

Prepared for :

Cradle Coast Authority

The Tarkine - Latent Demand Quantification

**Step 2 : Economic Evaluation of Visitor
Scenarios**

December 2007

Prepared By : EMDA in conjunction with - Moore Consulting & SCA Marketing

Contents

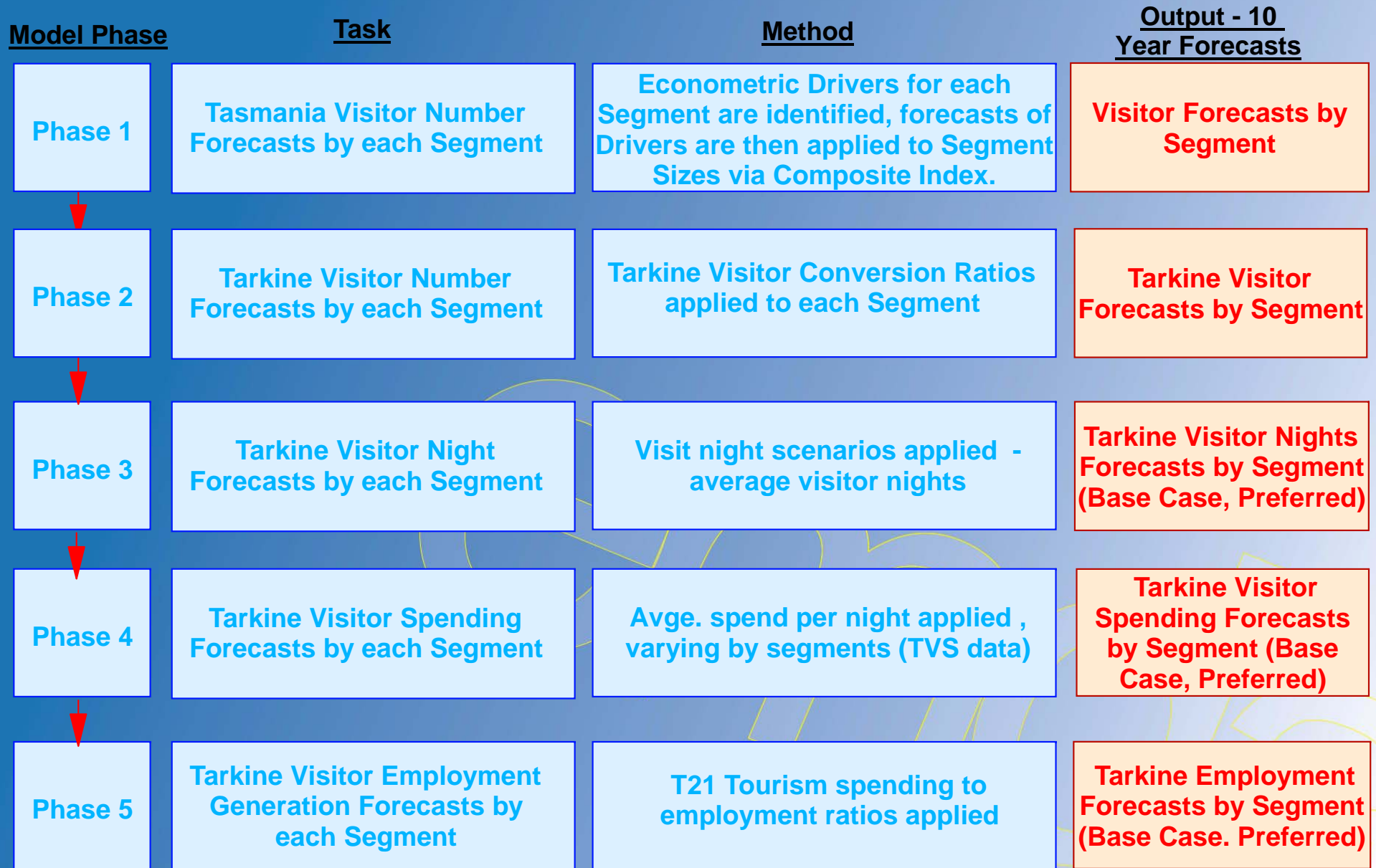
- **Section 1 : Introduction**
- **Section 2 : Tasmanian Visitor Forecasts by Segment**
- **Section 3 : Tarkine model results**
- **Section 4 : Key Findings**
- **Section 5 : Next Steps**



Step 2 : Background

- **In the first step (Step 1) of this project, five consumer segments are identified that could potentially visit the Tarkine :-**
 - A core group - Nature Enthusiasts, whose primary holiday motivation is to experience nature.
 - Four secondary groups, Younger Nature Enjoyers, Family Nature Enjoyers, Affluent Older Nature Enjoyers and Lower Older Nature Enjoyers. For these segments experiencing nature is a major factor in their holiday choice.
- **Step 2 develops an econometric model that links the consumer segments identified in Step 1 (outlined above) and criteria developed (ie access, attractions) to identify potential patronage numbers and regional economic benefits (tourism spending and employment). This includes the quantification of a range of development scenarios for the Tarkine (ie Base case, Preferred).**
- **This model mathematically links the size and characteristics of each consumer segment identified in Step 1, by year, for the next ten years with possible conversion levels and tourism spending levels that could be achieved under each scenario, for the Tarkine.**
- **This approach quantifies, in terms of tourism spending and employment, the possible impact of development scenarios at the Tarkine, enabling decisions to be made about where to focus the effort in terms of concept development.**
- **The model has been constructed in excel using consumer based data inputs from the visitor surveys.**
- **The chart overleaf outlines the method used for developing each module component in the model. In order to gather the most realistic responses from the segments to the concepts, a realistic interpretation of the concepts will need to be shown to each segment tested.**

Step 2 : Tarkine Model Method

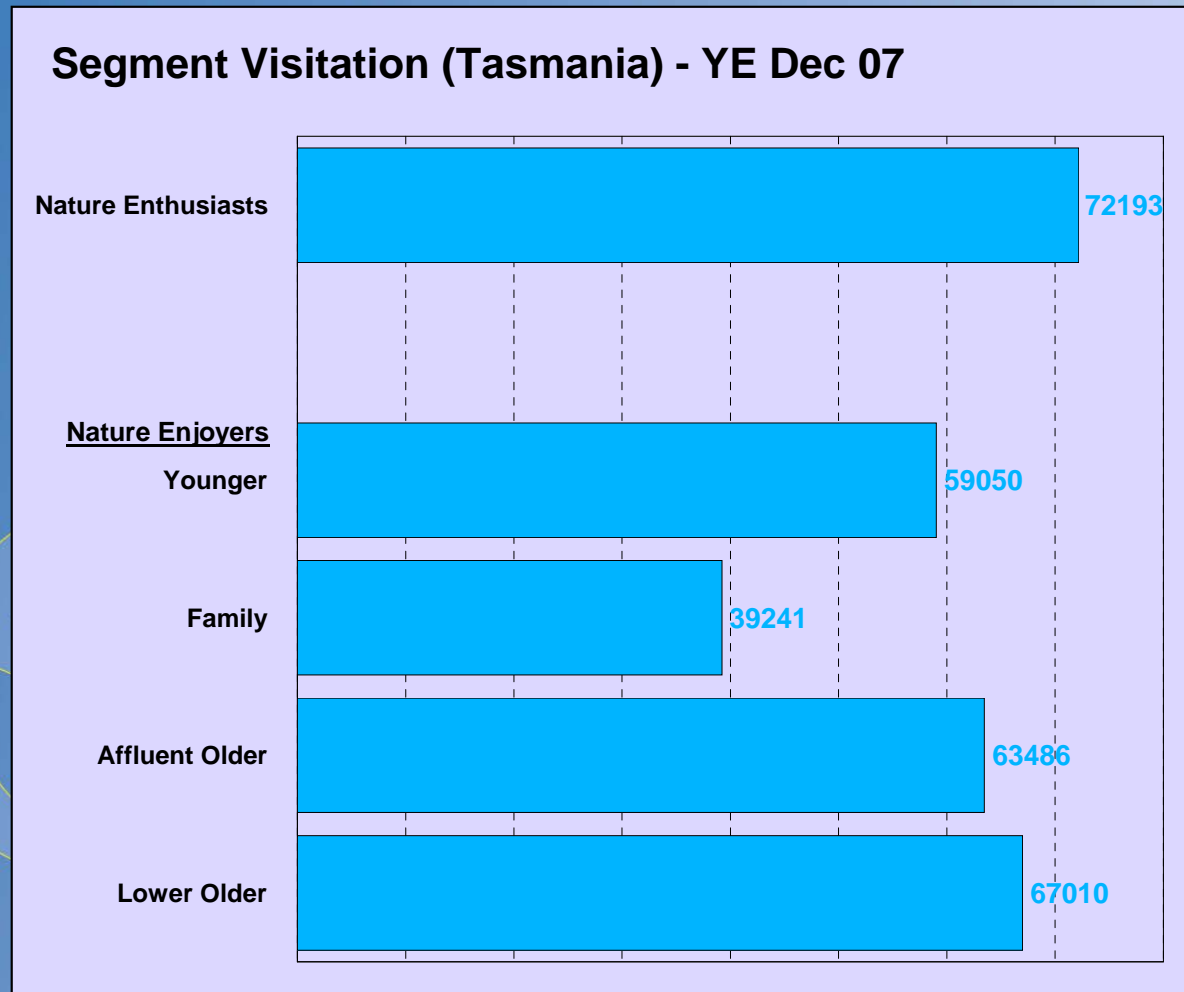


Section 2 : Introduction



Section 2 : Introduction

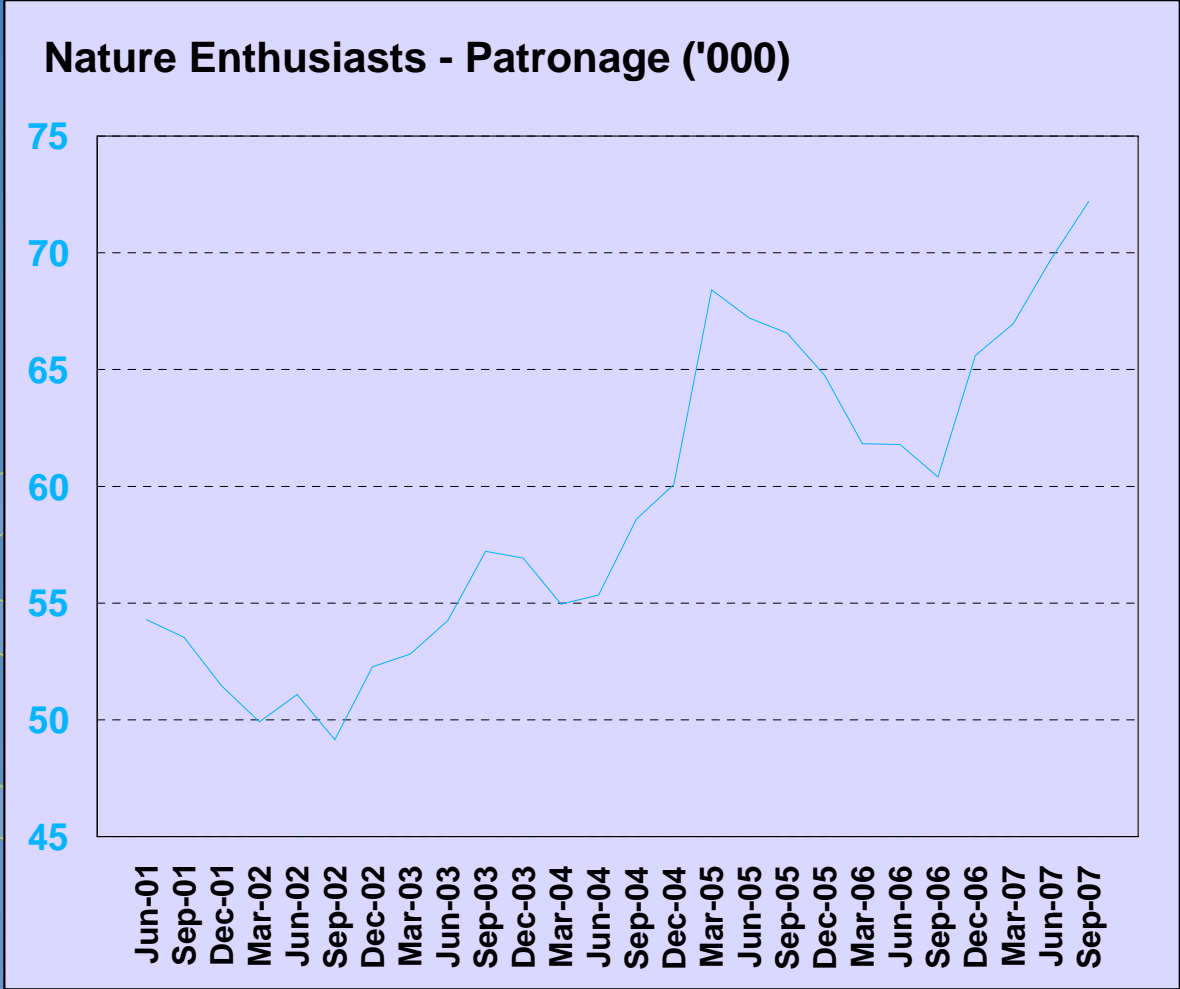
- In this section the method and results of the econometric model that provides visitor forecasts of the segments for Tasmania, are presented.
- Individual models have been developed for each of the five segments segment.
- The current status of the segment sizes in terms of visitation to Tasmania is summarised in this chart.
 - Nature Enthusiasts are the largest segment.
 - Lower Older Nature Enjoyers are the 2nd largest.
 - Younger Nature Enjoyers and Affluent Older Nature Enjoyers are about the same size, while Family Nature Enjoyers are the smallest.



Source : TVS

Nature Enthusiasts

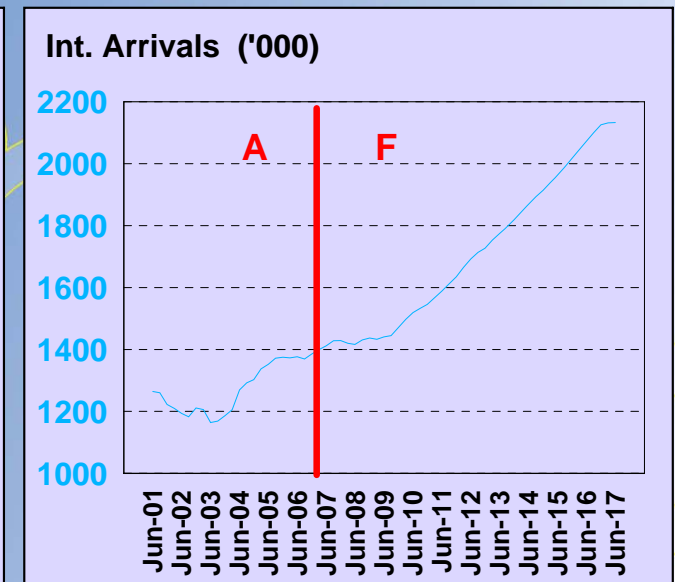
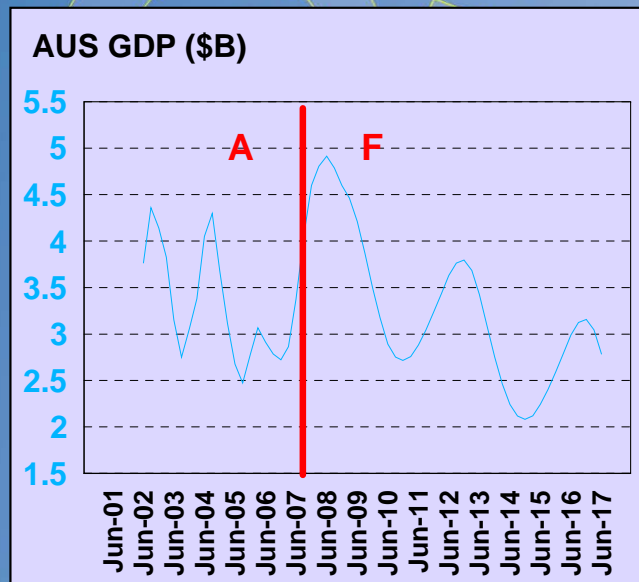
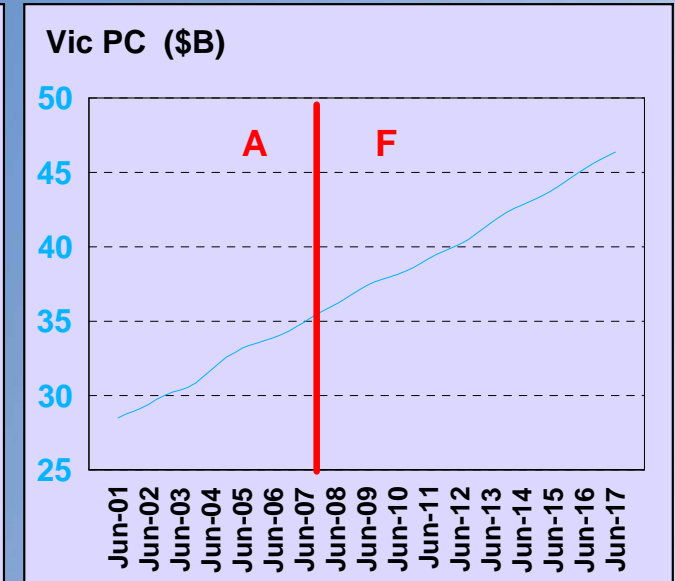
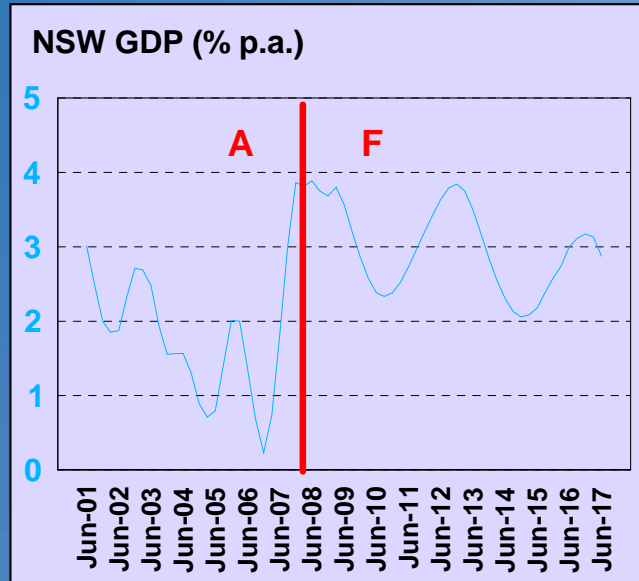
- Nature Enthusiasts have started to increase again - patronage now up passed the 70,000.



Source : TVS

Nature Enthusiasts - Model Inputs

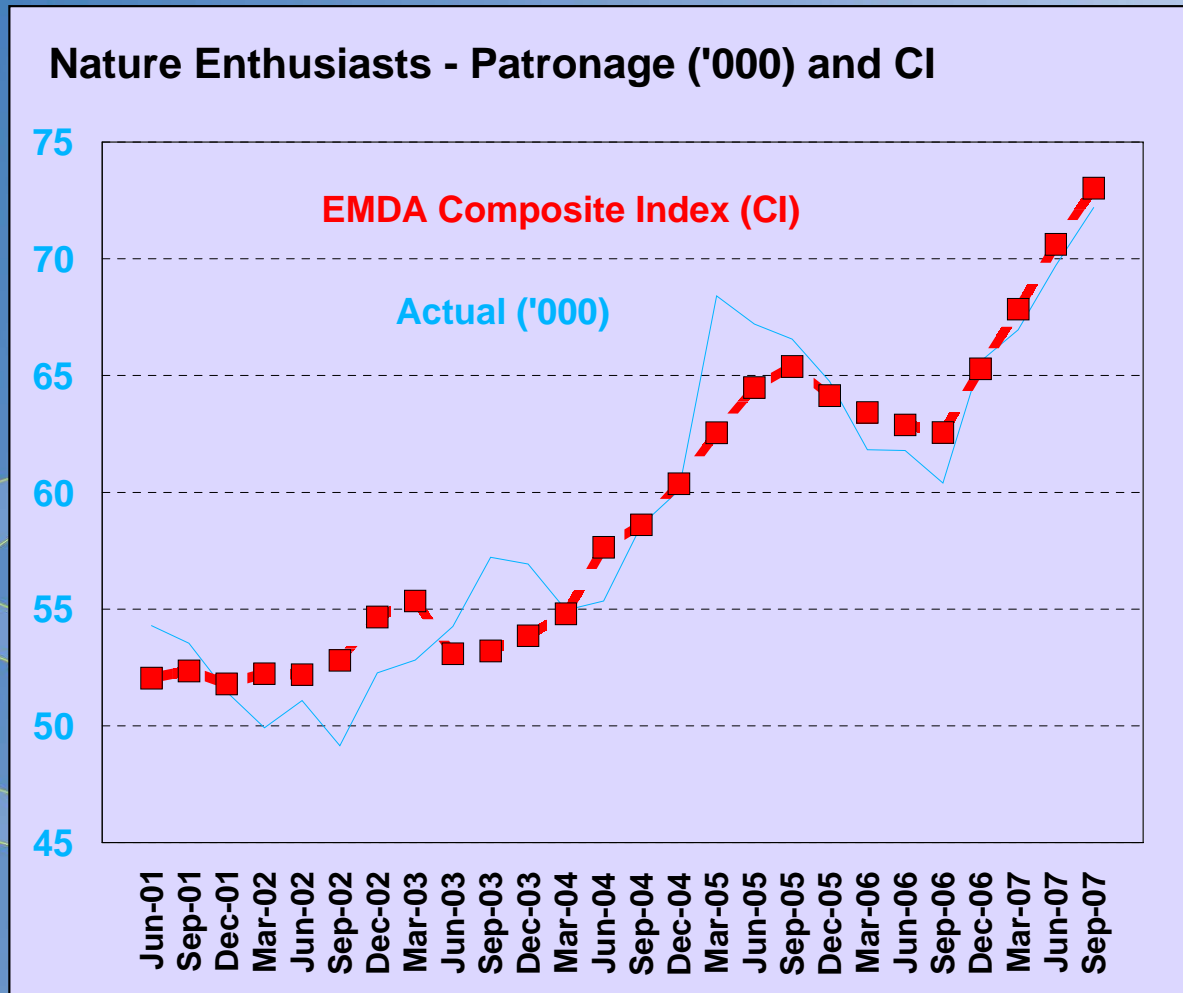
- There are four key drivers of this market :-
 - NSW GDP
 - Vic PC
 - Aus GDP
 - International Arrivals
- These drivers when mathematically combined significantly explain the trends in the visitor segments - in this case Nature Enthusiasts.



Source : Access Economics

Nature Enthusiasts

- The EMDA Composite Index (CI) is a mathematical combination of the four key drivers.
- The Index explains 89% of the Enthusiasts visitation.
- This forms a sound basis for forecasting.
- Outlook for the drivers is then mathematically combined to provide a forecast of the CI. The CI outlook is then applied to the visitation numbers to generate the forecast of Enthusiasts.



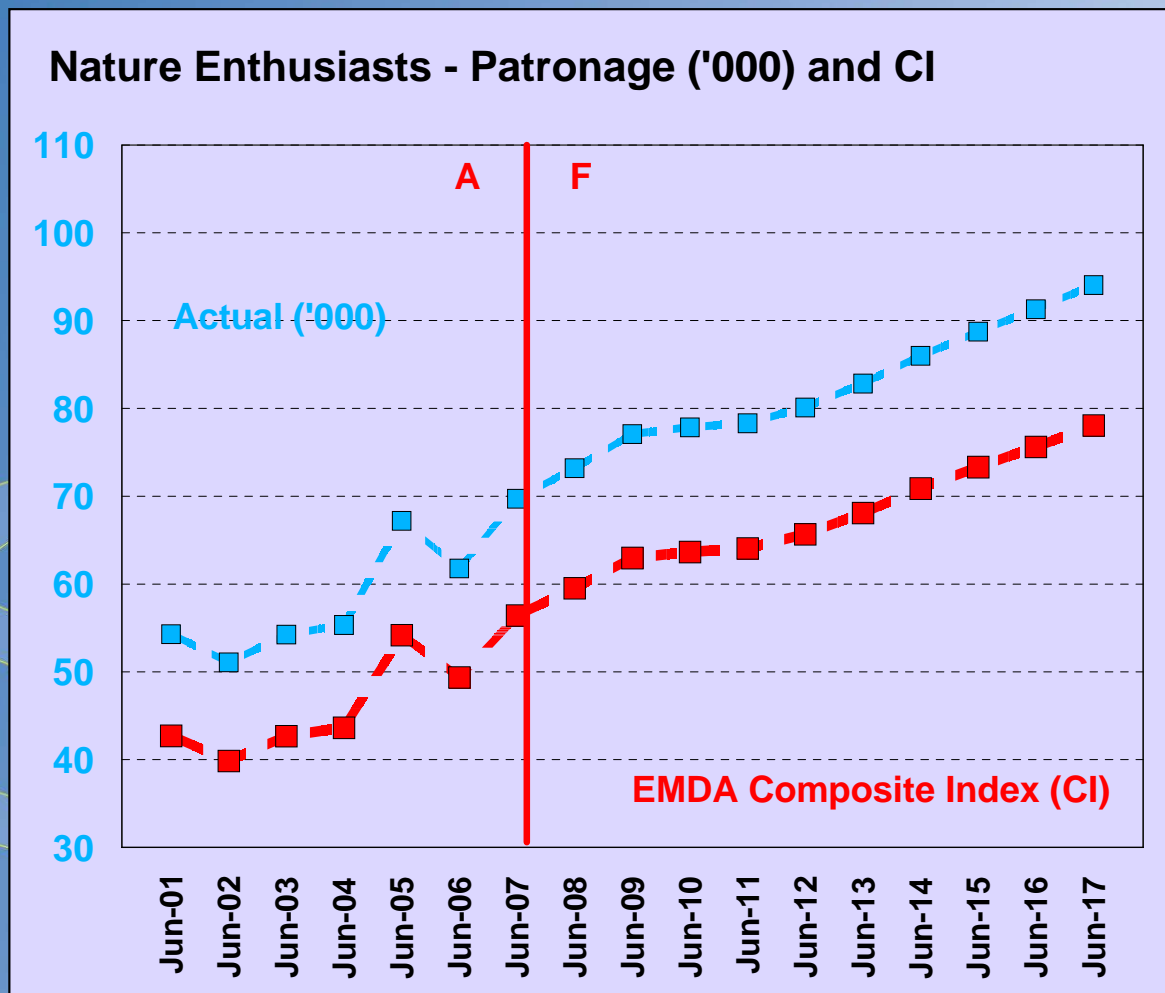
Source : TVS & EMDA Model

Model Specification
Pearson Moment Correlation
co-efficient 0.89

Nature Enthusiasts

- The outlook is for moderate growth in this market.
- The market is forecast to grow from 69722 to 94066 by 2017 (+35%).
- A critical assumption is that Tasmania maintains its Wilderness Appeal.

Year Ended June	Visitors ('000)	% Change p.a.
2007 (A)	69722	+12.8
2008 (F)	73208	+5.0
2009 (F)	77088	+5.3
2010 (F)	77859	+1.0
2011 (F)	78326	+0.6
2012 (F)	80128	+2.3
2013 (F)	82852	+3.4
2014 (F)	86000	+3.8
2015 (F)	88752	+3.2
2016 (F)	91326	+2.9
2017 (F)	94066	+3.0

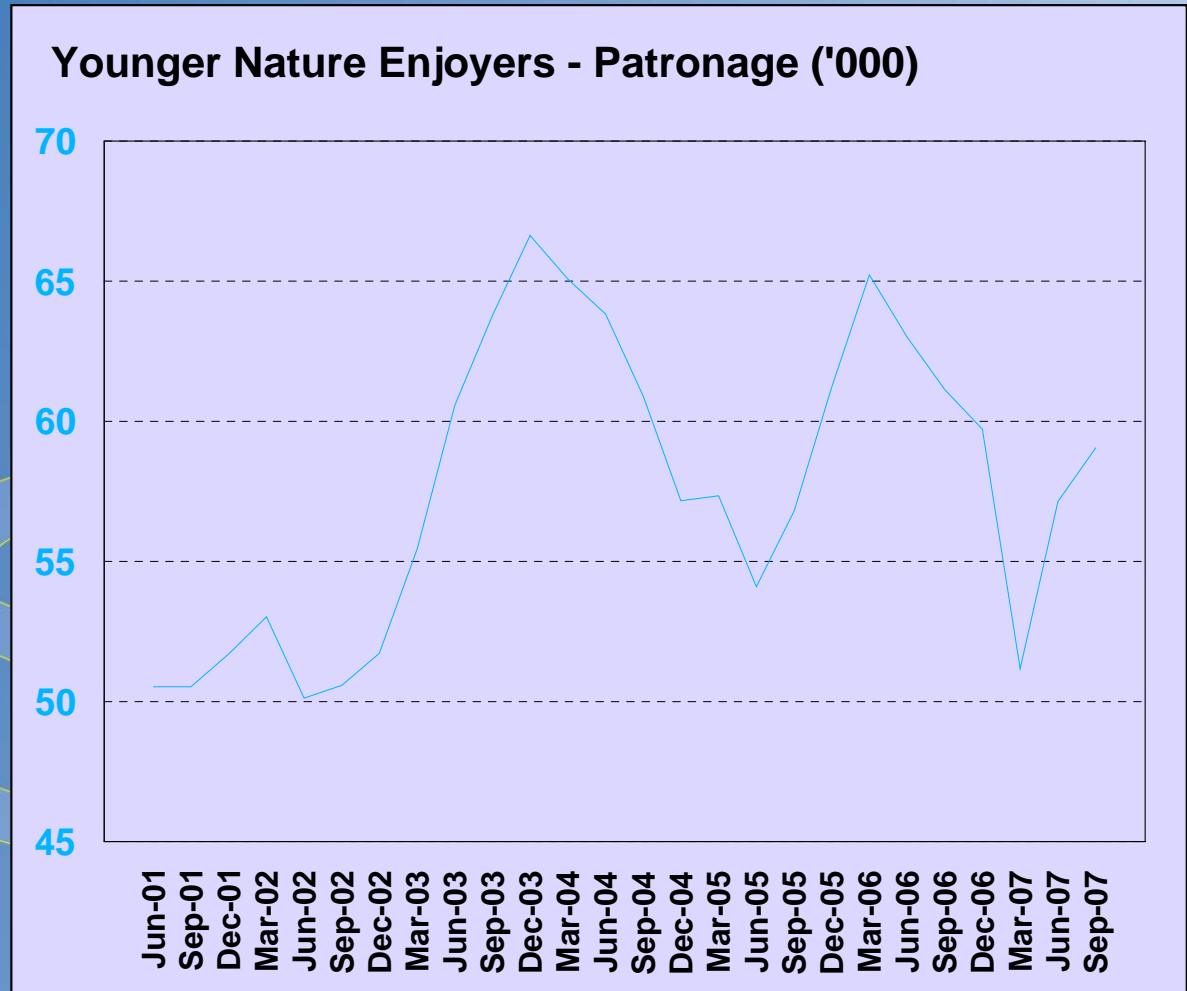


Source : TVS & EMDA Model

Model Specification
Pearson Moment Correlation
co-efficient 0.89

Younger Nature Enjoyers

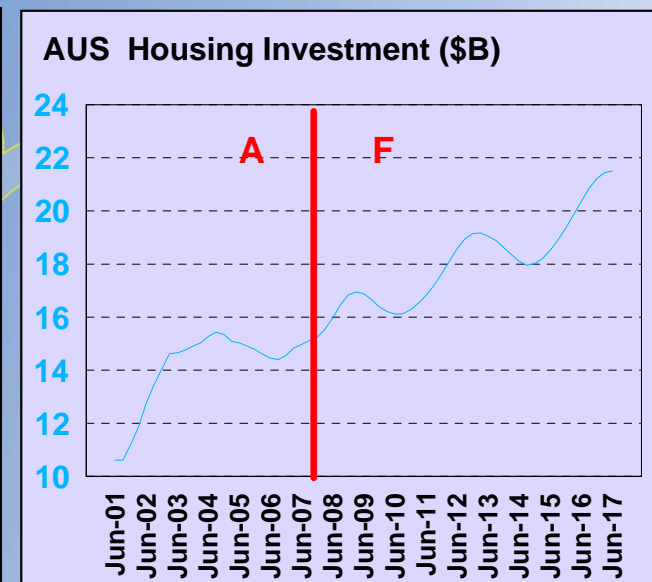
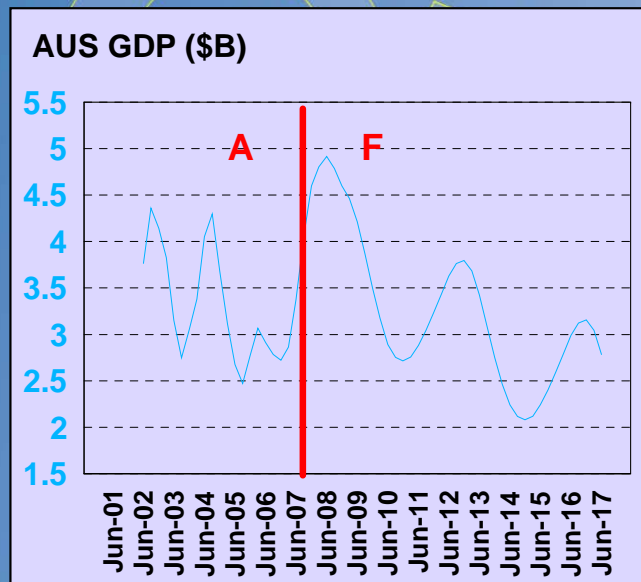
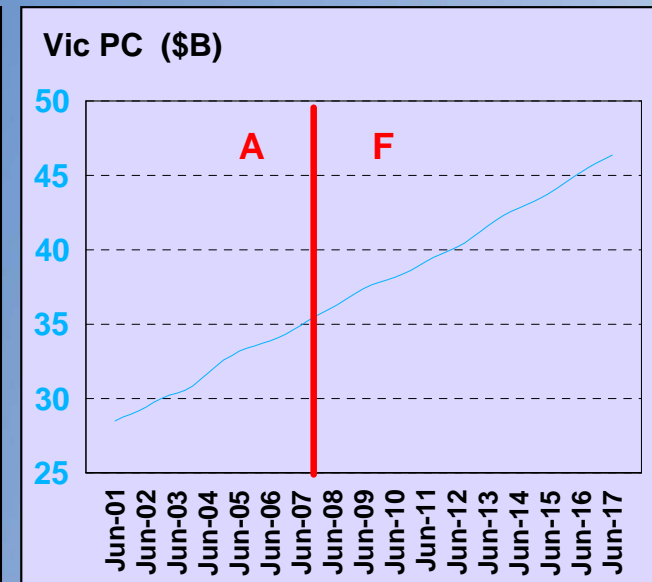
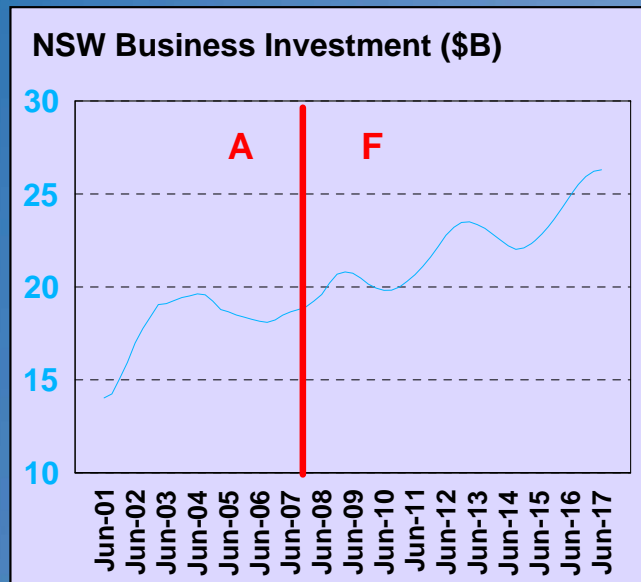
- This segment has been trending down after the peak of 2003.



Source : TVS

Younger Nature Enjoyers - Model Inputs

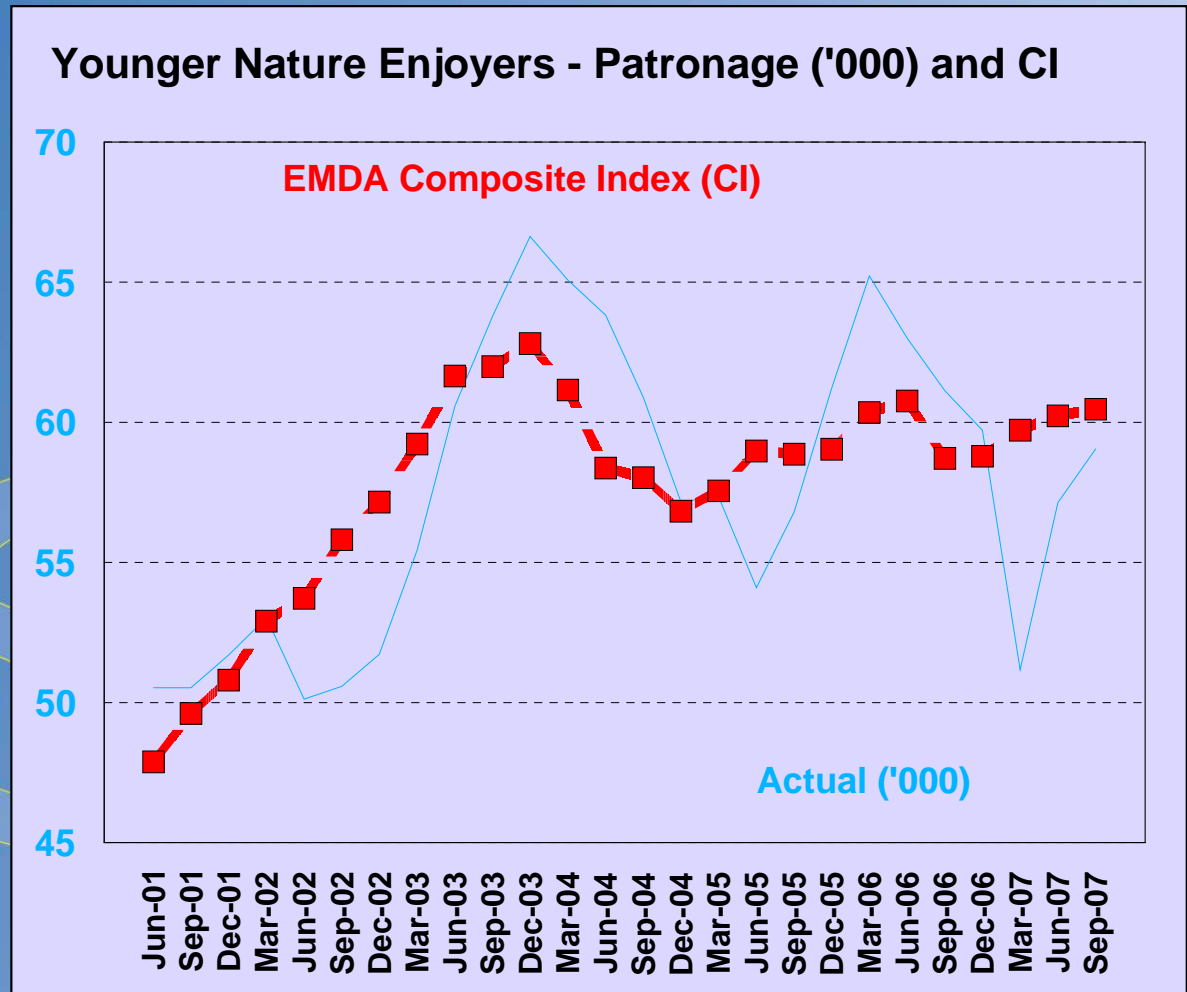
- There are four key drivers of this market :-
 - NSW Business Investment
 - Vic PC
 - Aus GDP
 - Aus Housing Investment
- These drivers when mathematically combined significantly explain the trends in the visitor segments.



Source : Access Economics

Younger Nature Enjoymers

- The EMDA Composite Index (CI) is a mathematical combination of the four key drivers.
- The Index explains 72% of the Younger Nature Enjoymers visitation.
- This forms a sound basis for forecasting.
- Outlook for the drivers is then mathematically combined to provide a forecast of the CI. The CI outlook is then applied to the visitation numbers to generate the forecast of Younger Nature Enjoymers.



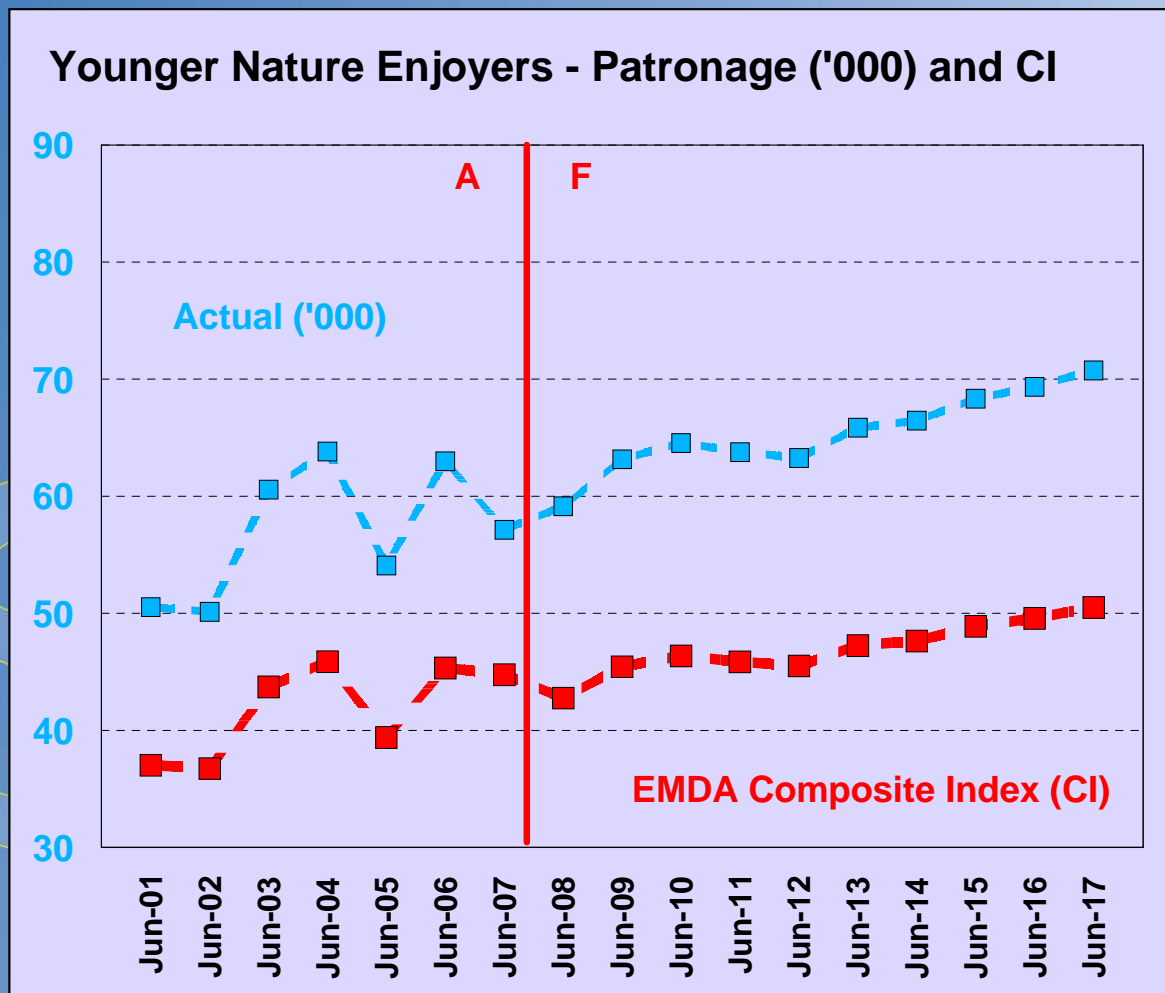
Source : TVS & EMDA Model

Model Specification
Pearson Moment Correlation
co-efficient 0.72

Younger Nature Enjoymers

- The outlook is for very moderate growth in this market.
- The market is forecast to grow from 57143 to 70748 by 2017 (+23.8%).
- A critical assumption is that Tasmania maintains its Wilderness Appeal.

Year Ended June	Visitors ('000)	% Change p.a.
2007 (A)	57143	-9.3
2008 (F)	59143	3.5
2009 (F)	63165	6.8
2010 (F)	64554	2.2
2011 (F)	63780	-1.2
2012 (F)	63269	-0.8
2013 (F)	65864	4.1
2014 (F)	66478	0.9
2015 (F)	68335	2.8
2016 (F)	69360	1.5
2017 (F)	70748	2.0

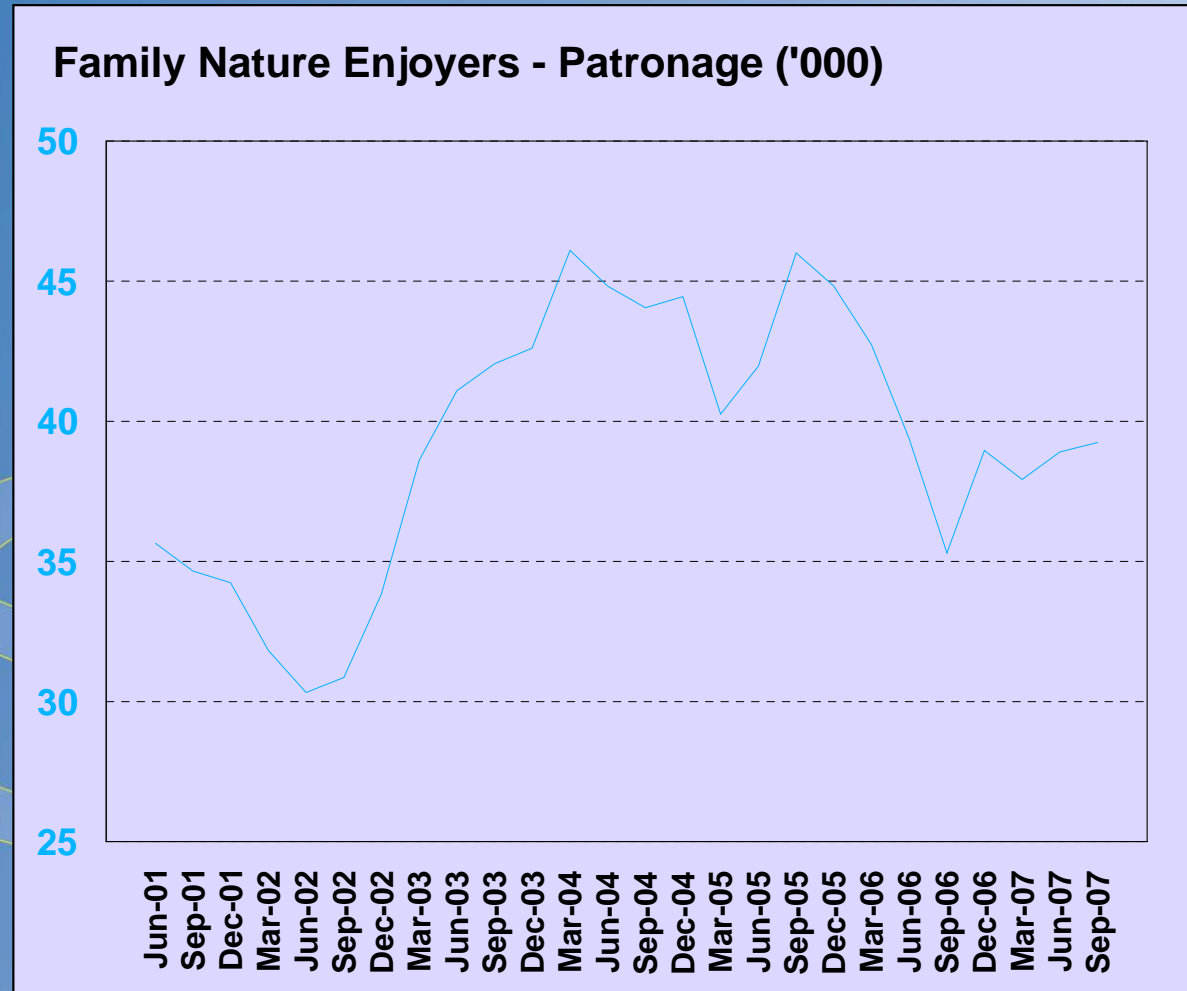


Source : TVS & EMDA Model

Model Specification
Pearson Moment Correlation
co-efficient 0.72

Family Nature Enjoyers

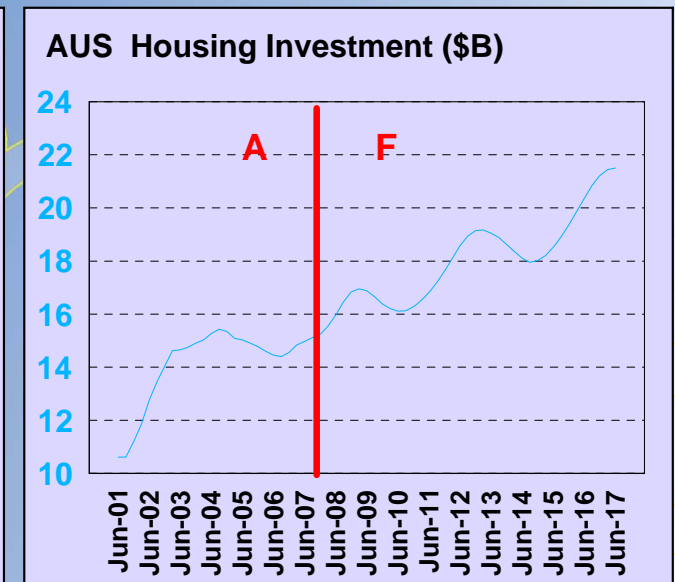
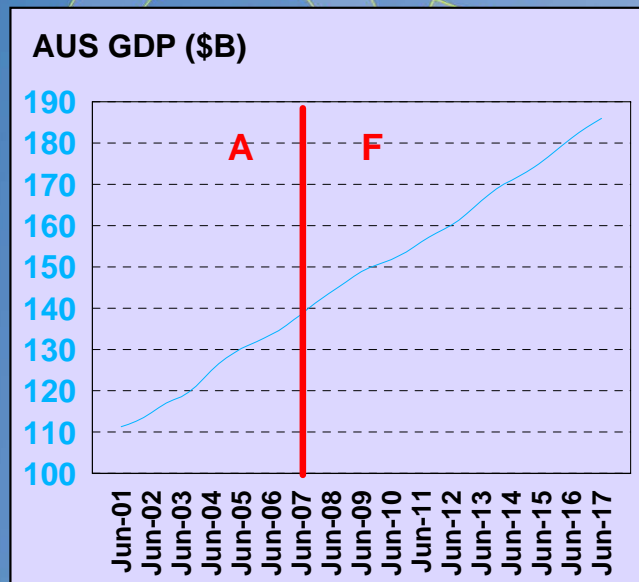
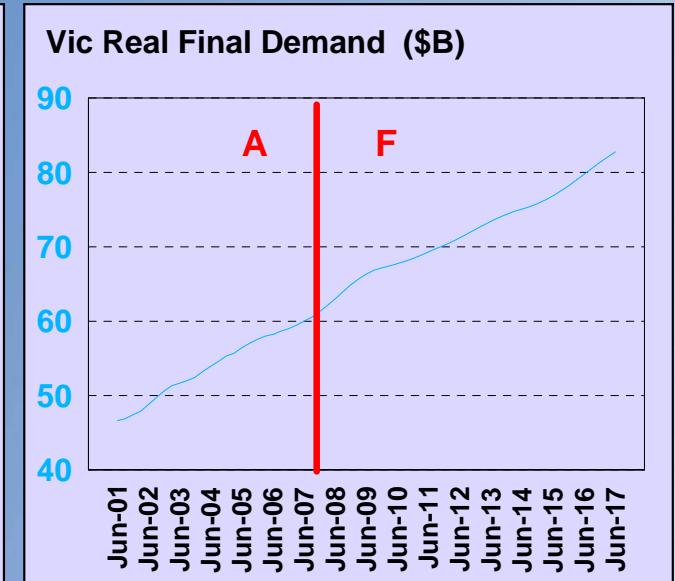
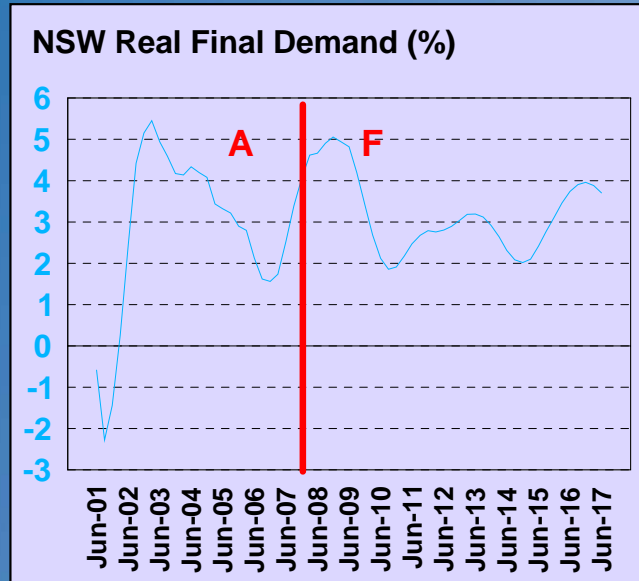
- This segment is also softening.
- With visitation down from the 03 and 05 peaks.



Source : TVS

Family Nature Enjoyers - Model Inputs

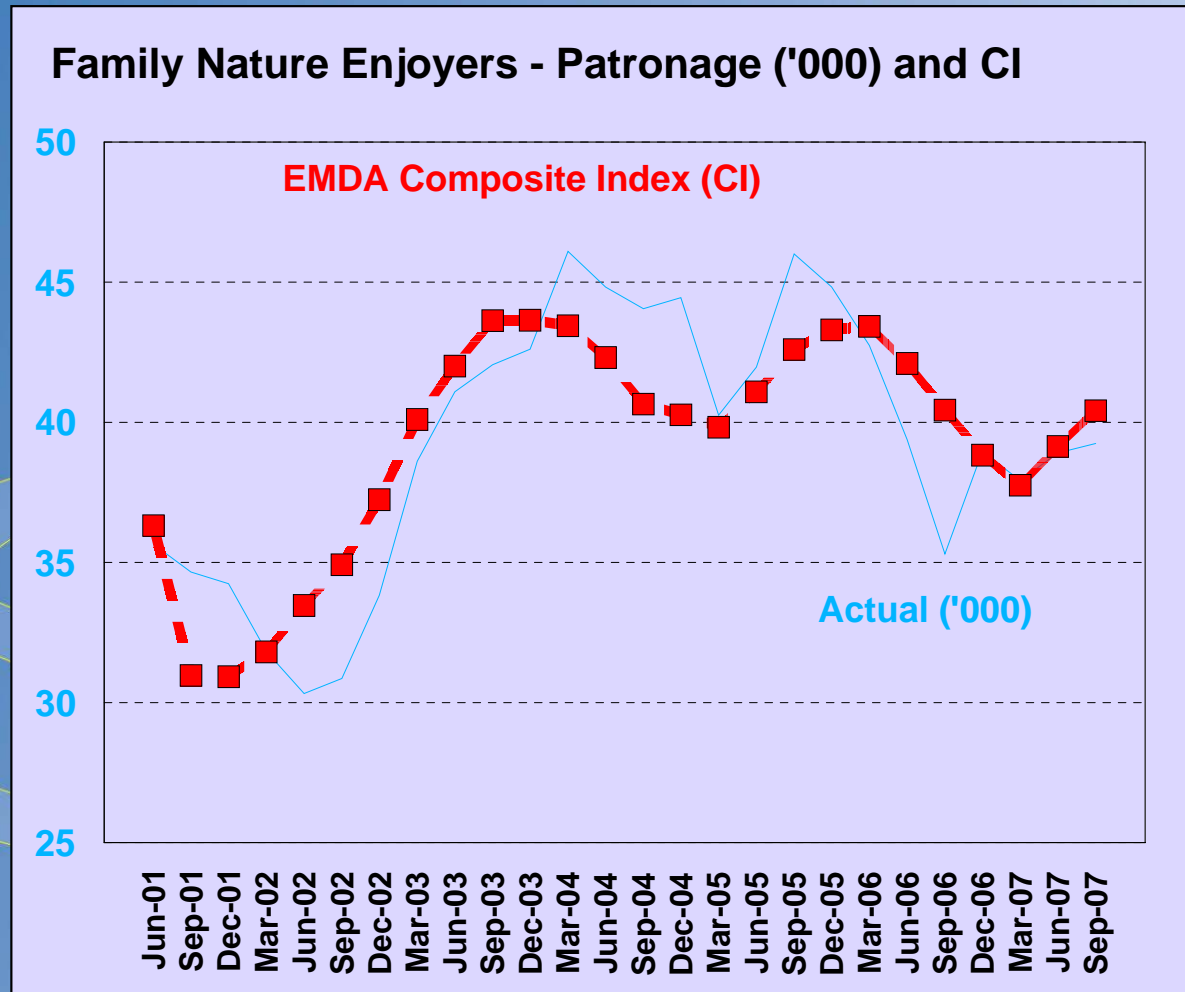
- There are four key drivers of this market :-
 - NSW Real Final Demand
 - Vic Real Final Demand
 - Aus GDP
 - Aus Housing Investment
- These drivers when mathematically combined significantly explain the trends in the visitor segments.



Source : Access Economics

Family Nature Enjoyers

- The EMDA Composite Index (CI) is a mathematical combination of the four key drivers.
- The Index explains 79% of the Family Nature Enjoyers visitation.
- This forms a sound basis for forecasting.
- Outlook for the drivers is then mathematically combined to provide a forecast of the CI. The CI outlook is then applied to the visitation numbers to generate the forecast of the Family Nature Enjoyers.



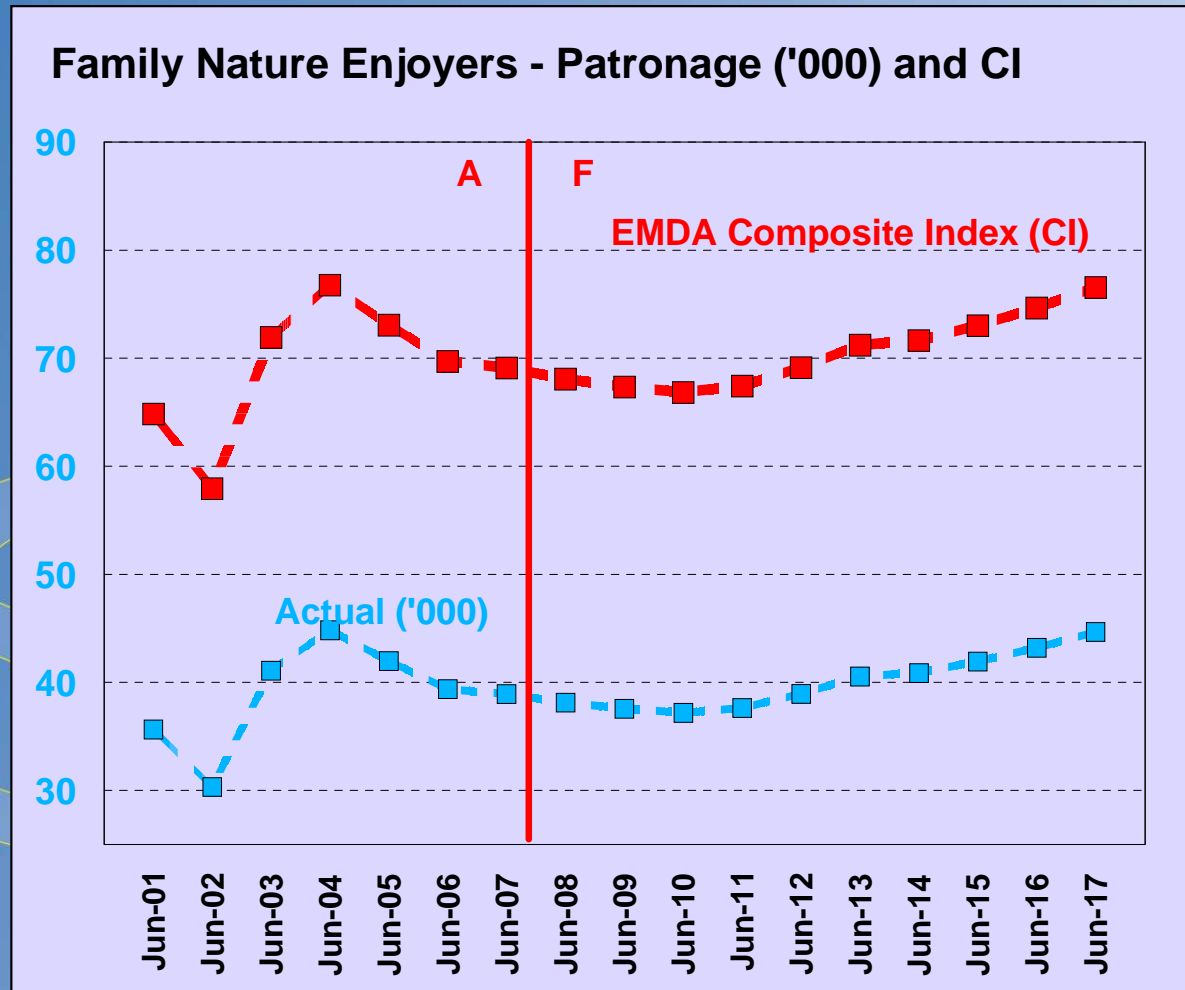
Source : TVS & EMDA Model

Model Specification
Pearson Moment Correlation
co-efficient 0.79

Family Nature Enjoyers

- The outlook is soft in this market.
- The market is forecast to grow from 38913 to 44661 by 2017 (+15%).
- A critical assumption is that Tasmania maintains its Wilderness Appeal.

Year Ended June	Visitors ('000)	% Change p.a.
2007 (A)	38913	-1.2
2008 (F)	38135	-2.0
2009 (F)	37563	-1.5
2010 (F)	37187	-1.0
2011 (F)	37633	1.2
2012 (F)	38951	3.5
2013 (F)	40547	4.1
2014 (F)	40872	0.8
2015 (F)	41935	2.6
2016 (F)	43193	3.0
2017 (F)	44661	3.4

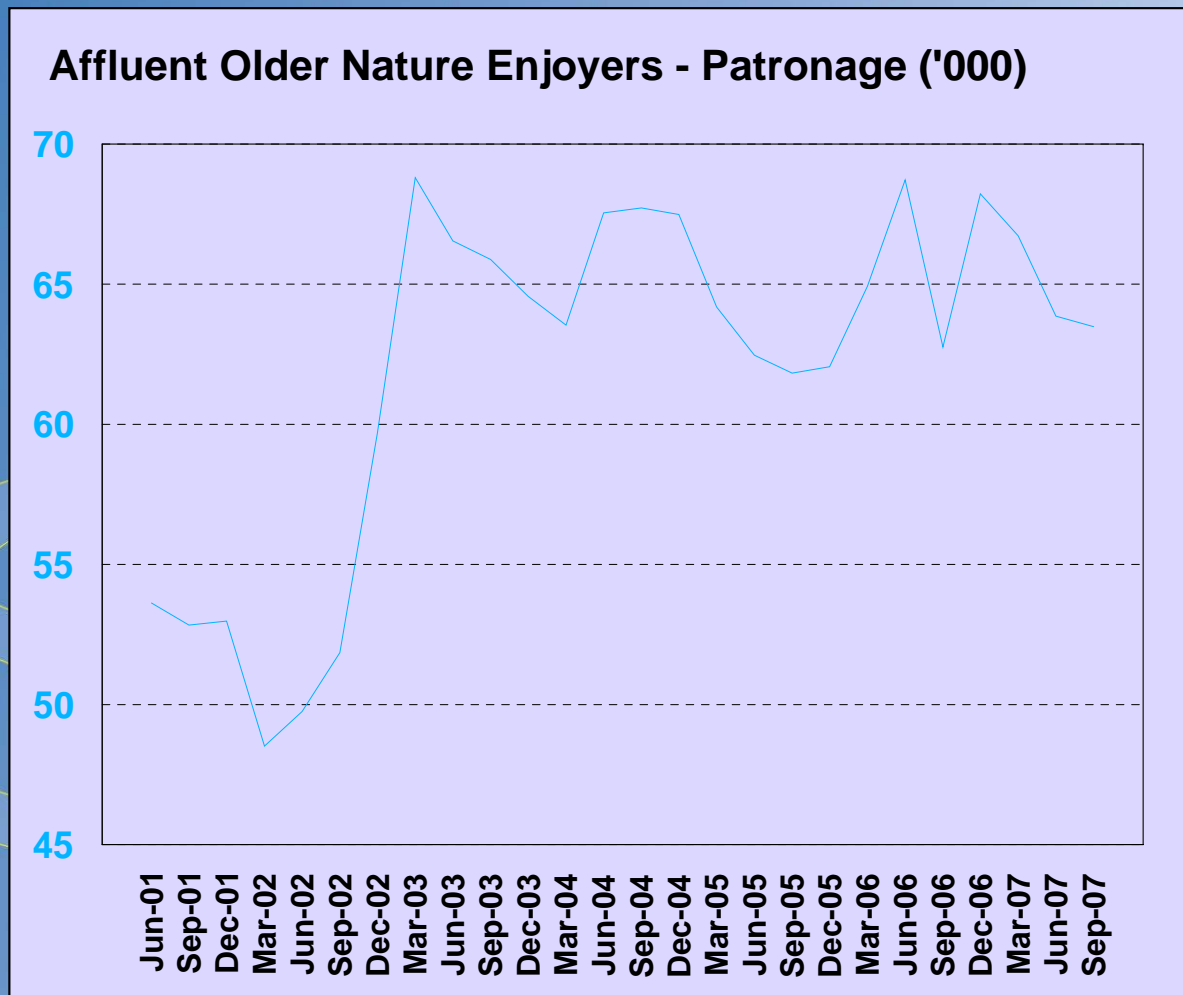


Source : TVS & EMDA Model

Model Specification
Pearson Moment Correlation
co-efficient 0.79

Affluent Older Nature Enjoyers

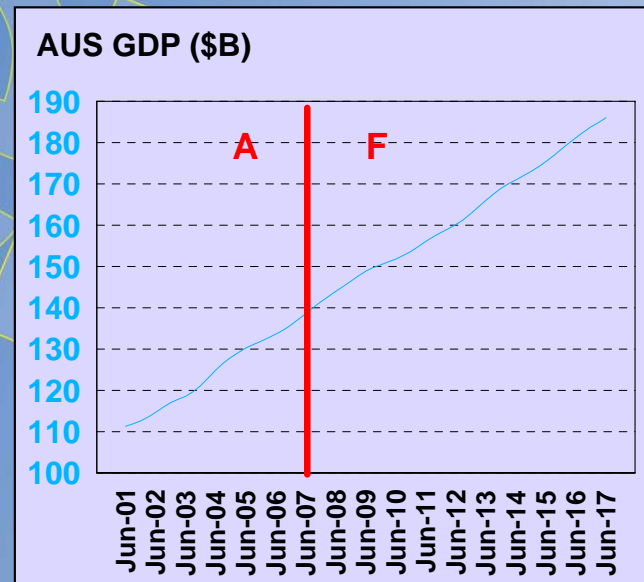
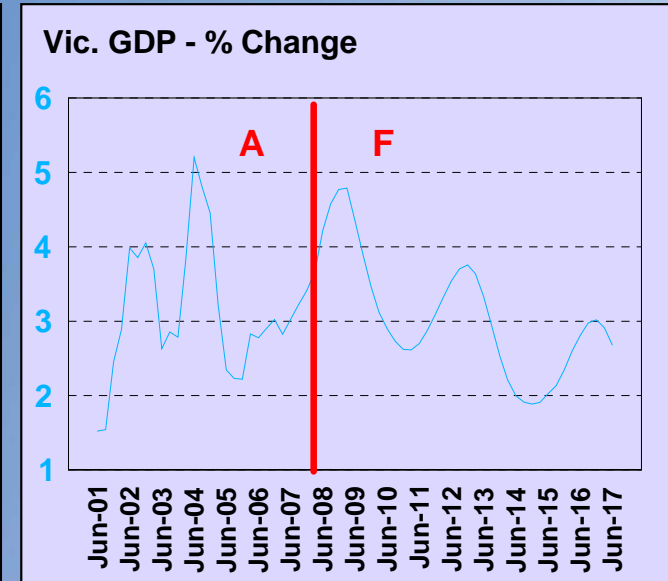
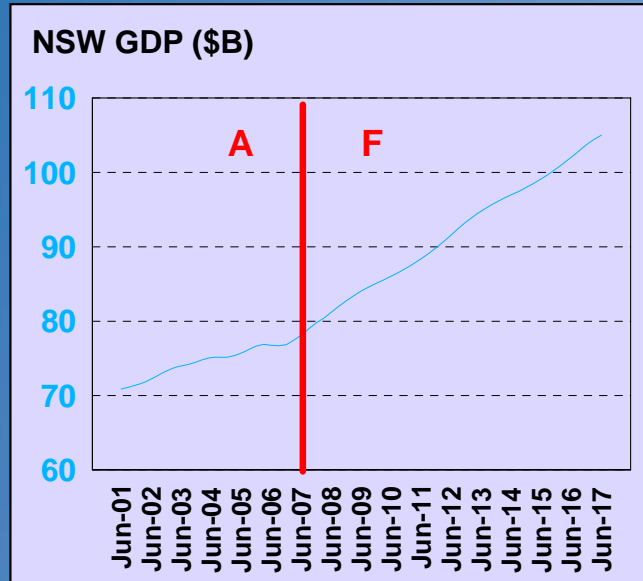
- This segment has been flat since 2002 and is recently showing signs of softening.



Source : TVS

Affluent Older Nature Enjoyers - Model Inputs

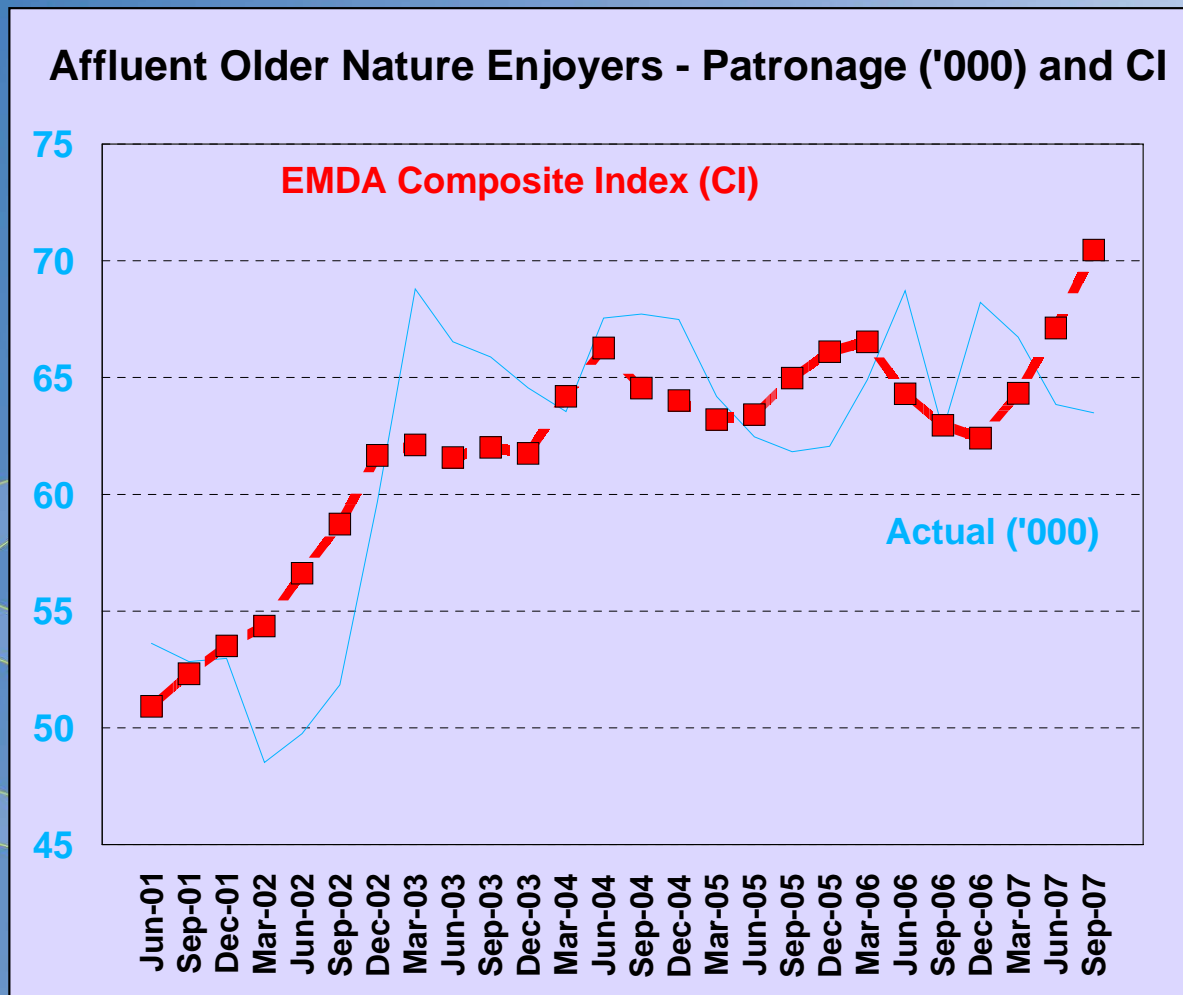
- There are three key drivers of this market :-
 - NSW GDP
 - Vic GDP
 - Aus GDP
- These drivers when mathematically combined significantly explain the trends in the visitor segments.



Source : Access Economics

Affluent Older Nature Enjoyers

- The EMDA Composite Index (CI) is a mathematical combination of the four key drivers.
- The Index explains 74% of the Affluent Older Enjoyers visitation.
- This forms a sound basis for forecasting.
- Outlook for the drivers is then mathematically combined to provide a forecast of the CI. The CI outlook is then applied to the visitation numbers to generate the forecast of the Affluent Older Nature Enjoyers.



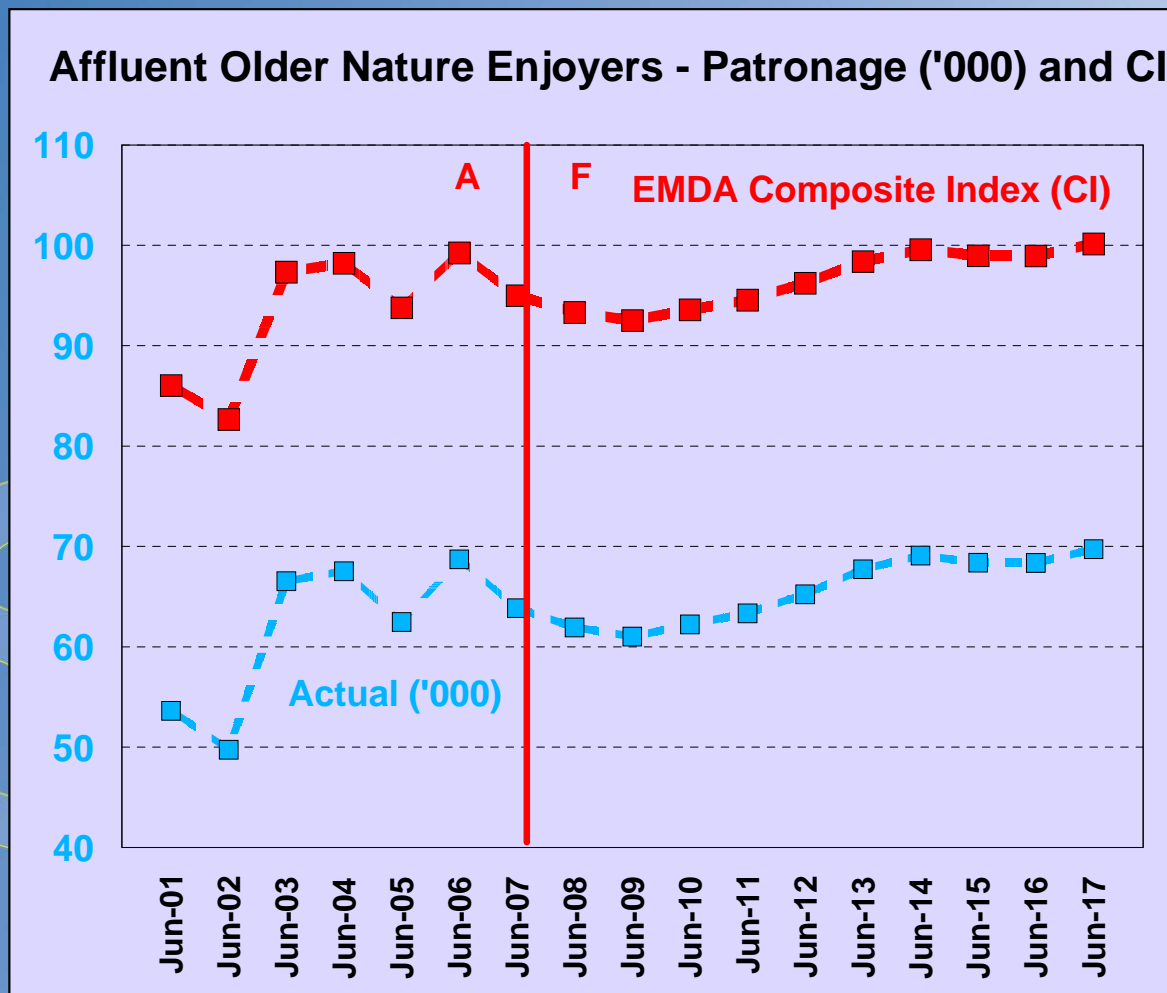
Source : TVS & EMDA Model

Model Specification
Pearson Moment Correlation
co-efficient 0.74

Affluent Older Nature Enjoyers

- The outlook is soft in this market.
- The market is forecast to grow from 63855 to 69734 by 2017 (+9%).
- A critical assumption is that Tasmania maintains its Wilderness Appeal.

Year Ended June	Visitors ('000)	% Change p.a.
2007 (A)	63855	-7.1
2008 (F)	61939	-3.0
2009 (F)	61010	-1.5
2010 (F)	62230	2.0
2011 (F)	63350	1.8
2012 (F)	65251	3.0
2013 (F)	67730	3.8
2014 (F)	69085	2.0
2015 (F)	68394	-1.0
2016 (F)	68367	0.0
2017 (F)	69734	2.0

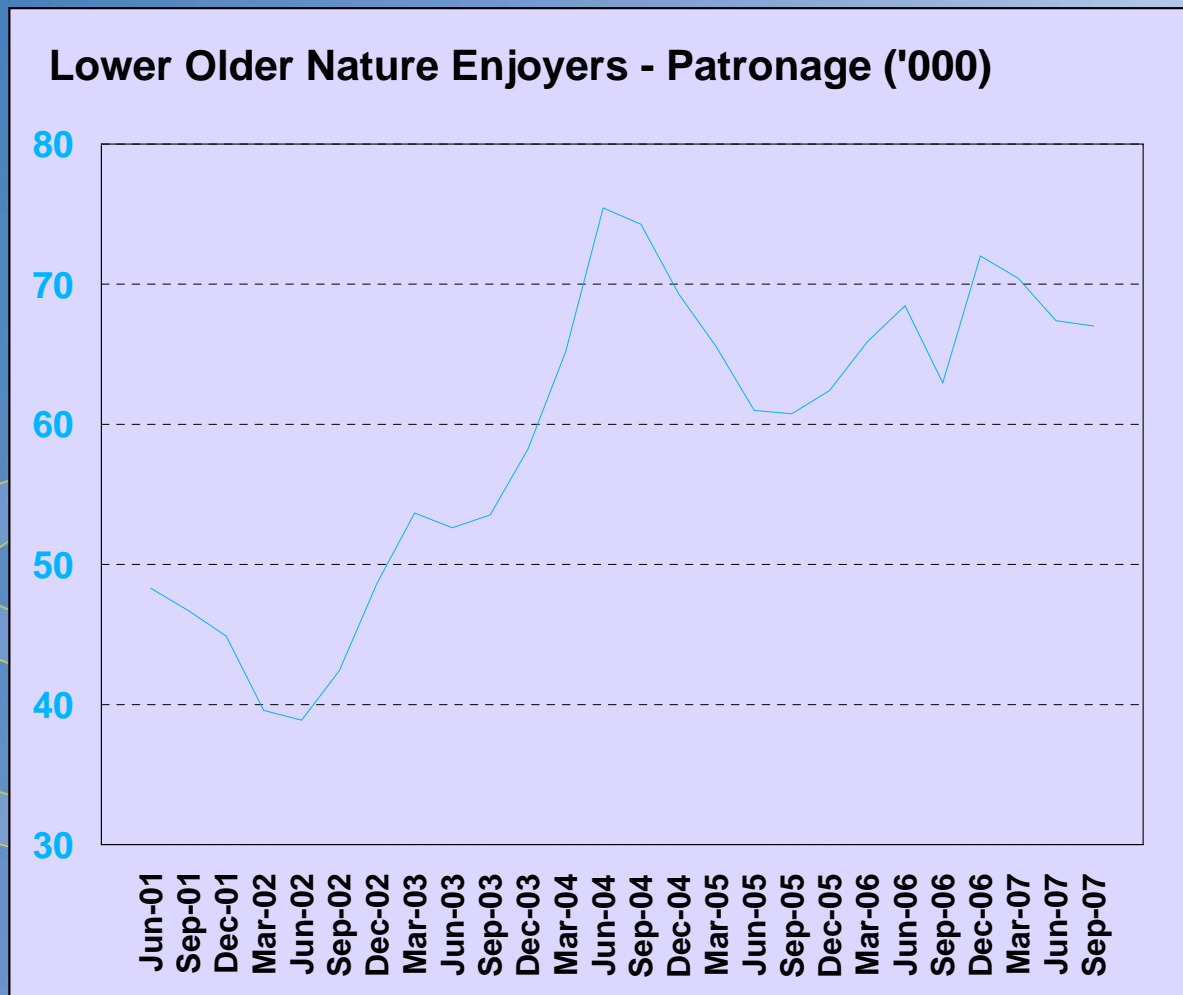


Source : TVS & EMDA Model

Model Specification
Pearson Moment Correlation
co-efficient 0.74

Lower Older Nature Enjoymers

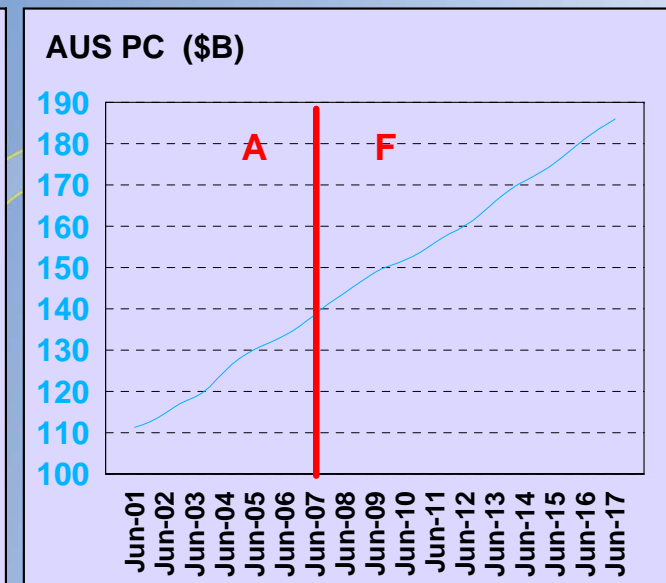
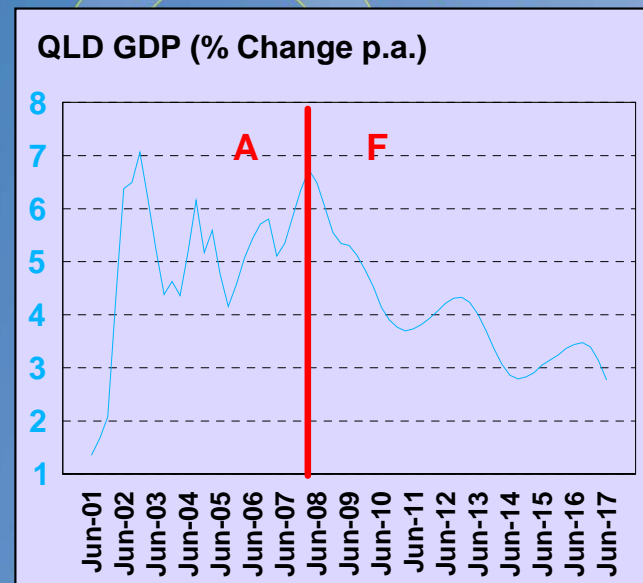
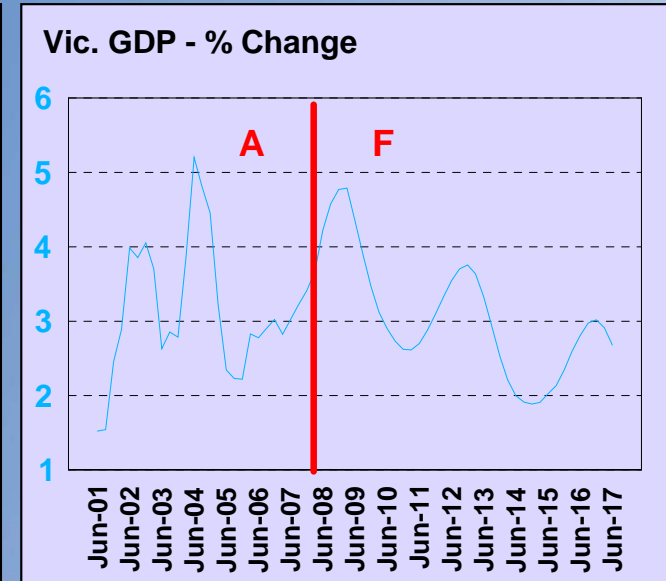
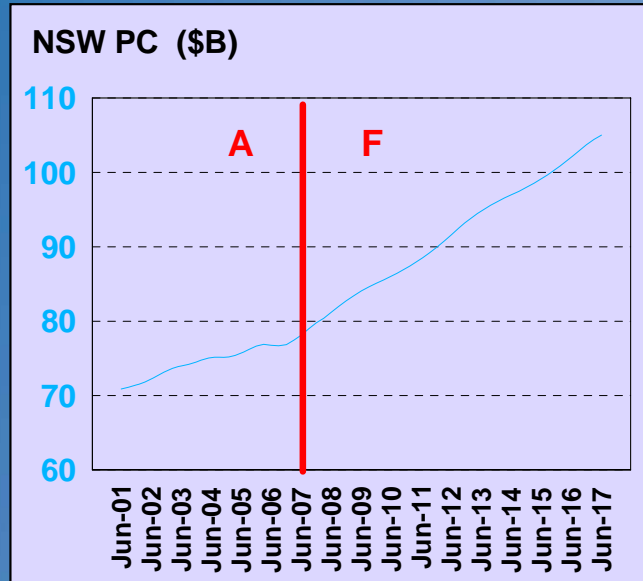
- Visitation from this segment is also flat.
- Visitor numbers have stalled at just under 70,000 reflecting the softening in appeal of Tasmania as a place for iconic natural attractions.



Source : TVS

Lower Older Nature Enjoyers - Model Inputs

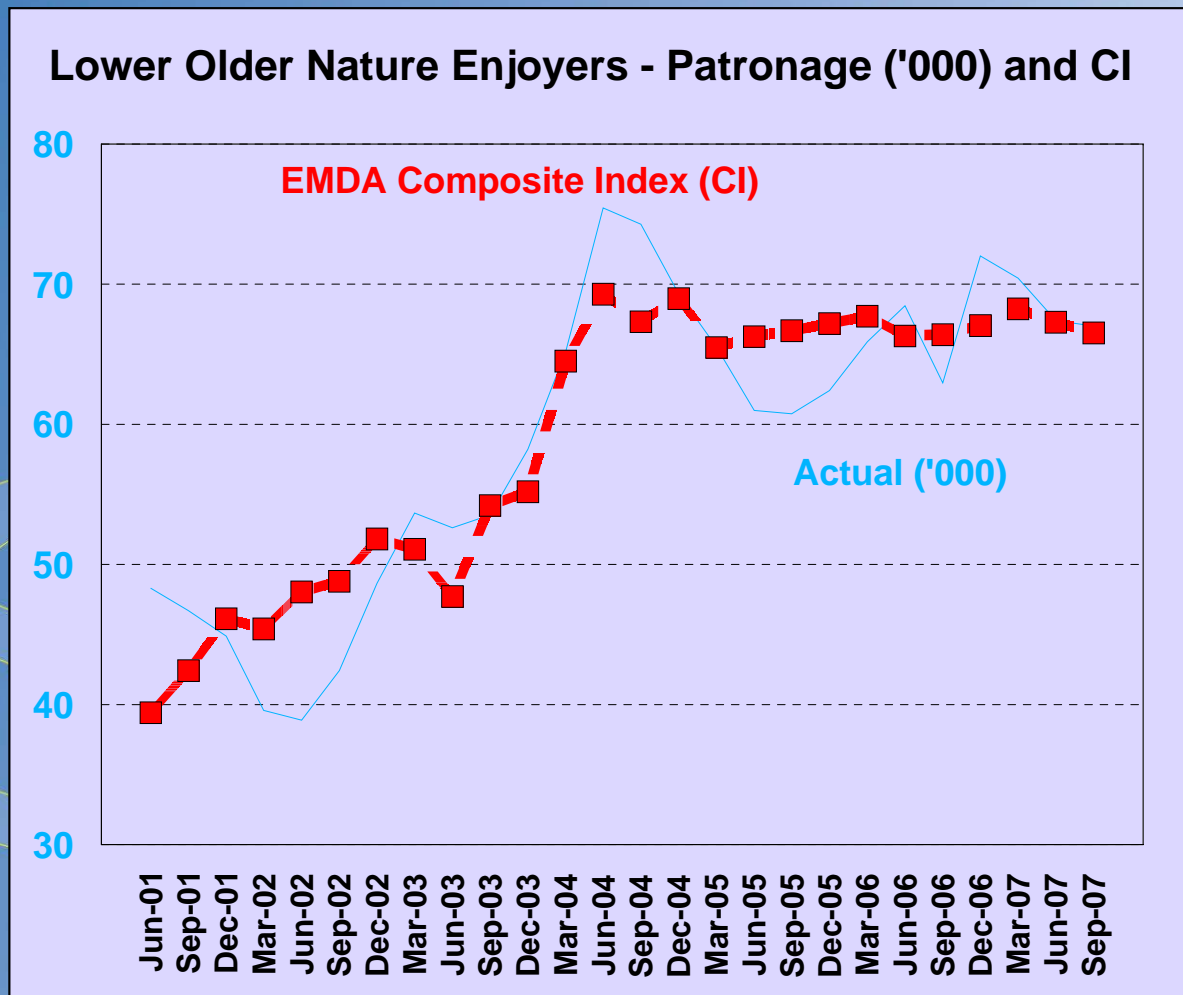
- There are three key drivers of this market :-
 - NSW PC
 - Vic GDP
 - QLD GDP
 - Aus PC
- These drivers when mathematically combined significantly explain the trends in the visitor segments.



Source : Access Economics

Lower Older Nature Enjoyers

- The EMDA Composite Index (CI) is a mathematical combination of the four key drivers.
- The Index explains 83% of the Lower Older Enjoyers visitation.
- This forms a sound basis for forecasting.
- Outlook for the drivers is then mathematically combined to provide a forecast of the CI. The CI outlook is then applied to the visitation numbers to generate the forecast of the Lower Older Nature Enjoyers.



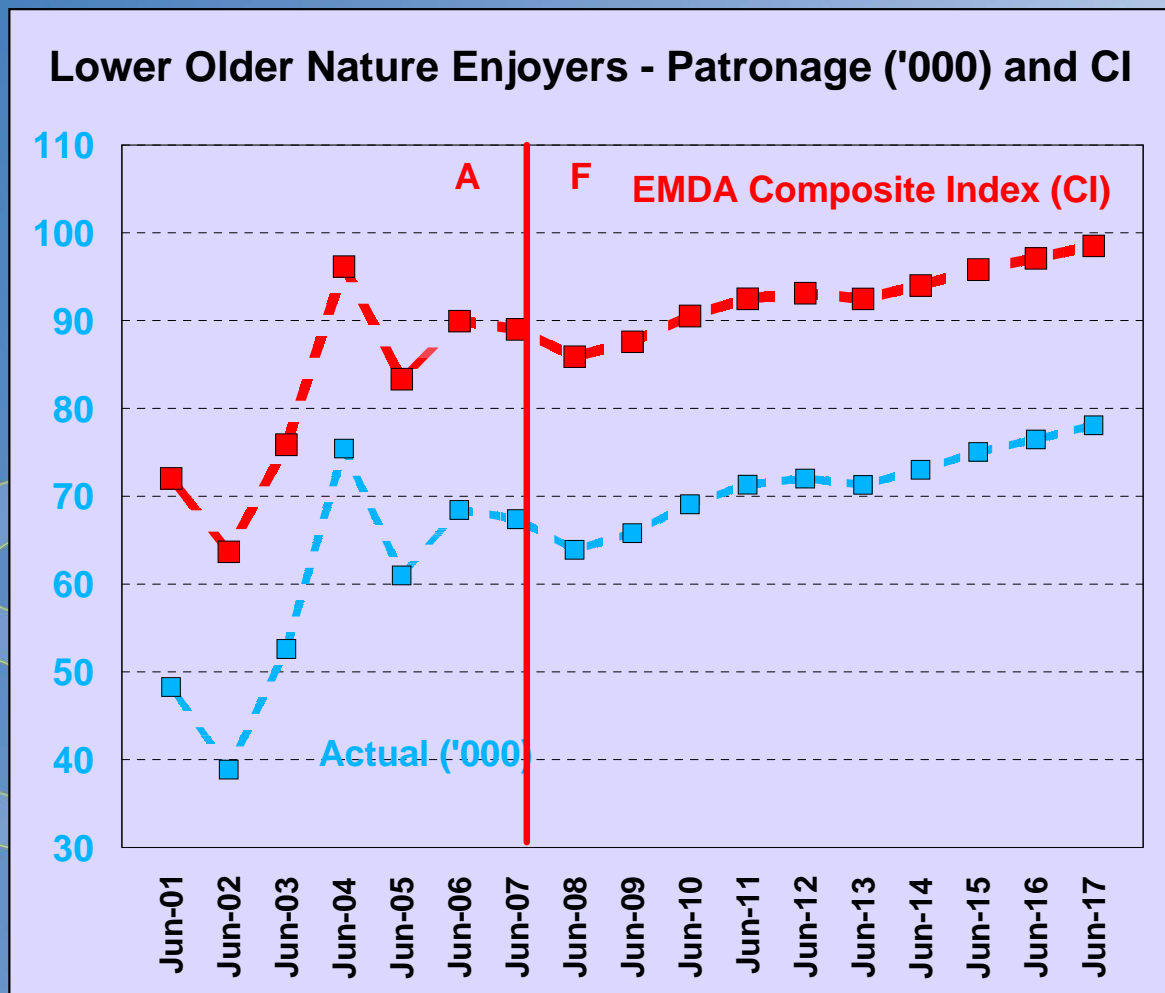
Source : TVS & EMDA Model

Model Specification
Pearson Moment Correlation
co-efficient 0.83

Lower Older Nature Enjoyers

- The outlook in this market is for steady, slow growth.
- The market is forecast to grow from 67399 to 78094 by 2017 (+15.9%).
- A critical assumption is that Tasmania maintains its Wilderness Appeal.

Year Ended June	Visitors ('000)	% Change p.a.
2007 (A)	67399	-1.5
2008 (F)	63894	-5.2
2009 (F)	65811	3.0
2010 (F)	69102	5.0
2011 (F)	71313	3.2
2012 (F)	72026	1.0
2013 (F)	71306	-1.0
2014 (F)	73017	2.4
2015 (F)	75062	2.8
2016 (F)	76488	1.9
2017 (F)	78094	2.1

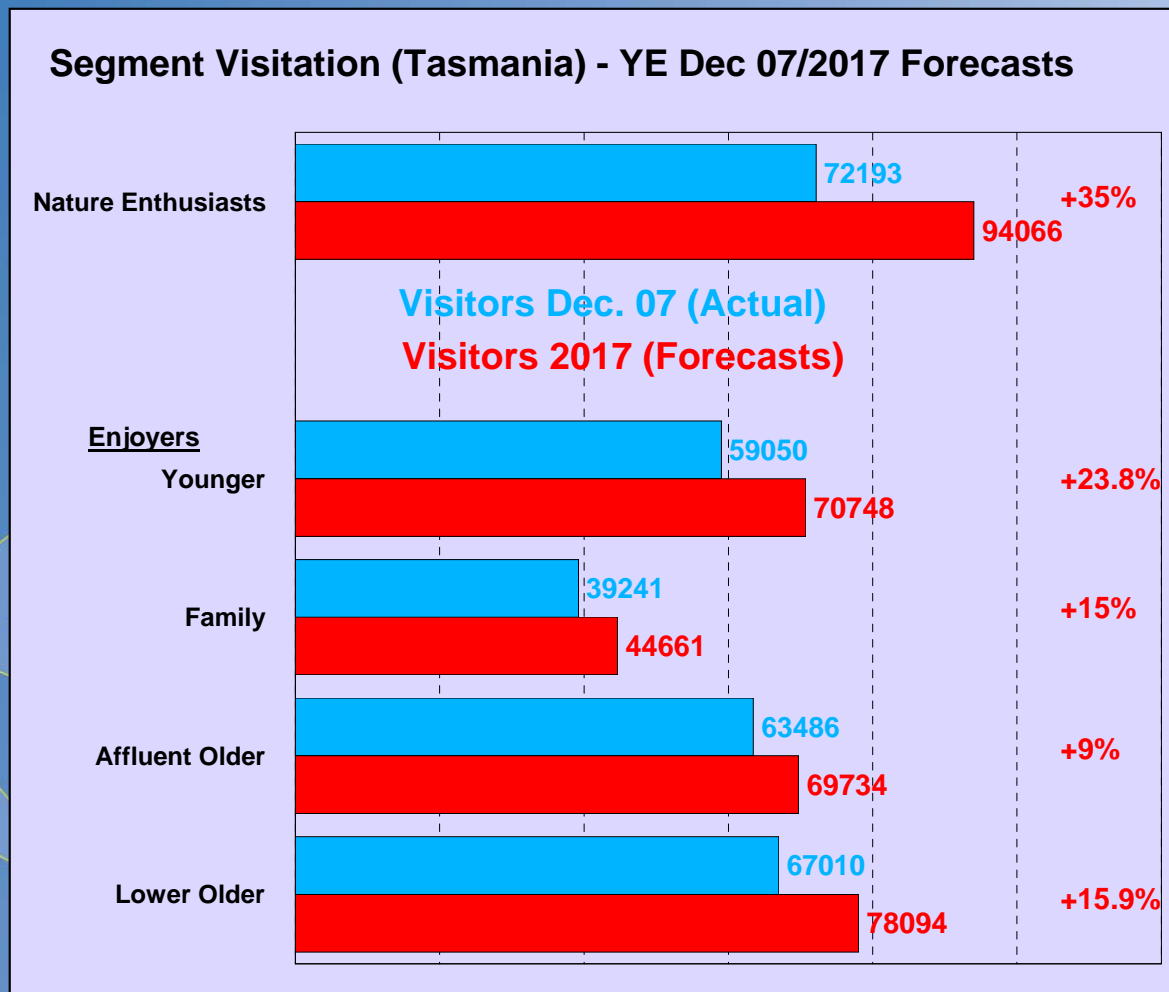


Source : TVS & EMDA Model

Model Specification
Pearson Moment Correlation
co-efficient 0.83

Section 2 : Summary

- All five segments are forecast to grow over the next 10 years.
- However, the biggest growth is forecast to be amongst the Nature Enthusiasts and they will be the biggest segment over the next 10 years.
- The Affluent Older Nature Enjoyers are forecast to remain the smallest segment and only very moderate growth is expected.
- The Younger Nature Enjoyers are expected to grow the most over the next ten years.
- In total the segments are expected to grow from 229,000 to 263,000 (+15%).



Section 3 : Tarkine Model Results



Section 3 : Tarkine Model Results

- **In this section the results from the following modules are presented, by Segment :-**
 - Total Tarkine Visitors
 - Total Tarkine Visitor Nights
 - Total Tarkine Visitor spending
 - Total employment supported by the visitor spending.
- **Two scenarios have been developed, the Preferred Conversion and the Base Case.**
- **Preferred Conversion :-**
 - This case assumes that access to the Tarkine appeals is easily available via a quality sealed road, that incorporates the most appealing coastal aspects as well as wilderness aspects. It assumes this access demonstrates the pristine nature of the area rather than via degraded areas. The road would have to be of sufficient standard that consumers with hire cars can access the areas and further that there are enough attractions that can be easily reached (ie short walk - no more than 15 minutes) from the road. An example is the sealed road through the Wilsons Promitury in Victoria which enables access to some beaches and aspects of the forest to be easily reached.
 - Some attractions can be visited via unsealed roads and/or walking as is the case of Kakadu - sealed roads provide the core access, then some attractions can be reached via unsealed roads.
 - It also assumes that the experiences and attractions aligns with each segment, generating a high level of satisfaction and that the area has a strong levels of awareness with a commensurate level of Preference to visit. Furthermore infrastructure such as accommodation and food outlets are also provided.
 - This identifies the Latent Demand Potential for the Region.

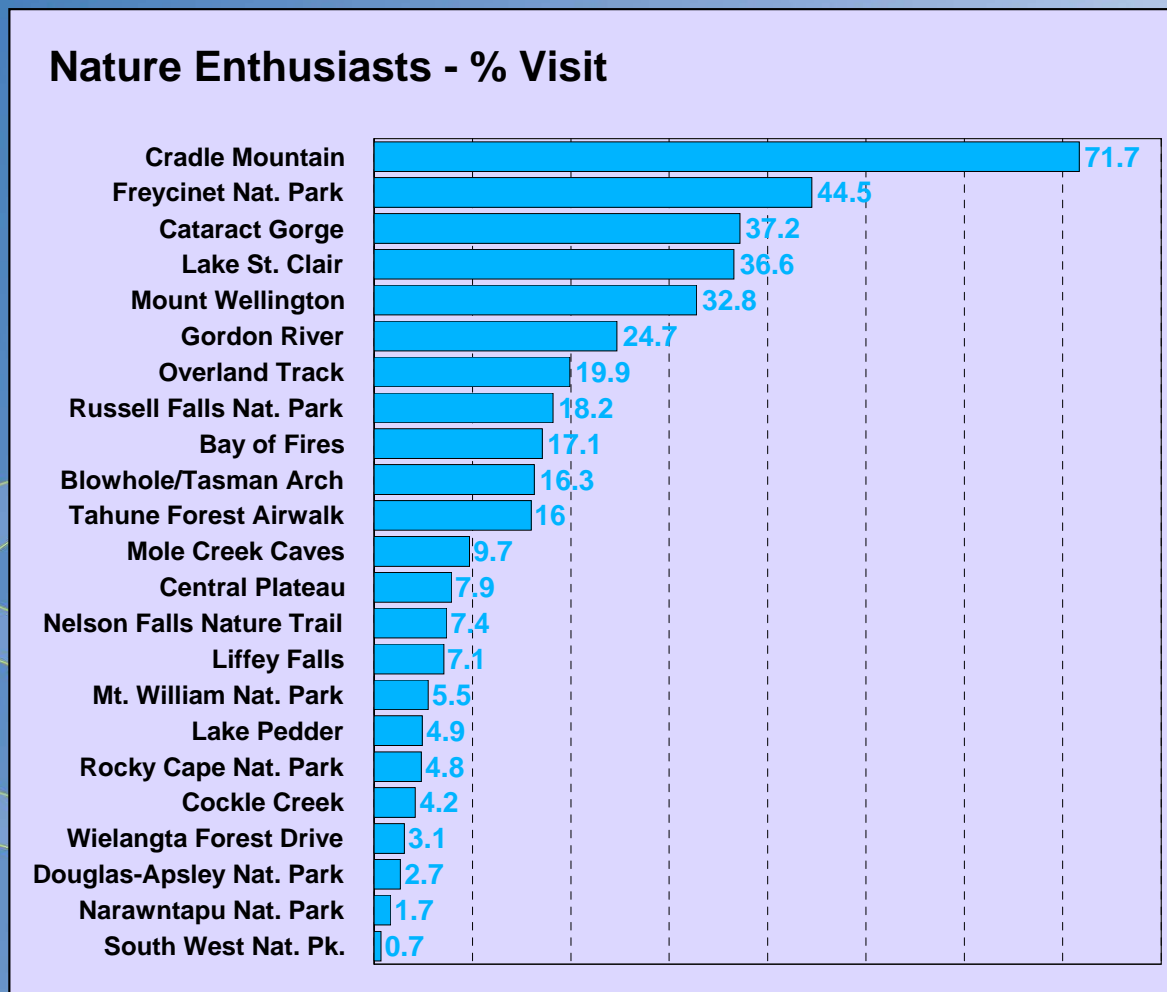
Section 3 : Tarkine Model Results

- **The Base Case :-**

- This is essentially a do nothing scenario - access remains challenging, attractions are underdeveloped and the level of awareness is low.
 - In this case, the impact of a mainly unsealed road access is modelled. An unsealed road would provide limited access to the key attractions. Such a road restricts access and therefore conversion because hire cars generally cannot be used on unsealed roads (for insurance reasons) and this is a core market in Tasmania, some vehicles are often unsuitable for unsealed roads such as Caravans and Campervans, the driving times are also much longer discouraging visitation, some consumers are concerned about possible damage to their vehicles and there is greater concern amongst drivers about driving on unsealed roads from a safety perspective. All these factors contribute to a much lower conversion when access is via unsealed roads only.
-
- **In both scenarios an extra 15% of visitors are included from outside the segments- this is a typical ratio for natural attractions in Tasmania.**
 - **At this stage the conversion ratios applied are assumptions based on comparative data from the Visitor Surveys - one of the key tasks of the Concept testing is to gather the actual conversion ratios from prospective consumers based on information presented to them about the Tarkine Experience.**

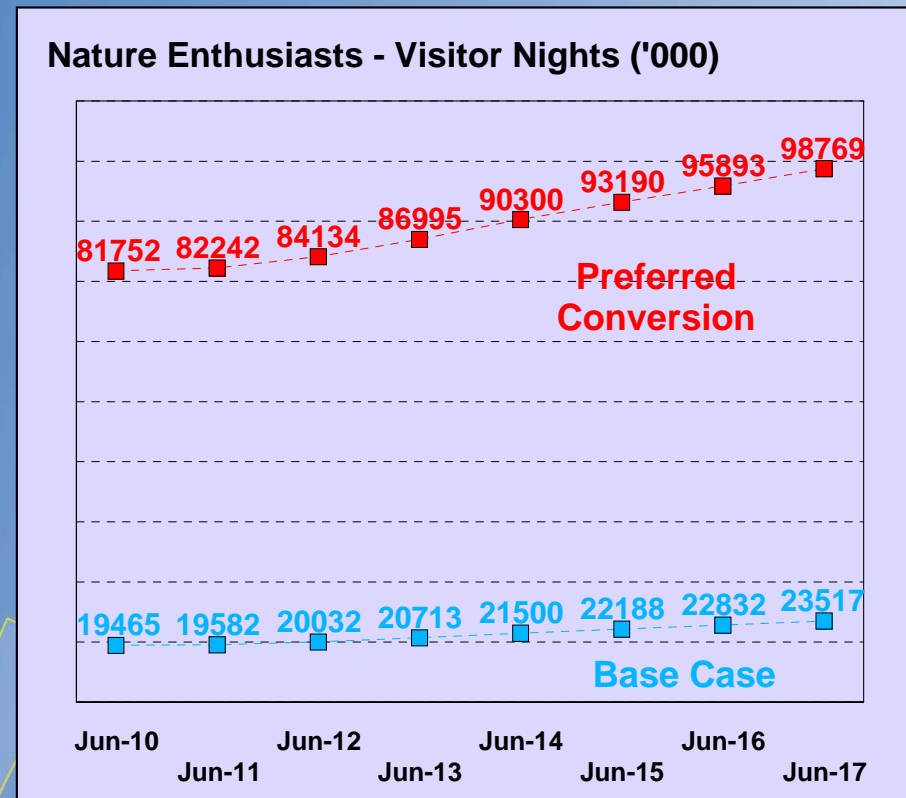
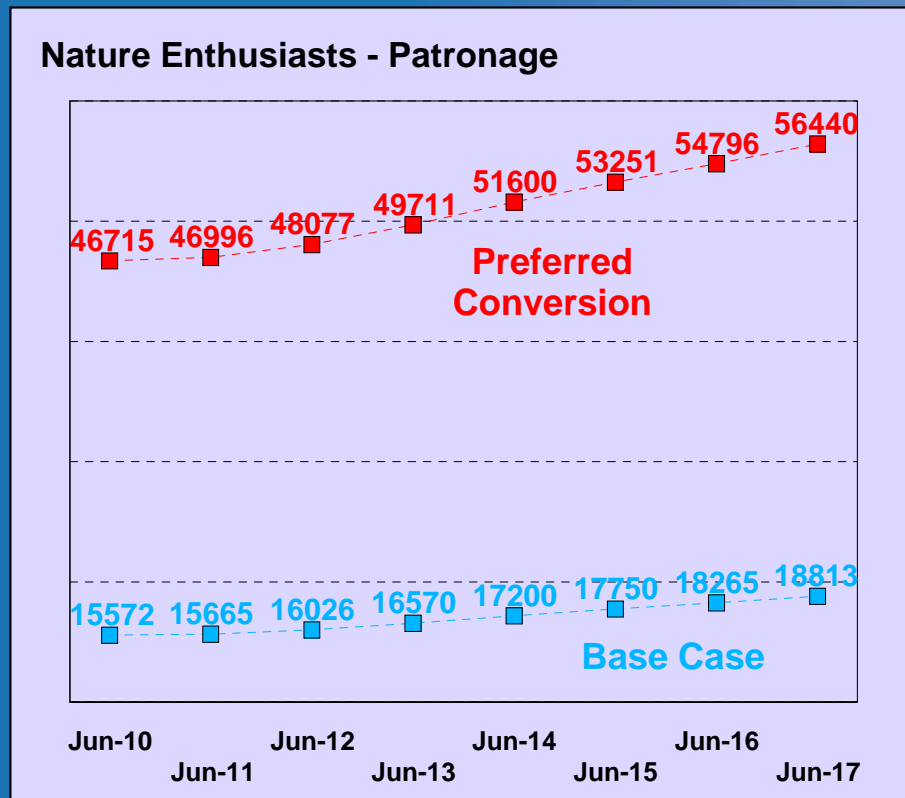
Nature Enthusiasts

- Nature Enthusiasts have the highest conversion to visitation.
- Cradle Mountain achieves a 71.7% conversion.
 - Other well established locations with good access also achieve conversion levels above 33%. (Freycinet, Cataract Gorge).
- At the other end - conversion is much lower - highlighting the lower end of conversion ranges.
- In the Tarkine model a conversion level of 60% for the Preferred Scenarios and 20% for the Base Case Scenario. These conversion are at the higher end - and for the Tarkine to active the Preferred level would take major investment in the consumer experience.



Source : TVS

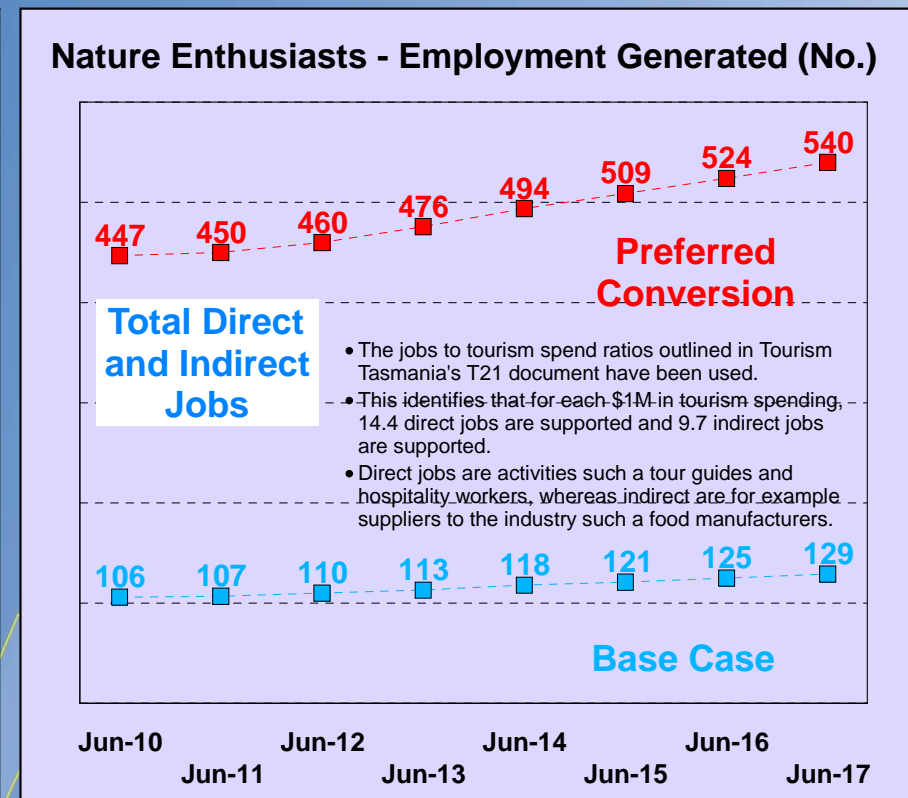
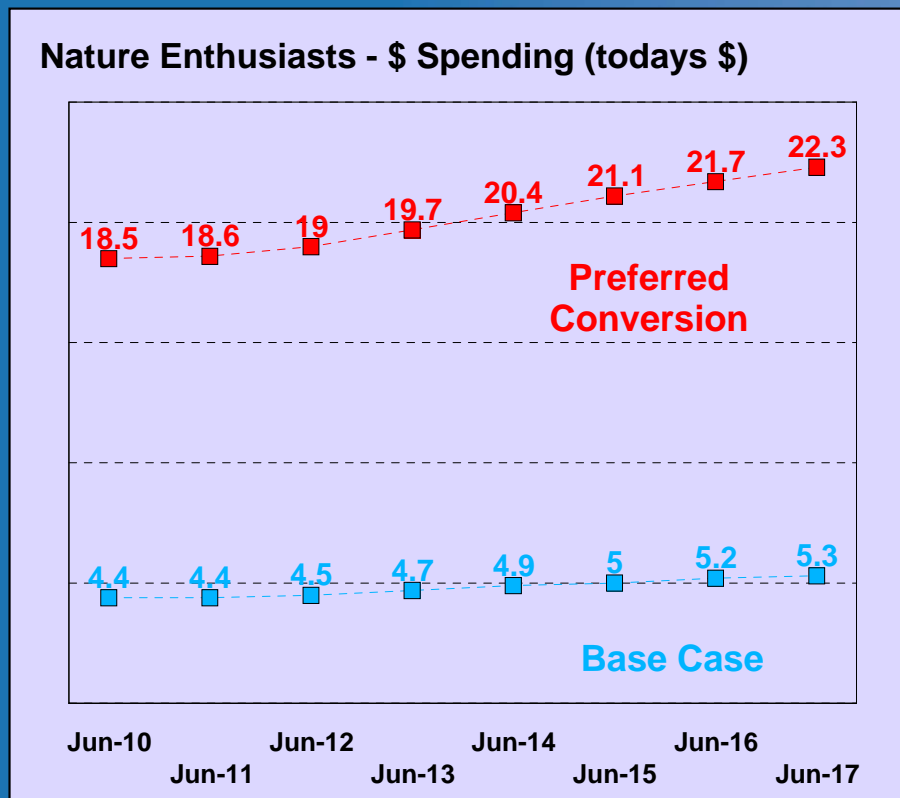
Nature Enthusiasts - Model Outputs (Visitor Numbers/Nights)



Source : EMDA Model

- The conversion ratios are then applied to the patronage outlook for Nature Enthusiasts generated by the model.
- This results in a patronage level of 56,000 by 2017 under the Preferred Scenario, compared with a Base Case patronage of 18,800.
- Based on the visitor night input (Preferred 1.75 nights per visitor / Base 1.25 nights per visitor)- this translates into 23,500 nights in the area under a Base Case increasing to 98,769 visitor nights under the preferred option.

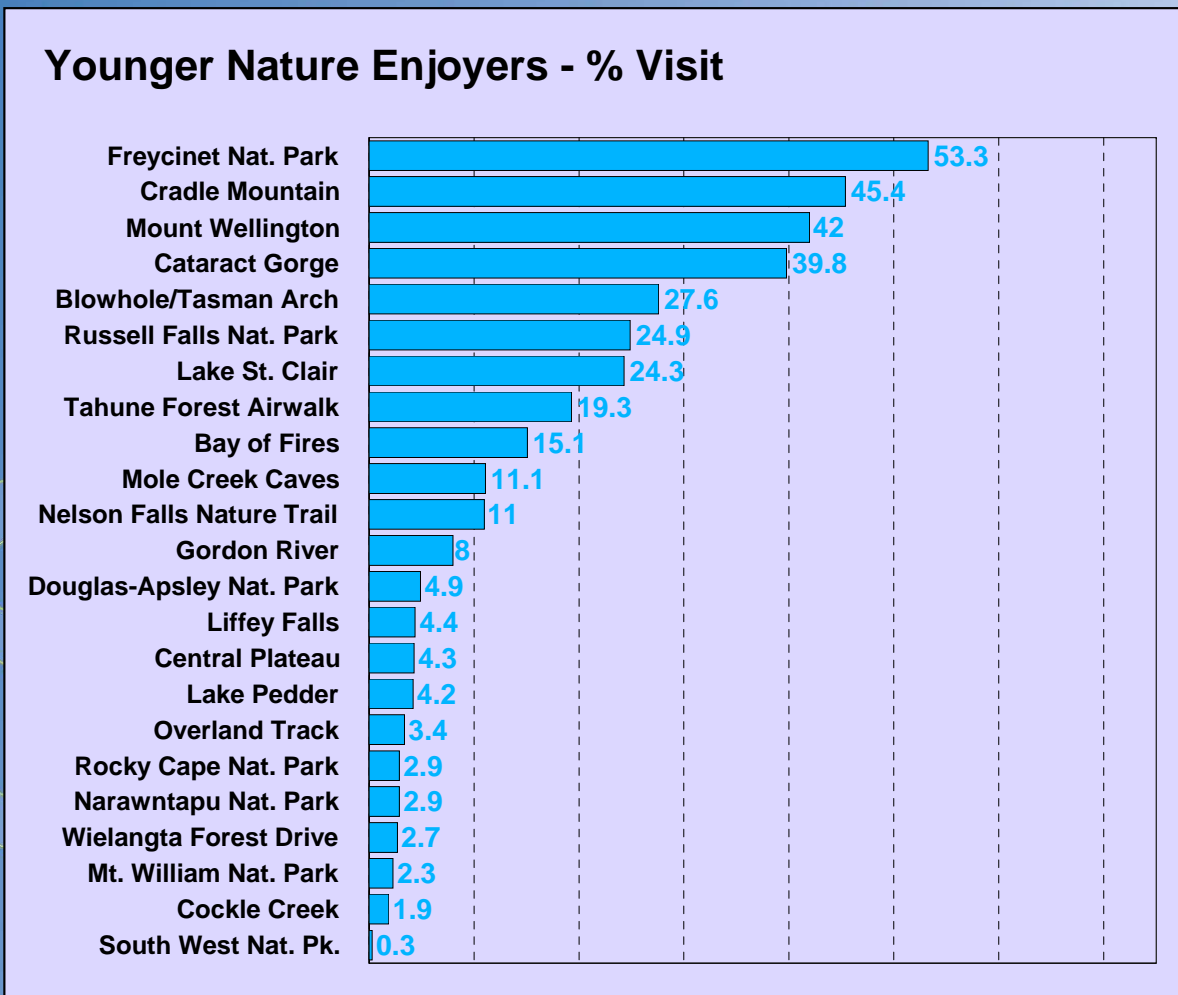
Nature Enthusiasts - Model Outputs (Spending / Jobs)



- Under the Preferred option - this level of patronage and visitor nights translates into \$22.3M in tourism spending in the Region (based on an average visitor night spend of \$226). This in turn would support 540 jobs.
- The Base Case with a lower revenue impact, also has a much smaller jobs impact - but 129 jobs in the North West Regional context is still significant as the total area has an employment level of 50,100 (Nov. 07 - Mersey Lyell Statistical Area).

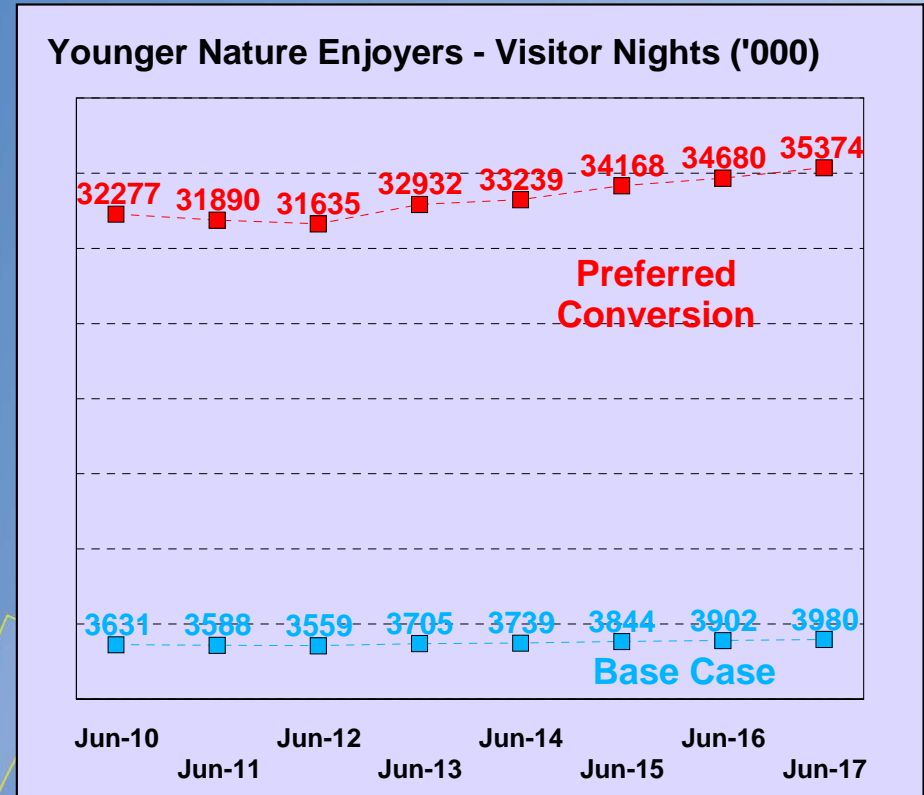
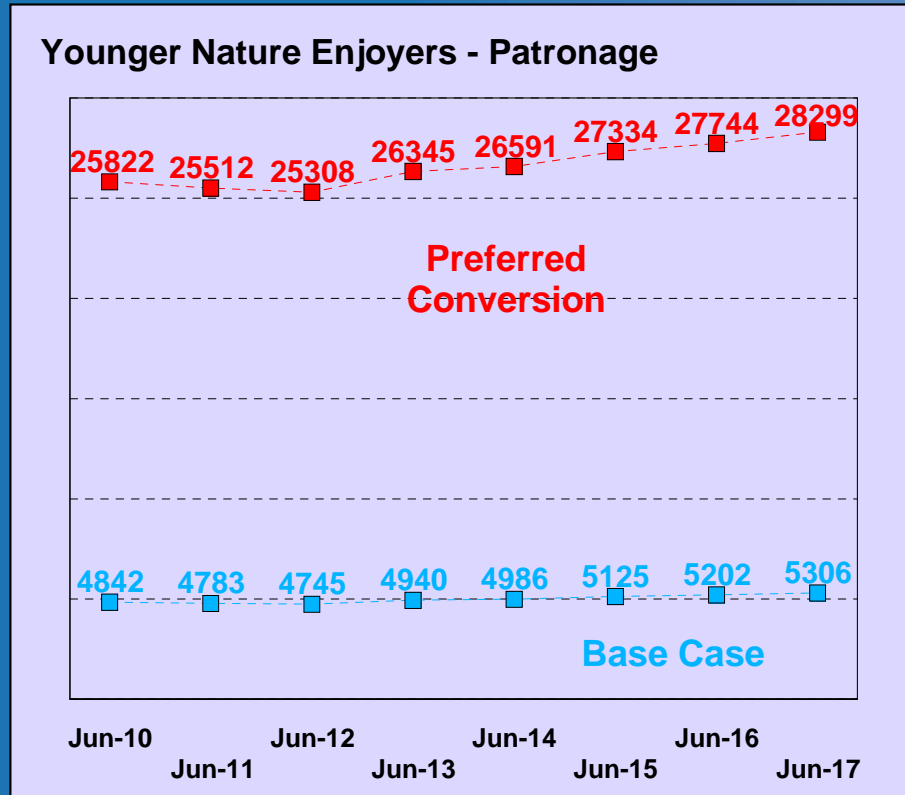
Younger Nature Enjoymers

- Although still interested in nature - there conversion to visiting natural areas is lower than the Nature Enthusiasts.
- They have the highest conversion for Freycinet (53.3%) and conversion to visit Cradle Mountain is also reasonable high.
- Other area such as Mt. William National Park have much lower conversion levels.
- In the Tarkine model a conversion level of 40% for the Preferred Scenarios and 7.5% for the Base Case Scenario. These conversion are at the higher end - and for the Tarkine to achieve the Preferred level would take major investment in the consumer experience.



Source : TVS

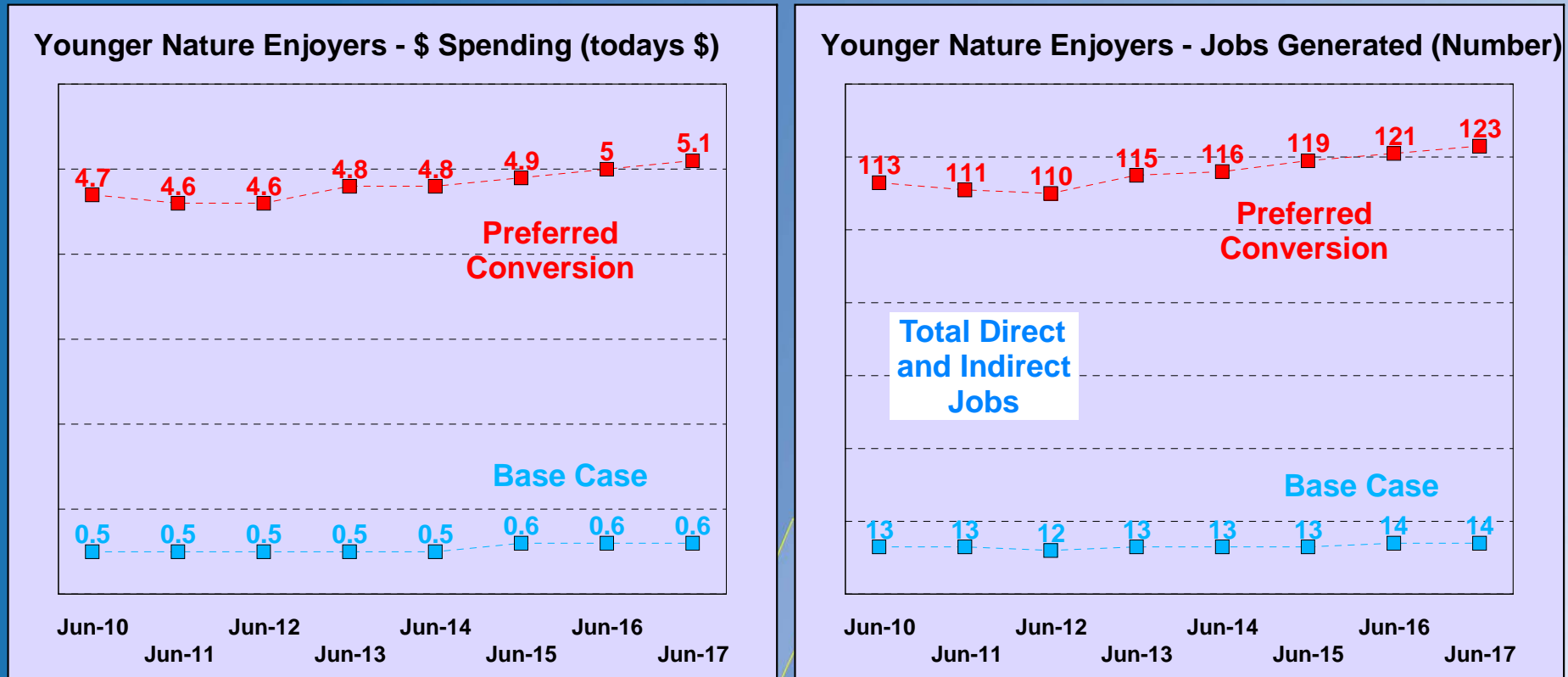
Younger Nature Enjoyers - Model Outputs (Visitor Numbers/Nights)



Source : EMDA Model

- The conversion ratios are then applied to the patronage outlook for Younger Nature Enjoyers generated by the model.
- This results in a patronage level of 28,300 by 2017 under the Preferred Scenario, compared with a Base Case patronage of 5,300.
- Based on the visitor night input (Preferred 1.25 nights per visitor / Base 0.75 nights per visitor) - this translates into 3,980 nights in the area under a Base Case increasing to 35,774 visitor nights under the preferred option.

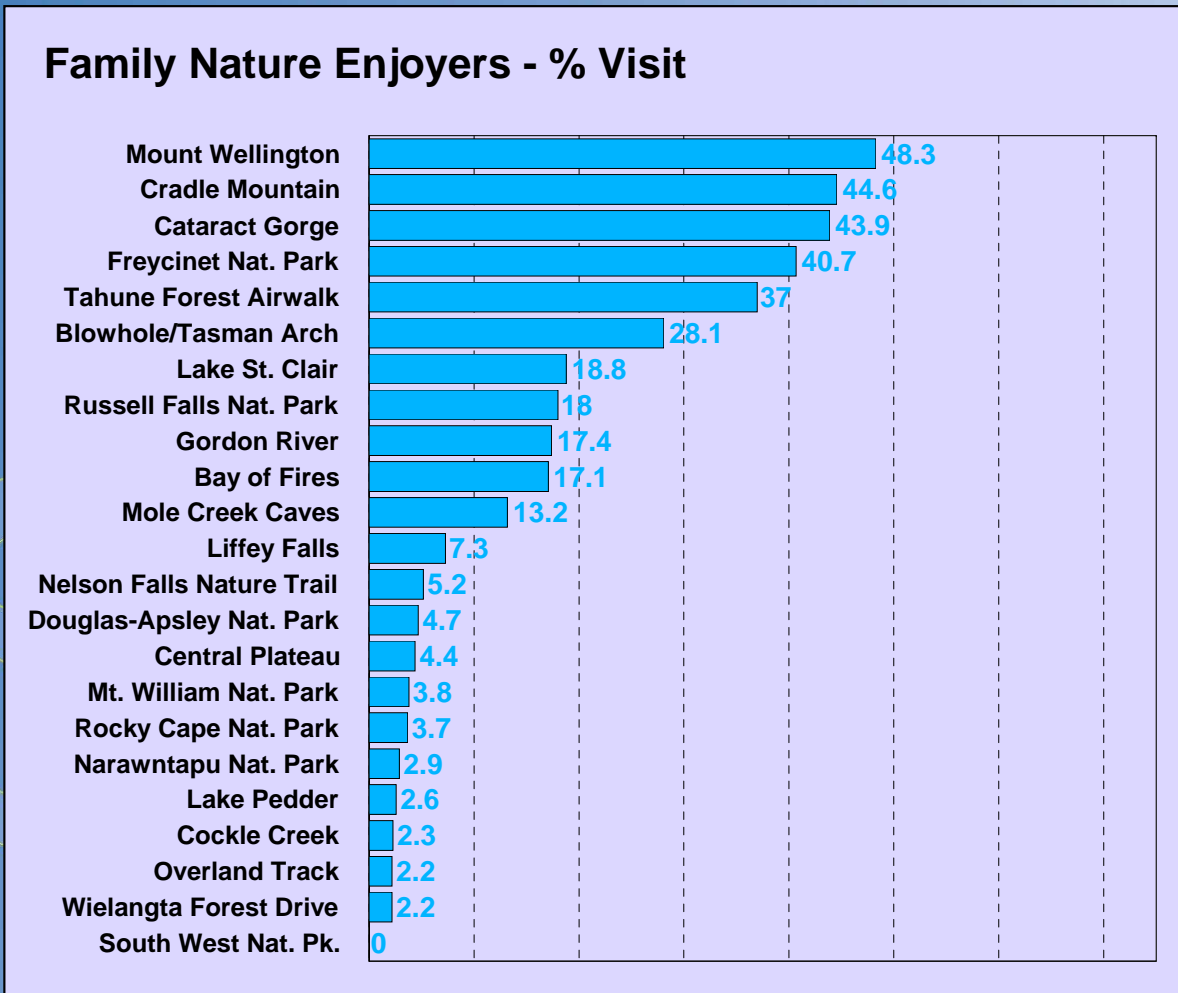
Younger Nature Enjoys - Model Outputs (\$ and Jobs)



- Under the Preferred option - this level of patronage and visitor nights translates into \$5.1M in tourism spending in the Region (based on an average visitor night spend of \$144). This in turn would support 123 jobs.
- The Base Case with a lower revenue impact, also has a much smaller jobs impact - 14 jobs.

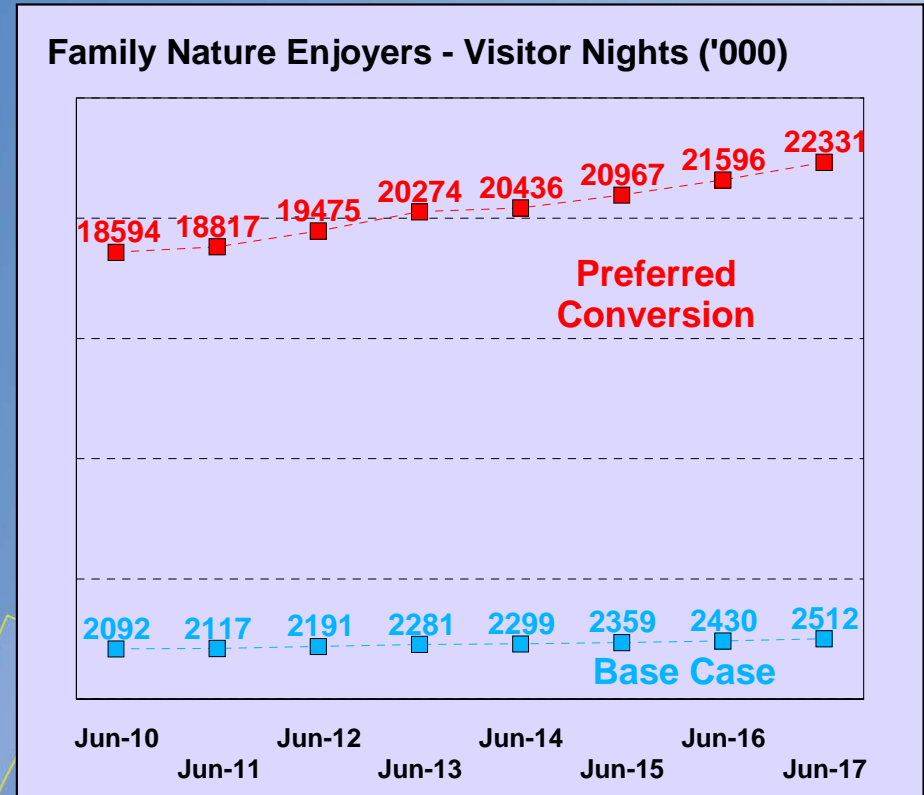
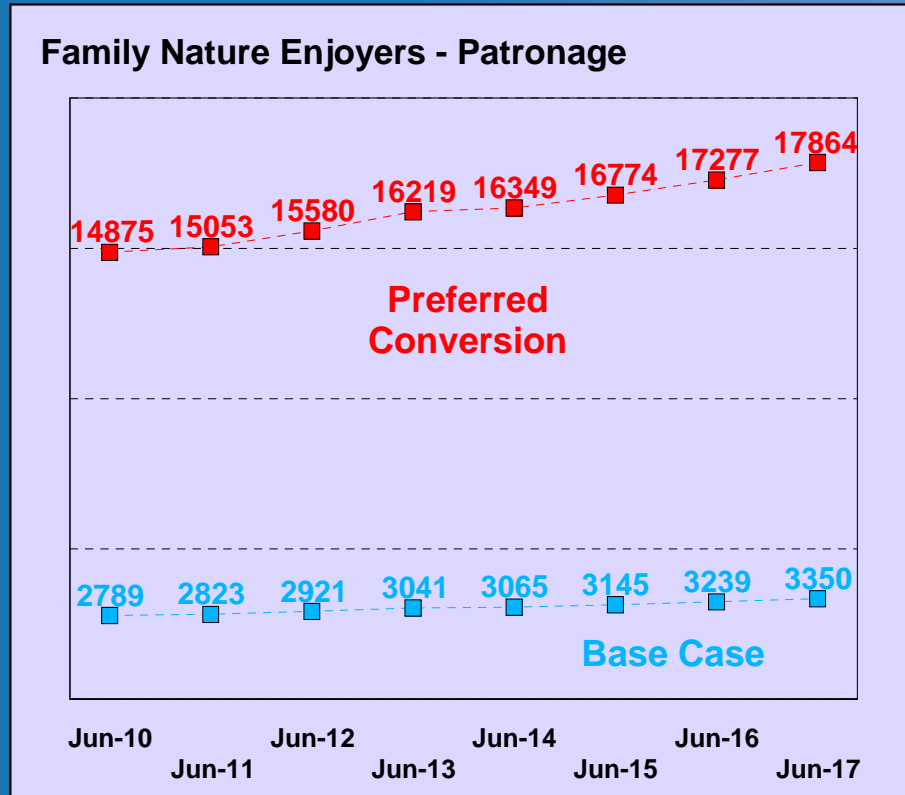
Family Nature Enjoyers

- The Family Nature Enjoyers have the greatest conversion for Mount Wellington - ease of access is a factor here.
- Cradle Mountain is only just lower - showing that this is a major drawcard even for this segment with the added complication of travelling with children.
- The conversion level drops - with many areas at 5% or less.
- In the Tarkine model a conversion level of 40% for the Preferred Scenarios and 7.5% for the Base Case Scenario. These conversion are at the higher end - and for the Tarkine to achieve the Preferred level would take major investment in the consumer experience.



Source : TVS

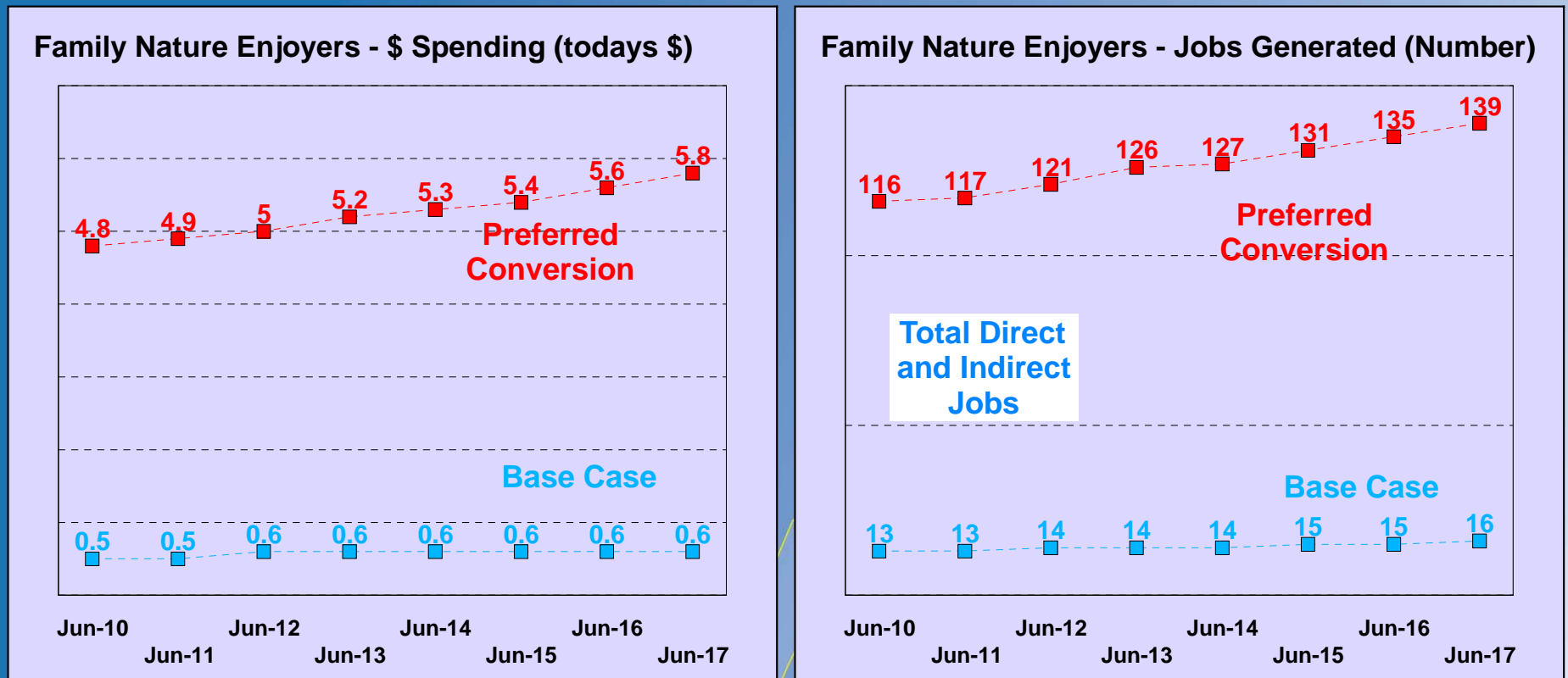
Family Nature Enjoyers - Model Outputs (Visitor Numbers/Nights)



Source : EMDA Model

- The conversion ratios are then applied to the patronage outlook for the Family Nature Enjoyers generated by the model.
- This results in a patronage level of 17,800 by 2017 under the Preferred Scenario, compared with a Base Case patronage of 3,350.
- Based on the visitor night input - this translates into 2,512 nights in the area under a Base Case increasing to 22,331 visitor nights under the preferred option. (Preferred 1.25 nights per visitor / Base 0.75 nights per visitor).

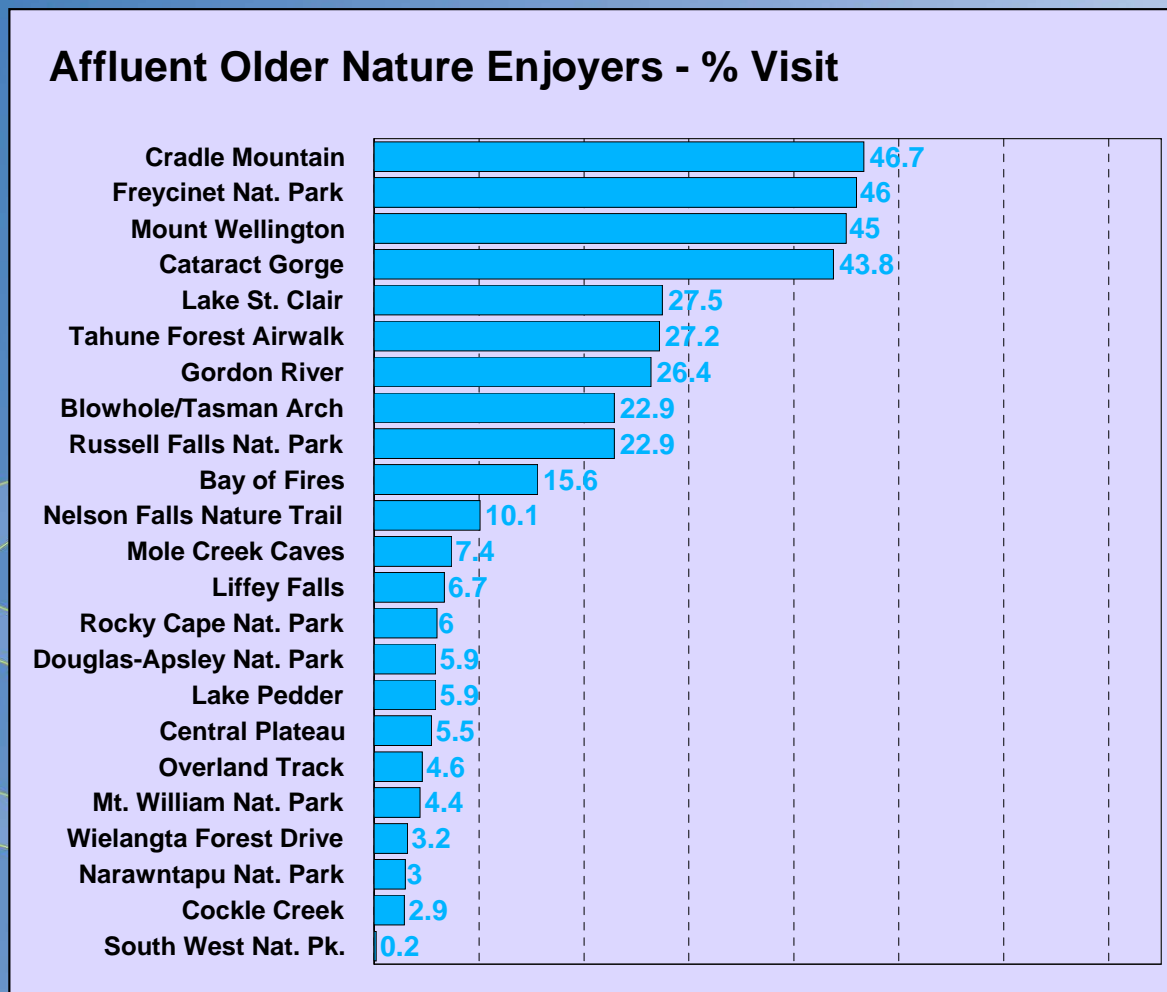
Family Nature Enjoyers - Model Outputs (\$ and Jobs)



- Under the Preferred option - this level of patronage and visitor nights translates into \$5.8M in tourism spending in the Region (based on an average visitor night spend of \$257.8). This in turn would support 139 jobs.
- The Base Case with a lower revenue impact, also has a much smaller jobs impact - 16 jobs.

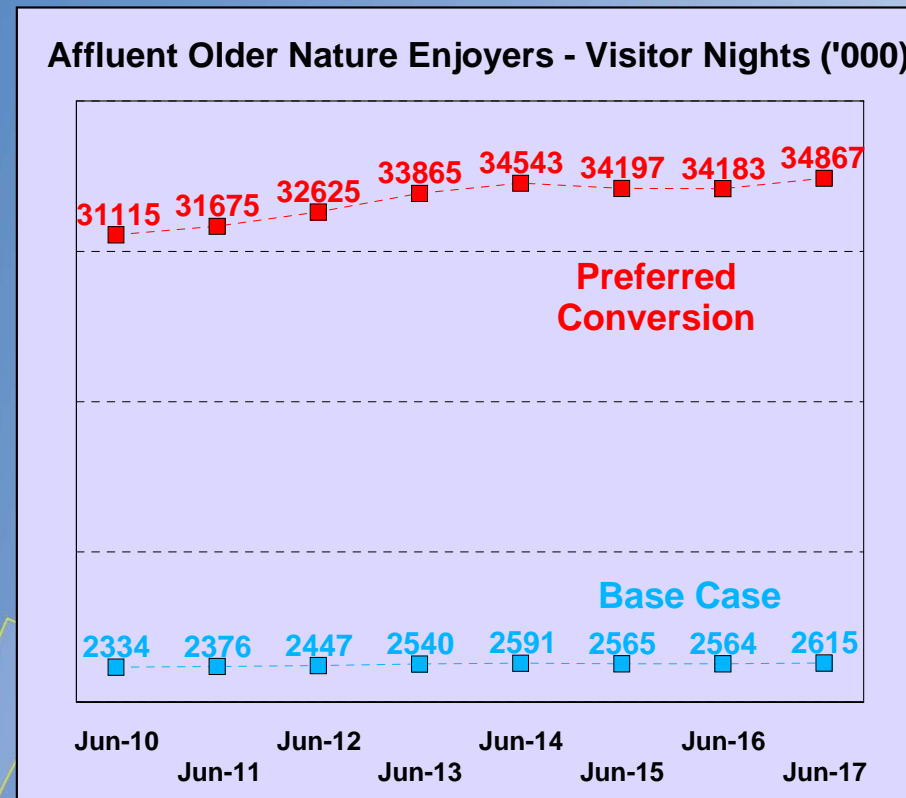
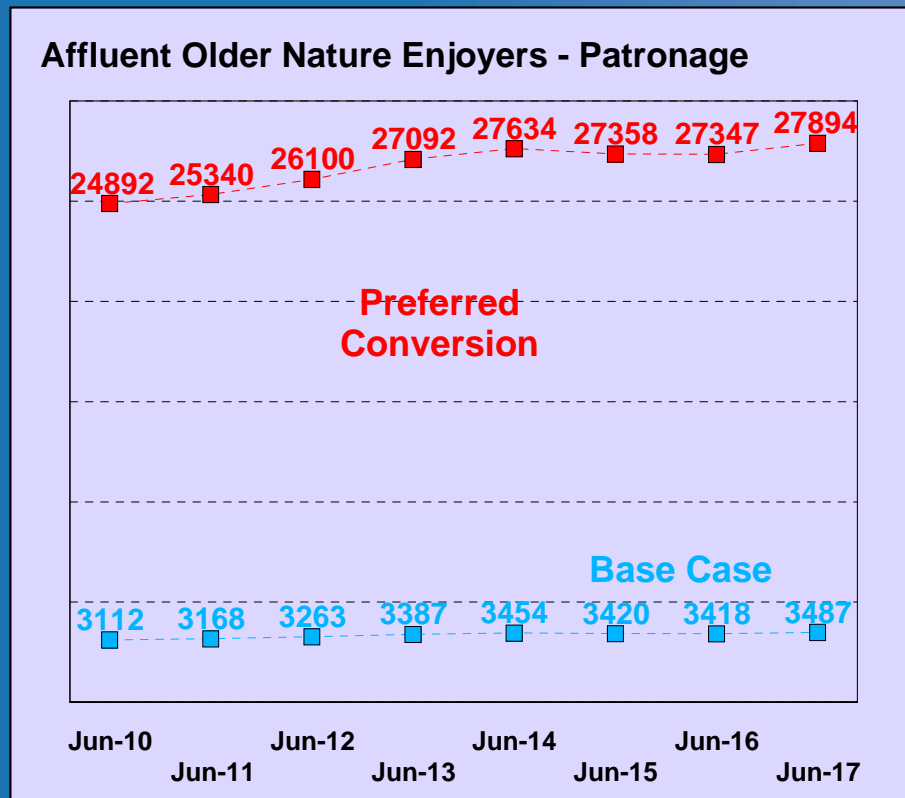
Affluent Older Nature Enjoymers

- For the Affluent Older Nature Enjoymers - Cradle Mountain, Freycinet , Mount Wellington and Cataract Gorge have a similar level of conversion at over 40%.
- The second tier, ranging from Lake St. Clair to Russell Falls all have a 20%+ conversion level.
- The more remote/less well known have a much lower level of conversion.
- In the Tarkine model a conversion level of 40% for the Preferred Scenarios and 5% for the Base Case Scenario. These conversion are at the higher end - and for the Tarkine to achieve the Preferred level would take major investment in the consumer experience.



Source : TVS

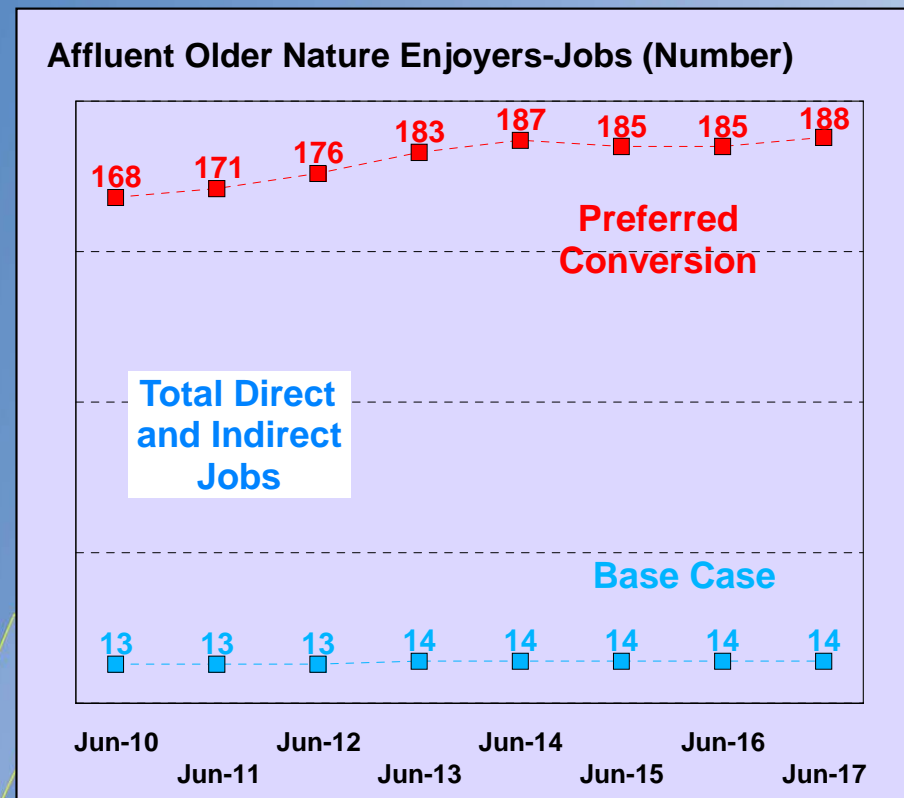
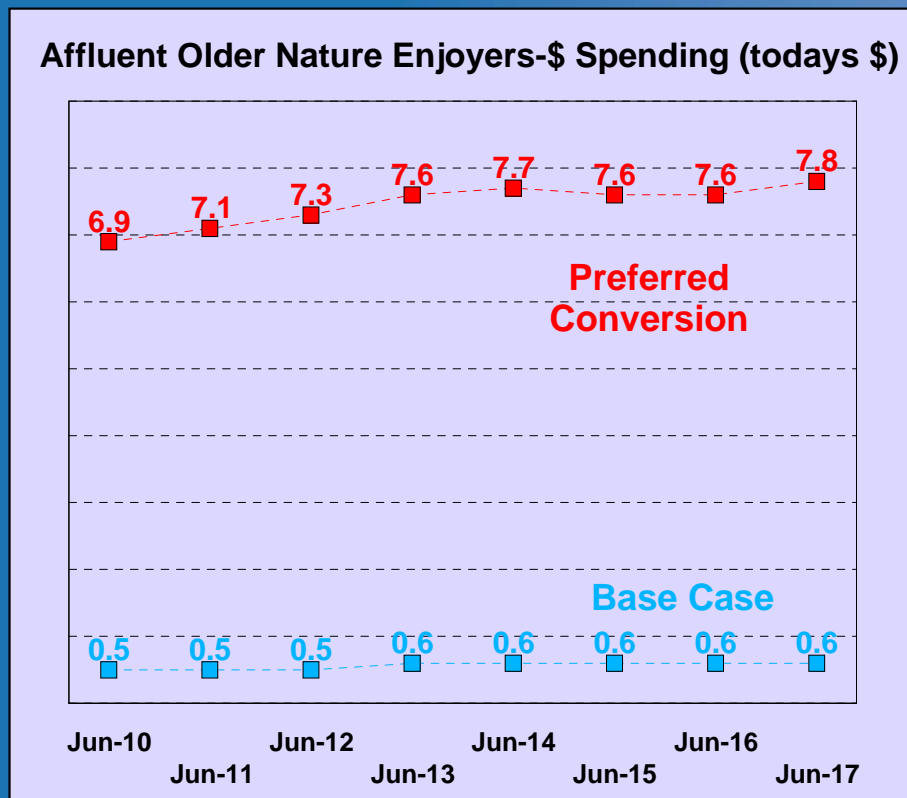
Affluent Older Nature Enjoyers - Model Outputs (Visitor Numbers/Nights)



Source : EMDA Model

- The conversion ratios are then applied to the patronage outlook for the Affluent Older Nature Enjoyers generated by the model.
- This results in a patronage level of 27,894 by 2017 under the Preferred Scenario, compared with a Base Case patronage of 3,487.
- Based on the visitor night input - this translates into 2,615 nights in the area under a Base Case increasing to 34,867 visitor nights under the preferred option. (Preferred 1.25 nights per visitor / Base 0.75 nights per visitor).

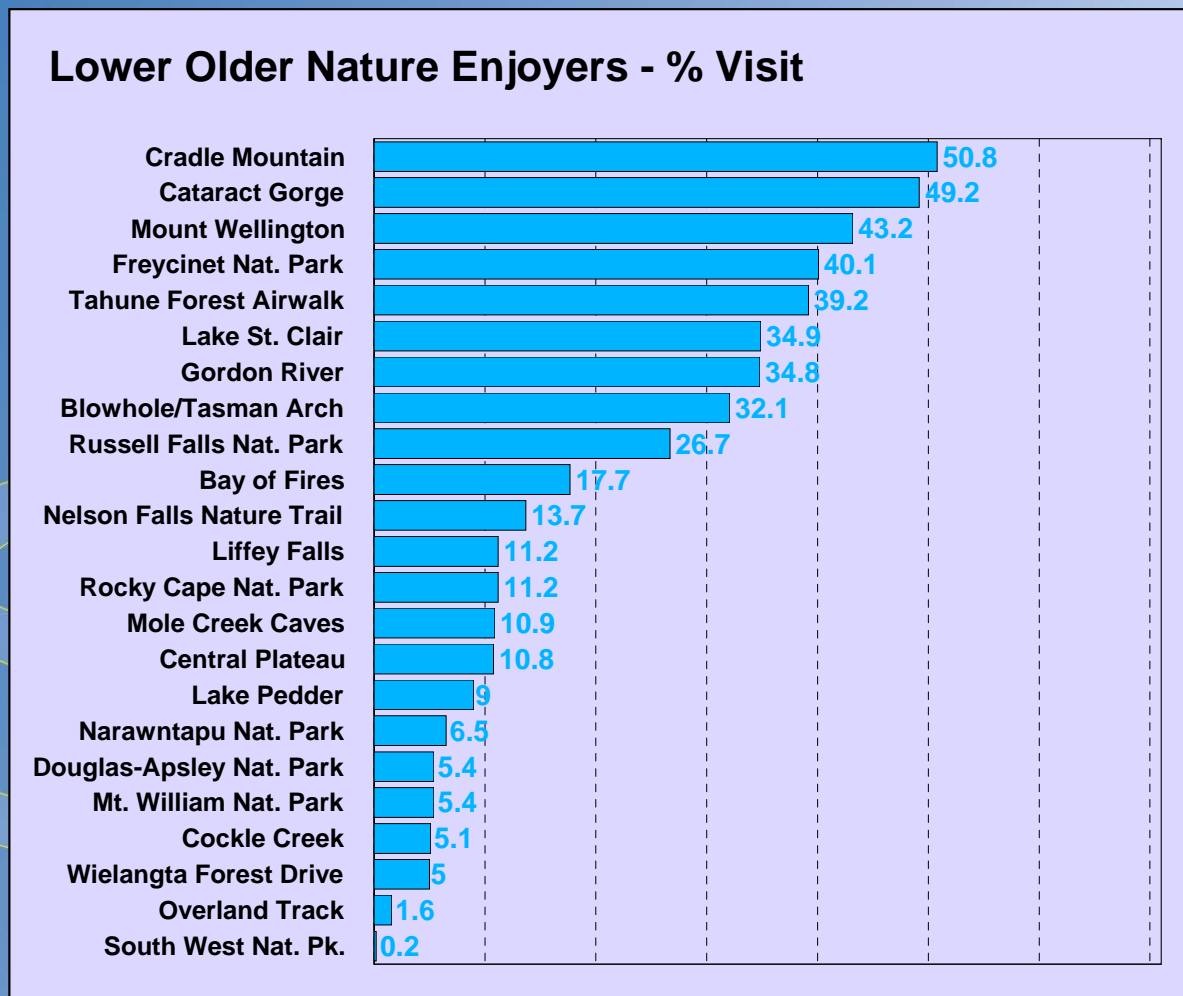
Affluent Older Nature Enjoyers - Model Outputs (\$ and Jobs)



- Under the Preferred option - this level of patronage and visitor nights translates into \$7.8M in tourism spending in the Region (based on an average visitor night spend of \$223.30). This in turn would support 188 jobs.
- The Base Case with a lower revenue impact, also has a much smaller jobs impact - 14 jobs.

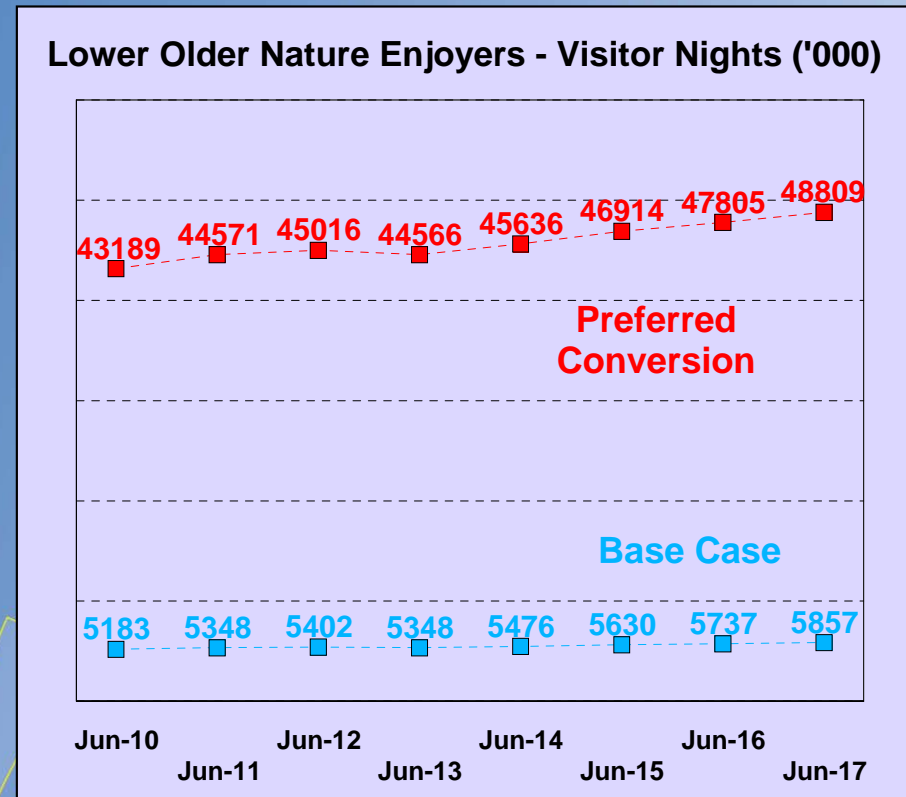
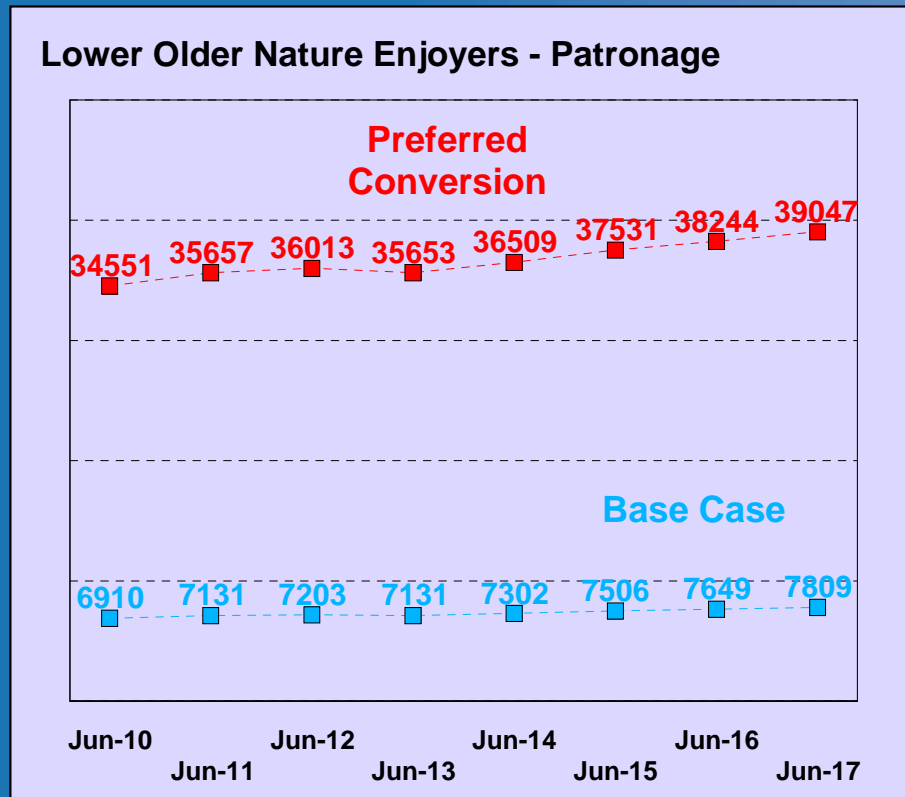
Lower Older Nature Enjoymers

- The Lower Older, because they stay in Tasmania longer, have a higher conversion rate than the Affluent Older.
- Conversion to visit Cradle Mountain is just over 50% and Cataract Gorge is very close to 50% as well.
- In the Tarkine model a conversion level of 50% for the Preferred Scenarios and 10% for the Base Case Scenario. These conversion are at the higher end - and for the Tarkine to achieve the Preferred level would take major investment in the consumer experience.



Source : TVS

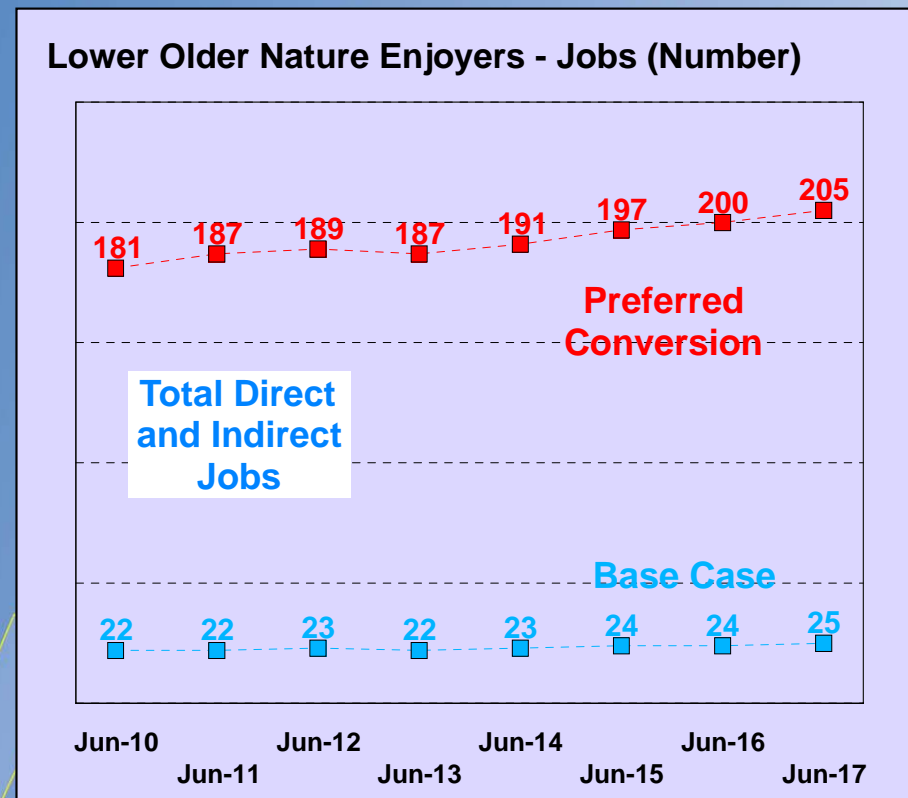
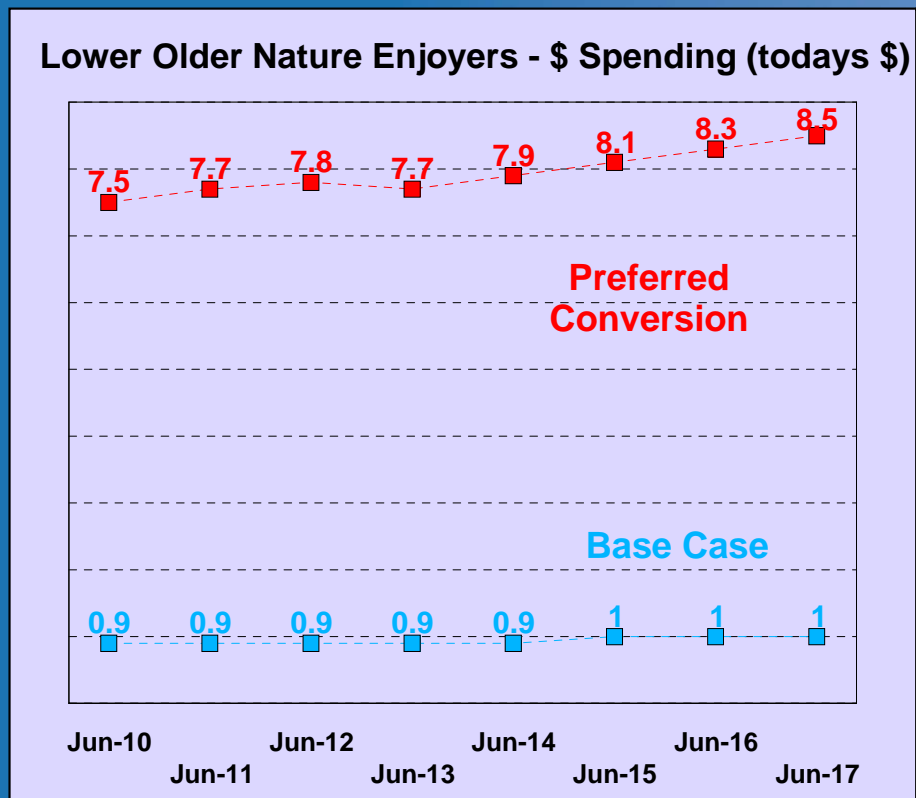
Lower Older Nature Enjoyers - Model Outputs (Visitor Numbers/Nights)



Source : EMDA Model

- The conversion ratios are then applied to the patronage outlook for the Lower Older Nature Enjoyers generated by the model.
- This results in a patronage level of 39,047 by 2017 under the Preferred Scenario, compared with a Base Case patronage of 7,809.
- Based on the visitor night input - this translates into 5,857 nights in the area under a Base Case increasing to 48,809 visitor nights under the preferred option. (Preferred 1.25 nights per visitor / Base 0.75 nights per visitor).

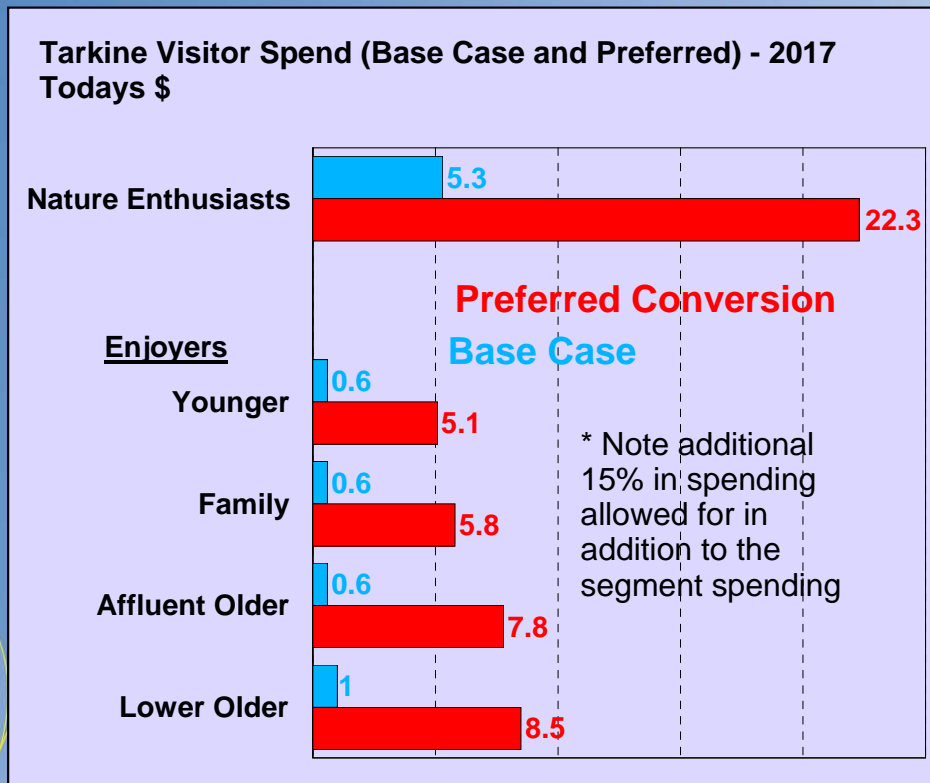
Lower Older Nature Enjoyers - Model Outputs (\$ and Jobs)



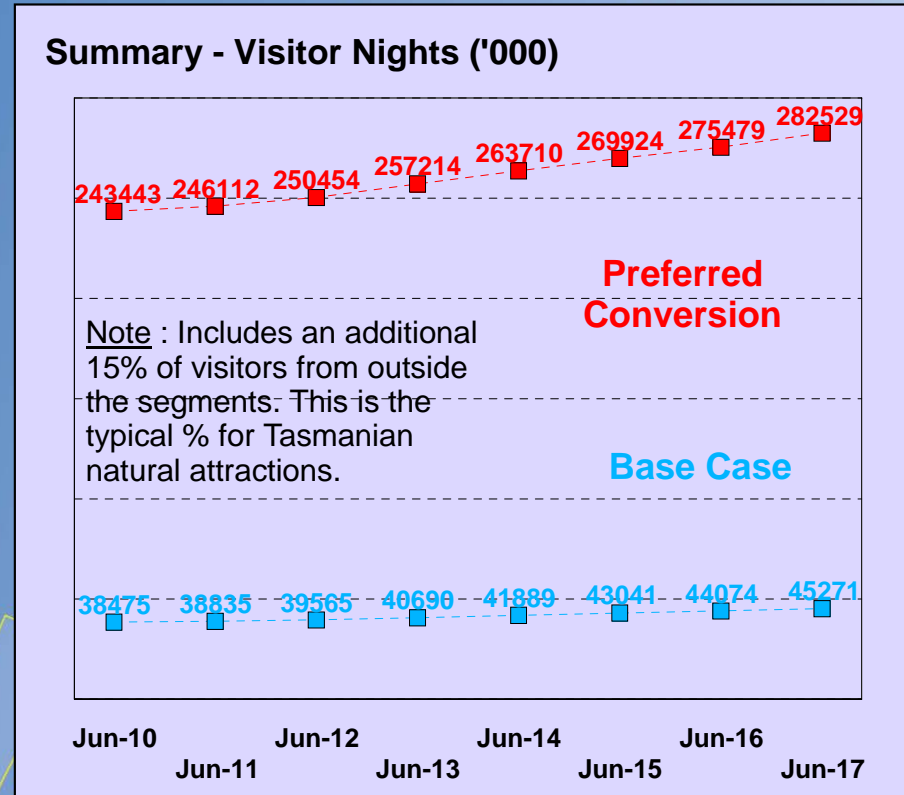
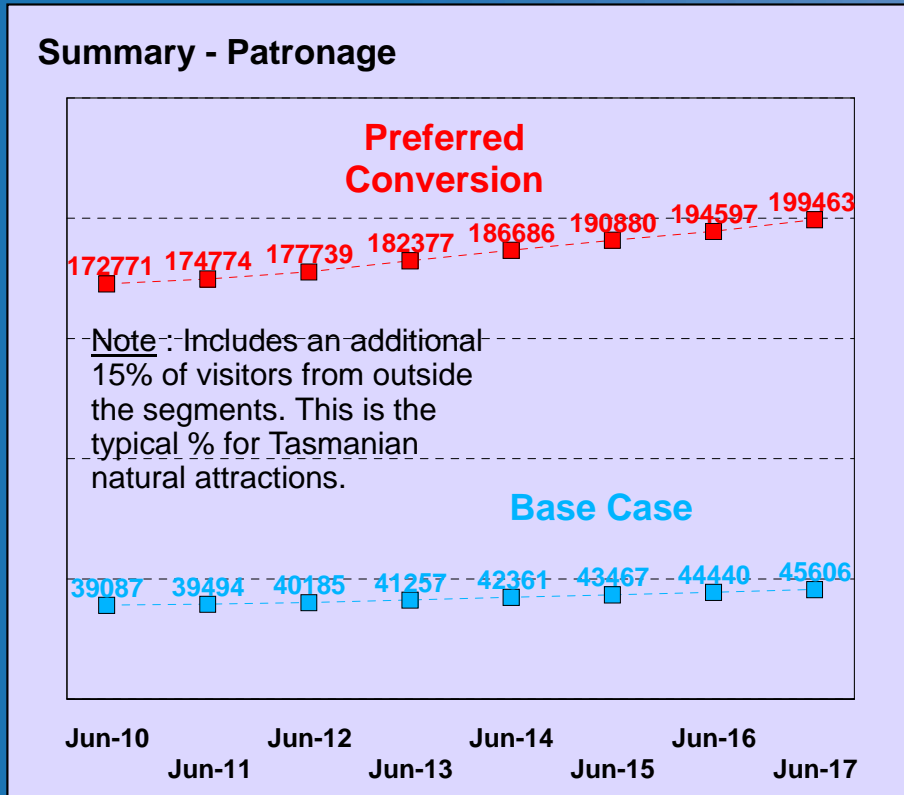
- Under the Preferred option - this level of patronage and visitor nights translates into \$8.5M in tourism spending in the Region (based on an average visitor night spend of \$173.30). This in turn would support 205 jobs.
- The Base Case with a lower revenue impact, also has a much smaller jobs impact - 25 jobs.

Section 3 : Segment Summary

- Of the five segments, the Nature Enthusiasts are the most important with the model indicating that this segment alone could generate \$22.3M in tourism spending annually (today's \$) attributable to the Tarkine. This is 38% of the total forecast spend in 2017 of \$58.2M.
- The spending generated under the base case is much lower due to the restricted access to the appeals - \$5.3M amongst the Nature Enthusiasts.
- Based on the model results successfully appealing to the Nature Enthusiasts will be critical the successful development of the Tarkine area.



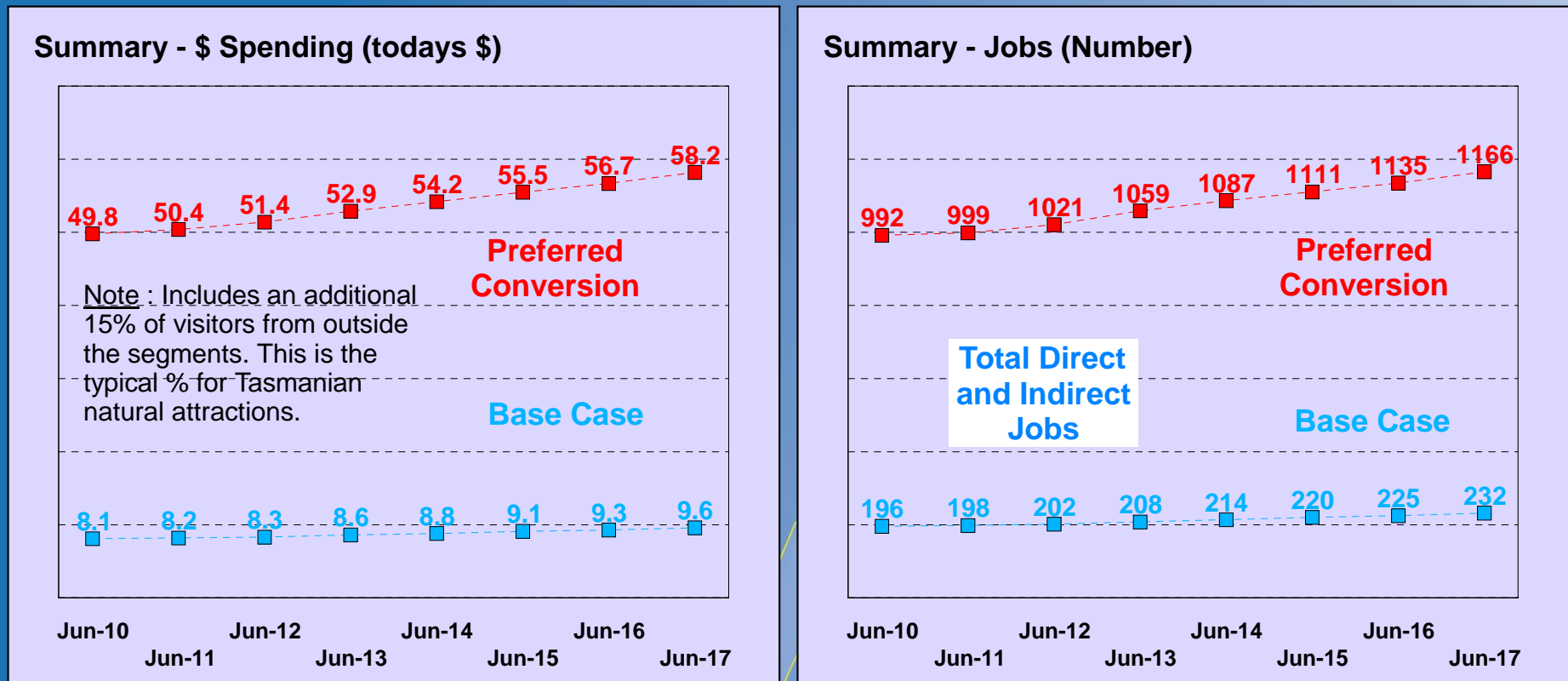
Section 3 : Summary - Model Outputs (Visitor Numbers/Nights)



Source : EMDA Model

- Under the Preferred Conversion rate - the Tarkine provides a high level of visitor nights - generating just under 300,000 nights.
- The Base case generate 45,271 nights - which is still significant.

Section 3 : Summary - Model Outputs (\$ and Jobs)



- Under the Preferred Conversion rate - the Tarkine provides a high level of visitor spending - generating just over \$58.2M supporting 1166 jobs (2017). Achieving this would mean that all the segments are progressively targeted and core access is provided via a quality sealed road.
- Under this scenario the Tarkine would provide a significant contribution to the tourism effort.
- The Base case generates \$9.6M in tourism spend- supporting 232 jobs (2017). Although significant, this would only support the construction of an unsealed road and only the Nature Enthusiasts would be targeted.

Section 4 : Key Findings



Section 4 : Key Findings

- **This model has found that Tasmania has potentially a strong future in the nature tourism - although visitor growth can be characterised as moderate based on the model outputs. This means any development can be assured of a future latent demand that can be realised.**
 - In total the five key nature segments are expected to grow from 229,000 to 263,000 (+15%) in Tasmania by 2017.
- **The Tarkine model has found that under the Preferred Scenario the Tarkine has the potential to generate \$58.2M in tourism spending in today's \$ by 2017 and support just over 1100 jobs.**
 - This will only be reached if quality access via a sealed road is provided to a core number of attractions.
 - Furthermore, to reach this level, all of the segments would need to be progressively targeted.
- **Even under a Base Case scenario, the Tarkine area would still be a contributor - generating \$9.9M in tourism spending and supporting 232 jobs. Under this scenario, this level of contribution would only support unsealed road access to the Tarkine and only the Nature Enthusiasts would be targeted.**
- **This would mean the area would be a significant contributor to Tasmania's tourism effort and under the Preferred Scenario would well assist in enhancing Tasmania's reputation for iconic natural wonders, a reputation that currently is under threat.**
- **The Nature Enthusiasts are the most important segment and are forecast to grow the most over the next 10 years (+35%).**
 - For the Tarkine - the Nature Enthusiasts offer the biggest potential generating \$22.3M (today's \$) in tourism spending by 2017. These are the most demanding though in terms of the natural experience they seek.
 - This segment should be the first priority segment for the Tarkine development - this segment will establish the reputation of the area and generate the most tourism spending.
- **The other segments also offer potential for the Tarkine with the Lower Nature Enjoyers offering \$8.5M in potential, the Affluent Older Nature Enjoyers offer \$7.8M, the Family Nature Enjoyers \$5.8M and the Younger Nature Enjoyers \$5.1M.**



Market Testing Concepts

- **The next step recommended is to market test the product concepts for the Tarkine. These concepts are the actual appeals (products and features) of the Tarkine aligned with each segment identified. In this manner it can be determined from real consumers the actual appeals of the Tarkine to each segment. This in turn will provide crucial guidance to which areas to develop and in what order.**
- **At this stage the conversion ratios applied in the models are assumptions based on comparative data from the Visitor Surveys - one of the key tasks of the Concept testing is to gather the actual conversion ratios (Step 3) from prospective consumers based on information presented to them about the Tarkine experience.**
- **The tasks involved in this testing process are as follows :-**
 - Task 1 : Develop the concept brief - this outlines the probable appeals for each segment based on the information available to date (see next pages for concept briefs per segment).
 - Task 2 : Develop the concepts (see next pages for method, requirements).
 - Task 3 : Test concepts with a selection of consumers from each segment. The method that EMDA uses to test the product concepts is a semi-quantified methodology, where both quantitative data and qualitative responses are gathered from the segments. This is an efficient market research process.
- **The key output of this stage is to determine the actual economic value (via the model developed), which appeals work best and identification of any conversion barriers. This information could also form the basis for an Investor Prospectus promoting the area and also a Management Plan for the area.**
- **Note : it maybe necessary to determine the environmental constraints of the products/experiences/accommodation prior to market testing. This avoids for example testing a product or experience that in actual fact cannot be delivered because of environmental issues.**

Nature Enthusiasts - Concept Brief

- **Positioning : A must see pristine wilderness area to experience before you die**
- **Attractions and Experiences :**
 - World class natural areas with a range of unique iconic natural areas to experience, including coastal areas (this ideally would be beaches like Whitehaven, Wineglass Bay, Bay of Fires and/or unique coastal scenery like extraordinary cliffs.
 - Visible signs of human activity must be minimal - this especially includes logging and other forestry related activities.
 - High quality bushwalks must also be offered with range of lengths from a few hours to a few days. Typically these would traverse unique areas - ie unique rainforest, areas of natural beauty and/or to natural attractions like waterfalls and/or spectacular views.
- **Food :**
 - Indications are that as part of a Nature Enthusiasts holiday eating and places to eat are important but not 5 star standard, more good quality (natural) at reasonable prices would be appropriate - also the options of some self catering.
- **Access :**
 - Indications are these people want easy access (ie sealed roads) to be able to access the areas they are interested in, quickly. Shared roads with logging trucks would be unappealing to this group. Some unsealed access would also appeal, once in the Tarkine.
- **Accommodation :**
 - A range of accommodation options would appeal to this group. This would range from quality camping areas (ie not degraded, polluted waterways, sheltered from the elements, wet weather contingency). Eco Lodges for example like the YHA at the Grampians (lower yield), more moderately priced eco friendly cabins and lodges.

Younger Nature Enjoyers - Concept Brief

- **Positioning : A must see pristine wilderness area to experience - that's new.**
- **Attractions and Experiences :**
 - World class natural areas with a range of unique iconic natural areas to experience, including coastal areas - ideally would be beaches.
 - Visible signs of human activity must be minimal - this especially includes forestry related activities.
 - This group are likely to be concerned about the other people in the region - they would like to see other like minded people (younger) - definitely not older lower.
 - Activities - this could range from more adventurous such as rock climbing, mountain biking and also include high quality bushwalks with a range of lengths from a few hours to a few days. Typically these would traverse pristine areas - ie unique rainforest, areas of natural beauty to natural attractions like waterfalls and or spectacular views. For this group indications are that these should be more challenging walks.
 - The broader appeal of the regional will be important to this group ie attractions such as Cradle Mountain and the Franklin would appeal as part of the overall trip.
- **Food :**
 - Indications are that as part of their holiday eating and places to eat are important especially to the couples, more good quality (natural) at reasonable prices restaurants, but also meals at the pub.
- **Access :**
 - Indications are these people want easy access (ie sealed roads) to be able to access the areas they are interested in quickly. Shared roads with logging trucks would be unappealing to this group. Some unsealed access would also appeal, once in the Tarkine.
- **Accommodation :**
 - A range of accommodation options would appeal to this group. This would range from quality camping areas (ie not degraded, polluted waterways, sheltered from the elements, wet weather contingency). Eco Lodges for example like the YHA at the Grampians (lower yield), more moderately priced eco friendly cabins and lodges.

Family Nature Enjoyers - Concept Brief

- **Positioning : A must see pristine wilderness area to experience for the whole family.**
 - This is likely to be the most challenging group for the Tarkine with the demands of catering all family members.
- **Attractions and Experiences :**
 - World class natural areas with a range of unique and relatively easily accessed iconic natural areas to experience, including coastal areas or unique coastal scenery like extraordinary cliffs.
 - Visible signs of human activity must be minimal - this especially includes logging and other forestry related activities. This group however, is also concerned about safety therefore reassuring road signage will be useful in guiding them.
 - A range of activities for the whole family must be offered. This can include the shorter interesting bushwalks, views but making this attractive to children is challenging. Opportunities to see and interact with animals would assist.
 - The broader appeal of the region will be important to this group - especially family related activities - ie nature parks with animals, not wineries for example.
- **Food :**
 - For this group catering to the whole family is a must - eating places would need to represent good value and have meals suitable for children at times that suit them (ie early dinners).
- **Access :**
 - Indications are these people want easy access (ie sealed roads) to be able to access the areas they are interested in quickly. Shared roads with logging trucks would be very unappealing to this group (raises concerns about safety). Unsealed access would have a very limited appeal.
- **Accommodation :**
 - A range of lower to medium priced family friendly facilities would need to be available. This means family rooms and adequate facilities in camping areas for children.

Older Affluent Nature Enjoyers - Concept Brief

- **Positioning :** A must see world class, pristine wilderness area to experience.
- **Attractions and Experiences :**
 - World class natural areas with a range of unique iconic natural areas to experience, including coastal areas or for unique coastal scenery like extraordinary cliffs.
 - Visible signs of human activity must be minimal - this especially includes logging and other forestry related activities.
 - High quality bushwalks must also be offered, but at a maximum these should be a few hours. Typically these would traverse natural areas but not be too difficult - ie unique rainforest, areas of natural beauty to natural attractions like waterfalls and or spectacular views.
 - The broader appeal of the region will be important to this group. This would include Cradle Mountain, the Franklin, Strahan and activities such as wineries.
- **Food :**
 - Indications are that as part of a nature enthusiasts holiday eating and places to eat are more important, than the other segments - with better quality food and wines offered.
- **Access :**
 - Indications are these people want easy access (ie sealed roads) to be able to access the areas they are interested in quickly. Shared roads with logging trucks would be unappealing to this group.
- **Accommodation :**
 - A range of better quality accommodation options would appeal to this group. This would range from four star Eco cabins, to better quality apartment and motel accommodation.

Lower Older Nature Enjoyers - Concept Brief

- **Positioning : A must see Australian pristine wilderness area to experience.**
- **Attractions and Experiences :**
 - Easy to access appealing natural areas with a range of unique iconic natural areas to experience, including coastal areas or unique coastal scenery like extraordinary cliffs.
 - Some easy but high quality bushwalks lasting typically less than hour. Walks would need to cater for people with walking impairments. Feeling safe is a key need for this group as well.
 - Places where they can drive and see easily, spectacular natural attractions also appeal.
 - Opportunities to interact with other like minded older groups also appeals.
- **Food :**
 - For this group generally they have simple tastes - therefore good quality pub and club type meals appeal to this group the most. Eating places such as clubs, where they can enjoy reasonable food at affordable prices with the opportunity to interact with others appeals the most.
- **Access :**
 - Indications are these people want easy access (ie sealed roads) to be able to access the areas they are interested in safely. Shared roads with logging trucks would be unappealing to this group. Unsealed roads with the prospect of danger would be avoided.
- **Accommodation :**
 - This segment are the three to three and half star motels bread and butter - they have moderate expectations of quality and service but also price. Camping will have limited appeal as will youth hostels and expensive eco lodges.

Concept Development

- **In order to gather the most realistic responses from the segments to the concepts, a realistic interpretation of the concept briefs will need to be shown to each segment identified.**
- **In this case this could include using story boards (pictures with some commentary) that show each of the features and benefits for each product concept. Video footage could also be used.**
- **As an indication, the material presented to the groups would include following :**
 - Tarkine attractions : Pictures and descriptions of each possible attraction, including methods for accessing the attractions in the local area. Prices if applicable would also need to be shown.
 - Food : Description of the range of eating options, from restaurants through to self catering.
 - Accommodation : Pictures and prices of possible accommodation options and locations.
 - Access to the Tarkine Area : Descriptions and costs of methods of access such as flying to Launceston/Hobart, car hire, road quality, approximate time and costs
 - Regional attractions : this would involve presenting pictures, descriptions of nearby attraction of significance (ie Strahan, Cradle Mountain etc).
- **In developing the materials it is very important that the demographic and attitudinal differences are taken into account - ie younger segments are not shown images with much older people in them.**
- **Where there are concept alternatives - as in the case of types of accommodation - these alternatives would need to be presented to the focus groups - to gather their response to determine which is best.**

Concept Development - Stimulus material

- **In order to gather the most realistic responses from the segments to the concepts, a realistic interpretation of the concepts will need to be shown to each segment tested.**
- **In this case this would include using story boards (pictures with some commentary) that show each of the features and benefits for each concept. Video footage could also be used.**
- **This would include the following :**
 - **Tarkine attractions :** Pictures and descriptions of each possible attraction, including methods for accessing the attractions in the local area. Prices if applicable would also need to be shown.
 - **Food :** Description of the range of eating options, from restaurants through to self catering.
 - **Accommodation :** Pictures and prices of possible accommodation options and locations.
 - **Access to the Tarkine Area :** Descriptions and costs of methods of access such as flying to Launceston/Hobart, car hire, road quality, approximate time and costs
 - **Regional attractions :** this would involve presenting pictures, descriptions of nearby attraction of significance (ie Strahan, Cradle Mountain etc).
- **Where there are alternatives - as in the case of types of restaurant - these alternatives would need to be presented to the focus groups - to gather their response to determine which is best.**

Disclaimer

While every effort has been made to ensure accuracy of the data in this report, EMDA has not audited the data sources and therefore does not accept any responsibility in relation to financial and/or decisions based on this information.

