The Melbourne as a Global Cultural Destination project focused on Melbourne, and areas within 5 km of the CBD

Across the project timeframe, BCG engaged with ~60 key Art Agencies CEOs/Board members and Thought Leaders across the sector, as well as running a series of idea generation workshops with Creative Victoria

On the basis of project findings, five strategic priorities have been recommended with an initial view of the actions within each priority, particularly with regards to improving the cultural offer

The following was agreed as outside the scope of this piece of work
- Consideration of the regional creative and cultural offer
- Analysis / or advice on initiatives which would be funded or managed by other parts of Government (e.g. affordable housing)
- Detailed assessments of any of the individual investment proposals
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Melbourne has a compelling creative and cultural offer; the city attracted >10m Australian and international visitors in 2015

- Diverse offer: fast-growing NGV, ACMI and Arts Centre; Museum Victoria attracting 3x the audience of the National Museum of Australia; highest concentration of commercial galleries in Australia; country's leading commercial theatre sector; growing Comedy and International Film festivals; blockbuster exhibitions; world's highest concentration of live music venues
- Growing cultural visitors at a faster rate than all Australian capitals except Hobart; half of these visitors come from Victoria and NSW. Creative experiences are one of the main reasons people visit Melbourne; 69% of visitors think the city is "creative”
- Cultural experiences are the second most common reason for visiting (after seeing friends), especially the NGV and Museum
- Creativity and culture are part of a broader offering that includes sport, food and wine, the environment and shopping

Cultural visitors — and creative industries — drive significant economic benefits; cultural tourism projected to grow further

- Creative industries generated 8% of employment in Victoria in 2013. Its GVA share (currently 8%) is growing relative to the rest of the Victorian economy. Creative industries and cultural tourism contributed ~$23b to the State economy in 2015
- Cultural tourism could be ~40% of all tourism by 2025 (32% today); China travellers are the key growth segment
- Cultural visitors stay 25% longer than average in Australia and spend 20% more per trip than visitors on average

However, Melbourne's position as Australia's cultural and creative capital is being challenged

- According to the Global Traveller Survey, domestic visitors think Melbourne is the most creative Asia Pacific city (38%, ahead of 28% for Sydney) but international visitors think Sydney is the most creative city (34% versus 23% for Melbourne)
- Other cities are investing heavily in cultural infrastructure: NSW is planning to spend $600m on projects such as the Walsh Bay Arts Precinct and the redevelopment of the Opera House, and has flagged additional investments in infrastructure such as Sydney Modern, the Powerhouse Museum and Carriageworks. WA has invested $430m in the New Museum for Western Australia; the SA Government is considering a new contemporary cultural institution

On a global index of cultural and creative cities, Melbourne ranks first in Australia, third in Asia and 12th globally

- The index calculates the extent to which a city has the features of a best-in-class cultural and creative city using five metrics
- London, New York and Paris are in the top three positions; other second cities such as Chicago are in the top 10 positions
- Melbourne performs strongly on the quality of its offer, but less well on its social media footprint and city ranking by consumers

1. The Global Traveller Survey was conducted online in October 2016. 2,457 adults from Australia, NZ, China, Hong Kong, Malaysia, Singapore, UK and US who had visited Australia or who were planning to visit were asked about their creative and cultural travel preferences and their experiences in Melbourne and other Australian cities. 2. The five metrics are the share of the city's workforce employed in cultural and creative industries; the average percentage of excellent reviews for the city's 10 most popular creative and cultural attractions on TripAdvisor; the number of times a particular city is listed on expert “Top” lists for cultural and creative experiences and infrastructure; the city's social media "buzz" (measured by the number of Facebook likes, Twitter Followers and Instagram followers the city has, as well as the number of times that the name of the city is hashtagged on Instagram; the city's ranking as a cultural and creative destination on a global survey of travellers
Executive Summary (2/3)

Melbourne has clear strengths to build on as a cultural and creative city

- A strong base of cultural infrastructure, driven by live music venues, and an average number of galleries per capita vs. other cultural and creative cities; however it has relatively fewer museums and theatres. The city has a unique blend of contemporary and historical cultural buildings, such as the State Library, the heritage theatres, Federation Square and ACCA.
- Some parts of Melbourne's cultural offer are strong and attracting growing audiences: NGV visits grew 50%, ACMI visits grew 27% and Arts Centre visits grew 7% from 2010-15; audiences to the East End Theatres are also growing.
- A vibrant small/medium sector; some institutions leading the way on cross-sector collaboration and small/medium support to maintain and encourage creativity in this sector.
- Good governance: Creative State Strategy is supported by sector; relatively strong inter-agency collaboration (e.g. meetings of CEOs, marketing teams, etc). The establishment of Creative Victoria aligns creative industries with economic development.

However, there are some weaknesses to address to further improve Melbourne's cultural and creative offer

- 90% of Arts Agencies and Thought Leaders believe Melbourne's cultural offer is not clearly articulated or cutting through International visitors are 25% more likely to recommend Melbourne as a creative destination after visiting (versus before)
- Several gaps in Melbourne's offer, e.g. museum offer, world class contemporary art gallery, modern museums/galleries of science and design. Some parts of offer are losing audiences.
- It can be difficult for visitors to access the breadth/depth of Melbourne's offer, with no central source of Melbourne information.
- Workshop, studio and exhibition space appears to be declining in the City, and the affordability of remaining space is low, which risks a "hollowing out" of Melbourne's cultural and creative sector, and the "buzz" it generates for locals and visitors.
- Melbourne is seen as lacking the kind of icon associated with major uplifts in visits elsewhere (e.g., MONA increased Hobart visitation ca. 8%); Thought Leaders have mixed views on need for new infrastructure.

These findings suggest five strategic priorities to improve Melbourne's position as a global cultural and creative destination, which may lift Melbourne's position on the Performance Index.

1. Increasing consumer awareness of Melbourne: clear creative city messages, targeting priority segments, growing awareness
2. Protecting existing infrastructure: expanding supply of creative working spaces, addressing critical maintenance backlog
3. Optimising the current offer: building an integrated marketing, sales and reviews platform, enhancing attraction connectivity
4. Expanding the offer: strengthening festivals, events and institutions and investing in new infrastructure
5. Enhancing governance: improving agency collaboration for mutual gain (e.g., digital); improve investment processes

1. Compared to 18 other major cultural and creative capitals, Melbourne ranks fourth highest in per capita assets (museums, galleries, theatres and live music venues)
Objectives of this project

1. Define the characteristics of Melbourne's cultural and creative offer and its national and international brand as a cultural and creative destination
2. Compare this offering with existing and emerging competitors regionally and worldwide
3. Better understand the current cultural tourism market, its changing dynamics and expected evolution over the longer term
4. Develop ambitious, aspirational goals for Melbourne to improve as a cultural and creative destination
5. Develop a framework and index (backed by a clear rationale and methodology) to measure Melbourne’s cultural and creative offering and reputation and track progress against goals
6. Make recommendations on actions to achieve these goals and to provide the strongest value for money outcomes for the State
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Creativity and culture are one part of the offer - focus of this work

Melbourne's offering is broad, covering five sectors.

“Creative industries are an evolving mix of sectors spanning arts, culture, screen, design, publishing and advertising. They cover disciplines as diverse as game development and graphic design, fashion and filmmaking, performing arts and publishing, architecture and advertising, media and music, comedy and craft. They include activities that are commercially-driven and community based, experimental and export-intense”

- Creative State, 2016

Focus of this work
Creative industries increasingly important to the economy
Workers in the cultural and creative economy generate slightly more GVA* than the average Victorian worker

*GVA (gross value add) is the measure of the value of goods and services produced in an industry. It is used as a basic indicator of economic output.

The cultural and creative economy represents ~8% of Victorian employment ...

C/C (cultural and creative) economy employment as % of Victoria’s working population over time

.. and its GVA share is growing relative to the Victorian economy

C/C economy GVA as % of Victoria’s Industry GVA over time

[^CAGR (compound annual growth rate) is a measure of the (compounding) growth in value of an initial investment over time.]

1. Industry GVA excludes GVA due to ownership of dwellings, which was approximately 9% of Victoria’s GVA in 2013
2. National accounts data suggests 2.1% is Victorian growth rate, however data used by analysis indicate 1.8% - sourced from RDV GVA data

Source: BCG analysis; Census data 2011 (ANZSIC and ANZSCO 4-digit codes for Victoria); Labour force statistics 6271.0.55.003 employment by industry group; GVA data sourced by RDV, ABS
Melbourne offers diverse cultural and creative experiences

- **Live music venues**: 549
- **Most visited film centre in the world**: 1st
- **UNESCO World Cities of Literature**: 1/5
- **Festivals featuring live music**: 350
- **Largest games event in Asia-Pacific**: 1st
- **Best fashion school in the world**: 9th
- **30% of the world’s top ten contemporary art exhibitions 2015**: 3rd
- **Largest comedy festival in the world**: 17m
- **Objects in Museum Victoria’s collection**: 1st
- **Largest film festival in Australia**: 19th
- **Most visited art gallery in the world**: 85,000 designers

## Melbourne seen as a cultural and creative city

**Melbourne perceived by Australians as the country’s leading cultural city**

- **57%** think Melbourne is a great cultural city (Sydney 16%)
- **50%** think Melbourne is a great city for theatre (Sydney 31%)
- **36%** think Melbourne is Australia's live music capital (Sydney 25%)
- **32%** think Melbourne has a reputation as the centre for design and innovation (Sydney 26%)

**International travellers also perceive Melbourne as a creative city**

- **74%** agree that there are a lot of creative attractions, events & experiences in Melbourne
- **69%** agree that Melbourne is a creative city
- **62%** think Melbourne is a better creative holiday destination than other cities in ANZ
- **61%** think Melbourne is a better creative holiday destination than other cities in Asia

---

Creative experiences are one of top three reasons people visit
This is true for both international and Australian visitors

Question: Thinking about your last trip to Melbourne, please rank the top 3 reasons why you visited

Creative experiences are the second most common reason for Australian visitors ...

**Domestic:** Primary reason for visiting Melbourne (% of Australian visitors)

- Friends: 31
- Creative: 18
- Sports: 16
- Shopping: 12
- Dining: 11
- Nature: 9
- Nightlife: 2
- Zoos: 1

... whereas internationals selected creative as the third most common reason for visiting

**International:** Primary reason for visiting Melbourne (% of international visitors)

- Friends: 26
- Nature: 22
- Creative: 21
- Shopping: 9
- Sports: 8
- Dining: 8
- Zoos: 4
- Nightlife: 2

Survey question 2.34 Thinking about your last trip to Melbourne, please rank the top 3 reasons why you visited: Visiting friends/family; Creative events, attractions, and experiences; Sports events and/or attractions e.g. Melbourne Cup, Australian Open, Melbourne Cricket Ground; Nature, such as beaches and botanic gardens; Restaurants and cafes; Bars and nightclubs; Opportunities to shop for leisure; Aquariums and zoos
Source: Global Traveller Survey (2016)
Broad range of cultural attractions attended by visitors
Museum 2x as popular with international visitors than with Australians; NGV highly attended by both

Question: Which of the following creative activities did you attend? Response options are listed in the charts below

NGV, laneway graffiti/street art most popular attractions for domestic visitors

Domestic attendance at Melbourne’s creative activities (% of Australian creative visitors to Melbourne)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Domestic Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGV</td>
<td>43%</td>
</tr>
<tr>
<td>Laneway graffiti/street art</td>
<td>28%</td>
</tr>
<tr>
<td>Indep. bookshop</td>
<td>27%</td>
</tr>
<tr>
<td>Public art</td>
<td>25%</td>
</tr>
<tr>
<td>Melbourne Museum</td>
<td>23%</td>
</tr>
<tr>
<td>Festival</td>
<td>21%</td>
</tr>
<tr>
<td>Other theatre</td>
<td>16%</td>
</tr>
<tr>
<td>Indep. gallery</td>
<td>16%</td>
</tr>
<tr>
<td>ACMI</td>
<td>12%</td>
</tr>
<tr>
<td>Other museum</td>
<td>12%</td>
</tr>
<tr>
<td>Other live music</td>
<td>10%</td>
</tr>
<tr>
<td>State Library</td>
<td>9%</td>
</tr>
<tr>
<td>Scienceworks</td>
<td>7%</td>
</tr>
<tr>
<td>MTC</td>
<td>5%</td>
</tr>
<tr>
<td>Circus Oz</td>
<td>5%</td>
</tr>
<tr>
<td>MSO</td>
<td>4%</td>
</tr>
<tr>
<td>Fashion event</td>
<td>4%</td>
</tr>
<tr>
<td>Victorian Opera</td>
<td>4%</td>
</tr>
</tbody>
</table>

Melbourne Museum, NGV and public art most popular for international visitors

International attendance at Melbourne’s creative activities (% of international creative visitors to Melbourne)

<table>
<thead>
<tr>
<th>Activity</th>
<th>International Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne Museum</td>
<td>57%</td>
</tr>
<tr>
<td>NGV</td>
<td>39%</td>
</tr>
<tr>
<td>Public art</td>
<td>37%</td>
</tr>
<tr>
<td>Festival</td>
<td>31%</td>
</tr>
<tr>
<td>Indep. gallery</td>
<td>30%</td>
</tr>
<tr>
<td>Indep. bookshop</td>
<td>28%</td>
</tr>
<tr>
<td>Laneway graffiti</td>
<td>27%</td>
</tr>
<tr>
<td>Victorian Opera</td>
<td>22%</td>
</tr>
<tr>
<td>Scienceworks</td>
<td>21%</td>
</tr>
<tr>
<td>Circus Oz</td>
<td>19%</td>
</tr>
<tr>
<td>MTC</td>
<td>19%</td>
</tr>
<tr>
<td>MSO</td>
<td>18%</td>
</tr>
<tr>
<td>State Library</td>
<td>17%</td>
</tr>
<tr>
<td>ACMI</td>
<td>15%</td>
</tr>
<tr>
<td>Other museum</td>
<td>14%</td>
</tr>
<tr>
<td>Fashion event</td>
<td>14%</td>
</tr>
<tr>
<td>Other live music</td>
<td>12%</td>
</tr>
<tr>
<td>Other theatre</td>
<td>12%</td>
</tr>
</tbody>
</table>

Survey question 2.42: Which of the following did you attend? Response options as per chart above, plus M Pavilion, Other Classical Music, Wheeler Centre, Malthouse Theatre, Other Dance Performance, and Other Creative Activity, which have been excluded from the chart as they were attended by <10% Many travellers attended more than one creative activity

Note: “Creative visitors” are those who reported participating in at least one creative activity on their trip to Melbourne. Many of the travellers who saw MTC, MSO, and/or the Victorian Opera will have done so at Arts Centre Melbourne.

Source: Global Traveller Survey (2016)
Competition for creative and cultural tourism is strong
Governments around the world have been and will continue investing in cultural infrastructure

- **Abu Dhabi: $1.4b**
  - Louvre Abu Dhabi (to open 2017)
- **Brisbane: $290m**
- **Sydney: $0.6-1.9b**
  - Redevelopment of Opera House and surrounds (2016-20)
- **Hong Kong: $3.7b**
  - West Kowloon Cultural District (currently under construction, M+ gallery opened 2016)
- **Singapore: $570m**
  - Esplanade - Theatres on the Bay (2002)
- **Perth: $428m**
  - Redevelopment of museum (to open 2020)
- **Adelaide: $260m**
  - New contemporary art gallery (under discussion)
- **Hobart: >$180m**
  - Museum of New Art (2011)

Sources:
- Abu Dhabi: Faithful+Gould "The Louvre, Abu Dhabi" (quoted cost for construction only)
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Consumers are aware of these experiences

The Performance Index comprises five metrics
Collectively, the metrics measure a city's attractiveness as a global cultural and creative destination

A  Cultural and creative people want to study and work here

B  Cultural and creative sectors are supported

C  City offers quality cultural and creative experiences

D  Consumers are aware of these experiences

E  The broader city environment is attractive

F  The sector is well governed

% Workforce in Cultural and Creative industries

% Excellent reviews on TripAdvisor

# Times listed in expert 'Top' lists

Social media "buzz" score

Cultural Traveller Survey ranking

No metrics have been included for these dimensions because they less directly relate to the city's attractiveness for creative professionals and cultural visitors

Index measures performance against 38 cities globally

1. Cultural Traveller Survey: Over 1000 respondents from ten key future markets (Australia, New Zealand, China, India, Malaysia, Hong Kong, Singapore, U.K., France, United States) were asked to choose their top 10 cultural and creative destinations and subsequently rank them from 1 (most preferred) to 10 (least preferred)
Melbourne currently ranks first in Australia, third in Asia ...

Melbourne ranks first of 4 cities in Australia

Melbourne ranks third of 14 cities in Asia

Sydney, with an overall score of 24, is 3 points behind Melbourne (27)

Tokyo (a key source for new trends in creative industries such as anime and manga, fashion and design) and Mumbai (home of Bollywood) lead in Asia, with a score of 31 and 28, respectively, followed closely by Melbourne with 27

1. Culture and the Future of Tokyo, 2014;
Methodology: The Performance Index scores and ranks 38 cities across 5 KPIs. The "best-in-class" city for each KPI is assigned a maximum score of 20; every other city is subsequently scored relative to this city. City scores for each KPI are then weighted and summed to generate an overall score and rank on the Performance Index.
Source: BCG Analysis
London and Paris rank 1st and 2nd, with high scores of 53 and 46 of 60

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Overall score (/60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>London</td>
<td>53</td>
</tr>
<tr>
<td>2</td>
<td>Paris</td>
<td>46</td>
</tr>
<tr>
<td>3</td>
<td>New York</td>
<td>42</td>
</tr>
<tr>
<td>4</td>
<td>Chicago</td>
<td>32</td>
</tr>
<tr>
<td>5</td>
<td>Tokyo</td>
<td>31</td>
</tr>
<tr>
<td>6</td>
<td>Berlin</td>
<td>30</td>
</tr>
<tr>
<td>7</td>
<td>Mexico City</td>
<td>28</td>
</tr>
<tr>
<td>8</td>
<td>Los Angeles</td>
<td>28</td>
</tr>
<tr>
<td>9</td>
<td>Mumbai</td>
<td>28</td>
</tr>
<tr>
<td>10</td>
<td>Montreal</td>
<td>28</td>
</tr>
<tr>
<td>11</td>
<td>Amsterdam</td>
<td>27</td>
</tr>
<tr>
<td>12</td>
<td>Melbourne</td>
<td>27</td>
</tr>
<tr>
<td>13</td>
<td>Abu Dhabi</td>
<td>26</td>
</tr>
<tr>
<td>14</td>
<td>Madrid</td>
<td>26</td>
</tr>
<tr>
<td>15</td>
<td>Reykjavik</td>
<td>26</td>
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<tr>
<td>16</td>
<td>Sydney</td>
<td>25</td>
</tr>
<tr>
<td>17</td>
<td>San Francisco</td>
<td>24</td>
</tr>
<tr>
<td>18</td>
<td>Suzhou</td>
<td>23</td>
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<tr>
<td>19</td>
<td>Barcelona</td>
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<tr>
<td>20</td>
<td>Toronto</td>
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<tr>
<td>21</td>
<td>Hong Kong</td>
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<tr>
<td>22</td>
<td>Shanghai</td>
<td>20</td>
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<tr>
<td>23</td>
<td>Oslo</td>
<td>20</td>
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<tr>
<td>24</td>
<td>Copenhagen</td>
<td>19</td>
</tr>
<tr>
<td>25</td>
<td>Edinburgh</td>
<td>18</td>
</tr>
<tr>
<td>26</td>
<td>Dubai</td>
<td>18</td>
</tr>
<tr>
<td>27</td>
<td>Austin</td>
<td>16</td>
</tr>
<tr>
<td>28</td>
<td>Singapore</td>
<td>16</td>
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<tr>
<td>29</td>
<td>Rio de Janeiro</td>
<td>16</td>
</tr>
<tr>
<td>30</td>
<td>Cluj</td>
<td>15</td>
</tr>
<tr>
<td>31</td>
<td>Shenzhen</td>
<td>14</td>
</tr>
<tr>
<td>32</td>
<td>Hanoi</td>
<td>14</td>
</tr>
<tr>
<td>33</td>
<td>Glasgow</td>
<td>13</td>
</tr>
<tr>
<td>34</td>
<td>Bangkok</td>
<td>13</td>
</tr>
<tr>
<td>35</td>
<td>Adelaide</td>
<td>13</td>
</tr>
<tr>
<td>36</td>
<td>Dublin</td>
<td>12</td>
</tr>
<tr>
<td>37</td>
<td>Sydney</td>
<td>10</td>
</tr>
<tr>
<td>38</td>
<td>Shenzhen</td>
<td>9</td>
</tr>
</tbody>
</table>

Western Europe and East Coast U.S.A appear to be Cultural and Creative hubs

Methodology: The Performance Index scores and ranks 38 cities across 5 KPIs. The "best-in-class" city for each KPI is assigned a maximum score of 20; every other city is subsequently scored relative to this city. City scores for each KPI are then weighted and summed to generate an overall score and rank on the Performance Index.

Source: BCG Analysis
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Leading cultural and creative cities share six dimensions

A. Cultural and creative people want to study and work here

B. Cultural and creative sectors are active and supported

C. City offers quality cultural and creative experiences

D. Consumers are aware of cultural and creative experiences

E. The broader city environment is attractive

F. The sector is well governed by both government and arts organisations

Source: BCG experts; DEDJTR Project Control Group and Working Group; Arts Agency CEOs and Chairs; Interviews with Thought Leaders October – December 2016
<table>
<thead>
<tr>
<th>London</th>
<th>Creative sector 12% of workforce</th>
<th>Cultural and creative people want to study and work here</th>
<th>London local and central government spent £725m in 2011/12 on arts and culture</th>
<th>857 art galleries</th>
<th>320 live music venues</th>
<th>241 theatres</th>
<th>215 museums</th>
<th>19m international visitors</th>
<th>80% of visitors say ‘culture and heritage’ are the reason for visit</th>
<th>City of London Cultural Strategy 2012-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYC</td>
<td>Creative sector 8% of workforce</td>
<td>Cultural and creative sectors are active and supported</td>
<td>Private contributions to arts US $800m+ in 2012; Public funding of the arts ~ US $320m FY15</td>
<td>613 art galleries</td>
<td>453 live music venues</td>
<td>420 theatres</td>
<td>143 museums</td>
<td>13m international visitors</td>
<td>25m cultural tourists (domestic and international)</td>
<td>Walkable neighbourhoods, bike share and extensive public transport</td>
</tr>
<tr>
<td>Paris</td>
<td>Creative sector 10% of workforce</td>
<td>City offers quality cultural and creative experiences</td>
<td>Local, City and Federal government spend ~€880m in 2014 on arts and culture</td>
<td>180 museums</td>
<td>440 galleries</td>
<td>5m international visitors</td>
<td>Flat and walkable, bicycle friendly supported by U-Bahn subway</td>
<td>Berlin Urban Development Concept 2030</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paris</td>
<td>Creative sector 9% of workforce</td>
<td>Consumers are aware of cultural and creative experiences</td>
<td>France Department of Culture and Communications’ budget ~€3.6B p.a.</td>
<td>1151 art galleries</td>
<td>430 live music venues</td>
<td>353 theatres</td>
<td>313 museums</td>
<td>16m international visitors</td>
<td>Geographically condensed attractions supported by Paris Metro</td>
<td>2010 Creative Paris Project</td>
</tr>
</tbody>
</table>

Melbourne has strengths in offer and governance, underperforms in brand and marketing

A. Cultural and creative people want to study and work here
   - Education
   - Employment opportunities
   - Cost of living

B. Cultural and creative sectors are supported
   - Availability and cost of working spaces
   - Financing for creation of art
   - Networks and orgs to develop talent

C. City offers quality cultural and creative experiences
   - Infrastructure and space
   - Events and programs
   - Cultural, creative and artistic content

D. Consumers are aware of these experiences
   - Branding
   - Marketing
   - Information distribution

E. The broader city environment is attractive
   - Accessibility to other places
   - Intra-city connectivity
   - Enabling technology

F. The sector is well governed
   - Strategic management
   - Regulation
   - Mix of public and private funding
   - Cross-sector collaboration
   - Leadership

1. Includes policy analysis, planning, resource allocation, implementation and monitoring, evaluation and reporting
Source: BCG analysis; DEJTR Project Control Group and Working Group; Arts Agency CEOs and Chairs; Interviews with Thought Leaders October – December 2016
Melbourne has some leading education institutions
Number of art and design tertiary students is relatively high

Melbourne has some of the world's best creative schools
- **RMIT** is ranked 16th in the world for art and design and in the top 10 for fashion
- **Swinburne** is ranked 32nd in the world for art and design
- **VCA** is ranked 37th in the world for art and design
- **Australian Ballet School** is the national centre for elite classical dance training
- **Australian National Academy of Music** is the national training academy for classical musicians

### Student tertiary participation in art and design is relatively strong

<table>
<thead>
<tr>
<th>City</th>
<th># of art and design students per million people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amsterdam</td>
<td>6,757</td>
</tr>
<tr>
<td>Stockholm</td>
<td>5,362</td>
</tr>
<tr>
<td>Bogota</td>
<td>5,336</td>
</tr>
<tr>
<td>London</td>
<td>4,895</td>
</tr>
<tr>
<td>Melbourne</td>
<td>4,013</td>
</tr>
<tr>
<td>Tokyo</td>
<td>3,674</td>
</tr>
<tr>
<td>Sydney</td>
<td>3,658</td>
</tr>
<tr>
<td>Seoul</td>
<td>3,510</td>
</tr>
<tr>
<td>Madrid</td>
<td>3,235</td>
</tr>
<tr>
<td>Paris</td>
<td>2,675</td>
</tr>
<tr>
<td>Toronto</td>
<td>2,623</td>
</tr>
<tr>
<td>Montreal</td>
<td>2,582</td>
</tr>
<tr>
<td>Shanghai</td>
<td>2,515</td>
</tr>
<tr>
<td>Singapore</td>
<td>1,732</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1,338</td>
</tr>
</tbody>
</table>


1, Sydney and Melbourne numbers include students studying art and design at generalist universities only and therefore excludes the number of students of specialist art and design public institutions. Therefore the total number for these cities will be higher.
Fewer VCE students are studying creative subjects
Average decline of 2-3% across disciplines in last 10 years

Potential drivers include schools’ emphasis on STEM courses, possible encouragement of students to study professional courses and rescaling of ATAR scores for ‘non-traditional’ subjects

Cultural and creative people want to study and work here

Melbourne's design sector is growing, but building a culture of design appreciation will be crucial to maximising growth

Businesses spent $4.3b on design in 2015, an increase of ~20% since 2008

Although the use and visibility of design remains relatively low

The use of design by local businesses remains relatively low
- Only 44% of Victorian businesses make some use of design, compared to 70-80% in Europe
- Melbourne’s design graduates have one of the lowest employment rates at ~10%
- Whilst Melbourne is the home of internationally recognised design icons (e.g. Aesop, Crumpler), the city lacks a major design employer

Melbourne lacks a major independent design institution that could support the education of business and the public in appreciating design
- E.g. MoMA in New York or the Design Museum in London

Some Thought Leaders believe that the absence of a unified voice impacts the ability to promote design
- There are close to 20 different design specialities and numerous industry associations across the Victorian professional design employment profile of 200,000

Rising housing costs may be driving creatives out of the city

Median house prices have increased by one third in five years\(^1\)

Creative professionals appear to be leaving the inner city

"People are getting priced out ... they have left Fitzroy and Collingwood, they're leaving Brunswick and they're heading to places like Reservoir and Castlemaine and Daylesford"

"The cautionary tale here is San Francisco. The influx of massive wealth has completely hollowed out the inner city. It's lost its creative buzz"

Melbourne is risking the "donut effect": a hollowing out of the city’s cultural and creative buzz

1. Includes houses in the Melbourne metropolitan area, which is the 31 of Victoria’s 71 municipalities that are located closest to the Melbourne CBD

Source: Domain Group; Interviews with Arts Agency CEOs and Chairs and Thought Leaders
Most cultural and creative businesses are small/medium
These businesses rely on new graduates, emerging talent and affordable living/work spaces

- Majority of cultural and creative businesses have 4 or less employees
  - 60% Non-employing
  - 26% 1–4
  - 11% 5–9
  - 3% 20–199
  - <1% 200+

- Nationally, majority of businesses are in design, performing arts and print media

Breakdown of business in C/C industries in Australia (000s):

- Design: 81.7
- Fashion: 23.1
- Literature and print media: 17.4
- Performing arts: 16.5
- Visual arts and crafts: 11.9
- Broadcasting, electronic or digital media, or film: 11.7
- Supporting activities: 2.6
- Other cultural goods manufacturing and sales: 1.5
- Music composition and publishing: 1.4
- Museums: 0.5
- Environmental heritage: 0.5
- Libraries and archives: 0.3

Note: Total Victorian creative businesses in 2013 estimated at ~42,000
Source: ABS Satellite Accounts, Creative and Cultural Industries 2008-2009; BCG Analysis
### Example

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Approach</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Arts Centre Melbourne</strong></td>
<td>Playking Travel Grants assist artists to establish creative connections and collaborations in Asia</td>
<td>Six recipients in last six months</td>
</tr>
<tr>
<td></td>
<td>Arts Wellbeing Collective provides mental health services for local artists</td>
<td>Under development: Will connect and support artists</td>
</tr>
<tr>
<td></td>
<td>Commissioned 25 new works from small/mediums for AsiaTOPA</td>
<td>0.5m funding to SME organisations</td>
</tr>
<tr>
<td><strong>Melbourne Now</strong></td>
<td>NGV collaborated with 400+ local artists in 2013/14 to develop Melbourne Now — a major exhibition of contemporary Melbourne art</td>
<td>Exhibition received 753,000 visitors, which is 3x the average attendance of traditional shows</td>
</tr>
<tr>
<td><strong>Collingwood Arts Precinct</strong></td>
<td>A social enterprise and contemporary creative precinct for small and medium creative organisations to work and collaborate</td>
<td>Under development: Site will provide 6,400m2 work space</td>
</tr>
<tr>
<td><strong>Neon and Neon Next</strong></td>
<td>Annual Neon Festival of Independent Theatre to showcase work of independent artists ran from 2013-15; Neon Next was established in 2016 to commission, develop, and present new works</td>
<td>In 2015, 7 independent theatre companies were supported by the festival; 6,000+ attendees</td>
</tr>
<tr>
<td><strong>ACMI X</strong></td>
<td>60 seat co-working space for individuals and small businesses working with the moving image</td>
<td>~80 individuals benefiting from the space</td>
</tr>
</tbody>
</table>

Melbourne offers a diverse portfolio of spaces for artists
Several Thought Leaders concerned about lack of manufacturing, rehearsal space

"There is a real need for space to make and experiment, most of the spaces available are for exhibiting or computer based content development"  
"Not many spaces give you flexibility in how you use it. There’s a lack of rehearsal spaces for smaller artists"

1. Based on number of advertisements at creativespaces.net.au, advertisements may be for one or more space. Total of 633 spaces advertised on Creative Spaces website in Melbourne Metro region, November 2016. 2. Percentages do not add to 100% as several spaces are multi-purpose
Source: creativespaces.net.au; City of Melbourne Arts Infrastructure Report, November (2016); Interviews with Thought Leaders October – December 2016
Workshop/studio and display space is declining

% Growth in space usage in City of Melbourne by type (2008-2015)

- Residential Apartment: 44.9%
- Common Area: 22.5%
- House/Townhouse: 8.0%
- Performances, conferences, ceremonies: 7.2%
- Office: 4.9%
- Public Display area: -4.7%
- Workshop/studio: -8.2%
- Total space: 10.0%

Note: Analysis highlights high growth and creative spaces usage only, a total of 37 types of space usage mapped by City of Melbourne
Source: City of Melbourne, Census of Land Use and Employment 2008-2015

Although total space has increased, creative spaces have declined
Working space is, on average, expensive for most artists

Average weekly co-working rent is ~85% of an artist's weekly earnings

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artists' average weekly earnings</td>
<td>533</td>
</tr>
<tr>
<td>Average co-working rent</td>
<td>453</td>
</tr>
</tbody>
</table>

And demand appears to exceed supply

Gap analysis conducted by the City of Melbourne's 2016 Arts Infrastructure Framework identified the following needs:
- Live/work spaces
- Affordable housing
- Affordable co-working/office spaces
- Performance and rehearsal spaces for small/medium sector
- Gallery spaces for emerging artists and experimental work
- Live music venue for 500-800 patrons

Waiting spaces for the City of Melbourne's Creative spaces program indicates demand exceeds supply
- 84 artists on the waiting list for Boyd Community Hub
- 30 artists on the waiting list for River Studios in West Melbourne

Searches for space on the Creative Space website all suggests unmet demand for live/work space, studio space, warehouse space and gallery space

1. Based on an analysis of 10km radius from the CBD 2. Based on annual average earnings of $27,700 3. Based on an audit of co-working space conducted by Night Frank research 2016. Average co-working rent based on a weighted average of co-working space rent across CBD, City Fringe, Inner East, Southbank, North & West, Outer East and South East of Melbourne. Co-working space includes access to traditional office facilities and supporting infrastructure (this may include a reception desk, meeting rooms, break out areas, printing and high speed internet. (such as Hub Melbourne and York Butter Factory)
Source: Australia Council (2010) Do you really expect to get paid?; Night Frank (2016) Melbourne co-working insight; BCG analysis; City of Melbourne Arts Infrastructure Report, November (2016)
Benchmarks suggest Melbourne has strong infrastructure ...

Cultural infrastructure assets (museums, live music venues, theatres and art galleries) per million residents

1. Local population only (i.e. excludes visitors). 2. Based on total number of assets (museums, live music venues, theatres and art galleries)

Source: World Cities Culture Forum report (as at 2016); Demographia World Urban Areas, 2016
City offers quality cultural and creative experiences

... driven by having the most live music venues

Melbourne has relatively few museums ...

Number of museums per million residents

0 50 100

... and relatively few theatres

Number of theatres per million residents

0 20 40 60

It has the most live music venues ...

Number of music venues per million residents

0 50 100 150

... and an average number of art galleries

Number of art galleries per million residents

0 50 100 150

Note: Local population only (i.e. excludes visitors)
Source: World Cities Culture Forum report (as at 2016); Demographia World Urban Areas, 2016
Many stakeholders see risk of losing "edginess"

Melbourne risks losing its innovative, edgy culture ...

"We need to offer a greater diversity of experiences to different audiences"

"Policy settings are more important than spending"

"Docklands broke Melbourne's cultural dynamic ... Cultural and creative expression is a total afterthought"

... while other cities become proactive, including Sydney

"Sydney is preserving affordable space ... and they are preserving it in the CBD"

"Sydney is really getting behind new ideas ... there's more support from Government for putting on a show"

"Sydney are more hungry ... they open their eyes wider and provide some money [to theatres]. Melbourne would rather open its cheque book for sporting events"

Source: Interviews with Arts Agency CEOs and Chairs and with Thought Leaders October – December 2016
**Travellers more likely to recommend Melbourne after visiting**

Suggests increasing awareness through marketing could boost visitation

75% will recommend Melbourne as a creative destination after visiting

<table>
<thead>
<tr>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Somewhat likely</td>
<td>Very likely</td>
</tr>
<tr>
<td>35</td>
<td>39</td>
</tr>
<tr>
<td>16</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: Global Traveller Survey (2016); Interviews with Arts Agency CEOs and Chairs and Thought Leaders (October – December 2016)

Some stakeholders point to lack of emphasis on cultural and creative assets; need for direct marketing overseas

Opportunity to clarify value proposition and market more effectively

"Melbourne lacks a **clear value proposition** for its cultural and creative offer... the proposition should be holistic, accounting for the diversity of the offer"

"The current message is nowhere near good enough... we should communicate the city in a way that **blows people away**"

"Australia’s tourism marketing focuses far **too much on beaches** and the Opera House... we need a campaign that shows our **sophisticated, multi-layered** offer"

"We should **target our priority markets**, which includes **China** but also emerging areas like **India**"
Greater social media following can associated with visitation
Highlighting importance of channel for increasing awareness

1. Figure is the sum of (1) number of followers of the City’s primary Facebook page; (2) number of followers on the City’s Instagram page and (3) number of followers of the City’s primary Twitter account
Source: Figures were drawn from each of the social media sites on 23 November 2016 and Mastercard Global Destination Cities Index (2015)
 Consumers are aware of these experiences

**Melbourne: Culture, arts rank third most often on social media**
Based on review of content in 50 last Instagram posts

<table>
<thead>
<tr>
<th></th>
<th>Environment¹</th>
<th>Food and wine</th>
<th>Culture and arts</th>
<th>Sport</th>
<th>Shopping</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit Melbourne</td>
<td>46</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>cityofmelbourne</td>
<td>37</td>
<td>2</td>
<td>8</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>whatsonmelb</td>
<td>19</td>
<td>20</td>
<td>9</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Broadsheet</td>
<td>8</td>
<td>24</td>
<td>11</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>110 (55%)</td>
<td>48 (24%)</td>
<td>30 (15%)</td>
<td>8 (4%)</td>
<td>6 (3%)</td>
</tr>
</tbody>
</table>

Date range
- Visit Melbourne: 9 Nov – 2 Dec
- cityofmelbourne: 9 Sep – 2 Dec
- whatsonmelb: 22 Sep – 2 Dec
- Broadsheet: 10 Nov – 2 Dec

¹. Includes urban architecture, except for laneways, which are included in Culture and Arts
Consumers are aware of these experiences

Non-visitors are open to visiting Melbourne, believe better information is best lever to enhance attractiveness

**Question: How interested would you be in visiting Melbourne on a future holiday to Australia?**

**80% of non-visitors would consider visiting Melbourne in future …**

How interested are you in visiting Melbourne on a future trip to Australia? (% of non-visitors)

A total of 80% of visitors are very or somewhat interested in visiting Melbourne in the future

**… better information and pre-packaged creative experiences could help draw visitors**

What would make Melbourne a more attractive creative destination? (% of all participants)

Source: Global Traveller Survey (2016) Question 2.24 options: Not at all interested; Not very interested; Neutral; Somewhat interested; Very interested. 2.39 Which one of the following would make Melbourne a more attractive creative destination? Better opportunities to engage with local and Indigenous arts and creativity; Greater diversity of creative events, attractions, and experiences; A new iconic building or large sculpture designed by a world-class architect and/or artist; A new modern art gallery; A new museum; A new arts festival with a fantastic line up; An organised creative events package available to visitors (e.g. including a selection of concert, gallery, and museum tickets); More information available about the creative events, attractions, and experiences on offer, including smaller-scale ones such as independent galleries; Other. The options not shown in the chart above received <10% of vote.
Information on "what's on" in Melbourne is highly fragmented

A visitor may need six different sources of information to plan an (example) day

1. **ATTEND THE RING CYCLE AT THE ARTS CENTRE**
   - www.visitmelbourne.com

2. **VISIT AN INDEPENDENT GALLERY**
   - www.visitmelbourne.com
   - www.timeout.com
   - www.culturetrip.com

3. **FIND A PLACE TO EAT**
   - www.zomato.com
   - www.visitmelbourne.com

4. **GRAB SOME COFFEE**
   - www.broadsheet.com.au

5. **CHECK OUT A DESIGN MARKET**
   - www.thatsmelbourne.com.au

6. **VIEW SOME PUBLIC ART**
   - www.thatsmelbourne.com.au
   - www.visitmelbourne.com

7. **CHECK OUT AN INDEPENDENT BOOKSHOP**
   - www.visitmelbourne.com
   - www.broadsheet.com.au
   - www.timeout.com

8. **VISIT NGV’S LATEST EXHIBITION**

Source: BCG Analysis
Melbourne's transport infrastructure ranks highly
But Free Tram Zone could be expanded and navigation made easier

Melbourne ranks equal first on The Economist's transport rating ...

... but it could be more user-friendly and better connect cultural organisations

"The Free Tram Zone should be extended a couple of stops to Sturt Street and the MCG and the Melbourne Museum to allow locals and tourists to experience more of the city"

"It's really hard to get across the city, which makes it much less likely that people move around suburbs, because they have to go through the city"

"The [inner suburbs] feel like a world away from the city. There needs to be a unified, connected "string of pearls" around the city"

---

1. This metric provides an overall score for quality of road network, public transport, regional and international links, housing and provision of energy, water and telecommunications. Note: Chart only shows 38 comparison cities
Source: The Economist, Liveability Index, Infrastructure, 2015; BCG Analysis; Interviews with Arts Agency CEOs and Chairs and with Thought Leaders October – December 2016
Melbourne has relatively low connectivity to the world
Sydney receives almost twice as many international passengers as Melbourne

The broader city environment is attractive

Number of international air passengers moving through city, 2010-11 (m)

- Sydney: 11.5 (68.5 in aircraft movements)
- Melbourne: 6.3 (42.3 in aircraft movements)
- Brisbane: 4.3 (29.1 in aircraft movements)
- Perth: 3.3 (21.7 in aircraft movements)
- Adelaide: 0.6 (4.3 in aircraft movements)

1. Includes inbound and outbound.
Better collaboration with sports calendar could increase cultural participation in Melbourne

1.3m people attend major sporting events in Melbourne

<table>
<thead>
<tr>
<th>Event</th>
<th>Number of Attendees (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Open</td>
<td>704</td>
</tr>
<tr>
<td>Melbourne Cup</td>
<td>319</td>
</tr>
<tr>
<td>Grand Prix</td>
<td>297</td>
</tr>
</tbody>
</table>

Case Study: London leveraged 2012 Olympics to increase cultural tourism

The city increased cultural engagement in lead-up and during Olympics
- Ran exclusive 'limited edition' events
- Set up a media centre to promote 600+ fashion, film, design culture and food events

Ran post Olympics global marketing campaign - *London: Now see if for yourself* - to convert 'viewers' to 'visitors'

Established Team London Ambassadors to ensure visitors got to where they needed to go and had the information they needed (similar to Melbourne’s City Ambassadors)

**Summary: Melbourne's strengths and weaknesses**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Perceived as a cultural and creative city</strong> because of the breadth of experiences available ...</td>
<td>... but the role of the creative and cultural <strong>brand is not clearly defined</strong> in the broader proposition; <strong>marketing</strong></td>
</tr>
<tr>
<td><strong>Leading arts education</strong> institutions and <strong>strong creative industries</strong> ...</td>
<td>... but workshop, studio and exhibition <strong>space appears to be declining</strong> in the city, and <strong>affordability is low</strong></td>
</tr>
<tr>
<td><strong>Reasonably strong infrastructure</strong>: per capita most live music venues, average number of galleries, lower number of museums) ...</td>
<td>... but existing assets need to be managed more effectively, including with regard to maintenance, utilisation and storage</td>
</tr>
<tr>
<td><strong>Inner city easy to navigate</strong>: surrounding suburbs have unique identities ...</td>
<td>... but <strong>finding cultural and creative</strong> experiences and <strong>organising</strong> them is often <strong>fragmented to consumers</strong></td>
</tr>
</tbody>
</table>
| **Blockbuster content**, as well as a range of events and festivals to attend throughout the year ... | ... but **content quality is variable**  
  - Gaps in museums and contemporary art  
  - Declining audiences, operational challenges at some festivals  
  - Risk of losing "edginess", need to encourage risk-taking |
| **A well-governed sector with a clear strategic vision**: Creative State and progressive regulation ... | ... but **unclear governance** of some key projects (e.g. MAP); **opportunity to collaborate more** on key topics such as digital, Chinese consumers |
Agenda

Executive Summary
Context
Performance Index
Assessing Melbourne against best practice
Cultural travellers and trends
Strategic priorities
Next steps
Cultural tourism accounts for 32% of visitors to Melbourne
By 2025, cultural tourism could represent ~40% of all tourism

Forecast scenario: Visitors to Melbourne continue to grow at the same rate as they have on average, each year, from 2006-15. Daily spend remains constant at 2015 level, and daily spend in Australia is equal to daily spend in Melbourne. Trip duration remains constant as at 2016.

~40% of visitors to Melbourne could engage in cultural activities by 2025

International cultural visitors could be worth $2.5b by 2025

Estimated spend of cultural visitors to Melbourne p.a. ($b)^2

Visitors to Melbourne by origin and purpose (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic general</th>
<th>International general</th>
<th>Domestic cultural</th>
<th>International cultural</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>59</td>
<td>14</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>P2020</td>
<td>55</td>
<td>16</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>P2025</td>
<td>50</td>
<td>18</td>
<td>23</td>
<td>18</td>
</tr>
</tbody>
</table>

Note: “Cultural tourism” includes visitors who complete at least one arts and heritage activity on their trip to Australia. 2. Assumes that spend per night in Melbourne is the same as spend per night on trip to Australia as a whole, and that spending and trip length remains constant at 2015 levels. Assumes that growth in cultural visitors continues at average rate of 2006-15. Spend per visitor calculated by dividing total spend of each country in 2015 by total number of nights spent in Australia by visitors from that country in 2015. Number of nights spent in Melbourne per visitor estimated by using the average number of nights spent in Melbourne by cultural visitors in the Global Traveller Survey (2016).

Source: Tourism Research Australia: National and International Visitor Surveys; Global Traveller Survey (2016); BCG analysis.
Cultural visitors stay 25% longer than average

Average length of trip to Australia, 2015 (nights per visitor)

Cultural visitors spend 20% more per trip on average

Average spend per trip to Australia, 2015 ($000 per visitor)

Internationals do more cultural activities the longer they stay
But rate of engagement (activities per day) slows

On average, cultural engagement increases up until the seventh day of a visitors' stay

Average number of creative activities done in Melbourne (of visitors who completed at least one creative activity)

...but as trip length increases, average number of activities per day decreases

Average number of creative activities per day (of visitors who completed at least one creative activity)

Source: Global Traveller Survey (2016)
Younger visitors favour festivals and public art
Other groups more likely to visit Melbourne Museum and street art

Question: Which of the following creative activities did you complete on your last holiday to Melbourne?

<table>
<thead>
<tr>
<th>Creative Activity</th>
<th>Ages 18-24</th>
<th>Ages 25-39</th>
<th>Ages 40-59</th>
<th>Ages 60+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Festival</td>
<td>17</td>
<td>12</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Public art</td>
<td>20</td>
<td>14</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Laneway graffiti/street art</td>
<td>15</td>
<td>12</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Melbourne Museum</td>
<td>5</td>
<td>9</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>Independent bookshop</td>
<td>15</td>
<td>12</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>National Gallery of Victoria</td>
<td>15</td>
<td>12</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Independent gallery</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

% visited

Generational preferences may change with age, i.e. today’s 18-24 year old may choose museums over festivals in 2040

Source: Global Traveller Survey (2016)
Three key trends that could impact Melbourne's offer

China

By 2030, a billion people in Asia will have the disposable income to travel
• Australia is one of Chinese travellers' top five "dream destinations"¹
• China is already Melbourne's top source of international visitors (0.5m in 2015)²
• The number of Chinese visitors to Melbourne has increased 15% p.a. since 2006²
• Globally, creative attractions are taking steps to make themselves "China-ready"³

Millennials

By 2030, millennials will make up a large share of the tourism market⁴
• In the coming years, millennials will have more disposable income
• Millennials are more interested in international travel and global cultural experiences than other generations
• Globally, creative attractions are targeting millennials in their marketing and customising their offer to suit millennials' preferences

Digital

Cities and creative attractions are leveraging new technology to reach consumers and make their offer more attractive
• Most top creative attractions and destinations now have a strong online presence, with a web page, social media accounts, and freely accessible online content
• Mobile apps are increasingly used to enhance experiences at creative attractions

Agenda

Executive Summary

Context

Performance Index

Assessing Melbourne against best practice

Cultural travellers and trends

**Strategic priorities**

Next steps
### Five strategic priorities to improve Melbourne's cultural offer

<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
</tr>
</thead>
</table>
| 1 | **Make culture a key part of the Melbourne proposition**
  1a | Develop clear creative city messages
  1b | Target priority segments and travellers
  1c | Grow creative city awareness through investment, multi-faceted strategy (incl. social media)
| 2 | **Protect existing infrastructure**
  2a | Expand supply of creative spaces in under-served areas, address affordability
  2b | Improve maintenance, utilisation and storage of assets
| 3 | **Optimise the current offer**
  3a | Build an integrated marketing, sales, reviews platform for creative and cultural activities
  3b | Enhance connectivity between attractions
| 4 | **Expand our offer**
  4a | Upgrade and invest in new programming
  4b | Upgrade and invest in new infrastructure to fill gaps
| 5 | **Enhance governance**
  5a | Use the Evaluation Framework to assess impact, viability and feasibility to build a pipeline of investments
  5b | Strengthen governance of Melbourne Arts Precinct
  5c | Improve agency collaboration
These priorities build on the Creative State Strategy

<table>
<thead>
<tr>
<th>Area of weakness</th>
<th>Creative State Strategy</th>
<th>Strategic Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand and marketing</td>
<td>- Affordable advertising for arts orgs</td>
<td>- Develop clear creative city messages</td>
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<tr>
<td></td>
<td>- Innovative marketing for small/mediums</td>
<td>- Target priority segments and travellers</td>
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<td>- International touring, events, collaboration</td>
<td>- Grow creative city awareness through investment, multi-faceted strategy (incl. social media)</td>
</tr>
<tr>
<td>Availability and affordability of Space</td>
<td>- Identify and unlock creative spaces in metropolitan and regional areas</td>
<td>- Expand supply of creative spaces in under-served areas, address affordability</td>
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<tr>
<td></td>
<td>- Guidelines to apply design principles to improve streetscapes, renew spaces, integrate art into new development</td>
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<tr>
<td>Infrastructure maintenance</td>
<td>- Invest in Collections Storage</td>
<td>- Improve maintenance, utilisation and storage of assets</td>
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<tr>
<td>Information and connectivity</td>
<td>- Shared data platform for program info</td>
<td>- Build an integrated marketing, sale reviews platform for creative and cultural activities</td>
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<td></td>
<td>- Aboriginal training and employment in creative sector; greater engagement</td>
<td>- Enhance connectivity between attractions</td>
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<td>- Support small/medium artists to develop,</td>
<td>- Upgrade and invest in new programming</td>
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<td>- Commission groundbreaking works</td>
<td>- Upgrade and invest in new infrastructure to fill gaps</td>
</tr>
<tr>
<td>Events and programs; cultural and creative content</td>
<td>- Funding for small/mediums to build audiences, respond to market challenges</td>
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<td>- Review role, delivery and operation of festivals, community events</td>
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<tr>
<td>Governance and collaboration</td>
<td>- An annual summit and program of events for cultural and creative professions</td>
<td>- Use the Evaluation Framework to assess impact, viability and feasibility to build a pipeline of investments</td>
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<td>- Strengthen governance of Melbourne Arts Precinct</td>
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<td>- Improve agency collaboration</td>
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</tbody>
</table>
### Ideas should be compared against the Evaluation Framework
Framework can support development of 10-year pipeline

#### Initiative Evaluation Framework

<table>
<thead>
<tr>
<th>A</th>
<th>Desirability (measured by the Performance Index)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Does the idea make Melbourne a more <strong>attractive</strong> place for people to <strong>study and work</strong> in?</td>
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<tr>
<td></td>
<td>Does the idea enhance <strong>consumer perception</strong> of the quality of Melbourne's <strong>cultural and creative offer</strong>?</td>
</tr>
<tr>
<td></td>
<td>Does the idea enhance <strong>expert perception</strong> of the quality of Melbourne's <strong>cultural and creative offer</strong>?</td>
</tr>
<tr>
<td></td>
<td>Does the idea make Melbourne more <strong>attractive</strong> for locals and international <strong>tourists to visit</strong>?</td>
</tr>
<tr>
<td></td>
<td>Does the idea enhance Melbourne's international <strong>brand recognition and strength</strong>?</td>
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<th>B</th>
<th>Viability</th>
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<tbody>
<tr>
<td></td>
<td>Does the idea provide an acceptable <strong>economic return</strong>?</td>
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<th>C</th>
<th>Feasibility</th>
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<tr>
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<td>Is the idea <strong>technically, administratively</strong> and <strong>politically</strong> feasible?</td>
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<th>D</th>
<th>Initiative Evaluation Framework</th>
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<tbody>
<tr>
<td></td>
<td>Does the idea provide <strong>important non-economic benefits</strong>?</td>
</tr>
</tbody>
</table>
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