Otago Central Rail Trail economic impact and trends survey 2008

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OTAGO CENTRAL RAIL TRAIL

ECONOMIC IMPACT AND TRENDS SURVEY 2008

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This research was conducted by Carla Jellum and Arianne Reis, who were independently contracted through the Otago Central Rail Trail Trust. Both Carla and Arianne are PhD candidates in the Department of Tourism and are employed as Assistant Research Fellows in the Centre for Recreation Research, School of Business, University of Otago.

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PREFACE

This is a second edition of the Otago Central Rail Trail Economic Impact & Trends Survey. In this revised version some basic clarifications have been made to the first edition's presentation of findings.

Carla Jellum
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1 April 2009

Executive Summary

In 2005, the Otago Central Rail Trail Charitable Trust developed a survey questionnaire to measure the economic impacts of the Rail Trail on businesses established in communities on the fringes of the trail. In 2008 the Trust repeated the effort to learn more about the successes and problems of businesses and communities affected by the Rail Trail, and administered a second survey to a similar sample in the same area, i.e. the Rail Trail's Middlemarch – Clyde corridor, including the greater Maniototo and Strath Taieri areas. The results of this survey are presented here and, where possible, compared with results obtained in the previous research.

The survey administered in 2008 assessed the trends and economic impact of the Otago Central Rail Trail on businesses in the areas most affected by the OCRT, and was based on the questionnaire used in 2005. However, in 2008 two different distribution methods were utilised: 1) online questionnaires were distributed to businesses with available email addresses and 2) hard-copy questionnaires were posted along with self-addressed, postage-paid return envelopes to businesses without known email addresses.

A total of 109 useable questionnaires were successfully completed and returned. The 2008 overall response rate was 35.5%; with a postal response rate of 26.7% (n=30) and internet survey response rate of 41.1% (n=79). In June and July 2005, 270 questionnaires were distributed by post, with 104 useable questionnaires returned for a total response rate of 38.5%, including a 46.3% response from accommodation providers (n=51) and 33.1% from general businesses (n=53).

For the 2008 survey, the majority (68.8%) of respondents were Accommodation Providers, followed by 22% Food and Beverage, 14.7% Retail, 10.1% Tour Operators, 7.3% Transport Providers, and 3.7% representing other types of businesses, including a travel agency, post office, and service station. These results were similar to the 2005 survey results. Results also indicate that the sample comprised two main types of businesses: large businesses with a total turnover of more than $250,000 (32.6%), and small businesses with a total turnover under $10,000 (29.5%).

A total of 552 full-time and part-time staff were reported to be employed and a significant number of these employees are employed part-time, both during the summer and winter seasons. The majority of business staff earn between $12.50 and $20.00 per hour including 235 part-time staff employed during the summer compared with 147 part-time staff during the winter season.

As expected, February and March are the busiest months for businesses on the rail trail whereas June and July are the quietest. A significant percentage (22.6%) of businesses close for four or more weeks during the year and, most commonly, during the months of July and August. However, for 72.6% of the respondents, if there was demand during winter months businesses would operate without stop. In fact, 51.1% of respondents believe that there is potential for an increase in visitor numbers during the winter season, but that more effort should go towards promoting activities and places to attract tourists during this period.

Nearly one third of respondents (29.7%) reported that the OCRT was very important in their decision to buy or start their business. However, a significant number of respondents (19.8%) affirmed that the rail trail was not at all important in their decision to initiate their business. These results may be attributed to the sample of participants, which included several businesses that are not in fact related to, or greatly impacted by, the rail trail (e.g. big supermarket and petrol station chains). Moreover, the results show that the majority of our respondents (46.2%) attribute only 0-20% of their turnover to OCRT users. Although this is still a highly significant share of business turnover, and means an improvement from the 2005 study, when this percentage was even higher (68.4%), it shows that the sample was very diversified and, again, not necessarily composed of businesses that are significantly impacted by the rail trail.

A high number of respondents affirmed that their business is growing, although numbers are slightly lower than in the 2005 survey. Reasons for this include: petrol prices, more competition, large operators monopolising accommodation, fewer overseas visitors, direct flights into Queenstown, the national economy, and others. Nonetheless, business' owners are still predicting growth for the next 5 years, when businesses, and the rail trail, will reach a growth plateau and remain similar in the years to follow.

Respondents suggested there has been a change in users' group type since the 2005 study. According to our results, rail trail users are aged between 36 and 50 years, mostly cycling the trail, in groups of 3 to 4 and coming from the North Island. Overseas visitors are apparently coming more from Australia now than they were three years ago, when most of the international tourists were expected to be from Europe and the UK more specifically.

'Word of mouth', OCRT website and businesses' own advertising were reported as the main means by which visitors contacted service providers. The 2005 study provided similar results, although there was no option of businesses' own advertising in that survey.

According to respondents, the Otago Central Rail Trail has positively impacted the adjacent communities. Greater community pride and more services and facilities were ranked as the most important positive impacts. Rubbish problems, noise and crowding were some of the few negative comments provided by respondents.

The top five suggested improvements for the OCRT were: More Activities to Encourage Better Spread of Times to Use the Trail, More Information Panels Pointing out Areas of Interest, Greater Use as an Educational Resource, More On-Trail Toilets and More Shade Trees (in decreasing order of importance). These results were very similar to the items suggested in the 2005 study, which suggests that these issues have not been properly addressed and are still in need of improvement. One other constantly mentioned suggestion for improvement, especially in the open-ended questions, was signage.

Surprisingly, only a minority (21.8%) of respondents stated that events being held near or on the rail trail are beneficial to their businesses, with most respondents (40.2%) being unsure about their benefits. Conversely, 87.5% of respondents support competitive events on the OCRT.

Large numbers of respondents were not aware of the OCRT Trust enhancement works on the trail, with the exception of the Official Rail Trail Passport, road crossing warning signs and website. The high level of unawareness of such important efforts from the OCRT Trust indicate that more informational campaigns need to be considered to improve levels of community awareness of the Trust's work for the benefit of Rail Trail businesses and users.

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1. Introduction

The Otago Central Rail Trail Charitable Trust was formed in 1994 and acts as an independent body that seeks, receives and administers donations and institutional funds to improve the Otago Central Rail Trail (OCRT) experience. In 2005, the Trust developed a survey questionnaire to measure the economic impacts of the Rail Trail on businesses established in communities on the fringes of the trail. The survey also asked business owners what they felt were the needs of the service providers and trail users that could be achieved through different forms of investment. The results of this research have been used to guide some actions in the years that followed.

In 2008 the Trust repeated the effort to learn more about the successes and problems of businesses and communities affected by the Rail Trail, and administered a second survey to a similar sample in the same area, i.e. the Rail Trail's Middlemarch – Clyde corridor, including the greater Maniototo and Strath Taieri areas. The results of this survey will be presented here and, to some extent, compared with results obtained in the previous research.

2. Background to the Study Area

The Otago Central Rail Trail was established in February 2000 through a cooperative effort between the Department of Conservation and the Otago Central Rail Trail Trust. Located in Central Otago, the 150 km recreational rail trail was built upon Central Otago's historic railway foundations. The rail trail (west from Middlemarch) travels along the Taieri River and through the Maniototo Plains; crosses the Rock and Pillar, North Rough, and Raggedy Ridge ranges; and passes through Ida Valley and Poolburn Gorge along the Manuherikia River (see Appendix 1).

A trip along the entire 150 km length of the Otago Central Rail Trail may begin at either end of the trail, at Clyde or Middlemarch, and cycled in approximately 4 days, walked in approximately 6 days, or experienced by any number of shorter Station to Station trips. The OCRT's highest point is near the township of Wedderburn, 618 m above sea level, with gentle descents in either direction. Whether engaged in a multi-day excursion or a one day trip, a large selection of accommodation providers, restaurants, and other businesses support rail trail visitors both in communities adjacent to the rail trail and at nearby off-trail locations.

Otago Central Rail Trail recreation facilities include 14 trail side ganger's sheds which contain interpretive panels (inclusive of maps, colourful photographs, and educational material), 12 toilet facilities, and directional signs. Activities include visiting historical sites, wildlife viewing, and competitive events, as well as opportunities for golfing, curling, fishing, wine touring, camping, and visiting museums and art galleries. Information can be can be obtained from the Otago Central Rail Trail Trust's official website[1], Department of Conservation, Station sites and ganger sheds along the rail trail, and leaflets available at visitor centres.

[1] OCRTT's official website link: www.otagocentralrailtrail.co.nz

3. The Survey

The survey administered in 2008 to assess the economic impact and trends of the Otago Central Rail Trail on businesses in the areas most affected by the OCRT was based on the questionnaire used in 2005 (see Appendix 2 and 3[2] for the two versions of the survey). However, several changes were necessary in order to make the instrument more efficient in collecting reliable data, as well as to improve its reproducibility for future comparative research. Nonetheless, the main questions were kept as in the original to provide a better means of comparison between the results from 2005 and 2008.

The most obvious improvement was the layout and formatting of the survey. Although it may seem a superfluous change, previous research has shown that good and clear presentation improves accuracy and consistency of responses[3]. The second major alteration refers to the length of the survey. Initially, the survey comprised eight pages, divided into six sections. The 2008 survey was shortened to six pages. This shortened version was achieved by suppressing a few questions deemed to be repetitive, improved formatting, and amalgamation of complementary questions. The division into six sections was preserved, although the order and title of sections were slightly modified. The sections included in the 2008 survey were: 1- Business Characteristics and Structure; 2- OCRT Impact on your Business; 3- OCRT Impact on your Community; 4- Improvements to the Current Scenario; 5- Identification; 6- Accommodation Businesses only. The central focus of the survey was on businesses' growth and turnover derived from the Rail Trail, as well as some general impact questions. Businesses' characteristics were sought to provide a context for the analysis as well as to show the trends in business types and sizes in the region. Insights into peak seasons and activities that may or may not improve businesses were also included in the questions.

The main characteristic of the original survey was maintained, and several open-ended questions were available for respondents to freely make comments about the different topics presented. The presence of 13 open-ended questions, a final comments area and several small sections to provide examples reflects the Trust's position of hearing the people involved in the making of the Otago Central Rail Trail experience. Although mainly quantitative, this research provides rich qualitative insights into some of the issues surrounding the impacts of the Rail Trail in the adjacent communities.

In total, the survey comprised 43 questions, some with more than one item to be responded to. The instrument was pre-evaluated by 7 postgraduate students and pre-tested with one stakeholder in the area. Several adjustments were made following the evaluations and test until the final version was reached. Limitations of the survey will be discussed in the following sections.

3.1 Survey Administration

Two different distribution methods were utilised in the 2008 study: 1) online questionnaires, designed using internet based company SurveyMonkey[4], were distributed to businesses with available email addresses and 2) hard-copy questionnaires were posted via mail along with self-addressed, postage-paid return envelopes to businesses without known email addresses. The internet questionnaire was designed as closely as possible to the hardcopy questionnaire to ensure as accurate response as possible[5] (see Appendix 4 for the internet-based survey). An incentive for participation was

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[2] The 2005 questionnaire survey is presented here as per the original.

[3] Iaronssi, G. (2006). *The power of survey design: A user's guide for managing surveys, interpreting results, and influencing respondents*. Washington: The World Bank.

[4] SurveyMonkey® internet site: www.surveymonkey.com

[5] Slight differences with some questions were inevitable due to SurveyMonkey design constraints. These differences have been noted, or an explanation is provided, in the analysis for the appropriate questions.

advertised in a cover letter/email indicating that all completed and returned questionnaires would be entered into a prize draw for a gift voucher (see Appendix 3).
Accommodation providers and general businesses were selected to participate through a non-random selection process. In 2005, the Otago Central Rail Trail Trust compiled a list of 270 recipients that had potential interest in the Otago Central Rail Trail due to the services they offered. This list included 110 accommodation providers and 160 general businesses, primarily located in communities along the trail corridor with a few recipients in Cromwell, Christchurch, and Dunedin. Due to the comparative nature of this research, it was necessary to distribute the 2008 questionnaire to a similar respondent list. The 2008 updated list included the 2005 recipient list as well as accommodation providers and businesses that advertise on the OCRTT's official website and leaflet. A total of 326 questionnaires were initially distributed, however, twenty-two postal questionnaires were returned due to unknown or undeliverable addresses, for a total distribution of 304 questionnaires (see Table 1).

Table 1: 2008 Internet and Postal Questionnaire Distribution

2008 Survey	Email	Postal	Total Distribution
Accommodation Providers	136	34	**170**
General Businesses	56	78	**134**
Totals	192*	112**	**304**

*192 total emails were distributed; however, only one survey could be completed for dual accommodation/business providers causing a slight underrepresentation (6 joint ventures).
**n=112 is postal distribution after undeliverable questionnaires were omitted.

Questionnaires were distributed from 7 July until 8 August, 2008. The first follow-up postcard/email was sent on 18 July (see Appendix 5). The third, and final, follow-up was sent on 1 August as an email reminder or posted as second hardcopy questionnaire along with a postage-paid return envelope.

A total of 109 useable questionnaires were successfully completed and returned. An additional three returned questionnaires were unusable: one postal questionnaire left blank and two internet surveys that were left incomplete beyond the second question. The 2008 overall response rate was 35.5%; with a postal response rate of 26.7% (n=30) and internet survey response rate of 41.1% (n=79). In June and July 2005, 270 questionnaires were distributed by post, with 104 useable questionnaires returned for a total response rate of 38.5%, including a 46.3% response from accommodation providers (n=51) and 33.1% from general businesses (n=53).

3.2 Survey Analysis

The data entry and analysis was undertaken using SPSS Version 15 and Microsoft Excel. Excel Spread Sheets from the 2005 survey were incorporated into the analysis and comparative graphs were created. Answers to open-ended questions were listed and presented in appendices[6], but were also incorporated into the quantitative analysis, enriching data provided from closed questions. All graphs and tables are based on the total number of responses to each particular question; not-applicable or non-responses are not included unless specified. It must be noted that results from the 2005 survey were presented in the 2005 report including non-responses. However, in the present report we will be

[6] It is important to note that misspellings were mended but no other form of alteration was made to the content provided by respondents in any of the open-ended questions.

presenting both data as percentages from the total of responses to each particular question to guarantee consistency.

3.3 Survey Limitations

A number of limitations to this study must be considered. First, the length of the survey proved too long to keep interest and consistency in responses. In light of the need to provide comparative results, the researchers were not able to modify and shorten the instrument to less than six pages – which takes, on average, 20-25 minutes to complete. This problem was even more evident in the online version of the instrument, where the number of responses declined considerably toward the end of the survey. The researchers speculate that the reason for that is that respondents tend to use the computer as a work tool and therefore do not have much time to spare in non-work related tasks during this time. Furthermore, hard copies provide the flexibility of returning to it several times during the day(s) and respondents can freely choose when to devote time to that.

A second important limitation to the study was the sample selection criteria. The researchers were provided with a list of businesses and were not able to define a consistent selection criterion that would provide a good and unbiased sample. Furthermore, several addresses were not up-to-date which prevented some businesses being reached.

Time constraints also prevented more efficient administration strategies being implemented, which could have helped increase the response rates for both postal and electronic surveys. Moreover, the inclusion of an identification section – where respondents provided their businesses' name, address and contact details – might have prevented participation from some potential respondents and might have prevented some responses from the actual participants. In that respect, it is important to emphasize that the confidentiality of responses will not be compromised and respondents are assured that their responses will not be disclosed.

Specific issues and limitations concerning the electronic survey must also be considered. First, there is the issue of whether or not an intended recipient received the email invitation due to spam filters, which may have decreased the response rate. Second, the online survey was designed so that for each closed question an answer was required before moving onto the next question. The initial rational behind requiring a response was to obtain a complete questionnaire; however, it must be noted that if a respondent was not willing to answer a question mid-way through, they could not move forward, therefore, did not complete any questions beyond that point. This issue likely contributed to the overall decline in responses towards the end of the survey. The open-ended questions, where respondents were allowed to freely provide comments and suggestions, as well as the question of gross annual income were voluntarily answered and not made a requirement to move onto following questions. In considering future research that mixes methods with an electronic survey (i.e., a hardcopy questionnaire where a respondent is never required to answer a question), it might be appropriate to not require responses.

4. Survey Findings

Accommodation and general businesses were first asked if they had participated in the 2005 survey. Only 8.4% of the respondents indicated that they participated in the previous survey, 62.6% did not participate, and 29.0% could not remember if they had participated.

4.1 Business Characteristics and Structure

Section 1 of the 2008 survey inquired about the type, purpose, and economic structure of the business. Respondents were first asked their position in the business, in order to reiterate the request for a business owner or appointed manager to complete the survey. 87.2% of respondents were business owners, 11% managers, and only 1 respondent was someone other than an owner or manager. Notwithstanding his/her position, the respondent was included in our sample.

The next question asked respondents to indicate their type of business and were provided 6 options (see Figure 1) where they could select as many categories as applicable. For the 2008 survey, the majority (68.8%) of respondents were Accommodation Providers, followed by 22% Food and Beverage, 14.7% Retail, 10.1% Tour Operators, 7.3% Transport Providers, and 3.7% representing other types of businesses, including a travel agency, post office, and service station[7]. These results were similar to the 2005 survey results; however, the 2005 results represented a smaller proportion of Accommodation Providers (49%), followed by relatively equal proportion of Food and Beverage (10.6%), Tourist Operator (13.5%), Community Service (12.5%), and other businesses (11.5%) respondents. Only 2.9% of Transportation Providers responded in 2005.

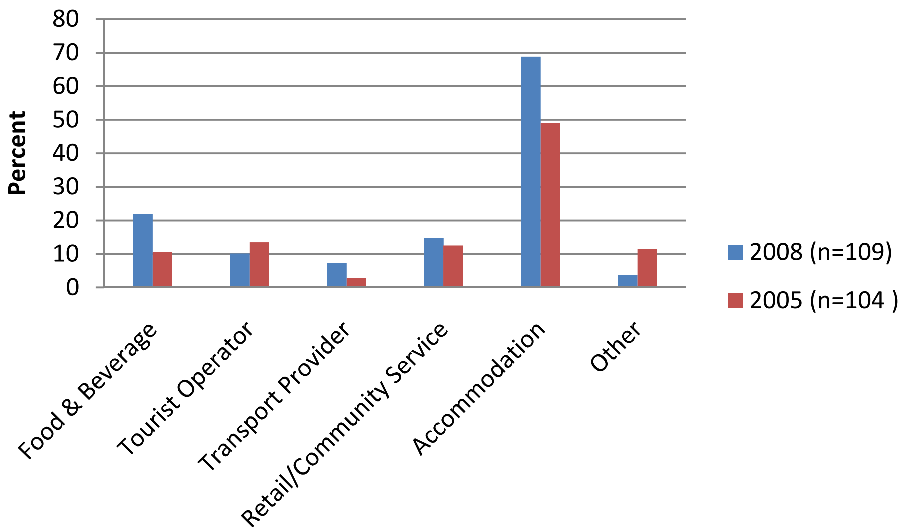

Figure 1: Business Type

Percentages based on number of respondents (multiple responses were possible from each participant)

The next question was in regards to business gross annual turnover (before tax) in 2007. Results indicate that the sample comprised two main types of businesses: large businesses with a total turnover of more than $250,000 (32.6%), and small businesses with a total turnover under $10,000 (29.5%) (see Figure 2). As the sample's population included businesses from bigger towns, such as Dunedin, Clyde and Alexandra as well as smaller ones such as Ranfurly and Weddenburn, these

[7] Percentages are based on number of respondents. Because respondents had the option of ticking more than one box, percentages will sum up to more than 100%.

results are not surprising although they may not be representative of businesses that are most affected by the Rail Trail. This question was not addressed in the 2005 survey.

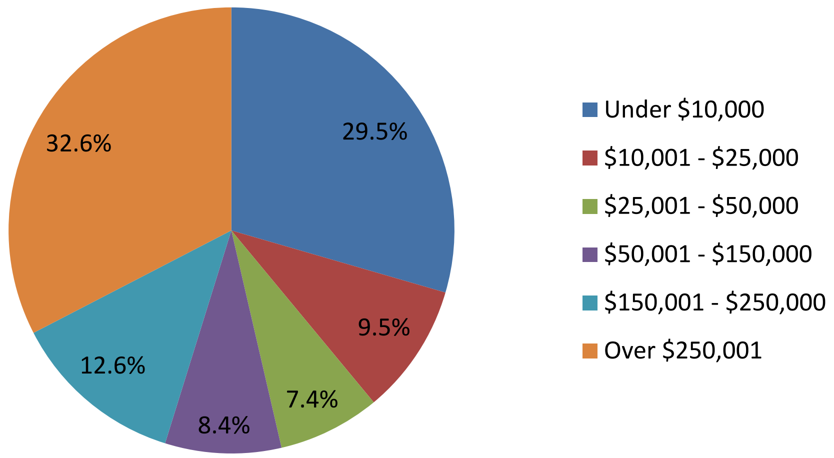

Figure 2: Gross Annual Business Turnover (before tax) for YE 2007

The following two questions focused on when the business was originally established and whether or not the business was located in a structure constructed with the business in mind or not. In 2008, 44% of respondents indicated that their business had belonged to the current proprietor since sometime between 2006 and 2008, 29.5% between 2000 and 2005, and 26.5% indicated that the business has been owned prior to 2000, before the establishment of the Rail Trail. The 2005 survey asked for businesses to indicate the year their business was established only if it was after the opening of the Rail Trail in 2000. Only 35.6% of respondents indicated that their business was established between 2000 and 2005. These results may be an indication that there has been an increase in new businesses established from 2005 to 2008.

Furthermore, participants of the 2008 survey were asked if the business was established by the current proprietor, and if not, when the business was established. 61.2% of respondent answered 'Yes' and 38.8% of respondents answered 'No'. Of those businesses that were not established by the current proprietor, four were established in 2002 or after, 13 established seven to 30 years ago, and 15 were established over 30 years ago. Finally, 2008 participants were asked if their business was housed in a structure built with their business in mind, or in an existing structure that was refurbished to fit the business purpose. 70.6% of respondents indicated their business was housed in an existing structure, 27.4% housed in a new structure, and 2% did not know.

Participants in 2008 were asked the number of staff members, both full-time and part-time, per season and their wage rates. Figure 3 compares the reported number of seasonal employees and their wage rates for the 2008 study. A total of 552 full-time and part-time staff were reported to be employed and a significant number of these employees are employed part-time, both during the summer and winter seasons. The majority of business staff earn between $12.50 and $20.00 per hour including 235 part-time staff employed during the summer compared with 147 part-time staff during the winter season. Full-time staff is significantly less than part-time staff. A reported 329 total staff members were employed during the 2008 peak season (summer), which is less than the reported 400 during the 2005 peak season (Feb/March). Based on these numbers, trends are showing a slight decrease in summer employment; however, no data was available from 2005 to determine whether or not winter employment had changed. There are two issues, however, that deserve attention here. Firstly, these figures do not represent direct employment derived from the Otago Central Rail Trail. As noted earlier, our sample comprised both large and small businesses, of various natures and from different localities. Moreover, not all businesses indicated that the OCRT is a major driver for their businesses, as we will report below (see Section 4.2). Therefore, these numbers should be analysed with caution. Secondly, an overwhelming response to the first salary range presented in our survey results suggests that this category is too large, thus more research is needed to better establish the salary ranges for businesses' employees.

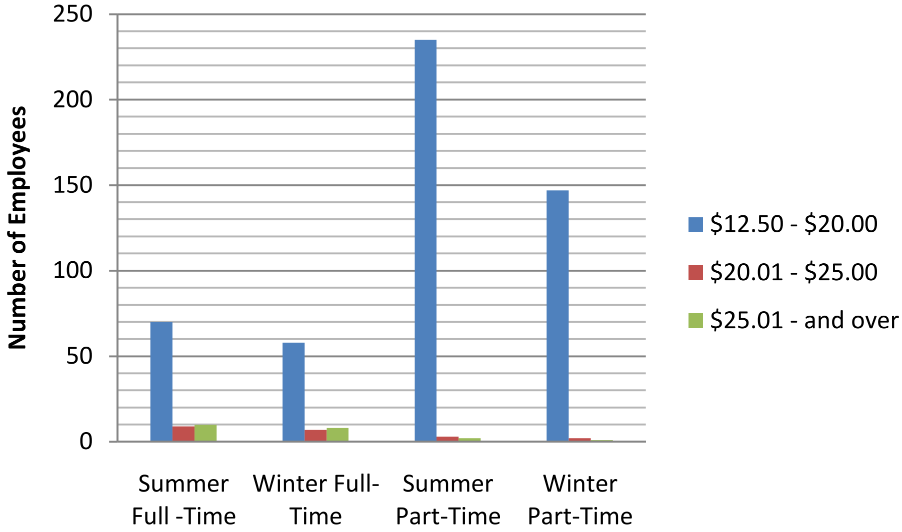

Figure 3: Number of Staff & Gross Hourly Rates

In order to determine business peak season and quiet seasons, participants were asked a variety of questions pertaining to business monthly activity and any temporary closures during winter months. The first two questions asked respondents to indicate 2 or 3 months for peak visitor numbers and 2 or 3 months for quiet visitor times for their business. Figure 4 illustrates peak (summer) and quiet (winter) seasons. In 2008, the majority of accommodation and businesses indicated March as their busiest month, followed by February, January and April. The quietest month was June, followed by July and August. These results are similar to those from the 2005 survey, which indicated February/March as the peak season and June/July as the quiet season.

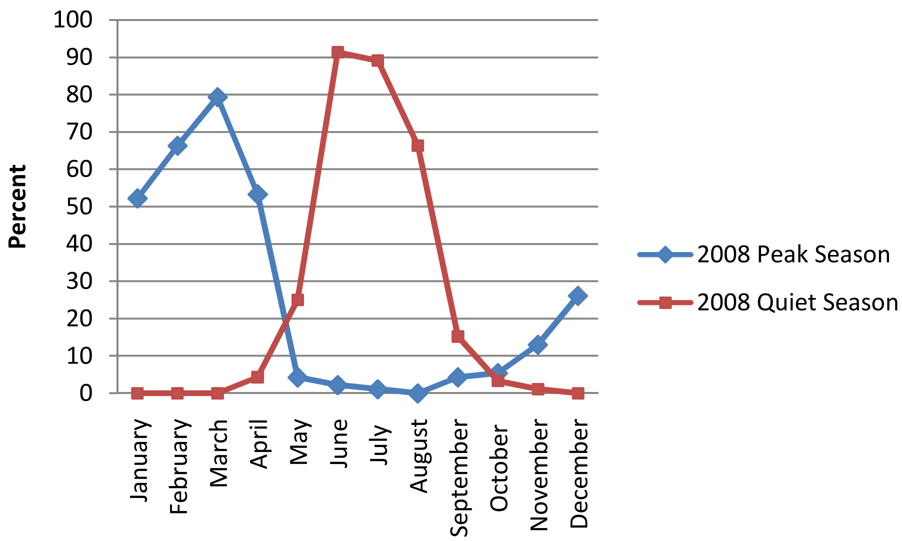

Figure 4: Peak and Quiet Business Months

To further identify business patterns during the quiet season, participants were asked if their business closed for four weeks or more during the year (see Figure 5). 77.4% of respondents do not close their business, whereas 22.6% answered that they do close for four weeks or more. Of those businesses that do close for at least four weeks a year, respondents were asked to indicate which months the business closes; July and August were the most common months for business closure.

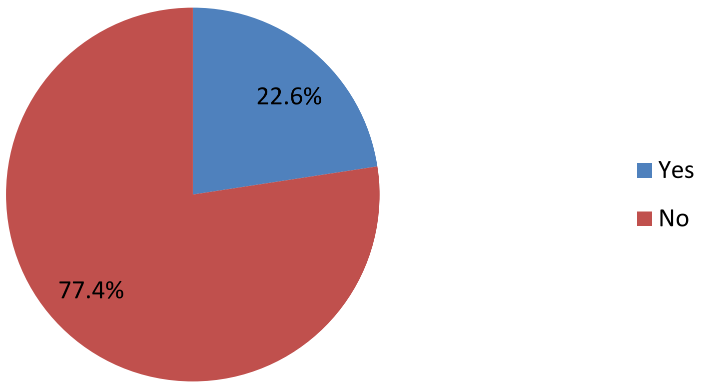

Figure 5: Businesses that Close for Four Weeks or More During the Year

A second question was asked of those businesses that close for at least four weeks during winter months: "if there was a demand for increased activity during winter, would they still consider closing for some weeks/months?". Sixty-two respondents answered this question (despite only 15 businesses having been asked to respond) and 72.6% indicated they would not close their business with an increase in winter activity, 17.7% responded 'I Don't Know', and only 9.7% would close business anyway (see Figure 6). Due to a glitch in the online SurveyMonkey template design, respondents were not able to provide information on how long they would close their business for during the year; therefore, data from that result could not be used in this analysis. The 2005 survey included an open-ended question asking participants to indicate if their business had seasonal peaks to describe the peaks as well as thoughts on low turnover periods and what could be done to reverse these. The results from the open-ended qualitative question were reported in a graphic representation that illustrates the Christmas and Easter peak season and October to April peak season. For comparison purposes and statistical accuracy, the 2005 qualitative data could not be transferred into descriptive statistics comparable to the 2008 quantitative results.

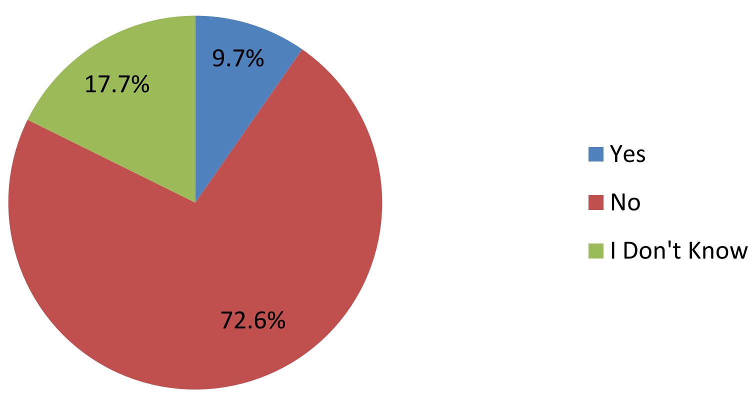

Figure 6: Business Closure If there was Increased Demand During Winter Months

However, both the 2008 and 2005 surveys asked participants if they thought "there is potential to attract OCRT visitors during winter months". 51.1% of 2008 respondents stated 'Yes' there is potential, whereas 66.3% stated 'Yes' in 2005 (see Figure 7). Interestingly, the largest differences in response between 2008 and 2005 were in the 'No Opinion' category, with 32.2% in 2008 and only 6.5% in 2005. Both the 2008 and 2005 surveys asked respondents to provide examples of how to increase visitation during winter months. Suggestions from 2008 ranged from focusing on advertising the clear winter months to curling packages in Naseby. A full list of comments and suggestions from 2008 on this topic is available in Appendix 6. The 2005 list of suggestions can be referenced from the OCRTT's 2005 Economic Impact Report (OCRTT, 2005).

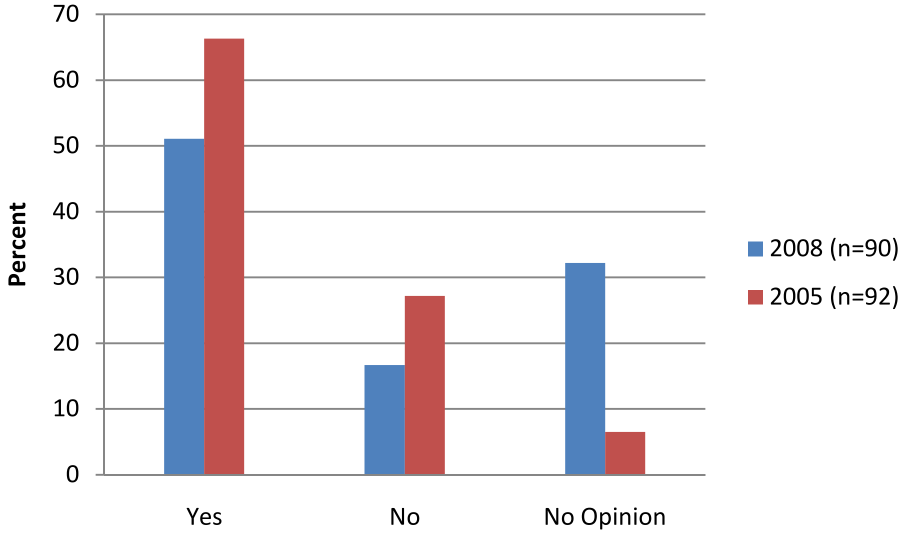

Figure 7: Potential to Attract OCRT Users During Winter Months

The final question in Section 1 inquired about membership interest in a business operators' group. In 2008, this was a two part question. The first part asked participants if they were a current member of the business operators' group. The majority (58.7%) stated 'No', with 31.7% indicating 'Yes', and 9.5% did not know. The business operators' group was established after the 2005 survey. During the 2005 survey, participants were asked if they thought there was any "value" in forming an OCRT Business Operators' group, and the majority (65.5%) indicated 'Yes' (Figure 8).

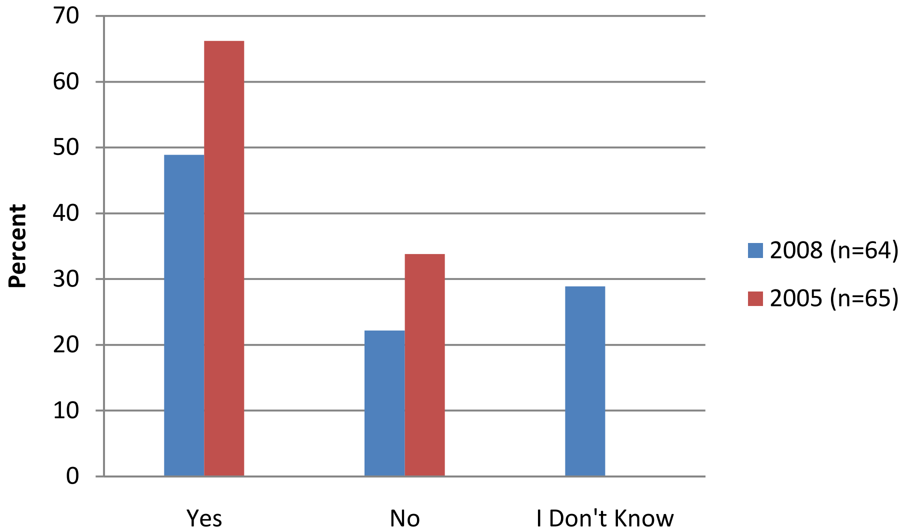

Figure 8: Interest in Joining Business Operators Group

However, in 2008, respondents who were not current business operator members were asked if they were interested in joining, and the 2005 survey asked all respondents if there was interest to join. In 2008, of the 64 respondents not currently group members, 48.9% stated 'Yes' they were interested in joining, 22.2% were not interested, and 28.9% stated they did not know. In 2005, 66.2% indicated interest, whereas 33.8% were not interested. These results suggest that although there is interest, fewer businesses are members of the business operators' group than expected, since the formation of the group after the 2005 survey.

4.2 OCRT Impact on your Business

Section 2 of the 2008 questionnaire contained questions pertaining to the impact that the Otago Central Rail Trail visitors have on the individual business as well as changes that businesses have noticed in visitor demographics. The first question asked business participants to rate the OCRT in their decision to buy/establish their business on a scale from one ('Not at all important') to five ('Very important') (see Figure 9). 29.7% rated the OCRT as 'Very Important' in their decision, whereas 19.8% rated the OCRT as 'Not at all important'.

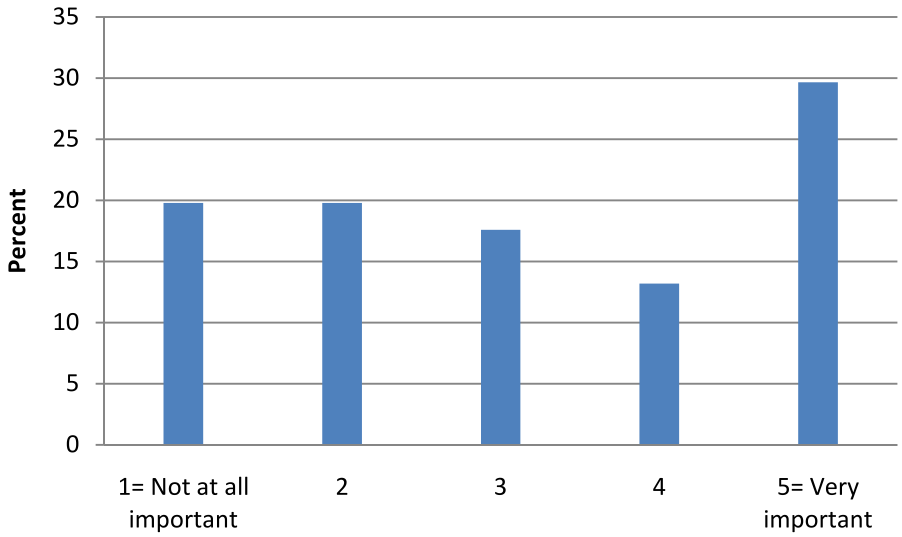

Figure 9: OCRT Importance in the Decision to Buy/Establish Business

The next question asked respondents how they would describe the current growth trends of their business and provided three variables: Growing, Levelling Off, and Declining. 74.7% of 2008 respondents indicated that their business was growing, 19.8% levelling off, and 5.5% declining. The 2005 results indicated 81.0% growth and 19% levelling off. These results indicate a slight decline in business growth from 2005 to 2008 (Figure 10).

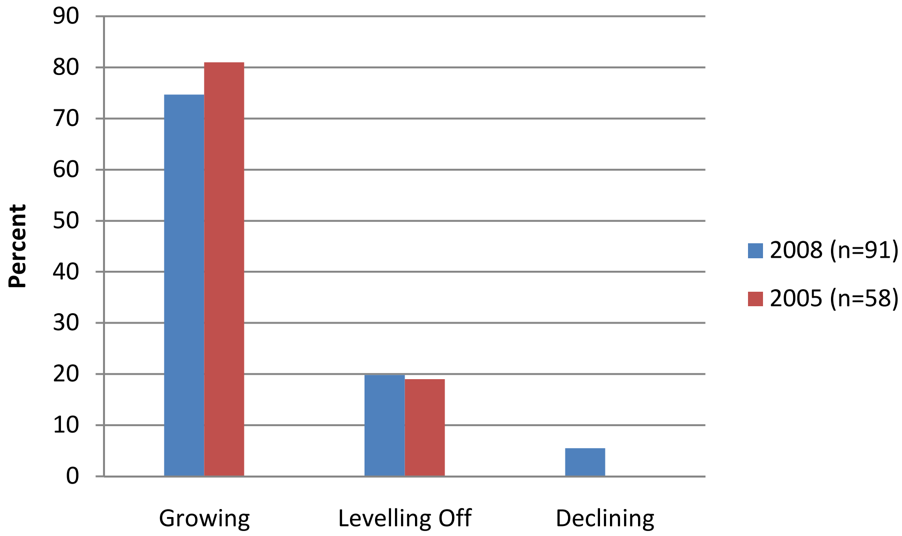

Figure 10: Business Growth Trends

The second part of this question was an open-ended response to what those businesses that answered declining might attribute that decline. The 2008 responses to business decline included: petrol prices, more competition, large operators monopolising accommodation, fewer overseas visitors, direct flights into Queenstown, the economy, and others.

The following question asked respondents to estimate the percentage of turnover that comes from OCRT users. For 2008 results, the majority of respondents (46.2%) indicated 0-20% of their turnover was attributed to OCRT users. Overall, 2008 turnover that is attributed to OCRT use is higher than from 2005, when only 68.4% indicated 0-20% and only 5.3% estimated 80-100%[8] (Figure 11).

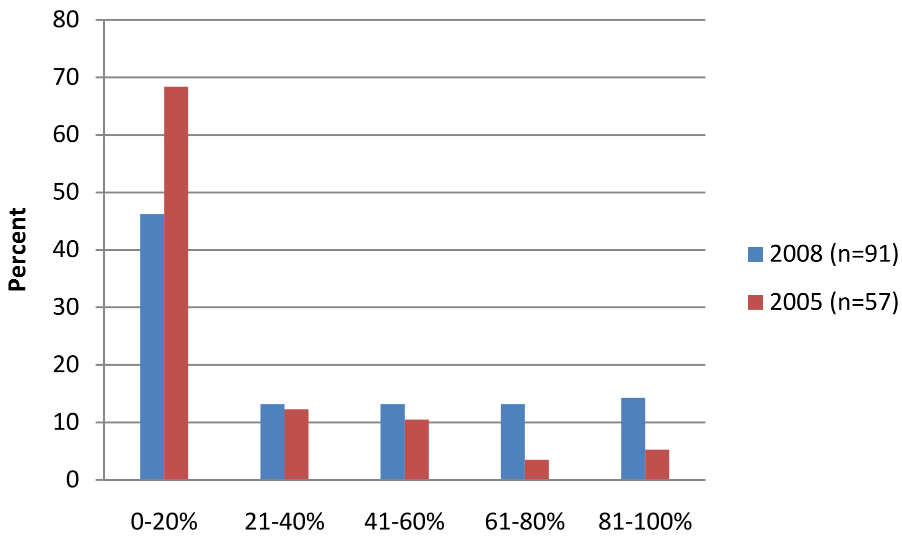

Figure 11: Percentage of Business Turnover Attributed to OCRT Users

The next question focused on changing user group trends. The 2008 questionnaire asks participants who have been in business since or before the 2005 survey if there has been any change in recent years in the type of people using the Rail Trail. 41.8% of respondents stated 'Yes', 17.9% have not seen a change in user group type, and 40.3% did not know (Figure 12).

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[8] Data collected in 2005 presented an error in the statistical scale (0-20%, 20-40%) where the categories overlapped. Although Figure 11 is not statistically valid, the comparative graph assumes a correct measurement scale for 2005.

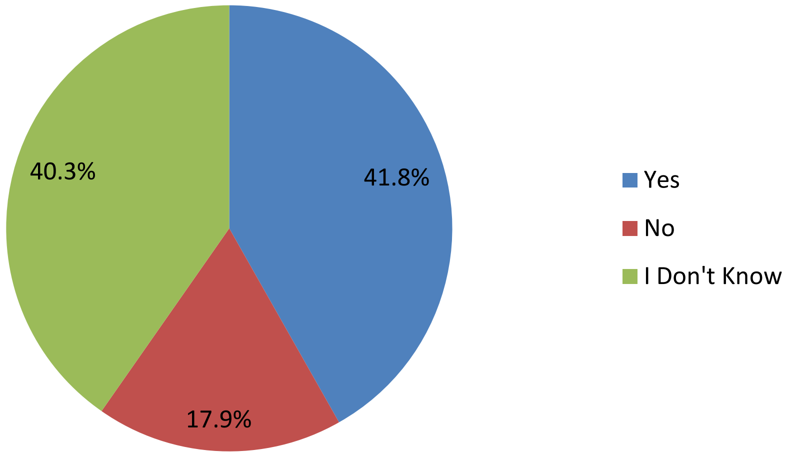

Figure 12: Changes in User Group Type Since or Before 2005

Respondents that indicated 'Yes', they had noticed changes in user group type, were further asked to describe the trends they have noticed. The majority of trends reported indicated more groups and larger group sizes, an increased number of older visitors, and an increased number of overseas visitors. Appendix 7 lists individual responses to the open-ended question.

Participants of the 2008 survey were then asked about the types of visitors that significantly frequent their business including the Age Group, Activity Type, Group Size, and Place of Residence. Participants were encouraged to 'tick' as many categories as applied[9]. It is important to note that the wording "significant number" is subjective and may lead to different interpretations from survey respondents. Participants were free to tick as many categories as they felt to be pertinent, therefore the total percentage presented in Figure 13 exceeds 100% (percentages are based on number of respondents and not responses as noted before).

The most commonly selected category for Age Group was 36-50 years of age, followed by 51-65 years of age (Figure 13). The least common user group on the OCRT according to participating businesses was 20 years of age and under. In 2005, 72 respondents indicated that the majority (90.3%) of users were aged 50+, which suggests a shift over the past 3 years towards a younger age group visiting the OCRT. However, the format in which the questions were asked was different and participants in the 2005 study were not given as many age brackets to choose from as in the 2008 survey. This difference might explain, or helped contribute, to this disparity of results.

[9] The question asked: "A significant number of the Rail trail visitors coming into your business are (tick all that apply):"

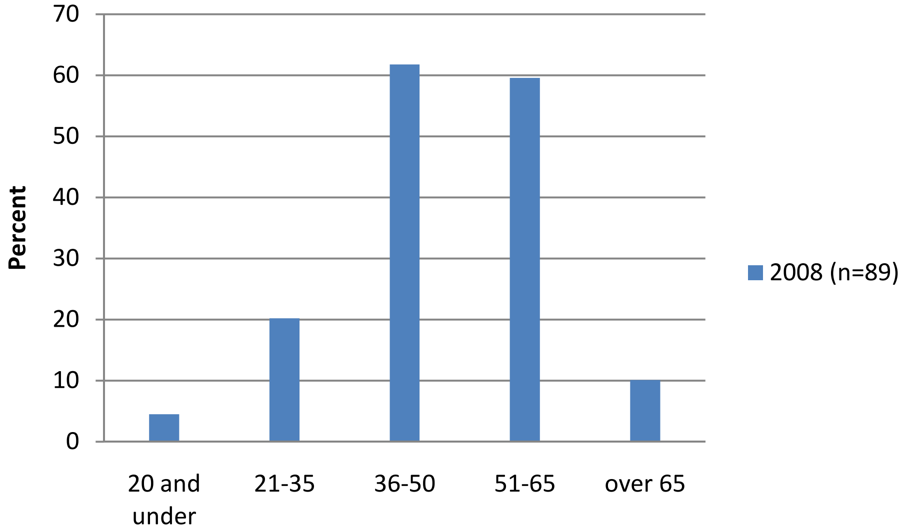

Figure 13: Rail Trail Visitor Age Group

Percentages based on number of respondents (multiple responses were possible from each participant)

For Activity Type, 98.9% of respondents indicated that cyclists are frequent users of their businesses, whereas 11.2% of respondents indicated that visitors walking the OCRT are frequent customers of their business, whereas 9.0% indicated that business customers participate in other types of activities along the rail trail (Figure 14). The 2005 survey results are similar to those from 2008; 97.3% of respondents observe cycling as a significant activity for users of the OCRT that frequent their business. The 2005 study only inquired about cycling and not other activity types, so no other data is available for discussion.

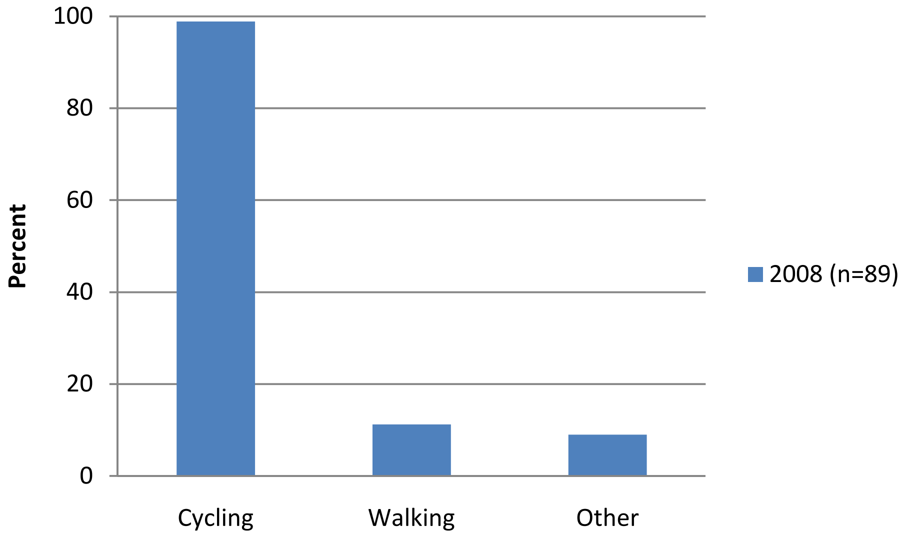

Figure 14: Rail Trail Visitor Activity Type

Percentages based on number of respondents (multiple responses were possible from each participant)

For Visitor Group Size, 2008 results suggest that groups of 3 to 4 are considered the most common (67.0%). 49.2% of business owners indicated that couples account for a significant proportion of visitors, 40.7% indicated that groups of 5 or more are regularly seen on the Trail, and finally, very few respondents (3.3%) consider that solo OCRT visitors account for a significant share of their customers (Figure 15). The 2005 survey found that the majority of respondents who answered the question noticed that the most common group size was groups of 4 or more (97.3%). Overall, the 2008 and 2005 results both indicate an ongoing trend toward larger group sizes on the OCRT[10].

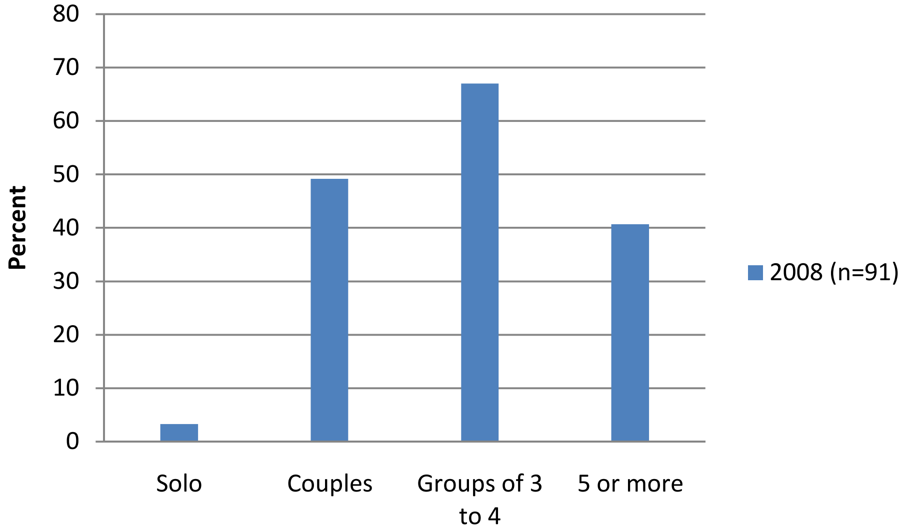

Figure 15: Rail Trail Visitor Groups Size

Percentages based on number of respondents (multiple responses were possible from each participant)

The Place of Residence results for 2008 suggest that the majority of rail trail businesses believe that users are from New Zealand (Figure 16). For the 2008 survey, participants were asked also to indicate where they believed New Zealand users were mostly from. Three main categories including Central Otago, South Island, and North Island were provided. The majority of respondents (84.3%) indicated that a significant proportion of New Zealand OCRT users are from the North Island. Furthermore, to obtain a more detailed outlook on visitation, participants were asked also to provide specific areas that New Zealanders might be from. The most common responses were Auckland, Christchurch, Wellington, and Dunedin, as well as "all over".

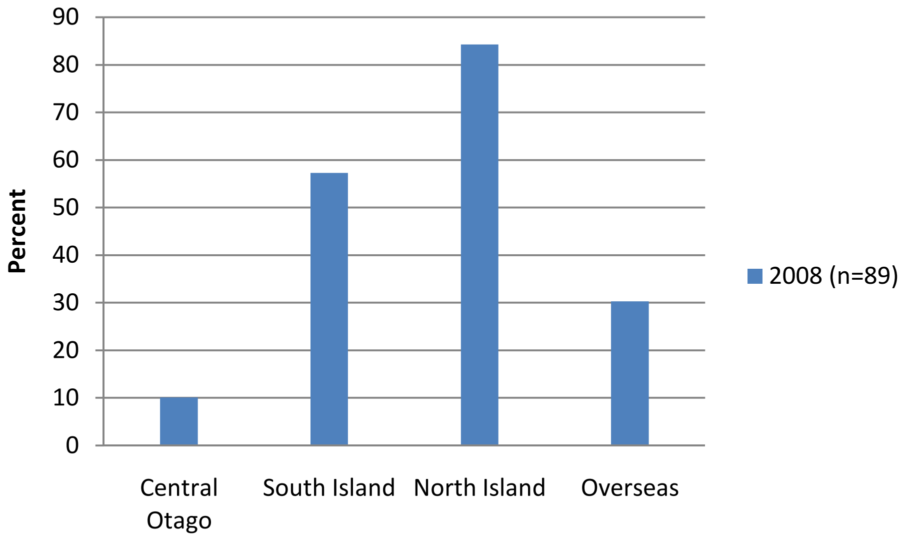

Figure 16: Rail Trail Visitors' Place of Residence

Percentages based on number of respondents (multiple responses were possible from each participant)

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[10] Here again, accurate comparisons are not possible as the 2005 survey version only asked participants if a significant number of visitors to their business ride in groups of four or more.

Of those respondents that indicated that OCRT overseas visitors were a significant patron to their business, the respondents were asked where the overseas visitors were commonly from. In 2008, the majority of responses indicated Australia (65.0%), followed by an equal response to UK (28.3%) and Europe (except UK) (28.3%). In 2005, an important number of overseas visitors were noticed to be from Australia (42.3%), closely followed by UK (41.3%) and Europe (except UK) (37.5%). From these results it seems that more visitors from Australia are using the rail trail as a decline is noted from further overseas areas such as UK and other parts of Europe. A similar declining trend in overseas OCRT use by USA and Canadian visitors is apparent as well (Figure 17).

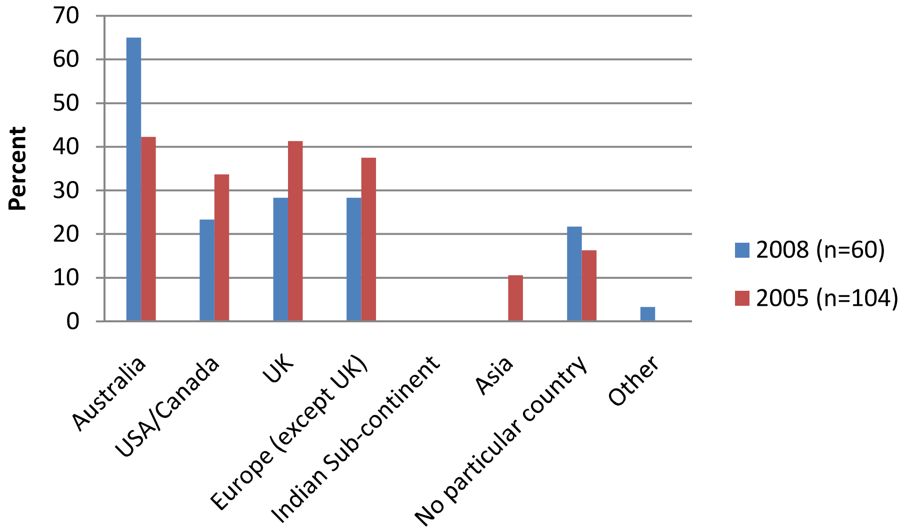

Figure 17: Overseas Rail Trail Visitors' Place of Residence

Percentages based on number of respondents (multiple responses were possible from each participant)

The last question in Section 2 combined two questions from the 2005 survey and inquired about what brings OCRT visitors in contact with their business. Participants were asked to tick all methods they employ, from a list of 10 variables. The three main reasons for users to contact businesses were considered to be: 'Word of mouth' (58.1%), 'OCRT website' (52.3%), and 'Your own advertising' (51.2%) (see Figure 18). Respondents that indicated they attract OCRT visitors from their own advertising reported using their own website, brochures, and newspapers (for a full list of advertising facilities, please see Appendix 8). Other reasons mentioned for OCRT users to contact businesses were the 'Tourist Times' and 'Taieri Gorge'.

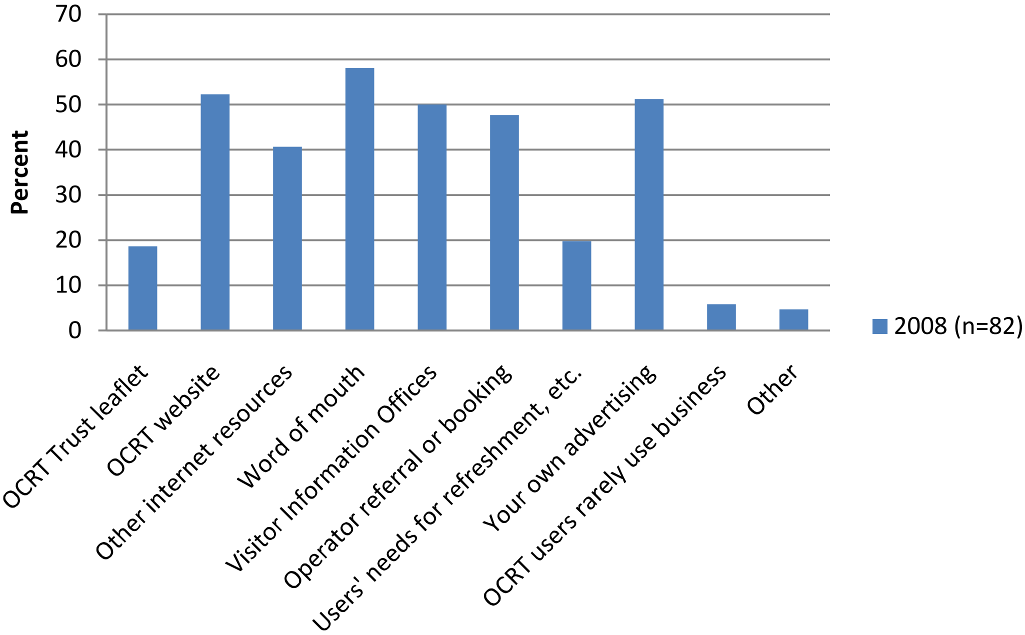

Figure 18: OCRT Visitors' Reasons for Contact with Business

Percentages based on number of respondents (multiple responses were possible from each participant)

As stated above, the 2005 survey contained two questions about how visitors get to know about the OCRT and available business. The 2005 report, similar to the 2008 report, combines the results. The ten categories are the same for both surveys. The majority of 2005 respondents indicated that 'Word of Mouth' was the main form of advertising, followed closely by the OCRT website and OCRT leaflet. No statistics or details were provided in the 2005 report about businesses' private advertising; however, it was noted that "respondents are generally happy with the effectiveness of their own advertising" (OCRT, 2005, p. 19).

4.3 OCRT Impact on your Community

The first question in Section 3 of the report asked respondents if the popularity of the Rail Trail has created issues or concerns in their community or for their businesses. 65.5% of respondents stated that no issues were created, while 23% had concerns about the trail. 11.5% had no opinion about the matter. Amongst the respondents who had concerns about the OCRT, 17 presented some examples. Rubbish problems, noise, crowding and pressure over some services and facilities were some of the examples provided. A list of the complete answers can be found in Appendix 9.

The following question asked respondents to rate the impact that the rail trail had on their community in five different variables: Increased Employment; Greater Community Pride; Building Activity; Improved Services and Facilities; and New Investment from Outside Capital. The same question was asked in the 2005 survey but the last variable was not present in the earlier version. Furthermore, in 2005 respondents had a simple nominal type of response (Yes or No) whereas in the 2008 survey respondents had a 5-point scale option where they could rate their answers between Hardly Felt and Major Impact.

For the 2005 survey, Greater Community Pride and More Services and Facilities received the higher ratings with 85.9% and 83.8% 'Yes' for each option respectively. In 2008, Greater Community Pride was still amongst the higher rating variables, together with Increased Employment, as we can see in Figure 19. It is interesting to note, however, that when given a scale instead of a 'Yes' or 'No' option, respondents were better able to position their impressions about the impact of the Rail Trail on their community and apart from ‘Greater Community Pride’, all other options had their higher percentages in the ‘Hardly Felt’ option.

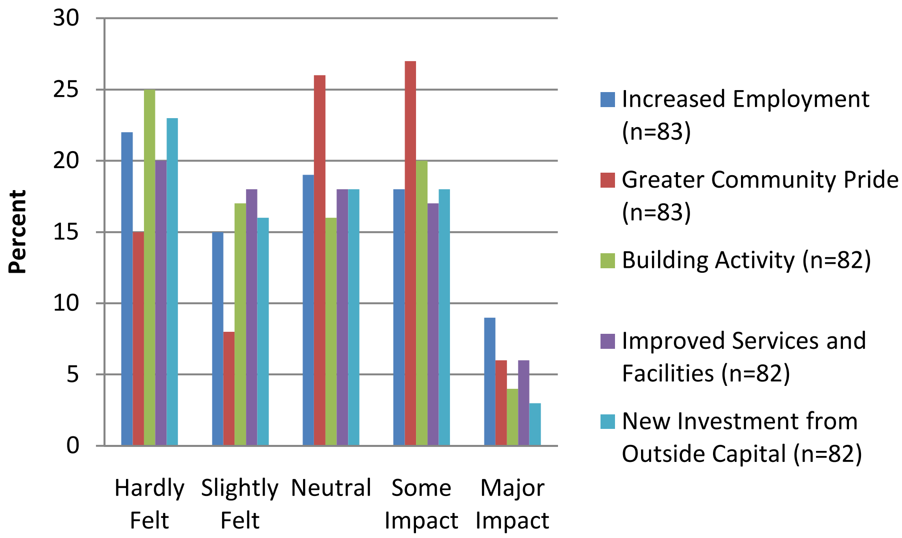

Figure 19: Rail Trail's Impact on your Community

Question 22 of the survey asked participants if they expect the business derived from the OCRT to grow, remain similar or decline in four different time periods (0-2years; 2-5years; 5-10years; 10-20years) and then to justify why, in an open-ended section. Results are presented in Figure 20 and open-ended responses in Appendix 10.

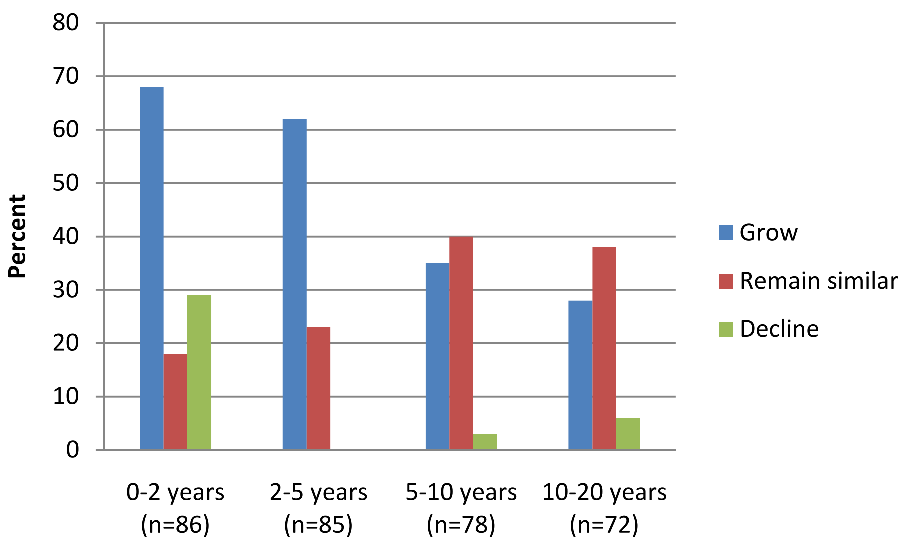

Figure 20: Business Growth Derived from OCRT in the Next 10 years

As we can see, growth is predicted for the next 5 years, when businesses’ growth derived from the OCRT will slowly level out. In the 2005 survey respondents were asked only about the current situation of their businesses (On Going; Levelled Out; Declining) and the overwhelmingly majority described their businesses as growing (81%) with not one business choosing ‘Declining’ as an option.

The last question in Section 3 of the survey asked participants if promotion of a transport package by Taieri Gorge Railway, involving train travel at one end and shuttle bus at the other, would further assist growth of OCRT visitor numbers. 59.8% of respondents indicated that the package would be beneficial, but a large share of participants were not sure (34.1%) or did not answer the question

(24.8% of the 109 total participants). It is important to note, however, that two respondents affirmed that this operation is already in place and one highlighted that the proposed package could lead to visitors staying for less time in the local communities around the trail.

Compared with the 2005 survey (Figure 21), the percentage of respondents supporting the operation has considerably decreased from the 80% reported in the previous study. Consequently, the number of respondents disagreeing has increased, from 3.3% to 6.1%. But more significantly, a higher number of respondents were unsure about the proposal, with 34.1% contrasted with the previous 16.7%.

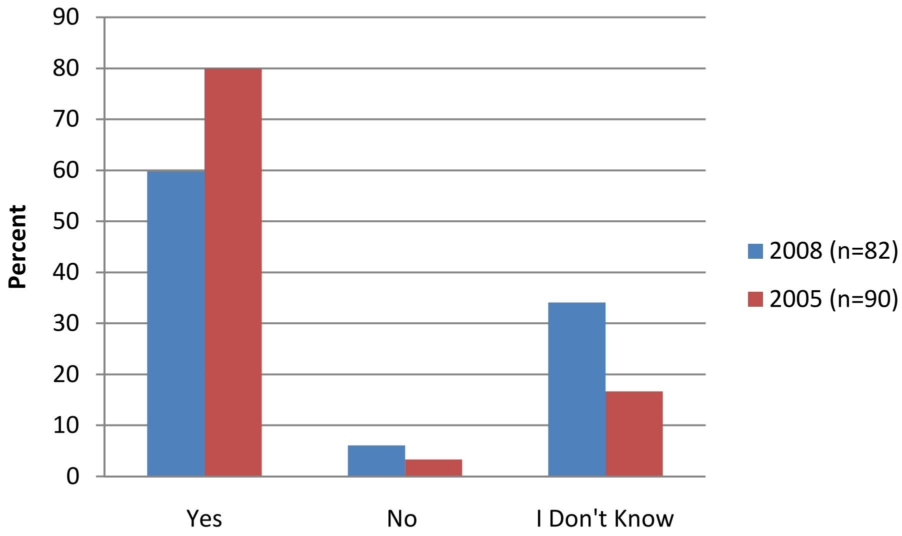

Figure 21: Taieri Gorge Railway Package

4.4 Improvements to the Current Scenario

The first question of Section Four asked participants what improvements could be made to enhance the OCRT experience. Ten variables were provided and respondents could choose between 'Yes', 'No' and 'I Don't Know' to answer them. Five variables had 50% or more positive responses from participants: More Activities to Encourage Better Spread of Times to Use the Trail, More Information Panels Pointing out Areas of Interest, Greater Use as an Educational Resource, More On-Trail Toilets and More Shade Trees (in decreasing order of importance). As we can see in Figure 22, very small percentages of respondents were against any of the variables provided, with Wider Choice of Accommodation as the one variable featuring the highest percentage of 'No' responses (17%).

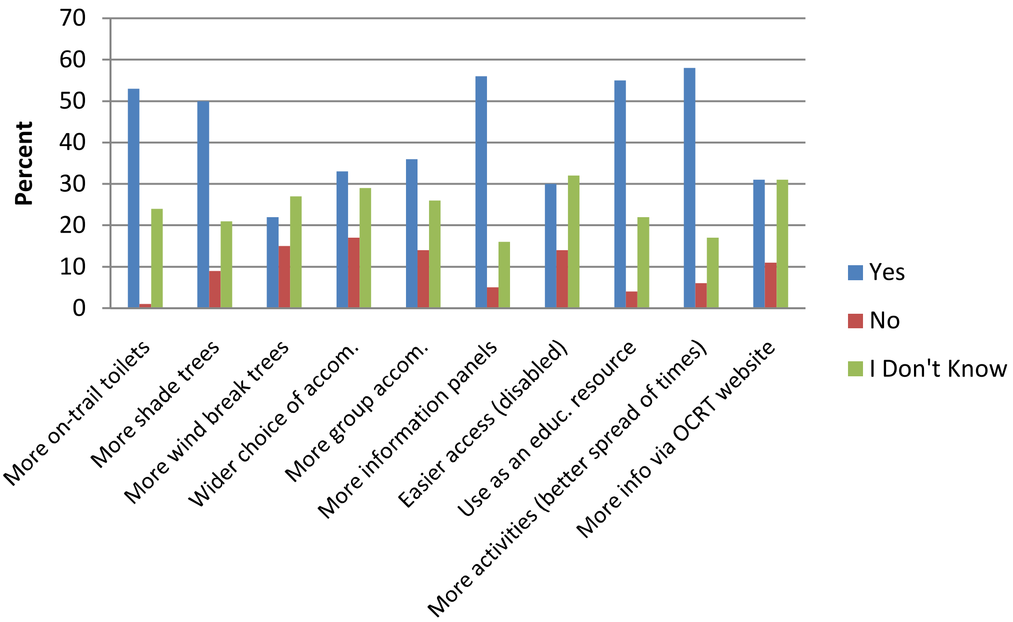

Figure 22: Improvements to the OCRT Experience – 2008 Results

The 2005 survey presented the same question but provided respondents with only the possibility of a 'Yes' or 'No' response. Furthermore, two of the variables in 2005 (Easier Availability of Safe Drinking Water and Smoother Surfaces) were suppressed and two new ones were included in the 2008 survey (More Activities to Encourage Better Spread of Times to Use the Trail and More Information via OCRT Website).

Comparatively, in 2005 the higher ranked improvements were, in decreasing order: Easier Availability of Safe Drinking Water (95%), More Information Panels Pointing out Areas of Interest (92%), Greater Use as an Educational Resource (90.6%), More On-Trail Toilets (89.2%) and More Shade Trees (82.1%). It is interesting to note that four out of the five top ranked variables in 2005 are still regarded in 2008 as in need of improvement (Figure 23).

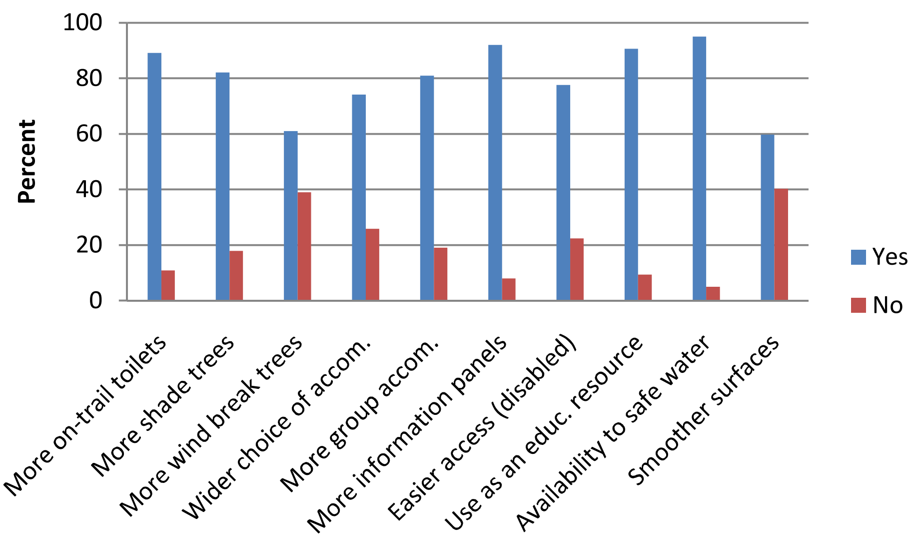

Figure 23: Improvements to the OCRT Experience – 2005 Results

In addition, an open-ended question asked respondents to list examples of actions that should be given high priority for improving the Rail Trail experience. Toilets, accommodation and signage featured as some of the most cited improvements needed for the Otago Central Rail Trail. A full list of responses is provided in Appendix 11.

The next two questions referred to staff recruiting and training. Most respondents affirmed they have no difficulty in finding suitably experienced staff (70.9%). In 2005 this percentage was slightly lower (63.2%) showing an improvement in the quality and ease of recruiting staff. With regards to staff training programmes, the percentage of respondents who would support such programmes presented by the Otago Chamber of Commerce or other providers was only slightly higher than uncertain participants (37.2% versus 36%). This question was not included in the 2005 survey.

The following question asked respondents if they felt they were getting enough support from Tourism Central Otago and Tourism Dunedin and asked for any comments on the matter of support (a complete list of comments in provided in Appendix 12). 61% of respondents agreed that they were being provided with enough support while 39% did not agree that sufficient support was being provided. In 2005 the same question was asked but respondents had the option 'No opinion' as well as 'Yes' and 'No'. A comparison between the two studies is presented in Figure 24. Although it seems that there has been an improvement in the support provided by the two agencies, the fact that in 2005 respondents had one more option to choose from makes an exact comparison impossible. Nonetheless, it seems significant that over 60% of respondents are satisfied with the support they are receiving from local tourism bodies.

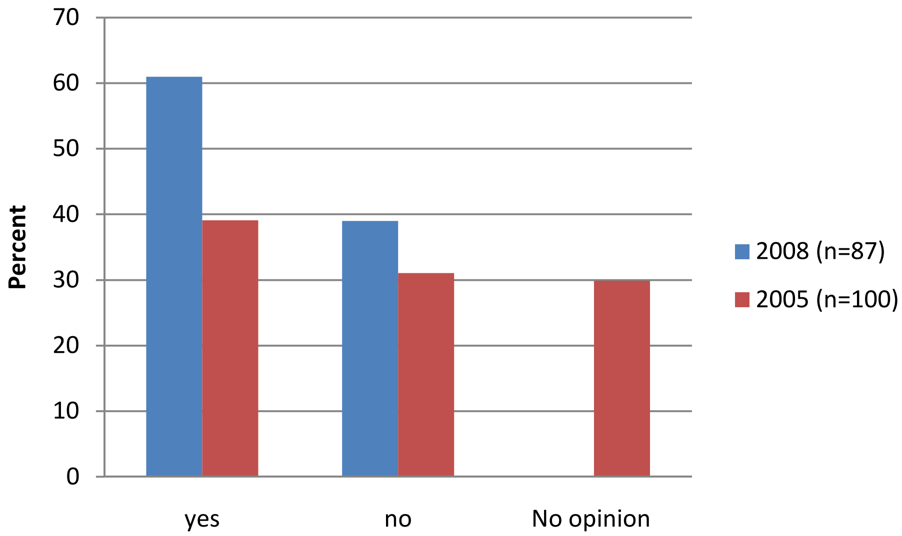

Figure 24: Support from Tourism Central Otago and Tourism Dunedin

Events featured as the central topic for the following three questions. The first one asked participants if they believed that events such as the Disabled Rally and the Art Deco activities in Ranfurly benefited their businesses. Surprisingly, the minority of respondents answered 'Yes' (21.8%) and a large number were uncertain (40.2%). Only 21.8% of respondents agreed that these events are beneficial to their businesses. In 2005, although participants did not have the 'I don't know' choice, the pattern of support was similar, with 54.9% not agreeing that such events benefit their businesses and 45.1% agreeing. Figure 25 presents a comparison between the two studies and highlights a decreasing level of support for those activities.

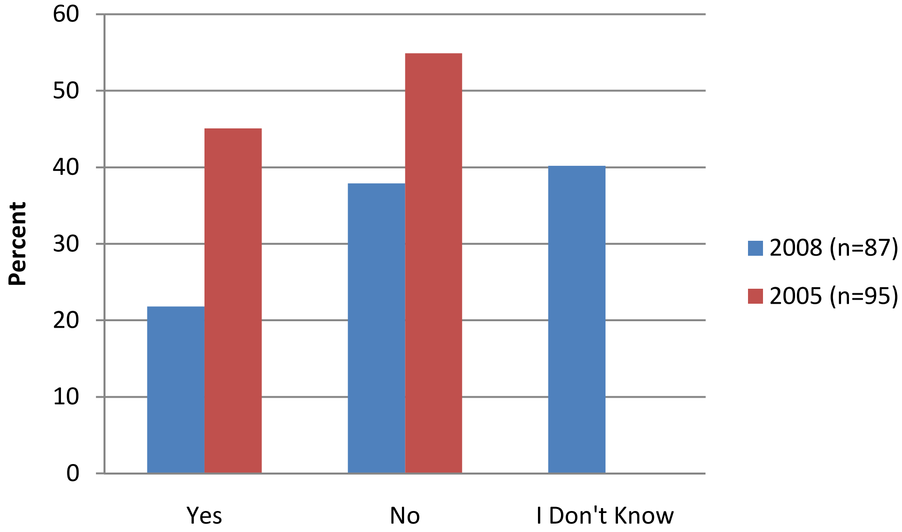

Figure 25: Do Events Benefit your Business?

The next question asked participants if they agreed with competitive events being held on the Rail Trail. Contradicting expectations based on the previous question, respondents were very supportive of competitive events, with 87.5% in support of such events, 5.7% against and 6.8% uncertain. This question was not included in the 2005 study.

Suggestions in terms of additional events that could be held on or near the Rail Trail were asked for and a few respondents presented some ideas. A full list of comments and suggestions to this topic is available in Appendix 13.

The next question was intended to identify the projects undertaken by the Otago Central Rail Trail Trust that were known to the business community. Ten variables were presented and responses were evenly balanced between knowledge and unawareness of the enhancements of the Rail Trail experience funded by the OCRT Trust (Figure 26).

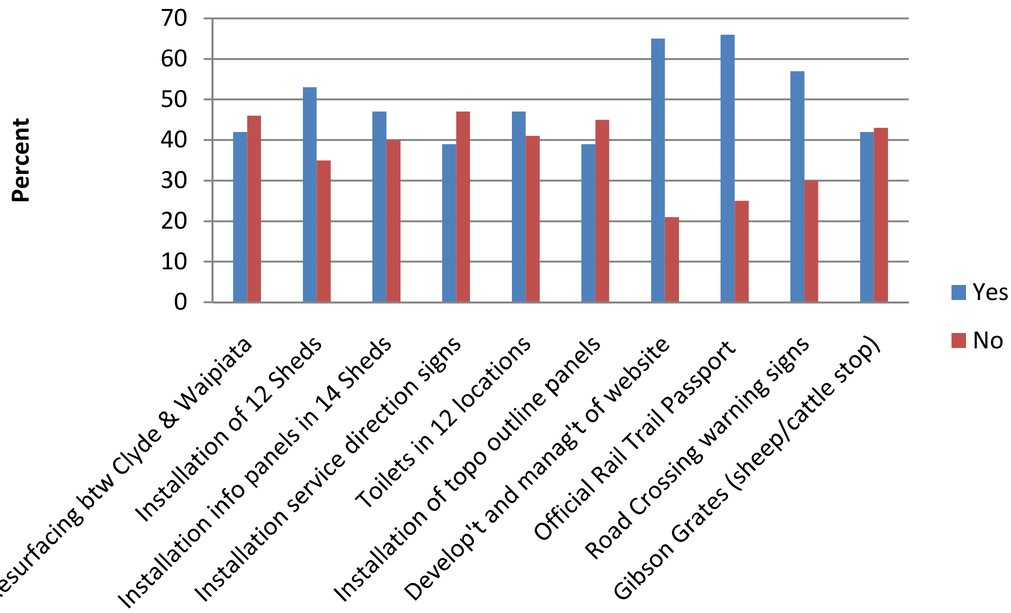

Figure 26: OCRT Trust Enhancement Works

The website, passport and road crossing warning signs seem to be the most well known OCRT Trust activities/projects, while the installation of topographical outline panels, the installation of service direction signs and the resurfacing between Clyde and Waipiata the least known improvements. The high level of unawareness of such important efforts from the OCRT Trust indicate that more informational campaigns need to be considered to improve levels of community awareness of the Trust's work for the benefit of Rail Trail businesses and users.

The last closed question of Section Four asked participants if they agreed with the payment of commissions to fellow operators/businesses who bring business their way. Similarly to 2005 results, the difference between those who oppose and who are in favour of the practice is very small (Figure 27). Unfortunately again, the comparison between the two results is not possible because in the 2005 survey this was an open-ended question and the percentages are based on respondents' comments. Nonetheless, it is clear from the new comments provided (Appendix 14), as well as from the quantitative data, that this is a contentious issue and that more in-depth research on the topic should be carried out to provide more information on the matter.

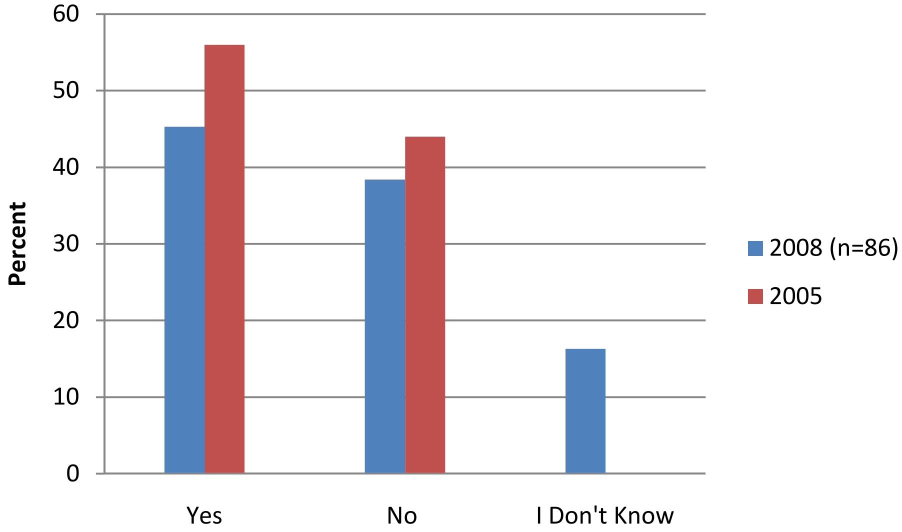

Figure 27: Support for Payment of Commissions

The last two questions of Section Four were open-ended and asked participants what changes could be made to the OCRT that they considered would have the biggest positive impact and what would be the biggest threat to the ongoing development of the rail trail. By far the most cited beneficial change was promotion and advertisement of the trail to different markets and varying the products. Other comments included the extension of the high peak season, extending the trail to Cromwell, promoting the use of the Taieri Gorge Railway and encouraging the use of locally produced wine and food throughout the trail. A complete list of suggestions can be found in Appendix 15.

Several participants presented their opinions about the biggest threats to the ongoing development of the OCRT. Policies, controlling agencies and bureaucracy were cited a few times as a current difficulty as well as the overcommercialisation of the trail and the impact that this commercialisation has on the communities. Lack of infrastructure, fuel prices and competition were also cited by participants as threats to the continuing growth of the rail trail. More details on comments are found in Appendix 16.

Section 5 of the 2008 survey is not included in this report. The Section contained personal business details and have been omitted to ensure respondent confidentiality and privacy.

4.5 Characteristics of Accommodation Businesses

Section 6 was to be completed only by Accommodation Businesses. Figure 28 compares the different types of accommodation providers who responded to the survey between 2008 and 2005. For both 2008 and 2005 studies, the main type of accommodation provider was ‘Homestay/B&B’. Interestingly, response from ‘Self-contained Accommodation’ and ‘Motel/Motor Lodges’ were significantly higher in 2008, whereas in 2005 a higher response was from ‘Country Hotels’.

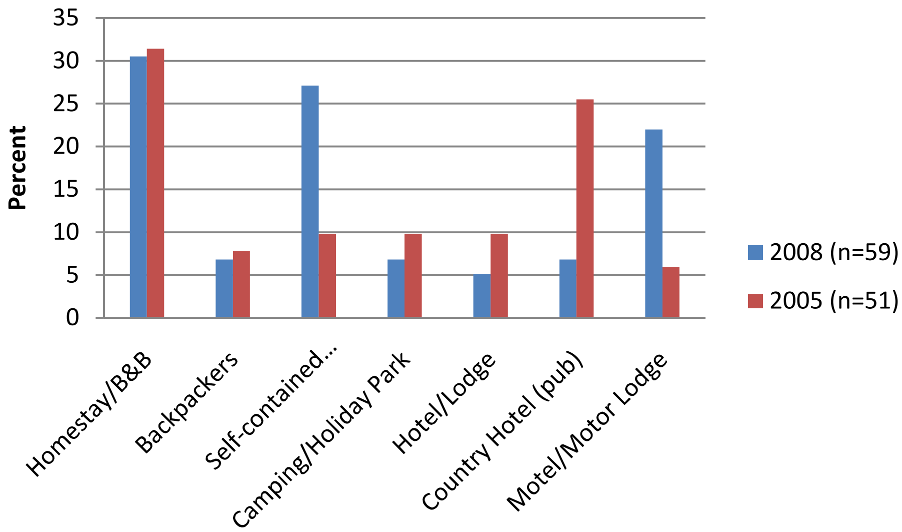

Figure 28: Accommodation Type

In 2008, 47 accommodation respondents reported having a total of 1,047 beds available. In 2005, 51 accommodation providers reported having a total of 1,021 beds which indicates an increase in total occupancy capacity. In terms of rate of occupancy, 2008 accommodation providers reported an average of 66.1% during the peak season compared to a 16.9% quiet season occupancy rate. The 2005 report affirms that “41% of respondents attribute 40 to 100% of their annual occupancy to Rail Trail users, with 59% attributing zero to 40%” (OCRT, 2005, p. 10).

The next question asked whether or not the accommodation providers catered to those with impaired mobility. An increase in available options for these visitors was noted, with the 2008 survey reporting that 55.4% of accommodation providers are prepared to host users with impaired mobility, compared to results from 2005, where only 42.9% were able to cater for this group.

The following question asked whether or not accommodation providers provide en suite bathrooms. In 2008, 66.1% of respondents said ‘Yes’, but in 2005 this question was not included to provide for comparisons. The final questions of the 2008 report asked 1) if any improvements had been made to the accommodation business since 2005 and 2) if there were any future plans for improvements or development. For detailed responses please see Appendix 17.

At the end of the survey, participants were provided a section for general comments. A list of all individual responses can be found in Appendix 18.

5. Conclusions and Recommendations

This research provides insights into changes and trends in business characteristics, OCRT visitor demographics, and OCRT impacts on the community. A steady increase in business development has been reported since the opening of the rail trail. However, the number of people employed annually has decreased slightly, according to survey results.

As expected, peak business activity still occurs in February and March. During the quiet season, over June and July, although some respondents indicated that they close their businesses for at least four weeks, the large majority would not close during quiet months if there were more demand. Several business operators stressed the importance of advertising winter opportunities.

Winter Promotion Suggestions

- Advertise winter packages that include activities such as ice skating, curling, and skiing
- Promote off-season specials and increase use of website for promotion
- Encourage longer visits

All Season Promotion Suggestions

- Develop a shoulder season
- Encourage the use of locally produced wine and food throughout the trail

The majority of respondents stated that the OCRT has a significant impact on their businesses. Likewise, although some respondents reported business growth over the past three years, the slight overall decrease in business growth since 2005 was attributed to increases in petrol prices, more competition and fewer overseas visitors.

The changes in visitor demographics suggested by respondents indicate that there has been a change to younger visitors (36-50 years of age), medium sized groups (three to four), while cycling remains the main activity for those visiting the Otago Central Rail Trail. The majority of reported rail trail users are from the North Island, New Zealand. Since 2005, trends indicate a slight decline in overseas visitors from Europe and the UK; however, business owners believe that there has been a significant increase in visitors from Australia. Word of mouth and the OCRT website are the most common means of bringing OCRT visitors into contact with businesses. Business owners in 2008 attributed more of their turnover to OCRT users than they did in 2005, thus increasing the importance of marketing the OCRT to this visitor population.

Business owners indicated that the rail trail's impact on the community brings 'Greater Community Pride' and 'Increased Employment'. The latter statement contradicts the reported decrease in employment. The majority of respondents felt that the Taieri Gorge Railway Package would be beneficial for business and felt they were getting enough support from tourism councils. Finally, the five main suggestions for OCRT improvements were: 1) More activities to encourage better spread of time to use the trail; 2) More information panels pointing out areas of interest; 3) Greater use as an educational resource; 4) More on-trail toilets and; 5) More shade trees.

The Rail Trail has become a significant part of the local economy but its contribution is uneven, largely unpredictable and subject to economic forces operating at a scale much greater than local businesses' area of operation. The challenge must be to promote the OCRT more effectively, in particular in the shoulder and winter season, and to develop the product to the point where business owners can predict cash flow and employment requirements.