



Benchmarking the effectiveness of London's promotional system

A Report for London First
November 2014



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Glossary of terms

FDI	Foreign direct investment
GLA	Greater London Authority
GPIA	Greater Paris Investment Agency
GVA	Gross value added
MICE	Meetings, incentives, conferencing, exhibitions
MOU	Memorandum of understanding
NYCEDC	New York City Economic Development Corporation
PCVB	Paris Convention and Visitors Bureau
PRED	Paris Region Economic Development Agency
PRTB	Paris Region Tourist Board
ROI	Return on Investment
SEDB	Singapore Economic Development Board
STB	Singapore Tourist Board
TfL	Transport for London
UKTI	UK Trade & Investment

Foreword

For hundreds of years, tourism, foreign investment and trade have been vital to London's success as a global city. They remain important contributors to the capital's economy today, both in terms of GVA and employment, as well as representing major sources of economic opportunity for London in the future.

But competition is fierce: as new economies rise to rival the old, the locations on offer to international businesses increase, while the global tourism market is set to grow considerably. London has no room for complacency.

As London First – the business membership organisation with the mission to make London the best city in the world in which to do business – we were keen to understand how our city was performing against its rivals. We felt it was vital to understand what more could be done to compete for inward investment, trade and tourism, and, in particular, how we might fine-tune our promotional efforts to support this.

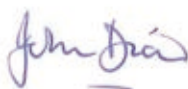
With the support and co-operation of London & Partners, the Mayor's official promotional agency, London First commissioned Deloitte to conduct this study, benchmarking the capital's promotional system – its structures, strategies and funding – against other leading world cities.

Our key conclusions are:

- London's horizontal integration of promotional activity is a source of competitive advantage. The decision in 2011 to create a single promotional agency with a comprehensive remit covering FDI and exports, tourism, major events and international students, has worked well; but

- co-ordination between London and national promotional agencies still represents a significant challenge. As the capital city of a large economy, London will never have the autonomy of the likes of Singapore however it can have better arrangements with national government that support better London's role as a key driver of tourism and investment into the UK; and
- the challenge of delivering the right strategy is further increased as London's promotion lacks firepower. The absence of a well-funded economic development agency makes promoting London that much harder when compared with cities that have the ability to offer tax and other incentives. In comparison with other cities' promotional agencies, London & Partners is under-resourced by the public sector, both in terms of cash and access to city assets such as Underground poster sites. This in turn limits its ability to raise funding from the private sector.

By seeking to understand the lessons that might be learned from other cities' promotional activities, we hope this report will help politicians and policy-makers maximise the contribution of tourism, foreign investment and trade to both London and the UK's economic success.



John Dickie
Strategy & Policy Director
London First



Executive summary

London plays a key role in attracting investment and tourism to the UK. Current estimates suggest that London accounts for 37% of foreign direct investment into the UK, and for 54% of spending by international visitors.¹ There is also evidence that London's attractiveness to international visitors and investors provides benefits to the country as a whole.²

London competes with only a handful of cities around the globe for high-value investment and tourism opportunities, and for the business opportunities and tax revenues they create. If London fails to attract these groups, there is a risk that the UK as a whole loses out as these opportunities, and the secondary investment opportunities that often accompany them, go to other major cities in Europe, Asia, or North or South America³. Ensuring that London is able to attract the most desirable investments and tourism groups is therefore a concern not only for London but for the whole of the UK.

While London continues to represent an attractive destination to businesses, investors and tourists from around the world, the increased competition between major international cities for both FDI and the growing international tourism market means London cannot afford to be complacent. In addition to the traditional world cities such as New York City, Paris and Hong Kong, London faces growing competition from a number of challenger cities, particularly in Asian markets.⁴

The promotion of the city plays an important part in ensuring the capital continues to be a leading global attraction for visitors and businesses. In this context London First, with full co-operation and support from London & Partners, has commissioned Deloitte to conduct a study that benchmarks the effectiveness of London's promotional system against other leading world cities. The study focuses on promotional systems in Paris, Berlin, Hong Kong, Singapore, Toronto and New York City, along with the FDI promotion system in the Greater Washington Area. By examining the organisational structures, funding arrangements and promotional activities of these cities, the study aims to identify what opportunities may exist for London to learn from international experience.

The organisational structures of the promotional systems in these eight cities vary along three key dimensions, with city-states and other cities within more devolved fiscal systems unsurprisingly taking significantly different approaches:

- In cities such as Singapore, Hong Kong and New York City promotion is almost entirely undertaken by city agencies,⁵ in contrast to other cities in which regional and national agencies may also play an important role (as in Toronto, Paris and London).
- There are differences in how the responsibility for promotion is shared within cities. Promotional responsibilities are typically divided between two or more different agencies,⁶ focussing for example on tourism or foreign direct investment; London & Partners is unique in being tasked with all areas of city promotion including the attraction of international students to the city's higher education institutions.
- Agencies vary in whether they focus exclusively on promotional activities or whether they have a wider mandate. For example, in Singapore and New York City investment promotion activities are performed by economic development agencies, which have greater access to resources and play a more active policy role. London & Partners in contrast, focusses mainly on promotion. Moreover, London does not have an economic development agency or the powers, for example, to offer tax incentives to potential investors.

Along with these differences in organisational structure, the resources available for promotional activity vary considerable, across cities. These resources include public and private income, along with access to key city assets such as advertising space on street furniture or public transport and control over sites and venues in the city.

- ¹ Based on data in UKTI, 2013. "Inward Investment Report, 2012/13".
- ² For instance, survey evidence suggests that a significant proportion of businesses investing in London had since expanded into the rest of the UK and Europe (Think London "The Value of Foreign Direct Investment into London"), while recent evidence finds a positive relationship between the economic prosperity of London and that of the rest of the UK (GLA, 2014. "Growing Together II: London and the UK economy."); meanwhile, 88% of visitors to London report that they would not have visited the UK at all had they not come to London (London & Partners research).
- ³ According to a recent survey of visitors to the capital conducted by London & Partners, 88% said they would not have come to Britain at all if they were not visiting London.
- ⁴ According to a report by MasterCard in 2013, Bangkok, Singapore, and Seoul cities have outstripped London's growth in overseas visitors for a number of years.
- ⁵ Clearly this has to be the case for city-states.
- ⁶ This was the case in each of the cities considered in this study except for London.

Not only is London & Partners at the lower end of the funding spectrum but it also has no direct control over city assets, unlike New York City, Berlin and Hong Kong.

The cities also differ in the way they approach promotional activity. These reflect a range of factors, including inherent differences between the cities' offerings, the remit of promotional organisations, the availability of resources, and the promotional organisation's own strategic objectives. This makes it difficult to compare directly the performance of promotional agencies. Furthermore accurately evaluating the incremental impact of a promotional agency's activities, which is fundamental to cross-city performance comparisons, represents a significant challenge. While London & Partners employs a relatively sophisticated approach to evaluating its own contribution, other agencies do not measure or publish similar metrics with the same level of accuracy.

A comparison across cities suggests that cities such as Singapore, Hong Kong, and New York City, where promotion is largely organised at the city level, have agencies with greater resources, more control of city assets and broader influence. In Hong Kong for example, this includes control of assets such as the Hong Kong Conference and Exhibition Centre. These advantages broaden the promotional options available to the agencies and increase their ability to adapt their strategies to the city's changing needs.

In contrast, where there are multiple agencies contributing to the city's promotion, a greater level of co-ordination is required between agencies to ensure the most efficient use of promotional resources. Interviews with agencies suggest that this can prove challenging to achieve in practice.

The organisational structure of the promotional system also has ramifications for building private sector engagement and securing commercial revenues. The most successful models of commercial revenue generation in the study are those of Berlin Partner and NYC & Company. Both of these organisations are able to offer clear benefits to private sector partners, including association with the brand of the promotional agency and an ability to coordinate private sector activity, as well as more tangible benefits such as invitations to events and trade fairs, and access to advertising space and media assets in the city.

Compared to the other city promotional systems reviewed in this study, London:

- Faces significant co-ordination challenges within its promotional system and, while benefiting from clarity in terms of its horizontal reach across all areas of promotional activity, must manage overlaps in terms of the vertical structures within which it sits;
- Has fewer assets under the direct control of its promotional agency, London & Partners;
- Receives less dedicated public funding for promotion; and
- Faces challenges in leveraging private sector funding for promotion.

These combined factors threaten to limit the scope and scale of London's promotional activity, as well as increasing the dependence on public sector finance.

Conclusions and recommendations

This includes public bodies at both the city level and the national level, including the Greater London Authority and Transport for London, UK Trade and Investment and Visit Britain, as well as London's business community.

Focus on increasing London & Partner's leverage

London has established a dedicated promotional agency. The breadth of its remit across all aspects of London's promotion was unique across the cities studied.

London & Partner's broad marketing remit provides it with coordination and strategic advantages, allowing it to develop consistent and complementary marketing strategies across a range of issues. However London & Partner's limited asset base limits its ability to effectively raise private sector finance and support for its marketing efforts.

Addressing the challenges identified in this report will require a co-ordinated effort from all parties involved in London's broad promotional system.

In Berlin for example the promotional agency has access to advertising space at one of the airports and is able to use this in support of its marketing efforts. It is also able to offer exclusive access to museums and cultural events in Berlin for company events of its members as part of the incentives it offers businesses to join its membership program. This helps to explain why Berlin raises substantially more than London from its member program.

Singapore and New York benefit in a similar manner from control over a conference centre and street furniture respectively.

The benefits to this are clearly illustrated by the media swap that London & Partners negotiated between New York, TfL and the GLA. Between February and May 2013 London & Partners used its temporary access to New York media to conduct a study which it considers to be its most successful consumer campaign to date. The campaign generated 143m impressions, 1.4m site visits and is estimated to have contributed £9 in GVA for every £1 invested.

This report recommends that London identifies a set of assets that could be used to facilitate London's promotion and transfers some of these to London & Partners directly or establishes a formal coordination mechanism to facilitate their periodic use by London & Partners.

Greater coordination between economic development and city promotion

A clear finding from the interviews with the agencies is that city promotion, particularly in the context of FDI, is a wide-ranging activity. A number of the cities linked their development strategies with their marketing efforts allowing them to make a more compelling 'offer' to businesses considering locating in the city.

The clearest examples of this come from Singapore where the city-state is thought to directly link its promotional efforts to the city development strategy and a range of tax incentives. A similar pattern was observed in other more 'typical' cities such as New York, where a single agency has responsibility for both city development and promotion.

London lacks a dedicated development agency and instead the development of the city is undertaken by a network of organisations including the GLA.

This report recommends that London examines mechanisms to more directly coordinate and align the city's development and promotional objectives. One possible model to consider this is the approach of Berlin, where a network of contracts exist between the development agencies and the promotional agency. The Berlin development agencies are also shareholders of the promotional agency.

Increased scale of activities

While London & Partners delivers significant ROI on its marketing campaigns, the scale of activity is low relative to other cities examined, when measured in terms of dedicated funding.

Greater activity will require greater access to funding which, particularly in the current fiscal environment, raises challenges for London & Partners, the GLA and the government.

While there is a case for increased direct funding of London & Partners, there is also more that could be done to improve London & Partners ability to self-finance.

To support increased self-financing, this report recommends that the GLA examines how London's assets could be better utilised to support the funding of London & Partners. Potential examples here include:

- granting London & Partners control over revenue generating assets such as advertising bill-boards, or ticketing outlets.
- providing London & Partners with a mechanism to utilise the 'soft' assets of the city. For example offering businesses the opportunity to meet with the Mayor would likely make a considerable difference to the value of London & Partners membership program.
- establishing a coordination mechanism to facilitate access to city assets that are not controlled by London & Partners. This could allow London & Partners to replicate media swaps similar to the New York example cited earlier.

However London & Partners also needs to play an active role in improving its self-financing.

- The success of the membership programs in Berlin and other cities suggest that London & Partners could extract more value from its membership base, albeit recognising that Berlin's success is closely linked to the assets it controls or can utilise.

- Similarly other cities have greater success in raising commercial finance to support individual campaigns. For example, NYC & Company partners with airlines in strategic markets (such as the UK and the Netherlands). While London & Partners does engage commercial sponsors, the difference in funding raised suggests there is more that London & Partners could do in this respect.



1. Introduction

In 2013 a record 16.8 million overseas visitors came to the capital, and the London tourism economy is now estimated to be worth £36 billion.

1.1 Background to the study

Tourism, inward investment and trade are major sources of economic opportunity for the London economy. In 2013 a record 16.8 million overseas visitors came to the capital, and the London tourism economy is now estimated to be worth £36 billion, supporting 700,000 jobs.⁷ Meanwhile in 2013 an estimated 584 inward investment projects were secured in the capital.⁸

London's role in attracting investment and leisure and business tourism is also key to supporting the UK's economic growth. Current estimates suggest that London accounts for 37% of foreign direct investment in the UK and for 54% of spending by international visitors.⁹ As a truly elite world city, London competes with only a handful of cities around the globe for high-value investment and tourism opportunities, and for the business opportunities and tax revenues they create. If London fails to attract these groups, there is a risk that the UK as a whole loses out as these opportunities go to other major cities in Europe, Asia, or North or South America.¹⁰ Ensuring that London is able to attract the most desirable investments and tourism groups is therefore a concern not only for London but for the whole of the UK.

While London continues to represent an attractive destination to businesses, investors and tourists from around the world, the increased competition between major international cities for both FDI and the growing international tourism market means London cannot afford to be complacent. In addition to the traditional world cities such as New York City, Paris and Hong Kong, London faces growing competition from a number of challenger cities, particularly in Asian markets.¹¹

Given the competitive nature of international FDI and tourism markets, city promotion can play an important role in attracting investors, businesses and visitors to London and the UK. As such, understanding the effectiveness of London's promotional system is valuable to local and national authorities alike.

In this context London First, with the support of London & Partners, has commissioned Deloitte to conduct a study that benchmarks the effectiveness of London's promotional system against other leading world cities. The study, which uses in depth interviews with senior representatives of city promotional agencies, focuses on the promotional systems in Paris, Berlin, Hong Kong, Singapore, Toronto and New York City, along with the FDI promotion system in the Greater Washington Area. By examining the organisational structures, funding arrangements and promotional activities of these cities, the study aims to identify the opportunities that may exist for London to learn from international experience.

1.2 Structure of the report

The main body of the report begins with a description of the methodology used in the study, including an explanation of how the benchmarked cities were selected and how information about the promotional systems was gathered. Sections 3 and 4 focus on the structure of the promotional systems in the cities studied, including how the systems are organised, the role of the private sector and the funding arrangements for promotion.

An overview of the promotional systems in each of the cities studied is provided in section 5, covering the structure of the promotional system in each city, the funding of promotional agencies and their key activities. Section 6 provides a discussion of the various types of promotional activities that are undertaken across the cities and how cross-city differences can be linked to differences in the organisational structures of the promotional systems. Section 7 brings together the findings of the study and the implications for London. Recommendations for steps that should be taken to address the challenges London's promotional system faces are also proposed. Appendices to the report provide:

- A list of the agencies interviewed (Appendix A); and
- A discussion on the approaches taken to performance evaluation by the cities in the study (Appendix B).

⁷ Deloitte and Oxford Economics (2013). "Tourism: jobs and growth. The economic contribution of the tourism economy in the UK."

⁸ Based on data in UKTI, 2013. "Inward Investment Report, 2012/13".

⁹ Based on data in UKTI, 2013. "Inward Investment Report, 2012/13".

¹⁰ According to a recent survey of visitors to the capital conducted by London & Partners, 88% said they would not have come to Britain at all if they were not visiting London.

¹¹ According to a report by MasterCard in 2013, Bangkok, Singapore, and Seoul cities have outstripped London's growth in overseas visitors for a number of years.

2. Approach to the study

This study assesses the effectiveness of London's promotional system by comparing it with the promotional systems in a set of competitor cities. By drawing on their experiences, the study aims to understand how factors such as organisational structure and access to city assets and resources impact on city promotion, and to identify which promotional strategies and activities constitute international best practice.

The selection of cities for benchmarking in this study is based on a consideration of which set of cities can provide wide-ranging lessons for London's promotional system. Key criteria for consideration include whether the city competes in the same markets for investment and tourists as London, whether it faces similar constraints or whether it has innovative approaches to promotion. The selection of cities has also sought to achieve a balanced mix of geographies and organisational approaches.

The six core cities included in the study are: Paris, Berlin, Hong Kong, Singapore, New York City and Toronto. In addition to these cities, the study considers the approach to investment promotion in the Greater Washington Area. Together these cities' experiences provide a useful international benchmark against which London's promotional system can be assessed.

The study largely focuses on these cities' promotional activities in the areas of inward investment and tourism. As can be seen in Figure 1 these areas also form the core of London & Partners' activities, with the agency aiming to achieve 76% of its target GVA of £246m from these areas. While London & Partners' remit includes promoting London's universities to international students, the other cities in this study generally do not perform this function, with universities taking care of their own promotion needs.

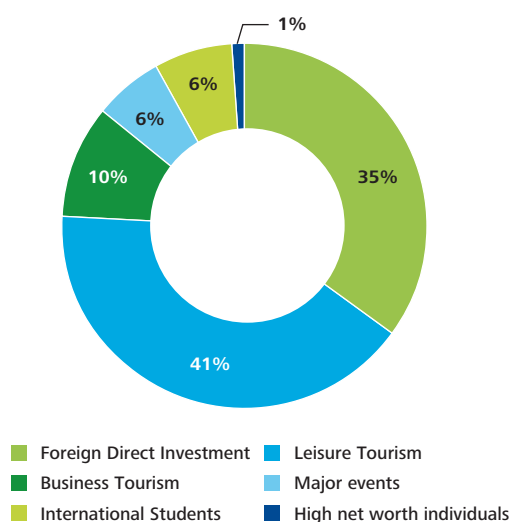
Ideally, the effectiveness of promotional activities could be assessed based on the ROI of different activities. Based on these estimates, and taking into account the specific characteristics of London, it would then be possible to benchmark the performance of London & Partners against that of other agencies, and to identify the most effective set of activities for the agency to undertake. However there are obstacles to that approach:

- While London & Partners takes steps to measure their marginal contribution (as described below), other agencies do not adopt such a sophisticated approach to evaluation. The various approaches are described in more detail in Appendix B.
- Promotional activity tends to have a long-run cumulative effect, making it challenging to identify the impact of specific activities.
- Agencies differ in their approach to promotion, based on the needs of the city and the resources available to the agency. This implies that activities that have been successful in one city may not be as relevant or effective elsewhere.

Given the difficulties in drawing direct comparisons across cities based on ROI, this study focusses on the impact that factors such as the structure of the promotional system and the resources available to agencies impact on promotional activity. By comparing the London promotional landscape to that of other cities it is possible to identify steps that can be taken to improve the delivery of the London promotional system.

The six core cities included in the study are: Paris, Berlin, Hong Kong, Singapore, New York City and Toronto.

Figure 1. London & Partners GVA targets, 2014/15



Source: London & Partners Business Plan 2014-15

Wherever possible, research into the promotional systems was conducted through interviews with key personnel in the primary promotional agencies in each of the cities considered, supplemented by additional desk research. Interviews covered topics such as the relationship between different promotional agencies in the city and the role of national and/or regional agencies; partnerships between agencies and the private sector in order to deliver promotional activities; the key promotional activities of the agency and how these activities fit into the city's wider strategy; and the approach the agency takes to evaluating the effectiveness of their activities.

For those agencies that were unavailable for interview, a range of publicly available resources were used, including their annual reports and other publications, and agency websites. A total of 31 different agencies have been reviewed, 13 of which were interviewed. These agencies are listed in Appendix A.

London's approach to performance evaluation

Compared to other cities in this study, London leads the way in estimating and reporting on the economic impact of its promotional activity. London & Partners has partnered with GLA Economics to devise and implement a methodology that complies with national best practices on evaluation.¹² By addressing the issues of additionality, displacement and optimism bias, it seeks to carefully estimate the marginal economic contribution of the agency's activity above and beyond what would have happened anyway.

London & Partners aims to account for additionality by surveying visitors and investors brought to the city. For example, in order to evaluate the impact of their investment promotion activities London & Partners survey investors about the role the agency played in their decision to invest and in the growth of the business over the following three year period. The survey also asks about potential displacement effects. Based on their responses, the value of the investment and the number of jobs created are weighted to reflect the contribution of London & Partners. In the area of tourism promotion, visitors are surveyed about the importance on visitlondon.com in the decision to come to the city; based on their answers the share of spending (and hence GVA) attributable to London & Partners is estimated.

This methodology suggests that 7.2% of tourism spending and GVA is directly attributable to the website. For both investment and tourism the resulting estimates are reduced by 50% to account for optimism bias on the part of the respondents.

This approach is more nuanced and more conservative than that of other agencies. For instance, most investment agencies take a binary approach to claiming projects: if the investor reports that the work of the agency contributed in any way to their decision to come to the city, then the agency will include the full value of the investment and the jobs created in their reporting. In contrast, London & Partners' approach is more graduated and more accurately reflects the extent of their contribution. They also appear to be the only agency that accounts for optimism bias rather than taking survey results at face value. Nonetheless, their approach could benefit from some clarification of the rationale behind certain assumptions.

¹² GLA Economics, 2014.
"London & Partners
Evaluation Methodology
Study." Working Paper 61.

3. Structure and remit of the promotional systems

The promotional systems in the cities studied differed along three key dimensions:

- The geographic remit of promotional agencies and the relationship between city, regional and national agencies (where applicable).
- The integration of promotional activities within agencies, and the relationship between different promotional agencies in the city.
- The broader remit of promotional agencies and their relationship with other organisations and agencies within the city.

Comparing the organisational structure of the cities studied across these three dimensions, some patterns appear to emerge.

A comparison across cities suggests that cities such as Singapore, Hong Kong, and New York City, where promotion is largely organised at the city level, have agencies with a greater breadth of responsibility and greater capabilities, including control over city assets and policy levers. In the city-state of Singapore, for example, this includes the ability to deliver direct financial incentives to investors; in New York City it includes the delivery of the city's wider economic development strategy and the ability to tailor its investment promotion activities to these efforts. These advantages broaden the promotional options available to the agencies and increase their ability to adapt their strategies to the city's changing needs. These cities also tend to have a higher level of autonomy in terms of their governance and control over revenues.

In contrast, where there are multiple agencies contributing to the city's promotion a greater level of co-ordination is required between agencies (both within the city and with regional or national agencies) to ensure the most efficient use of promotional resources.

This can prove challenging. For example, interviews with the Paris city and regional tourism agencies suggested there may be some level of overlap between their activities. In both Berlin and London, a clearer understanding of the role of the agencies has helped to alleviate these challenges. Nonetheless there may be institutional barriers that limit the degree of integration of the promotional system.

Moreover, in those cities where the responsibility for promotion is allocated across multiple tiers, the agencies within the city tend to have a somewhat narrower remit and their activities are less likely to extend beyond promotion. For example, while both the Paris Convention and Visitors Bureau and Visit Berlin work to promote events and attractions in the city, they play a smaller role in developing new events than tourism promotion agencies in Singapore and Hong Kong. While London & Partners plays an active role in establishing some new events in addition to aggregating and supporting existing events, the responsibility for the overall pipeline of events lies with the GLA, who also manage large-scale events. This implies that promotional agencies will need to coordinate with other bodies when developing their promotional strategy.

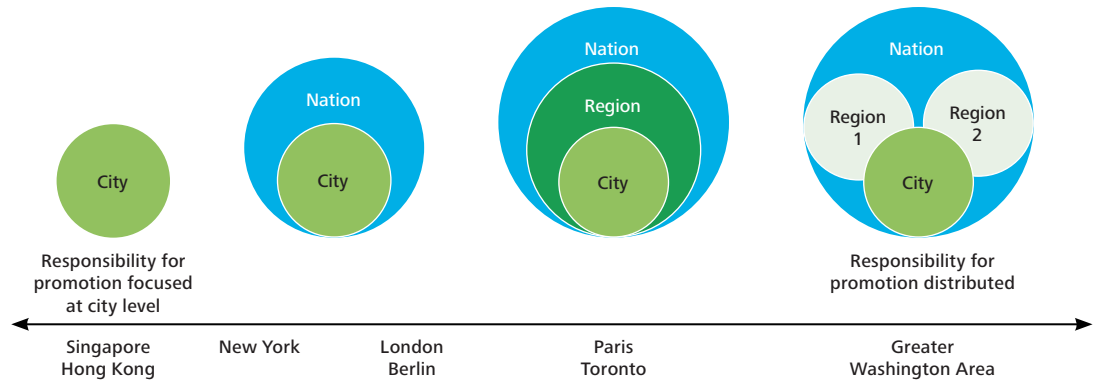
These differences in organisational structure are explored in more detail below.

3.1 Relationship between city and national agencies

The cities studied vary in the extent to which they are entirely responsible for their own promotional activities, including promoting economic development and exports, versus being aided by regional or national agencies that contribute additional support or resources. Figure 2 illustrates how the level of integration between the city and national level differs across the benchmarked cities. Note that this does not cover any within city co-ordination issues, which are dealt with in the following sections.

Where there are multiple agencies contributing to the city's promotion a greater level of co-ordination is required.

Figure 2. Geographic integration of promotional systems



Source: Deloitte Analysis

At one extreme sit Singapore and Hong Kong, where promotion takes place entirely at the city level. Thanks to its strong city brand and relatively high level of city autonomy, New York City also lies at this end of the spectrum: promotion is largely focused on the five boroughs and little support is required from New York State or national agencies.

The Greater Washington Area lies at the other end of the spectrum: the metropolitan area covers parts of two states and the District of Columbia, and is further subdivided into 22 counties, each of which has responsibility for maintaining its own tax base. This creates strong incentives to ensure that inward investment locates to particular areas, making it difficult to coordinate city-wide promotion or to develop a strong city brand. However counties such as Fairfax, Virginia have successfully taken responsibility for local investment promotion.

The other cities studied – Paris, Berlin and Toronto – fall somewhere in between, along with London. In Toronto and Paris, city agencies are supported by both regional and national agencies, and in contrast to New York these other agencies play a more active role in promotion. In Paris for example, the fact that leading attractions such as Versailles and Disneyland are outside the City of Paris necessitates the Ile-de-France region taking a greater role in promoting the city; however interviews suggest that this has led to some inefficiencies and duplication of activities.

For Berlin and London there is no relevant regional authority, but agencies in these cities receive support from national agencies. In the case of investment promotion, this can take the form of sharing leads, for example Germany Trade and Invest may refer a business to Berlin Partner, or sharing resources such as office space and personnel internationally. For tourism promotion, this support may involve joint missions, and Visit Berlin has also worked with the German Tourist Board to develop partnerships. For example, the two agencies have partnered with Deutsche Bahn to offer discounted train travel to visitors spending at least three nights in Berlin, thereby using the popularity of the city to encourage tourism in surrounding areas.

London & Partners works with both UKTI and Visit Britain to deliver its activities. In the area of investment promotion, this collaboration is organised through a formal Memorandum of Understanding, through which the agencies work together to generate investment leads that are then followed-up and implemented through the relevant agency. London & Partners also coordinates with Visit Britain some of its tourism promotion activities; this partnership often takes the form of the two agencies providing funding that will be matched by private sector sponsors.

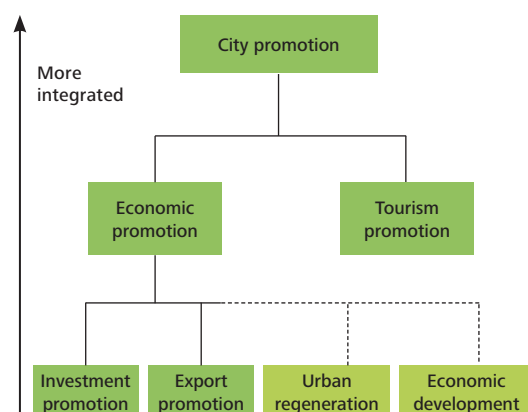
While the support of other agencies is valuable, there may be situations in which regional and national agencies are less effective than local agencies in promoting cities. This may be due to the occasional overlap and duplication of activities, as reported in Paris, or due to the free-riding problems and conflicts of interest found in the Greater Washington Area. Even when city-level and national agencies are well-coordinated, interviews indicate that national agencies may sometimes be less able to promote the specific advantages of the city. This can arise because the national agency is constrained by the need to promote the image of the country as a whole.

The absence of a regional promotional authority between the city and national level places London to the left of cities such as Paris and Toronto in Figure 2. However, this tells only part of the story of how geographically integrated London's promotional systems is compared to the other cities, as it does not say anything about the level of complexity at the city and sub-city levels. Such complexity can be manifested through a division of promotional and other responsibilities between different agencies and the co-ordination challenges that may arise as a result. These issues are discussed in the following sections.

3.2 Relationship between promotional agencies within the city

The cities studied also differ in how promotional responsibilities are shared within the city. Figure 3 shows how promotional activities may be split across different areas.

Figure 3. Division of promotional activities



Source: Deloitte Analysis

London & Partners is unique among the agencies studied in having responsibility for all areas of city promotion; moreover it is the only agency that also promotes educational opportunities.

The other cities studied are less integrated, with responsibilities for tourism promotion and investment promotion lying within different agencies. In some cities there are further divisions of responsibility: in Toronto, there is an additional agency, Build Toronto, with a remit for urban regeneration; Hong Kong and Singapore have separate agencies with a remit for trade and export support (a responsibility borne by national governments elsewhere).

Interviews suggest that having distinct agencies allows each to focus on their specific objectives without needing to compromise in order to achieve broader aims. However interviewees also emphasised the importance of ensuring that agencies are able to work together when necessary – for instance on joint promotional missions or in order to use business tourism events to create investment leads. This enables agencies to take advantage of complementarities across different areas of promotion, for instance using events and conventions to strengthen the city's reputation in a particular sector and support the case for investment into this sector. Thanks to its integrated structure, London & Partners is able to make the most of these opportunities through cross-organisational groups that focus on key sectors such as life sciences, tech and culture.

The other cities in this study take different approaches to ensuring that agencies work together: in Berlin relationships between promotional agencies are underpinned by formal contracts; in Hong Kong the agencies collaborate under the umbrella of Hong Kong Inc. The strong relationship between the various agencies in Berlin enables the city to reduce the impact of free-riding on activities such as city branding campaigns that create wide-ranging benefits. In contrast, New York avoids the potential problems of mis-coordination by having NYC & Company assume most of the responsibility for promoting and marketing the city, while the NYCEDC focuses on a broader agenda of economic development.

London & Partners is unique among the agencies studied in having responsibility for all areas of city promotion.

London & Partners is unusual among tourism promotion agencies in that it is not responsible for managing information points.

3.3 Remit of promotional agencies and relationship with other city agencies

The activities of agencies are also influenced by the breadth of their mandate: that is, whether the agency is exclusively focused on promotion or whether they have broader responsibilities. While London & Partners has a broad remit in terms of promotion – encompassing leisure and business tourism, foreign direct investment, event organisers and international students – it does not have all the additional responsibilities of some more narrowly focussed agencies; for example, many agencies focussed on tourism promotion also run information points for visitors. Similarly, although London & Partners undertakes a range of activities to support economic growth in the capital, including attracting investment, supporting regeneration and helping London-based companies to export, it is not responsible for improving the infrastructure or real estate offering in the same way as an economic development agency such as NYCEDC.

In both New York and Singapore the fact that the responsibility for investment promotion lies with an agency that has a much broader economic development remit increases the resources and policy levers available for FDI promotion. The Singapore EDB approaches potential investors with a tailored offering, taking advantage of the fact that they have more authority than other agencies to offer direct financial incentives; NYCEDC does not offer financial incentives, but are very selective about who they approach, only seeking foreign investment where there is a clear gap in the market. This broader remit also enables these agencies to formulate long-term strategies to improve the city's offering and develop particular sectors – for example, NYCEDC has been instrumental in developing the life sciences sector in NYC, through capital investments and partnerships with universities and private businesses.

In cities where neither the government nor the core promotional agencies have a remit for economic development the business community may assume this role. For example, in Paris the Greater Paris Investment Agency works to influence the economic strategy of the city, while the government-backed Paris Region Economic Development Agency provides more direct services (such as concierge services) to potential investors.

In the Greater Washington Area the Board of Trade has stepped into the gap left by local governments in order to promote the area as a destination for business. London First occupies a somewhat similar position, although its focus lies in supporting economic development rather than in promotional activity.

While there is less variation in remit across tourism promotion agencies, these agencies nonetheless differ in the scope of their activities. London & Partners is unusual among tourism promotion agencies in that it is not responsible for managing information points, like Paris is, for example. Information points can become a source of revenue for promotion agencies, for example the Paris Region Tourist Board obtains a commission on sales through welcome points in airports and train station. These visitor centres also help raise the profile of the agency and offer an opportunity to sell advertising space.

The other area in which tourism promotion agencies differ is in the extent to which they are responsible for developing initiatives and events in the city. Agencies such as Tourism Toronto and the two Paris promotion agencies are more focused on promoting existing events and attractions in the city, whereas NYC & Company, the Singapore Tourist Board and the Hong Kong Tourist Board play a more active role in initiating events. This can help promotional agencies develop a more long-term strategy for the city, and can create indirect benefits: events such as Broadway Week and Restaurant Week developed by NYC & Company not only bring in visitors, but also contribute to the image and vibrancy of the city and can be leveraged to obtain private sector support and funding. London & Partners lies between these two models: they both support existing events and work with partners to initiate new ones. Examples include Prudential RideLondon, a large-scale cycling events developed in conjunction with the GLA and Transport for London.

In general, a city's capacity to perform promotional activity effectively is influenced by its ability to co-ordinate resources and efforts. When the responsibility for promotion lies in the hands of agencies with wider responsibilities, as is the case with investment promotion in New York City, promotion promotional activity can be aligned with the city's broader objectives.

When responsibilities are divided between different agencies co-ordination becomes more of a challenge. Interviews with the promotional agencies indicated that in this respect London appears to struggle with city level co-ordination challenges that are not apparent in the other benchmarked cities.

3.4 Case study: Fiscal autonomy and city promotion

The level of fiscal autonomy – the freedom that cities have to determine and use the resources raised from local taxpayers – varies between the cities in the study. As a city state, Singapore has total autonomy, with all tax revenue raised and spent by the city. In other cities, tax revenue is raised, to varying extents, by the national government and distributed either directly or indirectly through central government transfers. As highlighted by the London Finance Commission, London has a relatively low level of fiscal autonomy, generating only 26.1% of its own operating revenue (the rest being provided by transfers from central government). Figure 4 illustrates the differences in fiscal autonomy across the cities in the study using this measure.

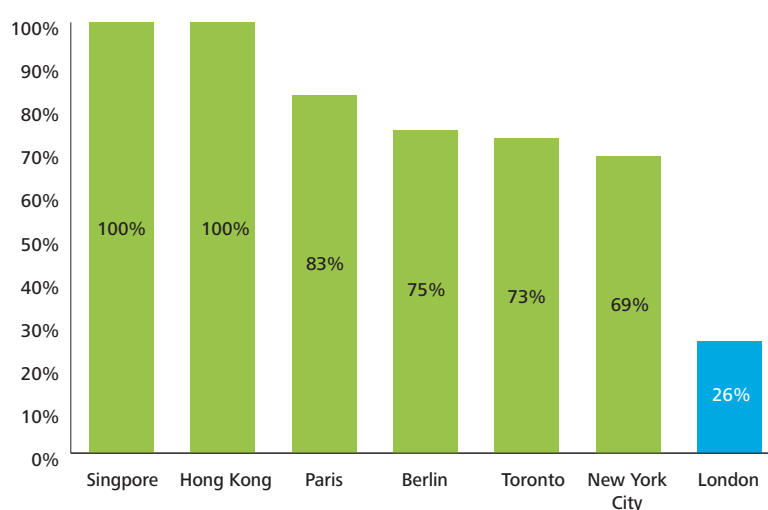
Differences in the level of fiscal autonomy help to explain a number of differences in the way a city's promotional system operates, with greater fiscal autonomy generally strengthening a city's capacity to promote. Two key ways in which the level of fiscal autonomy in a city can affect the operation of promotional systems have been identified in this study:

1. Flexibility of approach to promotion: In the most autonomous cities in the study, the public funding for promotion comes from funds raised by the city. This gives these cities a flexibility to change levels of funding according to its needs and to use the funds in the way it sees best for the city. Alternatively they can generate revenues ring-fenced for promotional purposes. For example, Berlin, Paris and New York partially fund their promotional activities through hotel occupancy taxes, with a share of the revenues allocated to tourism promotion.

In less autonomous cities, where the city authority depends on transfers from central government, there may be more pressure to demonstrate to national authorities that the funds are being used effectively. For example, in London, where London & Partners receives the majority of its funding from the GLA and the GLA in turn receives the majority of its funding from central government, importance is placed on accurately estimating the economic impact of the promotional agency's activities. Such pressure may affect what approaches are politically feasible

2. Activity set: Fiscal autonomy can also provide cities with useful tools for the promotion of inward investment that cities with little fiscal autonomy do not have access to. This is because they can offer targeted tax reductions to incentivise investment. For example, the Singapore EDB offers a number of incentives for businesses to encourage them to set up in Singapore, including reduced corporate tax rates on incremental activities that contribute to the agency's strategic objectives. In contrast, London does not have control over corporate tax rates and so is unable to offer such tailored financial incentives.

Figure 4. Proportion of cities' operating revenue that is own-sourced



Source: London & Partners Business Plan 2014-15

4. Levels of funding and private sector support

Along with these differences in organisational structure, agencies differ in the resources available to them and the extent to which their promotional activities are supported, either financially or in-kind, by private sector partners.

4.1 Private sector engagement

All of the agencies studied engaged with the private sector in some manner in order to effectively promote tourism or investment in the city. This engagement takes a range of forms, from ad hoc collaboration based around particular opportunities and initiatives to long-term contractual relationships, and for some promotional agencies forms a significant source of revenues. In general, these partnerships with the private sector fall into four distinct categories based on the duration of the collaboration and the delivery of financial support:

Figure 5. Relationships between promotional agencies and the private sector

		Financial contribution	
		Based on mutual interest	Source of revenues for the agency
Duration of relationship	Short-run	Collaborations based on specific opportunities	Sponsorship of events or individual programmes
	Long-run	Ongoing collaborations; unpaid membership schemes	Membership schemes; public-private partnerships

Source: Deloitte analysis

Both tourism promotion agencies and investment promotion agencies were likely to collaborate with the private sector in connection to specific events or opportunities. For example, private businesses may attend trade fairs or participate in international delegations alongside promotional agencies: the Paris Region Tourist Board has organised delegations to key markets in Asia in collaboration with major Parisian department stores, while Invest Toronto often attends events with private sector partners who share their experience of working with the agency in order to help develop new leads.

Many investment promotion agencies also work with private companies to pursue specific leads where there is a clear mutual benefit, for instance a business may benefit from a foreign supplier relocating to the city, while an international investor may be interested in setting up in the city because one of its key clients is based there. It is therefore in the interests of the business partner to help the city agency develop a proposition, while its participation makes the proposition more attractive and credible to the foreign investor.

In addition to the activities mentioned above, which are largely based around mutual interest, many agencies, particularly those responsible for promoting business and leisure tourism, also use specific events and programmes to generate sponsorship and revenues. This creates benefits for both parties through publicity and marketing opportunities. For instance, MasterCard sponsors “Priceless Singapore,” which offers cardholders special offers on hotel and restaurant bookings. As well as promoting the city and encouraging spending, this generates benefits for MasterCard by appealing to potential customers and strengthening their relationship with businesses. Such events are not exclusive to tourism promotion however: in London, UBM has worked with London & Partners to develop London Technology Week, which supports the development of the city as a centre for technology and innovation and helps attract both FDI and business visitors to the city.

Relationships between promotional agencies and the private sector may also be more long term, either through formal membership programmes (which may involve financial contributions), or based on ongoing collaboration. Invest Toronto frequently work with the private sector to develop investment leads, and over time build strong relationships with their key partners. Some investment agencies also have more formal partnership programmes, often involving banks, legal firms and professional services companies, which are likely to directly benefit from the entry of large foreign companies from any sector. For example PwC Singapore has partnered with SEDB to establish an International Business Centre that looks after overseas companies looking to do business in the Asia region, while United Overseas Bank and Sumitomo Mitsui Banking Corporation both partner with SEDB to provide a range of financial services to foreign companies expanding into Singapore.

In the area of tourism promotion, long-run partnerships with the private sector are more likely to involve financial contributions in the form of membership fees. However agencies including Visit Berlin and the Paris Convention and Visitor Bureau also developed partnerships with the private sector based on a shared interest. For example, the PCVB worked with Eurostar and various museums in the city in order to offer two-for-one entry to Eurostar travellers. This has the potential to generate new customers for Eurostar, while increasing the profile of less well-known attractions in the city. In this case, the PCVB plays a role in coordinating activities between organisations, while being able to use its assets, such as brochures and information points, in order to publicise the scheme. In Berlin, Visit Berlin operates the WelcomeCard programme which offers cardholders discounts on certain attractions and with participating businesses. Again, the agency plays a key role as a coordinator and is able to use its brand to raise awareness of the programme.

Lastly, partnerships can be a valuable source of additional funding through membership fees. In general, this is more common in the area of tourism promotion, with hotels, restaurants, conference and exhibition venues and other attractions often participating in membership programmes. However both London & Partners and Berlin Partner have also been successful in securing private sector contributions to support investment attraction. Benefits of membership generally include access to key media assets and advertising space, the opportunity to participate in events organised by the agency, and the additional publicity and credibility that comes from being associated with the agency brand. The case studies below demonstrate how these membership programmes have been developed in New York City, Berlin and London.

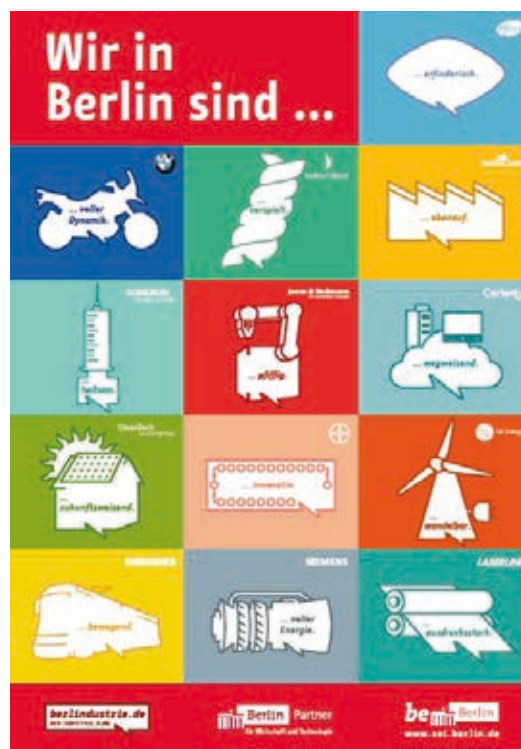
Although the majority of agencies studied are backed or funded through local government, business associations also play a role in city promotion, especially in the area of investment attraction. For example in the Greater Washington Area the difficulty in coordinating activities across multiple jurisdictions has led the private sector to assume a greater role.

The Greater Washington Board of Trade works to promote business interests in the area and to promote investment into key industries such as cybersecurity. In Paris, the Greater Paris Investment Agency provides information on the city to potential investors, undertakes international missions to promote investment, and lobbies politicians to make the city more business friendly.

Case study: raising funds for investment promotion in Berlin

Compared to the other public agencies responsible for investment promotion included in this study, Berlin Partner works more closely with the private sector. It also receives a greater share of its funding from commercial sources: in 2013 it raised a total of €4.2m from membership fees, in addition to income from licensing and from sponsoring and hosting events.

Leveraging Berlin's business assets for strategic branding of the city



Source: Berlin Partner

Partnerships can be a valuable source of additional funding through membership fees.

Private sector partnerships also assist Berlin Partner in their activities to brand the city and emphasise key sectors.

Part of the reason Berlin Partner is able to raise these funds is because it offers its members and licensees a number of benefits in return. These benefits vary according to the licence category, which in turn have different fees. Licences cost between €10,225 and €150,000 plus VAT per annum and benefits range from the right to use the Berlin Partner logo in company communications to inclusion in delegation trips, a benefit reserved for only the highest tier of licensees. Payment is typically made in cash, but licensees can also pay with their services, with the cash value of these services deducted from the total charge.

All licensees enjoy representation at national events and in city publications, with the degree of exposure depending on the fee they pay. Similarly, while all licensees receive invitations to some major events, such as the Berliner Hoffest and the German President's annual Berlin speech, the number of invitations and the level of exclusivity of the event increase with the fee.

Beyond these direct benefits of membership, firms have other incentives to work with Berlin Partner. Interviews with one partner reveal that their main motivation for joining Berlin Partner was a sense of responsibility towards the city and a desire to ensure that Berlin reaches its full potential as a smart, modern city. The Berlin Partner network creates an opportunity to liaise with other businesses and with local politicians in order to discuss the future of the city. For this partner, the business opportunities created through Berlin Partner's promotional work are a secondary motivation.

The benefits to Berlin Partner are not only financial. Through their private sector partners they are able to generate additional investment leads. Businesses may be eager to attract firms in their supply chain to the city, and in this case they can work with Berlin Partner to develop a proposal to potential investors. Private sector partnerships also assist Berlin Partner in their activities to brand the city and emphasise key sectors; BMW, for example, has worked with Berlin Partner to promote the automotive sector in the city.

Case study: building private sector engagement in New York

Among the tourism agencies studied, NYC & Company has been the most successful in building private sector partnerships, receiving about \$4.7m in funding from its 2000 members each year, and a further \$8.8m through private sponsorship of specific events.

Members of NYC & Company contribute funding in the form of membership fees and may also pay to participate in specific events. Businesses targeted for membership include hotels, restaurants, retailers, entertainment venues and cultural attractions. Potential benefits of membership include:

- Listings and ticket sales on the NYC & Company website, and advertising space in their publications and brochures.
- Access to NYC & Company media assets such as advertising on bus shelters, street-pole banners or taxicab videos.
- The opportunity to attend trade fairs organised by NYC & Company, providing networking opportunities and information on industry trends.
- Access to events organised under the NYC & Company brand.

In addition to membership fees, NYC & Company also brings in revenues from sponsorship, often by larger multinational companies such as American Express, Nokia, Merck, Spotify and Santander. Sponsors may approach NYC & Company with an idea for a new event, or may support an existing event. Benefits of sponsorship include marketing and publicity, and the ability to offer special offers to existing or potential customers.

Thanks to their control over city assets NYC & Company are able to offer clear benefits to their partners, and their high level of visibility helps them initiate and coordinate activities with the private sector, while providing clear value-added through the publicity and business that they generate.

New York City Restaurant Week is sponsored by American Express, which provides the city with direct funding and with promotional assets. In return, American Express receives additional promotion, it improves their merchant relations, and they are able to offer their customers advance access to reservations.

The participating restaurants also contribute funding, with around 300 restaurants paying \$1500 to be part of the scheme. These restaurants benefit from additional publicity and sales during the tourist off-seasons. This event, along with similar events such as Broadway Week and Comedy Week, is important to developing private partnerships, and the fact that NYC & Company is able to charge for participation, given that businesses could replicate the deals offered independently, is evidence of the value added by the agency brand and marketing assets.

Neighborhood x Neighborhood is a programme designed to attract tourists to less well-known areas of the city in order to bring money into these areas and encourage repeat visits to the city.

The event is sponsored by Santander, who approached NYC & Company with the hope of getting involved. Santander benefits from greater publicity in these neighbourhoods, and through being seen as a partner to these communities.

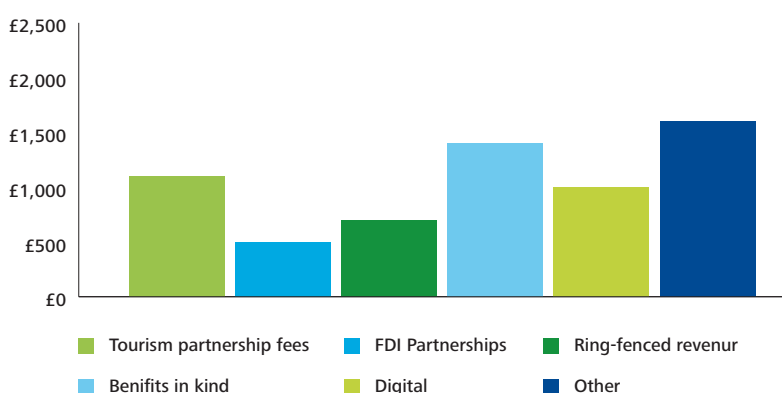
Case Study: London & Partners

London & Partners, like many other agencies included in this study, works closely with private sector partners on activities such as trade missions and promotional events. The agency's uniquely integrated structure also enables it to take advantage of synergies across different areas of promotion in order to build strong partnerships in key sectors. This includes developing cross-organisational groups that focus on key industries and nurture partnerships in these sectors. The agency works with these partners to promote conferences or cultural events that can serve their wider needs and help the sector attract investment.

London & Partners also derives some of its income from private membership and sponsorship. Alternative sources of income account for approximately a third of its total income. The figure below shows the different areas in which London & Partners raises commercial revenues.

The largest source of such income is partnership fees in connection to tourism: the agency has about 1000 partners in the tourism industry, who benefit from website listings, advertising space in brochures, use of the London & Partners brand, and the opportunity to attend trade shows and networking events. London & Partners also generates revenues from partnerships in connection to investment promotion, in contrast to most of the investment attraction agencies studied (with Berlin Partner being a notable exception). London & Partners also receives benefits in kind in these areas, for example the agency is able to provide incubator space or temporary offices to investors, as well as sponsorship that is ring-fenced for specific activities.

Figure 6. London & Partners commercial income 2014/15



Source: London & Partners Business Plan 2014-15

London & Partners receives significantly less public funding than promotional agencies in most of the cities studied.

Despite London & Partners' success in generating income through a range of channels, the amount raised still falls behind other cities such as Berlin and New York. Interviews with agencies in these cities suggest that their success in building partnerships can be partly attributed to the fact that they have various city assets at their disposal which are unavailable to London & Partners.

Examples of key assets include media assets such as advertising space on street furniture and public transport and control of sites such as visitor centres and venues in the city. These assets have direct and indirect benefits: access to these assets can be offered to partners to increase the benefits of membership, and moreover they help raise the visibility of the promotional agency, which in turn increases the value of advertising through other channels such as brochures and the website. London & Partners lacks direct control over any assets of this type, nor is there any kind of MOU through which assets owned and managed by other parts of the GLA group could be accessed simply for specific purposes. However the agency does have access to less tangible assets. For example, the high profile of the Mayor of London and the fact that Boris Johnson is active in promoting the economic strengths of the city through overseas missions means that networking opportunities and the option of participating in these delegations are highly attractive to potential business partners.

4.2 Income of promotional agencies

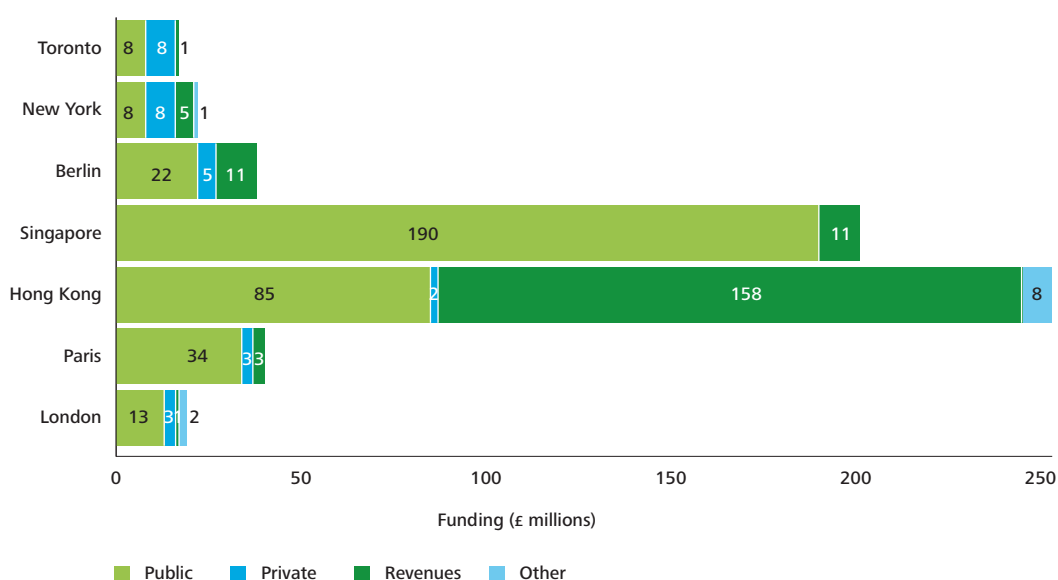
4.2.1 Sources of income

Figure 6 shows the main sources of funding for the promotional agencies studied. In general, funding from local government formed the primary source of funding; however this is often supplemented by private sector support through membership or sponsorship, as described in the case studies above.

As Figure 7 shows, London & Partners receives significantly less public funding than promotional agencies in most of the cities studied. For example, Paris receives more than twice as much public funding for promotion, and Berlin more than one and a half times as much. This gap in funding becomes more pronounced when city populations are taken into account: per capita, London receives less than a quarter of the public funding of Berlin.

However this figure only shows the funding available to city-level promotional agencies, and does not account for the fact that national agencies may also allocate resources towards promotion in each of these cities. This explains the much larger budgets for promotion in Singapore and Hong Kong; these two cities also allocate extensive funding to trade and export support in addition to promoting tourism and inward investment. Although London & Partners has less funding than many other city promotion agencies, national agencies such as UKTI and Visit Britain are relatively well-funded.

Figure 7. Source of income of city-level promotional agencies



13 These estimates are based on publicly available data and are not complete. In particular, figures for New York City do not include any spending on investment promotion or export support by NYCEDC, due to difficulties in disentangling this spending from their overall budget; the figures for Paris exclude the GPIA.

This chart covers city-level promotional agencies, since it was not possible to ascertain the funding spent on city promotion by national agencies.

Source: Deloitte analysis based on agency accounts¹³

For example, among the national tourism promotion agencies studied only Brand USA has a larger budget than Visit Britain.¹⁴ However it is not possible to ascertain what share of national funding contributes to the promotion of London and to what extent this helps close the funding gap facing London & Partners.

In many cities, public funding is allocated directly through local government grants. However some cities have adopted a different approach. For example Invest Toronto is officially funded through the Toronto Port Lands Company¹⁵, and interviews reveal that this policy is designed to insulate the agency from political wrangling over its budget. Cities such as Berlin, Paris and New York partially fund their promotional activities through hotel occupancy taxes, with a share of the revenues allocated to tourism promotion. This arrangement provides incentives to the agency as well as providing some assurances over future funding. However there are risks associated with this approach and hotel associations in Berlin opposed the recent introduction of this tax, fearing a decline in bookings, while NYC & Company has opposed increases to the NYC occupancy tax. Another criticism of hotel occupancy taxes is that they unfairly target hotels, while many other businesses, such as restaurants, attractions and theatres, may also benefit from tourist trade.

Figure 7 also shows the level of private funding and commercial income available to promote the cities in this study. London & Partners' 2013/14 commercial income of £3.6m includes about £2m in partnership fees, and the remainder from other sources, including commissions from website sales and advertising. In contrast, both Tourism Toronto and NYC & Company receive about £8m through partnerships (in the case of Toronto, this is mainly through a single syndicate, the Greater Toronto Hotel Association), while Berlin Partner receives about £5m. As noted above, these agencies have access to a greater range of city assets that can be leveraged to support private sector partnerships.

In addition to public funding and the sponsorship and membership fees from private sector businesses discussed above, promotional agencies may also receive commercial income, particularly in connection to leisure and business tourism.

Key sources of commercial income include:

- Sale of advertising space or other media assets;
- Commission on tickets and bookings sold through the agency website or visitor centres;
- Leasing of owned space, for example for conventions and exhibitions; and
- Investment agencies such as Invest Toronto have also been successful in raising funds by hosting trade fairs and selling informational brochures.

The Hong Kong TDC is something of an outlier in this category: the vast majority of their commercial income comes from their ownership of the Hong Kong Conference and Exhibition Centre, which they also bear the cost of managing and operating. However Paris and New York have also been successful in generating income through commissions, while Visit Berlin generates almost £10m per annum in commercial income, largely due to the success of the WelcomeCard programme.

Case study in generating commercial revenues: Visit Berlin

Compared to other tourism promotion agencies in the cities studied, Visit Berlin obtains a higher share of its funding through its own commercial revenues. These include the sale of informational material and maps, the sale of advertising space on such materials and on their website, and the letting of other media assets, such as advertising space in airports and stations. Visit Berlin also raises revenues through bookings on its website and sales of the Berlin WelcomeCard. This card covers travel on public transport and offers discounts across the city with participating businesses. These businesses do not receive payment from Visit Berlin for their involvement in the programme.

Thanks to these sales, in their 2012 Annual Report Visit Berlin reported that 62% of their funding came from their own income, up from about 45% in 2009. Over the same period the level of public funding from Land Berlin has dropped from €6.9m to €6.3m, although the increase in commercial income has not been fully crowded out by a drop in public funding.

¹⁴ Based on the most recent company information the annual funding for the various national agencies are approximately as follows: Atout France £63 m; Visit Britain £74 m; Brand USA £75 m; German National Tourist Board £28 m; Canadian Tourist Commission £89 m.

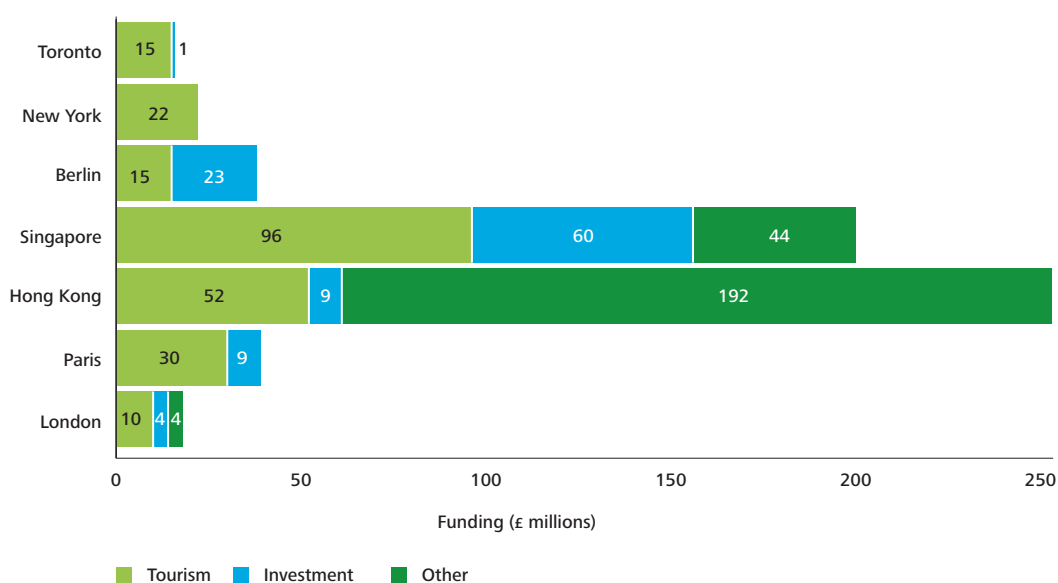
¹⁵ The Toronto Port Lands Company (TPLC) is a self-financing municipal corporation, wholly owned by the city of Toronto. The company owns more than 400 acres of land in the city, which they are responsible for developing and leasing, and which finances their operations.

In general, cities spent more on tourism promotion than on other areas such as investment.

4.2.2 Allocation of income across promotional activities

Figure 8 shows how total funds are allocated across different areas of activity. In general, cities spent more on tourism promotion than on other areas such as investment. The exceptions include Hong Kong, where the budget of the Trade Development Council includes the management of the Hong Kong Exhibition and Convention Centre; Berlin is also unusual in that much of the responsibility for city marketing and positioning, conducted through the Be Berlin campaign, lies with Berlin Partner rather than Visit Berlin.

Figure 8. Allocation of income for promotional activities



Source: Deloitte analysis of agency accounts



5. City promotional systems

This section of the report provides an overview of the promotional systems in each of the cities studied, including the structure of the system, the agencies involved and their funding, and key activities undertaken to promote the city. Wherever possible, this is based on interviews with key agencies in each of the city. In particular, the interviews have informed the discussion of key activities and the role that these activities play in the agency's broader promotional strategy. This section also draws on information from these agencies' websites and annual reports.

The structure of London's promotional system and the key activities undertaken by London & Partners introduces this section of the report, in order to provide a point of reference and to enable comparisons between London and the other cities.

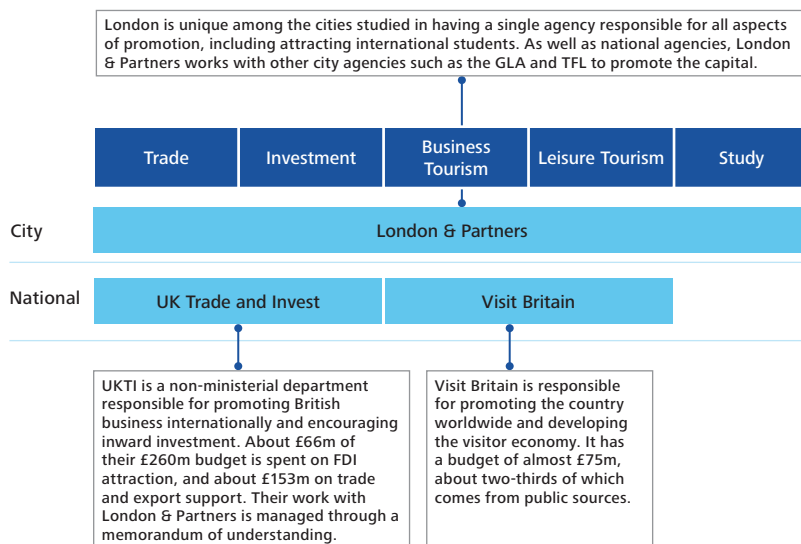


5.1 London

The promotional system

As discussed, London & Partners is unique among the agencies studied for its broad promotional remit, covering not only investment and tourism, but also extending to international students. To take advantage of the synergies across different areas of promotion they have cross-organisational teams working in key sectors such as life sciences, tech and culture, in addition to overseas offices.

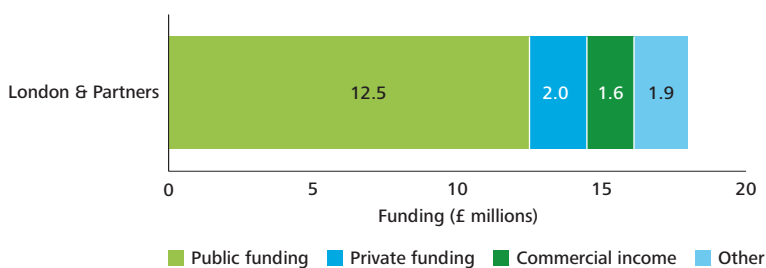
Figure 9. Structure of the promotional system in London



Source: Deloitte analysis

Income

Figure 10. Levels and sources of funding in the London promotional system (2013/14)



Source: Deloitte analysis based on London & Partners 2013-2014 Business Plan

Within the city, London & Partners coordinates with other city agencies such as the GLA and TFL in its promotional activity; it also works with the two national agencies.

Promotional activity

Investment and Trade Promotion

- London & Partners has worked to develop the city's reputation in key sectors such as life science, tech and the cultural sector working with policy teams within the GLA and other bodies across the city. This spans different areas of promotion – for example, London Technology Week also promotes business tourism in this sector – and helps attract FDI into these areas.
- London & Partners works with UKTI to identify and develop leads. Strategies for lead generation include looking for fast growing companies in key sectors and organising and attending events and trade shows such as SXSW.
- London & Partners also takes advantage of events in the city to highlight investment opportunities. For example, in the four years preceding the Olympic Games they promoted the supply chain and regeneration opportunities connected to the Games; during the Olympic Games London & Partners worked with the Mayor and the GLA to host a series of programmes targeted at different sectors. More recently, a similar hosting programme was run during the World Islamic Economic Forum.

- London & Partners work with private sector partners in order to implement investment, for example to provide legal and financial services and temporary office space. In some cases, this is done through a fast-track service, in which London & Partners plays more of a coordinating role by introducing investors to private sector partners. Where the investment is less certain, London & Partners take on a more direct role.

- They also provide some aftercare services for investors, including hosting quarterly networking events for firms new to London.

Tourism

- The VisitLondon website is used to promote what London has to offer, including through a virtual tour, and also provides information to potential visitors. They are also developing an app that can be used offline.

- London & Partners works with international travel operators to ensure that the city is promoted effectively.
- Rather than promoting a single image of the city, London & Partners aims to highlight the diversity of the city by focussing on a range of different areas. The London Story campaign does this by having Londoners from different backgrounds talk about their experience of the city and its attractions.
- London & Partners also does more targeted promotion. For instance, to address concerns about a decline in tourism during the run-up to the Olympic Games it ran the Limited Edition London programme that highlighted events and exhibitions taking place during this period, and offered a 2 for 1 tickets on attractions during the Games.
- The agency plays a role in creating and promoting major events. For example, London & Partners created RideLondon in conjunction with the GLA and TfL, and is working with organisers to make events such as the Mayor's Thames Festival more international.
- London & Partners also supports bids to bring international events into the city. This includes bringing NFL matches to Wembley, and securing sporting events to be held in the Olympic Park. These events create further opportunities to promote the city, such as an NFL day in Regent Street and fan rallies in Trafalgar Square.
- In the area of business tourism, London & Partners works with organisers to promote the city as a venue and bring conferences, trade shows and exhibitions to the city. It also attends trade fairs where they promote the city. In key sectors, London & Partners work with partners in the private sector or key academics at London universities who will act as ambassadors for the city.
- Compared to some agencies, London & Partners is less able to offer discounts or subventions for large events. It therefore emphasises the fact that events held in the city are likely to generate a high level of attendance. London & Partners can also offer benefits of a less conventional nature to organisers; for example, creating a health related marketing campaign in support of major medical conventions held in the city.

International students

- London & Partners is the only agency in this study that also has a remit for promoting higher education institutions to international students. Interviews suggest that in many cities universities and colleges organise their own international recruitment programmes, and have less of an interest in promoting the educational opportunities in the city as a whole.
- London & Partners' activities in this area include running a website that collates information on courses, universities and application procedures in the city. It also partners with universities to arrange international events, such as a pop-up event in Beijing to promote London's universities to the Chinese press and stakeholders.

Highlights

London & Partners' broad promotional remit enable the agency to take advantage of complementarities across different areas of promotion and to focus on key sectors. In the tech sector, this includes promoting regeneration opportunities, business tourism events and FDI, as well as providing incubator space to nurture the industry in London. In the cultural sector, London & Partners works with major cultural institutions to attract visitors and to promote the quality of life in the city to investors and students.

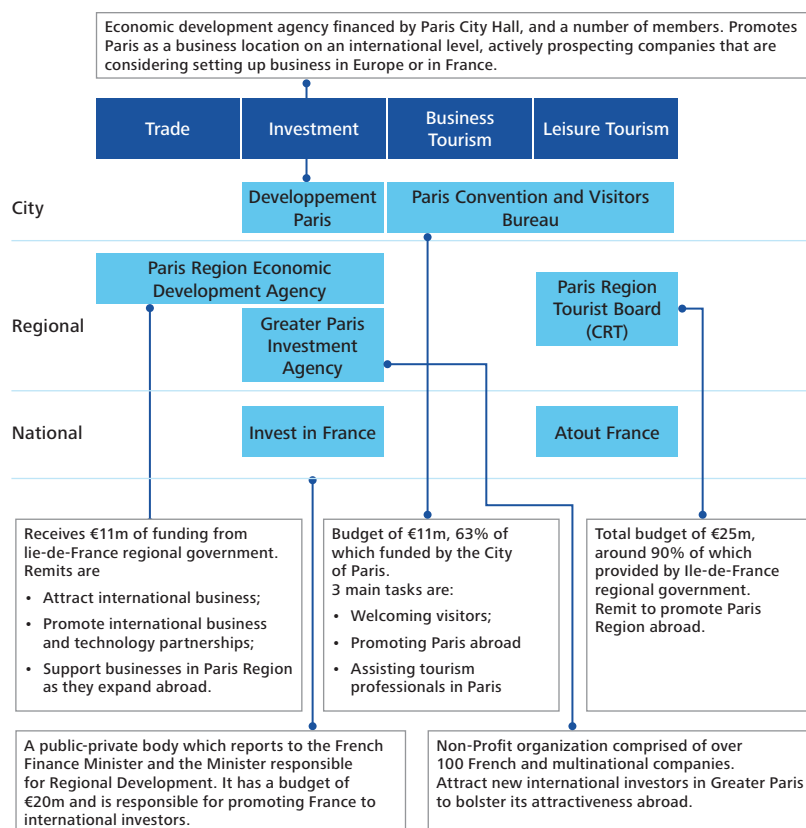
London & Partners works closely with partners in the private sector, universities and other institutions in order to deliver many of their activities in a cost-effective way. For example, by working with private sector partners to implement investments, London & Partners is able to adopt a lighter touch and devote more resources to securing FDI. These partners and other ambassadors for the city also help London secure business tourism events.

Evaluation

As discussed in section 3, London & Partners takes a more sophisticated approach to evaluation than many other agencies, focussing on their own additional contribution to metrics such as GVA, jobs created and jobs supported.

Compared to some agencies, London & Partners is less able to offer discounts or subventions for large events.

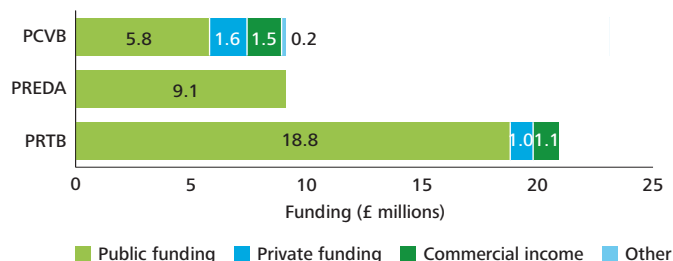
Figure 11. Structure of the promotional system in Paris



Source: Deloitte analysis

Income

Figure 12. Levels and sources of funding in the Paris promotional system



Source: Deloitte analysis based on agency accounts

16 Institut national de la statistique et des études économiques
 17 Ibid.
 18 http://www.paris-region.com/sites/default/files/an_agency_dedicated_to_your_success.pdf

This is the total income of three of the city and regional promotional agencies. The total incomes of Developpement Paris and GPIA are excluded as they were not found.

5.2 Paris

The promotional system

The city of Paris has a population of approximately 2.2 million.¹⁶ The Ile-de-France administrative region, consisting of Paris and its suburbs, is much larger, with a population of approximately 12 million.¹⁷ A number of agencies undertake promotion for Paris at both the city and regional level, spanning across investment trade and tourism. In addition to the city and regional level promotion, Invest in France and Atout France undertake the promotion of the country as a whole.

Promotional activity

Investment and Trade Promotion

- PREDA offers support at each stage of investment using specialist partners in: Real estate, Recruitment Legal and tax issues, Commercial technological and financial partnerships, International mobility; Environmental management; and Communication.¹⁸
- PREDA has a network of international offices in strategic locations around the world (China, USA, and Israel). Its activities in these areas focus on both promoting the Paris Region to businesses as the gateway to French and European markets and fostering industrial partnerships between the location and the Paris Region.
- PREDA helps Paris-based businesses expand internationally, identifying appropriate support and financing options for each stage of expansion. It also uses its network of offices for this purpose, providing practical guidance and putting businesses in touch with appropriate business partners.
- Developpement Paris works in partnership with Invest in France, PREDA, Paris City Hall and a network of business partners to help foreign businesses set up in Paris. Services include location, recruitment and legal assistance.
- GPIA's main function is to lobby senior government officials in key foreign markets about the investment opportunities in the Greater Paris region. Senior representatives from the agency frequently attend trade visits and summits, often with French government officials.

- GPIA publishes a number of reports, including the Global Cities Investment Monitor in collaboration with KPMG, designed to provide international decision-makers with the arguments on which to base their future investments. It also worked with the French Institute of Directors to prepare a Corporate Governance guidebook for the international business community, describing the legal framework and typical practice of corporate governance among listed companies in France.
- GPIA organises road shows to attract industrial investors and entrepreneurs. GPIA has organised road shows in areas such as Istanbul, UAE and Japan.

Tourism

- Both the PRTB and the PCVB do international missions, sometimes in collaboration with Atout France, to educate tour operators about the city and encourage them to promote Paris as a destination. The PRTB has also organised promotional missions to Asia in partnership with leading department stores to exploit the city's popularity as a destination for shopping.
- Within Paris, the PRTB provides training to tourism professionals on how to welcome visitors from different cultures. They also provide hoteliers with information on museums, tours and historical attractions that they can recommend to their visitors.
- The agencies run information points in airports and train stations to welcome visitors, and receive a commission on sales of brochures and tickets through these information points.
- The PCVB promotes events and programs such as the Nuit Blanche and the Vélib' program to visitors, although these schemes were initiated by the Mayor's office. The PCVB also played a role in lobbying to ease visa requirements for visitors from China.
- Responsibility for MICE promotion lies with the PCVB, who help develop proposals to attract events to the city and will also lobby the government to provide incentives for attendance (for example welcome events). However both agencies work with Ville Paris, which owns the conference and exhibition centres in the city, in order to welcome delegates. They will also assist in providing transportation.

Highlights

PREDAs concierge service offers a wide range of benefits. It has also developed relationships with businesses and organisations in key markets to help Parisian businesses export and to promote the Paris region.

Compared to other tourism promotion agencies, a lot of the marketing efforts of the PRTB and PCVB are focused on businesses rather than consumers. This is based on the rationale that the brand of the city is already well-known, but engaging with tour operators can help convert this brand recognition into visitors. Within Paris, the agencies also work with tourism professionals to improve the visitor experience.

Evaluation

Both Paris Développement¹⁹ and PREDA²⁰ report on the number of businesses they helped to set up in Paris and the number of jobs created from these projects. GPIA appears to perform less analysis. Instead it has looked at how aggregate figures have changed over the 20 years that it has been in operation. For example, it states that the number of foreign Greenfield investors increased from 9 to 180 per year, while the annual creation of direct jobs increased fivefold from 1,700 to 8,200 per year.

Key metrics in the tourism sector include the number of business and leisure visitors and the economic contribution of the tourism industry. In addition, the PRTB surveys 30,000 visitors per year as they leave Paris, in order to obtain more information on the demographic characteristics of visitors and to gauge their opinion of the city and potential areas for improvement.

The brand of the city is already well-known, but engaging with tour operators can help convert this brand recognition into visitors.

¹⁹ http://www.investinparis.com/sites/default/files/publications/paris_developpement_leaflet_uk.pdf

²⁰ Rapport d'activité 2013



5.3 Berlin

The promotional system

Berlin is both the largest city in Germany and a federal state. The key promotional activities in Berlin are performed by Berlin Partner and Visit Berlin. However, a number of other key city institutions play a role in the Berlin promotional system as shareholders in either Berlin Partner or Visit Berlin. These include: the Federal State of Berlin, the Investment Bank of Berlin, the Berlin Brandenburg airport, the Berlin chamber of commerce, and business numerous partners.

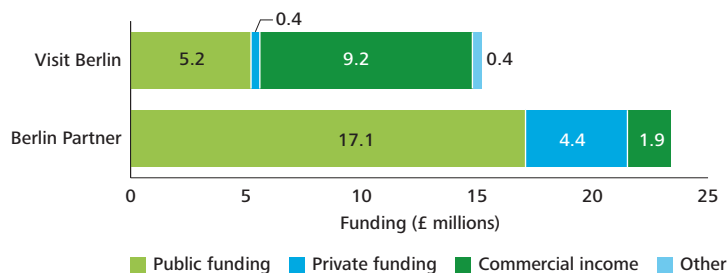
Figure 13. Structure of the Berlin promotional system



Source: Deloitte analysis

Income

Figure 14. Levels and sources of funding in the Berlin promotional system



Source: Deloitte analysis based on agency accounts

Promotional activity

Investment

- Berlin Partner provides a number of "service packages" to businesses looking to invest in Berlin. These packages provide assistance with financing, location recruitment and technology services.
- Berlin Partner uses integrated sector-specific campaigns and targeted marketing activities, to promote Berlin as an attractive location for business, technology and investments. These activities include: sector specific publications, business-to-business advertisements, radio spots, films and interactive online marketing tools. Through the "log in. Berlin" campaign Berlin Partner promotes the city as a place for start-ups, and through the Sports Metropolis campaign it promotes the city as a destination for sports events.
- Berlin Partner operates the Be Berlin campaign, which was initiated by the Berlin Senate in 2008. Targeted at international decision-makers, the campaign aims to brand Berlin as an "exciting business and science location, a future-oriented industry region and a world-renowned creative metropolis". As part of this strategy, Berlin showcases the globally renowned businesses that are based in Berlin in posters, brochures and flyers. Realising the value of businesses assisting with city marketing, the Berlin Senate has pledged to match every euro that business contributes to this campaign.
- The Berlin Business Location Center (BLC) is an Internet business portal and consultation centre that advises investors on how to locate their business in Berlin, and assists Berlin-based companies with their foreign-trade activities. It is a public-private partnership between private companies and the Federal Land of Berlin, via Berlin Partner. The BLC is financed mainly through partnership contributions and donations.

Tourism

- Visit Berlin does a lot of work to enhance the image of the city worldwide, arguing that if the brand of the city is correct, then visitors will follow. This includes taking steps to ensure that initiatives in the city obtain international press coverage, including inviting journalists to the city. The objective of this campaign is to promote the city as a place of freedom, tolerance and creativity
- Visit Berlin does about 330 presentations, press conferences and congresses per year, the majority overseas, in order to increase the visibility of the city as a tourist destination. Large events are often conducted in partnership with other promotional agencies, or with private partners such as Deutsche Bahn.
- The agency also works with the German Tourist Board and Deutsche Bahn to offer discounted train fares to visitors who spend more than three nights in Berlin; as well as encouraging visitors to spend more time in the city this also helps extend the tourism benefits to the wider area.
- Visit Berlin operates the Berlin WelcomeCard in partnership with local businesses. This provides information for visitors and discounts at multiple places in Berlin.
- Like other agencies Visit Berlin works with private sector partners to bring MICE events to the city. If these events are in key sectors that support the positioning of the city they have the ability to allocate more resources to attracting these events, including more one-on-one engagement. For example, attracting a TED event to the city was a priority, along with events in the financial sector and the arts.

Highlights

Berlin Partner's Be Berlin campaign illustrates how the private sector can play an effective role in city marketing.

Visit Berlin puts relatively strong emphasis on the image and positioning of the city, through publicity events and press releases. Their approach to promoting MICE tourism also reflects these aims, with focus placed on obtaining events that enhance the city's image and its strength in key sectors.

The majority of Visit Berlin's budget comes from its own revenues, notably through the WelcomeCard and City TourCard programmes, through the sale of informational material and advertising space therein, and through commission on bookings.

Evaluation

Berlin Partner evaluates their performance according to 20 metrics, 6 of which are prioritised. The most important KPIs for Berlin Partner are the: number of successful/ongoing projects; number of new jobs generated; value of investment; value of third part funding; customer satisfaction; perception of the city. The values of these KPIs are reported by type of project (for example, set-up expansion, relocation) and by sector. While there is extensive reporting of the values of these metrics, the methodologies by which these estimates are calculated are not found.

Along with metrics such as visitor numbers, with a particular focus on international visitors, Visit Berlin also evaluate the success of their promotional activities by monitoring earned media value.

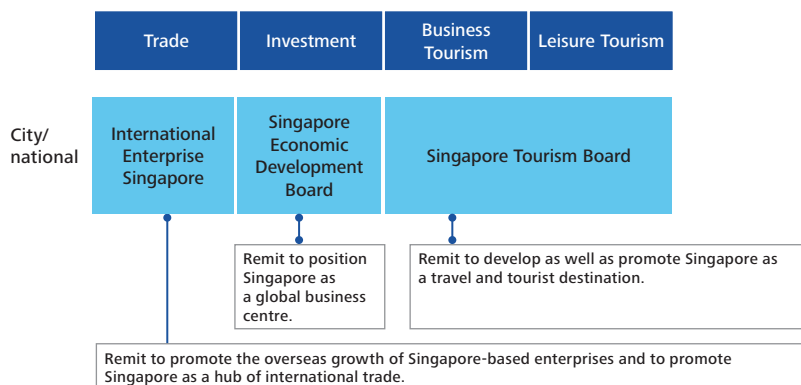
Berlin Partner's Be Berlin campaign illustrates how the private sector can play an effective role in city marketing.

5.4 Singapore

Structure of the promotional system

Singapore is a city state and, as such, all promotion takes place at the city level. The core promotional activity is performed by three agencies: Singapore Economic Development Board (SEDB), Singapore Tourism Board (STB) and International Enterprise Singapore (IE Singapore). The SEDB's remit includes supporting businesses within the city, enhancing the operating environment for businesses and generating economic growth, along with attracting international investment.

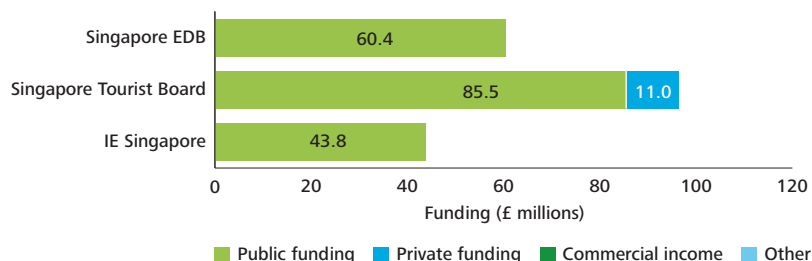
Figure 15. Structure of the Singapore promotional system



Source: Deloitte analysis

Income

Figure 16. Levels and sources of funding in the Singapore promotional system



Source: Deloitte analysis based on agency accounts

The S\$148m operating budget of the Singapore EDB covers both support for businesses within the city and support for international businesses investing in the city. The share of the budget allocated to promotion is estimated based on the fraction of their activity that involves international firms. The agency also manages a development budget of S\$327m, which is excluded from Figure 16.

Promotional activity

Investment and Trade

- SEDB offers a number of incentives for businesses to encourage them to set up in Singapore. These include a reduced corporate tax rate on incremental income from qualifying activities related to: development and expansion, setting up a regional headquarters in Singapore, investment and acquisitions. SEDB also offers grants for businesses developing R&D capabilities in strategic areas of technology or for making productive use of land.
- SEDB provides an extensive concierge service assisting entrepreneurs entering Singapore, registering a business, finding a location and recruiting staff. It has a dedicated programme providing assistance in linking up foreign entrepreneurs and investors with local business networks. As part of this, SEDB:
 - Helps business executives obtain visas for entry into Singapore and helps entrepreneurs bring their close family to live in Singapore for an initial period of up to two years while the entrepreneurs grow the business there.
 - Funds the training of skilled professionals to create a ready pool of skilled labour in response to the recruitment needs of Singaporean business.
- IE Singapore partners with Singaporean companies with the aim of helping them grow them into Globally Competitive Companies. Through this scheme, in FY12/13, IE provided 19 companies with in-depth assistance and 3,314 companies with financial support. The types of assistance provided include tax deductions, partial reimbursement of the costs of attending trade fairs, and partial offsetting of the costs of overseas political risk insurance.

- IE Singapore organises a number of forums with industry leaders and government officials from key international markets in Africa, Asia, Latin America and Russia. These forums provide platforms for businesses to develop business collaborations.

Tourism

- STB manages a £2.4 million Kickstart fund to support the development of innovative events in the city. Winning events include a Spot Art festival to showcase emerging South-east Asian artists and a book fair focussing on art and design literature.
- As well as bringing events to the city, STB works to develop additional opportunities in connection to these events. For example, STB has worked with Formula One to organise events and offers in connection with the Grand Prix.
- In order to encourage a high level of visitor service, STB organises the Singapore Experience Awards to reward businesses that create innovative experiences.
- Singapore places a strong focus on MICE events, and so hosts events such as the Travel Rave conference and the Asia Travel Leaders' Summit in order to promote the city to MICE event organisers and to nurture the MICE industry.
- STB offers incentives to events bringing in a large number of international visitors. This includes direct funding support of up to 30% of qualifying costs. They also work with partners such as Singapore Airlines and Changi Airport to welcome delegates to the city and to promote events through in-flight media.

Highlights

SEDB and IE Singapore are able to use tools for promotion that other cities in the study cannot. For example SEDB can use discretionary tax concessions to incentivise particular businesses to set up in Singapore and to incentivise business behaviours that help contribute to the overall development of the city. It can also assist with visa issues and it has the resources to develop the city's labour skills to match the demand of foreign investors. Similarly, IE Singapore uses tax incentives to encourage Singaporean business to expand overseas and provides funding to incentivise businesses to attend trade fairs and take out political risk insurance.

In addition, it appears the level of resources that Singapore devotes to promotion allows it to perform more effective activity. For example, in interview with IE Singapore, the one-to-one assistance that IE Singapore offers Singaporean businesses was highlighted as a particularly powerful offering.

STB and its partners are also able to offer a wide range of incentives to encourage events, conferences and exhibitions to come to the city; this includes directly covering a share of the costs for events that bring in a large number of overseas visitors.

Evaluation

In its annual report SEDB reports on estimates of the value of: fixed asset investments, total business expenditure in Singapore, the direct contribution to GDP (i.e. excluding multiplier effects) and the amount of skilled employment generated.²¹ While there is significant detail in the figures presented (for example, the values are segmented by sectors and the markets of origin of the investments) the methodology by which the figures are calculated does not appear to be publicly reported. Similarly, IE Singapore report on a number of metrics (Total Merchandise Trade, Export of goods value, Trade to GDP ratio, Offshore trade value, Export of services, Cumulative DIA value), but the methodology by which these figures are not publicly reported.

The key metrics of interest to STB are international visitor arrivals and tourism receipts; they also monitor other indicators such as hotel occupancy rates.

The one-to-one assistance that IE Singapore offers Singaporean businesses was highlighted as a particularly powerful offering.

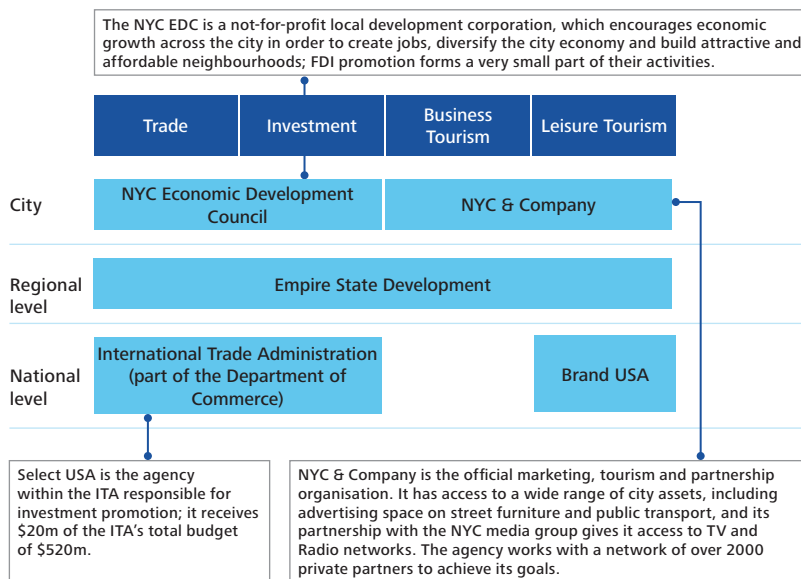
²¹ Skilled labour is defined as occupations in Professional, Manager, Executive, Technician, and Skilled Production craftsman categories.

5.5 New York City

The promotional system

Thanks to its high level of autonomy – the city has direct control over 69% of its budget and revenues – and a strong city brand New York City is able to organise the majority of its promotional activities at the city level. While state-level agencies also have a remit for promoting the city, in practice the city is not reliant on these agencies for support, although the federal government plays a role in promoting and supporting exports.

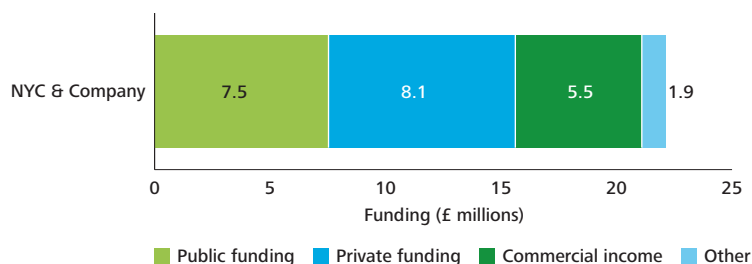
Figure 17. Structure of the New York City promotional system



Source: Deloitte analysis

Income

Figure 18. Levels and sources of funding in the NYC promotional system



Source: Deloitte analysis based on agency accounts

Figure 18 shows only the funding of NYC & Company. The budget of NYCEDC is not shown since it was not possible to ascertain what fraction of the £490m budget is allocated to promotional activities, given the organisation's much wider remit.

Promotional activity

Investment promotion

- NYCEDC administers a number of programmes that provide incentives for companies based on eligibility criteria ranging from the sector of the company to the location that the company sets up. For example, the Business Incentive Rate (BIR) is an energy discount programme co-administered by NYCEDC and Con Edison that gives a discount on electricity charges. BIR benefits approved by NYCEDC are discretionary and are intended to assist projects that would be beneficial to the city.
- NYCEDC operates a number of competitions aimed at promoting various aspects of the NYC business environment. For example, the "NYC Next Idea" is aimed at promoting NYC as a location to launch entrepreneurial ventures, with prizes including cash, free workspace, pro bono legal advice and mentorship from the NYC venture capital and start up community. Similarly the Lower Manhattan Business Expansion Competition is designed to attract high-growth potential companies from a variety of industries to Lower Manhattan to diversify the local economy.
- Through its "World to NYC" programme, NYCEDC hosts delegations of entrepreneurs and executives in a week-long exploratory program that includes networking events, introductory sessions on financing, professional services, and the business ecosystem in NYC. In addition visitors are encouraged to arrange one-on-one meetings with investors, buyers, and potential partners in the city.
- NYCEDC operates a year-long fellowship program which provides executive-level mentoring, exclusive networking opportunities and resources to help entrepreneurs grow their businesses in New York City.

- The “Made in NY” initiative is aimed at supporting businesses in film and television production, the digital and startup industry, and theatrical production. Businesses in these industries that base at least 75% of their development in New York City may be eligible. Those that are eligible benefit from being listed on the website and being allowed to use the Made in NY logo in their work.

Leisure and business tourism promotion

- Name recognition is not an issue for New York City; nonetheless NYC & Company has taken steps to position the city as a more family-friendly destination, and aims to preserve the city’s buzzing reputation through vibrancy programmes such as Broadway Week, Restaurant Week and Comedy Week.
- NYC & Company takes steps to promote less well-known areas and attractions in the city. For example the Neighbourhood x Neighbourhood programme encourages visits to areas of the city less familiar to tourists.
- NYC & Company is also strong in its use of social media, including viral videos and its use of platforms such as Twitter, Pinterest and Instagram; the Tumblr blog “A British Guide to NYC,” for example, provided a more targeted and engaging guide to the city.
- The business-to-business marketing scheme, Make it NYC, provides destination services to meeting organisers through offices worldwide. These offices contact corporate planners about choosing NYC for their events and support local businesses in bidding for and organising events.

Highlights

While NYC & Company receives a lower level of public funding than most of the other tourism promotion agencies studied, the agency has been very successful in leveraging these resources and city assets to generate private sector support and revenues. This is complemented by a targeted and strategic approach to promotional activities – activities are designed to boost tourism demand when and where it is most needed and to create opportunities for private sector engagement and the generation of commercial income.

NYCEDC’s promotional activity is clearly aligned with the city’s development goals and it has used competitions as an innovative way to position the city and to encourage behaviour in line with these goals.

Evaluation

- NYC & Company collects detailed data on the numbers of visitors to the city and their demographic characteristics.
- In addition to this aggregate data, the agency uses digital analytics to track the impact of their website and the success of digital campaigns.
- NYCEDC collects information from business participants in its programmes to estimate the impact of its work on employment and tax revenues. The majority of these impacts are related to non-promotional activities.

NYC & Company is also strong in its use of social media, including viral videos and its use of platforms such as Twitter, Pinterest and Instagram.



5.6 Hong Kong

The promotional system

Hong Kong's status as a special administrative region of China affords it a greater level of autonomy than many other cities. In particular, under the Basic Law, the city takes independent responsibility for the economy, international trade, financial and monetary relations and tourism. This high level of economic autonomy and its low levels of regulation and taxation have made Hong Kong the most successful city in the world at attracting foreign direct investment.

The budget of the Hong Kong Trade Development Council includes the budget for management of assets such as the Conference and Exhibition Centre; this is also the primary source of commercial income.

This high level of autonomy extends to the promotional system, with investment promotion, tourism promotion and export support all taking place at the city level. However the Hong Kong promotional agencies have also partnered with other cities in the Pearl River Delta region, and often promote the city as an entry point to Mainland China. Among the cities studied, the Hong Kong promotional system has the largest total budget, but also a wider scope of responsibility including the operation and management of key assets in the city

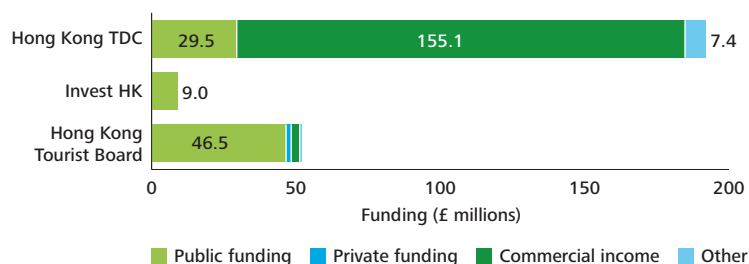
Figure 19. Structure of the Hong Kong promotional system



Source: Deloitte analysis

Income

Figure 20. Levels and sources of funding in the Hong Kong promotional system



Source: Deloitte analysis based on agency accounts

Promotional activity

Investment promotion

- InvestHK has a strong international presence. It has between 2 and 4 staff posted at each of Hong Kong's 15 Economic and Trade Offices and consultants posted in an additional 13 strategic markets where there are no HKETOs.
- InvestHK operates a programme focused on positioning Hong Kong as a place for tech start-ups. The initiative, which has a dedicated website, includes a competition, social media engagement and roadshows to strategic markets: London, San Francisco and Tel Aviv.
- InvestHK offers an extensive concierge service. In addition to the planning and set-up stage, it helps businesses generate publicity, issuing press releases, supporting launch events, preparing client profiles and arranging for members of the InvestHK directorate to speak at opening ceremonies. InvestHK also supports the business as it expands in Hong Kong, providing business network opportunities, advice on government grants and initiatives and providing business matching services.
- HKTDC organises approximately 30 trade fairs each year and holds forums which provide a platform for the business community to share experiences and exchange ideas relating to international trade.

- HKTDC operates a suite of matching services helping global customers identify and screen potential Hong Kong businesses. This suite includes an online market place, a buyer meetings service, a request for quotations service and a customised business matching service.
- HKTDC provides free access to global business contacts, market and trade information for SMEs and free one to one business consultation relating to doing business on the Chinese mainland.

Business and leisure tourism promotion

- One of the Hong Kong Tourist Board's key activities is the creation, development and promotion of mega-events throughout the year. This includes providing some financial support to groups seeking to create new events in the city. These events bring in large numbers of visitors, as well as showcasing particular attractions and areas of the city that may be less widely known. These events can also serve as business platforms for trade partners.
- The HKTB takes measures to engage the community. These include the Hong Kong Pals programme that connects visitors with local guides who can show them a different side of the city, and programmes training young people to be ambassadors for the city.

- Attracting MICE events is another key area of activity for the HKTB through Meetings and Exhibitions Hong Kong. The MEHK provides support and advisory services to organisers and for larger conferences will offer additional incentives such as access to attractions and cultural events.

Highlights

In the area of tourism promotion, the Hong Kong Tourist Board appears to play a relatively active role in developing and improving the city's offering. This includes developing events, engaging the local community and providing accreditation and rewards to businesses that provide outstanding services to visitors.

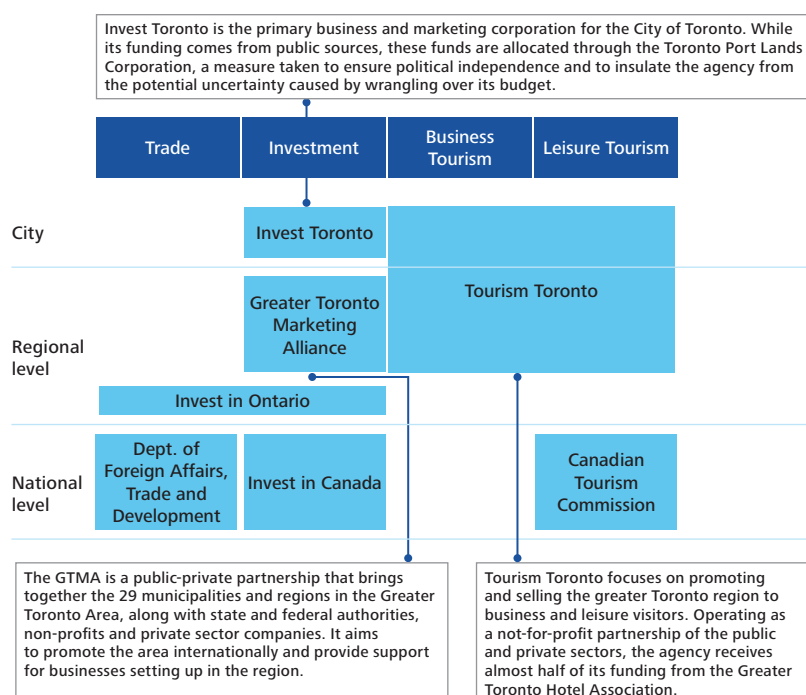
Evaluation

- In addition to looking at key metrics such as visitor numbers and tourist spending, the HKTB also uses surveys to assess visitor satisfaction.
- InvestHK report on the number of new projects generated, the number of projects completed, the value of foreign direct investment inflow and the number of jobs created.
- HKTDC report on the number of buyers and exhibitors to its fairs.

One of the Hong Kong Tourist Board's key activities is the creation, development and promotion of mega-events throughout the year.



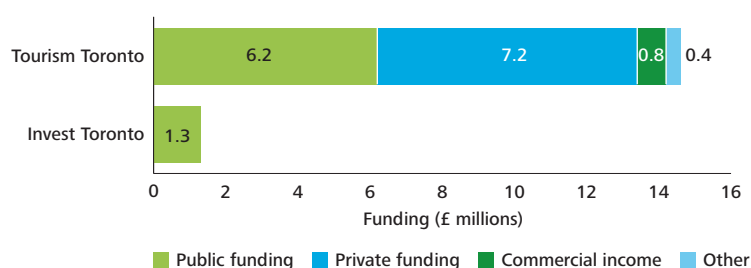
Figure 21. Structure of the Toronto promotional system



Source: Deloitte analysis

Income

Figure 22. Levels and sources of funding in the Toronto promotional system



Source: Deloitte analysis based on agency accounts

5.7 Toronto

The promotional system

Toronto is the most populous city in Canada, and the country's financial capital. Both the State of Ontario and the federal government contribute to the city budget, but the largest share of the budget comes from local property taxes; other taxes such as sales tax and corporate income tax are set at the state and federal level. Responsibility for city promotion is shared across city, regional and national levels and Invest Toronto often work closely with Invest Ontario to promote the merits of the Greater Toronto Area. Tourism Toronto is responsible for promoting the Toronto region, and receives funding from one of Ontario's thirteen regional tourism associations.

Promotional activity

Investment promotion

- Invest Toronto organised a seminar in Tianjin, China, to introduce and promote investment and development opportunities in Toronto. The conference featured the Canadian Embassy, Chinese Representatives of the Province of Ontario, Chinese enterprises that have already invested in Toronto, and leading law firms and accounting firms. A Chinese representative of the Toronto Stock Exchange also attended to explain how to become a listed company there.

- Invest Toronto holds in-market missions, in which senior representatives from the organisation meet with foreign business leaders, government representatives, and interested investors in their home countries.

- Invest Toronto conducts research and uses a number of data tools (such as Dun & Bradstreet) to identify companies and key contacts, and reaches out to engage them and determine their interest. Typical criteria are businesses which are likely to want to expand outside of their home country and which do not have a North American presence. Once the potential lead has been assessed and its suitability approved, a senior representative, such as the CEO, will meet with the key decision maker to present the benefits of the city to the particular business and how Invest Toronto can help them set up in Toronto.

Business and leisure tourism promotion

- Tourism Toronto can act as a group tour planning partner, which includes helping to locate suppliers of products and services, developing itineraries and providing information on events in the city.
- The agency supports the development of events; for example, it helps local sports teams find venues and facilities.
- In the area of MICE tourism, dedicated meeting planners will assist in planning events, encouraging attendance and providing service during the event. Tourism Toronto also works with local businesses to develop discounts and special activities for business visitors.
- While the agency does not appear to play a role in promoting Toronto's educational opportunities internationally, it does provide support for students in the city. This includes passport and visa information, and supporting student activities and performances.

Highlights

Tourism Toronto provides a high level of services to business and leisure tourists, which includes assistance in planning itineraries and MICE events such as conferences/exhibitions.

Using data tools and research. The interview with the CEO and president, Renato Discenza, brought out the importance Invest Toronto places in ensuring senior representatives such as he were able to speak to the key decision makers at businesses.

Evaluation

- Key metrics include visitor numbers and spending; the city also tracks website use and the earned media value of their communications and public relations efforts.
- In the area of MICE tourism, Tourism Toronto considers additional metrics such as total leads and referrals and feedback from clients.
- Invest Toronto reports on the number of projects that are ongoing (at the various stages) and completed.

Invest Toronto takes a pro-active approach to encouraging businesses to set-up regional headquarters in Toronto. Its budget is lower than many investment promotion agencies in this study and its approach is more targeted.

5.8 Greater Washington Area

This study focused on the approach to investment promotion in the Greater Washington Area; leisure and business tourism in this area was not included in the research.

Investment promotion system

The Washington Metropolitan Area covers the District of Columbia and parts of the states of Maryland and Virginia. These states are further subdivided, with the Washington Area containing a total of 22 counties and independent cities. Authority for taxation is divided across these tiers of government: both the federal and state governments set sales, income and corporate tax rates; local taxes such as property taxes are set at the county level.

With local property taxes forming a key part of local government revenues, it becomes important to attract business and investment to their own jurisdiction. Therefore the counties generally have their own local economic development agencies with responsibilities that include investment attraction. At the state level, both Maryland and Virginia also have government agencies with a remit for economic development, including investment attraction.

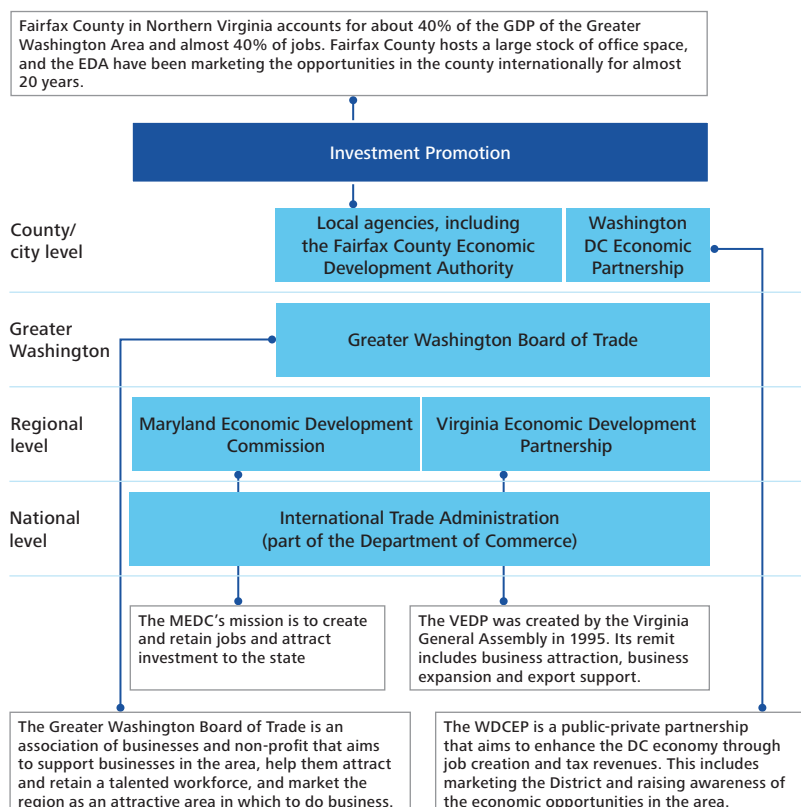
In this setting, the potential for free-rider problems is high and the Greater Washington Area has faced challenges in developing a strong, unified strategy for investment promotion. Organisations such as the Greater Washington Initiative, a public-private partnership to promote the region, failed as counties withdrew their support during the recession. Since then promotional activities have largely been undertaken at the county/city level or have been focused on specific sectors.

Income

Due to the large number of organisations that play a role in investment attraction in the Greater Washington Area it has not been possible to establish the total budget available or its source. Funding for selected agencies is shown below:

- The Fairfax County EDA has a budget of about £4.5m, provided by the county government out of local tax revenues; local real estate taxes account for two-thirds of these revenues.
- The Washington DC Economic Partnership has a budget of about £1.5m, of which about 60% comes in the form of public grants and the remainder is formed of private sector sponsorship or fees/revenues from events.
- The remit of the Board of Trade extends beyond promotion but they envisage a budget of about £0.3m for their planned promotional activities. This funding will come from the Board of Trade's own budget and through additional sponsorship of specific activities.

Figure 23. Structure of the Greater Washington Area promotional system



Source: Deloitte analysis

The Greater Washington Area has faced challenges in developing a strong, unified strategy for investment promotion.

Promotional activity

- The Board of Trade has recently decided to focus its promotional efforts on cybersecurity, an important and rapidly expanding sector in Greater Washington. They have hosted seminars and tours to raise awareness of the existing opportunities, which will be followed up by a larger conference. The Board of Trade also partners with local government and universities to develop the potential of the region, for example by working with experts to develop a cybersecurity curriculum to raise the local workforce's skills in this area.
- The Washington DC Economic Partnership is more focused on marketing the city and raising awareness of the business opportunities in the city. Their activities include obtaining press coverage and attending events such as SXSW to promote the tech sector in the city.
- The Fairfax County EDA has international offices and provides a full range of concierge services to businesses entering the area. These services include site selection and support in relocating employees to the local area.

- Their approach is usually one-on-one and does not usually involve the private sector, although their previous clients may provide testimonials. This is generally due to confidentiality requirements and a dislike of excessive publicity, particularly among companies working with the federal government.
- The Fairfax County EDA also works on the positioning of the area. The proximity of the federal government has been an asset in bringing businesses in areas such as defence to the area, but can also overshadow the wider private sector opportunities, which the Fairfax County EDA aims to highlight.

Evaluation

- The Fairfax County EDA evaluates their impact through the number of jobs created and retained and the amount of capital brought to the region, and these figures have to be confirmed by the companies in question.
- The agency is unusual in that the salaries of those in the agency are explicitly tied to these metrics, through a scorecard system.



6. Key activities of promotional agencies

This section of the report provides an overview of the key activities undertaken in different areas of promotion, and how these activities fit into the promotional strategies of particular cities.

6.1 Investment promotion

Investment promotion can take a number of forms, ranging from media campaigns and publications that highlight the city's business strengths to individually tailored support services helping a business set up in the city. To structure the analysis it is helpful to categorise different investment promotional activities according to the following value chain:

Figure 24. Investment promotion value chain



Source: Deloitte analysis

City marketing

Most agencies studied perform some level of city marketing, which aims to broadly communicate the benefits that the city has to offer potential investors. The focus of such activities is usually on specific sectors or benefits that the city can offer. Across the cities studied there is a widespread use of media channels, including internet, print and film. A recent development was highlighted in interview with InvestHK, which uses social media to communicate its message as part of its Startmeup campaign. The agency explained that this has proved to be a particularly helpful tool in both engaging people and in tracking responses to agency activity.

Another typical activity is for the city to hold trade visits, seminars and road shows to strategic markets. For example:

- Invest Toronto held a conference in Tianjin, bringing together representatives from the Canadian Embassy, Chinese Representatives of the Province of Ontario, Chinese enterprises that have already invested in Toronto, and leading law firms and accounting firms to discuss Toronto's investment environment from the different perspectives of both private companies and the public sector. A Chinese representative of the Toronto Stock Exchange (TMX) also attended to explain how to become a listed company on the TMX.
- The Greater Paris Investment Agency organises road shows to attract industrial investors and entrepreneurs in areas such as Istanbul, UAE and Japan.
- InvestHK has led a delegation from Hong Kong, including university professors, venture capitalists and heads of private companies, to London, San Francisco and Tel Aviv to promote the city as a place for start-ups.

Less common approaches to city marketing include competitions, such as New York City's "NYC Next Idea" and InvestHK's "StartmeupHK Venture Programme", which invite teams from around the world to submit their business ideas for launching and scaling in the city. Such programmes are intended not only attract entrepreneurial talent but also to promote the city as a leader in innovation and entrepreneurship.

Investment attraction

This stage of the value chain focuses on identifying potential investments, assessing their suitability and ensuring the desirable investments set up in the city. There are varying approaches to this stage. For example, Berlin Partner engages its business partners in its strategic clusters to identify foreign businesses that would benefit from having a base in Berlin. These may be either clients of or suppliers to the business partner. One of the key benefits of this approach identified by Berlin Partners is the role it plays in building a credible business case for the city.

Invest Toronto identifies businesses that are likely to want to expand out of their domestic market and which currently have no North American presence using in-house research and Dun and Bradstreet data tools. Once the investment has been assessed, senior representatives from Invest Toronto, such as the CEO, directly engage the key decision maker to explain how the company specifically can benefit from setting up in the city.

To support their investment attraction activities, some agencies maintain a physical point of contact in key strategic markets. This allows them to quickly and directly engage potential investors and to more actively generate leads in key markets. For example, Invest Hong Kong has between 2 and 4 staff posted at each of Hong Kong's 15 Economic and Trade Offices and consultants posted in an additional 13 strategic markets where there are no HKETOs. This compares with London & Partners, which has 12 internationally based FDI staff. Berlin Partner, on the other hand, maintains no permanent staff abroad. In the interview with the agency it was suggested that this was because the additional tasks involved in maintaining offices overseas may distract from their core activities.

Investment implementation

Promotional agencies typically provide support for investors setting up in the city. This support usually involves assistance with: accounting, banking, legal, recruitment, location and technology services. In some cases, it may also involve performing market research for the business, supporting the launch of its products and helping the business to develop and strengthen its networks.

This is an area of the value chain where private partnerships are leveraged the most, as there are incentives for involvement by banks, legal firms and professional services companies, which are likely to directly benefit from the entry of large foreign companies from any sector. For example PwC Singapore has partnered with SEDB to establish an International Business Centre that looks after overseas companies who are looking to do business in the Asia region, while United Overseas Bank and Sumitomo Mitsui Banking Corporation both partner with SEDB to provide a full range of dedicated financial services to foreign companies expanding into Singapore.

Investment development

Promotional agencies seek to help businesses expand and to thrive in the city after the investment has been secured. The aim is to help the business achieve its full potential so as to maximise the economic contribution they make to the city.

The study finds significantly fewer examples of activity at this level than at higher levels of the investment promotion value chain. The exception is Singapore, which stands out as particularly active in this area. For example, a number of SEDB schemes, such as the Innovation Development Scheme and the Research Incentive Scheme, encourage Singapore-registered companies to innovate and set up R&D centres in Singapore.

Other city promotional agencies appear to devote relatively more of their resources to acquiring investments rather than to developing them. However it is unclear whether this is because they do not regard performing investment development activities as a particularly effective use of their resources, or whether they are missing out on an opportunity.

The investment development activity that does take place usually involves helping businesses expand their networks. For example, Développement Paris organises a number of networking events and informs newly set up businesses about events their partners organise. Singapore has a Global Investment Programme, which provides assistance linking up foreign entrepreneurs and investors with local business networks. The aim of this programme is to open up more opportunities for business collaborations.

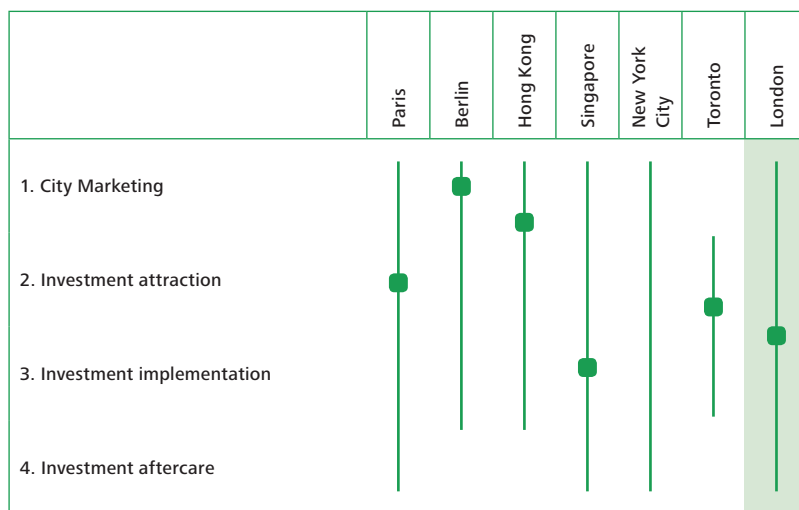
NYCEDC runs a NYC Venture Fellows programme, which is designed to help entrepreneurs with high potential to scale their ventures in New York City. In 2014 there will be up to 30 leaders of growing companies from around the world in the fellowship programme. Each fellow receives executive-level mentoring, exclusive networking opportunities and resources to help them scale their businesses.

Promotional agencies seek to help businesses expand and to thrive in the city after the investment has been secured.

6.1.1 Cross-city differences in the approach to investment promotion

As a result of the differences in what is feasible and what is appropriate for the cities in the study, there is some variety in the relative focus of promotional activity across the investment promotion value chain. Figure 25 illustrates this variety. In this diagram the lines represent the breadth of areas where the cities appear to put relatively more focus, with the thick point representing a centre of focus. As New York City does not adopt a conventional approach to investment promotion, though many of its activities serve promotional purposes, its breadth of activity is represented by a single line across all areas.

Figure 25. How the cities focus their activities across the value chain



Source: Deloitte analysis

As can be seen in this figure, the cities covered in this study generally undertake a broad mix of activities along the investment value chain. However the nature of the activities they perform and the relative focus they place on particular parts of the value chain are influenced by the feasibility constraints they face and by the particular goals they are seeking to achieve.

Agencies with a high degree of autonomy or access to city assets can undertake activities that other cities may not be able to. For example:

- As a city state, Singapore can use promotional tools that other cities do not have access to. For example, the Singapore Economic Development Board uses special tax incentives to encourage international corporations to use Singapore as a base for conducting treasury management activities for related companies in the region.
- While NYCEDC chooses not to use tax incentives to attract investment, it does administer a number of programmes that provide incentives for companies based on eligibility criteria ranging from the sector of the company to the location that the company sets up. For example, the Business Incentive Rate (BIR) is an energy discount programme co-administered by NYCEDC and Con Edison that gives a discount on electricity charges. BIR benefits approved by NYCEDC are discretionary and are intended to assist projects that would be beneficial to the city.
- Berlin Partner's particularly strong private sector engagement allows it to use the city's business community as a key input to its city marketing campaign. The Be Berlin campaign uses a number of globally renowned companies which are based in Berlin to highlight the strengths of the city's strategic clusters. Berlin Partner also involves its business partners in the identification of potential investors.

Given what is feasible, the activities that a given agency chooses to focus on reflects the particular challenges it faces and the strategic goals it seeks to achieve. An example of this is in the positioning strategies agencies adopt. For instance:

- The Be Berlin campaign was launched in response to a 2007 study by the market research company, TNS Infratest, which indicated that businesses in a number of key markets around the world were not aware of the merits of Berlin as a place to be and to do business. The Be Berlin campaign was intended to communicate these merits by highlighting the strengths of particular business clusters.

- Hong Kong has long been a major hub for FDI, especially in financial services. However, it has not traditionally had a strong international reputation for being a centre for start-ups, despite its particularly business-friendly offering. As part of a strategy to influence this perception, InvestHK launched a campaign, called StartmeupHK, intended to strengthen Hong Kong's image as a location for start-ups. StartmeupHK has a dedicated website and a number of initiatives, including a start-up competition, social media engagement and a roadshow to London, San Francisco and Tel Aviv, which are strategic markets in the start-up space.
- Toronto is the fourth largest city in North America and one of the most business friendly locations in the region. However, it is not regarded by international investors in the same way as London, New York City, or the other cities in this study. Toronto's main challenge is therefore to establish itself as part of the elite group of world cities that blue chip companies consider for an overseas base. The interview with the agency revealed that, in contrast to other cities in the study, it takes a cross sector approach to investment acquisition. Through this broader focus the agency aims to attract businesses that intend to base themselves permanently in Toronto and, ideally, set up their regional headquarters there.
- London & Partners has generally focused its promotional activities on investment attraction and implementation, often working closely with UKTI. More recently, the agency has put a greater focus on developing and marketing key industries such as life science and tech, and takes advantage of its broad promotional remit to use major conferences and events in these areas to promote FDI and regeneration opportunities. The agency is also playing a more active role in nurturing these industries by working with private sector partners to provide incubator spaces. The agency places less focus on aftercare; however they do host networking events for firms new to London, and can assist in areas such as export support. London & Partners works quite closely with the private sector in its activities, in particular the implementation of investments certain to come to the city, enabling them to focus more on securing investments.

The table below highlights some key activities from other cities. As discussed, the activities undertaken by different agencies reflect varying approaches to promotion and in general impact assessments are not available in the public domain. This means that care will need to be taken in determining their relevance for London.

Table 1. Key activities in investment and trade promotion

Activity	Description
Co-ordinated and targeted campaigns	InvestHK launched its StartmeupHK Campaign in 2013. Aiming to promote Hong Kong as a start-up destination, and to attract innovative, scalable and high impact ventures to the city, StartmeupHK is a multifaceted campaign, which includes a dedicated website, social media engagement, a competition, roadshows to strategic foreign markets and events to bring overseas and HongKong-based start-up stakeholders together. StartmeupHK is an example of a co-ordinated effort to promote the city in a particularly focused way.
Competitions	Both New York City and Hong Kong hold competitions to promote the city in a particular way. For example, the "NYC Next Idea" is aimed at promoting NYC as a location to launch entrepreneurial ventures, with prizes including cash, free workspace, pro bono legal advice and mentorship from the NYC venture capital and start up community. Competitions can also be used for tourism promotion: the Singapore Tourist Board manages a £2.4 million Kickstart fund to support the development of innovative events in the city.
Using the city's businesses as marketing assets	Berlin Partner has shown how the businesses can be used as part of the city's investment promotion strategy. It engages business partners in strategic clusters to identify foreign businesses that would benefit from having a base in Berlin and it uses their brands to showcase the business merits of the city.
Skill development	Singapore's Strategic Attachment and Training (STRAT) Programme aims to strengthen Singapore's labour skills in strategic areas to help attract the right investments. It does this by funding training programmes and fostering talent development networks. This allows Singapore to position itself to attract strategically important investments. While London lacks the resources that Singapore has to promote, there may be an opportunity to leverage the private sector and to exploit potential synergies from London & Partners' study remit to involve London's universities more in the investment promotion strategy.
Investment and trade promotion synergies	The Paris Region Economic Development Agency (PREDA) uses its resources for both investment promotion and trade promotion. For example, it uses its network of international offices both to promote the region to foreign investors, but also to provide practical guidance and networking for Paris Region businesses wanting to expand to those areas.
Matching businesses with buyers	The Hong Kong Trade and Development Council (HKTDC) operates a suite of matching services helping global customers identify and screen potential Hong Kong businesses. This suite includes an online market place, a buyer meetings service, a request for quotations service and a customised business matching service.

Across the cities studied, trade promotion appears to receive less attention from city level agencies than investment promotion does.

6.2 Trade promotion

Across the cities studied, trade promotion appears to receive less attention from city level agencies than investment promotion does, with the focus at the regional or national level instead. The only cities in the study found to have dedicated trade promotion agencies are Hong Kong and Singapore, where all city promotion takes place at the city level. NYCEDC's economic development remit means that its promotional activity effectively spans across investment and trade, while PREDA, which focuses on the Greater Paris region, also performs trade promotion activity in addition to its investment promotion.

Different trade promotion activities typically fall into one of the following categories:

- City marketing: Communicating the particular trade merits of the city; and
- Export support: Assisting individual businesses expand internationally.

City marketing

A key trade promotion activity is to highlight the varied business activity that takes place in the city to potential buyers, clients and partners around the world. HKTDC has organised a series of campaigns called "Think Asia, think Hong Kong", held in London and the USA and scheduled to be held in Paris and Milan later in 2014. These campaigns promote Hong Kong as the first step for businesses entering the Asian market. HKTDC also organised a campaign in Japan called "Think Global, think Hong Kong", which linked businesses from Hong Kong and Japan and provided information on how Japanese businesses can work with Hong Kong to do business in global markets. Similarly, IE Singapore organises a number of events with strategic growth markets, such as the African-Singapore Business Forum, the Latin Asia Business Forum and the Russia-Singapore Business Forum. At these events government officials and business leaders from the regions network and discuss potential business collaborations.

Trade fairs also help to showcase the business talent in the city and help local businesses to establish themselves internationally. In FY2013 the HKTDC organised 35 trade fairs, welcoming a total of 683,479 buyers and 33,851 exhibitors.²²

These fairs are held at the Hong Kong Convention and Exhibition Centre, which the HKTDC operates. For many companies, trade fairs offer the opportunity to gain visibility for their products in international markets. For this reason IE Singapore pays up to 70% of the costs of attending trade fairs for Singaporean businesses. In 2012 IE Singapore supported 1361 companies in this way.

Export support

Many trade promotion agencies provide training and support for local businesses seeking to expand abroad. For example, IE Singapore's Market Readiness Assistance programme holds advisory seminars, export promotion clinics and relevant workshops. There is also an \$18 million grant that is intended to co-fund 50% of pre-qualified consultancy services for companies looking to restructure and expand their operations overseas. HKTDC has a team of economists producing research reports for businesses and its China Business Advisory Service provides free one to one business consultation service, professional and practical information related to doing business in Chinese Mainland. PREDA advisors work with Paris Region businesses to identify support and financing solutions appropriate to the business' stage of international development and to the nature of the project.

IE Singapore uses financial incentives to encourage Singaporean companies to expand overseas. For example, the "double tax deduction" allows approved companies to deduct against their taxable income, double the qualifying expenses incurred for qualifying activities, while the Political Risk Insurance Scheme covers up to 50% of the premium for a company's political risk insurance policy.

Small businesses which do not have an overseas presence may face challenges marketing their products to international buyers. For this reason, some trade promotion agencies take an active role in helping to match businesses with buyers. For example, HKTDC operates a suite of matching services helping global customers identify and screen potential Hong Kong businesses. This suite includes an online market place, a buyer meetings service, a request for quotations service and a customised business matching service.

Some cities use their network of international offices to help promote the city's trade. For example, PREDA, which performs mainly investment promotion, uses its offices in the US, Tel Aviv and Shanghai to help Paris Region businesses to establish a presence in these markets. It provides local market expertise and links businesses to potential partners.

6.2.1 Cross-city differences in the approach to trade promotion

The approach that cities take to trade promotion varies according to the relative strengths of the agencies that perform the activities. For example:

- IE Singapore uses its relatively high level of autonomy and resource availability to offer tax incentives and subsidies to help businesses expand internationally;
- HKTDCE uses its control of HKCEC to organise a number of large trade fairs;
- PREDA uses its network of international offices to help Paris Region businesses expand in those markets; and
- New York City uses its powerful city brand to assist local businesses through the "Made in NY" logo, which leverages the strong city brand attributes to create a mark of distinction.
- London & Partners is able to integrate some of its investment attraction and export support activities. For example, investment aftercare services include helping businesses develop their export potential, and London & Partners is also able to use its FDI network to help London businesses access export opportunities. Specific events such as overseas trips by the Mayor of London create opportunities to promote London businesses internationally as well as to attract inward investment.

6.3 Leisure tourism promotion

As with investment promotion, tourism promotion can take a number of forms, with different activities being adopted to achieve different goals. To structure the analysis it is helpful to categorise different tourism promotional activities according to the following value chain, with the constituents of the chain explained below:

Figure 26. Value chain for leisure tourism promotion



Source: Deloitte analysis

Within this value chain, promotional agencies will undertake activities that achieve their strategic aims, for example to support particular sectors or particular neighbourhoods or to increase tourist demand during quieter periods of the year. Interviews indicate that agencies' activities also reflect the constraints of their operating model; for example promotional activities may reflect the need to develop private sector partnerships or generate commercial income.

Promoting a sense of urgency and encouraging tourists to visit immediately, and often, is a key part of the promotional strategy.

City Marketing

Many agencies operate long-run public relations campaigns focussed on developing a strong and consistent image for the city, rather than promoting specific events or activities. For instance, Visit Berlin arranges 330 events per year in order to secure press coverage and raise awareness of the city as a tourist destination. The majority overseas of these events take place overseas, and may be conducted in partnership with Berlin Partner and the German Tourist Board. Campaigns such as this often include business-to-business promotion, with agencies directly engaging with tour operators worldwide to encourage them to promote the city as a destination and to ensure that they are well-informed about the city. These activities can create opportunities for private sector involvement by focusing on specific sectors: the Paris Region Tourist Board partners with major department stores in order to emphasise the shopping opportunities to Asian markets.

In addition to marketing the city, agencies can take active steps to manage the image of the city. While name recognition is not an issue for New York City, NYC & Company has nonetheless taken steps to position the city as a more family-friendly destination, and aims to preserve the city's buzzing reputation through vibrancy programmes such as Broadway Week, Restaurant Week and Comedy Week held during quieter periods of the year. These events also contribute to the NYC & Company operating model, which involves a high degree of private sector involvement.

Visitor attraction

Interviews indicate that promoting a sense of urgency and encouraging tourists to visit immediately, and often, is a key part of the promotional strategy for many agencies. Marketing often focusses on specific events, for example local festivals or cultural or sporting events, although the agencies studied vary in the extent to which they are responsible for creating and developing events. For instance, in order to develop its offering, the Singapore Tourist Board launched a £2.4 million Kickstart fund to support the development of innovative events in the city. Winning events include a Spot Art festival to showcase emerging South-east Asian artists and a book fair focusing on art and design literature.

Events can also create new opportunities to develop partnerships to promote the city. Between 2012 and 2013 NYC & Company's commercial revenues increased by 15%, \$3.1 million, thanks primarily to their partnership with the National Football League to host Super Bowl XLVIII in the city. This partnership provided additional promotional opportunities for the city, including at NFL games hosted in London.

Partnerships with travel operators are used to promote various cities, particularly during off-seasons. For example, NYC & Company has worked with London & Partners and BA to offer discounted flights between London and NYC, an arrangement that also involved an exchange of media assets, supported by Transport for London. Similar partnerships have been formed between the PCVB, Atout France and Eurostar, and between the German Tourist Board, Visit Berlin and Deutsche Bahn.

Visitor services

The remit of many agencies includes responsibility for running tourist offices and information points, as well as providing information and booking services through their websites. These programmes can form a key source of revenues for the agencies involved: the WelcomeCard has become an important source of income for Visit Berlin, while the Paris Convention and Visitors Bureau attains about €13m in sales through their website and the information points they run in airports and train stations, on which they take a commission. Tourism Toronto also takes a role in planning tours and itineraries for visitors; the fact that their sales offices exclusively promote the products of their partners offers strong incentives for membership. Although London & Partners sells tickets and bookings through its website, it does not run visitor centres in the city and responsibility for information points lies with TfL; doing more work in this space could raise the visibility of the agency and enable them to promote their other activities in the city.

Some cities also run programmes to reward local businesses for outstanding service to tourists. For example the Singapore Experience Awards reward businesses that create innovative experiences, while the Paris Region Tourist Board provides training to tourism industry professionals on how to treat visitors from a variety of cultures. Programmes such as Hong Kong Pals, which connects visitors with locals who can act as guides to the city and less well-known attractions, can strengthen visitors' connections to the city. This in turn increases the likelihood of repeat visits.

Maximising impact

Along with bringing visitors to the city, encouraging tourist spending is a key aim of promotional agencies. This can be achieved through programmes such as the Signature Collection Third Night scheme in New York City, which offers a free third night in participating hotels to visitors during the off-season, thereby encouraging longer stays in the city and an increase in spending at other attractions and venues. In order to encourage visitors to indulge in a more luxurious holiday experience, the Singapore Tourist Board works with MasterCard to offer discounts to cardholders at many top end hotels and restaurants in the city.

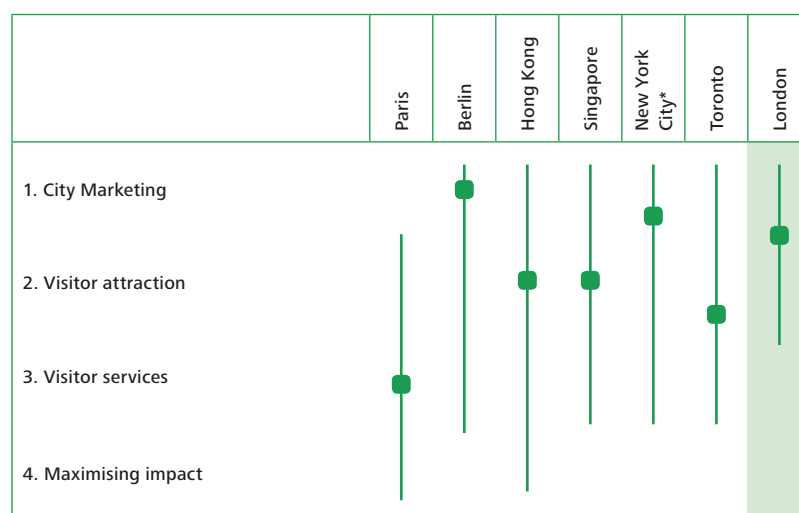
As well as the intrinsic benefits of bringing visitors to the city, large-scale events also create opportunities for generating spending, promoting other aspects of the city, and strengthening private sector partnerships. For example NYC & Company worked with the NFL to turn Broadway into "Super Bowl Boulevard," offering various interactive events for visitors. They also created the 5-Borough Playbook – a guide to the various areas of the city – and promoted Broadway Week (offering 2-for-1 theatre tickets) to those visiting the city for the Super Bowl. Similarly, the Singapore Tourist Board has worked with Formula One to organise events and offers around the Grand Prix.

Lastly, promotional agencies want to encourage repeat visits to the city. This can be achieved through a variety of strategies, including marketing the city as a place that is constantly changing, emphasising the benefits of visiting at different points during the year, and promoting new events and attractions. As noted above, many agencies provide visitor services and reward local businesses that provide exceptional service to visitors in order to ensure that tourists have a positive experience in the city and wish to return. Agencies such as the Paris Region Tourist Board and the Hong Kong Tourist Board survey departing visitors to gauge whether there are steps that can be taken to improve the visitor experience. There are also specific programmes, for example NYC's Neighborhood x Neighborhood scheme, that focus on promoting less well-known areas of the city in order to encourage visitors familiar with the key sights to return and experience a different side to the city.

6.3.1 Cross-city differences in the approach to leisure tourism promotion

Figure 27 shows the scope of different agencies' promotional activities and their key areas of focus.

Figure 27. Areas of focus in investment promotion value chain



Source: Deloitte analysis

Differences in the emphasis placed across the promotional chain may arise because some activities are not feasible in certain cities, or because there are differences in what is appropriate to fulfil key goals. Some examples of how agencies use their activities to further their broader strategies are included below.

- Visit Berlin does a lot of work to enhance the image of the city worldwide, and during an interview expressed the view that if the brand of the city is correct, then visitors will follow. This includes taking steps to ensure that initiatives in the city obtain international press coverage by inviting journalists to the city and by organising a large number of international missions. The objective of this campaign is to promote the city as a place of freedom, tolerance and creativity. This is reflected in the promotion of the cultural scene, including highlighting emerging artists in the city, and in the efforts taken to bring events such as TED²³ meetings to the city.
- Compared to other tourism promotion agencies, a lot of the marketing efforts of the Paris Region Tourist Board and the Paris Convention and Visitors Bureau are focused on businesses rather than consumers. This is based on the rationale that the brand of the city is already well-known, but engaging with tour operators can help convert this brand recognition into visitors. Within Paris, the agencies also work with tourism professionals to improve the visitor experience.

London & Partners is less focused on trying to create a “brand” for the city, preferring to build the city’s reputation in key sectors.

- Confident that the city is well-known worldwide, NYC & Company use a targeted approach in order to maximise the impact of their limited budget. While NYC & Company receives a lower level of public funding than most of the other tourism promotion agencies studied, the agency has been very successful in leveraging these resources and city assets to generate private sector support and revenues. This is complemented by a strategic approach to promotional activities and the development of events – initiatives are designed to boost tourism demand when and where it is most needed and to create opportunities for private sector engagement and the generation of commercial income.
- The Hong Kong Tourist Board appears to play a relatively active role in developing and improving the city’s offering. This includes creating and promoting a year-round programme of mega-events and engaging the local community through the Hong Kong Pals initiative and through programmes training young people to be ambassadors for the city. They also aim to ensure high-quality services for visitors by providing accreditation and rewards to businesses that provide outstanding service.
- Much of London & Partners’ focus lies in visitor attraction and in providing information to visitors, often through the Visit London website. In contrast to some cities, London & Partners is less focused on trying to create a “brand” for the city, preferring to highlight the range of attractions on offer and marketing the diversity of the city through projects such as the London Story. In addition, the agency promotes a wide range of events in the city. Some of these are events that the agency has helped to create, such as RideLondon, but London & Partners also works to expand existing events and broaden their international appeal, as well as working with organisations such as the NFL to bring matches to London and use these as a starting point for creating additional events.

²³ TED (Technology, Entertainment and Design) is a non-profit dedicated to spreading ideas, primarily through their flagship TED Conference, held annually in North America. However they also host international events, including the TEDSalon to be held in Berlin in 2014, which will focus on politics, science and technological innovation.

Table 2. Key activities in tourism promotion

Activity	Description
Using events and initiatives to address city's challenges	Activities such as Restaurant Week and Neighborhood x Neighborhood have been effective in addressing low tourist demand in certain areas and periods of the year. While interviews indicate that London generally enjoys a high level of tourist demand, a similar approach has proved successful in the past (for example, promoting the West End before and during the Olympic Games).
Co-ordinating travel and attraction	The Paris Convention and Visitors Bureau (PCVB) partners with Eurostar to promote museums in the city by offering two-for-one entry to certain attractions for Eurostar travellers. This serves as a marketing tool for both Eurostar and the City of Paris, and can be used to bolster demand and spending in the city, especially at less well-known sites.
Co-ordinating city and national tourism	Visit Berlin partnered with Deutsche Bahn to promote the city internationally and to offer discounted rail tickets to visitors spending three or more nights in Berlin. This promotes longer visits to the city, and is supported by the German Tourist Board since it encourages visits to other areas of the country.
Providing visitor services	London & Partners is unusual among the tourism agencies interviewed in that it is not responsible for managing visitor centres or information points. Although the profitability of such activities is debatable, interviews with other agencies suggest that they help raise the profile of the agency and can in turn create website sales.

6.4 Business tourism promotion

In each of the cities studied, the main business tourism promotion function is fulfilled by the relevant tourism promotion agency.²⁴ Interviews with agencies suggest that the key features of a city that attract leisure tourists also appeal to business tourists. There is therefore some overlap between leisure tourism and business tourism promotion, with activities that communicate the city's visitor attractions contributing to both.

In addition to the leisure tourism activity discussed previously, the activities that support business tourism promotion can be broadly categorised into:

- Attracting MICE events; and
- Supporting MICE events.

Attracting MICE events

While branding and marketing campaigns can put a city on a shortlist as a venue for MICE events, most agencies also have offices dedicated to securing these events. The cities studied all took active measures to attract events, including working with private sector partners to develop proposals and conducting business-to-business marketing to promote the advantages of hosting events in the city to tour operators and convention organisers.

Where attracting a particular event can help the city accomplish its wider goals, promotional agencies would often use one-on-one engagement to maximise their chance of winning an event – for instance Visit Berlin took additional steps to bring TED events to the city in order to support their branding as a city of creativity and innovation.

Supporting MICE events

As part of their promotion of business tourism, cities may take additional measures to facilitate these events, including assisting with the logistics of arranging venues, advertising the event and providing additional transport connections. For example with Parisian promotional agencies will work with Ville Paris, which owns key conference and exhibition venues in the city, in order to develop the events and provide assistance to attendees.

²⁴ In Paris, the Paris Region Tourist Board does not have a remit for business tourism, but the city level agency, the Paris Convention and Visitors Bureau, does.

Compared to agencies such as those in Hong Kong and Singapore, London & Partners is less able to offer direct incentives and subventions to bring business tourists to the city.

6.4.1 Cross-city differences in the approach to business tourism promotion

Access to city conferencing assets and scale of funding are the main limiting factors to the type of business tourism promotion that a city can undertake.

In addition to this, there appear to be differences in the role of MICE in city's promotional strategies. For example:

- The Hong Kong Trade Development Council is well-resourced, and is able to leverage its funding and assets to attract MICE events, with a particular focus on events and activities that achieve the wider aims of the city. In particular, the HKTDC owns and operates the Hong Kong Exhibition and Convention centre, enabling it to create special offers and packages to attract key events. In considering potential events at the venue, the TDC takes into account how the event will contribute to the image of the city. It also uses the venue to host trade fairs in order to promote businesses in Hong Kong internationally.
- Singapore places a strong focus on building a reputation as a destination for MICE events, and so hosts events such as the Travel Rave conference and the Asia Travel Leaders Summit in order to promote the city to MICE event organisers and to nurture the MICE industry. They also run a Conference Ambassador Programme that brings together experts recognised for their achievements in promoting the city in order for them to share their insights and provide support in attracting meetings.

With a large budget and the ability to leverage many of the city's assets, the Singapore Tourist Board is able to offer direct incentives in order to attract events to the city, especially those bringing in a large number of international visitors. For conferences, this includes direct funding support of up to 50% of qualifying costs and the subsidisation of flights and hotels. It also works with partners such as Singapore Airlines and Changi Airport to welcome delegates to the city and to promote events through in-flight media. For incentive programmes, the STB may offer complimentary experiences at leading attractions in the city.

- Relative to the other tourism agencies in this study, Tourism Toronto's strategy and annual report gives greater emphasis to attracting meetings, conferences and incentive travel. While the agency has fewer resources directly at its disposal than in Singapore or Hong Kong, it provides a wide range of services to event organisers. This includes providing a range of marketing tools including newsletters, banner advertising, and Tourism Toronto branded websites with information about travel and hotels specific to the conference.

Through its Ambassador Program it coordinates the activities of private sector partners seeking to bring conferences to the city. This includes supporting them in developing bids and raising their profile, and may include some financial support. They also work with their partners to provide additional offers and savings and to arrange entertainment packages or visits to attractions in the city.

- While a high level of demand for hotel space makes negotiating discounts more challenging. They therefore often work closely with partners in the private sector or universities who can act as ambassadors for the city and help events secure a high number of attendees. The agency is also able to offer some more innovative benefits to event organisers, such as running a public art campaign to promote healthy living during a major medical conference.

7. Implications for London

7.1 Key findings from the study

A comparison across cities suggests that the organisational structure of the promotional system and the extent to which the city has responsibility for its own promotion have ramifications for the types of promotional activity that can be undertaken. In cities such as Singapore, Hong Kong, and New York City where promotion is largely organised at the city level, agencies have greater resources, more control of city assets and broader influence. In contrast, where multiple agencies with narrower remits contribute to city promotion, these agencies may lack the individual capability to carry out certain activities, therefore requiring a greater level of coordination between city and/or national agencies. Interviews with agencies in Paris and the Greater Washington Area indicate that this can prove challenging.

Along with these differences in remit come differences in access to resources. This includes both public funding and access to key city assets such as advertising space and venues, with implications for the feasibility of certain promotional activities. For instance the Singapore Tourist Board is able to offer direct financial incentives to bring events and conferences to the city and the Hong Kong Trade and Development Council is able to use the city Conference and Exhibition Centre to host events promoting the image of the city and local businesses; these options are not available to certain other cities, including London. The level of control over city assets also affects the ability of the agency to leverage private sector support and generate commercial revenues in order to supplement their public funding.

These findings suggest that, compared to other cities in the study, London's promotional system faces challenges in some areas. A broad promotional remit and a high level of internal integration enables London & Partners to exploit complementarities across different areas of promotion effectively. However London & Partners' mandate is more limited in other respects: the agency does not have remit for developing the infrastructure or real estate of the city and the responsibility for developing new events in London is shared with the GLA. This implies that organising promotional activities requires additional coordination, with members of the GLA family as well as with national agencies, which may constrain the ability of agencies to respond quickly and flexibly to changes in London's needs.

In addition to these constraints, London & Partners also receives less public funding than many other city promotional systems. This relative shortage of funding is compounded by a lack of access to city assets: for example London & Partners does not have access to media and the free advertising opportunities these create. This comparative lack of resources not only impacts directly on activities, but may make it more difficult to generate income from other sources. While London & Partners has been successful in leveraging the assets available to it to build private partnerships it does not have the advantages of the greater control of city assets enjoyed by Berlin and New York. With more benefits to offer their potential partners, agencies such as Visit Berlin and NYC & Company have been able to build large networks of private partners that contribute to their funding as well as supporting key activities, for example investment lead and the development of promotional events.

In cities such as Singapore, Hong Kong, and New York City where promotion is largely organised at the city level, agencies have greater resources, more control of city assets and broader influence.



7.2 Overview of London's performance relative to other cities in the study

Despite the inherent difficulties in drawing comparisons between the performances of the cities in the study, the study has highlighted some broad messages about how London's promotional system compares to the promotional systems in other cities. Table 3 provides an overview of London's relative performance.

Table 3. London's performance relative to the other major cities in the study

Performance area	Performance evaluation
Activities	
Investment promotion	London is particularly active in investment implementation, partnering with businesses to provide legal and financial services and temporary office space. However, most other cities also provide similar services. Compared to other cities, London appears to focus less on investment acquisition than other cities but the extent to which this impacts London's ability to compete for FDI is not clear.
Tourism promotion	Accounting for the differences in the challenges facing the different cities, London's activity in tourism promotion appears to be broadly on par with the other cities in the study. However, London is peculiar in that it does not manage visitor centres or information points. This differs from most other cities, such as Paris and Hong Kong, which are very active in this area. Similarly, in the area of business tourism, although London & Partners works with organisers to promote the city as a venue for conferences, trade shows and exhibitions to the city, it does not offer discounts or subventions for large events, as other cities do.
General	
Raising commercial income	Unlike some cities in the study, London & Partners supplements its funding with commercial income from a variety of sources. However, the scale of income generation, particularly through its membership programme, is significantly smaller than New York City and Berlin.
Performance evaluation	London has a sophisticated and transparent approach to evaluating the incremental impact of its activities on employment and GVA. In this area it is the best performing city in the study.

7.3 Recommendations for London

This study has identified a number of factors that appear to be constraining London's capacity to promote itself effectively. The study has also identified practices that other cities have adopted which may provide insights into how these issues could be addressed. While care needs to be taken in directly applying the approaches of other cities to London, the findings from other cities point to three key areas that London should consider to enhance its approach to city promotion.

Addressing the coordinational challenges within the London promotional system

Key to the effectiveness of city promotion is the extent to which the city can coordinate its efforts and resources in a cohesive and flexible manner. However, compared to other cities in the study, it appears that London's approach to city promotion is relatively uncoordinated.

There are broadly three main ways in which the other cities ensure a more co-ordinated approach to promotion:

- Clearly delineating the roles of the agencies and aligning incentives across the system. In Berlin, for example, this is achieved through a network of contracts and by making key city agencies stakeholders within the promotional system.
- Finding effective mechanisms by which city assets can be used to contribute to the city's promotional efforts. Again, Berlin's model of city-wide co-ordination may provide insights into potential solutions for London. In New York City, when Cemusa was awarded the contract to install, maintain and sell advertising on the city's street furniture, the contract stipulated that Cemusa would give the city access to some of its advertising space. The city allocated this space to NYC & Company for promotional materials.
- Broadening the remit of the promotional agency so that the incentives are naturally aligned without the need for formal contracts. For example, in New York City and Singapore the responsibility for promotion is with the economic development agency.

Meeting the funding needs of London's promotional system

A major constraint on the ability of London to promote itself is its current funding arrangements. London & Partners receives significantly less public funding for promotional activities than the other city agencies in the study and this inevitably limits the extent to which London can develop and expand its promotional activity. London & Partners is also heavily reliant on grant funding.

While steps can be taken to increase its commercial income (see below), there is also a case for re-evaluating the public funding arrangements in the city. Approaches taken by other cities include:

- Setting a larger grant for city promotion (e.g. Singapore, Hong Kong and others);
- Providing ring-fenced funding from activities related to promotion, such as hotel occupancy taxes (e.g. New York and Paris); and
- Matching funds for private contributions (e.g. Berlin)

Leveraging London's business community to support city promotion

Given the obstacles London currently faces in the co-ordination of its promotional system and the public funding it receives for promotional activity, it is particularly important that London effectively engages its business community to support the city's promotional programme. While London has taken steps to do this – London & Partners sources a significant proportion of its overall income from commercial sources – there is more that can be done, both in raising income and in directly involving partners in the delivery of promotional activity. Key to this is offering business partners with a clear incentive to get involved. The way this has been done in other cities includes:

- Offering a wide range of membership benefits and different levels of involvement. This ensures that all businesses that want to be involved can be. For example, Berlin Partner offers 5 different levels of membership, with fees ranging from €10,225 to €150,000, and broad benefits commensurate with the membership level.
- Taking advantage of the alignment of business interests with the aims of city promotion. For example, the Be Berlin campaign uses Berlin's businesses to credibly communicate the city's marketing messages, while the businesses also benefit from being involved. In tourism, NYC & Company partners with airlines in strategic markets (such as the UK and the Netherlands) to encourage international visitors to visit New York City.

- Having dedicated account managers for key groups of businesses. For example, Berlin Partner has account managers for each of its strategic clusters. This compares with London & Partners, which has only two.
- Securing sponsorship for individual programmes. For example, a number of NYC & Company programmes are sponsored by companies that find it beneficial to be associated with well-known events and activities (e.g. Santander sponsoring the Neighbourhood x Neighbourhood programme).
- Working with business organisations interested in performing promotional activity. For example, in Paris, the GPIA works alongside public agencies to promote the city and to influence its economic development agenda

While there are lessons that London can learn in each of these areas, it should be recognised that London's ability to adopt best practices is constrained by the co-ordination and funding challenges it faces. Hence addressing the issues of co-ordination and funding is even more important.

Addressing the challenges identified in this report will require a co-ordinated effort from the parties involved in London's broad promotional system. This includes public bodies at both the city level and the national level and London's business community. As such the first step should be to achieve buy-in from the key stakeholders. Key to this is raising their awareness about both the challenges that London's promotional system faces and the potential benefits that could be realised by addressing them. This report can be a starting point for this process, but it will be important to get the input of the broader stakeholder network in order to reach a consensus on possible solutions.

In addition to the challenges that London faces, this report highlights a number of innovative approaches to city promotion. However, a key insight from this study is that the benefits of given activities undertaken by different cities cannot be estimated based on the impacts reported by the various agencies. Moreover, given London's specific needs and the idiosyncrasies of its promotional system, some of these activities may neither be feasible nor directly relevant. This implies that further assessment may be required to evaluate the extent to which lessons from other cities can be applied to London.

It is particularly important that London effectively engages its business community to support the city's promotional programme.

Appendix A. The agencies interviewed in the study

Table 4. Agencies interviewed during this study

Paris	Berlin	Hong Kong	Singapore	New York City	Toronto	GWA (investment promotion)
Paris Convention and Visitors Bureau	Berlin Partner Visit Berlin	Invest HK	International Enterprise Singapore	NYC & Company NYCEDC	Invest Toronto Toronto Financial Services Alliance	Washington Board of Trade Washington DC Economic Development Partnership Fairfax County Economic Development Authority

Appendix B. Approaches to evaluation

Incentives to evaluate

Accurate performance assessments can help agencies understand where their activities are being effective and guide them as to whether they should change their approach. This can lead to a more efficient allocation of resources. In addition to supporting the agency with its internal management, accurate performance assessments can be a useful resource for city authorities, which have to decide how to allocate public funds across a range of activities. If the authorities put weight on such estimates to make resource allocations, then accurately demonstrating the economic contribution of their activity can be an important step to ensure a continued level of funding.

However, interviews suggest that for some agencies in the study there is relatively little pressure to perform sophisticated analysis of performance. In interview with the Paris Region Tourist Board, it was clear that the agency recognised there would be value in an accurate estimate of the marginal impact of their work but that there is little incentive to produce one. Jerry Gordon, CEO and president of the Fairfax County Economic Development Authority (the Greater Washington Area), explained that the relatively sophisticated approach to evaluation adopted by his organisation reflected an internal view on the importance of evaluation rather than because of external pressure.

The organisational structure of the promotional system may influence how much political pressure there is on agencies to demonstrate the contribution of promotional activity. For example, then the city's promotional activity is performed by agencies which have a wider remit than just promotion, as in New York City, the focus of evaluation is on the broader activities of the agency. In these cases the public reporting of the impact of promotion is not isolated from the impact of the other activities and hence may not be subject to scrutiny in the way it may be elsewhere. In interview with Invest Toronto, it was explained that Invest Toronto's position as a recipient of funding from the Toronto Port Lands Company rather than directly from the City of Toronto was a strategic decision by the former Mayor, intended to safeguard the new promotion agency from political interference.

Other institutional features of the promotional systems may also be relevant. For example, tourism is regarded as a relatively important industry in France and a number of laws have been introduced that to support its development, with powers given to the regional level.²⁵

Approach to evaluation

There are differences in the way promotional agencies report on their performance. Some agencies simply report the absolute values of the performance metrics they are seeking to influence. For example, tourism promotion agencies may seek to influence the number of visitors that visit the city and as such they report the total number of visitors in a given year. Often year on year changes are reported. However, the extent to which these levels and changes are affected by the promotional activity of the tourism agency is often unclear.

For investment promotion, there may be a closer link between the reported metric and the activity of the promotional agency, as agencies typically report only on projects with which they have been involved. Interviews revealed that a number of agencies (Hong Kong, Berlin, Fairfax County) only count a project win when the client has completed a questionnaire with the estimates of jobs created by these projects based on the answers provided. However, the extent to which the agencies studied address the issue of additionality remains unclear.

In London there is an emphasis on estimating the additionality of the activities performed by London & Partners and a rich body of information is gathered for this purpose this using forms and telephone surveys. The estimates are also discounted to account for the possibility of optimism bias in the survey responses and displacement in the generation of employment. Although this study has not found evidence that the cities under consideration are accounting for additionality with the level of sophistication that London & Partners does, it cannot be ruled out that the work is being done by some agencies but that it is not being reported. However, what does stand out is the transparency with which London & Partners performs its analysis: London & Partners not only seeks to account for additionality in the estimates of its impact, but also publishes the methodology it uses.

²⁵ For example, as described in the OECD Tourism Trends and Policies 2014, "Law No. 2002-276 of 27 February 2002 on local democracy states that the Regional Council is responsible for collecting, processing and disseminating data on tourism in the region and for co-ordinating, within the region, public and private initiatives in the field of tourism development, promotion and information."

26 In addition to these published metrics, promotional agencies use a variety of internally used metrics. For example, the Paris Region Tourist Board and the Hong Kong Tourist Board ask departing visitors about their experience in the city and their satisfaction with their visit; NYC & Company and Tourism Toronto track usage of their website; Visit Berlin track social media activity around a particular event or attraction and endeavour to track the impact on visitor numbers at particular venues; Visit Berlin and Tourism Toronto track press coverage and the equivalent cost of purchasing the space as advertising.

27 London, New York and Hong Kong also publish estimates of the indirect impact of tourism on GDP.

28 In addition to these published metrics, promotional agencies use a variety of internally used metrics. For example, Berlin Partner conducts surveys internationally to gauge the reputation of the city and the impact of the Be Berlin campaign; StartmeupHK uses social media to generate engagement, and this activity can be tracked by Invest HK.

Measuring the image of Berlin

In 2007 the market research company, TNS Infratest, estimated the image that Berlin has in various markets. The study was followed up in 2010 to assess how perceptions had changed. The approach is summarised below:

- Focus is exclusively on B2B target groups in 12 markets
- Online survey of participants previously recruited from online panel
- Total results weighted according to GDP of respective country and general affinity for Berlin
- Questions on:
 - Associations with Berlin (e.g. fall of the wall)
 - Assessment of city offer (e.g. infrastructure, cost of living etc.)
 - Willingness to live or work in Berlin
 - Whether and how more information should be provided

The markets tested

UK	France
Turkey	Spain
Denmark	Japan
China	India
Brazil	USA
Australia	Russia

The focus of evaluation

The main objectives of promotional agencies are broadly similar across the cities. For tourism promotion, the main metrics of interest are number of (international) visitors, level of visitor spending and the broader economic impact in terms of employment and GVA. For investment promotion, the key metrics that are used to evaluate success are total number of projects completed, value of investment and the employment that these investments bring (typically within one year). Some agencies focus on attracting and developing investment in particular sectors, such as the digital sector, as they generate relatively high value jobs. As discussed above, questionnaires are often used to assess whether investments should be attributed to the work of the promotional agency.

The figure below shows the key metrics in each area and the agencies that use each of these metrics. In addition, interviews with various agencies revealed that many agencies have other indicators that they use to monitor their activities internally, but which are not generally published. This includes metrics such as media impact, digital analytics and the city's reputation that can be used to guide strategy, but the immediate value of which is difficult to quantify.

Figure 28. Metrics used to evaluate city promotion

	LON	PAR	BERL	HK	SIN	NYC	TOR
Tourism promotion ²⁶							
Number of (international) visitors	✓	✓	✓	✓	✓	✓	✓
Total visitor spending	✓	✓	✓	✓	✓	✓	✓
Employment generated	✓	✓	✓	✓		✓	
Direct GVA generated ²⁷	✓	✓	✓	✓		✓	
Investment promotion ²⁸							
Number of ongoing/completed projects	✓	✓	✓	✓			✓
Value of investment			✓	✓	✓		
Employment generated	✓	✓	✓	✓	✓		
Direct GVA generated	✓				✓		

Source: Agency annual reports and interviews with agencies; the list of metrics used internally is based on interviews and agencies other than those named may also use these indicators.

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