

SECTION 8. TOURISM PORTFOLIO ANALYSIS

8.1 BACKGROUND

The objective of the tourism portfolio 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 that 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.; and
- Developing a competitor comparative analysis (i.e. a comparison of each cluster with its competitors in terms of awareness and understanding, trends in purchasing, motivations, satisfaction and image in comparison with main competitors).

The Segmentation framework comprises three steps:

- Carrying out a segment/ market attractiveness assessment
- A SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) for each product/ market was developed.
- We then developed a segment prioritisation matrix and final selection of target segments.

Section 8 details the tourism portfolio analysis.

8.2 BUFFALO CITY'S TOURISM PRODUCTS

Figure 8.1 provides a definition of a tourism product for the purposes of this study. This definition is derived from international research, and is based on what the tourist perceives they are purchasing.

Figure 8.1: Tourism Product Definition



Through review and analysis of the research conducted (particularly during **Phase 3: Tourism Attractions, Activities, Facilities and Services**) and workshopping within the consulting team we have identified the following tourism products which Buffalo City currently sells, or could develop in the future.

Current Products:

- Sun, Sea & Sand Holiday/ Beach
- General Interest Tour
- Entertainment/ City Experience
- Hiking Trails
- Surfing
- Nature Based Holiday (including wildlife & scenery)

- Events
- Sport
- Conferences

Future Products

- Palaeontology Tours
- Culture & Heritage Tours (including Struggle History)
- Historical Tours (Settler based)
- Whale Watching
- Hunting
- Bird Watching
- Golf Holidays
- Adventure Holidays
- Cruises

The existing and potential product range is very dependant on natural assets making environmental protection very important. Some potential products are being sold in Buffalo City at present but are not well utilised and thus included in potential products that could be penetrated further.

8.3 TOURISM MARKET SEGMENTS FOR BUFFALO CITY

Based on the analysis of data contained in **Section 2** to **7** of this report and the combined knowledge of our tourism experts, the main tourism market segments for Buffalo City were identified. These segments are briefly summarised below with key data only.

The market segment identified has been grouped according to their purchase behaviour and not necessarily according to their place of origin. For example, the backpacker market segment from Australia, the UK or Germany have similar purchase behaviour and have been grouped as backpackers rather than Australian Backpackers, UK Backpackers and German Backpackers.

We acknowledge that the market segment “special interest” could be expanded to a range of market segments grouped according to a variety of special interest, but for the purpose of analysis we have grouped special interest tourists as one market segment rather than adding more market segments to the analysis.

Page reserved for Table: Buffalo City Market Segments

Attached in excel spreadsheet

Business tourists have not been analysed as a market segment as business trips are not discretionary spend i.e. a business tourists can not decide to which destination they should take a business trip but it is rather decided by the type of business that needs to be conducted. Accordingly, a tourism marketing strategy cannot market specifically to business tourists as this type of tourism is decided by economic factors.

The domestic holiday tourists from the various provinces have been segmented according to race and income level. Although they may seem similar in regards to age, family structure, etc there are small nuances in their purchase behaviour. For example, high income white holiday tourists from KwaZulu-Natal may be less interested in beach activities in Buffalo City than high income white holiday tourists from Gauteng since the tourists from KwaZulu-Natal may live close to the coast in KwaZulu-Natal.

It is important though to segment these markets when considering a marketing and branding campaign.

8.4 MARKET SEGMENT:PRODUCT MATRIX AND COMPETITOR IDENTIFICATION

Table 8.1 shows the market segment:product matrix for Buffalo City. The market segment:product matrix was compiled based on the perceived competitiveness of Buffalo City’s products in relation to its competitors as well as the share of the market segments that are attracted. For example, Buffalo City may have more pristine beaches than the KwaZulu-Natal South Coast but the domestic holiday tourists who purchase the sun, sea and sand holidays may perceive the KwaZulu-Natal South Coast beaches as being better and this destination thus captures the majority of this market segment.

The yellow blocks indicate an existing product:market segment pairing or match and the green blocks indicate a potential product:market pairing. More than 50 product market matches are indicated. Blocks with no colour indicate that the market segment does not buy that product.

Page reserved for table 8.1. Segment:Product Matrix for Buffalo City

Attached in excel spreadsheet

The destinations listed within the coloured blocks indicate the destinations which compete with Buffalo City in offering the same or a similar product to the market segment. The major competitors overall are Port Elizabeth, Cape Town and Durban, while various other South African destinations such as the Wild Coast are competitors for specific products such as adventure activities.

Table 8.2 shows a more detailed competitor assessment by product, including a comparison to Buffalo City.

Blocks in blue indicate a competitor destination which is a leader in providing this product, whilst mustard yellow indicates destinations which are strong competitors, and yellow those destinations which are medium level competitors.

Cape Town and the Garden Route emerge as the destinations which are most often seen as leaders in providing nature based products, while destinations such as Durban and Johannesburg are leaders in city destinations, conferences and sport.

Port Elizabeth are seen as strong competition to Buffalo City in six of the existing and potential products while being seen as medium competition in 3 existing and potential products. Port Elizabeth is not seen as a leader in any of the existing or potential products.

Page reserved for table 8.2. Competitor Analysis

Attached in excel spreadsheet

8.5 COMPETITOR EVALUATION

Tables 8.3 indicate the strengths and weaknesses, from a marketing perspective, of Buffalo City’s major competitors compared to Buffalo City.

Table 8.3 Marketing Strengths and Weaknesses Compared to Buffalo City

Port Elizabeth	
Strengths vis a viz Buffalo City	Weaknesses vis a viz Buffalo City
<ul style="list-style-type: none"> Seen as part of the Garden Route – Gateway Various game reserves in the area Better airlinks than Buffalo City Various “must see” attractions planned Currently repositioning itself – Monitor Study Similar products to Buffalo City 	<ul style="list-style-type: none"> One night destination Still perceived as the windy city
Cape Town	
Strengths vis a viz Buffalo City	Weaknesses vis a viz Buffalo City
<ul style="list-style-type: none"> SA’s premier destination Good destination marketing Very good airlinks Much larger, developed tourism industry – links to trade, major players etc Variety of tourist attractions and experiences 	<ul style="list-style-type: none"> Costly destination Suffers from congestion during peak periods No big 5 game experience in close proximity
Durban	
Strengths vis a viz Buffalo City	Weaknesses vis a viz Buffalo City
<ul style="list-style-type: none"> Premier domestic destination Part of most general interest tours – Link between Mpumalanga and Garden Route Offers variety of products – beach, city, conference 	<ul style="list-style-type: none"> One night destination for foreigners No game experiences in close proximity

Overall the destinations have more strengths than weaknesses from a marketing perspective when viewed against Buffalo City. Where Buffalo City’s comparative strengths could possibly come through are in respect of its nature based experiences that could be positioned above that of all the other destinations if properly marketed.