

UNIVERSITI TEKNOLOGI MARA

**PRICING STRUCTURE AND STRATEGIES
FOR
BAKO NATIONAL PARK**

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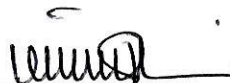
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ABSTRACT

This research was designed to identify the appropriate price to be charged to the visitors visiting Bako National Park (BNP). Visitors to the park should pay the amount that they are willing to pay (WTP) where the money spent is justified by their experience. On the other hand, the revenue collected by the park should be able to cover its cost in maintaining the park. Therefore, the main objective of this research is to determine the equitable price structure, both to the visitors and the management of BNP. This new price structure should be able to generate enough revenue for BNP in its attempts to sustain the park for the benefits of future generation. This research collected both primary and secondary data. Questionnaire was used to assess visitors' WTP. To analyze the visitor's behavior with respect to their demand and WTP, an econometric approach was employed. Simple mathematical relationships between the revenues and costs were used to analyze the breakeven revenue. Numbers of visitors to BNP for the next five years from 2008 to 2012 were forecasted using a time-series-model. The results show that majority of the visitors were willing to pay more than the current rate. This indicates that there was a surplus of visitors' willingness to pay and this represents the forgone revenue that need to be captured. To do this, BNP is recommended to consider implementing price discrimination strategy, formulating strategies to attract more visitors visiting the park, reducing its operating costs and generating revenues from other sources of income for the park.

KEYWORDS: *Willingness to Pay, Demand Estimation, Price Discrimination, Cost Valuation Method, Forecasting.*

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CHAPTER 1

INTRODUCTION

National Parks in Sarawak are common public property with SARAWAK FORESTRY as a management agent on behalf of the State Government of Sarawak. They are dully constituted under the National Parks and Nature Reserves Ordinance, 1998. National parks can have a wide range of economic benefits and uses. They may provide products for direct consumption, such as fish and game, as well as raw materials for production, such as rattan, timber and fish. But here, we are concerned mostly with the non-exploitative benefits and uses of national parks. Like any other protected areas of the world, they have universal appeal for recreation, tourism, conservation and ecosystem services. For some, products and services provided by biological resources markets do not exist, and there are no substitute markets from which to derive their value.

National Parks are of crucial and growing importance because they help to maintain the diversity of ecosystems, species, and genetics varieties and ecological processes (including the regulation of water flow and climate) which are essential for supporting all life on Earth and for improving human social and economic conditions. They provide significant economic benefits to surrounding communities and contribute to spiritual, mental and physical well being. They also help to discharge an ethical responsibility to respect nature and provide opportunities to learn about nature and the environment. Each of these values of totally protected areas is important and should be taken into account in developing a pricing plan.

1.1 Problem Statements

National Parks in Sarawak have a large potential to increase their revenues. They have historically charged low entrance fees relative to the levels of demand. The structure of entrance fee, however, often makes little economic sense. For example,