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Fairy Tale Express: Business Plan for a Children's Attraction Inside the Graz Schlossberg

A Master's Thesis submitted for the degree of
"Master of Business Administration"

supervised by
Dr. Anthony Warren

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Graz, 31 July 2012

Affidavit

I, **HOLLY ALEXA HASTED**, hereby declare

1. that I am the sole author of the present Master's Thesis, "Fairy Tale Express: Business Plan for a Children's Attraction Inside the Graz Schlossberg", 111 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted this Master's Thesis as an examination paper in any form in Austria or abroad.

Vienna, 13.08.2012



Signature

FAIRY TALE EXPRESS

BUSINESS PLAN FOR A CHILDREN'S ATTRACTION INSIDE THE GRAZ SCHLOSSBERG

**Supervised by
Dr. Anthony Warren**

**Presented by
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**Submitted
13 August 2012, Graz.**

Business plan number: _____

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1.0 Executive Summary

Fairy Tale Express is a magical children's attraction located inside the Graz *Schlossberg*. The target audiences are children ages three to ten years old and their families. The twenty-six minute train ride will transport up to twenty visitors at a time through a cave network, featuring popular scenes and symbols from Western fairy tales. Several stops along the way will contain interactive elements.

In 1968, a ghost train opened within the *Schlossberg* cave network and in 1984, it was converted into a *Märchengrottenbahn* (fairy tale train ride). In December 2011, the City of Graz terminated their leasing agreement with the *Märchengrottenbahn* operators and contracted FRida & freD Children's Museum (trade name KIMUS Kindermuseum GmbH) to prepare a creative concept and business plan for the renewal and re-opening of the attraction. Historical data from the *Märchengrottenbahn* operation is unavailable.

Joerg Ehtreiber, Director and CEO of FRida & freD Children's Museum, is leading a team of four in the early development phase of the project. Gerlinde Podjaversek is responsible for the creative concept, Eva Schloffer is providing project assistance for regulatory and technical aspects, and I have prepared the business plan. The business plan is a 'living' document and a foundation for discussions and decision-making processes with respect to all business aspects of Fairy Tale Express. The content reflects the opinions and vision of the author. The implementation of the business plan will integrate unexpected resource and regulatory limitations, as well as enhancements from the input of team members and other interested parties.

In addition to providing a business foundation for the Fairy Tale Express project, this document also serves as an MBA Master Thesis for the Vienna University of Economics and Business. It is therefore longer and contains more academic references than a standard commercial business plan.

*

The market for leisure attractions in Austria is worth €734 million. Theme and amusement parks are expected to continue to grow at a rate of 2% in terms of value of sales. The tourism industry in Graz, in terms of arrivals, has grown steadily at 6.85% since 2001. Key long-term drivers for the sustainability of Fairy Tale Express are: moderate growth in population and

per capita incomes; the propensity for local families to visit multiple leisure attractions each year; as well as growth in domestic and international tourism.

There are many well-visited leisure attractions in Graz and the region caters to a wide range of demographics and tastes. The industry is competitive and many attractions receive government subsidies. Family oriented attractions tend to draw repeat visitors from their respective catchment areas. At FRida & freD Children's Museum approximately 60% of all guests are repeat visitors. Around a dozen attractions in the Graz region offer content for young children and only half of these are open year round.

Fairy Tale Express, open year round, will be distinctive in two ways: the site enjoys a spectacular natural location and it will offer a magical and memorable visitor experience. Instead of passively viewing fairy tale dioramas, visitors will play the role of protagonist and believe they are journeying through a timeless story themselves. We expect Fairy Tale Express to open in early 2013 and forecast a starting customer base of 80,000 and to remain steady thereafter, with approximately 90,000 guests visiting annually.

These forecasts are underpinned by market research and the project team's extensive experience in successfully managing FRida & freD Children's Museum, one of the most visited attractions in Graz overall, welcoming 72,000 guests in 2011. Competitive rivalry in the local attractions market is medium to high. Based on the strengths and weaknesses of competitors as well as an assessment of our key assets, a strategy that achieves product and operational differentiation is proposed.

Total project investment is estimated at €432,000 and will be publicly funded. An additional €400,000 is required for the basic renovation of the tunnel railway to meet health and safety regulations. As the proprietors of the tunnel and railway equipment, the City of Graz has recently backed these repair costs and renovation is scheduled to begin in a fortnight. The tunnel will be fitted with a mix of multimedia, lighting and atmospheric effects. The operation of Fairy Tale Express will require the employment of three full-time equivalents, with part-time help during peak periods added as appropriate.

We plan to keep tight control of operating costs such that net profit breakeven can be achieved with approximately 68,000 visitors annually, less 25% our target customer base. The pre-tax profit margin in the first year will be 7% and is estimated to reach 17% by year three, representing approximately €98,000 EBT. This will yield a sustainable and profitable cash flow thereby enabling capital reinvestment for upkeep and later expansion of product or

service lines. Reinvestment capital is essential for keeping visitor attractions, in particular amusement or theme parks, appealing and well maintained. Operating as a social enterprise, residual profit will be invested into FRida & freD Children's Museum, its mission being to disseminate culture to all children in Graz and further afield.

Key risks are an escalation of costs associated with renovation works and / or the implementation of the creative and business concepts, as well as insufficient visitors and / or lower than expected value of discretionary sales. Direct competitors will have difficulty imitating the unique selling proposition of Fairy Tale Express, namely a magical train ride inside the *Schlossberg*. Competition from substitutes is a moderate but containable. Political support for the project is sound, especially given the broader social and political purpose of Fairy Tale Express, such as promoting tourism and providing leisure activities for local families.

An upside opportunity lies in expanding the scale of this project. Two further areas in the cave network could potentially be redeveloped to feature a former air raid shelter and a rail mining museum. These additional attractions would widen our customer base and increase the overall visitor capacity of the tunnel system. We plan to solicit support from local governments for further expansion, after Fairy Tale Express has been operational for one year and supposing it meets its first year financial targets, namely a pre-tax profit margin of 7% representing €32,000 EBT.

In conclusion, Fairy Tale Express has the potential to be a unique, attractive and profitable player in the Graz leisure attraction landscape, offering leisure travellers and local visitors a memorable and magical experience.

2.0 Description of Business

2.1 Description of the Venture

Fairy Tale Express is a magical children's attraction located inside the Graz *Schlossberg*. The target audiences are children ages three to ten years old and their families. The twenty-six minute train ride will transport up to twenty visitors at a time through a cave network, featuring popular scenes and symbols from Western fairy tales. Several stops along the way will contain interactive elements.

Fairy Tale Express will operate either as a business unit within KIMUS Kindermuseum LLC, which is a registered charitable organisation, or more likely as a trading subsidiary of KIMUS Kindermuseum LLC. Assuming the second outcome, Fairy Tale Express will function as a social enterprise with residual profits being invested into its parent company, FRida & freD Children's Museum. Its revenue streams in the first year will consist of ticket, merchandise, and food & beverage sales. Revenue streams in future years may expand to include: special events, sponsorship, facility hire, and increased online transactions, such as online retail.

The top priorities of Fairy Tale Express are:

- Public access and increased leisure opportunities for the community
- Enhance Graz's image as a family tourist destination
- Maximize visitor numbers
- Achieve sustainable profit (a pre-tax profit margin of 17% by year three) that will be used to uphold its own mission as well as the mission of FRida & freD Children's Museum.

The main customer segments are: leisure travellers with children making an overnight stay; leisure travellers with children making a day-trip; local families; school groups; tour groups and other. The total product will exemplify Pine and Gilmore's 'experience economy' because visitors pay admission to 'spend time with us' and not just to 'consume an activity'.

This unique visitor experience will be achieved partly by taking advantage of relevant trends, such as offering visitors 'short and intense experiences' and using the Internet for transactional purposes, as well as through 'theming' – where the key message of a visitor attraction is continually repeated from start to finish.

Fairy Tale Express branding will be inspired by the FRida & freD logo and brand identity. Both organisations will participate in a collaborative marketing strategy with emphasis on regular sales promotions as well as targeted advertisements within the Fairy Tale Express 2-hour driving catchment area, including urban areas in neighbouring Slovenia and Hungary. Fairy Tale Express aims to ultimately build relationships with families and to establish a presence within their traditions and narrative, so that people keep coming back year after year and from one generation to the next.

Fairy Tale Express will welcome approximately 90,000 visitors per annum which we expect to grow moderately in proportion with increases in domestic and international tourism. We will employ 2.5 full-time equivalent cast members and one part-time managing director. The entire operation will be overseen by the Director and CEO of KIMUS Kindermuseum GmbH, who brings over fifteen years experience in developing and managing interactive exhibitions for children.

The total project investment is €432,000 and will be publicly funded through both a grant and low-interest loan from the following bodies: City of Graz, Province of Styria and Holding Graz - Kommunale Dienstleistungen GmbH (Limited Liability Company of the City of Graz).

Fairy Tale Express will achieve a gross profit of approximately €408,000 in its first year (a margin of 84%). The operating profit margin will begin at 28% in year one, increasing to 33% by year three. The pre-tax profit margin will grow from 7% in year one to 17% by year three with a value of approximately €98,000. Fairy Tale Express will sustain an excellent current ratio and healthy cash flow.

Fairy Tale Express is expected to open at the beginning of 2013.

2.2 Products and Services

“The augmented product is the ‘total product bundle that should solve all the customers’ problems, and even some they haven’t thought of yet.” - Lewis & Chambers¹

“One of our most significant conclusions about the excellent companies is that, whether their basic business is metal-bending, high technology or hamburgers, they have all defined themselves as service businesses.” – Tom Peters & Bob Waterman²

Fairy Tale Express is in the business of creating magical and memorable experiences for children and their families; its core product is the train ride located inside the Graz *Schlossberg*. Kotler suggests that manufactured products should be developed with three levels in mind.³ Applying this approach to visitor attractions, we develop for Fairy Tale Express an overlapping relationship model which consists of the following: the core product, the service products and the visitor experience (see Figure 2a “Three Levels of the Fairy Tale Express Product”). The core product here is the ride itself, which visitors identify as the main benefit, meeting a perceived need. Their perceived needs or motivation for visiting Fairy Tale Express may be determined by their ‘visitor identity’ (for more on ‘visitor identities’ see: 4.1 Market Segments). The second product level comprises ‘service products’, or services in place that will ensure the smooth and enjoyable consumption of the core product, and / or a ‘value-added’ benefit for the visitor. Together the core product and service products operate in tandem, creating a third product level: the user- or visitor experience. The visitor experience is the total package. It is the ‘augmented product’ to which Lewis & Chambers refer. It begins when visitors arrive at the *Schlossberg* entrance and ends once they step from the tunnel back outside.⁴ Taking the concept further, it might begin when a prospective visitor books tickets online and continues months after the on-site visit, when his or her child plays at home with a plush souvenir toy. To help us understand why clearly thought-out and carefully executed service products are critical to achieving a superior visitor experience, we refer to Peters and Waterman, who famously observed that successful companies identify themselves as service-oriented. In other words, successful companies identify a service-oriented or intangible outcome as their ‘common purpose’ (for more on ‘common purpose’ see “2.4 Mission Statement”). More recent thinking takes us still further away from product- and service orientation. In the ‘experience economy’, Pine and Gilmore

¹ John Swarbrooke, *The Development and Management of Visitor Attractions*, (New York: Taylor Francis, 2002), 45.

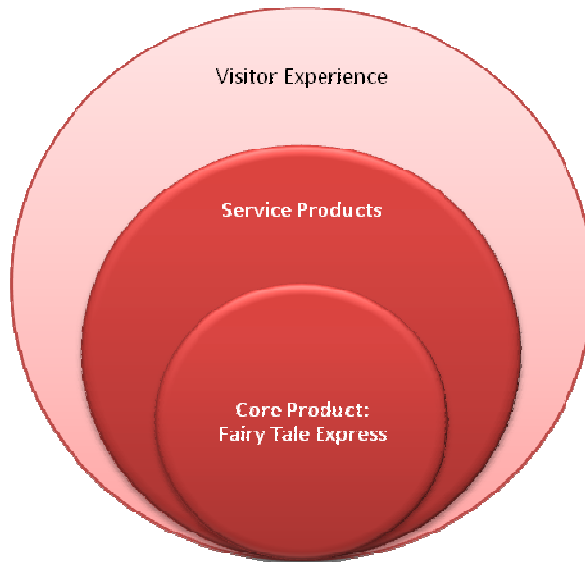
² Theodore Kinni, *Be Our Guest*, (New York: Disney Enterprises, Inc., 2011), 44.

³ Swarbrooke, 44.

⁴ Attractions management literature acknowledges that the ‘visitor experience’, in addition to tangible product elements and service delivery, also comprises the expectations and behaviours of the visitors themselves as well as external factors such as traffic congestion leading to the attraction. For the purpose of developing a business plan we will restrict ‘visitor experience’ to those elements over which we have control, namely the core product and service products.

forecast a growing change in consumer desires from goods and services to experiences, in particular transformative ones.⁵

Figure 2a. The Three Levels of the Fairy Tale Express Product



Fairy Tale Express is a real project that, at the time of writing, is in the early phases of development. Creative consultant Gerlinde Podjaversek is responsible for the core product, the train ride itself and the development of its key features in a detailed storyboard and design brief. For clarity purposes, this document will briefly outline the core product concept and thereafter focus primarily on the service products and visitor experience elements of Fairy Tale Express. The aim is to create an outstanding visitor experience through enhanced service products and their successful integration into the high-quality creative concept of the core product.

Core Product Concept

Visitors to Fairy Tale Express will be protagonists in their personal fairy tale adventure. The former *Märchengrottenbahn* presented figures and tableaux from familiar fairy tales. In Fairy Tale Express there will be no physical representation of well-known characters or stories. Using common symbols from Western fairy tales, visitors will feel immersed in their own story in which they play the hero or heroine. The train ride contains eleven stops and ten transitions; each one explores a universal theme or fairy tale symbol. Some stops will contain

⁵ Joseph Pine and James Gilmore, *The Experience Economy*, (Boston: Harvard Business, 1999), 25.

interactive elements such as cutting through a thorn bush or being crowned. The ride will contain moderate multimedia elements such as sound effects and projections.

Table 2a. Fairy Tale Express Ride: Stops and Transitions*

No.	Type	Description	Time
1	Stop	Immersion into topsy-turvy world	40 sec.
2	Transition	Flight with different flying objects	20 sec.
3	Stop	The Orient or unspecified exotic place	90 sec.
4	Transition	Motion from night into day	20 sec.
5	Stop	Meadow with magical creatures	90 sec.
6	Transition	Weather conditions: thunderstorm	20 sec.
7	Stop	Into the witch's house	90 sec.
8	Transition	From day into night	20 sec.
9	Stop	Enchanted forest	90 sec.
10	Transition	Stage coach	20 sec.
11	Stop	In front of the treasure trove	90 sec.
12	Stop	At the treasure trove	90 sec.
13	Transition	Seasonal change: from summer to winter	20 sec.
14	Stop	North Pole	90 sec.
15	Transition	Seasonal change: from winter to summer	20 sec.
16	Stop	Thorn bush	90 sec.
17	Transition	Gorgeous clothes and shoes	20 sec.
18	Stop	Crowning with mirror	90 sec.
19	Transition	Stairs - Mirrors - Labyrinth	20 sec.
20	Stop	Castle ballroom	90 sec.

* Created by Gerlinde Podjaversek

While the train ride itself lasts twenty-six minutes, we expect the onsite visitor experience from arrival to departure to last a minimum of thirty-two minutes up to a maximum of approximately seventy minutes.

Table 2b. Visitor Experience in Minutes

Experience	Time
Purchase Tickets, Activities in Holding Area, Discretionary Spending (Retail, Food & Beverage) ⁶	2 to 30 minutes
Board Train	2 minutes
Greeting & Character Interaction	1 minute
Fairy Tale Express	26 minutes
Thank You & Closing Remarks	1 minute
Activities in Holding Area, Discretionary Spending (Retail, Food & Beverage), Restroom	0 to 10 minutes
Total Visit	32 to approx. 70 minutes

The detailed creative concept is led by Gerlinde Podjaversek with the Fairy Tales Express team and the advice of external partners, such as the Digital Media Technology Department at the Joanneum University of Applied Sciences.⁷ The team aims to minimize liabilities created by limited resources and particularly location constraints. The tunnel route is not circular, so once visitors reach the ‘North Pole’ the train turns around and returns the way it came, requiring careful lighting effects to prevent the stops and transitions from overlapping. Alternative solutions are currently being investigated to improve this and other liabilities with the hope, at very best, of turning them into strengths (for further constraints see “6.0 Production”).

Service Products

Well-thought-out and carefully executed service products are essential for achieving an outstanding visitor experience. The nine key service products identified for onsite visitors to Fairy Tale Express are: Entrance; Ticketing; Holding & Rest Areas; Way Finding; Retail; Food & Beverage; Restrooms; Service Attention Processes; Print Materials (see Figure 2b).

⁶ For a description of listed service products see “4.5 Products & Services of the Marketing Plan.”

⁷ The Digital Media Technology Department at the Joanneum University of Applied Sciences has been a project partner of Children’s Museum FRida & freD since 2003. Together they have created hundreds of interactive stations for FRida & freD custom-built exhibitions.

Figure 2b. Fairy Tale Express Service Products Diagram

Broadly speaking, the guiding approach that will inform our service product development is 'theming'. Theming is when the key message of a visitor attraction is continually repeated from start to finish. It is proven to 'solidify entertainment value' through the 'illusion and sense of role-play'. Wanhill argues that effective theming creates competitive advantage.⁸ Themed entrance areas make waiting less frustrating, and well-themed retail areas can increase 'walk-around time' as well as raise discretionary spending.⁹ Other benefits include increased perception of quality by creating a memorable environment.¹⁰ Bearing in mind the aim of Fairy Tale Express to create an outstanding visitor experience: *The ultimate objective of themed service products at Fairy Tale Express, and in particular of the themed entrance area and role-playing cast members, is to persuade young visitors that they are truly boarding a **magical train** where they will be protagonists in their **personal fairy tale** adventure.*

Key concepts for Fairy Tale Express theming are: 'magical train' and 'personal fairy tale'. By 'personal fairy tale' we mean one which the visitor plays the protagonist and there is no

⁸ Stephen Wanhill, "Economic aspects of developing theme parks," in *Managing Visitor Attractions*, ed. Alan Fyall et al. (Oxford: Elsevier Ltd., 2008), 69.

⁹ *Ibid.*, 70.

¹⁰ *Ibid.*, 69.

reference whatsoever to well-known characters (such as Snow White and the Seven Dwarfs) nor to specific storylines (“Rapunzel, Rapunzel, let down your hair!”). Instead we refer to general themes and symbols of the fairy tale literary genre: finding oneself in an unfamiliar land, a quest, overcoming challenges, and so on. The ‘magical train’ is the medium – literally, a vehicle – into this world.

To help us achieve a memorable visitor experience, the ‘magical train’ and ‘personal fairy tale’ themes will be repeated where appropriate in the service products. The objectives and specifications for each service product are described in the marketing plan (see “4.5 Products & Services”).

2.3 Type of Industry

Wanhill identifies a theme park as, ‘a family amusement complex oriented towards a range of subjects or historical periods, combining the continuity of costuming and architecture with edutainment through rides and other attractions, catering and merchandising, to provoke an experience for the imagination.’¹¹ Though not an entire complex, Fairy Tale Express sits comfortably within this description. For the classification of its main economic activity, Fairy Tale Express would be assigned ÖNACE code, 93.21-0 “*Vergnügungs- und Themenparks*” or “Amusement and Theme Parks”, which encompasses attractions from carousels to mechanical theatres, *Geisterbahn* (ghost trains) as well as *Grottenbahn* (cave railways) (see Appendix B).

Across the industry, Disneyland has set the agenda for theme park development. Created in 1955 by Walt Disney in Anaheim, California for a cost of US\$17 million, Disneyland attracted 3.8 million visitors in its first year and is now approaching 15 million visitors per annum.¹² The Disney Corporation has developed and proliferated the concept of ‘imagescapes’ or storylines. Academic analysis across the global theme park sector has identified seven broad re-occurring imagescapes: adventure, futurism, international, nature, fantasy, history and culture, and the movies.¹³ According to Wanhill, ‘complex or scholarly themes have difficulty producing the emotional experiences necessary to attract family groups and have limited repeat-visit potential.’¹⁴ He argues that imagescapes which evoke ‘known products or events in the mind of the public are the most suitable’ because they minimize the risk of failure. Earlier concepts for Fairy Tale Express included more academic themes such as regional

¹¹ *Ibid.*, 60.

¹² *Ibid.*, 61-62.

¹³ *Ibid.*, 60.

¹⁴ *Ibid.*, 60.

and local mythology (long since forgotten in the public domain) and historical events in Graz; both were eventually dismissed on a number of grounds but primarily because of challenges in consumption and interpretation.

In Europe, the first modern theme park was *Eftelig*, which opened in the Netherlands in 1952 and was developed around fairy tales or, more broadly, a fantasy imagescape.¹⁵ Now in its sixtieth year the park welcomes four million visitors annually and, like most leading theme parks, offers an expanding portfolio of complimentary products and services: a variety of rides and experiences, theatre shows, a hotel, a golf course and its own television series.¹⁶ Though no attraction of this nature and scale exists in Austria, the fantasy imagescape with an emphasis on fairy tales is well known and loved here. Smaller regional attractions like *Märchenwald Steiermark* (Fairy Tale Forest Styria) or *Pöstlingberg Märchenbahn* (Pöstling Mountain Fairy Tale Train Ride) exploit the fantasy and fairy tale theme (for more on these attractions see “3.2 Analysis of Competitors”).

In Europe, theme parks grew by 2.8% in 2011. Given the current economic climate this is considered a strong performance.¹⁷ Growth in Austria is comparable with the continental average growth rate of 2% from the previous year.¹⁸ Worldwide growth was up 4.8% in 2011. According to the Global Attractions Attendance Report, these results are attributed primarily to ‘exemplary reinvestment and management practices’. The report cites outstanding performers in the United States (Universal Orlando, SeaWorld San Diego and The Wizarding World of Harry Potter) as well as trend-setting practices in the Asian markets, in generating positive average growth in spite of the recession. Robinett advises how smaller attractions can apply good practice and judgment:

“Not everyone has the resources to bring in a Harry Potter, but all have access to the classic tools of the business: good management, good marketing and strategic reinvestment. Reinvestment can occur all along the scale. Reinvestment in new rides and shows can drive attendance beyond what the market would normally bear. As full economic recovery in North America and Europe is going to take a while, operators should take this to heart and apply their imaginations.”¹⁹

Swarbrooke suggests that purpose-built attractions tend to reach peak usage fairly rapidly, then flat line before sales slowly start to decline. The objective of Fairy Tale Express is to achieve a sustained and consistent number of visitors and sales revenue for the longest

¹⁵ *Ibid.*, 61-62

¹⁶ Whyman, Kathleen, “Bart de Boer,” in *Attractions Management*, No. 2 (2012): 20-23.

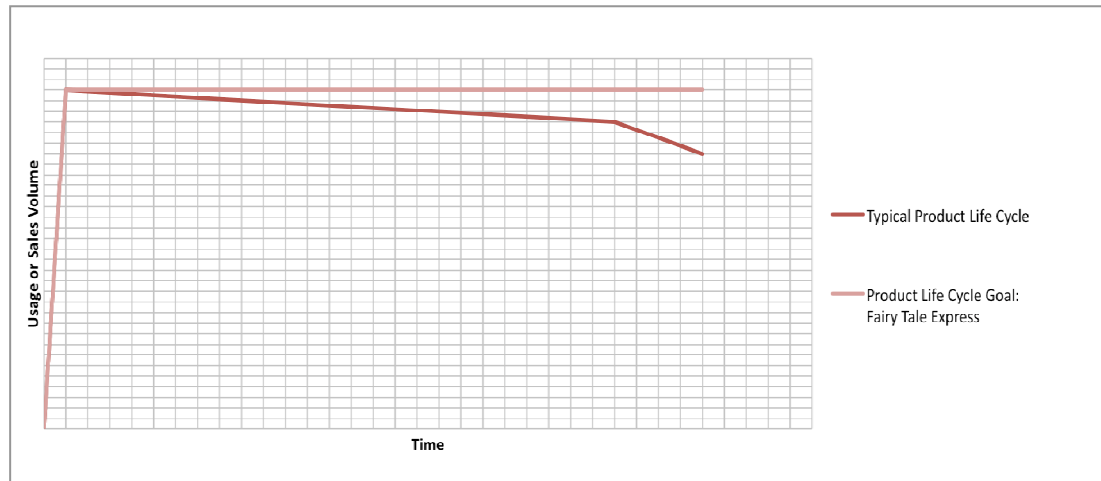
¹⁷ “Global Attractions Attendance Report 2011,” TEA / AECOM, 2012

¹⁸ “Tourist Attractions in Austria,” EuroMonitor International, 2011.

¹⁹ Global Attractions Attendance Report 2011

period possible before requiring substantial capital reinvestment (for more on sustaining sales volume see “3.3 Industry and Market Forecasts”; for more on amortization and reinvestment see “5.0 Financial Plan”).

Figure 2c. Product Life Cycle of Purpose-Built Attractions²⁰



Global Attractions Attendance Report also observed a higher level of interest in feasibility studies for new parks on behalf of private investors in comparison with previous years. In addition, many recent feasibility studies have ‘public sector support as government recognizes the positive impacts of theme parks and attractions in terms of image, employment and economic benefits.’²¹ This is applicable to Fairy Tale Express which receives popular support from diverse politicians because of its perceived positive impact.

2.4 Mission Statement

“Most parents don’t take their kids to Walt Disney World just for the event itself but rather to make the shared experience part of the everyday family conversation for months, and even years, afterward.”²² – Joseph Pine and James Gilmore

A mission statement identifies the core purpose of an organisation and helps it to create a unique brand identity. Weaver recommends that a good mission statement include ‘who you want to attract, what your purpose is, and which geographic area you serve’.²³ From 1999 until 2010 the Disney Corporation mission statement interpreted those guidelines broadly: “We create happiness by providing the finest in entertainment for people of all ages, everywhere.” In 2011, it updated its mission to a more general statement: “We create

²⁰ Swarbrooke, 54.

²¹ Global Attractions Attendance Report 2011.

²² Kinni, 11.

²³ Stephanie Weaver, *Creating Great Visitor Experiences*, (Walnut Creek: Left Coast Press, 2007), 21.

happiness...” In both cases they have identified their core purpose or *raison d'être* as ‘creating happiness’. One activity Weaver recommends in developing a mission statement is to ask ‘Why is that important?’ and then after answering the question to ask it again four more times. Doing so will help refine the mission to its ‘essence’²⁴ as is the case with Disney.

Management literature tends to agree that a mission statement must be developed by individuals at different levels within an organisation to ensure that it becomes internalised by employees and realised in practice. This document will therefore present only broad language and concepts that may or may not inspire the ultimate mission statement of Fairy Tale Express.

So far we have discussed the importance of creating an exceptional visitor experience through the delivery of high-quality products and services. We have addressed the value of theming and our own focus on the ‘personal fairy tale’ and ‘magical train ride’. Through these themes and associated activities we hope to engage children and nurture their imaginations. The Fairy Tale Express experience should be memorable and enjoyable for entire families and create a loyal following. Gitomer who has written extensively on customer loyalty, proposes a universal customer-oriented mission statement: “Treat every guest in such a memorable way that when the transaction is complete, the customer tells someone else how GREAT it was.”²⁵

Visitors to Fairy Tale Express will ideally recollect their experiences with friends and loved ones for days and even years to come. As the director of *Efteling* said: “They come here as a child, then a parent and a grandparent. Most Dutch people will come to *Efteling* several times during their lifetime.” Our mission is therefore, in a sense, to nurture and build relationships with families and to establish a presence within their traditions and narrative. With that in mind, see Figure 2d for the potential vocabulary of the Fairy Tale Express mission statement.

²⁴ *Ibid.*, 157.

²⁵ Jeffrey Gitomer, *Customer Satisfaction is Worthless, Customer Loyalty is Priceless*, (Charlotte: Bard Press Books, 1998), 268.

Figure 2d. Potential Language of the Mission Statement

Created using www.wordle.net

Some criticism has emerged over the mission statements of publicly funded cultural institutions which tend to define their audiences in broad sweeps: ‘all visitors’, ‘the public’ or even in the case of children’s museums such as FRida & freD, ‘all children’. For Falk and Sheppard, these institutions (they cite Disney as an example) are mirroring the industrial age by still catering to mass audiences and crafting experiences that ‘essentially never change and lack the capacity to accommodate the individualized needs of the user.’²⁶ Indeed, this approach is out of step with the growing trend of visitor attractions catering towards specialised audiences (for more market trends, see “3.1 Future Outlook and Trends”). For Falk, Sheppard and other academics, competitive advantage lies with organisations that can distinguish themselves by providing highly personalised experiences. I propose that in addition to personalised experiences the delivery of unique and successful ‘collective experiences’ will be equally relevant to the success of visitor attractions. In a world where individuals are fixated on their mobile devices and are increasingly alone in the company of others, where technologies further diminish face-to-face contact, it will be refreshing to visit attractions where part of the experience is interacting with a guide or cast member and where we are prompted to communicate and share with each other in a truly collective moment.

Fairy Tale Express creates value for visitors by providing them with an exceptional experience that exceeds their perceived benefit of visiting in the first place. The perceived

²⁶ John H. Falk and Beverly K. Sheppard, *Thriving in the Knowledge Age* (Oxford: AltaMira Press, 2006), 42.

benefit might be as simple as 'making the kids happy on a rainy day' whereas the outcome of their experience is in fact much deeper: this is the crux of the mission statement. The rationale behind that value creation is the business model.

2.5 Business Model

Based on their extensive research, Crawford and Mathews recommend that companies engage in 'customer relevancy' by streamlining value creation. They divide value into five categories: access, experience, price, service and product. Their findings demonstrate that truly successful companies are striving to be excellent in one of these categories, to be very good in at least one other category, and to remain at industry standards of acceptability in the remaining three categories.²⁷ Only by adhering to this model can organisations be relevant to consumers. Falk and Sheppard have adapted the model to cultural institutions and created a table that I have applied to Fairy Tale Express (see Table 2c).

According to Falk and Sheppard, value creation 'must emanate from a deep understanding of the unique assets an organization possesses and how these assets might be used to serve an audience exceptionally.'²⁸ Let us consider the top 5 current assets of Fairy Tale Express and how they inform the ranking of value categories set forth by Crawford and Mathews.

Current Top 5 Assets of Fairy Tale Express:

1. tunnel system
2. location inside the *Schlossberg*
3. trains and tracks
4. management experience in building exhibits and attractions for children
5. relationship with the Children's Museum FRida & freD for branding and marketing purposes

²⁷ F. Crawford and R. Mathews, *The Myth of Excellence: Why Great Companies Never Try and Be the Best at Everything* (New York: Three Rivers Press, 2001), 39.

²⁸ Falk and Sheppard, 190.

Table 2c. Value Categories: Fairy Tale Express Assessment*

	ACCESS	EXPERIENCE	PRICE	SERVICE	PRODUCT
DOMINATE	Always there, whenever and wherever I need you.	Transforms me. I lose all sense of time. Everything feels like it is designed just for me (...)	This is me, so price is not an issue; it is all value.	Anticipate my every need because you know and respect me.	World-class, cannot do or see these things anywhere else.
DISTINGUISHED	Easy to access, easy to use.	Everything is truly memorable; I feel like I am special.	Costs are very fair and consistent.	Helpful, interested in me and take the time to really listen to me.	Best in the region, truly great.
ACCEPTABLE	Convenient with minimum hassle.	Can find things of personal relevance, fun and enjoyable.	Costs are honest, comparable to other, similar experiences.	Respectful and courteous; responsive when asked.	Good quality, credible and well presented.
UNACCEPTABLE	My convenience is not your problem.	Cannot see myself in this place, nothing here for me. This is about you, NOT me.	Pricing seems arbitrary and misleading – not a good value.	Rude, distant, disrespectful and / or distrustful, of me.	Dirty, shoddy quality, old, broken or just boring.

*The selection applicable to Fairy Tale Express is highlighted in dark red.

Acceptable: Access, Price and Service fall into this category given several constraints that would be too costly to overcome. Physical access boarding the trains can be challenging for elderly persons or persons with disabilities; distinguished or dominant pricing is not sustainable given profit & loss forecasts; experience from FRida & freD indicates that hiring and motivating exceptional front-of-house staff can be challenging.

Distinguished: Product, defined as the train ride itself (core-product) will be best in the region and truly superior given the outstanding record of the project team in creating highly valued interactive exhibits and attractions for children using limited financial resources.

Dominate: Experience is where Fairy Tale Express can truly dominate. The atmospheric tunnels, historic trains and unique location inside the *Schlossberg* combined with a high-quality core product make for an exemplary experience. The core product, where children

engage in challenges and play the protagonist in their own individual fairy tale is a highly personalised experience, whereas the interaction with cast members and travelling through the tunnel as a group is distinctly collective. For Falk and Sheppard, value creation means “creating experiences that actually drive consumers closer to their desire for self-actualization”.²⁹ Exploiting these assets is key for creating a competitive advantage in the visitor attraction marketplace.

Fairy Tale Express will be a social enterprise; ‘social’ in so far that it engages in commercial activities to deliver a social, educational and cultural benefit. Profits will be used to increase the level of benefit rather than retained for personal gain,³⁰ and in this instance used to help finance the social mission of FRida & freD Children’s Museum as well. Cultural sector venues typically have a wide array of profitable income streams. A study in the United Kingdom indicated that on average less than 50% of attraction income was generated from admission charges.³¹ Effective venues have a strong sense of identity and tend to ‘adapt to create activities and income streams that match their aims and comply with the core values of their public mission statement.’³²

Revenue streams in the first year will include:

- tickets
- merchandise
- food & beverage

Revenue streams to develop in the second year and beyond are:

- special events
- sponsorship
- facility hire
- further online content, potentially online retail

The clear focus and distinctiveness of Fairy Tale Express will deliver a combination of financial, social, educational and cultural gains.

²⁹ Falk and Sheppard, 56.

³⁰ Katharine Ford, “Museums are already social enterprises,” The Guardian (Last modified, 23 July 2012) <http://www.guardian.co.uk/culture-professionals-network/culture-professionals-blog/2012/jul/23/museums-social-enterprises-finance-development>.

³¹ Swarbrooke, 91.

³² Katharine Ford, “Museums are already social enterprises”.

3.0 Description Of Industry

3.1 Future Outlook and Trends

For this section we will examine the tourist attraction industry in Austria.³³

In 2011, tourist attractions sales stagnated with 0% value growth to reach €738 million, but in terms of visitors the sector grew by 1% to 44 million. Turnover is expected to stagnate at 0% and €734 million, but with a 1% increase in visitors to reach 47 million by 2016.³⁴ (For historical data from 2006-2011 on 'Tourist Attractions Sales by Category' and 'Tourist Attractions Visitors by Category' in Austria see Appendix B).

Theme and amusement parks were above industry average and had the highest increase in terms of value of sales, at 2% in 2011. Growth in value of sales is expected to continue at 2% until 2016. Growth in theme and amusement park visitors will remain at the sector average of 1% until 2016. By 2016 theme and amusement parks will be worth €39.2 million in sales and attract about 5 million visits per annum.³⁵ (For 'Forecast Tourist Attractions Sales by Category' and 'Forecast Tourist Attractions Visitors by Category' for the 2011-2016 period in Austria see Appendix B). The all-time favourite theme park attraction in Austria is the *Wiener Prater*, which was 'part of almost all inbound trips to Vienna'.³⁶ Its iconic *Riesenrad* (giant Ferris wheel) is ranked among the top 20 attractions in all of Austria, attracting 656,000 visitors in 2011 and expecting approximately 682,000 annual visitors by 2016 (for 'Leading Tourist Attractions by Visitor 2006-2011' see Appendix B).

The outlook for other relevant branches in the attractions sector is mixed. For example, a number of Fairy Tale Express competitors show live animals (for a description of competitors see "3.2 Analysis of Competitors"). As visitors no longer wish to see animal acts, due to animal rights awareness, predictions for circuses are bleak. Circuses are expected to see a decrease of 3% compound annual growth rate (CAGR) of visitors. Zoos and aquariums, however, are expected to have constant value CAGR of 2%. 'Other tourist attractions' are expected to see the fastest increase in visitors at a 4% CAGR. Tourists are expected 'to seek experiences away from the main attractions' and they will look for 'smaller independent and

³³ Tourist Attractions categories are: Art Galleries, Casinos, Circuses, Historic Buildings / Sites, Museums, National Parks / Areas of Natural Beauty, Theatres, Theme/Amusement Parks, Zoo/Aquariums, Other Tourist Attractions.

³⁴ Tourist Attractions in Austria.

³⁵ *Ibid.*

³⁶ *Ibid.*

unexpected attractions'.³⁷ The branding and marketing strategy of Fairy Tale Express may take advantage of this trend by emphasising 'smaller and unique' and 'unexpected' qualities in its promotional materials. Key trends across the industry can be summarized as follows:

Attractions will focus on particular market segments rather than try to appeal to everyone.

One particularly successful example occurred in Spain at *PortAventura*, which introduced a new Sesame Street-themed area, *Sésamo Aventura*, designed exclusively for young children. Renewed emphasis on a young target audience helped to boost visitor numbers from the local market as well as domestic tourists.³⁸

Attractions will boost their sales by hosting more special events and offering incentives.

The Global Attractions Attendance Report indicated that to counter the recession, themed attractions are generating special offerings: special celebrations; holiday events; package deals; and hotel nights. Holiday events, for example at Halloween and Christmas 'provide guests with a different experience to the normal park operation and serve to drive repeat visits'.³⁹ In addition, vouchers and special offers for retail and food & beverage services can boost discretionary spending.

Attractions will increasingly use the Internet for transactional purposes.

Whilst there are discussions on role of the Internet in terms of its research versus purchasing platform capabilities, the numbers suggest that the Internet as a transactional platform is steadily rising. In Austria, the value of direct online sales in visitor attractions more than doubled from €9.6 million in 2006 to €20 million in 2011; it is forecast to grow further to €25.6 million by 2016 (see "Tourist Attractions Online Sales: Internet Transaction Value 2006-2011" and "Forecast Tourist Attractions Online Sales: Internet Transaction Value 2011- 2016", Appendix B). In other words, Internet transactions will continue to grow moderately in spite of sector stagnation overall.

Attractions will innovate their core products and look to new technologies to remain competitive.⁴⁰

Visitors will look for hands-on experiences; they want to be participants and not just spectators. Fantasy attractions with virtual reality and artificial environments will become

³⁷ *Ibid.*

³⁸ Global Attractions Attendance Report 2011.

³⁹ *Ibid.*

⁴⁰ Swarbrooke, 101.

increasingly popular though they will be limited for the time being to large conglomerates capable of making substantial capital investments, and restricted to densely populated areas where the pay-off is higher.

Visitors will look for short and intense experiences.

We can expect visitors to look for short and intense experiences because they have limited time to spare. Larger attractions may begin to offer mini-experiences or similar for busy guests, and smaller specialised attractions may benefit from this change in leisure consumption.

Visitors will look for free activities.

Given the recession and increased capabilities of tourists in creating their unique travel adventures, tourists are 'likely to choose their own free tourist attractions instead of paying entry fees'. In other words, they may opt to visit gardens and parks instead of the museum next door.⁴¹

Overall, as people become more experienced attraction visitors, they will demand higher standards of services and facilities. The challenge is to allocate our resources in such a manner that best exploits relevant trends, such as focusing on specific market segments, 'short and intense experiences', special events and incentives, and using the Internet for transactional purposes.

3.2 Analysis of Competitors

The visitor attractions market in the province of Styria is mature and heavily subsidized. Internal rivalry is medium to high with many players in Graz and the surrounding region (for a list of top visited attractions in Styria see Figure 3.1). A selection criteria was used to identify competitors. Competing attractions must:

- Offer programmes specifically for children
- Be located within 1-hour driving distance from the Graz city centre
- Charge entrance fees
- Welcome +35,000 visitors per annum OR receive at least three recommendations from Tourism Graz⁴²

⁴¹ Tourist Attractions in Austria.

⁴² An online survey was circulated to all twenty-two staff at Tourism Graz asking them to freely identify five highly regarded attractions in Graz overall, and five highly regarded attractions in Graz for families with children ages 3 to 10 years old. The survey response rate was 50% (see Appendix C for results).

Table 3a. Top Visited Attractions in Styria (2011)⁴³

Ranking	Name	No. of Visitors
1	Basilika Mariazell	1.5 mil. est.
2	Grazer Schlossberg (Schlossberg-Bahn & Lift)	696,024
3	Universalmuseum Joanneum	501,907
4	Dachstein Sky Walk & Eispalast	300,000
5	Zotter Schokoladen Manufaktur	214,000
6	Tierwelt Herberstein	175,000
7	Schöckl-Seilbahn	171,000
8	Bahnerlebnis Steiermark	126,400
9	Pfarrkirche Pöllau	120,000 est.
9	Wallfahrtskirche Pöllauberg	120,000 est.
NA	Fairy Tale Express - BEST CASE	109,000
10	Gartenlust-Gärten Oststeiermark	103,742
NA	Fairy Tale Express - BASE CASE	90,000
11	Riegersburg	82,000
12	Abenteuer Erzberg	81,000
13	Sommerrodelbahn Schöckl	76,000
14	Kindermuseum FRida & freD	72,600
NA	Fairy Tale Express - WORST CASE	72,000
15	Greifvogelwarte Riegersburg	63,000
16	Bundesgestüt Piber	62,061
17	Freilichtmuseum Stübing	61,566
20	Lodenwalke Ramsau	60,000
20	Stift Admont/Bibliothek & Museum	60,000
20	Steiner Wollwelt 1888	60,000
21	Abenteuerwelt Mautern	55,000
22	Mariazeller Bürgeralpe	50,930
23	Burg Oberkapfenberg	50,000
24	Kunsthalle Leoben	46,700
25	Kunsthaus Weiz	45,000
26	Tierpark Preding	40,000
27	Bärenschützklamm	35,948
28	Österreichisches Luftstreitkräfte Museum	34,857
29	Sternenturm Judenburg	34,000
30	Glasmuseum Bärnbach	32,087
31	Salinen Bergwerk Altaussee	28,698
32	Märchenwald Steiermark	28,000

⁴³ Stephan Lendl, "Die Top Sehenswürdigkeiten 2011," Herz Steiermark. Last modified, 4 May 2012, <http://herz.steiermark.com/allgemein/meistbesuchte-sehenswuerdigkeiten-der-steiermark-2011/>
Fairy Tale Express expects to attract about 90,000 visitors per annum. See "4.6 Sales Forecasts for First 3 Years" for the base case calculation. The worst and best cases represent either a 20% decrease or 20% increase in sales from the base case scenario respectively.

Based on the selection criteria the following competitors were identified:

- *Zeughaus* (Armoury) part of Universalmuseum Joanneum
- Eggenberg Palace, part of Universalmuseum Joanneum
- Zotter Chocolate Manufacturer
- *Tierwelt Herberstein* (Animal World Herberstein) / *Abenteuerwelt Mautern* (Adventure Land Mautern)
- Summer Toboggan Run Schöckl
- Children's Museum FRida & freD⁴⁴
- Hilmteich (Boat Rental, Walking Water Ball, WIKI Adventure Park)
- Public Swimming Pools in Graz (Augarten, Auster, Bad zur Sonne, Margarethen, Strassgangerbad, Stukitzbad)

Special mentions include *Märchenwelt Steiermark* (Fairy Tale Land Styria) and *Pöstlingberg Märchenbahn* (Fairy Tale Train Ride), Linz. Fairy Tale Land Styria welcomes only 28,000 visitors per year and Fairy Tale Train Ride, Linz is located about 200 km from Graz. As both attractions cover fairy tales they are included in the competitor analysis (see Appendix D for a comparison of competitors). In light of the competition, strengths that Fairy Tale Express should emphasise are: hours of operation (both year round and evenings); emotive activity (not physical) that can be experienced independent of weather; and enjoyable excursion for children as young as two years old.

Barriers to entry in the Styrian attractions market are mainly medium to high. Most larger and successful attractions receive regular grants and subsidies. The threat of substitutes looms large: from skating rinks to shopping malls. Indeed, the bargaining power of customers is high – they have numerous options where to allocate their leisure time and money. On the contrary, the bargaining power of suppliers is low – many stage designers and craftspeople are capable of building and refreshing the display. The bargaining power of merchandise suppliers is also low. Overall, the competitive intensity is medium to high but this is weakened by the generous grants and subsidies awarded to most leisure attractions operating in the region.

⁴⁴ Though not strictly speaking a competitor, FRida & freD Children's Museum is included in the analysis because communicating differences between FRida & freD and Fairy Tale Express will help to reduce product cannibalisation.

3.3 Industry and Market Forecasts

Three primary factors will influence market forecasts relevant to Fairy Tale Express:⁴⁵

- Growth rate of international and domestic tourism
- Economic situation
- Regional demographics, lifestyle and general consumer behaviour

Continued Growth in International Tourism

In spite of the global economic slowdown and austerity measures in Europe resulting in higher unemployment and lower consumer spending, Austria will continue to grow in international tourism. Austria was not badly affected during the 2009 crisis and will 'likely be untouched by any future global slowdown'.⁴⁶ According to 2011 mid-term national statistics office reports, the first half of the 2011 summer season reported a 1.7% increase in overnight stays compared to the same period of 2010. The Austrian tourism agency has adopted a strategy to increase its 'international guest portfolio' under the motto, '*Neuer Schwung für neue Märkte*' (New momentum for new markets). It is offering tourism operators in the BRIC countries as well as Eastern European countries such as Slovenia, Slovakia and Croatia affordable pricing options for entering the country.⁴⁷ The Eastern European countries are particularly relevant for Graz, as its geographical location makes Graz a 'gateway to the Balkans'. Nonetheless, the most significant country of origin for Graz in 2011 was Germany, followed by Italy. Graz had a total of 488,471 arrivals last year, up by 8.4% from in 2010. Since 2001, the average growth rate of arrivals is 6.85%. Approximately 30% of all arrivals are leisure travellers, so that in 2011, Graz welcomed approximately 162,000 holidaymakers (for more on arrivals to Graz see Appendix B).⁴⁸

⁴⁵ Swarbrooke, 100.

⁴⁶ Tourist Attractions in Austria.

⁴⁷ *Ibid.*

⁴⁸ "Tourismus Bilanz 2011," Graz Tourismus und Stadtmarketing GmbH.

Continued Growth in Domestic Tourism

According to the Global Attractions Attendance Report, Europeans are frequently choosing to take short breaks nearby instead of longer holidays abroad. The phenomenon is good news for regional attractions, like Fairy Tale Express. In Austria, domestic trips increased by 1% in 2011, therefore 'guaranteeing stable growth'. According to a survey conducted by 'Tourismus- und Freizeitforschung' (Tourism and Leisure Research), 'one in three Austrian holidaymakers preferred to vacation at home in 2011' making Austrians the most important market segment for tourism in Austria. Leave entitlement in Austria is 38 days per year including 25 paid holiday and 13 public holidays (some of which fall on weekends).⁴⁹

Economy Sustainable, Growth in Consumer Expenditure

In 2010, the total annual disposable income of Austria was US\$ 224 billion, 'placing it ahead of Norway, Denmark and Finland'. Following the global downturn in 2009, per capita consumer expenditure saw moderate annual growth of 1.7% in 2010 and is set to expand by 17% between 2011-2020.⁵⁰ Economic growth forecasts for Graz are positive overall.⁵¹

Local Population Growth, Leisure Time Top Priority

The population of Graz is currently 265,000 and it is set to increase to 287,000 inhabitants by 2030, an average annual growth rate of about 0.5%.⁵² There are 96,500 children between the ages of two and ten years currently residing in Styria, of which 22,500 live in Graz and Graz environs. Applying the same annual growth rate, we can expect 22,918 children between the ages two and ten to be living in Graz and Graz environs by 2016 and 24,443 by 2030 (see Appendix C).

Austrians tend to make use of their generous leave entitlements to enjoy leisure activities. The following figures for 2011 make a case in point. The funicular railway and lift ascending the *Schlossberg* attracted approximately 700,000 unique visits.⁵³ The six public swimming pools in Graz, which are perhaps a better indicator of local leisure activity, attracted some 520,000 unique visits.⁵⁴ FRida & freD Children's Museum welcomed 72,600 visitors, of which 52,400 were independent visitors, and based on demographics surveys approximately 85% arrived from within Styria.

⁴⁹ Tourist Attractions in Austria.

⁵⁰ *Ibid.*

⁵¹ "Buchmann erwartet 'moderates Wirtschaftswachstum'", Kleine Zeitung. Last modified, 7 December 2012. <http://www.kleinezeitung.at/steiermark/graz/graz/2894944/buchmann-erwartet-moderates-wirtschaftswachstum.story>.

⁵² "Bis 2030 wird es eng in Graz", Kleine Zeitung. Last modified, 16 December 2012. <http://www.kleinezeitung.at/steiermark/graz/graz/2900780/bis-2030-eng.story>.

⁵³ Stephan Lendl, "Die Top Sehenswürdigkeiten 2011," Herz Steiermark.

⁵⁴ Angela Vurcer, Freizeit Graz GmbH, telephone call to the author, 26 July 2012.

In 2012, the Styrian Tourist Board launched the *Steiermark Card*, a summer pass which entitles its holders free access to over 80 attractions in Styria. Launched with the motto, 'more Styria for Styrians', the card is hoped to boost attendance at regional attractions and create a positive spill-over effect to other operators, such as hotels and restaurants. The card retails at €69 as is expected to generate about €2 million in its first year. Revenue generated by the *Steiermark Card* will be divided proportionately between participating venues.⁵⁵ Whether Fairy Tale Express participates in the marketing consortium should be determined taking into account the outcome of the first year evaluative assessment.

Overall, economic forecasts as well as the lifestyle and consumer behaviours of potential visitors from the region is favourable for the development Fairy Tale Express. Domestic and international tourism forecasts are particularly positive.

⁵⁵ "Steirer setzen alles auf eine Karte," Kleine Zeitung. Last modified, 15 December 2012.
<http://www.kleinezeitung.at/steiermark/graz/graz/2892863/steiermark-card-fuer-82-ausflugsziele-vorgestellt.story>

4.0 Marketing Plan

4.1 Market Segment

Fairy Tale Express has five primary customer segments. “Children” refers to young people ages two to ten years old.

Leisure travellers with children, overnight stay: These guests may arrive from within Austria or internationally; they may be staying in hotels or in private accommodation.

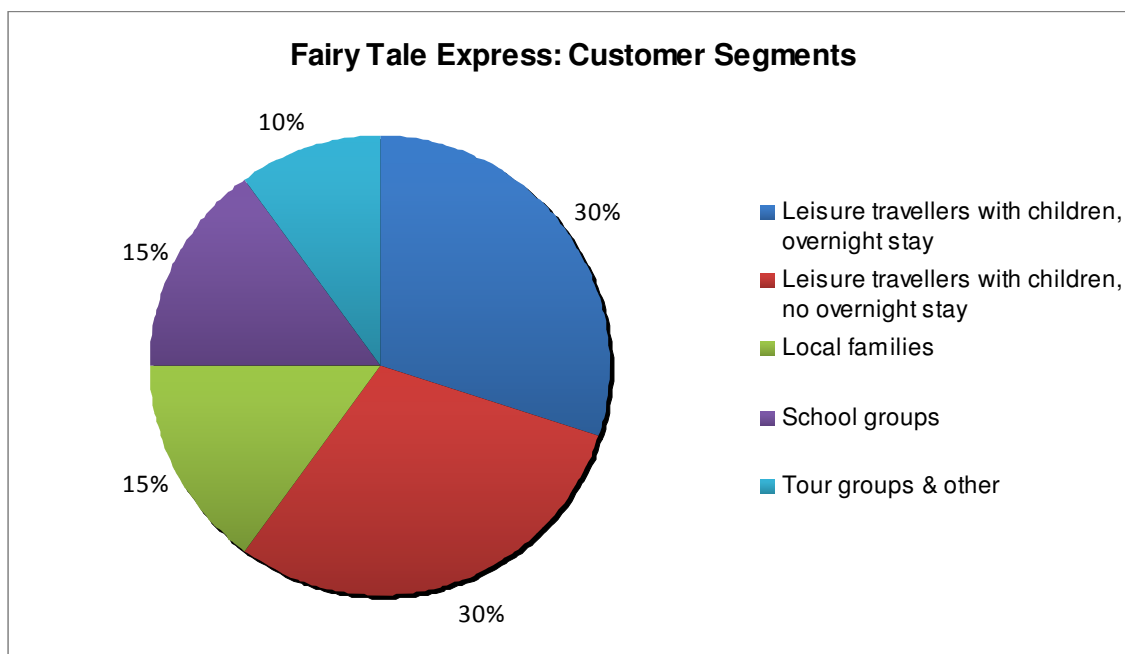
Leisure travellers with children, no overnight stay: These guests may arrive from within Styria, another Austrian province, or internationally; a realistic catchment area is about 2-hours by car travelling at an average speed of 80km per hour.

Local families: This denotes guests residing in Graz or Graz environs.

School groups: These guests will arrive primarily from Graz and Graz environs but may also include groups from within a 1-hour catchment area (includes Slovenia); overnight school trips from further afield are also possible but tend to attract older pupils.

Tour groups & other: This includes non-school groups that consist primarily of children such as boy scouts or girl guide, and coach tours aimed towards families; ‘other’ refers to adults without children or teens who wish to ride Fairy Tale Express out of personal interest.

Figure 4a. Customer Segments

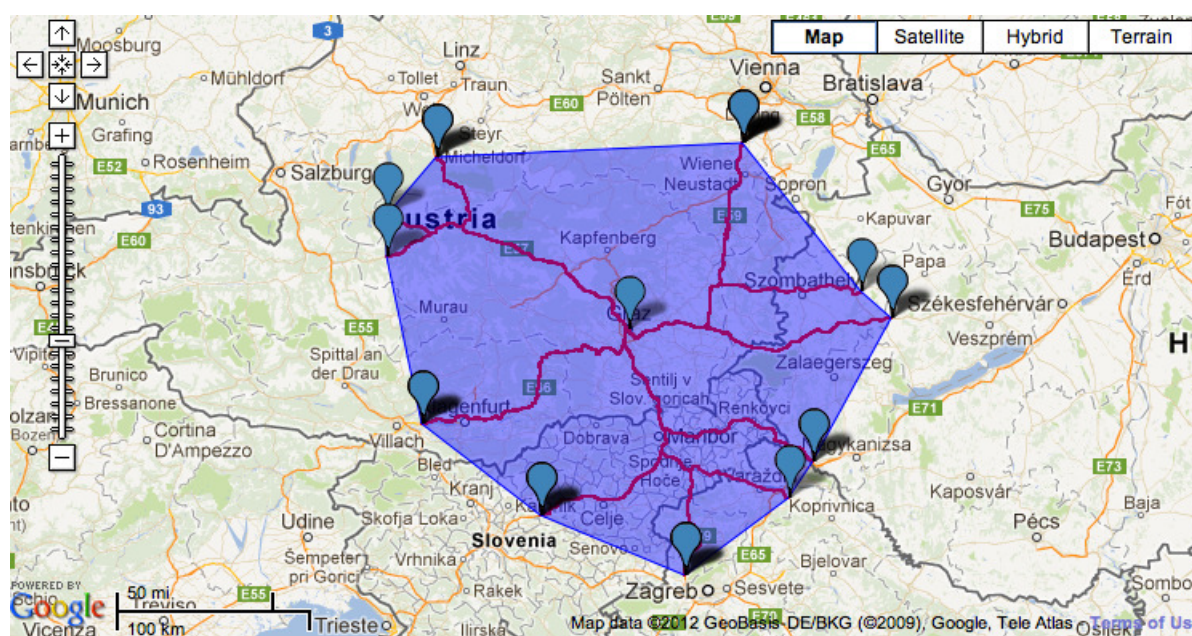


The percentages in Figure 4a are derived from estimates of the market size and market penetration for each customer segment (for more on market size see “4.3 Sales for First 3

Years”). For Wanhill,⁵⁶ the calculation of market penetration for each customer segment must take into account disposable income, accessibility, competing attractions and appeal of the imagescape.

Leisure travellers with children making day-trips to Graz are expected to represent nearly a third of all visitors. Attendance is functionally related to the population catchment area, and while different norms may apply depending upon the region, ‘it is generally agreed that the two hours driving edge is critical.’⁵⁷ Figure 4b depicts a reasonable catchment area for day outings to Graz. The largest urban areas within the catchment area are: Maribor (pop. 95,200), Klagenfurt (pop. 90,000), Szombathely (pop. 79,590), Zalaegerszeg (pop. 61,970), Varaždin (pop. 47,055), Wiener Neustadt (pop. 41,540), Celje (pop. 37,520), and Leoben (pop. 24,650).⁵⁸

Figure 4b. Graz Catchment Area: 2-Hours by Car, Average Speed 80km/h



Created using www.freemaptools.com/how-far-can-i-travel.htm

According to Robbins, reliable transportation networks are essential because if visitors cannot access attractions easily they will ‘fail to meet financial objectives.’⁵⁹ In spite of its location in the city centre a visitor study conducted at FRida & freD indicated that about 65% of visitors arrived at the children’s museum by car although no parking facilities are provided. When travelling with small children, cars offer greater flexibility and car ownership also

⁵⁶ Stephen Wanhill, “Economic aspects of developing theme parks”, 65.

⁵⁷ Stephen Wanhill, “Economic aspects of developing theme parks,” in *Managing Visitor Attractions*, ed. Alan Fyall et al. (Oxford: Elsevier Ltd., 2008), 65.

⁵⁸ <http://www.wikipedia.org/>

⁵⁹ Derek Robbins and Janet Dickinson, “Transport to visitor attractions,” in *Managing Visitor Attractions*, ed. Alan Fyall et al. (Oxford: Elsevier Ltd., 2008), 108.

creates opportunities for impulse journeys. A study of National Trust attractions in the United Kingdom has indicated that an omission of parking facilities has a significant impact on the distance travelled, 'with visitors from over 25 miles being under-represented, resulting in a smaller catchment area.'⁶⁰ As Fairy Tale Express cannot provide parking facilities it is essential to clearly communicate park-and-ride facilities in advertising materials, in particular when it is aimed towards leisure travellers.

A final approach that is helpful for analyzing potential markets is according to so-called 'visitor identity'. Museums (or cultural attractions, generally) "are best thought of as settings for the expression of personal identities."⁶¹ Falk and Sheppard have identified five broad categories of 'self' which correlate to how individuals consume a museum, science centre or similar visitor attraction. The identities which emerged are: The Explorer, The Facilitator, The Professional / Hobbyist, The Experience Seeker, and The Spiritual Pilgrim. These categories are predictive for various kinds of learning.⁶² They are ranked below according to their relevance for Fairy Tale Express. The Facilitator is first, followed by the Experience Seeker, owing to the large percentage of leisure travellers in our customer base. The Explorer and Spiritual Pilgrim tie for third place and the Professional / Hobbyist comes last.

Table 4a. Visitor Identities

RANKING FAIRY TALE EXPRESS	IDENTITY	MOTIVATION
1	The Facilitator	Those who visit in order to satisfy the needs and desires of someone they care about, in particular, children
2	The Experience Seeker	Often tourists, these individuals are motivated to 'collect' an experience, so that they can say they've 'been there, done that'.
3	The Explorer	Those who visit out of curiosity or a general interest in the subject.
3	The Spiritual Pilgrim	Individuals who visit in order to 'reflect, rejuvenate, or bask in the wonder of the place'.
4	The Professional/Hobbyist	Similar to the Explorer group, but these visitors possess a strong knowledge and interest in the subject.

⁶⁰ *Ibid.*, 120.

⁶¹ John H. Falk and Sheppard and Beverly K. Sheppard, *Thriving in the Knowledge Age* (Oxford: AltaMira Press, 2006), 91

⁶² *Ibid.*, 91.

In terms of our business plan, these categories may help us determine how to better satisfy our publics. Consider the following:

“What does it take to make a Facilitator happy? Obviously, providing great experiences for children seems important, but is that enough? Actually, no, a great experience for children is only one part of what brought the parent / grandparent / chaperone to the museum, but it is not what is totally satisfying. Remember, we’re talking about identity here. What will make Facilitators happy is the affirmation that they have been successful in their role as facilitators. In other words, they need to get feedback that the experience was truly a special and beneficial one for their children, and ideally they want to get recognition for this.”⁶³

As this example shows, addressing the needs of visitors in terms of their ‘visitor identity’ can help create a much richer experience.

In addition to our five primary customer segments, we have seen that it is useful to categorise visitors according to other variables, such as geographic location and identity, to better meet their needs, build relationships and to improve our marketing efforts.

4.2 Pricing

The pricing strategy for key revenue streams of Fairy Tale Express must strike a balance between two competing objectives: social and economic.

Social objectives:

- Maximize number of visitors
- Be accessible and affordable to all local residents
- Encourage school visits (positive spill-over effect as pupils potentially return with family members)
- Deliver value for money

Economic objectives:

- Maximize sales revenue from admissions, in particular from tourists as they represent our largest customer segment
- Maximize sales revenue and profit margin from merchandise and food & beverage

⁶³ John H. Falk and Sheppard and Beverly K. Sheppard, *Thriving in the Knowledge Age* (Oxford: AltaMira Press, 2006), 99.

Strategies:

- Be on or slightly above par with similar activities and venues (for competitor pricing see Appendix D)
- Exploit busy periods (Advent markets, long weekends) with peak & off-peak pricing
- Create two categories for group rates (adult and child) to encourage school visits
- Aim for 50% average profit margin on merchandise and food & beverage sold
- Offer merchandise in different price ranges

Some remarks: The benefits of peak and off-peak pricing are attractive. Peak pricing exploits busy periods; whereas off-peak pricing can boost demand at quiet times, increase perception of obtaining value for money and even encourage higher discretionary spending.⁶⁴

Global Attractions Attendance Report indicated that within Europe, admission prices on average 'have not risen a great deal' during the recession. Interestingly, the report indicated whilst some attractions offered discounts others were developing strategies to 'add value' to their offer in order to increase admission prices.⁶⁵ In Austria, the trend was the former, with average ticket prices actually declining in 2011.⁶⁶ Richards and Wilkes suggest that competition from highly subsidized admission attractions has led to some under-pricing.⁶⁷ They advocate competitive benchmarking and as most experts recommend, competing on 'value' and not on pricing alone.

Whether or not visitors believe an attraction offers value for money depends on: (1) the amount of time spent on site, (2) the quality of environment, service and facilities, and (3) the product itself.⁶⁸ Theming can increase the perception of value, as can high-quality services that go beyond the visitors' expectations. The length of the ride itself has been maximized to 26 minutes, but as Table 2b "Fairy Tale Express Experience in Minutes" shows, there is potential to increase the length of visit by offering attractive services that may be consumed before and / or after the ride. A train yard 'playground', comfortable seating with free Wi-Fi and 'hidden' QR codes (perhaps leading to an electronic coupon that can be redeemed in the shop) and other attractive services may increase holding time and serve to legitimise a moderately higher pricing structure.

⁶⁴ Several competitors (Animal World Herberstein, Mautern Adventure Park, public swimming pools) offer different family rates depending on the combination of adults and children. The main benefit for consumers is better value for money. However, implementing both 'peak / off-peak' together with 'multiple family tickets' risks confusing guests. Given our pricing objectives the 'peak / off-peak' strategy represents the better option.

⁶⁵ Global Attractions Attendance Report.

⁶⁶ Tourist Attractions in Austria.

⁶⁷ Steven Richards and Keith Wilkes, "Attraction failure and success," in *Managing Visitor Attractions*, ed. Alan Fyall et al. (Oxford: Elsevier Ltd., 2008), 41.

⁶⁸ Swarbrooke, 138.

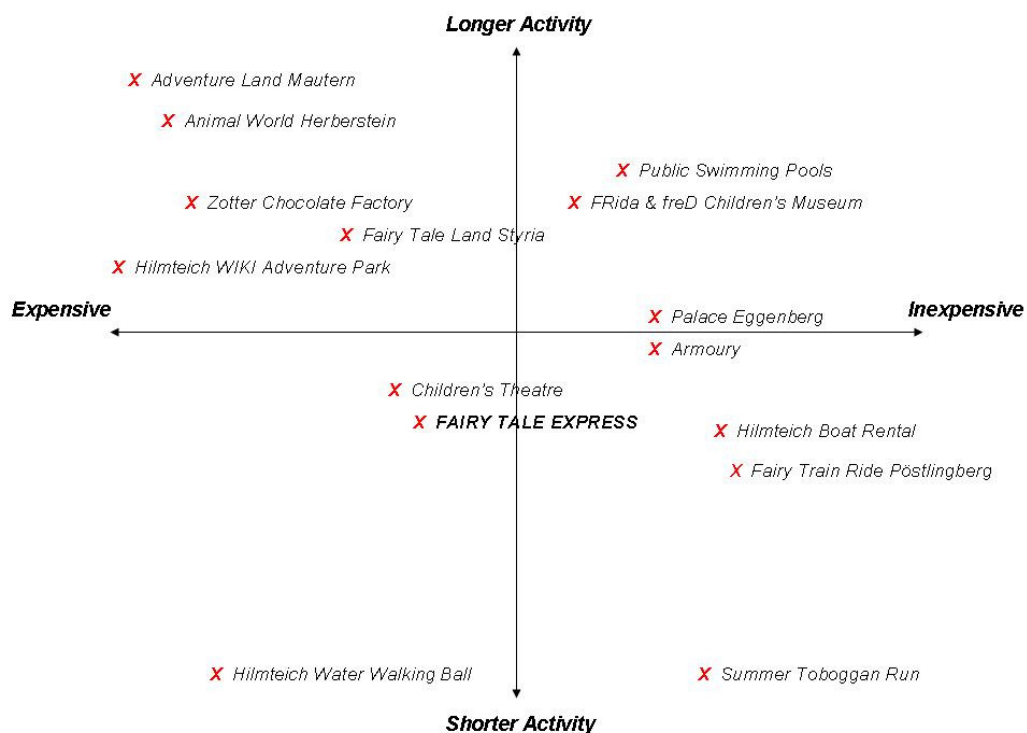
According to the positioning matrix, (see Figure 4b) attractions with higher prices tend to offer activities that last several hours and in the case of Adventure Land Mautern or Animal Park Herberstein entire day trips (one notable exception is the Hilmteich Water Walking Ball, which charges guests €7 for 10 minutes use). While the relatively shorter visitor experience at Fairy Tale Express may work to our advantage (see 3.1 “Future Outlook and Trends”, ‘Visitors will look for short and intense experiences’) packages and discounts with partnering institutions will enable Fairy Tale Express to compete better with attractions offering a full day out. Offers might include:

Graz Family Maxi: Family ticket for FRida & freD Children’s Museum, Fairy Tale Express and Schlossberg Funicular, free drink with purchase of meal at partnering restaurant.

Graz Family Mini: Family ticket for Fairy Tale Express and Schlossberg Funicular, free drink with purchase of meal at partnering restaurant.

In addition to competitively priced packages, discounts and special offers will be used to increase traffic during slow months (for more on sales promotions see: “4.4 Marketing Plan: Promotion”). Offers that reward loyalty (such as a discount for Facebook fans) are especially important because building relationships and encouraging repeat visits – year after year, and from one generation to the next – is a fundamental strategic objective of Fairy Tale Express (see 2.4 Mission Statement).

Figure 4c. Competitor Positioning Matrix



One way in which loyalty should *not* be rewarded is through membership programmes or annual passes. Many cultural institutions (including FRida & freD Children's Museum) offer unlimited admission to holders of an annual pass. Since the capacity of Fairy Tale Express is capped (at 270,400 visitors per year with two trains operational, and 135,200 visitors per year with one train operational) and because we expect peak hours during high season to operate at full capacity, the losses sustained by pass holders occupying seats is potentially too costly.⁶⁹ Following this logic, the *Steiermark Card* may potentially obstruct revenue maximisation. Its implementation, however, may be inevitable due to pressure from public funding bodies and other regional leisure attractions who regard the participation of Fairy Tale Express in the marketing consortium as advancing their respective interests.

According to the social enterprise business model, pricing for other revenue-generating activities (special events, facility hire) must be set either to breakeven or to generate a profit margin can be re-invested into achieving the mission of the organisation.

Based on the analysis of competitors and the pricing objectives the following pricing structure is recommended (see Table 4b):

Table 4b. Admission Pricing

PEAK HOURS		OFF-PEAK HOURS	
Friday 12.00-18.00 Saturday 10.00-18.00 Sunday 10.00-18.00		Monday – Thursday 10.00-20.00 Friday 10.00-12.00 and 18.00-20.00 Saturday & Sunday 18.00-20.00	
Children	5.--	Children	4.--
Adults	7.--	Adults	6.--
Groups (Children)	3.50	Groups (Children)	3.--
Groups (Adults)	4.50	Groups (Adults)	4.50
Families (up to 4 guests)	18.--	Families (up to 4 guests)	16.50

⁶⁹ Falk and Sheppard also rejects membership models and proposes that museums in particular should obtain a substantial portion of its revenues from high-spending core customers. See: John H. Falk and Beverly K. Sheppard, *Thriving in the Knowledge Age* (Oxford: AltaMira Press, 2006), 21-24.

4.3 Distribution

Distribution will occur using direct means both on-site and online. Many cultural organisations are looking for ways to distribute their offerings beyond their four walls and through a variety of methods. For example, FRida & freD Children’s Museum offers workshops at Moser Bookstore and Ikea, both in Graz. Since the core product of Fairy Tale Express (the train ride itself) cannot be scaled, off-site distribution is not considered at this time. However, should Fairy Tale Express diversify its product portfolio in the future, new distribution channels should be evaluated.

Table 4.c Distribution Channels

Channel	Product & Services
On-site	All products and service products as shown in Figure 2b.
Online	Guest / visitor information PR & publicity material Ticketing / booking services Social networking sites for user-generated content such as memories & photos
Off-site, Graz Region	Currently not planned, offsite events may be considered in the future

4.4 Promotion

“The aim of marketing is to make selling superfluous. The aim is to know and understand the customer so well that the product or service fits... it sells itself.” – Peter Drucker⁷⁰

An evaluation study at FRida & freD Children’s Museum showed that adult visitors most recommended ‘fairy tales’ as an exhibition topic for their children. The study was conducted before Fairy Tale Express was conceived but the results indicate that the core product is to some extent market-led. Even the best market-led products, however, still benefit from promotion. The promotional strategy for Fairy Tale Express should be built upon four broad pillars.

⁷⁰ Swarbrooke, 197.

Not intended to be an exhaustive discussion, the principles behind each pillar and a few specifics are outlined below.

Pillar 1. Brand Integration and Collaborative Marketing with FRida & freD

Fairy Tale Express should implement a logo and branding strategy that is closely integrated with FRida & freD branding. A city-wide study indicated that the FRida & freD logo is more often than not correctly identified by the general public. Google Analytics further revealed that “FRida & freD” or a variation thereof are the most commonly used keywords in Google searches of the museum, ranking higher than “*Kindermuseum Graz*” (Graz Children’s Museum).

Since a brand suggests how an organisation should be perceived before it is experienced⁷¹ an integration strategy with FRida & freD will quickly position Fairy Tale Express as a high-quality edutainment environment for young children.

Design elements of the FRida & freD logo are (see Appendix J):

- The ‘thought bubble’ shape
- Bright red
- Unusual font
- Combination of upper and lower case

Adapting the logo will involve retaining one or more elements of the FRida & freD logo whilst changing others.

An integrated logo is one aspect of the collaborative marketing strategy between Fairy Tale Express and FRida & freD. The Fairy Tale Express website can be built and managed using the existing content management system of the FRida & freD website, thereby pooling resources to reduce costs.

As previously mentioned, combined promotional offers can make the attractions an appealing alternative to larger full-day attractions. Promotional offers can also help drive traffic to each organisation.⁷² The collaborative marketing approach should also include occasional promotional offers with local hotels, restaurants and other relevant organisations, thereby further increasing customer reach.

⁷¹ John H. Falk and Beverly K. Sheppard, 131.

⁷² As an example, a kindergarten group visiting Fairy Tale Express may each be given a voucher for one free admission ticket to FRida & freD. In keeping with the social mission of FRida & freD, the voucher could include information in Turkish, Bosnian and other languages spoken by the immigrant community in order to increase visitation by traditionally underrepresented demographic groups.

Finally, collaborating closely with FRida & freD will be essential to achieve a successful press launch and opening. FRida & freD has accumulated a broad network of contacts in the past decade and is well-known in the regional press community.

Pillar 2. Sales Promotions, Sales Promotions, Sales Promotions

Sales promotions will counter and maximize seasonal fluctuations. They will also be designed to reward loyalty and surprise guests.

Table 4d. Potential Sales Promotions

Timing	Target	Objective	Example
February	Local families	Increase ticket sales; offer 'better value' for locals.	20% discount on family tickets.
May – June	Leisure travellers with children	Increase discretionary spending; increase traffic from overnight visitors.	Fairy Tale Express souvenir mug only €1.50 with purchase of drink. Guests staying at JUFA (Youth and Family Hotel) and other partnering hotels receive 15% off all admission tickets.
November	Local families	Increase ticket sales; reward loyal customers.	Facebook fans quote "pixie dust" and receive 30% off all merchandise until Nov. 30 th .
December	Leisure travellers with children	Increase discretionary spending; reward loyal customers.	Buy two gingerbread cookies and receive the third one half off. Did you spend €20 or more in our shop? As a thank-you please accept our gift-voucher for a 40% discount on your next your Family Ticket.

In addition to seasonal sales promotions, guests should be pleasantly surprised with unexpected offers (for example, "As the 30,000th visitor you are eligible for 30% off your admission ticket"). Guerrilla marketing tactics also create an element of surprise. Combined with accompanying promotional offers, it can be effective at driving traffic. During an exhibition at FRida & freD about water, a staff member dressed in a diving suit toured the Graz old city on weekends and distributed flyers. A similar approach would be suitable for Fairy Tale Express. Finally, a mailing list should be kept and maintained with periodic special offers targeting loyal customers.

Pillar 3. Targeted Marketing Outside our 'Comfort Zone'

FRida & freD Children's Museum currently publishes adverts in regional newspapers and engages in direct marketing through promotional billboards, flags and similar, placed in key locations around Graz. Given the potential market of leisure travellers within our 2-hour driving catchment area from bordering Slovenia and Hungary and beyond, efforts should be made to 'step outside of our comfort zone' with international targeted marketing to these audiences.

Pillar 4. Maximize Feedback Loops

Finally, Fairy Tale Express should maximize feedback loops – in other words, collect feedback from guests and engage with market research whenever possible. Methods should be simple: posting surveys on Facebook, asking visitors to answer a 'Question of the Month', and collecting visitor demographics information (such as a postal code) whilst they purchase tickets, can be integrated into the daily operations of the organisation. Collecting postal codes will help the managing director assess whether market penetration targets are being met (see "4.6 Sales for First 4 Years"). Google Analytics can also be employed to track online activity according to the geographic location of visitors and may prompt special promotional activities either to increase traffic or reward loyalty. Finally, the managing director of Fairy Tale Express should remain up-to-date on market trends by engaging whenever possible with professional organisations dedicated to attractions management.

About the name "Fairy Tale Express": The former attraction was titled *Maerchegrottenbahn* (Fairy Tale Cave Train Ride) which is cumbersome and difficult to translate. A word like 'Express' is easily translatable into most European languages (see Appendix E) and conveys an adventurous image.

4.5 Product and Services

“Quality Service means exceeding your guests’ expectations by paying attention to every detail of the delivery of your products and services.”⁷³

“In the emerging Experience Economy, any work directly observed by a customer must be recognized as an act of theatre.”⁷⁴

“Thomas, stay still!” shouts Jane at her 6 year-old son as she tries to take his picture. But Thomas is already meters ahead, running towards a flag and brightly coloured sign located at the entrance to a tunnel leading into the Schlossberg. “What’s this, mum?” he asks. Jane looks into the tunnel and can see a brightly lit area with a bustle of people; she can hear the sound of children playing. “Let’s take a look,” she replies. Thomas runs into the tunnel and about two-thirds of the way up is distracted by life-size cut-outs of archetypal fairy tale characters. “Take a photo of me like this, mum!” he cries, posing with his head as the face of a dragon. Jane snaps a photo and the two of them instantly slow down to see what comes next. A few metres ahead on her right, Jane sees what appears to be a former ticket booth converted into an old-fashioned brick railway station. It is surrounded by a wooden ‘train’ platform. Up above is a giant old-fashioned clock. A woman working there named Sabine is dressed as a train conductor and she even wears a leather wallet around her hips.

When Jane and Thomas arrive, Sabine is organising merchandise on what looks like giant-market stalls: plush toys €9, gingerbreads and candied apples €3. Jane notices the large welcome sign. Everything looks friendly and inviting, like you want to touch it. She can smell the scent of freshly baked gingerbread. Jane does not know this but there is gingerbread scent being emitted from behind the stalls. To her left are genuine old narrow gauge railway trains that have been painted and restored. Thomas starts climbing up on one of them in the ‘rail yard’ playground. “Welcome to Fairy Tale Express!” says Sabine with a big smile. “Have you already booked your ticket for the next ride today?” Jane looks surprised. “No, when is that?” “It leaves in 15 minutes,” replies Sabine. “There are still a few seats left.” Sabine walks to a touch screen and selects 1 Adult + 1 Child. On the touch screen, Jane can see the layout of the train cars and which seats are still open. “Can we go please?” asks Thomas, who has suddenly appeared. “Let’s take the two seats at the back,” replies Jane .

⁷³ Kinni, 13.

⁷⁴ Joseph Pine and James Gilmore, *The Experience Economy* (Boston: Harvard Business, 1999), xx.

Sabine continues to work through the transaction while Jane notices more families arriving. Some are carrying tickets they have booked online and printed at home. One adult, seeing the touch screen occupied, quickly books tickets using her mobile phone. "May I ask for your postal code?" says Sabine. Jane looks back at the screen. She has actually travelled with her son to Graz from Croatia. Jane provides her postal code and they both look at the screen in amazement. "Congratulations! Today is the National Holiday of Croatia, and to mark this special day you will receive a 20% discount on your ticket," exclaims Sabine. Jane is thrilled.

Since Jane and Thomas have already booked their seats they do not need to stand in a queue. Thomas is back playing on the trains. Jane notices some QR codes and quickly gets out her mobile phone. She sees a sign for free Wi-Fi. "Great," she thinks. "I'm near my download limit and don't want to pay for roaming charges." The first QR code on the market-stall is a link to an electronic coupon: 'Buy two gingerbread cookies and receive the third one half off.' Super! She had been craving gingerbread since she arrived. Next Jane wanders down the tunnel to multilingual text panels about the modern history of the Schlossberg and Fairy Tale Express. She photographs a QR code and this time is transported to a slide show of historical photos from the Schlossberg and videos of the former fairy tale train ride and the recent re-opening.

Before Jane and Thomas realise it, 15 minutes have flown by and they are ready to board the train. "What's that noise?" asks Thomas as soon as they climb aboard. It sounds like they have travelled back in time to a real train station. Jane looks up and realises they are sitting directly under sound dome speakers. The young man dressed in costume driving the train stands-up... He is lost. He needs to 'find the prince and princess, and bring them to the castle ball'. Can they help him on his journey? Which way should he go...?

After the ride when Jane and Thomas disembark the train, they are given two souvenir postcards and Thomas is given a marble. What's this for? But he already sees the answer. At the exit is an analogue interactive quiz station with a 'Question of the Month'. It asks: "If you could have a magic power what would you choose?" There are four plastic cylinders each one representing a different option. Thomas drops his marble into the clear plastic cylinder with a picture on top of a person flying... The souvenir post-card has a 'colour-in' drawing for Thomas and another QR code for mum. Jane is curious and quickly photographs the code. She lands on the Facebook Page of Fairy Tale Express. She immediately becomes a fan.

Something has caught Thomas' attention again. Next to the train station is a clothes line where numerous drawings and comment cards from visitors are hanging. He starts to make a drawing answering the question: "What was your favourite part of Fairy Tale Express?"

While Jane is purchasing gingerbread cookies and redeeming her electronic coupon, she asks Sabine to recommend a restaurant for lunch. Sabine makes a suggestion and Jane further asks if they have 'Kaiserschmarrn' because she wants to try it before leaving Austria. Sabine steps into the 'train station' which doubles as a 'backstage' area because it is out of the public eye. She quickly goes to the website of the restaurant and prints their menu. Sabine gives the printed menu to Jane, and thanks both Jane and Thomas for their visit. She says to Jane, "It's so great that you found the time to visit us today for your son. I'm sure he had fun today and learned a bit more about the Western fairy tale tradition!"

On her way out, Jane sees a plasma screen thanking guests for their visit. There is a slideshow with screen shots from the Fairy Tale Express Facebook Page with positive visitor feedback and visitor photos. She quickly snaps another picture of Thomas on the 'train yard playground' and posts it to the Fan Page with the comment: "Great experience today!! Can't wait to come back... everyone with kids should come here!"

*

The purpose of this narrative is to highlight the range and impact of services that Fairy Tale Express will offer outside of its core product. Combined together with the core product, we find here a scenario that exemplifies Pine and Gilmore's 'experience economy' because visitors pay admission to 'spend time with us' and not just to 'consume an activity'.⁷⁵ The difference between these dichotomies is the crux of our value proposition – and that is a high quality experience.

The following table outlines the objectives, specifications and possible implementation for our range of service products. They have each been formulated to meet the needs of our customer segments. For example, tickets and seating booked in advance and online is attractive to both tourists and local families, because it allows them to plan their time and guarantees them seating. In addition, it raises the perception of product scarcity, which is advantageous from a marketing perspective. The service products have also been developed with the needs of visitor identities in mind. For example, through simple 'language engineering' Sabine can strengthen Jane's identity as a facilitator.

⁷⁵ Pine and Gilmore, 25.

4e. Service Products: Objectives, Specifications Implementation

	Objectives	Specifications	Possible Implementation
Entrance	<p>Makes people stop</p> <p>Attract passing trade</p> <p>Welcome guests</p>	<p>Aesthetically pleasing</p> <p>Respect building regulations & heritage protection laws</p> <p>Respect the product concept: no reference to specific fairy tales</p> <p>Not too 'Disney'</p> <p>Fits with brand identity</p> <p>Acts as transition zone</p> <p>Eyes Right – and the feet follow...</p>	<p>'Old-fashioned' railway station and platform</p> <p>Countdown clock until next ride</p> <p>Effective lighting</p> <p>Cast members in railway costumes</p> <p>Implement 'speed bump' (in retail: 'power display')</p> <p>Photo opportunities with cut-outs or similar</p> <p>Important elements placed to the right</p>
Ticketing	<p>Fast, easy ticketing anytime & anywhere for individuals and groups</p> <p>Reduces visitor uncertainty</p>	<p>4 Methods: On-site ticketing machine Ticketing staff PC (printing required) Mobile (no printing)</p> <p>Multiple payment methods</p> <p>Visitors select time & seating (to reduce queues & uncertainty)</p>	<p>Potential suppliers: OmniTicket, Clarity, Vennersys, Tor Systems, SkiData</p>
Waiting & Rest Areas	<p>Gets guests 'in the mood' and prepared for their train ride</p> <p>Gets guests to 'linger' after their train ride</p> <p>Increases holding time overall, and encourages even non-visitors to take a look</p>	<p>Minimizes queues</p> <p>Reduces clutter</p> <p>Entertains guests & prepares them for their ride</p> <p>Informs guests about the concept, other topics, etc.</p>	<p>'Train Yard' playground</p> <p>Question of the month station for children: if I could have a magic power it would be...</p> <p>Free WiFi zone</p> <p>Information panels for adults on fairy tales, gendering and our concept</p> <p>QR codes with link to FB page and other information</p> <p>Sound dome speakers at train ride boarding area</p> <p>Surface areas out of different materials that promote touching</p> <p>Area to leave strollers Storage lockers or similar</p>

			Info screen with user-generated content: photos, positive feedback etc. 'My favourite part of the ride today was...'
Way Finding	Help visitors find their way to and around the attraction	Use bold colours, easily recognizable branding	A study by Disney showed that red & purple signs are the most attention grabbing ⁷⁶ Painted 'footprints' from tram stop to tunnel entrance Signage via the City of Graz off major roads
Retail	Increase discretionary spending Reinforce theme & enhance visitor experience Achieve offsite brand presence Buy a memory	Revenue-earning units placed to optimise income generation Inexpensive items at register Streamlined products in different price ranges Merchandise with logo: "I was there and I can prove it" Profit margin on any item no lower than 20%	Displays that welcome touching A small number of branded items such as posters, children's drinking cups, swords & crowns
Food & Beverage	Increase discretionary spending Reinforce theme & enhance visitor experience	Revenue-earning units placed to optimize income generation Streamlined & thematic products Profit margin no lower than 30%	'Image on Food' Gingerbread (See Appendix G for supplier) Discounts: buy a drink and get a branded cup for only €1.50. Artificially create scent of freshly baked gingerbread
Restroom	Make using public toilets a neutral to positive experience	Clean, fast & efficient	Clear signage to public toilets Keep City of Graz up to date on maintenance
Service Attention Processes⁷⁷	Ensure guest processes are designed to provide an exceptional visitor experience.	Processes for dealing with sticky situations 'Practical Magic' ⁷⁸ Integrate evaluation & feedback	Offer 'consolations' to unhappy guests Occasional surprise discounts or special offers (Go the extra mile)

⁷⁶ Kinni, 24.⁷⁷ *Ibid.*, 148⁷⁸ For Stephanie Weaver, 'practical magic' refers to positive repeatable surprises..

		Achieve consistent style of speech	Official comment cards 'Question of the Month' 'Language Engineering'
Print Materials	Provide visitors onsite with information about what to expect, background story and material to take home.	Accessible, aesthetically pleasing	Multilingual information Map of the ride from an isometric perspective Complimentary souvenir postcard or memento

Potential for Growth

Given their expanding product and service portfolios, many cultural organisations and visitor attractions are, according to Falk and Sheppard, frequently 'more than a few steps away' from their 'avowed mission'.⁷⁹ By focusing on the key assets and competitive advantage of Fairy Tale Express, it is possible to grow the product and services portfolio in such a way that it remains compatible with the mission of the organisation and its social enterprise business model. Potential new products and services by visitor segment are listed below:

Tourists: enhanced online offer – videos, podcasts, articles curated from other sites to reduce costs; online retail; children's game application.

Local visitors and families: behind the scenes look at Fairy Tale Express, walking tour through the tunnel system (great for older children once they 'grow out' of the ride); birthday party packages.

School groups: educational products and offers for teachers.

Special Interest Groups & 'other' category: facility hire, off-hour bookings for groups seeking a personalised experience.

In conclusion, additional products and services should ultimately serve to help build ongoing relationships with the relevant target customer segment(s).

⁷⁹ John H. Falk and Sheppard and Beverly K. Sheppard, *Thriving in the Knowledge Age* (Oxford: AltaMira Press, 2006), 44.

4.6 Sales for First 3 Years

Before making sales projections based on market penetration of customer segments, it is useful to identify the total operational capacity of Fairy Tale Express.

The Fairy Tale Express ride lasts 30 minutes including time for boarding and disembarking (the total visitor experience, however, may last up to 70 minutes, see Table 2b). One train has five cars and each car holds up to four guests, for a maximum of twenty guests per ride. The capacity of a train cannot be increased by adding more cars, as it is essential that guests experience the sights and sounds of each stop collectively.

Table 4f. Maximum Capacity: One Train Operational

Total Operational Hours / Day	Total Possible Rides / Day	Total Possible Visitors / Day	Total Possible Visitors Annually*	Total Possible Sales Revenue**
8 hours / day	16	320	108,160	605,696
10 hours / day	20	400	135,200	757,120

* Based on 338 operational days per year (for more on closures see "8.0 Operational Plan").

** Based on 'Average Sales Revenue per Customer' of €5.60 (for the calculation see "5.4 Breakeven Analysis")

There are currently two trains available and it is technically possible to run both trains simultaneously (leaving every fifteen minutes instead of every thirty minutes and passing each other halfway through) thereby doubling visitor capacity.

Table 4g. Maximum Capacity: Two Trains Operational

Total Operational Hours / Day	Total Possible Rides / Day	Total Possible Visitors / Day	Total Possible Visitors Annually*	Total Possible Sales Revenue**
8 hours / day	32	640	216,320	1,211,392
10 hours / day	40	800	270,400	1,514,240

* Based on 338 operational days per year (for more on closures see "8.0 Operational Plan").

** Based on 'Average Sales Revenue per Customer' of €5.60 (for the calculation see "5.4 Breakeven Analysis")

Operating a second train increases expenditure because of the higher costs associated with paying a second driver. Annual visitor projections show that operating one train alone would likely meet yearly demand. However, as demand will vary year round and likely peak over the summer months, it is possible to employ a second driver during high-season to meet

increased fluctuations in demand. To counter costs of an additional staff member at peak times, it is possible to operate Fairy Tale Express with only one staff member (the driver) at off-peak hours during the low-season (such as during a morning in February when kindergarten groups are booked). While independent visitors could still purchase tickets from an electronic kiosk, we would forego revenue from merchandise and food & beverage sales. An alternative would be to operate the train every 45 minutes so that the driver could unlock and operate the shop kiosks in-between rides. These options should be properly re-assessed within 6-months and again within 12-months of operation to ensure that revenue streams are maximized as well as the needs of visitors are being met.

As previously mentioned, Fairy Tale Express has five main market segments (leisure travellers with children staying overnight; leisure travellers with children making day-trips; local families; school groups; tour groups and other). The exact market size and sales forecasts for these segments are difficult to predict. For example, there is no data available on whether leisure travellers are visiting with or without children. Therefore, the starting point for our sales forecast is based on Styrian demographic information. Remember, the entire province of Styria falls within the 2-hour driving catchment area of Graz.

The following two tables show the total number of children in Styria between the ages 2 to 10 years old, over a nine year period (see Appendix C for the calculation). We use a nine year period because it represents one complete cycle of visitors (a child who is 2 years old today will 'grow-out' of Fairy Tale Express in nine years time). Based on the total market size over a nine year period and the estimated market penetration, including repeat visits, we can calculate the average number of visitors from Graz and the rest of Styria per annum.⁸⁰

Table 4h. Total estimated annual visitors from Graz & Environs

Graz & Environs	Children between 2-10
Total market size over 9 year period	61,804
95% visit once	58,714
60% visit twice	37,083
40% visit three times	24,722
20% visit four times	12,361
10% visit five times	6,180
Total visits in 9 year period	139,059
Average children per annum	
Average children per annum	15,451
with 0.8 accompanying adults	12,361
Graz & environs: Total annual children with adults	27,812

⁸⁰ The calculation has limitations. The likelihood that a child from Graz who is ten-years old at the time of opening visits Fairy Tale Express more than once is probably less than 60%. However, this approach is intended to serve as a guideline only.

Table 4i. Total estimated annual visitors from all Styria (excluding Graz and Environs)

All Styria excluding Graz & Environs	Children between 2-10
Total market size over 9 year period	121,040
50% visit once	60,520
30% visit twice	36,312
10% visit three times	12,104
5% visit four times	6,052
Total visits in 9 year period	114,988
Average children per annum	12,776
with 0.8 accompanying adults	10,221
Styria excluding Graz & environs: Total annual children with adults	22,998

Assuming that each child is accompanied by approximately 0.8 adults (this ratio is based on historical data from FRida & freD Children's Museum), we expect about 27,800 guests annually from the Graz area and approximately 23,000 guests annually from the remainder of Styria (see Tables 4h and 4i).

These figures for the market penetration of Styria comprise the customer segments 'local visitors', a portion of 'leisure travellers' (with and without overnight stay), as well as school groups from Graz and the province. The remaining sales forecast is calculated as follows: of the approximately 162,000 leisure travellers staying in Graz overnight annually, we estimate a 12% market penetration; the market penetration for 'day trips arriving from outside Styria' and 'leisure travellers, undocumented overnight stay'⁸¹ is a rough estimate based on population size;⁸² 'tour companies & special interest groups' is based on historical data from FRida & freD Children's Museum. The total estimated number of visitors annually is therefore approximately 90,000 (see Table 4j).

Table 4j. Total estimated annual visitors

Type of Visitor	Annual Average Total
Children with Adults: Graz & Environs	27,812
Children with Adults: Styria excluding Graz & Environs	22,998
12% Arrivals Leisure Travellers, overnight stay	19,440
Day Trips arriving from outside Styria, <2hr driving time	10,000
Leisure Travellers, undocumented overnight stay	5,000
Tour companies & special interest groups	5,000
Total Visitors	90,249

We expect approximately 80,000 visitors in our first year, as Fairy Tale Express takes a few months to build momentum. Throughout years two and three we expect 90,000 visitors

⁸¹ 'Undocumented overnight stay' refers to visitors staying overnight in Graz with friends and / or family.

⁸² Urban areas within the 2-hour catchment area of Graz but outside of Styria include: Maribor, Klagenfurt, Szombathely, Zalaegerszeg, Varaždin, Wiener Neustadt and Celje (mentioned previously in "4.1 Market Segment").

annually, increasing proportionately with growth in domestic and international tourism. Our leisure traveller segments (both day-trips and overnight stays) show the highest potential for growth but are also the most volatile. Assuming effective promotional campaigns and accurate market penetration estimates, we expect the rate of school group and local visits to remain relatively stable, given the slow rate in population growth. Our best and worst case scenarios represent a 20% increase in visitors reaching 109,000 guests annually; and a 20% decrease reaching only 72,000 visitors annually. Even in the worst case scenario, Fairy Tale Express will breakeven (assuming 'average' discretionary spending, see "5.4 Breakeven Analysis").

Tables 4k., 4l. and 4m. contain monthly sales forecasts for years one, two and three, respectively. Monthly fluctuations are based on historical data from FRida & freD. The 50% sales drop in February in years two and three is due to a two week maintenance closure. September overall is a slower month because most children are starting the new school year. We expect peak visitor fluctuations between May and July, with December also performing well due to the influx of visitors for Advent. We expect a total revenue from ticket sales of approximately €342,000 in our first year, increasing to approximately €385,000 in years two and three.

Forecasts for merchandise and food & beverage sales is calculated in relation to ticket sales. We expect each guest to spend on average €1.78 net for discretionary purchases (souvenirs as well as food & beverage). The revenue from discretionary spending sales in year one will be about €140,000 and approximately €160,000 in years two and three. We will meet our targets for discretionary spending by presenting guests with a small range of Fairy Tale Express branded products that represent a variety of pricing options. Only souvenirs with a higher profit margin will be produced. The entrance area will be designed to maximise visitor holding time thereby increasing discretionary sales (see 4.5 "Products and Services").

Total sales revenue in year one will be approximately €482,000. In years two and three, we expect the total sales revenue to increase to more than half a million Euros to €545,000. This does not include income from additional revenue streams such as special events. However, it is unlikely that additional revenue streams will represent more than 10% of total sales revenue in the first three years (the actual estimate is less than 5%) (see 5.1 "Pro Forma Profit & Loss Statements").

PRICING ASSUMPTIONS YEARS 1, 2 and 3

Peak Pricing

Category	Ticket (Gross)	Ticket (Net)
Children	€5.00	€4.55
Adults	€7.00	€6.36
Groups - Child	€3.50	€3.27
Groups - Adult	€4.50	€4.09
Family Tickets*	€18.00	€16.36

Off-Peak Pricing

Category	Ticket (Gross)	Ticket (Net)
Children	€4.00	€3.64
Adults	€6.00	€5.45
Groups - Child	€3.00	€2.73
Groups - Adult	€4.50	€4.09
Family Tickets	€16.50	€15.00

Peak and Off Peak Pricing Average Return

Category	Average Return (Net)
Children	€4.09
Adults	€5.91
Groups - Child	€3.00
Groups - Adult	€4.09
Family Tickets	€15.68

Tables 4k. VISITOR FORECAST: YEAR 1

Ticket Sale Fluctuation: Year 1

Ticket Category	Month 1	2	3	4	5	6	7	8	9	10	11	12
Children	-20%	-10%	-10%	0%	10%	10%	10%	0%	-10%	5%	5%	10%
Adults	-20%	-10%	-10%	0%	10%	10%	10%	0%	-10%	5%	5%	10%
Groups - Children	-40%	-20%	-10%	0%	20%	40%	0%	0%	-20%	10%	20%	0%
Groups - Adults	-40%	-20%	-10%	0%	20%	40%	0%	0%	-20%	10%	20%	0%
Family Tickets	-20%	-10%	-10%	0%	10%	10%	10%	0%	-10%	5%	5%	10%

Number of Tickets Sold Year One: 80,000 (12% Less than Base Case)

Ticket Category	Month 1	2	3	4	5	6	7	8	9	10	11	12
Children	1333	1500	1500	1667	1833	1833	1833	1667	1500	1750	1750	1833
Adults	1067	1200	1200	1333	1467	1467	1467	1333	1200	1400	1400	1467
Groups - Child	400	533	600	667	800	933	667	667	533	733	800	667
Groups - Adult	200	267	300	333	400	467	333	333	267	367	400	333
Family Tickets*	2133	2400	2400	2667	2933	2933	2933	2667	2400	2800	2800	2933
Total Monthly Visitors	5133	5900	6000	6667	7433	7633	7233	6667	5900	7050	7150	7233

Total	% of Total	Monthly Avg.
20000	25%	1875
16000	20%	1500
8000	10%	1125
4000	5%	375
32000	40%	3000

Year 1: ANNUAL TICKETS SALES 80,000

* Calculation for Family Ticket based on four persons

VISITOR FORECAST: YEAR 1, CONT'D

Ticket Revenue Peak and Peak Ticket Sales (1:1)

Ticket Category	Price / Head	Month 1	2	3	4	5	6	7	8	9	10	11	12	Total	Monthly Avg.
Children	€4.09	5,453.33	6,135.00	6,135.00	6,816.67	7,498.33	7,498.33	7,498.33	6,816.67	6,135.00	7,157.50	7,157.50	7,498.33	81,800.00	6,816.67
Adults	€5.91	6,304.00	7,092.00	7,092.00	7,880.00	8,668.00	8,668.00	8,668.00	7,880.00	7,092.00	8,274.00	8,274.00	8,668.00	94,560.00	7,880.00
Groups - Child	€3.00	1,200.00	1,600.00	1,800.00	2,000.00	2,400.00	2,800.00	2,000.00	2,000.00	1,600.00	2,200.00	2,400.00	2,000.00	24,000.00	2,000.00
Groups - Adult	€4.09	818.00	1,090.67	1,227.00	1,363.33	1,636.00	1,908.67	1,363.33	1,363.33	1,090.67	1,499.67	1,636.00	1,363.33	16,360.00	1,363.33
Family Ticket €18*	€3.92	8,362.67	9,408.00	9,408.00	10,453.33	11,498.67	11,498.67	11,498.67	10,453.33	9,408.00	10,976.00	10,976.00	11,498.67	125,440.00	10,453.33

Monthly Ticket Revenue	22,138.00	25,325.67	25,662.00	28,513.33	31,701.00	32,373.67	31,028.33	28,513.33	25,325.67	30,107.17	30,443.50	31,028.33
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Year 1: ANNUAL TICKET REVENUE Peak and Off-Peak Pricing (1:1) 342,160.00

* Calculation for Family Ticket based on four persons

VISITOR FORECAST: YEAR 1, CONT'D

'Average' Discretionary Spending

Category	Avg. Euros / Visitor	Net Vaue
Merchandise (20%)	€1.00	€0.91
Food (10%)	€0.50	€0.42
Beverage (20%)	€0.50	€0.45

Revenue 'Average' Discretionary Spending

Category	Avg. Euros / Visitor	Month 1	2	3	4	5	6	7	8	9	10	11	12	Total	Monthly Avg.
Merchandise	€0.91	4,666.67	5,363.64	5,454.55	6,060.61	6,757.58	6,939.39	6,575.76	6,060.61	5,363.64	6,409.09	6,500.00	6,575.76	72,727.27	6,060.61
Food	€0.42	2,138.89	2,458.33	2,500.00	2,777.78	3,097.22	3,180.56	3,013.89	2,777.78	2,458.33	2,937.50	2,979.17	3,013.89	33,333.75	2,777.81
Beverage	€0.45	2,333.33	2,681.82	2,727.27	3,030.30	3,378.79	3,469.70	3,287.88	3,030.30	2,681.82	3,204.55	3,250.00	3,287.88	36,363.64	3,030.30

Monthly Revenue Discretionary Spending	6,805.56	7,821.97	7,954.55	8,838.38	9,854.80	10,119.95	9,589.65	8,838.38	7,821.97	9,346.59	9,479.17	9,589.65

Year 1: ANNUAL REVENUE 'Average' Discretionary Spending 142,424.66

Tables 4I. VISITOR FORECAST: YEAR 2

Ticket Sale Fluctuation: Year 2

Ticket Category	Month 1	2	3	4	5	6	7	8	9	10	11	12
Children	-20%	-50%	-10%	0%	15%	20%	30%	10%	-10%	5%	0%	10%
Adults	-20%	-50%	-10%	0%	15%	20%	30%	10%	-10%	5%	0%	10%
Groups - Children	-20%	-50%	-10%	15%	20%	40%	5%	5%	-20%	10%	0%	5%
Groups - Adults	-20%	-50%	-10%	15%	20%	40%	5%	5%	-20%	10%	0%	5%
Family Tickets	-20%	-50%	-10%	0%	20%	15%	25%	15%	-10%	5%	0%	10%

Ticket Sales: Base Case (90,000 visitors / year)

Number of Tickets Sold

Ticket Category	Month 1	2	3	4	5	6	7	8	9	10	11	12
Children	1500	938	1688	1875	2156	2250	2438	2063	1688	1969	1875	2063
Adults	1200	750	1350	1500	1725	1800	1950	1650	1350	1575	1500	1650
Groups - Child	600	375	675	863	900	1050	788	788	600	825	750	788
Groups - Adult	300	188	338	431	450	525	394	394	300	413	375	394
Family Tickets*	2400	1500	2700	3000	3600	3450	3750	3450	2700	3150	3000	3300
Total Monthly Visitors	6000	3750	6750	7669	8831	9075	9319	8344	6638	7931	7500	8194

Total	% of Total	Monthly Avg.
22500	25%	1875
18000	20%	1500
9000	10%	1125
4500	5%	375
36000	40%	3000

Year 2: ANNUAL TICKETS SALES 'Base Case' 90,000

* Calculation for Family Ticket based on four persons

VISITOR FORECAST: YEAR 2 CONT'D

Ticket Revenue Peak and Peak Ticket Sales (1:1): Base Case

Ticket Category	Price / Head	Month 1	2	3	4	5	6	7	8	9	10	11	12	Total	Monthly Avg.
Children	€4.09	6,135.00	3,834.38	6,901.88	7,668.75	8,819.06	9,202.50	9,969.38	8,435.63	6,901.88	8,052.19	7,668.75	8,435.63	92,025.00	7,668.75
Adults	€5.91	7,092.00	4,432.50	7,978.50	8,865.00	10,194.75	10,638.00	11,524.50	9,751.50	7,978.50	9,308.25	8,865.00	9,751.50	106,380.00	8,865.00
Groups - Child	€3.00	1,800.00	1,125.00	2,025.00	2,587.50	2,700.00	3,150.00	2,362.50	2,362.50	1,800.00	2,475.00	2,250.00	2,362.50	27,000.00	2,250.00
Groups - Adult	€4.09	1,227.00	766.88	1,380.38	1,763.81	1,840.50	2,147.25	1,610.44	1,610.44	1,227.00	1,687.13	1,533.75	1,610.44	18,405.00	1,533.75
Family Ticket €18*	€3.92	9,408.00	5,880.00	10,584.00	11,760.00	14,112.00	13,524.00	14,700.00	13,524.00	10,584.00	12,348.00	11,760.00	12,936.00	141,120.00	11,760.00

Monthly Ticket Revenue	25,662.00	16,038.75	28,869.75	32,645.06	37,666.31	38,661.75	40,166.81	35,684.06	28,491.38	33,870.56	32,077.50	35,096.06
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Year 2: ANNUAL TICKET REVENUE Peak and Off-Peak Pricing (1:1) 384,930.00

* Calculation for Family Ticket based on four persons

VISITOR FORECAST: YEAR 2 CONT'D

'Average' Discretionary Spending

Category	Avg. Euros / Visitor	Net Value
Merchandise (20%)	€1.00	€0.91
Food (10%)	€0.50	€0.42
Beverage (20%)	€0.50	€0.45

Revenue 'Average' Discretionary Spending: Base Case

Category	Avg. Euros / Visitor	Month 1	2	3	4	5	6	7	8	9	10	11	12	Total	Monthly Avg.
Merchandise	€0.91	5,454.55	3,409.09	6,136.36	6,971.59	8,028.41	8,250.00	8,471.59	7,585.23	6,034.09	7,210.23	6,818.18	7,448.86	81,818.18	6,818.18
Food	€0.42	2,500.00	1,562.50	2,812.50	3,195.31	3,679.69	3,781.25	3,882.81	3,476.56	2,765.63	3,304.69	3,125.00	3,414.06	37,500.42	3,125.03
Beverage	€0.45	2,727.27	1,704.55	3,068.18	3,485.80	4,014.20	4,125.00	4,235.80	3,792.61	3,017.05	3,605.11	3,409.09	3,724.43	40,909.09	3,409.09

Monthly Revenue Discretionary Spending	7,954.55	4,971.59	8,948.86	10,166.90	11,708.10	12,031.25	12,354.40	11,061.79	8,799.72	10,514.91	9,943.18	10,862.93
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Year 2: ANNUAL REVENUE 'Average' Discretionary Spending 160,227.69

Tables 4m. VISITOR FORECAST: YEAR 3

Ticket Sale Fluctuation: Year 3

Ticket Category	Month 1	2	3	4	5	6	7	8	9	10	11	12
Children	-20%	-50%	-10%	0%	15%	20%	30%	10%	-10%	5%	0%	10%
Adults	-20%	-50%	-10%	0%	15%	20%	30%	10%	-10%	5%	0%	10%
Groups - Children	-20%	-50%	-10%	15%	20%	40%	5%	5%	-20%	10%	0%	5%
Groups - Adults	-20%	-50%	-10%	15%	20%	40%	5%	5%	-20%	10%	0%	5%
Family Tickets	-20%	-50%	-10%	0%	20%	15%	25%	15%	-10%	5%	0%	10%

Ticket Sales: Base Case (90,000 visitors / year)

Number of Tickets Sold

Ticket Category	Month 1	2	3	4	5	6	7	8	9	10	11	12
Children	1500	938	1688	1875	2156	2250	2438	2063	1688	1969	1875	2063
Adults	1200	750	1350	1500	1725	1800	1950	1650	1350	1575	1500	1650
Groups - Child	600	375	675	863	900	1050	788	788	600	825	750	788
Groups - Adult	300	188	338	431	450	525	394	394	300	413	375	394
Family Tickets*	2400	1500	2700	3000	3600	3450	3750	3450	2700	3150	3000	3300
Total Monthly Visitors	6000	3750	6750	7669	8831	9075	9319	8344	6638	7931	7500	8194

Total	% of Total	Monthly Avg.
22500	25%	1875
18000	20%	1500
9000	10%	1125
4500	5%	375
36000	40%	3000

Year 3: ANNUAL TICKETS SALES 'Base Case' 90,000

* Calculation for Family Ticket based on four persons

VISITOR FORECAST: YEAR 3 CONT'D

Ticket Revenue Peak and Peak Ticket Sales (1:1): Base Case

Ticket Category	Price / Head	Month 1	2	3	4	5	6	7	8	9	10	11	12	Total	Monthly Avg.
Children	€4.09	6,135.00	3,834.38	6,901.88	7,668.75	8,819.06	9,202.50	9,969.38	8,435.63	6,901.88	8,052.19	7,668.75	8,435.63	92,025.00	7,668.75
Adults	€5.91	7,092.00	4,432.50	7,978.50	8,865.00	10,194.75	10,638.00	11,524.50	9,751.50	7,978.50	9,308.25	8,865.00	9,751.50	106,380.00	8,865.00
Groups - Child	€3.00	1,800.00	1,125.00	2,025.00	2,587.50	2,700.00	3,150.00	2,362.50	2,362.50	1,800.00	2,475.00	2,250.00	2,362.50	27,000.00	2,250.00
Groups - Adult	€4.09	1,227.00	766.88	1,380.38	1,763.81	1,840.50	2,147.25	1,610.44	1,610.44	1,227.00	1,687.13	1,533.75	1,610.44	18,405.00	1,533.75
Family Ticket €18*	€3.92	9,408.00	5,880.00	10,584.00	11,760.00	14,112.00	13,524.00	14,700.00	13,524.00	10,584.00	12,348.00	11,760.00	12,936.00	141,120.00	11,760.00
Monthly Ticket Revenue		25,662.00	16,038.75	28,869.75	32,645.06	37,666.31	38,661.75	40,166.81	35,684.06	28,491.38	33,870.56	32,077.50	35,096.06		

Year 3: ANNUAL TICKET REVENUE Peak and Off-Peak Pricing (1:1) 384,930.00

* Calculation for Family Ticket based on four persons

VISITOR FORECAST: YEAR 3 CONT'D

'Average' Discretionary Spending

Category	Avg. Euros / Visitor	Net Vaue
Merchandise (20%)	€1.00	€0.91
Food (10%)	€0.50	€0.42
Beverage (20%)	€0.50	€0.45

Revenue 'Average' Discretionary Spending: Base Case

Category	Avg. Euros / Visitor	Month 1	2	3	4	5	6	7	8	9	10	11	12	Total	Monthly Avg.
Merchandise	€0.91	5,454.55	3,409.09	6,136.36	6,971.59	8,028.41	8,250.00	8,471.59	7,585.23	6,034.09	7,210.23	6,818.18	7,448.86	81,818.18	6,818.18
Food	€0.42	2,500.00	1,562.50	2,812.50	3,195.31	3,679.69	3,781.25	3,882.81	3,476.56	2,765.63	3,304.69	3,125.00	3,414.06	37,500.42	3,125.03
Beverage	€0.45	2,727.27	1,704.55	3,068.18	3,485.80	4,014.20	4,125.00	4,235.80	3,792.61	3,017.05	3,605.11	3,409.09	3,724.43	40,909.09	3,409.09

Monthly Revenue Discretionary Spending	7,954.55	4,971.59	8,948.86	10,166.90	11,708.10	12,031.25	12,354.40	11,061.79	8,799.72	10,514.91	9,943.18	10,862.93
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Year 3: ANNUAL REVENUE 'Average' Discretionary Spending 160,227.69

5.0 Financial Plan

The launching of Fairy Tale Express requires an initial investment of €432,000 (see Appendix F for an implementation plan as set forth by Joerg Ehtreiber). An additional €400,000 of repair work to the site will be carried out by the City of Graz. Of the €432,000, nearly half (€200,000) will be financed through a public tourism grant whilst the remainder will most likely, at the time of writing, be financed via a low-interest loan (3.7%) carried by Holding Graz GmbH.

Pre-tax profit margin is 7% in year one (€32,359 EBT), 16% in year two (€90,854 EBT) and 17% in year three (€98,070 EBT). This will yield a sustainable and profitable cash flow thereby enabling capital reinvestment for upkeep and later expansion of product or service lines.

The gross profit margin in year one is 84% and decreases to 82% in years two and three due to the introduction of new revenue streams (such as special events) which have a lower profit margin. The managing director should ensure a balance is struck between investing in less profitable revenue streams and maximising revenue from tickets sales. The operating profit margin, however, increases from 28% in year one to 33% by years two and three. We can expect the operating profit margin to further increase in later years as interest rate payments continue to decline and revenue streams increase whilst overhead costs grow at a much slower rate.

The operating cash flow / sales ratio increases from 17% in year one to 26% by year three, indicating that Fairy Tale Express is converting sales into cash. The sufficient cash flow is essential for upkeep and growth. An investment of €25,000 for maintenance is made at the beginning of the third year with cash. As expected, the total debt ratio decreases steadily from 0.49 in year one to 0.31 as Fairy Tale Express pays back its loan of €232,000. Fairy Tale Express maintains an excellent current ratio during its first three years of operations. By end of year accounting in year three, total equity is worth approximately €421,000.

Fairy Tale Express is therefore well-positioned to meet its mission as a social enterprise, sustaining and growing its own products and services as well as helping to finance its parent organisation, FRida & freD Children's Museum.

5.1 Pro Forma Profit & Loss Statements

Profit & Loss Statement Legend (Years 1,2,3)

Less Cost of Ticket Sales	Credit card fees, cost of handling cash.
Customer Discounts	Based % of ticket revenue for months where we implement discounts to reduce seasonal fluctuations.
Less Cost of Goods Sold (Merchandise)	By selling a small range of branded products manufactured in large volumes overseas, we hope to achieve up to a 40% profit margin.
Less Cost of Goods Sold (Food & Beverage)	Food & beverages will be selected according to their ability to enhance the theme of 'Fairy Tale Express' (such as gingerbread cookies and fountain drinks, which are virtually unknown in Austria) and for their high profit margin.
Less Cost of Special Events	We hope that special events in years 2 and 3 will yield up to a 20% profit margin
Wages / Salaries	Based on 2.5 full-time cast members (€9.70 hourly wage) and one part-time managing director (20 hours / week); includes insurance, holiday and sick leave; with incremental increases over years 2 and 3.
Training	Costs for cast members training, including monthly 'Quality Circles'.
Clothing & Uniforms	Cast members will wear a few stylised items of clothing such as a conductor hat to 'fit in' with the thematised concept.
Travel	Emergency travel fund.
Laundry Service	Most staff clothing items can be laundered on-site at FRida & freD. Some items, however, may have to be dry cleaned.
Rent/Lease	The City of Graz is leasing the tunnel and railway equipment free of charge.
Marketing & Advertising	Based on 'continuous advertising' ⁸³ where exposure is scheduled evenly throughout the year – impact of seasonal sales promotions felt under 'Customer Discounts'. Reassessment of marketing budget and pricing point at end of year three.
Insurance	For health and safety of employees and guests as required under Austrian law.
Accounting/Books	Fee incurred for annual accounting. Monthly bookkeeping activities will be managed in tandem with FRida & freD.
Utilities	Relatively low since the facility does not have climate control; the 'backstage' ticket booth for cast members will be heated using electricity. The restroom facilities are about 20m offsite and are managed separately by the City of Graz.
Telephone & WiFi	To be managed by IT-Services for Holding Graz GmbH; free WiFi is hoped to increase visitor holding time and thereby the perceived value of Fairy Tale Express.
Ticketing System Fee	Ticketing providers such as OmniTicket and SkiData typically incur a monthly fee.
Office supplies	Office materials for the 'backstage' ticket booth.
Maintenance & Cleaning	Includes cleaning of displays inside the tunnel; light cleaning of entrance area to be done regularly by cast members.
Licenses	Currently unknown.
Depreciation	Based on 7-year straight line depreciation.
Interest	Based on 3.7% interest over 7-years for 232,000.00 capital investment. The time-frame was chosen consciously – in about 7-years time, a visitor attraction like Fairy Tale Express will require substantial capital reinvestment. Although Fairy Tale Express will yield a healthy cash flow, it is advantageous if the total debt ratio in 7 years time is zero or close to zero.

⁸³ Kottler, 233.

Table 5a. PROFIT AND LOSS FORECAST: YEAR 1
Assumptions: 80,000 visitors / year, 1:1 Peak and Off-Peak Tickets 'Average' discretionary spending

	Month												Year Total	In % of Sales	
	1	2	3	4	5	6	7	8	9	10	11	12			
Revenue															
Children	5,453	6,135	6,135	6,817	7,498	7,498	7,498	6,817	6,135	7,158	7,158	7,498	81,800	17%	
Adults	6,304	7,092	7,092	7,880	8,668	8,668	8,668	7,880	7,092	8,274	8,274	8,668	94,560	20%	
Groups - Child	1,200	1,600	1,800	2,000	2,400	2,800	2,000	2,000	1,600	2,200	2,400	2,000	24,000	5%	
Groups - Adult	818	1,091	1,227	1,363	1,636	1,909	1,363	1,363	1,091	1,500	1,636	1,363	18,405	4%	
Family Tickets	8,363	9,408	9,408	10,453	11,499	11,499	11,499	10,453	9,408	10,976	10,976	11,499	125,440	26%	
Total Tickets Sales	22,138	25,326	25,662	28,513	31,701	32,374	31,028	28,513	25,326	30,107	30,444	31,028	342,160	71%	
Merchandise	4,667	5,364	5,455	6,061	6,758	6,939	6,576	6,061	5,364	6,409	6,500	6,576	72,727	15%	
Food Sales	2,139	2,458	2,500	2,778	3,097	3,181	3,014	2,778	2,458	2,938	2,979	3,014	33,333	7%	
Beverage Sale	2,333	2,682	2,727	3,030	3,379	3,470	3,288	3,030	2,682	3,205	3,250	3,288	36,364	8%	
Total Sales	31,277	35,829	36,344	40,382	44,935	45,963	43,906	40,382	35,829	42,658	43,173	43,906	484,584	100%	
Less: Cost of Goods Sold															
Less Cost of Ticket Sales	221	253	257	285	317	324	310	285	253	301	304	310	3,422	1%	
Customer Discounts	3,321	3,799	n/a	n/a	n/a	n/a	n/a	n/a	3,799	n/a	4,567	n/a	15,485	3%	
Less Cost of Good Sold (Merchandise)	2,800	3,218	3,273	3,636	4,055	4,164	3,945	3,636	3,218	3,845	3,900	3,945	43,636	9%	
Less Cost of Good Sold (Food & Beverage)	856	983	1,000	1,111	1,239	1,272	1,206	1,111	983	1,175	1,192	1,206	13,333	3%	
Total Costs of Goods Sold	7,198	8,254	4,529	5,033	5,610	5,760	5,461	5,033	8,254	5,322	9,963	5,461	75,876	16%	
Gross Profit	24,079	27,576	31,814	35,349	39,324	40,204	38,445	35,349	27,576	37,337	33,210	38,445	408,708	84%	
Fixed Expenses															
Wages/Salaries	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000	25%	
Training	417	417	417	417	417	417	417	417	417	417	417	417	5,000	1%	
Clothing & Uniforms	42	42	42	42	42	42	42	42	42	42	42	42	500	0%	
Travel	25	25	25	25	25	25	25	25	25	25	25	25	300	0%	
Laundry Service	25	25	25	25	25	25	25	25	25	25	25	25	300	0%	
Rent/Lease	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	
Marketing & Advertising	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	6%	
Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	2%	
Accounting/Books	267	267	267	267	267	267	267	267	267	267	267	267	3,200	1%	
Utilities	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	2%	
Telephone & WiFi	333	333	333	333	333	333	333	333	333	333	333	333	4,000	1%	
Ticketing System Fee	100	100	100	100	100	100	100	100	100	100	100	100	1,200	0%	
Office supplies	38	38	38	38	38	38	38	38	38	38	38	38	450	0%	
Maintenance & Cleaning	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000	5%	
Licenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	
Less: Total Fixed Expenses	17,829	17,829	17,829	17,829	17,829	17,829	17,829	17,829	17,829	17,829	17,829	17,829	213,950	44%	
Depreciation	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	60,571	12%	
EBIT	1,203	4,699	8,938	12,473	16,447	17,327	15,568	12,473	4,699	14,460	10,333	15,568	134,187	28%	
Interest Expense	8,584	8,568	8,552	8,535	8,517	8,499	8,480	8,461	8,440	8,419	8,397	8,375	101,828	21%	
EBT	(7,381)	(3,869)	386	3,938	7,930	8,828	7,088	4,012	(3,741)	6,041	1,936	7,193	32,359	7%	

Table 5b. PROFIT AND LOSS FORECAST: YEAR 2
Assumptions: 90,000 visitors / year, 1:1 Peak and Off-Peak Tickets 'Average' discretionary spending

	Month												Year Total	In % of Sales	
	1	2	3	4	5	6	7	8	9	10	11	12			
Revenue															
Children	6,135	3,834	6,902	7,669	8,819	9,203	9,969	8,436	6,902	8,052	7,669	8,436	92,025	16%	
Adults	7,092	4,433	7,979	8,865	10,195	10,638	11,525	9,752	7,979	9,308	8,865	9,752	106,380	19%	
Groups - Child	1,800	1,125	2,025	2,588	2,700	3,150	2,363	2,363	1,800	2,475	2,250	2,363	27,000	5%	
Groups - Adult	1,227	767	1,380	1,764	1,841	2,147	1,610	1,610	1,227	1,687	1,534	1,610	18,405	3%	
Family Tickets	9,408	5,880	10,584	11,760	14,112	13,524	14,700	13,524	10,584	12,348	11,760	12,936	141,120	25%	
Total Tickets Sales	25,662	16,039	28,870	32,645	37,666	38,662	40,167	35,684	28,491	33,871	32,078	35,096	384,930	68%	
Merchandise	5,455	3,409	6,136	6,972	8,028	8,250	8,472	7,585	6,034	7,210	6,818	7,449	81,818	14%	
Food Sales	2,500	1,563	2,813	3,195	3,680	3,781	3,883	3,477	2,766	3,305	3,125	3,414	37,500	7%	
Beverage Sale	2,727	1,705	3,068	3,486	4,014	4,125	4,236	3,793	3,017	3,605	3,409	3,724	40,909	7%	
Special Events	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058	12,700	2%	
Sponsorship	833	833	833	833	833	833	833	833	833	833	833	833	10,000	2%	
Total Sales	38,235	24,607	42,778	48,189	55,280	56,710	58,649	52,430	42,200	49,882	47,321	51,575	567,857	100%	
Less: Cost of Goods Sold															
Less Cost of Ticket Sales	257	160	289	326	377	387	402	357	285	339	321	351	3,849	1%	
Customer Discounts	3,849	2,406	n/a	n/a	5,650	5,799	6,025	n/a	n/a	n/a	4,812	5,264	33,805	6%	
Less Cost of Good Sold (Merchandise)	3,273	2,045	3,682	4,183	4,817	4,950	5,083	4,551	3,620	4,326	4,091	4,469	49,091	9%	
Less Cost of Good Sold (Food & Beverage)	1,000	625	1,125	1,278	1,472	1,513	1,553	1,391	1,106	1,322	1,250	1,366	15,000	3%	
Less Cost of Special Events	847	847	847	847	847	847	847	847	847	847	847	847	10,160	2%	
Total Costs of Goods Sold	8,379	5,237	5,096	5,788	12,316	12,648	13,063	6,299	5,012	5,987	10,473	11,450	101,746	18%	
Gross Profit	29,857	19,370	37,683	42,402	42,965	44,061	45,586	46,132	37,188	43,896	36,848	40,125	466,112	82%	
Fixed Expenses															
Wages/Salaries	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	122,400	22%	
Training	417	417	417	417	417	417	417	417	417	417	417	417	5,000	1%	
Clothing & Uniforms	42	42	42	42	42	42	42	42	42	42	42	42	500	0%	
Travel	25	25	25	25	25	25	25	25	25	25	25	25	300	0%	
Laundry Service	25	25	25	25	25	25	25	25	25	25	25	25	300	0%	
Rent/Lease	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	
Marketing & Advertising	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	5%	
Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	2%	
Accounting/Books	267	267	267	267	267	267	267	267	267	267	267	267	3,200	1%	
Utilities	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	2%	
Telephone & WiFi	333	333	333	333	333	333	333	333	333	333	333	333	4,000	1%	
Ticketing System Fee	100	100	100	100	100	100	100	100	100	100	100	100	1,200	0%	
Office supplies	38	38	38	38	38	38	38	38	38	38	38	38	450	0%	
Maintenance & Cleaning	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000	4%	
Licenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	
Less: Total Fixed Expenses	18,029	18,029	18,029	18,029	18,029	18,029	18,029	18,029	18,029	18,029	18,029	18,029	216,350	38%	
Depreciation	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	60,517	11%	
EBIT	6,785	(3,702)	14,611	19,330	19,892	20,989	22,514	23,059	14,116	20,823	13,776	17,053	189,245	33%	
Interest Expense	8,351	8,327	8,302	8,275	8,248	8,220	8,191	8,161	8,129	8,097	8,063	8,028	98,391	17%	
EBT	(1,567)	(12,029)	6,309	11,054	11,644	12,769	14,323	14,899	5,987	12,727	5,713	9,025	90,854	16%	

Table 5c. PROFIT AND LOSS FORECAST: YEAR 3
Assumptions: 90,000 visitors / year, 1:1 Peak and Off-Peak Tickets 'Average' discretionary spending

	Month												Year Total	In % of Sales
	1	2	3	4	5	6	7	8	9	10	11	12		
Revenue														
Children	6,135	3,834	6,902	7,669	8,819	9,203	9,969	8,436	6,902	8,052	7,669	8,436	92,025	16%
Adults	7,092	4,433	7,979	8,865	10,195	10,638	11,525	9,752	7,979	9,308	8,865	9,752	106,380	19%
Groups - Child	1,800	1,125	2,025	2,588	2,700	3,150	2,363	2,363	1,800	2,475	2,250	2,363	27,000	5%
Groups - Adult	1,227	767	1,380	1,764	1,841	2,147	1,610	1,610	1,227	1,687	1,534	1,610	18,405	3%
Family Tickets	9,408	5,880	10,584	11,760	14,112	13,524	14,700	13,524	10,584	12,348	11,760	12,936	141,120	25%
Total Tickets Sales	25,662	16,039	28,870	32,645	37,666	38,662	40,167	35,684	28,491	33,871	32,078	35,096	384,930	67%
Merchandise	5,455	3,409	6,136	6,972	8,028	8,250	8,472	7,585	6,034	7,210	6,818	7,449	81,818	14%
Food Sales	2,500	1,563	2,813	3,195	3,680	3,781	3,883	3,477	2,766	3,305	3,125	3,414	37,500	7%
Beverage Sale	2,727	1,705	3,068	3,486	4,014	4,125	4,236	3,793	3,017	3,605	3,409	3,724	40,909	7%
Special Events	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000	3%
Sponsorship	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	2%
Total Sales	38,594	24,965	43,137	48,548	55,639	57,068	59,007	52,788	42,558	50,241	47,680	51,933	572,157	100%
Less: Cost of Goods Sold														
Less Cost of Ticket Sales	257	160	289	326	377	387	402	357	285	339	321	351	3,849	1%
Customer Discounts	3,849	2,406	n/a	n/a	5,650	5,799	6,025	n/a	n/a	n/a	4,812	5,264	33,805	6%
Less Cost of Good Sold (Merchandise)	3,273	2,045	3,682	4,183	4,817	4,950	5,083	4,551	3,620	4,326	4,091	4,469	49,091	9%
Less Cost of Good Sold (Food & Beverage)	1,000	625	1,125	1,278	1,472	1,513	1,553	1,391	1,106	1,322	1,250	1,366	15,000	3%
Less Cost of Special Events	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	2%
Total Costs of Goods Sold	8,379	5,237	5,096	5,788	12,316	12,648	13,063	6,299	5,012	5,987	10,473	11,450	101,746	18%
Gross Profit	30,215	19,728	38,041	42,760	43,323	44,420	45,944	46,490	37,547	44,254	37,206	40,483	470,412	82%
Fixed Expenses														
Wages/Salaries	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400	124,800	22%
Training	417	417	417	417	417	417	417	417	417	417	417	417	5,000	1%
Clothing & Uniforms	42	42	42	42	42	42	42	42	42	42	42	42	500	0%
Travel	25	25	25	25	25	25	25	25	25	25	25	25	300	0%
Laundry Service	25	25	25	25	25	25	25	25	25	25	25	25	300	0%
Rent/Lease	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Marketing & Advertising	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	5%
Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	2%
Accounting/Books	267	267	267	267	267	267	267	267	267	267	267	267	3,200	1%
Utilities	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	2%
Telephone & WiFi	333	333	333	333	333	333	333	333	333	333	333	333	4,000	1%
Ticketing System Fee	100	100	100	100	100	100	100	100	100	100	100	100	1,200	0%
Office supplies	38	38	38	38	38	38	38	38	38	38	38	38	450	0%
Maintenance & Cleaning	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000	4%
Licenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Less: Total Fixed Expenses	18,229	18,229	18,229	18,229	18,229	18,229	18,229	18,229	18,229	18,229	18,229	18,229	218,750	38%
Depreciation	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	60,517	11%
EBIT	6,943	(3,544)	14,769	19,488	20,051	21,147	22,672	23,218	14,274	20,982	13,934	17,211	191,145	33%
Interest Expense	7,991	7,954	7,915	7,874	7,832	7,788	7,743	7,696	7,648	7,597	7,545	7,491	93,075	16%
EBT	(1,048)	(11,498)	6,854	11,614	12,219	13,359	14,929	15,521	6,627	13,384	6,389	9,720	98,070	17%

5.2 Pro Forma Cash Flow Statements

Cash Flow Legend (Years 1,2,3)

Depreciation	Based on 7-year straight line depreciation
Change in inventories	Assume 2-months worth average cost of goods sold (merchandise, food & beverage), no fluctuation
Change in provisions for salaries	Reflects 14 monthly salaries per annum, increasing annually
Investments	Purchase of assets that depreciate, none in Year 1 and Year 2, €25,000 investment in Year 3
Cumulative Net Cash	Shows initial capital investment of 232,000.00 (loan with 3.7% interest)

Table 5d. CASH FLOW FORECAST: YEAR 1

Assumptions: 80,000 visitors / year, 1:1 Peak and Off-Peak Tickets 'Average' discretionary spending

	Month 1	2	3	4	5	6	7	8	9	10	11	12	Year Total
Profit / (Loss)	(7,381)	(3,869)	386	3,938	7,930	8,828	7,088	4,012	(3,741)	6,041	1,936	7,193	32,359
Plus depreciation	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	60,571
Cash Flow from Result	(2,334)	1,178	5,433	8,985	12,978	13,875	12,135	9,060	1,306	11,088	6,983	12,241	92,930
Change in inventories	(15,000)	0	0	0	0	0	0	0	0	0	0	0	(15,000)
Change in debtors	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in creditors (30 days)	3,656	546	71	475	546	142	(285)	(404)	(546)	819	71	59	5,151
Change in provisions for salaries	2,857	2,857	2,857	2,857	2,857	2,857	(14,286)	2,857	2,857	2,857	2,857	(14,286)	0
Cash Flow from Operations	(10,821)	4,582	8,362	12,317	16,381	16,875	(2,435)	11,513	3,618	14,764	9,912	(1,986)	83,081
Investments	0	0	0	0	0	0	0	0	0	0	0	0	0
Free Cash Flow	(10,821)	4,582	8,362	12,317	16,381	16,875	(2,435)	11,513	3,618	14,764	9,912	(1,986)	83,081
Principle Payment	(426)	(442)	(458)	(475)	(493)	(511)	(530)	(549)	(570)	(591)	(612)	(635)	(6,290)
Monthly Net Cash	(11,247)	4,140	7,904	11,842	15,888	16,364	(2,965)	10,964	3,048	14,174	9,299	(2,621)	76,790
Cumulative Net Cash (232,000)	(243,247)	(239,107)	(231,203)	(219,361)	(203,473)	(187,109)	(190,074)	(179,110)	(176,062)	(161,888)	(152,589)	(155,210)	

Table 5e. CASH FLOW FORECAST: YEAR 2
Assumptions: 90,000 visitors / year, 1:1 Peak and Off-Peak Tickets 'Average' discretionary spending

	Month												Year Total
	1	2	3	4	5	6	7	8	9	10	11	12	
Profit / (Loss)	(1,567)	(12,029)	6,309	11,054	11,644	12,769	14,323	14,899	5,987	12,727	5,713	9,025	90,854
Plus depreciation	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	60,517
Cash Flow from Result	3,476	(6,986)	11,352	16,097	16,687	17,812	19,366	19,942	11,030	17,770	10,756	14,068	151,371
Change in inventories	(15,000)	0	0	0	0	0	0	0	0	0	0	0	(15,000)
Change in debtors	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in creditors (30 days)	4,273	(1,602)	2,136	654	828	174	174	(694)	(1,215)	921	(307)	494	5,835
Change in provisions for salaries	3,057	3,057	3,057	3,057	3,057	3,057	(15,286)	3,057	3,057	3,057	3,057	(15,286)	0
Cash Flow from Operations	(4,194)	(5,531)	16,546	19,809	20,572	21,043	4,254	22,305	12,872	21,748	13,506	(724)	142,206
Investments	0	0	0	0	0	0	0	0	0	0	0	0	0
Free Cash Flow	(4,194)	(5,531)	16,546	19,809	20,572	21,043	4,254	22,305	12,872	21,748	13,506	(724)	142,206
Principle Payment	(659)	(683)	(708)	(734)	(762)	(790)	(819)	(849)	(881)	(913)	(947)	(982)	(9,728)
Monthly Net Cash	(4,852)	(6,214)	15,837	19,074	19,811	20,253	3,435	21,455	11,991	20,835	12,559	(1,706)	132,478
Cumulative Net Cash (155,210)	(160,062)	(166,277)	(150,439)	(131,365)	(111,554)	(91,301)	(87,867)	(66,411)	(54,420)	(33,585)	(21,026)	(22,732)	

Table 5f. CASH FLOW FORECAST: YEAR 3
Assumptions: 90,000 visitors / year, 1:1 Peak and Off-Peak Tickets 'Average' discretionary spending

	Month												Year Total
	1	2	3	4	5	6	7	8	9	10	11	12	
Profit / (Loss)	(1,048)	(11,498)	6,854	11,614	12,219	13,359	14,929	15,521	6,627	13,384	6,389	9,720	98,070
Plus depreciation	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	5,048	60,571
Cash Flow from Result	3,999	(6,450)	11,902	16,662	17,266	18,407	19,976	20,569	11,674	18,432	11,437	14,768	158,641
Change in inventories	(15,000)	0	0	0	0	0	0	0	0	0	0	0	(15,000)
Change in debtors	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in creditors (30 days)	4,273	(1,602)	2,136	654	828	174	174	(694)	(1,215)	921	(307)	494	5,835
Change in provisions for salaries	3,257	3,257	3,257	3,257	3,257	3,257	(16,286)	3,257	3,257	3,257	3,257	(16,286)	0
Cash Flow from Operations	(3,471)	(4,795)	17,296	20,573	21,351	21,837	3,864	23,132	13,716	22,610	14,387	(1,024)	149,476
Investments	(25,000)	0	0	0	0	0	0	0	0	0	0	0	(25,000)
Free Cash Flow	(28,471)	(4,795)	17,296	20,573	21,351	21,837	3,864	23,132	13,716	22,610	14,387	(1,024)	124,476
Principle Payment	(1,019)	(1,056)	(1,095)	(1,136)	(1,178)	(1,221)	(1,267)	(1,314)	(1,362)	(1,413)	(1,465)	(1,519)	(15,044)
Monthly Net Cash	(29,490)	(5,851)	16,200	19,437	20,174	20,616	2,598	21,818	12,354	21,198	12,922	(2,543)	109,432
Cumulative Net Cash	(22,732)	(52,222)	(58,073)	(41,873)	(22,436)	(2,262)	18,353	20,951	42,769	55,123	76,321	89,243	86,700

**Table 5g. INTEREST & CAPITAL REPAYMENT
Based on 7-year (84 months) repayment**

Year 1

Investment: 232,000.00	1	2	3	4	5	6	7	8	9	10	11	12
Interest Payments (0.037)	(8,584.00)	(8,568.24)	(8,551.90)	(8,534.95)	(8,517.38)	(8,499.16)	(8,480.26)	(8,460.67)	(8,440.34)	(8,419.27)	(8,397.42)	(8,374.76)
Principle Payments	(425.90)	(441.65)	(458.00)	(474.94)	(492.51)	(510.74)	(529.64)	(549.23)	(569.55)	(590.63)	(612.48)	(635.14)

Year 2

Investment: 232,000.00	13	14	15	16	17	18	19	20	21	22	23	24
Interest Payments (0.037)	(8,351.25)	(8,326.89)	(8,301.61)	(8,275.41)	(8,248.23)	(8,220.05)	(8,190.83)	(8,160.52)	(8,129.09)	(8,096.50)	(8,062.71)	(8,027.66)
Principle Payments	(658.64)	(683.01)	(708.28)	(734.49)	(761.67)	(789.85)	(819.07)	(849.38)	(880.80)	(913.39)	(947.19)	(982.24)

Year 3

Investment: 232,000.00	25	26	27	28	29	30	31	32	33	34	35
Interest Payments (0.037)	(7,991.32)	(7,953.63)	(7,914.55)	(7,874.02)	(7,831.99)	(7,788.41)	(7,743.22)	(7,696.35)	(7,647.75)	(7,597.35)	(7,545.08)
Principle Payments	(1,018.58)	(1,056.27)	(1,095.35)	(1,135.88)	(1,177.90)	(1,221.49)	(1,266.68)	(1,313.55)	(1,362.15)	(1,412.55)	(1,464.81)

5.3 Pro Forma Balance Sheet

Table 5h. Balance Sheet at End of Year Accounting

	YEAR 1	YEAR 2	YEAR 3
	2013	2014	2015
ASSETS			
Liquid assets			
Cash	€ 76,790	€ 209,268	€ 318,700
Net receivables from customers	€ -	€ -	€ -
Stock/inventory	€ 15,000	€ 30,000	€ 45,000
Total liquid assets	€ 91,790	€ 239,268	€ 363,700
Gross fixed assets	€ 432,000	€ 432,000	€ 432,000
Minus cumulated depreciation	€ 60,571	€ 121,088	€ 181,659
Net fixed assets	€ 371,429	€ 310,912	€ 250,341
Investments			€ 25,000
TOTAL ASSETS	€ 463,219	€ 550,180	€ 639,041
LIABILITIES			
Current liabilities			
Creditors	€ 5,151	€ 10,986	€ 16,821
Provision for taxes	€ -	€ -	€ -
Short-term loans	€ -	€ -	€ -
Total short-term liabilities	€ 5,151	€ 10,986	€ 16,821
Long-term liabilities			
Long-term debt	€ 225,710	€ 215,982	€ 200,937
Pension obligations	€ -	€ -	€ -
Total long-term liabilities	€ 225,710	€ 215,982	€ 200,937
Equity			
Owner equity	€ 200,000	€ 200,000	€ 200,000
Share capital paid up	€ -	€ -	€ -
P&L account	€ 32,359	€ 123,213	€ 221,283
Total Equity	€ 232,359	€ 323,213	€ 421,283
TOTAL LIABILITIES	€ 463,219	€ 550,180	€ 639,041

5.4 Breakeven Analysis

**Table 5i. BREAKEVEN ANALYSIS (based on YEAR 2)
1:1 Peak and Off-Peak Tickets, 'Average' discretionary spending**

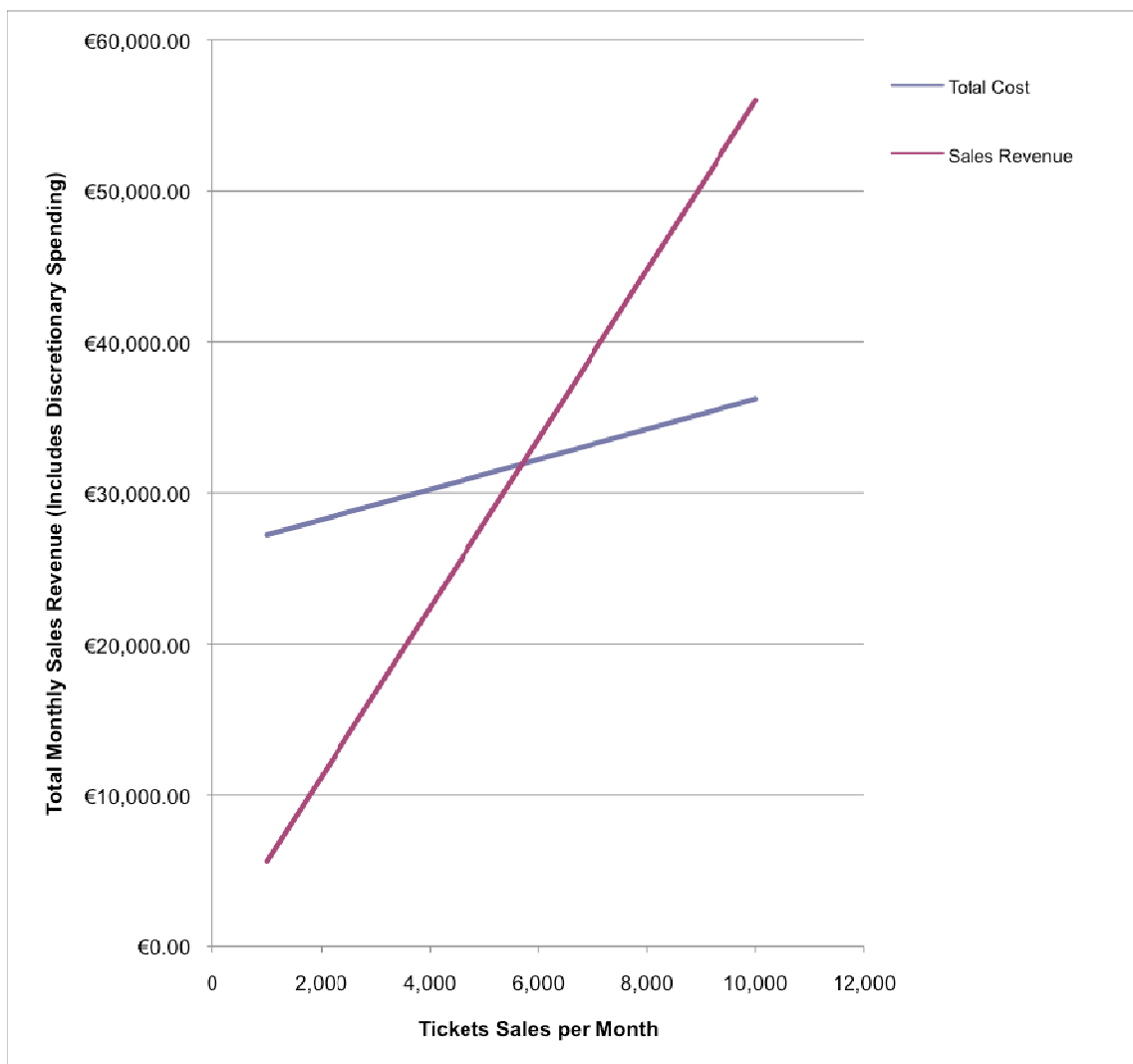
Ticket Sales Per Month	Fixed Cost + Average Interest	Variable Cost	Total Cost	Sales Revenue	Profit / Loss	Annual Visitors	
1,000	€26,228.25	€1,000.00	€27,228.25	€5,600.00	-€21,628.25	12,000	
1,500	€26,228.25	€1,500.00	€27,728.25	€8,400.00	-€19,328.25	18,000	
2,000	€26,228.25	€2,000.00	€28,228.25	€11,200.00	-€17,028.25	24,000	
2,500	€26,228.25	€2,500.00	€28,728.25	€14,000.00	-€14,728.25	30,000	
3,000	€26,228.25	€3,000.00	€29,228.25	€16,800.00	-€12,428.25	36,000	
3,500	€26,228.25	€3,500.00	€29,728.25	€19,600.00	-€10,128.25	42,000	
4,000	€26,228.25	€4,000.00	€30,228.25	€22,400.00	-€7,828.25	48,000	
4,500	€26,228.25	€4,500.00	€30,728.25	€25,200.00	-€5,528.25	54,000	
5,000	€26,228.25	€5,000.00	€31,228.25	€28,000.00	-€3,228.25	60,000	
5,500	€26,228.25	€5,500.00	€31,728.25	€30,800.00	-€928.25	66,000	
5,702	€26,228.25	€5,702.00	€31,930.25	€31,931.20	€0.95	68,424	Break Even
5,834	€26,228.25	€5,834.00	€32,062.25	€32,670.40	€608.15	70,008	
6,000	€26,228.25	€6,000.00	€32,228.25	€33,600.00	€1,371.75	72,000	Worst Case
6,650	€26,228.25	€6,650.00	€32,878.25	€37,240.00	€4,361.75	79,800	
7,000	€26,228.25	€7,000.00	€33,228.25	€39,200.00	€5,971.75	84,000	
7,500	€26,228.25	€7,500.00	€33,728.25	€42,000.00	€8,271.75	90,000	Actual Forecast
8,000	€26,228.25	€8,000.00	€34,228.25	€44,800.00	€10,571.75	96,000	
8,500	€26,228.25	€8,500.00	€34,728.25	€47,600.00	€12,871.75	102,000	
9,000	€26,228.25	€9,000.00	€35,228.25	€50,400.00	€15,171.75	108,000	Best Case
9,500	€26,228.25	€9,500.00	€35,728.25	€53,200.00	€17,471.75	114,000	
10,000	€26,228.25	€10,000.00	€36,228.25	€56,000.00	€19,771.75	120,000	

Assumptions

- Assume €0.91 spent per ticket on merchandise with 40% profit margin
- Assume €0.87 Euro spent per ticket on food & beverage with 60% profit margin
- Average profit margin for discretionary spending 50%
- 'Sales Revenue per Customer' calculated using 'Average Monthly Sales Revenue' / 'Tickets Sales per Month' from Visitor Forecast Year 2 (42,020.60 / 7500)
- Average Monthly Sales Revenue / Average Ticket Sales per Month = € 5.60

The analysis indicates that with as few as 70,000 visitors annually, Fairy Tale Express will breakeven. This assumes ‘average’ discretionary spending (about €1.78 net per visitor). A higher number of visitors making fewer discretionary purchases would yield a similar result. Figure 5a. reveals a steep ‘sales revenue’ curve in relation to the ‘total cost’ curve. This is due to the relatively high fixed costs and low variable costs of operating Fairy Tale Express. Therefore even marginal increases to visitor numbers reaps disproportionately large financial gains.

Figure 5a. Monthly Sales Breakeven Analysis (based on Year 2 Forecast)



5.5 Sources and Applications of Funds

Currently three potential sources of public funding are being explored: (1) City of Graz, (2) Province of Styria and, (3) Holding Graz - Kommunale Dienstleistungen GmbH, the Limited Liability Company of the City of Graz. At the time of writing, the City of Graz has supplied €400,000 for renovation work inside the tunnel so that the facility will meet health and safety regulations. As the sole owner of the Fairy Tale Express tunnel and its railway equipment, the funds are considered by the City as 'repair work by owner' and not part of the project capital investment.

Table 5i. Summary: Sources of Funds

Type	Source	Amount (€)	Repayment Terms	Status: 31 July 2012
Public	City of Graz	400,000	Grant – No repayment	Received
Public	Province of Styria – Tourism Projects Funding	Approx. 200,000	Grant – No repayment	Currently being negotiated
Public	Holding Graz - Kommunale Dienstleistungen GmbH	232,000	Loan with interest. Interest rate, repayment terms and schedule unknown.	Currently being negotiated
Corporate Sponsorship	Steiermärkische Bank und Sparkassen AG	Negotiable	No repayment	Follow-up once status of public funding is known.

The €432,000 capital investment required to produce Fairy Tale Express will be funded by the Province of Styria, in the form of a grant, and Holding Graz, in the form of a loan. The terms of the Holding Graz loan are currently unknown and will be negotiated in due course. For the purpose of the business plan, we have assumed a seven year repayment period with an interest rate of 3.7%.⁸⁴

In addition to public funding, corporate sponsorship will be explored. It is valuable for Fairy Tale Express to develop collaborations that are aligned with its mission and are mutually beneficial to both parties. The Steiermärkische Bank has expressed interest in forming a partnership. Their funding of a ticketing system, for example, would enable Fairy Tale

⁸⁴ The rate at which Austria is currently re-financing itself.

Express to pursue a higher quality service product than would have been previously thought possible using only public funding.

6.0 Production Plan

6.1 Sourcing and Fulfilment

It is beneficial either to minimize liabilities or to develop a strategy for turning them into strengths. Fairy Tale Express faces several limitations by virtue of its location, that will challenge implementation and production.

- Heritage Monument Protection: the *Schlossberg* is a UNESCO World Heritage Site – the entrance concept and design may be severely limited due to protective legislation.
- Fire Regulations: other tunnels inside the *Schlossberg* cannot be used without a major overhaul of the escape routes, to meet modern health and safety regulations.
- Challenging climate inside tunnel system:
 - The high level of moisture severely limits the building materials and electronic devices that may be used.
 - The tunnel is not climate controlled – leading to potentially uncomfortable working conditions over longer periods.

The timeframe of the project is extremely limited with the target to open by early 2013.

In terms of overcoming liabilities or finding novel solutions to development and production challenges, I recommend using an innovation crowdsourcing platform such as Neurovation.net, which is based in Graz.

Fairy Tale Express will be implemented by a project team of four as follows:

Joerg Ehtreiber (Director and CEO, KIMUS Kindermuseum GmbH): Project Leadership

Gerlinde Podjaversek (Creative Consultant, TB-Mautz): Creative content development and implementation

Holly Hasted (International Communications & Projects Manager, KIMUS Kindermuseum GmbH): Business planning and implementation of marketing, retail and operations concepts

Eva Schloffer (Project Assistant, KIMUS Kindermuseum GmbH): Project assistance

See Appendix H for a project plan overview created by Joerg Ehtreiber and Gerlinde Podjaversek.

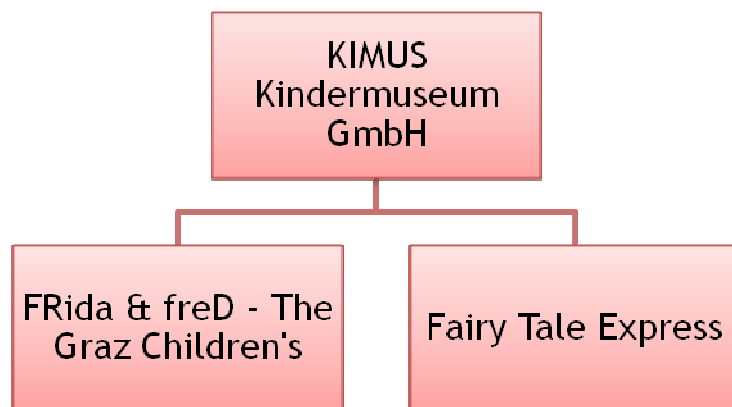
7.0 Organisation Plan

7.1 Form of Ownership

FRida & FreD Children’s Museum is the trade name for KIMUS Kindermuseum GmbH, a Limited Liability Company (LLC) and subsidiary of the City of Graz. KIMUS Kindermuseum GmbH was founded in 2002 as a charitable company for the purpose of ‘disseminating culture’ to children. Approximately 30% of its €1.2 million annual operating budget is self-generated revenue whilst the remainder comprises a subsidy from the City of Graz and private sponsorship.

We recommend that Fairy Tale Express operates as a separate business unit under the existing LLC. Should this be prohibited under Austrian law given that Fairy Tale Express is a profit-making entity, a legal advisor should recommend an alternative solution that ensures FRida & freD and Fairy Tale Express can pool their resources to mutual maximum benefit. One option is for Fairy Tale Express to operate as a trading subsidiary with residual profits being invested into its parent company, FRida & freD.

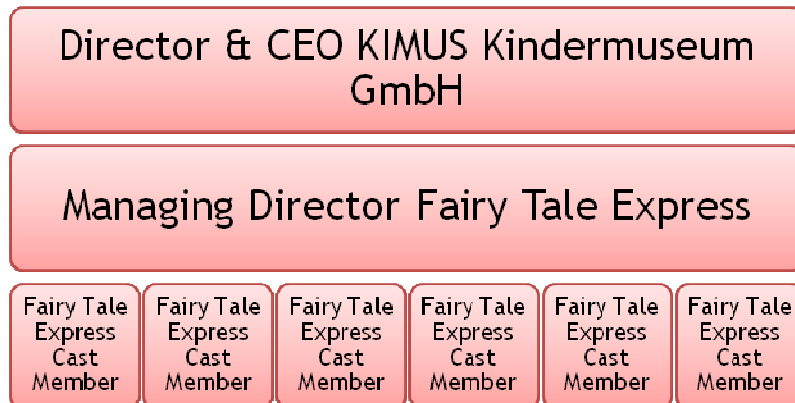
Figure 7a. Form of Ownership



7.2 Organisational Structure and Management Team

Should Fairy Tale Express be treated as a subsidiary of KIMUS Kindermuseum GmbH, the Director of FRida & freD, Joerg Ehtreiber, would likewise serve as CEO of Fairy Tale Express, followed by a Managing Director (part-time) responsible for managing operations and approximately six cast members equalling 2.5 full-time equivalents. The cast members will be trained in both operating the train ride and front of house responsibilities. This will ensure full flexibility for scheduling purposes and reduce boredom whilst on the job as it allows cast members to switch roles during a shift.

Figure 7b. Organisational Structure



7.3 Roles and Responsibilities

“The management of the human resource at attractions could arguably be considered to be the most important aspect of the management of visitor attractions for two reasons. First, as a service industry the attitudes and abilities of the staff will have a crucial impact on the way the service is delivered to the customer and will therefore directly affect their enjoyment of the visit and their perception of the attraction. Second, for most attractions labours costs are likely to be the largest single item in their revenue budget.” – John Swarbrooke⁸⁵

The approximately 70% return customer rate at Walt Disney Theme Parks is due to the outstanding interactions between cast members and guests.⁸⁶ The Walt Disney Company has developed a unique language that serves to augment their human resource management capabilities.

Disney-Speak⁸⁷

Employee: Cast Member

Customer: Guest

Guest areas: Onstage

Behind the scenes: Off-stage / Backstage

Uniform: Costume

Interview: Audition

Their success can be partly attributed to a rigorous hiring system and by rewarding their cast members with non-financial rewards and incentives, such as professional development

⁸⁵ Swarbrooke, 244.

⁸⁶ Ibid., 61

⁸⁷ Kinni, 68.

opportunities. The job description for cast members at Fairy Tale Express will encompass the following:

Responsibilities: Cast Member Fairy Express

- Interact with guests from Graz and around the world and create everlasting memories
- Welcome guests in a warm and friendly manner
- Load and unload guests on train
- Operate train system
- Guest control
- Memorize and deliver narrations to large groups
- Efficiently manage ticketing system
- Operate a cash register, cash handling
- Dust and arrange merchandise
- Assist guests with merchandise selection
- Light cleaning
- Basic inventory management activities
- Ability to resolve guest issues and anticipate guests' needs independently
- Assist guests with directions, anticipate and resolve guest concerns and other information or assistance as needed.

A typical challenge for smaller attractions is to develop and use their staff to full effect. Our front-of-house staff can be trained, for example, in preparing content for social media sites, entering data from visitor evaluations and so on. Best performance can be achieved by helping cast members to develop tangible skills and even 'themselves' in the broadest sense.

Hiring will begin approximately one month before opening to allow sufficient time for both operational and public relations training. Cast member positions will be advertised on the FRida & freD website, in the *Kleine Zeitung* newspaper and the employment websites of local colleges and universities. See below for a sample advertisement:

Premier family attraction in Graz seeks part-time cast members. You are known for your positive attitude, unrelenting energy and outstanding interpersonal skills. You display mature, responsible behaviour and creative problem-solving skills. You are calm and gracious under pressure and thrive at serving others. Opportunity to contribute to strategic planning of organisation. Fluent in conversational German and English. Knowledge of a third language and / or acting experience is an asset.

The Managing Director will be responsible for the smooth running of daily operations and successful implementation of the marketing strategy among other duties. He or she will work approximately 20 hours per week and report to the Director and CEO of KIMUS GmbH. The position is currently available and will be filled on a permanent basis shortly after opening.

Responsibilities: Managing Director Fairy Tale Express

- Implement strategies to achieve visitor and employee satisfaction
- Develop budgetary and financial strategies and objectives
- Hire, train and manage cast members including performance appraisals
- Coordinate and implement staff schedules
- Develop and implement a marketing strategy with FRida & freD Children's Museum
- Produce and oversee special events
- Manage stock levels and make purchasing decisions
- Analyze sales figures and forecast future sales volumes to maximize profit
- Ensure health and safety standards are met
- Liaise with contractors (repairs and maintenance) and suppliers (ticketing system)
- Stay current on developments in the attractions market, monitor competition
- Assess market research and Fairy Tale Express evaluation data

8.0 Operational Plan

8.1 Description of Operations

Opening Hours

Standard operating hours of Fairy Tale Express are:

Mon – Sun: 10.00 – 18.00

To take advantage of longer daylight hours in the summer as well as holiday seasons (such as public holidays in May and in the Advent period before Christmas) Fairy Tale Express will operate for an additional 2 hours during these periods, thereby enabling four extra train rides and increasing visitor capacity by up to 80 guests per day.

Special Opening Hours:

Mon – Sun: 10.00 – 20.00

Closures and Holidays

Fairy Tale Express will close monthly (for example, on the first Monday of every month) for routine maintenance. It will close for two weeks annually for routine safety checks, repair work and refreshing.

Table 8a. Number of Closures and Holidays

Event	Number of Days
Monday maintenance	12
Annual maintenance	12
Holidays: New Year's Day, Christmas Day and Boxing Day	3
<i>Total days closed annually</i>	<i>27</i>

Because tourists will represent about 60% of all ticket sales (see “4.1 Market Segment”) and they are typically lucrative discretionary spenders, all public holidays with the exception of New Year's Day, Christmas Day and Boxing Day will be operational.

Staffing

Fairy Tale Express will operate with between one and three employees or ‘cast members’ on duty, depending on the time of year and demand. The standard mode of operation will be with two cast members: one driver and one front-of-house employee. However, all staff will be trained in both positions. This will allow them to switch roles during a shift, thereby reducing boredom. When only one cast member is present the management must decide between closing the retail outlet entirely or operating fewer rides, thereby allowing the driver to make shop sales between the journeys. Shifts will last no longer than a maximum of six hours to ensure that cast members sustain a high level of energy during their shifts.

Internal Communications

A monthly meeting or 'Quality Circle'⁸⁸ will be held between the Managing Director and cast members. The Managing Director will also report to the CEO & Director of KIMUS Kindermuseum GmbH on a monthly basis. Regular staff training (at least four times a year) is an integral part of the business concept because it ensures that cast members are regularly improving their service skills and working together to develop customer care solutions. Professional development is also a useful non-financial incentive.

⁸⁸ A meeting format whereby participants develop solutions together for improving the quality of customer service and the visitor experience.

9.0 Summary (Elevator Pitch)

Fairy Tale Express is a train ride for children ages two to ten years old and their families located inside the Graz *Schlossberg*. During the twenty-six minute ride visitors will feel that they are playing the protagonist inside their 'own' fairy tale adventure. Several stops along the way will contain interactive elements. Revenue streams consist of ticket, merchandise, and food & beverage sales and may grow to include further products and services in later years such as special events and online retail. Fairy Tale Express is a social enterprise that will operate as a trading subsidiary of KIMUS Kindermuseum LLC, with residual profits being invested into its parent company. Both organisations will implement a collective marketing strategy. The main customer segments include local families, school groups and most importantly, leisure travellers with children. We expect to sustain around 90,000 visitors annually with growth proportional to increases in domestic and international tourism. The total project investment is €432,000 and will be publicly funded, as Fairy Tale Express is believed to serve broader social aims such as to increase leisure opportunities for the community and to enhance Graz's image as a family tourist destination. The pre-tax profit margin in year one will be 7% representing approximately €32,000 EBT. By year three it will grow to 17% representing approximately €98,000 EBT. A healthy cash flow will ensure sustainable reinvestment. Overall, Fairy Tale Express will distinguish itself from competitors by maximising its key assets to create an outstanding visitor experience that exploits the themes 'magical train ride' and 'personal fairy tale'. The total product package – from the ride itself to the cast members who serve guests – will exemplify the 'experience economy', building a relationship with guests and prompting them to come back year after year and from one generation to the next.

Fairy Tale Express is expected to open at the beginning of 2013.

We welcome you aboard!

Appendices

A – Résumé of Principal

JOERG EHTREIBER	
EDUCATION	
2006 – 2008	<p>Hernstein Institute for Management and Leadership, Vienna Leading Institute in German-speaking region</p> <p>Hernstein General Manager Training Program – for managers in leading positions Modules: Positioning as General Manager, Assuring Future Viability, Implementing Change, Strategic Leadership</p> <p>Additional Seminars: Finance and Accounting for Managers Financial Statements, Profit and Loss Calculations, Cost Analysis and Controlling, Liquidity Calculations, Activity and Profitability of Organization</p>
2006	<p>ARS – Academy for Law, Taxation and Economy, Vienna Seminars in Contract Law & Public Procurement Law</p>
1986 – 1998	<p>Magister (equivalent BA and MSc) University of Graz Double Major: Chemistry and Physics Courses in science education and pedagogy</p>
1990 – 1996	<p>Pädagogische Akademie (University of Teacher Education), Graz Elective Courses: Museums, Exhibitions and Interpretation Art Education in Intermediate Schools</p>
1986	<p>Bundesoberstufenrealgymnasium (High School), Graz Awarded Matura (equivalent High School Diploma)</p>
PROFESSIONAL EXPERIENCE	
2003 – present	<p>CEO & Director: FRida & freD – The Graz Children’s Museum</p> <p>General Manager of all Departments</p> <ul style="list-style-type: none"> • Director since groundbreaking ceremony in 2003 • Assessed architectural plans worth € 3.6 million • In 11 months: first staffing, first exhibition, first sponsors & partners <p>Human Resource Management</p> <ul style="list-style-type: none"> • Leadership of + 40 employees • Equal opportunity employer & support professional development of staff <p>Financial Management & Strategic Planning</p> <ul style="list-style-type: none"> • Budget and monitor yearly budget worth €1.7 Million • Obtain € 200,000 annually from private sponsors (banking, insurance companies) & public funding channels • Sustain long-term sponsorship (since opening in 2003) with multinationals (IKEA) and attract new partners • Effectively exploit business potential of the museum’s resources (revenue from traveling exhibitions worth € 200,000) • Successful political lobbying at state level & report to board

	<p>Marketing & Fundraising</p> <ul style="list-style-type: none"> • Position museum on International Market (case study best practice – subject at conferences, museum practitioners visit from abroad) • Most successful museum in Graz – 70,000 visitors / year in spite small population (pop. 280,000) • Loaned 11 exhibitions abroad (including Germany, Netherlands & Caribbean) <p>Educational and Public Programming</p> <ul style="list-style-type: none"> • Strategic development of children’s theatre • Conceptualization of innovative exhibitions and programs (Generation Innovation – laboratory to develop science skills in young people, FRida & freD TV Studio – media education for children) • Promote leading interpretive approaches through interface development with local University • Encourage exploration of challenging topics (death, living with physical disabilities)
2000 – 2003	<p>CEO & Artistic Director: MTC (Museums & Technology) Limited, Vienna</p> <p>Co-founded consultancy offering range of services for museums and exhibitions Conceptualized, planned and constructed museums exhibitions and prototypes</p> <p>Exhibition “Media Worlds”, Crisis Management for the Technical Museum, Vienna (Project Analysis & Management, Budgeting & Controlling – value € 10 Million)</p> <ul style="list-style-type: none"> • Children’s program: Graz 2001 – Cultural Capital of Europe (Concept, Planning & Management) • Styrian State Exhibition (Planning and Implementation of several projects) • Special exhibition “Fascination Sports” in the Technical Museum Vienna (Project Manager: Concept, Budgeting, Sponsoring)
1999 – 2000	<p>Head of Hands-On Exhibition Department: Technical Museum, Vienna</p> <ul style="list-style-type: none"> • Designed, implemented and managed new department • Developed and re-displayed "Hands-On" experiments for children • Administered and controlled budget
1998 – 1999	<p>Head of Energy Department & Curator: Technical Museum, Vienna</p> <ul style="list-style-type: none"> • Managed all areas of the exhibition “Energy” • Re- display of exhibition – concept analysis and concept development • Administered and controlled budget – value € 5.1 Million • Provided leadership for staff & coordinated external consultants • Developed funding concept & liaised with sponsors • Implemented successful marketing strategies • Exhibition evaluation
1991 – 1997	<p>Freelancer</p> <p>Various Exhibition and Museum projects: Graz City Museum, Universal Museum Joanneum, Graz Kepler High School and University Library Graz</p>

AWARDS

Promising Practice Award 2012, Association of Children's Museum & Met Life – awarded to Fez Berlin, Zoom Vienna & FRida & freD for our exhibition *Hotel Global*

Traudi! *Steirischer Kinderrechtpreis* 2010 – children's "right to play" award

Work & Family 2010 Audit – outstanding pilot project for combining work and family

Steirischer Integrationspreis 2008 – for employers who integrate people with disabilities (Styrian Accessibility Award)

CONFERENCES & PROFESSIONAL ORGANISATIONS

Hands On! International

Board Member (since 2012), **Financial Controller** (2005)

ECSITE Annual Conference (annually since 1999)

Session Presenter: Travelling Exhibitions (2009), Programs for Small Children (2008), Science Centers for Young Visitors (2007), How to renew or expand a science centre and museum successfully? (2006)

Science Center World Congress (every three years since 1999)

Within Austria, I attend and contribute to conferences and functions held by the **Austrian Science Center Netzwerk**, the **Museumsbund Österreich** (Austrian Museum Association) and **ICOM Austria**

PUBLICATIONS

Ehtreiber, J. et al. *Turmbau zu Babel*. Kunsthistorisches Museum, Vienna (2003).
Exhibition catalogue for children

Ehtreiber, J. *Blätter für Technikgeschichte*. Technical Museum, Vienna (1999).
Supplementary exhibition literature

Exner, B., Ehtreiber, J., Hohenester, A. *Physikeranekdoten*. Hölder-Pichler-Tempsky, Vienna (1996).
246 anecdotes from 91 famous physicists

Ehtreiber, J., Hohenester A., Rath G., *Der kosmische Träumer / Johannes Kepler – die andere Seite*. Leykam, Graz (1994).

The lifetime and achievements of Johannes Kepler astronomer and mathematician

INTERESTS

Performing Arts: Active Years 1990 – 1997

Acting, Dramaturgy, Stage Design

- Seven annual productions with **Schlossspiele Reinthal** (Theatre Company), Graz
- Formal Training in Drama with Professor Herta Heger
- Carneri-Kunstpreis (Carneri Art Prize) for the instillation "V.R. virtual reality" (1995)

B – Market Statistics

Source: Euromonitor International

Table 1 Tourist Attractions Sales by Category: Value 2006-2011

EUR million	2006	2007	2008	2009	2010	2011
Art Galleries	36.9	39.7	41.2	41.0	41.4	41.8
Casinos	54.4	55.0	55.6	55.0	55.8	56.4
Circuses	0.5	0.3	0.4	0.3	0.3	0.2
Historic Buildings/Sites	43.7	41.8	43.9	44.3	45.1	45.7
Museums	59.7	63.5	64.2	64.0	64.3	64.6
National Parks/Areas Of Natural Beauty	25.6	27.9	28.1	28.3	28.5	28.6
Theatres	265.5	273.0	271.9	270.0	269.2	267.0
Theme/Amusement Parks	35.4	32.7	33.0	34.2	35.0	35.7
Zoos/Aquariums	58.6	65.4	66.3	64.1	65.6	66.4
Other Tourist Attractions	98.0	119.0	123.7	127.5	130.1	131.4
Tourist Attractions	678.3	718.3	728.3	728.7	735.3	737.9

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Table 2 Tourist Attractions Visitors by Category: 2006-2011

'000 people	2006	2007	2008	2009	2010	2011
Art Galleries	4,339.1	4,479.9	4,609.8	4,592.4	4,602.0	4,615.8
Casinos	2,418.0	2,435.2	2,449.8	2,413.0	2,437.0	2,454.1
Circuses	47.2	41.0	40.0	39.0	38.0	35.0
Historic Buildings/Sites	5,324.8	5,492.1	5,559.1	5,552.1	5,595.0	5,617.4
Museums	6,791.4	6,825.3	6,975.5	6,963.5	7,010.0	7,045.1
National Parks/Areas Of Natural Beauty	2,637.1	2,751.0	2,806.0	2,785.6	2,802.0	2,810.4
Theatres	6,035.0	6,095.2	6,003.7	5,973.5	6,001.0	5,990.0
Theme/Amusement Parks	4,579.3	4,624.2	4,763.7	4,779.5	4,798.0	4,822.0
Zoos/Aquariums	4,614.3	4,670.3	4,763.7	4,531.6	4,720.0	4,899.4
Other Tourist Attractions	4,663.8	4,651.2	5,354.0	5,425.6	5,610.0	5,806.4
Tourist Attractions	41,450.0	42,065.4	43,325.3	43,055.8	43,613.0	44,095.4

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Source: Euromonitor International

Table 4 Leading Tourist Attractions by Visitors 2006-2011

'000 people	2006	2007	2008	2009	2010	2011
Albertina	725.8	733.0	997.0	964.0	959.0	993.5
Basilika Mariazell	1,000.0	1,005.0	1,535.0	1,544.5	1,565.0	1,627.6
Bregenz, Pfänder, Wildpark und Adlerwarte	499.9	482.9	591.5	604.7	613.0	637.5
Donauturm	408.1	414.2	419.6	417.4	420.0	432.6
Festung Hohensalzburg	935.2	897.8	930.0	955.2	970.0	1,027.2
Grossglockner Hochalpenstrasse	823.3	833.1	820.4	824.3	830.0	838.3
Hofburg/ Kaiserappartements/Sisi Museum/Silberkammer	634.0	656.8	632.1	626.7	623.0	645.4
KunstHausWien	388.6	415.8	294.5	299.6	303.0	312.1
Kunsthistorisches Museum (Hauptgebäude)	618.5	609.2	637.9	621.4	630.0	653.9
Leopold Museum (im Museumsquartier)	301.0	305.5	291.6	283.6	280.0	288.4
Mozarts Geburts & Wohnhaus/Salzburg	656.0	608.1	490.4	503.3	520.0	542.4
Naturhistorisches Museum Österreichische Galerie Belvedere	368.8	387.2	372.6	383.3	385.0	392.7
	430.1	438.7	807.3	722.3	715.0	729.3
Pöstlingbergbahn/Linz	458.5	473.1	370.9	395.3	390.0	409.5
Riesenrad	656.0	665.8	660.4	655.9	658.0	681.7
Schloß Schönbrunn/ Schauräume	2,507.0	2,632.3	2,581.8	2,447.4	2,555.0	2,657.2
Schönbrunner Tiergarten	2,271.0	2,202.9	2,527.6	2,325.5	2,520.0	2,625.8
Swarovski Kristallwelten, Wattens	690.0	686.6	720.2	695.4	715.0	694.3
Wolfgangsee Schifffahrt	485.2	473.1	427.5	431.4	435.0	452.4
Other Visitor Attractions	26,593.0	27,144.3	27,217.0	27,354.6	27,527.0	27,453.5
Total	41,450.0	42,065.4	43,325.3	43,055.8	43,613.0	44,095.4

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Source: Euromonitor International**Table 5 Forecast Tourist Attractions Sales by Category: Value 2011-2016**

EUR million	2011	2012	2013	2014	2015	2016
Art Galleries	41.8	42.6	42.7	42.8	43.1	43.3
Casinos	56.4	57.0	57.6	58.0	58.5	58.8
Circuses	0.2	0.2	0.2	0.2	0.2	0.2
Historic Buildings/Sites	45.7	46.9	47.3	47.7	48.2	48.7
Museums	64.6	65.5	65.2	64.9	64.7	64.6
National Parks/Areas Of Natural Beauty	28.6	28.9	28.6	28.3	27.9	27.5
Theatres	267.0	266.9	261.0	254.8	248.4	241.9
Theme/Amusement Parks	35.7	36.8	37.3	37.9	38.5	39.2
Zoos/Aquariums	66.4	68.7	69.7	70.9	72.2	73.7
Other Tourist Attractions	131.4	135.8	137.8	140.0	142.5	145.2
Tourist Attractions	737.9	749.4	747.4	745.6	744.2	743.2

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 6 Forecast Tourist Attractions Visitors by Category: 2011-2016

'000 people	2011	2012	2013	2014	2015	2016
Art Galleries	4,615.8	4,634.3	4,657.4	4,685.4	4,718.2	4,755.9
Casinos	2,454.1	2,468.8	2,481.1	2,491.1	2,498.5	2,503.5
Circuses	35.0	33.9	32.9	31.9	31.0	30.2
Historic Buildings/Sites	5,617.4	5,645.5	5,679.3	5,719.1	5,764.8	5,816.7
Museums	7,045.1	7,073.2	7,094.4	7,108.6	7,115.7	7,130.0
National Parks/Areas Of Natural Beauty	2,810.4	2,813.2	2,807.6	2,796.4	2,782.4	2,765.7
Theatres	5,990.0	5,972.0	5,942.2	5,906.5	5,871.1	5,830.0
Theme/Amusement Parks	4,822.0	4,850.9	4,884.9	4,924.0	4,968.3	5,018.0
Zoos/Aquariums	4,899.4	5,070.8	5,238.2	5,400.6	5,562.6	5,723.9
Other Tourist Attractions	5,806.4	6,021.2	6,256.0	6,506.3	6,773.0	7,057.5
Tourist Attractions	44,095.4	44,583.9	45,074.1	45,569.8	46,085.7	46,631.4

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 7 Forecast Tourist Attractions Online Sales: Internet Transaction Value 2011-2016

EUR million	2011	2012	2013	2014	2015	2016
Internet	100.1	104.0	106.0	108.1	110.3	111.9
- Direct Suppliers	20.0	21.5	22.7	23.9	25.1	25.6
- Intermediaries	80.0	82.4	83.3	84.2	85.2	86.2
Others	637.8	645.4	641.4	637.5	633.9	631.4
Total	737.9	749.4	747.4	745.6	744.2	743.2

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Note: Online sales by brand only available for brands listed under travel retail

Graz Visitor Statistics, 2011

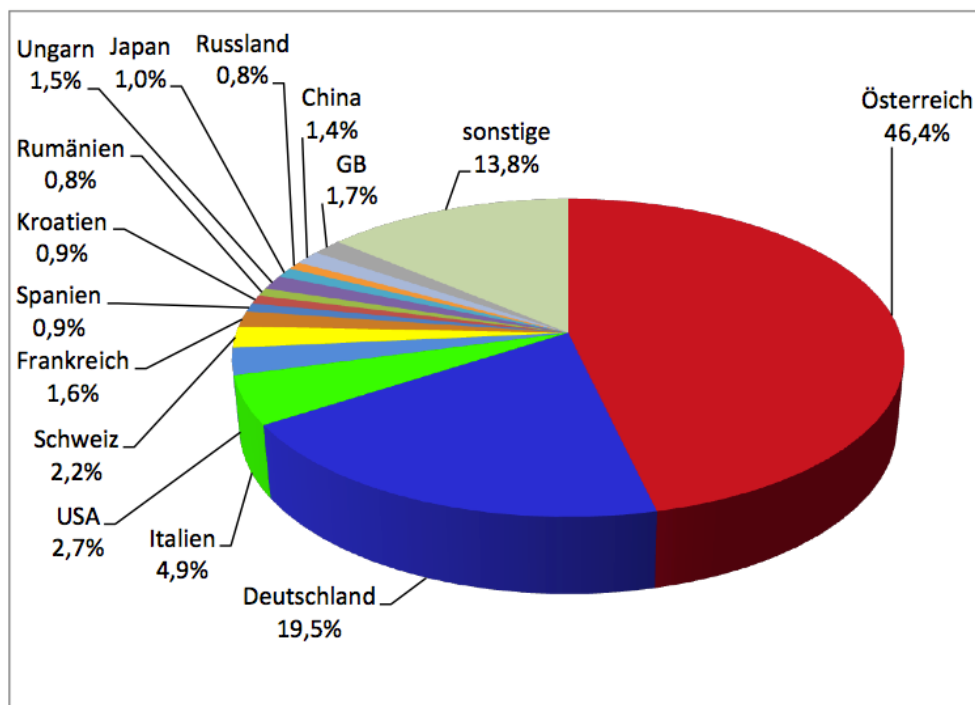
Source: Tourism Graz

Table and Diagram: Overnight Stays According to Nationality

NÄCHTIGUNGEN NACH NATIONEN

	2010	2011	Veränd.	Veränd. %
Österreich	401.187	420.930	19.743	4,9
Deutschland	164.792	176.775	11.983	7,3
Italien	38.933	44.770	5.837	15,0
USA	20.510	24.717	4.207	20,5
Großbritannien	16.524	15.048	-1.476	-8,9
Schweiz	15.536	19.633	4.097	26,4
Frankreich	12.942	14.587	1.645	12,7
Ungarn	10.514	13.227	2.713	25,8
Spanien	7.800	7.900	100	1,3
Kroatien	7.436	8.024	588	7,9
Japan	7.324	9.101	1.777	24,3
China	6.100	12.919	6.819	111,8
Rumänien	6.070	7.556	1.486	24,5
Russland	6.041	7.204	1.163	19,3
sonstige	102.585	125.573	22.988	22,4
Gesamt	824.294	907.964	83.670	10,2

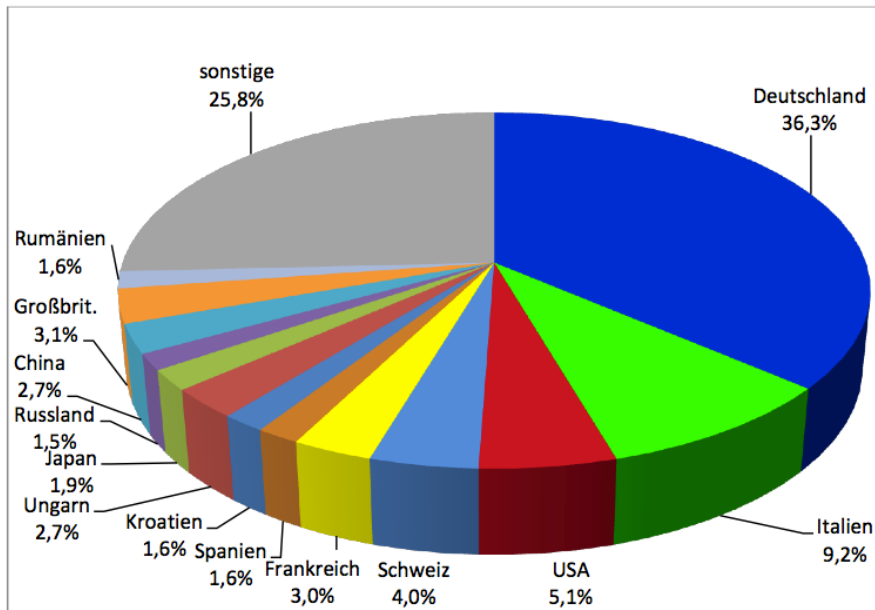
BETRACHTUNG NACH QUELLMÄRKTEN INKL. ÖSTERREICH



Source: Tourism Graz

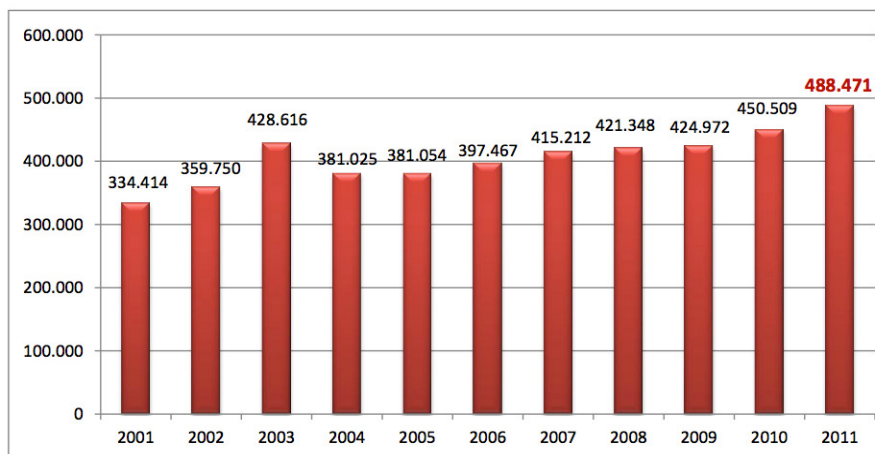
International Arrivals according to Nationality

ANTEILE AN DEN INTERNATIONALEN NÄCHTIGUNGEN



Total arrivals from 2001-2011

ANKÜNFTE 2001 - 2011



Total Overnight Stays in Austrian Cities (2011-2012)

	Nächtig. 10	Nächtig. 11	Veränderungen 10/11	
Wien	10.860.126	11.405.048	+ 544.922	+ 5,0 %
Salzburg	2.193.020	2.293.208	+ 100.188	+ 4,6 %
Innsbruck/Igls	1.332.877	1.340.946	+ 8.069	+ 0,6 %
Graz	824.294	907.964	+ 83.670	+ 10,2 %
Linz	693.011	741.886	+ 48.875	+ 7,1 %

ÖNACE 2008 - CODESUnterklasse: **R 93.21-0**Titel: **Vergnügungs- und Themenparks****Erläuterungen:**

Diese Unterklasse umfasst:

- Vergnügungs- und Themenparks
- Betrieb einer Vielzahl von Attraktionen wie Fahrgeschäfte, Wasserbahnen, Spiele, Shows, Thementausstellungen und Picknickplätze.

Diese Unterklasse umfasst nicht:

- Zirkusbetriebe (s. 90.01-0)
- Betrieb von Puppentheatern, Rodeos, Schießbuden u.Ä. (s. 93.29-0)

Alphabetikum:

Alphabetikum
Achterbahn
Autodrom
Berg- und Talbahn
Eisenbahn, historisch, Betrieb
Fahrgeschäft, Unterhaltungseinrichtung
Geisterbahn
Glücksbude
Grottenbahn
Hippodrom
Hochschaubahn
Irrgarten
Karussell
Lachkabinett
Luftschaukel
Mechanisches Theater
Orpheum
Panoptikum
Riesenrad
Ringelspiel
Ringwurfspiel
Rutschbahn
Schaugeschäft
Schaukel
Schaustellergewerbe
Schlaghammer, Unterhaltungseinrichtung
Spielhalle
Theater, mechanisch
Tierschau
Vergnügungspark
Verlosungsbude
Würfelsbude

Source: Statistik Austria

European Amusement / Theme Park Market Data, 2011

Source: Global Attractions Attendance Report, TEA / AECOM

Table

Top 20 amusement / theme parks in Europe

PARK, location	change	2011	2010
1 DISNEYLAND PARK AT DISNEYLAND PARIS, Marne-La-Vallée, France	4.7%	10,990,000	10,500,000
2 WALT DISNEY STUDIOS PARK AT DISNEYLAND PARIS, Marne-La-Vallée, France	4.7%	4,710,000	4,500,000
3 EUROPA-PARK, Rust, Germany	5.9%	4,500,000	4,250,000
4 DE EFTELING, Kaatsheuvel, Netherlands	3.1%	4,125,000	4,000,000
5 TIVOLI GARDENS, Copenhagen, Denmark	7.2%	3,963,000	3,696,000
6 PORTAVENTURA, Salou, Spain	15.5%	3,522,000	3,050,000
7 LISEBERG, Gothenburg, Sweden	0.0%	2,900,000	2,900,000
8 GARDALAND, Castelnuovo del Garda, Italy	1.8%	2,850,000	2,800,000
9 ALTON TOWERS, Staffordshire, U.K.	-5.5%	2,600,000	2,750,000
10 LEGOLAND WINDSOR, Windsor, U.K.	0.0%	1,900,000	1,900,000
11 THORPE PARK, Chertsey, U.K.	2.7%	1,900,000	1,850,000
12 PHANTASIALAND, Brühl, Germany	-5.4%	1,750,000	1,850,000
13 FUTUROSCOPE, Jaunay-Clan, France	-4.6%	1,741,000	1,825,000

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2.8%

2011-10 Europe top 20 amusement / theme parks growth

57.8m

2011 Europe top 20 amusement / theme parks attendance

56.3m

2010 Europe top 20 amusement / theme parks attendance

PARK, location	change	2011	2010
14 LEGOLAND BILLUND, Billund, Denmark	-3.0%	1,600,000	1,650,000
15 PARC ASTERIX, Plailly, France	-4.1%	1,595,000	1,663,000
16 PUY DU FOU, Les Epesses, France	2.0%	1,500,000	1,470,000
17 MIRABILANDIA, Savio, Italy	-1.6%	1,481,000	1,505,000
18 GRONALUND, Stockholm, Sweden	12.1%	1,464,000	1,306,000
19 SLAGHAREN, Hardenberg, Netherlands	-4.4%	1,400,000	1,464,000
20 HEIDE PARK, Soltau, Germany	0.0%	1,350,000	1,350,000

Where are the top 20 amusement / theme parks in Europe?

5

in France

3

in Germany

3

in the United Kingdom

2

in Denmark

2

in Italy

2

in the Netherlands

2

in Sweden

1

in Spain

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C – Market Research Data

Source: Statistik Austria, Preparation: Landsstatistik Steiermark

Bevölkerung der 0- bis 10-Jährigen in der Steiermark nach Bezirk am 1.1.2011											
Bezirk	Alter in Jahren										
	0	1	2	3	4	5	6	7	8	9	10
Graz-Stadt	2.626	2.380	2.442	2.291	2.320	2.349	2.129	2.118	2.177	2.056	2.156
Bruck/Mur	443	467	441	474	552	528	525	560	486	480	520
Deutschlandsberg	499	508	509	501	489	535	613	579	587	548	618
Feldbach	530	598	572	636	602	609	633	659	668	639	678
Fürstenfeld	166	190	172	192	220	228	233	190	223	200	228
Graz-Umgebung	1.228	1.284	1.297	1.400	1.369	1.383	1.334	1.386	1.498	1.352	1.428
Hartberg	600	565	638	584	602	638	592	644	623	617	685
Leibnitz	651	652	662	654	669	690	764	725	786	680	784
Leoben	446	412	450	419	427	477	521	475	507	484	492
Liezen	640	673	670	703	740	708	747	758	725	760	788
Mürzzuschlag	299	304	295	293	310	300	330	309	285	331	334
Murau	234	243	244	241	255	262	282	251	283	249	283
Radkersburg	166	168	167	155	178	186	190	188	215	209	192
Voitsberg	363	435	443	395	410	435	461	488	418	475	451
Weiz	860	832	783	856	795	853	848	834	795	832	890
Murtal	567	628	583	601	597	600	652	675	707	664	696
Steiermark	10.318	10.339	10.368	10.395	10.535	10.781	10.854	10.839	10.983	10.576	11.223

Quelle: Statistik Austria; Bearbeitung: Landesstatistik Steiermark

Worksheet: Calculations relating to total market size.

The following tables show calculations relating to market size – specifically, the total number of children between the ages 2 and 10 years old in Graz & Environs, and all of Styria (excluding Graz and Environs) over a nine year period.

Area	Age									Totals
	2	3	4	5	6	7	8	9	10	
Graz-City	2.442	2.291	2.320	2.349	2.129	2.118	2.177	2.056	2.156	20.038
Graz-Environs	1.297	1.400	1.369	1.383	1.334	1.386	1.498	1.352	1.428	12.447
Total Graz & Environs	3.739	3.691	3.689	3.732	3.463	3.504	3.675	3.408	3.584	32.485
All Styria	10.368	10.395	10.535	10.781	10.854	10.839	10.983	10.576	11.223	96.554

Source: Statistik Austria; Preperation: Landesstatistik Steiermark

Average No. of Children per Age Category

Graz & Environs	2	3	4	5	6	7	8	9	10	Total Year 1
Year 1	3.600	3.600	3.600	3.600	3.600	3.600	3.600	3.600	3.600	32.400
Year 2	3.617	3.600	3.600	3.600	3.600	3.600	3.600	3.600	3.600	
Year 3	3.633	3.600	3.600	3.600	3.600	3.600	3.600	3.600	3.600	
Year 4	3.650	3.600	3.600	3.600	3.600	3.600	3.600	3.600	3.600	
Year 5	3.667	3.600	3.600	3.600	3.600	3.600	3.600	3.600	3.600	
Year 6	3.684	3.600	3.600	3.600	3.600	3.600	3.600	3.600	3.600	
Year 7	3.701	3.600	3.600	3.600	3.600	3.600	3.600	3.600	3.600	
Year 8	3.718	3.600	3.600	3.600	3.600	3.600	3.600	3.600	3.600	
Year 9	3.735	3.600	3.600	3.600	3.600	3.600	3.600	3.600	3.600	
Total 'Additional' Children in 9 Years	29.404									

Assumptions: for Graz and environs assume an annual birth rate of 0.416%

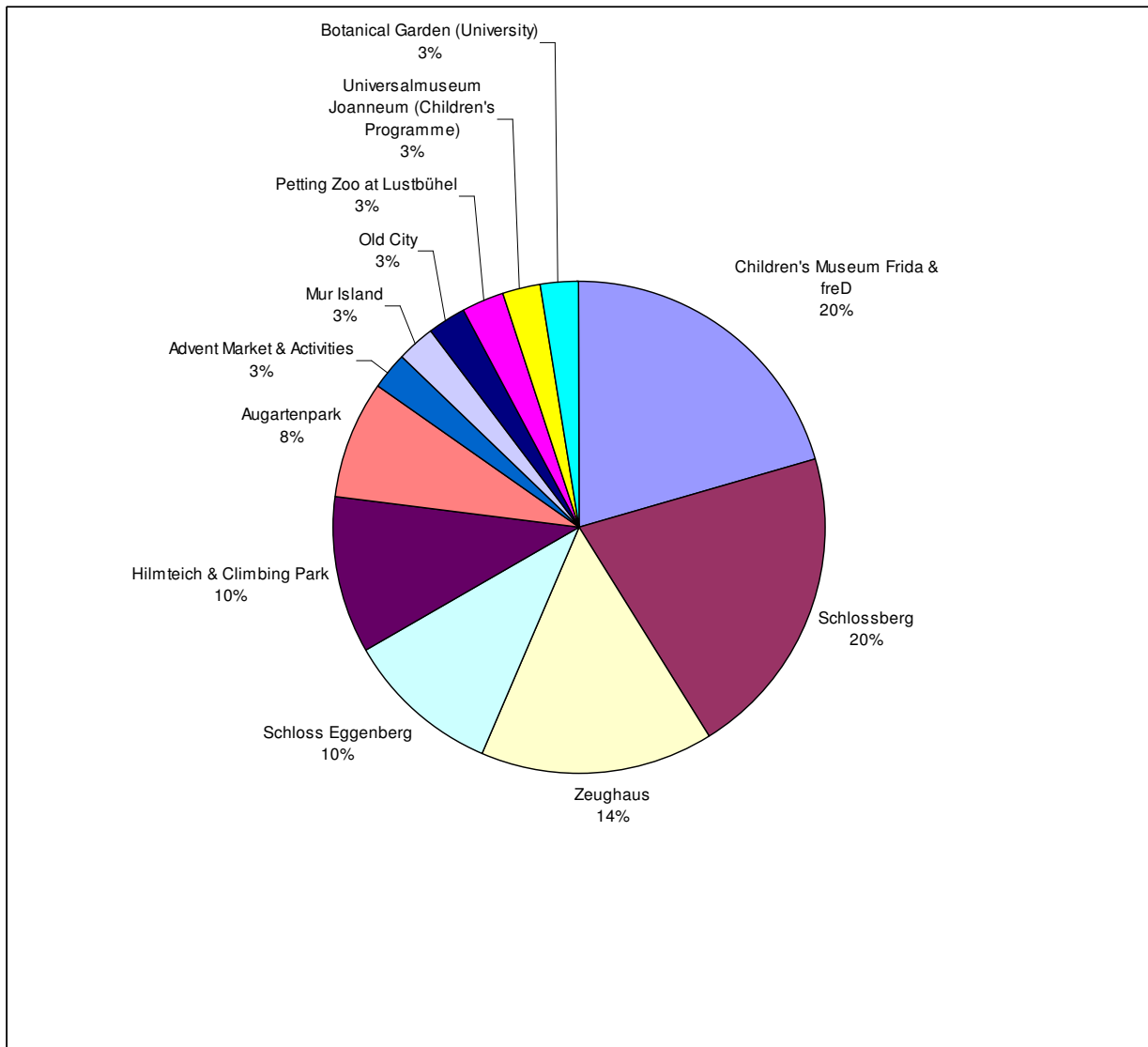
Average No. of Children per Age Category

All Styria excluding Graz & Environs	2	3	4	5	6	7	8	9	10	Total Year 1
Year 1	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	64.080
Year 2	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	
Year 3	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	
Year 4	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	
Year 5	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	
Year 6	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	
Year 7	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	
Year 8	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	
Year 9	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	7.120	
Total 'Additional' Children in 9 Years	56.960									

Tourism Graz, Staff Survey (July 2012)

The following diagram depicts the results from a survey completed by staff working at the Graz Tourist Office. They were asked to identify the most suitable attractions in the Graz areas for visitors with children ages 3 to 10 years old. "Hilmteich & Climbing Park" is the only leisure activity that had more than three respondents and is *not* listed as one of the Top Attractions in Styria overall. Because of its suitability for children it was included in the list of competitors for Fairy Tale Express. The survey had a response rate of 50% (11 out of 22 employees).

**Most Recommended Attractions for Families with Children (Ages 3-10)
as identified by Graz Tourist Office Employees**



D – Competitive Pricing and Marketing

Price List of Competitors (July 2012)

	Adults	Reduced	Groups	Children	School Groups	Family Ticket	Free	Flat-Rate
Zeughaus (Armoury)	€8,00	€6,00	€6,00	€3,00	€1,50	€16,00	under 6	n/a
Children's Museum FRida & freD	€4.50 / €6.50	€4.50 / €6.50	€3,50	€4.50 / €6.50	€3,50	€13 / €18	under 3	n/a
Hilmteich: Boat rental	n/a	n/a	n/a	n/a	n/a	n/a	n/a	€2.50 / 30 minutes
Hilmteich: Walking on Water Ball	n/a	n/a	n/a	n/a	n/a	n/a	n/a	€7.00 / 10 minutes
Hilmteich: WIKI Adventure Park	€18,00	n/a	-10%	€10.00 / €12.00 / €16.00	-10%	n/a	n/a	n/a
Summer Toboggan Run Schöckl	€2,70	n/a	€2,00	€1,70	€1,70	n/a	n/a	n/a
Palace Eggenberg (Garden only)	€8.00 / (€2.00)	€6.00 / (€1.00)	€6,00	€3.00 / (€1.00)	€1,50	€16,00	under 6	n/a
Tierwelt Herberstein	€14,00	€12,00	€10.00 / €12.00	€7,00	€5,50	€19.00 - €38.00	under 4	n/a
Abenteuerwelt Mautern	€14,00	€12,00	€10.00 / €12.00	€10,00	€8,00	€22.00 - €42.00	under 4	n/a
Zotter Chocolate Manufacturer	€11,90	n/a	€11,40	€5.90 / €8.90	€5.40 / €8.40	n/a	under 6	
Children's Theatre	n/a	n/a	n/a	n/a	n/a	n/a	under 3	about €7.00
Public Swimming Pools Graz	€2.60 - €6.80	€2.60 - €5.80	n/a	€2.70 - €5.70	n/a	€6.80 - €18.60	under 6	n/a
Fairy Land Steiermark	€8,50	€8,50	€6,50	€8,50	€4,50	€24.00 (Yearly Pass)	under 2	n/a
Pöstlingberg Fairy Train Ride	€5,00	n/a	n/a	€2,50	n/a	€13,00	under 2	n/a

Big Mac	€2,65
Cinema Ticket	about €7.50

Competitor Analysis (July 2012)									
Name	Location	Distance from Fairy Tale Express	Elevator Pitch	Products & Services	Opening Hours	Strengths	Weaknesses	Key Differentiators from Fairy Tale Express	Number of Facebook Fans
Zeughaus (Armoury) (Universalmuseum Joanneum)	Graz	1 km	Largest historical armoury in the world.	Guided tours; Programme for children; Audio guide (English, German, Italian); Shop.	April - Oct.: Mon, Wed-Sun 10.00-17.00 Nov. - March: 5 tours daily, min. 5 guests	World-class core product.	Closes at 5pm; varied hours low-season.	Collection with genuine artefacts.	299
Children's Museum FRida & freD	Graz	2 km	Hands-on exhibitions for all children.	Exhibitions; Workshops; Children's theatre; Garden; Birthday parties; Shop.	Mon, Wed, Thurs 9.00-17.00 Fri 9.00-19.00 Sat, Sun 10.00-17.00	New exhibition annually; variety of rotating programmes; free-choice environment.	Overcrowding; no café or lunchroom.	No booking necessary; free-choice environment.	625
Public Swimming Pools Graz	6 Locations in Graz	2 - 8 km	Indoor & outdoor public pools.	Public swims; Diving & water slides; Kiddie pools; Food services; Health & wellness services for adults.	Various. Auster Pool: Mon-Sun 7.00-22.00	Long opening hours; variety of locations; range of pricing options.	Unfriendly service; overcrowding in hot weather.	Physical activity, appeals to different levels.	1981 (Auster) 69 (Augarten) 58 (Strassgang) 92 (Stukitzbad)
Hilmteich	Graz	3 km	Natural pond & children's climbing park in the heart of Graz.	Boat rental; Water walking ball; WIKI Adventure Park.	Boat rental: Sat & Sun Water Walking Ball: Mon-Fri 14.00-18.00, Sat & Sun 10.00-18.00	Variety of activities in different price categories; natural environment.	Weather dependent; not open year round.	Physical and outdoor activity.	2777 (Hilmteich) 66 (Adventure Park)
Palace Eggenberg (Universalmuseum Joanneum)	Graz	5 km	Palace Eggenberg and Gardens; Gallery, Archeology Museum and Coin Cabinet; UNESCO World Heritage Site.	Guided tours; Landscaped garden; Playground; Café pavillion.	Park and Gardens April - Oct., daily: 8.00-19.00 Nov. - March, daily: 8.00-17.00 Alte Galerie, Archaeology Museum and Coin Cabinet April - Oct. Wed-Sun: 10.00-17.00 Nov. - Dec. Wed-Sun: 10.00-16.00 Closed from January to March	World-class core product; beautiful natural setting.	Palace accessible with tour only; children's areas primarily outside (playground).	Outdoor natural environment; historical collection; large grounds.	744
Various Children's Theatre Companies	Various locations in Graz	n/a	Children's theatre operating in various locations around Graz.	Performances for children ages 3 and up.	Weekly events.	Access to 'high culture' for children.	Considered expensive by some; limited performance hours.	Performances change on weekly or monthly basis.	N/A

Competitor Analysis Cont'd.									
Name	Location	Distance from Fairy Tale Express	Elevator Pitch	Products & Services	Opening Hours	Strengths	Weaknesses	Key Differentiators from Fairy Tale Express	Number of Facebook Fans
Sommerrodelbahn Schöckl	Schöckl	25 km	Summer Toboggan Run at Graz's local mountain outdoor center.	Summer Toboggan Run; Café, Cable car and other facilities nearby.	May-Oct. Mon-Fri: 10.00-16.30 Sat, Sun, Holidays: 10.00-17:30 Summer holidays (Mon-Sun): 10.00-17:30	Tickets for single or multiple rides; short and intense experience; reasonably priced.	Weather dependent; not open year round.	Appels to wider age range.	573 (Schöckl)
Animal World Herberstein	Herberstein	45 km	Outdoor zoo with animals from five continents.	Special events; Educational material and packages; Restaurant; Shop (including online retail); Personalised album for download.	May - Sept. Daily, 9.00-18.30 Oct. - Nov. Daily, 10.00-17.00	Family friendly services and packages available; cooperative marketing with Adventure World Mautern.	Weather dependent; not open year round.	Appeals to wider age range; mostly outdoors; full-day out.	2695
Adventure World Mautern	Rannach	68 km	Various rides, mountain biking trails, summer toboggan run, zoo with native European animals.	Special events; Educational material and packages; Restaurant; Shop (including online retail).	June Mon-Fri 9.00-17.00 Sat & Sun 9.00-18.00 July & August Mon-Sun 9.00-17.00 Sept. Mon-Fri 10.00-17.00 Sat-Sun 9.00-17.00 Oct. Tues.-Fri. 10.00-16.00 Sat.-Sun. 10.00-17.00	Family friendly services and packages available; cooperative marketing with Adventure World Mautern.	Weather dependent; not open year round; more expensive than other attractions.	Appeals to wider age range; mostly outdoors; physical activity; full-day out.	731
Zotter Chocolate Manufacturer	Riegersburg	58 km	Factory tours of fair trade and organic chocolate manufacturer.	Audio guide; Picnic and Park area; Chocolate samples; Large retail outlet; Birthday parties for children.	May - Oct Mon - Sat: 9.00-20.00 Nov. - April Mon - Sat: 9.00-19.00 Closed Sun. & Holiday	Online booking; open evenings.	Closed on Sundays and holiday.	Appeals to wider age range.	18709
Märchenwelt Steiermark	Sankt Georgen ob Judenburg	98 km	Fairy tale figurines, playground and small petting zoo.	Picnic area; Shop; Restaurant; Special events.	April-Oct. Daily, 8.30-18.30	Free-choice environment, good place to 'hang out' with children.	Nothing new or particularly innovative; weather dependent.	Outdoors; free-choice environment; dated concept.	590
Pöstlingberg Märchenbahn	Linz	225 km	Train ride through castle on Pöstling Hill Linz, with scenes from popular fairy tales.	Train ride; petting zoo, pilgrimage church and café nearby.	May: 10.00-17.00 June - Aug: 10.00-18.00 Sept. - Nov.: 10.00-17.00	Reasonably priced; charming & authentic location inside castle.	Dioramas dated and need refreshing.	Passive experience, visitors not 'part of' the story.	N/A

E – Promotions Research

Translations for the film “Polar Express”

El expreso polar	Argentina / Chile / International (Spanish title) / Peru / Venezuela
Polar Express	Italy / Portugal / Spain
Le pôle express	Belgium (French title) / France
Polarexpressen	Finland (Swedish title) / Sweden
Полярный экспресс	Russia
Boréal Express	Canada (French title)
Der Polarexpress	Germany
Ekspres polarny	Poland (imdb display title)
Kutup ekspresi	Turkey (Turkish title)
O Expresso Polar	Brazil
Polární expres	Czech Republic
Polaarekspress	Estonia
Polar Expressz	Hungary
Polar-ekspressen	Denmark (imdb display title)
Polarekspressen	Norway (imdb display title)
Polarni ekspres	Serbia (imdb display title)
To poliko express	Greece (transliterated ISO-LATIN-1 title)

Source: <http://www.imdb.com/title/tt0338348/releaseinfo>

F – Additional Financial Data

The following table shows the allocation of capital costs for the redevelopment of Fairy Tale Express. It was prepared by Joerg Ehtreiber, Director & CEO of the KIMUS Kindermuseum GmbH (FRida & freD Children's Museum). The allocation of funds according to the categories is flexible; the total figure is considered reasonable by public funding bodies, namely politicians.

MÄRCHENGROTTENBAHN – GRAZER SCHLOSSBERG -KOSTENPLANUNG **a Restaurierung, Reparatur und Adaptierung der bestehenden Bahn** **b Umsetzung des neuen inhaltlichen Konzepts**

Unter a) Restaurierung, Reparatur und Adaptierung der bestehenden „Bahn“ fallen:	Kosten EUR
Geologisches Gutachten	20.000,00
Behörden (Bau und Anlagenbehörde, Denkmalschutz, ...)	4.000,00
Ausräumen der bestehenden Bahn (Schaustellungen)	20.000,00
Ausräumen von Schutt und Sand, Vergrößerung einer Kurvensituation	40.000,00
Reparatur der Loks und Wagengarnituren und des Gleismaterials	170.000,00
Restaurierung schadhafter Stellen des Spritzbetons und Tunnelsystems	10.000,00
Instandsetzung der Brandmeldeanlage und Umsetzung der feuerpolizeilichen Auflagen (Notausgang neu in der Mitte der Bahn)	62.000,00
Instandsetzung der elektrischen Anlage und der Technik	100.000,00
Überarbeitung der Eingangssituation	20.000,00
Projektmanagement (PM)	36.000,00
Gesamt	482.000,00

Unter b) Umsetzung des neuen inhaltlichen Konzepts fallen:	Kosten EUR
Erarbeitung technischer Lösungen für jede Station	10.000,00
Basisausstattungen für den Betrieb	20.000,00
Bau und Installation der neuen Märchenwelten 20 Stationen à 20.000,00	320.000,00
Gesamt	350.000,00

G – Potential Retail Suppliers

Retail and food & beverage products should be thematised to increase the perceived benefit of the product and likewise, profit margin.



Source: www.imageonfood.co.uk

H – Project Plan Overview

The following project overview was prepared by Joerg Ehtreiber, project leader and CEO of KIMUS Kindermuseum GmbH. The author is currently preparing a work break-down structure and GANTT chart for the business planning aspects that reflect recent changes to the timeline.

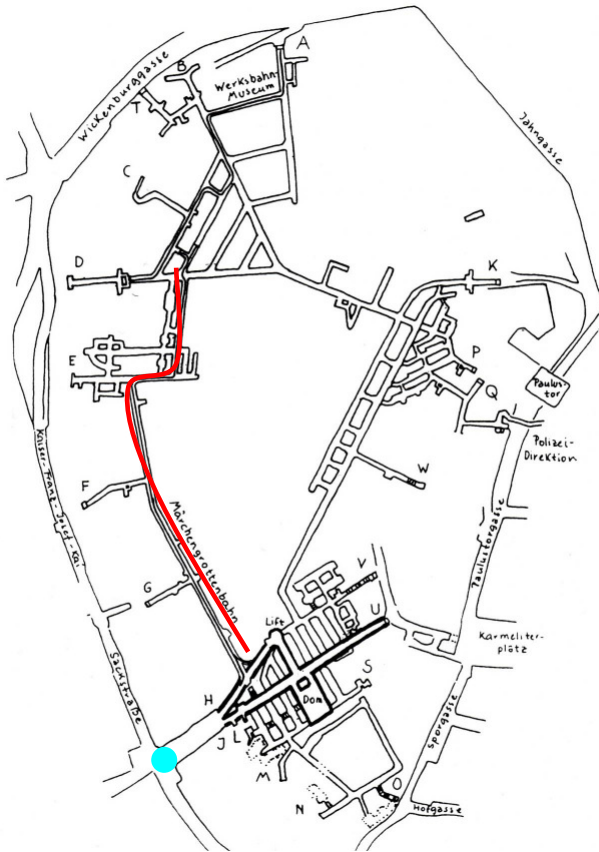
Projekttitle: Schlossberggrottenbahn													
Projektleitung: Jörg Ehtreiber													
		Personaleinsatz		Juli	August	September	Oktober	November	Dezember	Jänner	Februar		
Teilaufgabe		Verantwortung	Mitarbeit										
1. Projektmanagement													
1.1.	Projektorganisation	Ehtreiber	Schloffer										
1.2.	Projektteamführung	Ehtreiber											
1.3.	Anbotseinholung / Ausschreibung / Beauftragung / für bauliche und inhalt. Umsetzung	Ehtreiber	Schloffer/Podjaversek										
1.4.	Kostenverfolgung	Ehtreiber	Schloffer										
2. Inhaltliche Konzeption													
2.1.	Grobkonzept	Podjaversek	Ehtreiber	fertig									
2.2.	Detaillkonzept	Podjaversek	Ehtreiber										
2.3.	Drehbücher für sämtliche Stationen	Podjaversek											
2.4.	Detaillierte Drehbücher für Interfaces	Podjaversek											
2.5.	Texte z. B. für Audio- und Videofiles, Interaktive Installationen, div. Drucksorten...	Podjaversek											
2.6.	Schnittstelle mit künstl. u. techn. Arbeitsleistungen z. B. Bühnen- und Kostümbild, Modellbau...	Podjaversek	Ehtreiber										
2.7.	Produktionsbegleitung für Audio, Video, Interfaceentwicklung, Modellbau, Bühnen-, Kostümbild, Grafik...	Podjaversek	Ehtreiber										
3. Inhaltliche Umsetzung													
3.1.	Architekturplanung inhaltliche Umsetzung	Molkenthin											
3.2.	Elektroplanung inhaltliche Umsetzung												
3.3.	Medienplanung												
3.4.	Planung der Multimedialen exhibits												
3.5.	Lichtkonzept												
3.6.	Anbotseinholung und Vergabe der Gewerke z. B. Bühnen- und Kostümbild, Modellbau...	Ehtreiber											
3.7.	Terminplanung und Ressourcenplanung Aufbau	Ehtreiber											
3.8.	Aufbauphase Inhalt	Ehtreiber											

		Personaleinsatz		Juli	August	September	Oktober	November	Dezember	Jänner	Februar
4.	Bauliche Maßnahmen										
4.1.	Ausräumen Märchenszenen	Ehtreiber	Schloffer								
4.2.	Abwicklung Verkauf	Schloffer									
4.3.	Bauliche Vorleistungen weitere Projektstufen	Ehtreiber	Schloffer								
4.4.	Behördenabwicklung z. B.: Bau- und Anlagenbehörde, Gewerbeamt, Veranstaltungsbehörde, Denkmalsc	Schloffer	Ehtreiber								
4.5.	Feuerpolizeiliche Maßnahmen	Ehtreiber	Schloffer								
4.6.	Fluchtweg	Ehtreiber	Schloffer								
4.7.	Bauliche Sanierung Stollen	Ehtreiber	Schloffer								
4.8.	Sanierung Schienen	Ehtreiber	Schloffer								
4.9.	Sanierung Wagons und Lok	Ehtreiber	Schloffer								
4.10.	Ankauf neue Lok	Ehtreiber	Schloffer								
4.11.	Elektroplanung										
4.12.	Einganssituation neu	Ehtreiber	Schloffer								
4.13.	Kooperation Werksbahnmuseum	Ehtreiber	Schloffer								
4.14.	Terminplanung Umbau	Ehtreiber	Schloffer								
4.15.	Resourcenplanung Umbau	Ehtreiber	Schloffer								
5.	Betriebskonzept										
5.1.	Betriebskonzept und Businessplanung	Hasted	Ehtreiber								
5.2.	Marketingkonzept	Hasted	Ehtreiber								
5.3.	Sponsoring	Hasted	Ehtreiber								
5.4.	Kassasituation und Ticketing	Hasted	Ehtreiber/Podjaversek								
5.5.	Personalekrutierung und -koordination	Hasted	Ehtreiber/Podjaversek								
5.6.	Planung laufender Betrieb	Hasted	Ehtreiber/Podjaversek								
5.7.	BesucherInnenstrom	Hasted	Ehtreiber/Podjaversek								
5.8.	Shopkonzept	Hasted	Ehtreiber/Podjaversek								
5.9.	Anmeldung und Info	Hasted	Ehtreiber/Podjaversek								

J – Photo Album

Top: Plan of the tunnel system inside the Schlossberg. The red line marks train ride route. The blue dot is the street entrance.

Bottom: Street level view of Schlossberg. Tunnel entrance is bottom right.



Top: Entrance to the tunnel.

Bottom: Former ticketing booth.



Various: The former *Märchengrottenbahn* was left in a state of disrepair.



Top: FRida & freD Logo

Bottom: View of FRida & freD Children's Museum Graz from the Augarten Park.



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