

SECTION 1. INTRODUCTION

1.1 BACKGROUND

The United States Agency for International Development Mission to South Africa (“USAID/ SA”) through its agent Creative Associates International (“CREA SA”) sought the services of a consortium or company to conduct a Situational Analysis and Develop a Tourism Master Plan for the Buffalo City Municipality (“BCM”). This project falls under the auspices of USAID/ SA’s Local Government Support Programme that is a bilateral agreement with the national Department of Provincial and Local Government in South Africa. The programme has the following objectives:

- Support for developing policies and for supporting national programmes that enable effective democratic governance.
- Direct assistance to municipalities to implement democratic and effective local governance
- Horizontal sharing of lessons learned through the programme and from other interventions across a wider group of municipalities, and feedback to policy makers

After a first phase of the programme, further areas for support were refined through a consultative process and the following areas were defined:

- Strengthening participatory democracy through systems to improve community access and council outreach.
- Building civic responsibility and empowering citizens and community groups to engage with local development initiatives.
- Developing integrated approaches to complex social and economic problems.
- Improving the capability (skills, systems and structures) of municipalities to establish systems of participatory governance and meet social and economic challenges.

BCM successfully submitted a proposal under the second phase of the programme for the development of a Tourism Master Plan, and the CREA Rfp No. GMTA - 047 and requested proposals to address the development of the Tourism Master Plan on behalf of BCM under the programme.

Grant Thornton Kessel Feinstein along with its consortium partners were commissioned to develop the Tourism Master Plan on behalf of the BCM. The consortium partners are:

Grant Thornton Kessel Feinstein	Tourism specialists
East London Museum	Historical, Heritage, Culture
Ithemba Environmental	Environmental & Community Facilitation
Setplan	GIS & Town Planning
Online Innovations	Database and IT
Stewart Scott	Transport & Infrastructure Engineers
Terry Cook Advertising	Market Strategy and Planning
Empower ED	Training and Skills Development
Ngonyama & Associates	Architects
Mazwana Maqetuka Pierson	Quantity Surveyors
Prodigy Business Services	Market Research

1.2 METHODOLOGY

Our methodology for the Buffalo City Tourism Master Plan consists of 15 phases spread over 18 months. This report relates to **Phase 5: Tourist Markets** only and our methodology for this phase is detailed below. We also attach the project plan in **Annexure A** to further place this phase in context.

In short the phases of the Buffalo City Tourism Master Plan are:

- Phase 1: Project Set-Up
- Phase 2: Analysis of Existing Characteristics
The output of the phase is a report on the review and analysis of the environmental, historical, socio-cultural, economic, resource, land use, and other relevant characteristics of the study area.
- Phase 3: Tourist Attractions, Activities, Facilities and Services
The output of these two phases is:
- *An inventory and evaluation of the existing and potential tourist attractions and activities*
 - *An inventory and evaluation of the existing and planned accommodation and other tourist facilities and services.*
- Phase 4: Transportation Access & Infrastructure
The output of this phase is a study of the characteristics and an evaluation of

- transportation access to and within the region, and of other infrastructure for present and future tourism development.*
- Phase 5: Tourism Markets
The output of this phase is an analysis existing and potential markets that Buffalo City can penetrate.
- Phase 6: Carrying Capacity
The output of this phase will be a recommended general tourist carrying capacity of the area and its major tourism destinations.
- Phase 7: Tourism Development plan
The output of this phase will be a Tourism Development Plan, including recommendations on major tourist attractions and activity areas, tourism development regions, tourist facilities and services, and related infrastructure to serve the tourist markets.
- Phase 8: Environment Management Proposals
The output of this phase will be an environmental impact evaluation and environmental management proposals.
- Phase 9: Socio Cultural Management Proposals
The output of this phase will be a socio-cultural impact evaluation and socio-cultural management proposals.
- Phase 10: Skills Development Programme
The output of this phase will be a comprehensive labour study and skills development programme for tourism and to support the Tourism Development Plan.
- Phase 11: Tourism Institutional Arrangements
The output of this phase will be the recommended public and private organisational structures for tourism.
- Phase 12: Enterprise Development and Support Programme
The output of this phase will be a programme and booklets/ material to assist the development of SMME's and other Tourism Enterprises.
- Phase 13: Tourism Database
The output of this phase will be a tourism database for continuous operation.
- Phase 14: Tourism Marketing Plan
The output of this phase will be A Tourism Marketing Plan (including a Communications Plan and Stakeholder Management Plan) and an interactive website.
- Phase 15: Tourism Development Action Plan
The output of this phase will be a ten year tourism development action plan

Phase 5: Tourist Markets**Research:**

Prodigy Business Services conducted the consumer research for this phase and Grant Thornton Kessel Feinstein (“**GTKF THL**”) conducted the remaining research and developed the analysis for this phase. The research included:

- An examination and analysis of existing research and data on tourism and leisure spending and patterns to determine the current extent of tourism, by market segment, to and within the Buffalo City area;
- Collating and reviewing all existing information that we have on international tourism generating markets from previous projects undertaken by our firm and for which no property/ copyright clauses apply;
- A carefully chosen sample survey of international tour operators bringing tourists to South Africa; to determine the criteria used for selecting locations and experiences to include in the itineraries of tour groups and FIT's for international visitors to South Africa and under what circumstance they make use of, or would make use of, locations in the Buffalo City area;
- A sample survey of conference organisers nationally to determine the criteria used for selecting locations for conferences and functions, particularly if they use the Eastern Cape, and under what circumstances they would make use of locations in the Buffalo City region;
- A sample survey of local tour operators and travel agents serving the domestic tourism market to determine the criteria used for selecting locations and experiences to include in the itineraries of tourists, or suggest to tourists, and under what circumstance they make use of/ sell, or would make use of/ sell, locations in the Buffalo City area;
- A review of competitive destinations in South Africa on the basis of range of products or experiences available and markets targeted. This was used to develop a comparative positioning for Buffalo City, and to understand the City's strengths and weaknesses compared to other competing destinations;

- A review of international travel brochures to determine the extent that Buffalo City and/ or the Eastern Cape figure on itineraries and in brochures which are available for consumers internationally;
- A survey of domestic and international tourists visiting Buffalo City. The survey covered:
 - Basic consumer demographics i.e. their age, family structures, origin, etc;
 - An indication of the current amount they spend on leisure activities;
 - Purpose of visit and activities undertaken during the visit;
 - Accommodation used, daily and total spending by category;
 - How they made the decision to visit Buffalo City and how they made their arrangements;
 - Satisfaction levels and any problems encountered; etc.

Analysis

The objective of the analysis was to determine which markets Buffalo City has the potential to penetrate further, or newly penetrate, and to prioritise and select the best markets to target, and project likely numbers of tourists per market which could be attracted to the destination in the future. The process we followed to assess this is a tourism portfolio analysis, undertaken by way of a three-step process followed by a segmentation strategy:

The three steps of the portfolio analysis include:

- The identification and clustering of tourism products/ markets;
- The identification of competitors by cluster or product and assessing Buffalo City's market share (where relevant, for each cluster/product – leaders, challengers, followers, etc.);
- Developing a competitor comparative analysis (i.e. a comparison of each cluster with its competitors).

The Segmentation framework comprises three steps:

- Carrying out a segment/ market attractiveness assessment.

Market segments were identified whose travel needs and motivations best match (currently and/ or potentially) the product strengths identified in the Tourism

Portfolio Analysis. In addition market segments have been identified which are product or theme based primarily.

Market segments and products which have been identified was assessed in terms of:

- Profitability – value for Buffalo City, taking into account the objectives of tourism development
- Size of the market
- Market growth rates
- Rise of competitors
- Negotiating power, etc.
- Demographic, lifestyle, geographic, etc

For each product/ market segment, the keys to success in satisfying market demand were identified. These key factors were compared with the current situation in Buffalo City, so as to identify gaps between the actual situation and the market expectations and requirements.

A SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) for each product/ market was developed.

The final result of this analysis provided the competitive position of each of Buffalo City's product/ markets.

We then developed a segment prioritisation matrix and final selection of target segments.

1.3 STAKEHOLDERS INTERVIEWED

During the course of this phase of our assignment we have interviewed:

Tourism Attractions, Activities, Facilities and Services

- | | |
|-----------------------------------|--|
| • Atkinson's Travel PE | Travel Agent |
| • B&B at the Castle – Larry Kelly | Bed & Breakfast and Former Buffalo City Tourism Member |
| • Balugha Inn | Guesthouse |
| • Black Pan – Domonic Jackson | Restaurateur and Buffalo City Tourism Board Member |

- Blarney House B&B Bed & Breakfast
- Blue Bend B&B Bed & Breakfast
- Blue Lagoon Hotel – Derek Carol Hotel and Former Buffalo City Tourism Board Member
- Bonza Bay Lodge Bed & Breakfast
- Chandlers Guesthouse Guesthouse
- Cintsa East B&B Bed & Breakfast
- Club Areena Resort Resort/ Caravan Park
- Country B&B Bed & Breakfast
- Country Court Tilty Hill Bed & Breakfast & Touch Farm
- Crawfords Cabins Self-catering
- Devereax Lodge Guesthouse
- Dolphin Hotel Hotel
- Double Drift Game Reserve Game & Nature Reserves
- Dreamers Guesthouse Guesthouse
- East London Aquarium – Willie Maritz Tourism Attraction
- East London Museum Museum
- Embassy Holiday Apartments Self-catering
- Emzini Restaurant – Roundy Nini Restaurateur and Buffalo City Tourism Board Member
- Esplanade Hotel & Suites Hotel
- Gate House B&B Bed & Breakfast
- German Bay Lodge Bed & Breakfast
- Gonubie Chalets & Caravan Park Resort/ Caravan park
- Gonubie Hotel Hotel
- Gonubie Sun B&B Bed & Breakfast
- Haga Haga Hotel Hotel
- Harvey World Travel PE Travel Agent
- Holiday Inn Garden Court Hotel
- Inkwenkwezi Private Game Reserve – Keith Stanton Game & Nature Reserves
- Kei Mouth Caravan Park Resort/ Caravan Park
- Loerie Hide Bed & Breakfast
- Majestic Boutique Hotel Hotel
- Mimosa Holiday Flats Self-catering
- Morgan Bay Hotel Hotel
- Niki Nana Backpackers Backpackers
- Osner Hotel Hotel
- Protea Holiday Apartments Self-catering

- Protea Hotel King David Hotel
- Pug and Putter Bed & Breakfast
- Queenspark Zoo & Botanical Gardens – Tourism Attraction
Nico Roux
- Rae’s Cottage Bed & Breakfast
- Reef Self-catering
- Regent Hotel & Mpongo Private Game Hotel & Game Reserve and
Reserve – Sam Nassimov Buffalo City Tourism Member
- Rendezvous Resort/ Caravan Park
- Rennies Travel East London Travel Agent
- Strandloper Cafe Restaurant
- Stumble Inn Bed & Breakfast
- Sugar Shack Backpackers
- Sure Aloe East London Travel Agent
- Sure Jet Travel PE Travel Agent
- White House Guesthouse
- Wildcoast Holiday Reservations Reservation Agents
- Windsor Cabannas Self-catering
- Xanadu Holiday Chalets Self-catering

Tourism Organisations and Public Sector

- Border-Kei Chamber of Business – Les Chamber of Business
Holbroock
- Dreamcatcher Consortium of Service Providers
- East London IDZ – Peter Miles Industrial Development Zone
- Fedhasa – Tony Beart (Chairman) Tourism Organisation
- Gartour Tourism Organisation
- Glenton de Kock Buffalo City Tourism
- IDP Unit - Riana Pretorius Buffalo City Municipality
- LED Unit – Peter Rankin Buffalo City Municipality
- Mossel Bay Tourism Tourism Organisation
- Pam Golding – Gwyn Bassingthwaighte Estate Agent and Buffalo City
Tourism Board Member
- Planning Directorate - Graig Sam Buffalo City Municipality
- South Africa Tourism – Bongi Mosia Tourism Organisation

Tour Operators

- Advantage Travel & Tours International Tour Operator
- African Routes Local Tour Operator

• Airtours International	International Tour Operator
• Amathole Tours	Local Tour Operators
• Beach & Bush	Local Tour Operators
• Bench International	International Tour Operator
• Bridge Travel	International Tour Operator
• Caraville	Local Tour Operator
• City Voyages	International Tour Operator
• Dertour	International Tour Operator
• Dreamcatcher	Local Tour Operator
• Drifters Adventures	Local Tour Operator
• Drive SA	Local Tour Operator
• Ethnic Tours	Local Tour Operator
• Explorer Fernreisen	International Tour Operator
• Fairfield Tours	Local Tour Operators
• Flamingo Tours	Local Tour Operators
• Gartour	Local Tour Operator
• Golf & Game Safaris	Local Tour Operator
• GRS Southern African Tours	Local Tour Operator
• Ikapa Tours & Travel	Local Tour Operator
• Ithala Tours	Local Tour Operators
• Jambo Tours	International Tour Operator
• Jarandi Tours & Safari	Local Tour Operator
• Legend Tours	Local Tour Operator
• Ocean Blue Adventures	Local Tour Operators
• On Safari	International Tour Operator
• Pembury Tours	Local Tour Operator
• Rainbow Tours	International Tour Operator
• Royal Albatross Golf Tours	Local Tour Operator
• Spier Tours	Local Tour Operators
• Springbok Atlas	Local Tour Operator
• Thompson Tours	Local Tour Operator
• Travel 2	International Tour Operator
• Welcome Tours	Local Tour Operator
• Wildcoast Holiday Reservations	Local Tour Operator
• Winward Tours	Local Tour Operator
• Xhosa Land Tourism & Afri Cafe	Local Tour Operators

Other

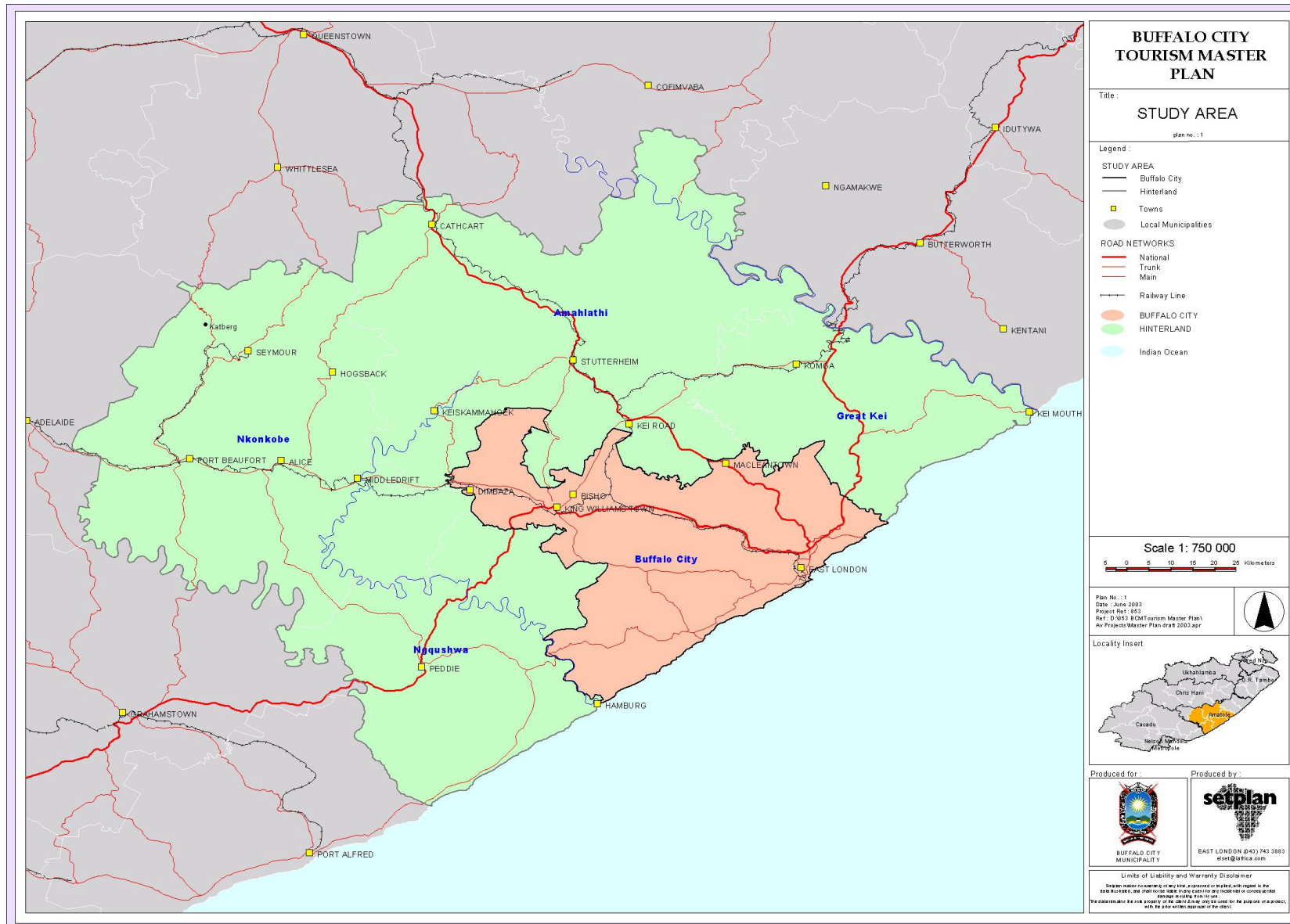
- Caraville – Grant Kennedy Product Owner

- Dr Leslie Banks Rhodes University
- Gary Weber Buffalo City Sport Field Superintendent
- Jan Stern Journalist/ Writer
- Mantis Collection Product Owner

1.4 THE STUDY AREA

For the purpose of this study the study area is defined as the Buffalo City Municipal area. Cognisance will be taken of the hinterland extending inland to include the Hogsback/ Katberg area, west to the Keiskamma River and east to the Great Kei River.

This extended planning area necessitated a collaborative planning partnership with the Amatole District Municipality, Great Kei, Amahlati, Nkonkobe and Ngqushwa Local Municipalities and the Tourism Stakeholders of this region (including the national Department of Environmental Affairs and Tourism, the Eastern Cape Tourism Board, Local Tourism organisations, product owners, community representatives and entrepreneurs). The study area is shown in the map below.



1.5 TERMINOLOGY

LSM	-	Living Standard Measure
NGO	-	Non-Governmental Organisation
PCO	-	Professional Conference Organiser
SA Tourism	-	South African Tourism
Stats SA	-	Statistics South Africa
VFR	-	Visiting Friends and Relatives
USAID	-	United States Agency for International Development Mission to South Africa
CREA SA	-	Creative Associates International
BCM	-	Buffalo City Municipality