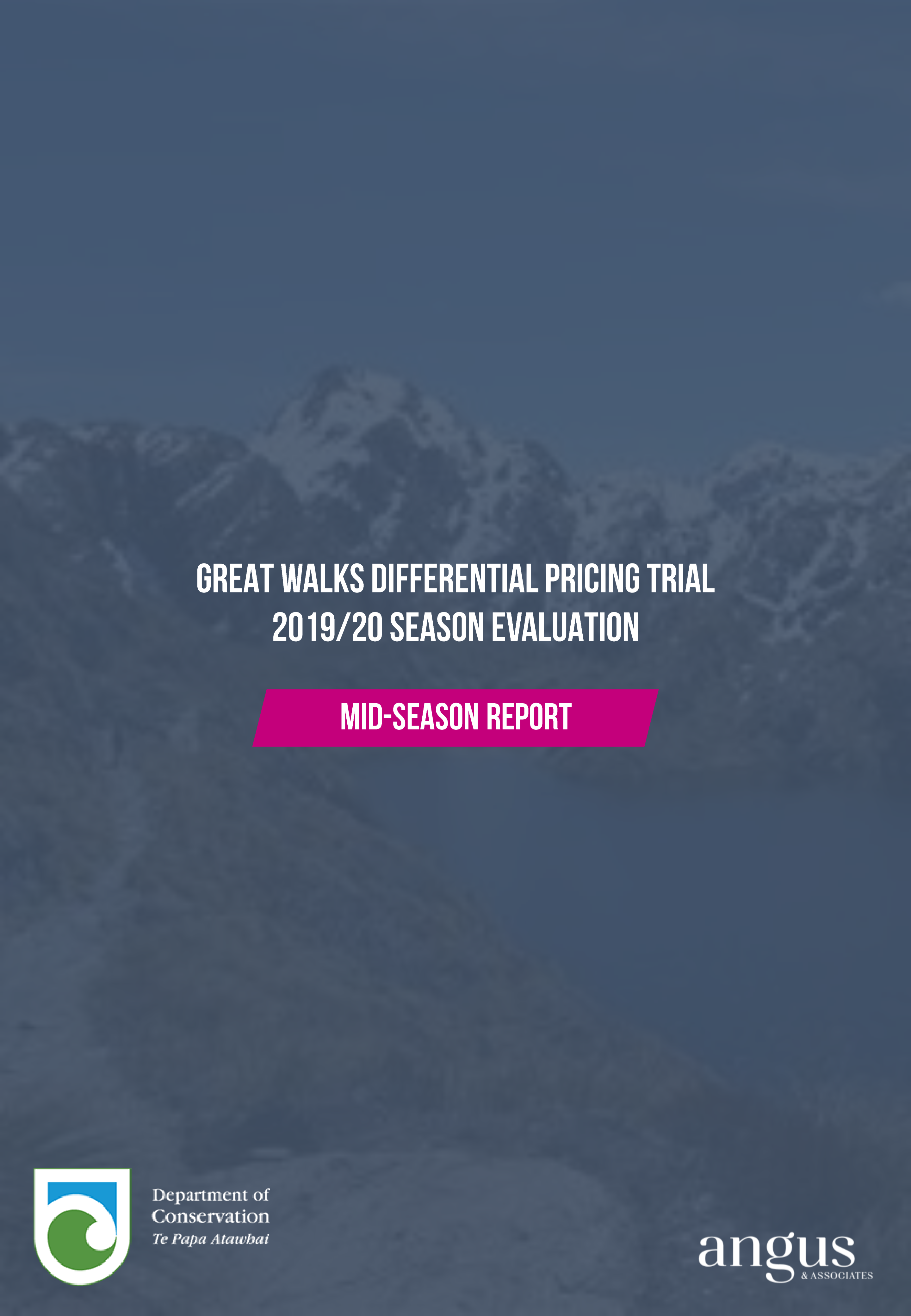

GREAT WALKS DIFFERENTIAL PRICING TRIAL 2019/20 SEASON EVALUATION

MID-SEASON REPORT

Department of Conservation
Te Papa Atawhai

angus
& ASSOCIATES

GREAT WALKS DIFFERENTIAL PRICING TRIAL 2019/20 EVALUATION

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GREAT WALKS DIFFERENTIAL PRICING TRIAL 2019/20 EVALUATION

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Relation to previous evaluations

This evaluation is related to two previous Angus & Associates evaluations - 'Great Walks Differential Pricing Trial 2018/19 Evaluation' and 'Great Walks Differential Pricing Trial 2018/19 Evaluation – Full Season View Report'. The earlier evaluations considered whether the objectives of the trial were met during the 2018/19 season - at the season mid and end points.

The Great Walks Differential Pricing Trial has continued for the 2019/20 season. This report is based on a view of the October 2019 to January 2020 period (and compares this with the equivalent period in previous seasons). It is necessary to evaluate the trial at the mid-season point due to restrictions around timing for making decisions about the subsequent season.

Note: The 'Great Walks Differential Pricing Trial 2018/19 Evaluation' mid-season report did not exclude visitor nights for the Abel Tasman, Heaphy and Rakiura tracks during the period prior to the commencement of the Great Walks season. While this does not impact overall findings, individual bednight and revenue figures reported in the 2018/19 mid-season report may vary slightly from the (correct) information contained in this report. This error did not impact the 'Great Walks Differential Pricing Trial 2018/19 Evaluation – Full Season View' report.

Executive summary

GREAT WALKS DIFFERENTIAL PRICING TRIAL 2019/20 EVALUATION

EXECUTIVE SUMMARY

Introduction

1 For the 2018/19 and 2019/20 Great Walks seasons the Department of Conservation (DOC) has trialled differential pricing. During the trial international visitors are paying approximately twice the price paid by New Zealand residents for hut and campsite accommodation on the Milford, Kepler, Routeburn and Abel Tasman Coast tracks.

2 An evaluation was undertaken of the 2018/19 season to assess whether, and to what extent, the objectives of the trial were met. The evaluation established that two of the three objectives had been met. DOC decided to extend the trial for the 2019/20 season to build upon the information provided by the first season of the trial.

3 The period covered by this subsequent evaluation is 1 October 2019 to 31 January 2020. The evaluation period was set in this way so that key information is available in time to confirm pricing structures ahead of bookings opening for the 2020/21 Great Walks season. This period excludes the impacts of extreme weather that caused the closure of the Milford and Routeburn tracks in early February 2020, and the onset of behavioural changes expected as a result of the Covid-19 virus.

Summary of Evaluation

4 Consistent with the 2018/19 season evaluation, **we conclude that based on a mid-season view of the 2019/20 season two of the three objectives of the Great Walks differential pricing trial have been met.** The evidence supporting this view is outlined below.

Objective 1:	Improve access to the Great Walks for people ordinarily resident in New Zealand
Outcome:	Objective met – based on DOC booking system data access has improved

5 Based on DOC booking system data, the trial has succeeded in increasing both the number and proportion of people ordinarily resident in New Zealand accessing Great Walks,

6 The proportion of New Zealand resident bednights on Great Walks increased to 54 percent during the evaluation period, from 40 percent during the same period in the 2017/18 season (the season immediately pre-trial). For the four trial walks a greater increase is evident (from 35 to 52 percent of bednights).

7 Further, the number of New Zealand resident Great Walk bednights increased by 18 percent (equivalent to 9,700 more bednights) and by 21 percent on the four trial walks (equivalent to 7,000 more bednights). This is again based on comparing the 2019/20 mid season view with the same period in the 2017/18 season.

8 The trial also improved access for New Zealand residents to trial Great Walks during key New Zealand holiday periods (Summer holidays, Waitangi Day, Easter weekend and ANZAC Day).

9 The reported positive impact of the differential pricing trial on access for New Zealand residents is influenced by non-price effects such as the change in the way the origin of walkers has been determined in the booking system since the trial has been in place (i.e. the questions asked that determine if a walker pays the international or New Zealand rate). It is estimated that 13 percent of those classed as ordinarily resident in New Zealand would have selected a nationality other than New Zealand pre-trial, in the old booking system. As such it should be considered that trial bednight data may give the impression that the proportion of *New Zealanders* (by nationality) undertaking Great Walks is higher than it is.

GREAT WALKS DIFFERENTIAL PRICING TRIAL 2019/20 EVALUATION

EXECUTIVE SUMMARY CONT.

10 Little of the decrease in international bednights during the trial can be attributed to wider market conditions. While some changes in the volume and composition of visitors to New Zealand are evident they are not of a magnitude that accounts for the extent of change seen.

Objective 2:	Increase the proportion of costs that are received from international users
Outcome:	Objective met – international users are contributing proportionately more to costs

11 Objective Two was assessed using three approaches, providing a broad view of the financial effect of the Great Walks differential pricing trial.

12 Objective Two is met as international users are contributing proportionately more to costs under the trial. Under the 'overall contribution to costs' approach the overall proportion has increased. Under the 'relative contribution to costs' approach there is a small increase in the proportion from trial walks, and a 100 percent increase for individual international users. These findings are outlined further below.

13 • Revenue from international walkers represents 66 percent of total revenue for the evaluation period, equal to the 2018 (pre-trial) proportion i.e. the relative contribution to costs from international bednight revenue is unchanged. Considering the four trial walks only the relative contribution to costs from international bednight revenue has increased marginally (0.8 percent, from 69.7 percent to 70.4 percent from the 2018 season to the 2020 season).

14 Despite the sizeable revenue increase from international visitors on the subject Great Walks during the evaluation period (+$0.66m), the relative contribution by international users to costs is unchanged because revenue from international users on non trial tracks decreased and revenue from New Zealand residents increased on both trial and non trial tracks.

15 • An international walker at a hut or campsite on a trial Great Walk is contributing twice the amount towards costs that they were prior to the differential pricing trial. This naturally represents an increase in the proportion of costs that an international walker on a trial walk is contributing (a 100 percent increase).

16 • Revenue from international walkers covers a greater proportion of annual costs in the 2020 evaluation period than it does in the 2018 evaluation period – 38 percent of annual costs for all walks in 2020, compared with 30 percent in 2018. The increase in the proportion is much greater for the four trial walks (from 40 percent to 56 percent).

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

17 While the majority of international walkers on trial Great Walks are satisfied with their experience and agree the walks offer value for money, the proportion agreeing so has decreased since the differential pricing trial began. The majority of international walkers doing trial Great Walks believe the cost is too high and almost half oppose differential pricing. International walkers indicate that a 50 percent differential would be fairer.

GREAT WALKS DIFFERENTIAL PRICING TRIAL 2019/20 EVALUATION

EXECUTIVE SUMMARY CONT.

18 Findings continue to conflict with the trial objective to charge international visitors a fee that more fairly reflects the high value of the experience, and so this trial objective has not been met.

19 There is evidence that objections to cost have softened so far during the 2019/20 season compared to the 2018/19 season. This may be because the trial pricing has 'bedded in' and so is questioned less, or because there was more opportunity this season for a visitor to exclude a Great Walk from their trip if they objected to the trial prices (so there may be a bias in response to those who consider the price acceptable).

Stakeholder view

20 Businesses that operate on the trial Great Walks, and/or service walkers of those walks are directly impacted by the trial (positively and negatively), as are surrounding communities. Businesses have observed an increase in New Zealand residents on trial walks under the trial, and many support this at a philosophical level. This change has impacted businesses and communities however, as New Zealand residents tend to travel differently than international walkers. Businesses mentioned that New Zealand residents tend to spend less time in the region, spend less on the elements of their trip, and book travel arrangements with a shorter lead time.

21 Direct negative impacts on business include a view that the trial has exacerbated the decline of the international youth travel market (as it adds to the view that New Zealand is an expensive destination), reduced demand at the edges of the season (when it is more elastic), and reduced demand for undertaking multiple walks on one trip (to contain costs),

22 Businesses are also very conscious of the way differential pricing makes international visitors feel ('unwelcome') and some believe that there are better alternatives for achieving similar outcomes (such as facilitating early access to the booking system for New Zealand residents, or increasing the International Visitor Conservation and Tourism Levy).

Concluding remarks

23 The Great Walks differential pricing trial was introduced at a time when there was significant visitor pressure on Great Walks. It sought to obtain information on the effectiveness of pricing as a tool to manage this. Under the trial bednights have decreased, and revenue has increased. The effects are less favourable in this second season of the trial and we believe this is a 'truer' picture of the effect of the trial, because of the greater opportunity visitors had to change their travel plans and avoid paying the international rate. Non-price effects also influence results and these have been identified where possible.

24 While DOC will further analyse relevant data to help determine the future place of differential pricing as a tool for Great Walks, the evaluation serves as a comprehensive view of how the trial performed against its objectives and the other factors that should be considered if differential pricing is applied.

Introduction

INTRODUCTION

1.1 Background

25 International visitor arrivals to New Zealand have grown by 36 percent in the last five years to reach 3.9 million in 2019[1] (and expenditure has grown by 64 percent[2]). Annual international visitor arrivals are forecast to reach 5.1 million by 2025[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].

26 In this environment there is debate about funding mechanisms for conservation and tourism infrastructure (for example Local Government New Zealand is lobbying for mechanisms other than property taxes to fund regional tourism infrastructure requirements[7]), and visitors are 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) introduced in 2019.

27 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 $25[11]. Fish & Game New Zealand also prices fishing and hunting licences differently for non-residents[12].

28 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].

29 In May 2019 the Aotearoa New Zealand Government Tourism Strategy was released[14]. The 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'. It also sets 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'.

30 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 2019, Stats NZ.
[2] Tourism satellite account: 2019, Stats NZ (provisional figure).
[3] New Zealand Tourism Forecasts 2019 – 2025, Ministry of Business, Innovation and Employment.
[4] The estimated resident population of New Zealand has increased by 9% in the five years to September 2019, reaching 4.9 million, Stats NZ.
[5] Domestic tourism expenditure has increased by 32% in the five years to March 2019 (provisional figure), Tourism satellite account: 2019, Stats NZ.
[6] A Walk in the Park? Mountain Safety Council New Zealand, 2018.
[7] Refer: https://www.lgnz.co.nz/our-work/our-policy-priorities/5-economic-development/.
[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/immigration-and-tourism/tourism/new-zealand-aotearoa-government-tourism-strategy/.

GREAT WALKS DIFFERENTIAL PRICING TRIAL 2019/20 EVALUATION

INTRODUCTION CONT.

1.2 The Differential Pricing Trial

31 For the 2018/19 and 2019/20 Great Walks seasons, 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.

32 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 ordinarily resident in New Zealand remains the same as do the prices for all visitors on all other Great Walks (including children being free).

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

1. **Improve access to the Great Walks for people ordinarily 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**

34 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.'

'By trialling differential pricing, we are seeking to obtain valuable information on the effectiveness of pricing as a tool to manage visitor pressure. It is also part of our 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.'

'DOC's investment in maintaining the Great Walks has in previous seasons exceeded the revenue from hut fees by up to $3.8 million each year. Pricing also needs to fairly distribute the cost of maintaining that experience between New Zealanders and international visitors. DOC expects to recover additional costs during the trial periods, without significantly reducing bookings and visitor demand. The increased accommodation fees encourage overseas visitors to use less visited Great Walks where prices remain the same.'[2]

35 The 2018/19 season evaluations established that two of the three objectives of the differential pricing trial were met: the trial improved access for people ordinarily resident in New Zealand and increased the proportion of costs recovered from International users. However, findings did 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, it was concluded, that this objective had not been met.

36 DOC subsequently took the decision to extend the trial for a further season (2019/20). The 2019/20 evaluation is designed to build on the 2018/19 evaluations. This further assessment will allow DOC to make a decision on whether it will: stop, extend or expand the trial; or roll out differential pricing on a permanent basis on the subject, and/or other, Great Walks.

[1] Refer: https://www.doc.govt.nz/about-us/our-role/managing-conservation/recreation-management/great-walks-differential-pricing-trial/about/.
[2] Refer: https://www.doc.govt.nz/about-us/our-role/managing-conservation/recreation-management/great-walks-differential-pricing-trial/about/ and https://www.doc.govt.nz/about-us/our-role/managing-conservation/recreation-management/great-walks-differential-pricing-trial/.

GREAT WALKS DIFFERENTIAL PRICING TRIAL 2019/20 EVALUATION

INTRODUCTION CONT.

1.3 The Evaluation

37 This report covers the period 1 October 2019 to 31 January 2020 (although for a number of Great Walks the season did not start until later in October). The evaluation period does not cover the full season as key information needs to be available in time to confirm pricing structures ahead of the opening of bookings for the 2020/21 Great Walks season.

38 The objective of the evaluation is to assess the Great Walks differential pricing trial in terms of whether, and to what extent, the three major objectives of the trial were achieved. The evaluation will also include comparison of key findings with the findings of the 2018/19 trial. 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.

39 This evaluation also includes investigation into a number of specific issues that were identified in the 2018/19 evaluations, or subsequently. This includes:

- How the eligibility criteria (nationality vs. ordinarily resident in New Zealand) affected bednight data
- How international bednight data compares with the changing composition of the wider market
- How the proportion of international and New Zealand resident bednights compare at peak New Zealand holiday times relative to the wider season
- What are the willingness to pay tolerances if the differential were refined
- Perceptions of value for money and how this is assessed by visitors
- Understanding in more detail how the trial has impacted stakeholders

40 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

Five Great Walks not part of the trial*:

Tongariro Northern Circuit	Whanganui Journey
Heaphy Track	Rakiura Track
Paparoa Track	

Four multi-day walks near the Great Walks included in the trial:

Travers-Sabine Circuit (Nelson Lakes)	Rees-Dart Track (Otago)
Matukituki Valley Tracks (Wanaka)	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.

41 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 resident concern about the negative impacts of tourism[1] by dampening demand to some extent. Similarly, differential pricing may be supported by international visitors in the absence of a border levy but rejected if combined with this levy (and with regional taxes/local levies as well).

42 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).

43 Taking into consideration the objectives of the differential pricing trial, and the environmental factors discussed above, the evaluation includes three key information components; analysis of DOC operational data, original surveying of Great Walks guests, and consultation with tourism industry stakeholders.

44 Details of the evaluation methodology, as well as the limitations of the evaluation, can be found in the Appendix to this report.

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/.

Evaluation of Trial Objective 1

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

OBJECTIVE ONE EVALUATION

OBJECTIVE ONE EVALUATION SUMMARY

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

45 Access to the Great Walks for people ordinarily resident in New Zealand has **improved** under the differential pricing trial. This view is based on comparing bednight data from the 2020 season to date, with 2018 bednight data for the same period.

46 **The proportion of New Zealand resident Great Walk bednights increased to 54 percent during the 2020 season evaluation period, from 40 percent during the same period in the 2018 season** (the season immediately preceding the trial).

47 On the four trial Great Walks the proportion of New Zealand resident bednights increased to a greater degree (from 35 to 52 percent of total bednights) than for the four non-trial walks (where the proportion increased from 50 to 58 percent).

48 **The number of New Zealand resident Great Walk bednights increased by 18 percent during the 2020 season evaluation period, relative to the same period in the 2018 season** (equivalent to 9,700 more bednights), and by 21 percent on the four trial walks (equivalent to 7,000 more bednights). While this continues a pattern of growth in New Zealand resident bednights seen in preceding years, the growth under the trial is more significant.

49 Of the trial walks the increase in New Zealand resident bednights is greater for the three Fiordland Great Walks (the Kepler, Milford, and Routeburn Tracks). These are up by a combined 32 percent. The Abel Tasman Coast Track is up 13 percent.

50 The positive impact of the differential pricing trial on access for New Zealand residents may be influenced by a number of non-price factors such as the change in the way the origin of walkers has been determined in the booking system for the 2019 and 2020 seasons and changes in the visitor market to New Zealand. It is estimated that 13 percent of those classed as ordinarily resident in New Zealand would have selected a nationality other than New Zealand pre-trial, in the old booking system. As such it should be considered that trial bednight data may give the impression that the proportion of *New Zealanders* (by nationality) undertaking Great Walks is higher than it is.

51 While New Zealand resident bednights increased, there was a 13 percent overall decline in the number of Great Walk bednights during the 2020 Great Walks season evaluation period compared to the same period in the 2018 season. This was driven by a 34 percent decrease in international bednights. These decreases are larger than those observed for the 2019 season, and may reflect the greater opportunity visitors had to change their travel plans ahead of the 2020 season, or a general decline in interest in Great Walks (as international bednights on non-trial Great Walks decreased as well).

52 While some changes in the volume and composition of visitors to New Zealand are evident from key Great Walks international markets, they are not of a magnitude that accounts for the extent of change (decline) in international Great Walks bednights. Little of the decrease in international bednights can be attributed to wider market conditions. The differential pricing trial is the main contributor to the decrease.

53 In addition to the overall analysis, an analysis for key New Zealand holiday periods was undertaken (summer holidays, Waitangi Day, Easter weekend and ANZAC Day). Access to the trial Great Walks for New Zealand residents during key holiday periods has improved under the trial, lessening any 'crowding out' aspect.

OBJECTIVE ONE EVALUATION

This section describes Great Walk visitor numbers before and after tine introduction of the differential pricing trial, as observed through bednights booked in DOC's Great Walks booking systems.

To ensure figures match the evaluation period, analysis has been limited to the period starting 1 October (or the Great Walks season track opening date, if later in October) and ending 31 January each season. Paparoa Track bednights are excluded in order to provide a truer comparison with previous seasons (this track opened in late 2019). Lake Waikaremoana Great Walk bednights are also excluded from the analysis.

In the Figures that follow the year label refers to the end of this period e.g. "2020" is October 2019 to January 2020.

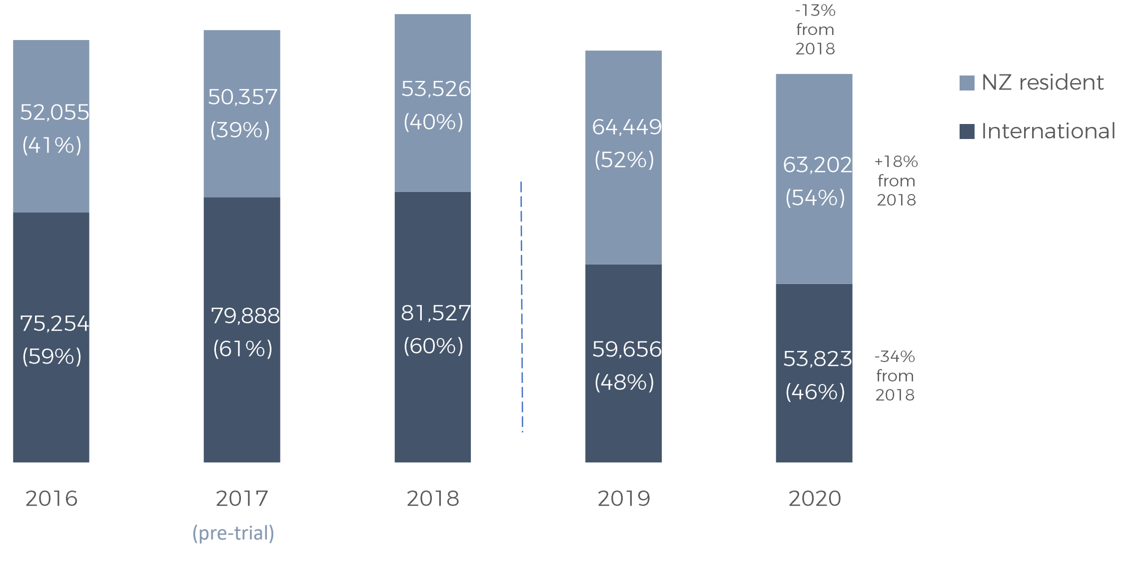
2.1 IMPACT OF TRIAL ON BEDNIGHTS

Overall impact

54 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 54 percent (comparing the 2018 and 2020 evaluation periods). 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 trial, and the changes to the classification of walker nationality discussed later in this section and in the limitations section on pages 74-76.

55 Figure 1 below shows that in the context of a 13 percent overall decrease in bednights in 2020 relative to 2018, international bednights on Great Walks declined by 34 percent (equivalent to 27,700 fewer bednights) and New Zealand resident bednights increased by 18 percent (equivalent to 9,700 more bednights). The overall decrease in bednights under the trial is driven by the decrease in international bednights.

FIGURE 1: GREAT WALKS BEDNIGHTS BY ORIGIN



OBJECTIVE ONE EVALUATION

2.1 IMPACT OF TRIAL ON BEDNIGHTS CONT.

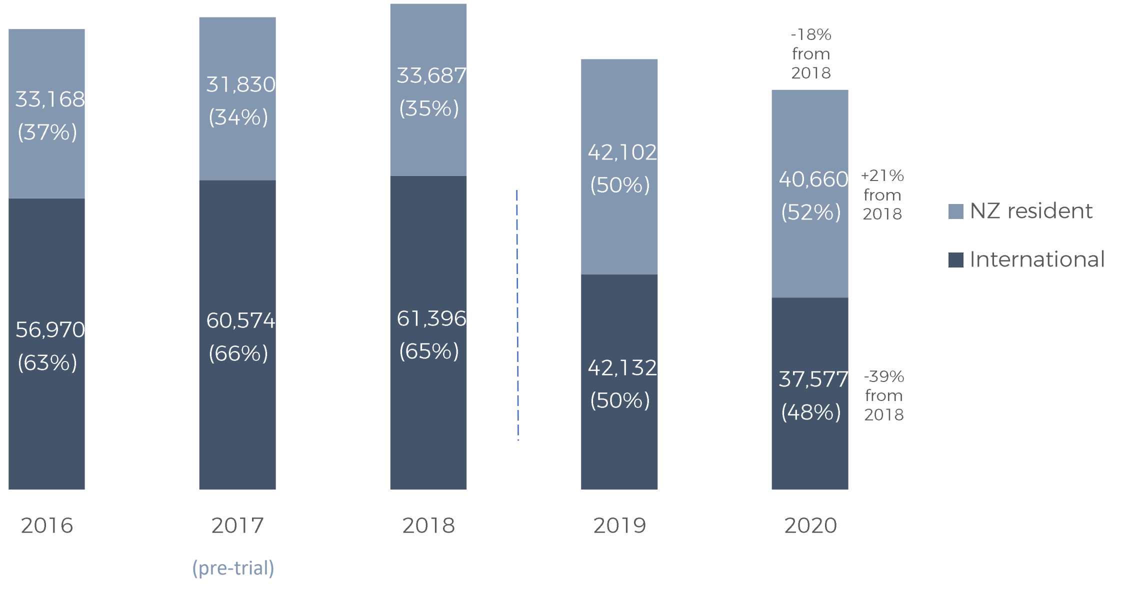
56 All walk types experienced an overall decrease in bednights in the 2020 season compared to the same period in the 2018 season, driven by a decrease in international bednights on trial and non-trial Great Walks (see Table 1 below).

Table 1: Great Walks bednights by origin

Track	2020 bednights (and change against 2018)		2020 *international bednights* (and change against 2018)		2020 *NZ resident bednights* (and change against 2018)	
Abel Tasman	39,086	-22%	16,062	-46%	23,024	13%
Kepler/Milford/Routeburn	39,151	-13%	21,515	-32%	17,636	32%
Trial walks (total)	**78,237**	**-18%**	**37,577**	**-39%**	**40,660**	**21%**
Non-trial walks	**38,788**	**-3%**	**16,246**	**-19%**	**22,542**	**14%**
All walks	**117,025**	**-13%**	**53,823**	**-34%**	**63,202**	**18%**

57 The decrease in international bednights on Great Walks is more apparent for the four trial walks than for no-trial Great Walks. This suggests an effect of the trial in addition to the impact of reclassification of visitor nationality. Figure 2 shows that international bednights have decreased by 39 percent since 2018 (equivalent to 23,800 fewer bednights), while New Zealand resident bednights increased by 21 percent (equivalent to 7,000 more bednights). This has had the effect of improving the proportion of New Zealand resident bednights on the trial Great Walks from 35 percent in 2018, to 52 percent in 2020.

FIGURE 2: DIFFERENTIAL PRICING TRIAL GREAT WALKS - BEDNIGHTS BY ORIGIN



58 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.

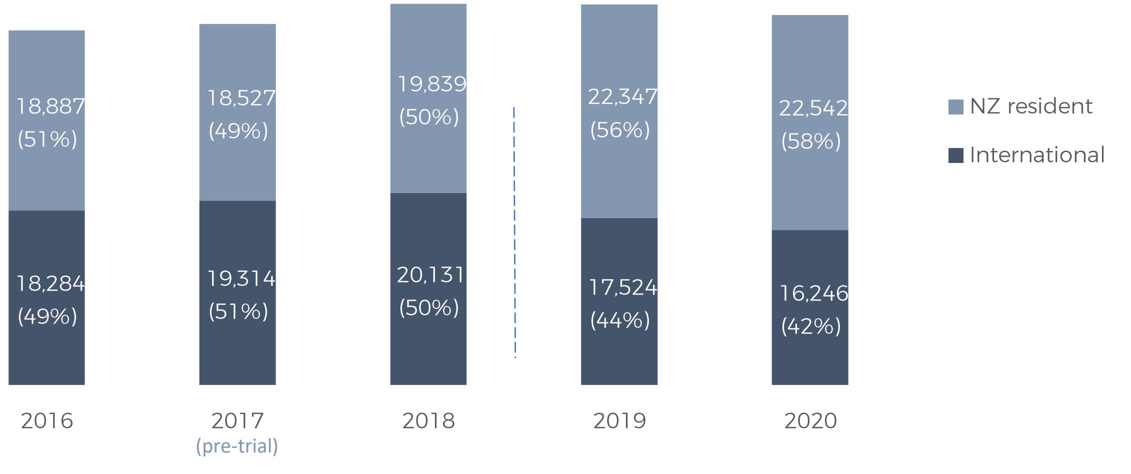
OBJECTIVE ONE EVALUATION

2.1 IMPACT OF TRIAL ON BEDNIGHTS CONT.

Non-trial walks

59 In comparison to the trial Great Walks, the non-trial Great Walks already had a similar proportion of New Zealand resident bednights to international bednights. The proportion has increased under the trial however - **the proportion of nights attributable to New Zealand residents has increased from 50 percent to 58 percent of the total** (based on a comparison of the 2018 and 2020 mid-season views). This change is attributable more to a decline in international bednights than an increase in New Zealand resident bednights however.

FIGURE 3: NON-TRIAL GREAT WALKS BEDNIGHTS BY ORIGIN



60 **In summary, there has been an 18 percent increase in New Zealand resident bednights on Great Walks during the evaluation period (and a 21 percent increase on the trial walks). This – in combination with a decline in international bednights - has had the effect of increasing the proportion of New Zealand resident bednights on Great Walks from 40 to 54 percent (and from 35 to 52 percent on the trial walks).**

61 Section 4.6 on page 42 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.

Holiday periods

62 An issue that drove the differential pricing trial was a concern that New Zealand residents were being 'crowded out' of the Great Walks by international visitors. In addition to the overall analysis of bednight data for the trial walks over the Great Walks season, an analysis of bednight data for key New Zealand holiday periods has also been undertaken to determine the New Zealand resident share of bednights at these popular domestic holiday times.

63 Looking at the past five seasons, there was a significant increase in the New Zealand resident share of bednights on trial walks during the 2019 evaluation period which was sustained in the equivalent period in the 2020 season. This increase in New Zealand resident share of bednights is evident across four key holiday periods when comparing pre-trial (2018) to trial bednights.

OBJECTIVE ONE EVALUATION

2.1 IMPACT OF TRIAL ON BEDNIGHTS CONT.

64 This analysis suggests that access to the trial Great Walks for New Zealand residents at key holiday periods has improved under the trial. Further, for all key holiday periods other than Waitangi Day, the proportion of New Zealand residents on the trial walks was higher during the holiday than it was during the evaluation period as a whole (significantly so for Easter weekend and ANZAC Day).

FIGURE 4: SHARE OF BEDNIGHTS – TO MID-SEASON (1 OCTOBER – 31 JANUARY)

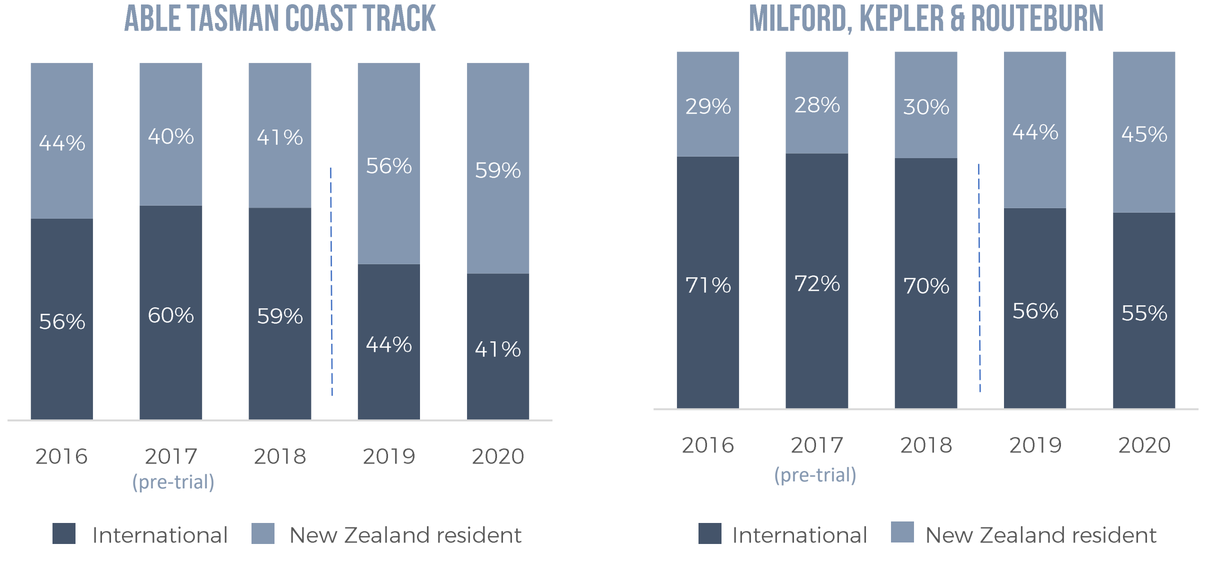


Table 2: Share of bednights – key holiday periods, 2020 season (trial walks)

	Pre-Trial (2018)		During Trial (2020)	
	International	NZ resident	International	NZ resident
Summer Holiday Period (20 Dec 2019–31 Jan 2020)	61%	39%	47%	53%
- Christmas/New Years (25 Dec 2019–3 Jan 2020)	53%	47%	41%	59%
Oct 2019–Jan 2020 (for comparison)	*65%*	*35%*	*48%*	*52%*

Table 3: Share of bednights – key holiday periods, 2019 season (trial walks)

	Pre-Trial (2018)		During Trial (2019)	
	International	NZ resident	International	NZ resident
Waitangi Day 2019	73%	27%	53%	47%
Easter Weekend 2019	46%	54%	18%	82%
ANZAC Day 2019	52%	48%	26%	74%
Oct 2018–Apr 2019 (for comparison)	*65%*	*35%*	*50%*	*50%*

OBJECTIVE ONE EVALUATION

2.1 IMPACT OF TRIAL ON BEDNIGHTS CONT.

65 Ten percent of New Zealand residents on the four trial walks and five percent of New Zealand residents on the non-trial walks were unable to book/experience the walk they did at their 'first preference time of year' (see Figure 5). Of the New Zealand resident walkers that were unable to secure their 'first preference time of year' it is the December-January period that was the most challenging time to book (those that walked during October to January) – see Figure 6.

66 Table 4 considers if, in addition to calendar months, there are specific holidays where booking difficulty occurred for those New Zealand resident walkers that were unable to secure their 'first preference time of year (as identified in Figure 5). Table 4 shows for example that the Christmas/New Year holiday period is the holiday when most booking difficulty occurred – on both trial and non-trial walks. As outlined in Table 2 on page 18 access for New Zealand residents at this time has though improved under the trial.

FIGURE 5: TIMING - SECURED FIRST PREFERENCE (NZ RESIDENTS)

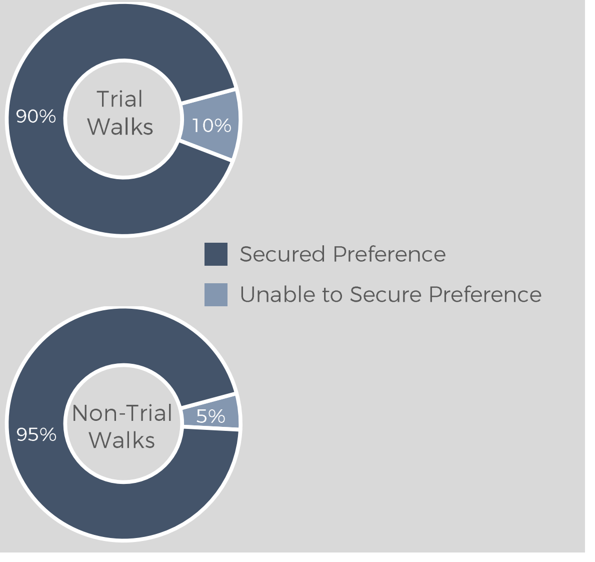


FIGURE 6: FIRST PREFERENCE TIME OF YEAR (NZ RESIDENTS)

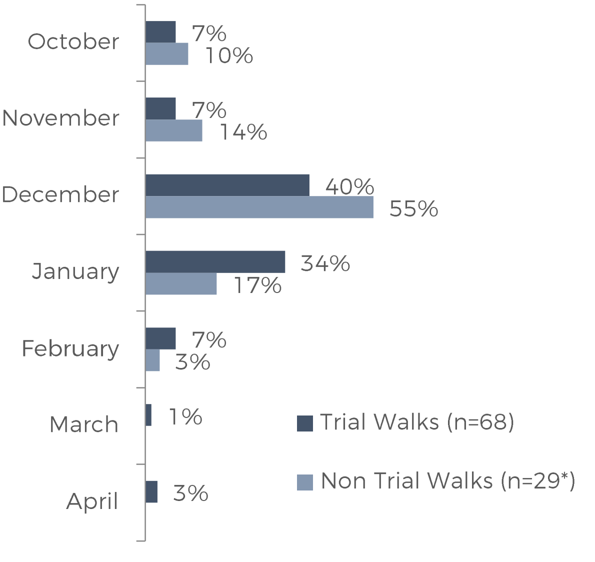


Table 4: Booking difficulty – specific holidays (NZ resident walkers, Oct 2019-Jan 2020)

	Trial Walks	Non Trial Walks
September/October School Holidays	3%	0%
Labour Day Long Weekend (October)	4%	10%
Christmas/New Years	54%	28%
December/January School Holidays	31%	17%
A regional Anniversary Day long weekend	3%	0%
Waitangi Day (6 February)	1%	0%
Chinese New Year	0%	0%
Easter	3%	3%
April School Holidays	1%	0%
None of the above	26%	52%
Base: Unable to book at 'first preference' time of year	**n=68**	**n=29***

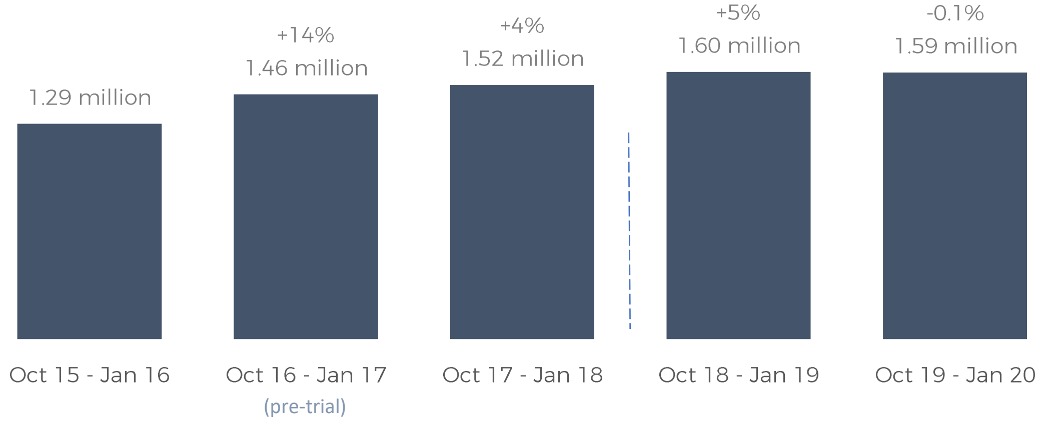
* Caution: Small sample size

OBJECTIVE ONE EVALUATION

2.2 TOURISM TRENDS THAT MAY BE IMPACTING GREAT WALKS

67 In the period October 2019 to January 2020, international visitor arrivals to New Zealand decreased by 0.1 percent on the previous year (see Figure 7 below). The number of arrivals was higher than pre-trial however. The recent leveling off in arrivals is despite a softening of New Zealand's Trade Weighted Index[1] since 2017. A softening indicates that visitors from key markets are able to spend more in New Zealand dollars for the same amount of their home currency.

FIGURE 7: INTERNATIONAL VISITOR ARRIVALS TO NEW ZEALAND



Reason for visit

68 Driving the recent decrease in international visitor arrivals is a decrease in holiday visitors to New Zealand. Between the Oct 2017 – Jan 2018 and Oct 2019 – Jan 2020 periods holiday arrivals still increased by one percent however (equivalent to 8,100 arrivals). International visitors travelling to New Zealand to visit friends and relatives increased by three percent during the same period (equivalent to 12,600 more arrivals).

Age

69 A decrease is evident in international youth market arrivals. This market (those aged 15-24 years) is down three percent in the Oct 2019 – Jan 2020 period, compared to Oct 2017 – Jan 2018 (equivalent to 4,400 fewer arrivals). At the same time an increase of 13 percent occurred in the proportion of international visitors arriving aged 65 years or more (equivalent to 25,500 more arrivals).

Origin

70 Compared with the Oct 2017 – Jan 2018 (pre-trial) period, during Oct 2019 – Jan 2020 arrivals from Europe decreased 2 percent (approximately 40 percent of the Great Walks international market, based on bednights), arrivals from Oceania increased by eight percent (approximately 27 percent of the Great Walks international market), and arrivals from the Americas increased by five percent (approximately 22 percent of the Great Walks international market),

71 Considering the main countries that international walkers of Great Walks are from, and as shown in Figure 8 overleaf, arrivals for Oct 2019 – Jan 2020 compared with Oct 2017 - Jan 2018 are up ten percent from the USA, seven percent from Australia, and seven percent from Canada. Arrivals from the United Kingdom are stagnant and arrivals from France and Germany are down seven and eight percent respectively.

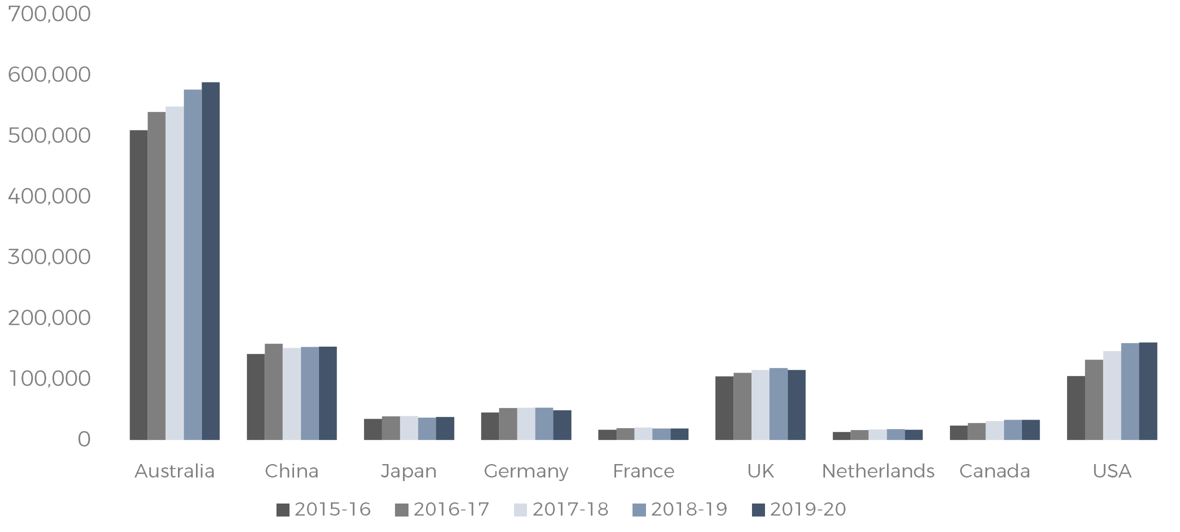
72 Where international arrivals have grown (e.g. USA and Australia), the price effect of the differential pricing trial is likely to be understated because the market is larger under the trial than it was pre-trial.

[1] The Trade Weighted Index is an index that illustrates the New Zealand dollar's relative strength in relation to major trading partners.

OBJECTIVE ONE EVALUATION

2.2 TOURISM TRENDS THAT MAY BE IMPACTING GREAT WALKS

FIGURE 8: INTERNATIONAL VISITOR ARRIVALS TO NEW ZEALAND OCT-JAN (BY KEY COUNTRIES)



Global issues impacting travel

73 This report has been produced in the midst of the Covid-19 global health crisis and its impacts on travel around the world (although the data collection period largely predates this). However, even prior to the emergence of Covid-19, a number of global issues may have been impacting visitor arrivals to New Zealand. For example 'Brexit' (the process of the United Kingdom leaving the European Union) may have been impacting on UK visitors' propensity to travel, especially long-haul, due to the economic uncertainty this process brings.

74 In addition, the 'flight shame' movement may have been affecting travel behaviour, with Sweden, the country where the movement emerged, and Germany both experiencing recent decreases in air travel[1]. This movement presents a threat to New Zealand's tourism industry as air transport accounts for almost all international visitor arrivals.

75 Given the above, the softening observed over the evaluation period is likely to continue, or worsen, over the short to medium term.

Extent of impact on Great Walks bednights

76 While some changes in the volume and composition of visitors to New Zealand are evident they are not of a magnitude that accounts for the extent of change (decline) seen in international Great Walks bednights. The small recorded decrease in international visitor arrivals (0.1 percent) compares with a 34 percent decrease in international Great Walks bednights and a 39 percent decrease on the four trial walks.

77 The decrease in international Great Walks bednights during the evaluation period is much greater than the decrease seen in international visitor arrivals to New Zealand. As such little of the decrease in international bednights during the trial can be attributed to wider market conditions.

[1] Refer: https://www.aljazeera.com/ajimpact/sweden-air-travel-declines-flight-shaming-takes-200110183418198.html

OBJECTIVE ONE EVALUATION

2.3 STATED WALKER NATIONALITY DISCUSSION

It is estimated that 13 percent of those classed as ordinarily resident in New Zealand would have selected a nationality other than New Zealand under the old booking system/pre-trial.

78 Prior to the introduction of the differential pricing trial, DOC used a different booking system for bookings of hut and campsite nights on Great Walks. The introduction of the trial coincided with the introduction of a new booking system. Under the old booking system, and pre-trial, those booking were simply asked what their nationality was, as part of the booking process. Given there was no consequence, financial or otherwise, as to what was stated, it is likely that some walkers entered a nationality other than New Zealand even though they were ordinarily resident in New Zealand.

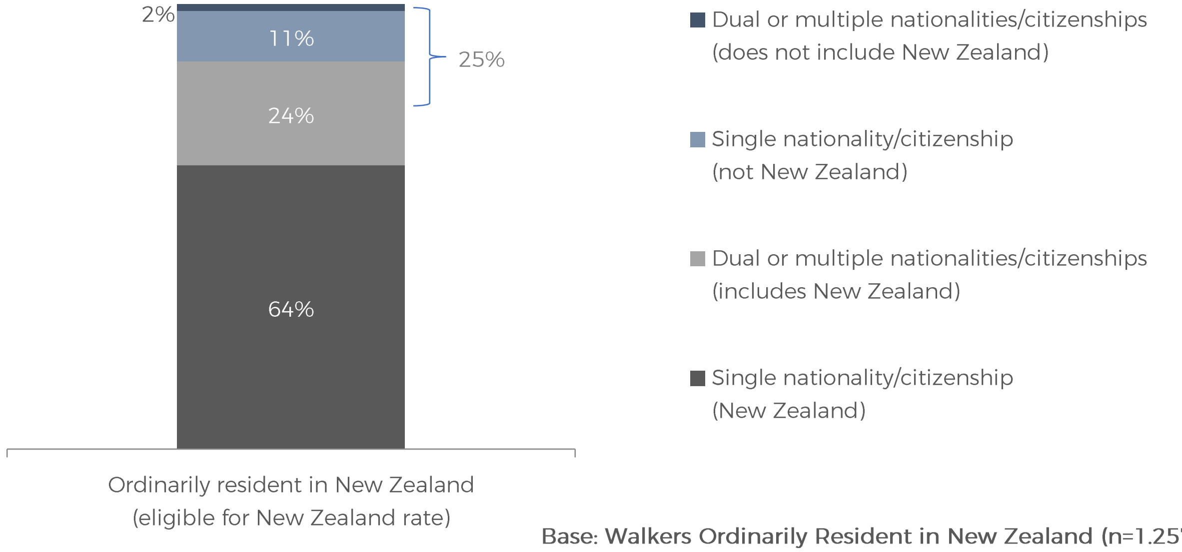
79 Under the new booking system, because of the pricing implication for the trial walks, walkers are specifically asked whether they are ordinarily resident in, or a citizen of, New Zealand (to determine if they qualify to pay the New Zealand rate). Some walkers would have been classed as living in New Zealand under this system (accessing the New Zealand rate in the process) that would have stated another nationality under the previous system.

80 A group of walkers eligible to access the New Zealand rate under the differential pricing trial is those living temporarily In New Zealand. This group includes those on student and work visas. Many of this group would have selected a nationality other than New Zealand under the old booking system.

81 The discussion that follows seeks to understand what proportion of those classed as 'ordinarily resident in New Zealand', and eligible for the New Zealand rate, would have presented as a nationality other than New Zealand under the old booking system/pre-trial. This provides important context in terms of the extent to which the improved access to Great Walks for people ordinarily resident in New Zealand under the differential pricing trial might be influenced by this change in classification of walkers rather than a change in activity.

82 Figure 9 below shows that of those walkers surveyed who are classed as ordinarily resident in New Zealand, based on the criteria for accessing the New Zealand rate, two thirds (64 percent) say that they have a single nationality/citizenship, and that this is New Zealand.

FIGURE 9: NATIONALITY/CITIZENSHIP OF THOSE 'ORDINARILY RESIDENT IN NZ'



Base: **Walkers Ordinarily Resident in New Zealand (n=1,257)**

OBJECTIVE ONE EVALUATION

2.3 STATED WALKER NATIONALITY DISCUSSION CONT.

83 Of the 36 percent in other categories, 13 percent do not hold New Zealand nationality/citizenship, and 24 percent have dual or multiple nationalities/citizenships that include New Zealand.

84 Based on this we estimate that 13 percent of those classed as ordinarily resident in New Zealand would have selected a nationality other than New Zealand under the old booking system/pre-trial. Further, there are an additional 24 percent who may or may not have done the same. It is not possible to know the tendencies of this group, so a mid point has been used to estimate the maximum extent of difference that may have occurred. As such the proportion of those ordinarily resident in New Zealand who presented as 'international' under the old booking system is likely to be more than 13 percent but no more than 25 percent of the total. In interpreting this information the reader should also bear in mind that the margin of error on the sample is +/-2.7 percent when expressed at the 95 percent confidence level.

85 While there may be grounds to take the above into account when assessing the success of the differential pricing trial, the bednight data included in the evaluation is unmodified and interpreted at face value, given the uncertainty around the true impact of this factor. It should be considered though that **trial bednight data may give the impression that the proportion of *New Zealanders* (by nationality) undertaking Great Walks is higher than it is**.

Evaluation of Trial Objective 2

Increase the proportion of costs that are received from international users

OBJECTIVE TWO EVALUATION

OBJECTIVE TWO EVALUATION SUMMARY

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

86 Objective Two has been assessed using three approaches, providing a broad view of the financial effect of the Great Walks differential pricing trial.

Relative contribution of international users as a group to revenue

87 Revenue from international walkers represents 66 percent of total revenue for the evaluation period, equal to the 2018 (pre-trial) proportion i.e. the relative contribution to costs from international bednight revenue is unchanged. This differs from 2019 season results, when a small gain was evident – indicating a slightly different pattern of activity over the two trial seasons. Considering the four trial walks only the relative contribution to costs from international bednight revenue has increased marginally (0.8 percent, from 69.7 percent to 70.4 percent from the 2018 season to the 2020 season).

88 Despite the sizeable revenue increase from international visitors on the subject Great Walks during the evaluation period (+$0.66m), the relative contribution by international users to costs is unchanged because revenue from international users on non trial tracks decreased and revenue from New Zealand residents increased on both trial and non trial tracks.

Relative contribution of international users as individuals to revenue

89 Paying a 100 percent differential means that an international walker at a hut or campsite on a trial Great Walk is contributing twice the amount towards costs that they were prior to the differential pricing trial being in place. This naturally represents an increase in the proportion of costs that an international walker on a trial walk is contributing, under the trial conditions (a 100 percent increase).

Overall contribution of all international users to total costs

90 Revenue from international walkers covers a greater proportion of annual costs in the 2020 evaluation period than it does in the 2018 evaluation period – 38 percent of annual costs for all walks in 2020, compared with 30 percent in 2018. The increase in the proportion is much greater for the four trial walks (from 40 percent to 56 percent).

91 **Objective Two has been met** as international users are contributing proportionately more to costs under the trial. Under the 'overall contribution to costs' approach the overall proportion has increased. Under the 'relative contribution to costs' approach there is a small increase in the proportion from trial walks, and a 100 percent increase for individual international users.

OBJECTIVE TWO EVALUATION

Approach to assessment of Objective Two

92 Objective Two is to increase the proportion of costs that are received from international users. Objective Two has been assessed using three approaches. This provides a broad view of the financial effect of the Great Walks differential pricing trial. The three approaches are:

- the relative contribution of international users as a group to revenue (as a proxy for contribution to costs),
- the relative contribution of international users as individuals to revenue (as a proxy for contribution to costs), and
- the overall contribution of all international users to total costs.

93 The assessment based on each of these approaches is outlined in the sections that follow. The role of walker classification changes on international and New Zealand residents' relative contribution to costs is not clear and so it has not been taken into account in the analysis.

Overall assessment

94 **Objective Two has been met** as international users are contributing proportionately more to costs under the trial. Under the 'overall contribution to costs' approach the overall proportion has increased. Under the 'relative contribution to costs' approach there is a small increase in the proportion from trial walks, and a 100 percent increase for individual international users.

3.1 RELATIVE CONTRIBUTION TO COSTS – GROUP LEVEL

Revenue and cost recovery

95 While this section of the evaluation largely considers the impact of the trial on Great Walks revenue, this should be viewed in terms of revenues' contribution towards total costs (i.e. revenue as the key cost recovery mechanism).

Approach

96 The relative change in revenue generated from international walkers as a group versus New Zealand residents as a group under the trial has been used as one of the means to assess Objective Two. 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 contributed by international walkers.

THE APPROACH TO ASSESSING REVENUE:

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 and 2019/20 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 and 2019/20 seasons but without any differential pricing in place.

Figures 10-13 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 the trial walks. For actual historical Great Walks revenue, reference should be made to the relevant DOC annual report.

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.).

The analysis 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.

[1] Refer: https://www.doc.govt.nz/about-us/our-role/managing-conservation/recreation-management/great-walks-differential-pricing-trial/pricing/ for trial prices.

OBJECTIVE TWO EVALUATION

3.1 RELATIVE CONTRIBUTION TO COSTS – GROUP LEVEL CONT.

97 International walkers on trial walks are effectively paying twice the 2018 prices during the 2019 and 2020 seasons[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.

98 To ensure figures are comparable with the evaluation period, analysis of DOC's booking system data has been limited to the period beginning with the opening of the Great Walks season and ending 31 January each year. Revenue from Paparoa Track and Lake Waikaremoana Great Walk is excluded.

Overall revenue impact

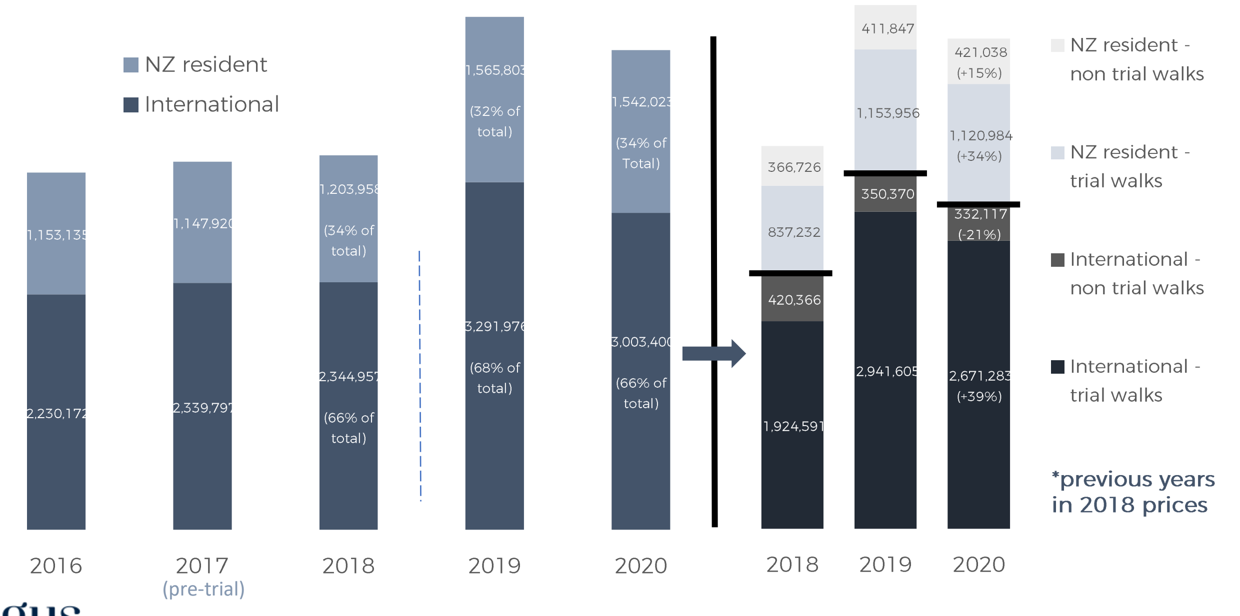
99 Revenue for the eight Great Walks included in the evaluation increased by 28 percent, or $1.00m, during the comparison period (from $3.55m in the 2018 season to $4.55m in the 2020 season, GST exclusive). Revenue from international walkers increased by $0.66m (66 percent of the total revenue increase, and 14 percent of total revenue) and from New Zealand resident walkers by $0.34m. Further, and as outlined in Table 5 overleaf, the trial has resulted in a 37 percent increase in revenue for the four trial walks (from $2.76m to $3.79m, GST exclusive).

Relative contribution to costs

100 Revenue from international walkers represents 66 percent of total revenue for the evaluation period, equal to the 2018 (pre-trial) proportion i.e. **the relative contribution to costs from international users is unchanged**. This differs from 2019 season results, when a small gain was evident – indicating a slightly different pattern of activity over the two trial seasons. Considering the four trial walks only the relative contribution to costs from international walkers has increased marginally (0.8 percent, from 69.7 percent to 70.4 percent of revenue from the 2018 season to the 2020 season).

101 Despite a sizeable revenue increase from international visitors on trial tracks this season (+$0.75m), the relative contribution by international walkers to costs is unchanged because revenue from international walkers on non trial tracks decreased and revenue from New Zealand residents increased on both trial and non trial tracks.

FIGURE 10: GREAT WALKS ESTIMATED REVENUE IMPACT OVER TIME*



OBJECTIVE TWO EVALUATION

3.1 RELATIVE CONTRIBUTION TO COSTS – GROUP LEVEL CONT.

Impact by Track type

102 Table 5 below summarises the revenue changes by Great Walk track type and walker type between the 2018 (pre-trial) and 2020 evaluation periods.

Table 5: 2018 – 2020 revenue changes by track type

Track	2020 *All walkers* Revenue change ($000)		2020 *International walkers* Revenue change ($000)		2020 *NZ residents* Revenue change ($000)	
Abel Tasman	132	18%	65	13%	67	26%
Kepler/Milford/Routeburn	898	44%	681	47%	217	37%
Trial walks (total)	**1,030**	**37%**	**747**	**39%**	**284**	**34%**
Non-trial walks	**-34**	**-4%**	**-88**	**-21%**	**54**	**15%**
All walks	**997**	**28%**	**658**	**28%**	**338**	**28%**

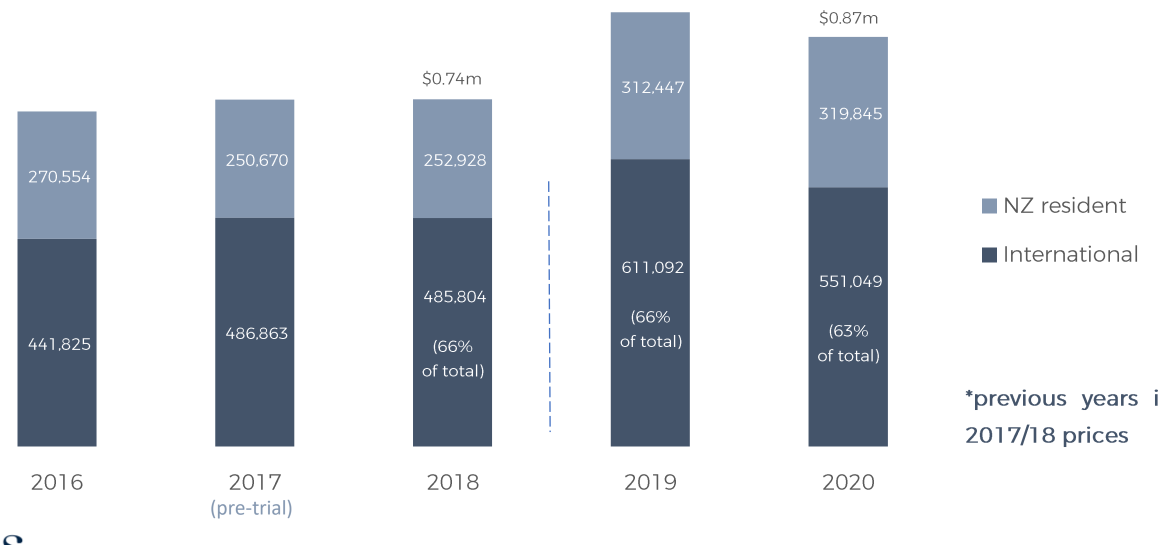
103 Because of the large visitor numbers to Abel Tasman Coast Track, revenue from this walk has a significant impact on the overall assessment of the differential pricing trial. Abel Tasman Coast Track also differs from the other three trial walks because it can be experienced in a wider range of ways and it attracts a different market. As such, the more detailed revenue contribution analysis has been split into three sections: Abel Tasman Coast Track, the remaining three trial Great Walks, and non-trial Great Walks.

Trial Great Walks

104 The increase in revenue for the Abel Tasman Coast Track is smaller than for the other three trial Great Walks combined. This Great Walk also recorded a larger decrease in international bednights and this has moderated the impact of the differential pricing trial on overall revenue.

105 Compared to the 2018 evaluation period, Abel Tasman Coast Track revenue increased by 18 percent in 2020, from $0.74m to $0.87m. The contribution to costs from international bednight revenue has decreased from 66 to 63 percent over this time.

FIGURE 11: ABEL TASMAN ESTIMATED REVENUE IMPACT OVER TIME*



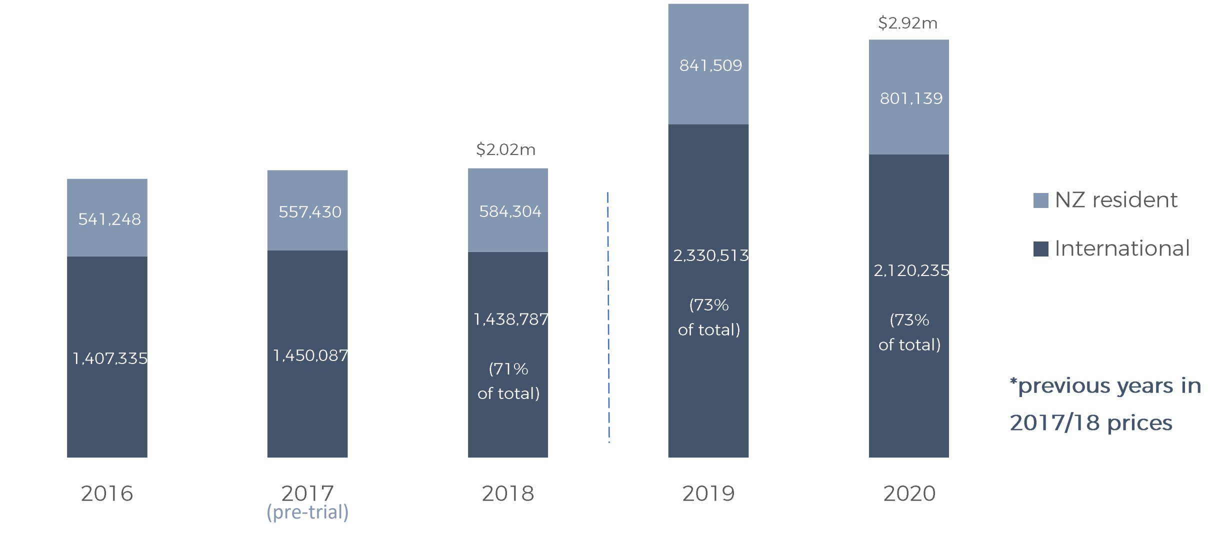
*previous years in 2017/18 prices

OBJECTIVE TWO EVALUATION

3.1 RELATIVE CONTRIBUTION TO COSTS – GROUP LEVEL CONT.

106 Compared to the 2018 evaluation period, revenue from the Milford, Kepler and Routeburn tracks combined increased by 44 percent in 2020, from $2.02m to $2.92m. The contribution to costs from international bednight revenue increased from 71 percent to 73 percent over this time.

FIGURE 12: MILFORD/KEPLER/ROUTEBURN ESTIMATED REVENUE IMPACT OVER TIME*

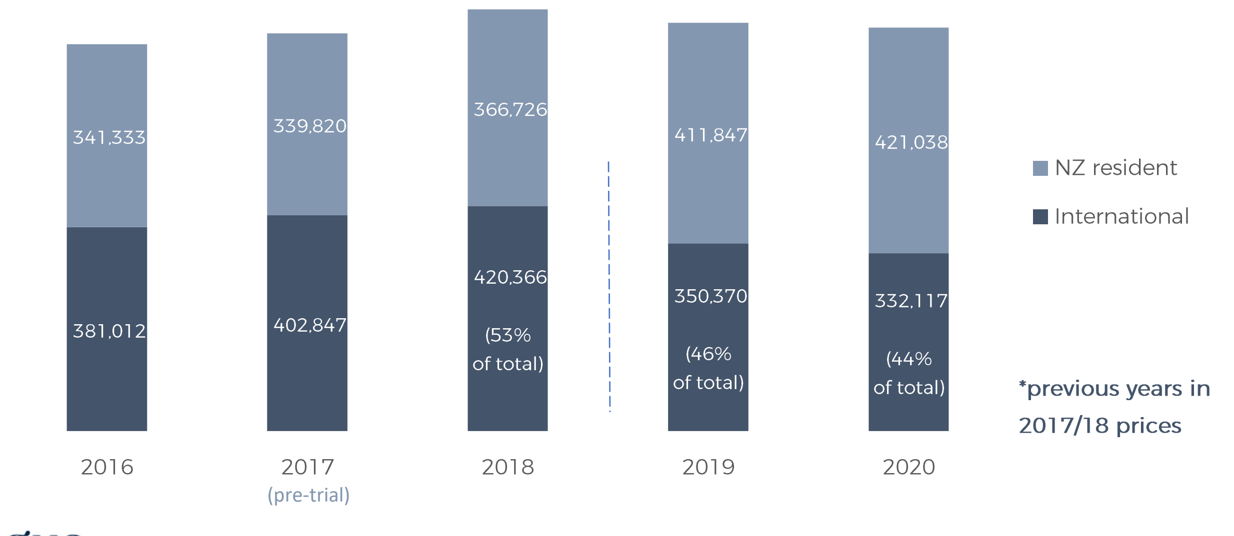


Non-trial Great Walks

107 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.

108 During the 2020 Great Walks season evaluation period revenue from international bednights decreased by 21 percent (from $0.42m in 2018 to $0.33m in 2020). The contribution to costs from international bednight revenue decreased from 53 percent to 44 percent during this time.

FIGURE 13: NON-TRIAL GREAT WALKS ESTIMATED REVENUE IMPACT OVER TIME*



OBJECTIVE TWO EVALUATION

3.2 RELATIVE CONTRIBUTION TO COSTS – INDIVIDUAL LEVEL

109 Paying a 100 percent differential means that an international walker at a hut or campsite on a trial Great Walk is contributing twice the amount towards costs that they were prior to the differential pricing trial being in place. At the individual walker level, the cost of operating the trial Great Walks are the same for both international and New Zealand resident walkers. This naturally represents an increase in the proportion of costs that an international walker on a trial walk is contributing, under the trial conditions (a 100 percent increase).

110 This approach to assessing international users relative contribution does not however take account of the overall level of international walker activity.

3.3 ACTUAL CONTRIBUTION TO COSTS – GROUP LEVEL

111 This section considers the proportion of total annual costs that revenue from international walkers as a group covers. A proportion at or above 100 percent would indicate that all costs have been recovered. As the revenue data in the evaluation period covers a part season only it should be noted that seasonal patterns may impact the full-season picture.

Contribution to costs - international walkers as a group

112 The cost of operating Great Walks is relatively stable. An average total cost per Great Walk for the past four years (2016-2020) was provided by DOC to the Evaluator, and this was used for the subsequent analysis. 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.

Table 6: Contribution to Costs – International walkers by track type

Track	2016-2020 *Average total costs per annum**	2018 *International revenue as proportion of annual total costs*	2020 *International revenue as proportion of annual total costs*	2020 *Revenue change on 2018 evaluation period ($000)*
Abel Tasman	1,344,844	36%	41%	65
Kepler/Milford/ Routeburn	3,453,966	42%	61%	681
Trial walks (total)	**4,798,810**	**40%**	**56%**	**747**
Non-trial walks	**3,085,902**	**14%**	**11%**	**-88**
All walks	**7,884,712**	**30%**	**38%**	**658**

**These are the same figures DOC is using in its own analysis*

113 As shown in Table 6 above, revenue from international walkers covers a greater proportion of annual costs in the 2020 evaluation period than it does in the 2018 evaluation period – 38 percent of annual costs for all walks in 2020, compared with 30 percent in 2018. The increase in the proportion is much greater for the four trial walks (from 40 percent to 56 percent), and there is a decreased contribution for non-trial Great Walks.

114 Additional information supporting the evaluation of this objective can be found in the Appendix to this report.

Evaluation of Trial Objective 3

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

OBJECTIVE THREE EVALUATION

OBJECTIVE THREE EVALUATION SUMMARY

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

115 While the majority of international walkers on trial Great Walks are satisfied with their experience and agree the walks offer value for money, the proportion agreeing so has decreased since the differential pricing trial began. Further, the majority of international walkers doing trial Great Walks believe the cost is too high and almost half oppose differential pricing.

116 Findings continue to conflict with the trial objective to charge international visitors a fee that more fairly reflects the high value of the experience, and so this trial objective has not been met.

117 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 they were before the differential pricing trial began**. In terms of satisfaction with specific aspects of the experience international walkers on the trial tracks also less commonly agree that the facilities are of a high standard.

118 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. More than half of international visitors that walked a trial track indicate that the cost is either 'too high' or 'much too high'.

119 There is some evidence that objections to cost have softened so far during the 2019/20 season compared to the 2018/19 Great Walks season. This may be because the trial pricing has 'bedded in' and so is questioned less, or because there was more opportunity this season for a visitor to exclude a Great Walk from their trip if they objected to the trial prices (so there may be a bias in response to those who consider the price acceptable).

120 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, **agreement that the experience gave value for money decreased for international walkers on trial Great Walks under the trial** (compared with the two preceding Great Walks seasons).

121 The majority of New Zealand resident walkers are supportive of differential pricing on Great Walks while international walkers are much less supportive - with almost 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:

- **Two in five** 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.

122 Finally, international walkers feel the current differential is too high and indicated that a 50 percent differential would be more fair.

OBJECTIVE THREE EVALUATION

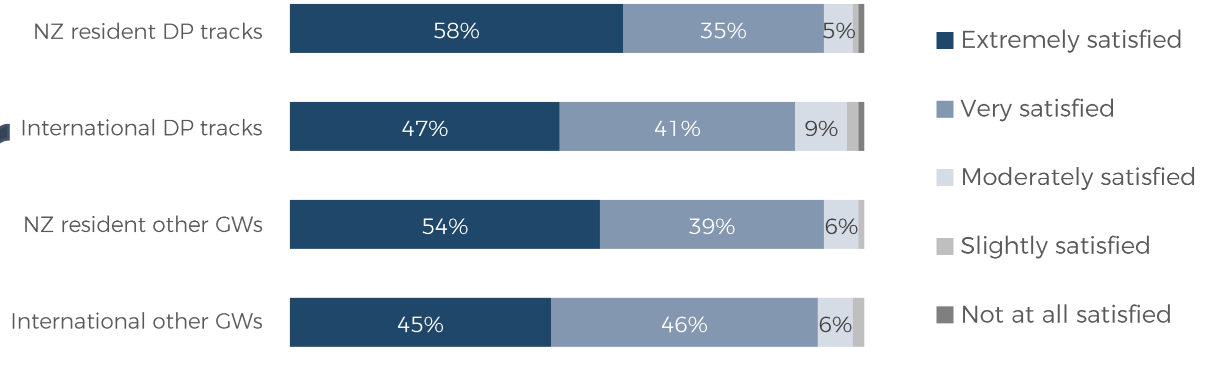
4.1 SATISFACTION

123 Satisfaction is very high[1] amongst walkers of the Great Walks included in the differential pricing trial as well as amongst those who walked other Great Walks. It is also high amongst both New Zealand residents and international walkers. For each of the four trial tracks, the overall satisfaction of international walkers is similar.

124 Compared with the same period in the 2018/19 season, satisfaction levels are slightly lower this year across the different groups of walkers and tracks. Satisfaction is also slightly lower for those that experienced poor weather conditions.

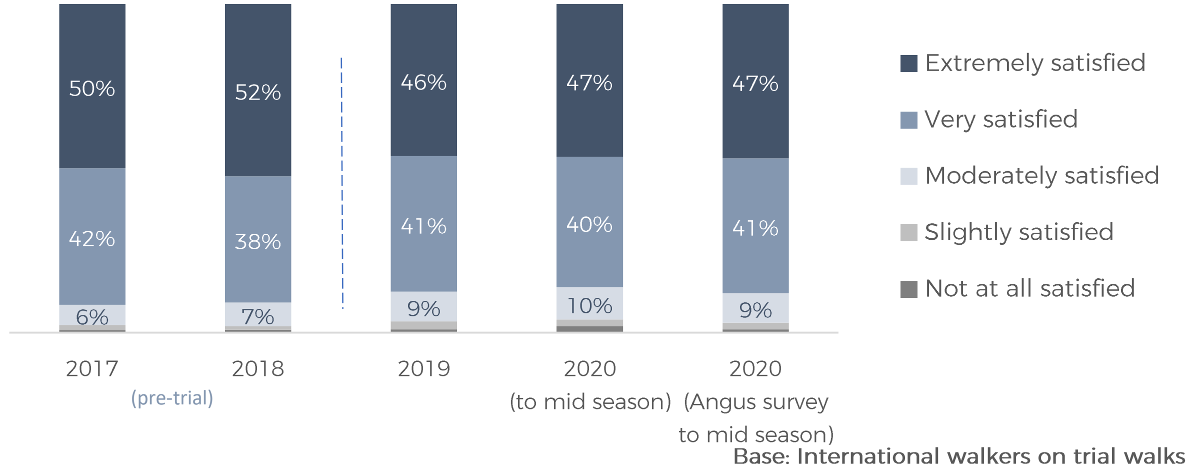
125 Historical DOC Great Walks survey data measuring satisfaction (Figure 15) suggests that a slight decrease in the satisfaction of international walkers has occurred on the trial tracks under the trial. The proportion extremely or very satisfied has decreased from 90 percent in 2018 to 87 percent in both 2019 and 2020.

FIGURE 14: OVERALL, HOW SATISFIED WERE YOU WITH YOUR EXPERIENCE ON THE [TRACK]?



Base: Walked a Great Walk (n=2,112)

FIGURE 15: SATISFACTION WITH EXPERIENCE OVER TIME – INTERNATIONALS ON TRIAL TRACKS



Base: International walkers on trial walks

126 There is also a difference between international and New Zealand resident walkers on the trial tracks in regards to their assessment of the standard of facilities (huts, toilets, tracks, campsites etc.). Three quarters of international walkers surveyed in the Angus & Associates walker survey agree they are of a high standard (75 percent agree 'totally', or 'a lot'). This is a lower proportion than for New Zealand residents (87 percent).

[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).

OBJECTIVE THREE EVALUATION

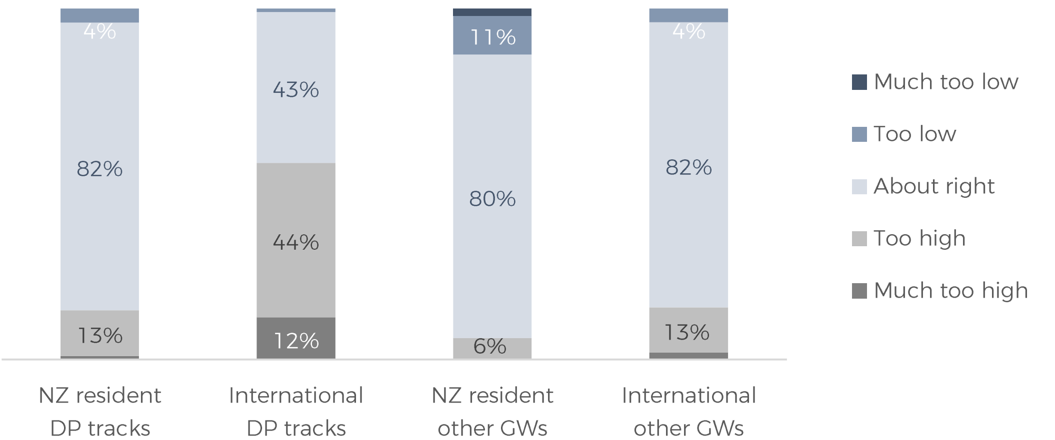
4.2 PRICE PERCEPTIONS

127 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. Over half of international visitors that walked a differential pricing trial track (56 percent) believe that the cost is either 'too high' or 'much too high'. However, this proportion is lower than for the equivalent period in the 2018/19 season (64 percent).

128 Of the four trial tracks, the view that the cost is too high is most strongly held by international walkers on the Kepler Track (66 percent say its too high). Pricing on the Abel Tasman Coast Track is least likely to be considered too high, although almost half of international walkers (45 percent) still consider it so. This may be because the base prices on this track are lower than they are for the Fiordland trial walks.

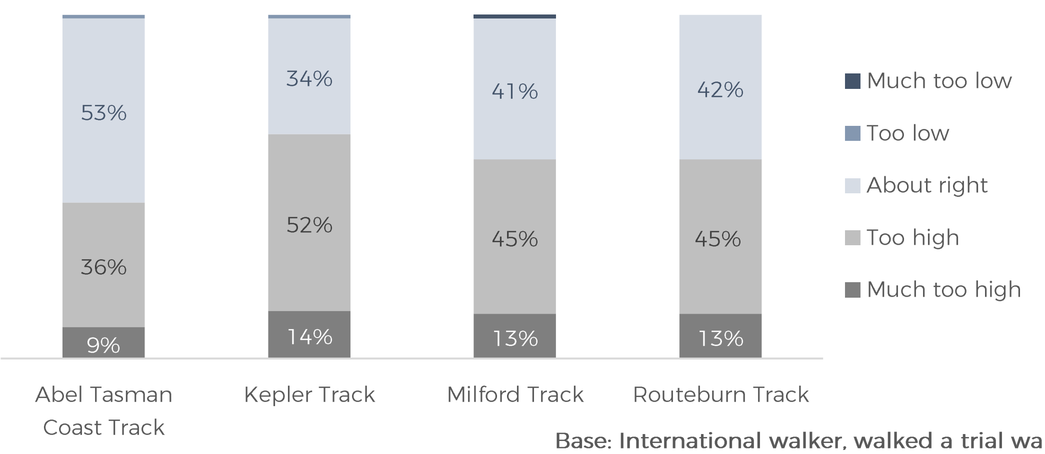
129 While still at relatively high levels, international walkers' objection to the pricing has softened this season for all of the four trial walks. This may be because the trial pricing has 'bedded in' and so is questioned less, or because there was more opportunity this season for a visitor to plan a Great Walk *out* of their trip if they objected to the trial prices.

FIGURE 16: 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=1,660)

FIGURE 17: HOW WOULD YOU DESCRIBE THE COST – INTERNATIONALS ON TRIAL TRACKS



Base: International walker, walked a trial walk (n=507)

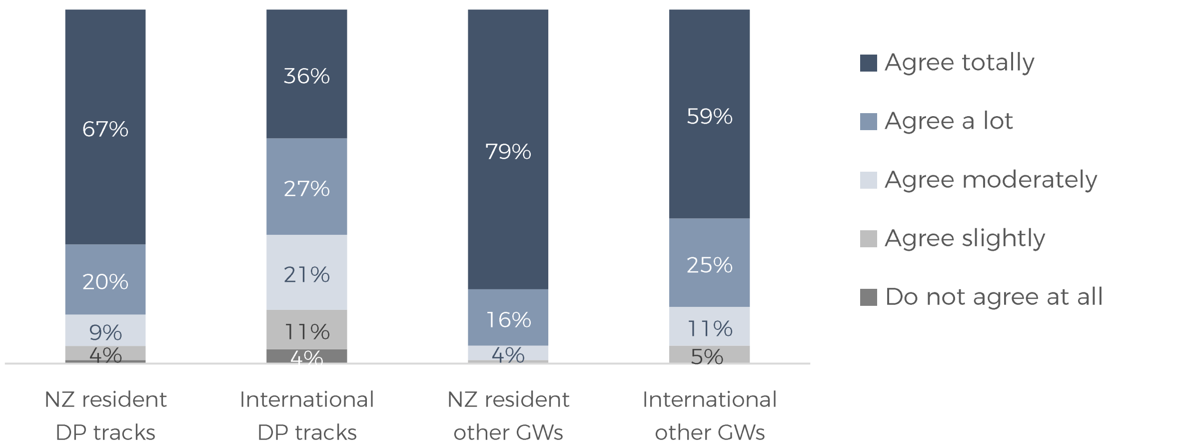
OBJECTIVE THREE EVALUATION

4.3 PERCEPTIONS OF VALUE FOR MONEY

130 International visitors on Great Walks subject to the differential pricing trial have a different perception about the value for money they receive from their experience than international visitors on other Great Walks and New Zealand residents.

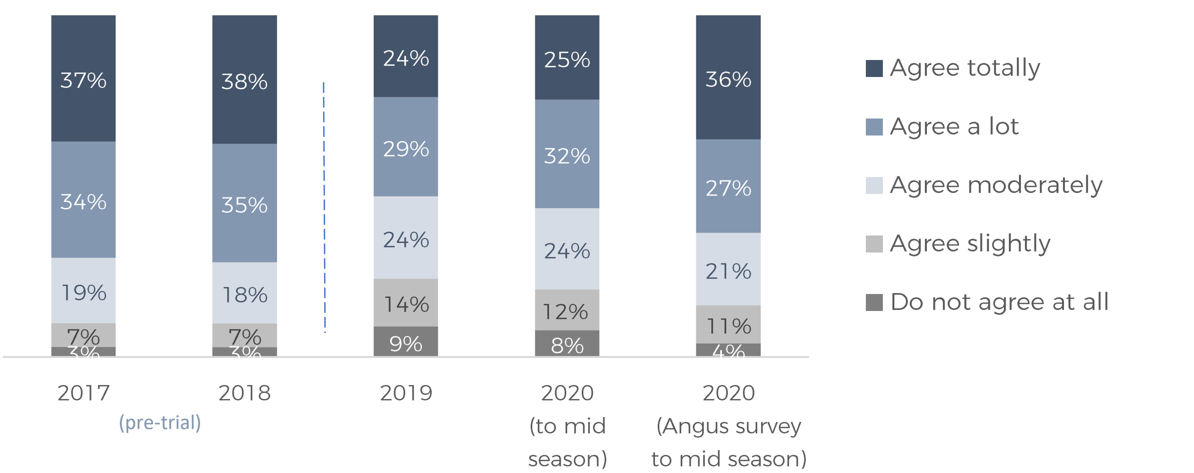
131 While the sense of value for money is not as strong as for other walkers, still almost two thirds (63 percent) of international visitors subject to the differential prices indicate that they agree 'totally' or 'a lot' that their experience on the walk gave them value for money, and just four percent 'do not agree at all'[1]. The response to this question has changed little over the course of the differential pricing trial.

FIGURE 18: AGREEMENT THAT EXPERIENCE GAVE VALUE FOR MONEY



Base: Not 'Does not apply to me', not walkers of non-Great Walks (n=2,080)

FIGURE 19: VALUE FOR MONEY – INTERNATIONALS ON TRIAL TRACKS OVER TIME



Base: international walkers of trial walks

132 As evident in Figure 19 above, the view held by international visitors on the trial Great Walks is inconsistent with the view expressed by the equivalent group during the two seasons immediately preceding the trial (based on data from DOC's Great Walks survey). **The extent to which walkers agree that the experience gives value for money has decreased for international walkers on trial Great Walks under the trial.**

[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).

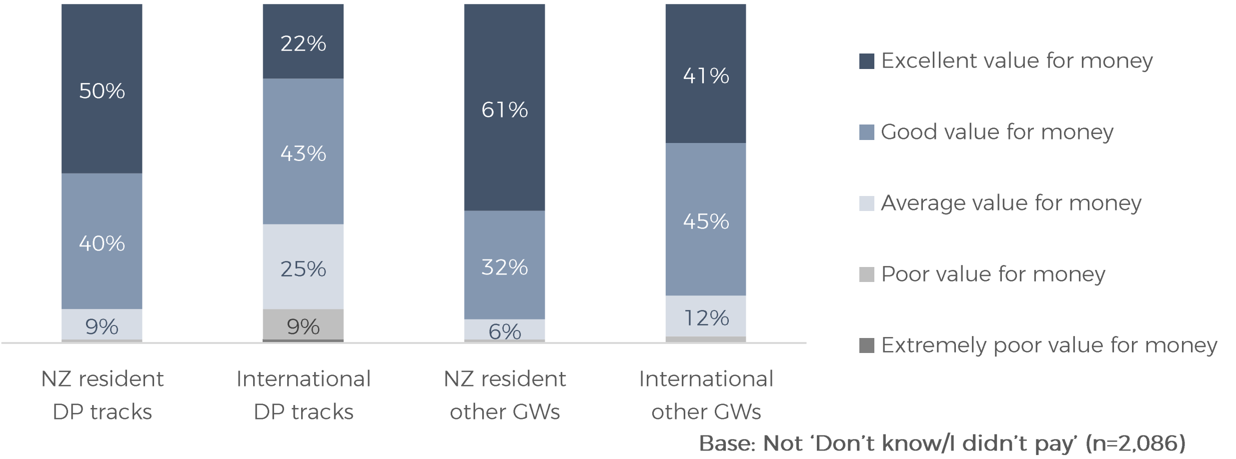
OBJECTIVE THREE EVALUATION

4.3 PERCEPTIONS OF VALUE FOR MONEY CONT.

133 Figure 19 on the previous page shows that during the 2018 and 2017 seasons (prior to the trial) 73 percent and 71 percent respectively of international walkers on trial walks agreed *totally* or *a lot* that their Great Walk experience gave value for money. During the first season of the trial this dropped to 53 percent. At the 2020 season mid-point the equivalent proportion is 57 percent (according to the same survey - DOC's Great Walks post-survey), and 63 percent according to Angus & Associates' walker survey[1].

134 These findings do not support the achievement of 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, and the proportion has improved slightly since 2019, agreement has clearly decreased under the trial.

FIGURE 20: VALUE FOR MONEY OF EXPERIENCE (ALTERNATIVE WORDING)



Base: Not 'Don't know/I didn't pay' (n=2,086)

135 Walkers were also asked about their perceived value for money with an alternatively worded question (given the skew towards positive options in the initial question, noted on the previous page). Comparing the proportions that 'agreed totally' that they received value for money (Figure 18) with the proportion that believed they received 'excellent' value for money, the alternative wording (Figure 20), suggests that walkers do not have as positive a sense of value for money regarding their Great Walk experience as the initial question suggested.

136 For the differential pricing tracks half of New Zealand resident walkers (50 percent) believed they received 'excellent value for money' compared with the two thirds (67 percent) that 'agreed totally' that they had received value for money under the initial wording. International walkers are similarly less positive at 22 percent and 36 percent, respectively under the alternative and initial wording. A similar finding is evident for walkers of the non-differential pricing Great Walks.

137 An improvement is evident in walkers' value for money assessment under this question structure compared with February to April period of the 2019 season (when this question was first asked). For the October to January period of the 2020 season 65 percent of international walkers on trial tracks indicated that the experience was 'excellent' or 'good' value for money – last season this proportion was 59 percent. Again, this may reflect the greater opportunity walkers had this season to make alternative plans for their trip if they didn't want to pay the trial prices (so there may be a bias in response to those who consider the price acceptable).

[1] Given the answer options for this question are skewed towards the positive (as noted on page 35), 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).

OBJECTIVE THREE EVALUATION

4.3 PERCEPTIONS OF VALUE FOR MONEY CONT.

Value for money by experience

138 There is no difference in the value for money assessment made by international walkers on trial tracks depending on whether they used hut or campsite accommodation. There are differences by trial track however with Abel Tasman rating most favourably (70 percent of international walkers rate it excellent or good value for money so far this season), and Kepler least favourably (59 percent of international walkers rate the experience excellent or good value for money so far this season) – see Table 7 below.

139 Compared with the pre-trial period the assessment of value for money (under the original question wording) on the Abel Tasman Coast Track has changed less than it has for the three Fiordland trial walks. Those agreeing totally or a lot that it is value for money changed from 75 percent in 2018 to 68 percent in 2020 - compared with a change from 71 percent to 44 percent for Kepler/Milford/Routeburn combined.

140 Value for money ratings are also lower amongst the group of international walkers on trial tracks that experienced poor weather during their experience – just 57 percent of this group rated their experience excellent or good value for money (compared to 65 percent of all international walkers on trial tracks).

141 For those walking the non-trial tracks, perceptions of value for money are higher, but generally slightly lower for international visitors compared to New Zealand residents.

142 It is not clear why the Abel Tasman Coast Track rates highest on value for money compared to the other three trial tracks. It may be because 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. It may also be that those who disagree that it is value for money have simply not booked.

143 In regard to the Kepler Track rating, rangers report a number of 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. This may be a factor in the lower value for money rating compared with the other trial Great Walks.

Table 7: Value for money by Great Walk

Given experience on the [track], price paid represented… Excellent or Good value for money (n=1,733)	NZ resident walkers	International walkers
Abel Tasman Coast Track	**92%**	**70%**
Kepler Track	**88%**	**59%**
Milford Track	**87%**	**69%**
Routeburn Track	**87%**	**64%**
Heaphy Track	95%	90%
Rakiura Track	97%	88%
Tongariro Northern Circuit	86%	81%
Whanganui Journey	89%	94%
Paparoa Track	96%	88%

OBJECTIVE THREE EVALUATION

4.4 EXTENT OF SUPPORT FOR DIFFERENTIAL PRICING

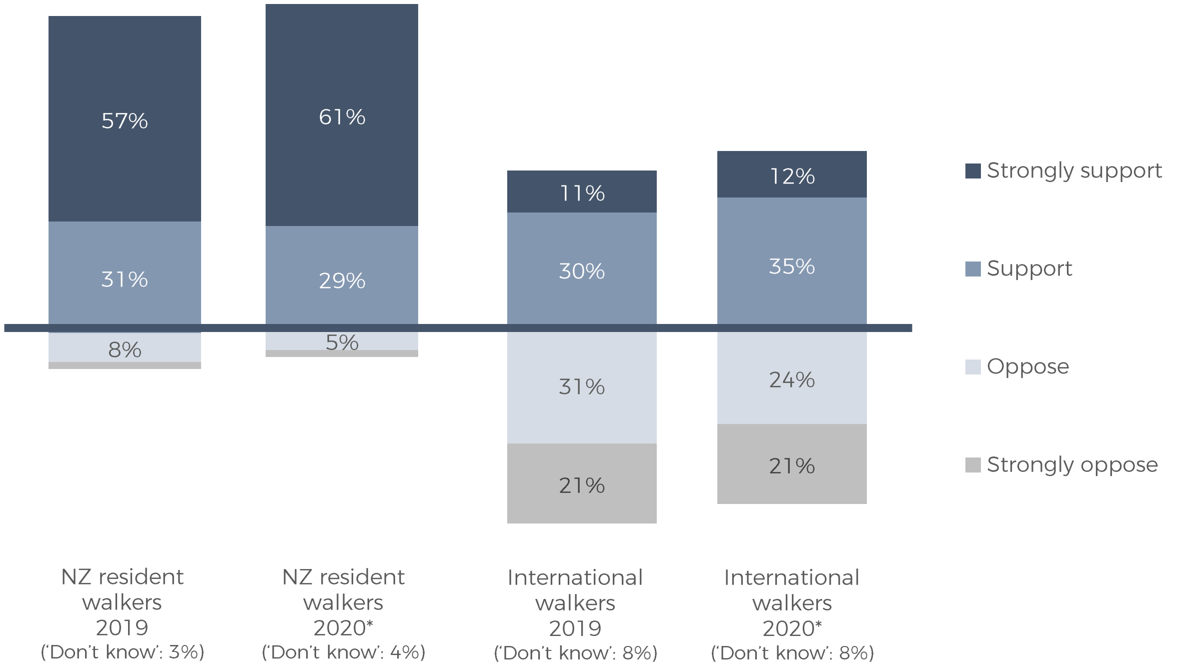
Walkers' support for differential pricing

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

145 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.

146 While still the position of almost half of international walkers, opposition to differential pricing on Great Walks has lessened in the 2019/20 season. This may be because those opposed had more opportunity to change their plans.

FIGURE 21: EXTENT OF SUPPORT FOR DIFFERENTIAL PRICING (WALKERS OF ALL GREAT WALKS)



**part season only (October to January)*

Walkers more/less supportive

147 By country of origin, those from France, Germany and Israel are most opposed (58, 57, and 55 percent respectively), and those from the USA least opposed (30 percent)[1]. Opposition from Australia and the UK is on par with the average for all international walkers. By age, international walkers aged under 25 are most commonly opposed. This is for a range of reasons but often because they are travelling on a low budget and because they feel the 100 percent differential is too much. These findings are also consistent with the 2018/19 season.

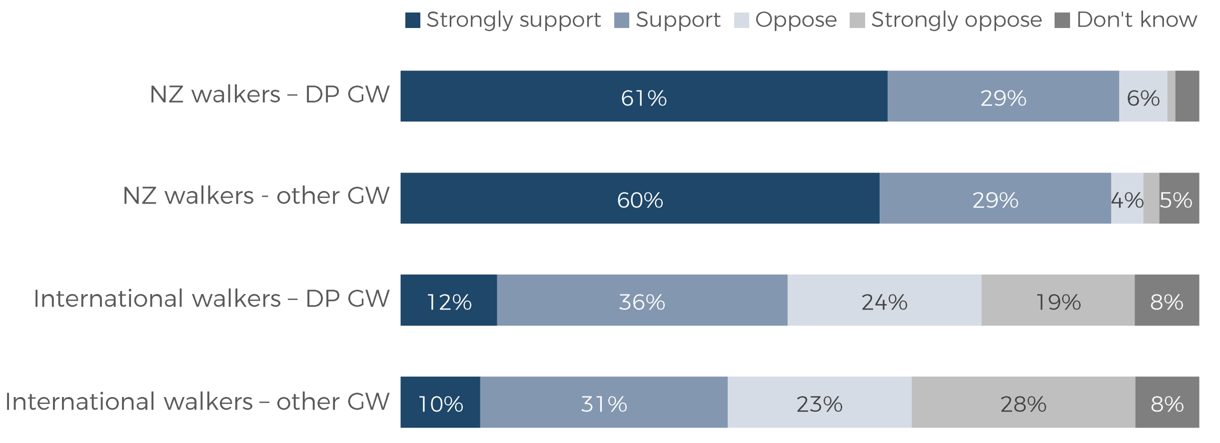
148 As illustrated in Figure 22 overleaf, support does not vary greatly based on the walk undertaken however international walkers on non-trial Great Walks are less supportive than those on the trial Great Walks (41 percent are supportive compared with 48 percent of those on trial walks). This may be because some of this group have specifically chosen not to do the trial walks due to the differential pricing they are subject to.

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

OBJECTIVE THREE EVALUATION

4.4 EXTENT OF SUPPORT FOR DIFFERENTIAL PRICING CONT.

FIGURE 22: SUPPORT FOR DIFFERENTIAL PRICING BY WALKER TYPE



Base: Walked a Great Walk 2019/20 (n=2,112)

OBJECTIVE THREE EVALUATION

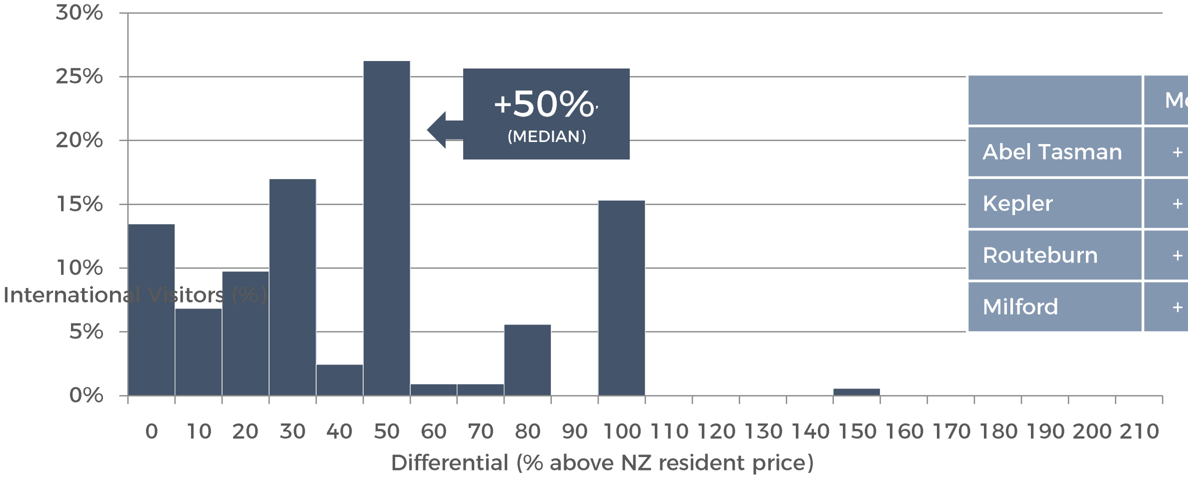
4.5 WILLINGNESS TO PAY

149 To better understand the extent of the differential that walkers would consider fair and be willing to pay, both international visitors and New Zealand residents were asked to indicate at what percentage above the current New Zealand resident price they would consider the differential to be about right, too much and too little. This was asked of all walkers, regardless of their stated support for differential pricing.

150 International walkers feel the current differential, where they are charged approximately twice the price of a New Zealand resident (100 percent differential), is too high and indicated that a 50 percent differential would be more fair. Almost three quarters of international walkers (73 percent) rated the current differential of +100 percent as 'too much'. The majority of New Zealand resident walkers feel the current differential is acceptable; 30 percent consider +100 percent to be 'too much' (and one percent consider it 'too little').

151 The extent of the differential that walkers consider to be reasonable does not differ significantly by Great Walk. Experiencing adverse weather conditions while walking also does not appear to impact the extent of the differential that international visitors are willing to pay.

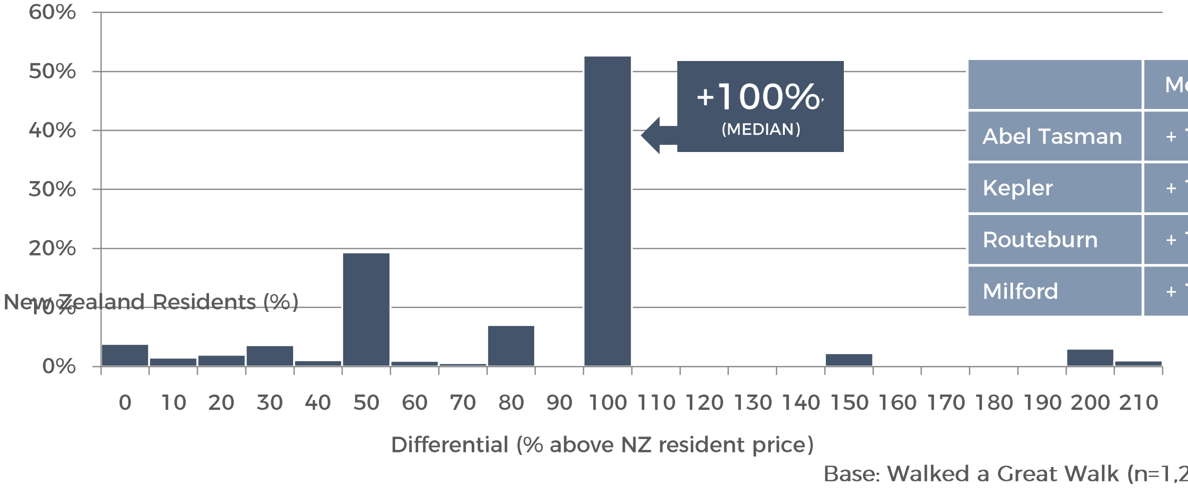
FIGURE 23: DIFFERENTIAL CONSIDERED 'ABOUT RIGHT' (INTERNATIONAL WALKERS)



	Median
Abel Tasman	+ 45%
Kepler	+ 50%
Routeburn	+ 50%
Milford	+ 50%

Base: Walked a Great Walk (n=861)

FIGURE 24: DIFFERENTIAL CONSIDERED 'ABOUT RIGHT' (NZ RESIDENTS)



	Median
Abel Tasman	+ 100%
Kepler	+ 100%
Routeburn	+ 100%
Milford	+ 100%

Base: Walked a Great Walk (n=1,251)

OBJECTIVE THREE EVALUATION

4.5 WILLINGNESS TO PAY CONT.

152 The selection of verbatim comments below illustrate some of the reasons that international visitors would support a lower differential and some of the reasons that New Zealand residents support keeping the current level of differential pricing.

International Visitors – Support for a lower differential

"[An additional] 10% is proportional for a tax. However, I still feel it would be double taxation given that the new entrance fee is already for conservational purposes. Again, the arrangement is not reciprocal and NZers still do not pay extra in our home countries."

"I balanced the adults and children fees. I would be willing to pay 100% more for adults but children should be the same price. So I ended up with +50%."

"I agree that paying more as a visitor makes sense as the people of NZ should have access to use the trails and pay what feels fair. However paying more than double seems like too much, I could get a hotel for the cost of camping."

"I don't begrudge that a price differential is introduced but double the price seems excessive to me. This may sound selfish but I believe that Australian visitors, whilst they should not be above paying extra, should perhaps be asked to pay a little less than other overseas visitors."

"I am accustomed to a 25% to 50% higher rate for non-locals in cultural attractions, tracks and hikes, permits, etc. 100% is a bit excessive."

"20% is roughly VAT on most products/services, a rise in price by that amount for international visitors feels reasonable."

NZ Residents – Support for the current differential

"I think the current model is correct. I think that international visitors should expect to pay what they would if they were staying in a Hotel rather than getting a cheap break whereas kiwis should be able to enjoy their landscape for a cheap price'."

"Double the amount sounded like too much when I am paid in NZD. But then I remembered many visitors come from Europe where the pound or euro are higher value than NZD so double the amount seems about right."

"Double the price seems fair. Four times the price (200%) feels like a rip-off and 50% more doesn't feel like we're taking the scheme seriously."

"Not looking at the percentage but rather the dollar figure. 100% increase seems steep but its not when you consider $130 pp is about average for accommodation in New Zealand."

OBJECTIVE THREE EVALUATION

4.6 LASTING IMPRESSIONS OF DIFFERENTIAL PRICING

153 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, of a number of options, would they be more or less likely to do.

Based on the 2019/20 season to date, and as illustrated in Figures 25-26, if differential pricing continues:

NZ RESIDENT WALKERS

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

more likely to

- do a Great Walk in future (26%)
- increase the size of their travel party (12%)
- bring their children with them on a Great Walk (17%)
- do a Great Walk during the peak summer season (25%)

and **less likely** to

- recommend Great Walks to friends/family visiting from overseas (14%).

INTERNATIONAL WALKERS

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

less likely to

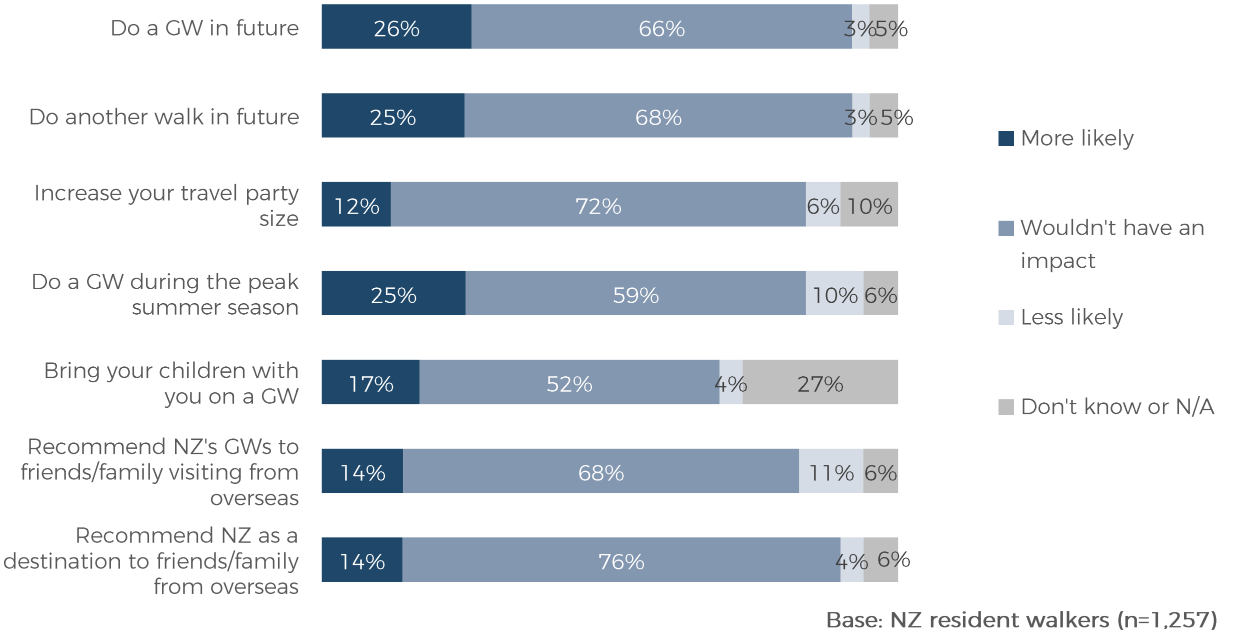
- do a Great Walk in future (42%)
- do a Great Walk during the peak summer season (39%)
- bring their children with them on a Great Walk (24%)
- recommend Great Walks to friends/family back home (34%)
- recommend New Zealand as a destination to friends/family back home (20%)
- visit New Zealand again in future (17%)

and **more likely** to

- reduce the size of their travel party (16%).

154 Compared with the 2018/19 season, this season's results show increases so far in the positive likelihoods for New Zealand residents, and decreases in the negative likelihoods for the international walker market.

FIGURE 25: FUTURE IMPACT IF DIFFERENTIAL PRICING CONTINUES – NZ RESIDENTS

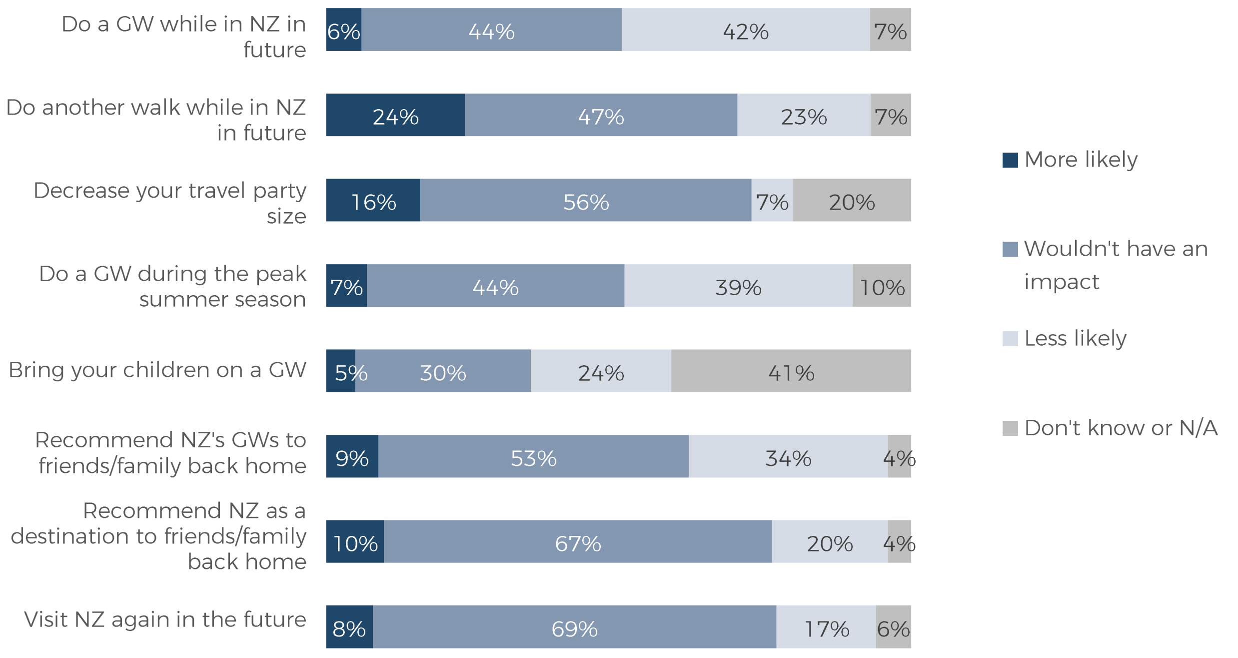


Base: NZ resident walkers (n=1,257)

OBJECTIVE THREE EVALUATION

4.6 LASTING IMPRESSIONS OF DIFFERENTIAL PRICING CONT.

FIGURE 26: FUTURE IMPACT IF DIFFERENTIAL PRICING CONTINUES – INTERNATIONAL WALKERS



Base: International walkers (n=869)

155 Those international walkers that felt their experience offered poor value for money generally provided a more negative outlook about the impact a continuation of differential pricing on Great Walks would have on their future New Zealand walking/travel behaviour.

156 While there are clearly desirable outcomes of differential pricing for New Zealand residents, there are also a range of undesirable outcomes for the international walker market. Two in five 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 to others. Given 53 percent of international walkers at the 2019/20 season mid-point had completed a Great Walk previously (prior to the walk they answered the survey about), the impact of differential pricing may increase in future, as these potential impacts play out.

"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)

157 Additional information supporting the evaluation of this objective can be found in the Appendix to this report.

Other considerations

OTHER CONSIDERATIONS

5.1 STAKEHOLDER IMPACTS

158 The 2018/19 season evaluation involved a survey of DOC concessionaires and other tourism industry stakeholders to assess the impacts of the differential pricing trial. For the 2019/20 evaluation n=12 interviews were undertaken with DOC concessionaires and tourism industry stakeholders based in the Te Anau/Queenstown and Tasman areas. The sample was carefully selected to include a range of businesses that service those walking Great Walks including accommodation providers, transport providers, guiding services and trip planning services. The interviews sought to more closely assess the actual and potential future impacts of the differential pricing trial.

159 The businesses that were the subject of the interviews operate on one or more of the four trial Great Walks, and/or service walkers of those walks. They are generally heavily invested in operating on/around Great Walks and are small to medium sized businesses operating in a very seasonal and reasonably competitive environment. Participants are listed in the Appendix to this report.

"I'd say we're 100% dependent on the Abel Tasman Track"

"Looking at our clientele, I'd say at least half of them are track based"

Summary of impacts

160 Businesses see the differential pricing trial as one of a number of factors influencing their business. Other factors at play include general changes in the preferences and make up of the international and domestic tourism markets, global issues that may be influencing demand, and one-off events such as natural disasters and periods of extreme weather.

Initial communication about the trial was last-minute and businesses directly impacted feel they were provided with little support on implementing differential pricing, especially given the lack of precedence for this in New Zealand.

161 Businesses have observed an increase in New Zealand residents on trial walks under the trial, and many support this at a philosophical level. This change has impacted businesses and communities however, as New Zealand residents tend to travel differently than international walkers. Businesses mentioned that New Zealand residents tend to spend less time in the region, spend less on their trip and book travel arrangements with a shorter lead time.

162 Tasman businesses have observed an increase in international visitors undertaking day trips in the Abel Tasman National Park, and an increase in those using private accommodation options. There is little evidence of international visitors undertaking alternative walks (i.e. non-trial walks).

163 In terms of direct positive impacts on business, few were cited, but it was noted that some businesses have benefitted due to their position in the market (based on the tendency for international walkers doing trial Great Walks to be higher spending visitors). Others say their business is more sustainable being 'less busy'.

164 Direct negative impacts on business include a view that the trial has exacerbated the decline of the international youth travel market (as it adds to New Zealand being viewed as an expensive destination), reduced demand at the edges of the season, and reduced demand for undertaking multiple walks,

165 Most businesses interviewed were supportive of differential pricing (as a means for increasing access for New Zealand residents, and for generating revenue for DOC), but this is not a unanimous view. Businesses were very conscious of the way differential pricing makes international visitors feel ('unwelcome') and some feel that there are better alternatives for achieving similar outcomes (such as early access to the booking system for New Zealand residents, or an increase in the International Visitor Levy).

OTHER CONSIDERATIONS

5.1 STAKEHOLDER IMPACTS CONT.

GENERAL MARKET TRENDS

166 Most **Tasman** businesses had experienced a softening recently, but put it down to a range of factors – only one of which is differential pricing (and in some cases reported the softening as welcomed). Other factors believed to be playing out include:

- New Zealand being perceived as an expensive destination to visit and subject to increasing competition from other destinations
- A particular decline in the backpacker market due to the expense of visiting and increased competition from other destinations, but also changes in the tradition of young German visitors spending a gap year in New Zealand
- Visitors increasingly older, and doing day trips rather than overnight trips in the Abel Tasman National Park due to time pressure for their trip to New Zealand, and because they prefer more comfortable accommodation, or because they want to book before the hut/campsite bookings are open
- International issues such as Brexit and the flight shame movement, and recent events in New Zealand (e.g. earthquakes, Whakaari/White Island eruption, terrorist attack), impacting on the number of holiday arrivals to New Zealand

"A lot of people tend to be coming for shorter stays, …and trying to cram as much as they can into New Zealand. As a result of that we're getting people that are often just coming in to do one day…"

"It's nice to be comfortably busy and consistently busy, rather than just absolutely mad"

"…I think that New Zealand's becoming an expensive place to travel to. …people are aware of their carbon footprint as well. I think we're competing with other countries in the world. Then we've also got all the things that have happened over the past years. …new border levy thing, that's come in. Obviously the DOC hut fees have come in, and it all starts to impact"

167 **Te Anau/Queenstown** businesses were less impacted by a softening (at the time of interview) but did report similar factors being at play in the market (e.g. fewer backpackers, and visitors being short of time). Also apparent was the impact of poor weather at the start of the season and a tend towards independent visitors needing more support with their arrangements.

"We see a lot of people that want to hike independently …but they don't want to organise it themselves"

"…last year we were fully booked from mid-October. And this season that only started from the start of December"

OTHER CONSIDERATIONS

5.1 STAKEHOLDER IMPACTS CONT.

IMPLEMENTATION

Communication

168 Interviewees were generally uncomplimentary about the communication that they have had with DOC in regard to the differential pricing trial. In particular the late communication by DOC notifying them about the trial, and the lack of information updating them about how the trial is going.

"When they know that they've got lots of partners that work in that region and that space, and you find out two weeks before the bookings open, it's like, well, are we partners with them or not?"

"the email saying that you're going to do a study, I think, is the first one [direct communication about the trial] *I've had"*

"We haven't had much info back from DOC on how it's going"

Pricing

169 Businesses remain challenged by how best to price packages that include accommodation subject to the trial prices, and a variety of approaches are currently being used. Those in this situation were faced with the unprecedented task of deciding how to communicate/market the differential pricing at short notice and have adjusted their approach over the course of the trial, but report that it generally remains cumbersome. This primarily impacts the Tasman region as commercial operators/concessionaires can book DOC hut/campsite nights in the Abel Tasman National Park.

"the department just had no clue how that was going to work and it's still a real pain ..., it really is"

"So we had a play around with it at the start. Initially we... had both prices, ... our International visitors prices for overnight trips and Kiwi prices, and it looked bad. And it made it really difficult for a lot of our agents as well... Then we actually went to International prices for awhile for overnight trips, the Kiwis got discounts, but then the whole competitive nature of that bit us, but where we ended up with, is we simply advertised the New Zealand rate as our price, our main price, and then have a byline that just said, International visitors could be subject to the differential pricing, and just put it on top."

"what we ended up doing for some of our higher end trips where it was going to affect potentially, mostly international guests, but say 25% Kiwis on the trip, we actually split the price just a little bit, so we didn't have too much of a jump, and sort of took a middle ground approach."

Compliance

170 Businesses were also conscious of the challenge of managing compliance with the differential pricing structure, and questioned if this is perhaps as tight as it should be, or if it has been made too complicated.

"...he just booked two tickets on his name on locals rate. If you call it that. And they both went on local's rate. ...nobody even questioned, nobody judged it, nobody asked"

"I have heard stories of international visitors venturing off the track, so they'll walk and they'll just go up into the bush and pitch their tent, and no one even knows they're there."

"We have to be very harsh on people, say, "We're giving you this bit of paper, you've got to take it with you."

OTHER CONSIDERATIONS

5.1 STAKEHOLDER IMPACTS CONT.

WALKER BEHAVIOUR CHANGES

Increase in New Zealand residents

171 Most of those interviewed have observed an increase in New Zealanders on the trial Great Walks since differential pricing has been in place, including family and school groups.

"We have seen more New Zealand tourists coming here ...especially more this season than last. ...this year because it's a second year, I think a lot of Kiwis have realised that they've got better opportunities here."

"there probably was [more New Zealand residents], *...potentially a small rise, which was just off the back of it, a little bit more awareness around it from media that it was coming in, I guess it made them feel a little bit more special."*

"we've seen a few more schools accessing the park and staying over"

"I have heard from Kiwis that are rapt that they haven't had to fight to get space"

"Yeah. I saw a lot of Kiwi families."

"we have definitely seen an increase in New Zealanders booking the Milford Track"

172 Philosophically the increase in New Zealand residents on the trial Great Walks is generally supported. There is an impact of this change in the composition of the market for the businesses/communities local to the trial Great Walks however, as New Zealand residents tend to travel differently to international walkers. This is in terms of the amount of time they spend in the region, how much they tend to spend on their trip, and the timeframe in which they make their travel arrangements.

"a lot of the New Zealanders will fly in and then want to go straight [to the track] *from the airport"*

"they [New Zealanders] *tend to secure their hut tickets and wait to book their transport later. This is difficult for us as at least once a week we get caught out where we let a skipper go because we had nobody booked in then next day there's six people on there and we've got to call the skipper in at short notice. It also makes it hard to gauge how the season is looking."*

"we see a lot of New Zealand bookings coming from Auckland or Christchurch residents and they tend to fly into Queenstown, hike the track, head straight back to Queenstown, and fly out. They don't spend any time or money in the Fiordland region as much as international hikers do. They just specifically do that thing and they go home. "

"they're quite savvy buyers. So they've worked out exactly how to do the whole thing at least expense."

OTHER CONSIDERATIONS

5.1 STAKEHOLDER IMPACTS CONT.

WALKER BEHAVIOUR CHANGES

International walker behaviour changes

173 Businesses located in Te Anau and Queenstown report small changes in international walker behaviour, under the differential pricing trial while Tasman businesses have observed greater changes including that there are fewer international overnight visitors in the Abel Tasman National Park – especially in this second season of the trial. Businesses find that those visitors who are weighing up their options tend to do a day trip rather than camp to avoid paying more, as they don't have the right gear and because they prefer a comfortable bed. They also consider private options, given the differential is now less (the DOC international rate versus private accommodation options in the park), and other ways to reduce their spend.

"People definitely do change plans – do a day walk instead"

"People don't camp instead as they have to carry so much – they've already designed their way of travelling – they'd rather do a shorter walk"

"there's always a delayed effect. So those people that were coming to New Zealand last season, were going to come anyway. It's just they might have had to spend a little bit more money to do what they're going to do, but it hasn't put them off coming. …The problem this season is that all of these things have compounded, so people that have thought about booking, have maybe been put off by the fact that there's all these additional costs now."

"We're finding the bookings that we are doing, people are going in for a shorter period. Instead of walking the whole track, they'll go in and they might stay one night at a hut, and then come back out sort of thing. Rather than actually using and doing the whole trail"

"… [it] starts to make people think, well actually, if we're going to spend this much to do it freedom, we may as well go with a business like [business name removed] *because we get a guided experience, we get all our food, we get our … they get the whole nine yards you see? So it becomes a bit more attractive for them to say, "Let's spend a bit more money and go upmarket."*

"we used to get people where we'd transfer all their bags for them. So they'd stay in the huts and we'd just transfer their bags from one hut to the next. But we haven't had much of that lately, and that possibly could be a result of the fee increases. … they're better off to carry their bags. Save the money for the hut."

174 A consequence of the higher Great Walk pricing for one business is that they have more difficulty securing transport bookings because some visitors assume they've paid for it in the price.

"they've got a ticket and they're not too happy because they've already paid for this and that. So we get, "I've already paid so much and I'm not going to pay you." And it's like, "Well you could walk. …they feel like they've paid for the whole deal."

175 Evidence of international visitors doing alternative walks because of the differential pricing trial was not strong either.

"What's actually surprised me is that they don't seem to be too interested in the other ones [alternative tracks] *I tried to tell them that you might not be able to pay for Kepler or Milford. but do, I don't know Greenstone Caples or go try Hollyford or Hump Ridge in the South, something like that. But in general it's just that idea of the Great Walk. I think it just has this idea in their heads that must be the best."*

OTHER CONSIDERATIONS

5.1 STAKEHOLDER IMPACTS CONT.

SPECIFIC IMPACTS ON BUSINESSES

Positive impacts

176 Asked about the impacts that they have experienced from the differential pricing trial, the majority of businesses do not recount positive impacts. Some businesses have however enjoyed positive impacts. One business for example has benefitted due to their position in the market, claiming that with the higher DOC pricing came a higher spending visitor, and that this has meant that their transport products have become relatively more appealing to walkers.

"the higher the price goes, the more beneficial for our company because we're not cheap, we're not backpacker transport… So in some ways, it opens the opportunity more for us for transport. …they can pay a bit more money, and get looked after and get a better service. The more expensive it is, the more it brings people into our line of work basically."

177 Another business credits the differential pricing trial with moving the business in a more sustainable direction.

"As a business we've been saying for years that we don't actually want to be as busy as we are. We'd like to have less clients and slightly higher pricing, and better value for money. And then… this differential pricing has… started that ball rolling in a way…."

Negative impacts

178 A number of businesses mentioned that have lost business that they previously had – from repeat visits from walkers and from business at the edges of the season. The latter making already seasonal businesses less viable and also impacting the wider business community.

"those repeat visits are the ones we lose. Because they decide not to go on the track because it's too dear or they go and do it somewhere else where the… trial is not effective."

"it was starting to sort of spread out a little bit [the season]*, and then …when the differential pricing came it, it just sort of narrowed it back. …in terms of running a business, from our point of view, it's a lot easier if more people are doing it because as it is the season, even if we have a really good season, it's still only six and a half months long. So if you put the prices up and you narrow it down, it makes it a lot harder for us to invest."*

"at the end of October there's nothing going on. It might only be another 15, 20 people in town, but by the time they buy accommodation, buy their stores for the trip, have a big meal before they go, have a big meal when they get back, because everyone's always starving, and buy a new pair of boots or a nice sleeping bag, or pair of socks…, it's all the money that doesn't come in."

179 Other businesses suspect they are impacted by a changed market composition (especially away from the more budget end of the market), that has come about because of the higher pricing for international visitors.

"I think regardless people are still going to do it but it's just attracting a different crowd. And that different crowd doesn't only impact the track but it impacts the community. So …in this case I think we'll have a lot less backpackers in general because it's just financially not as interesting for them to come to this area anymore."

"…If they're quite wealthy they think, oh nah, I'm not going to do a bus, we'll hire a car or we'll get a private transfer. And just looking at February, it almost looks a little bit quieter and I wonder if it's because of that, because of the pricing being more these people who've got more money so therefore they're going to spend more getting to the track."

OTHER CONSIDERATIONS

5.1 STAKEHOLDER IMPACTS CONT.

VALUE

180 Interviewees have opposing views about whether the higher pricing for international visitors on trial Great Walks reflects the value of the experience.

Poor value

181 For those that feel it is poor value this generally manifests by comparing the cost with other accommodation options.

"if you look at you know how much it is for a hut …and then you look at the accommodation you can get elsewhere and if the department is serious about it being value based on the market and stuff I mean it's clearly not, you don't pay $75 and share a bunk, a bunk room, with a bunch of other people snoring that smell like trampers I mean its ridiculous"

"let's just say that if you pay $130 in any given accommodation here in Te Anau, you've got yourself a nice private room, with possibly a private bathroom. You know nice sheets, nice this, nice that. …certain huts within the Great Walks that are not really up to par when it comes to that"

"DOC has to realise as well that there are other places in the world people can go, especially that younger generation, they want value for money"

"I think, if they are going to charge markedly more for the Milford, they need to think about the facilities"

"it's just like having a sandfly bite you, it's an irritant, the extra fee the overseas people have to pay, they pay it and, but it irritates"

OK/Good value

182 Those that believe the value proposition is there all operate in/around the Fiordland National Park area – where there is a higher price tolerance and view that the pricing does accurately reflect the experience.

"If there's two of you, that's 260 then. So you will [find a bed] *for that. But for what you're getting is an ambition to walk in these places and therefore it's not that much. If you are looking at going on a holiday anywhere, you'd be hard pressed to be spending that little."*

"mostly the overseas people are fine with the price, fine with the experience"

"So if DOC is starting to get their, their Trip Advisor score is going down on those walks, then they can see that they've reached that point of charging an amount that makes people question the value that they're getting, and as far as I can see they haven't reached that."

"People will come, if they want to do it they'll do it, and they'll pay. They'll just do it. From what we've seen with our clients, if they want to do it, they don't bat an eyelid, that payment."

It depends on the weather

It was also noted that the weather encountered also has a significant impact on a walker's view on the value
183 of the experience.

"if they're charging $140 or whatever it is for an international person to do the Kepler, and they go out and get wet and cold for three or four days and it costs them whatever that adds up to, $500 bucks each say, then maybe they're not going to, the feedback, passing it on might not be so good and that sort of thing,… So that worries me a little bit."

"If I paid $150 to stay in a DOC hut with 50 other people, I'd sure as hell want blue skies, and sunshine and a nice view"

OTHER CONSIDERATIONS

5.1 STAKEHOLDER IMPACTS CONT.

SUPPORT FOR DIFFERENTIAL PRICING

184 Most businesses involved in the interviews were supportive of differential pricing, but this was not a unanimous view.

185 Those supportive of the trial policy tended to be so because:

- They believe it is important for New Zealanders to have better access to popular Great Walks and because they believe differential pricing has been effective in achieving this
- For the Great Walks that have a low price elasticity of demand (e.g. Milford Track), it is an effective way for DOC to generate more revenue

"at least now you can see there's a little bit of breathing space where Kiwis actually have a chance to book it"

186 A common view of interviewees is that while they see the need for international visitors to contribute more, and/or for DOC to be better funded, that differential pricing is not the right approach, or that the amount of the differential (+100 percent) is too much. Increasing the International Visitor Conservation and Tourism Levy (IVL) was seen as a fairer and simpler tool (targeting a wider group of national park visitors and less cumbersome).

"I don't necessarily agree with twice the price, but I do agree that there should be some differential."

"I really support the fact that DOC is underfunded and there needs to be more funding go into DOC. ...I'm pretty adamant in saying that I don't think this is the right way to go about it. It's cumbersome to manage"

187 A number also feel that opening access to the booking system early for New Zealand residents is a better way to facilitate access for this group.

188 Those unsupportive of the differential pricing trial were conscious of:

- The way it makes international visitors feel
- The cumulative effect of the policy given changes in the market and an increase in the fees/levies international visitors to New Zealand are subject to
- That the strategy behind it is unclear, as is where the additional revenue is going
- The opportunity to shift marketing efforts to other walks as an alternative way to manage demand.

"you can feel almost that sort of slight deflation when you're talking to people. Everybody is saying, "Sorry bud, this is what you're paying for that," .. it's just that, "Holy moly, getting charged more again."

"it makes people feel awkwardly unwelcome"

"if DOC were going to continue with the pricing differential, then people will view New Zealand as being a very expensive country to travel to, and we won't get anyone coming here. That would be my biggest concern"

"if that just disappears into the bulk budget of DOC, will people really think that they're paying for something? Or is it just they're just making money off of us"

OTHER CONSIDERATIONS

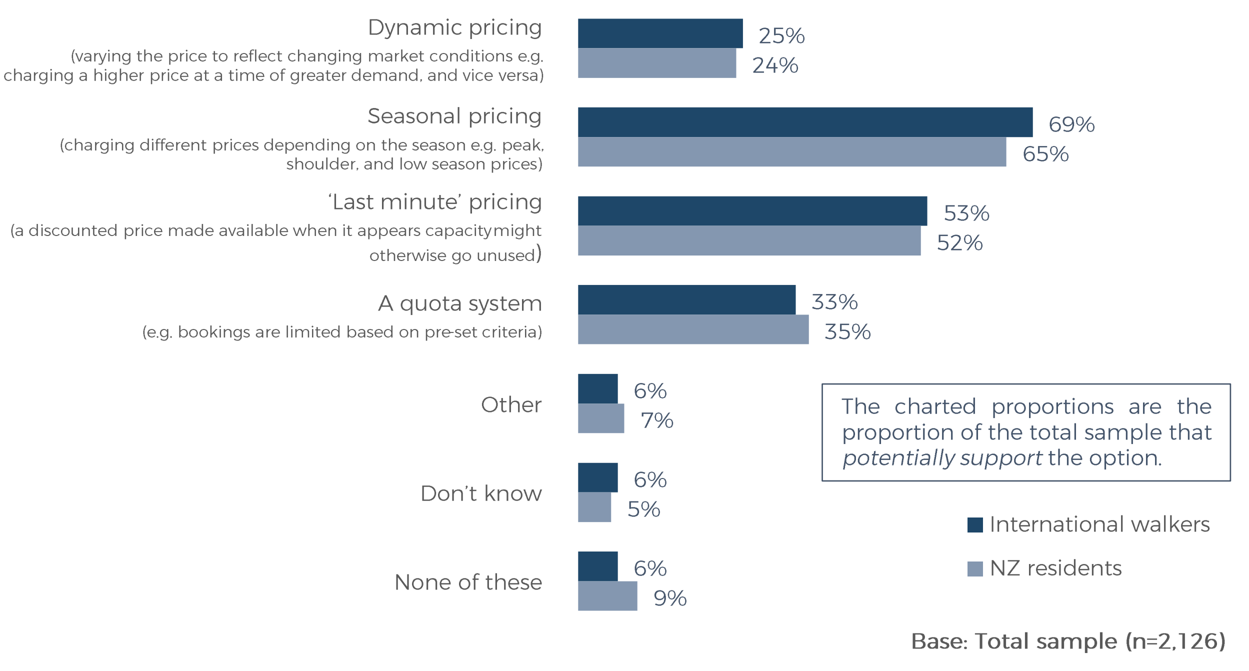
5.2 DEMAND MANAGEMENT - ALTERNATIVE OPTIONS

189 There are other concepts, apart from differential pricing, that can theoretically be used to influence demand for activities like Great Walks. As well as exploring willingness to pay thresholds, respondents to the Angus & Associates walker survey were asked about their potential support for some alternative pricing approaches for managing demand on Great Walks. This provides further context for making decisions about the continuation of differential pricing on Great Walks.

190 Support is most common for seasonal pricing (e.g. peak, shoulder and low periods within the duration of the season). 'Last minute' pricing also has a relatively high level of support.

191 Levels of support for the different options presented are similar amongst the international and New Zealand resident walker markets, and amongst those that completed trial and non-trial walks.

FIGURE 27: SUPPORT FOR ALTERNATIVE DEMAND MANAGEMENT OPTIONS



OTHER CONSIDERATIONS

5.3 COMPLIANCE

192 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 very high

193 The level of compliance overall has been high. From over 1,500 random checks completed during October 2019 to January 2020*, just 48 people 'failed' the check. In the 2020 walker survey, only one of more than 2,100 walkers indicated that they were required to pay a top up amount.

194 Ranger survey comments support the view that there are very few walkers that can't provide validation, but they indicate the need for better communication of the differential and compliance with the trial itself. On the Kepler Track rangers reported 'illegal' campers who utilised hut facilities without paying any fees, and that compliance is becoming a larger role for rangers in the area. On the Abel Tasman and Milford tracks, rangers report New Zealand residents feeling 'annoyed' and 'hassled' about having to prove they are a New Zealand resident.

"Campers (illegal) have mentioned that DP/cost is why they are camping illegally. As internationals it is too dear."
(Ranger, Kepler)

"Lack of awareness of the 6-month rule. International students often only have their student ID card as proof. Kiwis often not prepared to show proof."
(Ranger, Abel Tasman)

"A kind of anger from kiwis who feel put out by the fact they need to prove they are kiwi. The warden should be able to tell from their accents is a typical angry sarcastic comment if they have no ID."
(Ranger, Milford)

There is a website called "Destinationless Travel" and "How to walk the Kepler Track for $20" is one of their guides. The campers are quoting this as their reason for illegal camping. What is not clear is that they must camp 500m from Luxmore caves track which is an extension of the Kepler Track. Campers trying to use hut facilities by blending in with trampers who have booked in.
(Ranger, Kepler)

More attempts to free-camp (and so often this is illegal, very close to hut/track). Free campers use the hut and facilities for hours until they're spotted... They are wanting to use all facilities and just leave to sleep somewhere. Monitoring/educating/evicting is becoming a big part of the job here.
(Ranger, Kepler)

"Make "take ID with you" statement more obvious so I (the warden) won't have to deal with angry self-righteous kiwis"
(Ranger, Milford)

*Ranger returns were not evenly spread throughout the season (Abel Tasman – Oct, Nov | Kepler – Dec, Jan | Routeburn – Nov, Dec | Milford – Dec, Jan)

[1]Refer: https://www.doc.govt.nz/about-us/our-role/managing-conservation/recreation-management/great-walks-differential-pricing-trial/eligibility/

OTHER CONSIDERATIONS

5.3 COMPLIANCE CONT.

Walker view

195 Less than a third of respondents that had completed a trial walk were approached by DOC staff to verify the amount they had paid. By track, the proportion is highest on the Abel Tasman Coast Track at 36 percent, and lowest for the Milford Track at 14 percent (Routeburn 35 percent; Kepler 28 percent). Overall, New Zealand residents were more commonly approached (38 percent were approached) compared with international walkers (21 percent were approached).

196 Of those approached, the large majority (90 percent) were able to verify their residency (92 percent of New Zealand residents; 87 percent of international walkers). The ability to verify was slightly higher amongst walkers on the Kepler Track at 93 percent, compared with the other three tracks (all 88 or 90 percent).

197 Almost all international walkers checked, had paid the correct rate (99 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 expressed their frustration about the process. Online verification using a passport or drivers license was commonly suggested as a better option, as well there being a need for clearer information that outlined the need for proof of residence during the walk. Some respondents resorted to singing waiata to prove their residency,

"It detracts away from the experience. better to front end and have doc staff focus on other more important matters"
(NZ Resident, Routeburn)

"The booking confirmation could have bold instructions to bring proof of residency"
(NZ Resident, Routeburn)

"I never got asked to provide residency. I suppose when you book you could add your NZ Passport Number? I think a high majority hold passports or if not they could provide proof of address."
(NZ Resident, Routeburn)

"The verification process was hopeless. I do not carry a passport when I am travelling in NZ. I do not carry a driver's licence if I have no intention of driving. I was told I could be fined for not being able to verify I am a NZ'er … Verification needs to be confirmed at time of booking, not half way through my holiday."
(NZ Resident, Abel Tasman)

"I had a print out of my receipt. I also have a doc account which I guess you could verify you passport details on there so it pulls on your receipt"
(NZ Resident, Abel Tasman)

Stakeholder view

198 Refer to Section 5.1 (pages 45-52) for information on stakeholder views regarding compliance.

Appendix

APPENDIX 1: OBJECTIVE ONE EVALUATION – SUPPLEMENTARY INFORMATION

2.4 ARE MORE NEW ZEALANDERS DOING GREAT WALKS?

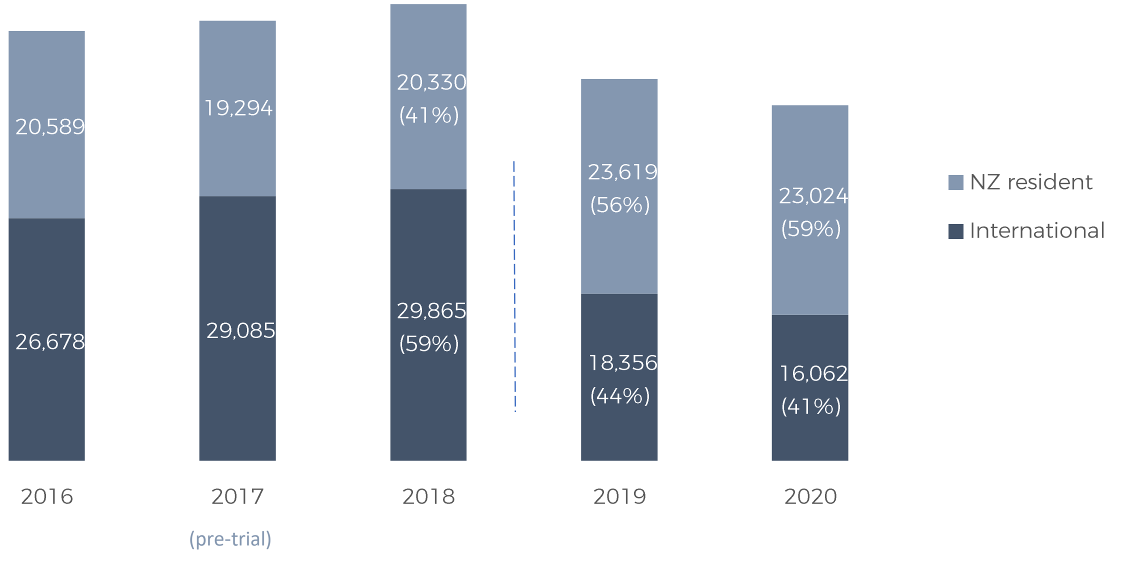
199 To better understand the effects of the trial, bednight data for the trial walks is presented below.

Abel Tasman

200 Abel Tasman is by far the largest contributor to overall bednights of all the Great Walks. In the 2020 season evaluation period there were a total of almost 40,000 bednights – one third of all Great Walks bednights for the period.

201 The 2020 season evaluation period sees a 13 percent increase in the number of New Zealand resident bednights on the Abel Tasman Coast Track on the same period in the 2018 season. In contrast there was a 46 percent decrease in the number of international bednights, compared to the same period in the 2018 season. **This is a larger decrease than for the three Fiordland trial Great Walks.**

FIGURE 28: ABEL TASMAN BEDNIGHTS BY ORIGIN



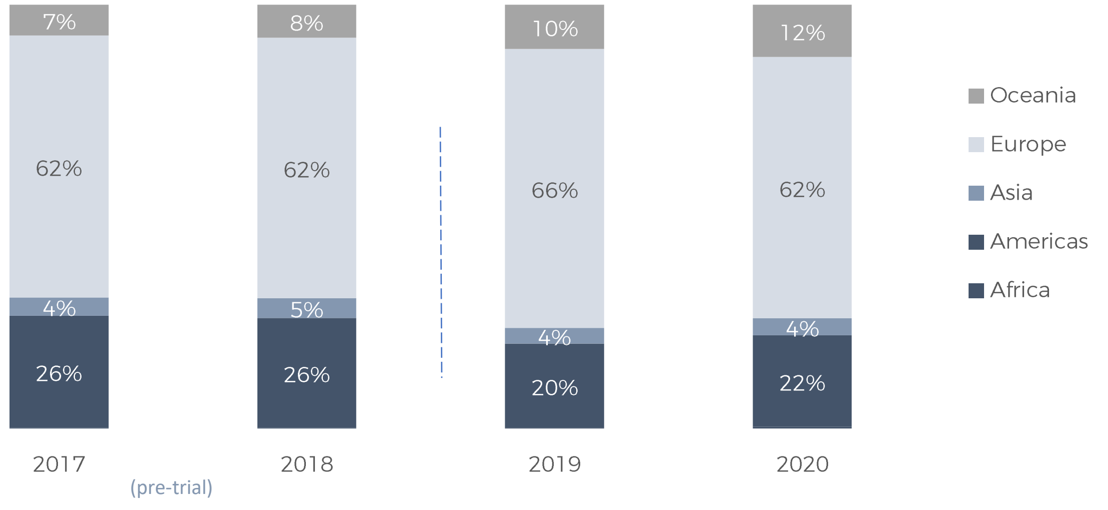
202 Compared to the three other trial walks, international walkers on the Abel Tasman Coast Track more commonly originate from European countries (see Figure 29 overleaf). Historically just under two-thirds of international bednights have been contributed by visitors from Europe, with a further quarter from the Americas.

203 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. Since the trial began the proportion of visitors from Oceania (mainly Australia) has increased and the proportion from the Americas (mainly USA has decreased).

APPENDIX 1: OBJECTIVE ONE EVALUATION – SUPPLEMENTARY INFORMATION

2.4 ARE MORE NEW ZEALANDERS DOING GREAT WALKS? CONT.

FIGURE 29: ABEL TASMAN INTERNATIONAL BEDNIGHTS BY ORIGIN



204 Further, walkers on the Abel Tasman Coast Track more commonly use campsite accommodation than walkers on the other trial walks, with international walkers being most likely to camp. Camping accounts for 79 percent of international bednights in the 2020 season evaluation period compared to 65 percent of New Zealand resident bednights. These proportions are relatively stable over time.

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

Milford, Kepler and Routeburn

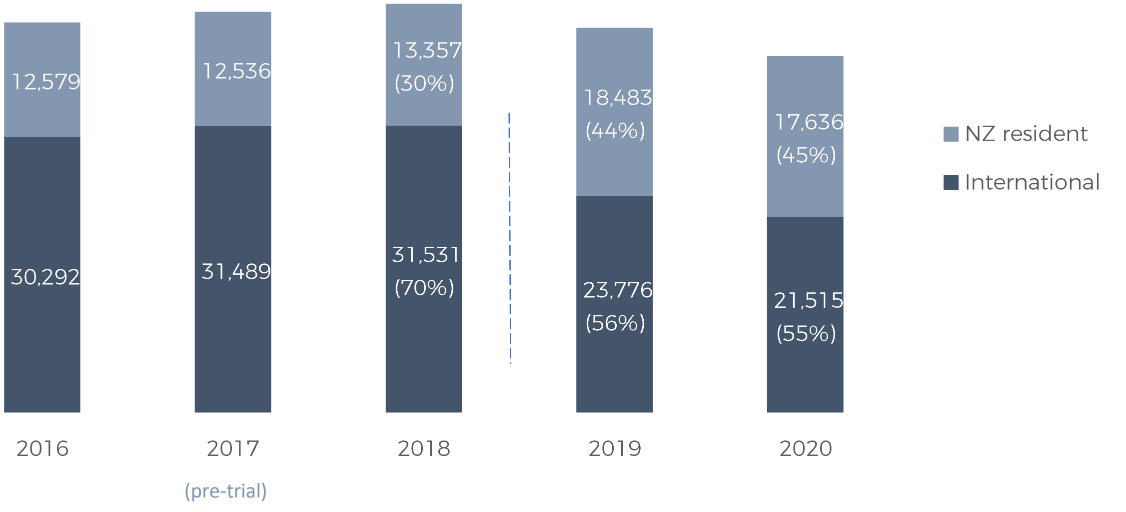
206 The differential pricing trial has had a lesser impact on these three walks in terms of bednights. While there has been an overall decrease in international bednights (32 percent compared with 2018 evaluation period), this has not been to the same extent as observed at Abel Tasman (-46 percent) – see Figure 30 overleaf. This result may reflect that capacity is more limited on these three tracks and that there is latent demand. **At the same time, the increase in New Zealand resident bednights is +32 percent – more than the Abel Tasman Coast Track at 13 percent.**

207 In the 2020 season evaluation period international bednights on these three trial walks decreased by 10 percent on the same period in the 2019 season. In the 2019 season it may be that visitors planning to do these walks had already planned their trip before differential pricing was announced, and that the 2020 evaluation period provides a truer picture of the effect (as there was more time to change plans). It may also reflect the period of poor weather at the start of the 2020 season (as New Zealand resident bednights also decreased over the same period – by 5 percent).

APPENDIX 1: OBJECTIVE ONE EVALUATION – SUPPLEMENTARY INFORMATION

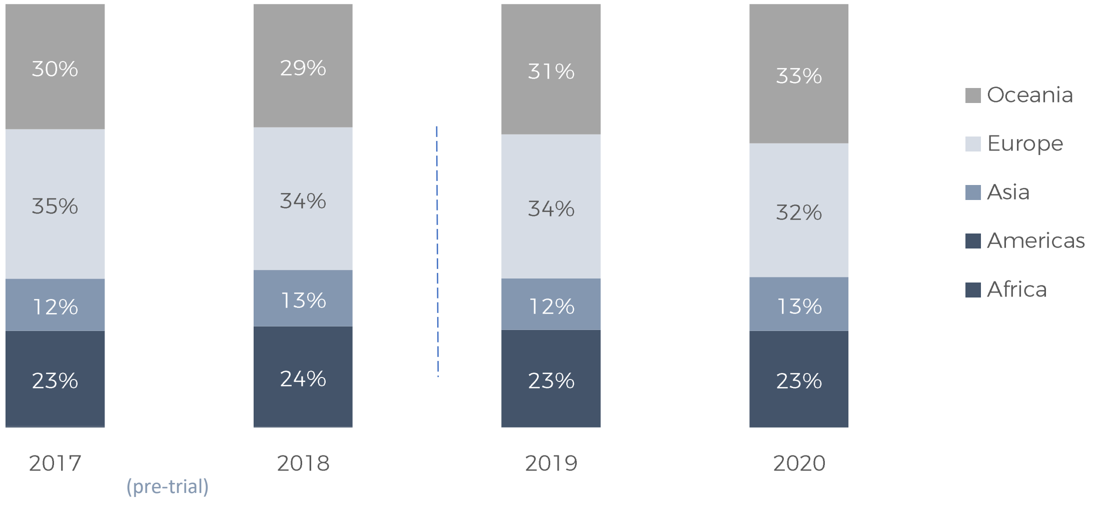
2.4 ARE MORE NEW ZEALANDERS DOING GREAT WALKS? CONT.

FIGURE 30: MILFORD/KEPLER/ROUTEBURN BEDNIGHTS BY ORIGIN



208 Compared to the Abel Tasman Coast Track, international visitors on the Milford, Kepler and Routeburn tracks are more commonly originate from Australia or Asia and international bednights are split more evenly between key markets (see Figure 31 below).

FIGURE 31: MILFORD/KEPLER/ROUTEBURN INTERNATIONAL BEDNIGHTS BY ORIGIN



APPENDIX 1: OBJECTIVE ONE EVALUATION – SUPPLEMENTARY INFORMATION

2.5 DIVERSION TO OTHER WALKS/TIME OF YEAR

209 This section considers a wider range of information in an attempt to understand whether visitors have been diverted to other tracks/accommodation because of the differential pricing trial.

Diversion to non-trial walks

210 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.

211 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.

212 Accommodation on the Heaphy Track is predominantly in huts. As noted previously, the trial has 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 diverted to the Heaphy Track as the visitor experience is quite different (and there is no evidence of a significant change in the proportion of international bednights at campsites on the Heaphy Track between the 2018 and 2019 seasons).

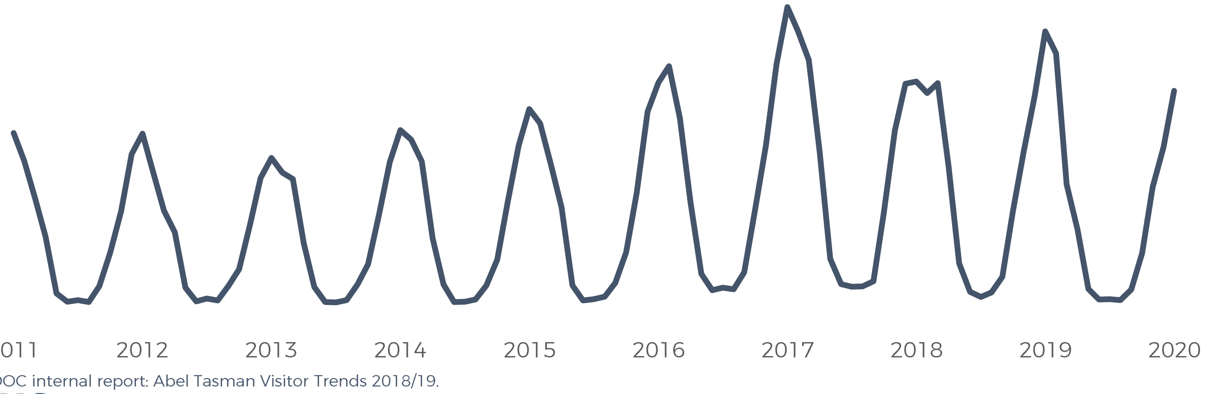
213 There is no anecdotal evidence from DOC field reports, or information in the walker survey, that suggests diversion to non-trial walks is occurring in any notable volume.

Diversion to non-DOC accommodation

214 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 2018/19 season visitors were estimated at approximately 300,000, and total bednights booked on the Abel Tasman Coast Track were 78,600[1].

215 Despite the decrease in total bednights apparent for this Great Walk under the differential pricing trial, data from activity counters positioned on the Abel Tasman Coast Track indicates that there has been a similar number of visitors at the peak of the 2020 season to the 2018 and 2016 seasons, but that the shoulder periods may be less popular. Full 2020 season counter data will help to confirm if this is the case. This data doesn't rule out that the reduction in bednights is due, in part at least, to visitors using alternative accommodation or to visitors undertaking more day visits. The latter is supported by DOC's own analysis which found that since 2016/17 the proportion on day trips, against those staying overnight in the Park has increased from 71 percent to 74 percent[1].

FIGURE 32: ABEL TASMAN COAST TRACK ACTIVTY COUNTER READINGS



[1] DOC internal report: Abel Tasman Visitor Trends 2018/19.

APPENDIX 1: OBJECTIVE ONE EVALUATION – SUPPLEMENTARY INFORMATION

2.5 DIVERSION TO OTHER WALKS/TIME OF YEAR CONT.

Diversion to other nearby non-Great Walks

216 Activity 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. While weather impacted this analysis in the 2020 season, the 2019 season activity counter data for the Greenstone Track showed some increase in activity during the November to January period. An increase during this time was also evident for the previous season however, and so this could not be attributed to diversion of walkers to this track because of differential pricing on the Routeburn Track. Supporting this finding, Routeburn Track counter data indicated that the 2019 season was at least as busy as previous seasons, and that the peak period largely matched previous years.

Back-country pass sales and Hut bednights data

217 Back-country hut pass sales data was also reviewed in 2019 as a potential source of information on diversion of international visitors to non-Great Walk tracks, or on pre-peak access to the trial walks. The volumes of these sales were too low however to indicate a change, and visitor nationality is captured under the previous definition, making any analysis potentially misleading. Likewise, 2019 hut bednights data was analysed for huts and campsites on the non-Great Walk tracks included in the 2019 evaluation. While the data has some limitations, there was no evidence at that time of any significant changes in the number of nights spent on those walks compared with previous seasons.

APPENDIX 1: OBJECTIVE ONE EVALUATION – SUPPLEMENTARY INFORMATION

2.6 BOOKING EXPERIENCE & DRIVERS OF CHOICE

Securing first choice track

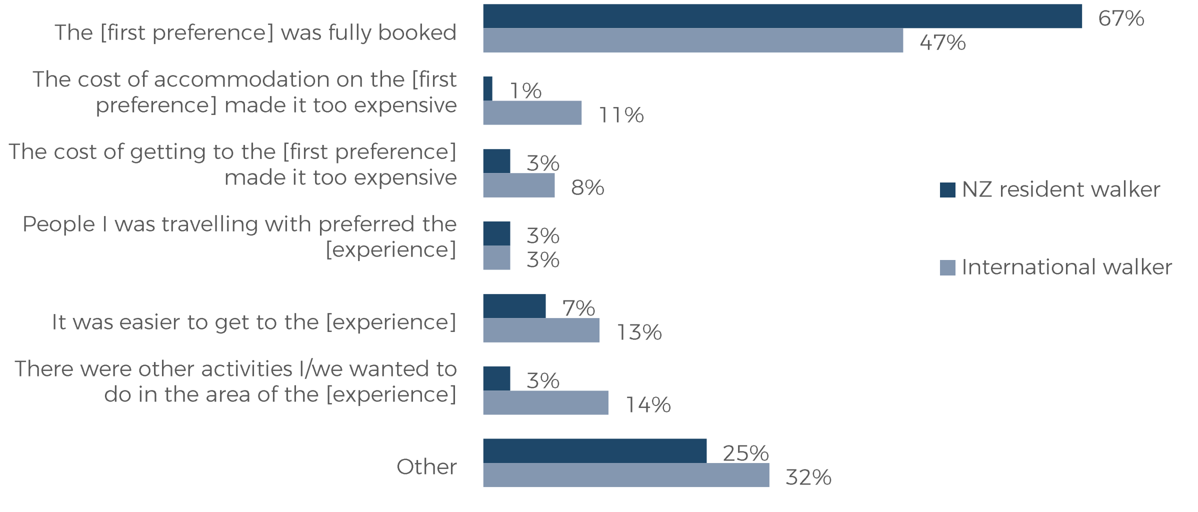
218 Most walkers surveyed in the 2020 season evaluation period (88 percent) walked their first choice of track (94 percent of New Zealand residents and 79 percent of international walkers). This proportion has increased for both New Zealand residents and international walkers on the same period in the 2019 season (from 92 percent and 78 percent respectively).

219 Of those walkers completing the four trial Great Walks it was the first choice for 94 percent of New Zealand residents and 80 percent of international walkers. For those on non-trial Great Walks it was the first choice for 94 percent of New Zealand residents and 77 percent of international walkers.

220 For those walkers that did not walk their first choice track, the first choice track for almost half of this group was the Milford Track (49 percent). The proportion is similar for both New Zealand resident walkers and international walkers.

221 As shown in Figure 33 below, the first preference being fully booked was the main factor in booking an alternative for both New Zealand resident walkers and international walkers. This is 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 influence choice include the weather that was forecast, the track conditions, and recommendations of others.

FIGURE 33: REASON DIDN'T BOOK FIRST PREFERENCE WALK



Base: Experience undertaken not first choice (n=256)

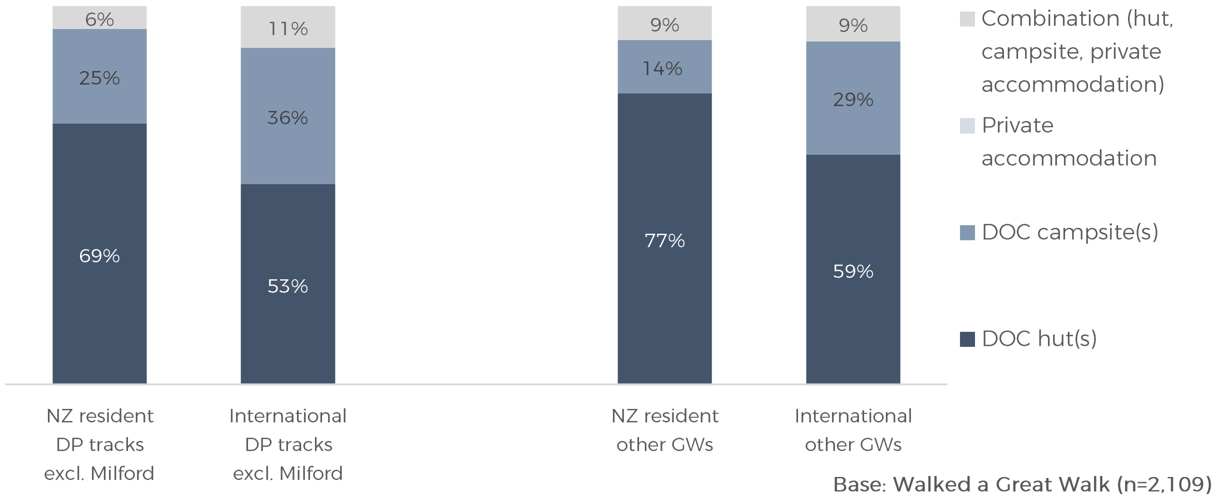
222 As shown in Figure 34 overleaf, of those walking the Routeburn, Kepler and Abel Tasman Coast Tracks, a higher proportion of New Zealand residents than international walkers stayed in hut accommodation (all accommodation on the Milford Track is in huts). The proportions are similar to those seen on non-trial Great Walks however so this does not suggest that international walkers are booking campsites on the trial walks instead of huts to avoid the higher fee.

223 Compared with the same period in the 2019 evaluation, a slightly higher proportion of both New Zealand resident walkers and international walkers indicated that they stayed in campsites on trial walks, and a lower proportion of non-trial walks. This change is not specific to international walkers and so the reason for this difference is unclear at this stage.

APPENDIX 1: OBJECTIVE ONE EVALUATION – SUPPLEMENTARY INFORMATION

2.6 BOOKING EXPERIENCE & DRIVERS OF CHOICE CONT.

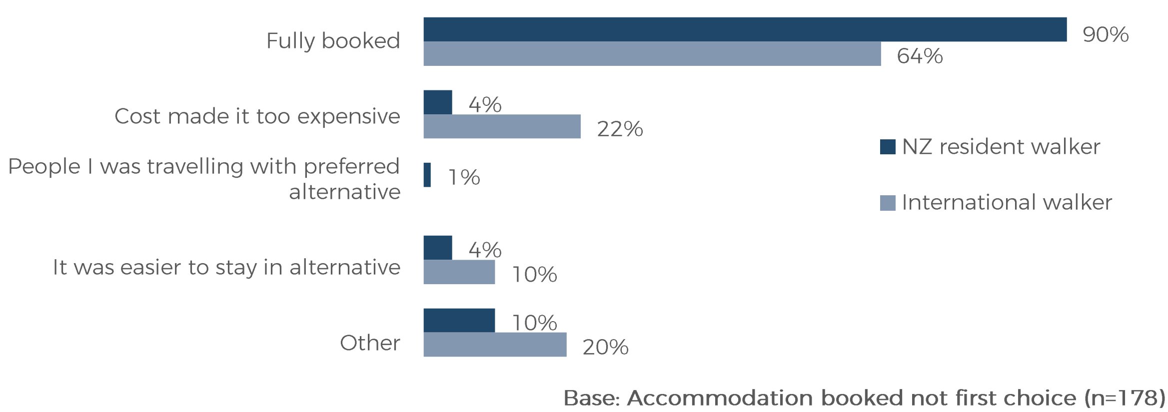
FIGURE 34: ACCOMMODATION USED ON WALK



224 Most walkers surveyed in the 2020 evaluation period (92 percent) were able to book their first choice of accommodation (93 percent of New Zealand residents and 89 percent of international walkers).

225 As shown in Figure 35 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 35: REASON DIDN'T BOOK FIRST PREFERENCE ACCOMMODATION



226 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.

APPENDIX 2: OBJECTIVE TWO EVALUATION – SUPPLEMENTARY INFORMATION

3.4 IMPACT OF TRIAL ON ACCOMMODATION CHOICES

227 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.

228 As noted in Appendix 1, 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 considered whether there has been a change in use of hut accommodation on the Routeburn and Kepler Tracks (combined).

229 Based on the proportion of all bednights that hut and campsite nights make up, there is no evidence of any notable changes for international walkers, or for New Zealand residents under the differential pricing trial.

230 Section 2.6 in Appendix 1 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. …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)

3.5 IMPACT OF TRIAL ON VISIT DURATION

Number of nights booked

231 Average visit duration was analysed as part of the 2019 season differential pricing trial evaluation, 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.

232 Because the new booking system and the previous booking system capture visitor details in slightly different ways, the 2019 figures were not directly comparable with historical data. Despite this the evaluation found that there was little evidence of any appreciable change in walk duration based on booking system data.

233 While booking system data does not suggest that visitors have adjusted their stay duration as a result of the trial, there is some anecdotal evidence from stakeholders and DOC Warden/Ranger field reports that walkers are doing this. For this reason findings are somewhat inconclusive. For example, businesses in the Able Tasman area have observed an increase in day trippers to the Abel Tasman National Park, which would not be accounted for in the bednight analysis.

"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. …presumably they pay nothing towards track maintenance/facilities."
(New Zealand, Routeburn)

APPENDIX 3: OBJECTIVE THREE EVALUATION – SUPPLEMENTARY INFORMATION

4.3 PERCEPTIONS OF VALUE FOR MONEY CONT.

234 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 felt that Kepler was worth the money because of our very knowledgeable and hospitable DOC rangers, the clean and well-maintained huts, the very well maintained track, the orderly nature of the entire sign-up and eventual hiking of the Kepler track." (United States, Kepler)

"I think the experience outweighs the costs and I'm happy to pay so that DOC can continue to manage the environment" (Australia, Kepler)

"The Abel Tasman Track was one of the most beautiful places I have so far seen in my life. Cost of campsite was affordable. I could pay even more for what I saw there. Amazing place." (Poland, Abel Tasman)

"The amount of effort required to keep the track and huts in good condition and also the cost of limiting numbers on the track. i expected to pay a premium for reduced people on the track and hope this approach continues" (Australia, Milford)

Poor value

"For New Zealand citizens, seemed very affordable. the price for a hut was more than almost all of our other accommodations during our stay [in New Zealand]." (United States, Routeburn)

"In our opinion, it is charging for one night in a hut as if you were in a motel type accommodation. It is very expensive for what is offered. There is no food service, no showers. Many huts in other countries offer such services." (Spain, Milford)

"We could only afford 1 nights accommodation, at $390 for the 3 of us, therefore we walked to the point of exhaustion... We were well equipped, for all weather, but risked our lives to enjoy this amazing, breath-taking experience. We were so exhausted, and muscle fatigued" (Australia, Routeburn)

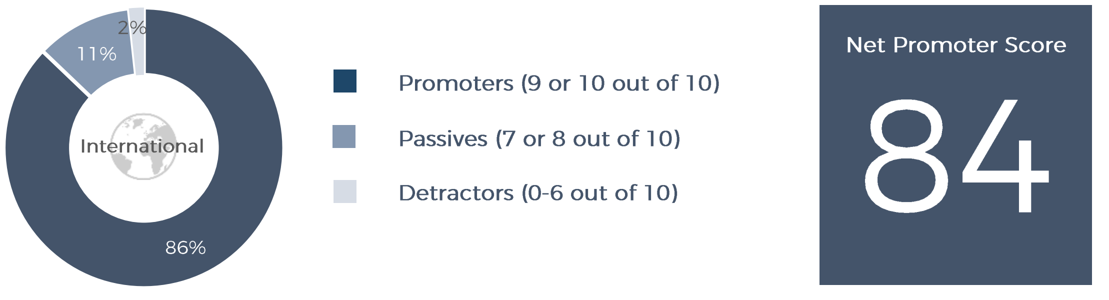
"I loved the experience, but I felt that $140 per person including for children was fairly expensive. Having recently done the Three Capes Track that was my only comparison and the facilities were a lot nicer and cheaper there." (Australia, Kepler)

APPENDIX 3: OBJECTIVE THREE EVALUATION – SUPPLEMENTARY INFORMATION

4.7 PERCEPTIONS OF NZ & ROLE OF WALK IN VISIT

235 As context for their views on their walking experience and differential pricing, international walkers were asked about their impressions of New Zealand. A large proportion of international walkers would recommend New Zealand as a destination to others. The Net Promoter Score (NPS) for this group is 84, higher than the NPS of 80 recorded in MBIE's International Visitor Survey (year ending Sep 2019)[1].

FIGURE 36: NET PROMOTER SCORE



236 Almost two thirds of international walkers find New Zealand (quite or very) expensive however, with the cost of activities and experiences and food and beverages cited as the most common factors contributing to this view.

FIGURE 37: AFFORDABILITY OF NZ

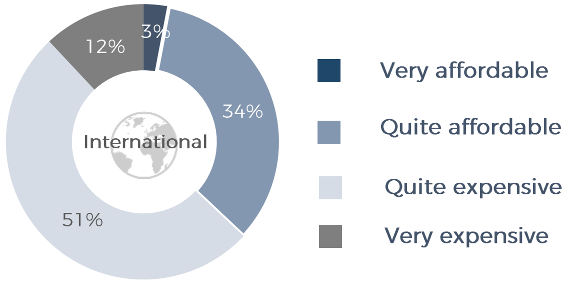


Table 8: What walkers found expensive in NZ

What, in particular, have you found expensive? NZ quite or very expensive (n=540)	International walkers
Travel to NZ	38%
Travel around NZ	33%
Accommodation	50%
Activities/experiences	**69%**
Food and beverages	61%
Other	4%

[1] Refer: International Visitor Survey, https://www.mbie.govt.nz/immigration-and-tourism/tourism-research-and-data/tourism-data-releases/international-visitor-survey-ivs/international-visitor-survey-data-download/ .

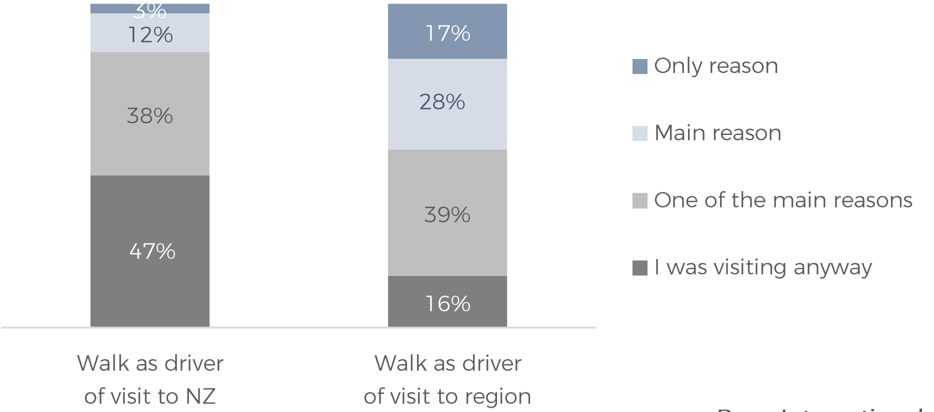
APPENDIX 3: OBJECTIVE THREE EVALUATION – SUPPLEMENTARY INFORMATION

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

237 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 is consistent with the 2019 mid-season finding, and continues to suggest that if/where the differential pricing trial on Great Walks causes international visitors to choose to take alternative walks, regions where the trial walks are located may lose a proportion of the visits from that group altogether.

238 The walk had a smaller role in the decision to visit New Zealand with it being the only or main reason for 15 percent of those surveyed. Notably, amongst walkers from Australia 37 percent said the walk was the main or only reason for visiting New Zealand, compared to 17 percent of walkers from Asia, one percent of European walkers and six percent of North American walkers.

FIGURE 38: ROLE OF WALK IN DECISION TO VISIT

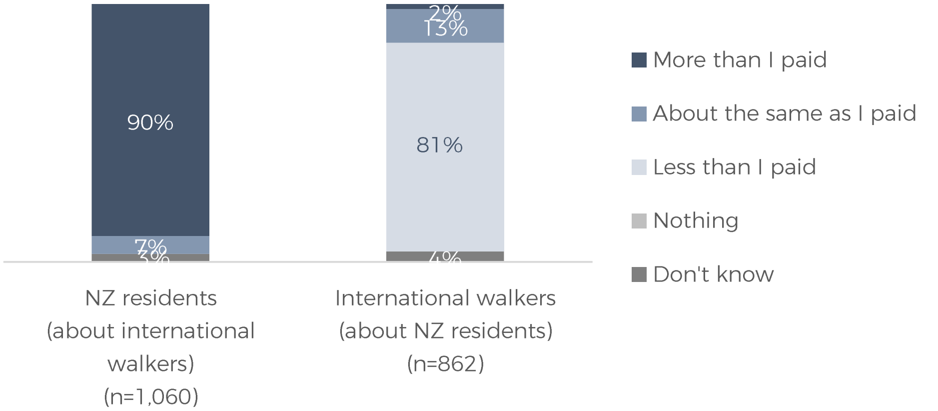


Base: International walkers (n=869)

4.8 PRICE PERCEPTIONS

239 Walkers of each trial track were asked about what they believed other walkers were paying for the same accommodation on the walk. Both New Zealand residents and international walkers are largely aware that each group are paying different amounts.

FIGURE 39: PERCEPTION OF PRICE OTHERS PAY



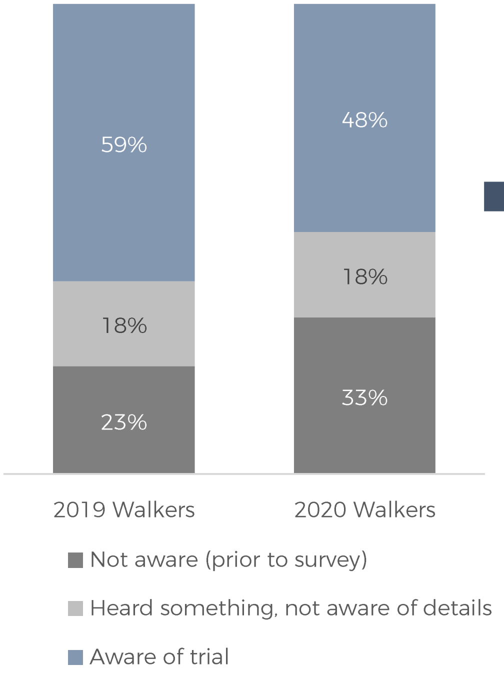
APPENDIX 3: OBJECTIVE THREE EVALUATION – SUPPLEMENTARY INFORMATION

4.8 AWARENESS OF DIFFERENTIAL PRICING TRIAL

240 Only two in every three walkers in the 2020 season evaluation period are aware of, or had heard something about the Great Walks differential pricing trial. This proportion is smaller than in the equivalent period in the 2019 season. Although New Zealand walkers are less directly affected by the differential pricing trial, a higher proportion are aware of the trial than international walkers (66 percent are aware compared with 37 percent of international walkers).

241 Awareness also differs between walkers from particular geographical areas. For example, awareness of the differential pricing trial was 23 percent amongst Asian walkers, 34 percent amongst North American walkers, 40 percent amongst European walkers, and 41 percent amongst Australian walkers.

FIGURE 40: AWARENESS OF GREAT WALKS DIFFERENTIAL PRICING TRIAL



Base: Total Sample (n=1,293)

Table 9: Trial awareness by walker type

	Aware of Trial
Walkers on trial tracks - NZ residents	66%
Walkers – NZ residents	56%
Walkers (all)	**48%**
Walkers on trial tracks – international	38%
Walkers – international	37%

	Aware of Trial
Walkers on Abel Tasman - NZ residents	60%
Walkers on Milford, Kepler or Routeburn – NZ residents	70%
Walkers (all)	**48%**
Walkers on Abel Tasman - international	42%
Walkers on Milford, Kepler or Routeburn – international	36%

APPENDIX 3: OBJECTIVE THREE EVALUATION – SUPPLEMENTARY INFORMATION

4.9 ATTITUDES TOWARDS DIFFERENTIAL PRICING

242 In the Angus & Associates walker survey, respondents were asked about the reasons for their support or opposition to differential pricing on the Great Walks. A range of attitudes were expressed in the comments and explanations, which were consistent throughout the season. These attitudes may influence walkers' perceptions of the value of their experience.

Support

243 For New Zealand residents, key reasons for supporting differential pricing on the Great Walks include that it encourages and provides better access for New Zealand residents, they pay taxes (and internationals don't), international visitors can afford the additional cost, and that the DOC needs more funding. Compared to last year's findings, New Zealand residents appear to be more critical of international walkers, with a larger proportion believing the differential price is still affordable and that New Zealanders need better access to the Great Walks (by reducing the number of international walkers).

244 International walkers who support differential pricing are most likely to recognise the benefit in providing better access for New Zealanders and that they don't pay taxes (so New Zealanders should get priority). However, while there is support for the differential pricing, some wanted the differential reduced and for children not to pay the same rate as an adult. Compared to last year's findings, international walkers were less sympathetic towards the view that DOC and the Great Walks infrastructure needs more funding.

Oppose

245 Key reasons for New Zealand residents' opposing differential pricing on Great Walks are that the differential is too large, it's unfair and discriminatory, and that the cost will discourage (and in some cases prevent) international walkers visiting the Great Walks. The findings were largely consistent with those from the first year of the trial.

246 For international walkers in opposition, key reasons are that the differential pricing is unreasonable and that they are unclear why they're being asked to pay more, that they are priced out of the Great Walks (especially for families), and that walkers should be charged the same price (as they use the same facilities). Compared with last year's findings, a higher proportion of international walkers appear to view the differential pricing as unfair and discriminatory (especially Australians - some feel they should be excluded from the trial).

APPENDIX 3: OBJECTIVE THREE EVALUATION – SUPPLEMENTARY INFORMATION

4.9 ATTITUDES TOWARDS DIFFERENTIAL PRICING CONT.

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

NZ - Support

"If they have the money to travel here then they can pay the extra. It should be budgeted for by them from the start. Locals pay rates and GST on everything and comparatively for us - NZ is expensive to live and many struggle. NZ's natural assets should be accessible to NZ citizens. "

"The prices are still good value for money for international travelers compared to what New Zealanders would otherwise pay for similar experiences overseas."

NZ - Oppose

"The cost for children should be substantially less. we may be reducing the opportunity to secure future return visitors"

"I like meeting international visitors on the Great Walks and sharing NZs amazing scenery. I don't think they should have to pay more. It means tourists with less means will miss out. It shows a lack of manaaki for our manuhiri."

International - Support

"It's your park so you have the right to do it, and over tourism is becoming a problem all over the world"

"I think that international tourism has significant impacts on communities and ecosystems, and even though my partner and I were part of that by being international visitors, I think it makes sense to some degree discourage/balance that impact via higher prices for people who are journeying a long way."

International - Oppose

"The big price difference seems to indicate that DOC wants to actively discourage international tourists from coming and exploring the backcountry and beauty of New Zealand - which devalues the purposes of tourism"

"Given our visa agreement between Australia & NZ, Australians should be given a reduced pricing structure. We were planning Milford & Kepler tracks next year, but due to the expense are now doing the Overland Track in Tasmania which has a fixed cost with no maximum night stay."

APPENDIX 4

METHODOLOGY

248 The Evaluation draws on information from three key sources in order to answer the research questions – analysis of DOC operational data, a survey of walkers, and consultation with tourism industry stakeholders. This mix of data allows analysis of impacts, attitudes and behaviour pre and post the introduction of differential pricing.

249 Below is an outline of the approach for each of the three main sources of information.

1. Operational and secondary data

250 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 in the 2017/18 season/data (i.e. the season immediately before the trial started).

251 Secondary data sources for the evaluation include:

- **Great Walks booking system data**. Access was obtained to DOC's booking system for 2018/19 and 2019/20 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 trial seasons 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).
- **Hut bednights data**. Bednight data from hut books was sought for huts on the four non-Great Walks included in the evaluation to assist with assessing the extent to which walkers may have diverted to non-Great Walks near to the trial Great Walks. Due to severe damage to three of these tracks in early February 2020 this information was only obtained for the Travers-Sabine Circuit.
- **Track activity counter data**. Historic and current season data from a representative counter on the Abel Tasman Coastal Track was obtained. Counter data was not obtained for other tracks as the 2018/19 evaluation found it to be of limited value. The selected counter is one least affected by day walk activity (i.e. represents as best as possible the volume of activity for those walking the full track).
- **Ranger field reports**. Rangers for the walks included in the evaluation completed an internal survey about their experience under differential pricing, 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. This data covered the first part of the season, to 31 January.
- **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 specifically about the trial, data from the DOC survey was used to make year on year comparisons for measures such as value for money, and was compared with the Angus & Associates walker survey data where relevant for comparison. The sample frame is not exactly the same for these two surveys and the reader should bear this in mind where comparisons are made.

APPENDIX 4

METHODOLOGY CONT.

- **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 (International Visitor Survey and New Zealand Tourism Forecasts).

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

2. Walker Survey

252 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.

253 The 2019/20 sample for the walker survey (n=2,126) is primarily *bookers* of Great Walks (94 percent of the survey sample). Emailed invitations to complete the online survey were sent to bookers who had recently completed their walk on a fortnightly 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.

254 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 six percent of the 2019/20 season mid-point survey sample. The survey was also promoted to walkers of the non-Great Walks included in the evaluation via posters placed in huts (to understand any differences in behaviour/opinion), and this group makes up one percent of the 2019/20 season mid-point survey sample.

Hut poster

255 This mid-season view report includes analysis of survey responses collected from those completing walks between 1 October 2019 and 21 January 2020.

256 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.

257 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.

258 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).

APPENDIX 4

METHODOLOGY CONT.

259 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).

260 Of the over 5,700 bookers that were invited to complete the survey 35 percent went on to finish it. The average completion time was 20 minutes.

3. Tourism industry stakeholder interviews

261 The 2018/19 season evaluation involved a survey of DOC concessionaires and other tourism industry stakeholders to assess the impacts (if any) of the Great Walks differential pricing trial. For the 2019/20 evaluation a different approach was proposed; one-on-one consultation with a carefully selected sample of n=12 DOC concessionaires and tourism industry stakeholders. The aim of this component of the evaluation was to more closely assess the actual and potential future impacts of the differential pricing trial on tourism and related businesses, as well as host communities.

262 The interviews were undertaken with DOC concessionaires and other tourism businesses in the communities surrounding the four trial walks. Requests for interview were sent to a range of businesses/organisations who have a concession to access/operate on Conservation Estate, or who service Great Walk guests in some way (e.g. accommodation or transport provider).

263 An interview guide was developed by the evaluator in consultation with DOC and the interviews took place during late January and early February 2020 – either face to face or by phone. The interviews took approximately 45 minutes. Where identifying data is used in the report permission has been sought from the interviewee.

Analysis

264 Once all data collection was complete, data was extracted, checked, cleaned and prepared for analysis (although progress with each 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).

265 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. 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.

APPENDIX 5

LIMITATIONS

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

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

- **the significant change to the way nationality was captured in the Great Walks Booking System during the trial and prior to the trial,**
- **that this evaluation covers a part-season only,**
- **and the timing of the initial announcement close to the opening of bookings.**

268 **These limitations are less significant for this evaluation than they were in the 2018/19 season evaluation because data is now available for two seasons under trial conditions.**

Booking system capture of nationality data

269 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 the 2018/19 and 2019/20 season bookings with those of pre-trial seasons the data needs to be sourced from two different booking systems.

270 While both systems largely capture the same data, with the introduction of the new online booking system there was 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 ordinarily resident in New Zealand. Under the new booking system, because of the pricing implications for the trial walks, walkers are first asked whether they are ordinarily resident in, or a citizen of New Zealand. Such walkers are likely to indicate that they live in New Zealand (to access the New Zealand rate) whereas previously their nationality would have been recorded as another country.

271 An example of this is an international visitor on a working holiday visa who has lived in New Zealand for six months or more prior to starting their Great Walk. They are classified as New Zealand residents ('ordinarily resident in New Zealand') under the trial, while in previous seasons they are more likely to have been classified as residents of another country.

272 The implication of this change is that the observed increase in the ratio of New Zealand resident to international bednights on Great Walks may be overstated. In this evaluation additional analysis has been undertaken to estimate the extent that this change has impacted nationality data.

Part season

273 So that decisions about the continuation of the trial can be made prior to the opening of bookings for the next Great Walks season in June 2020, the evaluation needed to be completed before the end of the 2019/20 season. As a result, it was necessary to confine the period of evaluation from October 2019 to January 2020. The evaluation does not cover the period February to April 2020.

Timing of trial announcement

274 Initial communication that a differential pricing trial would be introduced 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 2018/19 season would already have been made at that point (subject to securing a booking).

APPENDIX 5

LIMITATIONS CONT.

275 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.

276 Likewise, it is possible that publicity around the announcement stimulated booking activity from New Zealand residents.

277 It is not possible to know the extent to which these scenarios did play out but it is likely that the ongoing impact of differential pricing is 'truer' based on the 2019/20 season view as the pricing continued unchanged and information about it was available earlier. 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

278 No significant events occurred on the subject tracks during the evaluation period, however a number of minor weather events in the southern South Island caused a small number of walkers to change their plans (cancellations were in a normal vicinity). Significant track closures occurred from early February 2020 in the southern South Island due to damage from heavy rainfall however this falls outside the period of the evaluation. Similarly, there were no significant events that impacted the New Zealand tourism and recreation industry more generally during the evaluation period (although there is some evidence of market softening and this may be impacting multi-day walking activity). The impacts of the coronavirus on the New Zealand tourism industry largely fall outside the evaluation period.

Non-walkers

279 The evaluation also does not include the view of international visitors to New Zealand who didn't book a Great Walk. This is largely not material in determining if the three objectives of the evaluation have been achieved. However, since the views of international visitors who might have been planning to book a Great Walk (but didn't) weren't canvassed we don't know how many are in this group and whether differential pricing was a factor in their decision not to book. In terms of altered behaviour, the evaluation only includes the views of those who walked another nearby multi-day walk instead of a trial Great Walk, and those who walked fewer Great Walks, or stayed fewer nights, than they otherwise might have.

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

281 **Walker survey:** The survey sample is not a random sample of walkers in that it is primarily made up of *bookers*. 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.

282 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.

APPENDIX 5

LIMITATIONS CONT.

283 **DOC post-Great Walk survey data**: Due to an error the post-walk survey was not sent consistently through the 2018/19 and 2019/20 seasons. While all survey invitations were sent, recall of some respondents may have been compromised, potentially impacting comparability with historical data.

284 Further, this data has not been reconciled so that respondents are 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.

285 **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.

APPENDIX 6

SAMPLE PROFILE – SURVEY OF WALKERS

	Total Sample	International	NZ resident
Gender:			
Male	42%	48%	38%
Female	58%	52%	62%
Gender diverse	<1%	<1%	<1%
Prefer not to say	<1%	<1%	<1%
Age:			
18 – 24 years	6%	9%	4%
25 – 29 years	15%	21%	10%
30 – 39 years	25%	32%	20%
40 – 49 years	22%	16%	26%
50 – 59 years	22%	14%	28%
60 – 69 years	9%	7%	10%
70+ years	2%	1%	2%
Prefer not to say	<1%	<1%	<1%
Continent/Country of Origin:			
New Zealand	**59%**	**0%**	**100%**
Australia		**29%**	
Asia		**10%**	
Israel		3%	
Singapore		2%	
Other Asia		6%	
Europe		**33%**	
Germany		7%	
United Kingdom		7%	
France	**41%**	3%	**0%**
Netherlands		3%	
Other Europe		13%	
North America		**26%**	
United States		20%	
Canada		6%	
Other North America		<1%	
South America		**1%**	
Other		**<1%**	
Base: Total Sample	n=2,126	n=869	n=1,257

APPENDIX 6

SAMPLE PROFILE – SURVEY OF WALKERS CONT.

	Total Sample	International	NZ resident
Route to Survey:			
Email survey link to GW booker	94%	95%	93%
Referral by GW booker (to other members of group)	6%	4%	7%
Poster (on non GWs)	<1%	<1%	<1%
Great Walk/other track recently experienced:			
DP Trial Tracks:			
Abel Tasman Coast Track	22%	20%	23%
Kepler Track	14%	18%	11%
Milford Track	10%	13%	9%
Routeburn Track	15%	18%	12%
Non-DP Trial Tracks:			
Heaphy Track (GW)	11%	6%	15%
Rakiura Track (GW)	10%	7%	12%
Tongariro Northern Circuit (GW)	10%	12%	8%
Whanganui Journey (GW)	6%	4%	7%
Paparoa Track (GW)	2%	1%	2%
Travers-Sabine Circuit (Nelson Lakes)	<1%	<1%	<1%
Matukituki Valley Tracks (Wanaka)	<1%	<1%	0%
Greenstone-Caples Tracks (Wakatipu)	<1%	<1%	0%
Rees-Dart Track (Wakatipu)	<1%	0%	<1%
Base: Total Sample	n=2,126	n=869	n=1,257
Margin of error (at 95% confidence)	+/-2.0%	+/-3.2	+/-2.7

APPENDIX 7

SAMPLE PROFILE – STAKEHOLDER INTERVIEWS

Northern South Island	
(operating in/near Abel Tasman National Park)	
Abeltasman.com (Abel Tasman AquaTaxi, Marahau Water Taxis, Marahau Sea Kayaks, Abel Tasman Centre, Hooked, Marahau Beach Camp)	
Abel Tasman Guides	
Abel Tasman Kayaks	
Abel Tasman Sea Shuttle and Kaiteriteri Kayaks	
Tasman Bay Promotions Association and Motueka iSite	

Southern South Island	
(operating on/near the Kepler, Routeburn and Milford Tracks)	
Easyhike	
Fiordland OutdoorsCo.	
Info & Track	
Te Anau Lakefront Backpackers	
Tracknet	
Trips & Tramps	
Tutoko Outdoor Guides	
Base: Total Sample	n=12

Department of
Conservation
Te Papa Atawhai

angus
& ASSOCIATES