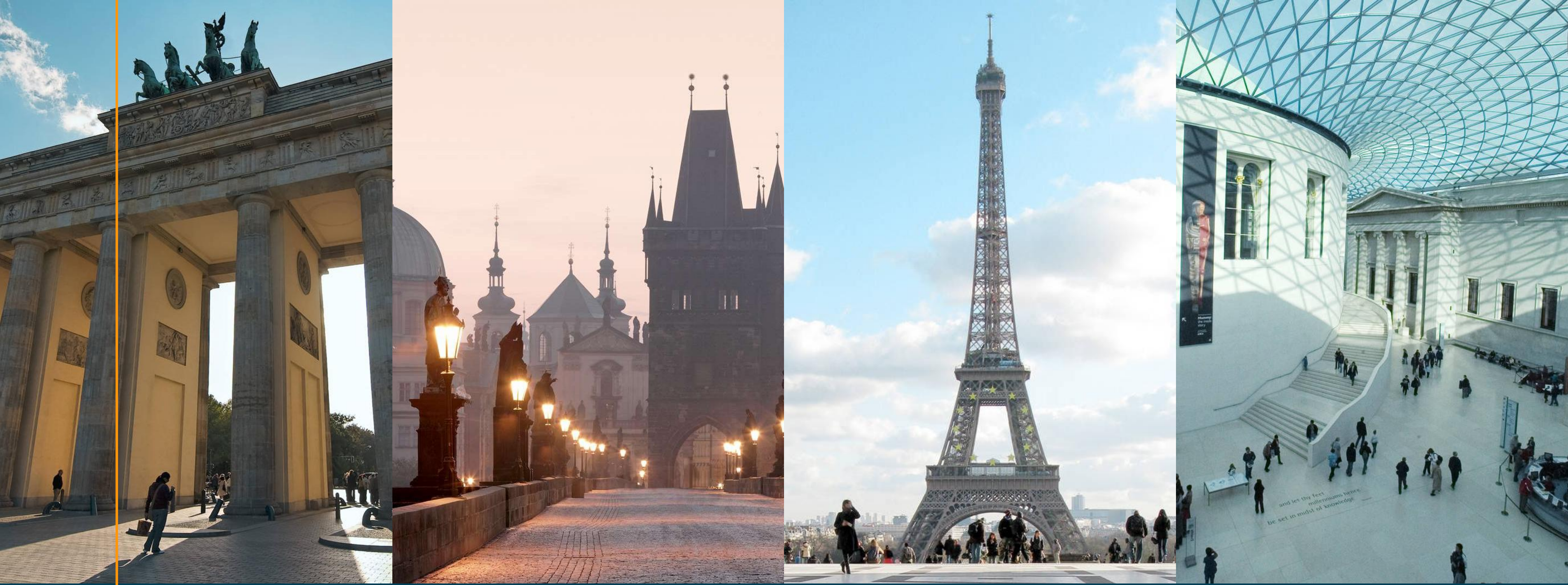

European capital city tourism

Report – Analysis and findings

Roland Berger
Strategy Consultants

Vienna, November 2011

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Management summary
Paris, Amsterdam and Rome lead the ranking

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European capital city tourism study: Management summary

OBJECTIVE

> **Tourism to capital cities is a growth driver,** outperforming both tourism to countries as a whole and GDP growth

> The study compares the figures for **tourism in different European capitals,** looking at current status, growth and success

ANALYSIS

> We use **seven criteria** to evaluate tourism in capital cities: growth in overnight stays, total number of overnight stays, bed capacity growth, value creation, internationality, accessibility and congresses

> Berlin, Stockholm and Ljubljana saw the **highest growth in the number of overnight stays** over the last five years

> London and Paris had by far the **most overnight stays in 2010**; Berlin and Rome came fourth and fifth

> Amsterdam and Lisbon have **most overnight stays** per inhabitant, followed by Prague

> Amsterdam, Lisbon, Stockholm, Zurich, Vienna, Rome and Copenhagen are the top performers in terms of growth in the number of overnight stays in the last five years and the number of overnight stays per inhabitant

> London and Prague enjoy the **longest overnight stays**

> Ljubljana is the top performer in terms of **growth in bed capacity** in the last five years. Tallinn and Istanbul follow in second and third place, a long way behind

> In terms of **value creation in the form of revenue per available room,** Paris, London and Rome top the ranking. Prague and Berlin come at the bottom end of the ranking

> London and Paris lead in terms of **accessibility by air,** followed at some distance by Amsterdam and Istanbul

> Vienna hosts the **most congresses,** followed at some distance by Paris and Berlin

RANKING

> To allow better **comparisons,** the cities were **split into two clusters:** Cluster 1 contains the top ten cities in terms of the number of overnight stays in 2010

> **Paris tops the ranking in Cluster 1,** followed by Amsterdam, Rome, Stockholm, Berlin and Vienna, in that order

> **Zurich tops the ranking in Cluster 2,** followed by Lisbon and Copenhagen

A. Methodology and sources

This study is based on online material, statistical data and expert interviews

Roland Berger
Strategy Consultants

The study analyzes 24 European cities' success in the area of tourism

Objective and focus cities

Objective

> The objective of the study is to bench-mark the success of European cities in the area of tourism…

> … and to produce findings on key developments, trends and challenges in the market

Focus cities

Capitals of EU-27 countries

+

Belgrade, Istanbul, Zagreb and Zurich[1)]

−

Cities for which data was out-of-date or insufficient to allow comparisons

=

24
focus cities

1) Zurich is included as it is more significant for tourism than the capital , Bern

Source: Roland Berger

The study is based on information from popular databases and interviews with experts

Methodology and sources

	1	2	3	4	5
METHODOLOGY	**Gather online material (tourism master plans, etc.)**	**Collect and analyze statistical data**	**Interview experts on methodology and trends in city tourism**	**Evaluate focus cities along predefined dimensions**	**Derive conclusions**
SOURCES	> Websites of city tourist boards and marketing agencies	> ECM Benchmarking Report 2011 > Eurostat data on country level > Intern. Congress and Convention Association (ICCA) > International Hotel Association (IHA) > TourMIS, statistical database for city tourism[1)]	> Berliner Hotelverband > Deutscher Hotel- und Gaststätten-verband > Österreichische Hoteliervereinigung > Wien Tourismus > Roland Berger experts with relevant project experience	> Minor differences in some criteria could not be avoided – accepted for the purpose of this report	> Roland Berger

1) TourMIS data lumps business and leisure together

Source: Roland Berger

Roland Berger Strategy Consultants

We use a "barometer model" to evaluate and rank cities – Similar approach to the World Economic Forum ranking

Evaluation method

Evaluation criteria	City	Published data	Barometer results	Criteria weighting[1]
I Overnight stays, CAGR 2005-2010 [%]	A	7.3	100	60%
	B	3.5	51	
	C	-0.5	0	
	D	-0.4	1	
	E	4.3	61	
II Overnight stays per inhabitant [no.]	A	6.1	42	40%
	B	13.0	100	
	C	6.4	44	
	D	1.0	0	
	E	7.0	50	

Calculation

City with the highest value given 100 — **100**

City with lowest value given 0 — **0**

Remaining values interpolated, e.g. E:

(7.0-1.0)/
(13.0-1.0) x 100

= 50

Total barometer results		Rank
A: ***100 x 60% + 42 x 40% =***	77	1
B:	71	2
C:	18	4
D:	1	5
E:	57	3

1) Indicative only

Source: Roland Berger

Roland Berger Strategy Consultants

We group cities into two clusters for the final ranking to ensure we are comparing like with like

Ranking of cities in two clusters

Cluster 1	Overnight stays, 2010 [m]
> London	48.7
> Paris	35.8
> Berlin	20.8
> Rome	20.4
> Madrid	15.2
> Prague	12.1
> Vienna	11.7
> Amsterdam	9.7
> Istanbul	9.1
> Stockholm	6.3

Cluster 2	Overnight stays, 2010 [m]
> Lisbon	6.2
> Budapest	5.9
> Brussels	5.6
> Athens	5.4
> Copenhagen	5.1
> Zurich	3.7
> Oslo	3.3
> Helsinki	3.2
> Tallinn	2.3
> Bratislava	1.4
> Belgrade	1.3
> Zagreb	1.0
> Luxembourg	0.8
> Ljubljana	0.7

COMMENTS

- Interviewees pointed out that cities generally compare their performance to a limited set of other cities
- Their selection of cities for comparison depends mainly on performance, size, maturity of the tourism industry and visitor motivation
- Accordingly, we grouped cities into two clusters for the final ranking
- Data on revenue per available room, average daily room rate and occupancy was only available for the ten cities in Cluster 1 – the clustering means that we can analyze value creation in city tourism for this group at least

Source: Roland Berger

B. Analysis and evaluation

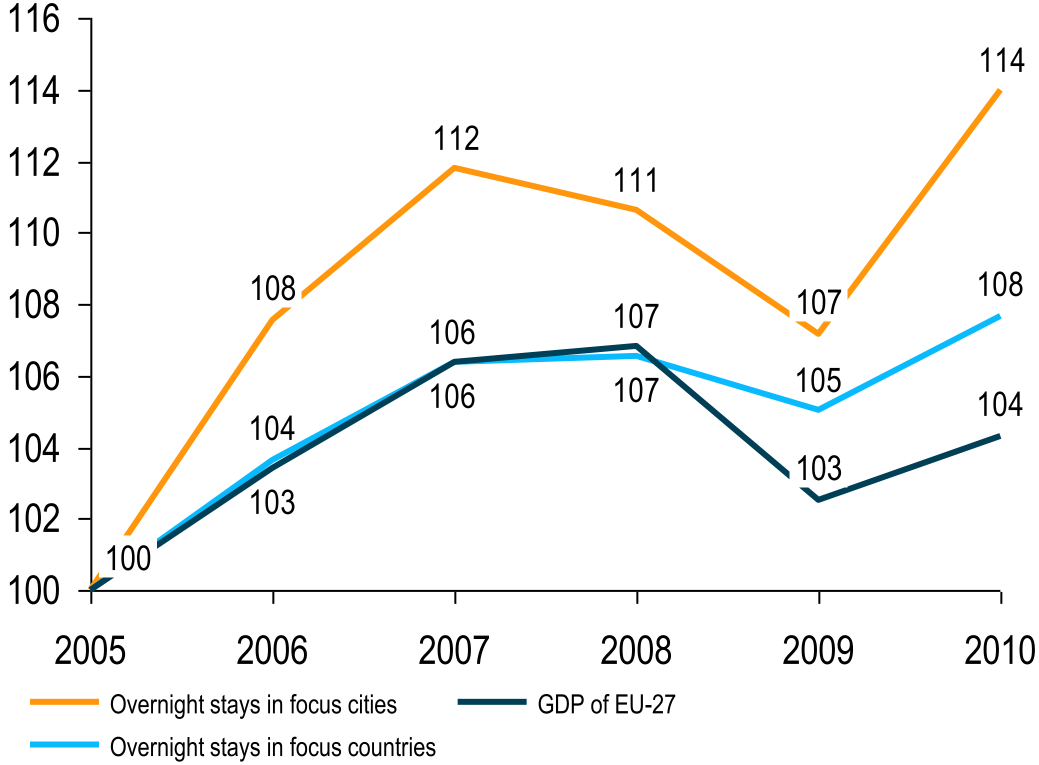
European capitals have been evaluated along a set of seven criteria

Roland Berger
Strategy Consultants

Tourism has expanded much faster than the overall economy in Europe in recent years – City tourism has performed best

Development of the tourism industry

City tourism, CAGR 2005-2010 [index =100]



COMMENTS

> City tourism **suffered less during the economic crisis** than expected

> In the crisis year 2009, the GDP of the EU-27 fell 4.3% while city tourism decreased by just 3.5%

> In 2010, GDP recovered slowly while city tourism **recovered fast,** with overnight stays **up 6.8%**

> **Tourism** is a **key growth driver** for the overall economy. **City tourism outperforms the rest of the industry**

> We analyze the top cities, their perform-ance, trends and challenges in the report

Source: ECM, Eurostat, TourMIS, Roland Berger

We analyze the cities along seven different dimensions

Evaluation criteria

Dimensions	Selected benchmarking criteria	Period	Weighting cluster 1 [%]	Weighting cluster 2 [%]
I GROWTH IN OVERNIGHT STAYS	CAGR for overnight stays	2005-2010	20	30
II NUMBER OF OVERNIGHT STAYS	No. of overnight stays relative to inhabitants	2010	10	10
III GROWTH IN BED CAPACITY	CAGR for bed capacity	2005-2010	15	20
IV VALUE CREATION	Revenue per available room	2010	20	n.a.
V INTERNATIONALITY	Share of European tourists	2010	5 } 10	5 } 10
	Share of non-European tourists	2010	5	5
VI ACCESSIBILITY	Number of direct flight connections	2011	15	20
VII CONGRESSES	Number of congresses	2009	10	10
			Σ 100%	Σ 100%

Criteria for all cities (I, II, III, V, VI, VII)

Criterion for Cluster 1 cities only (IV)

COMMENTS

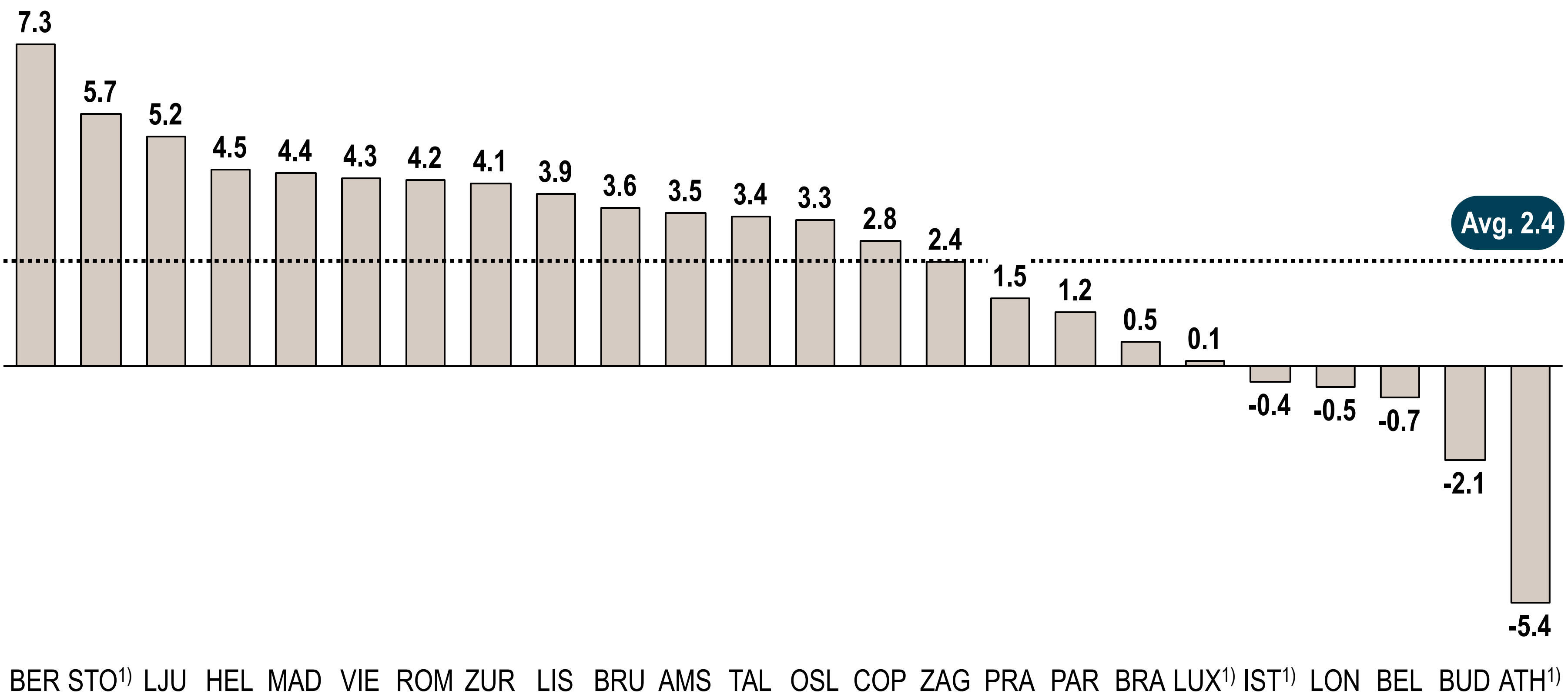
- > The different dimensions selected for the evaluation are well balanced
- > The growth in the number of overnight stays is used as the key criterion; increasing this figure is the overall goal. The current number of overnight stays is also included as otherwise mature markets would be at a disadvantage
- > Due to limited data, revenue per available room is used for Cluster 1 cities only

Source: Roland Berger

Roland Berger
Strategy Consultants

Berlin, Stockholm and Ljubljana enjoyed the biggest increase in the number of overnight stays in the last five years

Growth in the number of overnight stays, CAGR 2005-2010 [%]

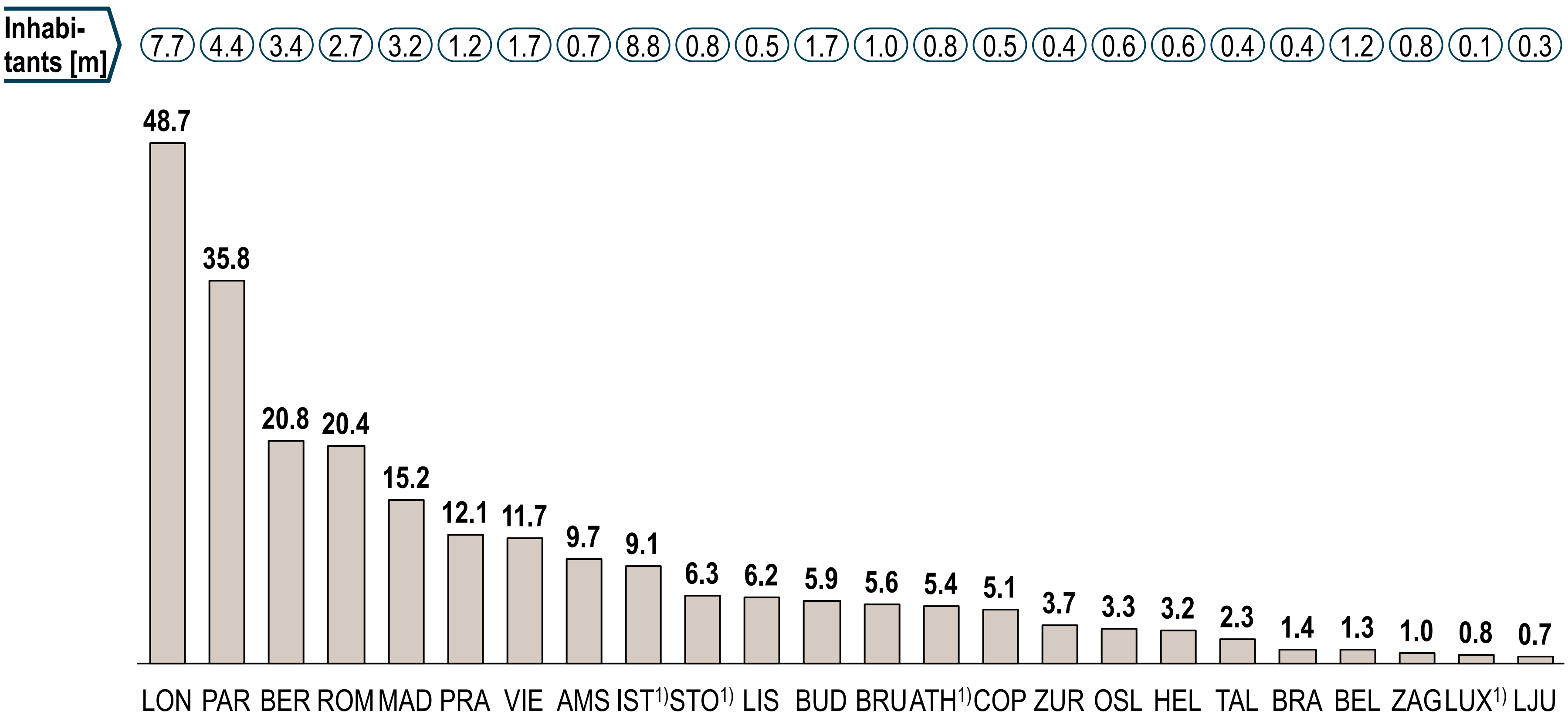


1) 2005-2009 only

Source: TourMIS, ECM, Roland Berger

London and Paris had by far the most overnight stays in 2010 – However, some cities are much bigger than others

Number of overnight stays, 2010 [m]



1) 2009

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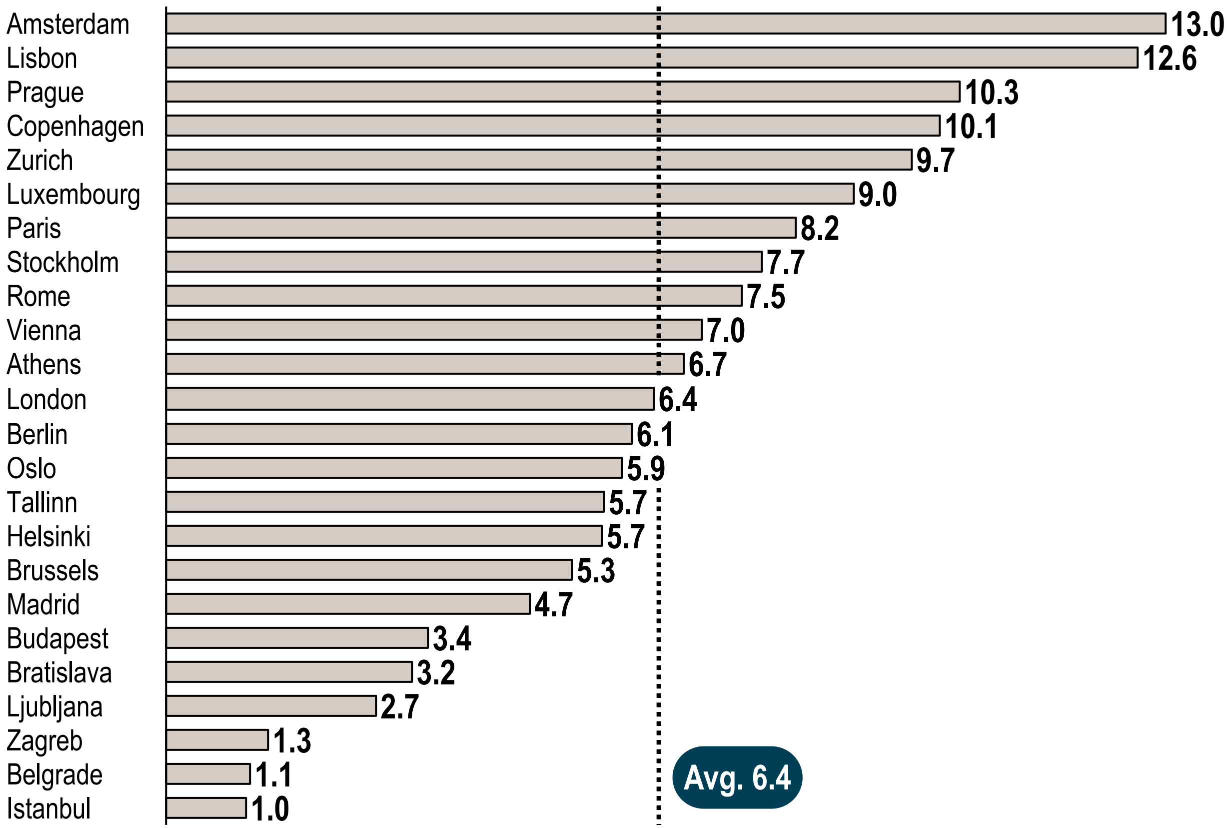
Strategy Consultants

Amsterdam and Lisbon had the most overnight stays relative to the number of inhabitants

Overnight stays per inhabitant, 2010



COMMENTS

> Amsterdam and Lisbon had by far the most overnight stays relative to the number of inhabitants

> The number of inhabitants can be hard to define as it depends on how the area of the city is defined, however it gives the figures more context

> Prague was the best performer in CEE

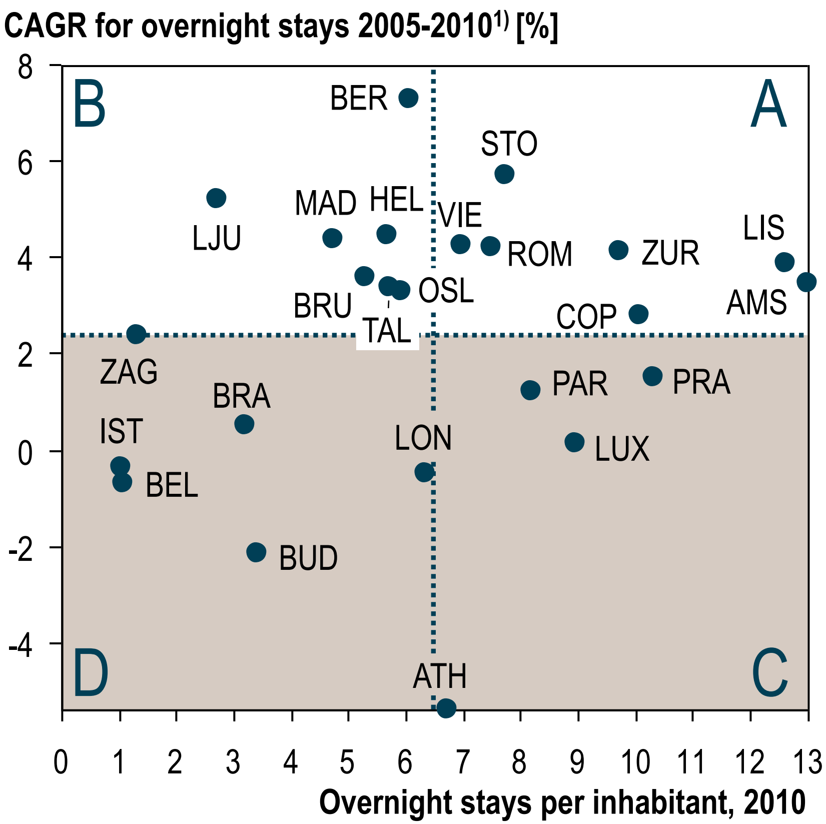
> Most CEE countries have a below-average number of overnight stays per inhabitant

Source: TourMIS, ECM, Eurostat, Roland Berger

Roland Berger Strategy Consultants

Amsterdam and Lisbon are the top performers – Large number of overnight stays today and strong growth since 2005

Current volume and growth matrix



1) 2005-2009 only for Athens, Istanbul, Luxembourg and Stockholm

CONCLUSIONS

A **STARS** – Above-average number of overnight stays per inhabitant and above-average growth
> Amsterdam, Lisbon and Stockholm are top performers

B **HIGH POTENTIALS** – Relatively small number of overnight stays but above-average growth
> Berlin, Stockholm and Ljubljana have the strongest increase in the number of overnight stays – Berlin is well on its way to joining the "stars"
> Ljubljana shows positive growth, but current volumes are still low

C **FOLLOWERS** – Above-average number of overnight stays but below-average growth
> Paris, Prague & Luxembourg have had below-average growth since 2005
> Athens has the lowest CAGR of the focus cities

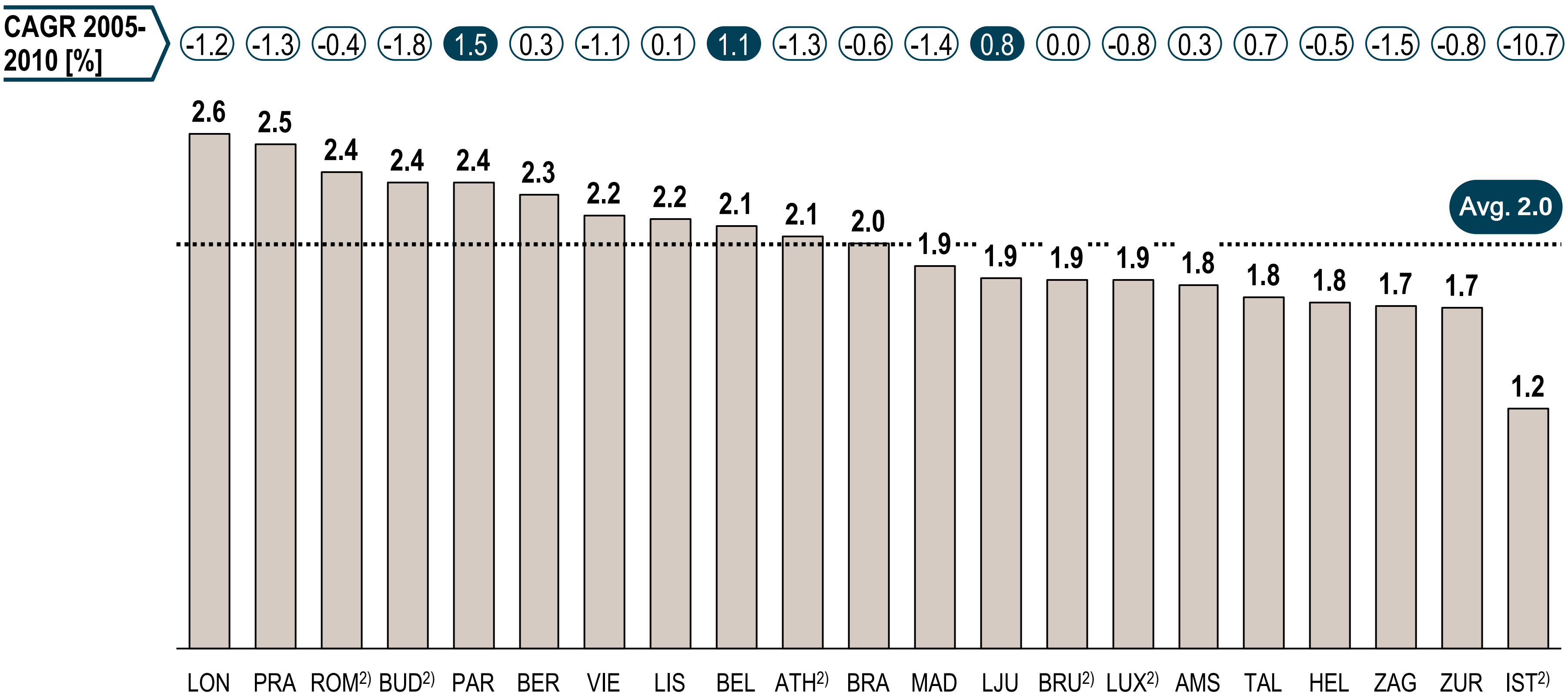
D **LAGGARDS** – Below-average number of overnight stays and below-average growth
> Belgrade and Budapest risk losing ground to other cities if no action is taken
> Need to identify reasons for poor performance

..... Average

Source: TourMIS, ECM, Eurostat, Roland Berger

Overnight stays per arrival are low in city tourism – Even small increases here help draw people away from the well-beaten path

Overnight stays per arrival[1)], 2010

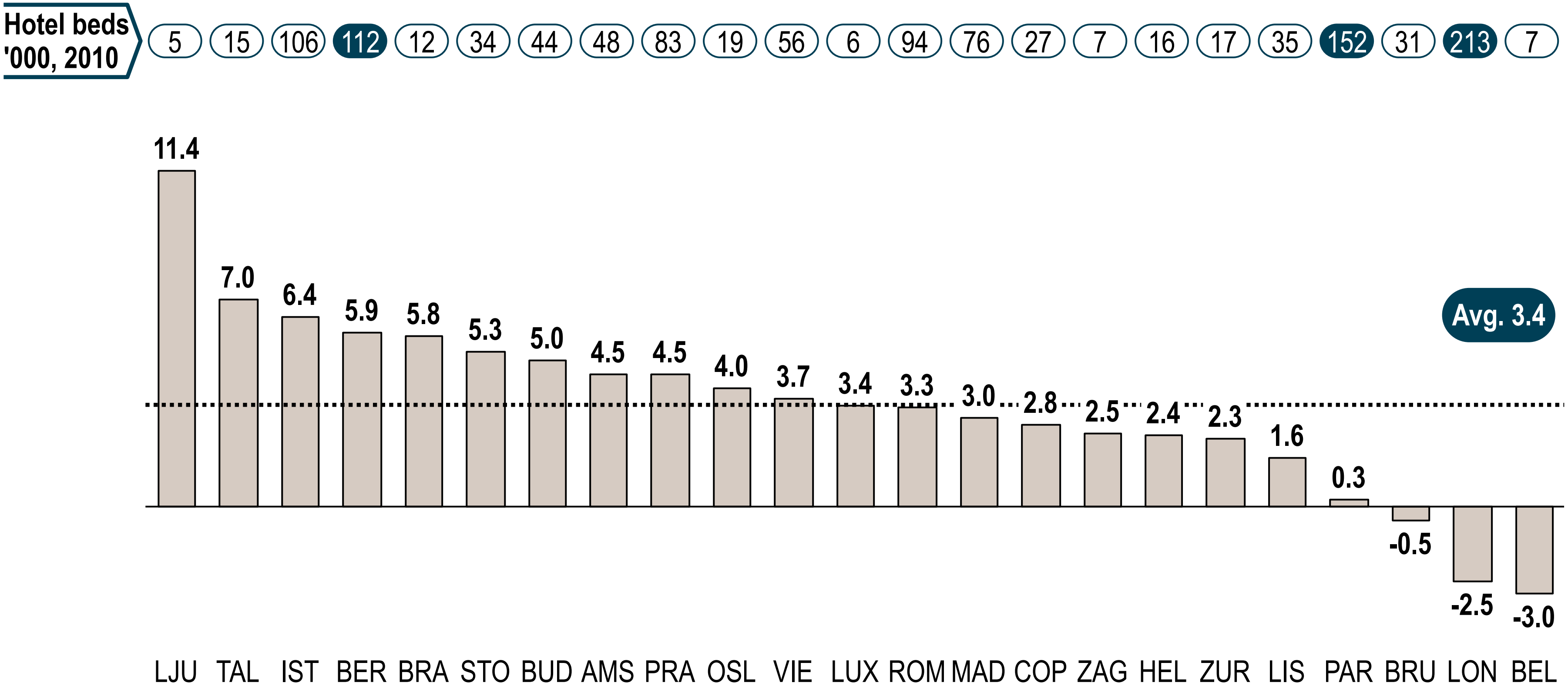


1) No figures available for Copenhagen, Oslo and Stockholm 2) 2005-2009 only

Source: TourMIS, ECM, Roland Berger

Ljubljana shows outstanding growth rates in bed capacities over the last five years – Good indicator of market trust by private investors

Bed capacity, CAGR 2005-2010[1)] [%]



1) No data for Athens; 2005-2009 only for Bratislava, Brussels, Budapest, Istanbul, London, Luxembourg and Stockholm

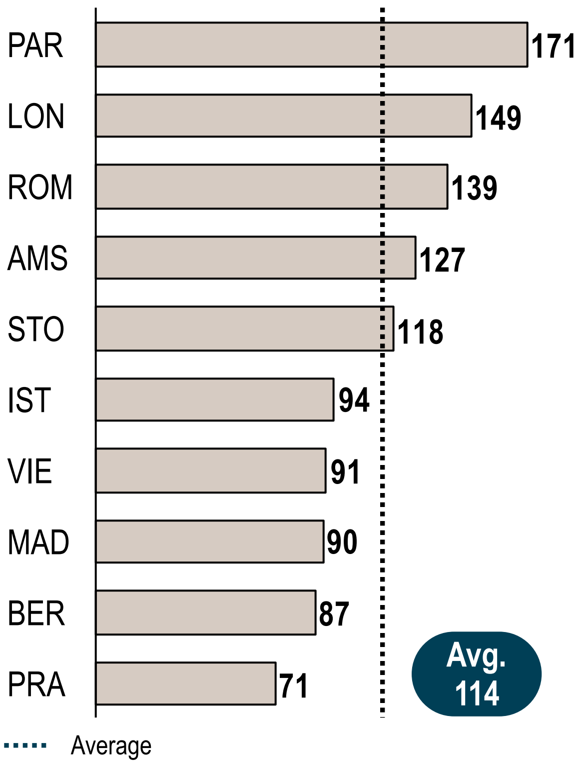
Source: ECM, Roland Berger

Roland Berger Strategy Consultants

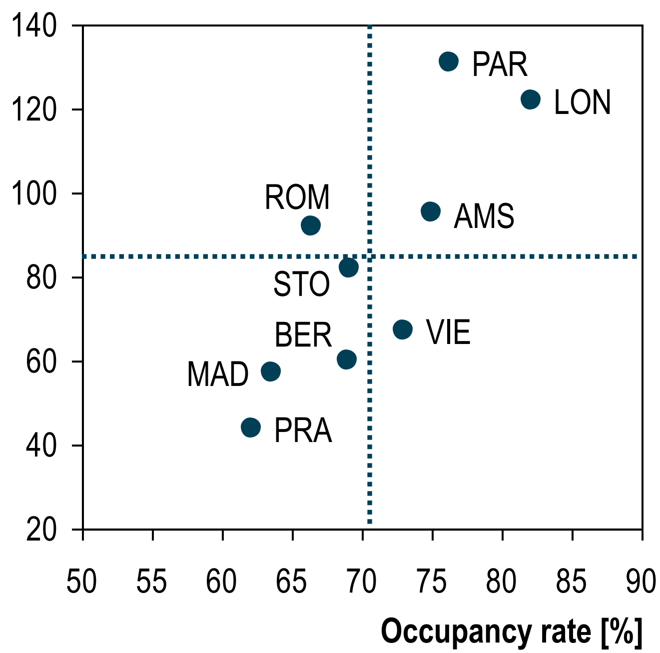
Paris and London achieve the highest revenue per available room for Cluster 1 cities

Revenue per available room (RevPAR)[1)]

Revenue per available room, 2010 [EUR]



Avg. daily room rate and occupancy rate, 2010



COMMENTS

- > RevPAR is calculated by multiplying the average daily room rate by the occupancy rate
- > Paris and London achieve highest RevPAR among Cluster 1 cities, with both the highest room rate and highest occupancy rate
- > Clear positive correlation between occupancy rates and room rates
- > Prague, Madrid and Berlin have both below-average room rates and below-average occupancy rates – need to examine possible reasons, e.g. oversupply of hotel beds

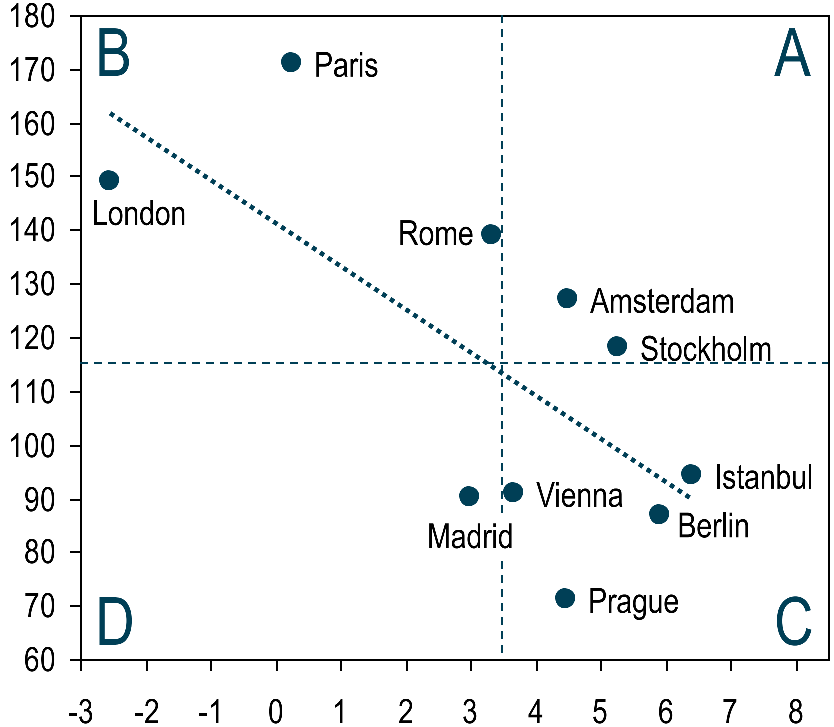
1) Comparable data available for Cluster 1 cities only; For Istanbul only RevPAR 2009 available

Source: IHA, STR Global, Factiva, Roland Berger

Increasing bed capacity is not always a sign of good prices and occupancy levels

Revenue per available room (RevPAR) and changes in bed capacity

Revenue per available room, 2010 [EUR]



Bed capacity, CAGR 2005-2010[1)] [%]

Statistical correlation

1) 2005-2009 only for Istanbul, London and Stockholm

CONCLUSIONS

A **STARS** – Above-average increase in bed capacity and above-average revenue per available room
> Amsterdam, Stockholm are the top performers, with both high RevPAR and strong capacity growth

B **CASH COWS** – Above-average RevPAR but below-average capacity growth
> In London, bed capacity has been falling over the last five years; in Paris, it remained almost static

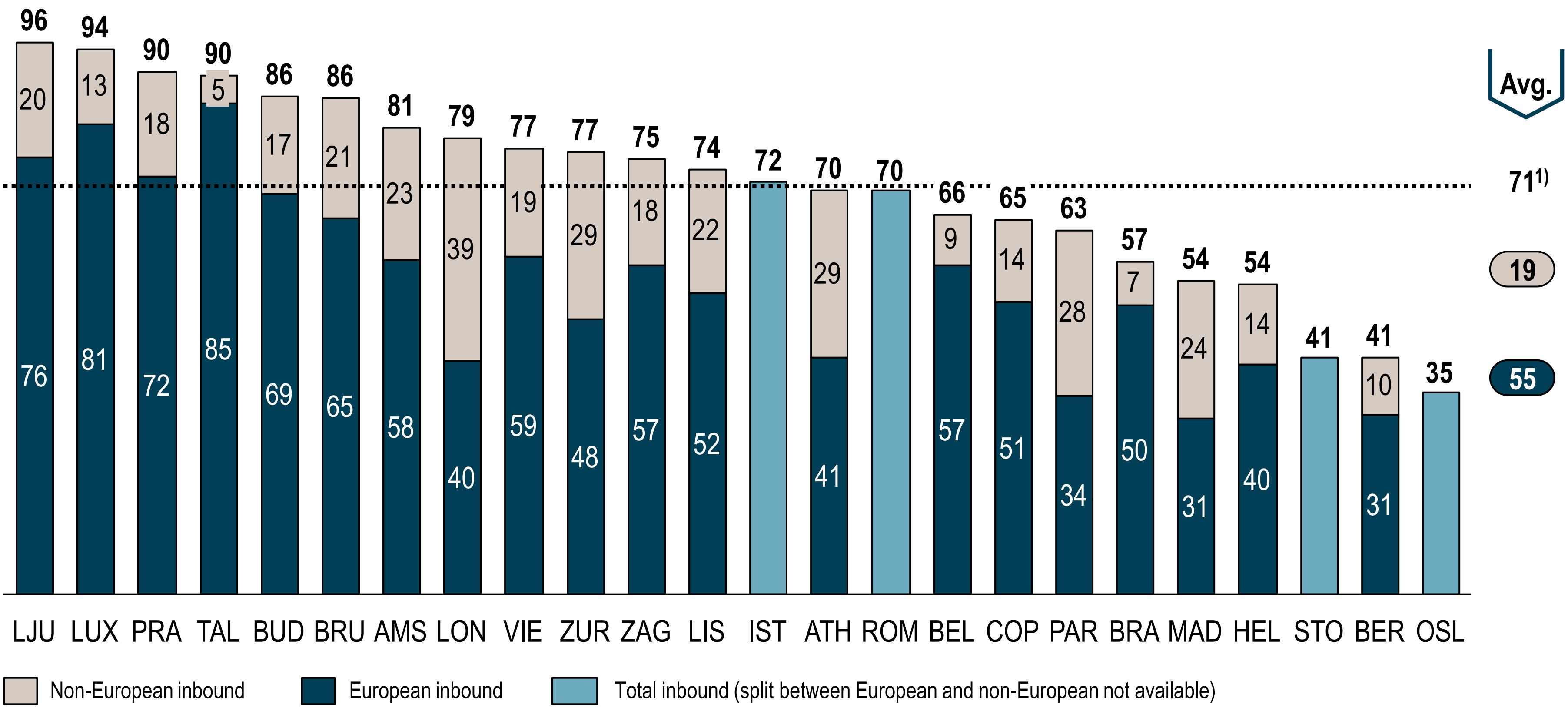
C **QUESTION MARKS** – Above-average bed capacity growth but below-average RevPAR
> Risk that revenue per available room will fall further as bed capacities rise
> However, if there is sufficient demand for the new capacity, significant potential for positive development exists

D **LAGGARDS** – Below-average growth in bed capacity and below-average RevPAR
> Madrid is below-avg. in terms of both capacity growth and RevPAR
> Need to find out why

Source: ECM, IHA, STR Global, Roland Berger

Share of international overnight stays indicates the diversification of a city's tourism markets – Significant differences between cities

Share of inbound overnight stays, 2010 [%]

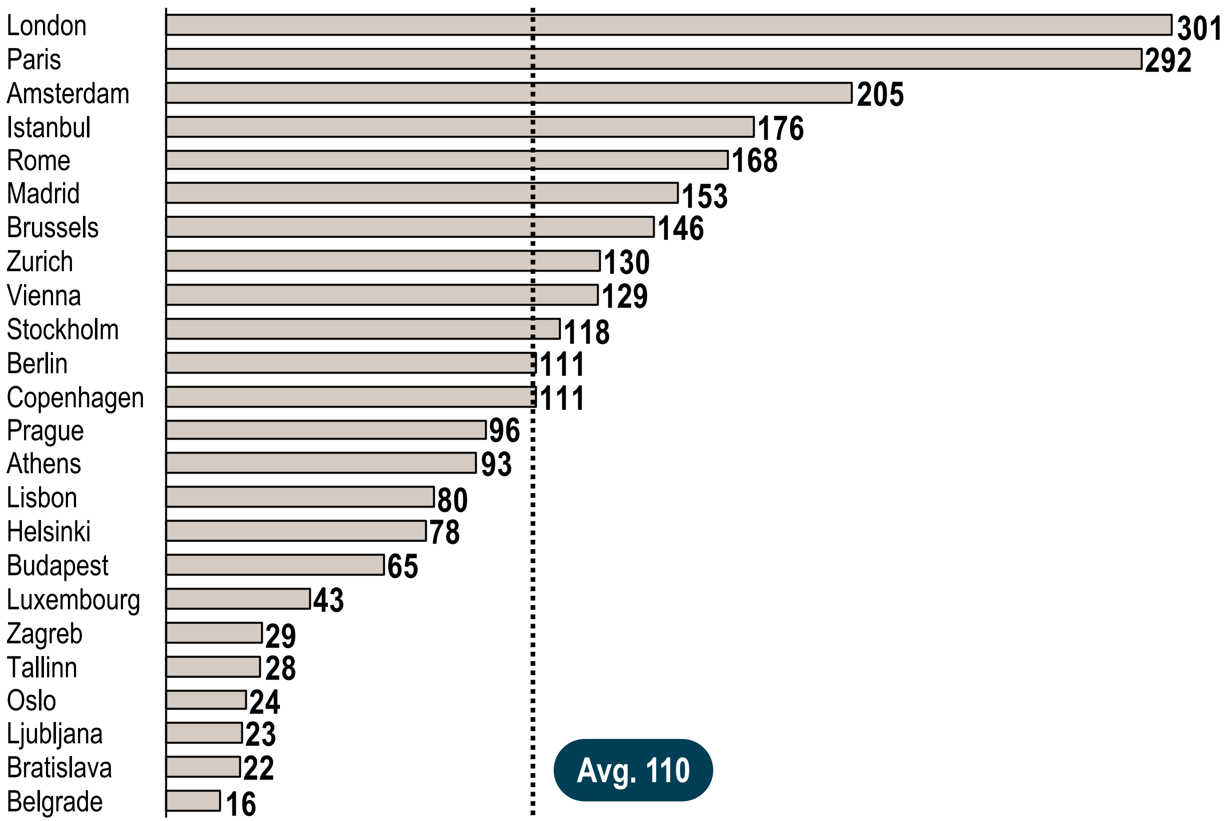


1) Including Istanbul, Rome, Stockholm and Oslo, for which the split between European and non-European was not available

Roland Berger
Strategy Consultants

London and Paris are by far the most accessible cities in Europe for tourists arriving by air

Number of direct flight connections[1)] [flight schedule for summer 2011]



1) Destinations connected with at least one direct flight per week

COMMENTS

> Low-budget airlines with more affordable tickets have been a crucial growth driver in city tourism

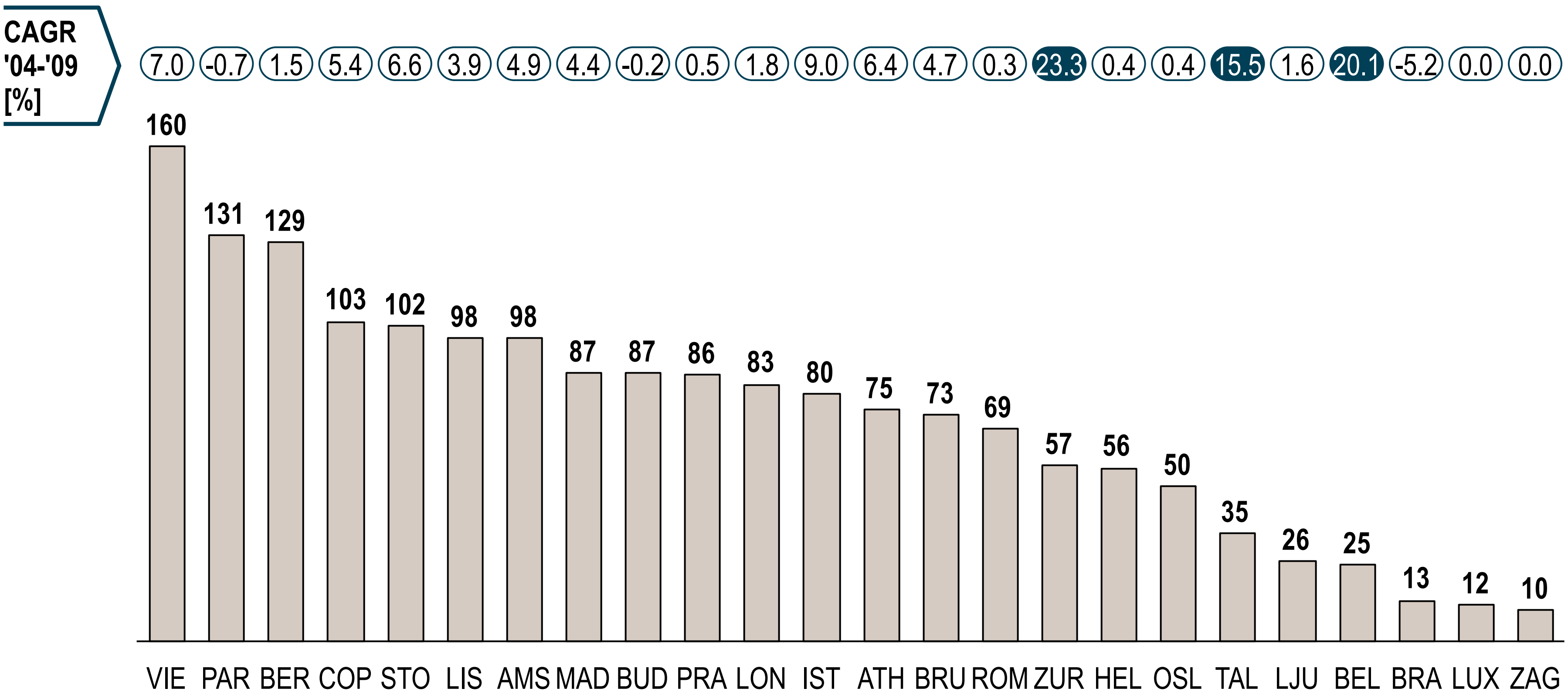
> The increasing significance of accessibility by air is a risk factor for cities not located close to international hubs

> Apart from offering tax incentives, it is difficult for cities to increase the number of flight connections they have

Source: Roland Berger

Vienna is the clear leader in congress tourism in Europe, followed by Paris and Berlin

No. of congresses hosted[1)], 2009



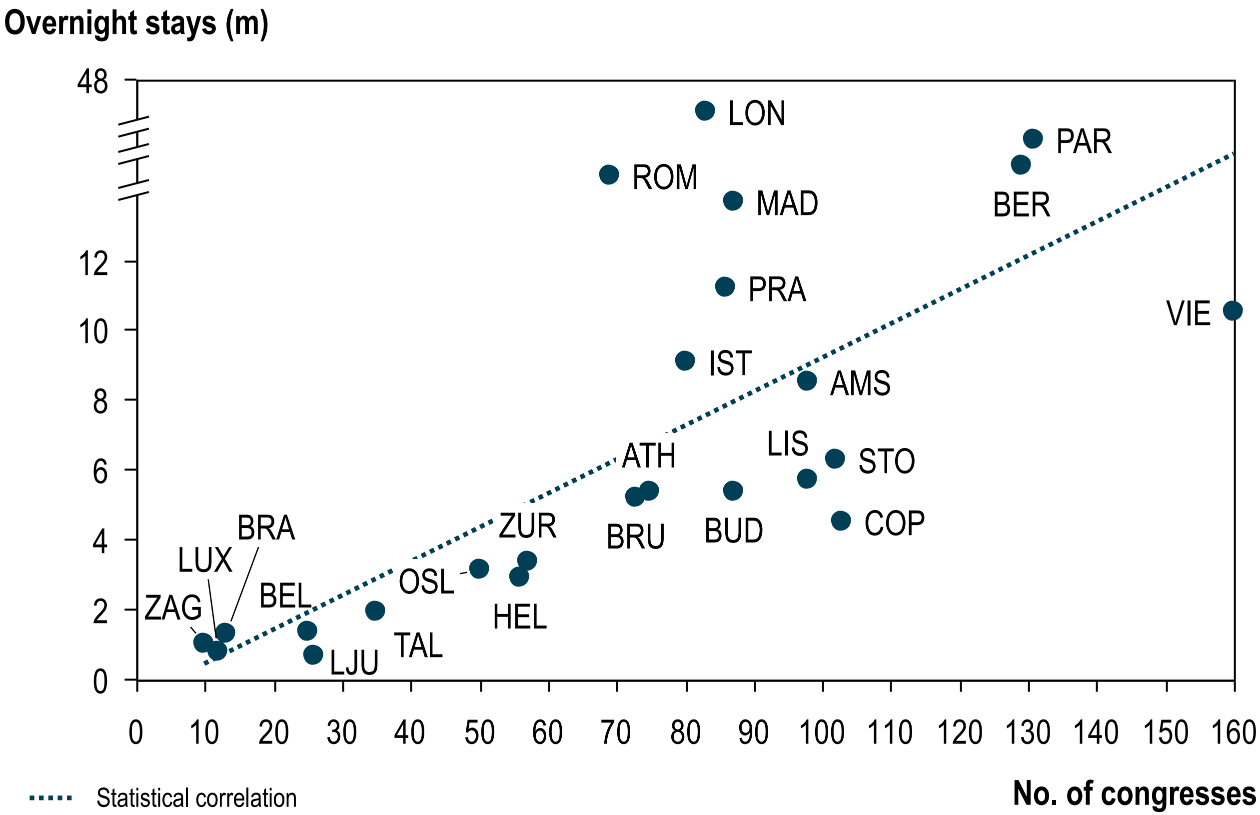
1) Most recent year with comparable data is 2009

Source: ICCA

Roland Berger Strategy Consultants

A significant correlation exists between the number of congresses hosted and the number of overnight stays

Correlation between congresses and overnight stays, 2009



COMMENTS

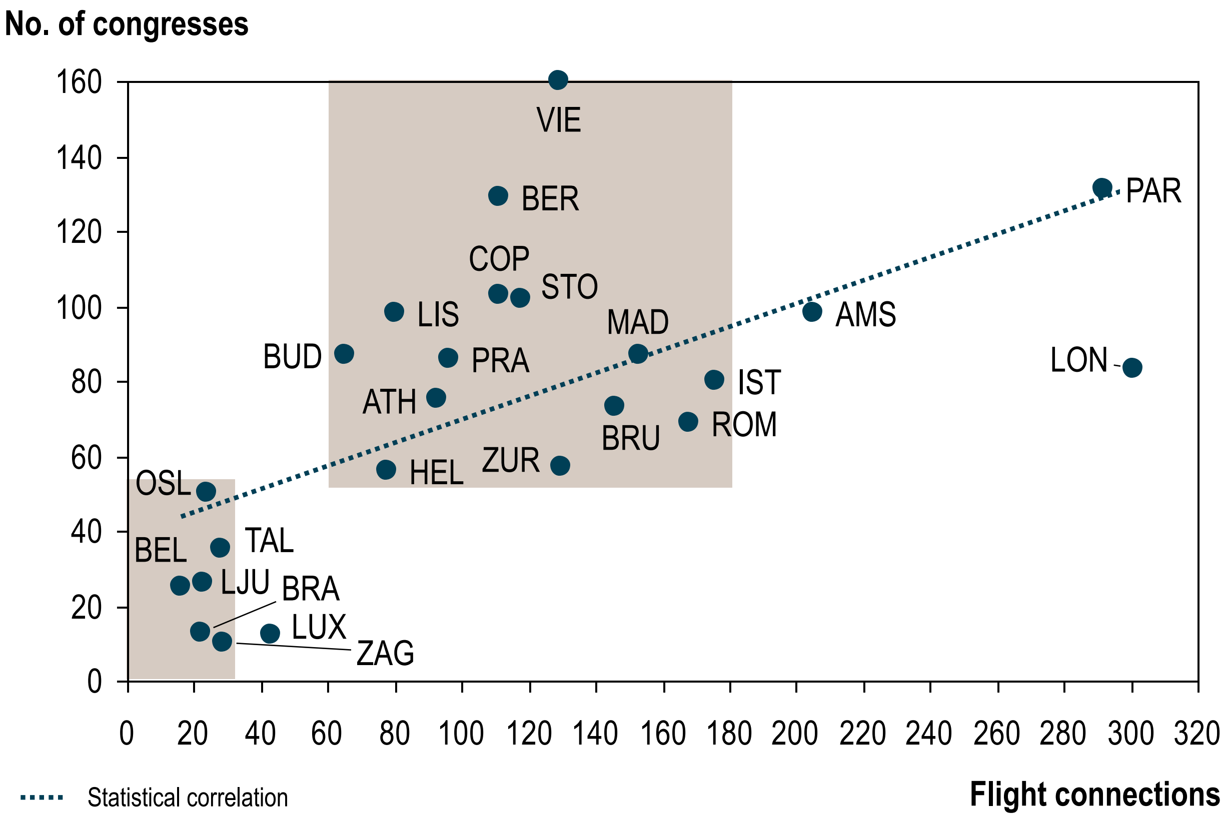
- > In 2010, for the third year in a row, Vienna hosted the largest number of congresses
- > Other CEE capitals have a very small number of both congresses and overnight stays
- > The correlation reveals that congresses are a strong driver of tourism

Source: TourMIS, ECM, ICCA, Roland Berger

Roland Berger Strategy Consultants

Good accessibility by air is a prerequisite for being a successful congress location

Correlation between direct flight connections and congresses[1)]



COMMENTS

- > A significant correlation is found between flight connections and number of congresses
- > The analysis shows that fewer than 60 direct flight connections means insufficient accessibility and congress numbers are significantly lower
- > From 60 to 180 connections, the criterion of accessibility is met – most successful congress destinations fall into this group
- > Additional connections above 180 do not correlate with a significant increase in congresses

1) Number of direct flight connections [flight schedule for summer 2011]; most recent year with comparable data on congresses is 2009

Source: ICCA, Roland Berger

Paris and Amsterdam score best – Rome, Stockholm, Berlin and Vienna follow, neck and neck

Results of the ranking[1)]

1 Paris

2 Amsterdam

3 Rome

4 Stockholm

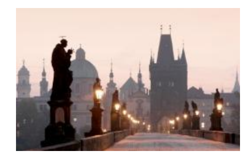
5 Berlin

5 Vienna

7 London

8 Madrid

9 Prague



10 Istanbul

1) Cluster 1 cities

Source: Roland Berger

Roland Berger Strategy Consultants

Paris and Amsterdam score best – Rome, Stockholm, Berlin and Vienna follow, neck and neck

Evaluation of Cluster 1[1)] – barometer (100 = best performer)

Evaluation criteria	Overnight stays, CAGR	Overnight stays per inh.	Bed capacity, CAGR	RevPAR	Non-domes-tic share	Non-Eur. share	Accessi-bility	Congresses	
City/weight [%]	20	10	15	20	5	5[2)]	15	10	TOTAL
1 Paris	22	60	31	100	45	64	96	68	61.6
2 Amsterdam	51	100	79	56	81	46	53	32	60.6
3 Rome	60	54	66	68	59	n.a.[2)]	35	0	51.6
4 Stockholm	80	56	87	47	0	n.a.[2)]	11	36	51.5
5 Berlin	100	42	94	16	0	0	7	66	49.2
5 Vienna[3)]	61	50	69	20	74	31	16	100	49.2
7 London	0	44	0	78	77	100	100	15	45.4
8 Madrid	62	31	62	19	27	48	28	20	38.6
9 Prague	26	78	78	0	100	28	0	19	32.9
10 Istanbul	1	0	100	23	62	n.a.[2)]	39	12	31.8

1) Top 10 cities in terms of absolute number of overnight stays 2010 – clustering enables better benchmarking
2) Where the non-European share was not available, the criterion's percentage weight was distributed equally among the other criteria for calculating the total result
3) Berlin's score is 49.25, Vienna's 49.16

Source: Roland Berger

Roland Berger Strategy Consultants

The barometer is based on the results of the evaluation

Evaluation of Cluster 1 – summary of results

Evaluation criteria	Overn. stays, CAGR [%]	Overn. stays per inh. [no.]	Bed capacity, CAGR [%]	RevPAR [EUR]	Non-domestic share [%]	Non-European share [%]	Accessibility [no. dir. flights]	Congresses [no.]
City/weight [%]	**20**	**10**	**15**	**20**	**5**	**5**	**15**	**10**
1 **Paris**	1.2	8.2	0.3	171	62.9	28.4	292	131
2 **Amsterdam**	3.5	13.0	4.5	127	80.9	23.1	205	98
3 **Rome**	4.2	7.5	3.3	139	70.0	n.a.	168	69
4 **Stockholm**	5.7	7.7	5.3	118	40.9	n.a.	118	102
5 **Berlin**	7.3	6.1	5.9	87	40.9	9.9	111	129
5 **Vienna**	4.3	7.0	3.7	91	77.3	18.8	129	160
7 **London**	-0.5	6.4	-2.5	149	79.0	38.7	301	83
8 **Madrid**	4.4	4.7	3.0	90	54.4	23.8	153	87
9 **Prague**	1.5	10.3	4.5	71	90.3	17.9	96	86
10 **Istanbul**	-0.4	1.0	6.4	94	71.5	n.a.	176	80

Source: TourMIS, ECM, ICCA, Roland Berger

Roland Berger
Strategy Consultants

Zurich wins the Cluster 2 ranking ahead of Lisbon and Copenhagen

Results of the ranking[1)]

1 **Zurich**

2 **Lisbon**

3 **Copenhagen**

4 **Brussels**

5 **Ljubljana**

6 **Helsinki**

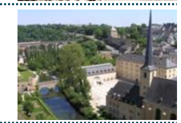
7 **Tallinn**

8 **Oslo**

9 **Budapest**

10 **Athens**

11 **Luxembourg**



12 **Zagreb**

13 **Bratislava**

14 **Belgrade**

1) Cluster 2 cities

Source: Roland Berger

Roland Berger Strategy Consultants

Zurich, Lisbon and Copenhagen top the ranking for Cluster 2 cities

Evaluation of Cluster 2[1)] – barometer (100 = best performer)

Evaluation criteria	Overnight stays, CAGR	Overnight stays per inh.	Bed capacity, CAGR	Non-domestic share	Non-European share	Accessi-bility	Congresses	
City/weight [%]	30	10	20[2)]	5	5[2)]	20	10	TOTAL
1 Zurich	90	75	36	69	100	88	51	72.7
2 Lisbon	88	100	32	64	69	49	95	68.7
3 Copenhagen	77	78	40	49	38	73	100	67.9
4 Brussels	85	36	17	84	65	100	68	66.8
5 Ljubljana	100	14	100	100	62	5	17	62.3
6 Helsinki	93	40	37	31	37	48	49	57.2
7 Tallinn	83	40	70	90	0	9	27	51.9
8 Oslo	82	42	49	0	n.a.[2)]	6	43	45.9
9 Budapest	31	20	55	85	50	38	83	44.8
10 Athens	0	49	n.a.[2)]	58	100	59	70	42.8
11 Luxembourg	52	68	44	98	34	21	2	42.3
12 Zagreb	73	2	38	67	56	10	0	37.9
13 Bratislava	56	18	61	37	10	5	3	34.4
14 Belgrade	44	0	0	51	17	0	16	18.3

1) Top 11-24 cities in terms of absolute number of overnight stays 2010 – clustering enables better benchmarking
2) Where bed capacity CAGR or the non-European share was not available, the criterion's percentage weight was distributed equally among the other criteria for calculating the total result

Source: Roland Berger

Roland Berger Strategy Consultants

The barometer is based on the results of the evaluation

Evaluation of Cluster 2 – summary

Evaluation criteria		Overnight stays, CAGR [%]	Overnight stays per inh. [no.]	Bed capacity, CAGR [%]	Non-domestic share [%]	Non-European share [%]	Accessibility [no. direct flights]	Congresses [no.]
City/weight [%]		30	10	20	5	5	20	10
1	Zurich	4.1	9.7	2.3	76.7	29.0	130	57
2	Lisbon	3.9	12.6	1.6	73.7	21.6	80	98
3	Copenhagen	2.8	10.1	2.8	64.8	14.1	111	103
4	Brussels	3.6	5.3	-0.5	85.8	20.7	146	73
5	Ljubljana	5.2	2.7	11.4	95.6	19.8	23	26
6	Helsinki	4.5	5.7	2.4	53.7	13.8	78	56
7	Tallinn	3.4	5.7	7.0	89.7	4.8	28	35
8	Oslo	3.3	5.9	4.0	34.8	n.a.	24	50
9	Budapest	-2.1	3.4	5.0	86.4	17.0	65	87
10	Athens	-5.4	6.7	n.a.	70.1	29.1	93	75
11	Luxembourg	0.1	9.0	3.4	94.4	13.0	43	12
12	Zagreb	2.4	1.3	2.5	75.4	18.3	29	10
13	Bratislava	0.5	3.2	5.8	57.5	7.3	22	13
14	Belgrade	-0.7	1.1	-3.0	65.8	9.0	16	25

Source: TourMIS, ECM, ICCA, Roland Berger

C. Conclusions

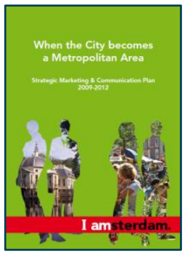
City tourism is a key growth driver for the economy and professional strategy development is a key success factor

Roland Berger
Strategy Consultants

Roland Berger
Strategy Consultants

City tourism strategies are available online for just 7 of the 24 capital cities in the study

Tourism strategies available online[1)]



AMSTERDAM 2009-2012

Strategic marketing & communication plan

- SWOT
- Tourism product development
- Strategy and objectives
- Marketing tools
- Financial framework

BERLIN 2011

Tourismuskonzept Berlin

- SWOT
- National/ international benchmarks
- Visitor structures, market segments
- Strategic targets and actions

HELSINKI 2011

Helsinki's tourism strategy

- Strategic targets
- Tasks
- KPIs

LISBON 2011-2014

***Turismo de Lisboa* strategic marketing plan**

- Vision and ambition
- Objectives
- Positioning/ branding: markets, segments, products
- Implementation programs

LJUBLJANA 2007-2013

Strategic development and marketing plan

- SWOT
- Quantitative and qualitative objectives
- Positioning, branding, selling proposition
- To-do's, responsi-bilities, timing

LONDON 2009-2013

London Tourism Action Plan

- Balanced scorecard: objectives, KPIs, actions
- Strategic framework with regional targets
- Strategic priorities
- Action plan/timing

VIENNA 2010-2015

Tourismuskonzept 2015

- Trends and key success factors
- Markets and com-petitors
- Targets, positioning and image
- Actions and stakeholders
- Marketing concept

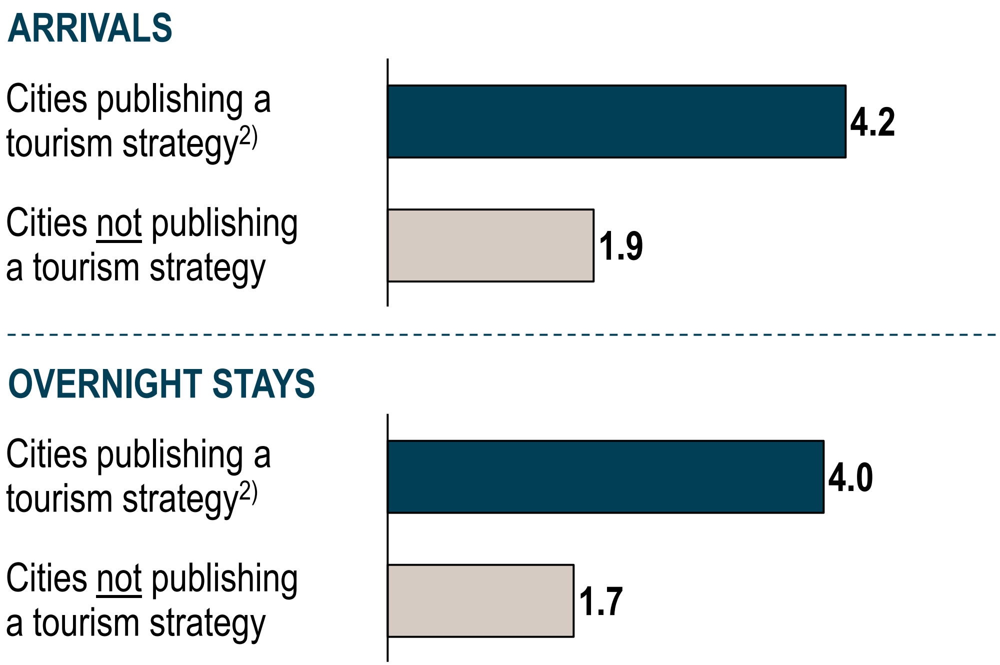
1) It is assumed that if a city has a professional tourism strategy, it also makes it available online

Source: City tourism strategies, Roland Berger research

Cities with a professional tourism strategy show stronger growth in the number of arrivals and overnight stays

Impact of a professional tourism strategy

Growth of tourism – CAGR 2005-2010[1)] [%]



1) Luxembourg 2005-2009, Athens 2005-2007, Rome arrivals 2005-2009, Istanbul overnight stays 2005-2009
2) Amsterdam, Berlin, Helsinki, Lisbon, Ljubljana, London, Vienna

COMMENTS

- Only 7 of the 24 focus cities publish a tourism strategy online
- Berlin, Lisbon, London and Vienna had professional tourism concepts even before 2005; for Ljubljana, the first document available is from 2007; for Amsterdam and Helsinki, the year the first document was published is not available
- Cities publishing a tourism strategy show stronger growth in the number of arrivals and overnight stays
- Publishing the strategy is essential for successful communication with stakeholders
- Developing and communicating a professional strategy is an area with a large upside potential for most cities in the study

Source: TourMIS, Roland Berger research

Roland Berger
Strategy Consultants

Conclusions (1/3) – Capital city tourism is a key growth driver

- > **Capital city tourism significantly outperforms** GDP development both **in times of crisis and recovery**
- > There is a **negative correlation between bed capacity growth over the last five years and RevPARs**, except in Amsterdam and Stockholm
- > There is a clear **correlation between the number of congresses hosted by a city and the number of overnight stays**
- > **60 flight connections** appears to be the minimum required to attract a significant number of congresses
- > A surprising number of capital cities **do not publish a tourism master plan** – only 7 out of the 24 focus cities do publish such a plan
- > Cities **with a published tourism master plan** have growth rates in arrivals and overnight stays of **around twice as much** compared to those not publishing a plan
- > Capital city tourism **is a key driver of growth** and should be **exploited accordingly**

Conclusions (2/3) – Growth needs to be managed well in order to be sustainable

> In general, cities should **publish better data** – professional, focused and up-to-date statistics are not universally available

> Some cities that have a large number of overnight stays compared to the number of inhabitants need to **manage potential friction between local residents and visitors –** marketing tourism within the country itself is increasingly important to keep local residents happy and prevent them feeling like they are living in a zoo

> Many cities are trying to **encourage repeat visits** and attract tourists away from the city's main attractions to **other parts of the city**

> **Developing infrastructure** is a key element in the strategies of successful cities

> Changes in bed capacity are a measure of the success of the city's image and trust by investors – however, **excessive growth generally results in low RevPAR** for hotel operators and can threaten the survival of their business

Conclusions (3/3) – Coordination and professional management is a key success factor

> On average, 29% of overnight stays relate to domestic tourism, 55% to other European visitors and **19% to non-European visitors**

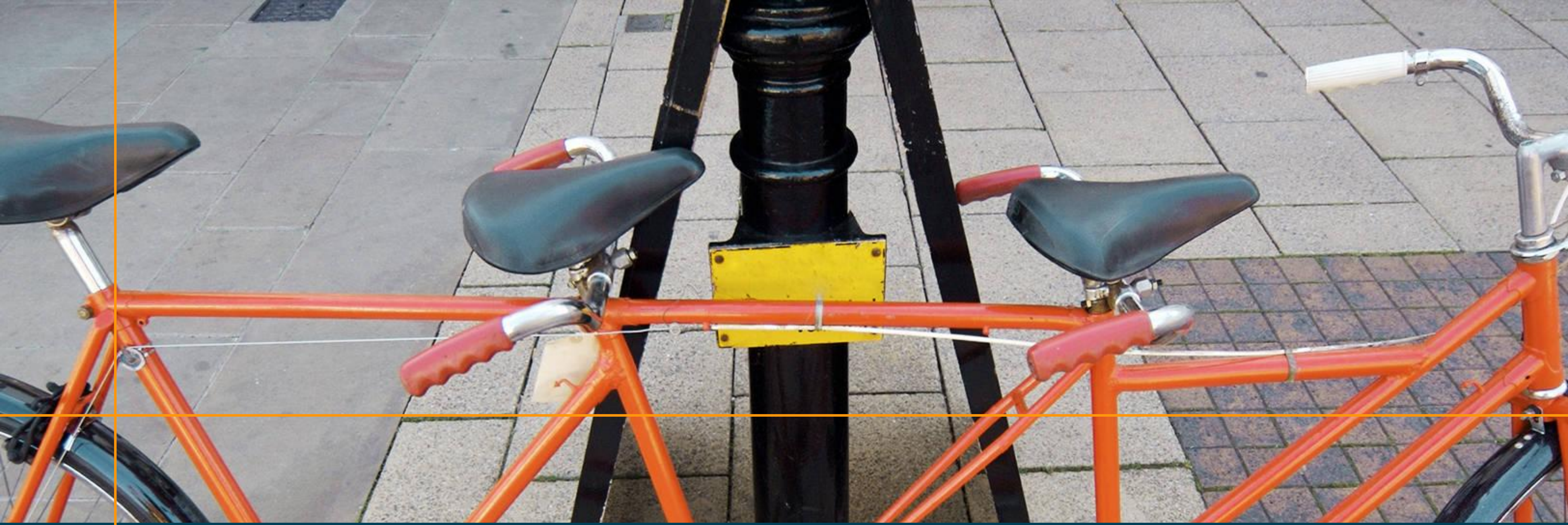
> The share of non-European guests is a good indicator for the city's global attractiveness and resistance to local/regional crises – **diversification of visitors**

> The **organizational structures** for managing city tourism vary – Berlin has a highly professional DMO[1)]: a public private partnership with a significant share of funding generated by profit-oriented activities

> The **main barriers to cities developing a tourism strategy** are the uncoordinated involvement of a large number of stakeholders, too little responsibility assigned to the relevant body, excessive political influence and self-satisfaction regarding current performance

> Capital city tourism offers a **large upside potential in most European countries**

1) Destination Marketing Organization



It's character that creates impact!

Roland Berger
Strategy Consultants