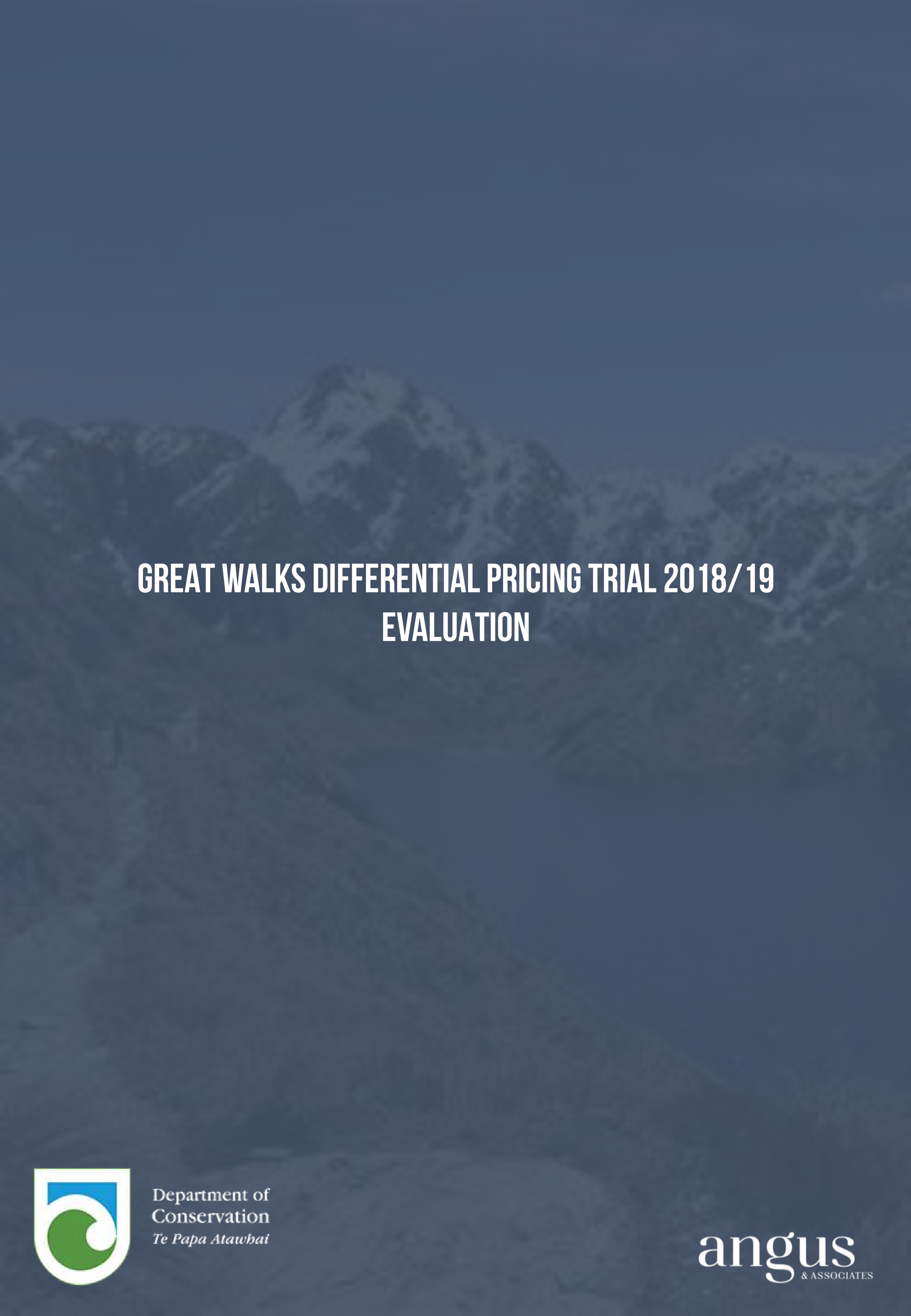

GREAT WALKS DIFFERENTIAL PRICING TRIAL 2018/19 EVALUATION

Department of Conservation
Te Papa Atawhai

angus
& ASSOCIATES

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Executive summary

EXECUTIVE SUMMARY

1 The evaluation of the 2018/19 Great Walks differential pricing trial was undertaken to assess whether, and to what extent, the objectives of the trial have been met. The evaluation findings will inform decision-making on whether DOC will stop, maintain or expand the trial, and/or roll out differential pricing on a permanent basis on the subject and/or other Great Walks.

2 During the trial international visitors are paying approximately twice the price paid by New Zealand residents for accommodation on the Milford, Kepler, Routeburn and Abel Tasman Coast Tracks.

3 **As outlined below, we conclude that during the evaluation period two of the three objectives of the Great Walks differential pricing trial were met.**

Objective 1:	Improve access to the Great Walks for people usually resident in New Zealand
Outcome:	Objective met - booking system data suggests that access has improved

4 The analysis suggests that, on the face of it, the trial has succeeded in increasing both the number and proportion of people usually resident in New Zealand accessing the Great Walks during the evaluation period,

5 The proportion of New Zealand resident bednights on Great Walks increased to 52 percent during the evaluation period from 40 percent during the equivalent period in the preceding season. For the four trial walks a greater increase was evident (from 36 to 50 percent).

6 Relative to the same period in the preceding season, the number of New Zealand resident Great Walk bednights increased by 17 percent during the evaluation period (equivalent to 9,700 more bednights) and by 22 percent on the four trial walks (equivalent to 7,900 more bednights).

7 The impact of the differential pricing trial on access for New Zealand residents may also be influenced by other factors such as changes in visitor classification. If the trial continues, 2019/20 season booking system data will assist in confirming the impact of the trial on access for New Zealand residents.

Objective 2:	Increase the proportion of costs that are received from international users
Outcome:	Objective met – the proportion has increased from 65% to 68%

8 Overall the trial objective has been met in that the contribution to costs received from international users has increased (from 65 percent for the equivalent period in the preceding season to 68 percent during the evaluation period – and equivalent to $0.98m in additional contribution from international users). This is based on the combined result for the eight Great Walks evaluated.

9 The proportion has not increased for all Great Walks though: no increase is observed for the Routeburn Track and a decrease is observed for the four non-trial Great Walks combined. In this way it cannot be said that the objective was met resoundingly.

EXECUTIVE SUMMARY CONT.

Objective 3:	Charge international visitors a fee that more fairly reflects the high value of the experience
Outcome:	Objective not met – sense of value for money has decreased and the majority of international walkers think the cost is too high

10 Findings do not align well with the trial objective to charge international visitors a fee that more fairly reflects the high value of the experience and so we cannot say that this trial objective has been met.

11 While the majority of international walkers on trial tracks are satisfied with their experience and agree the walks offer value for money, the proportion agreeing with this proposition has decreased during the evaluation period in comparison to the equivalent period in the two preceding years. The majority of international users believe the cost is too high and just 40 percent support differential pricing.

12 **Other key points**

- The Abel Tasman Coast Track shows different results to the other three trial walks. This is most likely due to the different characteristics of the track (climate/geography, more flexible itinerary options, private options etc.), and, perhaps consequently, some difference in the walkers it attracts (a higher proportion from European countries compared to the other trial walks, and a higher proportion of campers). It may also be that this market is more price sensitive and that dominant markets for other tracks (Australia and North America) are less price sensitive.
- For the most part the voice of those who chose not to walk at all is largely missing from the evaluation. While some walkers noted concern about the trial pricing there is likely another group again who were concerned *and so did not book/walk*. It is difficult to quantify the size of this group, but it is clear that international bednights have decreased significantly under the trial, at 27 percent across the eight walks, while international visitor arrivals to New Zealand grew.
- There is some evidence in comments made by international walkers (as well as New Zealand residents) that this group is tolerant of differential pricing but not the extent of the differential. Some international visitors feel that the amount is arbitrary and have the perception that it is too expensive, especially given the facilities on offer. These views/perceptions may well be improved through adjusted communications. However, there is also potential for confusion in the coming year with the introduction of the International Visitor Conservation and Tourism Levy (IVL), which will apply a different eligibility criteria (and is viewed by some as a better 'one off' mechanism for funding DOC/Great Walks).
- Finally, in addition to the objectives of the trial, some other impacts of the trial should be noted. For example, there is some evidence and/or concern that the trial may result in safety related compromises by visitors and continued efforts to ensure visitors are adequately prepared for, and make wise choices about, their chosen experience, are perhaps even more important under the trial.

Introduction

INTRODUCTION

1.1 Background

1 International visitor arrivals to New Zealand have grown by 42 percent in the last five years to reach 3.9 million in 2018[1] (and expenditure has grown by 62 percent[2]). This growth is expected to continue with annual international visitor arrivals forecast to reach 5.1 million by 2024[3]. At the same time New Zealand's population is growing[4] and spending by domestic visitors is increasing[5]. Similarly, the number of international visitors tramping in New Zealand increased by 34 percent between 2014 and 2017. In 2017, 603,000 international visitors went tramping, compared to 936,000 New Zealanders[6].

2 In this environment there is debate about funding mechanisms for conservation and tourism infrastructure, and visitors are facing, or potentially facing, additional costs given initiatives such as the Auckland Accommodation Provider Targeted Rate ('bed tax') introduced in 2017 and the International Visitor Conservation and Tourism Levy (IVL) to be introduced later in 2019. Local Government New Zealand and members are also lobbying for other mechanisms to fund regional tourism infrastructure requirements and regional taxes/levies will add further to the cost of travelling within New Zealand if implemented[7]. One such example is Southland District Council's $5 Stewart Island visitor levy.

3 Differential pricing (by place of residence) is one of a number of potential approaches to demand management. While practiced in locations internationally, to date examples of *differential* pricing for international visitors in New Zealand are limited[8]. Auckland Art Gallery did however begin charging international adult visitors an entry fee in 2018 while New Zealand residents continue to get free entry[9], and Te Puia offers a discount for New Zealand residents, as well as a free membership for local families[10]. Auckland Museum is a further example, offering free entry to Aucklanders with proof of residence, while entry for other New Zealand residents is 'donation invited', and entry for international visitors is priced at $25[11]. Fish & Game New Zealand also prices fishing and hunting licences differently for non-residents[12].

4 Notable also is the emergence of discussion in the past few years about the tourism industry's 'social license to operate' and the notion that public advocacy, approval, or acceptance of tourism activity in New Zealand and in some locations internationally has eroded or is under threat[13].

5 In late 2018 consultation began on the Aotearoa New Zealand Government Tourism Strategy[14]. The draft Tourism Strategy proposes a more deliberate and active role for government in tourism. It highlights tourism as important to New Zealand and outlines the challenges of visitor growth as, largely, 'increased pressure on the environment and infrastructure, as well as perceptions that the character of some of New Zealand's best loved places may be changing'. The Tourism Strategy is set to be finalised in late March 2019 and will set out 'how the government will work with the tourism sector, iwi, local government, communities and other stakeholders to take advantage of the opportunities offered by both international and domestic visitor growth, and to manage, mitigate or avoid the impacts'.

6 It is in this complex and changing tourism and recreation environment that DOC's trial of differential pricing on Great Walks is occurring.

[1] International visitor arrivals to New Zealand: December 2018, Stats NZ.
[2] Tourism satellite account: 2018, Stats NZ (provisional figure).
[3] New Zealand Tourism Forecasts 2018 – 2024, Ministry of Business, innovation and Employment.
[4] The estimated resident population of New Zealand has increased by 10% in the five years to September 2018, reaching 4.9 million, Stats NZ.
[5] Domestic tourism expenditure has increased by 33% in the five years to March 2018 (provisional figure), Tourism satellite account: 2018, Stats NZ.
[6] A Walk in the Park? Mountain Safety Council New Zealand, 2018.
[7] Refer: http://www.lgnz.co.nz/news-and-media/2018-media-releases/package-of-options-needed-to-fund-local-tourism-infrastructure/.
[8] More information can be found in "Research Report on International Charging Approaches" (unpublished report), Department of Conservation, March 2019.
[9] Refer: https://www.newshub.co.nz/home/new-zealand/2018/01/auckland-art-gallery-to-charge-international-visitors-20-entry-fee.html.
[10] Refer: https://tepuia.com/domestic-and-local-visitors/.
[11] Refer: http://www.aucklandmuseum.com/visit/plan-your-visit/hours-admission-info.
[12] Refer: https://fishandgame.org.nz/licences/fishing-licence-info/general-fishing-licence-info/.
[13] Refer: http://www.angusassociates.co.nz/views-on-tourism-research/ and https://tia.org.nz/resources-and-tools/insight/mood-of-the-nation/.
[14] Refer: https://www.mbie.govt.nz/have-your-say/tourism-strategy-consultation/.

INTRODUCTION CONT.

1.2 The Differential Pricing Trial

7 For the 2018/19 Great Walks season (October 2018 to April 2019), the Department of Conservation (DOC) is trialling differential pricing for international visitors staying in huts and campsites on four of its most popular Great Walks (there are nine Great Walks in total). The trial was endorsed by Cabinet in May 2018. International visitors are paying approximately twice the price paid by New Zealand residents for accommodation on the Milford, Kepler, Routeburn and Abel Tasman Coast Tracks. International children also pay the international adult rate. The price for people usually resident in New Zealand remains the same as do the prices for all visitors on all other Great Walks (including children being free).

8 The trial started with the Abel Tasman Coast Track on 1 October 2018 and for the other three Great Walks on 23 October 2018.

9 The three major objectives of the trial are[1]:

1. **Improve access to the Great Walks for people usually resident in New Zealand**
2. **Increase the proportion of costs that are received from international users**
3. **Charge international visitors a fee that more fairly reflects the high value of the experience**

10 Rationales for the trial are outlined by DOC as follows:

'The Great Walks are well formed and have higher standard huts and facilities than other tracks, enabling them to sustain a high level of use while protecting the surrounding environment. This high standard also makes the walks expensive to build and maintain.'

'The trial will provide information on the effectiveness of pricing as a tool to manage visitor pressure. It is also part of DOC's work to set and maintain a fair pricing system for New Zealanders, recover costs and ensure the fees reflect the true value of these world-class walks.'

'Over the last few years, DOC has had great success in attracting more and more people to the Great Walks and this has provided more revenue towards covering their running costs. However, even with increased revenue recovered through the differential pricing trial, DOC will still need to invest in managing the national parks and track assets. At present there is a shortfall of up to $3.8 million each year on costs recovered from the Great Walks. The estimated financial impact for this trial is an increase in revenue of around $2.9 million per annum.'

'Because visitors often put pressure on just a few popular spots, DOC is working to encourage visitors to places with capacity for growth. The trial will also inform DOC about the use of pricing to encourage greater regional dispersal. It is intended that these price increases will encourage international visitors to use our less visited Great Walks, for which there will be no price increases.[2]

[1]Refer: https://www.doc.govt.nz/news/issues/great-walks-differential-pricing-trial-201819/about/.
[2]Refer: https://www.doc.govt.nz/news/issues/great-walks-differential-pricing-trial-201819/about/ and https://www.doc.govt.nz/news/issues/great-walks-differential-pricing-trial-201819/.

INTRODUCTION CONT.

1.3 The Evaluation

11 The objective of this evaluation is to deliver an assessment of the Great Walks differential pricing trial and determine whether, and to what extent, the three major objectives of the trial (as outlined on page 9) are being achieved. The evaluation will inform the Minister of Conservation and the Department of Conservation in making decisions about the future of differential pricing on Great Walks.

12 To determine whether, and to what extent, the objectives of the trial are being achieved some of the specific research questions that have been considered are:

- What revenue was generated from New Zealand resident bednights and from international visitor bednights, and how does this compare with previous years?
- Did more people usually resident in New Zealand stay on the four trial walks (and are any other changes evident in the composition of guests)?
- Did differential pricing influence the choice of Great Walk (were there more bednights than usual on non-trial Great Walks, and what influenced the choice of walk)?
- Were there more bednights than usual on non-Great Walk multi-day walks close to the trial Great Walks?
- Was there a greater use of the season's shoulder?
- Was there any change in visitor satisfaction from the experience - for international visitors and New Zealand residents, and relative to price paid for the experience?
- What impacts, if any, did the differential pricing trial have on tourism industry stakeholders (such as concessionaires)?

13 The evaluation covers the period 1 October 2018 to 31 January 2019 (although for a number of Great Walks the season did not start until later in October). The later part of the Great Walks season is excluded. The evaluation period was set in this way so that key information was available in time to confirm pricing structures ahead of the 2019/20 Great Walks season (bookings open in June 2019).

14 Included in the scope of the evaluation are:

The four Great Walks included in the differential pricing trial:	
Abel Tasman Coast Track	Kepler Track
Milford Track	Routeburn Track

Four Great Walks not part of the trial*:	
Tongariro Northern Circuit	Whanganui Journey
Heaphy Track	Rakiura Track

Four multi-day walks near the Great Walks included in the trial:	
Travers-Sabine Circuit (Nelson Lakes)	Rees-Dart Track (Otago)
Hollyford Track (Fiordland)	Greenstone Caples Tracks (Otago)

**Lake Waikaremoana Track is a Great Walk but DOC advised it was not included in the scope of the evaluation. Note also that this group should not be considered a 'control group'. There is some evidence that it was not clear to walkers which Great Walks were included in the trial and which were not.*

INTRODUCTION CONT.

15 There are a number of environmental factors that may influence how people respond to the trial of differential pricing on Great Walks (as outlined in the Background to this report on page 8). Understanding how these environmental factors influence – and are influenced by – the trial of differential pricing on Great Walks is important. For example, the introduction of differential pricing could help to mitigate concern about the negative impacts of tourism[1] by dampening demand to some extent. Similarly, differential pricing may be supported in the absence of a border levy but rejected if combined with this levy (and with regional bed taxes or local levies as well).

16 Given this, the approach to the evaluation considers the differential pricing trial both in the context of other costs faced by visitors (and international visitors, in particular) and in the context of wider views on tourism and the industry's social license (amongst New Zealanders).

17 Taking into consideration the objectives of the differential pricing trial, and the environmental factors discussed above, the evaluation includes four key information components; analysis of DOC operational data, original surveying of Great Walks guests, a review of social media activity relating to differential pricing on Great Walks, and surveying of tourism industry stakeholders. Jointly these components draw on information from, and the views of, many stakeholder groups (e.g. visitors, walkers, the public/taxpayers, businesses, DOC etc.). Each component is outlined in more detail in the Methodology section on pages 84-88.

The evaluation was undertaken by Angus & Associates, with the assistance of Nicholson Consulting.

Angus & Associates operates primarily in the tourism and leisure sectors, and undertakes projects for a wide range of central government, local government, industry association and private sector clients. Core areas of expertise include market research and analysis, strategic planning, feasibility studies and the preparation of business cases, and evaluation (product/service, campaign, and economic impact).

Nicholson Consulting is a multi-disciplined analytics consultancy with extensive experience in delivering transparent, robust solutions to complex business problems. Nicholson Consulting has expertise in a range of statistical and analytical methods.

[1]Refer: http://www.angusassociates.co.nz/views-on-tourism-research/ and https://tia.org.nz/resources-and-tools/insight/mood-of-the-nation/.

Methodology

Summary

METHODOLOGY SUMMARY

1 The Evaluation draws on information from four key sources in order to answer the research questions – analysis of DOC operational data, a survey of walkers, a survey of stakeholders, and a review of social media activity. Together, this mix of existing and new primary data allows analysis of and comparison of attitudes and behaviour pre and post the introduction of differential pricing, and of attitudes and behaviour for walks with and without differential pricing.

2 The analysis, where possible, isolates the potential impacts of other factors (such as, for example, knowledge of the introduction of the International Visitor Conservation and Tourism Levy) by identifying appropriate metrics (taking into account DOC's objectives in introducing differential pricing) and measuring statistically significant changes that can be attributed to differential pricing (and not some other factor). Methods of analysis included content and thematic analysis, and descriptive analysis.

3 More detail on the approach for each on the four main sources of information is provided in the Appendix to this report (pages 84-88). Below is a summary to provide context for the analysis that follows.

1. Operational and Secondary data

4 DOC has a range of operational data that was assessed in terms of how it could assist in answering the research questions/topics, and it is included in the evaluation where appropriate. Secondary data sources for the evaluation include Great Walks booking system data, Google analytics data, Backcountry Hut Pass sales data, hut bednights data, track activity counter data, Ranger compliance survey data, DOC post-Great Walk survey data, and the New Zealand core tourism dataset.

2. Walker Survey

5 The sample for the walker survey (n=2,817) is primarily *bookers* of Great Walks. (a sample profile is included on pages 80-82). The survey was designed to assess decision-making (including the extent to which the differential pricing trial influenced choice of Great Walks, or other walks), visitor satisfaction, and perceptions of value relative to price paid for a Great Walks experience. A range of questions was also included to gather contextual information (e.g. for international visitors - perceptions of Destination New Zealand in relation to overall pricing).

3. Stakeholder Survey

6 The survey was focused on DOC concessionaires and other tourism businesses in the communities surrounding the walks included in the evaluation. The purpose of this survey was to assess what impact, if any, the trial is having on tourism and related businesses, as well as host communities. To qualify for the survey respondents needed to benefit in some way from, or operate on/adjacent to, at least one of the walks included in the evaluation. The sample size for this survey is n=88. A sample profile is provided on page 82.

4. Social Media Review

7 This component of the evaluation involved reviewing and analysing social media commentary on the public's support for differential pricing on Great Walks (i.e. what are the conversations saying and how does this fit with the objectives of the trial?). The work involved monitoring and mining different social media platforms (e.g. Facebook, Twitter, YouTube and blogs), 'listening' to discussion, and analysing findings.

Limitations

LIMITATIONS

1 Limitations of the evaluation relate to the available data, the methodology, and environmental factors.

2 **While discussed more fully below, the three most important limitations of the evaluation are:**

- **the significant change to the way nationality is captured in the Great Walks Booking System in 2018/19 compared to 2017/18 and prior,**
- **that the evaluation covers the part-season only,**
- **and the timing of the announcement close to the opening of bookings.**

Booking system capture of nationality data

3 A new online booking system was introduced prior to the opening of Great Walks bookings for the 2018/19 season. This means that to make comparisons of 2018/19 season bookings with those of previous years the data needs to be sourced from two different booking systems.

4 While both systems largely capture the same data, with the introduction of the differential pricing trial there has been a significant change to the way nationality is captured. Prior to the trial, visitors were simply asked about nationality and it is likely that some walkers entered a country other than New Zealand even though they were usually resident in New Zealand. This year, because of the pricing implication for the trial walks, walkers are first asked whether they are usually resident in, or a citizen of New Zealand. Such walkers are likely to have indicated that they live in New Zealand (and would be eligible for the New Zealand rate) whereas previously their nationality would have been recorded as another country.

5 The implication of this change is that, to an unknown extent, the observed increase in the ratio of New Zealand resident to international bednights on Great Walks may be overstated. An example of this is that those international visitors on working holiday visas who have lived in New Zealand for at least six months prior to starting their Great Walk are classified as New Zealand residents this season while in previous seasons they are more likely to have been classified as residents of another country.

Part season

6 In terms of the evaluation methodology, there was a limitation around timing: in order to provide the evaluation in time for action to be taken if desired prior to the opening of bookings for the next season in June 2019, the report was required in advance of the end of the 2018/19 season. As a result, it was necessary to confine the period of evaluation from October 2018 to January 2019. At the time of writing we do not know if the observations for this period carry through to the February to April period.

Timing of trial announcement

7 In considering the impacts of the trial it is important to note the timing of public communication that a differential pricing trial would be introduced. This occurred in early June 2018 and bookings for the 2018/19 season opened later that month. For many people the plan to walk a track included in the differential pricing trial during the coming season would already have been made at that point (subject to securing a booking).

8 Because of this relatively late notice it is possible that some international visitors went ahead with booking when they otherwise wouldn't have done so; for example, if they had planned the rest of their trip around the Great Walk or this was the main reason for coming to New Zealand.

[1] Refer: https://www.businesstimes.com.sg/transport/air-new-zealand-flags-weaker-earnings-as-tourism-market-growth-eases .

LIMITATIONS CONT.

9 Likewise, it is possible that not as many New Zealanders were prepared to book as otherwise might have been had they known further in advance that it might be easier than usual to secure a booking this year. Equally, it could be that publicity around the announcement stimulated booking activity.

10 It is not possible to know the extent to which these scenarios did play out and it is unlikely that the ongoing impact of differential pricing will be known until the completion of the 2019/20 season (if it continues, and continues under the same parameters). In anticipation of the 2019/20 season, people will have more time to consider their response to the trial pricing and to change their behaviour accordingly (if, in fact, they wish to do so). In other words, differential pricing will have been in place from the time at which the vast majority of people began to make their plans (unlike for the 2018/19 season).

Events

11 No significant events occurred on the subject tracks during the evaluation period, however there were some minor events that may have caused a small number of walkers to change their plans (avalanche risk on the Routeburn Track, and a rock fall alert for Mintaro Hut, Milford Track). Similarly, there were no significant events that impacted the New Zealand tourism and recreation industry more generally (although some commentary is emerging about market softening[1] and if this has substance it may have had some impact on multi-day walking activity).

Non-walkers

12 The evaluation also does not include the view of the general public, or of international visitors to New Zealand as a whole. Instead, it primarily looks at the views of those who booked a Great Walk. This is largely not material in determining if the three objectives of the evaluation have been achieved. However, since we did not canvas the views of international visitors who might have been planning to book a Great Walk (but didn't) we don't know how many there were or whether pricing was a factor in their decision not to book. Rather, we are only able to comment on the views of those who went on to walk another nearby multi-day walk instead, and those who walked fewer Great Walks than they otherwise might have.

13 In terms of the data itself, the following other specific limitations are noted:

Walker survey: This survey was mounted within two weeks of the evaluation's commencement. While there was some potential to address any shortcomings in the operational data through this primary research the opportunity to do so was very limited.

Further, it should be noted that the survey sample is not a random sample of walkers in that it is primarily made up of *bookers* and that it includes only those respondents who indicated they were happy to be contacted about their experience when they made an online booking (around 40 percent of the total, and disproportionately impacting the international sample). This is different to the sample for DOC's own post-Great Walk survey, which is sent to all bookers. This approach was chosen by Angus & Associates in order to adhere with current research regulations.

There is no specific reason to believe this group would answer the survey differently to a fully random sample (and efforts were made to mitigate this by encouraging referral of the survey to others in each walking group) however this possibility cannot be ruled out.

Further, some bias could exist amongst the walkers of the non-Great Walks tracks that self selected to complete the survey.

LIMITATIONS CONT.

Stakeholder survey: The assessment stakeholders made via the survey was based on part-season results and observations only, and due to the time of year it was run (peak season) participation may not have been as high as it might have been at a less busy time of year.

DOC post-Great Walk survey data: Due to an error the post-walk survey was not sent from the beginning of the 2018/19 season. While the backlog of survey invitations was cleared in early December 2018 the response to this survey may be different than in previous years and this could impact on the comparability with historical data. Further, this survey is sent to bookers of Great Walks only so it is not the voice of all walkers (although there is no evidence that responses would be different).

Further, this data has not been reconciled so that respondents can be isolated to their walk date (as opposed to their survey response date). This would involve reconciling each respondent's booking confirmation number in the survey data with the actual dates they walked in the booking system and so for the 2016/17 and 2017/18 seasons the data used in this evaluation covers the full season rather than October to January period only. Data from the 2015/16 season has not been included in comparisons due to a different respondent recruitment process being used in that first year of the survey (resulting in a much smaller sample size than subsequent years).

Counter data: It is difficult to isolate, identify, and attribute causality to 'signals' in the data with any degree of confidence because of the number of variables that can influence customer behaviours - weather being the most obvious one. Therefore, analysis of counter data should be considered supplementary only to other more stable data sources such as booking data. Furthermore, counter data is not available for all subject tracks, either at all, or right to the end of the evaluation period (31 January 2019). Counter data is not available from the Milford Track (no counters are installed), the Tongariro Northern Circuit (it does not have a representative counter), the Whanganui Journey (it is a river), and Travers-Sabine circuit (counter functionality issue).

Hut bednights data: This data is annual and so makes it difficult to track the impact, if any, of differential pricing at this point, given the full season's data is not yet available. There is also some missing/incomplete data for some years for some huts.

Evaluation of Trial Objective 1

Improve access to the Great Walks for people usually resident in New Zealand

OBJECTIVE ONE EVALUATION SUMMARY

Objective 1: Improve access to the Great Walks for people usually resident in New Zealand

1 Access to the Great Walks for people usually resident in New Zealand **has improved** during the evaluation period.

2 **The proportion of New Zealand resident bednights on Great Walks increased to 52 percent during the evaluation period from 40 percent during the same period in the preceding season.**

3 On the four trial walks the proportion of New Zealand resident bednights increased to a greater degree (from 36 to 50 percent) than for the four non-trial walks (where the proportion increased from 51 to 57 percent).

4 **Relative to the same period in the preceding season, the number of New Zealand resident Great Walk bednights increased by 17 percent during the evaluation period (equivalent to 9,700 more bednights) and by 22 percent on the four trial walks (equivalent to 7,900 more bednights).** While this continues a pattern of growth seen in preceding years, the growth seen during the evaluation period is much more significant.

5 Of the trial walks the increase is greatest for the Kepler Track (up 49 percent), followed by the Routeburn Track (up 39 percent), the Milford Track (up 26 percent), and the Abel Tasman Coast Track (up 12 percent).

6 While New Zealand resident bednights increased, there was a 9 percent overall decline in the number of Great Walk bednights during the evaluation period in comparison to the preceding season. This was driven by a 27 percent decrease in international bednights.

This section describes the changes to Great Walk visitor numbers observed through DOC's booking systems.

To ensure figures are comparable with the evaluation period, analysis has been limited to the period beginning with the opening of the Great Walks season (generally in October) and ending 31 January each year. In the Figures that follow the year label refers to this e.g. "2019" is October 2018 to January 2019.

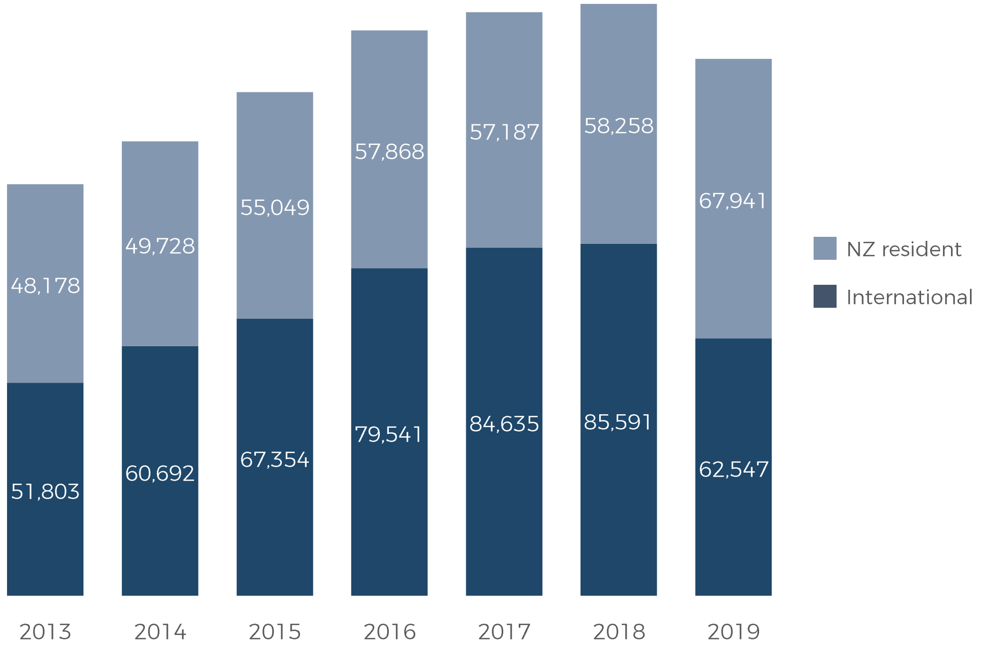
4.1 IMPACT OF TRIAL ON BEDNIGHTS

Overall impact

7 At face value, booking system data suggests that the differential pricing trial has had the effect of increasing the proportion of New Zealand resident bednights on Great Walks from 40 percent to 52 percent. However the overall impact of the trial is affected by two other factors directly relevant to the booking system data: the overall decline in bednights on the Great Walks observed during the evaluation period, and the changes to the classification of walker nationality discussed in the limitations section on pages 14-17.

8 Figure 1 below shows that in the context of a 9 percent overall decrease in bednights relative to the corresponding period in the 2017/18 season, international bednights on Great Walks declined by 27 percent (equivalent to 23,000 bednights) while New Zealand resident bednights increased by 17 percent (equivalent to 9,700 bednights). That is, the overall decline is driven by a decrease in international bednights.

FIGURE 1: GREAT WALKS BEDNIGHTS BY ORIGIN



9 All Great Walks, other than Rakiura, experienced a decrease in bednights compared to the same period in the 2017/18 season (see Table 1 overleaf).

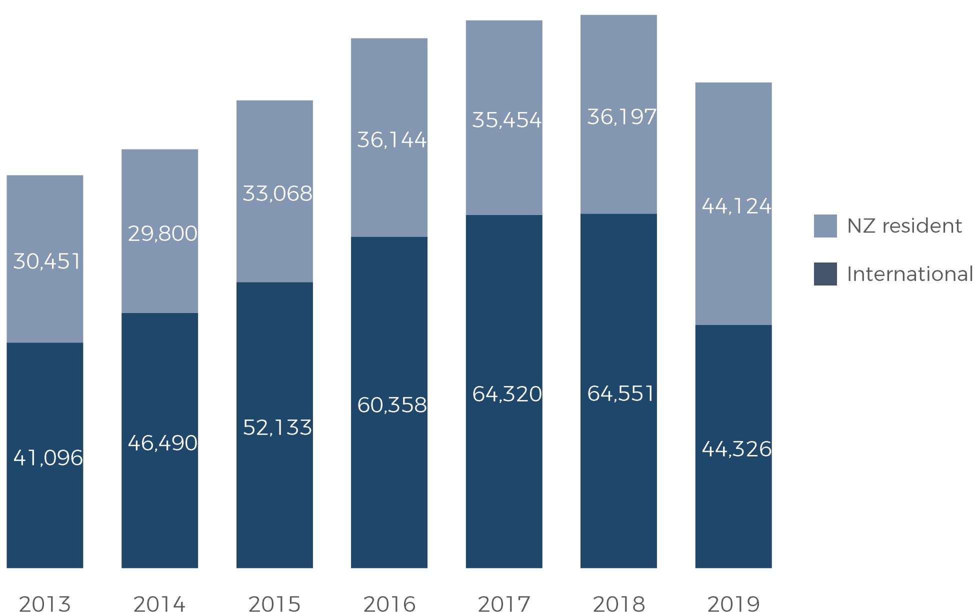
4.1 IMPACT OF TRIAL ON BEDNIGHTS CONT.

Table 1: Great Walks bednights by origin

Track	2018/19 bednights (and change against 2017/18)		2018/19 international bednights (and change against 2017/18)		2018/19 NZ resident bednights (and change against 2017/18)	
Abel Tasman	46,173	-17%	20,527	-38%	25,646	12%
Kepler	15,839	-4%	9,064	-24%	6,775	49%
Milford	11,475	-2%	6,327	-17%	5,148	26%
Routeburn	14,963	-11%	8,408	-30%	6,555	39%
Heaphy	13,905	-3%	4,081	-23%	9,824	9%
Rakiura	6,877	8%	2,882	-8%	3,995	23%
Tongariro N. Circuit	9,815	-7%	6,244	-11%	3,571	2%
Whanganui Journey	11,441	-4%	5,014	-10%	6,427	2%
Trial Walks	**88,450**	**-12%**	**44,326**	**-31%**	**44,124**	**22%**
Non-trial Walks	**42,038**	**-2%**	**18,221**	**-13%**	**23,817**	**8%**
All Great Walks	**130,488**	**-9%**	**62,547**	**-27%**	**67,941**	**17%**

10 That the decrease in international bednights is more apparent for the four trial walks (see Figure 2 below) suggests an effect of the trial in addition to the impacts of reclassification of visitor nationality. Figure 2 shows that although the overall decrease in bednights was similar on the trial walks as all Great Walks (12 percent relative to 9 percent), international bednights decreased by 31 percent (equivalent to 20,200 bednights), while New Zealand resident bednights increased by 22 percent (equivalent to 7,900 bednights). Compared to the same period in the 2017/18 season, this has had the effect of improving the proportion of New Zealand resident bednights on the trial Great Walks from 36 percent to 50 percent.

FIGURE 2: DIFFERENTIAL PRICING TRIAL GREAT WALKS BEDNIGHTS BY ORIGIN



OBJECTIVE ONE EVALUATION

4.1 IMPACT OF TRIAL ON BEDNIGHTS CONT.

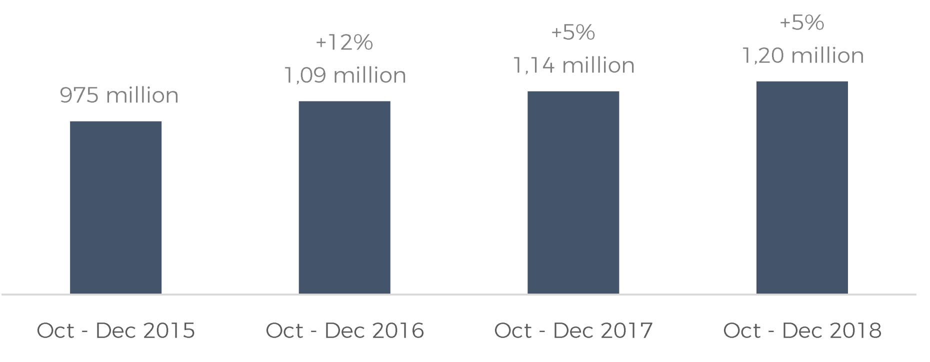
11 Factors such as broader tourism trends and the changes to classification of international visitors mean that care must be taken in assessing the overall impact of the trial in improving accessibility for New Zealanders.

12 In the period October to December 2018, international visitor arrivals to New Zealand increased by five percent on the previous year (see Figure 3 below). This compares with a 27 percent decrease in international Great Walks bednights during a similar period (including January 2019) and a 31 percent decrease on the four trial walks.

13 While arrival information for the full evaluation period - through to the end of January 2019 - is not yet available, current indications are that the decrease in international bednights booked on Great Walks during the evaluation period is contrary to wider market conditions. This means that it does not appear the decrease in international bednights can be attributed to wider market conditions, but instead to the differential pricing trial (at least in part). Further, given the apparent growth in international visitor arrivals to New Zealand, the sizeable decrease in Great Walk bednights observed so far this season might be considered to be heightened.

14 Backcountry hut pass sales were investigated as a source of information on the potential diversion of international visitors to non-Great Walk tracks however this was inconclusive.

FIGURE 3: INTERNATIONAL VISITOR ARRIVALS TO NEW ZEALAND



15 The following sections describe the evidence from DOC's operational data in more detail, concluding that the trial has had an impact in reducing international bednights and increasing New Zealand resident bednights. The Abel Tasman Coast Track in particular has seen a large drop in international bednights, and in bednights overall. The remaining three trial walks have seen a more modest decrease in international bednights. The differences between walks are likely due to a combination of visitor demographics, the nature of the tracks, and the issue of reclassifying visitor nationality that was introduced for the 2018/19 season.

4.2 ARE MORE NEW ZEALANDERS DOING GREAT WALKS?

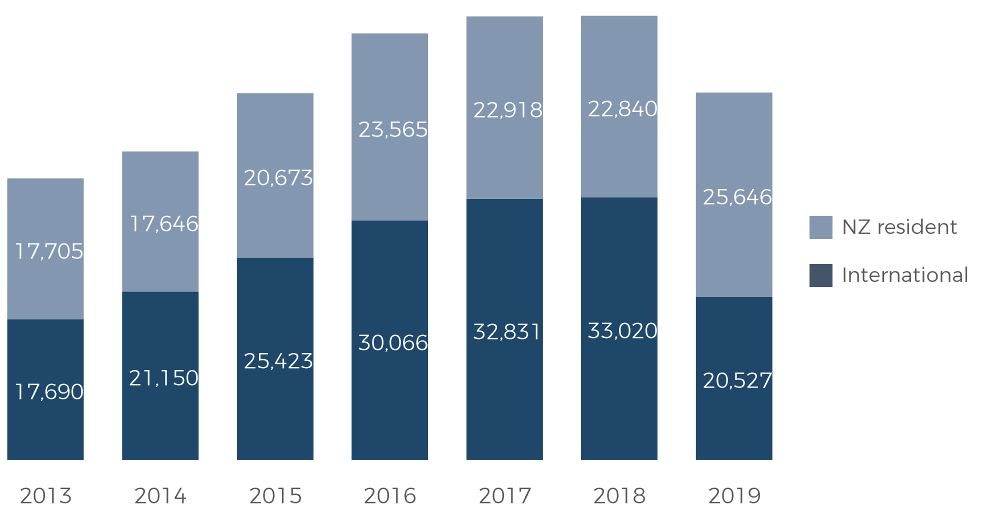
16 To better understand the effects of the trial, visitor data for the four trial walks is presented in more detail below.

Abel Tasman

17 Abel Tasman is by far the largest contributor to overall bednights of all the Great Walks. The 2017/18 season saw a total of more than 93,000 bednights – 37 percent of all Great Walks bednights for the season.

18 The 2018/19 season to date has seen a 12 percent increase in the number of New Zealand resident bednights on the Abel Tasman Coast Track and a 38 percent decrease in the number of international bednights, compared to the same period last year. This is the largest decrease in international bednights of any of the Great Walks.

FIGURE 4: ABEL TASMAN BEDNIGHTS BY ORIGIN

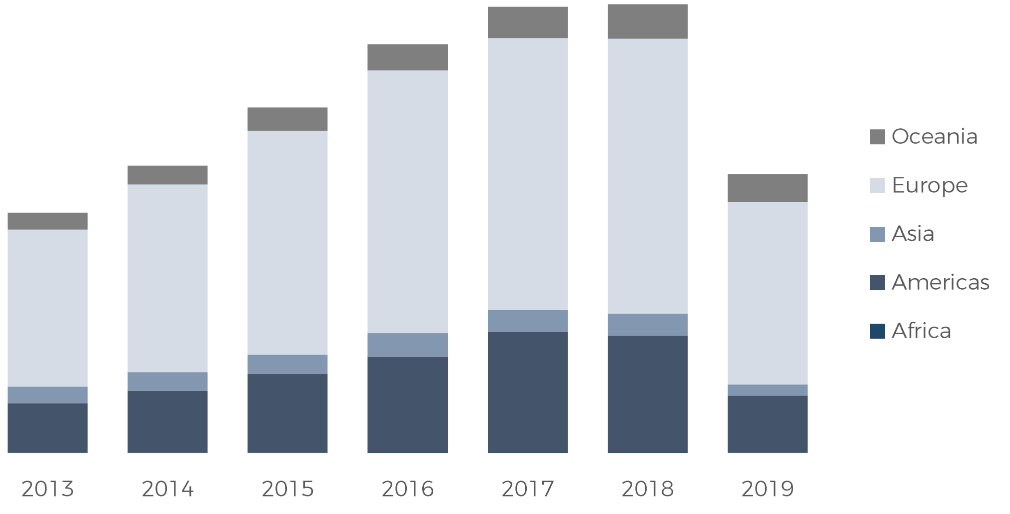


19 Compared to the three other trial walks, international walkers on the Abel Tasman Coast Track are more likely to originate from European countries (see Figure 5 overleaf). Historically two-thirds of international bednights have been contributed by visitors from Europe, with a further 20-25 percent from the Americas and 10 percent from Oceania (predominantly Australia).

20 This indicates that the Abel Tasman Coast Track attracts a different mix of visitors to other trial Great Walks and this remains the case during the evaluation period.

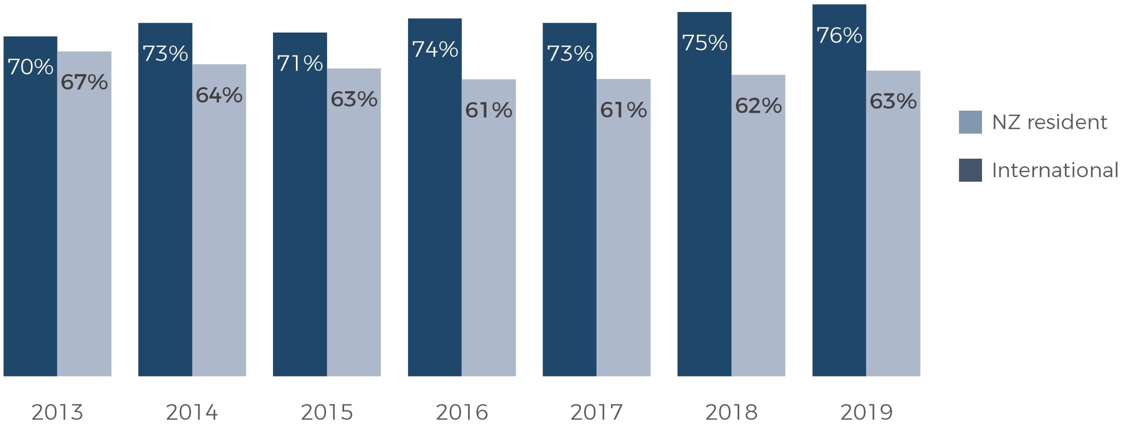
4.2 ARE MORE NEW ZEALANDERS DOING GREAT WALKS? CONT.

FIGURE 5: ABEL TASMAN INTERNATIONAL BEDNIGHTS BY ORIGIN



21 Further, walkers on the Abel Tasman Coast Track are more likely to use campsite accommodation than walkers on the other trial walks, with international walkers being most likely to camp. Camping accounts for 76 percent of international bednights compared to 63 percent of New Zealand resident bednights. As shown in Figure 6, these proportions appear to be diverging slightly over time.

FIGURE 6: ABEL TASMAN CAMPSITE NIGHTS AS PROPORTION OF ALL BEDNIGHTS



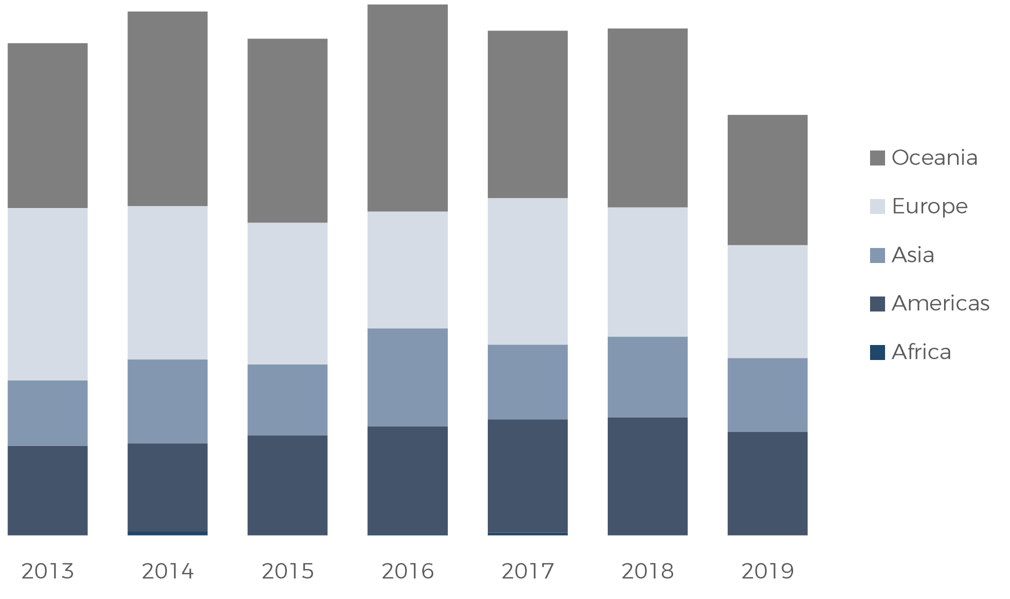
22 Because of these distinguishing factors (different visitor mix and accommodation preferences), the trial appears to have had a more substantial impact on the number of international bednights on the Abel Tasman Coast Track than the other three trial walks.

4.2 ARE MORE NEW ZEALANDERS DOING GREAT WALKS? CONT.

Milford, Kepler and Routeburn

23 The picture is different for the remaining three trial walks. International visitors on these walks are more likely to originate from Australia or the Americas: for example, during the 2017/18 season international bednights were split more evenly between Australia (35 percent), Europe (26 percent) and the Americas (23 percent). Figure 7 below illustrates how the origin of international walkers looks for the Milford Track.

FIGURE 7: MILFORD TRACK INTERNATIONAL BEDNIGHTS BY ORIGIN



24 The differential pricing trial appears to have had a lesser impact on these three walks in terms of bednights. While there has been an overall decrease in international bednights (Milford 17 percent, Kepler 24 percent, Routeburn 30 percent), this has not been to the same extent as observed at Abel Tasman (38 percent) – see Figures 8-10 overleaf. **At the same time, the increase in New Zealand resident bednights is 26 percent for the Milford Track, 49 percent for the Kepler Track, and 39 percent for the Routeburn Track – all more than the Abel Tasman Coast Track at 12 percent.**

25 Demand on the Milford Track in particular appears less elastic to price changes, given that it is almost always at peak accommodation capacity and there are no campsite options available for more price-conscious walkers. Both the Milford and Kepler Tracks experienced only slight decreases in total bednights over the analysis period compared to the previous season (2 percent and 4 percent respectively).

26 It may be that visitors to these walks had already planned their visit before differential pricing was announced, or that any decrease in demand from international visitors was absorbed to some extent by New Zealand residents. An alternative, or supplementary, explanation may be that walkers on these Great Walks might have been more likely to be affected by the nationality classification change. If the trial continues, the 2019/20 season numbers will likely give a clearer indication of the impact on bednights.

4.2 ARE MORE NEW ZEALANDERS DOING GREAT WALKS? CONT.

FIGURE 8: MILFORD TRACK BEDNIGHTS BY ORIGIN

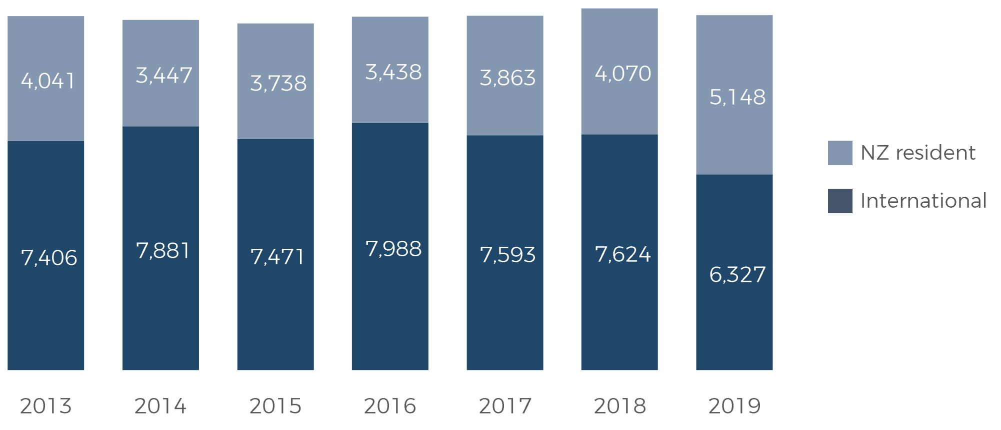


FIGURE 9: KEPLER TRACK BEDNIGHTS BY ORIGIN

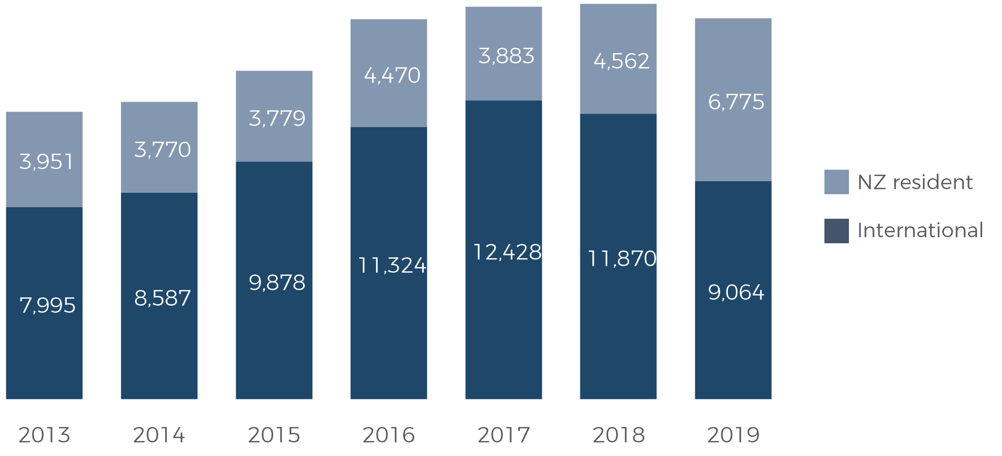
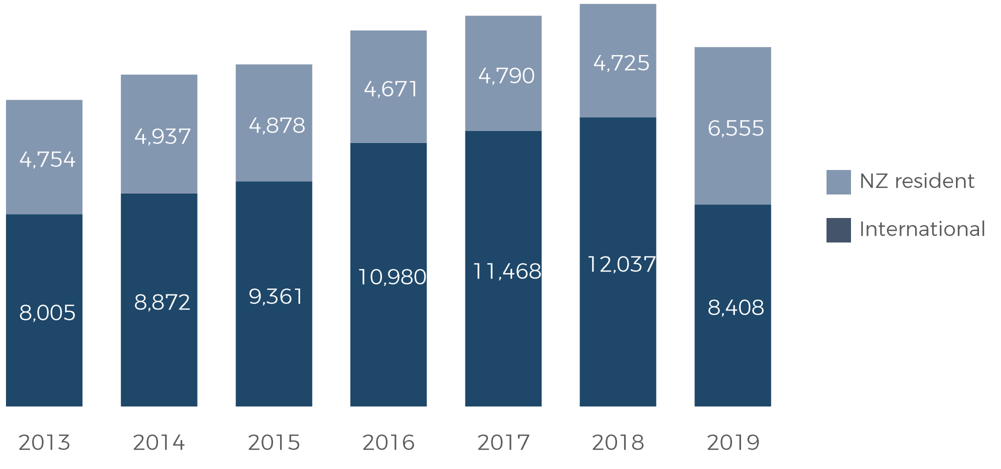


FIGURE 10: ROUTEBURN TRACK BEDNIGHTS BY ORIGIN



4.2 ARE MORE NEW ZEALANDERS DOING GREAT WALKS? CONT.

Non-trial walks

27 In comparison to the trial Great Walks, the non-trial Great Walks already had a higher proportion of New Zealand resident bednights. While the total number of bednights on these walks has decreased so far this season, **the proportion of nights attributable to New Zealand residents has increased from 51 percent to 57 percent of the total**.

28 In terms of international walker origin, the non-trial Great Walks most closely resemble the Abel Tasman Coast Track with over half of international bednights being contributed by visitors from Europe. This suggests that if the differential pricing trial is extended to these walks, there could be a more significant impact on international visitor numbers and a more modest revenue return.

FIGURE 11: NON-TRIAL GREAT WALKS BEDNIGHTS BY ORIGIN

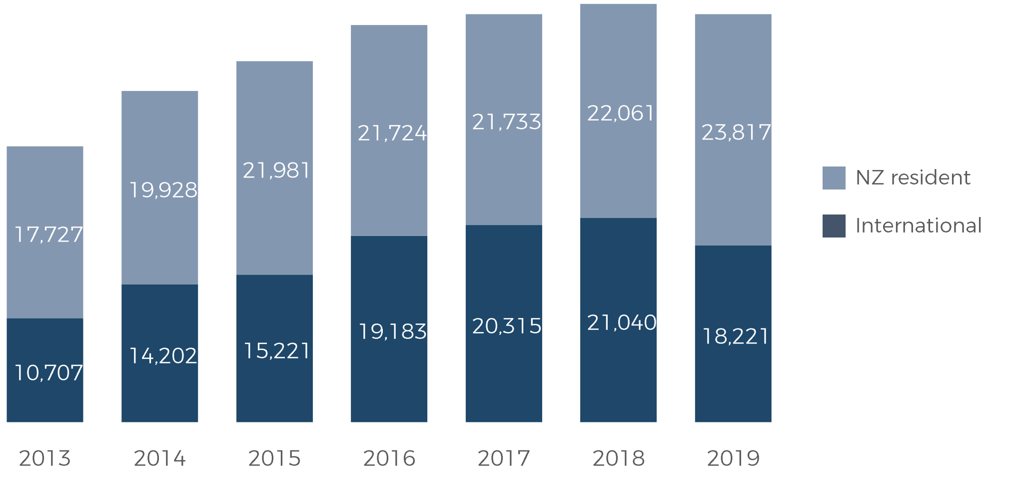
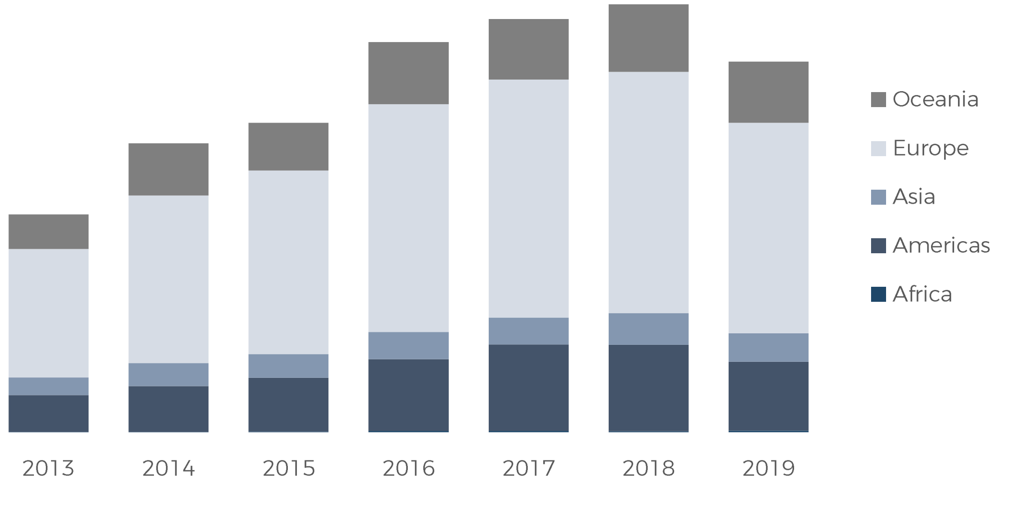


FIGURE 12: NON-TRIAL GREAT WALKS INTERNATIONAL BEDNIGHTS BY ORIGIN



4.2 ARE MORE NEW ZEALANDERS DOING GREAT WALKS? CONT.

29 **In summary then, there has been a 17 percent increase in New Zealand resident bednights on Great Walks during the evaluation period (and a 22 percent increase on the trial walks). This has had the effect of increasing the proportion of New Zealand resident bednights on Great Walks from 40 to 52 percent (and from 36 to 50 percent on the trial walks).**

30 While it is clear that there has been an increase in the number of New Zealand resident bednights on each of the four trial Great Walks so far this season compared with previous seasons, it may be that some of this change is a result of reclassification of nationality. For the Great Walks, the definition of 'international' has effectively changed as a result of the trial, and someone who is currently legitimately a 'New Zealand resident' may have stated another nationality when booking in previous years.

31 Further, there is some evidence that the information provided by bookers about their eligibility for the New Zealand rate may not be fully accurate. For those that were classified in the DOC booking system as New Zealand residents, just 94 percent 'remained' New Zealand residents when asked the same qualifying questions in the survey undertaken for the evaluation. Likewise for those classified in the DOC system as 'international', 2 percent were 'reclassified' as New Zealand residents in the walker survey. More discussion about compliance is included in section 7.4.

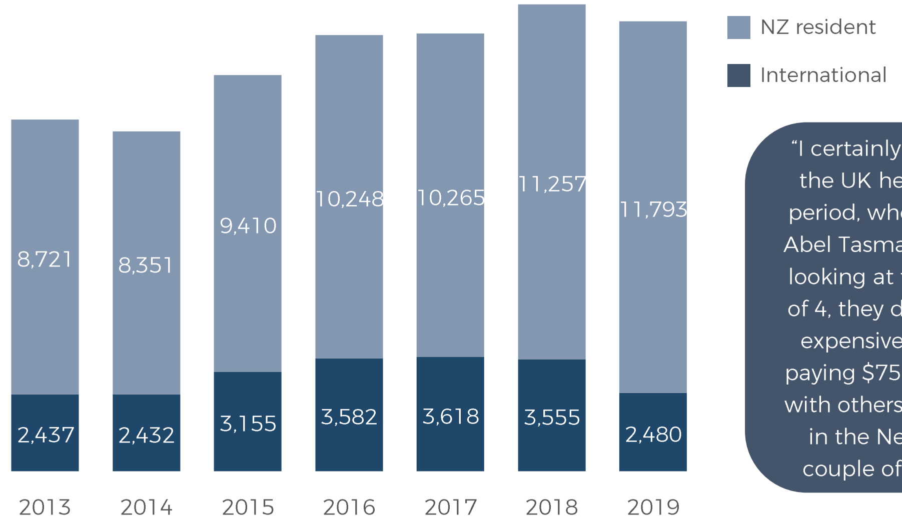
32 This suggests that some of the change observed should be attributed to the way walkers' nationality is classified rather than to changes in behaviour. However, the proportions above suggest that this is unlikely to fully explain the changes observed in bednights this season.

33 Section 6.9 on page 65 considers the future intentions of walkers and what the changes already seen in bednights might mean for future visitor behaviour if a differential pricing structure continues.

4.3 IMPACT ON WALKER COMPOSITION

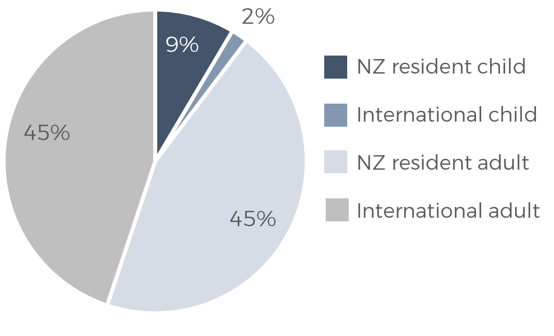
34 For the trial Great Walks, international child bednights have dropped from 2.3 percent of all bednights in 2017/18 to 1.8 percent in 2018/19. This represents a decrease of 30 percent which is broadly in line with the overall decrease in international bednights of 27 percent. Historically international children have been a rarity on Great Walks and the trial will have had little impact on the overall composition of visitors in this respect. However, it does appear that based on the relatively larger decrease for this group, and anecdotal observations made by rangers, stakeholders, and walkers, that some international family or school groups have been deterred from completing some Great Walks as a result of the trial. In this same environment **bednights for New Zealand resident children have increased by five percent**.

FIGURE 13: ALL GREAT WALKS - CHILD BEDNIGHTS BY ORIGIN



"I certainly know of a family from the UK here over the Christmas period, who were going to do the Abel Tasman Great Walk, but after looking at the price for the family of 4, they did not go ahead as too expensive, especially as you are paying $75 to stay in a bunk room with others!! They went on to walk in the Nelson Lakes Park for a couple of nights" (Stakeholder)

FIGURE 14: ALL GREAT WALKS - CHILD VS. ADULT BEDNIGHTS (OCT 18 - JAN19)



"PLEASE keep NZ kids free! This has made great walks affordable for our family - we have done 2 this year!" (NZ resident, Milford)

" … i especially oppose the increase for international children. it makes it virtually unaffordable for families and i feel we are being unfairly targeted. … i am not sure we will be back … . in addition we walked 24 km out of abel tasman due to the pricing structure. we have also done more backcountry tramping due to the pricing which is not safer with children." (Canada, Abel Tasman)

Age of adult walkers

35 While the age of adult walkers cannot be easily compared with previous seasons, younger international walkers are more likely to be opposed to differential pricing than older international walkers (see section 6.7) and it could be that there is a change in walker composition in this regard also.

4.4 DIVERSION TO OTHER WALKS/TIME OF YEAR

36 This section considers a wider range of information in an attempt to understand whether visitors have been diverted to other tracks/accommodation, or walked outside the peak season, because of the differential pricing trial.

Diversion to non-trial walks

37 That the decrease in international bednights is smaller on the non-trial Great Walks suggests some diversion could be occurring to those walks: i.e. that international visitors that would have booked one of the trial walks have opted for a less costly option instead.

38 However, given the geographic location of the trial walks – Milford, Routeburn and Kepler are all in Fiordland - the most likely candidate for diversion to another Great Walk is from the Abel Tasman Coast Track to the Heaphy Track.

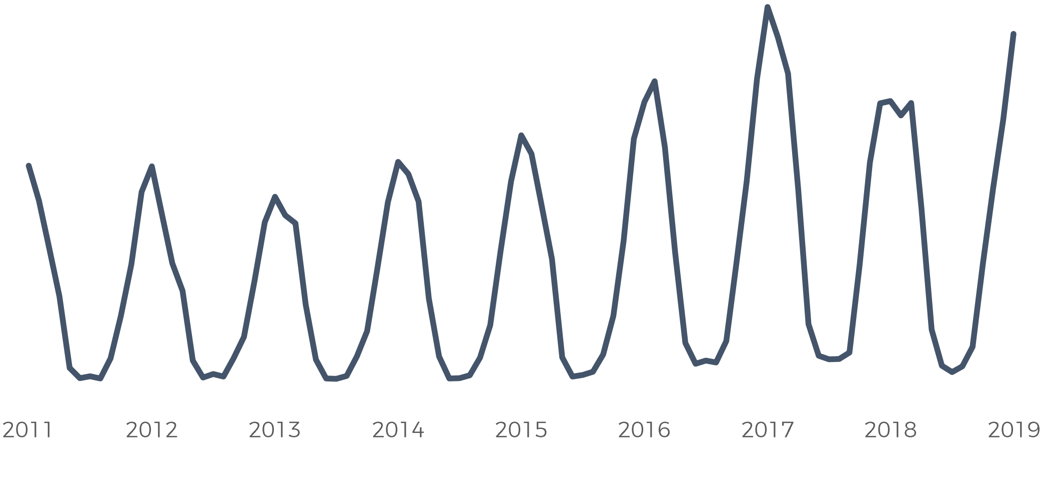
39 Accommodation on the Heaphy Track is predominantly in huts. As noted previously, the trial appears to have had an effect on the number of campers on the Abel Tasman Coast Track. It is unlikely that Abel Tasman Coast Track campers would have been diverted to the Heaphy Track as the visitor experience is quite different. However, there is some evidence that there has been an increase in international bednights at campsites on the Heaphy Track with the proportion of international visitor nights has increasing from 31 percent to 34 percent since the previous season.

Diversion to non-DOC accommodation

40 For the Abel Tasman Coast Track, other accommodation options exist. Previous analysis by DOC suggests that the majority of visitors to the Abel Tasman National Park do not use DOC accommodation. For example, in the 2016/17 season visitors were estimated at 312,500, of which just 44,089 stayed in DOC huts and camps on the Great Walk and 27,538 camped at Totaranui[1].

41 Despite the decrease in total bednights, data from track counters positioned on the Abel Tasman Coast Track indicates that so far this season there has been a similar number of visitors to previous seasons, and that the pre-peak period largely matches previous years. This suggests that the reduction in bednights may be due, in part at least, to visitors using alternative accommodation or potentially undertaking more day visits.

FIGURE 15: ABEL TASMAN COAST TRACK COUNTER READINGS



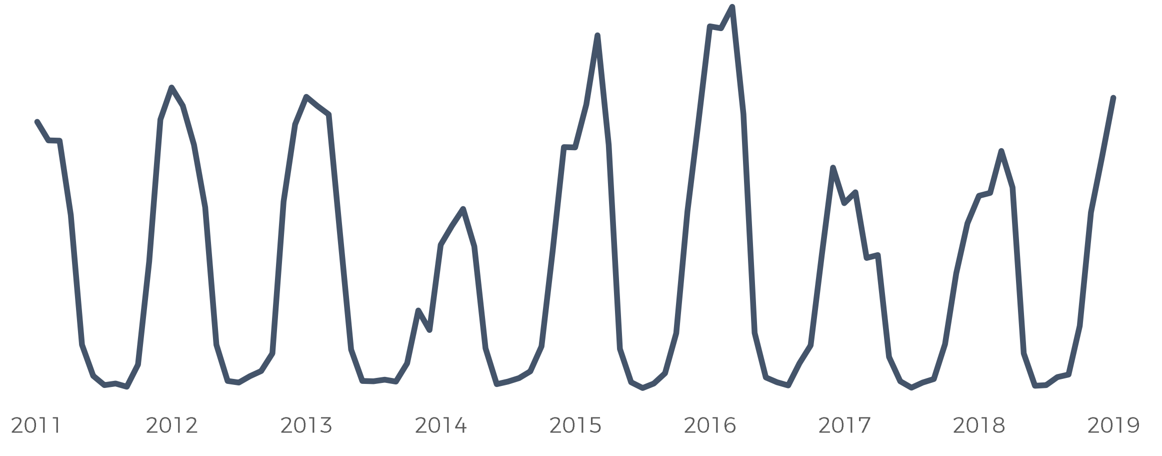
[1] DOC internal report: Abel Tasman Coast Track Visitor Statistics and Trends 2016/17.

4.4 DIVERSION TO OTHER WALKS/TIME OF YEAR CONT.

Diversion to other nearby non-Great Walks

42 Track counters stationed on other walks can give an indication of whether visitors have diverted to alternative walks in similar areas. For example, the Greenstone and Caples Tracks are adjacent to the Routeburn Track. Track counter data for the Greenstone Track shows some increase in activity during the November to January period this season, however an increase during this time is also evident for the previous season and so cannot be attributed to diversion of walkers to this track because of differential pricing on the Routeburn Track. Supporting this finding, Routeburn Track counter data indicates that the season to date is at least as busy as previous seasons, and that the pre-peak period largely matches previous years (see Figure 16 below).

FIGURE 16: ROUTEBURN TRACK COUNTER READINGS



Back-country pass sales and Hut bednights data

43 Back-country hut pass sales data was reviewed as a potential source of information on diversion of international visitors to non-Great Walk tracks, or to pre-peak access to the trial walks. However, the volumes of these sales were too low to indicate a change, and visitor nationality is captured under the previous definition, making any analysis potentially misleading. Likewise, hut bednights data was analysed for huts and campsites on the non-Great Walk tracks included in the evaluation. While the data has some limitations, there is no evidence of any significant changes in the number of nights spent on these four walks so far this season compared with previous seasons.

Booking system web analytics

44 Booking system data indicates a very low drop-out rate for visitors at the final stage of the booking process where visitors are presented with the price (and before they enter credit card details) - 1.6 percent for international users and 1.1 percent for New Zealand based users – regardless of whether the track was part of the differential pricing trial. This indicates that people booking Great Walks were either aware of the pricing structure before booking, or were not overly sensitive to the price change (i.e. if international visitors went through the reservation process and pulled out due to price it was only a very small proportion).

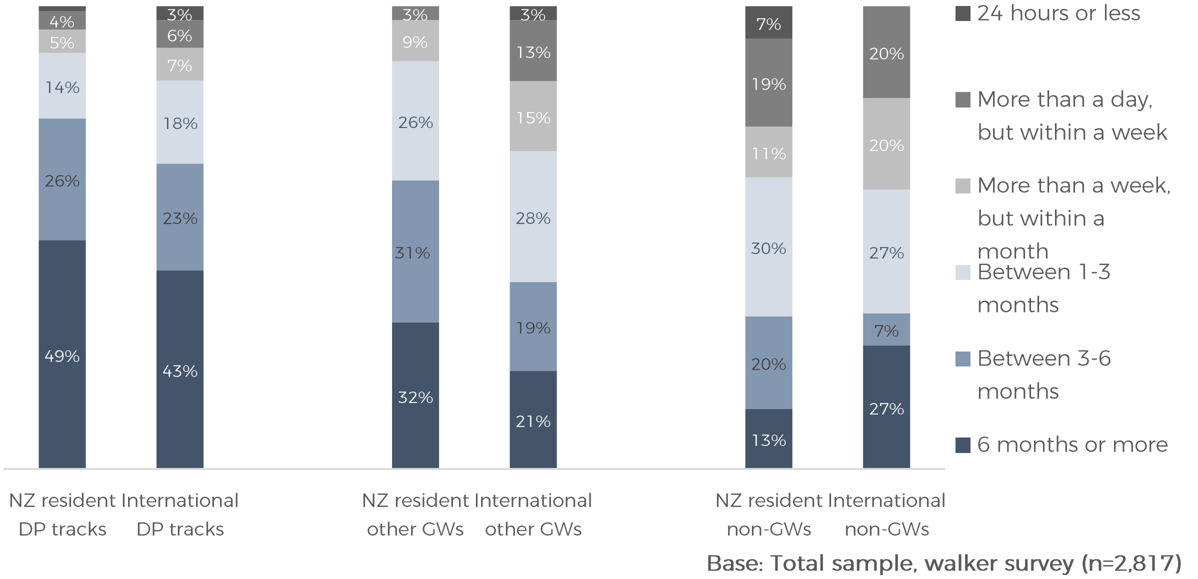
45 The international drop-out rate on the days that bookings to the four trials walks opened was highest for the Milford Track (at 2.4 percent, compared to 1.5 percent for New Zealand users), and lowest on the day that the Abel Tasman Coast Track bookings opened (at 0.7 percent, compared to 1.0 percent for New Zealand users), although it should be noted that bookings for the Tongariro Northern Circuit also opened on this day.

4.5 BOOKING EXPERIENCE & DRIVERS OF CHOICE

46 Of those walking the four differential pricing trial tracks, three quarters of New Zealand residents and two thirds of international walkers decided to do so three or more months in advance of commencing their walk. This proportion is higher than for the walkers of Great Walks not part of the trial, and for the other non-Great Walks included in the evaluation.

47 By walk, the Milford Track has the longest lapse between decision and walk with 72 percent of New Zealand residents and 70 percent of international walkers deciding to complete the track more than six months in advance of walking. This is followed by the Routeburn Track, with more than half of walkers deciding on this track six months or more in advance. This contrasts with the timing of the trial announcement less than a month before bookings opened.

FIGURE 17: TIME BETWEEN DECISION TO WALK AND COMMENCING WALK



Base: Total sample, walker survey (n=2,817)

48 For the 2018/19 season a new online booking system for Great Walks accommodation was introduced and bookers generally found the booking process easy (49 percent 'very easy'; 44 percent 'quite easy'). For those that found it difficult this was mostly due to the stress/pressure of trying to secure bookings (especially for the Milford Track), trying to reconcile accommodation bookings with transport bookings (which are not integrated), and due to the complexity of the process for booking a 'simple campsite'.

49 Most walkers surveyed (86 percent) walked their first choice of track (92 percent of New Zealand residents and 78 percent of international walkers). For New Zealand residents this proportion is highest for those completing the Milford Track (it was the first choice for 99 percent of this group) and, of the other Great Walks, lowest for those completing the Kepler Track (it was the first choice for 87 percent of this group).

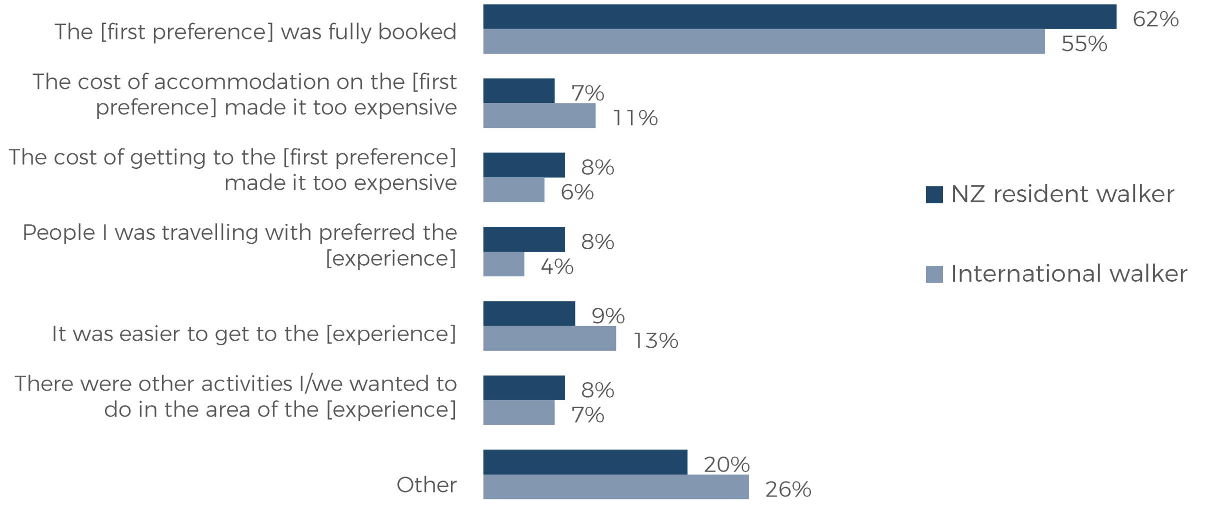
50 For international walkers this proportion is again highest for those completing the Milford Track (it was the first choice for 95 percent of this group) and, of the other Great Walks, lower overall than for New Zealand residents and lowest for those completing the Heaphy and Kepler Tracks (it was the first choice for just 65 percent and 68 percent of these groups respectively).

4.5 BOOKING EXPERIENCE & DRIVERS OF CHOICE CONT.

51 Of those international walkers completing the four trial Great Walks it was the first choice for 80 percent and for those on non-trial Great Walks it was the first choice for 73 percent. For those international walkers that did not walk their first choice track, the first choice track for 57 percent of this group was the Milford Track. The next most popular track that was 'missed out on' was the Routeburn Track with 12 percent of this group missing out. The proportions are very similar for New Zealand resident walkers..

52 As shown in Figure 18 below, for the majority of both New Zealand resident walkers and international walkers, the first preference being fully booked was the main factor in booking an alternative. This was a much stronger determinant of which walk was booked than the cost of the accommodation on the walk, even for international walkers. Other factors that influenced choice include the weather that was forecast and the track conditions (e.g. the Routeburn Track avalanche risk and the Lake Waikaremoana Track partial closure).

FIGURE 18: REASON DIDN'T BOOK FIRST PREFERENCE WALK

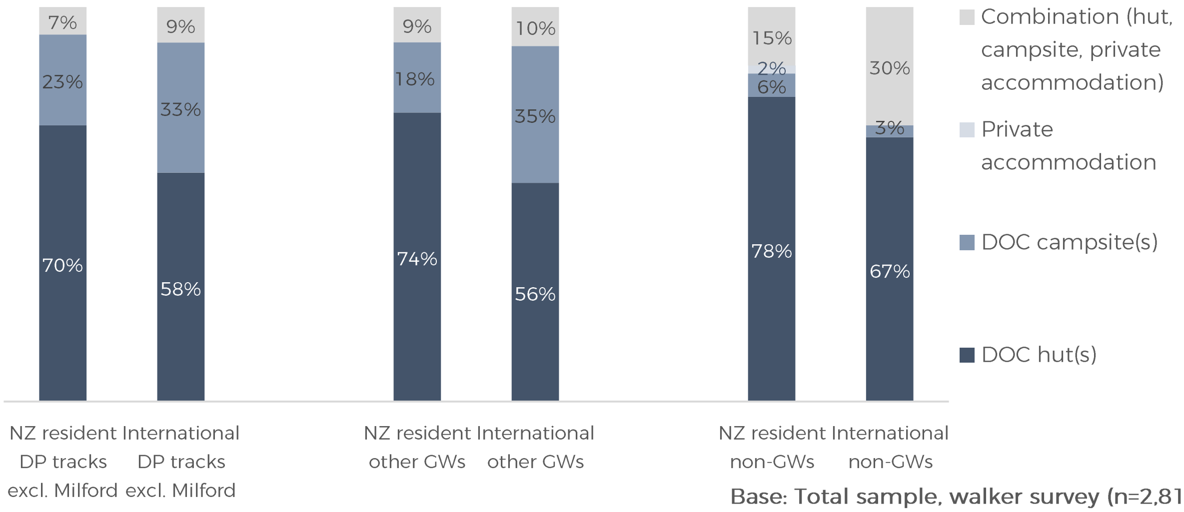


Base: Experience undertaken not first choice (n=385)

53 As shown in Figure 19 overleaf, of those walking the Routeburn, Kepler and Abel Tasman Coast Tracks during October to January, a higher proportion of New Zealand residents than international walkers stayed in hut accommodation (all accommodation on the Milford Track is in huts). This proportion is very similar to that seen on non-trial Great Walks however: i.e. it does not suggest that international walkers are booking campsites on the trial walks instead of huts in order to avoid paying the higher fee, at least not in a greater proportion than 'normal'.

4.5 BOOKING EXPERIENCE & DRIVERS OF CHOICE CONT.

FIGURE 19: ACCOMMODATION USED ON WALK

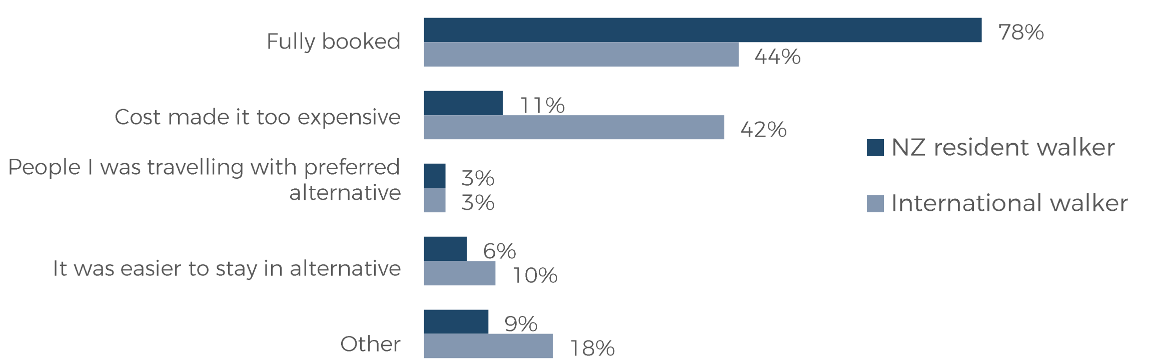


Base: Total sample, walker survey (n=2,817)

54 Most walkers surveyed (91 percent) were able to book their first choice of accommodation (92 percent of New Zealand residents and 88 percent of international walkers). For New Zealand residents, and of the trial tracks excluding the Milford Track, this proportion is highest for those completing the Routeburn Track (at 97 percent) and lowest for those completing the Abel Tasman Coast Track (at 85 percent). For international walkers this proportion is highest for those completing the Kepler Track (90 percent secured their first choice of accommodation), and lowest for those completing the Abel Tasman Coast Track (at 80 percent).

55 As shown in Figure 20 below, for a large proportion of both New Zealand resident walkers and international walkers, the first preference of accommodation type being fully booked was a factor in booking an alternative. However, for international visitors, cost was also a significant factor. Other factors that influenced choice include the weather that was forecast, and the location of the accommodation.

FIGURE 20: REASON DIDN'T BOOK FIRST PREFERENCE ACCOMMODATION



Base: Accommodation booked not first choice (n=265)

56 It is evident that the vast majority of New Zealand resident and international walkers experienced their first choice of walk and their first choice of accommodation. For the small proportion of international walkers who didn't book their first choice of accommodation, cost was a factor in that decision.

Evaluation of Trial Objective 2

Increase the proportion of costs that are received from international users

OBJECTIVE TWO EVALUATION SUMMARY

Objective 2: Increase the proportion of costs that are received from international users

1 During the evaluation period the contribution to costs from international users increased by $0.98m (based on total revenue for the eight Great Walks included in the evaluation). Considering the four trial walks only, international users contributed $1.05m more towards costs than during the corresponding period in the previous season. In contrast, the increase in the contribution from New Zealand residents across the eight Great Walks was $0.33m.

2 Revenue from international walkers represented 68 percent of total revenue during the evaluation period, up from 65 percent during the corresponding period in the previous season i.e. **the contribution to costs from international users has increased from 65 to 68 percent**.

3 The contribution to costs from international users increased for three of the four trial walks as follows:

- the Abel Tasman Coast Track (up from 66 to 68 percent),
- the Milford Track (up from 68 to 74 percent; the greatest change in proportion),
- and the Kepler Track (up from 71 to 73 percent).

4 For the fourth trial walk, the Routeburn Track, the proportion remained stable at 74 percent, and for the other four Great Walks included in the evaluation the proportion decreased (from 52 percent to 45 percent).

5 Overall **the trial objective has been met** in that the proportion of costs that are received from international users has increased. This is based on the combined view for the eight Great Walks evaluated and the combined view for the four trial Great Walks.

6 The proportion has not increased for all of the Great Walks though and, as a consequence, it cannot be said the objective was met resoundingly.

5.1 OVERALL IMPACT OF TRIAL ON REVENUE

Cost recovery and revenue

7 Objective 2 is to increase the proportion of costs that are received from international users. While this section of the evaluation largely considers the impact of the trial on Great Walks revenue, this should be viewed in terms of the contribution of revenue towards total costs and as a cost recovery mechanism (i.e. what proportion of total costs does revenue cover, with a proportion at or above 100% indicating that all costs have been recovered). The key cost driver for Great Walks is operating expenditure (personnel, operating costs and depreciation), but total cost also includes a capital charge and a departmental overhead. Revenue is determined by volume and price.

Approach

8 Great Walks revenue has been estimated using DOC's booking system data. To ensure figures are comparable with the evaluation period, analysis has been limited to the period beginning with the opening of the Great Walks season and ending 31 January each year.

9 Note that the analysis undertaken here differs from the end of financial year reporting and cost recovery analysis that will be undertaken by DOC. The revenue estimates are intended only as analysis to support the evaluation of the trial objective and should not be used in any other context. The relative change in revenue generated from international walkers versus New Zealand residents has been used as a means to assess the objective (i.e. it assumes that an increase in the proportion of total revenue coming from international walkers equates to an increase in the proportion of total costs received from international walkers). It is not possible to analyse the proportion of total costs received by international users directly, in this evaluation, because the revenue data covers part seasons only, and it may be misleading to compare this to total annual cost without an understanding the impact that seasonal patterns of use and other factors may have.

10 In interpreting the information the reader should bear in mind that international walkers on trial walks are effectively paying twice the 2017/18 prices during the 2018/19 season (i.e. the prices have increased this season for this group[1]). This means that even if the number of international bednights halved revenue would be maintained and this is why there can be a substantial increase in revenue despite a substantial decline in international bednights.

THE APPROACH TO ASSESSING REVENUE:

Some of the relevant ways in which this data differs from official financial reporting include:

- This data relates only to the analysis period: from the opening of the Great Walks season through to 31 January.
- Revenue is based on realised bednights, future bookings are not included.
- Revenue is based on accommodation only – i.e. campsite or hut fees. Other revenue sources have been excluded from the analysis (e.g. administration fees for changing bookings, cancellation fees etc.).

Because there have been previous changes to accommodation rates for the Great Walks, analysis of revenue has been undertaken on the basis of:

- 2018/19 revenue is estimated based on realised bednights at current season prices.
- All previous seasons have had revenue estimated on the basis of 2017/18 prices – that is, the same as the 2018/19 season but without any differential pricing in place.

Figures 21-26 that follow are purely illustrative and don't intend to convey actual revenue for previous years. Actual revenue differs in previous years due to a range of factors including price changes and external influences on visitor numbers. To keep the analysis simple, revenue is presented based on visitor nights at 2017/18 rates. These figures show that the impact of the trial is a sudden jump in revenue for each of the trial walks. For actual historical Great Walks revenue, reference should be made to the relevant DOC annual report.

[1] Refer: https://www.doc.govt.nz/news/issues/great-walks-differential-pricing-trial-201819/pricing/ for current season prices.

5.1 OVERALL IMPACT OF TRIAL ON REVENUE

Overall impact

11 Based on this analysis, revenue for the eight Great Walks included in the evaluation has increased by 35 percent, or $1.31m, during the comparison period (from $3.74m to $5.05m GST exclusive). Revenue from international walkers has increased by $0.98m (75 percent of the total revenue increase) and from New Zealand resident walkers by $0.33m. Further, and as outlined in Table 2 below, the trial has resulted in a 47 percent increase in revenue for the four trial walks (from $2.89m to $4.24m, GST exclusive).

12 Revenue from international walkers represents 68 percent of total revenue, up from 65 percent in 2017/18 i.e. **the contribution to costs from international users has increased from 65 to 68 percent**.

FIGURE 21: GREAT WALKS ESTIMATED REVENUE IMPACT OVER TIME*

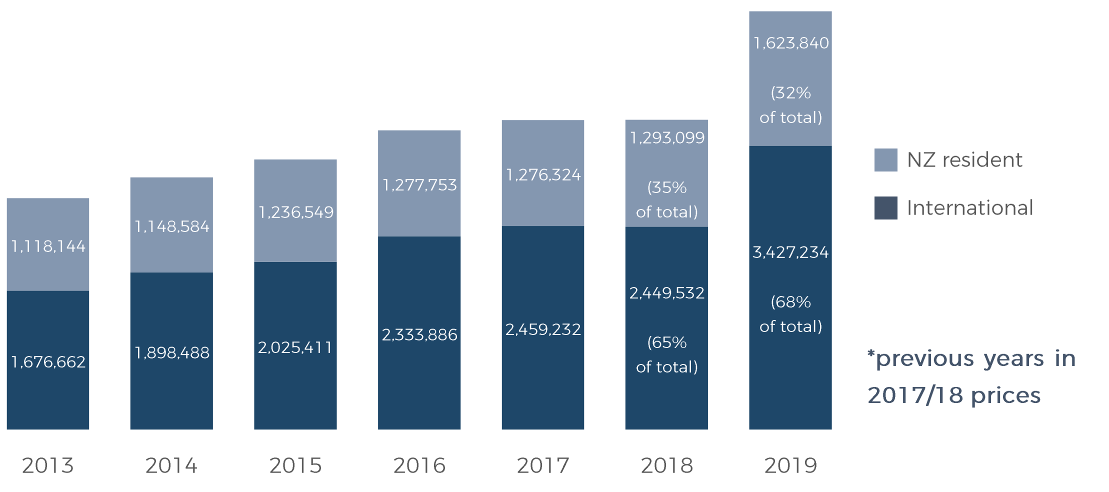


Table 2: 2017/18 – 2018/19 revenue changes by track

Track	2018/19 Revenue Increase ($000)		2018/19 *International* Revenue Increase ($000)		2018/19 *NZ resident* Revenue Increase ($000)	
Abel Tasman	205	24%	159	28%	46	16%
Kepler	401	57%	305	61%	96	47%
Milford	402	63%	334	67%	69	34%
Routeburn	348	51%	256	59%	92	45%
Heaphy	-10	-3%	-31	-71%	21	46%
Rakiura	1	2%	-5	-1%	6	4%
Tongariro N. Circuit	-21	-9%	-23	-14%	3	4%
Whanganui Journey	-18	-9%	-16	-14%	-2	-2%
Trial Walks	**1,356**	**47%**	**1,053**	**52%**	**303**	**34%**
Non-trial Walks	**-48**	**-6%**	**-75**	**-17%**	**28**	**7%**
All Great Walks	**1,308**	**35%**	**978**	**40%**	**331**	**26%**

5.1 OVERALL IMPACT OF TRIAL ON REVENUE CONT.

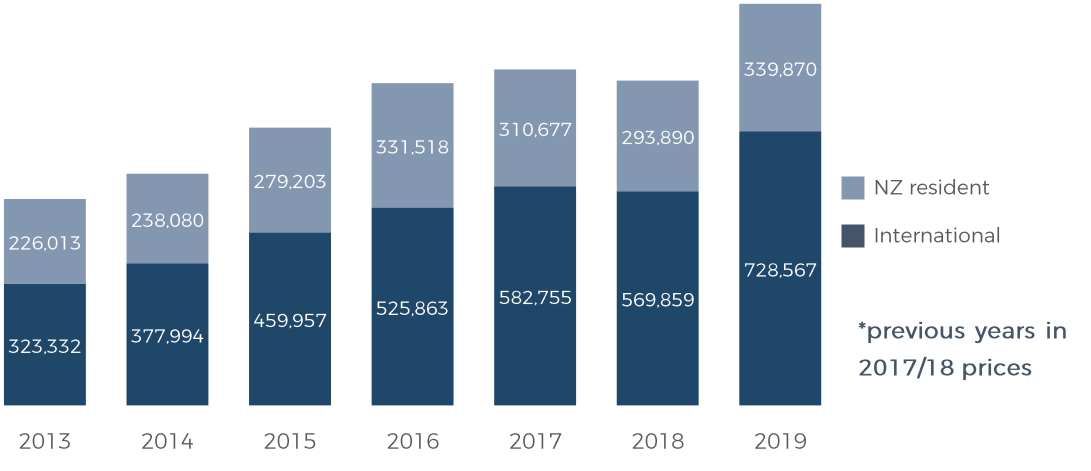
13 Because of the large visitor numbers to Abel Tasman Coast Track, revenue from this walk has a significant impact on the overall assessment of the differential pricing trial. As with the bednights analysis in the previous section, revenue analysis has been split into three sections: Abel Tasman Coast Track, the remaining three trial Great Walks, and non-trial walks.

Abel Tasman

14 The increase in revenue for the Abel Tasman Coast Track is the smallest of the trial Great Walks. This Great Walk recorded the largest decrease in international bednights of any of the Great Walks and this has moderated the impact of the differential pricing trial on overall revenue.

15 Compared to the 2017/18 season, revenue over the analysis period increased by 24 percent, from $0.86m to $1.07m with the contribution to costs from international bednights increasing from 66 to 68 percent.

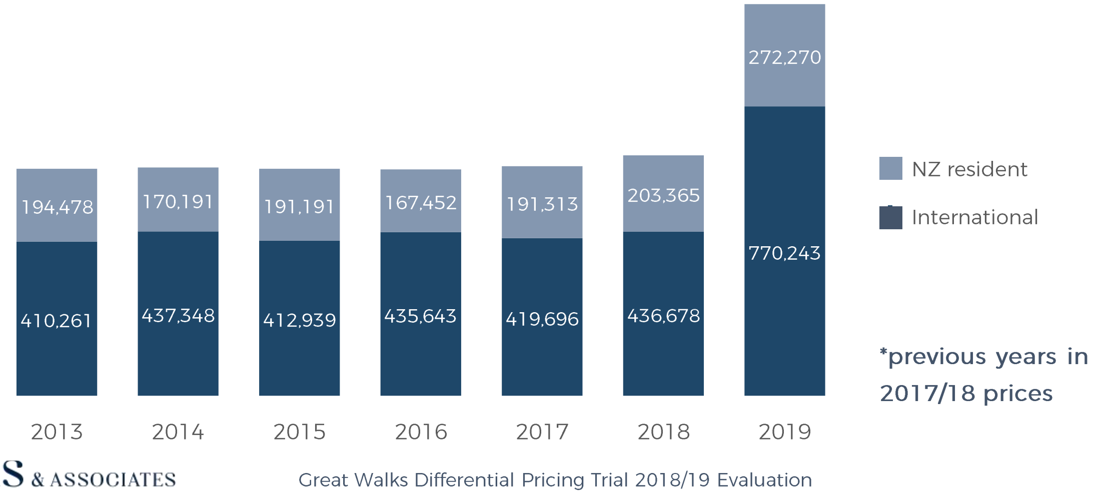
FIGURE 22: ABEL TASMAN ESTIMATED REVENUE IMPACT OVER TIME*



Milford

16 In contrast, Milford Track revenue over the analysis period increased by 63 percent, from $0.64m to $1.04m with the contribution to costs from international bednights increasing from 68 percent to 74 percent. As Figure 23 below shows, revenue has been very stable over previous seasons, due to the track being consistently at full capacity, and there being little change in visitor demographics over time.

FIGURE 23: MILFORD ESTIMATED REVENUE IMPACT OVER TIME*

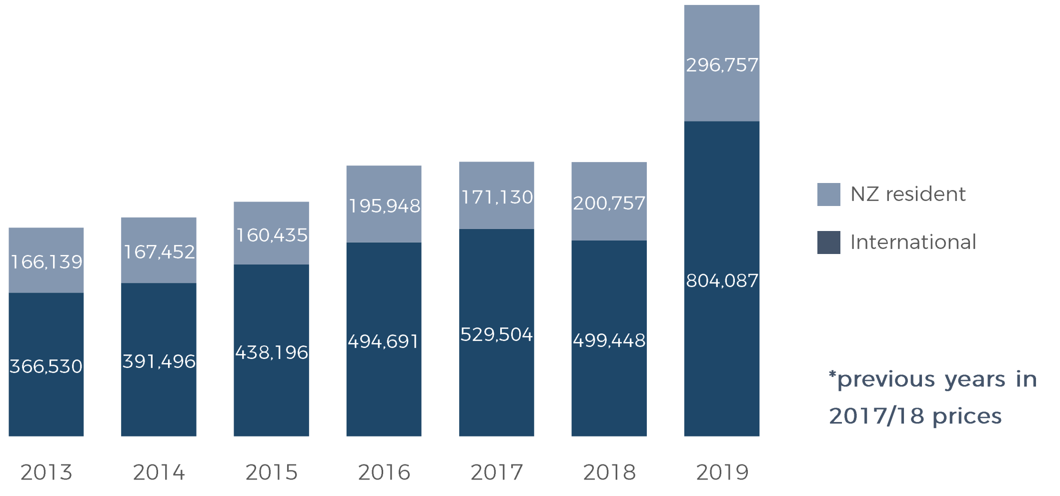


5.1 OVERALL IMPACT OF TRIAL ON REVENUE CONT.

Kepler Track

17 Over the analysis period, revenue from the Kepler Track increased by 57 percent, from $0.70m to $1.10m with the contribution to costs from international bednights increasing from 71 percent to 73 percent.

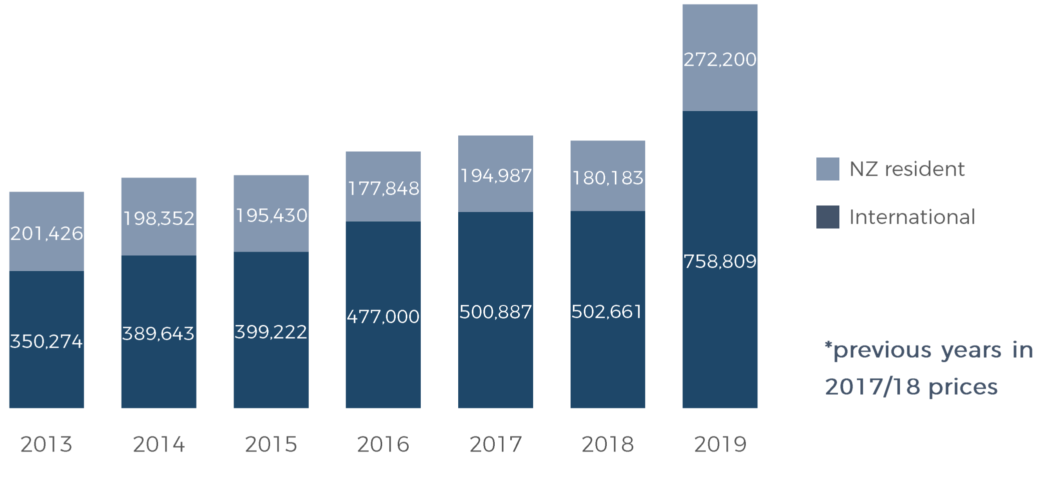
FIGURE 24: KEPLER ESTIMATED REVENUE IMPACT OVER TIME*



Routeburn Track

18 Revenue from the Routeburn Track increased by 51 percent, from $0.68m to $1.03m with the contribution to costs from international bednights remaining stable at 74 percent.

FIGURE 25: ROUTEBURN ESTIMATED REVENUE IMPACT OVER TIME*



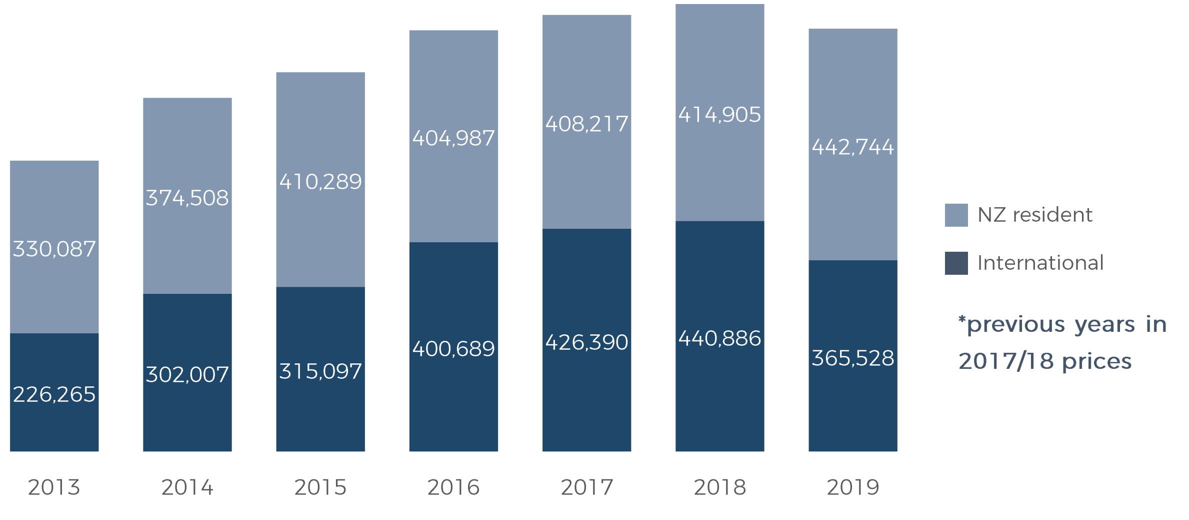
5.1 OVERALL IMPACT OF TRIAL ON REVENUE CONT.

Non-trial Great Walks

19 Historically, a larger proportion of total revenue has come from New Zealand resident bednights on the non-trial Great Walks than on the trial Great Walks. The proportion was at or just under 50 percent during the past three years.

20 During the evaluation period revenue from international bednights decreased by 17 percent, from $0.44m to $0.37m (the lowest total since 2014/15), and the contribution to costs from international bednights decreased from 52 percent to 45 percent.

FIGURE 26: NON-TRIAL GREAT WALKS ESTIMATED REVENUE IMPACT OVER TIME*



Classification changes

21 The role of walker classification changes on international and New Zealand residents' relative contribution to costs is not clear. Due to booking system changes, a small proportion of walkers classified this season as 'usually resident in New Zealand' may have in previous seasons been classified as international visitors. It is unlikely that this inconsistency between the current and previous seasons has had a significant impact but it may be that, if the classification criteria had not changed, the increase in the proportion of costs received from international users would have been greater. The trial itself is however believed to have had the more significant impact on the proportion of costs received from international users than the booking system change.

5.2 IMPACT OF TRIAL ON ACCOMMODATION CHOICES

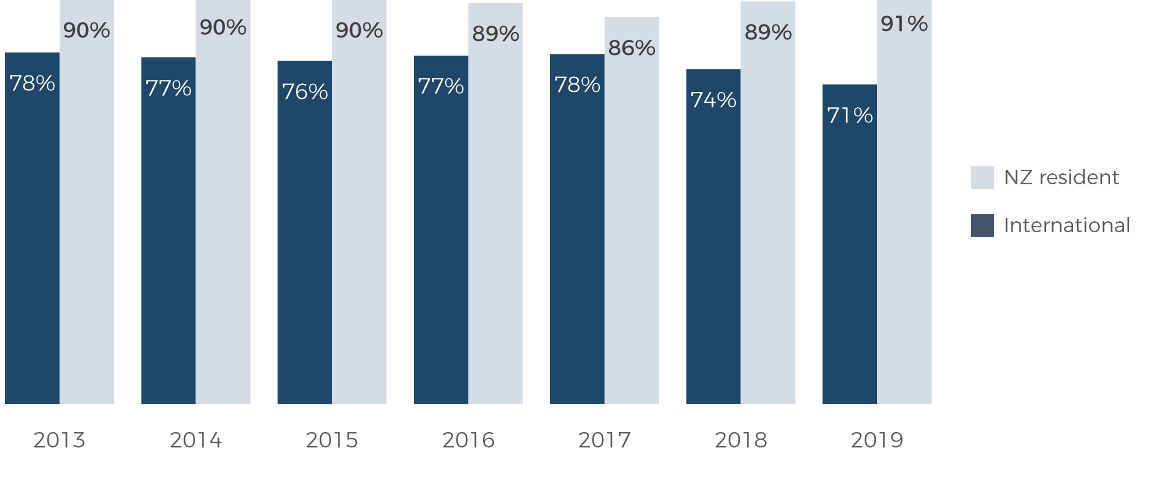
22 Given the higher fees for international walkers there was potential for a shift in their accommodation choices (from huts to campsites), which would potentially lessen the positive impact of the differential, but also increase the opportunity for New Zealand residents to use hut accommodation. It does not appear that there has been a significant shift however in the balance between use of hut and campsite accommodation as a result of the trial.

23 As noted in section 4.2, campsite accommodation is the dominant choice for both international visitors and New Zealand resident visitors to the Abel Tasman Coast Track. On the other hand, there are no camping options on the Milford Track. As such we have considered whether there has been a change in use of hut accommodation on the Routeburn and Kepler Tracks only.

Routeburn

24 The 2018/19 season has seen a small decrease in the proportion of international bednights spent in huts (from 74 percent to 71 percent), and a small increase in New Zealand resident bednights (from 89 percent to 91 percent). This suggests that some international walkers may have been deterred from booking hut accommodation, freeing up hut space for New Zealand residents. However, these changes are relatively minor and it appears that the proportions may have been shifting prior to the trial in any case.

FIGURE 27: ROUTEBURN HUT NIGHTS AS PROPORTION OF OVERALL BEDNIGHTS



OBJECTIVE TWO EVALUATION

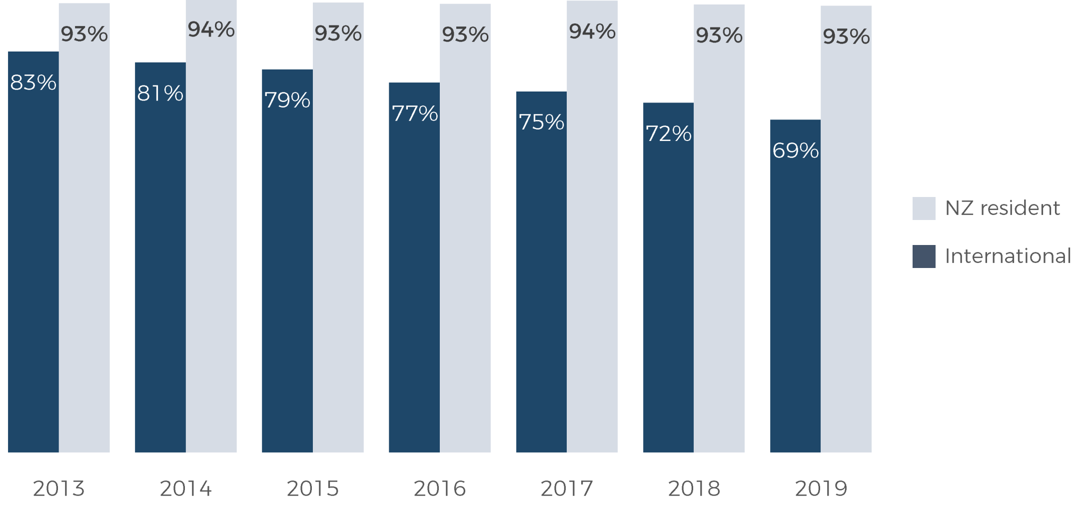
5.2 IMPACT OF TRIAL ON ACCOMMODATION CHOICES CONT.

Kepler

25 The 2018/19 evaluation period has seen a small decrease in the proportion of international bednights spent in huts (from 72 percent to 69 percent), while the proportion of New Zealand resident bednights spent in huts remained steady at 93 percent.

26 The reduction in hut nights as a proportion of overall international bednights appears to be part of an ongoing trend towards use of campsite accommodation, rather than an impact of the trial.

FIGURE 28: KEPLER HUT NIGHTS AS PROPORTION OF OVERALL BEDNIGHTS



27 Based on this analysis it does not appear that there has been a significant shift in the balance between use of hut and campsite accommodation as a result of the trial. Section 4.5 discusses influences on booking choices and this suggests that the vast majority of walkers secured their preferred accommodation type.

> "I agree with the principle of allowing locals to have cheaper rates, but doubling the price for internationals makes it very expensive. ... This is why we chose to camp rather than huts, because huts were too expensive for what we felt was of value. And we did 2 Great walks in our time in NZ, so to be in huts for both walks would've meant we couldn't do the trip. ... As much as I loved my time in NZ and the Great Walks, this is the one thing that would deter me from going to NZ again to do any of the great walks. Perhaps the rates can be slightly different for locals and internationals, but not so high... ." (Australia, Routeburn)

5.3 IMPACT OF TRIAL ON VISIT DURATION

28 Average visit duration has also been analysed, to identify any impact of the trial on visitor behaviour: in particular, to confirm whether international visitors are attempting to complete Great Walks in fewer nights in order to reduce accommodation costs.

29 Because the new booking system and the previous booking system capture visitor details in slightly different ways, 2018/19 figures are not directly comparable with historical data, so some care must be taken in interpreting the findings. Having said that, **there is little evidence of any appreciable change walk duration based on the booking system data** (see Table 3 below).

Table 3: Average stay duration (nights) spent on Great Walks (Oct-Jan)

Track	2017/18 season Average nights stayed		2018/19 season Average nights stayed	
	NZ residents	International	NZ residents	International
Abel Tasman	2.27	2.15	2.54	2.08
Kepler	2.47	2.19	2.47	2.16
Milford	2.99	2.99	2.94	2.96
Routeburn	2.01	1.80	1.97	1.84
Heaphy	1.84	1.78	1.91	1.84
Rakiura	2.77	3.02	2.73	2.97
Tongariro Northern Circuit	2.16	2.14	2.12	2.16
Whanganui Journey	2.22	2.20	2.22	2.20

30 While the booking system data cannot be said to indicate that visitors have adjusted their stay duration as a result of the trial, there is some anecdotal evidence that walkers are doing this. For this reason findings are somewhat inconclusive. For example, there are observations to this effect in the Abel Tasman Coast Track and Kepler Track ranger survey returns, as well as observations of an increase in day trippers to the Abel Tasman Coast Track, which would not be accounted for in Table 3 above.

"More walking through and doing the track in two days instead of three."
(Ranger, Kepler)

"I met an international family that thought the cost was prohibitive, so did day walks from each end. It seems like the track could get busy with others taking this tact and presumably they pay nothing towards track maintenance/facilities."
(New Zealand, Routeburn)

Evaluation of Trial Objective 3

Charge international visitors a fee that more fairly reflects the high value of the experience

OBJECTIVE THREE EVALUATION SUMMARY

Objective 3: Charge international visitors a fee that more fairly reflects the high value of the experience

1 Findings do not align well with the trial objective to charge international visitors a fee that more fairly reflects the high value of the experience and so we cannot say that this trial objective has been met.

2 While the majority of international walkers on trial tracks are satisfied with their experience and agree the walks offer value for money, the proportions agreeing so have decreased during the evaluation period. Further, the majority of this group believe the cost is too high and oppose differential pricing. Potentially significant future implications are also evident.

3 Satisfaction with Great Walks remains high for both New Zealand resident walkers and international walkers. However, there is evidence that **international walkers on trial tracks are slightly less satisfied than international walkers on non-trial tracks**, and slightly less satisfied than in previous years. In terms of satisfaction with specific aspects of the experience international walkers on the trial tracks are also less likely to agree that the facilities are of a high standard.

4 Further, international visitors that walked a trial track have a different perception about the cost of their experience than international visitors on other Great Walks, and New Zealand residents walking Great Walks. Almost two thirds of this group indicate that the cost is either 'too high' or 'much too high'.

5 Importantly, international visitors that walked a differential pricing trial track also have a different perception about the value for money they got from their experience than international visitors on other Great Walks, and New Zealand residents walking Great Walks. While their sense of value for money is high, during the evaluation period **agreement that the experience gave value for money decreased for international walkers completing trial walks in comparison with the two preceding years**.

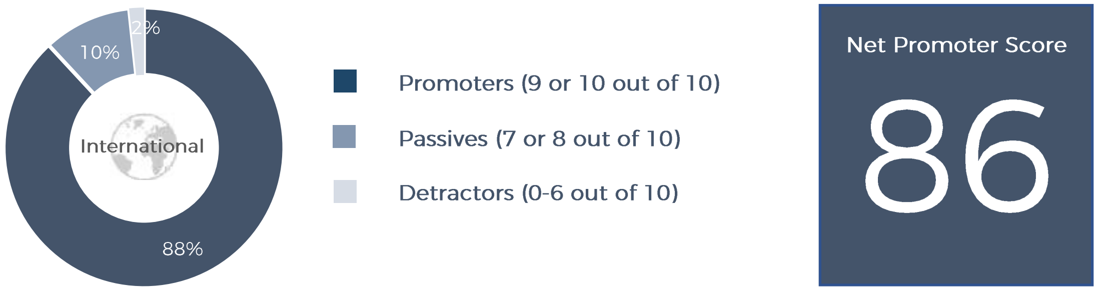
6 The majority of New Zealand resident walkers are supportive of differential pricing on Great Walks while international walkers are much less supportive - with more than half opposing it. While there are desirable outcomes of differential pricing for New Zealand residents, if it continues, the potential outcomes for international walkers should also be noted:

- **half** say they are less likely to do a Great Walk in future,
- **one quarter** say that they are less likely to bring children with them,
- **one in five** say that they are less likely to recommend New Zealand and/or return.

6.1 PERCEPTIONS OF NZ & ROLE OF WALK IN VISIT

7 Before being presented with detailed questions about their walking experience, international walkers were asked about their impressions of New Zealand, as context for their views on their walking experience and differential pricing. A very high proportion of international walkers are likely to recommend New Zealand as a destination, and the Net Promoter Score (NPS) for this group (at 86) is higher than the NPS of 76 recorded in MBIE's 2018 International Visitor Survey[1].

FIGURE 29: NET PROMOTER SCORE



8 Almost two thirds of international walkers find New Zealand (quite or very) expensive however, and it is the cost of activities and experiences that is most commonly cited as contributing to this.

FIGURE 30: AFFORDABILITY OF NZ

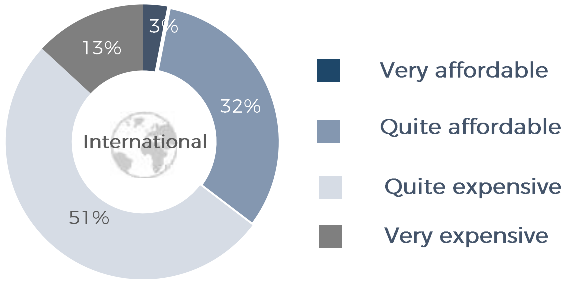
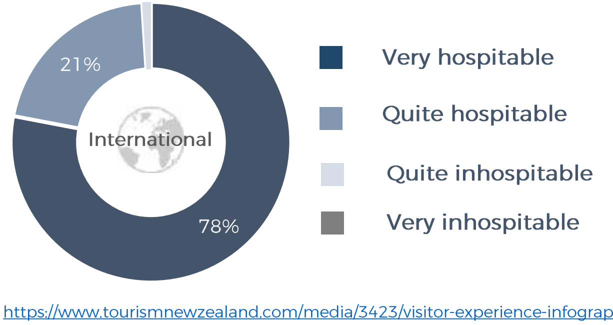


Table 4: What walkers found expensive in NZ

What, in particular, have you found expensive?	International walkers
NZ quite or very expensive (n=764)	
Travel to NZ	40%
Travel around NZ	35%
Accommodation	50%
Activities/experiences	**75%**
Food and beverages	63%
Other	6%

9 Views around affordability don't appear to impact views of hospitality. Four out of five international walkers say they've found New Zealand very hospitable.

FIGURE 31: LEVEL OF HOSPITALITY



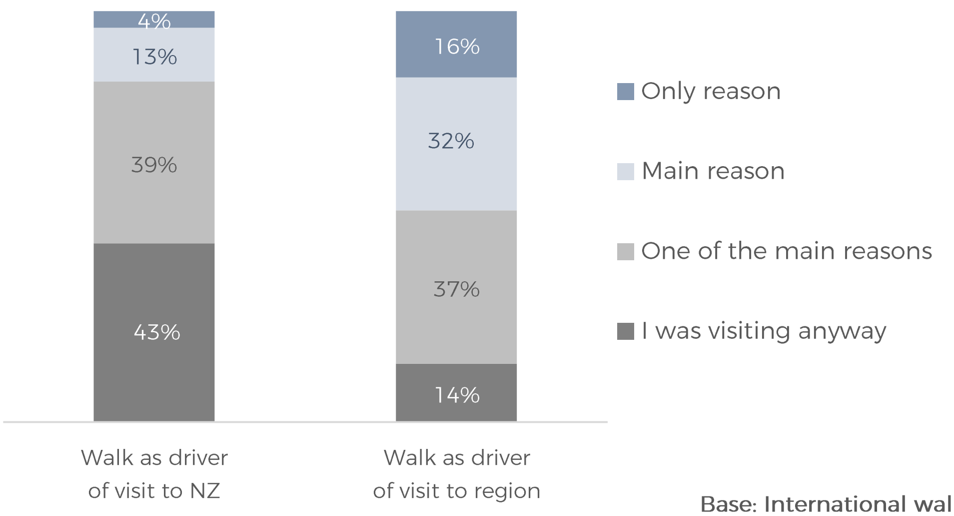
[1] Refer: https://www.tourismnewzealand.com/media/3423/visitor-experience-infographic-april-2018.pdf.

6.1 PERCEPTIONS OF NZ & ROLE OF WALK IN VISIT CONT.

10 For almost half of international walkers surveyed, the walk they answered the survey about was the only or main reason that they visited the region in which it was located. This suggests that if/where the differential pricing trial on Great Walks causes international visitors to choose to undertake alternative walks, regions where the trial walks are located may lose a proportion of the visits of that group altogether.

11 The walk had a lesser role in the decision to visit New Zealand however, with it being the only or main reason for fewer than one in five of those surveyed. At the same time, it is worth noting that the walk was the main or only reason for visiting New Zealand for 44 percent of walkers from Australia and 22 percent of walkers from Asian markets.

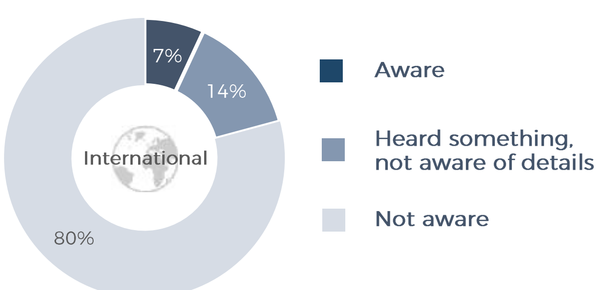
FIGURE 32: ROLE OF WALK IN DECISION TO VISIT



Base: International walkers (n=1,185)

12 As context for international walkers' views on the Great Walks differential pricing trial this group was also asked if they were aware of the NZ$35 International Visitor Conservation and Tourism Levy (IVL) that is set to be introduced later in 2019. Four out of five were unaware of this. This is perhaps not surprising as, at the time of surveying, official notification to visitors had not commenced. However, as awareness grows, there is potential for negative perceptions of differential pricing to be exacerbated.

FIGURE 33: LEVY AWARENESS

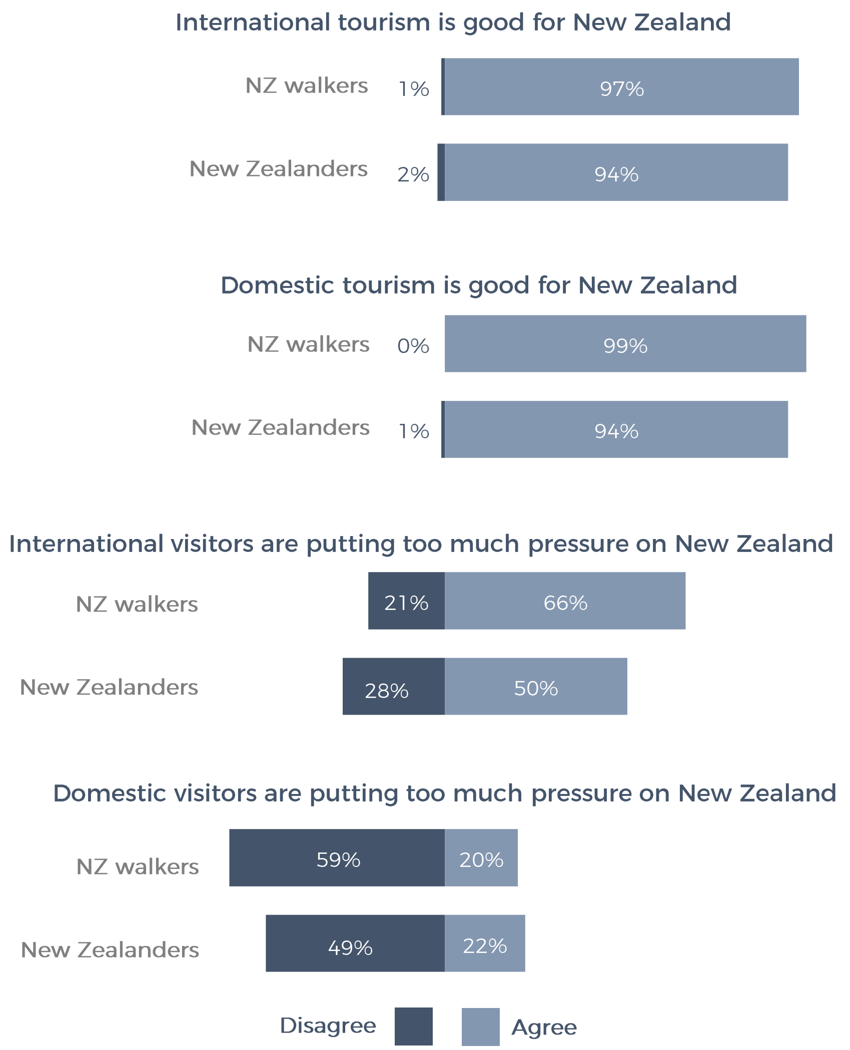


6.1 PERCEPTIONS OF NZ & ROLE OF WALK IN VISIT CONT.

13 Before being presented with detailed questions about their walking experience in Angus & Associates' walker survey, New Zealand resident walkers were asked about their thoughts on tourism in New Zealand, as context for their views on differential pricing. The questions mirrored those asked in Angus & Associates' 'Views on Tourism' research[1] and responses have been contrasted below against those of a representative sample of New Zealand travellers for the year ending December 2018.

14 Results suggest that New Zealand resident walkers are slightly more likely than the general travelling public to agree that international and domestic tourism is good for New Zealand. They are also however more likely to agree that international visitors are putting too much pressure on the country (and are more likely to disagree that New Zealanders are). Two thirds of New Zealand resident walkers surveyed believe international visitors are putting too much pressure on the country, compared with half of New Zealanders. This may reflect the particular characteristics of New Zealand resident walkers; or it may suggest that differential pricing is not helping to improve tourism's social licence but instead supporting negative views.

FIGURE 34: ATTITUDE TOWARDS TOURISM IN NZ - NZ RESIDENT WALKERS



Base: NZ resident walkers (n=1,632); NZ travellers (n=2,509)

[1] Refer: http://www.angusassociates.co.nz/views-on-tourism-research.

OBJECTIVE THREE EVALUATION

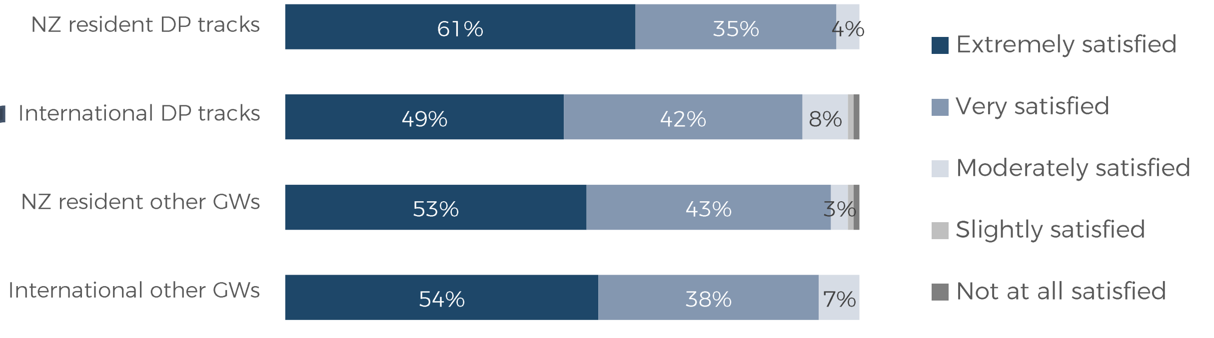
6.2 SATISFACTION

15 Satisfaction is very high[1] amongst those who walked Great Walks included in the differential pricing trial and amongst those who walked other Great Walks. It is also high, both amongst New Zealand resident walkers and international walkers. However, there is some evidence that international walkers on trial tracks are slightly less satisfied than those on non-trial tracks, and that New Zealand residents on trial tracks are slightly more satisfied than New Zealand residents on non-trial tracks.

16 Of the four trial tracks, international walkers are least satisfied with the Routeburn Track (although satisfaction remains very high at 46 percent extremely satisfied and 41 percent very satisfied) and most satisfied with the Milford Track (53 percent extremely satisfied; 37 percent very satisfied).

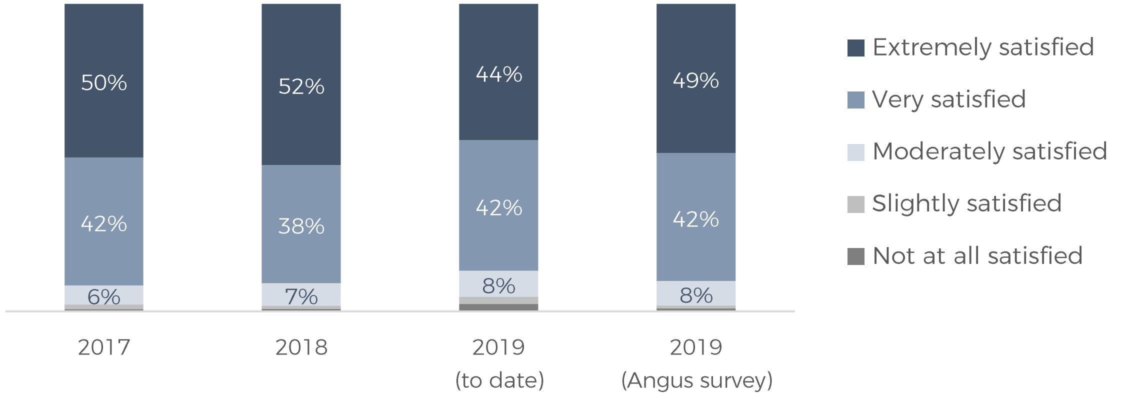
17 Historical data measuring satisfaction does not strongly suggest that the satisfaction of international walkers on the trial tracks has changed (so far) this season (although the proportion extremely satisfied has decreased on the past two seasons in the DOC post-Great Walk survey).

FIGURE 35: OVERALL, HOW SATISFIED WERE YOU WITH YOUR EXPERIENCE ON THE [TRACK]?



Base: Walked a Great Walk (n=2,732)

FIGURE 36: OVERALL SATISFACTION WITH EXPERIENCE OVER TIME



Base: International walkers on trial walks

18 Considering satisfaction with specific aspects of the walker experience there is some difference between international and New Zealand resident walkers on the trial tracks in regards to the standard of facilities (international walkers less likely to agree they are of a high standard) and in regards to the number of people encountered (international walkers more likely to agree that it was low).

[1] This survey question originates from DOC's post-Great Walk survey. It was adopted for use in the Angus & Associates walker survey for comparative purposes. Answer options are skewed towards positive responses and as such findings should be viewed with some caution (as responses may overstate the level of satisfaction).

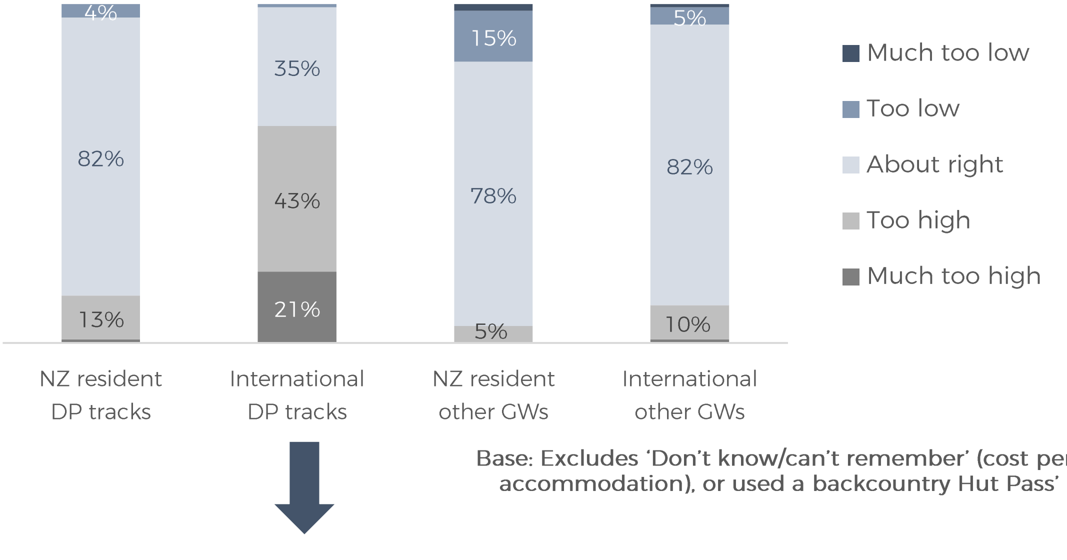
6.3 PRICE PERCEPTIONS

19 International visitors that walked a differential pricing trial track have a different perception about the cost of their experience than international visitors on other Great Walks and New Zealand residents walking Great Walks. Almost two thirds of this group indicate that the cost is either 'too high' or 'much too high'.

20 Considering this further, this view is most strongly held by international walkers on the Kepler and Milford Tracks. Of the four trial tracks, pricing on the Abel Tasman Coast Track is least likely to be considered too high, although more than half of international walkers still consider it so and this proportion increases to 70 percent of those staying in huts.

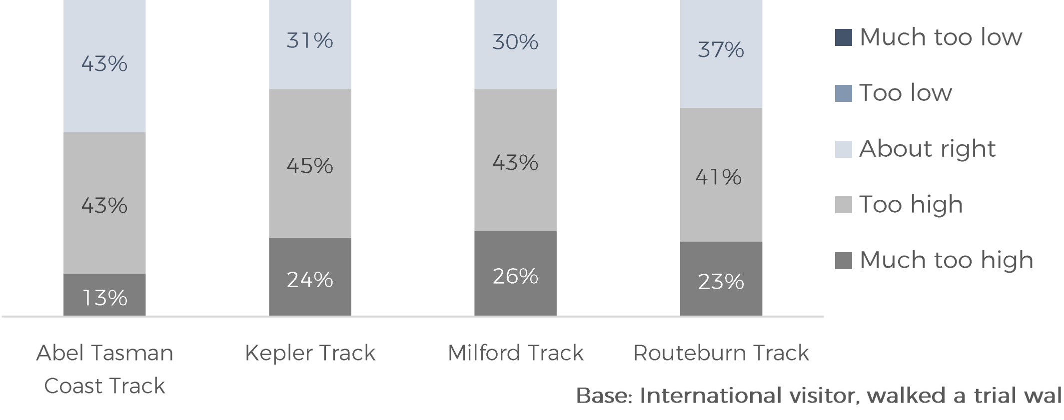
21 As outlined in section 6.6, just three out of five walkers surveyed were aware of the differential pricing trial. New Zealand resident walkers are less likely to have an objection to the cost if they are aware of the trial, and international walkers are more likely to object to the cost if they are aware (suggesting the extent of objection may grow as awareness among international walkers increases).

FIGURE 37: HOW WOULD YOU DESCRIBE THE COST (GIVEN YOUR EXPERIENCE)



Base: Excludes 'Don't know/can't remember' (cost per night of accommodation), or used a backcountry Hut Pass' (n=2,308)

FIGURE 38: HOW WOULD YOU DESCRIBE THE COST – INTERNATIONALS ON TRIAL TRACKS

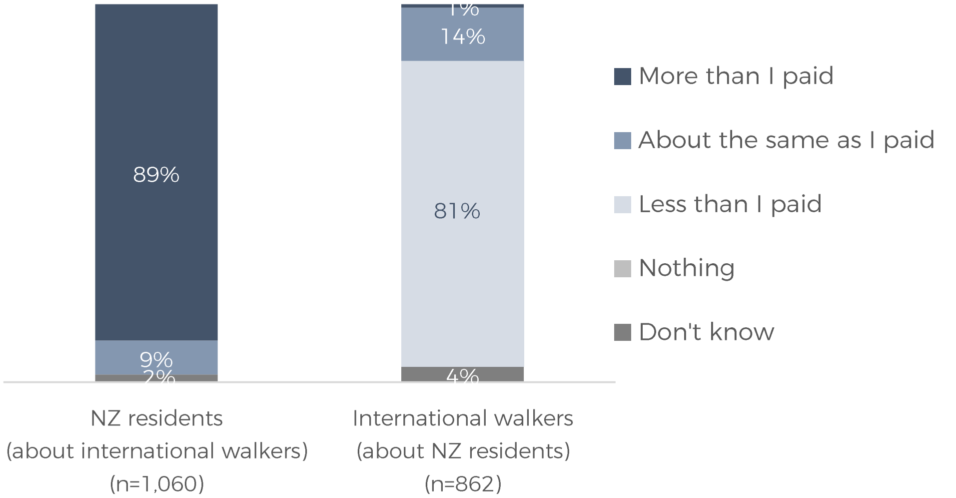


Base: International visitor, walked a trial walk (n=757)

6.3 PRICE PERCEPTIONS CONT.

22 Walkers of each trial track were also asked how much they thought other walkers were paying for the same accommodation on the walk. Both New Zealand residents and international walkers are commonly aware that each group is paying different amounts.

FIGURE 39: PERCEPTION OF PRICE OTHERS PAY



Base: **Walked a trial walk (n=1,922)**

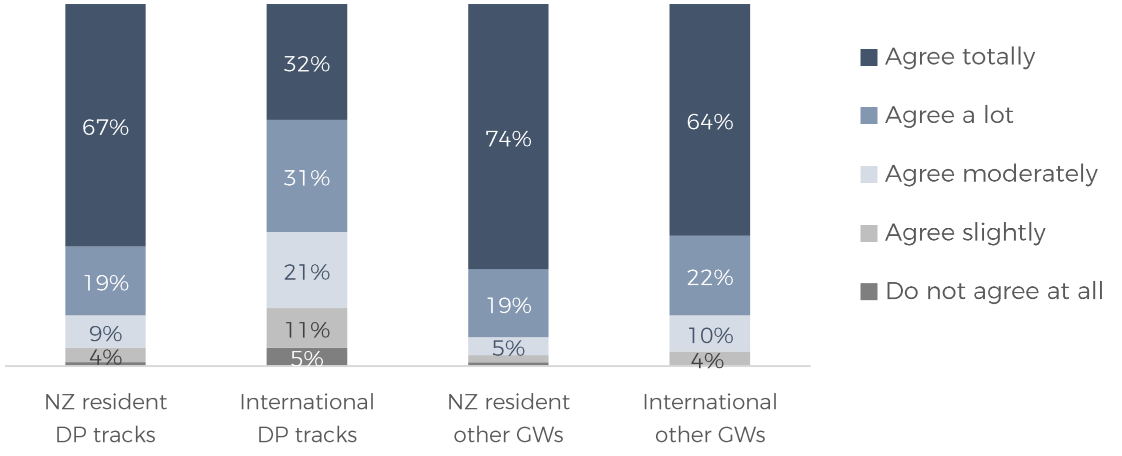
23 Ranger survey returns reinforce the perceptions presented in this section: i.e. that New Zealand residents are generally happy with the cost of Great Walks and that international walkers commonly believe pricing under the differential pricing trial is too high.

6.4 PERCEPTIONS OF VALUE FOR MONEY

24 International visitors that walked a differential pricing trial track have a different perception about the value for money they received from their experience than international visitors on other Great Walks and New Zealand residents.

25 While the sense of value for money is not as strong as for other walkers, still almost two thirds of international visitors subject to the higher prices indicated that they agreed 'totally' or 'a lot' that their experience on the walk gave them value for money, and just five percent 'do not agree at all'[1].

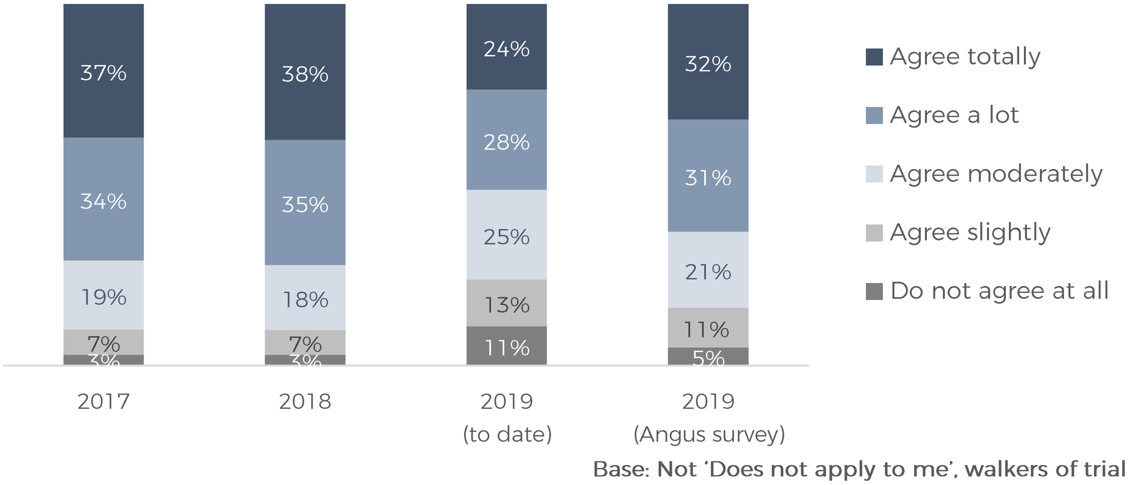
FIGURE 40: AGREEMENT THAT EXPERIENCE GAVE VALUE FOR MONEY



Base: Not 'Does not apply to me', not walkers of non-Great Walks (n=2,710)

26 Historical data measuring value for money suggests that the view held by international visitors on the trial walks so far this season is inconsistent with the view expressed during the past two seasons for the equivalent group. **The extent to which walkers agreed that the experience gave value for money has decreased for international walkers completing trial walks this season**.

FIGURE 41: VALUE FOR MONEY – INTERNATIONALS ON TRIAL TRACKS OVER TIME



Base: Not 'Does not apply to me', walkers of trial walks

[1] This survey question originates from DOC's post-Great Walk survey. It was adopted for use in the Angus & Associates walker survey for comparative purposes. Answer options are skewed towards positive responses and as such findings should be viewed with some caution (as responses may overstate agreement on value for money).

6.4 PERCEPTIONS OF VALUE FOR MONEY CONT.

27 Figure 41 on the previous page shows that during the 2017/18 and 2016/17 seasons 72 percent and 71 percent respectively of the equivalent group of international walkers agreed *totally* or *a lot* that the Great Walk experience gave value for money. This compares with 52 percent during the evaluation period according to the same survey (DOC's Great Walks post-survey)[1] and 63 percent according to Angus & Associates' walker survey[2].

28 These findings do not indicate support for achieving the trial objective to charge international visitors a fee that more fairly reflects the high value of the experience. While the majority of international walkers on trial tracks still agree the experience gave value for money, agreement has decreased under the trial.

29 By track, it is the Kepler, Milford and Routeburn where value for money is weakest for international visitors under the trial (see Table 5 below). For non-trial tracks perceptions of value for money are similar but slightly lower for international visitors compared to New Zealand residents.

30 It is not clear why the Abel Tasman Coast Track rates differently on value for money than the other three trial tracks. It may be that the fee is lower overall, or a consequence of the nature of the experience: i.e. that there are multiple ways to experience the track, and flexibility on entry and exit points, so walkers can design their experience to suit to a greater extent than for the Milford, Kepler and Routeburn tracks.

Table 5: Value for money by track

My experience on the [track] gave me 'value-for-money' Agree totally or Agree a lot (n=2,240)	NZ resident walkers	International walkers
Abel Tasman Coast Track	**89%**	**71%**
Heaphy Track	92%	90%
Kepler Track	**83%**	**60%**
Milford Track	**80%**	**60%**
Rakiura Track	96%	85%
Routeburn Track	**87%**	**60%**
Tongariro Northern Circuit	95%	89%
Whanganui Journey	86%	71%
Travers-Sabine Circuit	91%	100%*
Hollyford Track	75%*	100%*
Greenstone-Caples Tracks	100%*	83%*
Rees-Dart Track	78%*	100%*

**low sample size*

31 On social media, several people cited the huts being "way too expensive" with some prospective visitors having considered minimising the cost by staying in campgrounds, freedom camping and hitchhiking to the Great Walks. Responding to a post shared by DOC about the booking period opening, one person commented "The fact that a weekend doing a hike costs just as much, if not more, than a weekend in Auckland, Rotorua etc. is insane. Expect your non-Great Walks to get very unpopular".

32 Rangers also report complaints about the Brod Bay campsite on the Kepler Track – from walkers saying that the facilities on offer do not justify the fee charged for staying there.

[1] This season the respondent recruitment process has been compromised by the introduction of a new online booking system. As yet it is not known what the overall impact is on response sample size, or response rates. This should be noted given year on year comparisons are being made.
[2] Given the answer options for this question are skewed towards the positive (as noted on page 53), the value for money analysis focussed on changes in the 'top 2 box' score (agree totally + agree a lot), rather than changes in the proportion who 'did not agree at all' (the only non-positive option).

6.4 PERCEPTIONS OF VALUE FOR MONEY CONT.

33 This selection of verbatim comments illustrates some of the thinking behind the perceived value for money the trial walks offer to international walkers.

Good value

"… We really value the great walks and the life changing experience they offer. That's why we pay over the odds to go on them. …"
(Scotland, Routeburn)

"… Compared to the other touristy outdoor activities (like skydiving, heli-tours, boat rides) it's still a much better value for the dollar and this pricing change won't alter that."
(USA, Milford)

"… A few dollars more or less for the track wouldn't make an impact in our overall trip of 17 days. I thought we had great value. The huts were much better than expected."
(USA, Routeburn)

Poor value

"I think that 130$ per night is just way too much. I will not be doing any other great walks because it is too expensive and don't see the value. Paying 1.5 times the NZ rate would be more reasonable."
(Canada, Kepler)

"The difference in price is simply too big, resulting in a bad value for money for international visitors, especially when bringing children."
(Netherlands, Kepler)

"I am not opposed to different rates for internationals/Kiwis, but the international rate is very expensive given that the huts only have basic facilities: it is not good value for money."
(Belgium, Abel Tasman)

"… The value for money is also very poor by world standards. We independently walk in Europe and there, for the same price we paid in NZ, you get comfortable shelter, warm bedding, dinner, breakfast and sometimes lunch. …"
(Australia, Routeburn)

6.4 PERCEPTIONS OF VALUE FOR MONEY CONT.

Expectations

34 Depending on how it is communicated, charging higher fees may also have an impact on the **expectations** of international visitors: i.e. they will have higher expectations of the accommodation itself and of their Great Walks experience. There is some anecdotal evidence of this (as illustrated in the comments below) although this wasn't specifically measured as part of the evaluation.

35 A number of stakeholders expressed concern about the perceived value international visitors would place on the Great Walks and their facilities following the price increase. "People have higher expectations if they're paying more", one noted, "mean[ing] that the huts and facilities will have to meet those expectations". Another believed that such a steep increase would encourage visitors to be "disappointed or find things to complain about" because the "facilities on the track are not necessarily always worth" the higher price. Others were more pessimistic suggesting that the price increase and subsequent increase in perceived value would result in "vandalism and undesirable behaviour from visitors" and that tourists would feel like "cash cow[s]" and share their negative experiences about New Zealand with others.

36 It may be desirable that communications around the differential pricing trial fee structure are reviewed to better address questions of value for money (see section 7.5).

"I think that if the pricing structure continues as it has done for the trial then camping facilities need to be improved. …"
(England, Kepler)

"… On days where there is gale force winds and hail/rain, could the fires be going on arrival?"
(Australia, Kepler)

"One person seemed to expect hotel service for the $75/night."
(Ranger, Abel Tasman)

6.5 GREAT WALK PRICING CONTEXT

37 To provide context to the current Great Walks fees, the prices for four comparable international walking trails were considered (see Table 6 below).

38 Of the international comparisons, the least expensive is the Kalalau Trail in Hawaii (a walk of 1-2 days), where a camping permit costs USD$20 per person per day[1]. Cited as a competitor to the Milford Track, the most expensive trail is the Three Capes Track in Tasmania (a four day walk), where the total cost of the walk is AU$495 per adult[2]. This compares to NZ$420 (plus transport) for an international walker on the Milford Track during the 2018/19 season. The Three Capes Track is newly formed and features modern newly-built hut facilities.

39 Overall, under the current international walker prices, the differential pricing trial Great Walks are comparable but towards the high side compared to the international comparison walks. Based only on the fee for New Zealand residents (which until the current season was also the international walker price) New Zealand's Great Walks remain comparable but sit towards the lower side of the range.

Table 6: International comparison walks

International Walking Trail	Location	Nights	Price	Other information
Kalalau Trail	Kauai, Hawaii USA	0-2	US$20 per night camping (approx. NZ$30)	• 25% discount for residents
Mount Rinjani[3]	Lombok, Indonesia	0-5	Rp150,000 park entry plus organised trek fee of US$300-380 for 1-3 nights (approx. NZ$15 plus NZ$440-555 for 1-3 nights)	• 13% of park entry fee goes to national park authority, 62% Rinjani ecotourism trekking program, 25% route management • Most walkers do an organised trek
Overland Track[4]	TAS, Australia	5	Peak (1 Oct-31 May) AU$200 (approx. NZ$207 or NZ$42 per night) Off-peak (1 Jun-30 Sep) No bookings or fee required (but National Parks Pass still required)	• Limited to 60 departures per day • Maximum independent party size of 8 • Hut spaces not guaranteed, tents must be carried • Concession (Australian seniors) and child rate is AU$160 • Walkers must also purchase a National Park Pass • Information packs available for purchase (AU$36-43) • During Peak all walkers must walk in the same direction
Three Capes Track	TAS, Australia	3	AU$495 (approx. NZ$515 or NZ$172 per night)	• Limit of 48 people starting per day • Price includes Port Arthur historic site entry, boat cruise, accommodation, bus transfer and 85pg *"Encounters of the Edge"* guide book with maps • Accommodation has won several tourism awards • Concession (Australian seniors) and child rate is AU$396 • Walkers must also purchase a National Park Pass at AU$30

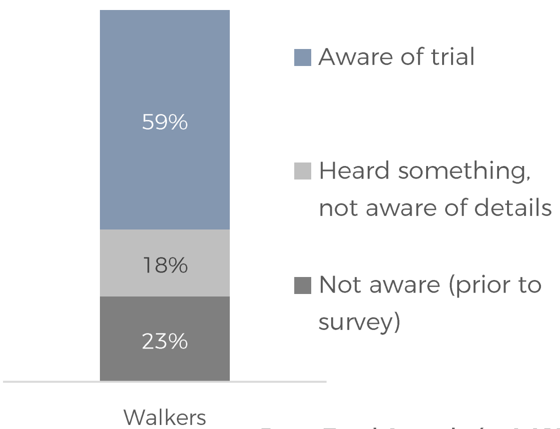
[1]Refer: https://kalalautrail.com/information/.
[2]Refer: https://www.threecapestrack.com.au/index.html.
[3]Refer: https://www.parks.tas.gov.au/index.aspx?base=7771.
[4]Refer: https://rinjaninationalpark.com/.

6.6 AWARENESS OF DIFFERENTIAL PRICING TRIAL

40 Not all walkers and stakeholders surveyed were aware of the Great Walks differential pricing trial. While this is not in itself a problem it should be considered how walkers' behaviour and reflections on their experience may have differed, if at all, had those unaware known.

41 Interestingly (given they are less directly affected by it) awareness is higher amongst New Zealand resident walkers than international walkers – even the group of international visitors walking the tracks on which the trial is occurring. Awareness is not significantly higher or lower among walkers from any particular countries.

FIGURE 42: AWARENESS OF GREAT WALKS DIFFERENTIAL PRICING TRIAL



Base: Total Sample (n=2,817)

	Aware of Trial
Walkers on trial tracks - NZ residents	74%
Stakeholders	72%
Walkers – NZ residents	65%
Walkers (all)	**59%**
Walkers on trial tracks – international	57%
Walkers – international	51%

Table 7: Awareness of tracks included in trial

Which of the following tracks are you aware that this new pricing structure is being trialled on?	NZ resident walkers	International walkers	Stakeholders
Abel Tasman Coast Track	**39%**	**34%**	**43%**
Heaphy Track	21%	9%	5%
Kepler Track	**39%**	**42%**	**30%**
Milford Track	**54%**	**57%**	**53%**
Rakiura Track	9%	3%	5%
Routeburn Track	**48%**	**47%**	**55%**
Tongariro Northern Circuit	14%	11%	3%
Whanganui Journey	7%	4%	1%
Travers-Sabine Circuit	1%	1%	1%
Hollyford Track	5%	4%	6%
Greenstone-Caples Tracks	2%	1%	1%
Rees-Dart Track	2%	1%	1%
Don't know	**34%**	**30%**	**26%**

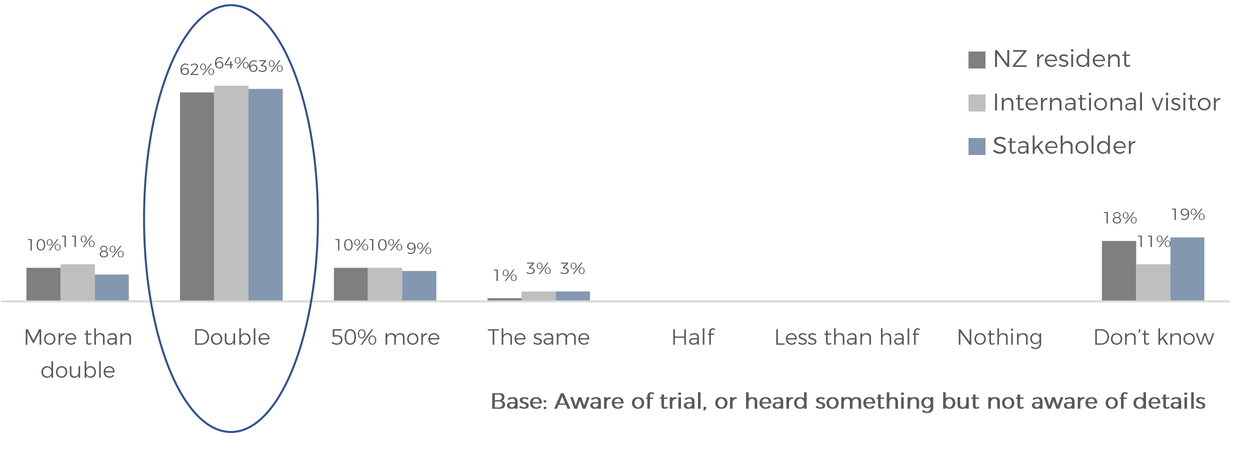
Base: Aware of trial, or heard something but not aware of details

6.6 AWARENESS OF DIFFERENTIAL PRICING TRIAL CONT.

42 As outlined in Table 7 on the previous page, awareness amongst walkers and stakeholders of the specific tracks that differential pricing is being trialled on is not particularly high. Approximately one third of walkers and one quarter of stakeholders did not know which tracks the trial applies to, and some walkers and stakeholders thought the new pricing structure was being trialled on tracks that it isn't actually being trialled on, including some non-Great Walks. This is relevant to the assessment of the objective in that a large proportion of walkers are not aware of the trial, or the details of the trial, and so are assessing the fees at face value rather than with knowledge of the trial and the details around how the trial is structured.

43 Just under two thirds of the walkers and stakeholders surveyed were able to correctly identify that international visitors are required to pay **double** the price paid by a New Zealand resident during the pricing structure trial however. There is little variance in knowledge amongst international visitors based on whether they walked a trial walk or another walk included in the evaluation. The same is true for New Zealand residents.

FIGURE 43: AWARENESS OF INTERNATIONAL TRIAL PRICE COMPARED TO NZ RESIDENTS



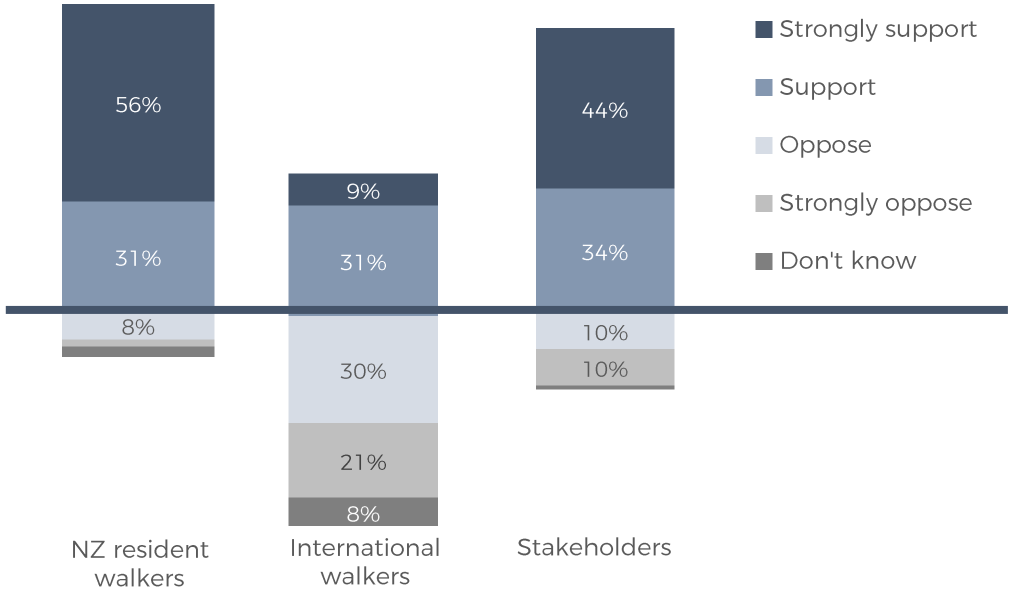
Base: Aware of trial, or heard something but not aware of details

6.7 EXTENT OF SUPPORT FOR DIFFERENTIAL PRICING

44 Walkers' views on differential pricing may impact on their perception of the value of their Great Walks experience.

45 A difference exists in New Zealand resident walkers' and international walkers' support of differential pricing. The vast majority of New Zealand resident walkers are supportive while international walkers are much less supportive - with more than half opposing differential pricing. Of the industry stakeholders surveyed around three quarters were supportive, with DOC concessionaires slightly less supportive than other stakeholders.

FIGURE 44: EXTENT OF SUPPORT FOR DIFFERENTIAL PRICING



Walkers more/less supportive

46 Support for differential pricing is higher among the group of international walker survey respondents who are aware of the International Visitor Conservation and Tourism Levy (IVL) due to be introduced later in 2019, This may mean that when people understand how and why additional funding is needed they are more supportive. Support is also higher among the group of New Zealand residents who think that international tourism is placing too much pressure on New Zealand and this may mean that those who think there is a problem believe that differential pricing is a good management tool.

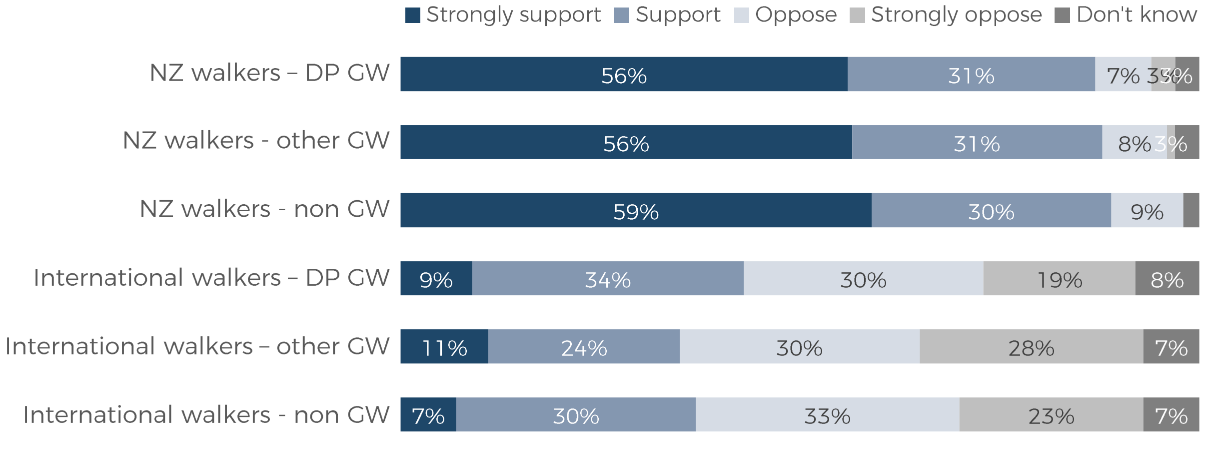
47 By country of origin, those from France and Germany are most opposed (69 and 64 percent respectively), and those from the USA least opposed (35 percent)[1]. Opposition from Australia is on par with the average for all international walkers. By age, international walkers aged under 30 were most likely to be opposed, and those aged 50+ years least likely to be opposed.

48 As illustrated in Figure 45 overleaf, support does not vary greatly based on the walk undertaken however international walkers on non-trial Great Walks were, perhaps unsurprisingly, less supportive than those on the trial Great Walks (58 percent opposed compared with 49 percent opposed).

[1]Based on countries with a respondent sample size of n=20 or more.

6.7 EXTENT OF SUPPORT FOR DIFFERENTIAL PRICING CONT.

FIGURE 45: SUPPORT FOR DIFFERENTIAL PRICING BY WALKER TYPE



Base: Total Sample (n=2,817)

6.8 ATTITUDES TOWARDS DIFFERENTIAL PRICING

49 Respondents to the Angus & Associates walker survey were also asked about the reasons they supported or opposed differential pricing on Great Walks. A wide range of attitudes was apparent in the comments and explanations, summarised in the tables below and overleaf. These attitudes may influence walkers' reflection on the value of their experience.

Support

50 For New Zealand residents in support of differential pricing on Great Walks, key reasons are that they 'pay taxes' (and international visitors don't), that international visitors can afford it, that DOC is underfunded, and that it provides better access for New Zealanders.

51 For international visitors in support of differential pricing key reasons are that New Zealanders should get priority (because they live here and pay taxes), and that they see the benefit in DOC being better funded.

52 A proportion of respondents across the spectrum suggest that New Zealand residents should get an earlier booking window or that a quota system be implemented to ensure that more can do the Great Walks.

Table 8: Reasons for supporting differential pricing on Great Walks

	NZ Resident SUPPORT DP	International SUPPORT DP
Reasons for supporting differential pricing:		
Financial		
New Zealanders pay access through taxes and rates	29%	23%
DOC/Great Walk infrastructure needs more funding	20%	21%
Still affordable for international walkers to pay double	14%	6%
Acknowledgement of tourist prices overseas	8%	1%
Perceptions		
Encourage/provide better access to Great Walks for New Zealanders	18%	12%
Preferential access for New Zealanders first, visitors second	12%	18%
Experience		
Reduces crowding and encourages dispersal	6%	4%
Amend Differential Pricing Structure		
Support DP, but international walkers paying double is too much	4%	13%
Children shouldn't pay the international adult rate	2%	2%
Early booking period/minimum quota for New Zealanders	1%	-
Preference for standard pricing with discount for New Zealanders	1%	-
Preference for a visitor levy rather than differential pricing	1%	-
Operations		
Difficulties getting a booking – always booked out	2%	1%
Compliance issues	1%	-
Base: Total Sample	n=1,414	n=484

6.8 ATTITUDES TOWARDS DIFFERENTIAL PRICING CONT.

Oppose

53 For New Zealand residents in opposition to differential pricing on Great Walks, key reasons are that the differential is too much, and that they fear damage to New Zealand's reputation.

54 For international visitors in opposition key reasons are that it's too expensive (especially for families and with the IVL also being introduced soon), and that it's unreasonable and unclear why there is a need to pay more. Further, a number of Australians felt there should be an exclusion from differential pricing for Australians.

Table 9: Reasons for opposing differential pricing

	NZ Resident OPPOSE DP	International OPPOSE DP
Reasons for opposing differential pricing:		
Financial		
New Zealand is already an expensive destination	6%	8%
International visitors already contribute to the NZ economy	5%	9%
Acknowledgement of tourist prices overseas	4%	-
Preference for visitor levy	2%	1%
Perceptions		
Not fair, unreasonable, discriminating	15%	16%
Flat rate (same service = same price)	13%	15%
Experience		
Discourages/prevents visitation because of cost	22%	34%
Cost of accommodation too high for quality received	4%	9%
Avoid peak season/doing a Great Walk	-	4%
Amend Differential Pricing Structure		
Support DP, but international walkers paying double is too much	21%	15%
Children shouldn't pay the international adult rate	9%	5%
Operations		
Safety concerns	3%	4%
Base: Total Sample	n=164*	n=612

**Caution: low sample for some themes*

6.8 ATTITUDES TOWARDS DIFFERENTIAL PRICING CONT.

55 The selection of verbatim comments below illustrate some of the reasons walkers support or oppose differential pricing on Great Walks.

NZ - Support

"As they do not pay taxes that contribute towards DOC and the cost of maintaining New Zealand's DOC lands is huge and underfunded"

"Due to limited spaces in the huts, majority of the accommodation had been taken by foreign visitors which left little availability for NZ residents/citizens to partake in the Great Walks."

NZ - Oppose

"Makes the job of hut wardens very difficult. encourages cheating. Overseas visitors should be taxed elsewhere."

"The tourism industry is already squeezing tourists for everything they are worth. It would be a shame to leave a bitter taste in visitors mouths, and for what aim? …"

International - Support

"Its nice to make it easier/more affordable for New Zealanders: they live there. Plus if people can afford the plane ticket, they are not too poor to pay a lot for the walk, but residents may be."

"It goes towards the conservation of those incredible areas which I am completely for."

International - Oppose

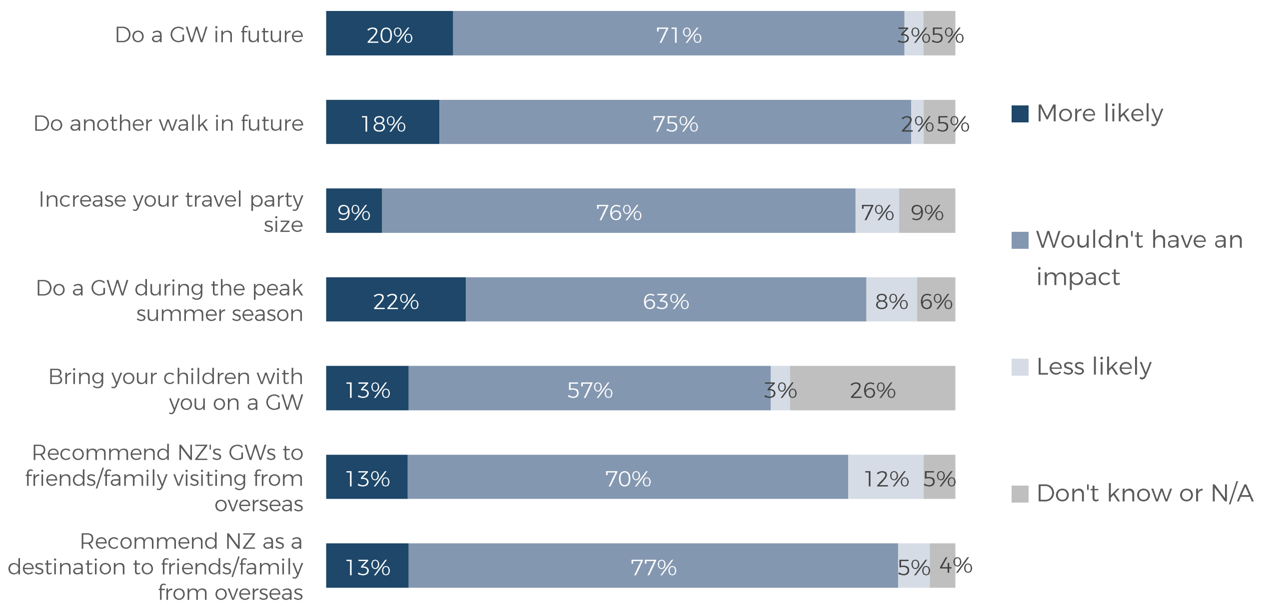
"I agree that residents should pay less, but the differential is so large as to be insulting to visitors as if we are not welcome in New Zealand."

"I would like to do other Great Walks but the price is just far too expensive at the international rate (especially as a student) and the facilities don't justify the cost (you could stay in a hotel for the same price)."

6.9 LASTING IMPRESSIONS OF DIFFERENTIAL PRICING

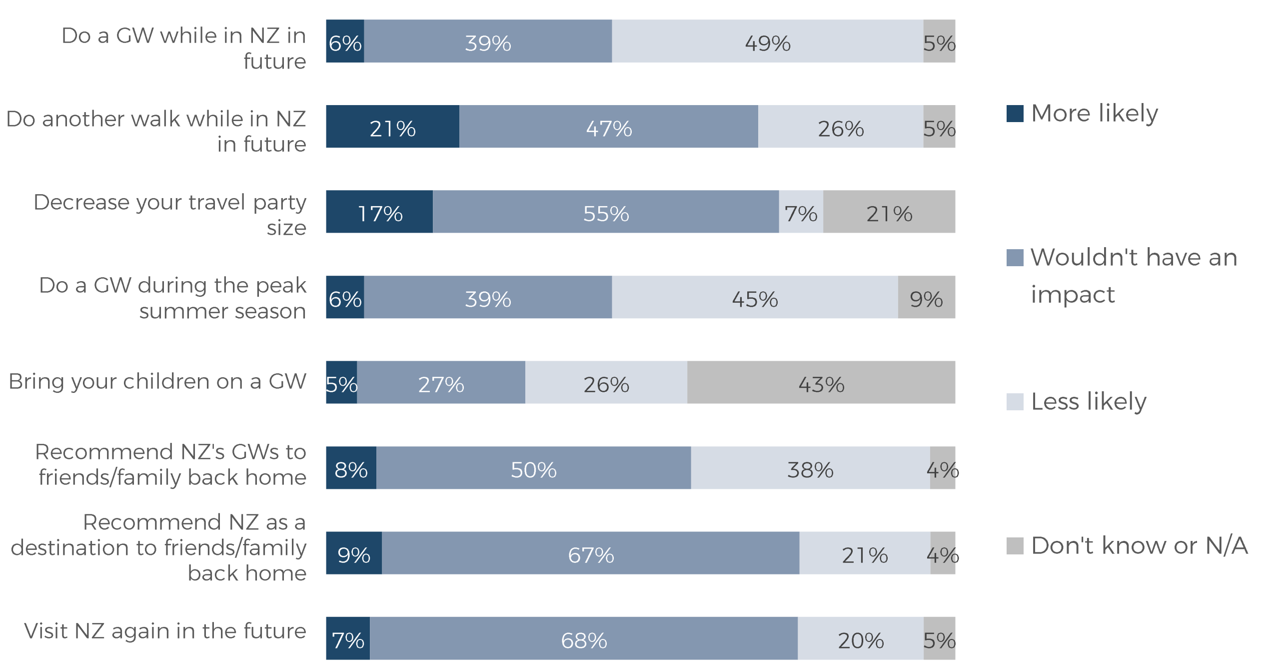
56 Respondents to the Angus & Associates walker survey were asked about the potential future impact of differential pricing: in particular, if the pricing structure trial was extended in the future what if anything, or a number of options, would they be more or less likely to do.

FIGURE 46: FUTURE IMPACT IF DIFFERENTIAL PRICING CONTINUES – NZ RESIDENTS



Base: NZ resident walkers (n=1,632)

FIGURE 47: FUTURE IMPACT IF DIFFERENTIAL PRICING CONTINUES – INTERNATIONAL WALKERS



Base: International walkers (n=1,185)

6.9 LASTING IMPRESSIONS OF DIFFERENTIAL PRICING CONT.

57 If differential pricing continues, and as illustrated on the charts on the previous page:

NZ RESIDENT WALKERS

A significant proportion of New Zealand resident walkers indicate that they are

more likely to

- do a Great Walk in future (20%)
- increase the size of their travel party (9%)
- bring their children with them on a Great Walk (13%)
- do a Great Walk during the peak summer season (22%)

and **less likely** to

- recommend Great Walks to friends/family visiting from overseas (12%).

INTERNATIONAL WALKERS

The impact on international walkers is more pronounced, with significant proportions

less likely to

- do a Great Walk in future (49%)
- do a Great Walk during the peak summer season (45%)
- bring their children with them on a Great Walk (26%)
- recommend Great Walks to friends/family back home (38%)
- recommend New Zealand as a destination to friends/family back home (21%)
- visit New Zealand again in future (20%)

and **more likely** to

- reduce the size of their travel party (17%).

58 While there are clearly desirable outcomes of differential pricing for New Zealand residents, the outcomes for international walkers must also be considered. Half say that they are less likely to do a Great Walk in future, one quarter say they are less likely to bring their children with them, and one in five say that they are less likely to recommend New Zealand and/or return themselves in future. Given 46 percent of international walkers had completed a Great Walk previously[1] (prior to the walk they answered the survey about), the impact of differential pricing may be greater in future than in the current season, as these potential impacts play out.

59 Some stakeholders expressed concern about the impact of the differential pricing trial on New Zealand's reputation, with one stating the trial should be removed "immediately". Despite New Zealand having a "reputation for being a welcoming country", some clients of DOC concessionaires 'felt like they were being discriminated against' and that New Zealand wasn't "welcoming" visitors, leaving a "sour taste in the mouths" of international visitors. Some stakeholders described New Zealand as an already expensive destination to visit and despite visitors being "blown away by what we have to offer", the differential pricing trial "rams the point home for international visitors that they are not New Zealanders". Some felt like they were "being taken advantage of", claimed another stakeholder.

> "It would definitely make me less likely to walk and i know discussing it with a couple of families we met who had been significantly impacted by the price for children, they may not be returning."
> (Australia, Kepler)

[1]An average of almost two (1.8) for the group of international walkers surveyed that had done at least one Great Walk in the past.

Other considerations

OTHER CONSIDERATIONS

OVERVIEW

1 In addition to meeting the three trial objectives there are a number of other factors relevant to the evaluation that should be given consideration in the evaluation of the trial.

Stakeholder impacts

2 While stakeholders are reasonably supportive of differential pricing, negative impacts as a result of the trial are apparent. These centre around the late notice of the trial, implications for pricing, marketing and customer experience, and a greater administrative burden. Some were also impacted financially.

Word of mouth

3 The volume of social media content relating to the differential pricing trial was relatively low. Comments relating to the Faulkner Human Rights Commission/United Nations case were generally unsympathetic. Otherwise discussion was mixed.

Safety implications

4 There are indications, or concerns, from DOC rangers, stakeholders and walkers, that the behaviour of some international walkers has changed (or might change) and that this may have implications for their safety. This includes visitors walking tracks in fewer days than recommended, going ahead with a walk or not upgrading to hut accommodation in poor weather, camping to save money but not having appropriate equipment, and walking before the peak season to avoid the charge, but not being adequately prepared.

Compliance

5 To date, it appears that the level of compliance overall has been high; rangers report that there are very few walkers who can't provide validation. That said, there is anecdotal evidence of some challenges with implementing the verification process, and of walkers' experience of it.

Communications

6 Many international walkers did not have a good understanding of why they are paying a different fee. There is an opportunity to provide more information to international walkers about why DOC is undertaking the differential pricing trial and what the objectives of the trial are.

OTHER CONSIDERATIONS

7.1 STAKEHOLDER IMPACTS

7 Even though stakeholders are generally supportive of the trial of differential pricing on Great Walks, a range of issues or concerns were raised.

Business impacts

8 A considerable proportion of stakeholders described negative impacts of the differential pricing trial on their business operations. Due to the increased fees international visitors had to pay, the prices of tours also had to increase, resulting in a "more expensive" and "harder to sell" product. The administrative burden of commercial operators promoting different pricing for different people also impacted stakeholders, who admitted they had lost clients, with one Abel Tasman operator reporting a "steep" decline in independent boat rentals. Stakeholders shared the belief that the differential pricing structure would encourage international visitors to walk other, cheaper tracks, dispersing visitors onto 'already congested tracks', especially in the Fiordland area.

9 Concerns were also expressed about how a business could promote the new pricing structure with one stakeholder highlighting the potential animosity and awkwardness during encounters between New Zealand residents and international visitors on the Great Walks. Businesses did not want to charge some people more than others, nor increase prices across the board, meaning the differential pricing trial made marketing their product more difficult.

10 Some concessionaires were unhappy, asserting that DOC "double dips" by charging all clients hut fees, all guides hut fees and substantial concession fees to guide and stay on the DOC estate as well.

Communication/timing

11 Another issue highlighted by stakeholders was frustration with the late communication by DOC notifying them about the differential pricing trial, leading one to say that DOC is "completely out of touch with our communities". Some businesses suffered financial loses because of having to adjust their operations and marketing. Another stakeholder expressed discontent at DOC making regular changes to regulations, revealing that the doubling of prices overnight just prior to bookings opening meant the individual business had to absorb the financial burden. Stakeholders noted that with more notice of changes, the impact would have been lessened.

Visitor behaviour

12 One DOC concessionaire stated that since the introduction of the differential pricing trial, international visitors had become less prepared for the walk as they had purchased low quality camping equipment to stay in campsites or were booking fewer nights and attempting to walk longer distances each day, sometimes even during adverse weather.

13 Changes in behaviour due to of international visitors having to balance financial constraints is a contentious issue amongst stakeholders. Stakeholders in the Nelson/Tasman region emphasized the Abel Tasman Coast Walk as a "huge asset" to the region because of the international visitors it brings. However, one asserted that some international visitors are already "bypassing the [...] region in large numbers due to the [higher] prices", instead visiting other regions or countries that don't have a "rip off" differential pricing system.

7.1 STAKEHOLDER IMPACTS CONT.

14 A similar sentiment was expressed by DOC concessionaires regarding the Heaphy Track. As the track isn't included in the differential pricing trial, it was argued, some backpackers may now do the "Heaphy by 'default' even if they were not really wanting to", which would likely fall short of expectations of the "crowd pleasers" – Milford, Kepler and Routeburn. The Heaphy may become even more congested because the surrounding tracks are too expensive, another concessionaire argued. One stakeholder reasoned that tourists are being 'scared off' by South Island huts costing more than hotels', and that many aren't doing the Great Walks because they believe the differential pricing trial applies to all the Great Walks.

15 One walker noted that "from my chats with international walkers on the Milford, the increase in price meant they had to scrimp on another part of their New Zealand holiday, meaning another part of New Zealand tourism will miss out".

Views on the mechanism

16 While not specifically canvassed, it is perhaps useful to also note in this section of the evaluation the view of Federated Mountain Clubs (FMC) on differential pricing, as an advocacy organisation for outdoor recreation in New Zealand. In their 2018 policy booklet 'Freedom of the hills' they state: "*There should be no differential charging as it has potential for perverse outcomes. Preferential access for New Zealanders can be better achieved by mechanisms other than pricing, such as early booking advantages or quotas.*"[1].

"More notice of change would have reduced cost to us this year. We have to sell a long way in advance due to popularity. When prices double overnight just prior to bookings opening we have to absorb the extra cost. It is hard to operate a business supporting great walkers when DOC changes the rules regularly with hardly any notice. A lot of DOC rule changes this year have negatively affected our business. Much less damage would have occurred with more notice of change." (Stakeholder)

"International tourists are already bypassing the Nelson/Tasman region in large numbers due to the prices ($75 per night in a hut??? really). They will go to other regions/countries that do not have this rip off in place" (Stakeholder)

"Our clients felt a little discriminated by the different pricing system and it is hard to explain rising prices because of it. We and our clients find it hard to understand why DOC does something like that. Real strange and not very welcoming." (Stakeholder)

"It will simply extend the administrative burden for commercial operators of having differential pricing for different people. I'm still unsure how we are expected to price trips in brochures for NZ residents verses those from overseas? Do we put both prices in brochures and on websites?" (Stakeholder)

"I think advance notice of the trial would have been good so we could have adjusted our marketing targets." (Stakeholder)

[1]Refer: https://www.fmc.org.nz/advocacy/policies/.

7.2 WORD OF MOUTH

17 Through the course of the evaluation (and dating back to the time of the trial's announcement) social media and blog posts, and other online/media discussions relating to the differential pricing trial were monitored to determine content, tone and reach of the discussions taking place. The volume of content was relatively low.

Faulkner case

18 Perhaps the most high profile media content related to the situation where Australian resident Wendy Faulkner paid the international visitor fee and her New Zealand citizen husband paid the fee for a New Zealander[1]. The Faulkners took the case to the Human Rights Commission and then the United Nations asserting that the new fee structure was unfair and could lead to a "slippery slope" with "more insidious forms of discrimination" possible. Responses to the article about the case on social media were unsympathetic, noting that in other countries locals often experience "free or reduced prices", such as in the European Union where art galleries and museums cost non-EU residents more. Another poster believed that because Faulkner's husband wasn't living in New Zealand, and wasn't paying tax, that he too should have paid the international fee.

Affordability

19 The differential pricing also drew some concerns from other posters that it would prevent lower income hikers enjoying the tracks and families would be unable to afford the new pricing, especially as international children are required to pay the international adult fee. Another poster noted that they "can't afford to hike the Milford track" and that it would price New Zealand out of the tourism market as it's already an expensive destination. One Australian commenter said the new prices "cost as much as my plane ticket from Australia". However, other posters believed that if international visitors wanted to walk the tracks they would "budget the fees like everything else".

Access

20 Social media users noted DOC doing "an amazing job at keeping the[se] great walks beautiful and easy to tramp" and that more New Zealanders were getting out on some of the tracks in areas that would have previously been hard to get a bunk, like the Kepler Track. Some even believed the Great Walks had never been more popular and that a booking over summer wasn't possible because so many New Zealand residents had booked. One commenter was more skeptical however, citing that New Zealand residents could always previously have booked at the same time as internationals at the same original price, so the tracks won't be any less crowded because hut numbers are capped. Further, some posters were worried that the differential pricing would create a "real 'US' and 'THEM' environment" and that "charging international visitors double the price is not going to work long term".

Support

21 Many posters considered New Zealand to be overrun with tourists, especially on the Great Walks with one commenter noting "we've been tourists in our own country for a couple of decades now". Others saw real benefits of the trial including having less people getting lost or needing rescuing on the walks, and managing "our tourist crisis" and "degradation of [the] natural environment".

Overleaf are a selection of social media posts relating to the Great Walks differential pricing trial.

[1] Refer: https://www.radionz.co.nz/news/national/363040/expat-claims-great-walk-fees-are-a-money-grab-from-tourists and https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12183767.

7.2 WORD OF MOUTH CONT.

22 Social media posts relating to the Great Walks differential pricing trial:

Facebook post, 24 October 2018

The MacKinnon Pass on the Milford Track is somewhere not many people go for sunset or sunrise. That's because it costs over 600 New Zealand Dollars to get to and requires 20km of hiking. I would never pay that though, thankfully we were there before the huge price increase this hiking season has seen. Is it fair to charge this much? Or is it fair to charge tourists more than locals? It's a difficult question with many variables.

Facebook post, 2 June 2018

Department of Conservation Like Page
2 June

Bookings for the nine Great Walks will open over a two-week period beginning 12 June.

This year we are trialling a differential pricing system for international visitors on the four most popular Great Walks: the Milford, Routeburn, Kepler and Abel Tasman Coast tracks. The trial is part of our work to enable greater access to New Zealanders and fairly reflect the value of these experiences.

For details on each walk, prices, and booking dates visit our website: www.doc.govt.nz/greatwalks

174 · 66 Comments 27 shares

All 174 · 135 · 18 · 14 · 5 · 2

TripAdvisor posts, 2 June 2018

19. **Re: Why is New Zealand site seeing and tours very expensive?** Save
2 Jun 2018, 1:02 PM

New Zealand just got more expensive for international visitors hoping to do a Great Walk. The fee for international visitors per night on the Milford Track will now be $140 for international visitors while remaining at $70 for Kiwis. After reading about some of the terrible behavior of international visitors on the Milford Track, I cannot blame the NZ DOC for making this decision. Someone has to clean up the messes. I am hoping this will deter a few people so I can get the dates I want!

Reply · Report inappropriate content

20. **Re: Why is New Zealand site seeing and tours very expensive?** Save
2 Jun 2018, 1:21 PM

The increased fees are only on four Great Walks - the Milford, Kepler and Routeburn tracks, and the Abel Tasman Coastal Walk. The other Great Walks - Paparoa, Rakiura, Heaphy, Lake Waikaremoana and Tongariro Northern Circuit have not been increased. The increase is apparently a tool to manage visitor pressure, and to encourage use of less-visited Great Walks.

Reply · Report inappropriate content

Inafarawayland travel blog, 20 June 2018

d.com/are-new-zealand-great-walks-that-great/

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20 June 2018

Are New Zealand's Great Walks really that 'Great'?

489 SHARES

The 10 great walks of New Zealand make up almost 600km (595.3km) of trails on 3 different Islands. The North Island has 3, the South Island has 6 and Stewart Island has 1.

d.com/are-new-zealand-great-walks-that-great/

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The introduction of two-tier pricing

The recent talks to **increase the price further to foreign visitors** has now come to fruition. To me, the introduction of this two-tiered system which prioritises NZ families seems unjust, the same requirements for everyone seems like a fairer solution but naturally, not being a NZ national, I would think that.

The huts on the Milford Track will raise to NZ$140 per person per night with a mandatory 3 night stay. With the bus and boat transfers required this will make the track over NZ$600 per person for those coming from abroad!

People interested in multi-day hiking could go to Canada and complete the best overnight trails in the Canadian Rockies for less than 10% of that price.

Many, including myself, think this raise is very elitist and **unfair to international travellers** on smaller budgets who want to experience the best that New Zealand has to offer.

Imagine coming on a hiking holiday to New Zealand and then realising that you have to spend another 3000$NZD per couple if you want to do 3 Great Walks. I sincerely hope it doesn't backfire and put international visitors off coming.

Do international tourists take double the footsteps or go to the toilet twice as often? Should they solely be responsible for raising the extra revenue needed by the Department of Conservation to compensate for the loss?

Instagram post, 15 October 2018

officially over in New-Zealand but that doesn't mean the snow has gone. I did the Routeburn track yesterday, one of the great walks, but due to avalanche danger it was only possible to go as far as Routeburn Falls hut still a good hike with some amazing views and for only 15 dollars instead of 130 per night. DOC has gone crazy with the bunkprices for the great walks. .

#routeburntrack #routeburn #routeburnfalls #greatwalks #DOCgonecrazy💰💰💰 #tramping #hiking #winterhiking #snowymountains #sexyvalleys #virginsnow #coldlakes #backontrail #lovenz #traveling #travelgram #backtonature

52 likes
OCTOBER 15

Add a comment...

OTHER CONSIDERATIONS

7.3 SAFETY IMPLICATIONS

23 There are some indications, or concerns, from DOC rangers, stakeholders and walkers, that the behaviour of some international walkers has changed (or might change) under the differential pricing trial and that this may have implications for their safety.

24 These observed or feared changes include:

- walking tracks in fewer days than recommended in order to spend less on hut or campsite fees (and not having the fitness level required to do this) – especially the Kepler and Routeburn Tracks, where Rangers have reported walkers arriving in the huts after dark,
- not upgrading to hut accommodation (from campsites) in poor weather to avoid the additional charge,
- going ahead with a walk in poor conditions to avoid loosing money by cancelling,
- camping to save money but not having appropriate equipment/supplies,
- walking before the peak season starts to avoid the charge, but not being adequately prepared for, and/or aware of, the potentially colder/poorer weather and lesser facilities available at that time,
- and walking alternative, non-Great Walks tracks without fully comprehending the (different) skill and fitness level required.

25 On social media one blog post highlighted the ability for walkers to "hike the Kepler Track for only $20" which entailed saving money by avoiding the DOC huts and free camping off the official trails[1]. Of the walkers that had completed Great Walks, some mentioned encountering severe/bad weather conditions like "heavy snow", a "blizzard" and heavy rain, with one walker claiming that when they walked, they "[couldn't] see the original trail". In the posts of other walkers it was clear that they had intentionally shortened the time taken to complete the walk to avoid paying more nights' accommodation, with one poster shortening DOC's suggested itinerary of a four day hike down to two.

26 While the information about changes in behaviour are largely anecdotal, it is important to consider if these outcomes are desired and what if anything, could or should be done by DOC to reduce, manage or influence these behaviours if not.

"… We are finding more international visitors are less prepared for the walk as they purchase low quality camping equipment to stay in campsites on the great walks or book 1 night rather than 2 and struggle to walk the longer distance, sometimes in adverse weather.." (Stakeholder)

"… I had heard that the huts were over full in the week before the season started with those that could less afford the new costs. I wouldn't like to think the higher costs put people off doing the walks during the season when it is safer for people not used to walking in those conditions." (Australia, Kepler)

Facebook post (translated), 8 October 2018

October 8, 2018

8 & 2018.10.7
Routeburn Track 32 +3 km

to New Zealand more than two years, finally completed the first Great Walk (may also be the last 😂😂😂), currently still have a chance of snow in the middle not good to go I can imagine how dangerous it would be to cover the snow in winter. I couldn't see the original trail. It's no wonder that someone died unexpectedly two years ago, but when the Peak Season starts three weeks later, it must be snowy. It melted.

Day 1
The Divide - Key Summit - Lake Mackenzie Hut, 15km, 5hr

Day 2
Lake Mackenzie - Harris Saddle - Routeburn Falls - Routeburn Flats - Carpark , 20 km, 7 hr. The

Routeburn Track is one of New Zealand's 10 Great Walks and is popular on the Great Walk because it is the shortest. The price of the New Haven Great Walk in New Zealand is very different, and since this year, Milford, Kepler, Routeburn, Abel Tasman and other four Great Walks, the price of international tourists is twice that of the locals during the peak season, and it is recommended that interested people Do your homework, you can consider starting at the beginning of the peak season or just after the end of the peak season. Although the mountain house does not have gas and other equipment during the off-season, the price difference is very impressive.

* With Routeburn as an example, local residents are priced at $65 during peak seasons and $130 for international visitors, while $15 for off-season.

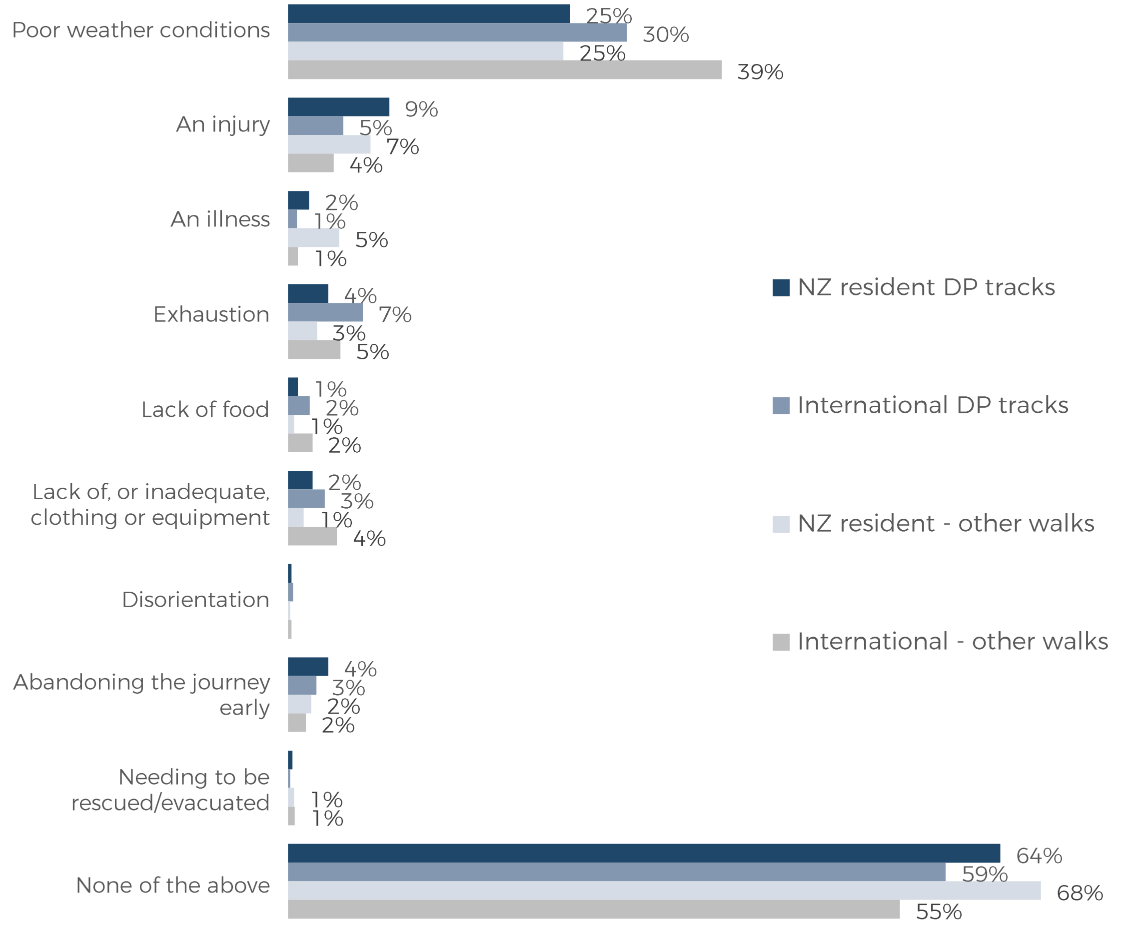
[1]Refer: https://destinationlesstravel.com/how-to-hike-the-kepler-track-for-cheap/.

7.3 SAFETY IMPLICATIONS CONT.

27 To assist with assessing any implications of the differential pricing trial for safety, respondents to Angus & Associates' walker survey were asked which of a number of adverse conditions, if any, they or any members of their group encountered during their experience on their walk.

28 As shown in Figure 48 below, **exhaustion** is the only 'adverse condition' encountered by international walkers on differential pricing tracks in a greater proportion to New Zealand resident walkers, and international walkers on other tracks (at 7 percent of the sample for this group). This is consistent with the observation by stakeholders and rangers that some international walkers are trying to complete walks in fewer days than recommended. This is also supported by data from DOC's own post-Great Walks survey which found the proportion of international walkers on the trial tracks encountering exhaustion to be lower in the past - 2 percent in 2016/17 and 4 percent in 2017/18 (and also higher, at 6 percent, for the season to date).

FIGURE 48: EXPERIENCE OF ADVERSE CONDITIONS



Base: Total sample, walker survey (n=2,817)

OTHER CONSIDERATIONS

7.4 COMPLIANCE

29 The differential pricing trial requires DOC staff to check the eligibility of walkers for the rate that they have booked and paid for. Those ordinarily resident in New Zealand are required to carry proof that they are eligible for the New Zealand rate (e.g. a copy of their New Zealand drivers licence, birth certificate, New Zealand passport, or a letter from an employer, bank etc. containing their name and address)[1]. Walkers who cannot demonstrate eligibility need to pay the difference between the two rates, as well as an administration fee.

Compliance overall high

30 To date, it appears that the level of compliance overall has been high. For example on the Abel Tasman Coast Track from almost 3,000 random checks completed during late October 2018 to mid February 2019, just 17 people 'failed' the check, and in the walker survey only five of the almost 3,000 walkers indicated that they were required to pay a top-up amount.

31 Ranger survey comments support the view that there are very few walkers that can't provide validation – but this is especially on the Fiordland walks. On the Abel Tasman Coast Track rangers report some difficulties with New Zealand residents not knowing they were required to bring ID – some citing insufficient communication about it, and others mentioning that it was difficult to find the information about what you can bring. Rangers on this track also report New Zealand residents feeling 'annoyed' and hassled', with some facing multiple checks during their experience.

Workload

Rangers also mentioned some increase in workload because of the process to check eligibility during the
32 trial. This is less pronounced for the southern three differential pricing trial tracks because most walkers do this at a Visitor Centre when they collect their tickets.

"Noted Asian/NZer – English name on booking but not real name on ID. Became grumpy when asked for further proof of first name ...."
(Ranger, Abel Tasman)

"Didn't read the email advising them of the requirement for evidence; didn't think proof document was important. ..."
(Ranger, Routeburn)

"People avoiding verification are hard to find in a large hut like Luxmore with 50+ people." ... "Doing verification on the track is not possible in isolated hut situations."
(Ranger, Kepler)

"'Born' NZers expressing lack of information about what eligibility proof they needed to bring, while 'new' NZers brought the proof."
(Ranger, Routeburn)

"It is taking more time to get around campsite and checking eligibility, explaining why and dealing with people trying to avoid paying higher international rate including the admin fee."
(Ranger, Routeburn)

"The most common form of identification offered is NZ driver's licence. This is a simple option. It is more complex when people on visas attempting to prove they have been in the country for 6 months."
(Ranger, Fiordland tracks)

[1]Refer: https://www.doc.govt.nz/news/issues/great-walks-differential-pricing-trial-201819/eligibility.

7.4 COMPLIANCE CONT.

Walker view

33 One third of walker survey respondents that had completed a trial walk advised that they had been approached and asked by DOC staff to verify the amount that they had paid. By track, the proportion is highest for the Abel Tasman Coast Track at 38 percent, and lowest for the Milford Track at 19 percent (Routeburn 35 percent; Kepler 31 percent). The proportion is also higher for New Zealand residents at 37 percent and lower for international walkers at 26 percent.

34 Of those approached, the vast majority (90 percent) were able to verify their residency (92 percent of New Zealand residents; 86 percent of international walkers). Ability to verify was slightly higher amongst walkers on the Milford Track, at 93 percent, than for walkers on the other three tracks (all 88 or 89 percent).

35 Almost all international walkers checked had paid the correct rate (98 percent) and were not required to pay a top up amount. Of the New Zealand residents checked and unable to verify their residency, a number commented that the process was 'fine', and others were frustrated. Some weren't prepared due to not knowing the requirements, or were surprised that walkers were unable to verify in advance/when booking.

"I felt fine about the question… . However, there was no warning (that I remember) to bring proof of residency. This was a bit stressful as three of our party were on residency Visas, still have their foreign accents, and weren't carrying proof with them. Verification of residency could only really be proved by saying where I lived. I didn't carry my drivers license or passport with me on the track so i couldn't lose them. I'd be happy to carry my drivers license if I knew in advance.."
(NZ resident, Kepler)

"I thought it was [xxxx] to be honest. We didn't see anywhere that we needed to carry ID to show we were NZ citizens. Also when we picked up our hut passes we were not made aware this could happen. So we left all our wallets etc. locked in our car. It was very embarrassing being asked. Perhaps verification should happen at the DOC office when hut passes are picked up.."
(NZ resident, Routeburn)

"Totaranui and Bark Bay were the only place we saw wardens, and tourists were actively flouting payment rules at all campsites, including hiding off the track/on the beach until the wardens had passed"
(NZ resident, Abel Tasman)

"Out of 4 nights we only saw DOC ranger once and he just checked off my name. I was unaware I would be asked to verify nationality and with no mobile/wifi that would have been hard."
(NZ resident, Abel Tasman)

Stakeholder view

36 Stakeholder survey data suggests that this group holds some concern about the compliance of international visitors with the trial pricing structure. One concessionaire believed that more planning was needed to determine who is eligible to be classified as a 'New Zealander' because of the "massive pressure on […] time poor DOC wardens" who are unable to enforce overnight charges. With rangers not at all campsites and huts, visitors can 'out manoeuvre and evade' the payment system, argued one stakeholder. Two stakeholders observed or heard about international visitors providing misleading information about their country of permanent residence to avoid the higher price.

37 As context to these comments it is worth noting also that knowledge of the criteria for eligibility for the New Zealand rates is limited amongst the stakeholder group (16 percent 'don't know', and awareness of the potential access to those on student or work visas is also relatively low).

7.5 COMMUNICATIONS

38 While not strictly within the scope of the evaluation, this section briefly considers some observations around communications relating to the differential pricing trial on Great Walks – as context to other parts of the evaluation and for consideration alongside other matters when determining the way forward.

39 The main observation is that many international walkers did not have a good understanding of why they were paying a different fee – especially in terms of it being 'for the same thing'. This group reported feeling taken advantage of, and being 'milked'. There is an opportunity to provide more information to international walkers about why DOC is undertaking the differential pricing trial and what the objectives of the trial are. This would ideally result in more of this group feeling good about the fee and what it is contributing to, rather then it appearing to be an arbitrary amount (for example it might be that it supports conservation efforts more generally – it's not just the cost of a bunk bed as such – it's more about what it allows DOC to do). Comments made in the walker survey give a sense that these explanatory messages did not reach a lot of international walkers, and that there is some deficit in understanding of why they are paying more/why they should pay more.

> "As a tourist on a budget paying double would mean I'd be less likely to sign up for these walks in future. If the extra money went towards conservation and preserving the state of the park and providing better facilities then I'd understand." (Australia, Milford)

> "… Instead of selling value of the hut, need to look at experience and where your fee/contribution goes to. The difference it makes…employment of rangers, conservation, pest reduction etc.. Make people feel good about it. Produce a cheap book that tells the story, highlights wildlife along the way etc… provide it when people register at start of the walk… " (Australia, Kepler)

> "Many overseas visitors genuinely think DOC is trying to make huge profit-money out of them by having put the price up. … I always explain what goes into running these tracks, the expenses of supplying them by helicopter and so on, and that no profit is being made. They appreciate the context I give them, but what if I didn't give it to them? They would continue to feel bitter! Therefore I think some context is important during the online booking 'experience'. … a pop up window explaining the huge cost of running these tracks would make both overseas and New Zealand visitors feel better about the rates, maybe even grateful!" (Ranger, Heaphy)

> "this change should be accompanied by a good educational communication plan about the reasons for the changes and on websites etc. where the different costs are apparent to avoid misunderstandings and resentment from those who feel entitled and that they should NOT have to pay extra or who feel their visit is already helping the economy without understanding the broader impact of tourism on infrastructure and conservation costs."
> (Australia, Tongariro Northern Circuit)

40 Some walkers also felt that it was unfair that 'day walkers are not paying', despite using some of the same facilities. Consideration might be given to how this is addressed in any adjustment to communications about differential pricing.

41 Some walkers and stakeholders also claim that the differential pricing trial on Great Walks is damaging New Zealand's reputation, and perceptions of the country – that visitors are being made to feel unwelcome and 'different'. This suggests that there is scope for the rationale for the trial to be more widely appreciated.

7.5 COMMUNICATIONS CONT.

42 Another area where communication came to the fore in undertaking the evaluation was when walkers and stakeholders were considering the timing of the announcement about the trial. It was considered by some to be a very late announcement. This annoyed some stakeholders, and the impacts it had are outlined further in section 7.1. It also may have meant that booking behaviour by international visitors was not influenced as much during the current season as it might have been, as some international walkers have indicated that their travel plans were largely already made at that point and that it was too late/impractical to change them.

43 Another impact of this timing may have been that it stimulated booking activity from the New Zealand market that may not have otherwise occurred due to the mainstream media coverage of the announcement and its closeness to the booking opening dates, as well as the messaging that demand is high[1].

"just wish DOC would give operators more information in advance when they change things."
(Stakeholder)

"I found it very difficult as we had to book flights some time before the opening of the booking for the huts. There was delay after delay on the booking system opening. We also got a nasty shock when I did go to book and the price had doubled with no prior advice on this."
(Australia, Kepler)

"… I did not know of the doubling of prices until I was making the bookings. The prices in the brochures I downloaded earlier made no mention of it. Since we had made airline and other bookings months earlier and had planned around doing the hikes at the original cost, I felt forced to accept the increased costs."
(Australia, Routeburn)

[1]Refer: https://www.stuff.co.nz/environment/104425034/govt-charges-visiting-australian-school-groups-taking-opportunities-from-kiwi-kids-on-great-walks.

Appendix

APPENDIX 1

SAMPLE PROFILE – SURVEY OF WALKERS

	Total Sample	International	NZ resident
Gender:			
Male	43%	48%	39%
Female	57%	52%	61%
Gender diverse	<1%	<1%	<1%
Prefer not to say	<1%	<1%	<1%
Age:			
18 – 24 years	9%	13%	6%
25 – 29 years	17%	23%	13%
30 – 39 years	22%	28%	18%
40 – 49 years	21%	15%	25%
50 – 59 years	21%	14%	26%
60 – 69 years	9%	7%	10%
70+ years	1%	1%	2%
Prefer not to say	<1%	0%	<1%
Continent/Country of Origin:			
New Zealand	**58%**	**0%**	**100%**
Australia		**29%**	
Asia		**11%**	
Israel		3%	
Japan		2%	
Other Asia		6%	
Europe		**33%**	
United Kingdom		8%	
Germany		8%	
France	**42%**	4%	**0%**
Netherlands		4%	
Other Europe		9%	
North America		**24%**	
United States		18%	
Canada		6%	
Other North America		<1%	
South America		**2%**	
Other		**<1%**	
Base: Total Sample	n=2,817	n=1,185	n=1,632

APPENDIX 1

SAMPLE PROFILE – SURVEY OF WALKERS

	Total Sample	International	NZ resident
Route to Survey:			
Email survey link to GW booker	89%	92%	87%
Referral by GW booker (to other members of group)	8%	6%	9%
Poster/flyer (on non GWs)	3%	3%	3%
Great Walk/other track recently experienced:			
DP Trial Tracks:	68%	73%	65%
Abel Tasman Coast Track	22%	18%	25%
Kepler Track	16%	19%	13%
Milford Track	14%	17%	11%
Routeburn Track	17%	18%	16%
Non-DP Trial Tracks:	32%	27%	35%
Heaphy Track (GW)	9%	4%	13%
Rakiura Track (GW)	7%	5%	8%
Tongariro Northern Circuit (GW)	8%	11%	6%
Whanganui Journey (GW)	4%	4%	4%
Travers-Sabine Circuit (Nelson Lakes)	1%	1%	1%
Hollyford Track (Fiordland)	<1%	<1%	<1%
Greenstone-Caples Tracks (Wakatipu)	1%	1%	1%
Rees-Dart Track (Wakatipu)	1%	1%	1%
Base: Total Sample	n=2,817	n=1,185	n=1,632
Margin of error (at 95% confidence)	+/-1.7%	+/-2.8%	+/-2.3%

SAMPLE PROFILE – SURVEY OF STAKEHOLDERS

	Total Sample	DOC Concessionaire	Non-DOC Concessionaire
DOC concessionaire	68%	100%	0%
Activity hold concession for:			
Walking – multi-day	23%	33%	0%
Walking – up to eight hours	38%	55%	0%
Other activity	35%	52%	0%
None of the above	3%	3%	0%
Business dependence on Great Walks:			
GWs guests account for all of my business	6%	5%	7%
GWs guests are a large part of my business	28%	25%	36%
GWs guests are a small part of my business	53%	53%	54%
GWs guests do not account for any of my business	8%	10%	4%
Not applicable	5%	7%	0%
Great Walks of Interest to Business:			
DP Trial Tracks:			
Abel Tasman Coast Track	42%	35%	57%
Kepler Track	27%	30%	21%
Milford Track	28%	28%	29%
Routeburn Track	41%	47%	29%
Non-DP Trial Tracks:			
Heaphy Track (GW)	30%	20%	50%
Rakiura Track (GW)	11%	13%	7%
Tongariro Northern Circuit (GW)	19%	20%	18%
Whanganui Journey (GW)	10%	7%	18%
Travers-Sabine Circuit (Nelson Lakes)	10%	13%	4%
Hollyford Track (Fiordland)	20%	22%	18%
Greenstone-Caples Tracks (Wakatipu)	23%	27%	14%
Rees-Dart Track (Wakatipu)	20%	27%	7%
Base: Total Sample	n=88	n=60	n=28
Margin of error (at 95% confidence)	+/-10.4%	+/-12.6%	+/-18.5%

APPENDIX 3

QUALITY ASSURANCE

1 A number of steps were taken by the project team to ensure the evaluation was comprehensive and met quality requirements. The Managing Director of Angus & Associates (a highly experienced and well respected researcher and evaluator) worked in a quality assurance role on the project. This was an internal process involving provision of guidance, advice, checks, and approval to the day to day work completed by other employees and the Project Manager.

2 To provide further reassurance around the quality and progress of work, Angus & Associates provided regular (fortnightly) updates to DOC on progress – covering work completed, next steps, and 'red flags'. This meant DOC was kept abreast of progress, issues and developments in a timely manner, and where required, solutions were discussed and developed early on.

3 While the methodology for the evaluation was reliant on the willingness of external organisations and individuals to contribute to the research, no significant risks were anticipated in delivering the project. Angus & Associates regularly implements complex, large-scale, research and evaluation projects and the company is well-proven in relation to the skills, know-how, capabilities and resources required to successfully deliver projects such as this.

4 Similarly, while no substantial unforeseen circumstances occurred during the course of the evaluation (for example closure of a track, significant media commentary that could impact results, or insufficient or poor quality data being provided), a plan was in place to mitigate the impact of any such events, and work focused on preventing/minimising risks where possible. For example Angus & Associates' surveys are designed to provide data of high quality and attract response rates above industry average (through use of appropriate skips and validations, incentives, pilots etc.). Further, a process was in place should any key personnel have become unable to complete the project.

APPENDIX 4

METHODOLOGY

5 The Evaluation draws on information from four key sources in order to answer the research questions – analysis of DOC operational data, a survey of walkers, a survey of stakeholders, and a review of social media activity. Together, this mix of existing and new primary data allows analysis of and comparison of attitudes and behaviour pre and post the introduction of differential pricing, and of attitudes and behaviour for walks with and without differential pricing.

6 The analysis, where possible, isolates the potential impacts of other factors (such as, for example, knowledge of the introduction of the International Visitor Conservation and Tourism Levy) by identifying appropriate metrics (taking into account DOC's objectives in introducing differential pricing) and measuring statistically significant changes that can be attributed to differential pricing (and not some other factor).

7 Below is an outline of the approach for each of the four main sources of information.

1. Operational and secondary data

8 DOC has a range of operational data that was assessed in terms of how it could assist in answering the research questions/topics, and it is included in the Evaluation where appropriate. Where possible data was obtained going back several years so as to mitigate against any irregularities/inconsistencies in the 2017/18 season/data (i.e. the season immediately before the trial).

9 Some data was provided in the initial stage of the evaluation process in interim form so that a sense was gained early on of the extent and shape of information, how it could be used, and any limitations. A plan was developed with DOC agreeing what data would be supplied and when (with last provision generally on 31 January 2019).

10 Secondary data sources for the evaluation include:

- **Great Walks booking system data**. Access was obtained to DOC's new booking system for current season booking data, and to the legacy bookings database for prior years (including the Great Walks pricing history). This allowed comparison of overall visitor numbers for each of the Great Walks for the current season with those for the same period in past years. Available details include facility type (i.e. hut/campsite) and key demographic information such as nationality and age. The analysis of this data was undertaken by the evaluator with assistance from DOC to sense check the approach. It was based on bookings realised (rather than bookings made).
- **Google analytics data**. Google analytics data was obtained for relevant online bookings pages on the DOC website (to assess website booking activity and dropout rates from the online bookings pages).
- **Backcountry Hut Pass sales data**. To assist with assessing the extent to which international walkers may have diverted to non-Great Walks, sales data going back five years for Backcountry Hut Passes was obtained.
- **Hut bednights data**. Where possible, bednight data from hut books was obtained for huts on the four non-Great Walks included in the evaluation. This was again, to assist with assessing the extent to which walkers may have diverted to non-Great Walks, and in particular those near to the trial Great Walks.
- **Track activity counter data**. Historical and current season data from a representative counter for the walks included in the evaluation were obtained where possible. The selected counters were those least affected by day walk activity (i.e. to represent as best as possible the volume of activity for those walking the full track).

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- **Ranger compliance survey data**. Rangers for the walks included in the evaluation completed an internal survey about their experience this season, noting the volume/extent of non-compliance on the differential pricing trial Great Walks, comments from walkers, and their own observations of activity – particularly if different from previous years. A summary of this information was provided to the evaluator and considered as part of the analysis. For trial walks data was provided through to mid February 2019.
- **DOC post Great Walk survey data**. For several years DOC has administered a pre and post walk survey of people booking Great Walks. While Angus & Associates conducted a separate survey of walkers (as outlined below), data from the DOC survey was used to make year on year comparisons for measures such as value for money, and was connected with the Angus & Associates walker survey where relevant for comparison, benchmarking etc. The sample frame is not exactly the same for these two surveys and the reader should bear this in mind where comparisons are made.
- **New Zealand core tourism dataset**. To reference the tourism landscape in New Zealand more generally (and to see if changes seen in the evaluation data are reflected in wider industry trends), data was referenced from both Statistics New Zealand (monthly International Visitor Arrivals data and Tourism Satellite Account data) and the Ministry of Business, Innovation and Employment (New Zealand Tourism Forecasts).

11 The secondary research was supplemented by primary research as outlined further below.

2. Walker Survey

12 While integration with DOCs post-Great Walk visitor survey (outlined above) was considered, it was decided for a number of reasons, but particularly length (adding to respondent burden and potentially compromising both data quality and overall survey response rate), to survey walkers about the differential pricing trial separately and independently.

13 The sample for the walker survey (n=2,817) is primarily *bookers* of Great Walks (89 percent of the survey sample). Emailed invitations to complete the online survey were sent to bookers who had recently completed their walk on a weekly basis during the evaluation period (specifically this group is those who agreed to be contacted about their experience, when creating their online booking account). A reminder email was sent after one week to those who hadn't completed the survey.

14 Bookers who completed the survey were sent a thank you email that also encouraged them to forward on a survey link to others in their group, so that they also had the chance to participate and this group ('referrals') accounts for eight percent of the final survey sample. The survey was also promoted to walkers of the four non-Great Walks included in the evaluation via posters and take home cards placed in the huts (to understand any differences in behaviour/opinion), and this group makes up three percent of the final survey sample.

Hut poster

15 The survey was open from 25 October 2018 to 31 January 2019 and included those completing walks between 1 October 2018 and 22 January 2019 (to allow time for survey completion before it closed on 31 January and sufficient time for data analysis and report drafting to be completed in February 2019).

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16 Exposure to survey questions varied depending on whether the respondent walked one of the four trial Great Walks, another Great Walk, a non-Great Walk, and was a New Zealand resident or international visitor.

17 The online survey was programmed and administered using getsmart (a specialist system for the collection, management, analysis and reporting of survey data – refer www.getsmartglobal.com). As an incentive to participate in the survey, respondents were offered the opportunity to enter a prize draw to win one of two NZ$500 Visa Prezzy® cards. In order to qualify respondents needed to be aged 18 or more, and have experienced. and stayed at least one night on, one of the walks included in the evaluation.

18 The survey itself was designed to assess decision-making (including the extent to which the differential pricing trial influenced choice of Great Walks, or other walks), visitor satisfaction, and perceptions of value relative to price paid for a Great Walks experience. A range of questions was also included to gather contextual information (e.g. for international visitors - perceptions of Destination New Zealand in relation to overall pricing, warmth of welcome, fairness; for New Zealand residents - perceptions of tourism in New Zealand, and its impacts).

19 Where possible, questions were designed to align with those used in other surveys for benchmarking purposes (e.g. other research undertaken by DOC such as the Great Walks post-walk survey, and other components of the differential pricing trial evaluation).

20 Of the more than 6,000 bookers that were invited to complete the survey 42 percent went on to finish it. The average completion time was 16 minutes.

3. Stakeholder Survey

21 The third component of the evaluation is the survey of tourism industry stakeholders. The survey primarily focused on DOC concessionaires and other tourism businesses in the communities surrounding the walks included in the evaluation. The purpose of this survey was to assess what impact, if any, the trial is having on tourism and related businesses, as well as host communities.

22 The survey was run online using getsmart (refer www.getsmartglobal.com) and was implemented with the assistance of industry partners (Tourism Industry Aotearoa, Nelson Regional Economic Development Agency, Destination Queenstown, Destination Fiordland, Glenorchy Promotions group, and Lake Wanaka Tourism).

23 Invitations to complete the online survey were sent directly to a database of n=178 relevant concessionaires (organisations and individuals who have a concession to access or operate on Conservation Estate covering the Great Walks and other tracks covered by the differential pricing trial evaluation). The invitation to other tourism businesses was made by a combination of email and e-newsletter promotion by the industry partners. This activity was coordinated by the evaluator. In total n=88 stakeholders completed the survey.

24 To qualify for the survey respondents needed to benefit in some way from, or operate on/adjacent to, at least one of the walks included in the evaluation.

25 The stakeholder survey was designed to capture feedback on the differential pricing trial and its wider impacts as noted by tourism businesses in/around the four subject Great Walks and in/around the other Great Walks and near-by multi-day walks that might be expected to see shifts in visitor activity. For example, the survey measured both the impacts expected by different members of the industry, and those observed (including any positive/negative effects that might not have been anticipated).

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26 Some questions were consistent with the walker survey so that comparisons for some measures between these two groups could be made.

27 The stakeholder survey was undertaken as late as possible in the evaluation period to maximise the opportunity for businesses to observe impacts, if any (acknowledging it would not cover the full season). This posed some challenges with regard to timing as the survey ran from 14-31 January 2019 in order to meet the reporting date (the busiest time of year for many operators). Attempts to mitigate any impact of this on response rates were made that included early communication to stakeholders that a survey was coming (done pre-Christmas), a focused survey design (the average completion time was 12 minutes), and provision of an attractive incentive (the opportunity to enter a prize draw to win one of two NZ$500 Visa Prezzy® cards).

4. Social Media Review

28 This component of the evaluation involved analysing and reviewing social media commentary on the public's support for differential pricing on Great Walks (i.e. what are the conversations saying and how does this fit with the objectives of the trial?). While the volume of information was small, it was possible to view commentary from New Zealand residents and international visitors using and not using Great Walks (with the walker survey the main channel for feedback from Great Walk guests).

29 The review work involved monitoring and mining different social media platforms (e.g. Facebook, Twitter, YouTube and blogs), 'listening' to discussion, and analysing findings (data dependent but the scope of which typically includes key issues, frequent conversations, themes, sentiment, share of voice etc.). The mining covers the period from when the trial was announced in mid 2018 to the end of the data collection period for the evaluation (31 January 2019).

30 To assist with this work an established SaaS social media monitoring platform was used. The platform allows monitoring of keywords and gives visibility to historical data in terms of sentiment, reach, location, and trending themes.

31 It should be noted that the social media review is not an assessment of the general public's support for differential pricing on Great Walks, as many groups of the public are unlikely to engage with social media in this way, It is also limited in that the terms being used to talk about differential pricing are not necessarily known (for example they may not be terms that this evaluation or DOC uses), and it's not possible to relate the analysis to contributors' pre-existing views. This approach had been suggested by DOC as appropriate for answering the research questions however (and does provide some useful insight). Furthermore, a survey of the general public was out of scope.

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Analysis

32 Once all data collection was complete, data was extracted, checked, cleaned and prepared for analysis (although progress with each survey/component was closely monitored during the evaluation to ensure it progressed as expected). Analysis considered each dataset individually, and in combination with other data (including secondary data) where relevant. Year on year comparisons were isolated to the evaluation period where possible (season opening to 31 January).

33 Methods of analysis included content and thematic analysis and descriptive analysis. The analytical framework was to compare as much as possible pre/post, with/without differential pricing attitudes and behaviour while at the same time isolating the impacts of other factors (such as the International Visitor Conservation and Tourism Levy). From an analytical point of view this was about identifying appropriate metrics (taking into account DOC's objectives in introducing differential pricing) and measuring statistically significant changes that could also be attributed to differential pricing and not some other factor.

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