



# THE OTAGO CENTRAL RAIL TRAIL MEANS BUSINESS

A survey to establish the impact of the  
Otago Central Rail Trail on accommodation  
providers and general businesses in  
Central Otago/Maniototo/Strath Taieri



Survey commissioned, managed and processed by the  
Otago Central Rail Trail Trust.  
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## OBJECT OF SURVEY

The survey was an initiative by the Otago Central Rail Trail Trust to quantify and map economic and other impacts of the OCRT on businesses primarily within the Rail Trail's Middlemarch – Clyde corridor including the greater Maniototo and Strath Taieri areas. Questionnaires were also distributed to a small targeted sampling of businesses in Dunedin and Cromwell/Wanaka/Christchurch.

## VALUE OF SURVEY

The survey has resulted in key findings on how respondents believe needs of users are being met, what improvements would be considered desirable and likely trends in future use and requirements.

These key findings will likely be a beneficial tool for private enterprise, community groups and other organisations seeking development funding.

The survey provides informative support documentation to the Otago Central Rail Trail Regional Economic Survey, Keeling 2005, released in May this year.

## RESEARCH ASSUMPTIONS AND LIMITATIONS

Due to the scope of this survey there are limitations to the extent to which results can be collated, recorded and interpreted. Much of the processing was manual. Figures and percentages quoted should not be read or quoted as finite. However they do legitimately indicate trends and/or opinions on the proviso that participants have been honest with their answers.

## EXECUTIVE SUMMARY

- 64% of accommodation providers operating in the vicinity of the Rail Trail prior to Feb 2000 now attribute a substantial portion of their turnover to the Rail Trail (note: by 'substantial' that's more than 20% of turnover).
- 80% of accommodation provider respondents to set up since the opening of the Rail Trail in Feb 2000 attribute a substantial portion of their turnover to users of the trail (more than 20% of turnover). In fact, a very high 53% of these businesses attribute more than 60% of their turnover to the Rail Trail.
- The 51 accommodation providers to return the survey questionnaire offer a mix of 69 accommodation options (backpacker, B & B, pub, etc) and some 1021 beds. Assuming 66% percent are doubles these 51 providers should be able to accommodate around 1600 people. This further suggests that out of the total of 110 accommodation providers mailed the survey, there are beds for 3300 OCRT users on any one night.
- Almost a quarter of accommodation businesses to be established or purchased by new owners post 2000 is because of the Rail Trail.
- 82.5% of survey respondents believe the OCRT has had a positive economic impact on their communities with a creditable 43% rating the impact as major.
- Greater community pride and improved services and facilities (cafés, etc) also received a high rating with 67 respondents (representing 65%) saying yes to each.
- 56% of survey respondents felt the Rail Trail had brought increased employment.
- 86% of respondents support 'widening' the Rail Trail experience by encouraging users to take a more leisurely holiday approach to visit areas such as Naseby and try new experiences like learning to fly fish.
- Significant majorities of respondents suggest more accommodation for groups is required and believe there is potential to attract Rail Trail users over winter months.
- Challenge, peace/solitude and landscape/scenery are rated the three principal values of the Rail Trail experience.

## Methodology

### Questionnaire: (Appendix A)

An eight-page questionnaire was developed in collaboration with Trust members and the Trust's Community Support & Development Officer.

It was divided into six sections:-

Section 1:- to provide contact details and identify type of business.

Section 2:- to be completed only by owners of businesses established before the OCRT's February 2000 official opening in order to plot business trends before, immediately after and at the time of the survey (June/July 2005).

Section 3:- to be completed only by owners of businesses established after the official opening in February 2000 to gauge current business trends.

Section 4:- to provide an overview of employment along the OCRT corridor primarily to establish a correlation between jobs and turnover attributed to Rail Trail users.

Section 5:- to give survey recipients the opportunity to express opinions on how needs of users are being met, what improvements would be considered desirable and likely trends in future use and requirements.

Section 6:- to be completed by accommodation providers only to gain an insight into number of beds and any future plans recipients may wish to reveal.

The questionnaire was recognised as lengthy but given the vested interests of recipients, the Trust felt there would be sufficient interest in participating. This was borne out by a return rate considered by research professionals as entirely adequate for providing statistical weight for outcomes accuracy.

## Methodology cont.

### Recipient List

The first survey of its type undertaken by the Trust, it required searching for and identifying recipients and then assembly into spreadsheets with such detail as business name, owner's name, contact details including website and email addresses.

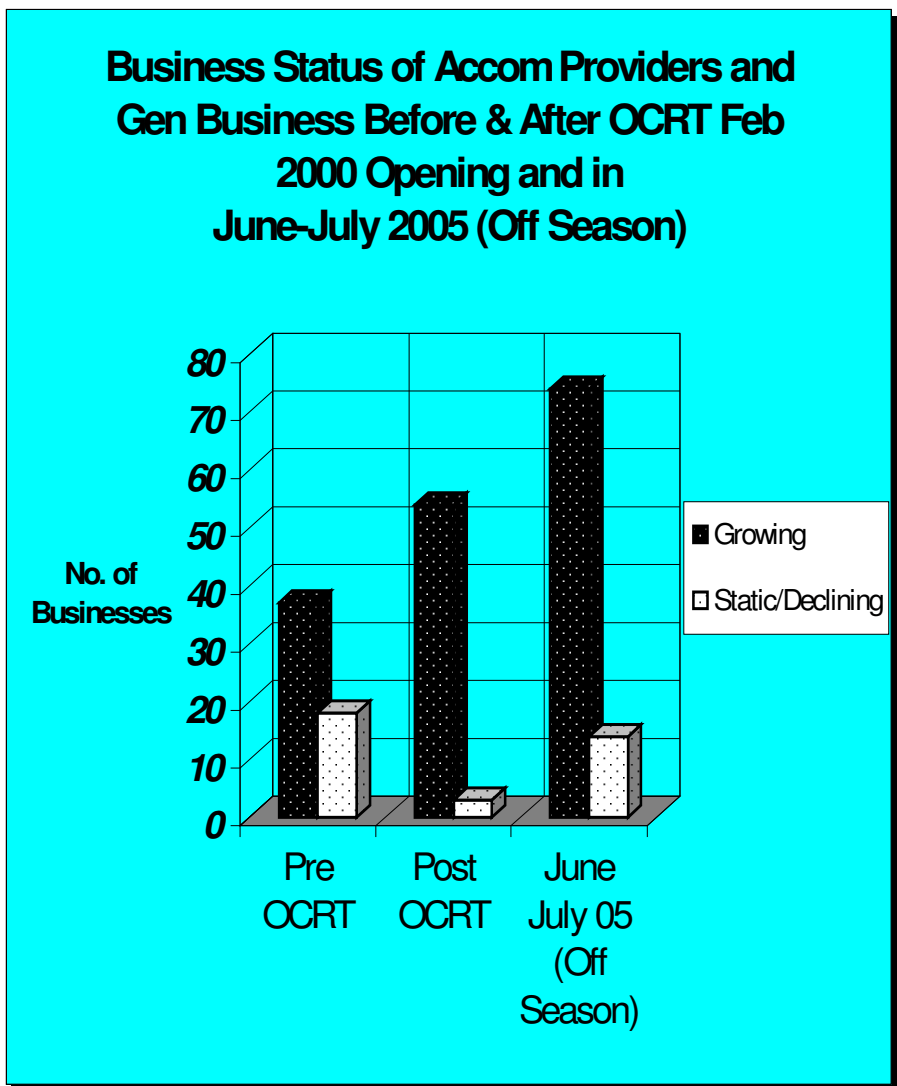
A total of 110 accommodation providers were sent the survey during June 2005. The majority of these were in communities on the trail corridor with several surveys forwarded to accommodation providers in Cromwell and Dunedin.

During June and July 2005 the survey was posted to 160 general businesses identified as having potential interest to users of the OCRT through services they provide (food, beverages, petrol, bike hire, tours, pharmaceuticals, books, general goods, etc). The survey covered businesses on the Trail corridor as well as several in Christchurch, Dunedin and Cromwell.

### Response Analysis

- A little over 46% from the accommodation mailing list responded.
- Around 34% from the general business list responded
- Cumulatively this represents an almost 40% response rate which is considered by professional research organisations as more than satisfactory for accurate results interpretation.
- Accommodation providers in the main Maniototo townships were particularly responsive to the survey with Ranfurly achieving almost 80% returns and Naseby 70%.
- Accommodation providers in Omakau/Ophir scored 100 percent survey returns.
- General business returns in Naseby and Omakau were also considerably above the average with around 60% return rate for Naseby and Omakau 70%.
- Interestingly in Middlemarch, accommodation providers were around 50% returns while 100% of businesses responded to the survey.

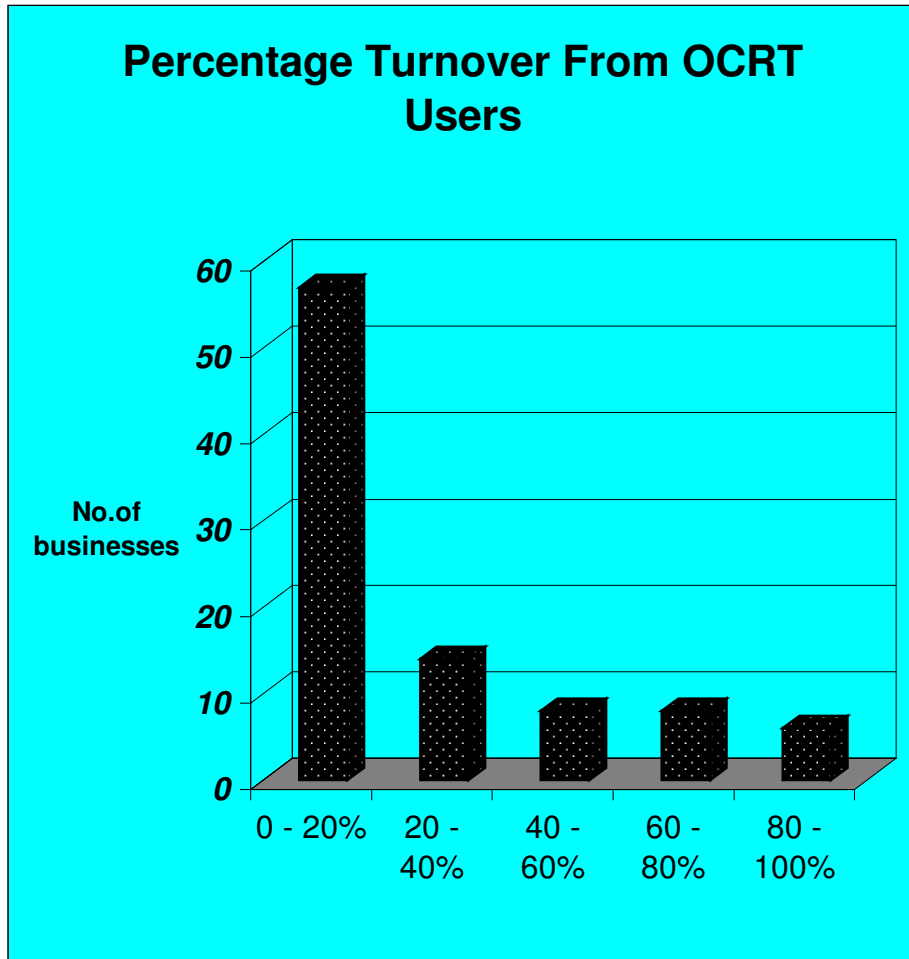
A Question of Business  
Graphic 1



Graphic 1 shows a dramatic increase in the number of businesses showing growth since the opening of the Rail Trail.

This growth cannot be attributed solely to the opening of the Rail Trail but given the proportion of turnover (Graphic 2) that businesses gain from Rail Trail users, it must be considered a large contributor to the on-going growth of Central Otago/Maniototo/Strath Taieri.

A Question of Business  
Graphic 2



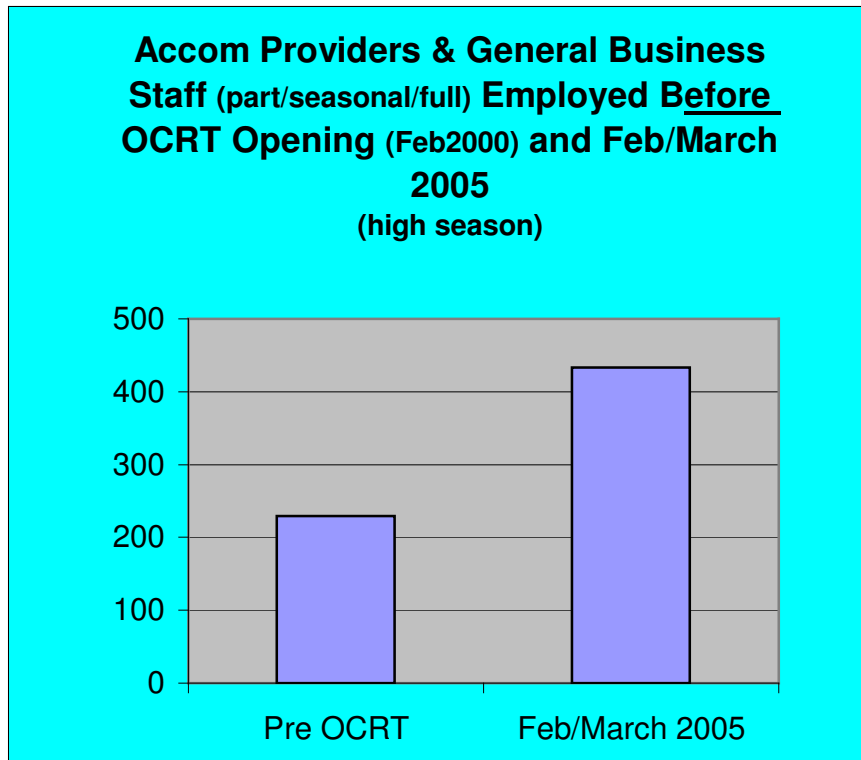
This graph shows the contribution made by Rail Trail users to the turnover of accommodation providers and general businesses

64% of accommodation providers operating in the vicinity of the Rail Trail prior to Feb 2000 now attribute a substantial portion of their turnover to the Rail Trail (note: by 'substantial' that's more than 20% of turnover).

80% of accommodation provider respondents to establish their businesses since the opening of the Rail Trail in Feb 2000 attribute a substantial portion of their turnover to users of the trail (more than 20% of turnover). In fact, a very high 53% of these businesses attribute more than 60% of their turnover to the Rail Trail.



Employment Trends  
Graphic 3



The 104 accommodation providers and general businesses to return surveys employed more than 400 full, part time and seasonal staff in Feb/March 2005.

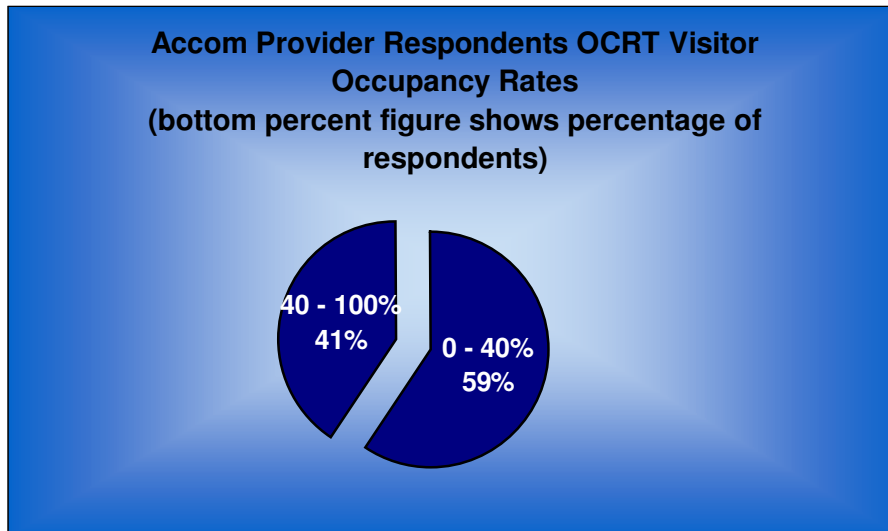
This represents slightly over 200 employment opportunities created by those 104 respondents since the opening of the Rail Trail in February 2000.

At a conservative average of \$12.50 per hour total, those additional 200 plus jobs conceivably brought around \$150,000 of work income into the region over Feb/March 2005.

Based on a return of 40% from the 270 businesses posted surveys, during Feb/March 2005 it is estimated that these 270 businesses would have been employing around 1000 staff in total. Again using a conservative \$12.50 per hour that represents some \$750,000 of work income.

Survey results indicate around a 30% drop in hours of work for accommodation provider employees during off-season winter months.

## Accommodation Graphic 4



Occupancy is obviously the key to business sustainability and growth among accommodation providers. As Graphic 4 illustrates, 41% of respondents attribute 40 to 100% of their annual occupancy to Rail Trail users, with 59% attributing zero to 40%.

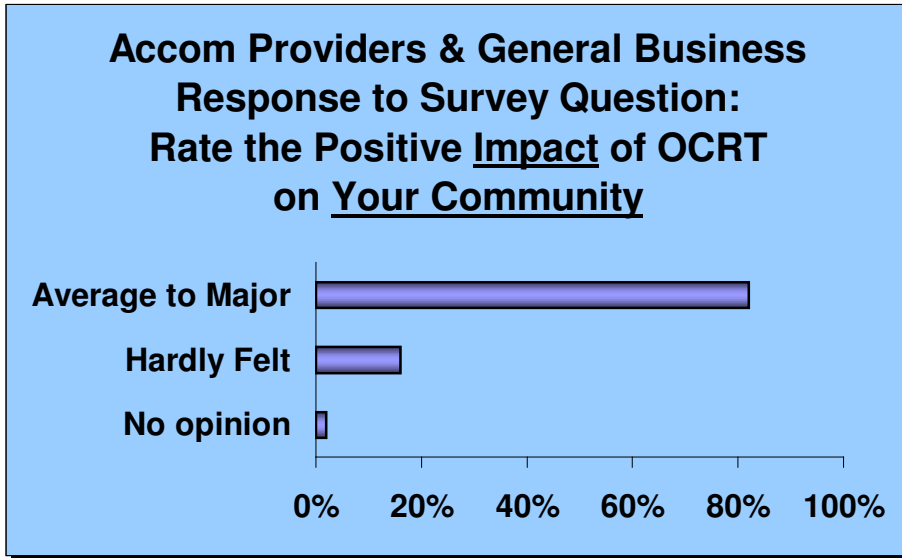
This outcome tends to indicate that given the increasing numbers of Rail Trail user there is considerable potential for individual accommodation providers to grow occupancy rates.

It is noted in the Regional Economic Contribution Study, Keeling, May 2005, that in terms of visitor nights, the main accommodation preference for Rail Trail users is Hotel/Motel (32%), Bed & Breakfast (27%), Motor Home/Camping (24%), Backpackers (14%) and 3% Own Home/Holiday Home/Friends & Relatives.

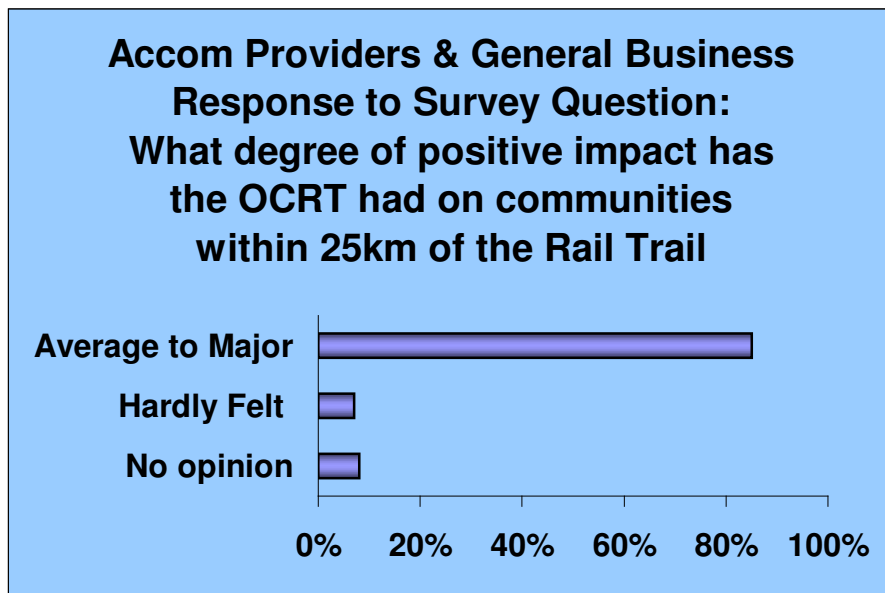
There is correlation between this preference and accommodation types offered by 50 accommodation provider survey respondents between Cromwell and Middlemarch... 28 Homestay/B&B/Self-contained... 20 Hotel/Lodge/Country Hotel... 8 Backpacker... 7 Camping/Holiday Park.

Only nine of these accommodation providers offer food and beverages. However these nine do appear to cater to the very clear preferences of Rail Trail users for Hotel/Pub and Café/Coffee shops (Keeling, May 2005). 4-5 Star Restaurants, fish n' chips and exotic foods are not significantly sought after by Rail Trail users (Keeling, May 2005)

Impact on Communities  
Graphic 5 & 6

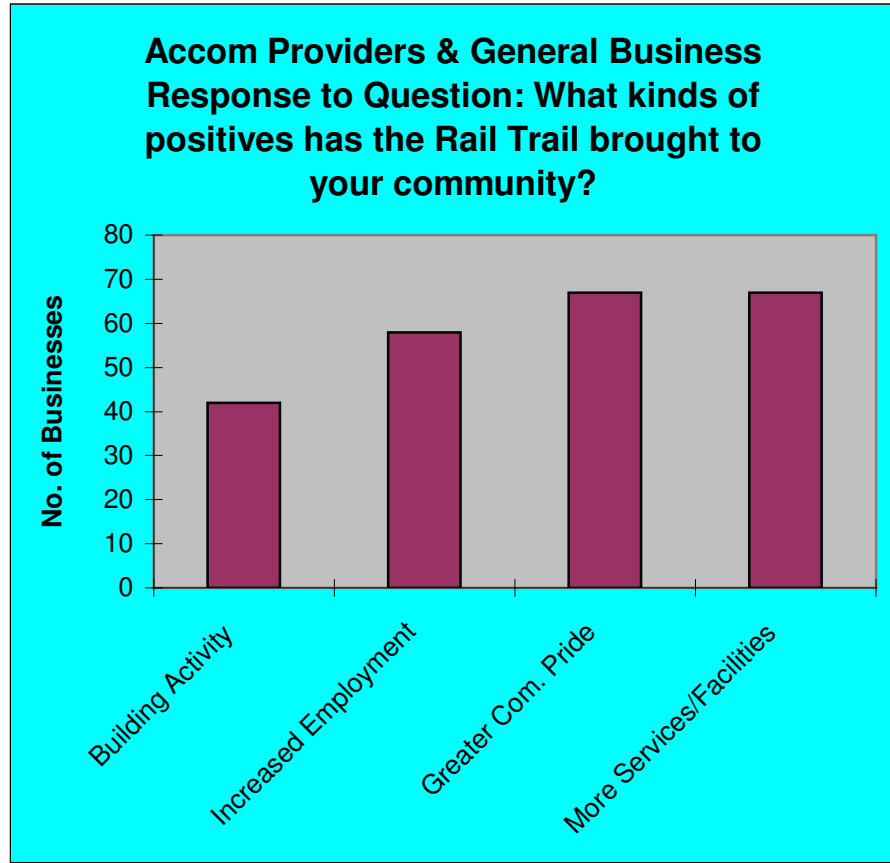


82.5% of survey respondents believe the OCRT has had a positive economic impact on their communities. A creditable 43% in fact rate the impact as major.



There was a similar high level of opinion that the OCRT has also had a positive impact on communities within 25 km of the Trail.

Positive Impacts Rated  
Graphic 7

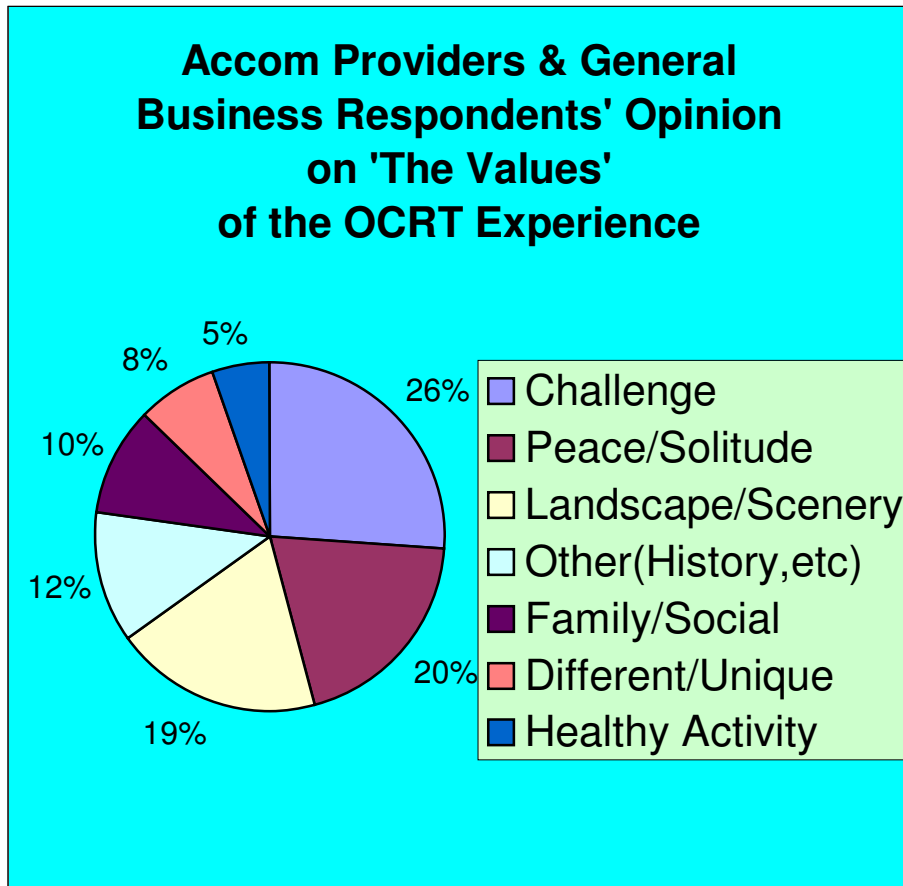


Greater community pride and improved services and facilities (cafés, etc) received high ratings with 67 respondents (representing 65%) saying yes to each.

56% of survey respondents' felt the Rail Trail had brought increased employment. This is supported by the outcomes explained on page 8 of this report.

The question of increased building activity proved difficult to answer with 40% suggesting the Rail Trail has had a positive influence.

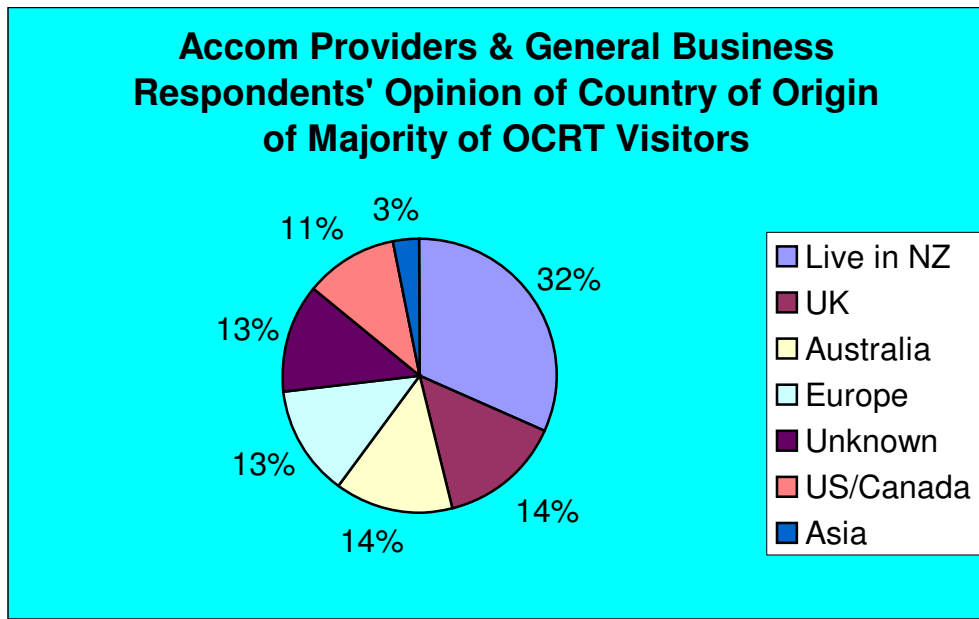
Values of the Rail Trail Experience  
Graphic 8



Graphic 8 clearly shows what survey respondents, representing 104 accommodation providers and general businesses in and around the Rail Trail, believe users are looking to get out of their OCRT experience.

This points to the very real need to balance business development and expansion with maintaining the values of the Otago Central Rail Trail.

Values of the Rail Trail Experience  
Graphic 9

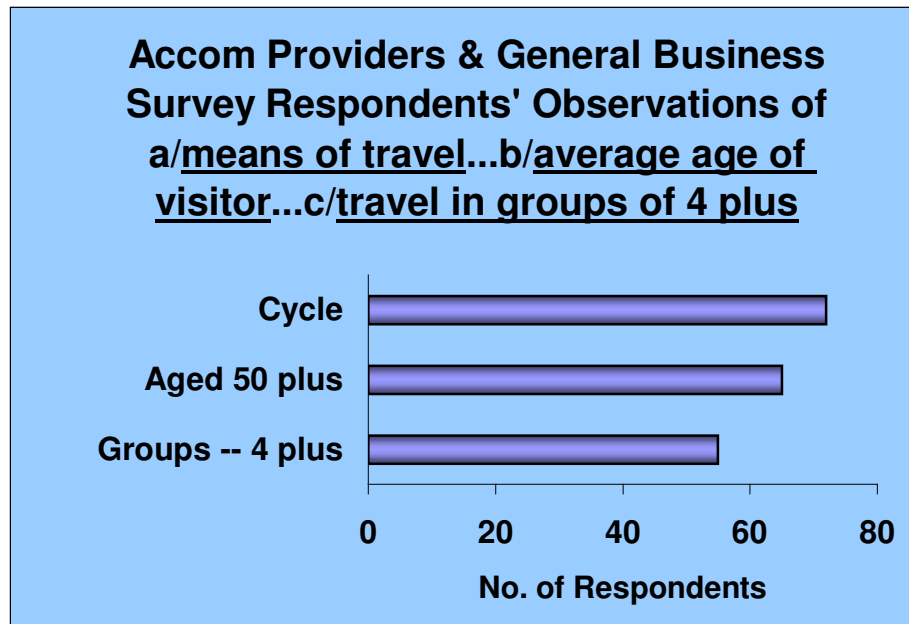


This graphic is created from information provided by those respondents who gave an opinion on the country of origin of Rail Trail users. The majority to answer this question were accommodation providers and bike hire and other business operators directly involved with users. Therefore a high level of credence can be given to their observations.

New Zealanders make up the biggest majority, confirming a finding of the Regional Economic Contribution Study, Keeling May 2005.

However the Keeling research suggested that as little as one fifth of Rail Trail users come from overseas. As Graphic 9 shows, this appears contrary to the opinions of respondents who suggest numbers of overseas visitors to New Zealand are discovering the Rail Trail, especially travellers from the UK, Australia and Europe. Those from US/Canada appear to be relatively few with hardly any from Asia using the Rail Trail.

Means of Travel/Age/Groups  
Graphic 10



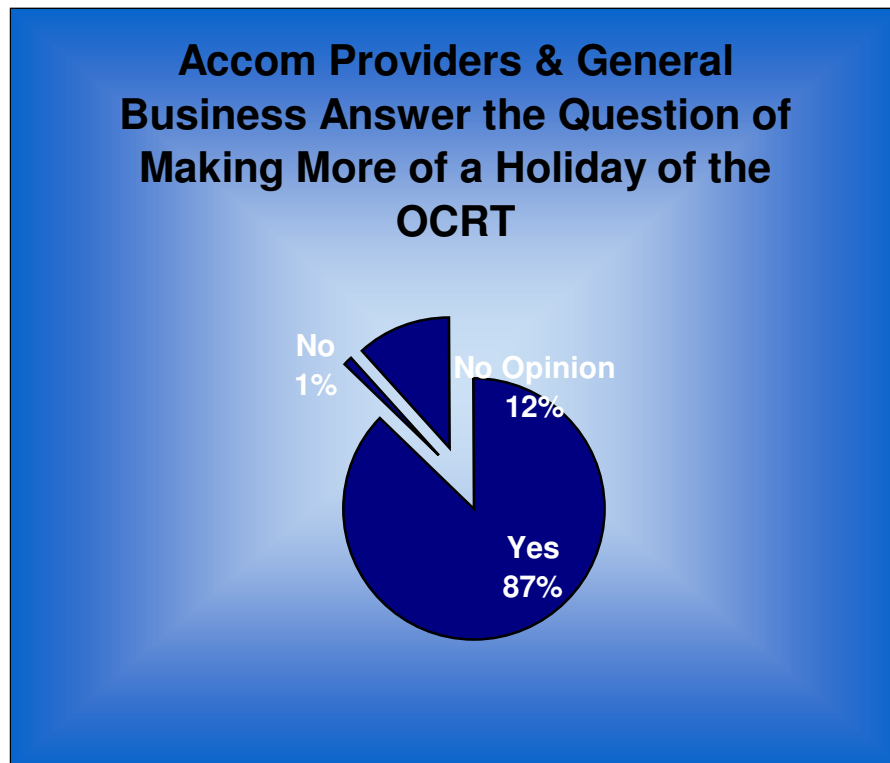
As with most voluntary surveys not every respondent elects to complete all the questions. Generally though, enough answers to specific questions are provided to quite emphatically indicate trends. For example 73 of the 104 respondents identified bicycles as the main means of travelling the Rail Trail.

The majority opinion that most users are middle aged and over supports an outcome of the Keeling Report, May 2005... "Users of the OCRT tend to be older, with almost 70% of users being aged over 44. Of equal significance, over a third of trail spenders are aged over 54."

It could be argued the jury is out on whether users travel in relatively large groups. Around 60% of accommodation provider respondents think so. In fact, groups of 5 – 8 and 9 – 12 scored highest, way out in front of 2 and 4. This is contrary to the Keeling Report, May 2005 that suggests the most common group sizes are 2 and 4 people. Differences between the two surveys highlighted on this and the previous page can be attributed to a number factors including methodology. That said, these differences do provide pointers for further study.

Almost half the accommodation provider respondents believe more group accommodation needs to be provided to Rail Trail users. A comment volunteered by quite a few was that the top end group size was only limited by seat capacity (usually 12 plus driver) of a rental mini-bus.

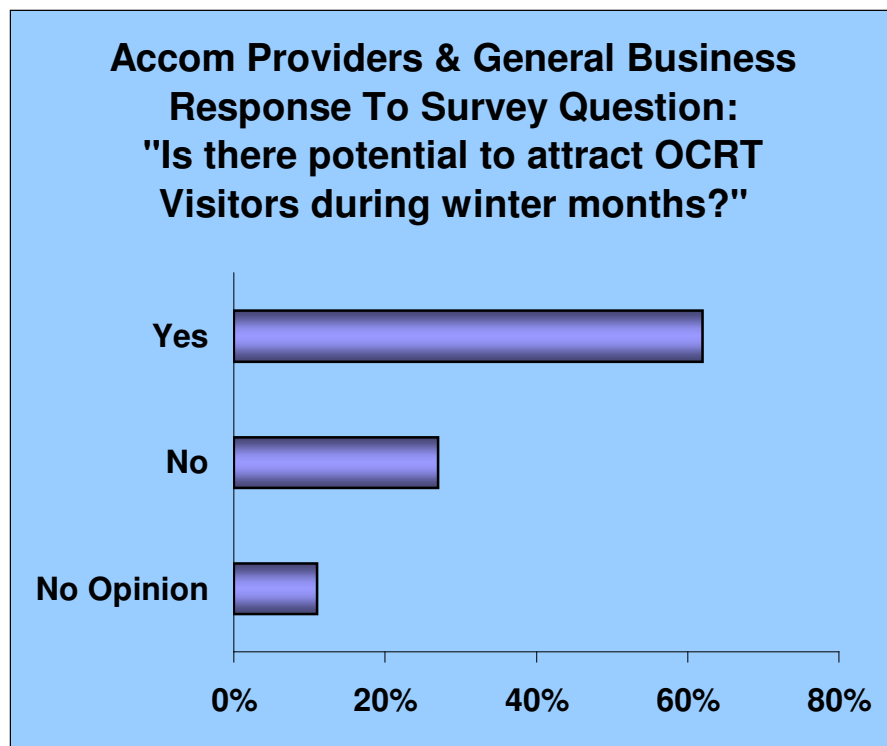
Make More of a Holiday  
Graphic 11



Some outcomes of the survey require little or no explanation. As Graphic 12 shows, the overwhelming majority of respondents want users to make more of a holiday of the Rail Trail experience. Comments volunteered included taking time to visit townships such as Naseby and St Bathans as well as Matakanui, learn to fly fish, explore the history, experience farm life in the Maniototo and engage in activities like four wheel drive adventuring.



Winter Use of the Rail Trail  
Graphic 12

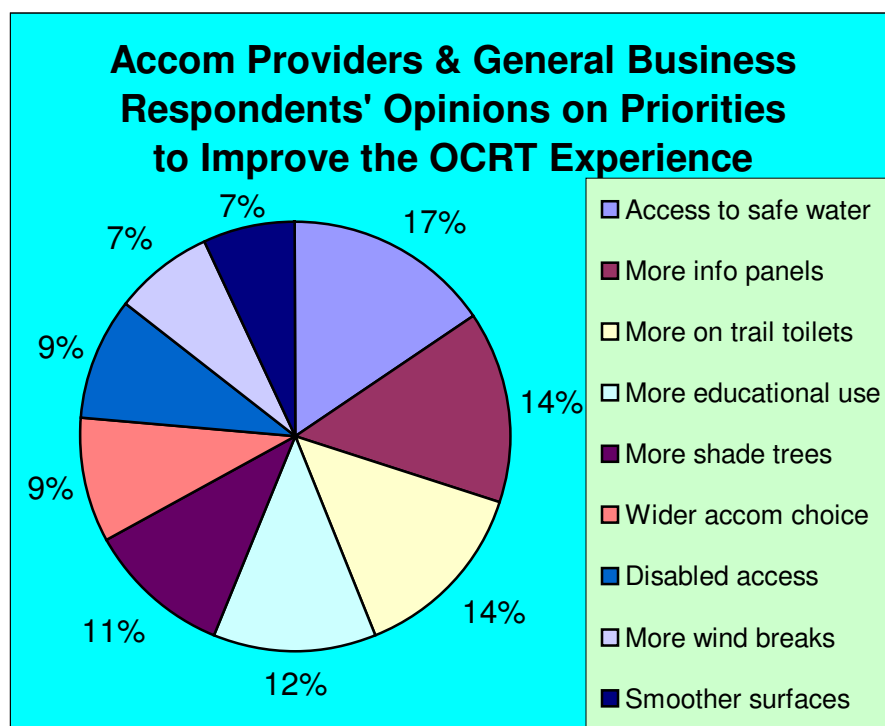


A number answering this question took the opportunity to volunteer opinions. Some expressed concerns about risks of hypothermia and exposure. Mostly though, comments were positive with many suggesting a 10 until 3 pm user timetable. Spectacular winter scenery, crisp air, cosy pubs, hot toddies and log fires were common themes for marketing winter use as was encouraging visitors to the Queenstown and Wanaka ski fields to add sections of the Rail Trail to their holiday itineraries.

Currently winter months represent a significant dip in business. Over that period about 30% less staff are required than at the Feb/March high season.

Sampling of ideas put forward included events/organised tours such as The Brass Monkey Bike Ride, Penguin Bike Rides, Winter Solstice Cycle Race... Partnerships with operators to offer winter activities along and around the Trail... Rail Trail day trips combined with curling... short journeys tied in with road transport... Show winter scenes on the OCRT website... Winter months are unique on the Rail Trail... Promote the OCRT as a 'Winter Pastime.'

Priorities to Enhance the Rail Trail Experience  
Graphic 13



As this graphic shows, respondents have a fairly even spread of opinion about what is required to enhance the Rail Trail experience for users.

Statistical analysis shows...

- Easier availability of safe drinking water was clearly the top priority drawing a 74% yes response (accom providers = 73%; gen business = 75%)
- More information/interpretation panels pointing out areas of interest such as mountains, etc registered 69% (accom = 67%; gen = 70%) with more on-trail toilets a close third at 66% (Accom = 63%; gen = 68%).
- There is a relatively large percentage drop to 4<sup>th</sup> in the priority list with 52% of respondents (accom = 55%; gen = 49%) supporting the need for more shade trees.
- In the thirty and forty percents, 45% of all businesses believe there is a need for a wider choice of accommodation; 43% support easier access to the Rail Trail for those with disabilities; 35% want more wind break trees and 33% support a smoother surfaced Rail Trail.

How people get to know about the OCRT  
Graphic 14



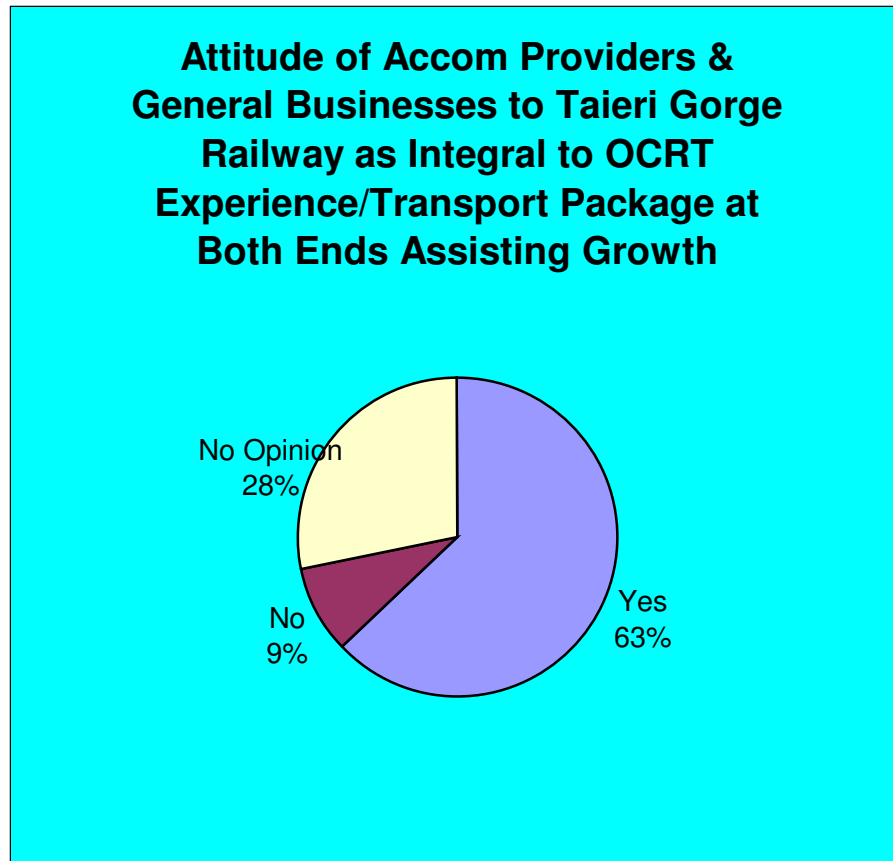
Respondents to answer this question gave a very clear majority to word-of-mouth as the most effective advertising/promotion for the Otago Central Rail Trail.

While there is a considerable percentage difference between word-of-mouth and second placed OCRT website, opinions about the advertising effectiveness of the OCRT leaflet, tourism offices and operator advertising are relatively even. A possibly anomaly is that while operator advertising is not highly rated for promoting the Rail Trail, respondents are generally happy with the effectiveness of their own advertising.

For accommodation providers, referrals and booking are rated the most potent tools for bringing OCRT users in contact with their businesses.

General businesses gave quite a high rating to the need for food, etc as a reason for bringing OCRT users into contact with their businesses.

Influence of the Taieri Gorge Railway  
Graphic 15



Graphic 15 illustrates the combined result of two questions focussing on the Taieri Gorge Railways. While over a quarter of respondents did not have an opinion, those that did provided clear indications. The 'no's' were very much in the minority.

The two survey questions were...

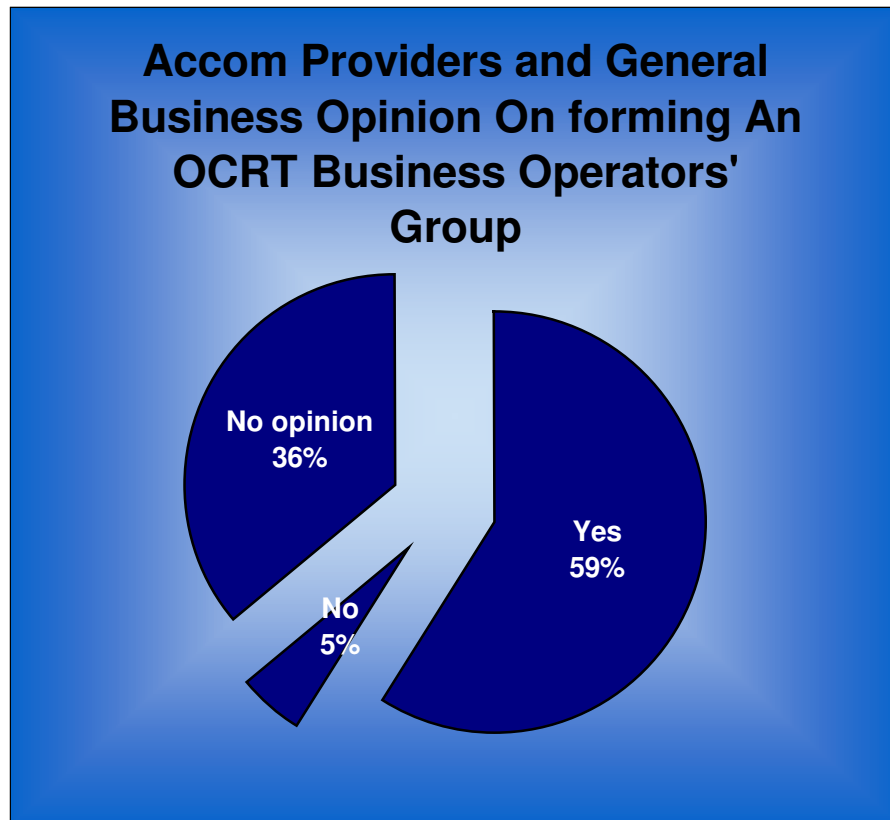
1/ Would you agree that growing numbers of users view the Taieri Gorge Railway as an integral part of the OCRT experience?

- 56% ticked the yes box (accom = 59%; gen bus = 52%)

2/ Would promotion of a transport package by Taieri Gorge Railway involving train travel at one end and shuttle bus at the other further assist growth of OCRT visitors?

- 69% ticked the yes box (accom = 63%; gen bus = 75%)

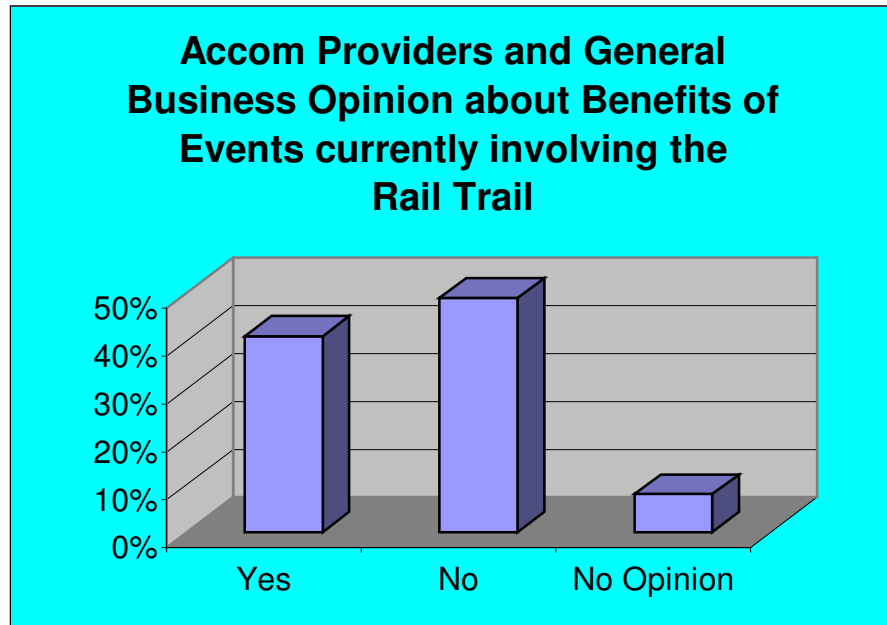
Opinion on Value of an OCRT Operators' Group  
Graphic 16



Of the 104 respondents to this survey, a clear majority of 59% indicated value in forming an OCRT Business Operators' Group. Only 5% ticked the 'no' box. 'No opinion' was comparatively low at 36%.

Note: A direct consequence of this survey result was an approach to the Dunedin Chamber of Commerce by the OCRT Trustees and the Trust's Community Support & Development Officer with the proposal that the Chamber facilitate a public meeting to gauge interest. This was duly held in Ranfurly on October 10, 2005. Well supported by over 40 interested parties, a steering committee was formed and has since been actively working to establish an OCRT Business Operators' Group.

Potential topics to be addressed by OCRT Business Operators' Group  
Graphic 17



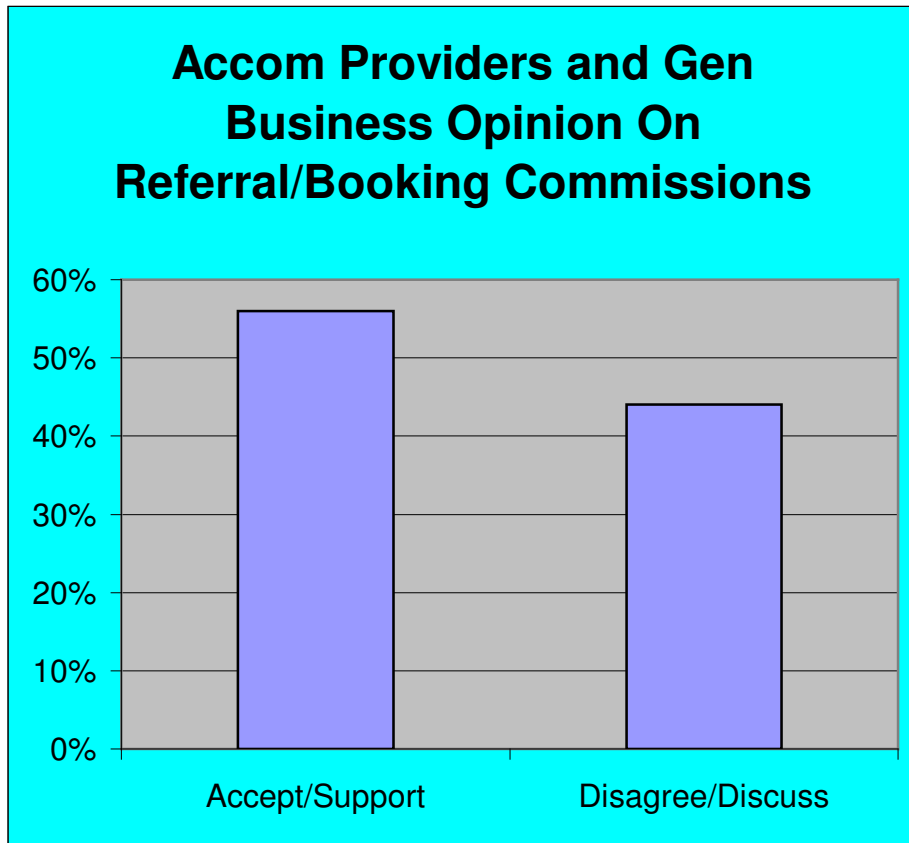
49% of respondents believe events such as the Rail Trail Duathlon do not bring benefits to the majority of businesses that are in some way serving the needs of users. However 41% suggest there are benefits with 8% registering 'no opinion'. Numerous respondents took advantage of the opportunity to suggest possible events they felt would benefit businesses...

Comments/suggestions

- From a Dunedin accom provider... 'only good for my customers if transport from Dunedin is easy and accessible'
- Historic/Heritage Tours (bicycle or walking)... possibly as part of a Central Otago Heritage Festival
- Maniototo accom provider... 'Duathlon was a waste of time business-wise --- we were only used for toilets!'
- Possibly guided (self-guided) tours of old railway structures
- Maniototo accom provider... 'Duathlon entrants do not contribute to economy. They are self-contained.'
- Maniototo accom provider... 'More events should be encouraged and we would support them.'
- Encourage social clubs and other organisations to ride/walk sections of the Rail Trail.
- Local towns should initiate events (arts & crafts, sports, festivals, etc)
- Mountain bike races over various sections --- sponsored by CODC.
- Combine Trail experience with curling, golf, fishing, etc
- Gold Rush event along the Rail Trail (set up panning competitions along the Trail).
- Any event brings benefits in one way or another
- Celebrity Tandem Bike Race (1 celeb, 1 proficient cyclist) run over a number of days with businesses sponsoring each tandem team... format is a sort of 'Tour De Trail' with side races to Naseby, Patearoa, etc.
- Mid-winter race event of some type (Note: This was quite a common theme)

Potential topics to be addressed by OCRT Business Operators' Group  
(Cont.)

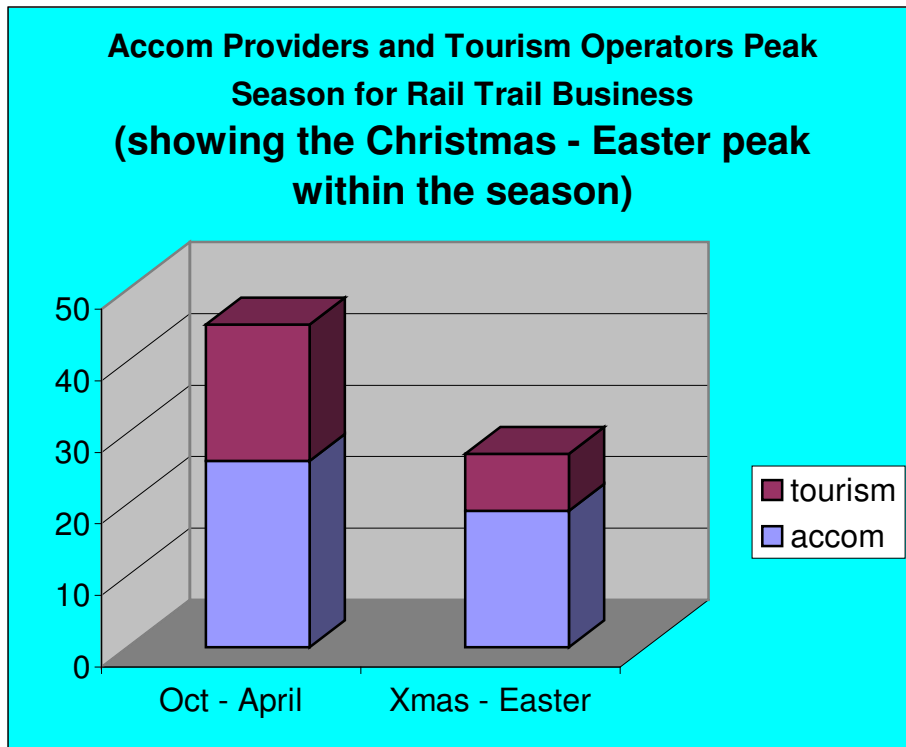
Graphic 18



The topic of commissions for referrals and bookings is a fairly hot one. Only 12% separates those who support and accept (56%) and others who disagree or feel the need to discuss commissions (44%). Comments associated with the survey indicate those for and against are passionate in their convictions.

Potential topics to be addressed by OCRT Business Operators' Group (Cont.)

Graphic 19



Respondents (45) to answer this question in a way that could be translated into a graphic representation confirmed that spring-summer-early autumn months are the most popular with Rail Trail users. 27 went as far as to indicate Christmas through to Easter (April) as their busiest period with Trail users.

In response to the opportunity to suggest ways to achieve a more even business pattern with Rail Trail users numerous survey participants took advantage. What follows is a sampling of comments (this survey result relates closely with the majority desire shown by survey respondents to encourage greater winter use... see page 16).

- Encourage/develop off-season promotions.
- Rail Trail season is starting to extend into the colder months.
- Create user incentives for off-peak use of the Rail Trail, rather than all at once over summer.
- Promotional tie-in with Naseby's international ice rink (curling & skating).
- Having an off-season suits for farm work, accommodation maintenance, etc.
- Redress off-season through advertising and marketing.
- Link OCRT with operator packages to promote all year round as a lifestyle experience, not a race.





## Conclusion

Titled 'OCRT Economic Impact Survey', the purpose of this survey is to quantify and map economic impacts of the OCRT on businesses -- and communities -- primarily within the Rail Trail's Middlemarch – Clyde corridor including the greater Maniototo and Strath Taieri areas.

This survey also provides the opportunity to compare findings, opinions and attitudes of the business community with those of users who participated in the Otago Central Rail Trail Regional Economic Contribution Study, Keeling 2005, released in May 2005.

At the same time it helps give economic dimension to Department of Conservation OCRT user counts.

According to DOC, usage is growing steadily. In 2004 around 5000 people completed the full 150km challenge, with some 100,000 people movements recorded over various sections. DOC does point out that regular users in communities like Alexandra contribute to this 100,000.

Regardless, for a regional asset that not so many years ago was publicly criticised as a potential white elephant, usage is high. And growing. Just five years out from the official opening usage is far higher and growing faster than imagined by the members of the OCRT Trust.

So is the OCRT bringing money into the region? For the answer, multiply DOC's user counts by the Keeling 2005 finding that the average per person expenditure within the Otago Central Rail Trail region was \$92.80 per day (including accommodation) with the average length of stay 3.8 days.

These users and the money they bring into the region have fuelled and continue to sustain economic growth, particularly among accommodation providers and operators such as bike hire businesses that cater directly to Rail Trail users.

The infrastructure required to service this growth has created employment. The 104 accommodation providers and general businesses to return surveys employed more than 400 full, part time and seasonal staff in Feb/March 2005. This represents slightly over 200 employment opportunities created by the 104 respondents since the official opening of the Rail Trail in 2005.



## Conclusion (Cont.)

Based on 104 of 270 business sent surveys employing 400 staff during Feb/March 2005 it is not unrealistic to calculate that all 270 businesses provided full, part time and seasonal work for some 1000 staff over that period.

But the Rail Trail is doing more than attract users. It is bringing new businesses and new business owners into the region. Based on this survey, it is estimated that almost a quarter of accommodation businesses to be established or purchased by new owners post 2000 is because of the Rail Trail. 53% of the accommodation provider respondents to set up since the official opening in Feb 2000 attribute more than 60% of their turnover to the Rail Trail. This ties in with 41% of accommodation provider respondents attributing 40 to 100% of their annual occupancy to Rail Trail users.

An overwhelming 82.5% of survey respondents believe that the OCRT has had a positive economic impact on their communities with a creditable 43% rating the impact as major. Greater community pride and improved services were also attributed to the Rail Trail.

Respondents to this survey rate challenge, peace/solitude and landscape/scenery as the three principal values of the Rail Trail experience. The challenge now facing businesses is to develop and grow the potential of the Otago Central Rail Trail in ways that maintain the values of this unique regional, and national, asset.

## Research Findings Copyright

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