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Francis M. Domoy, Extension Specialist, Department of Park and Recreation Resources

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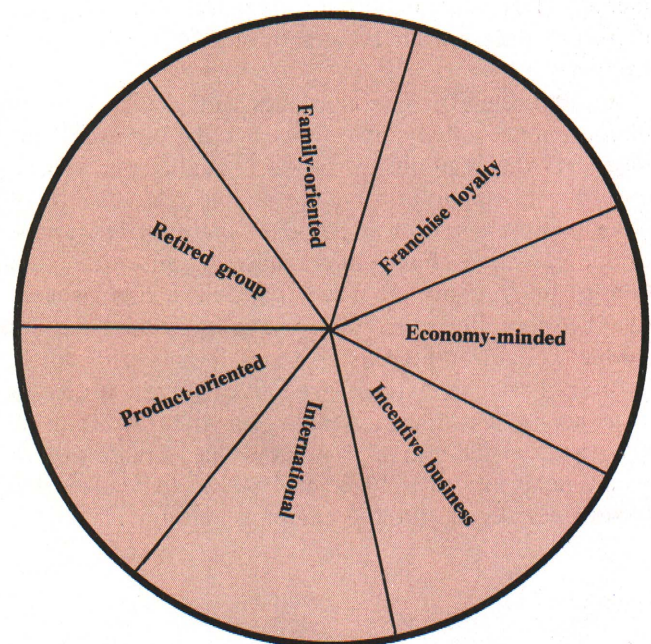
# SEGMENTATION: A Strategy for Campground Marketing

By Francis M. Domoy, Extension Specialist, Dept. of Park and Recreation Resources

One of the major challenges facing the campground owner within the next decade is the decision to expand. Should I stay the same size, or add another service? Will the campground market remain strong or will it stabilize or perhaps decline?

These questions are realistic in that the total campground market is not stable. It does fluctuate with changes in the economy. Yet expansion of the camping industry has occurred very rapidly in Michigan. This expansion has been based on the feeling that desire for camping is insatiable. This assumption must be questioned in analyzing the campground industry. Is it feasible to say that within the next decade relatively few new campers will enter the camping market? If so, what will happen to campground operators when the number of campers remains the same or even declines? These questions must be faced in order to maintain an economically viable camping industry in Michigan.

The campground industry is **no different** than any other business. Each industry can expand, contract, specialize, diversify, integrate, concentrate, disperse, compete, or fail within the market structure of the



Which segment of the camping market is yours?



economy. Campground owners and managers are faced with decisions concerning business investment similar to those industries which have successfully evolved throughout time. They are no exception to this process in the United States or in the State of Michigan. Neither do they represent a unique body of people concerned about a unique industry.

### CURRENT STATUS OF INDUSTRY

Using LaPage's stages of growth model, Michigan's campground industry is in its *adolescence stage*. This stage is typified by: (1) a very rapid growth in terms of numbers of enterprises (illustrated by growth from 200 commercial campgrounds in 1970 to 690 in 1974 within Michigan, representing a change from 9,000 campsites in 1970 to almost 40,000 campsites in 1974; (2) Campgrounds have increased their capacity, increased the number of services, as well as the financial investment in supporting services designed for the camper. Greater concern is expressed for immediate return on investment rather than building to a "retirement nest egg," or the fun of operating a campground facility; (3) Full-time management becomes common rather than the exception; (4) Lastly, campground associations gain greater strength and promote the sophistication of the industry in general.

Initially, the individual decision has been one of expansion of existing facilities by adding a larger number of sites to the camping market. This is illustrated in Figure 1. The graph represents the relationship between the size of campground measured by the number of campground sites and the quality of service to each camper. The curved line represents the possible trade-offs in quality of service with increases in the size of the facility. The basic trade-off may be that as size increases, there is a decrease in the quality of **each** service to **all** campers.

As the trade-off curve continues with an assigned 10 management units\* of input by the campground manager, the relationship between quality per service and size of campground has an inverse relationship. In other words, as size increases, quality per service decreases with no change in management effort (i.e., loss from  $q_1$  to  $q_2$ , Figure 1). The expansion in campground size therefore illustrates that the quality of service to **all** campers has decreased as size and revenues increase.

The only way to increase size and quality of service to all campers is to increase management to 20 units as illustrated on the graph. However, if an increase in size occurs again in 1975, 1976, or 1977, it could decrease quality per service for the camping consumer.

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\*Management unit—amount of labor and capital necessary to operate a given campground size.

A change in the quality of each service may result when increasing the size of the facility. The quality of each service decreases unless there is an increase in the management effort for **all** campers. A basic decision of the campground manager is whether to increase the size of the facility and cost of management? A basic question illustrated by this graph: Can quality services be provided for **all** people given existing management capabilities? You cannot provide **all services** to **all campers** with equal quality. It may be inferred that camper satisfaction can occur if the number of services offered is limited at a given management level. With a given number of services available to each camper, management can concentrate on the efficient operation of each service. Specific services may be provided for that portion of the market that the operator wishes to satisfy rather than trying to appeal to all different types of campers.

### MARKET SEGMENTATION

The output of this strategy is referred to as market segmentation.\* In other words, expansion of the facility takes place along a specific market characteristic, or services offered are matched with a part or parts of the market. By concentrating on a *segment* of the market, greater efficiency and camper satisfaction can be realized, which can lead to greater profits.

Identification of camping market segments is directly related to the capability of management. This is where research becomes a necessity in order to determine identifiable market segments. Research of the current campers using a facility can be conducted either through survey or by a detailed registration form. Geographic, buyer behavior, family size, occupation, age, sex, family life style, nationality, equipment type, etc. are important aspects in segmenting markets for your campground facility. Each of these sorts out the total camper group into type segments.

One of the basic questions facing a campground owner is which aspect of the market relates to his own campground organization? This question is extremely important since it relates to the resources of the area and the resources of the owner and/or manager. These resources may encompass the recreational activities present within the area, such as fishing, hunting, swimming, canoeing, etc., the personality of the owner and/or manager, and the type of camper.

From the campground owner and/or manager's resources, a comparative advantage in the market place can be built. By specializing in a single characteristic or

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\*Market Segmentation—whenever a market consists of two or more buyers, the market is capable of being segmented; that is, divided into meaningful buyer groups. The purpose of segmentation is to determine differences among buyers which may be consequential in choosing among them or marketing to them and gain comparative advantage (Kotler, 1967).



Average Size  
of Campground  
(# of sites)

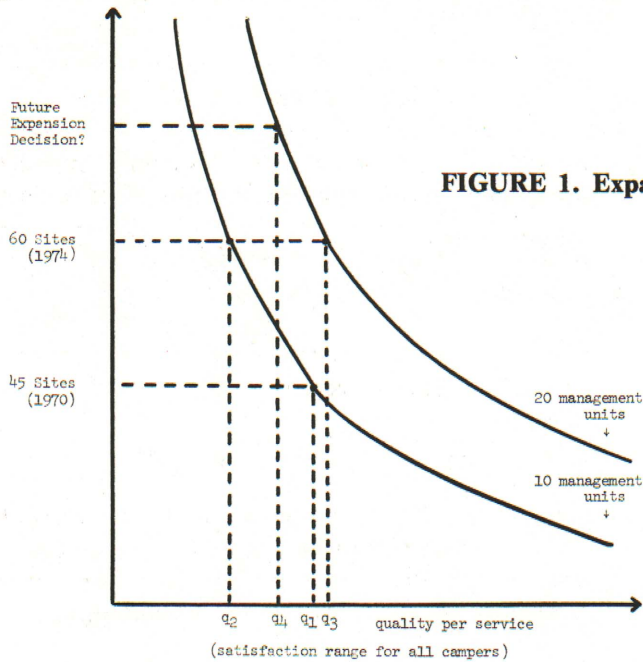


FIGURE 1. Expansion Trade-off Curve.

complementary characteristics of the potential camper, a campground develops an identity. Its identity matches a segment of the market in which a set number of services are provided for by the manager. With a campground's identity established, the quality of service to a segment of the market can be increased, and it is not necessary to provide greater management units. An attempt has been made to identify possible market segments within the campground industry. Table 1 represents possible market segments, the description of each segment, and how a campground operator may reach each of the segments.

Once we identify a segment or segments of the market, the next step is to capture it. Certain strategies may be developed to encourage those segments of the market and gain a comparative advantage. The following is a list of suggestions to encourage segmentation:

1) **Packaging of campground services for a specific group**

- a) "Golden Agers Package"
- b) "The Family Package"
- c) "The Fisherman's Deal"
- d) "The Working Women's Escape"

2) **Pricing services**

- a) Family economy price
- b) Special rate for over 65
- c) Special rate for under 12
- d) Special organization rate

3) **Rifle (pinpoint) advertising**

- a) Create a campground experience attracting a segment of the market
- b) Create an image for a campground identity

The basic need for market segmentation may become readily apparent if we assume that a very few new campers will enter the camping market. If our marketing strategy continues to encourage **all camper** types to utilize our facilities, we will be constantly competing for the same camping consumer. This type of competition may lead to price cutting and ultimately a loss in profits.

If the number of campers using commercial campgrounds is limited in the future, a re-allocation of campers by type must occur in order to remain successful. In other words, each campground operator must identify a segment of the campground market and provide services for that segment.

**SUMMARY AND RECOMMENDATIONS**

Specific conclusions and recommendations can be outlined:

- 1) Competition for the same camper will increase rapidly within the state;
- 2) We cannot provide every service demanded by all campers within the market;
- 3) We will reach a scale of operation which will cause a decline in quality service to the ever important camping consumer;
- 4) We must work within our investment in management or increase the management's input appreciably;
- 5) We must consider our market and determine which segment of the market we wish to specialize in;
- 6) The market segment we choose can create a comparative advantage within the campground industry;
- 7) Our campground establishes an identity for a definable camping group;
- 8) Greater profits can be realized by working within management investment and the resources available within the market.



**Table 1. Possible Campground Market Segments**

<b>Selected Camping Market Segments</b>	<b>Description</b>	<b>Segmented Via</b>
Product-oriented camping consumer	Campers with specific camping equipment and desire to camp with those who use same	Association with "camping product users," e.g. a particular style of camper
High income and status camping consumer	Interested in high quality sites exceeding normal dimensions with services to match resort-like tastes	Exclusive advertising
International camper	Ranges from economy-minded to wealthy individuals touring the United States for educational purposes	Travel agencies
Retired camping consumer	Generally interested in group-related and passive recreational activities	Senior citizens and retirement organizations
Economy-minded consumer	Needs primarily associated with overnight facilities	Location in relation to highways
Quality of environment camper	Intense desire for resource quality, wilderness related	Conservation and nature magazines
Family-oriented camping consumer	Interested in enjoyment and education for total family unit, supervised recreational activities away from campsite	Church groups, 4-H, family organizations (family-related magazines)
Recreational activity-oriented consumer	Interested in recreational experience at the campground or at nearby public or private areas	User groups, i.e. snowmobile, hunting, hiking, fishing clubs
Franchise loyal camper	Desire to camp at a standardized facility to assure price and services	Franchise organizations
Occupational identity	People with same professional backgrounds and job-related experiences	Professional organizations, unions
Geographic area identity	Interested in recreating and camping with people from same home area	Area advertising and personal visits to travel shows, e.g., "South Bend Week"
Handicapped camping consumer	Need for facilities and supervision specializing in handicapped services	Handicapped organizations
Working women campers	Recognition of single and career-oriented women desiring services ranging from modern to primitive	Career women organizations
Incentive business travel camper	Gift campground packages for outstanding work performance and achievement	Industrial and company representatives