



Cape West Coast Biosphere Reserve

Cape West Coast Trails and Tourism Feasibility Study

Phase Four Report: Evaluation & Identification of Routes

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SILIMELA
DEVELOPMENT SERVICES
HIGH IMPACT FUTURES



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1. Introduction

1.1 Purpose of Analysis

The goal of Phase 4, Evaluation & Route Identification, as stated in the project plan, is to:

“...Assess each product against a series of criteria to evaluate feasibility and make recommendations on trails and routes to be developed.”

Arising out of Phases 1 (Scoping), 2 (Situational Analysis) and 3 (Competitive Analysis) were a set of five potential trails. The first three phases of the feasibility study show that these five trails hold high potential, in that they are:

- Physically and logistically possible
- Not too difficult (gentle to moderate)
- Diverse in terrain and experience
- Scenically beautiful
- Inclusive of the natural and cultural “gems” unique to the CWCBR
- Able to command market share and stand proudly alongside their competitors
- Differentiated from competitors by a number of unique selling points, but specifically able to offer life changing connections with, not only nature, but culture as well
- Manageable in terms of environmental impact

The Situational Analysis in Phase 2 indicated that the five potential trails generally follow existing trail paths, tracks and beaches. However, they do traverse sensitive environments where breeding birds and other animals could be disturbed by hikers. An Environmental Impact Assessment (EIA) process will need to be initiated to satisfy legal requirements. It is likely that this process will not proceed beyond the scoping phase in most instances. However, if trail construction is required and infrastructure needs to be renovated or constructed, a full EIA may be required. The EIA public participation process can be dovetailed with the development public

participation process, which is useful. The environmental management recommendations arising out of the EIA process will be useful to ensure trail operators are sustainable and in line with the principles of the CWCBR.

It was recommended in the Phase 3 Competitive Analysis, that the CWCBR trails be accredited through the Green Flag Trails accreditation system. This will ensure the trails are competitive from a quality perspective and are environmentally sustainable.

- Accessible

The start and end point of each trail is easily accessible and there are emergency exits en route.

Private / Park land to be traversed by the potential trails, and overnight stops to be located on private / park land, were identified. Initial consultation indicated that land owners are supportive of the trails and willing to negotiate an access agreement.

- Supportive of existing initiatives / products or filling in gaps

- Supported by stakeholders

The five potential trails were well received by the CWCBR Board and by stakeholders at the four Stakeholder Workshops. No objections were raised. Suggestions were made as to how the envisaged trail paths could be varied and some product owners indicated their enthusiasm to link their products to the proposed trails.

In this phase (Phase 4), the feasibility of the five potential trails, were further evaluated against a series of marketing, financial and community beneficiation criteria.

1.2 Methodology

The following methods were employed to conduct the evaluation of the five potential trails:

Key feasibility criteria for assessing marketing, financial and community beneficiation were identified. Information was then gathered so that each of the trails could be evaluated against these criteria.

The information gathering process included the following activities:

- Phase 1, 2 and 3 reports were analysed for relevant information
- Additional desk-top and internet research was conducted where necessary
- The trails were described and their unique selling points identified
- The unique selling points were used to develop a detailed itinerary that clearly identified what the trail offered
- The itinerary was used to estimate the cost and price of doing a trail, allowing for an acceptable profit margin per person.
- The business or business units needed to operate the trail were identified and the cost of running the business units estimated
- The income generated by the business units was estimated for various occupancy levels
- The income and expenditure estimates were used to assess the financial sustainability of the trails and business units
- The number of job / training opportunities, opportunities for new SMMEs and existing enterprises / products were estimated and used to assess potential benefits for communities in the CWCBR.

2. Description of the Trails

The five potential trails include the:

- Five Bay Trail
- Berg River Canooze
- Eve's Trail
- Darling Stagger
- Wheels of Time

A description of these trails, their unique selling points (USP) and an itinerary for start-up products are described in Table 1. Table 1 can be seen in Annexure 1 at the end of this report.

3. Market Evaluation

3.1 Criteria

The following key criteria were identified to evaluate the market feasibility of potential trail products:

- Is there a general market for trails?

- Is there a clearly defined (geographic and demographic) primary source market?
- Is there a clearly defined brand that appeals to primary source market?
- Does the product appeal to the primary source market?
- Is the product competitive?

2.2 Evaluation

Research by SAARF (Annexure 2) indicates that approximately 26% (>7 million) of the adult population are involved in hiking / walking. A relatively high percentage of these adults are found in the Western Cape and Cape Town (primary source market) in particular.

The occupancy rate for the overnight Postberg Trail in the WCNP within the CWCBR is high but the trail is currently only open during flower season. The community-based Crayfish Trail located just to the north of the CWCBR operates year round. It estimates occupancy rates as 30-54% for the last 3-4 years (Annexure 2).

The market research from Phase 1 (see Summary in Annexure 2) and the competitive analysis from Phase 3 (see Phase 3 Report) clearly defined a specific geographic and demographic primary source market for the CWCBR.

The Phase 3, Competitive Analysis, identified a brand positioning for the CWCBR trails and matched this to the primary source market. The Report concluded that the trail products are competitive.

Key attributes of trail products likely to hold appeal for the primary source market were identified from the information provided by SAARF, market research (Phase 1) and the Competitive Analysis (Phase 3). Each of the five potential trails were assessed in relation to these attributes. The results are shown in Table 2, in Annexure 1 at the end of this report.

The results presented indicate that the Five Bay Trail, Darling Stagger, Eve's Trail and the Berg River Canooze are all products that appeal to the primary market. The Wheels of Time Cycling Trail presents a challenge in terms of its length. However, it does diversify the product range to include walking, canoeing and cycling and there is strength in providing variety. This diversity of product encourages paying passengers to return to do another trail. In addition, initial financial estimates show that a cycling operation has the potential to be relatively profitable. During the detailed planning phase (still to come in Phase 6) the cycling trail will be tested to see if it can be shortened and / or separated into 2-2.5 day modules. Packaging the cycle trail as an event or possibly even as a route, will also be considered.

In addition to the attributes listed in Table 2, the recommendations of the Competitive Analysis (Phase 3) and the experience of the community-based West Coast Crayfish Trail, suggests that developing trail products that are socially and environmentally responsible, provides an advantage in the market place and therefore adds to product feasibility. A recent (2007) report released by WWF called "Let them Eat Cake", confirms that if prices are equal, mainstream consumers tend to choose environmentally and socially responsible products over those that are not.

Trails that are environmentally and socially responsible and economically beneficial are also in line with the principles of the CWCBR. This suggests that the CWCBR should create a set of simple, achievable environmental, social and economic accreditation criteria to guide selection of participants in the trails and tourism programme. The Phase 3, Competitive Analysis suggests that the "Green Flag" Trail accreditation system would be an appropriate system to use.

4. Financial Evaluation

4.1 Caution

Accurate financial analysis cannot be undertaken until the business / management model has been determined (Phase 5 still to come) and trails have been planned in detail (Phase 6 still to come).

However, it was felt that an initial estimate of the financial viability of the five potential trails, and the potential business units associated with running the trails, was necessary at this stage for evaluating feasibility.

A cost estimate for each trail and the business units needed to operate the trail (Annexure 3) were reviewed. It should be noted that the cost estimates make certain assumptions about the trail itinerary and way in which the trails will be operated.

Cost estimates were done for:

- i) A start-up product that utilizes what is already in place and can be launched with little capital outlay.
- ii) An end-product that requires the construction of tented camps (or other appropriate structures), and the purchase of vehicles, trailers, and canoeing and cycling equipment. This would require substantial capital outlay (millions) and time to develop.

4.2 Criteria

The financial feasibility of each of the five potential trails (start and end products) and potential business units associated with running the trails, were assessed against the following financial criteria:

- Competitive price range
- Known spend for trails of similar length
- Maximum spend & time for a trail
- Gross profit per person
- Gross profit attainable with only 2 people sharing – this means the trail can accommodate couples, and that there is no dependency on volume which is sometimes the downfall of other trails)
- Can offer discounts for 4-6 pax (sales advantage)
- Estimated annual gross profit per business unit
- Estimated annual expenditure per business unit
- Break-even occupancy
- Financial sustainability target
- Target within achievable range (assume will be able to achieve the average occupancy rate of 30-40% of the West Coast Crayfish Trail operating just to the north of the CWCBR and up and running for 4 years).
- Can be organized into profitable business units at target levels

4.3 Evaluation

The results of the evaluation are presented in Table 3 of Annexure 1. The results indicate that the proposed trails and associated business units appear to be financially feasible, and therefore warrant further investigation and detailed planning.

More specifically, Table 3 shows that the all-inclusive price for the trails are slightly on the expensive side. However, it should be noted that the cost estimates (Annexure 3) are based on high-end accommodation (four star guest houses, luxury tented camps) and food, as this matches the “Good Living”, LSM 7 10 primary target market segment. The trails have been designed so that where it is logistically possible, people have a choice of what they eat and whether they stay, whether in in a four star guesthouse or in a home stay for example. Depending on their choice, the price may be lower. Furthermore, some of the costs are shared and therefore prices will be lower for groups of 4 people or more.

For each trail there is a start-up product that can be launched into the market with little capital outlay relative to the end product, which will take time to

develop and substantial capital outlay. Initial cost estimates (Annexure 3) show that tented camps require a 40-50% occupancy rate to be viable financially. This suggests that implementation should be phased, beginning with start-up products, and simultaneously growing the occupancy levels to the point where substantial investment in infrastructure, vehicles and equipment is viable.

From a marketing perspective it is strategic to consider starting with one or two of the start-up products. The cost estimate (Annexure 3) suggests that at least two products are required for financial feasibility. In terms of logistics the Five Bay Trail, Eve's Trail and the Darling Stagger may be easier to begin with than the Berg River Canooze and the Wheels of Time Cycle Trail. The basis for prioritization and phased launch of products into the market will be further investigated in Phase 5 and 6.

5. Community Beneficiation

5.1 Caution

The number of jobs and enterprise opportunities created by the trails can only be accurately calculated after the business / management model has been finalized (Phase 5). However, it is important to assess the feasibility of the proposed trails in terms of improving the socio-economic well-being of communities in the CWCBR.

5.2 Criteria

The key criteria used to assess community beneficiation include the:

- Number of training / job opportunities created
- Number of opportunities for experienced product owners / operators
- Number of opportunities to create new enterprises.
- Number of opportunities to support existing enterprises.

5.3 Evaluation

The potential number of training / job and enterprise opportunities were derived from the cost estimates (Annexure 3) and financial feasibility evaluation (Annexure 1: Table 3) for each trail and associated business unit/s.

A break down of the results can be seen in Table 4 of Annexure 1 at the end of this document.

The results indicate that the five proposed trails will create over 40 intern / training opportunities (later to become permanent positions) for new /

inexperienced job seekers, plus over 20 opportunities for experienced product owners / operators. The trails will require the development of 8 or more business units / enterprises and support 8 established guest house enterprises, with a number (>5) of potential spin-off enterprises.

The actual number of job and enterprise opportunities will need to be interrogated further in Phase 5 and 6, however, the results show that in at least one scenario, the network of five proposed trails has the potential to improve the socio-economic well being of communities in the CWCBR in terms of skills development, job creation, new enterprise development and support for existing product owners / operators.

In addition it should be noted that the trail paths will move through and directly benefit at least 7 / 8 towns in the CWCBR.

Furthermore, the Situational Analysis (Phase 2) and Competitive Analysis (Phase 3) recommend the development of a series of routes and events. The routes will benefit more communities in the CWCBR and form a foundation for further product development in the CWCBR.

6. Conclusion

Five potentially feasible trails have been identified. In essence these trails offer people the opportunity for:

- Special connections with West Coast folk in a safe, comfortable setting
- Special connections with the rich natural and cultural heritage of the past
- Moments of solace and a profound connection with nature on the West Coast
- Good, healthy living, West Coast style

The trails aim to do this in a way that:

- Treads lightly on the earth
- Empowers West Coast communities
- Preserves the rich natural and cultural heritage
- Enriches the local economy
- Provides service excellence

In order to achieve these aims it is suggested that all opportunities for experienced operators / existing product owners be openly advertised and selection linked to certain criteria linked to the Green Flag Trail accreditation system, e.g.:

- Employing green principles
- Employing, mentoring and developing partnerships with HDI interns
- Procuring locally where possible

In addition HDI participants should be identified and employed by experienced operators / product owners in a 'learnership' that includes:

- Internship with operators / product owners
- Field guide training and practice
- Communication, catering, guest house management training
- Basic bookkeeping, tendering, marketing, computing, skills

The feasibility assessment together with the competitive analysis also suggests that implementation should be phased, beginning with a transitional phase that uses trial runs to:

- Launch priority products into the market
- Grow occupancy levels to 40-50%
- Develop business units to operate the trails
- Get operations running smoothly
- Create a context for learning and forging partnerships and mentor relations
- Create a context for implementation of an accreditation system

In addition the transitional phase will be used to:

- Develop the necessary ownership agreements and raise the funds required to develop end-products including:
 - o Tented camps or other appropriate accommodation structures
 - o Vehicles, trailers, bicycles, canoes, safety and other equipment for the cycle and canoe operation
 - o Interpretive sites and display material to unlock the rich cultural and archaeological history of the Five Bay Trail and Eve's Trail
- Facilitate the creation of a possible tourism micro-finance growth fund
- Facilitate the development and marketing of routes linking the trails
- Facilitate product development to enrich routes (e.g. a specialized Sensory Fossil Trail for the blind at the WCFP and a responsible, community-owned quad biking operation at Atlantis)

The transitional phase will culminate with the development of the end products and their launch into the market. This should happen when occupancy on the start-up trail products reaches 40-50%, agreements with land-owners are in place and funds for implementation have been accessed. It is envisaged that

marketing of routes and product development to enrich the tourism product of the CWCBR will continue in parallel to the development and launch of the end-products.

7. Way Forward

Arising out of Phases 3 and 4 are an exciting combination of five trails and recommendations regarding a trail accreditation system, interpretive sites and display. Recommendations regarding a Sensory Fossil Trail at the WCFP are also made.

Phase 5 will investigate the business / management model and will highlight implications for implementation and the development of business plans. This includes investigating the role, purpose and feasibility of a gateway and/or operational centre.

In Phase 6, the proposed five trails will be tested and refined through detailed planning, where an implementation strategy and business plans will be compiled.