

The single most important decision we had to make before we started was how many visitors there would be.' Never a truer word was uttered by Ken Robinson, former director of operations at the Millennium Dome, quoted in the *Financial Times* on 24 May 2000. In the light of this remark, Robinson's further revelation of the visitor forecasting method adopted by the Dome in the course of its planning is nothing short of astounding: 'Nobody knew. The consensus was between nine million and 17 million, so 12 million went into the business plan.'

By the end of May 2000, the Dome, having failed to reach its own visitor targets for the fifth month running, was granted a 'final' sum of £29m by the Millennium Commission, a payment which cost then NMEC Chairman Bob Ayling his job, and which focused national attention once again on the attraction. A total of £561m of Lottery money had by this point gone into the Dome, with the total cost of the attraction, including sponsorship, standing at around £750m. The public purse spent £450m in the years leading up to the launch, followed by £50m in November 1999 and further payments of £32m in February 2000 and the £29m in May. The last two payments, both of which took the form of repayable loans, were required to ease serious cashflow problems.

Despite the best efforts of Pierre-Yves Gerbeau, Jennie Page's replacement as NMEC Chief Executive, to talk up the very positive feedback from paying customers who had actually visited the Dome by the end of May, the national media, incensed by the apparently continuous drip-feeding of the Dome with Lottery money, had lost interest in what visitors felt, preferring instead to question the commercial viability of the project.

Better visitor forecasting would have enabled more realistic business planning, possibly removing the need for injections of public subsidy, and greatly reducing the likelihood of adverse publicity.

We now know that the Dome's target visitor number was plucked from thin air, but, beyond guessing, did NMEC have any inkling about the *pattern of attendance* it was expecting? It was theoretically possible to just about cram 12 million into the Dome during the year, but did NMEC have a proper idea of the venue's maximum *practical* capacity?

Locum Destination Consulting set up a computer model soon after the Dome opened so as to arrive at its own, informed, prediction for visitor numbers. In developing this model, Locum also had to analyse the practicality of the Dome's own projections.

Modelling seasonality

The starting point for the Locum analysis was the fact that visitor attractions show a strong seasonal

DOME TRUTHS

Locum explains how a little thought could have saved the public millions of pounds and the New Millennium Experience Company months of negative publicity.

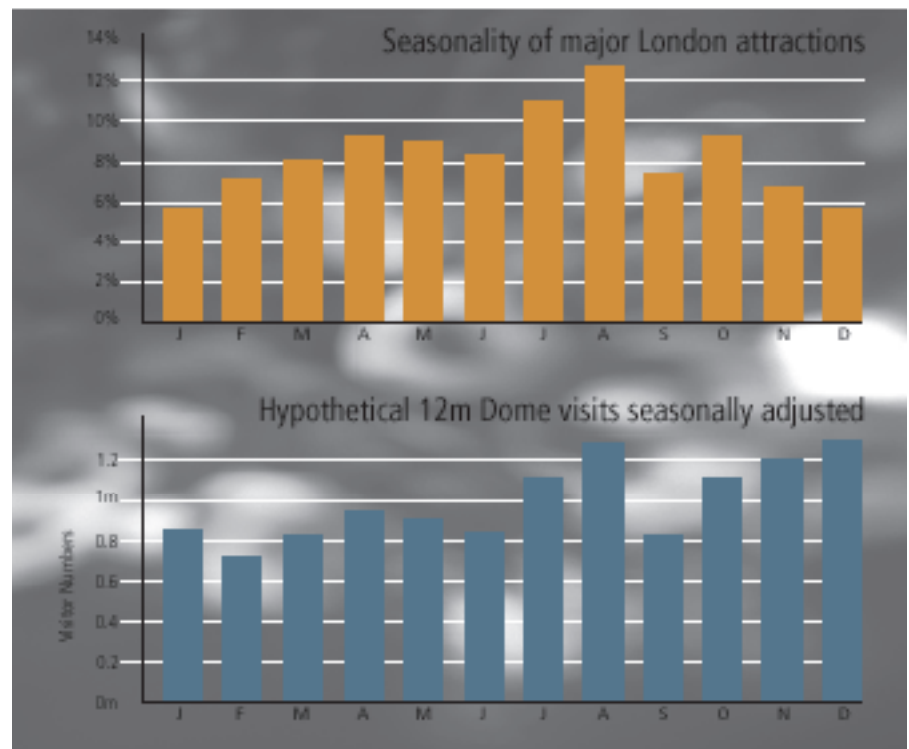
pattern in visitor numbers. Twelve million visits in a year does not mean one million visits a month. Typical London visitor attractions have a quiet start to the year; there is a peak at Easter; July and August are very busy because of the school holidays and overseas tourist visits; and things then tail off towards the end of the year. Within this pattern, there are busy periods associated with half terms and bank holidays. By analysing the month-on-month visits made to a basket of London's leading visitor attractions, including Madame Tussaud's, the British Museum, the Science Museum and the Natural History Museum, Locum accurately quantified this pattern of seasonality.



NMEC's business plan suffered from a serious lack of destination market know-how

Special factors

The Dome was always going to be different from even the biggest London visitor attractions because it is only there for one year. With the pre-opening hype, Locum expected a strong January for the Dome, believing that people would want to be among the first to visit. A 'last chance to see it' effect towards the end of the year was also posited as a variation from the conventional seasonality pattern. Once factored into the anticipated pattern, these additional considerations produced the following monthly breakdown, which shows how 12 million visits would be distributed across the year.



Capacity

For the first three months of the year, the Dome could cope with approximately 25,000 daily visitors. With the extension of opening hours in April to allow for extra 'twilight tickets', this increased to about 34,000, and more still with late-night opening on weekends and bank holidays. If the Dome was full to bursting every day, Locum calculated that it could in theory handle about 12.8 million visits during the year, but this does not take into account the weekly cycle that most visitor attractions experience. For obvious reasons, Saturday and Sunday are busiest (along with bank holiday Mondays), followed by Friday. Midweek, things tend to be quiet. To get 12 million visits in a year, the Dome would have needed to average almost 230,000 visits a week. With a typical weekly pattern for visitor attractions, if the Dome was to average 230,000 visits a week it would need to average 46,000 to 50,000 visitors on Saturdays, which is beyond its capacity. The practical capacity of the Dome would, therefore, need to take into account its physical limitations on certain days of the week. Taking all this into account, it was possible to outline a model for the Dome's practical capacity which, while allowing for the possibility of more midweek visits than would normally be expected of an attraction, arrived at a much lower figure than the theoretical capacity. Locum's initial research into the Dome's capacity had shown that, purely in physical terms, it was almost impossible to see how it could achieve more than 9.2 million visits.

Locum projections

Bearing in mind the maximum practical capacity figure of 9.2 million visits, Locum developed its own month-on-month projection for visitors to the Dome. This produced an overall total *projection*, based purely on the statistical research Locum had conducted, of approximately 8.8 million for the year, and an overall total *prediction*, based on factors other than seasonality and capacity, of 8.3 million. This latter figure was the one Locum considered to be the most accurate. The other factors taken into account to arrive at this prediction included the number of UK residents within various travel time zones from the Dome, and the number of overseas tourists expected to visit London in 2000.

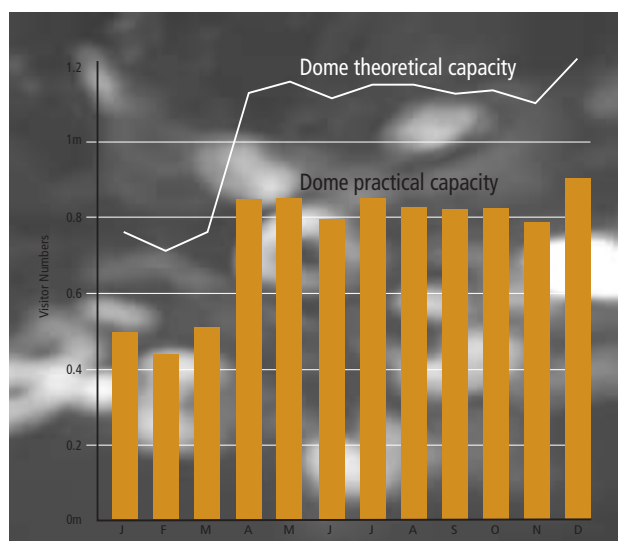


The Dome is finally settling down to a more realistic visitor target

Did NMEC have a proper idea of the venue's maximum practical capacity?

The visitor figure for January was much lower than Locum expected. Only 366,240 visitors had passed through the turnstiles, well below the figure required to keep it on target for the official 12 million. The January figure was fed into Locum's model. There was no doubt that for the official target figure of 12 million visits to be reached, an extraordinary turnaround in fortune was required.

In February, with the installation of Pierre-Yves Gerbeau as the new Chief Executive of NMEC and the input of a £32m repayable Millennium Commission loan, the official target was reduced to 10m visitors by the end of the year. February saw an upturn in the fortunes of the Dome, with 569,500 visits, a significant increase on January's figure. With this came a noticeable drop in negative media attention. Gradually, the trail of damning news coverage that had emerged from the fiasco of the opening night and the early problems with queuing seemed to be petering out. The figure for February was much closer to what Locum had forecast, and was also entered into the model. The model then adjusted its overall projection and prediction for the rest of the year accordingly.





The visitors who have turned up have reported good experiences



Despite favourable visitor feedback, failure to meet early targets produced negative PR

The visitor figure released by NMEC for March attendance was 556,308. Again, this figure failed to hit the targets forecast by NMEC to achieve 10m, and by Locum to achieve significantly less than this. A simple calculation revealed that, if the Dome experienced a straightforward repeat of its first quarterly performance on a consistent basis, it would be looking at a grand total of just under six million visits.

By April, the situation was still looking gloomy for the Dome's revised target of 10 million. When asked by the *Financial Times* to comment on the visitor number scenario, James Alexander, Locum's Managing Director, was able to suggest, using the most up-to-date information from the model, that, 'Given current patterns, the worst-case scenario would be a low of six million. It could rise to eight million but that seems increasingly unlikely' (page 5, *FT*, 26/04/00).

At the end of May, the Dome finally faced up to the reality that it could not generate anything like 10 million visits. In came another tranche of Lottery money on the strict condition that it would be paid back in full to the Millennium Commission,

out went Chairman Bob Ayling, to be replaced by David Quarmbay, and down came the overall visitor target to seven million, which included 1.2 million non-paying visitors, such as schoolchildren and Greenwich residents. Locum's views on the situation were sought once again by the *Financial Times*: 'Locum Destination Consulting, adviser to attractions such as the British Museum, has been sceptical of the Dome's forecasts. Its model, based partly on the number of UK residents within various travel time zones from the Dome, the number of overseas tourists likely to visit and the probable weekly pattern of visits, resulted in a forecast of 6-8 million' (page 2, *FT*, 24/05/00).

The strategic imperative

The Dome fiasco has been an object lesson in the value of strategic business planning. For visitor attractions, accurate forecasting of visitor numbers is extremely important. As the sorry episodes of departures and emergency cash prop-ups have illustrated, poor preparation in the destination industry

can have disastrous consequences. Ken Robinson's admission of a total absence of market intelligence and forecasting methodology, two key elements in the business planning of any attraction, large or small, betrays a lamentable lack of strategic and commercial vision on the part of NMEC during the Dome's pre-launch preparations. The Dome is not the only largely public-funded Millennium project which is now struggling financially. It is simply the highest profile patient in a ward containing a number of real basket cases, some in even worse condition, but on a smaller, less visible scale. The Dome's experience has demonstrated that the strategic thinking and business planning required call for specialised tools and expertise. From this conclusion we must hope that future large-scale projects are able to learn from the Dome's mistakes and seek the right advice from the outset.

Locum offers business turnaround services for attractions performing below target or forecast.