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## **Economy and architecture. The role of architecture in process of building the economic potential of space.**

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**Abstract:** For centuries architecture and the architectural objects constitute the characteristic landscape's elements of the particular land or region. They were a vivid illustration of the given culture's achievements, they constitute the aesthetics and engineering accomplishments of their time. Nevertheless in the last few decades a distinct transformation took place. Architecture is not only the reflection of the current state but it became an instrument in process of creating yet unexciting – but carefully planned in marketing strategies – economic potential of a space. While monitoring the tendencies occurring lately in global architecture and the urban design five essential parts of architecture as an economic device can be pointed out:

- 1/. architecture and space branding where the intentional designing of a particular, imagined picture of any defined space starts to be a way to impart it a new meaning;
- 2/. architecture and tourism destination where architecture can be utilized as a basic instrument to stimulate the tourism development in particular regions;
- 3/. consumerism where architecture becomes a device of the behavioural economics;
- 4/. corporate architecture where architecture is used to distinguish companies' image on the concurrence background thus to enhance their economic position on the market;
- 5/. architecture as an integrating and holding together factor in local communities.

Nowadays architecture of the objects and spaces where contemporary people exist is underestimated. We just partly exploit architecture in a process of enhancing the economic potential of a particular space. Time to recognize and explore other qualities of architecture as a way of the innovative reality creation, to value abilities of creating the atmosphere stimulating the consumers behaviour leading to planned financial effects. Architecture – as a device ample with the expression means - supports creating the competitive advantages.

**Keywords:** **space-branding, corporate architecture, economic potential, consumerism, architecture as an economic instrument**

**Introduction:** For centuries architecture and the architectural objects constitute the characteristic landscape's elements of the particular land or region. They were built in accordance with a local tradition and inextricably harmonized with it. They were a vivid illustration of the given culture's achievements, they constitute the aesthetics and engineering accomplishments of their time. Architecture demonstrated the power of a land or a sovereign, emphasized their economic and political position (Fig. 1,2,3). Through ages a role of architecture was subject to slight modifications however its essential aim of manifesting the mankind's progress retained. Nevertheless in last few decades a distinct transformation took place. Architecture is not only the reflection of the current state but it became an instrument in process of creating yet unexciting – but carefully planned in marketing strategies – economic potential of a space.

My research is carried out in-between two distant science disciplines - economy and architecture. On account of an importance of social and economic effects of the relation between architecture and marketing, the research is expected to generate the valuable practical findings. From the economic point of view the space can be treated as a product that fights for appearing in tourists', potential inhabitants' and investors' consciousnesses. The space treated as the object of demand and supply becomes an element in a marketing game and to be an economic value it can not be formed accidentally. The architecture should be one of the marketing devices. For the purpose of redefining the role of architecture in contemporary economics the international exchange of ideas and reflections on scientific and academic level is essential.

This article starts where the current discussions about the architecture end. Its origins draws from opportunities established by the global fusion of cultures and economies. Its aim is to inspire the policy-makers to look for the critical frames and strategic perspectives that go beyond the moral discourse limits trapped in the

stylistic debates areas. Currently the notion of a space and market, local authenticity and global culture of consumption met head-on to create unknown complex net of dependences. In hyper capitalism epoch we moved from one-size economics to customization-for-all tendencies where architecture from the basic definition “what it is” – illustrating just the function and significance of a building - evaluated to the term “what it does” or “what you feel” thanks the architecture and “who you are” communing with it. These are the questions overlapping theories of the experience economy.

The article’s goal is to liberate the term of architecture from its formal and sanctimonious shell and to began discussion about the architecture as the economic device assuming control over human experience. Architecture influence its users. It provokes, triggers emotions, wakes up desires. This way of understanding the architecture requires radical definition’s change of the architectural designing’s aim. It’s essential to drop the idea of building static objects for building intended contexts generating particular emotions.

Monitoring the tendencies occurring lately in global architecture and urban design five essential roles of architecture as an economic device can be pointed out.

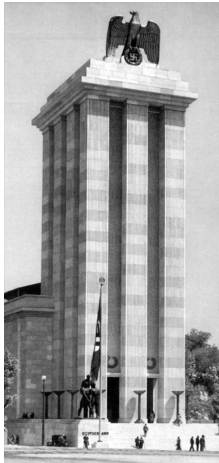


Fig. 1



Fig. 2



Fig.3

Figure 1. National Pavilion of the Third Reich on *Exposition Internationale* Paris 1937

Figure 2. National Pavilion of the USSR on *Exposition Internationale* Paris 1937

Figure 3. *Champ De Mars* view on *Exposition Internationale* Paris 1937

### Architecture and space branding

Architecture and space branding we can call the intentional designing of a particular, imagined picture of any defined space as a way to impart it a new meaning. This process partly results from the original historical function of the spectacular architecture. Today architecture is used as a marketing device creating competitive advantages of the cities and metropolies in a post-globalization epoche. The limits of the cities marketing development’s tendencies are researched to be exceeded. Currently architecture – sometimes together with urban planning – becomes the only mean in a fight against “the culture of copy” so typical for the globalization times. Globalization consists in unification (Fig. 4). Branding consists in creating a recognizable image that is more attractive and expressive than the one promoted by competing spaces. A strong contradiction exists between these two definitions. Architecture as a multidimensional field of science might solve this contemporary conflict. The process of marketing of emotional sensations, perceiving the experience as a product as well as the homogenization of global landscape induce architects to transformations of bland city image through emblematic and meaningful interventions. In infinite number of mixed formulas multiplied by the globalization the architecture’s meaning must be redefined and based on new marketing reality. From current perspective of our surrounding dominated through mass media and marketing architecture begins to play the key-role. In last decade cities like Bilbao, Shanghai and Dubai used successfully the architecture to enhance their image, to generate the economy growth and to emphasize their positions on the global village background. By constructing new promotion strategies for a particular place it is essential to distinguish exceptional values that can characterize it and to select proper marketing and economic instruments to avoid unification of its unique identity.

### Architecture and Tourism Destination

Architecture can be utilized as a basic instrument to stimulate the tourism development in particular regions. The distinctive, emblematic architecture can be a travel destination itself. Places, where too few natural or historical attractions exist can – by building spectacular, worldwide described architectural objects created by star-architects – form new tourism destinations, sell new, competing place-image thus attract masses of tourists and increase the income of the place. Buildings and their architectural expression have measurable influence on local economy. The identifiable icon or iconic building can encourage investment in the area (Avery 2007).

Another aspect of influence the architecture on the touristic attraction of a place is the phenomena of reconstructing the identity of a place. Reconstructing or rather creating new image, completely unconnected with the real history of a space, by building whole urban structures that copy architectural image of already existing

and successfully functioning tourism destinations. Sometimes the newly created identity reminds patchworks satisfying undemanding, unrefined taste of average tourist's, for whom it is not important if he sees the Eiffel Tower in Paris or in any other place. The fact that he can recognize the architectural object and identify with it is more significant aspect of travelling then the authentic historical, urban and cultural context of the original Eiffel Tower localization. This tendency frequently seeks to attract visitors with a series of stereotypical attractions such as flagship museums spectacular buildings, well-known ambient, etc. As a result of this regularly copied approach, we see interchangeable urban entertainment districts, which are not rooted in the locality and its culture (Avery 2007). In other words those developments frequently lack today's demand by travelers for authenticity.

And as the third field of that matter should be mentioned the urban regeneration – an important movement restoring particular space into a marketing and economic play. Many forgotten historical buildings are rediscovered and renovated to expose the origin value of a place. By revitalization and renovation process the selection of architectural methods is essential. It might revive the authentic beauty of a local identity or to foil the uniqueness of the historical structure build through millennia. Unfortunately urban regeneration as a promising opportunity for the tourism industry and the overall destination is often misjudged (Gronau, Constanti, 2010). In the majority of the cases urban regeneration strategies follow a culture led approach. This mostly lose sight of the economical aspects of this process. And again the most important aspect by conducting such actions is the balance between the planned /foreseen economical result and the preservation of the historical tissues. Just to remind - the cultural tourism was feted in Europe as one of the fastest growing sectors of the tourism market (CEC 1996; Richards 1996), and seen as a panacea for heritage conservation and development worldwide (ICOMOS, 1998).

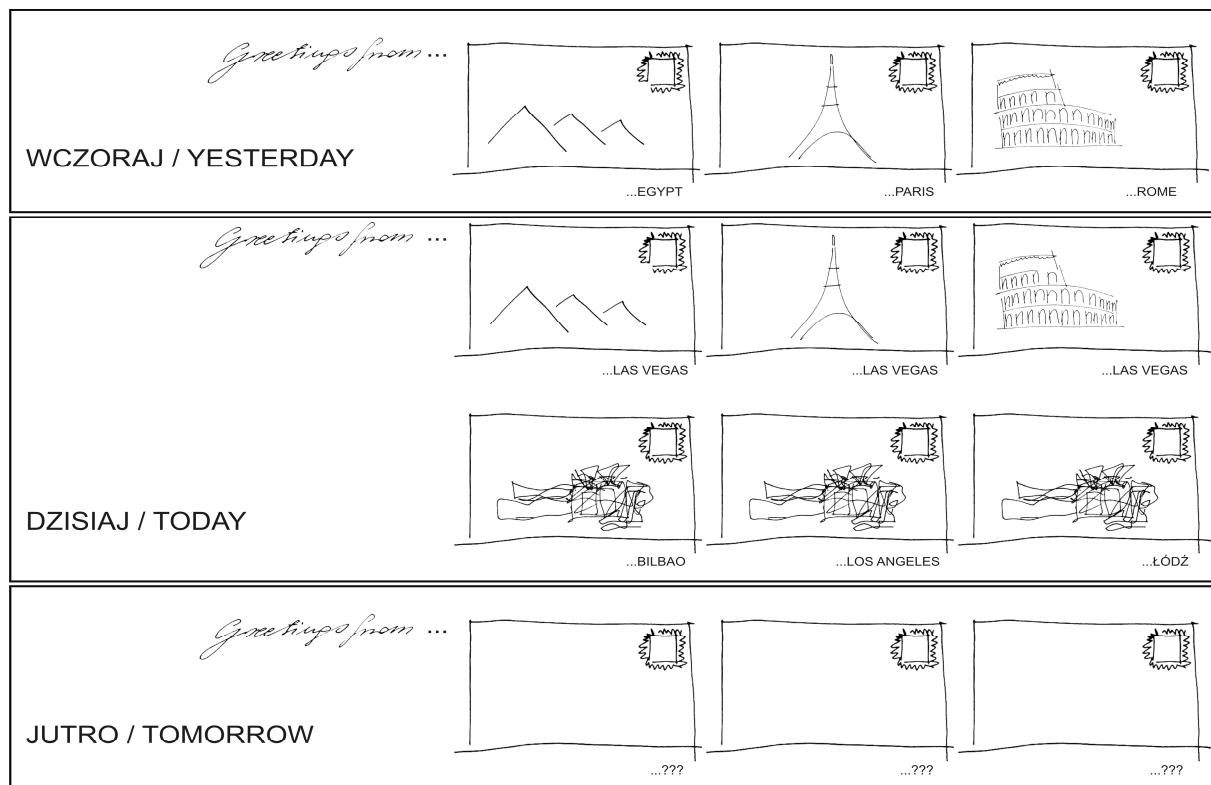


Figure 4. YESTERDAY – diversity, TODAY – unification, TOMORROW – locality, individualism, identity?

### Consumerism - architecture as a device of the behavioural economics

Such process of a deft evoking the strong emotions planned in a marketing strategies leads to generating a consumers need states. It is strongly supported by consumers driven designed commercial spaces that stimulate the realisation of imagined consumers' needs. This issue includes the problem of deliberate creating of the commercial public spaces, shopping malls and the shops interior decorations.

Experience Economy serves as a premise to make architects to be aware how to create places authentic in their expression, full of significance and attractive.

As far as shopping is to be understood as a part of constructing identity's and building social relations' process it must be comprehended as an activity having a role in a larger context of a consumer society. Consumerism has in common as much with need of expressing the social distinction as with individual preferences and internal desire. It must further be distinguished as an interpretation rather than as a simple act of purchasing and set in relation to consumer's identity. What constitutes consumer society, or a society of consumption, is social structure and social relations, and image at least superficially defined by consumption, both as activity (consuming) and as social signs (what is consumed). Compared to previous industrial societies,

the formation of identities, social structures and status moved from *what we produce* to *what we consume* (Koch 2007).

In such a society, where life is determined by more and more intense consumption and shopping – a life lived in commercial spaces or defined mainly by items bought and used primarily to be consumed. Through consumption and the use of symbols, such as clothes, furniture, cultural and prosaic articles, we define ourselves, our identities and our position in society. As a result the public spaces have to be transformed into commercial spaces. Public squares, streets, centres are subject to spectacular transformations from open space to indoor malls, galleries or shopping centres to provide more available and comfortable space to realize consumptions dictate.

Entering shops, watching products/articles and buying fulfil longings going beyond basic economical and rational needs. The clients' motivation includes constant quest for entertainment and relax. To guarantee every consumer's need it is essential to take care of accurate shop interior arrangement and décor, appropriate products' exposition (merchandising) and stimulating atmosphere, that triggers specific emotions and in consequence planned consumer's behavior. The emotional clients' reactions caused by surroundings might be presented in categories: pleasure, excitement, domination. Reactions bring man closer to his environment (spending time and acting in it) or discourage him (escape from it). Architecture provides designers and managers with vast palette of instruments enabling effective influence on clients' acting (Foxall, Goldsmith 1996).

### **Corporate architecture**

Corporate architecture is a phenomenon of exposing and expressing the basic marketing policy's rules of a concrete firm or corporation to distinguish its image on the concurrence background thus to enhance its economic position on the market. Currently architecture plays a significant role in the complex process of building the firms' corporate identities. So called "theme-objects" are constructed, usually owned by companies, where corporation's branding history and development of the flagship products is presented. Architecture of such buildings - through their original form – must be noticeable, explicitly identifiable with the particular brand and testify the high quality of the brand's products (Fig. 5, 6, 7). Corporate architecture performs the advertising role for the utilitarian products as if they were the exhibit items. The "theme-objects" become a part of the everyday culture parallel contribute to strengthen the loyalty programs addressed to current and future clients. Architecture plays the role of the economic instrument and explicitly influence the company profits. Companies and international firms as first ones appreciated the commercial potential of architecture. The perceiving of contemporary architecture changed radically. And branding nowadays plays the key-role in creating the global culture as well as by formulating people's expectations and hopes in relation to themselves.

Architecture as an integrating and holding together factor in local community Architecture should allude to the history and context of a place, enhance its identity. It ought to reflect the values the local inhabitants identify with. It increases people's attachment to a place they live in. Thereby the uncertainty feelings disappear in favour of enhancing the increasing self-esteem. Such circumstances expedite self-confidence and belief in opportunities. The intentional creating of everyday living space becomes a catalyst for effective socioeconomic transformation. The artificial image of a space formed with no relation to the real, multidimensional context of a place, might not be accepted by the locals and by that be excluded from everyday usage as an empty gap in the urban city structure. Anna Klingmann writes: "*When architecture combines ecology, economy and social interest to help people and places to regain self-sufficiency might become a catalyst for a cultural and economical transformation*" (Klingmann 2007).



Fig. 5



Fig. 6



Fig. 7

Figure 5. Stuttgart Mercedes – Benz Museum, 2011

Figure 6. Stuttgart Porsche Museum, 2011

Figure 7. Munich BMW Welt, 2010

### Conclusions

Indeed, perceiving buildings and architecture itself as a branding provoking particular experience seems to present fresh and innovative perspective for whole field of architecture science. Highly penetrating research must be conducted to look at this tendency with a proper criticism. Architecture mustn't be judged from the artistic point of view. It should be understood as an integral part of a bigger system – as an element of the economy development's process, technological progress, social changes. According to French philosopher Henry Lefebvre<sup>1</sup> – urban environment is a result of current economical circumstances. The space does not simply exist, the space is subject to constant redefinition caused by continuous market conditions.

Currently the relations between human and his environment are extremely significant. The more professionally we influence a consumer the more effectively we achieve our strategic economic aims. It seems that architecture becomes an inherent element of the economic strategies constructed to trigger off a definite financial result. Architecture – as a device ample with the expression means - supports creating the competitive advantages.

Although the form and function remain two important architectural criteria the more significant factor in architecture valuation is its impact into personal development of average individual consumer.

Nowadays architecture of the objects and spaces where contemporary people exist is underestimated. We notice only a part of its multidimensional properties that have direct influence on the reactions and behaviour of an audience. Therefore we just partly exploit architecture in a process of enhancing the economic potential of a particular space. Time to recognize and explore other qualities of architecture as a way of the innovative reality creation, to value abilities of creating the atmosphere stimulating the consumers behaviour leading to planned financial effects. In the crisis time and in the perspective of the economic collapse in many world's regions it is essential to rethink the usage of the existing devices and instruments we have thus without extra financial outlays increase our effectiveness. One of the first devices to rethink should be architecture.

### Illustrations

Fig.1 National Pavilion of the Third Reich on *Exposition Internationale Paris 1937*, [in:] Schriefers T.: *Für den Abriss gebaut? Anmerkungen zur Geschichte der Weltausstellungen*, Ardenkuverlag, Hagen 1999, pp. 90, 92;

Fig.2 National Pavilion of the USSR on *Exposition Internationale Paris 1937*, [in:] Schriefers T.: *Für den Abriss gebaut? Anmerkungen zur Geschichte der Weltausstellungen*, Ardenkuverlag, Hagen 1999, pp. 91;

Fig.3 *Champ De Mars* view on *Exposition Internationale Paris 1937*, [in:] Schriefers T.: *Für den Abriss gebaut? Anmerkungen zur Geschichte der Weltausstellungen*, Ardenkuverlag, Hagen 1999, pp. 89;

Fig.4 YESTERDAY – diversity, TODAY – unification, TOMORROW – locality, individualism, identity?, authors drawing;

Fig.5 Stuttgart Mercedes – Benz Museum, 2011, author's photo;

Fig.6 Stuttgart Porsche Museum, 2011, author's photo;

Fig.7 Munich BMW Welt, 2010, <http://www.bmw-welt.com>

<sup>1</sup> Lefebvre, Henry : *The Production of Space*, trans. Donald Nicholson-Smith, Oxford, Blackwell, 1991, (French edition 1974)

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