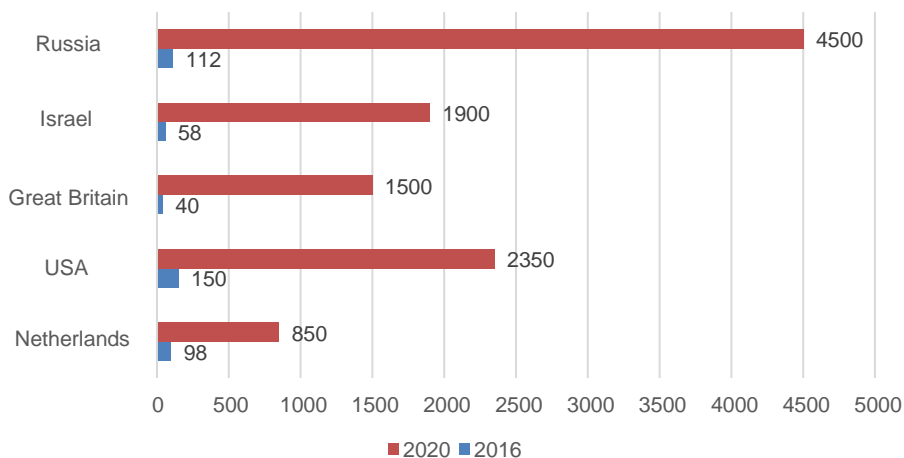


Fig. 3. The number of quest rooms in different countries for 2020 [20].

It should be noted that in each of the countries represented there has been a significant increase in the number of escape rooms. Statistics do not take into account the number of people who lived in these periods in a particular country, but represents a quantitative increase in interest in the quest industry around the world.

From the data presented, it is clearly seen that Russia is in the lead in terms of the number of quest rooms in the world. It should be noted that the Russian quest market is different from the Western one. There are many companies in Russia, high competition and quality of escape rooms, original formats. However, at the same time, unlike the Western market, which hosts various conferences on the construction of quests, there are numerous communities, the Russian industry is more closed, and our companies do not reveal their secrets.

The Japanese Takao Kato developed the very first quests in reality in 2007. After gaining popularity in Asia, this type of entertainment began to appear in the United States. In Europe, the popularity of quests came in 2011, many companies began to appear, and the city of Budapest became the leader. The first Russian quests appeared in the capital of the Urals in the spring of 2012. Snail. Quest room opened the first classic "reality quest" and horror project in Ekaterinburg. From the moment of its appearance to the present day, the most famous company in the quest industry in Russia is the international network "Claustrophobia", which opened its first quest in Moscow in 2013 [21]. After nine years of work, "Claustrophobia" has 193 unique scenarios that are played out in 203 quests. The company's projects are open in nine cities in seven countries around the world. More than a million games have been played on these venues and about four million players have had an unforgettable experience [22].

The new entertainment gained great popularity in a short time, despite the fact that the organizers practically did not engage in marketing and promotion of projects. Many fans of computer games with pleasure became participants in real stories and decided to visit unique microuniverses, where different types of mental and physical activity of a person are combined.

5 Discussion

For the first half of 2021 in Russia, quest services are presented at 6,200 sites in various cities of the country, offering quests of various kinds, quizzes, role-playing games and other

interactive entertainment. According to RBC estimates, the industry turnover for 2021 amounted to 1.25 billion rubles [23].

At the beginning of 2022, the championship in Russia in terms of the number of quests per capita is shared by Novosibirsk, Krasnoyarsk and Ekaterinburg (7 per 100 thousand people). This is followed by Kazan (6 per 100 thousand) and Perm (5 per 100 thousand) [24].

Statistical indicators characterizing the structure of entertainment in the city of Ekaterinburg indicate a high level of demand among the population for quest services, giving priority in the ranking of popular types of entertainment (Fig. 4).

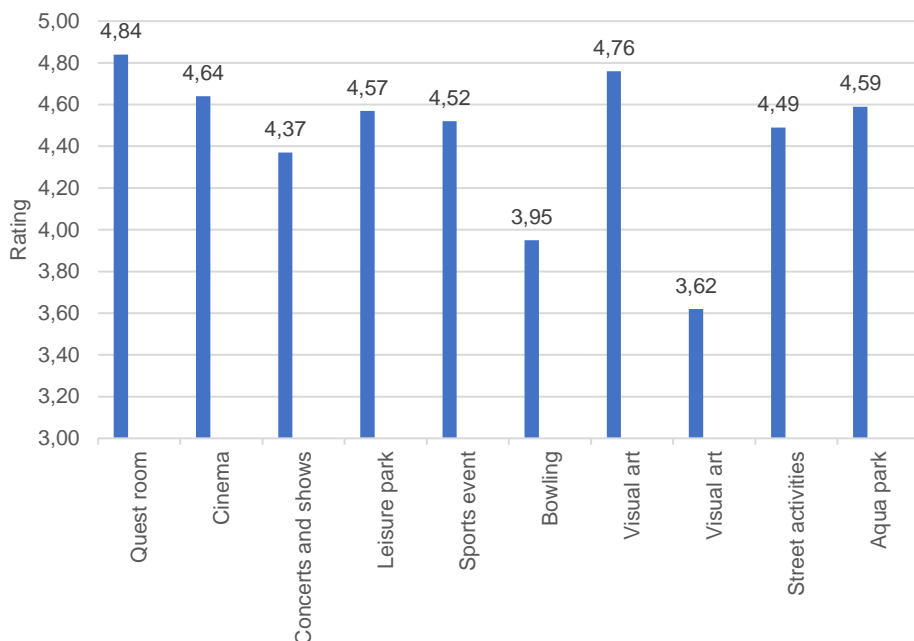


Fig. 4. Choice of entertainment in Ekaterinburg [25].

The list of entertainment included, in addition to quests, cinemas, concert venues, sports complexes, rides and other outdoor activities. The lowest rating is 3.62 and refers to mini golf. This is explained by the fact that there are almost no playgrounds in the city and this sport is not very popular among the city residents. From the diagram, we can conclude that quest rooms have the highest rating - 4.84/5.00, therefore, they are in demand entertainment on the market.

6 Conclusions

Thus, after analyzing the state of the entertainment market in the city of Ekaterinburg, we can conclude that the population mainly chooses an active form of leisure. Entertainment that combines physical and mental activities, as well as aesthetic pleasure and the development of interpersonal skills is gaining popularity. One of the best offers in this area are quest rooms, which combine all the necessary characteristics for excellent leisure. The Ekaterinburg market follows the needs of the population and new quests appear in the city, and competition among companies is becoming more and more serious.

References

1. N.V. Vasilenko, Economics of the service sector (INFRA-M, Moscow, 2022) <https://znanium.com/catalog/product/1745921>. Accessed 13 May 2023
2. G.A. Reznik, Service activity (INFRA-M, Moscow, 2021) <https://znanium.com/catalog/product/1241803> Accessed 10 May 2023
3. V.D. Markova, Marketing services (Finance and statistics, Moscow, 1996)
4. C. Gronroos, Eur. J. Mark. **16**, 30 (1982)
5. D.E. Davdyants, Kant **1** (2019)
6. I.Y. Kapuschak, Service in Russia and Abroad **15**, 24 (2021) DOI: 10.24412/1995-042X-2021-1-24-35
7. World Bank: Data and research, statistics. <https://www5.worldbank.org/eca/russian/data/> Accessed 23 April 2023
8. S.E. Yachin, Creative Economy **12**, 525 (2018)
9. The volume of paid services per capita by type: Federal State Statistics Service. <https://showdata.gks.ru/finder/descriptors/276924>. Accessed 27 April 2023
10. Trends in the development of the entertainment and media industry in Russia. <https://www.pwc.ru/ru/publications/mediaindustriya-v-2019/tendentsirazvitiya-v-rossii.html> Accessed 18 March 2023
11. L. Chierotti, When marketing a product to a consumer, it is most effective to target the subconscious mind. <https://www.inc.com/loganchierotti/harvard-professor-says-95-of-purchasing-decisions-aresubconscious.html>. Accessed 18 March 2023
12. I.A. Sedykh, Technologies in the entertainment industry (National Research University Higher School of Economic, Moscow, 2022)
13. A. Truong, Pokémon Go is making \$1.6 million each day in the US from iOS users paying for silly virtual goods. <https://qz.com/729935/pokemongo-is-making-1-6-million-each-day-in-the-us-from-ios-users-paying-for-sillyvirtual-goods/>. Accessed 12 March 2023
14. B.D. Pine, H. James, Economy of impressions. How to turn a purchase into an exciting action: A practical (Alpina Publisher, Moscow, 2018) <https://znanium.com/catalog/product/1003200> Accessed 13 May 2023
15. Recommended requirements for ensuring the safety of clients (players) of quest companies. National Association of Quest Industry Participants. <https://www.xn--80aagaopbdap4bgb1afaheao0fc2s.xn--plai>. Accessed 13 May 2023
16. V.I. Pleshchenko, Russian Regions: A Look into the Future **2** (2019) <https://cyberleninka.ru/article/n/svobodnoe-vremya-naseleniya-kak-istochnikovyh-form-i-vidov-deyatelnosti-v-ekonomike-sovremennoy-rossii>. Accessed 27 April 2023
17. Levada-Center. Analytical Center. <https://www.levada.ru/category/analiticheskiye-otchety/>. Accessed 17 April 2023
18. Russian Standard Bank. Statistics. <https://tass.ru/ekonomika/12848181>. Accessed 18 March 2023
19. Interfax-Ural Network publication. Research: spending Russians on entertainment <https://tass.ru/ekonomika/1284818>. Accessed 5 March 2023
20. Escape Room Industry Report by Xola 2018. A two-year analysis of booking, revenue, and consumer behavior trends. <https://blog.xola.com/wpcontent/uploads/2018/07/2018-Escape-Room-Industry-Report.pdf>. Accessed 18 March 2023

21. The life of a quest fan: How does the quest industry live three years after a stormy star. <https://spark.ru/startup/komnata-gde-zhivut-k/blog/28663/zhizn-kvestomanachem-zhivet-industriya-kvestov-cherez-tri-goda-posle-burnogo-starta>. Accessed 18 March 2023
22. Claustrophobia quest network. <https://claustrophobia.com/en/quest/>. Accessed 17 April 2023
23. The turnover of the quest industry in Russia exceeded 1.25 billion rubles. <https://secretmag.ru/news/oborot-industriikvestov-v-rossii-prevysil-1-25-mlrd-rublei-05-09-2021.htm?ysclid=137amucecn>. Accessed 27 April 2023
24. Official statistics of the Google Trends service. <https://trends.google.ru/trends/?geo=RU>. Accessed 15 April 2023
25. Business insight. Entertainment industry in Russia: Trends, features. <https://bi-school.ru/industriya-razvlechenij-vrossii-trendy-osobennosti/>. Accessed 10 March 2023