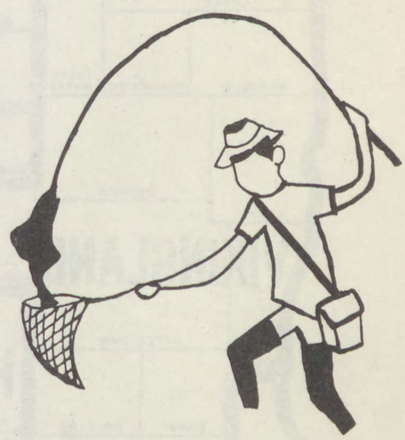
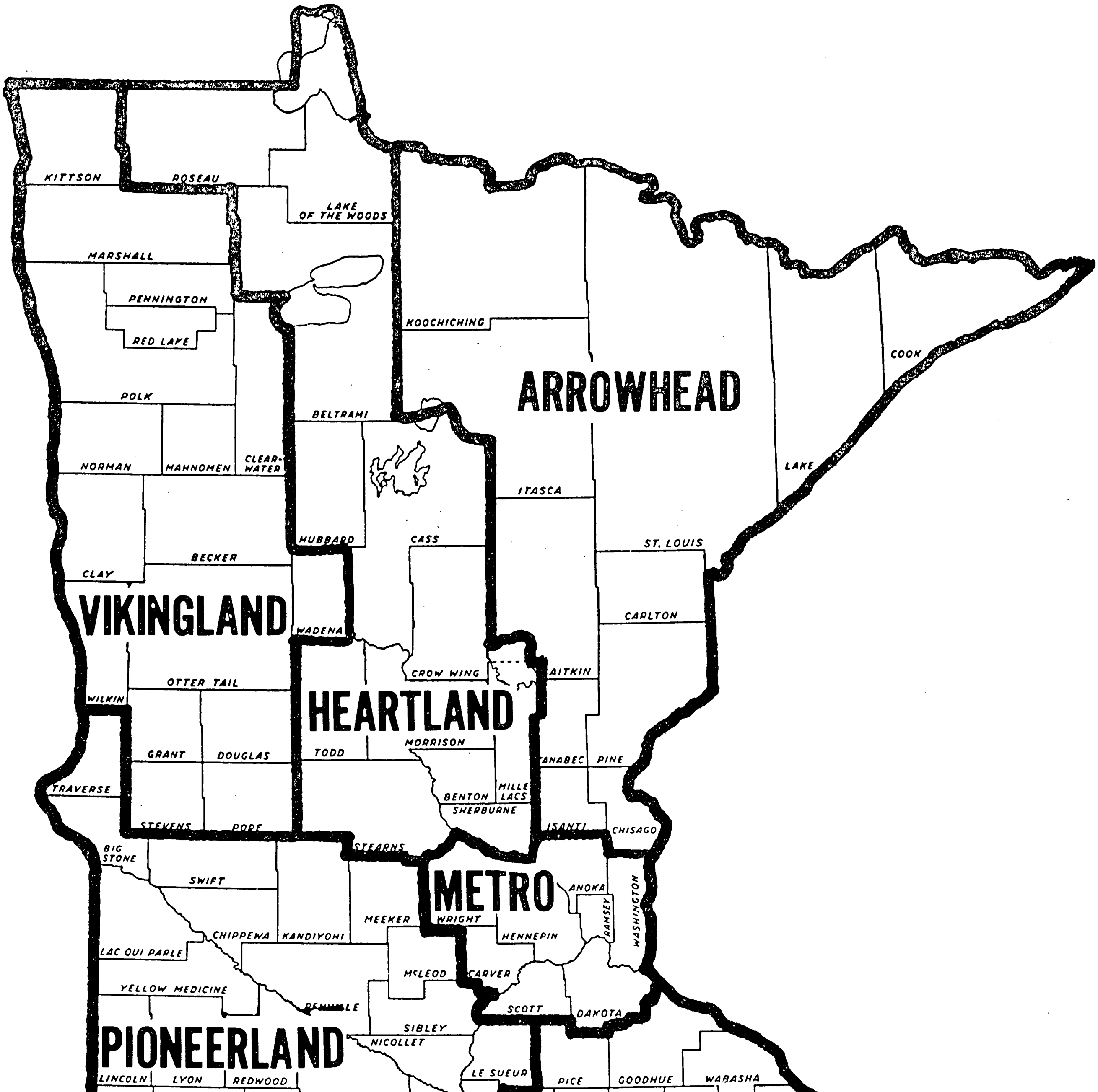
The Minnesota Resort and Campground Rate Structures 1973



1. Minnesota
2. Extension Service
3. Special Report 50—1974



ARROWHEAD
VIKINGLAND
HEARTLAND
METRO
PIONEERLAND
HIAWATHALAND
KITTSON
ROSEAU
LAKE OF THE WOODS
MARSHALL
PENNINGTON
RED LAKE
KOOCHICHING
COOK
POLK
BELTRAMI
NORMAN
MAHNOMEN
CLEAR-WATER
LAKE
ITASCA
HUBBARD
CASS
ST. LOUIS
BECKER
CLAY
CARLTON
WADENA
CROW WING
AITKIN
OTTER TAIL
WILKIN
GRANT
DOUGLAS
TODD
MORRISON
PINE
TRAVERSE
BENTON
MILLE LACS
SHERBURNE
STEVENS
POPE
ISANTI
CHISAGO
BIG STONE
STEARNS
SWIFT
ANOKA
RAMSEY
WASHINGTON
MEEKER
WRIGHT
HENNEPIN
CHIPPEWA
KANDIYOHI
LAC QUI PARLE
McLEOD
CARVER
YELLOW MEDICINE
SCOTT
DAKOTA
SIBLEY
NICOLLET
LE SUEUR
LINCOLN
LYON
REDWOOD
RICE
GOODHUE
WABASHA
BROWN
PIPESTONE
MURRAY
COTTONWOOD
WATONWAN
BLUE EARTH
WASECA
STEELE
DODGE
OLMSTED
WINONA
ROCK
NOBLES
JACKSON
MARTIN
FARIBAULT
FREEBORN
MOWER
FILLMORE
HOUSTON

The Minnesota Resort and Campground Rate Structures 1973

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I. INTRODUCTION

Reasons for study

Every year, operators of resorts and campgrounds face the question of pricing their services, asking: "What about rate structures? How do my rates compare with those of other resorts? Should I increase my rates? How much should I charge for equipment and services?" Although several reports list rates, the rates are usually stated in broad ranges. Rarely are they specific enough to help make pricing decisions.

A wide price variation exists for similar accommodations and services in Minnesota. Rate structures often bear little relationship to the quality of product offered. Rather, they have evolved through tradition, through comparison with other resorts in the area, through uncertain knowledge of adequate return on capital and labor.

For these reasons, the authors conducted a rate structure study of Minnesota resorts and private campgrounds. Results of the study will help owners compare their rates with others offering similar services and facilities. Also, the study will help owners compare their past and projected rate increases with other operations. The information should also lead to more systematic pricing of equipment and services. Presently, this area harbors much confusion and guesswork.

Such data have not been systematically gathered in recent years. Richard Sielaff, University of Minnesota-Duluth, considered several similar questions in The Economics of Outdoor Recreation in the Upper Midwest (1958). Some comparisons with his study are made in this report.

Survey method

Only fragmented lists of Minnesota resorts and campgrounds are public. The more than 50 resort and tourism associations generally list only their members. Regional tourism lists are limited to advertisers. The Minnesota Department of Health only lists those resorts with five or more cabins.

A recent publication, Minnesota Resort Guide, is the most comprehensive listing of resorts and campgrounds presently available in Minnesota. It's published by the Itasca Press, St. Paul, Minn., under a grant from the Minnesota Resources Commission in cooperation with the State Department of Economic Development. The population for this study was derived from the Minnesota Resort Guide list of 2,071 resorts and 137 private campgrounds. The listing in Minnesota Resort Guide was based upon a comprehensive study of the lodging industry. That study was conducted in 1970 by Uel Blank, University of Minnesota, in cooperation with the Minnesota Department of Economic Development. Only operations with complete data available were listed. It was estimated, however, that 506 resorts were not listed. All resorts were distributed by tourism region.

The table below is compiled from Minnesota Resort Guide. The facilities numbered served as the basis for this study. However, 13 additional private campgrounds were added from other publications.

Facilities listed in Minnesota Resort Guide

Tourism region	Housekeeping	Campground	American plan
Arrowhead	508	26	23
Heartland	918	36	25
Vikingland	483	29	2
Pioneerland	67	13	0
Hiawathaland	11	19	0
Metroland	34	14	0
Total	2,021	137	50

The map on page 2 identifies the state's six tourism regions.

Attrition of 376 resorts in the 1966-1970 period (at a rate of about 4 percent annually) was also estimated.

Because the American Plan resort and campground categories were small, questionnaires were sent to 100 percent of those identified. Also, questionnaires were sent to all of the small number of listed housekeeping resorts in Pioneerland, Hiawathaland, and Metroland. For the remaining tourism regions (Arrowhead, Heartland, and Vikingland) having large numbers of housekeeping resorts, a 33 1/3 percent sample was drawn. These three regions were sampled by randomly selecting a name from the list and then selecting in sequence each third housekeeping resort through the entire list.

A four-page questionnaire, previously approved by the Federal Office of Budget Management (assigned project number 40-S73020), was mailed to the selected resorts and campgrounds the last week in April 1973. The questionnaire asked for information on occupancy rates, number of units, daily and weekly rates, rate changes, and charges for equipment and facilities. Two reminders to nonrespondents were mailed May 15 and June 1. By July 1, the preselected cutoff date, the following results had been obtained:

Facility	Number mailed out	Number Returned	
			(percent)
American Plan	50	23	(46)
Housekeeping	750	344	(46)
Campgrounds	150	100	(66.6)
Unusable		29	(3)
Total	950	496	(52)

The data received was summarized in three classifications: (1) housekeeping resorts; (2) American plan resorts; and (3) privately owned campgrounds. Results of the study follow in that order.

II. Housekeeping resorts

Information from housekeeping resort questionnaires was classified by tourism region and by resort size. Since only 56 questionnaires were returned from Metroland, Hiawathaland, and Pioneerland, these data were combined as the "Southern Region."

Two sizes of classifications were used. small resorts, 1 to 7 cabins; and large resorts, 8 or more cabins. These classifications were decided as the result of a recent study by Uel Blank. That study found the average Minnesota housekeeping resort had 7.4 cabins. The average size of all resorts responding to this study was identical—7.4 cabins.

Dr. Sielaff's 1958 study of resorts in a 19-county area of northeastern and north central Minnesota found that the average resort contained 7.2 cabins. Apparently the average resort size has grown very little in the past 15 years.

Weekly rates at housekeeping resorts

In weekly cabin rates, few important differences were found from one tourism region to another. Heartland rates average consistently higher than any other region. (There are only two exceptions to this; see table 1.) In every tourism region, large resorts charge consistently more than do small resorts. This is apparent in most of the following tables and charts.

Table 1 summarizes the 1973 average weekly rates for various sized modern cabins, as reported by 344 housekeeping resorts across the state. (A modern cabin has electricity, running hot and cold water, and a bathroom, complete with lavatory, stool, and bathtub or shower.)

Table 1. Average weekly rates for housekeeping resorts (modern cabins) 1973

Tourism region	1-bedroom		2-bedroom		3-bedroom		4-bedroom	
	Small resort	Large resort	Small resort	Large resort	Small resort	Large resort	Small resort	Large resort
Arrowhead	62.37	72.02	76.25	88.17	88.81	107.11	Insufficient Data	126.25
Heartland	60.88	74.51	76.29	97.40	101.32	118.24		165.70
Vikingland	64.55	70.75	78.75	96.78	90.45	112.07		130.00
Southern	62.63	68.94	79.59	91.94	95.00	109.50		131.25

There is a surprising spread in the rates charged for supposedly similar accommodations. Table 2 lists the highest and lowest rates reported for a two-bedroom cabin. Similar variations were found for one-, three-, and four-bedroom cabins. These data are available from the authors but are not reported here.

The one comparable feature of the $35 per week cabin and the $190 per week cabin is two bedrooms. (The spread in price for small resorts in the Heartland Region is reported in table 2.) Other factors such as size and age of the cabin, quality of interior furnishings and decor, general quality and location of the lake, and services offered at the resort or in the resort community help determine individual cabin prices. However, there probably is a substantial spread in charges even where such factors are comparable.

Table 2. High and low weekly rates for housekeeping resorts, 2-bedroom modern cabin 1973				
Tourism region	Small resorts		Large resorts	
	High rate	Low rate	High rate	Low rate
Arrowhead	$120	$50	$135.00	$50.00
Heartland	130	35	190.00	52.50
Vikingland	140	40	142.50	63.00
Southern	110	50	107.50	65.00

The price extremes for a resort cabin are large: the lowest rate reported in the study was $25 per week for a one-bedroom, semimodern cabin; in contrast, the highest rate reported was $310 per week for a four-bedroom modern cabin. Interestingly, the latter resort reported a much higher occupancy rate than did the $25 per week resort.

Rates charged for semimodern cabins

There still is a sizable number of Minnesota resorts units which cannot be classified as "modern" cabins. Generally, these do not provide hot water and/or bathing facilities. The prices for these cabins (rustic, semimodern, partially modern, etc.) are usually much lower than the prices charged for modern cabins. Table 3 lists the average weekly rates for variously sized semimodern cabins.

Table 3. Average 1973 housekeeping resort weekly rates (semimodern cabins)								
Tourism region	1-bedroom		2-bedroom		3-bedroom		4-bedroom	
	Small resort	Large resort	Small resort	Large resort	Small resort	Large resort	Small resort	Large resort
Arrowhead	42.27	50.60	52.03	60.31	65.00	76.66	Insufficient Data	Insufficient Data
Heartland	52.14	57.56	59.52	68.33	62.60	79.33		
Vikingland	45.38	46.67	55.00	66.67	40.00	76.00		
Southern	47.50	38.86	51.75	56.43	40.00	73.75		

Charges for extra persons in the cabin

Over 90 percent of the resorts reported that they charge for extra people in a cabin (i.e., over two people in a one-bedroom cabin; over four people in a two-bedroom cabin, etc.). Table 4 reports the average weekly rate charged per extra person. Again, substantial differences exist between small resorts compared and large resorts. The lowest charge was $2.00 per extra person per week; the highest was $30.00.

Table 4. Average housekeeping resort charge per week for extra person in the cabin 1973		
Tourism region	Small resorts	Large resorts
Arrowhead	$6.78	$ 9.39
Heartland	6.56	10.97
Vikingland	5.82	7.25
Southern	6.29	7.25

Daily rates at housekeeping resorts

The study found that weekly rates are most often quoted, but virtually every Minnesota housekeeping resort also has a daily rate for weekends and when cabins might not be filled with longer term guests.

Table 5 summarizes the average daily rate for modern cabins, and table 6 summarizes the average daily rate for semimodern cabins.

Table 5. Average 1973 daily rates (modern cabins)								
	1-bedroom		2-bedroom		3-bedroom		4-bedroom	
Tourism region	Small resort	Large resort	Small resort	Large resort	Small resort	Large resort	Small resort	Large resort
Arrowhead	12.23	13.20	15.52	16.31	18.91	21.72	Insufficient Data	24.50
Heartland	11.21	12.57	13.85	16.48	18.24	20.47		26.60
Vikingland	11.95	13.20	14.27	17.08	17.00	20.09		23.00
Southern	11.14	13.67	15.17	17.71	18.00	20.21		25.33

Table 6. Average 1973 daily rates (semimodern cabins)								
	1-bedroom		2-bedroom		3-bedroom		4-bedroom	
Tourism region	Small resort	Large resort	Small resort	Large resort	Small resort	Large resort	Small resort	Large resort
Arrowhead	9.14	9.80	10.85	13.00	14.70	16.66	Insufficient Data	Insufficient Data
Heartland	10.71	11.00	12.20	12.88	13.00	13.63		
Vikingland	8.19	10.42	10.33	12.00	10.00	13.25		
Southern	9.90	7.67	11.79	10.75	11.75	15.00		

Again, over 90 percent of the resorts reported that they charged on a daily basis for extra persons in a cabin. Table 7 summarizes these charges by tourism region and resort size class. Note the substantially higher daily rate charged by Arrowhead region resorts. This high daily rate is explained, in part, by the substantial number of "overnights" in facilities along the North Shore. In 1969, average length of stay in North Shore resorts was only 3.5; this is one-third to one-half the average length of stay in many other areas. Since a large part of North Shore business is for one or a few nights, a rate structure adapted to this pattern has evolved.

Table 7. Average housekeeping resort charge per day for extra person in cabin 1973		
Tourism region	Small resorts	Large resorts
Arrowhead	$2.05	$2.70
Heartland	1.40	1.81
Vikingland	1.41	1.65
Southern	1.41	1.44

Rate changes

Twelve percent of Arrowhead, 29 percent of Heartland, 32 percent of Vikingland, and 23 percent of the Southern region resorters reported that they reduced rates during off-season periods. On a weekly basis, the average reduction for all regions was approximately $15 per cabin.

Approximately 98 percent of the 167 resorts responding reported that they had raised rates sometime during 1970 to 1973 or that they planned to raise rates in 1974. Table 8 summarizes the rate increases. There were little apparent differences between tourism regions, but the greater increase for large resorts compared to small resorts was generally consistent with other pricing patterns found in the study.

Table 8. Weekly housekeeping resort rate increases (2-bedroom modern cabin) 1970-1974

Year	Small resorts	Large resorts
	Percent	Percent
1970 to 1971	4	6
1971 to 1972	6	4
1972 to 1973	2½	3
1973 to 1974 (projected)	7	8

Charges for other services and equipment

Many Minnesota housekeeping resorts have equipment for rent and/or provide services for which extra charges are made. The following tables summarize the percentage of resorts offering services or equipment, the percent who charge for them, and the average charge for each service or rental.

With only two exceptions—large outboard motors and bicycle rentals—the small resorts charge less than do the large resorts. Only 6 percent of responding resorts have large outboard motors available, and only 5 percent have bicycles for rent. Two-thirds of the small resorts having bicycles do not charge for them while nearly three-fourths of the large resorts with bicycles do have a separate charge.

Although between 56 to 80 percent of Minnesota resorts have baby cribs available for guests' children, less than one-third charge extra for these. Apparently, some provide free "baby-sitting"; 8 to 13 percent indicate that it is available but do not charge.

Table 9. Housekeeping resort charges for water-based equipment 1973

	Large resorts			Small resorts		
Equipment	Percent offering	Percent charging	Average charge	Percent offering	Percent charging	Average charge
			Per day			Per day
Fishing boats for guests	100	15	$ 4.28	100	11	$3.36
Fishing boats for public	79	100	4.24	70	100	3.87
Canoes	44	81	4.29	23	91	3.59
Pontoon boats	35	94	12.57	20	95	7.96
Sailboats	10	70	1.27/hour	1	—	—
Water bikes	35	76	1.16/hour	6	75	.92/hour
Outboard motors over 13 hp	27	100	8.45	6	100	9.62
Outboard motors under 13 hp	79	100	5.59	62	100	4.69

Table 10. Housekeeping resort charges for land-based equipment 1973

	Large resorts			Small resorts		
Equipment	Percent offering	Percent charging	Average charge	Percent offering	Percent charging	Average charge
Bicycles	10	72	.89/hour	5	37	1.16/hour
Snow-mobiles	6	100	22.50/day	4	100	15.00/day
Swimming pools	7	0	0	1.4	0	0
Tennis courts	5	0	0	–1	0	0
Saunas	7	23	1.75/each	4	25	1.50/each
Golf putting greens	1.5	0	0	0	0	0
Horses	3	100	1.95/hour	–1	0	0

Table 11. Housekeeping resort charges for services 1973

	Large resorts			Small resorts		
Services	Percent offering	Percent charging	Average charge	Percent offering	Percent charging	Average charge
Guest boat launching	80	15	1.22/each	61	10	1.10/each
Public boat launching	64	84	1.27/each	41	83	1.17/each
Guide service	18	100	23.75/day	10	100	18.23/each
Baby cribs	80	35	1.70/day	56	24	1.40/day
Baby sitting	36	92	.76/hour	23	87	.72/hour

Modern cabins

The 1958 study showed that 35.9 percent of all resort cabins had hot and cold water; 34.5 percent had a private bath or shower; 54 percent had inside flush toilets; and 87.3 percent had electric lights.

The present study did not go into as much detail as Sielaff's study. It simply asked resorters to list the number of "modern" and "semimodern" cabins. Table 12 summarizes the percentage of modern cabins. The definition of a "modern" cabin used in this study includes criteria similar to Sielaff's 1958 study. A great deal of modernization has apparently taken place in the housekeeping resort industry in the past 15 years.

Table 12. Percent modern cabins in housekeeping resorts 1973

Tourism region	Small resort	Large resort
Arrowhead	71.6	88.5
Heartland	73.7	93.0
Vikingland	75.6	79.5
Southern	75.2	74.5

The 1970 study of the Minnesota lodging industry found that 53 percent of all Minnesota resorts had made improvements in those past 3 years. Much of this was modernization.

Months open for business

Since the advent of snowmobiling, more and more housekeeping resorts have been winterizing at least a portion of their cabins. Table 13 lists the percentage of housekeeping resorts open year-round. In the Heartland region, 24 percent of the large resorts are now open in January and February. During those months, 9 to 14 percent are open in the other regions.

Table 13. Percent of housekeeping resorts open by month (1972-73)

Month	Small resorts: Arrowhead	Small resorts: Heartland	Small resorts: Vikingland	Small resorts: Southern	Large resorts: Arrowhead	Large resorts: Heartland	Large resorts: Vikingland	Large resorts: Southern
January	9	4	18	7	14	24	14	9
February	9	3	18	7	14	24	14	9
March	8	3	18	3	11	14	14	9
April	8	3	14	10	14	6	14	14
May	72	82	93	94	97	90	95	91
June	100	100	100	100	100	100	100	100
July	100	100	100	100	100	100	100	100
August	100	100	100	100	100	100	100	100
September	65	75	79	100	91	92	91	91
October	30	21	29	48	54	67	59	50
November	26	11	14	7	26	18	27	9
December	9	4	14	7	14	20	18	9

Occupancy rates

Table 14 summarizes occupancy percentages. May through September—when most housekeeping resorts are open—represents the occupancy figures for the traditional season. Occupancy rates for other months were less well-defined and may be less meaningful.

For those resorts staying open during the off-season, reported occupancy is surprisingly high. This can be explained, in part, by comments of several resorters who mentioned on the returned questionnaires that only a portion of their cabins were winterized and were offered for rental. Others indicated that they were primarily open for weekend business and that their occupancy figures were calculated on this basis. Nevertheless, those resorts staying open in the winter are enjoying favorable occupancy rates.

Table 14. 1972 average occupancy rates by percentages

Month	Housekeeping resorts (1-7 cabins): Arrowhead	Housekeeping resorts (1-7 cabins): Heartland	Housekeeping resorts (1-7 cabins): Vikingland	Housekeeping resorts (1-7 cabins): Southern	Housekeeping resorts (8+ cabins): Arrowhead	Housekeeping resorts (8+ cabins): Heartland	Housekeeping resorts (8+ cabins): Vikingland	Housekeeping resorts (8+ cabins): Southern
January	29	42	55	10	26	41	33	40
February	16	40	60	10	26	44	42	40
March	10	15	49	14	30	30	27	48
April	6	15	42	36	8	8	13	55
May	37	28	23	36	45	46	36	45
June	66	63	61	72	68	73	75	70
July	77	81	90	79	85	92	93	93
August	65	70	78	73	86	87	85	83
September	32	31	34	40	48	41	41	43
October	20	16	42	23	28	27	33	41
November	27	28	61	14	18	15	21	50
December	35	37	63	10	41	27	10	38

III. AMERICAN PLAN RESORTS

From Minnesota Resort Guide, searches through other advertising literature, and the authors' knowledge of the resort industry, it was determined that there were 50 "true" American plan resorts in Minnesota. American plan indicates full service—including three meals—in the quoted rate. Full service—including two meals—in the quoted rate is considered "modified" American plan. Several of these 50 resorts may offer, in part or at times, other kinds of accommodations such as housekeeping cabins and room rentals without food service. However for study purposes, it was determined that the American plan service was either the major source of income or the prime function of these 50 resorts.

Only 23 (or 46 percent) of the American plan resorts responded to the questionnaire. However, 19 housekeeping resorts reported that they also offered American plan accommodations in part or at times. Therefore to determine average rates, data were included from all 42 resorts. For other statistics, including occupancy, months open for business, and charges for equipment and services, only information from the 23 "true" American plan resorts was used.

The sample of "American plan" resorts may be too small to accurately represent all of Minnesota's "American plan" resorts, even though it is 46 percent of the universe. Nevertheless, the sample is indicative of itself—representing 23 such resorts.

Daily and weekly rates

Table 15 summarizes average 1973 American plan rates reported by 42 Minnesota resorts. Included are full American plan and modified American plan rates for adults and children.

The age break between adult and child rates ranged from 8 to 16 years and averaged approximately 11 years.

The lowest daily full American plan adult rate was $11; the highest was $24. The lowest daily full American plan child rate was $6; and the highest child rate was $20.50.

Table 15. Average 1973 rates, American plan resorts

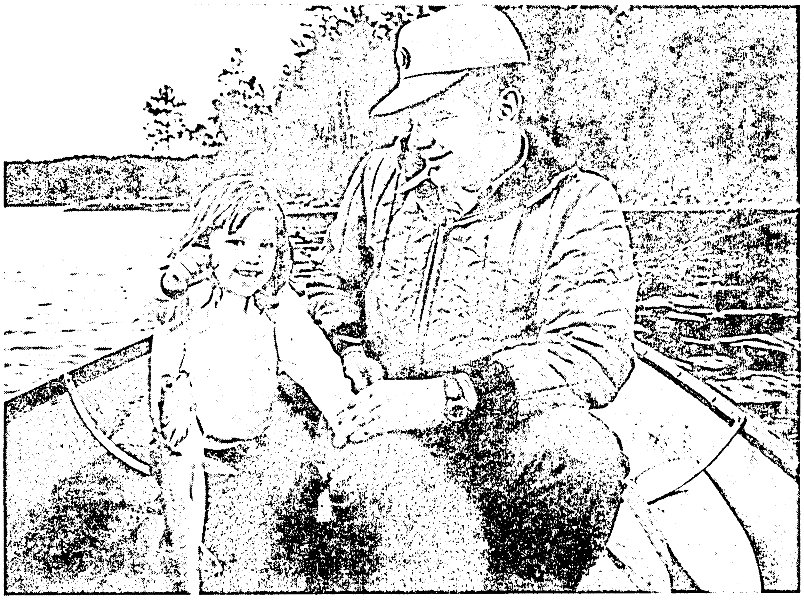
	Daily	Weekly
Full American plan—adult	$18.06	$120.87
Full American plan—child	12.25	79.46
Modified American plan—adult	16.19	103.60
Modified American plan—child	10.35	63.19

Rate changes

Average rates increased from 6.1 percent to 6.8 percent annually over the 4-year 1970-74 period. The question concerning 1974 rates was asked in spring 1973. With the accelerated inflationary trends, many resorters may be contemplating higher 1974 rates than shown in table 16.

Table 16. Rate changes, full American plan adult daily rate average for 42 resorts 1970-1974

Year	Rate	Increase	Percent
1970	$14.96		
1971	15.95	$ .99	6.6
1972	16.93	.98	6.1
1973	18.06	1.13	6.7
1974 (projected)	19.29	1.23	6.8



People from across the nation vacation in Minnesota. Privately owned resorts and campgrounds offer a wide range of facilities and services. Rates vary considerably, often evolving through tradition, through comparison with other facilities, and through uncertain knowledge of adequate return on capital and labor.

Charges for equipment and services

American plan resorts charge more for equipment rental and services than do housekeeping resorts (with the exception of large outboard motors). This can be determined by comparing charges by American plan resorts (shown in table 17) with charges by housekeeping resorts (tables 9, 10, and 11). A smaller proportion of American plan resorts charge for equipment than do housekeeping resorts; often many items are included in the quoted rate.

Table 17. Services and equipment at 23 American plan resorts 1973

	Number offering	Number charging	Average price
Fishing boats for guests	23	9	$ 4.83/day
Fishing boats for nonguests	10	10	5.20/day
Canoes	17	7	5.08/day
Pontoon boats	11	10	19.50/day
Sailboats	10	4	3.00/hour
Water bikes	9	5	1.30/hour
Water skiing	16	9	6.69/hour
Outboard motors (over 13 hp)	17	17	8.39/day
Outboard motors (under 13 hp)	9	9	5.90/day
Bicycles	10	7	.92/hour
Snowmobiles	5	4	25.00/day
Swimming pools	10	0	0
Tennis courts	12	0	0
Saunas	13	1	No answer
Golf	10	2	3.50/9 holes
Golf putting green	8	0	0
Horseback riding	6	5	3.13/hour
Guide service	10	10	25.50/day
Baby cribs	22	8	1.96/day
Babysitting	13	11	.86/hour

Months open for business

Of the 23 American plan resorts responding, the number open for business during different months is in table 18. Here, as with housekeeping resorts, several American plan resorts now stay open during winter to accommodate snowmobilers and skiers.

Table 18. Months open for business 1972 23 American plan resorts

Month	Number open
January	6
February	7
March	6
April	1
May	20
June	23
July	23
August	23
September	21
October	8
November	3
December	4

Occupancy rates

Table 19 summarizes the occupancy rates of the 23 American plan resorts by months. Again as with housekeeping resorts, winter occupancy is developing for American plan resorts open during that season. This, too, can be partially explained because most winter business is on weekends and that not all units were open. Occupancy rates were often calculated on this basis. The American plan resorts open during winter are enjoying healthy occupancy rates during that season, as were housekeeping resorts.

Table 19. American plan resort occupancy rates average of 23 resorts 1972

Month	Percent occupancy
January	25.7
February	33.8
March	18.8
April	10.0
May	33.8
June	60.6
July	82.2
August	81.3
September	38.8
October	27.5
November	8.0
December	33.0

VI. CAMPGROUNDS

The private campground industry in Minnesota is a relatively new industry which has expanded rapidly. This has been dramatically illustrated to the authors during the past few years by almost weekly requests for campground development assistance from prospective campground owners.

As indicated in the introduction of this report, the researchers were able to identify 150 private campgrounds in Minnesota. Exactly 100 (66.6 %) campgrounds responded to the survey questionnaire. In addition, 131 resorts reported that they operated campgrounds as part of their resort. In this section of the study, information from these two campground categories, (1) "pure" campgrounds, and (2) resort campgrounds, will be reported separately.

Campgrounds operated as the sole business

The size of the reporting campgrounds varied considerably. The largest campground had 207 campsites; the smallest had 8. The average number per campground was 64.

Daily, weekly, high, and low rates

No substantial differences in campground rate levels and pricing structures were noted from one tourism region to another; however, a wide rate variation was apparent among individual campgrounds.

Several campgrounds reported complex rate structures. These included additional charges for extra persons over a minimum number; declining rates for the 2nd, 3rd, or more day's stay; 1 free day after a certain number of consecutive day's stay; and separate charges for various utility hookups. Only three of the 100 campgrounds reported reduced rates during the offpeak season.

Table 20 summarizes the average 1973 rates as reported by the 100 private campgrounds.

Table 20. Campground rates 1973

Trailer-camper with full hookup (water, sewer, electricity)	
Average daily rate	$ 3.83
Average weekly rate	$23.18
Highest rate quoted	$10.00 daily; $65.00 weekly
Lowest rate quoted	$ 2.00 daily; $12.00 weekly
Trailer-camper with partial hookup	
Average daily rate	$ 3.26
Average weekly rate	$18.64
Highest rate quoted	$ 5.10 daily; $33.00 weekly
Lowest rate quoted	$ 2.25 daily; $10.00 weekly
Trailer-camper with no hookup	
Average daily rate	$ 2.77
Average weekly rate	$16.29
Highest rate quoted	$ 4.60 daily; $24.50 weekly
Lowest rate quoted	$ 1.50 daily; $ 8.10 weekly
Tentsites	
Average daily rate	$ 2.75
Average weekly rate	$16.50
Highest rate quoted	$ 4.60 daily; $27.00 weekly
Lowest rate quoted	$ 1.50 daily; $ 6.00 weekly

Monthly, seasonal, and yearly rates

Campground operators were also asked if they offered monthly, seasonal, and yearly rates for trailer owners who want to park their equipment in one place for an extended time. Fifty-four of the 100 campgrounds reported that they did offer this type of site rentals. Table 21 summarizes the rates per month, season, and year.

Table 21. 1973 campground monthly, seasonal, and yearly rates

Average monthly rate	$ 48.50
Highest rate reported	70.00
Lowest rate reported	30.00
Average seasonal rate	$192.35
Highest rate reported	500.00
Lowest rate reported	90.00
Average yearly rate	$220.45
Highest rate reported	420.00
Lowest rate reported	130.00

Charges for equipment and services

Table 22 summarizes the number of campgrounds offering, the number charging, and the average charge for equipment and services (100 campgrounds).

Table 22. Pricing information for equipment and services by campgrounds 1973

	Number offering	Number charging	Average charge
Fishing boats	56	54	$ 4.19/day
Canoes	25	25	4.34/day
Water bikes	18	18	1.31/hour
Pontoon boats	20	19	11.07/day
Outboard motors (under 13 hp)	25	25	5.26/day
Outboard motors (over 13 hp)	4	4	7.33/day
Bicycles	20	19	.93/hour
Swimming pools	14	0	
Tennis courts	6	0	
Horseback riding	8	8	2.07/hour
Boat launching (guests)	53	28	1.06/time
Boat launching (nonguests)	46	41	1.16/time
Babysitting	12	12	.50/hour

Rate changes

Rate changes from 1970 to 1973 and projections for 1974 were reported by 45 of the 100 campgrounds. For these, the average daily rate increase (for a partial hookup site) from 1970 to 1973 has been only 55 cents. Only 34 of the 100 campgrounds responded to the question about projected rate changes for 1974. Of these, 19 reported that they planned to increase rates. Fifteen reported they contemplated no rate changes. The average daily rate increase was 53 cents (for a partial hookup site) for those planning to raise rates. Again, the past summer and fall's increased inflationary trends may well change this situation for 1974.

Months open for business

Like resorts, several Minnesota campgrounds report that they are open for business during the winter months. Most of these campgrounds are in the southern part of the state. Table 23 reports those campgrounds (out of a total of 100) which are open during the different months of the year.

Table 23. Months open for business 1972

Month	Number of campgrounds open
January	10
February	10
March	10
April	20
May	90
June	100
July	100
August	100
September	92
October	58
November	10
December	10

Occupancy rates

Seventy-one of the 100 reporting campgrounds provided information on occupancy rates. The occupancy rates of these 71 campgrounds are in table 24.

Table 24. 1972 campground occupancy rates (percent)

Month	Percent occupancy
January	2.4
February	1.4
March	1.4
April	8.7
May	18.7
June	46.6
July	65.2
August	58.6
September	29.7
October	17.7
November	3.2
December	1.4

Campgrounds operated in conjunction with resorts

This study also sought rate information for campgrounds operated as part of a traditional resort operation. Out of 367 resorts responding to the questionnaire, 131 (approximately 36 percent) reported operating campgrounds as part of their resort business.

The average number of campsites at resort-operated campgrounds is 15. Thus, these campgrounds are considerably smaller than those operated as the sole business. Two was the smallest number reported, and 83 campsites was the largest resort campground.

Daily, weekly, high, and low rates

Again, little substantial difference in rates was noted from one tourism region to another. However, there was a wide price variation among resorts regardless of their locations.

Resort campground daily rates average about 35 cents less than do daily rates at campgrounds operated as the sole business (table 20). The average weekly rate proves to be almost $2 less. Details of rates for the 131 resort campgrounds are in table 25.

Table 25. Resort campground rates 1973

Trailer-camper with full hookup (water, sewer, electricity)	
Daily average	$ 3.46
Weekly average	$19.82
Highest rate reported	$ 5.00 daily, $35.00 weekly
Lowest rate reported	$ 2.00 daily, $10.00 weekly
Trailer-camper with partial hookup	
Daily average	$ 2.90
Weekly average	$16.69
Highest rate reported	$ 5.00 daily, $24.50 weekly
Lowest rate reported	$ 1.00 daily, $ 5.00 weekly
Trailer-camper with no hookup	
Daily average	$ 2.46
Weekly average	$15.75
Highest rate reported	$ 5.00 daily, $25.00 weekly
Lowest rate reported	$ 1.00 daily, $ 7.00 weekly
Tentsite	
Daily average	$ 2.37
Weekly average	$14.53
Highest rate reported	$ 5.00 daily, $24.00 weekly
Lowest rate reported	$ 1.00 daily, $ 5.00 weekly

Monthly, seasonal, and yearly rates

Monthly, seasonal, and yearly rental rates were reported by 43 of the 131 resorts (table 26). These longer term rates do not vary greatly from those of campgrounds operated as the sole business.

Table 26. Resort campground monthly, seasonal, and yearly rates 1973

Average monthly rate	$ 52.00
Highest rate reported	70.00
Lowest rate reported	30.00
Average seasonal rate	$164.32
Highest rate reported	300.00
Lowest rate reported	50.00
Average yearly rate	$219.41
Highest rate reported	425.00
Lowest rate reported	100.00

Rate changes

Only 43 of the 131 resort campgrounds provided information on projected 1974 rates. Twenty-two of these 43 resorts reported they did not plan to increase rates in 1974, while 21 did plan to. The average projected daily increase (for a partial hookup site) was 86 cents. This fairly large increase indicates that some resort campgrounds may be gradually catching up to rates charged at private campgrounds operated as single enterprises.

V. CONCLUSIONS: MEANING FOR THE RESORT AND CAMPGROUND OPERATOR

The report is a management tool for Minnesota resort and private campground operators. It can also help those considering the purchase or development of facilities. The data make comparison possible against averages, highs, and lows for similar accomodations and services. Precaution should be exercised in examining projected 1974 rates noted because these data were gathered in the spring of 1973. If this question would have been repeated in December 1973, undoubtedly larger increases would have been indicated.

The data verify that Minnesota resorts provide bargain vacations. This, in part, relates to other factors such as the attrition rate of Minnesota resorts (reported earlier in this report).

Unless a for profit facility can charge a rate that returns a fair reward for invested capital and labor, it cannot long survive in today's competitive market. Table 27 contrasts number of resorts reported in a 19 county area by Sielaff (1958) to the same 19 counties reported by Blank in 1970. Only Cook and Lake Counties gained appreciable numbers of resorts, while the other 17 counties suffered declines averaging more than 16 percent. A few of these suffered losses well over 50 percent.

The data reported in this study are only one of the factors of a complex problem: how to price a product for a fair return on invested dollars and labor. Resort and campground owners and managers should become proficient in calculating input costs and worth of returns. As a start, the authors recommend spending a few evenings with the formula Robert McIntosh, Michigan State University, suggests for product pricing in the publication Management Through Figures. A free copy can be obtained by writing to the authors of this report or through your county extension agent.

Secondly, examine your present accounting system to determine how accurately it tells how various "profit centers" are contributing to your business. You may wish to explore a new system. The authors and others in the University of Minnesota Agricultural Extension Service can explain a new system that—at modest cost—can give considerable help in analyzing your business and simplifying procedures. (See Minnesota Tourist Travel Notes, Winter 1973.)

When contrasted with Sielaff's benchmark work in 1958, several encouraging factors emerge about the "health" of Minnesota resorts and campgrounds. Rates have risen steadily over the 15-year period. Sielaff found that housekeeping cabins rented for a mean minimum rate of \$36.34 up to a mean maximum rate of \$56.43 per week. The American plan rates ranged from a mean minimum of \$8.95 to a mean maximum of \$10.11 per day. By 1973, the average American plan rate had nearly doubled to \$18.06, and the average 2-bedroom cabin rate, housekeeping, increased about 60 percent to \$76.14. Sielaff found campground rates approximated \$1.05 per day in 1958. Today, such rates average about \$3.15. This represents a threefold rate increase and is even more significant when the rapid increase in privately owned campsites is considered.

Another encouraging factor is the improved occupancy rates of Minnesota resorts compared with Sielaff's 1958 findings. He reported that the highest average occupancy was less than 66 percent. That was in mid-August. The 1973 study reported that July was highest with more than 86 percent occupancy. This denotes a slight shift in season and an important increase in occupancy. Furthermore, many resorts have been able to extend their season appreciably through catering to winter sports enthusiasts and through expanded group business. Occupancy during nontraditional months is not overwhelming. However, it is high enough to justify enthusiasm that Minnesota resorts are not limited to summer operation—if major attraction for winter stays and also winterized units can both be accomplished.

Little has changed in this 15-year period in average number of resort units. There were 7.2 in 1958 compared with 7.4 today. This demonstrates Minnesota resorts' strong leaning toward small enterprises which are, to a great extent, family-owned and operated. Commendable as this is, it probably must change if Minnesota is to maintain a viable resort industry in the face of increasing waterfront values, burdensome tax and regulatory loads, necessary sophistication in sewege disposal and shoreland management, and economics of scale in other segments of the hospitality industry and elsewhere.

Solid data are not available comparing nearby states' pricing structures. If the new accounting system mentioned here becomes widespread, such data would be generated, permitting operators to annually compare rates and other charges.

A study of this type should be done at regular intervals to provide resort and campground operators with current pricing information. Your comments and suggestions for futher studies will be welcomed.

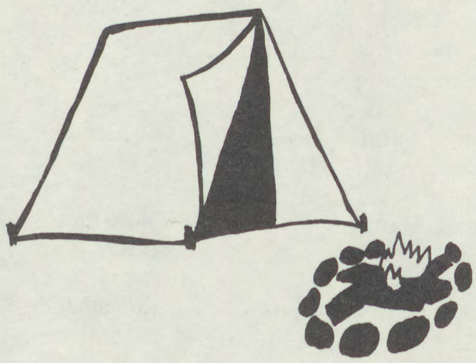
The authors thank the many operators who took time to accurately and clearly respond to the questionnaire. Without your help, the study would have floundered; with your help, the authors hope this is one more tool to help you understand your industry and to assist you in your pricing decisions.

Table 27. Number of resorts for selected Minnesota counties 1958 compared with 1970

County	Sielaff (1958)	Blank (1970)
*Cook	35	65
*Lake	43	75
St. Louis	178	176
Carlton	8	7
Pine	35	8
Mille Lacs	59	35
Aitkin	143	86
Itasca	224	213
Koochiching	22	30
Lake of the Woods	21	31
Roseau	2	1
Beltrami	156	139
Clearwater	4	7
Mahnomen	3	9
Becker	167	138
Hubbard	216	180
Cass	415	352
Wadena	7	3
Crow Wing	371	288
Total	2,109	1,843

Loss of 266 housekeeping resorts in 12 years.

*The increase in resorts in Cook and Lake Counties can be explained, in part, by the definition of a "resort" along the North Shore. Sielaff, in 1958, apparently did not include several of the overnight motel-cabin types; whereas Blank, in 1970, did classify these types of accommodations as resorts.



Special Report 50—1974

Issued in furtherance of cooperative extension work in agriculture and home economics, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Roland H. Abraham, Director of Agricultural Extension Service, University of Minnesota, St. Paul, Minnesota 55101. We offer our programs and facilities to all people without regard to race, creed, color, sex, or national origin.