

**Pskov, Russia, February 9-10, 2012**

## **International conference**

### **“Hanseatic cities: Opportunities for development”**

**Session: "Cultural Brand for Social and Economic Development of the City"**

#### **Title: Heritage and tourism**

**How to survive the crisis by making use of historical resources -**



#### **POSD – Project-Office for Spatial Development**

Gouv. Hultmanstraat 2

5224 CJ 's-Hertogenbosch – The Netherlands

+31 6 5146 1115

[info@posd.eu](mailto:info@posd.eu)

[www.posd.eu](http://www.posd.eu)

Pskov, Russia, February 9-10, 2012

## International conference “Hanseatic cities: Opportunities for development”

### Session: "Cultural Brand for Social and Economic Development of the City"

#### Heritage and tourism

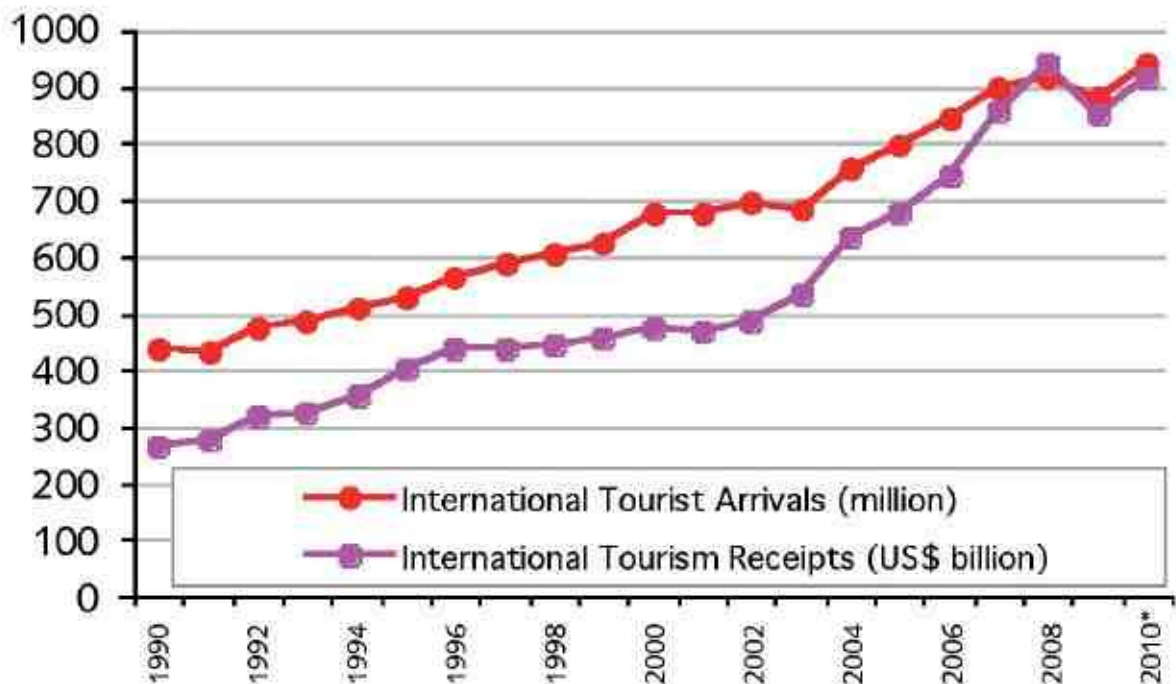
##### How to survive the crisis by making use of your historical resources -

The title of my speech is: How to survive the crisis by making use of your historical resources. This is a rather presumptuous title. But I am convinced that heritage can give a new economic boost to an area. I will speak to you about heritage as an economic factor, a way to earn money, whereas it is usually regarded as expense. I will show you some examples, where a good planning helped to convert derelict heritage sites into profitable tourist attractions.

My name is Jos Cuijpers, I am a consultant and CEO at the Project Office for Spatial Development. I am specialized in urban design in historic areas and have over 30 years of experience, so I think I can speak to you about this field of expertise with some knowledge.

#### Figures about tourism

First some figures about tourism.



International tourist receipts – the receipts climbed from 500 billion in 2000 to almost 1000 billion dollars in 2010.

In 2010 international tourist arrivals grew by nearly 7 % to 940.000.000.

That year international tourism generated nearly a trillion, that is a thousand billion \$ in export earnings! A thousand billion \$ !

-After a small dip in 2009, the total revenue of tourism is back on the level of 2008. In the Netherlands tourism grew last year by 10%!

The United Nations World Tourism Organization forecasts a growth in international tourist arrivals of between 4 and 5 % in 2011.

And it also forecasts a growth in international earnings in Europe from 400 billion \$ to 500 billion \$ in 2020.

Statistics show that by that year, tourism will be the main industry or at least one of the main industries in the European Union.

That means that in spite of the financial crisis of the last years, tourism is a constant and even growing economic factor. And every expert expects that this will remain the case in the next decades.

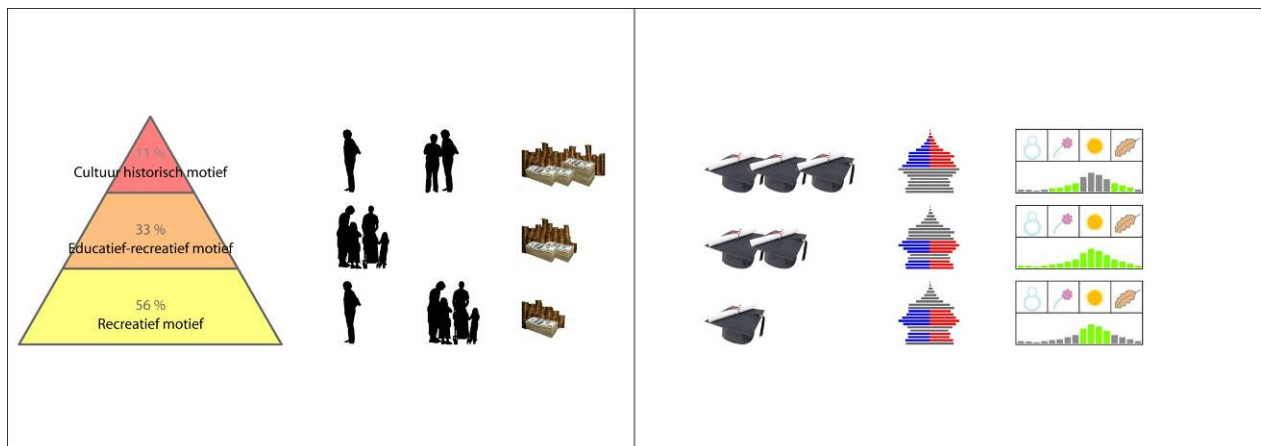
Why is that good news for you? Because there is an important part of tourism that is focused on cultural heritage, the so-called culture tourism. People who might be willing to visit your town.

### Culture tourism

So let's focus on that: to attract tourists you have to be aware of the wants and needs of potential visitors;

here are some facts about culture tourism:

In this field we can distinguish several target groups. There are three groups to be distinguished as to their attitude to heritage, which we represent as part of this triangle:



The culture tourism pyramid - The top-group is the smallest one, has a cultural motive for visiting places, they travel mostly alone or in couples, spend relatively much money, are well educated, older and travel outside the main season; they visit museums, restaurants and all kinds of historic buildings. The second group has an educational motive, travels in family-groups, all the year round and is relatively younger; they visit specific, recognizable buildings like castles, but no museums. The third group has a purely recreational motive, travels alone or in family-groups, only in high-season, spends less money and is less educated. They regard historic towns only as a décor, a back-ground for shopping and having a drink on a terrace.

The top-group is the smallest one, about 10% of all the tourists, has a cultural motive for visiting places, they travel mostly alone or in couples, spend relatively much money, are well educated, older and travel outside the main season; they visit museums and all kinds of historic buildings.

The second group is about 25% of the total, has an educational motive, travels in family-groups, all the year round and is relatively younger; they visit specific, recognizable buildings like castles, but no museums.

The third group has a purely recreational motive, travels alone or in family-groups, only in high-season, spends less money and is less educated. They regard historic towns only as a décor, a back-ground for shopping and having a drink on a terrace.

Roughly all three groups spend an equal amount of money, but they spend it differently. All three groups visit historic cities, but have different motives. The top-group visits, as I said, museums, monuments, castles and palaces; the second group visits castles, town-walls and other adventurous buildings; the third group only will wander through the streets and visit shops and terraces.

There are more characteristics:

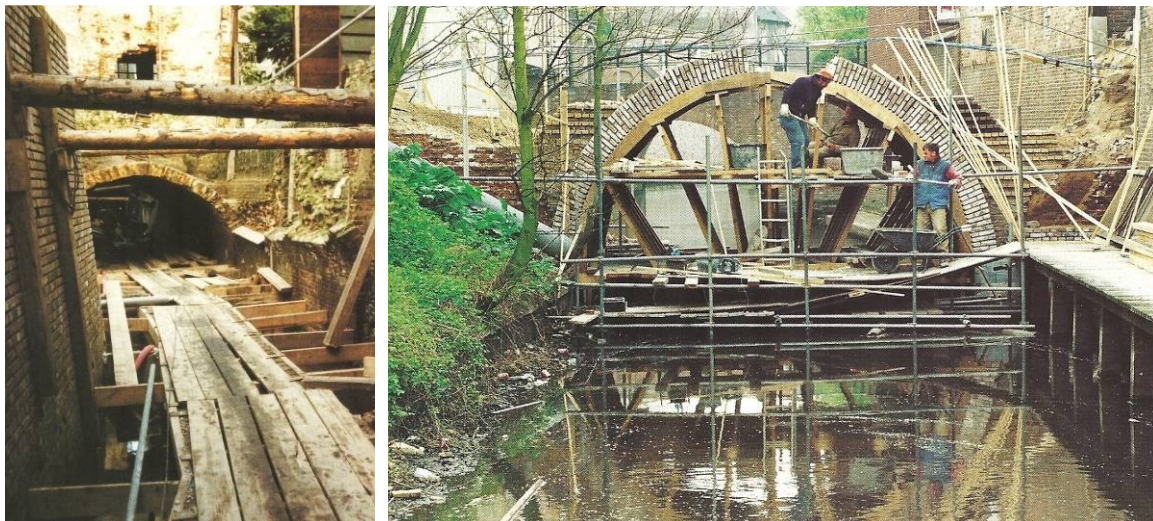
- The Top-group looks for something special, authentic, something they cannot see at home
- Whereas the Bottom-group searches for “home away from home”, that is why there are so many chip-shops, German beer-gardens and Dutch café’s on the Spanish coast.
- The next group arrives some time after the previous one: So the top group discovers an area; after some time the second group arrives and finally, under specific conditions, the third group will arrive.
- People from the top-group stay away when the bottom-group arrives. Because all three groups spend an equal amount of money, this leads to the strange effect, that sometimes more tourists lead to less income!

### To attract culture tourists

The question is: how can we attract these culture tourists – I have an example of the Binnendieze river project in my home town ‘s-Hertogenbosch (The Netherlands).

The Binnendieze was a system of natural rivers, flowing through what is now the historic inner city of ‘s-Hertogenbosch. In the Middle Ages this town grew to be one of the largest towns of the Netherlands. Space got scarce, quay-walls were built and finally even houses were built like bridges over the river.

By 1970 the water was extremely polluted and the quay-walls were in a very bad condition – there even were plans to fill up the river, break down the buildings and built a motorway right through the city-centre. Instead the municipality decided to restore the riverbanks, the buildings and bridges. In 1996, after 20 years of restoration the city-centre had regained its old character and many romantic sights reappeared. The restoration had cost about 22 million Euros, which was a lot of money, though a vast percentage of the costs was covered with grants from the national government and from the European Union. The municipality paid about 10 million euros.



Restoration of the quay-walls and bridges of the Binnendieze River during the 70s and 80s

Then someone got the idea to ferry visitors in small boats over the river. Nowadays nearly 200.000 visitors see the city by boat. The municipality receives half a million Euros a year from taxes. So, after 20 years the municipality earns back the money they spend on restoration.

But more importantly: these visitors ferry on the Binnendieze river for an hour or so and then go shopping, visit a museum, have a drink etc. Researchers calculated that they spend almost 10 million Euros every year in the local economy. So one could say that the costs of the restoration for the town as a whole were earned back in 2½ years.



Tourists ferrying on the Binnendieze river

The lesson to be learned from this example is: if you have a good business-model, investments in heritage can be earned back with interest. So an economic tourist strategy should at least contain one or more revenue models.

Another important part of the development of an economic tourist strategy is to draw up a product-market-combination for your tourist-product.

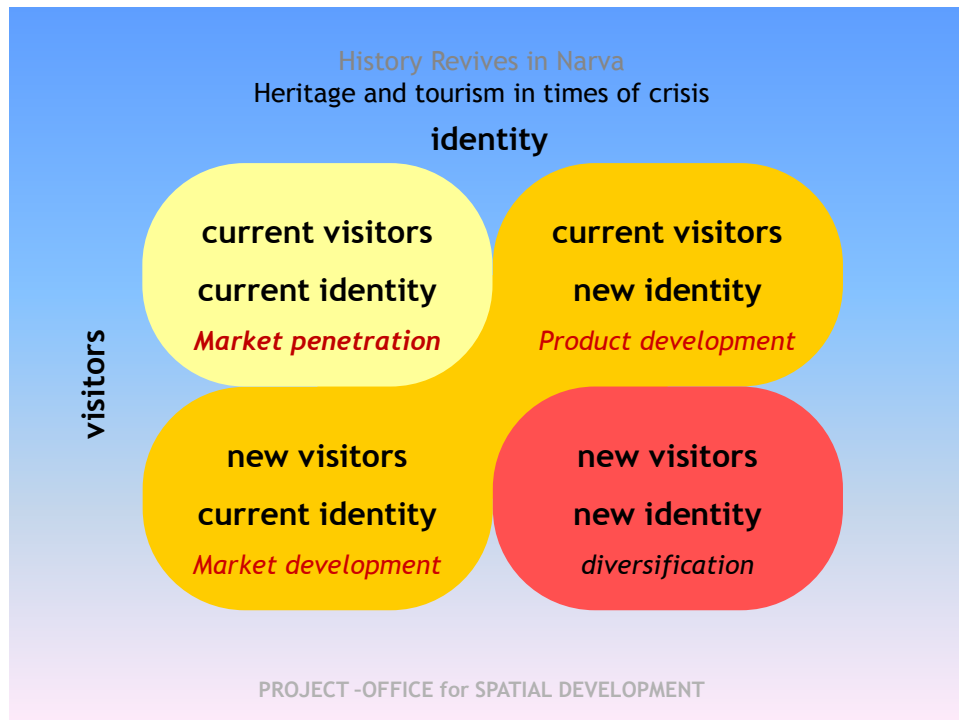
Don't try this at home. Most of the time an outsider is needed to visualize the weaknesses and threats. On the short term this costs money of course, but on the long run this investment pays back twice over.

### **Product-market-combinations in culture tourism**

A product-market-combination is a well known item in economics, it deals with the development of new markets, with new or present products for new and present clients.

The safest form of a product-market-combination is market penetration: sell more of your present product to your present clients. Somewhat riskier are product development and market development. The most risky form is diversification: you have to try and sell new products to new clients. It's understandable that this can go wrong in many ways.

Translated to tourism in historic cities it looks like this scheme. I give you some examples to explain this.



Product-market-combinations in culture tourism – market penetration, product development, market development and diversification as a result of new and current visitors and city identity.

I told you that at present about 200.000 visitors fern on the Binnendieze river. We calculated that there is a potential to grow to about 300.000 visitors a year. The municipality has commissioned me to design the facilities to make this possible, like opening branches of the river that were closed in the past and like new points to descent to the boats. This is a typical form of market penetration: we sell more tickets to the same kind of clients and we don't change the identity of the city.



Market penetration by expanding the ferning possibilities for tourists and increasing the number of visitors from 200.000 to 300.000.

Some years ago the municipality decided to try and attract a new group of visitors. The establishment of restaurants in one particular street was stimulated, terraces were built and the public space was redesigned. This attracted a new kind of visitors to the city. 's-Hertogenbosch is now one of the most decorated gourmet-places in the Netherlands. And that street has been chosen a number of times to be the best restaurant-street in the land.

People come from all over the country and even from abroad to eat here. This is an example of market-development.



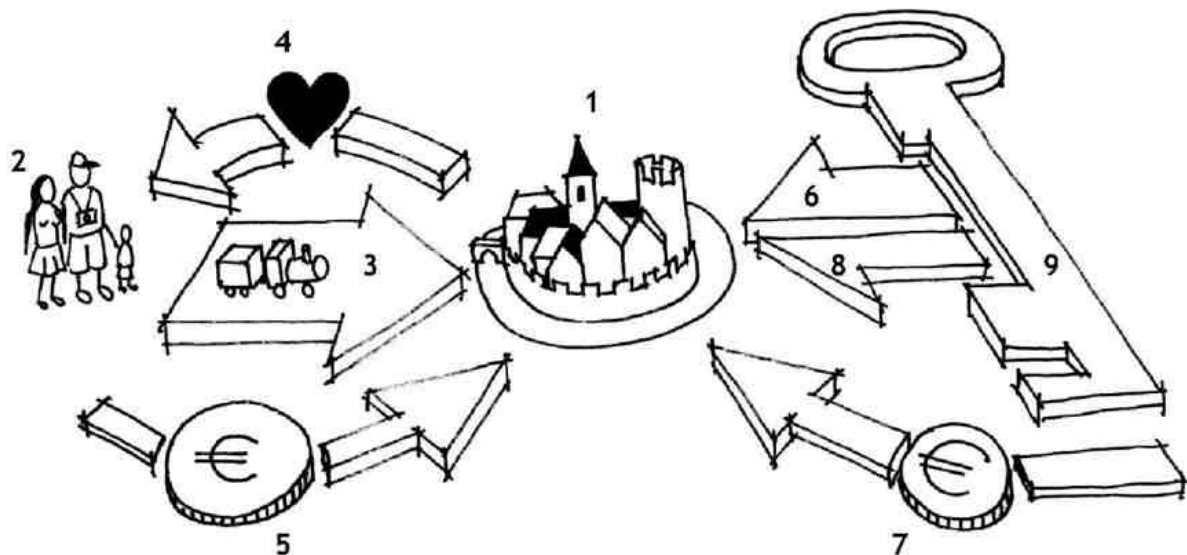
Market-development by expanding the identity of 's-Hertogenbosch as a gourmet-place

10 years ago the municipality decided to restore the mediaeval city walls. A grand scheme was designed, not only for reasons of heritage-care, but also to attract new visitors. The restoration-works are still going on, so it is not certain whether this product-development will succeed.

I told you before that diversification, the fourth strategy is a dangerous-one. It is understandable that trying to sell an new product to an new group of clients is hard and that all kinds of unexpected difficulties can arise. There are hundreds of examples where this strategy failed. But I have to admit that sometimes it succeeds.

### strategies

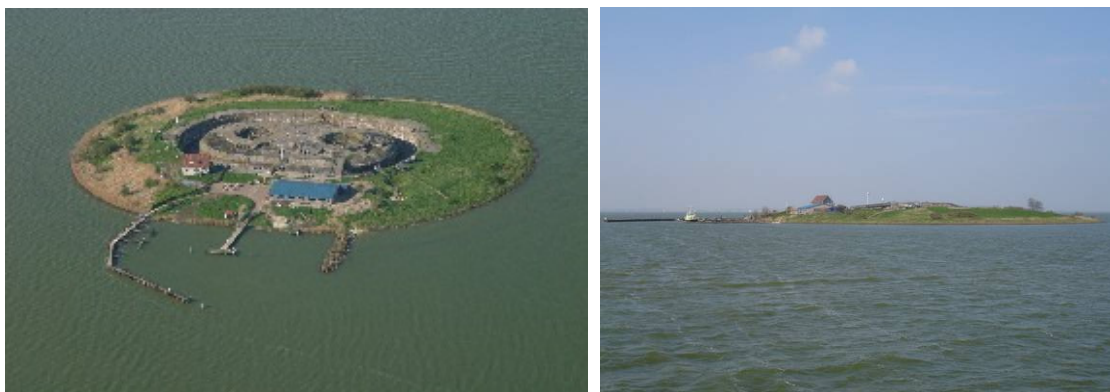
There is not a solid formula for a strategy to attract visitors. It depends on the situation, it depends on your goals, it depends on the possibilities. Like any other form of tourism, culture tourism is a buyer's market. Which means that there is a surplus of supply: the demand determines where the tourists go and not the supply. Many politicians and officials think, that attracting visitors is a question of communication, of advertising and marketing. That is only one part of the total. No matter how hard you try, no matter how big your communications budget is. If your town or historic object doesn't appeal to the visitors, they won't come. No matter how much money you spend on marketing and advertising, if you don't have an appealing tourist product, you won't get any repay of your investments. Attracting visitors is a delicate process, a fine clockwork, expressed here with a model I use in workshops for city-officials and entrepreneurs. City-marketing is just one of the 9 wheels in the clockwork. One of the other wheels is building the right environment, fitting in the right product-market combination.



Model for the development of tourism to historic cities, used in workshops for city-officials and entrepreneurs

My last example is the fortress-island of Pampus, one of the 41 fortresses in the so-called Position of Amsterdam, built in the second half of the nineteenth century and listed on the UNESCO World Heritage List. The position was built to make Amsterdam a last stand in case of war. Pampus was built to close the harbor of Amsterdam. Because of changes in warfare the fortress was abandoned after 1945.

The main building of Pampus was renovated in 2007, by using European and national grant.



Pampus

The fortress is owned by the ministry of the Environment. The fortress itself is converted into a the museum for the Position of Amsterdam. A shipping company organizes trips from the mainland. But one needed a person or a family to watch over the island at night and to exploit the restaurant and the marina.

To find this right person in 2008 a competion was organized, called The Battle for Pampus. It was broadcasted on national television. Hundreds of thousands of viewers watched several couples compete to get this interesting job. In the end the couple who had the most business-skills, the best business-ideas, the most first aid skills etc. were appointed managers of the island. Now the two actually live there in the old watchman's house.

The fact that the competition was broadcasted on television provided awareness and sympathy for the winners and for the island. Tens of thousands of visitors now visit the island every year.

The strategy that was set up for the fortress-island was a combination of a business-plan, cooperation with several companies, a well thought out revenue model, a communication plan and some luck, of course.

## Conclusion

Ladies and gentlemen - this was my speech about some economic and planning-aspects of heritage and tourism. I showed you a schematic classification of tourists as to their attitude to heritage. I gave you some examples of the way product-development and other product-market combinations can be realized.

If you want to know more about tourism and heritage planning: read my book "Step by Step" that will be published next spring.

At least I hope to have communicated that attracting tourists is not a question of sitting down and waiting, but a question of careful planning and acting.

Thank you for your kind attention.

Jos Cuijpers

POSD – Project-Office for Spatial Development