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## 2018 International Visitor Survey

# Ministry of Business, Innovation and Employment Response

### PURPOSE

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This report summarises the Ministry of Business, Innovation and Employment's (MBIE) official response to Stats NZ's 2018 review of the International Visitor Survey (IVS). It includes overall comments on the findings of the review, along with specific responses to each recommendation and expected next steps where possible.

### BACKGROUND

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The purpose of the IVS is to provide accurate, national information each quarter on the expenditure of international visitors to New Zealand, including their behaviours and characteristics. MBIE requested Stats NZ to undertake an independent review of the IVS, following concerns expressed by several tourism industry stakeholders about the reliability of some annual movements in the expenditure estimates over the past few years.

The IVS Review assessed the reliability of the tourism expenditure statistics produced, and recommends any improvements needed to ensure that it meets the needs of the customers. The review followed the approach set out in the [IVS review terms of reference](#).

### **MBIE welcomes the overall findings and recommendations of the IVS review**

The following outlines the initiatives that are being taken to address the issues raised, as well as acknowledging actions that have already been put in place as at July 2018.

### **The review says the survey is generally fit for purpose but some key areas need attention**

Although there are areas that need attention, the review does not currently recommend any revisions be made to the historical series. The main concern of key stakeholders relates to the credibility of the reported spending pattern of international visitors in 2015-2017. The review has found no evidence to discount the reported pattern over that period.



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### **MBIE has taken note of all recommendations**

The terms of reference took a holistic approach to reviewing the survey and the entire end-to-end process. Because of this, a large number of recommendations are being put forward and MBIE has closely taken note of all of these.

### **Actions taken from the review have improved the sample quality**

MBIE had a particular interest in the review establishing the reasons why the key quality metric of the survey – the relative margin of error for expenditure – had not been met consistently for some visitor markets. Sample sizes for certain key markets such as China and Japan were lower than we would expect, and this affected the confidence levels of spending estimates for these markets. It was important the review investigated the end-to-end process to establish whether it was a fault of the survey design or the way it was actually implemented in practice. The review suggests room for improvement in both regards. On a very positive note, recent actions stemming from the review have already improved the survey's sample allocation and margin of error as of March 2018.

### **MBIE is improving oversight of survey collection processes**

Prior to the review, MBIE had signalled to the review team there was not much oversight of the collection processes undertaken by Kantar TNS (the survey provider). MBIE also acknowledged that while the contract with Kantar TNS has clauses around auditing and regular reporting, MBIE had not pursued these to the fullest extent. We are satisfied the review has addressed this area and MBIE has put a better structure in place for monitoring the survey performance.

### **MBIE will explore improving the usability of the survey outputs**

MBIE took note from the review that the IVS open dataset is an underutilised resource, and steps can be taken to improve the usability of this. MBIE acknowledges work can be done to communicate the methodology of the survey and provide more context around movements in visitor spending.



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## Detailed responses to recommendations

This section summarises MBIE's responses to each of the following recommendations made by the review panel. This includes:

1. Improve the survey design documentation and meta data
2. Adjust the survey design to real world changes
3. Improve the sample allocation and respondent recruitment process
4. Improve the online questionnaire
5. Improve editing and imputation systems and monitoring
6. Work better together
7. Improve governance of the survey
8. Improve engagement with stakeholders and customers
9. Improve explanation of the survey findings
10. Assess the combined impact of the recommended improvements to the survey processing system before deciding whether or not to revise historical series.

### **1. Improve the survey design documentation and meta data**

The review team has recommended MBIE produce a single document setting out the purpose of the IVS, along with expected quality levels, sources of biases, and other guidance around what user needs can be met by the survey. MBIE will aim to produce this document by July 2019.

Until this document is produced, MBIE encourages users to look at the changes to the IVS results (and methodology) on our web site. MBIE believes this will be a substantial improvement on how these were presented in the past.

MBIE considers the recommendations to improve the signposting/access to existing tourism data sources (and guidance around their use) as very similar to initiatives listed in the upcoming Tourism Data Domain Plan. Therefore, this will be addressed as part of that programme of work.

MBIE agrees with the review team that the IVS open dataset is useful but potentially underutilised, partly because the metadata is incomplete. Similar feedback has been received in the past, and it is an important improvement to make to increase the value of the survey.



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## **2. Adjust the survey design to real world changes**

The review team recommended the IVS Technical Description be brought up to date and ensure it captures all the design elements clearly. MBIE and Kantar TNS intend to make these updates as soon as possible, especially as the design specifications need to be accurate when the contract for the survey is renewed in 2019.

Adjusting the survey design to real world changes covers a range of things. We must react to the changing makeup of visitors (age, nationality, etc.), for example, or to changes in airport layouts and security restrictions that affect how and when we are able to survey visitors. Many of the following recommendations are essentially targeted at ensuring the survey moves with real world changes.

## **3. Improve the sample allocation and respondent recruitment process**

The review isolated the sample size and composition issues previously identified and showed these could be addressed by fully adopting the Kish allocation method as originally intended in the technical description. Kantar TNS implemented this method from March 2018 and will keep the allocation updated annually. Relative margins of error from the most recently published data suggest this has already had a visibly positive impact.

The review team recommends a number of areas for Kantar TNS to investigate, including setting quotas for each of the key markets, investigating different processes around how respondents are selected, and improving the field management operation in line with good practice. This work has already begun and will be developed over the coming months.

## **4. Improve the online questionnaire**

The review team recommends MBIE and Stats NZ investigate the benefits of collecting more details about expenditure with well-designed prompting, when it next reviews the questionnaire.

MBIE believes some of the suggestions are contrary to the questionnaire methodology advice, and user requirements, given at the time of the last IVS redevelopment and will be seeking further advice from an experienced questionnaire designer. The particular focus will be around updating the questionnaire to reduce the respondent drop-out rates at different parts of the survey.



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## **5. Improve editing and imputation systems and monitoring**

In future, MBIE will be receiving regular monitoring reports on the extent of editing and imputation being done by Kantar TNS. This is still being discussed and developed at the time of this report's release.

MBIE continues to be interested in better understanding the outlier treatment used by Kantar TNS, and how it was being applied in practice. During the later stages of the review, Kantar TNS indicated to the MBIE and the review team that the Multiplier for Exclusion Interval (MEI) value had been changed from 25 to 40 from the September 2015 quarter onwards. There is no record anywhere of any decision to make this change, and MBIE presumes it was an unintentional error. MBIE asked Kantar TNS to reset the MEI value back to 25 for the March 2018 quarter onwards.

Stakeholders will note the review team has not recommended making revisions to the historical time series using this originally intended outlier level. Stats NZ and MBIE agree that the overall BANFF methodology for outliers should be revisited anyway. MBIE intends to focus on the impact of different outlier treatments within the next six months, along with the editing and imputation regime as part of the next survey contract procurement round.

## **6. Work better together**

Since early April 2018, MBIE has facilitated monthly meetings with Kantar TNS and Stats NZ, with the purpose of monitoring the survey metrics (including response rates and achieved sample sizes), and discussing issues identified in the field or the data received. The meetings will test and progress ideas raised as part of the IVS review. These meetings have already proved to be very useful for all parties.

A new Memorandum of Understanding between MBIE and Stats NZ will be drafted and as stated in an earlier recommendation, the contract documentation with Kantar TNS will be amended.

## **7. Improve governance of the survey**

The review recommends setting up formal governance for the IVS, specifically a Steering Group that includes representatives from MBIE's Tourism Policy team and Stats NZ senior representatives. This makes good sense and the monthly monitoring already put in place will help inform these meetings.

We anticipate scheduling the first of these Steering group meetings between MBIE and Stats NZ shortly after the next IVS release in late August 2018.



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## **8. Improve engagement with stakeholders and customers**

MBIE welcomes the opportunity to strengthen relationships with key stakeholders such as Stats NZ. All engagement will be full and frank, and information will be shared in an open, transparent and timely way. Results and insights will be more informative and engaging for all stakeholders.

## **9. Improve explanation of the survey findings**

MBIE acknowledges that previous IVS releases had been light on detail, particularly in providing commentary and context. In more recent releases, improving the level of insight provided has been the focus. The review has concluded there is no reason to discount the reported spending patterns between 2015-2017. However, there is still an issue around how well these spending trends have been explained up to this point. Therefore, MBIE will in the near future produce a report that analyses spending over this period, drawing upon other available indicators to support the trends.

The review team has recommended that MBIE seasonally adjust the IVS results and replace the rolling annual estimate with the quarterly seasonally adjusted figure as the headline indicator. This is something that can be done but we would like to test this with key stakeholders first.

There is a recommendation around developing methods to produce experimental independent estimates of spend based on card data and other industry sources. Having access to data from other methods of payment (e.g. AliPay, WeChat and Apple Pay) is desirable. However, a lot more work needs to be done in this area to understand the feasibility of this. The Appendix of the review report notes the limitations in the use of card data.

## **10. Revisions to historical estimates**

The review team has not recommended MBIE review any of the historical IVS data at this point. The recommendation is to review this again within the next 12 months, in the light of the 'combined effect of the improvements recommended by the review'.

MBIE's position is that both of the two areas assessed as possible reasons to revise – the outlier detection level and the calibration of weights – should undergo further review. In terms of the outlier treatment, MBIE is not satisfied with the BANFF method and would like to explore alternative options.

There needs to be a further review of the outlier treatment, calibration and editing and imputation process, with a view to implementing any improvements. MBIE will conduct analysis to assess the impact of these changes, including whether any historical information



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needs to be revised. A revision would only be necessary if the new methods produced significant different results to previously published estimates.

Over the next 12 months, we expect to see the improved sample allocation method keep the margins of error within the expected ranges, including for the six key visitor markets. It is unlikely this will lead to any historical revisions being made.

## **Conclusion**

MBIE acknowledges the IVS review has found the execution of the survey is largely consistent with the design requirements, and revisions to historical estimates are not necessary at this point.

Stats NZ's useful recommendations ensure the ongoing reliability of the survey, as well as helping to improve the current design, governance and monitoring, and communication of the results. Some recommendations are already well underway and MBIE will progress other actions over the next 12 months.

MBIE believes the review has been a worthwhile and beneficial process and conducting reviews and pursuing continuous improvement are good practice. MBIE is taking this opportunity to refine processes to ensure the information delivered on international visitors to New Zealand is accurate and valuable.