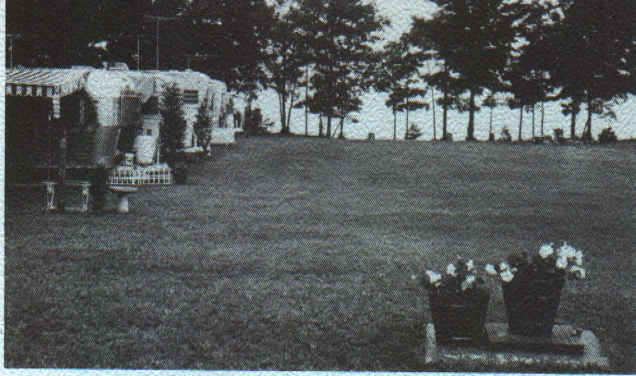


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in the private campground industry.....

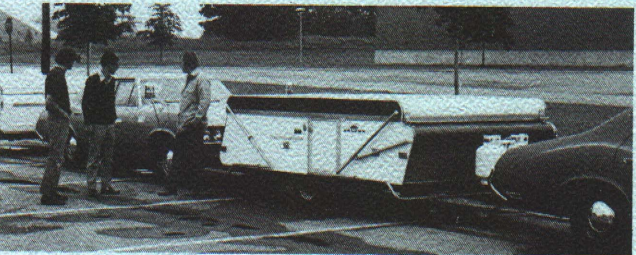
A Study of Expenditures and Management



Flowers, well kept turf, orderly rows of vehicles depict quality of some season-long site rental campgrounds in Michigan.



A County Extension agent explains details of a campground plan for an interested listener.



Vehicles loaned by manufacturers and distributors for MSU Research in Private Campground Industry.



Typical row of self contained camping vehicles in a Michigan campground.

in the private campground industry.....

A Study of Expenditures and Management

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INTRODUCTION

The privately owned campground industry in Michigan has undergone outstanding growth during its few years of existence. In 1954, there were only 23 licensed campgrounds; ten years later, the number had increased to 77.

Table 1. Growth in Private Campgrounds in Michigan (1954-72)*.

Year	Number of Campgrounds	Number of Sites	Avg. No. Sites Per Campground
1972	346	18,921	54.68
1970	240	10,800	45.00
1969	171	6,106	35.12
1964	77	2,065	26.63
1959	46	852	18.24
1954	23	342	14.20

* Source: Michigan Dept. of Public Health, Campground License Records.

From 1964 to 1972, a much faster rate of growth prevailed, resulting in a total of 346 private campgrounds in operation in February of 1972. Another 76 had submitted applications for licenses.

Early efforts to evaluate the industry in Michigan have been devoted to a description of it. This publication is a report of the first attempt to measure the financial scale of the industry. From earlier descriptive studies and the information in this study, the authors have set forth some basic management principles for both present owners and new developers.

The Research Project

A combined campground manager and campground user study was planned and conducted in 1972. The study was designed to obtain information on economic and managerial issues from at least 100 private campground operations in the state, using direct interview. Ten user interviews were taken in each of the 100 campgrounds resulting in a total of 1,000 user interviews. Two teams of graduate student interviewers¹ divided the 100 campgrounds and went from campground to campground, starting June 13 and finishing August 12. Camping vehicles for this purpose were provided at no charge by the industry². The 100 campgrounds were randomly selected from the Michigan Department of Public Health licensed camp-

¹ Darsan Wang, Ph.D. candidate and three masters candidates: Neil Greenfield, Stephen Brown, and Kevin Green.

² Vesely Corporation, Lapeer, Mich., Waterland Sales, Warren, Mich.

ground listings. All campgrounds with fewer than 30 camping sites were excluded because their investments and generated income did not fit the study's description of economic enterprises. Each of the 226 remaining campgrounds was assigned a code number according to the county of location.

A sample of 120 of these was drawn to allow for replacement in cases where businesses had ceased or were reclassified. To prove that the sample was representative, the size and location of those sampled were compared with that of the total industry. At the conclusion of the study, this procedure was repeated to reflect the campgrounds substituted for those that had gone out of business or were reclassified from the original sample.

Table 2. Michigan Private Campgrounds, February 1972.

Total Number of Licensed campgrounds	346
Campgrounds with 30 or more campsites	226
Campgrounds with less than 30 campsites	120
Number of campgrounds in study	100

Table 3 (a). Regional Distribution of 100 Random Samples as Compared to Population.

Region	Number of Campgrounds			
	Total Indus.	% of Total	Original Sample	Adjusted Sample
I (U. P.)	11	4.8	6	5
II (No. Lower Penin.)	87	38.6	35	34
III (So. Lower Penin.)	128	56.6	59	61
Total (Statewide)	226	100	100	100

Table 3 (b). Size Distribution of 100 Random Samples as Compared to Population.

Number of Campsites	Number of Campgrounds			
	Total Indus.	% of Total	Original Sample	Adjusted Sample
30-39	56	24.8	27	28
40-59	61	27.0	32	23
60-79	38	16.8	14	16
80-99	22	9.7	8	13
100-119	24	10.9	11	8
120- & above	25	10.8	8	12
Total	226	100	100	100

Owners and/or managers of the 100 campgrounds in the sample provided data primarily from recall. It is not to be inferred, therefore, that precise data from source records is reflected in the study, although some records were freely offered by those interviewed. This publication details the owner-manager data of this study; the data obtained from campground users is reported in Extension Bulletin E-757: "Campers' Attitudes and Spending Behavior in the Private Campground Industry."

Financial Estimates of the Industry

A primary goal of the study was to develop the best possible economic base data. The one-hundred owner-managers were asked to estimate their "out of pocket" initial development and expansion costs. Specific items requested were: capital investment, labor, material and equipment. Land and other property investments include some that were not directly involved in the developed campgrounds but considered associated with the total enterprise. Furthermore, 82% of the owner-managers reported a significant amount of family labor used in development of their campgrounds. Investment data in Table 4 includes capital outlay, but no value for family labor and existing equipment and facilities.

In Table 4, data from the one-hundred randomly selected campgrounds were expanded to reflect the total of 226 campgrounds with 30 or more camping sites. The 120 campgrounds with less than 30 sites are not included in these calculations, nor was any estimate made of their financial stature.

Both researchers and industry leaders consider these data to be conservative and not representative of replacement costs—for several reasons. First, 60% of the campgrounds studied had between 30 and 80 sites, a scale of business at which

Table 4. Estimated Development Values of Privately Owned Campgrounds in Michigan, 1972.

Item	Sample*	Total**
Capital Invested (land, buildings, etc.)	\$11,710,500	\$26,465,730
Labor Costs paid in development	1,889,000	4,269,140
Construction material costs	1,795,070	4,056,858
Equipment purchases	633,410	1,431,506

* 100 Campgrounds in study

** 226 Campgrounds with 30 or more sites

family labor and existing equipment is maximized. Often, buildings were converted for use in the campground. Additionally, many of these are older campgrounds with a less-inflated cost of initial development.

Table 5. Estimated Capital Investment by Size of Campground, 1972.

Number of Sites	Total in Sample	Number Responding	Average Capital
30 to 59	41	39	\$ 68,410
60 to 79	16	15	\$129,200
80 to 99	9	9	\$133,556
100 and up	34	32	\$166,156

Average capital outlay is shown in Table 5 according to difference in campground size. Size is based on the number of licensed sites within the campgrounds. In Table 6, costs are divided by the number of sites to determine the costs per site for various campground sizes.

Some campgrounds have invested in extra properties, such as a campground store, boats, etc., while others consist of only the camping sites and bathroom buildings. Variations in per-site costs are to be expected, therefore, in the averages for all campgrounds in the sample.

Annual Expenditures

The data presented earlier show an estimated volume of dollars paid out at time of campground development. Another measure of dollar flow is the amount spent on annual costs. In the study, owner-managers were asked for estimates or actual records of such annual costs as advertising, operating supplies, equipment repair, and payrolls. However, it is very difficult to establish accurate data for payroll. This is not due to neglect of the payroll record, but rather the many different approaches to labor supply. Many smaller businesses utilize family, neighbors, friends or relatives as a source of labor, for limited periods of time, often with token wages. In some instances, campground users contribute work for portions of their site rent. The data are derived from actual payrolls and extended to depict the entire population of 226 privately operated campgrounds in the state with more than 30 campsites each. No attempt has been made to estimate the value of unpaid family and non-family labor.

The sample data indicate that there is a com-

Table 6. Average Costs Per Site in Michigan Privately Owned Campgrounds.

Size Category (No. of Sites)	Avg. Number of Sites	Capital	Labor	Material	Equipment
30 - 59	39.14	1,747.82	244.47	292.58	113.56
60 - 79	64.37	2,007.14	473.62	398.73	81.94
80 - 99	89.33	1,495.08	289.04	233.74	72.88
100 - 119	104.38	1,083.49	187.62	142.23	58.10
120 and up	218.53	1,035.70	148.14	147.93	61.10

Table 7. Sampled and Estimated Annual Expenditures in the Private Campground Industry of Michigan.

Expenditures	For Sample	Extended for 226 Campgrounds
Supplies for resale	\$ 216,200	\$ 480,976
Interest Payments	174,285	394,778
Operational Supplies	350,340	791,768
Payrolls	199,700	451,322
Advertising	58,090	131,283
Repairs to Equipment	55,940	126,424
Totals	\$1,054,555	\$2,376,551

posite expenditure of more than a million dollars per year in annual costs other than property taxes. Extended to represent the 226 privately operated campgrounds with more than 30 sites per campground, there is nearly \$2.4 million of economic inputs into the (mostly) rural communities of the state. The recipients of this outlay are those that provide the goods and services for the development and operation of private campgrounds.

Returns to the Industry

Two items are grouped together to provide initial data on returns to campground owners. The first consists of converting the cost of interest to a status of income for the business. A total of 59 owners in the sample of 100 indicated they make this type of payment to suppliers of capital. Thus, it was determined that there would be a total of 133 owners paying out interest on long range borrowed capital. Those reporting in the interviews

made interest expenditures of \$174,285.00 per year. Extended to the total of 226 campgrounds, the annual expenditure by campground businesses into the community is \$394,778.00.

Respondents were asked to estimate (to within one-thousand dollars) the amount left after meeting the costs of operation. This constitutes the second item of income to the private campground business. There were 77 responses, including loss, breakeven, or profit situations, resulting in a statewide mean of \$3,818.00 left after expenses. Extended to cover the total population of 226 campgrounds with more than 30 sites, the estimated total figure is \$864,789.00.

A different picture of returns is obtained from the addition of these two items: estimated income after expenses, and amounts paid out as interest on borrowed capital. Table 8 depicts these data as returns to the private campground industry.

Not reflected in these estimates is the income earned by the 120 campgrounds in the state which operate with fewer than 30 sites in each campground. Neither appreciated values of property nor costs of depreciation have been determined for the industry.

Table 8. Returns to the Private Campground Industry in Michigan.

Source	Sample	Extended for 226 Campgrounds
Income after costs	\$ 382,650	\$ 864,789
Paid in interest	174,285	394,778
Total	\$ 556,935	\$1,259,567

PART II

Management Concerns

The ultimate goal of any business, including privately owned recreation enterprises, is to so manage the business that every dollar invested returns at least a dollar plus a competitive interest rate. Otherwise your dollar should be placed where interest earned is at least equal to the going interest rate on savings or other investments.

There are numerous family-operated recreation businesses that began because there was non-productive land and a family labor supply available, and an interest in the recreation business. The rewards for this group are found in the social and aesthetic aspects of a recreation enterprise, and in a modest flow of dollars for family use. While such families are to be complimented for this benevolent attitude, a part-time job, or two, would probably net them more dollars. More and more, their opportunities are being reduced by an increasingly complex and competitive recreation industry. Like the family grocery store, they are giving way to larger scale businesses. Recent research in private recreation shows that there has been greater growth in numbers of campgrounds with 80 or 100 sites than in those with only 20 to 40 sites.

This trend is solid evidence that much higher investments are being made, and that there is ever greater concentration on dollar opportunities than upon non-dollar satisfactions in the industry. Therefore, the greatest need at present is the examination of methods and operations wherein dollar investments can yield the greatest possible profit for the investor. This need focuses more upon managerial skills than upon any other resource.

When one recognizes that the business objective is profit earned by each dollar invested, it immediately becomes clear that size (or economic scale) bears an important relationship. A small, family-type campground (e.g. 30 sites) has the same basic requirement costs as a 100-site campground—a license, layout design, roadways, electrical power entrance, water system, waste system, given number of employees, supplies for operation, etc. This does not suggest that overhead and fixed costs will be the same for the two campgrounds, but rather that costs will be spread over a smaller number of sites in the smaller campground. Likewise, while both may achieve the same occupancy rate (e.g. 60%) over a 100 day season, at the same rate of \$4.00 per site per day, the total number of incom-



MSU researcher interviews owner of a Michigan Campground.

ing dollars will be much less for the smaller campground.

Example:

- 30 sites x 60% = 18 x 100 days =
1,800 use days x \$4.00 = **\$7,200 gross**
- 100 sites x 60% = 60 x 100 days
= 6,000 use days x \$4.00 per day
= **\$24,000 gross.**

If all costs ate up 92% of gross income (or left 8%), the small campground would net only \$576.00 for the summer's work. The larger campground, however, would net \$1,920.00. Even though the efficiency of the small businessman may equal, or even exceed, that of the larger businessman, his earnings for a summer's work are really too small to be considered a business venture.

Before considering expansion, management should first be sure that maximum efficiency has been reached in the present operation. For each new cost input, there must be a profit goal to offset the new costs. For example, if expansion requires adding a full time employee for the season at a cost of \$2,500.00, there should be more than \$2,500.00 in additional income or the owner is not getting a good rate of return on the money spent for additional labor. Or, if a fleet of rental boats is added to an existing recreation business, the income from the addition must be greater than the added cost. There are very few instances in which "leader" items (below-cost sales) are justified in the recreation business, since the margin of profit is so small compared to many other businesses.

A viable business with a profit motive, therefore, is highly dependent upon a size or scale that will assure a large volume of dollars as opposed to the small recreation enterprise designed for only a limited income, plus a bounty of personal satisfactions.

The Job of the Manager

The most important requirement for success in a private recreation enterprise is skillful and efficient management. No other single factor will contribute to the objective of profits as much as good management. Even the best planned, best located and most appealing site will not produce optimum profits without capable management. The manager must coordinate the facilities and services and utilize the investment so that there is the greatest possible margin of returns.

The manager is responsible for making every expended dollar yield the greatest amount of returns. He must decide where each dollar can best add to the overall production. This requires a great deal of knowledge. He must understand the customers and their desires, and then provide those things that will assure repeat visits, as well as new customers. As a simple example, the manager must realize that money spent to keep restrooms clean and tidy will yield more returns over time than the same dollars spent on a fancy advertising campaign—if restrooms are not clean and tidy.

Management must make sure that the inputs of land, labor, and capital return competitive profit from the business. In the past, many have implied that the location or nature of the site would assure success in the recreation business. To some extent, an excellent site and location will make the job of successful management easier. But, don't count on that being the major factor. It's too easy to argue that different managers on the same location would enjoy different levels of success.

It is also true that ownership of land is often a detriment to the opportunity to make a profit in the recreation business. Often, a particular piece of land can be made into a successful recreation operation only through an unduly large investment that adapts the conditions to best fit the recreational enterprise. In other words, it may be more advantageous to purchase a "better" parcel of land for the recreation business than to adapt a piece of one's own property. Much, of course, is dependent upon the specific kind of recreation business.

Location is considered such a strong determin-

ant of success because of the need for a flow of potential customers. If there is already an established flow of potential customers available in a given locale, management does not have to exert as much effort to get paying customers. However, a good manager can create, or divert, a flow of customers to a poorer location by maximizing advertising and customer satisfaction.

The manager, then, must understand the market and the demands of his potential customers. When he learns what they want, and where they are coming from, he can design his program to attract them, regardless of his location. The job of management, then, is really two-fold: to develop a production system (recreation business) that will provide what is wanted, and devise a marketing (promotional) program that will bring users to his place of business.

Fee Differentials—Altering User Patterns

For many recreation enterprises, the user patterns result in peaks of overuse and underuse. Peak-use periods are associated with both the season of the year and the time of the week. Except for strictly winter sports activities, most facilities are subject to greater use in the summer than in the winter. Likewise, most facilities have more customers on the weekends and holidays than during midweek.

The obvious reasons for the user peaks are the time constraints or work and school patterns of society. Most employed persons have weekends and holidays off, and most families, partly because school is closed, use the summer for family vacations. There is evidence that we are inching toward changes in this pattern, toward longer weekends and some form of year-round school program. Businesses now, however, are subject to peak-user periods, and need to distribute the users over the week, as well as the year.

One way to level-off these peaks is through a very carefully planned fee differential. Highest fees should be charged at the peak periods, and lowest fees during the low-use periods. For example, a canoe liveryman related that he never had enough canoes for the weekends. All his canoes were reserved for all the summer weekends. At mid-week, he was unable to obtain enough users to pay for the fixed costs of keeping the canoes and a labor staff. He tried advertising for mid-week, but this only resulted in more requests for weekend users. His weekend fees were structured so low that he could not reduce them for midweek

specials. He had not considered raising his weekend fees. But this would automatically give him lower midweek rates, and hopefully, influence some of the weekenders to turn to midweek canoeing. This change would also reduce the work pressures caused by overuse on weekends and underuse during the week.

This analogy can be used for campground sites, riding stables, and many other outdoor recreation enterprises. If users can be encouraged to do more camping and riding during low-user periods—through differential fees, the pressure upon both workers and facilities on holidays and weekends can be reduced.

What is a just fee for a commercial enterprise recreation? It's certainly not the same as that of a nearby public facility, which is not profit oriented. This is a luxury which the private investor cannot afford. He must thoroughly examine the level of fees which users will tolerate. Many places do not charge according to their investment and operational costs and are reluctant to change the fee structure. The fear of losing friendships is great among many owners. Experience has shown that while an increase in prices often results in the loss of a few customers, total dollar income is increased.

Generally speaking, fees should be in line with the quality or uniqueness of goods and services offered. It is unusual for a customer to complain, regardless of cost, if he has had a satisfying experience. On the other hand, it is common for customers to complain, regardless of the price, if they have not been satisfied or if they have been mistreated. The one unknown aspect of fee structures lies with the uncertainty of how much users will pay above the public facility charge for a similar experience. Those users whose idea of outdoor experiences means bringing along at least sixty percent of the conveniences of home will not be reluctant to pay for the opportunity to use these conveniences, at costs in excess of public campground charges. Quality, convenience, and comfort are highly marketable in outdoor recreation, and at a profit.

In their campground research in New York, Wilkins and Loomis say that fees charged in private campgrounds may be low in relation to the quality of facilities and services. They conclude: "many campground owners would doubtless hesitate to increase fees when similar public facilities are available at current rates. From a business management view, the possibility of increased fees, or high weekday occupancy, or a combination of both would yield greater returns than would ex-

pansion of facilities to accommodate the peak demands for camping space on weekends."³ In many Michigan campgrounds, it can also be said that fees are low in relation to quality of service and facilities, and that higher occupancy rates and fee changes would be a better method of increasing income than expansion.

Fee differentials represent only one of many ways in which users can be better distributed. Special events that encourage users to participate during lower-use periods have been successful for some owners. Other possibilities are: group specials, made to order for specific organization, or packaging or combining promotion with other nearby activities or events.

The second aspect of fee differentials deals with pricing site fees within the campground according to location. Assuming the same site hookups and other services, this theory suggests that a site near the waterfront is more valuable (in demand) than one where the waterfront is not visible, or that one in a shaded area is more sought after and should be priced higher.

Some campground owners object to pricing sites by location while others confess they just haven't thought about this method of improving income. Several northeast states have begun research on differential pricing in both public and privately owned campgrounds. Joseph R. Cardenuto⁴ concludes that in Pennsylvania: "The larger campgrounds generally based their pricing decisions on the level of operating costs while the operators of smaller campgrounds tended to make the pricing decisions based on the desire to keep in line with other campgrounds." He further suggests that while there is no evidence of differential pricing, the practice does offer increased net returns to the owner.

The 1972 Michigan Campground study also showed little consideration is given to charging different fees for different locations. As shown in Table 9, only three of the one hundred respondents indicated that demand for a particular site would affect the fee. However, the same table suggests owners are more and more conscious of the need to recover costs on the facility rather than to set prices according to those charged by other campgrounds.

³ "Commercial Campgrounds and Rural Development," by Bruce T. Wilkins and C. W. Loomis, *New York's Food and Life Sciences*, Vol. 3, No. 4, Oct. — Dec. 1970, Pp. 13 & 21.

⁴ "A Study of the Pricing Practices on Pennsylvania Campgrounds," Joseph R. Cardenuto, Res. Series No. 1, Oct. 1972, Dept. of Agri. Econ. and Rural Soc., Pennsylvania Agricultural Experiment Station; College of Agriculture, Pennsylvania State University, University Park, Pennsylvania, pg 1.

Table 9. Responses of 100 Michigan Campground Owners to the Question "What is the Most Important Item that Would Cause You to Change Your Site Fees?"

Reason(s)	Number
Inflation, rising costs, wages	27
Change in capital investment, added facilities	22
Increased maintenance	16
Tax increases	15
Competition	13
Expansion and modernization	12
Nature of clientele	8
Demand for site	3
Lack of business	3

Extending Income Opportunities

When seasonal and weekly peak use periods are observed, two rather prominent income opportunities come into focus: getting more users during the present low-use periods, and extending the season of use for the existing facilities. Both can be used to overcome the problem of fixed costs for facilities that are not in use.

The first opportunity is to achieve greater use during the present months of operation. What can be done to attract customers during those times when very little use is being made of the facilities?

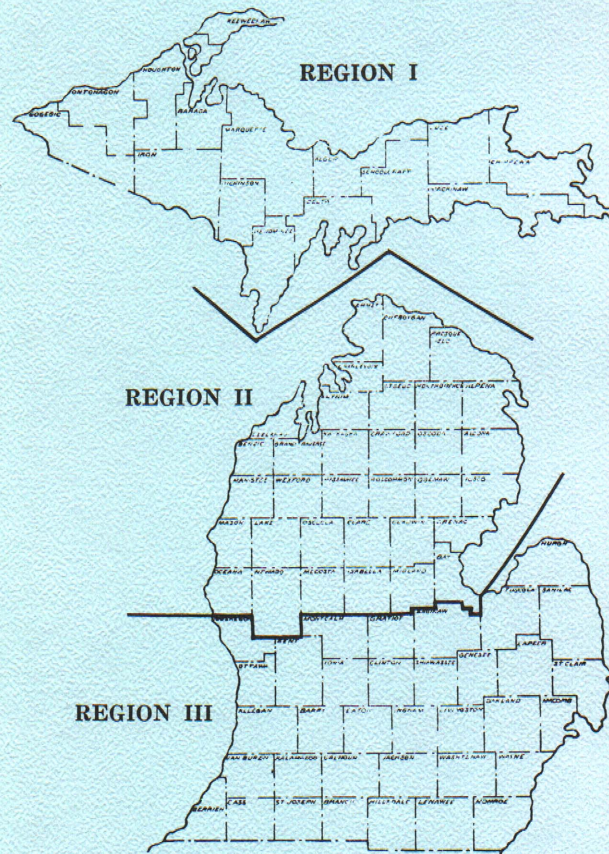
The second opportunity is to lengthen the season with a minimum of new investment. What can be done to obtain winter use of summer campground facilities? What can be done in the summer to market snowmobiling facilities or ski areas? In the winter, what is a marketable idea for last summer's riding horses? Where do motorcycles go in winter?

There is no single answer. Improvement may result from a combination of rather simple ideas. Recognizing the opportunities is the first step, and the task of the manager.

One of the primary functions of the talented manager is to examine the opportunity for supplemental sales. Recreation business success is based upon maximum sales. It has long been recognized that a "one thing" recreation business is less profitable than the "many things" recreation complex. In terms of the customer's needs, there is a logic in the concept of offering a variety of things to do and to buy. His desires to do many exciting and satisfying things, his available vacation dollars, and his pleasure in recalling these experiences create a purchase-needs phenomenon related to impulse buying.⁵ The wise manager will examine the opportunities to increase income through supplemental sales.

Occupancy Rates and Fee Structure

Respondents were asked to estimate their site occupancy rates over the season for weekends, midweek and holidays. Results were summarized by region (below) and are presented in Table 10.



On a statewide basis, the 39% midweek occupancy rate pinpoints an economic problem for the industry. Three out of seven days of the week, the sites go unused at a rate of 61%. The 39% being used (by owners' estimates) cannot cover operational costs of all sites during the period. It is also obvious that the solution to more income is not in adding more sites, but rather in greater use of those already existing. This is the manager's challenge—obtaining more midweek users.

From Table 10, it can be seen that occupancy rates and closeness of large centers of population are somewhat correlated. Those campgrounds nearest the major population areas have the highest weekend and holiday use while those farthest from population centers have the lowest use for

⁵ "Arguments for Supplemental Income Activities in the Campground Enterprise" by Eugene F. Dice, *The Private Campground Business: A Forward Focus*, March 1972, pg 27-31.

Table 10. Estimated Occupancy Rates in 99 Michigan Campgrounds by Region and Time of Week.

Region	Weekends	Holidays	Midweek
	----- Percent -----		
Region I (n=5)	37	63	44
Region II (n=34)	58	90	36
Region III (n=60)	68	97	41
Statewide (n=99)	63	93	39

the same period. On the other hand, those farthest from Michigan's major cities have slightly better midweek use than the close-in campgrounds.

One explanation for this lies in the fact that Region I is affected by trans-peninsular highway systems that link Canada and the Upper Midwest. Privately owned campgrounds in the Upper Peninsula find overnight vacationers make up a considerable portion of customers with fewer stopping for the weekends than in lower Michigan. This is partly because they are located in a natural-wonder region that attracts long distance travelers. The other two regions are more accessible to urban populations who spend a full weekend at a campground, but are work-bound during midweek.

In Michigan, there did not appear to be a consistent relationship between size of campground and occupancy rates, during midweek. Although the smallest campgrounds were used slightly less than the largest campgrounds on weekends, holidays, and midweek, the intermediate sizes were inconsistent in use. Use rates at different times of the week seem to be more dependent upon travel patterns than size. Management must recognize the customer use (traffic) patterns and design the marketing program to make maximum use of these patterns.

The basic fee structures of 99 campgrounds offering modern sites and 23 campgrounds offering primitive campsites were examined. The 23 campgrounds offering primitive campsites represent a part of the same 99 modern campgrounds which also offer rustic sites. Also, the legal definition of modern and primitive differs from the general concept of what is offered in the two types.

Statewide, modern site fees averaged \$3.25; primitive sites, \$2.67. Since the cost of electricity per site can be as much as 40c per night, the difference in fees between modern and primitive sites does not appear to reflect the costs of the different facilities.

Table 11 shows the average fees charged in Michigan in the summer of 1972, according to campground size.

Table 11. Basic Camping Fees Charged in Michigan Privately Owned Campgrounds in 1972.

Number of Sites	Modern Sites			Primitive Sites	
	Number of Campgrounds	Number Responding	Basic Fee	Number Responding	Basic Fee
State	100	99	\$3.25	23	\$2.67
30 to 59	41	40	\$3.07	5	\$2.50
60 to 79	16	16	\$3.23	5	\$2.40
80 to 99	9	9	\$3.22	3	\$2.83
100 or more	34	34	\$3.48	10	\$2.85

Table 12. Basic Fee Differences Among Michigan Privately Owned Campgrounds by Region, 1972.

Area	Modern Sites			Primitive Sites	
	Average No. Sites	Number Responding	Basic Fee	Number Responding	Basic Fee
State	87	99	\$3.25	23	\$2.67
Region I	60	5	\$3.35	(*)	---
Region II	100	34	\$3.36	10	\$2.65
Region III	82	60	\$3.18	12	\$2.63

* Insufficient numbers reporting.

Table 13. Estimated Per Site Cost of Selected Items In Michigan Privately Owned Campgrounds, 1972.

Number of Sites	Average No. Sites	Advert.	Operating Supplies	Equipment Repair	Total
30 to 59	39	\$10.25	\$37.70	\$10.00	\$58.00
60 to 79	64	\$ 9.85	\$48.80	\$ 4.40	\$62.00
80 to 99	89	\$ 7.70	\$34.21	\$ 7.22	\$49.00
100 to 119	104	\$ 6.87	\$45.08	\$ 8.00	\$60.00
120, and over	218	\$ 7.60	\$39.62	\$ 3.13	\$50.00

The fees in Table 11 do not reflect "added-on" items, such as increased charges for more than four persons per family, or for added facilities. Only limited differences were observed when the fee charges were arranged according to region. Nevertheless, the data (Table 12) show higher average fees in Region II than in either Region I or Region III.

Selected Costs/Site

The respondents were asked to estimate certain annual costs within the campground. These were then arrayed according to campground size to determine if costs correlate with size. Difficulty was encountered in attempting to determine the size of payroll in the campground industry due to the

variation in labor supply. However, advertising, operating supplies, and equipment repair were consistently reported. In Table 13, these estimated costs are broken down according to the number of sites in the campground.

Since data were not collected on depreciation, and labor costs have not been computed, Table 13 consists of only separate items which are less than total costs per site. At \$3.25 per day fees, however, it is evident that even minimal per site costs will require at least 25 days use each year just to break even with annual costs. This does not include variable and long term costs.

Responsibilities Within the Campground

One part of the study was directed toward obtaining data on the internal decision-making and responsibilities within the campground operation. With the high investment necessary to develop and operate a modern, efficient-sized campground, it seems reasonable to expect both good management and good operation. However, as previously pointed out, many of the existing campgrounds started as very small enterprises with owner-managers gaining experience as their enterprises grew. Furthermore, since many present campgrounds are operated as family enterprises, it follows that much inexperienced family labor is employed.

In Table 14, data are presented to show who usually performs seven different tasks of the operation. The results confirm the expected—most campgrounds in Michigan are managed from development through actual operation by one or more combinations of maximum family inputs. It

also suggests where managerial education programs can best be applied.

The data indicate that some decisions or operations are made by more than one person. Note that the greatest use of employees is as layout planners and building designers, a reflection upon the use of consulting engineers and designers. Only 6 had hired managers, while 19 hired an accountant to supervise the bookkeeping tasks, probably chiefly for the final accounting at the end of the season.

Types of Advertising

Owner-managers were asked to list the different types of advertising used to promote campground business. Road signs were not included in the data. Table 15 lists these methods in order of

Table 15. Use of Different Forms of Advertising by 100 Michigan Privately Owned Campgrounds, 1972.

Types of Advertising	Number of Campgrounds
Directories	80
Brochures	76
Outdoor Magazines	29
Newspapers	28
Sports Shows	23
Radio	8
Television	5
Other Types	13

use. It should be noted that a few campgrounds (mostly smaller) used no advertising. Among these were several campgrounds that rented sites by the season only. Many campground owners indicated

Table 14. Distribution of Management Tasks within Michigan Privately Owned Campgrounds, 1972.

Who performs	Manager	Bookkeeper	Large Purchase Decisions	Layout Planner	Building Design	Supervises Help	Registration-Reservations
1. Self	54	42	24	33	25	18	23
2. Spouse	11	28	4	1	1	6	31
3. Husband-wife	30	15	60	8	7	22	39
4. Partner	4	2	6	3	3	2	3
5. Employee	6	19	0	39	39	0	8
6. Manager (Hired)	0	0	5	4	4	7	4
7. Committee	2	1	6	2	2	0	1
8. Previous Owner	0	0	0	7	12	0	0
Totals	107	107	105	97	93	55	109

that they also rely very heavily upon word-of-mouth advertising. The average expenditure for advertising among these 100 campgrounds amounts to \$775.00 per year.

Facilities and Services

Earlier, we said managers need to examine opportunities for supplemental sales items in addition to the basic site fee. In order to establish a base for current offerings, owner-managers were asked to indicate the facilities and services they offered as of 1972. Some of these (Table 16) represent non-site income items.

These data indicate that Michigan privately owned campgrounds offer a good variety of activities. Not all of these represent extra cost items. Many campgrounds also assist users in locating outside activities or points of interest. About 30% indicated that their users spend most of their time in the campground.

Data collected in the study indicate that most campground owners are aware of the returns from different income items. Asked if they keep individual records on different income items, 80 of the 100 respondents said "yes," 16 — "No" and 4 did not respond. Such individual records offer the manager an opportunity to measure which cost items return the most for the investment.

Table 16. Facilities, Services, and Activities Offered in 100 Michigan Privately Owned Campgrounds, 1972.

Facility-Service Offered	Number of Campgrounds
Electricity at Most Sites	98
Bath and Center Building	89
Sanitary Dumping Station	82
Swimming	82
Fishing	81
Water to most sites	81
Boating - including canoes	74
Outdoor sports & games	70
Grocery store	46
Sewer hook-ups at some sites	45
Laundry	41
Bottled gas sales	40
Community events	37
Coin Operated games	22
Music Vending Machines	20
Bike Rentals	17
Movies	14
Arts & Crafts	9

Origin of Campers

Campground owner-managers were asked to identify the three places most frequently listed as home by guests, when registering. The data in Ta-

ble 17 indicate that most users come from Michigan and nearby states. The results suggest that Michigan privately owned campgrounds do not draw a very high percentage of their users from the long-distance travelers. One likely reason is that long distance campers, interested in the states natural wonders, utilize the large number of high quality state and federal campgrounds which are oriented to these places.

Table 17. Where Most Users of Michigan Privately Owned Campgrounds Come From, 1972.

Place of Origin	Number Times Mentioned
Michigan	94
Indiana	27
Ohio	26
Illinois & Wisconsin	11
All Others	13

Summary

A number of conclusions can be drawn from the data obtained in this survey of privately owned campgrounds in Michigan. One of the major functions of this first extensive research is to provide a base for further, more precise measurements of the progress of the industry. One of the greatest needs is for the industry to cooperate in a detailed accounting process that can provide a pool of accurate data as well as individual business analysis.

- The rapid growth of the industry and the use-rate on sites already in operation suggests that the industry may be reaching a point of overbuilding. Potential investors should be aware of the increasing competitiveness within the industry. An important consideration is the fact that the Michigan State Parks Division has decided its expansion will be in rustic campgrounds, thus allowing the private sector to provide the more-modern, convenience types of camping facilities.

- Unless combined with other income-producing, camping-related services, privately owned campgrounds usually do not offer significant returns on investment.

- A major portion of existing privately owned campgrounds are operated as hobby-type enterprises rather than for highest economic returns.

- Campground owners need to fully exploit mid-week and off-season use of existing campsites in preference to expanding as a way to improve net income.

- Increased income opportunities exist in establishing different fees for choice sites and charging higher fees during peak-use periods.