

The Business of Whitewater Rafting in South Africa

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Abstract

This study undertook to chart the spatial footprint and size of South Africa's white water rafting industry. It was found that distribution of the 49 white water rafting operators is geographically uneven, with the majority located in the Western Cape and the Free State. There was a significant dearth of operators in Mpumalanga, the Eastern Cape and Limpopo. The presence of raftable rivers influences operator numbers, as does proximity to source markets. Most rafting businesses were well established and owner operated, who are a mix of local lifestyle and classic entrepreneurs. Overall the industry is well established, worth between R50 and R100 million and estimated to add R320 million to the South African economy per year.

The majority of the approximately 539 direct employees are locals, who, due to the highly seasonal nature of industry, are mostly part-timers. The industry is skills intensive, with employees holding a range of technical and 'soft' skills. Finding suitably skilled staff, especially women and Black staff, was reported as being a serious challenge, as was dealing with the local administrator, the African Paddlers Association. The industry is dependent on domestic demand. Selling a rafting trip requires the operator convince tourists that it is safe. Price competition is stiff. In particular, the more heavily traded the river and the lower the grading of the rapids, the lower the price. The study found that some rivers may be overtraded and some operators financially marginal.

Key words: white water rafting; adventure tourism; entrepreneurship; South Africa



Source: [http://:www.elkspringsresort.com-](http://www.elkspringsresort.com)

INTRODUCTION

Adventure tourism is the sale of an adventurous trip or activity where there is some risk, uncertainty and challenge involved. Clients are actively and physically involved and most participants experience of strong emotions, such as fear and excitement (McKay, 2014). Adventure activities are usually classified into three key segments: hard, soft and nature-based adventure (Buckley, 2006; McKay, 2013a). 'Hard Adventure' includes activities that are perceived to be more risky, more physical and more challenging than soft and nature-based adventure activities. In this regard, white water rafting, is considered a 'hard' adventurous activity. White river rafting is a big segment of the adventure tourism industry, and can be found in many countries, such as the USA, New Zealand, Nepal and Japan, as well as being popular across Europe (Swarbrooke, Beard, Leckie and Pomfret, 2003; Buckley, 2010).

In terms of Africa the activity is relatively new as a commercial enterprise. Despite this it is expanding at a rapid rate across the continent in countries such as Zimbabwe and Uganda (Swarbrooke, Beard, Leckie & Pomfret, 2003; Williams & Soutar, 2005; Buckley, 2006, 2010; Morgan, Brunette, Kapella, McAuliffe, Katongole-Mbidde, Li, Marano et al, 2010). In terms of operator numbers, however, South Africa dominates the African market, even though climatic conditions limit the number of raftable rivers.

This study provides an overview of the white water rafting industry in South Africa by charting when it evolved, where it is found and under what conditions it operates. In order to do this, a series of in-depth interviews were conducted with a selected number of randomly identified operators. In addition, semi-structured questionnaires were used to provide insight into the how the industry could grow from the perspective of the tourist.

The study is structured as follows: A brief overview is given as to what is white water rafting. The focus turns to outline some of the key themes of the industry as recorded in the international literature. The study then takes an in-depth look at lifestyle entrepreneurs as the industry appears to be dominated by them. The methodology is then presented, followed by the findings and discussion.

WHAT IS WHITE WATER RAFTING?

White water rafting is a group activity where between four and eight participants both propel and steer an inflatable raft using single-blade paddles. In a commercial situation, the bulk of the steering and the propulsion is done by paid river guides (Wilson, McDermott, Munir & Hogervorst, 2013, McKay, 2014). The key attraction of the activity is riding the rapids, all of which are categorised according to the International River Classification Scale. The easiest, least dangerous and least 'exciting' is a Class I rapid. The most difficult, most challenging and most 'thrilling' is a Class V [and greater] rapid. Due to the need to balance risk with fun, commercial white water rafting is usually limited to Class IV or lower rapids, although there are a few exceptions to this. Internationally, most commercial white water rafting operators raft on Class 1 to 4 rapids (Buckley, 2010).

White water rafting is associated with danger, making it part of adventure tourism is defined by its association with physical risk to life and limb (Kane & Zink, 2004; Buckley, 2006; Fletcher, 2010). Internationally water-based commercial adventure activities like white water rafting are riskier than land or air based ones (Bentley, Page and Laird, 2001; Bentley, Page and Edwards, 2008). Despite this, most white water rafting incidents are minor, incurring only cuts and bruises. Still, serious incidents, requiring hospitalisation for more than 48 hours and/or death, sometimes occur (Bentley, Page & Laird, 2000; Page, Bentley & Walker 2005). Clients can, and do, drown, experience a near drowning event, become hypothermic, get struck by rocks and/or paddles, or become infected with a waterborne disease. Serious sunburn is also a strong possibility. Much of the risk is borne either by the operator and/or the guides (McKay, 2014). This is especially true for white water rafting, this means the operator provides not only the essential rafting equipment (boats, paddles) but also all the safety equipment [such safety equipment includes Personal Flotation Devices (PDFs), helmets, throw ropes, first aid equipment]. Additionally, the operator employs qualified, experienced guides, and sometimes even an additional safety kayaker. Liability issues are a perennial challenge in the adventure industry and this is true for white water rafting as well. One of which is an inability to secure insurance at a reasonable price, another is that safety codes are usually informal. Consequently, operators over-rely on

waivers and disclaimers in the false belief that these will exonerate them from duty-of-care claims (Callander & Page, 2003). There have, thus, been repeated calls for self-regulation to be replaced by formalised, state imposed safety codes (Williams & Soutar, 2005; Buckley, 2006).

The adventure tourism literature is also populated with studies that seek to establish the size and value of adventure tourism. Without doubt, adventure tourism as a niche sector is rapidly becoming a significant sub-set of the global tourism industry. Thus, a number of scholars (Williams & Soutar 2005, 2009; Cater, 2006) estimate the value to be in the trillions of USD annually. This is true for the adventure industry in Africa as well (Rogerson, 2007; Spenceley, 2010). Thus, there have been multiple attempts to explore the economic impacts of adventure tourism, with a specific focus on economic multipliers, such as the sale of souvenirs (for example DVDs, still photos, T-shirts) (Buckley; 2006). In terms of economic impacts, adventure tourism is inherently labour intensive and skills rich, that is, many skilled guides need to be employed if the risk is to be adequately managed (Cater, 2006). This is especially true for white water rafting. Thus, there is potential for overall salary bill in white water rafting to be higher than what is typical in the tourism and hospitality industry, both in terms of overall numbers of employees as well as average wages. As noted Buckley (2007) and Schott (2007) however, adventure enterprises, such as white water rafting operators, are becoming more and more subject to pressures associated with the post-industrial, service orientated business model, making operators compete directly with one another for clients. They argue that operators now compete for the tourist 'dollar' on a number of fronts, such as on price, on 'remoteness' of location, on 'exoticness' of location, on trip duration, type of boat used for the trip, on guide-to-client ratio – or on all of these features simultaneously. Consequently Buckley (2006) argues that such competition has created a trend towards sameness that is now so strong it is hard to distinguish between white water rafting trips and the associated operators. He then argues that consequently white water rafting is beginning to resemble mass tourism. Indeed, rafting en mass and direct price competition places a great deal of pressure on the bottom line. Some operators, therefore, may be tempted to cut costs in unacceptable ways, such as by jettisoning some safety measures (not employing a safety kayaker for example);

delaying replacing equipment resulting in equipment being used beyond recommended limits; cutting back on maintenance until absolutely necessary and/or employing inexperienced or less-than-optimally skilled personnel (Page, Bentley & Walker, 2005; Williams & Soutar, 2005). Thus, white water rafting is a sub-sector of hard adventure which is especially vulnerable to price competition as 'cost cutting' exercises may expose clients to higher-than-acceptable risks whilst on the rafting trip.

There is a wide body of literature which explores the role of entrepreneurship within the adventure tourism industry. Internationally it seems that many pioneer commercial adventure tour operators, could be best described as lifestyle entrepreneurs, or, at the very least 'adventure enthusiasts'. The international literature defines a lifestyle entrepreneur as a type of artisan, a person who spends much of the time, talents and personal income perfecting and running their business (Gomez-Velasco & Saleilles 2007; Koster, Markantoni, & Strijker 2009). They are usually motivated by more than profit. That is, they crave the independence the adventure business gives them, the quality of life, as well as, the experience of self-fulfilment and/or self-realisation by working on their 'passion' or 'purpose' (Spinosa, Flores & Dreyfus, 1997; Lardies 1999; Lewis 2008; Morrison, Carlsen, & Weber 2008). As individuals, they have acquired a great deal of personal competence and experience in the activity prior to launching the adventure tourism business (Maritz and Beaver, 2006). That is, they have been recognised as 'experts' in the communities prior to become commercial operators (Hackett, 2006). It may be, then, that the commercial operation represents the economic manifestation of their serious leisure activity (Weber 2001; Beedie 2003; Trauer 2006; Buckley 2007). Such entrepreneurs have an 'edge' over opportunistic entrepreneurs, it is argued, as they are more able (and more likely) to offer an authentic adventure experience to their clients. Because of this, such business people are far more likely to forgo personal income in order to get the enterprise into a financially strong position. This does mean that lifestyle entrepreneurs may face higher risks than classic entrepreneurs. As such, then, they may need additional financial support (especially in the early stages of the business) or support with respect to human resource management.

Internationally, most operators continuously engage in a variety of marketing methods. This includes retail shop front displays; brochures; flyers; booths at specialised shows and middlemen selling packages (Cloke & Perkins 1998). But by far the most important method is use of the world wide web, using websites and social marketing tools such as Facebook and blogs (Levinson and Milne, 2004; Lew, 2008; McKay, 2013a). Many African operators (e.g. those marketing Mount Kilimanjaro, the many adventure activities at Victoria Falls, and Red Sea diving) also make extensive use of packaged holidays that are sold through tourist middlemen. Social media (e.g. blogs, Twitter, YouTube and Facebook) play a vital role in promoting adventure tourism, by mainstreaming extreme activities.

WHITE WATER RAFTING IN SOUTH AFRICA

Academic studies on white water rafting in South Africa have been conducted by Greffrath and Roux (2011; 2012), who document the popularity of white river rafting on the Vaal River and McKay (2013b; 2014) on the Ash River. Greffrath and Roux (2011; 2012) found the Vaal rafting operators contribute positively to local economic activity but their environmental impact on the river was negative due to high trip volumes. The McKay (2013b) study looked specifically at operators on the Ash River in Clarens in the Free State. That study found the operators were both white men who are lifestyle entrepreneurs who used their own funds to start the businesses. The operators co-operate as well as compete with one another for clients and jointly the two businesses were valued at R7 million. Business is seasonal, and group bookings/corporate team building formed a crucial segment of their clientele. Lastly, a study by Economic Modeling Solutions (2011) placed a value, including backward linkages, on white water rafting on the Ash River to be between R10.5 million and R18 million¹. The McKay (2014) study found that the typical rafting tourist to be white, well-educated and wealthy, who generally enjoyed participating in rafting as part of a couple or group. Most did it for the thrill, the adventure and to have fun.

METHODOLOGY

A database of 49 white water rafting companies was constructed using a combination of an internet footprinting

¹ The Rand to USD exchange rate in October 2014 was approximately R10.96 to one USD.

approach (see McKay, 2013a), brochures and pamphlets collected from operators present at three outdoor/adventure shows that took place in Johannesburg between the years 2011 and 2012, as well as, collecting data from adventure publications, such as *Dirty Boots*. The database was then verified by onsite visits or through phone calls. It was found that some companies advertise on the internet but could not be found in the verification process. Some Western Cape and Gauteng companies operate in a different province from where they are based (in the Free State and Northern Cape). Some of the Vaal enterprises operate during the peak season only. These particular businesses are micro enterprises and appear to be 'one-man-shows'. Lastly, some businesses use different/multiple names and websites, but for all intents and purposes are one operator. A minority of operators were found merely book rafting trips on behalf of others and so were excluded from the study. Eleven randomly selected enterprises (using random number tables) were interviewed using a semi-structured interview sheet. The refusal rate was high, with one in two operators, refusing to participate. In all cases informed consent was obtained and participation was voluntary. The interviews took place between the months of September 2012 and January 2013. The operators were either interviewed in person or telephonically. Those who participated were based in Kwa-Zulu Natal, the Free State, Gauteng, the Western Cape, the Eastern Cape and the Northern Cape. The interview covered issues pertaining to ownership, staffing, marketing, interaction with organs of state, daily operations, business trends and customer profiles. To determine the overall value of the industry, data from the McKay 2014 study on rafting on the Ash River (which estimated with a fair degree of confidence, an annual turnover of R1.6 million for the two operators there) and the Economic Modeling Solutions (2011) survey's most conservative estimate of overall worth of these two businesses to be R10.5 million was used. This then generated an income to value ratio of R6.56. This was then used to generate the multiplier effect, that is, R6.56 in total value generated for each R1.00 in turnover.

FINDINGS

The South African white water industry began about 25 to 30 years ago when a few pioneering 'river men' launched their own rafting companies (Kallie Zwaren, pers comm, 27 December 2013). It has grown significantly

since then, with some 49 white water rafting operators, located across all nine provinces. The majority are found in the Western Cape and the Free State (11 each); followed by Kwa-Zulu Natal (7); Gauteng and the Northern Cape (5 each); Mpumalanga, the North West and Eastern Cape (3 each) and Limpopo with one operator (see Figure 1). Overall, the operators felt that the combination of physical geography, the number of rivers with rapids

and good weather make South Africa ideal for river rafting. Rafting takes place on 25 rivers (see Table 1), most of which are located between the escarpment and the sea. By province, these rivers are distributed as follows: Western Cape (7); KwaZulu-Natal (6); Free State (4); Eastern Cape and Mpumalanga (3 each); Limpopo and Gauteng (2) each; Northern Cape (1) and North West none.

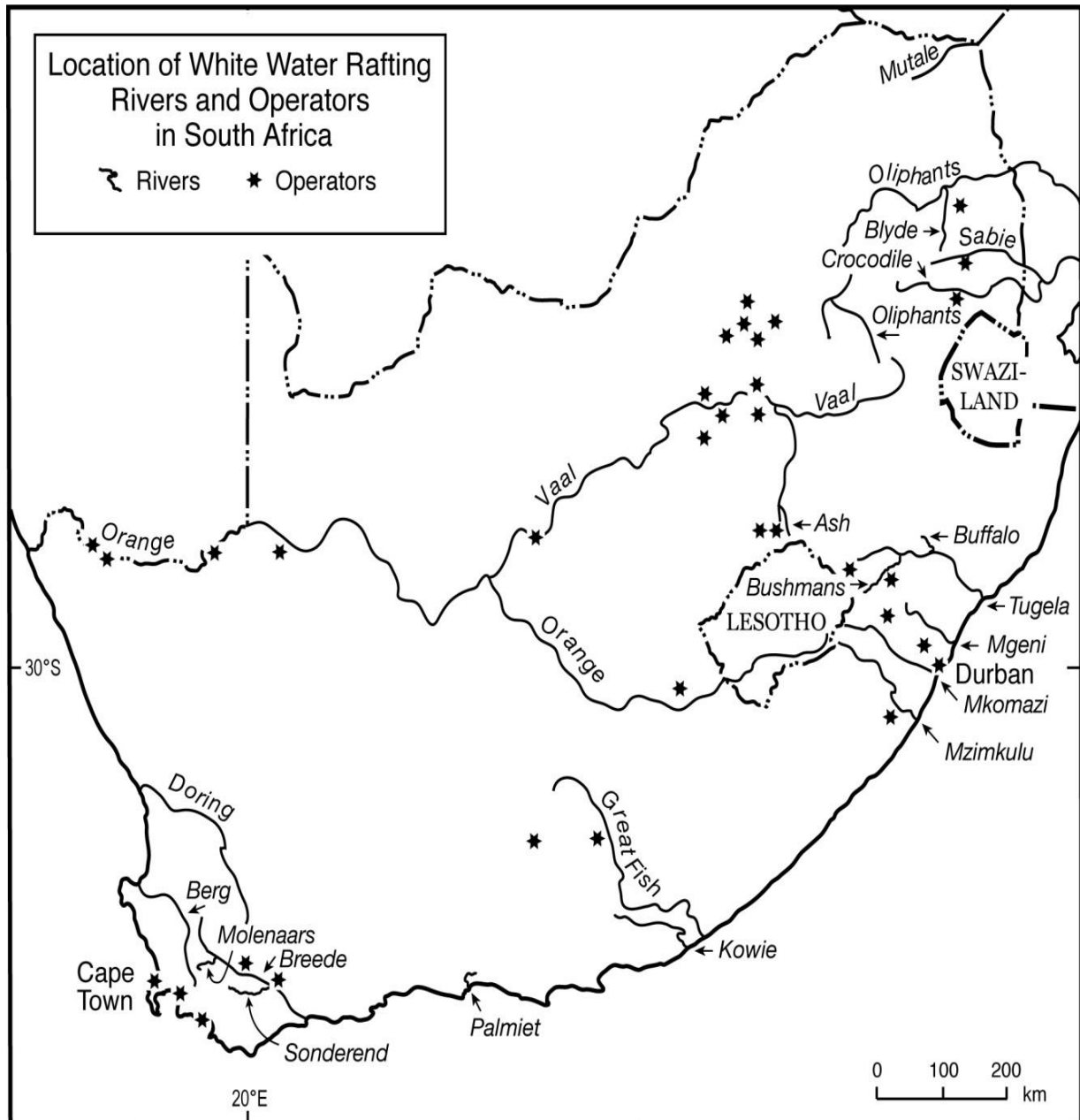


Figure 1: Geographical location of the main white water rafting rivers and operators in South Africa.

Table 1: RAPID GRADING, WHITE WATER RIVERS OF SOUTH AFRICA

River	Rapid Grading ²
Ash	Class 3 – 4
Berg	Class 1 – 2
Blyde	Class 3 - 5
Breede	Class 1 – 2
Buffalo	Dundee section 1- 2, Other sections up to class 5
Bushmans	Class 2 – 3
Caledon	Class 1-2
Crocodile	Class 1-3
Doring	Class 2-3
Great Fish	Class 1-2, some class 3s
Keurbooms	Class 0 - 1
Kowie	Class 0-1
Kraai	Class 0-1
Mgeni	Class 2 – 3
Molenaars	Highly technical, Class 4-5s
Mutale/Letaba	Class 3-4
Olifants/Wilge	Class 2-4
Orange	Class 1-2
Palmiet	Class 2 – 3+
Sabie	Class 2-3
Sonderend	Class 0-1
Tugela	Class 1-5
Umkomaas/Mkomazi	Class 2-3, although some class 4 with rain
uMzimkhulu	Class 2-3 a few 4's
Vaal	Class 1-3

Sources: Information supplied by various the rafting companies

² Note: The classification of rapids is subjective, and is dependent upon the time of the year, the volume of water at the time and how close the nearest hospital is. Thus, the classes of rapids on the rivers described here may vary from source to source and time to time.

The typical South African white water rafting operator has been in operation for 10 ½ years. Of those interviewed, the most recent operator to be established was in 2010, whilst the oldest 'pioneer' operator had been in business for 25 years. The businesses were either individually owned (by men) or run as a husband-and-wife business. Only one was run as a group/family business. The typical owner is a white South African and 43 years old. The oldest interviewed was 50 and the youngest 29. All of the owners interviewed were on-site assisting with the day-to-day running of the business. Half operated only a rafting business, while the rest were involved in other adventure related businesses (such as zipling, quad biking, archery, sea kayaking) or accommodation. One also owned a farm. Four went from being an adventure guide (river or ski) to running their own business, although some had done a career change and swapped a corporate life (as a chemical engineer, accountant, financier or operations manager) to run their own business. Two went straight from school into setting up their own businesses. Half are lifestyle entrepreneurs who said they went into the business "*to fulfill my passion and make my hobby my business*" or "*I needed adventure in my life*". One indicated that he wanted to get out of the city and ensure that his children had a different life to what they were experiencing in the city. The rest were classic entrepreneurs "*I saw an opportunity and took it*" and "*I wanted to start my own business*". The majority used their own funds, although one took out a bond on their house and two used a combination of their own funds and a donation. Most encountered problems from the outset, such as a hostile municipality to getting their guides registered (a costly and time consuming process) and dealing with a land claim. Many others found that it took a while to build a client base. The typical annual turnover is in the region of R1 million, although this varied and the industry has some micro-enterprises. Most rafting operators sourced their boats locally, from boat suppliers in Kwa-Zulu Natal and Cape Town. Some operators make their

own equipment, such as paddles. Most operators try to source locally, but use international suppliers if they could get it cheaper or if none were available locally, such as helmets and Personal Flotation Devices (PFDs). In fact the local PFD industry appears to have closed down due to a change in SA regulations regarding SABS standards and ISO 14001 regulations. Consequently operators must now source their PFDs internationally and this has resulted in an increase in costs. Overall, only two enterprises felt that equipment represented value for money. The rest all felt that equipment was a major cost of doing business. Maintenance and replacement often impacted negatively on cash flow.

In general the business is labour intensive, with an average of 11 employees per operator (consisting of four full time and seven part time guides). Although there was a considerable range, with one operator only employing three people, whilst another three had a staff compliment of between 16 and 18 people. Part time guides dominate, mainly due to the seasonal nature of the activity (few operators have sufficient financial resources and a strong enough revenue stream to keep a full compliment of staff throughout the winter/off season) but also because operators hire part time guides if a large group has booked a trip. One operator only employed part time guides, although this was not the norm. Thus, many guides are freelancers, who will work for different adventure operators at different times. During the off seasons some work as mountain guides, others travel overseas to work as ski guides in Europe or river guides in the USA. In terms of race and gender, the operators employed more white guides (7 on average) than Black or Coloured guides (4 on average) and more men (10 on average) than women (1 on average). The Western Cape operators employed very few Black people but many more women compared to the other enterprises. They were also the only operators to employ Coloured people.

The operators all confirmed that white water rafting is a skilled industry, and they demand that their employees hold a range of technical skills, such as first aid, river guiding, swift water training, tour guiding, kayaking, a professional drivers license's and other adventure related skills such as abseiling, and mountaineering. In addition, a number of operators said that softer skills, such as communication skills, people skills and leadership skills were essential. Certain personality types were also recognized as essential, such as being 'ambitious' and 'outgoing'. For instance, one operator said "*guides must be really good on the river and really good with clients*", while another said that a "*passion for adventure*" was a pre-requisite. The vast majority of operators indicated that they found it difficult to recruit skilled staff. Many had to employ them unskilled and train them up, which incurs cost. Operators said that once trained, guides then leave to work for other operators. Some 22 percent of operators said they turned to non-local labour (mainly Zimbabweans) to deal with staff shortages. Despite this, only one third of the operators said they had employed non-locals at some stage. Due to the mix of multiple skills and personality type required, most operators relied on word-of-mouth or referrals from current staff when recruiting new staff. In terms of managers, operators said managers had to be skilled and experienced guides, who also had additional skills such as managerial skills, marketing (such as knowledge of websites) skills and environmental/cultural knowledge of the area. In terms of the owners, they listed even more additional skills such as how to run a business and financial skills. Thus, the owner/s were the most skilled people in the business.

With respect to marketing, all the operators used a variety of marketing tools, although websites and other internet based tools, such as Google adverts, email adverts, blogs, adventure websites, Facebook, Twitter and Groupon vouchers were the most dominant. Some of the newer operators had never used any other form of marketing. Internet based

marketing and the use of social media had become more important over time, to the detriment of print media. For example, one operator said "*there is a transition from print media to using the internet, so we used to be in the Yellow Pages but that is no longer effective*". Brochures were another popular marketing tool. Less popular were newspaper adverts and adverts in outdoor magazines. A few operators made use of outdoor/adventure shows, radio adverts and getting their business showcased on local TV programmes, such as *Going No Where Slowly*. Despite all of this, most operators felt that word-of-mouth was the best way to generate new business, although this is not a marketing tool per se (see Table 2 for fuller details on the marketing tools in use). Most operators wanted to see their client base grow and many had plans to do so using internet specials, targeting school groups, increasing their presence in the corporate team building market, printing more brochures, overhauling their websites and targeting international tourists through advertising in international magazines. However, only one operator was interested in breaking into the international tourist market. Most did not see other international white water rafting sites as competition, signifying their heavy reliance on the domestic market, although one did acknowledge the huge draw the Zambezi River and its rapids had. Corporate team building was a significant money spinner for many of the rafting enterprises. One planned to offer a broader range of adventure activities. Most of these operators did not generate additional income from selling add-ons such as T-shirts, photos, caps and DVDs. Some did take photos, issue certificates and medals, but these were incorporated into the price. In two instances, operators allowed their employees to run a 'side business' selling DVDs and photos to the clients. One operator was different to the rest. This person has set up an entire 'adventure centre' with a restaurant and bar (the operator confessed to copying the New Zealand Queensland operators). This particular 'adventure centre' now contributes 40% of the income to the overall business.

Table 2: Marketing, reaching potential clients

Marketing method	How often was this method used
Word of mouth from friends and family	38%
Internet, websites	23%
Directly from operator e.g. shop front	16%
Other: advertising board, banner, information centre, poster	8%
Already knew about it	7%
Pamphlets	4%
Print media, books	2%
Accommodation provider	2%

It was clear that the operators were hands-on managers as they were familiar with their typical client profile. Operators reported that gender wise, the clients were mixed, with only 22% saying their clients were mainly male and 11% saying their clients were mainly female. Small operators only had 25 clients a day (on average) and large ones said they could cope with up to 400 clients a day. On average, operators said they could manage a maximum of 108 clients a day or 2237 on average annually. However, this is self-reported data and so needs to be viewed with some caution. Most operators said the bulk of their clients were aged between 21 and 30 (41%) and 31-40 (29%), some 23% were aged between 41 and 50, the rest (17%) were over 50 years of age, while some 13% were under 20 (mainly school groups). The vast majority (80%) of clients arrived at the business using their private vehicle, with only a few making use of a tour operator bus, a rental car or taxi of some sort. Most of the clients are domestic tourists.

Not all the operators belonged to both tourism and professional associations. Only 64% said they were members of the African Paddle Association (APA) with another 27% belonging to a local or regional tourism association. Membership to APA is voluntary and most operators felt they did not benefit from being a member. APA was established 1988 and its members are stakeholders within the commercial paddling industry. Members agree to adhere to a code of conduct with respect to safety and environmental issues. The main function of the association is to certify river guides as

competent swift water practitioners, using the international norms of the International Rafting Federation (IRF) as a benchmark³. Whilst it appears that APA plays an essential role of regulating qualifications in an industry that is skills intensive, few operators felt APA fulfilled its mandate. A number of operators expressed frustration with APA. These frustrations were administrative in nature and there seems to be a mismatch between how APA runs its swiftwater courses (for example) and the needs of the operators. Comments from operators included *“The association doesn’t help, I’ve been with them for 18 years. They are supposed to set rules but they take your money and never follow through”* and *“APA needs to get their act together”*. One particular bone of contention was the issue of unqualified versus qualified guides. As membership of APA is voluntary, there does not appear to be much of an incentive for guides to get certified, and, due to skill shortages, there is a gap for competent but un-certified guides. Yet, both APA and various government authorities seem to pressurize operators to employ only certified guides without recognizing the overall needs of the industry and the challenges the operators face in terms of getting guides certified. Some operators however, were pleased that APA managed to resolve some boat registration issues and appeared to help lower the cost of boat registration as well. Those who were members of local tourist associations said they felt networking was the main benefit associated with such membership.

³ <http://www.dirtyboots.co.za/associations/african-paddling-association/> Accessed 10 December 2013.

On the whole the operators did not get much support from government, except for local municipalities and SanParks in the Free State, who seemed to be particularly supportive of tourism in general and rafting in particular. Generally, operators found government departments hindered rather than helped, this included the negative effect of labour legislation (which had a dampening effect on the employment of temporary guides), the negative impact of rules pertaining to the use of nature reserves and the manner in which the National Qualifications Framework was enacted. Some complained about border crossing delays when working the Orange River, others about issues pertaining to boat registration. Otherwise, the operators were often left on their own to resolve problems, which were occasionally solved through dialogue but one operator said that *"If you could tell me how to resolve my problems with government, I would be grateful"*. In general, operators desired less government 'paperwork' and more investment by government on marketing, especially to international tourists and the promulgation of official safety regulations. On the whole the industry was divided on the issue of Black Economic Empowerment (BEE). Only half of the operators had even heard of the Tourism BEE charter and most felt it did not affect their business. For those who felt it did, they all felt that they were compliant.

Daily challenges that face the operators include poor or extreme weather, rising costs, seasonal business and competition from other rafting companies. Some 80% of operators reported costs having risen in the previous five years and all expected this trend to continue. Only 70% had been able to increase the cost of the rafting trip to deal with rising costs, with some 50% expecting to future prices to remain the same despite rising costs. The past five years had seen a steady profit increase for 80% of the rafters, although going forward, some 30% expected profits to plateau. Consequently although 70% reported an increase in capital investment over the last five years, only 60% expected this trend to continue into the

future. Some 60% said they had employed more staff in the previous years, but some 50% reported that they were unlikely to take on any more. A number of operators reported tough trading conditions post 2010 and some Vaal River operators had gone out of business. Some however, felt that the global recession was only partly responsible for the decline in the number of operators. Another factor was that the industry had experienced rapid and unsustainable growth in recent times. This had resulted in overtrading and some business failure was inevitable. This was especially true for the Vaal River. Despite this most all the operators were optimistic about the future and expected their turnover, profits and customer numbers to increase.

Many also face water related problems, such as erratic water flows due either to erratic weather or farmers abstracting more water than normal. Some 40% of operators were deeply concerned with the poor quality of water in the rivers - *"polluted water puts clients off"* - in the rivers that they worked, such as the Vaal and Crocodile, admitting that this led to dissatisfied clients and harmed their business. Three operators indicated that their entire operations are threatened by HEP schemes, on the Ash and Orange Rivers respectively. This resulted in some operators feeling uncertain about the future sustainability of their business. One was also unsure of what effects global warming would have on his business, reporting an increase in floods and droughts, both of which impact on rivers. Others mentioned the economic recession, especially post 2010 *"decline in tourist numbers"* and concerns by international tourists about South Africa's political situation kept clients away. Lastly, was a serious concern about the lack of rule enforcement within the industry (the qualified guides versus unqualified guides issue), the general lack of rafting specific regulations, the flouting of procedures by a few operators (with authorities seemingly turning a blind eye) yet over regulation of other aspects of their business (some 40% reported an increase in 'red tape' over the last five years (and

some 70% indicated that they hoped this would decline in the future). Some battled to get insurance due to negative perceptions of the industry, which they felt APA could – and should – help them overcome. The overall lack of marketing of the sector by APA and all levels of government was also a cause of pain for the operators.

DISCUSSION

The study found that there is a relationship between the number of rivers in a province and the number of rafting operators found in a province, although this is not as strong a relationship as one might expect (see Figure 2). For example,

there are some notable outliers, such the Free State, which has four rivers but 11 operators and Limpopo with one operator despite having two rivers. Although it seems the data may be slightly distorted for the Northern Cape, which has five operators and one river, this one river is the Orange River, the longest in South Africa and very popular for multi-day rafting trips. Thus, the data seems to suggest that the forces of both demand and supply are at work in the South African white water rafting industry. Rafting on the Vaal River is so popular, with so many operators, it may indeed now resemble the ‘mass tourism model’ Buckley (2006) argues is emerging in adventure tourism.

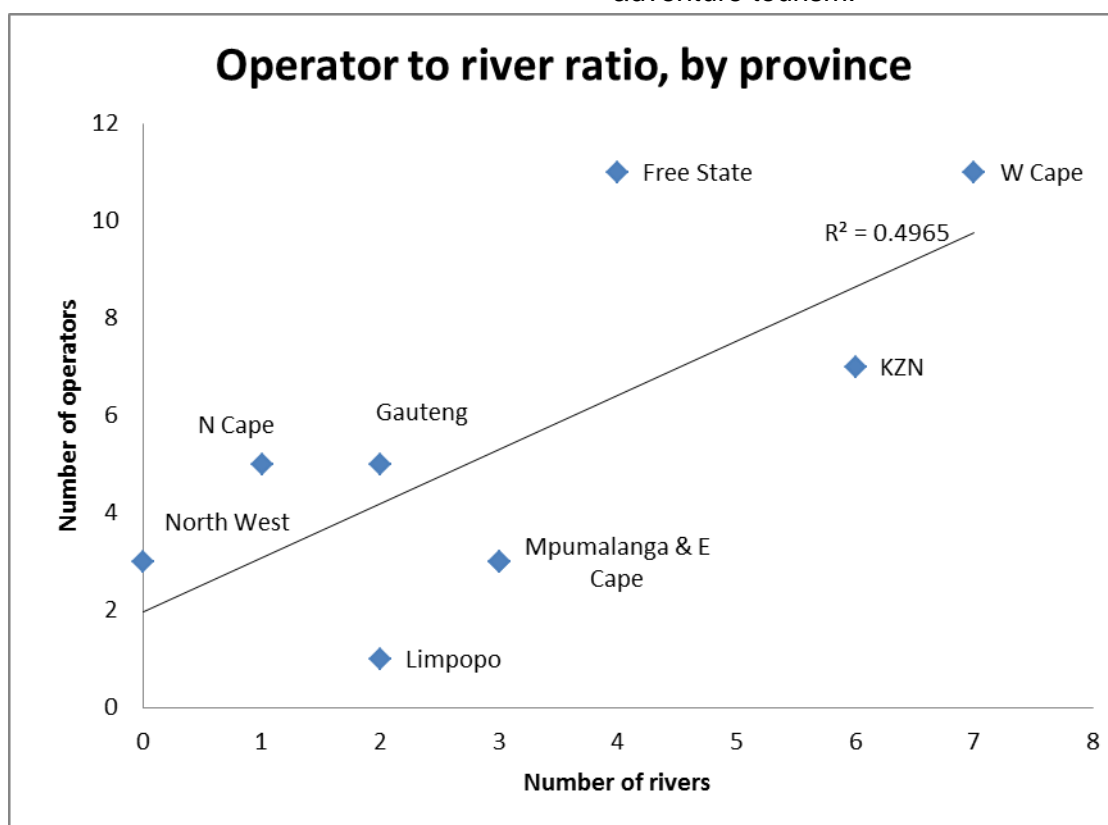


Figure 2: The relationship between operators and rivers

Provinces with a strong demand for adventure (that is, they are home to many wealthy people who are keen to undertake a rafting trip) are able to support more operators than what would be the case if just the number of raftable rivers were taken into account. Thus, proximity to source markets matters and to this end, the Free State has been able to capitalize

on its proximity to Gauteng, as has the North West. The Western Cape has been clearly able to leverage supply with demand with 11 operators located in that province despite most of the rivers flowing only in winter (which is not tourist season). Limpopo, on the other hand, has an insufficient supply of raftable rivers and is

not close enough to Gauteng to attract many clients.

The industry seems to have a number of growth inhibitors. Firstly the lack of adequate safety record keeping. This places inflationary pressure on insurance costs and depresses demand, as potential clients think it is riskier than it is. Linked to this is a lack of sufficient and adequate support from both government and APA, both of which need to improve if the industry is to grow. Another growth inhibitor is that the industry requires multiple skilled people (with technical, managerial, leadership, marketing and financial skills), but the freelance nature of the industry inhibits the acquisition of training. Most guides, for example, are not employed in the off season, which would be an ideal time for training. What is more, freelance guides seldom stay in one place long enough to acquire formal skills. In addition, there is little incentive for the operator to spend money training a freelance guide who is unlikely to remain with the operator once the training is complete. Thus, it is a highly skilled industry which is chronically under supplied with sufficient skilled and experienced guides. Consequently this is inhibiting the establishment of more rafting operators, as it was clear that there is a somewhat natural progression from being a guide, to being a manager and/or an owner, as this process allows for the necessary cumulative skills set to be acquired.

Despite issues relating to increased costs, possible plateauing of demand and overtrading on the Vaal River, this industry is a valuable one. With an average annual turnover of R1 million per enterprise, the value on the enterprises alone is between R49 million to R100 million, depending on whether a one-times revenue stream or two-times revenue stream methodology is used. Although using revenue streams is a crude estimation of value, but without a detailed audit of the assets of the enterprises or access to profit and loss statements (which no operator was prepared to share) it is the only option available. However, such an approach is

more reliable when enterprises have a strong track record in terms of business viability, have repeat clients, trade mostly in exclusive territories and have assets (such as boats and vehicles). All of which is true for the South African white water rafting industry. In terms of overall value, that is, taking employment and backward linkages into account, the industry could be said to be contributing R320 million per annum (approximately USD 30 million) to South Africa's Gross Domestic Product if the R6.56 multiplier effect is used. This will include the salaries to the approximately 588 staff (assuming an average of 11 employees per operator and the employment of the business owner as well, who would also be drawing - at the very least - a partial salary from the business).

CONCLUSION

This study has detailed the spatial footprint of the white water rafting industry in South Africa. It found that the industry is well established, although geographically uneven distributed, with the provinces of the Western Cape and the Free State dominating the industry. Suitable rafting rivers are not alone in driving growth, as demand for rafting is a significant factor influencing where an enterprise will be located. The enterprises are locally-owned, owner operated and represent a mix of classic and lifestyle entrepreneurs. The industry consists of 49 operators, employing approximately 539 people (excluding the owner-operators), most of whom are part-time, white and male. Overall the industry adds some R320 million to the South African economy annually taking backward and forward linkages into account. The industry faces serious growth inhibitors in the form of an association which does not seem to fully meet the needs of the operators or the guides. Most concerning is the threat of HEP on some of the best rafting rivers (the Ash and the Orange Rivers). Such a threat is significant and could substantially lower the economic benefits the industry brings to local communities. Generally tougher economic times post 2010 have also taken their toll. Price competition is

stiff and indicator of a mature service industry. It was found that the more heavily traded the river, coupled with lower the grading of the rapids, the lower the price of a rafting trip will be. This is especially true for the Vaal River where some operators are marginal and financially stressed. Much more government support in the form of safety regulations, less 'red-tape', better managed guide training and an investment in marketing the industry would go a lot way to assist the various stakeholders.

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