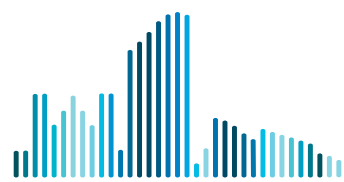European Cities Marketing

Managing Tourism Growth in Europe
The ECM Toolbox

June 2018

KNOWLEDGE PARTNER:

TOPOSOPHY
DESTINATION MARKETING AGENCY

EUROPEAN CITIES MARKETING
MEET EUROPEAN CITIES

About ECM

European Cities Marketing is a non-profit organisation improving the competitiveness and performance of leading cities of Europe by providing a platform for convention, leisure and city marketing professionals to exchange knowledge, best practice and widen their network to build new business. European Cities Marketing promotes and links the interests of members from more than 110 major cities in 38 countries.

EUROPEAN CITIES MARKETING

MEET EUROPEAN CITIES

Introduction: Why managing tourism growth responsibly matters to us all

Traditionally, tourism's contribution to job creation, economic growth and inward investment has made it an industry to be celebrated and supported, with little thought to the consequences that might come with continual growth. However, at a time of growing demand and rising visitor numbers (with yet more forecasted for the future), serious questions are being asked about tourism's real contribution to city life, and whether the net impact on cities and their residents is indeed always positive.

Confronting this situation is not an easy task, since what is frequently referred to as 'overtourism' or 'overcrowding' is, in fact a much more complex issue than is often portrayed in the media. Urbanisation, globalisation, migration, digitalisation, the environment and even peoples' perception of place and identity ; these are all pressing issues and are all interlinked with tourism growth. Cities are complex places, where these issues are concentrated; where global trends meet local character. While tourism can help cities to become more outward-looking, welcoming and prosperous, we might recognise that this process doesn't happen automatically, and it doesn't always benefit everyone equally. Tourism in some European cities has, in reality become highly unbalanced, with too much demand on limited infrastructure and attractions, with sharppeaks at certain time of year. Urgent action is required to correct it, by a wide range of stakeholders.

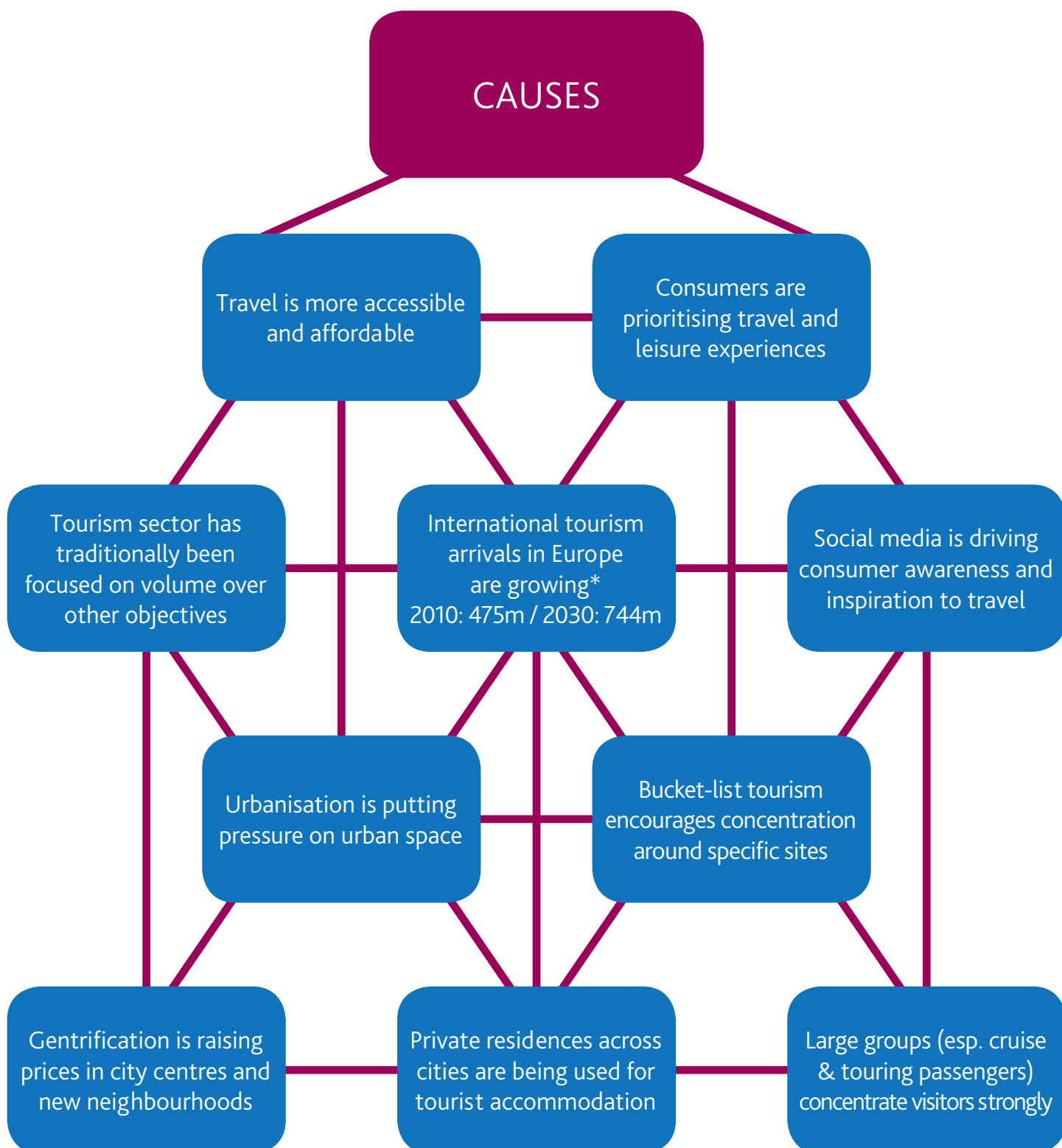*"With growth, comes responsibility"*
- UNWTO

Set against this background, it is logical that attention should turn towards the very organisations -destination marketing organisations (DMOs) that exist to promote destinations and encourage people to visit from far and wide. The issues outlined above are, of course, too complex for any one organisation to solve single-handedly, and yet DMOs must find ways to play their part. As people who care about their cities, we want to protect and enhance all the elements that make our cities attractive places for people to live in, work in and visit.

However, we must be bold and recognise that change must start from the inside. This means changing the way we work: advocating for a greater role in decision-making, being at the heart of the dialogue between residents, city planners and the business community, taking a greater role in managing our destinations and adapting our marketing activities accordingly. In last year's Manifest on the Future of DMOs, we described how 'partnerships are pivotal' and that forming them them is a sign of strength for DMOs. This has never been truer than it is today.

As an organisation that is dedicated to improving the performance and competitiveness of European cities, we wanted to provide our members and partners with practical advice on how to go about doing this. For this we are pleased to work again with TOPOSOPHY, a valued Industry Partner. We hope that this guide provides a solid basis for marketing and managing destinations in times of growth.
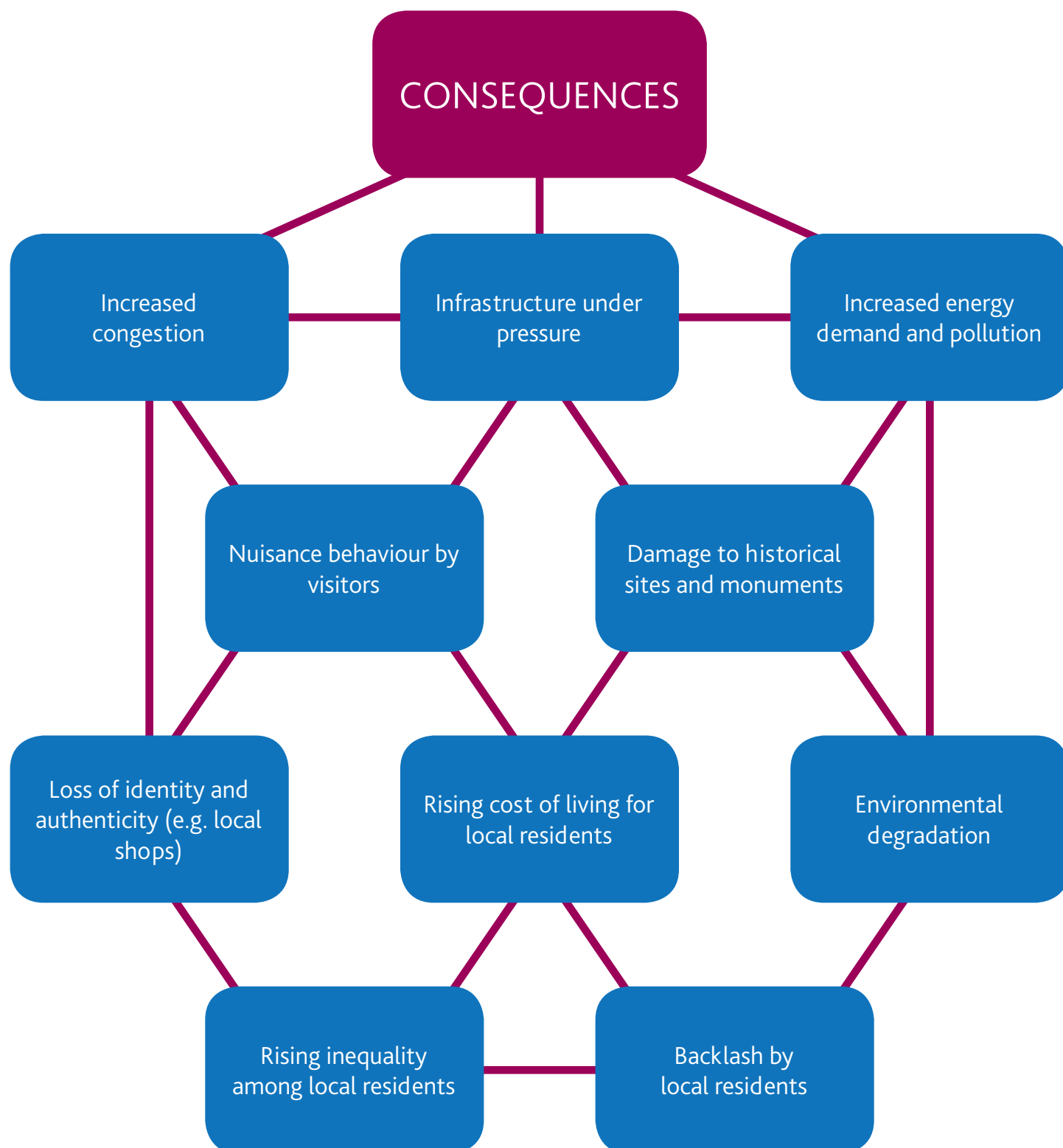
The causes and consequences of tourism growth

When large numbers of people gather in one location at the same time, this can often result in beach, standing in line for a museum or clustered in narrow city streets creates an obvious logistical and the consequences for city life are more complex than we might at first imagine. The following

CAUSES

Travel is more accessible and affordable

Consumers are prioritising travel and leisure experiences

Tourism sector has traditionally been focused on volume over other objectives

International tourism arrivals in Europe are growing*
2010: 475m / 2030: 744m

Social media is driving consumer awareness and inspiration to travel

Urbanisation is putting pressure on urban space

Bucket-list tourism encourages concentration around specific sites

Gentrification is raising prices in city centres and new neighbourhoods

Private residences across cities are being used for tourist accommodation

Large groups (esp. cruise & touring passengers) concentrate visitors strongly

*UNWTO Tourism Highlights 2017

in European cities

overcrowding. Clearly, the concentration of people in one place; whether they are laying on a problem and a source of frustration for city residents. However, the ways in which this occurs, infographic illustrates the many causes and consequences of tourism growth in European cities:

CONSEQUENCES

Increased congestion

Infrastructure under pressure

Increased energy demand and pollution

Nuisance behaviour by visitors

Damage to historical sites and monuments

Loss of identity and authenticity (e.g. local shops)

Rising cost of living for local residents

Environmental degradation

Rising inequality among local residents

Backlash by local residents

It's time to make tourism work for the city

As the concentration of people of all ages, income levels, ethnic backgrounds, faiths and hopes, cities are complex places to manage. Cities represent the concentration of human genius and aspiration, but also the concentration of many of our greatest challenges: how to narrow the gap between rich and poor, keep the lights on and the water flowing, move millions of people around, keep them safe, and ensure an affordable cost of living for all budgets? City governments worldwide grapple with these issues and many others, every day:

Pollution Education and knowledge building Demographics & diversity **Safety & security** **Homelessness** Waste management **Affordable housing** Decaying retail spaces **Poverty** Strained public transport Congestion **Public health** Budgets Power and clean water supply

Of course, these issues are not just limited to major capital cities; they transcend borders and can pose a challenge to urban spaces of all sizes. However, tourism adds an extra layer of challenges, for example by increasing demand for power and water, adding to a mountain of waste, reducing the availability of affordable property for local people, concentrating spending in a few select locations, or with businesses whose profits are transferred elsewhere, rather than reinvested into the local community. Besides, large crowds in small spaces makes for an unpleasant visitor experience, and in this situation, nobody wins.

Last year's *ECM Manifest: The Future of DMOs* described how 'liveability' and 'localism' are the new star attractions that visitors want to discover and immerse themselves in. However, cases from cities across Europe have demonstrated that these star attractions must be protected and nurtured or they can easily evaporate. Doing so requires systematic change across a range of fronts.

Firstly, DMOs must continue their process of reinvention to become DDMMOs (destination development, marketing and management organisations). Secondly, it's time for us to question the consensus by asking challenging questions of ourselves and our partners in the tourism sector, such as:

- Is continual growth in visitor volume and bednights our real objective? What are the costs to the environment and society of continual growth?

- What does 'quality of life' in our city really mean, and what can we all do to protect and nurture it?

- What are the rights and responsibilities of hosts and guests, and how can we enforce them more effectively?

- How can we help tackle the city challenges outlined above by encouraging visitors to think, spend and act differently?

10 tools for managing tourism growth in European cities

The tools presented on the following pages represent a range of approaches that destination development, management and marketing organisations can use to manage tourism growth more effectively. The exact balance of approaches required will vary according to local conditions, however many require a significant shift in the internal culture and practises of the traditional DMO to be able to use these tools most effectively.

Strategy formation,
city planning and zoning

Public
education

Forming
partnerships

Managing the
collaborative economy

Smart
marketing

Taxes, caps
and limitations

On-the-ground
visitor management

Measurement
and monitoring

Technological
solutions

Dialogue
and consultation

1. Strategy formation, city planning and zoning

Strategy formation, city planning and zoning

Start with the bigger picture: Forming a strategy around tourism management is today more about managing the process of urbanisation and all the challenges that come with it. Macro-trends such as demographics, environmental shifts, technology and shifting economic power will all exert their influence on your city in different ways, and these must be brought in to long-term destination plans.

Residents come first: Look at the 'consequences' section on page five and consider how these are affecting the lives of local residents today. If tourism activity is making these issues worse, then remedial measures must be put in place to reduce their effect; for example, controlling property use, banning nuisance activities or improving communication with visitors.

Reconnect visitors with their city: Help to address residents' feelings of alienation from their own city: a destination strategy should include a myriad of ways to help residents to reconnect with their own surroundings, come back into city centres and get more involved in city life; to increase their daily interaction and social cohesion as well as their sense of civic pride and participation in local culture should be highly encouraged. It improves residents' satisfaction, and also helps to preserve a degree of authenticity in city life.

District lines: External factors such as demographics, retail trends, property prices and visitor tastes can all affect the fortunes of your city's districts in different ways. Zoning helps to monitor and address these changes in a more effective way. Find a consensus with local counsellors and businesspeople to identify and develop specific areas for visitor dispersal from crowded centres. Zoning can also help in other practical ways, such as varying control on short-term private accommodation rentals, determining tour guide routes and issuing retail licences. It is also a necessary first step to encouraging private sector participation through structures such as tourism business improvement districts.

Growth is still important, however it's essential to concentrate efforts on the types of growth that will bring long-term prosperity for the city; for example, attracting talented migrants, encouraging investment in specific parts of the city, or sparking greater entrepreneurship and cultural participation among residents. This is more about going back to basics and thinking about what type of place you want your city to be, than finding quick-fix solutions to today's problems.

2. Forming partnerships

Forming partnerships

Start the conversation and set clear objectives: With tourism suppliers, local residents and authorities all engaged in a battle of competing interests, it is logical that not all parties will see the challenges and solutions to tourism growth in a similar way. However, it is still vital for DDMMOs to take the lead in starting the conversation, raise awareness of the key issues and define shared goals, to be accomplished one step at a time.

DDMMOs: The nucleus of a network. The ultimate aim for the DDMMO should be to address the strategy goals defined above as an organisation that is the nucleus of a network, i.e., as an organisation adept at managing relationships on an equal partnership basis with local government, businesses and citizens' organisations. Reaching out to other, nearby tourism authorities to seek collaboration on sharing visitors more evenly isn't not traditionally in a DMO's DNA, however the pressure of tourism growth could make that change.

Funding for the future: Ensuring that tourism makes a sustainable contribution to the prosperity of a city requires the organisations responsible for overseeing it to be sustainable themselves. Therefore, securing a balanced, long-term financial commitment from a range of stakeholders is crucial. As the Manifest on the Future of DMOs makes clear, "destination authorities that operate with widespread financial support from multiple stakeholders are better able to withstand shocks and most importantly, able to widen the scope of their activities and be there to support the development of their city for the long-term."

3. Smart marketing

Smart marketing

Marketing, done differently. Tourism growth requires us all to think very differently about who we're marketing to, what we're saying, how we're getting our message across and most of all, why we're saying it. As explained for tools 1 and 2, new structures and priorities focussed more towards local residents and the local business community necessarily require DDMMOs to refocus their efforts towards these groups, rather than on visitors alone.

Cities attract people, it's what they do. A city is a living, breathing space and it will attract people of all backgrounds, with a whole range of motivations for visiting. The key to destination marketing in the future will be to identifying and reaching ever-more specific groups of potential visitors according to psychographic profiles, rather than generalised profiles by age and nationality. Growth and prosperity are still essential, if the city is not to be lost to low-grade mass tourism. Other specific groups to target could include:
- Repeat visitors only (proven to explore and spend their money more widely throughout a city)
- High-spend, low impact business visitors (who could, if managed well, create a wider impact in terms of knowledge and skills in the local economy)
- Segments which contribute to the cultural life and diversity of the city, e.g. young entrepreneurs, creative/artistic groups, LGBTQ travellers…

Quality vs. quantity: When asked to focus on "quality over quantity" of visitors, it is important to reach a consensus among local suppliers about what that really means. Is it the 'quality visitor' the luxury traveller who spends their money in high-end stores, or the short haul-visitor who stays for one week and spreads their spending around small businesses?

Going beyond the postcard attractions: Dispersing visitors into new districts and other nearby destinations has now become a well-established strategy among large-city destination marketing organisations. This generally involves reducing the attention given to major monuments (or stopping it all together), and spotlighting lesser-known districts of the city which are easy to reach on foot or via public transport, and which offer enough attractions to keep a visitor occupied for at least half a day.

Enticing visitors to explore: Dispersal strategies tend to highlight the city's local character and 'liveability', as well as the potential to find what the visitor is actually seeking (e.g. good quality food, local markets, space and fresh air, which they may not easily find in the centre). Creating eye-catching events as an attraction also helps visitors who are more flexible on timings to plan their visit out of season. These messages are then targeted at repeat visitors, or those who are younger, more independent and culturally curious.

Marketing to local people matters too, in order to encourage cultural participation and social cohesion. It's also important to inform local people through local press and social media about the steps you are taking to manage tourism growth, because effective destination management needs their cooperation. After all, it's not just international visitors who like to have a drink and a good time, or who gather in city centres at busy times of the week. In this case, local media and social media can be effective tools.

4. On-the-ground visitor management

On-the-ground visitor management

Whether they are visitors or local residents, the presence of more people in confined areas of a city means that specific visitor management measures are required. Measures introduced in European cities to date, include:

- **Extending opening hours and seasons** of visitor attractions and support services such as visitor information and park & ride shuttle buses

- **Restricting vehicle access to city centres,** encouraging visitors to walk or take public transport from further out of the city, to free up pedestrian space in the city centre. Special access passes can be granted in specific circumstances

- **Introducing integrated visitor flow systems;** e.g. guided walks starting from more dispersed locations, and better integrated with public transport routes

- **Prohibiting specific nuisance modes of transport or activities** that interrupt pedestrian flow, or cause irritation or danger (such as Segways or beer bikes or food stands). Increase fines and surveillance for non-compliance.

- **Increasing the number of on-the-ground** staff who act as supervisors in crowded areas and advise the public

- **Renovating public spaces,** to increase capacity for crowds; removing street furniture that slows crowds and stops them moving easily, adapting cleaning schedules according to visitor flow

5. Technological solutions

Technological solutions

As local people and visitors become ever-more connected and skilled at organising their visits online, it makes sense to turn to evaluate where technology can help resolve some on-the-ground challenges.

On a general level, the challenges posed by tourism growth underline why DDMMOs need to accelerate their efforts to collect, and manage data on visitor behaviour more effectively, working with partners such as online travel agents, search engines, review websites as well as accommodation providers and visitor attractions. This is essential for tackling ad-hoc problems, mining specific markets, forecasting, modelling and optimisation.

Meanwhile, technological solutions at 'street-level' may include:

- Booking systems for major attractions that encourage pre-booking through discounted or dynamic pricing, and alerts (or allowing online booking only)

- Digital monitoring of queues at attractions, with live waiting times posted on websites and visitor apps

- Using artificial intelligence and chat bots to provide advice on alternative attractions to visitors through DMO website

- Tracing visitor flows using mobile phone data to identify crowded areas and busy times

6. Public education

Public education

Public education should occupy a greater share of communications tasks carried out by a destination marketing organisation. Crucially, it should be directed towards local residents and domestic visitors as well as international visitors since everyone's cooperation is required to ensure a pleasant environment. As well as using methods such as social media and electronic display boards in city centres, cooperation from local suppliers such as hotels, attractions, tour guides and bike rental companies is essential in order to ensure that the right message gets to visitors at the right time, and that they're made aware of penalties for breaking the rules.

Example: Enjoy & Respect campaign, Amsterdam

In May 2018 Amsterdam Marketing launched the 'Enjoy and Respect' campaign, aimed at stopping offensive behaviour in the city centre, and on making visitors aware of what is and isn't allowed in the city. Using a series of images that show the penalty for bad behaviour (e.g. dumping rubbish, €140) vs. disposing of litter responsibly (free), the campaign highlights good behaviour as freedom of choice, in a positive, creative way. The campaign targets male visitors aged 18-34 from the Netherlands and the UK and images are posted online, on social media, on public transport and on street display screens in both Dutch and English. Geofencing is also being used: As soon as a member of the target group enters the red-light district, Rembrandtplein, Leidseplein or the area around Amsterdam CS, they will receive the campaign content and messages via social media.

7. Managing the collaborative economy

Managing the collaborative economy

During the past decade, as visitor numbers have continued to rise, both residents and visitors have become enthusiastic users of the collaborative economy. Yet as P2P services have spread, the negative consequences for cities have become clearer too. Widespread short term private accommodation rentals (STPAR) to visitors has had the biggest impact on city life, in both positive and negative ways. The core aim of most government initiatives is now to bring the practice within the reach of the law in order to regulate the supply of available for holiday rental, and to protect consumers. Here we set out a range of measures which have been, and are being introduced across in cities across Europe:

Overview: managing tourism activities in the collaborative economy

- **Situation analysis:** Get the full picture of what's going on: listings, products and services on offer, but also complaints and specific problems that are arising as a result of services such as STPAR. Consistent monitoring over time is crucial, especially in order to assess whether controlling measures are having the desired effect

- **Registration schemes:** Requiring hosts to register in advance helps local authorities to understand who is providing services such as STPAR, their frequency and duration, and their tax compliance. The registration process should be easy and cheap to complete. At the same time, platforms should be required to only feature listings which are properly registered

- **Establishing limits:** Thresholds allow authorities to set limits on the number of services provided by any one host, e.g. number of properties rented, the number of nights rented per year. At the same times, cities should work with platforms to ensure that thresholds are applied through platforms themselves, in order to ensure effective compliance

- **Collecting tax:** Taxing collaborative economy activities in the same way as traditional tourism activities (e.g. a bed/city tax) helps to ensure that hosts are contributing their fair share to local resources

- **Clear information:** In order to protect consumers and ensure their rights are properly protected, cities should work with P2P platforms and hosts to ensure that hosts get clear information on the rules relating to their activity and how to keep their guests/customers safe

- **Enforcement:** We can't manage a new phenomenon with old rules and enforcement methods. Terminology and rules must be brought up to date, and adequate resources dedicated to enforcing them, including strict penalties for non-compliance by hosts

8. Taxes, caps and limitations

Taxes, caps and limitations

Understandably, imposing taxes, caps and other limitations on tourism activity is a controversial issue. When businesses depend on a regular flow of visitors, any attempt to reduce that flow, raise prices or extract revenue from visitors for public funds can provoke strong opposition. However, examples from across Europe have shown that limits are necessary if severe damage to a destination's built and natural environment is to be avoided. There are also pressing questions over whether visitors really are paying the full cost of the public resources that they consume when visiting a destination.

Taxes

Whether they take the form of bed taxes (flat rate per person per night, or a percentage of the total stay), cruise disembarkation tax or airport departure taxes, it is important for them to be applied widely and fairly (i.e. bed night taxes should also include P2P accommodation rentals). It is also important for the tourism sector to advocate in unison for the greatest use of tax revenue on projects that will help improve the destination (i.e. local community projects). A solid, structured forecast and expenditure plan should therefore be prepared as part of the case for introducing new taxes.

Caps and other limitations

The most common type of cap is a daily limit on visitor numbers in enclosed visitor attractions (e.g. the Alhambra, Granada), disembarkations from cruise ships (e.g. Santorini) and tour buses, or the number of visitors who enter an enclosed urban space (e.g. Cinque Terre, Italy, or Dubrovnik old town, Croatia). In some destinations the cap is spread more evenly throughout the year (e.g. the Galapagos Islands), though the smartest approach to this is through online reservations systems, which can help visitors to plan in advance, avoid long queues or disappointment, or can encourage visitation at quieter times of year through tiered pricing.

Other limitations may include limiting the number of beds for visitors (in hotels and through P2P platforms), as has been introduced in Mallorca. Limits on day visitors are difficult to impose, however they may be placed on the number of licences given to tour operators, or limiting the time of day when they may operate. Barcelona has also devised a way to ensure that local residents are able to visit certain Gaudi monuments freely, while visitors must pay; after proving their residency, local residents may apply in person for a Gauidi Pass which is issued after seven days (longer than the typical visitor stays in the city).

9. Measurement and monitoring

Measurement and monitoring

You can't manage what you don't measure. Getting to grips with a complex phenomenon such as tourism growth in a busy city requires will require destination authorities to expand dramatically the type of data and information that they collect about how tourism evolves in a city, and how local residents feel about it. As explain earlier, collecting and presenting data increases trust in what you're doing and can be highly effective when when building a case for action and putting effects into context for local political and business decision makers. Later on, measuring local resident sentiment through surveys is essential in order to know whether your policies and practices are having the desired effect.

Additional key performance indicators to consider:

- Local population increase/decrease in specific zones

- Number of hotel and STPAR beds

- Property prices per square metre

- Number of bednights per inhabitant

- Local resident sentiment, issues which concern local residents most, over time

- Visitor satisfaction analysis, issues which downgrade the quality of visitor experience

- Number of daily visitors at key attractions

- Monthly variation of bednights vs. daily visitors in key attractions

- Share of bednights/daily visitors in key attractions among locations across a wide area

- Online ratings/reviews of areas and attractions facing overconcentration of visitors

- Sales of city cards per city including services consumed beyond the core areas of each destination

- Shares of online thematic experiences / tours posted on online travel agents including services beyond the core areas of each destination

10. Dialogue
and consultation

Dialogue and consultation

To act requires us to understand: One of the most striking (and encouraging) consequences of tourism growth is that it is providing the context for a wide range of diverse stakeholders to discuss issues which integrate the wellbeing of local communities into the core agenda of tourism development. A pleasant destination needs happy, comfortable residents, however, as we have seen, tourism is creating many sources of discontent for local residents.

In order to reach a consensus, stakeholders such as local residents, their neighbourhood associations, the various segments of the tourism sector and municipal officials need to put themselves into the realm of public space, interact with each other and develop common knowledge of current conditions and dilemmas. The initiator of such practices should ideally be a neutral body in order to facilitate an inclusive approach, ensure a balanced process for debate and reflection and build the connections which are necessary for taking ambitious decisions and implementing practical solutions.

TOPOSOPHY

DESTINATION MARKETING AGENCY

LONDON / ATHENS

TOPOSOPHY is a full-service, integrated destination marketing and management agency. Our forward-looking approach and our commitment to working at the cutting edge of our field make us the perfect partner for you.

As experienced practitioners in place-making and place-branding, we want to help you transform your place into the best it can be. After all, our philosophy is to 'make the best of every destination'.

Whether you're looking to transition to a new business model, tackle a destination management issue or revamp your marketing approach, we will accompany you every step of the way.

Find out more on our (awesome) website, or drop us a line at info@toposophy.com – we'd love to talk to you!

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