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Tourism and the Business of Culture

The views of small and medium sized tourism enterprises
of Liverpool European Capital of Culture 2008

March 2008

Report by Base Line Research and Survey



Impacts 08 is a joint programme of the University of Liverpool and Liverpool John Moores University
Commissioned by Liverpool City Council



Summary of key findings

Base Line Research and Survey was contracted by Impacts 08 to conduct qualitative research into the relationship between small and medium sized enterprises (SMEs) within the city's visitor economy and Liverpool's status as European Capital of Culture in 2008. The research involved in-depth interviews with a range of key informants and business representatives. The main findings are summarised below.

Knowledge and experience of the European Capital of Culture (ECoC):

- Knowledge of the Liverpool ECoC varied between businesses. Some, having been involved in preparatory discussions and activities, were well informed, and most others were aware of much that was going on. A minority of firms knew very little of the preparations. This was indicative of a small portion of the sector having not yet identified the ECoC as a business opportunity.
- Several businesses spoke positively of Glasgow's experience as ECoC and hoped, and expected, that Liverpool and Merseyside would similarly benefit from 2008 and its consequences.
- Glasgow apart, there was little knowledge of other cities as Cities or Capitals of Culture. Some businesses felt that this demonstrated that people elsewhere might know little or nothing about the Liverpool ECoC, and that this might mean that few additional visitors would emerge.
- Liverpool's title of European Capital of Culture 2008 was a source of great pride and enthusiasm.

Specific business impacts of ECoC:

- Businesses were hopeful rather than expectant about the specific business opportunities likely to arise from the Liverpool ECoC. Ignorance of the programme of events was cited as a reason for this uncertainty.
- There was considerable optimism about an economic revival of Liverpool and the ECoC was seen as a contributory factor, but not the most important. Major infrastructure investments in the city, such as Liverpool One and the ACCL, were mentioned as more relevant factors.
- Overall, respondents found it difficult to disentangle the impact of ECoC from the positive impact of other local developments and events.
- The spatial impact of ECoC was perceived as variable, with businesses in the city centre much more likely to benefit than those in non-central locations. Businesses in outer Merseyside were most likely to benefit from overspill when peak periods filled central capacity.
- A few potential negative effects of ECoC were suggested, particularly for peripheral attractions and services, such as displacement effects and potential for price-cutting in response to oversupply.

Relations with Liverpool Culture Company:

- There was widespread misunderstanding about the relative roles of Liverpool Culture Company and The Mersey Partnership with respect to responsibilities for business engagement in this sector, which might explain the negative views below.
- A minority of respondents strongly supported Liverpool Culture Company and believed it did not deserve the adverse political and media treatment it had received.
- Most business respondents held a negative view of Liverpool Culture Company. Although the late alterations to the 2007 Matthew Street Festival were frequently cited as a reason for this, most critics also gave examples of earlier Culture Company inefficiency or insensitivity. The most cited example was the delay in publishing the programme of events for 2008, which meant that crucial deadlines in programme planning for businesses had been missed. In fact, Liverpool did not announce its programme any later than many previous European Capitals of Culture, but the common perception that there was a delay does suggest a lack of effective communication.
- Other common complaints about the Culture Company were that it did not consult enough, it did not appear to listen or acknowledge suggestions, and, ultimately, it failed to maximise the potential benefits of working more closely with its local environment.
- Changes to the Board of the Culture Company, announced during this investigation, were widely welcomed, but some informants regarded them as too late to remedy previous misunderstandings.

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1. Introduction

This report showcases a section of the findings of an ongoing Impacts 08 research project assessing the strength of the business sector in Liverpool, Merseyside and the North West, and how this is affected by Liverpool's ECoC status and activities. Other reports are available on our website at:

<http://www.liv.ac.uk/impacts08/Dissemination/I08reports.htm>

This report presents the findings of a small piece of qualitative research into the experiences of businesses in Merseyside's visitor attraction and support sectors, and builds on findings from survey research into Merseyside and North West businesses' experiences of ECoC.¹ It also complements research on the experiences of major physical infrastructure developers in the city.²

Base Line Research and Survey³ was contracted by Impacts 08 to conduct qualitative research into the impact on small and medium sized enterprises (SMEs) of Liverpool's status as European Capital of Culture (ECoC) in 2008. The research was conducted between July and September 2007.

The specific objectives of this qualitative research project were:

- to characterise business attitudes to, and knowledge of, Liverpool's cultural system and the Liverpool ECoC within the visitor attraction and support sectors;
- to identify business opportunities specifically attributable to the ECoC;
- to explore the process of engagement between Liverpool Culture Company and the business community.

1.1. Methodology

The research is based on two sets of in-depth interviews. The first set comprised five interviews with key informants from Merseyside business support agencies and other appropriate statutory sector institutions. These informants provided two main inputs to the research: (i) views on the organisation and potential significance of the Liverpool ECoC, which helped to inform the interviews with business informants, and/or to place the business responses received in context; and (ii) the names of potential contacts among SMEs and in other agencies. The second set of interviews comprised eleven representatives from Merseyside SMEs. Seven firms represented the visitor infrastructure sector and four the visitor attraction sector.⁴ Within each sector, businesses were selected that covered a range of sub-sectors and business sizes. In addition to businesses in central Liverpool, the interviews included businesses from the outer boroughs.⁵

In order to encourage the interviewees to be as informative as possible, all were assured that their answers would be treated as strictly confidential. None of the responding firms or organisations have therefore been identified, nor have any individuals been named. Care has also been taken in reporting or quoting from the interviews to maintain respondent anonymity. As a result, some of the judgements reported are supported by evidence that cannot be specified.

¹ Phythian-Adams SL, Sapsford D, and Southern A (2008). *Doing Business in the European Capital of Culture. A Profile and Initial Assessment of Impact on the Merseyside and North West Business Base*. Liverpool: Impacts 08.

² Impacts 08 (2008). *European Capital of Culture and Liverpool's Developer Market. Impacts and Interactions*. Liverpool: Impacts 08.

³ Base Line is an independent consultancy, specialising in social, economic and environmental research, located in the School of Social Science at Liverpool John Moores University.

⁴ For definitions of these sectors see Appendix 1.

⁵ Find a more detailed overview of interviewee profiles and issues covered in Appendix 2.

2. Business and Liverpool's cultural system: engagement, knowledge and perceptions

2.1. Business engagement with the cultural system

The responding businesses varied greatly in their degree of engagement with Liverpool's cultural system, defined by the Impacts 08 Baseline report as a combination of sectors including cultural and creative industries, city attractions, visitor infrastructure and to a lesser extent, retail⁶. As practitioners within the local cultural system several of the respondents engaged with the rest of the system by membership or leadership in local hotel, restaurant, visitor attraction or tourism organisations. Some also engaged in bilateral relations with their peers. One visitor attraction for example referred to its collaboration with other nearby organisations on technical aspects of its activities.

Each of the hotels interviewed acknowledged the significance of cultural attractions in bringing visitors to the city and region, and therefore providing them with an important strand of their clientele. For one hotel this was an increasingly significant stream of revenue, though by no means its largest. One hotel played host to a number of visiting cultural professionals, including film production teams.

Several hotels and restaurants spoke of the importance to their turnover of sporting events such as the Grand National and Premiership football. The latter provided regular weekend patrons over much of the year, while the former provided a substantial annual boost to profits. Local (amateur) sports teams were also promotional vehicles for a small number of firms, but it may also have been that where such sponsorship occurred, key executives had personal interests in the local clubs in question. No respondent spoke of using professional sport for promotional purposes.

A few businesses hired local entertainers (both professional and non-professional) for special occasions. One business supported cultural education by awarding student prizes. Several firms said that their main sponsorship activities were charitable rather than cultural, for example by supporting local hospices. One business was a periodic venue for commercial cultural events such as fashion photo shoots, television interviews and cultural product launches.

Many of the respondents spoke of their business performing many activities within the remit of the creative industries, such as design and marketing, which might have been contracted out.

One informant explained that this was because outsourced designers produced work which looked good in the first instance, but deteriorated rapidly. Outsourced suppliers also often failed to understand the specific attributes of the attraction's visitors. When pressed, however, businesses providing in-house creative services usually said that when they did need external services they used local companies, professionals and craft workers. In the case of some family firms such locally-based creative practices were considered part of their identity. Some firms were unable to recognise that they engaged in marketing; they were listed in telephone directories and were listed by tourist boards, but for the most part they felt that their reputation was maintained by word of mouth. The chain hotel obtained many of its creative services from national suppliers contracted by its head office. The interviewee pointed out, however, that the chain chose to organise some of its corporate activities in the Liverpool hotel.

For some of the visitor attractions an important element of their engagement with the cultural sector was through the provision of information technology and technical services (e.g. joinery and electrical) to outside clients. This was mainly through their associated companies, rather than through the attractions themselves.

⁶ This is illustrated in Appendix 1.

2.2 Business knowledge of the Liverpool ECoC

Most of the respondents possessed considerable knowledge of the development and press coverage of the Liverpool ECoC. Some were acquainted with the main executives in the Culture Company, or with old and new members of its board. Several respondents had served on committees or working parties associated with Capital of Culture. Others had participated in various ways in preparatory activities, such as the themed years. And most people had strong views on how things were shaping up for 2008.

Despite many strong negative views of the Culture Company (see section 4 below), most of the interviewees were enthusiastic supporters of Liverpool as European Capital of Culture. There was a great deal of pride, on the part of both Liverpoolians and others, in the achievement of Capital of Culture status. The title was interpreted as external recognition by an authoritative body (the European Union) that Liverpool really is as dynamic and important as many of its citizens already believe.

For several respondents the Capital of Culture title reflected Liverpool's existing qualities and achievements. One called it a 'badge of achievement', an indication that the city belongs at a high level in rankings of cities, and argued that since it was an attainment, 'it doesn't require you to have a parade'. He argued that some previous Cities or Capitals of Culture had done little that was special during their ECoC year, relying instead on the title alone as a mark of prestige. On this front, the interviewee argued that it did not matter very much whether Liverpool's programme of events in 2008 was truly impressive, the important thing had been to win the nomination in the first place.

A key informant felt that the Capital of Culture title has 'got us on the radar which is an important factor in investment decisions'. Several businesses appeared to concur, but a later key informant argued that this was not the case: 'Capital of Culture did not get us new investments – most were in the pipeline before Capital of Culture was obtained'. It may be however that this disagreement will be resolved in the future if the Liverpool ECoC attracts additional investments: One manager of a tourist attraction suggested, 'Once you have Capital of Culture it doesn't just last for twelve months – impact in the next 5-10 years is important'.

Several other respondents seemed to agree when they spoke positively of the impact of City of Culture status in 1990 on Glasgow's subsequent success and reputation. One said that City of Culture did not have a 'big bang impact at one time' in Glasgow; it was not a '365-day party', but it had been a catalyst for future business. A key issue was how continuing benefits could be achieved in Liverpool, but most respondents felt that investments in the city centre showed that 2008 would not be a temporary revival of Liverpool's fortunes.

One interviewee did observe that Capital of Culture involved some 'class distinction – some people get involved – some are by-passed', however there was no mention of the alleged economic inequality of the effects of Glasgow's renaissance, nor was the likelihood of benefits from Liverpool's central revival spilling into the rest of the city and region discussed. Most informants seemed content that Liverpool's retail and tourist sectors were continuing to grow, and saw this as clearly a good thing.

Although most interviewees were uncertain about the full range and timing of Capital of Culture events during 2008 (see section 5), there was widespread belief that the year would be substantially beneficial for the city. Quite apart from the visitors it may attract, Capital of Culture was to be, 'With a bit of luck, a lot of fun for a lot of Merseyside people'.

Two respondents pointed out without prompting that most people (including themselves) did not know which city had the 2007 European Capital of Culture title. This was confirmed when the final two interviewees were asked if they could identify any other European Capital of Culture with a particular year. Neither of them, nor any of several well-educated local professionals to whom the interviewer subsequently spoke, were able to answer either question, although several people volunteered that Glasgow had once been Capital of Culture.

2.3 Business perceptions of Liverpool's cultural system

We were interested to explore how these visitor attractions and support companies interacted and viewed the rest of the cultural system of the city (for a picture of Impacts 08's definition of this see Appendix 1, below), this would help assess the potential sustainability of links made as a result of Liverpool ECoC.

Several respondents were familiar with many of the leading cultural sector bodies and personalities in their borough, and in some cases, in Merseyside as a whole. They followed news of cultural developments, and their economic, social and political ramifications, through the local media and referred in a number of cases to the opinions of their business peers on these matters. This knowledge was seen either as an aspect of business, part of the opportunity structure; or it was information about the life of the region.

Most businesses did not see their activities, or the sectoral groups in which some of them were quite active, as part of the cultural system. They viewed 'culture' more narrowly, in terms of concerts, theatres and museums. They welcomed the clientele these activities generated, but they did not think this made their businesses part of culture. They were engaging in sensible business practice, rather than a cultural activity. Some of the visitor attractions were a partial exception to the general distancing of culture from business. Even so, several attractions were happier to identify with the tourism sector, rather than the cultural sector. This did not necessarily affect their ability to benefit from the audiences generated by the arts but it does offer potential explanation for the results below in terms of impacts of and engagement with Liverpool ECoC.

3. Business opportunities specifically attributable to the Liverpool ECoC

For the most part businesses were hopeful rather than expectant about specific business opportunities likely to arise from the European Capital of Culture year. In a number of instances this viewpoint was attributed to the failure of the Culture Company to announce the programme of events for 2008 before September 2007. One respondent suggested that organisers of weekend break visits to Liverpool would be well aware of the packages they needed to create even without a confirmed programme, but most others believed that the unannounced programme was a real limitation on their ability to foresee likely upturns in trade.

The recurring perception of failure or delay in announcing the programme of events for 2008 is not unique to Liverpool and similar perceptions were rife before Lille 2004. In Liverpool there was a launch event of the highlights programme for 2008 in November 2006 which was specifically aimed at the international travel trade and media. In September 2007 a fuller events programme was launched and was aimed at the news media and general public. The nature of arranging a large, year long programme of events and the added complexity of contractual negotiations and timings makes it impossible to publish a detailed programme much earlier than was achieved. That many respondents saw this as a delay or failure suggests a communication issue rather than a delivery failure.

Many respondents emphasised that it would be difficult to disentangle the impact of the ECoC from the positive impact of other local developments and events. For example Liverpool Echo Arena and Convention Centre (ACC Liverpool) would open during 2008. This was almost universally regarded as an extremely positive factor for the local visitor industries, including attractions and visitor support organisations. The opening of the Cruise Liner Terminal in September 2007 was also seen as likely to be strongly beneficial, and to have a growing impact during 2008. It was emphasised, however, that 2008 would only be the beginning for both ACC Liverpool and the Cruise Liner Terminal, and that however much they added to Capital of Culture events, their principal impact would be in the long term. Only one interviewee said his organisation already had increased bookings for 2008, but that this was related to events at the Arena, rather than to Capital of Culture. Another interviewee said there had been more enquiries than usual about 2008, but this had not resulted in

more bookings. The same respondent said, however, that the normal time for bookings was six to eight weeks in advance of need.

Several respondents also enthused about the potential impact of Grosvenor's Liverpool One shopping centre development, also scheduled for a 2008 opening. One interviewee pointed to Liverpool's gradual slide down the national rankings of retail centres. Liverpool One would be likely to restore the city's status as a retail destination, thus bringing visitors to the city who would spend money in visitor attractions and restaurants. Two respondents referred to the beneficial impacts of the proposed investments on both sides of the Mersey by Peel Holdings, owners of the Mersey Docks and Harbour Company.

Respondents not involved in activities in central Liverpool felt that the impact of the Liverpool ECoC on their businesses would be substantially less than the impact on central businesses, but that they would still benefit from overspill, particularly at peak periods. One example given of a peak period was the coincidence during European Capital of Culture year of the Open Golf Championship, at Royal Birkdale in Sefton, with the visit of the Tall Ships Race to Liverpool. This would be likely to fill all available hotel rooms in the region, and have an impact in other parts of the North West region.

It was also thought that peripheral providers of hospitality and events facilities might benefit from the dispersal of local corporate hospitality and training events from their traditional central locations. Apart from the factor of increased bookings, one reason for this might be price increases resulting from the events of 2008. One hotelier suggested that at peak periods there would be spikes in demand which would allow prices to be increased. These price increases might simply be the elimination of discounts which are used to fill capacity in times of normal demand.

Where respondents did feel able to disentangle the potential effects of the Liverpool ECoC from those of specific investments, it was broadly agreed that the European Capital of Culture as an events programme was less significant than these investments in the long run. However substantial the, as yet unknown, *direct* impact of the Liverpool ECoC, many saw it as a single year of events. This is not to say, though, that there was a lack of enthusiasm for the European Capital of Culture. Even those who expressed views that the ECoC could have been better organised agreed that its impact was likely to be beneficial. There were several people who felt that visitors enjoying a positive experience in 2008 were likely to return subsequently, and that their return would be due to existing attractions, such as the National Museums and Beatles celebrations, together with newer investments which would mean that there was much to return to Liverpool for. This fits with the attitudes of major infrastructure developers and the entrepreneurs of the arts sector who see 2008 and ECoC as offering a longer term impact, with the indigenous cultural sector having the potential to continue to attract those who came initially for the ECoC. One informant echoed the suggested that visitors will be impressed by the sight of so many cranes in the city, and therefore will feel encouraged to return to see the completed buildings. In the informant's view, this may frustrate the Culture Company as some visitors may simply believe the city was not ready for 2008.

A few interviewees suggested that there might be some negative business effects in 2008. One argued that the congestion arising from the Liverpool ECoC could disrupt his firm's substantial regular wedding trade. A visitor attraction outside Liverpool feared that Capital of Culture might reduce visitor numbers to outer Merseyside during 2008 by diverting them to attractions within the city. Another respondent argued that with room utilisation currently at 83 per cent in Liverpool hotels, there was little spare capacity in which to accommodate an increase in visitors. The majority of such an increase in visitor numbers during 2008 might therefore only be attributable to day visits, and day visitors spend far less than those who stay overnight. One hotelier suggested that he was not expecting an increase in overnight stays, as he had little spare capacity, but saw some potential for growth in sales through providing afternoon teas to organised parties of visitors.

In contrast another hotelier suggested that the main problem was likely to be over-supply rather than limited demand. He argued that 1100 new hotel rooms were scheduled to be available in the next two and a half years. A key informant later suggested that many of these would come on stream in 2008 itself. A business respondent from an outer borough went further and suggested that there is ‘overcapacity now in Liverpool’, meaning, he claimed, that while 2008 visitors would be more easily accommodated than if the new rooms had not been developed, oversupply might result in price-cutting competition and lead to a return to the ‘bad old days’ when low prices and low quality were part of Liverpool’s image.

The question of which other European cities had been or would be Capital of Culture was raised by two interviewees: if people in Liverpool, including those in the tourist industry, do not know which city is currently or recently European Capital of Culture, why should it be expected that those elsewhere should know about the Liverpool ECoC? And if they do not know about it, why should a significant surge in visitors to Liverpool be expected in 2008? Neither of the interviewees making this point was suggesting that Liverpool’s visitor economy would not grow during 2008, but they saw it rather as part of a rising trend attributable to many causes which included, but was not limited to the ECoC.

4. Perceptions of and Engagement with Liverpool Culture Company

4.1. The tourism business support context in Liverpool

Visitor sector business engagement in Liverpool has traditionally been shared between Liverpool City council (LCC) and The Mersey Partnership (TMP), the tourism marketing board for the sub-region, with LCC having a small tourism team and TMP taking the lead in terms of business engagement and marketing. With the establishment of the Culture Company (CC), and the need to consider a marketing strategy for the ECoC which would take in some elements of marketing traditionally carried out by a city council tourism team, there was a need to ensure that a strategic approach was taken to build on existing partnerships and ensure sustainability. A memorandum of understanding was signed between LCC/CC and TMP in 2005, clearly outlining the division of responsibilities, and a member of TMP staff was seconded to CC to take a lead in relations with the tourism and leisure business sector. This individual has led the relationships with both the overall tourism sector and the Merseyside boroughs in terms of tourism. This has potentially led to the perception of poor communication from the Culture Company as, in order to reduce confusion and duplication, the Culture Company has not sought to establish its own communications process, preferring instead to work through partners such as TMP and the individual boroughs through the Joint Working Group.

As a result of this division of responsibilities, there is a potential for misunderstandings about what sort of role the Culture Company should have had. As with other areas of ECoC impact, we find that the general public as well as stakeholders have been under the assumption that the Culture Company has failed to deliver on certain communication fronts because of an expectation that all ECoC related activity should be directly managed by the Culture Company (and presented under the Liverpool 08 banner). Thus the findings below need to be read in this light, in particular as there was considerable praise for the work of TMP in promoting tourism business opportunities

4.2. Business Perceptions

A minority of the business interviewees argued that, although the Culture Company had made mistakes, these were more easily identified with hindsight than in advance. It was felt that the negative perception of the Culture Company was the result of a local and national media obsession with discovering bad news stories about Liverpool, and was encouraged by local politicians and other public figures more interested in advancing their own reputation than that of the city. However, it is fair to say that the majority of business respondents held a thoroughly negative view of Liverpool Culture Company, and some key informants tended to agree.

On the positive side, one of the respondents indicated that the Culture Company was 'doing a fantastic job' in adverse circumstances; they had a 'tough job' and suffered from a 'bad press'. The respondent was tired of people 'picking over the bones' and 'sick of the city shooting itself in the foot'. Liverpool needed to 'get behind it [the Culture Company and ECoC]', and 'stop talking about how it wouldn't work', but rather needed to 'make it work', or the national media would build on past negativity. The same interviewee argued that 'public scepticism will be blown away' once the programme of events for 2008 was published. This respondent, like several others, was actively involved with the Culture Company in a working group preparing for 2008.

Some interviewees felt that the restructuring of the Culture Company Board, recently announced, would be likely to improve things. However, many had mixed feelings and were doubtful that it would make a great difference to the ECoC. The appointment of Phil Redmond as new Deputy Chair of the Culture Company Board with responsibility for creative direction was welcomed, as he 'will bring a real sense of theatre to 08'. However, it was also added, 'It's a shame he has been brought in too late. There is no positive spin, with three months to go'. Ultimately, it was noted that the run up to Glasgow's year as European City of Culture had been marked by similar problems to Liverpool's preparations, and there had been Board changes there too, yet Glasgow's year was seen as a success. This should be seen as an indication that a strong programme of activity during the event year was the most important factor to overcome negative management perceptions and public scepticism.

Overall, while there was acknowledgement that the Culture Company was being unfairly treated by the press, it was also argued that the organisation had not done itself any favours by failing to communicate well and gain the trust of local businesses, as well as committing some important marketing and media management mistakes. The announcement of the late adjustments to the Matthew Street festival was seen as an extreme example of the latter. Referred to as an 'absolute bloody farce', interviewees noted that the press announcement was handled in a damaging way, and ought to have talked of relocation rather than encouraging stories of cancellation. It was also suggested that there had been little follow up to the November 2006 announcement of the 08Highlights, and that few links had been made between the 2008 Capital of Culture celebrations and events to celebrate the 800th anniversary of Liverpool's charter in 2007. A particular complaint was that the Culture Company failed to give enough emphasis to the two elements that gave Liverpool a worldwide reputation: Liverpool Football Club and The Beatles. It was also suggested that the Culture Company had taken on too many activities, and was insufficiently focussed on the things that really mattered to make a strong marketing impact.

Businesses complained that the Culture Company was often late in its decisions and actions, which reflected the general view that the publicity materials the Company was responsible for producing frequently appeared too close to the event being promoted for them to be useful. The crucial example of Culture Company lateness, given by several of the business interviewees, and some key informants, was the delay in publishing the programme of events for 2008. This caused concern as it would mean that an opportunity to properly market the Capital of Culture outside the city and region had been lost. A key informant pointed out that the summer was the season when hoteliers, restaurateurs and others prepare events and publicity for the following calendar year. The autumn was too late to inform businesses of what would happen in the following year. Tour operators, it was asserted, need to know when events are going to take place more than a year in advance, and so their programme of tours for 2008 would already be fixed by the time the Capital of Culture timetable was announced. This respondent doubted that visitors to Liverpool would reach the 20% or more increase that he claimed could have been achieved by 2008.

Again, many of these assertions suggest a misunderstanding regarding the timings and purpose of the two key announcements regarding the programme for 2008. The November 2006 highlights announcement was specifically aimed at the international travel trade and media whilst the September 2007 announcements

including the ticket ballot were for the news media and the public. It seems likely that the Culture Company did not communicate the relative purpose adequately to its stakeholders.

Although one of the interviewees indicated that the Culture Company was supportive of joint working, there was widespread concern that the organisation failed to properly consult, recognise local business's desire to help, or to acknowledge their input. Examples given included the lack of recognition for marketing ideas from the local business community that would instead be credited to external consultants; and the perception that the Culture Company 'makes things difficult' for organisations which wish to get involved, which generates a 'waste of time' feeling among its would-be collaborators. A common claim was that that while 'the staff did well to get it [the ECoC award]' and engage local people, very little of use was done in the wake of this success. The organisation 'brought in outsiders without local listening capacity,' and small enterprises had been 'pushed aside.' One informant suggested that the Culture Company was too engaged with prestigious organisations and spent too much in 'expensive restaurants'. This is consistent with the overall attitude of several informants, which could be summed up by one respondent's description of the Culture Company as 'arrogant and defensive'. 'There is no strong sense of direction, and no strong leadership.' 'They keep people out of the loop.' 'Why aren't these people accountable?' One business respondent however commented that too many businesses were waiting to see 'what they would get' from the Culture Company and Capital of Culture. In contrast 'clever firms have decided what they want to do'. The Culture Company's critics, it was suggested, were from the former group.

A specific example that had damaged relationships between the Culture Company and local businesses was the licensing of the use of the Liverpool 08 logo. Businesses were dismayed that the Culture Company wished to charge them what they considered an exorbitant price in return for what they saw as free advertisement and an expression of their support to the ECoC. While it was felt that it was entirely legitimate for the Culture Company Board to have wished to maintain control over the use of the logo, cost ought not to have been a major barrier to its more widespread use.

It is also relevant to consider whether our assessment of business attitudes to the Culture Company may have been skewed due to the particular circumstances surrounding this exercise (ie. the wake of political and media criticism following the curtailment of the 2007 Matthew Street festival). Indeed this was a point raised by some key informants. In response it can be stated that by no means all of the responding businesses couched their responses in the light of this recent controversy. Several cited experiences from well before August 2007 as the source of their opinions.

5. Conclusions and Next Steps

Overall, within the visitor attraction and visitor support sector there are variable levels of knowledge about the Liverpool ECoC and varying degrees of engagement with the cultural system more generally, although SMEs in the sector reveal pride in and enthusiasm for Liverpool's year as European Capital of Culture.

Businesses in the sector share the view of businesses in the sub-region generally that Liverpool's economy is reviving as a result of local developments and events, and that Liverpool ECoC is part of this revival. However it is difficult to disentangle the ECoC contribution to the revival, and it was likely to be less important than other effects, in particular when compared with the major infrastructure development in the city. In addition, respondents feared that the business impact of Liverpool ECoC is likely to be variable, with businesses in the city centre much more likely to benefit than those in non-central locations. A few respondents suggested that there might be some negative business effects in 2008, particularly in terms of displacement of audiences from existing attractions to 08 specific events and from the rest of Merseyside to Liverpool City Centre.

Overall there was a negative perception of the engagement between the Culture Company and SMEs, related partly to misunderstandings over roles but also to specific criticisms over engagement, lack of promotion and poor communication generally, although some had had positive experiences. This report voices extensive criticism of the organisation in charge of delivering the Liverpool ECoC. Although some of the criticisms arise from misunderstandings, it highlights that there are some serious issues in terms of communication between Liverpool Culture Company and members of the visitor support and attraction sector.

As stated in the introduction, this report is best read in the context of the wider research into the impacts of Liverpool ECoC on the business community in Liverpool, Merseyside and the North West; see:

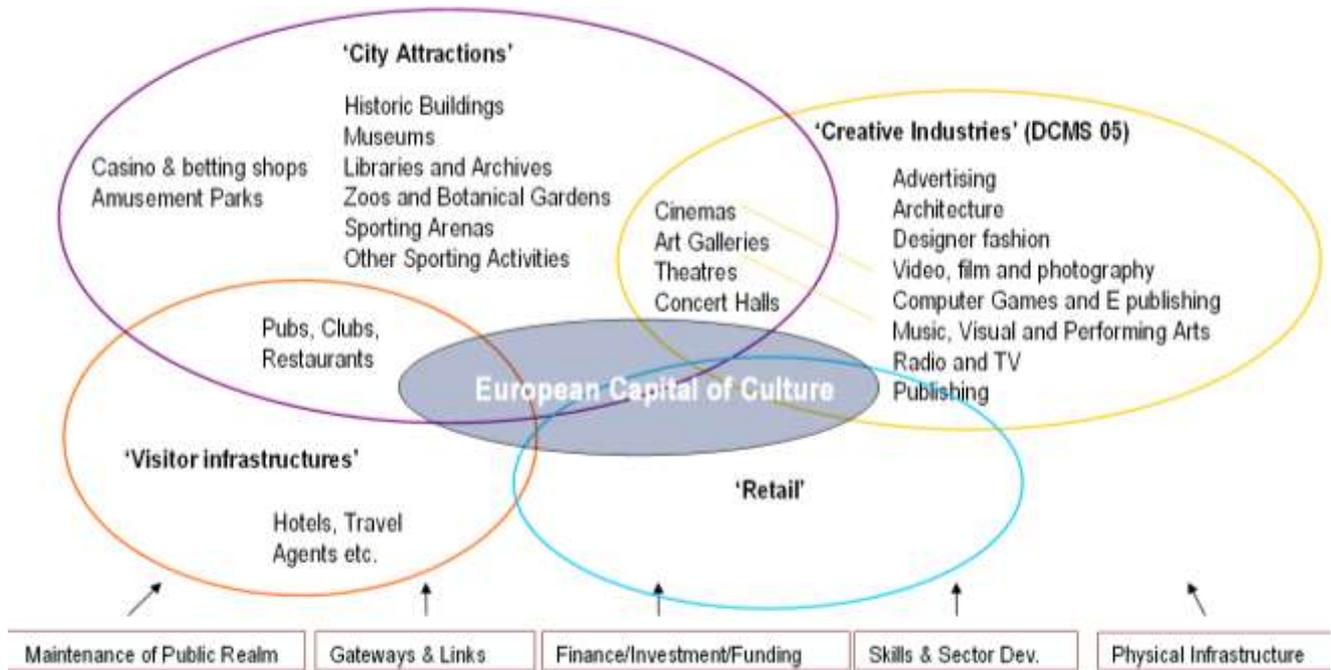
http://www.liv.ac.uk/impacts08/Dissemination/Business_Impacts

Further research in 2008 and 2009 will assess the impacts of Liverpool ECoC on sales and sector networks, as well as following up on the perceptions and experiences of the sectors.

6. Appendices

6.1. The city's cultural system

The Impacts 08 Baseline Report portrays the city's cultural system as a Venn Diagram of sub-sectors, for which volume can be assessed using standard industrial classification (SIC) codes.



Source: Impacts08 (March 2007) Baseline Report

6.2. Project methodology

This research project comprised a series of in-depth interviews with key informants and representatives of relevant SMEs in Liverpool and Merseyside visitor attraction and visitor support sector.

6.2.1. Key Informants profile

There were five key informant interviews with senior executives of relevant business, economic and cultural agencies. The selected agencies operate at the interface of the public and private sectors but most are perceived as public sector bodies by SMEs. Only one is seen as a specifically private sector entity.

Areas of responsibility and geographical focus:

- Three of the agencies have specific responsibilities in the tourism and visitor sector; the other two have wider remits in the support of SMEs. Some agencies also have wider responsibilities for economic development in general.
- Two of the key informant organisations had responsibilities for Liverpool; one had responsibilities for one of Merseyside's outer boroughs; and the other two had cross-authority responsibilities.

Two of the key informant interviews were conducted after the restructuring of the Liverpool Culture Company Board in September 2007. The later informants, however, did not provide different responses as a result of this change.

The contacts suggested by key informants were helpful in identifying appropriate business respondents, and several of the enterprises suggested were recruited to the investigation. There was however a clear risk that the businesses best known to the key informants would represent a particularly well-connected and well-informed subset of the business population. Care was therefore taken to ensure that some of the SMEs interviewed were not organisations which had been recommended by key informants.

6.2.2. SME respondents

Eleven respondents from businesses in the visitor support and visitor attraction sectors were interviewed. Organisations represented included: three hotels; two restaurants; two transport companies; and four visitor attractions. One of the transport companies runs tours of the city and can be described as a visitor support organisation.

Although the businesses, with one exception, were initially identified as independent entities, it emerged in the course of the interviews that only three were the entirety of their owners' activities. Each of these would be appropriately described as a family business. The initial exception was a chain hotel, selected to represent the branded chains which are a major presence in the Merseyside hotel sector. Its inclusion in the study can be justified on the grounds that local management is afforded considerable autonomy in its operations. The remaining seven enterprises were each part of a network of complementary businesses associated with the business which was interviewed. These complementary businesses were wholly, or to a substantial extent, under the same ownership as the interviewed firm. Examples of these complementarities include a restaurant with attached visitor bedrooms, a visitor attraction associated with another visitor attraction, and another which is part of a complex of public sector bodies. These complementary networks were, with one exception, confined to Merseyside, and the other is linked to activities elsewhere in the North West Region.

Even if the focus is restricted to the particular enterprise initially approached, rather than their linked businesses, most of the businesses covered in the survey had extensive local clientele in addition to their visitor patrons. Even hotels, which almost by definition target visitors as their principal customers, are hosts to a range of domestic and business events arising locally. Examples are company training events and weddings. For visitor attractions and coach tour operators, visitors may be a core market, but local clients, for example school parties, help to smooth out the seasonal and weekly fluctuations of the visitor market.

Five of the SME responding were based in or immediately adjacent to central Liverpool, two were from Sefton, two from Wirral, one from St. Helens, and one from Knowsley.

The businesses ranged in size from two full time equivalent employees to 150 full-time equivalent employees. The average number of employees was about 43, but too much weight ought not to be placed on these figures since some respondents were unable to separate employment in the establishment about which we had approached them from that in the associated enterprises.

The enterprises were of various ages, from one established in 2006 to others dating from the 1960s and older. Three of those interviewed were owners of their businesses, or partners in the enterprise. Five of them described themselves as Chief Executive or General Manager of their businesses. The remaining two respondents were managers below the top tier of their organisation, but nevertheless had a wide perspective on its operations. Six of the interviewees were of local origin, and one other has lived locally for over thirty years; three interviewees had come to Merseyside in recent years to take up their present posts; the geographical origins of the telephone respondent are unknown.

6.2.3. *The interview structure*

Most of the interviews were conducted by Professor David McEvoy, with two key informants interviewed by Chris McGoldrick. Both interviewers are experienced business and public sector researchers.

The business interviews were loosely standardised, proceeding from easily answered questions to more complex issues. Each interview began with questions about the status, size and age of the firm, and about how it was changing. Next the business's engagement with Liverpool's cultural system was discussed. Knowledge of the Liverpool Culture Company, and views on its performance were then investigated. Then the importance of the Liverpool ECoC for the business was raised. This was followed by questions about membership of business networks and organisations. Finally respondents were invited to comment on any issues the interviewer had not raised. This usually led to the respondent summarising their general attitude to Capital of Culture, and sometimes to the Culture Company. This general format was however varied when respondents raised an issue earlier than had been planned.

Four key informants were interviewed early in the investigation and were asked for advice on the questions it was intended to put to the business respondents. They also provided a broad perspective on the potential of the Liverpool ECoC, and on the position of the Liverpool Culture Company. The last key informant was interviewed after the final business interview, and on being given the gist of business views confirmed that they were representative, although sometimes wrong.