



# Protecting your city from overtourism

## European city tourism study 2018



AUSTRIAN  
HOTELIER ASSOCIATION

Roland  
Berger



---

# Management summary

The growth in city visits in the past decade is one of the great success stories of European tourism. From Amsterdam to Zaragoza, tourists are increasingly flocking to the continent's architectural, cultural and historic hubs. Indeed, since 2008, city tourism outpaced national tourism in terms of the growth in overnight stays (see Figure A), providing an important source of income for cities and their tourist industries.

But such success does not come without challenges. Unchecked and unsustainable tourism can lead to significant problems for cities, increasing congestion and upsetting local inhabitants. One doesn't have to venture further than Barcelona to witness the problems mass tourism can cause.

So to help city tourism players better manage tourist numbers, we carried out a study. We analyzed the performance of 52 top European city break destinations by comparing their tourism density against value creation. For example, are some cities better off limiting tourist numbers but charging them more, or opening the floodgates to the masses to maximize income? We then clustered the cities into categories ranging from "Peak performers" to "Mass traps" and those with "Unused potential".

The results highlighted a major problem: so-called overtourism, and a lack of planning for it. To address this, we make recommendations for reactive and proactive interventions.

Reactive measures include regulating hotel capacities and the shared economy accommodation market, as well as controlling access to key sights. The more far-sighted proactive measures, meanwhile, encourage city authorities to develop infrastructure such as public transport in line with the needs of both residents and visitors, as well as to consider upgrading target guest segments.

**Finally, we outline a four-step strategy to deal with overtourism and develop sustainable tourist growth. This involves cities assessing what they want to achieve through tourism, as well as underlining the importance of them working with all tourism players, from hoteliers to attraction managers and residents, in order to meet their goals.**

**We find that without such a plan, a city may well become the next victim of mass tourism.**

---

# Contents

<b>1. The curse of mass tourism</b> .....	<b>4</b>
Why cities need to act to avoid being overwhelmed	
<b>2. Quality versus quantity</b> .....	<b>6</b>
Comparing cities' tourism density against value	
<b>3. Dealing with overtourism</b> .....	<b>10</b>
Measures and strategies for sustainable growth	

Chapter 1:

# The curse of mass tourism

Why cities need to act to avoid being overwhelmed

The number of overnight stays achieved per year is a key performance indicator used by managers working in city tourism. Growth in this figure therefore provides a solid measure of the relative success of managers and their teams, as well as of a city's tourism development in general. Value creation from tourism is another commonly used indicator, even though there is no standardized measure.

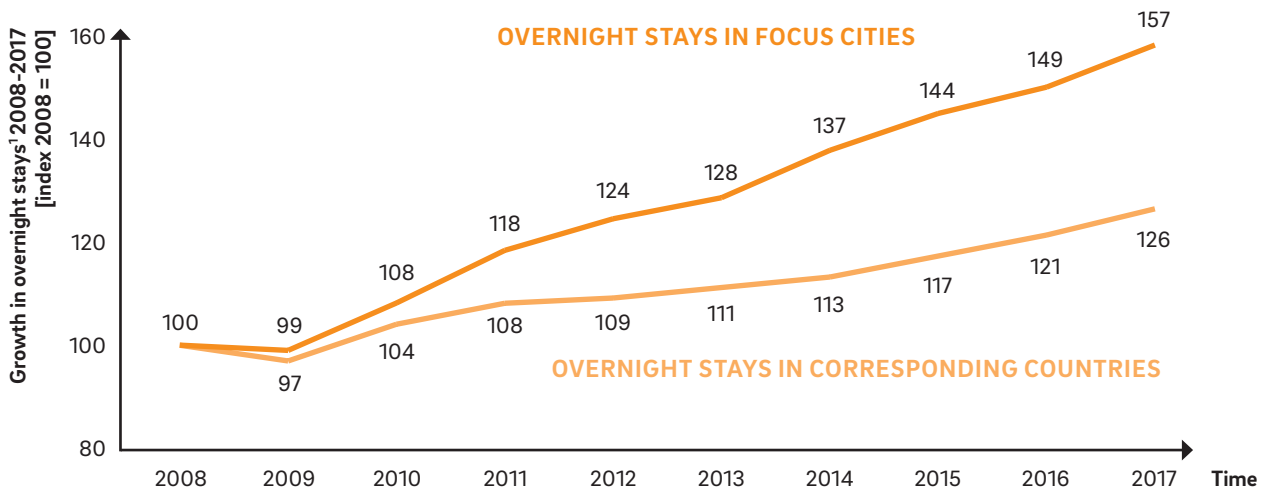
The problem is that both indicators offer only a snapshot of performance, rather than being proven indicators of success that can be internationally benchmarked and tracked over time. This didn't matter too much as long as city tourism did not reach substantial scale, as is still the case in around half of the cities we analyzed. But in many others, the tide has now turned.

Inflow of tourists has hit a significant level in relation to population, with visitors often concentrated around the city's top attractions. Such unrestrained growth can lead to congestion, friction with local inhabitants, with many abandoning their homes, and eventually the drowning of cities in a sea of tourists. → **A**

The blight of mass tourism has a major negative impact on the guest experience, the city's reputation and value creation growth, forcing prices down. Such effects have been felt in Barcelona in recent years, where inhabitants now openly reject tourists, be it through anti-tourist banners or open confrontation. And in Prague, the population in heavily visited areas is decreasing as locals vote with their feet, while positive guest experiences are seriously threatened by prevailing crowds.

**A: Urban trend**

City tourism vs. national tourism, measured in overnight stays over the past ten years



<sup>1</sup> 33 cities with corresponding 15 countries taken into account

Chapter 2:

# Quality versus quantity

Comparing cities' tourism density against value creation

To better define and measure the factors behind successful and unsuccessful tourism development, we have previously worked with tourism managers in cities to develop seven new performance indicators. These are: growth in overnight stays; number of overnight stays in relation to number of inhabitants; growth in bed capacity; value creation; internationality (a measure of where tourists come from); accessibility; and number of conferences. We published these criteria and their weighting factors in our previous European city tourism studies.

Over the past few years, as the issue of city tourism growth intensified, one criterion in particular became increasingly important: the number of overnight stays (per year) in relation to number of inhabitants, or simply tourism density. While it could be further refined, it serves as a good all-round measure of "overtourism", especially when comparing cities. It is used as one of the key measures in our latest study.

The second criterion used as a key measure in this study is an improved definition of value creation. As there is no international standard for this, we used "revenue per available room" (RevPAR) data for hotels in 52 European cities from the hotel market information

firm STR Global. It reflects the price level for a major area of tourism, namely the organized accommodation sector, and is comparable among cities as well as being internationally accepted.

To give a comparative overview of overtourism levels among the 52 cities in 2017, we derived a matrix plotting tourism density against our measure of value creation.

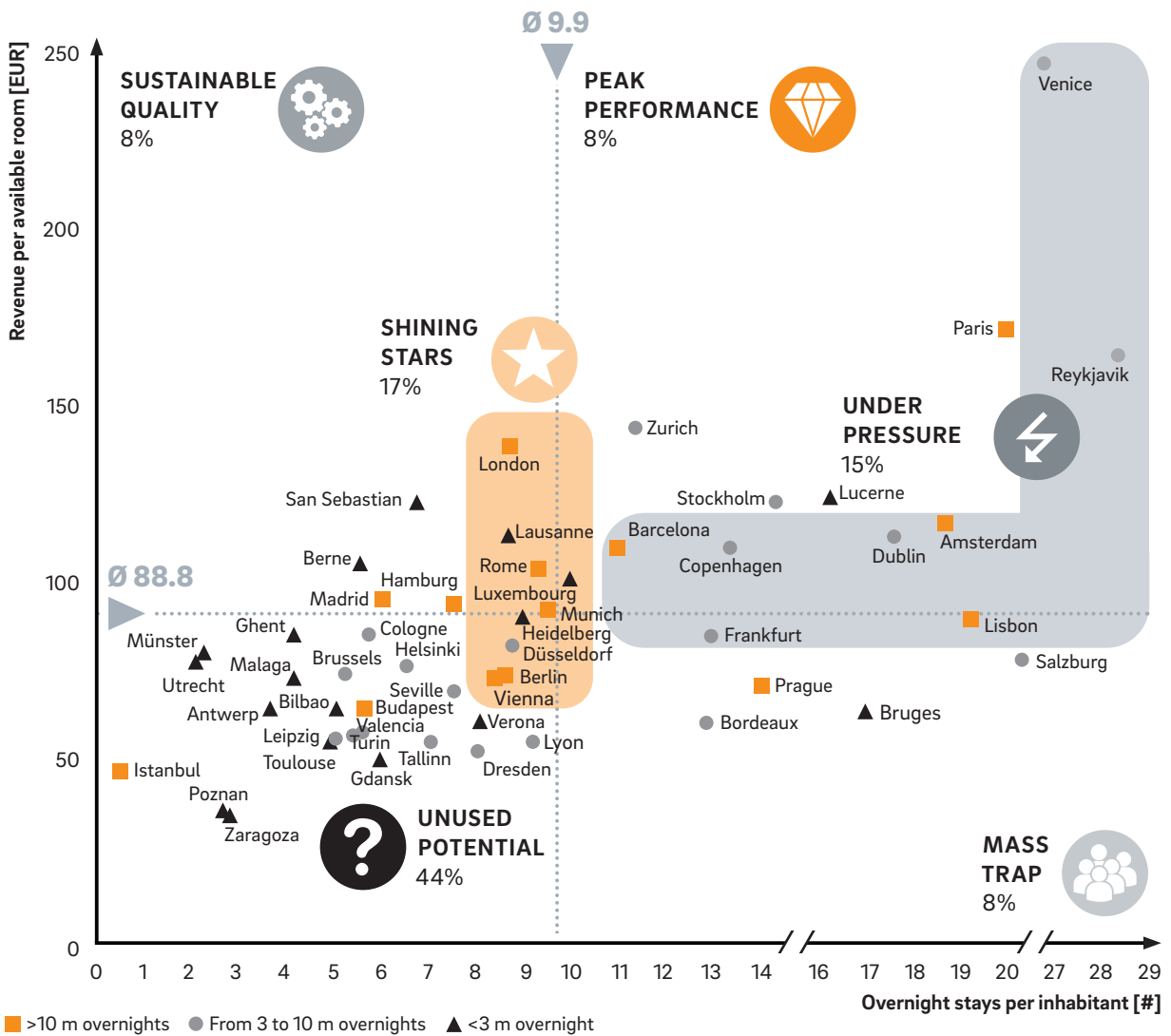
→ **B**

The matrix reveals how cities compare in relation to tourism development and overtourism. For example, Paris has a high tourism density while generating high income at the same time. It has therefore succeeded in developing and upgrading its tourism in line with growth. On the other hand, Amsterdam and Lisbon show a similarly high tourism density, but with significantly lower income, putting them at risk of mass tourism.

The question arising for cities, therefore, is how they can develop their tourism strategy to stimulate overnight stay growth while increasing the value inflow at the same time, and thus avoid mass tourism. Several European cities are displaying healthy tourism right now, such as Vienna, Berlin, London, Munich and Rome.

**B: A tale of 52 cities**

Our focus cities mapped and clustered





**PEAK PERFORMER OR TOURIST TRAP?**

We used the matrix to categorize the cities into six clusters. → **C**

The "Peak performance" cluster includes cities with high value creation as well as high tourism density, while those listed as "Under pressure" have high and growing tourism density but sluggish value creation. At the other end of the scale, the "Sustainable quality" cluster features cities with comparatively low tourism density but high value creation. Half of the cities, however, fall into the category of "Unused potential", where both parameters are below average European levels.

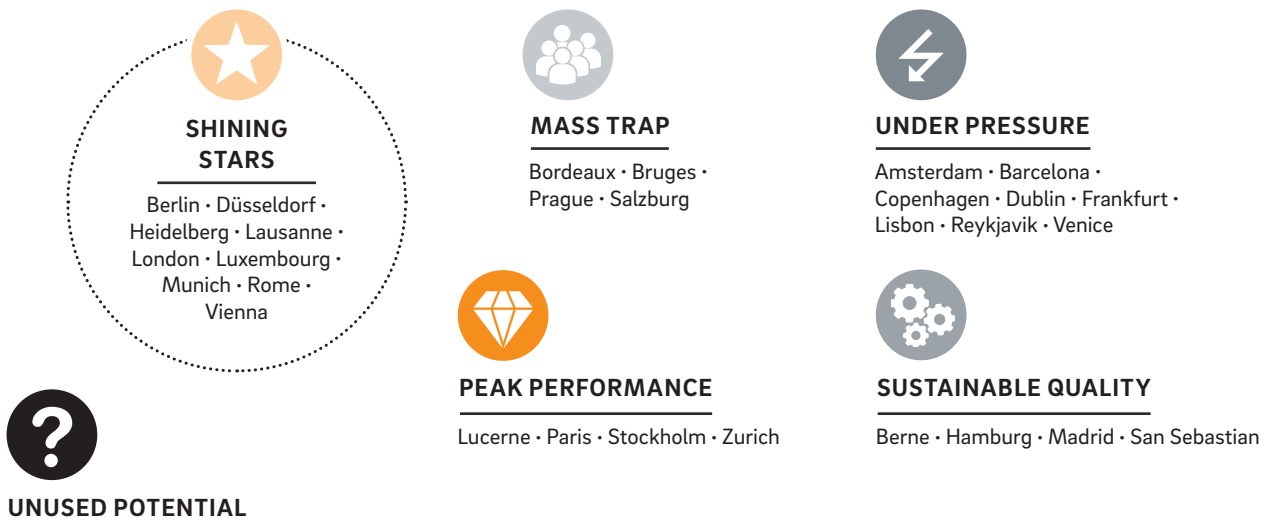
Perhaps the most notable category is that of "Shining stars". It features cities with healthy and

sustainable levels of tourism, right in the middle of our matrix. These are well positioned to actively drive tourism development in line with city development. London, Vienna, Berlin, Munich and Rome fall into this cluster.

Most notable on the city front is Venice, whose categorization as "Under pressure" is perhaps unexpected bearing in mind it shows the highest value creation and a very high tourism density. But while it has luxury offerings, the city is beset every year by mass tourism, mostly from the uncontrolled inflow of cruise-ship passengers and busloads of daytrippers. In addition, its buildings are subsiding while its population is diminishing. Against this background, it is rightly assigned to the cluster "Under pressure".

**C: City limits**

The six city clusters



Source:  
Roland Berger

Chapter 3:

# Dealing with overtourism

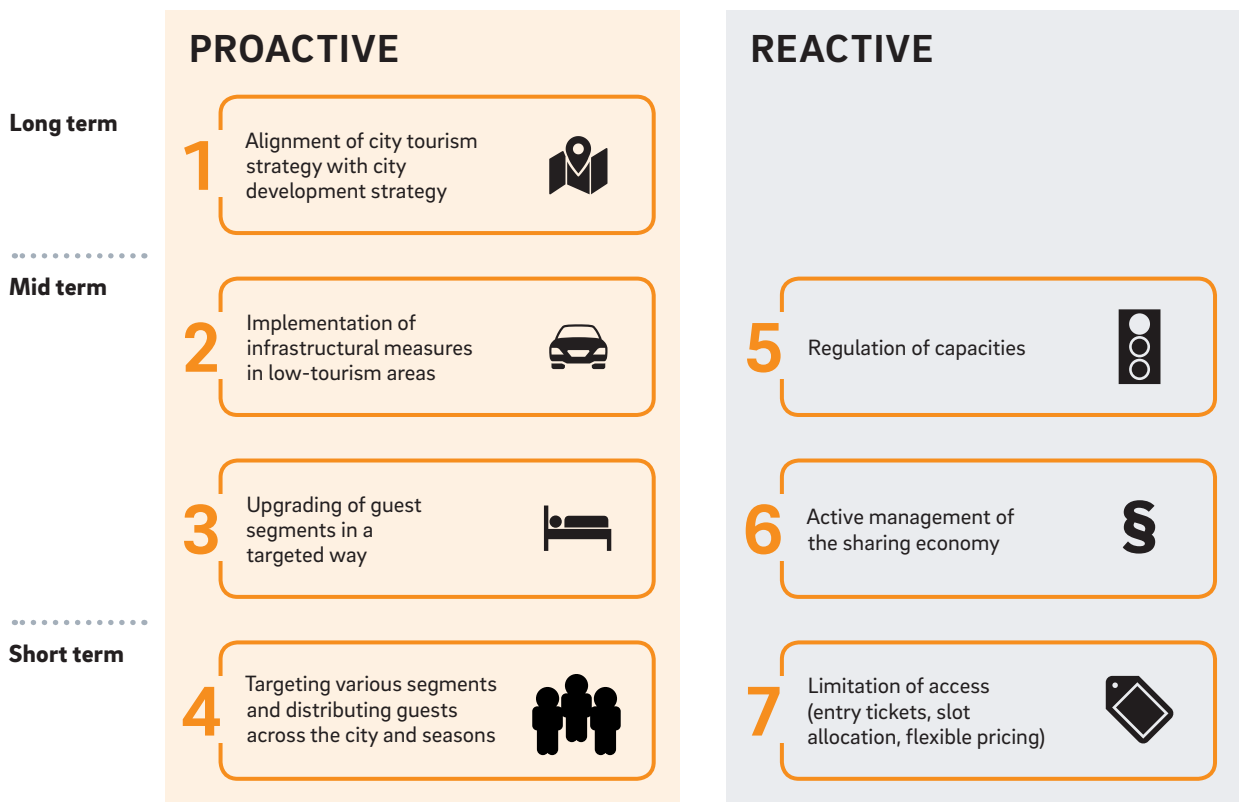
Measures and strategies for sustainable growth

Our matrix is just one reminder that overtourism is a real threat for many European cities. But the good news is that it can be planned for, prevented and even harnessed to improve a city’s tourism development. Through our research, as well as interviews with city tourism managers and our work helping cities develop tourism strategies, we have identified seven measures to tackle overtourism. → [D](#)

We have divided these into proactive and reactive approaches, and given each a suggested timeframe. The proactive measures apply when cities have the luxury of planning in advance. The reactive measures, meanwhile, apply when cities are already experiencing overtourism problems and rapid action is needed, de facto as a defense mechanism.

**D: Measured approach**

Our seven interventions to fight overtourism



## **PROACTIVE MEASURES: WHAT CITIES WITH LOW/MEDIUM TOURISM DENSITIES CAN DO**

### **1. ALIGNMENT OF CITY TOURISM STRATEGY WITH CITY DEVELOPMENT STRATEGY**

In the long term, this is the best strategy for city tourism. It involves tourism managers working closely with the city's representatives and managers, together treating tourism as an important sector within the city development strategy. Many aspects should be included, such as sustainability, environment, quality of life and smart city features. Infrastructure development is an equally important field, as facilities need to accommodate the needs of inhabitants as well as guests, and be able to deal with peak loads. The positioning of the city should be in line with target guest segments.

### **2. IMPLEMENTATION OF INFRASTRUCTURAL MEASURES IN LOW-TOURISM AREAS**

A very important aspect in growing the number of overnight stays is the even distribution of guest flows across a city. This can be achieved by planning ahead and constructing or opening tourism attractions – whether cultural, historic or for events – in areas that are less frequented by tourists. Such new additions should go hand in hand with infrastructural development of the city, such as public transportation.

Sustainable urban planning can support the distribution of tourism and relieve city centers. The Danish capital Copenhagen and Bilbao in Spain are models for using urban design as a means of regeneration while at the same time fostering tourism development.

### **3. UPGRADING OF GUEST SEGMENTS IN A TARGETED WAY**

With or without growth in overnight stay numbers, targeting more affluent guest segments will lead to higher income for the city and its tourism providers. This of course means the right offerings must be in

place to attract high-income guests. One attracts the other. This calls for a clear strategy to simultaneously upgrade the guest segments and the destination.

A good example is how the Austrian capital Vienna focuses on quality over quantity. The city targets luxury guests and increasingly cooperates with private asset managers to attract affluent visitors. An area right in the city center has been refurbished with luxury shopping, accommodation and restaurant offerings. In addition to the city's strong growth in 5-star accommodation and its world-class cultural offering, the Vienna tourism agency has also announced plans to specifically target the luxury guest segment.

### **4. TARGETING VARIOUS SEGMENTS AND DISTRIBUTING GUESTS ACROSS CITY AND SEASONS**

Different guest segments have different interests. This means it pays to target various guest segments with segment-specific experiences. These should be designed to complement each other, allowing for an even distribution of tourism flows across the city and the seasons – and turning short breaks into longer trips.

The geographic dispersal of cultural attractions and the relocation of events to places outside tourist centers attracts visitors to less frequented urban and suburban areas. Recently, Berlin has introduced a concept to balance and decentralize tourism streams across its 12 districts. It specifically targets fringe areas, encouraging visitors to become "Berlin insiders". Prague has also recently started to promote urban districts outside its historic center.

Other strategies use savvy marketing to entice tourists away from city centers. In Amsterdam, for example, the suburb of Zandvoort, 25 kilometers from the city center, has been renamed Amsterdam Beach to indicate that it can be easily reached by tourists visiting the Dutch capital. And in Dubrovnik, authorities are launching an app in late 2018 to promote alternative

attractions outside the city's UNESCO-listed old town.

Less sophisticated but equally effective are free guided tours to alternative parts of cities. Amsterdam, Stockholm and Berlin offer such tours, marketing them as a way to experience the real city away from the tourist hordes. A beneficial side effect is increased tourist spending in these areas.

## **REACTIVE MEASURES: WHAT CITIES WITH ALREADY SIGNIFICANT OVERTOURISM CAN DO**

### **5. REGULATION OF CAPACITIES**

When a city is overwhelmed by tourists, as has happened in places such as Venice, Dubrovnik, Barcelona and Salzburg, restrictions on capacity should be considered. Regulation is mostly used to control new hotel bed capacities; in Barcelona, for example, the building of new hotels in the city center has been forbidden.

Discussions on banning hotel growth in city centers are intensifying. The mayor of Barcelona made the issue a pillar of her election campaign, and the subject is also under consideration in other cities, such as Edinburgh, and beyond Europe. In New York, for instance, a permit system has been introduced for new hotels, which in practice limits the number of total hotel beds in the city. Regulation can also be used to limit the number of visitors arriving by bus or cruise ship.

### **6. ACTIVE MANAGEMENT OF THE SHARING ECONOMY**

It is not only hotels and visitors that can be subjected to capacity restrictions. The sharing economy has also become a target, with apartment rental platforms such as Airbnb a current flashpoint. The city of Madrid, for example, is preparing a raft of measures that will force out a significant proportion of Airbnb renters, with the aim of controlling rental prices and prioritizing the residential use of buildings over short-term tourism use.

Other Spanish cities are also clamping down on apartment rentals. Valencia is prohibiting rentals above first-floor level, while Palma de Mallorca has completely prohibited apartment rentals to tourists. Meanwhile, in summer 2018, Barcelona forced Airbnb to share its source data with city officials and demanded the withdrawal of more than 2,500 unlicensed listings under threat of substantial fines to operators. The move has global significance as the city will be able to directly track providers and monitor their compliance with city laws.

In August 2018, Berlin also introduced a law to regulate the shared accommodation market. It aims to prohibit the conversion of potential housing space into vacation rentals for good.

Amsterdam is going further than most when it comes to regulation. Its measures to prevent the "Disneyfication" of the city include a ban on short-term rentals via Airbnb, the prevention of cruise ships from docking in the city center and the prohibition of many group activities, such as Segway tours. In addition, the tourism tax will be almost doubled to 7%.

### **7. LIMITATION OF ACCESS (ENTRY TICKETS, SLOT ALLOCATION, FLEXIBLE PRICING)**

When nothing else works and cities lose control of visitor inflow, authorities should consider limiting access. Ultimately, this can increase a destination's appeal and, if entrance fees are applied, increase income. Limited access areas can be confined to specific zones with clearly defined entry points. Such zones would work well in the old towns of cities such as Dubrovnik, Salzburg and Prague, for example, or in other small historic cities with well-defined centers.

The city of Venice has been among the first to test limited access. It started to separate daytrippers from residents and regular tourists by introducing turnstiles at key aggregation points in the city in May 2018. These

force daytrippers to use back streets to reach the main attractions, while the main walkways are reserved for residents and visitors with a Venezia Unica card (these are typically purchased by tourists who stay for several days). In addition, the city has banned large cruise ships from docking on the island and instead diverts them to the mainland.

Across the Adriatic in Dubrovnik, officials are also looking at ways of limiting access to its old town. They have installed cameras at entrance points to monitor the number of tourists entering the city center. The aim is to use this data to develop ways of slowing down or limiting access at peak times.

Another option to ease capacity problems is yield management, or flexible pricing according to demand. Different prices can be applied at busy and quieter times of the day or year, even in real time, and to different guest segments. This allows tourism players and cities to maximize their income as well.

Finally, cities can also consider closing roads or restricting vehicle entry to limit access. Paris and Barcelona have both introduced car-restricted areas to reduce tourist arrivals and improve air quality, for example.

## **STRATEGY FOR HEALTHY TOURISM: A FOUR-STEP PLAN FOR SUCCESS**

Successful city tourism goes hand in hand with measures to avoid overtourism. Both will rely on an overarching strategy for tourism development.

But before city authorities sit down to draw up such a plan, they first need to ask themselves a fundamental question: what does the city stand for?

Does it wish to prioritize residents over tourists? Does it plan to embrace the latest smart city or climate-friendly initiatives? Does it want to focus on sustainable tourism, or maximize overnight stays and income no matter what the cost to the local population?

Answering such questions will help cities define what they want to achieve with tourism. In our view, not many have yet done so in a clear way. Most cities with low to moderate tourism densities have set a target of maximizing overnight stays, but this may change as their tourism density increases. Hardly any cities have openly engaged in discussions of alternative targets as these quickly become political and may be difficult to support, implement and measure. But this should not stop them from trying.

Having defined their objectives, cities should turn to our four-step strategy to help them to avoid overtourism and develop a sustainable tourism plan. → **E**

The first step involves a comprehensive self-assessment of the current state of overtourism in a city, including identifying pain points. Step two focuses on developing initiatives and a roadmap to deal with the problems caused by overtourism, such as identifying root causes. The third step involves the implementation of initiatives and the monitoring of their effects. This leads in to step four, which is about the iterations and fine-tuning of initiatives in short cycles.

But perhaps more important than any of these is the cooperation and commitment of stakeholders. Residents, city managers, tourism players and tourism representatives are the driving force behind the four-step strategy, and a city will not achieve its aims if they are not on board. Especially residents should be actively engaged and involved as a distinct stakeholder group, which is not often the case yet.

In summary, overtourism is both avoidable and reversible. Diligent planning and strong stakeholder involvement can protect cities against the problem, and have the added benefit of improving a city's infrastructure, tourist attractions and facilities. So embrace smart tourism, not mass tourism.

**E: Four steps to tourism heaven**  
Our strategy to tackle overtourism



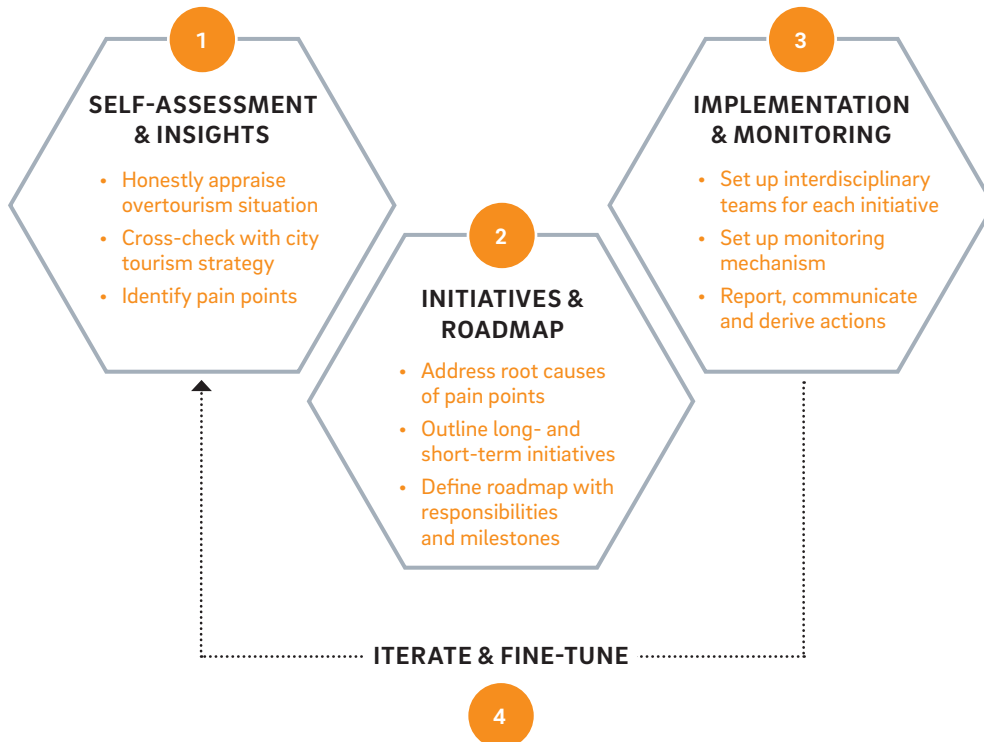
## Involve, ask & engage stakeholders

Residents

City managers

Tourism players

Tourism representatives







For the city clustering, TourMis data for overnight stay figures and STR Global data for RevPAR were used. Reykjavik, Dublin and Istanbul overnight stay figures are for 2016. Two studies, namely the European city tourism studies 2016 and 2013, provided benchmark data. City examples were derived through desktop research, mostly press research.

---

**Successful city tourism goes hand in hand with measures to avoid overtourism. Both will rely on an overarching strategy for tourism development.**

---

# Credits and copyright

## WE WELCOME YOUR QUESTIONS, COMMENTS AND SUGGESTIONS

### AUTHORS

#### ROLAND BERGER

##### **DR. VLADIMIR PREVEDEN**

Partner

[vladimir.preveden@rolandberger.com](mailto:vladimir.preveden@rolandberger.com)

##### **GORAN MIRKOVIC**

Consultant

[goran.mirkovic@rolandberger.com](mailto:goran.mirkovic@rolandberger.com)

#### ÖHV

##### **DR. MARKUS GRATZER**

Managing Director

[markus.gratzer@oehv.at](mailto:markus.gratzer@oehv.at)

##### **OLIVER SCHENK**

Public Affairs

[oliver.schenk@oehv.at](mailto:oliver.schenk@oehv.at)

This publication has been prepared for general guidance only. The reader should not act according to any information provided in this publication without receiving specific professional advice. Roland Berger GmbH shall not be liable for any damages resulting from any use of the information contained in the publication.

© 2018 ROLAND BERGER GMBH. ALL RIGHTS RESERVED.

## About Roland Berger

Roland Berger, founded in 1967, is the only leading global consultancy of German heritage and European origin. With 2,400 employees working from 34 countries, we have successful operations in all major international markets. Our 50 offices are located in the key global business hubs. The consultancy is an independent partnership owned exclusively by 230 Partners.

## About ÖHV

The Austrian Hotelier Association (ÖHV), founded in 1953, is the largest voluntary, non-governmental lobbying and service organization for tourism in Austria, with more than 1,400 members including the leading resort, group and city hotels.

### Further reading

**Hotel industry 4.0: Leveraging digitization to attract guests and improve efficiency**



It's time for an advanced service level – because hotel guests have higher expectations than ever before.

**Millennials: The generation reshaping travel and shopping habits**



They are the largest generation in Western history, the first to grow up with the internet and smartphones and a driving force in international travel. So what are the key facts, preferences and needs of this generation?

## Publisher

**ROLAND BERGER GMBH**

Sederanger 1

80538 Munich

Germany

+49 89 9230-0