“The construction of Tivoli is, so to speak, never finished.
Georg Carstensen, Founder

“What we need, is to change in the Tivoli way.
Lars Liebst, CEO

“It is important to remember that Tivoli is not based on a traditional economic strategy.
Finn Sture Madse, Real Estate

“The revenue base is currently too fragile and the break-even point too high for Tivoli to plan far ahead.
Claus Dyhr, CFO
In September of 2008, Claus Dyhr began his job as the new Chief Financial Officer of Tivoli A/S (Tivoli), Europe’s oldest still operating amusement park. Claus Dyhr came to Tivoli with an appreciation and respect for the heritage and history of the company, while at the same time bringing a pair of fresh eyes to look for areas for improvement. After 18 months with Tivoli, Claus Dyhr is excited about starting a new season and a new decade, focusing on the optimisation of the traditional business, while working hard to ensure that Tivoli continues to be the frontrunner in the amusement park industry.

The economic climate is still unstable, and signs point to a long and slow recovery. In 2010, an expected rise in unemployment will curb household spending, which is likely to affect the amusement park industry more than last year’s financial crunch. Still, Claus Dyhr is positive. In 2009, Tivoli performed well compared to the industry and showed solid financial results. The same number of guests visited Tivoli in the summer of 2009 as in 2008, and the Halloween season saw an increase of 10 percent in visitors. Nevertheless, Claus Dyhr is fully aware of the importance of the coming spring, when Tivoli’s new strategic plan is to be developed. Together with Chief Executive Officer, Lars Liebst and the Board of Directors, he is responsible for setting the focus for Tivoli, choosing the right projects and finding the means to successfully carry them out.

The overall strategic ambition of Tivoli, is to move from a seasonal to a year-round business that can provide a safer and more stable revenue stream, and to increase its presence in what Tivoli calls the ‘tourism value chain.’ Claus Dyhr is also looking for initiatives that will improve current operations, conceptual ideas for Tivoli’s next revenue boost and strategies of how to further develop and capitalise on the Tivoli brand. He sees a vast number of possibilities for Tivoli, but he knows that it is not possible to do everything at once. To pick the right project at the right time is vital for the success of Tivoli.
When Georg Carstensen founded Tivoli in 1843 it was under the slogan “Tivoli for everyone.” He wanted the park to attract both folksy and posh, the young and old and therefore he created a park with a great variety of attractions, from try-your-strength machines and merry-go-rounds, to beautiful flower gardens and classical concerts. During the years, Tivoli has been true to its original slogan, and continues to offer attractions and amusements to all age groups and social classes.

Inspired by his travels in Europe, Georg Carstensen founded Tivoli right outside the banks of Copenhagen, as an excursion spot away from the city. However, as the city grew, Tivoli was slowly enclosed and is today located in the heart of Copenhagen. Originally, Tivoli generated revenue from entrance charges and rent from the tenants that had stalls, shops or entertainments in the park. Tivoli attracted visitors through marketing campaigns and free entertainment. Today, Tivoli has taken over the majority of the activities in the park, from restaurants and cafés to the rides.

In recent times, Tivoli has undergone a great development. The financial results of the early 1990s were disappointing, the number of visitors had decreased and the park was accused of being outdated and faded. The biggest problem was that Tivoli had lost its ability to attract the younger crowd. The changing point came in 1996 when Lars Liebst was hired as CEO. He came with visions of a park that contained impressive rides alongside flowers and beautiful gardens. Lars Liebst’s first action was to introduce a strategy called Resurrection, which referred to the initiatives needed to bring Tivoli back on track. Lars Liebst says: “If you use to describe Tivoli when I arrived is a man who jumps out the window on the 20th floor. At the 10th floor a person standing in the window asks how things are going and he replies: “Good!” At some point the person will hit the ground.” Since Lars Liebst started, Tivoli has developed into the true frontrunner of the industry, being first with both the Christmas and Halloween seasons; though other parks have been quick to follow. Tivoli was also the first park in Denmark to offer live music events, such as the Friday Rock. This strategy has, however, been criticised by several groups in Denmark for being too commercial and without respect for the cultural heritage of Tivoli. “Almost every big change has met opposition, but we still believe that change is necessary for Tivoli, and we will continue to think visionary,” states Lars Liebst firmly.

Growth 2009
In 2006, Tivoli announced a new 3-year plan called Growth 2009. It was a strategic plan that was initiated in order to continue the success that Tivoli had experienced. The main points of Growth 2009 were:

▶ An ambitious growth target
▶ To increase service and quality
▶ To increase the number of visitors
▶ To create an even stronger brand

Together with the growth targets, Tivoli created a new mission: “We wish to enchant our guests,” and a new vision, the history of Tivoli

In terms of a new season, multiple suggestions have been proposed: Valentine, Solstice and the Winter vacation (held in week 7 and 8 for all school children). “Each of the new seasons have demanded a lot in terms of re-organization, but looking back it has undoubtedly been worth it and I am positive that Tivoli could do it again,” Ellen Dahl comments, but adds: “Though it is not easy to make the park attractive in February.”
“We want to be the leading international experience brand.” At the same time, Tivoli made explicit their intensions to move towards all-year business and to expand their presence in the tourism value chain. These intentions have since been visible in Tivoli’s actions and new initiatives.

Tivoli and the Crisis
The amusement park industry is rather sensitive to swings in economic cycles and Tivoli has felt last year’s economic downturn in several ways. Though the number of visitors is similar to last year, revenue and profit will most likely decrease. However, the company has done well compared to the estimated industry decline of 9 percent. Revenue was adversely affected by the fact that fewer tourists visited Tivoli in 2009, which resulted in less spending per customer. Danish customers, who this year made up more than 85 percent of all visitors, have on the other hand spent more time and money in Tivoli during 2009 compared to 2008. A plausible reason for this positive development is that Danes have, to a larger degree, stayed in Denmark. One customer segment that has spent less in 2009 is the corporate customers, which makes a big difference to the financial results. A potential downside of domestic customers is that Tivoli now faces fiercer competition from the entertainment industry, especially from home entertainment.

Today, the word Tivoli is synonymous with amusement park in the Scandinavian countries, which means that the brand has, like Band-Aid or Kleenex, become a so-called brandnomer. Tivoli is now entering its 167th season and has seen several changes over the years. Lars Liebst says: “I follow the mantra laid out by Tivoli’s founder, Georg Carstensen; the construction of Tivoli is, so to speak, never finished.”

The H.C Andersen Castle – a lesson from the past
Next to the Tivoli Lake lies an impressive building named, ‘The Hans Christian Andersen Castle.’ It has a fantastic panoramic view over the lake and park on the Tivoli side, and over the town hall on the city side. In 2006, Tivoli announced its plans to substitute the existing building with a hotel. It was to be drawn by the architect firm Foster & Partners, known for their expertise in combining old and new in a respectful yet creative manner. The highly visionary design for the hotel encompassed nine cylinders, with the highest one reaching an altitude of 100 meters. The project provoked intensive debate in the media, as the hotel would become the first real skyscraper in Copenhagen and would alter the city’s skyline.

The creative project was abruptly terminated, as a majority could not be reached in the city council to approve the project. Lars Liebst comments: “We were amazed to discover that the right-wing politicians in Copenhagen said no to a building that could be a fantastic landmark for the city and Tivoli.” Today the H.C Andersen castle is used for parties, exhibitions and offices instead, and Tivoli learnt the hard way that being visionary sometimes has its costs. However, Claus Dyhr indicates that Tivoli still has plans regarding the castle, “…it just needs to be the right project, at the right time…”
Tivoli’s organisation

Tivoli is divided into 9 main areas, each headed by a Vice President. Five of these areas are profit centres: Entertainment, Sales, Service, Real Estate and Eatertainment (F&B). The remaining four, IT, Finance and HR, and Operation and Maintenance, are seen as being supportive functions. Internally, Tivoli’s management takes the service-profit chain very seriously. The underlying concept is that profit and growth are primarily stimulated by customer loyalty, which is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Satisfied, loyal, and productive employees create value. Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers.

Eatertainment
Eatertainment operates 22 fast food and family restaurants, two gourmet kitchens, the NIMB hotel, a small dairy, as well as extensive catering for banquettes, conferences and concerts. In 2006, Eatertainment was incorporated as a new business unit, entirely operated by Tivoli. This resulted in a revenue increase of approximately DKK 100 million and almost 200 extra employees. Previously, the unit had been operated as a joint venture between Tivoli and Select Service Partner (SSP).

NIMB is different than the rest of Tivoli’s F&B. The newly renovated house has its own little world with a luxury hotel, a small dairy, conference facilities, as well as a brasserie, a wine bar and a gourmet restaurant. Dorte Gleie, Vice President of Eatertainment, clearly states that NIMB is important for the Tivoli brand even though the core focus of Eatertainment is to operate family and fast food restaurants.

Eatertainment also runs an internationally oriented, British restaurant chain called wagamama. Tivoli owns the Danish franchise and opened the first, and currently only, restaurant in 2006. Wagamama has an entrance on Tietgensgade and another on the park side of the restaurant. The restaurant has been a great success with steady yearly revenue of around DKK 22 million.

Service
The Service unit is responsible for most of the interaction with Tivoli’s visitors, such as the rides and their service staff, the garden sales, the games and the overall service support in the park. Its main revenue stems from entrance fees. Around 50 percent of Tivoli’s customers only meet Tivoli personnel at the entrance, which means that Tivoli often only gets one shot to satisfy its customers. This emphasises how important the service level is at Tivoli.
Entertainment
Entertainment handles everything from Friday Rock and concerts with big international names, to the pantomime shows, as well as specific theme days. Entertainment is a loss making business unit. It bears the expenses concerning the free entertainments in the park, while the earnings from entrance fees are allocated to Service and partly to Sales. It is, nevertheless, seen as a profit centre, as it produces the services that generate the revenue for Tivoli.

Sales
The main source of revenue generated by Sales is through Tivoli’s sponsorships. Tivoli has a long list of major Danish companies as sponsors, usually connected to a ride or an event. Mazda, for example, sponsors the roller coaster called the Demon, while Royal Unibrew is the new sponsor for Friday Rock. Furthermore, Sales gets some of the revenue from entrance fees, rides and the concert hall.

Real Estate
Tivoli Real Estate consists of two areas. One is in charge of letting the buildings in the park. Tivoli’s tenants have total annual revenue of approximately DKK 400-500 million. This is, however, not to be confused with Tivoli’s revenue from its real estate department, which in 2008 represented 14 percent of Tivoli’s total revenue. The rent that Tivoli receives from its tenants is based on their size, placement and revenue. Tivoli can contractually force its tenants to open if it decides to extend its season. The other business area within Real Estate is Development, which can be defined as the R&D department of Tivoli. This is where the current product and service mix is evaluated and creative processes regarding the new strategic initiatives are produced.

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2 This distinction is important to keep in mind when calculating key ratios such as revenue per square meter.
Tivoli’s location in central Copenhagen is seen as one of the company’s biggest assets, but also as a challenge at times. The central location attracts the corporate customers, a lucrative customer group of high importance for Tivoli. This group would be absent if Tivoli lay outside the city. On the other hand, the garden cannot be expanded, making land a scarce resource. Furthermore, Tivoli has a strong historical heritage, which means that every new attraction, restaurant and decoration must be carefully developed in order to be in keeping with the rest of the park.

Quick facts

In 1991/1992 Tivoli acquired its own land for DKK 240 million, which it had previously rented from Copenhagen Municipality.

The Area is 82,727 m².

There can be 33,000 people in the park at any one time.

Around 10,000 people can dine at the same time in Tivoli’s 44 restaurants and cafés, and there are also picnic areas for brought food.

Tivoli is obliged to preserve the park-like appearance of the area by the Copenhagen Local Authorities.

Tivoli currently has 25 rides.

The lake is a heritage from the early days of Tivoli. Smaller boats still sail the lake, while a larger boat, called the Frigate St. Georg, is anchored and used as a restaurant. The Ferryboat Inn offers traditional Danish food and artisanal beer.

The Orient is a thematic area of Tivoli where the wildest rides are located, such as The Demon and The Golden Tower.
With such a restricted land area, Tivoli must constantly think out of the box in terms of growth opportunities. “To expand inside the park we would have to start exploiting our roofs, not that there is anything wrong with that idea, however, it might be hard to get the approval,” comments Ellen Dahl, Corporate Communications, in amusement. The rules and regulations concerning new projects are often complicated, and the truth is that not even Tivoli always knows when they are going to face legal or public opposition.

Outside the garden - Tivoli international

Tivoli International sells know-how and develops other Tivoli parks around the world. The first project was the Kurashiki Tivoli Park in Japan. The project started as a true success with 4 million visitors during its first year. However, Tivoli felt it was hard to retain control over the development of the park’s operation and brand and the cooperation agreement ended at the end of 2008. As it is now, there are still minor projects going on, but the ambitions have been downscaled. “Tivoli International will still offer its know-how in the future, as it is currently doing in Coney Island, New York, but it will not seek to be directly involved in the opening of Tivoli parks abroad,” Claus Dyhr confirms. However, Michael Steffensen (former executive assistant) points out that the right cooperation could hold great potential, both for Tivoli and the industry. “The right cooperation means that a partner, who is aligned with Tivoli’s values, offered an idea and financing to a project that we believed we could contribute to with our brand and know how.”

The Merry Corner offers Tivoli’s largest arcade games; most of Tivoli’s other gaming activities, as well as several of the smaller rides.

The open-air stage is located close to the centre of the park. It is often called the power-centre of Tivoli, as it hosts most of the big music events like the Friday Rock, and other big events that call for national celebration, such as international championships or celebrity anniversaries.
The mission of the amusement park industry is to amuse its visitors, but from a business perspective, the main focus is to reach people during their entire lifecycle, to get them to spend as much time and money in the park as possible, and come back over and over again. Consequently, there is a strong emphasis on innovation and constant renewal. At the same time, most parks have a strong tradition and heritage that cannot be compromised. Furthermore, innovation is often restricted by location, money and political approval.

Revenue
In 2008, the size of the industry was approximately DKK 55,459 million, with the Walt Disney Company accounting for 50 percent. On average, the main source of revenue came from admission fees, which made up 60 percent of total revenue. In Tivoli, admission fees only made up half of the industry benchmark with 31 percent of total revenue in 2008. A reason for this rather big difference is that Tivoli has a ‘pay-as-you-go’ system, in contradiction to most of the big destination parks in the industry that rather offer all-inclusive packages to their customers. Next to entrance, revenue stems from rides, F&B, tenants and retail. Furthermore, the Internet is increasingly becoming an important channel for marketing, price promotions, and the sale of tickets and visitor packages. In 2008, Tivoli’s webpage generated revenue of DKK 30 million.

The general trend in the industry is increased hierarchy, where parks own most of, if not all, the operations including restaurants and even hotels. During the last couple of years, Tivoli has increased in-house operations and decreased the number of tenants. However, the management team strongly rejects the idea of Tivoli owning everything in the garden. The tenants are seen as an important part of the Tivoli brand, and furthermore, they are sometimes more competent in operating their activities than Tivoli. In addition to restaurants, retailers make up a large part of Tivoli’s tenants and recently, Tivoli has decided to completely outsource its retail operations. This may seem a bit peculiar, as on average, half of the industries’ customers buy some form of retail when visiting amusement parks. When asked, Lars Liebst said that Tivoli has really tried; not only once or twice, but for 10 years they invested heavily in their retail unit, hiring the best people in the industry, but without any results. Lars Liebst thinks that the reason for the failing retail unit is that a greater proportion of Tivoli’s customers are corporate and repeat customers, i.e. locals, compared to other amusement parks. Also, a larger part of the clientele is older than the industry average. This means that they are not interested in buying souvenirs or other gadgets, which most amusement parks sell. As a result, Tivoli has decided to outsource the whole retailing department to upscale retailers such as Illums Bolighus, Royal Copenhagen and Lisbeth Dahl in the hope that they can do a better job.
In general, recurring revenue is important in the amusement park industry and highly important for Tivoli, as 70 percent of the visitors in 2009 also visited the park in 2008. In 2008, Tivoli sold 301,000 seasonal passes, which represents 35 percent of the revenue from entrance fees. It is widely known and accepted that it is much more costly to find new customers compared to retaining existing ones. A low churn is therefore a key metric for companies in the industry. Low churn ensures a stronger recurring revenue base and therefore more money to spend on acquiring new customers.

Customer segments
The most important customer group for amusement parks is families, as a family of four spends about 25 percent more than a group of four teenagers. Furthermore, families have the highest number of repeated visits. In addition to the major target group families with children, new target groups such as empty nesters, tweens and teenagers are emerging. Oddly enough, female teens (15-17) are more likely to visit amusement parks than male teens of the same age (82 percent vs. 67 percent). Tivoli has divided its customers into 6 different segments: Families with Children, Teens, the Cultured, Life Enjoyers, Friends, and Business. Similar to the rest of the industry, Tivoli invests a great deal of time and money in understanding the demographics and behaviour of its visitors in order to know who to target for different projects, and how.

Profitability and size
The global amusement park industry has experienced a decreasing market share in the overall tourism industry, and profitability is generally falling. The industry has an average EBIT of 15 percent, compared to Tivoli’s 6 percent in 08/09. Obvious reasons for the decreasing profitability are increasing operating costs, the increase in substituting services that push down prices, and the fact that the industry has reached a mature phase in its life cycle, with little potential for growth in the two largest markets, the US and Europe. Multi-site operators are significantly more profitable than their single-site rivals; however, there is a non-systematic relationship between the physical size of the parks and profitability. Moreover, it has been predicted that the gap between the major, well-funded players in the industry and the private, single-site operators is almost certain to widen in the coming years. The reason is that the latter may not be able to invest in new rides and attractions, the lifeblood of any park. This does not, however, worry Lars Liebst: “Tivoli will find the necessary funds in the future, and there are ways to think more creatively regarding which investments to make. Instead of building a new ride, investing in a new musical can attract equally, if not more, people.”

Investments
Lately, a clear trend of increased investments can be noticed in the amusement park industry, with parks investing, on average, 20 percent of their turnover in bigger, faster and more thrilling rides. New attractions with price tags in excess of $100 million are not uncommon. This ‘arms race’ is known in Tivoli as ‘the Demon Effect’ named after the famous ride introduced in Tivoli in 2004. The idea is that new, extravagant rides increase the number of visitors. However, investments in the Danish market do not come close to the spending of the international giants. Tivoli’s most expensive ride to date is the Demon, which cost DKK 80 million.
“Hygge” [ˈhyɡə] is a word that only exists in Denmark and Norway, but is central to describing Danish culture and the Danes. The dictionary translates it as cosiness, but this does not adequately describe what it means. A better definition can be found on Wikipedia: “Hygge is a complete absence of anything annoying, irritating, or emotionally overwhelming, and the presence of and pleasure from comforting, gentle, and soothing things.”

The word is, for example, used to define get-togethers with family and friends, and the sentence “that was hyggeeligt” is something that is used a lot in Danish. Hygge is also used in connection with Tivoli. A day in Tivoli with family and friends, taking a stroll in the park with all the history and cultural heritage around you, watching the pantomime play; all of this is hygge, and most will agree that Tivoli has a very special standing in Danish society. Besides being a public company that strives to make returns and create value, Tivoli is also a national symbol along with the Little Mermaid and Christiania.

Since the beginning, Tivoli has always been in charge of entertainments that attract people and that are free, once the entrance fee has been paid. “Of course Tivoli could save money on flowers and decorations, or on the pantomime costumes, but exactly this sumptuousness is part of the Tivoli Spirit, and the reason that many people still visit us just to take a stroll in the park, and it is why competitors look at us for inspiration,” Claus Dyhr says when asked whether it would be possible to cut costs surrounding the Tivoli Spirit. Some of these activities are not only part of the Tivoli Spirit, but have become national institutions. These include the Tivoli Boy Guard Band, the Pantomime Theatre, the Symphony Orchestra and to some degree the Concert Hall.

The Tivoli Boy Guard Band is a marching band consisting of around 100 boys between the ages 8-15. It plays several concerts during the week, and represents Tivoli outside the park and abroad at different events. One way of improving the economic situation of the Tivoli Boy Guard Band would be to allow girls to join, because if girls were allowed, the band would be entitled to subsidies from the Danish government. This is something that Tivoli’s management has considered, but they decided that subsidies should not be the reason for allowing girls to join the band.

The Pantomime Theatre is one of the first things one sees when entering through the main entrance. It was constructed in 1874 and is especially known for its curtain, which resembles the tail of a peacock. Throughout the season, there are 275 pantomime shows, as well as modern dance and ballet performances. There are bench rows in front of the stage so that people can sit down whenever they like during the performance.

Tivoli’s Symphony Orchestra, also known as Sjælland’s Symphony Orchestra and the Copenhagen Philharmonic Orchestra, is the house orchestra at Tivoli, which includes 74 full-time musicians. The orchestra has played in the park every summer since 1843, whilst it performs independently outside the seasons. “In Tivoli, music is always performed live, even as part of the daily pantomime shows. This is part of the Tivoli Spirit, as it gives every show greater authenticity and adds something extra to the overall experience.” Claus Dyhr states proudly.
Tivoli has a somewhat special shareholder structure, which is important to understand when developing future strategies for the company. The main shareholder is Scandinavian Holding A/S, which bought the shares with the official explanation being to secure Tivoli’s future as a Danish company. Today, the company owns 31.8 percent of the shares. The second and third largest shareholders are Chr. Augustinus Fabrikker and Danske Bank with 25.4 percent and 5.1 percent, respectively. This shareholder structure is perceived as an asset by Tivoli, as they do not have shares in Tivoli for financial reasons. However, even though there is no direct pressure to make a profit, Scandinavian Holding A/S and Chr. Augustinus Fabrikker have implied that Tivoli should be self-sustaining. That is, overall growth should be funded by the company’s own operations and not through loans. Consequently, Tivoli is motivated to grow and increase profit for future investments.

The 18,000 minority shareholders have a different view of Tivoli than the normal shareholders. They each hold a small number of shares, usually between 10-20, which are often bought as a baptism or confirmation gift, or as part of a pension fund. The minority shareholders are not so concerned about profit; instead they have different priorities, such as a respect for Tivoli’s heritage and tradition, the general atmosphere and quality of the park, and the ‘thematisation’ of new rides. Though demanding, these shareholders are highly valued as they act as ambassadors for Tivoli and they put a lot of time and effort into the wellbeing of the company.

A minimum of 10 shares is required to attend the annual general meeting.
Finally, the Concert Hall, though not part of the free activities, has a special status in the park. Tivoli lets the Concert Hall outside the summer season, which means for 7 months of the year. The money this raises helps to pay for the operations during the summer, which are run at a loss. The activities in the Concert Hall are not necessarily good business. The yearly attendance is approximately 80,000, a number that can hardly justify the huge investments, at least not from a financial perspective. However, the Concert Hall creates a unique brand value for Tivoli, and attracts between 1000-1500 extra visitors to the park, which on a rainy day makes a big difference to the bottom line. Recent focus has been on offering fewer shows and instead attracting bigger, international artists thereby aiming for the high-end audience. This has proved to be a success, and the strategy will continue in the years to come, according to Claus Dyhr.

While these entertainments cost money to run, they do not offer a tangible and measurable return. According to Lars Liebst, closing down activities like the Pantomime Theatre, The Tivoli Boy Guard Band or the Symphony Orchestra is not an option. These activities are central to the park and the brand, as the Tivoli Spirit is what makes Tivoli stand out from the crowd. Claus Dyhr shares Lars Liebst’s conviction regarding the free activities, but he points out that much could be done to optimise them.

By integrating them better in the park, and coming up with new ways to exploit them, he is positive that they could become less of a financial burden. Claus Dyhr is confident that a substantial proportion of season pass holders purchase the card, not solely to try out new rides and to see concerts, but also to occasionally experience the Tivoli Spirit. Furthermore, Finn Sture Madsen, VP of Real Estate, believes that the level of rent charged today would decrease significantly without these activities. Regarding the Tivoli Spirit he says, “It is important to remember that Tivoli is not based on a traditional economic strategy.” However, he does agree with Claus Dyhr that Tivoli probably could get more out of the free activities. According to Claus Dyhr, the question of whether Tivoli is supposed to make money is sometimes asked. “Of course the answer is yes!” Claus Dyhr exclaims, “...but not in the traditional way.”
Tivoli is the number one attraction in Denmark, “The position that Tivoli has in the hearts of the Danish population is quite unique. This is due to Tivoli’s long history and the role it has played in Copenhagen’s development,” says Ellen Dahl. The entire senior management team shares her belief, and they are supported by a brand evaluation that confirms Tivoli as the power brand of the Danish amusement industry.

The Tivoli brand stands for a plethora of values, and though it continuously scores high across all visitor groups, different parts of the brand appeal to different people. While Friday Rock creates awareness, interest and commitment among young people, the older visitors appreciate the Pantomime Theatre with values such as “charming, original, traditional and funny.”

Tivoli’s employees and managers appreciate the value of the brand in quite distinctive ways. While Ellen Dahl points out the importance of the brand for sponsor relationships, Claus Dyhr mentions another benefit, “Tivoli receives plenty of free marketing due to its brand and location. An example is the program “Go’ Morgen Danmark” (Good morning Denmark), which broadcasts live from the park every day during the summer.” For Finn Sture Madsen, the value of the brand helps attract the right tenants and improves Tivoli’s bargaining power: “Historically Tivoli has never experienced problems renting out its premises.” Brands like NIMB, The Paul and wagamama are kept independent on purpose. Dorte Gleie explains: “While NIMB is important for the overall value of the Tivoli brand, it is kept as an independent brand as it attracts a different clientele compared to Tivoli.”

A Green Brand
Tivoli has long had a focus on green development and green profit, which its strong brand has helped to establish. The Climate Partnership with DONG Energy helps Tivoli to cut energy used in the park, and the new windmill produces CO₂-neutral energy. Tivoli has also managed to save 1.2 million plastic beverage cups annually by introducing a successful system for recycling, and it is constantly striving for increased optimisation of the traffic in the park, especially between seasons. Lars Liebst says: “These environmentally-friendly solutions are just the beginning. In the future I am sure that Tivoli will continue to pioneer the way amusement parks are run in order to stay sustainable.”
looking onwards

2009 is over, and while Tivoli feels that the new mission, “We wish to enchant our guests” has successfully changed the Tivoli Spirit, both internally and externally, most of the tangible targets of Growth 2009 have not been met. This is due to a combination of overly ambitious targets and the sudden change in the economic climate, as well as disappointments such as the Christmas show Oliver of 2008 and the termination of the Foster & Partners Hotel. Starting the new year, Tivoli has several new projects in the pipeline, some of which are almost ready to be launched, whilst others are in the final phase of planning.

The Tivoli Hotel
At the end of 2010, the new Tivoli hotel will open in connection with a new congress centre called, the Tivoli Congress Centre Downtown Copenhagen. The hotel is located 1km from the main entrance of Tivoli and will have about 400 rooms. The hotel is the outcome of a strategic partnership between Tivoli and the Danish hotel group, ARP-Hansen Hotel Group A/S (ARP-Hansen). Tivoli will provide its brand and will be in charge of thematising the hotel, while ARP-Hansen will be responsible for the construction and operations. There will be shuttle busses from the hotel to the park during Tivoli’s season. Lars Liebst says: “A Tivoli hotel in the family segment fits well with our strategy of moving from being a seasonal business towards being an all-year business with several different revenue streams,” and Claus Dyhr adds: “The purpose of the hotel is to start the “Tivoli experience” already outside the gardens. This could be a way for Tivoli to develop into becoming more of a destination park.”

The Edge
One of the most visionary projects presented by Tivoli in recent times is the Tivoli Edge project. According to Finn Sture Madsen, it will be the next big thing in the development of Tivoli. The idea behind the project is to rebuild the western edge of the park, facing Copenhagen Central Station on Bernstorffsgade. Tivoli Edge will be a 3-level building with a facade of glass, incorporating the old buildings. In the first phase, 13,000 m² will be divided between a range of new concept stores (5,000 m²) and restaurants and services (8,000 m²), which are original and offer a unique experience to visitors. On the top there will be rooftop gardens extending the green areas of the park. The idea is not to build an arcade and then rent to the highest bidder. Tivoli is looking for the right tenants in order to make it something truly special. Finn Sture Madsen believes that the Tivoli brand has the value and penetration to draw original concepts to Denmark: “Companies might not know much about Denmark or
Copenhagen, but many of them have heard about Tivoli.”

There are three preconditions that need to be in place for the project to be completed. The project has to be accepted by the municipality of Copenhagen, the economy of the project needs to be sound, and the right tenants have to be found. P. Tivoli is currently waiting for approvals from the municipality and Finn Sture Madsen admits that the pace of the project has been slowed down, although he is sure that it will be realised. “Tivoli Edge will work as an asset for the park within the season and as an asset for the city all year.” Exactly when the project will be initiated is unknown and the two-year plan has been suspended for now.

What does the future bring?
The nature of Tivoli’s business makes it very hard for the top management to plan ahead. A rainy summer and suddenly the revenue stream does not meet the expected targets, or changes in macro-economic conditions force Tivoli to postpone new projects until more favourable times. At the end of December 2009, Tivoli had to adjust its expectations for pre-tax profits in 2009 to DKK 20-30 million. According to Lars Liebest, this was not due to the general economic climate but rather to a specific event, COP 15: “We have lost 100,000 visitors during the climate conference, since many Danes chose to stay away from the Copenhagen city area for fear of demonstrations and traffic chaos. Also, the climate conference participants have not visited Tivoli in any large numbers. This means that visitor numbers, and in turn the finances in general, have decreased to a degree where we find we cannot meet former expectations.” According to Claus Dyhr, the revenue base is currently too fragile and the break-even point too high for Tivoli to plan far ahead, and thus the long-term horizon for Tivoli is only three years. Moving towards all-year business will change these circumstances and allow a higher degree of continuity in Tivoli’s business plans.

As can be seen by the number of visitors during the summer season, there is a clear concentration around the mid-summer months. This is of course natural because most families are on vacation, the tourists are in town and the sun shines on a more regular basis. However, the graph also shows that there is great potential in the outer seasons. Focusing on the right segment could increase the number of visitors in these periods and thereby make the graph less bell-shaped. This would mean a great improvement in Tivoli’s bottom-line.
Tivoli faces several challenges, and though Claus Dyhr is satisfied with the financial results, he admits that there certainly is room for improvement. On a season-to-season basis, there are numerous matters that could be optimised. On the strategic level, the overall focus is to change the nature of Tivoli from a seasonal to a year-round business, and to increase its presence in the tourism value chain. If successful, it will allow Tivoli to plan further ahead and significantly improve the bottom-line.

When asked to specify the main areas of strategic focus, Lars Liebst, Claus Dyhr and the rest of the management team unleashed a seemingly endless flow of questions they wanted answered. How to ensure that the Edge project becomes a success, especially in the current economic climate? What possibilities does the Tivoli Hotel hold? What new partnerships are of potential value for Tivoli? How to further develop and capitalise on the Tivoli brand? How can Tivoli make it hip to dine in its many restaurants? Should Tivoli introduce a new season, if so, which one? Or should the company instead extend the existing seasons? How can Tivoli increase spending per customer? How to ensure the reoccurring revenue streams? What could Tivoli do to get more out of its free activities? Could Tivoli make its organisation leaner? Should it outsource more of its activities, if so, which ones? Is there a future for Tivoli International? How should the company use its extensive knowledge and strong brand nationally and internationally? What potential lies in the development of green profit, which partnerships could be valuable and where should Tivoli look for inspiration? Where should Tivoli look for the next big revenue boost?

Claus Dyhr acknowledges that not all of Tivoli’s challenges can be solved at once. Tivoli, though big in the minds of the Danish population, is a company with limited financial and human resources, which emphasises the importance of choosing the right project at the right time.

You and your team are asked to assist Claus Dyhr in addressing these challenges. What should be Tivoli’s focus? What are the most important challenges and how should they be solved?
Entrance Fees and Rides (Children = 0-11)

- Entrance: 90 DKK (50 DKK)
- Ride Ticket: 25 DKK (1-3 tickets are needed per ride)
- Ride Pass: 205 DKK (170 DKK)
- Tivoli All Inclusive*: 400 DKK (250 DKK)
- Seasonal Pass: 260 DKK (145 DKK)
- Wild Card: 850 DKK (entrance + free rides all season 600 DKK)

*Entrance, ride pass, entrance to aquarium, photo and meal with set menu.

Eating

- Cheap/Fast Food: app. 40-75 DKK
- Intermediate: app. 150-200 DKK (ex. Wagamama)
- Expensive: app. 350-500 DKK (ex. Nimb Brasserie)
- Very Expensive: app. 1500-2.000 DKK (Michelin)

Appendix #1: Prices in Tivoli

Appendix #2: Values associated with Tivoli

Appendix #3: Table with key financial numbers

Appendix #4: The brand stairs, Tivoli and its competitors

Revenue

<table>
<thead>
<tr>
<th>Year</th>
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<th>06/07</th>
<th>05/06</th>
<th>04/05</th>
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<tr>
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<td>581.7</td>
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<td>Growth</td>
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EBITDA

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Assets

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Equity

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Invested Capital

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NIBD

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Number of Employees

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<tbody>
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<td>688</td>
<td>476</td>
<td>461</td>
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ROI

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ROCE

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<tbody>
<tr>
<td>Value</td>
<td>16%</td>
<td>7%</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
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</tbody>
</table>

9 month:
From 2008 the financial report have been adjusted to a calendar year.
Data Collected under 2009 from app. 1600 Danish respondents, answering computer when exiting park or Internet surveys at home.

TIVOLI’S DEMOGRAPHICS

TIVOLI’S COSTUMER SEGMENTS

Families with children
We are here with the children and primarily for their sake. We try Tivoli’s amusements, buy candy and eat in a place suitable for the children’s taste.

Teens
We are teens and are here with peers and friends without our parents. We come for the rides. We just eat something cheap - like fast food.

The Cultural
We are here primarily for a cultural experience such a good show or music event in the glass hall, concert hall, on the open air stage or in the pavilion.

Life Enjoyers
We are here to enjoy the garden, its flowers and the atmosphere in general. We also like having fun at a good restaurant with a delicious meal, a cup of coffee or enjoying a glass of wine.

Friends
We are here with friends or couples, to “hygge”, eat or get a few beers or cocktails. We think the rides are a fun part of Tivoli - either to look at or try. We go to Tivoli to feel festive

Business
We are here for business relationships with colleagues and/or business partners

ATTENDANCE IN 2009

App 5% of Tivoli’s visitors come to the garden alone
Every 3rd guest comes with family or friends
Nearly one in 5 comes with his/her partner
7 out of 10 visitors this year were also in Tivoli in 2008.
The average guest visited Tivoli 3.1 times during the season of 2009
SPENDING IN 2009

The visitors in Tivoli stay on average 4 ½ hours in the garden
The average time for a visit in Tivoli has increased 114 minutes from '08 to '09
The average amount a guest spends on a visit to Tivoli is 523 DKK (excl. entrance)

Eating in Tivoli

73% of the guests in Tivoli eat (not ice cream, candy and drinks) at the various eateries:
- 15% at fast food stalls
- 10% at the cheapest restaurant
- 43% at the restaurant intermediate
- 5% at exclusive restaurant

Every 4th guest thinks that there is a lack of restaurant types in Tivoli. It is primarily restaurants with healthy/organic food, cafe-food for the 20-35 year old and "cheaper" restaurants generally.

74% are satisfied or very satisfied with their overall experience when eating in Tivoli.

Top 5 reasons to visit Tivoli

To eat in Tivoli (53%) - mostly the Life enjoyers, the Friends & Business
The flowers and plants (40%) - mostly the Life enjoyers
The wild rides (33%) - mostly the Teens & the Friends
The children's amusements mostly the Children families
The light arrangements

53% of the guests have a decision-making horizon of less than one week, 22% of the guests decide the same day to visit Tivoli and 20% of the guests have taken the decision 5 weeks or longer before the visit.

27% of the guests have actively sought information about Tivoli prior to the visit. Out of these, 92% has searched the website for relevant information, while 9% used Google.

Service in Tivoli

90% are satisfied or very satisfied with service in general.
79% are satisfied or very satisfied with the cleaning of public toilets.
92% are satisfied or very satisfied with the maintenance of Tivoli.
29% is slightly negative or negative towards the general price level.
appendix #6  weather in Denmark 2009 on weekly basis

appendix #7  Tivoli’s sponsors
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