

CHAPTER VIII TN 41: THE ECONOMICS AND POLICY IMPLICATIONS OF PRIVATE CAMPGROUND DEVELOPMENT IN NATIONAL PARK CENTRED VISITOR REGIONS: AN EMPIRICAL STUDY

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ABSTRACT

In Canada, one of the poorly documented segments of the tourism and recreation industry is that of private campground development and operation. In particular, the relationship between the public and private sectors has not been fully examined. This study investigates the viability of National Parks-oriented private campgrounds to provide information that can be used to recommend public policy options.

After a review of the literature, the paper focuses on four eastern parks and the public-private campground mix in and around them. It describes a survey of the operators of forty private campgrounds, the analysis strategy followed, and the results obtained.

PURPOSE

The objective of this study is to investigate the viability of National Park-oriented private campgrounds to provide information for the evaluation of alternative public policy options.

INTRODUCTION

In Canada, one of the most poorly documented segments of the tourism and recreation industry is that of private campground development and operation. In particular, the relationship between the public and private sectors has not really been examined. With the increase in camping pressure over the years, it is now apparent that problems are arising and that questions pertinent to public policy should be investigated to reduce or avoid existing or potential conflict between the public and private sectors. Specific problems include: how to best satisfy the demands of the different tiers of campers; how to generate the greatest local impact in terms of income and employment; how to avoid the detrimental impact on the viability of certain parts of the private sector; and how should National Park planners, policy makers and managers react to suggestions of expansion, curtailment or differentiation of their activities (in light of the private sector) in the provision of campground sites and facilities.

LITERATURE REVIEW

General

Camping continues to grow in popularity. In 1967, the Bureau of Outdoor Recreation (BOR 1972) reported a 62 percent increase in camping days by Americans between 1960 and 1965, and projected a 450 percent increase in camping days between 1960 and 2000. However, by 1972 the Bureau noted that the total number of camping days had quintupled (from 66,000 to 354,000) in the decade of the sixties alone and that during the same period, the number of camping days per person had grown from 0.9 to 3.0.

Canadian data echo the USA findings. In 1968 a national survey (see TN 22 and Volume III) found that 25 percent of the interviewed sample camped in 1967 compared with 15 percent of those contacted four years previously. A similar survey conducted in 1972 found that in the period 1969-1972, participation in tent camping had grown from 12 to 19 percent, trailer camping from 6 to 10 percent and pick-up camper use from 2 to 4 percent amongst Canadians interviewed. It is particularly significant to note that while participation in camping as an activity has increased there has, in recent years, also been an increase in the number of camping days per person, i.e., individual campers participating in camping have actually increased the number of days that they camp during the camping season.

In terms of the Canadian National Parks system, camping demand has grown consistently

at around 7 percent per year for the past 22 years; a doubling every ten years.

The introduction of the recreation vehicle (RV) coincided with important shifts in motivations and expectations toward camping, changes that can be discerned at all levels of the camping experience. While the hardy tenter seeking solitude and a wilderness or quasi-wilderness setting has by no means disappeared, he is finding it more and more difficult to obtain a satisfactory camping experience in the sense that his expectations are fully realized. He is competing with another tenting "culture" benefiting from modern lightweight and high quality equipment and appearing to be more "urban oriented", thereby expressing a preference for more developed back country campgrounds, enjoying a certain degree of sociability and generally regarding the back country trip as a pleasant but short-lived relief from urban grind. There is little hard data to support these observations, but Stankey (1972) and Lucas (1971) have both observed that growth in wilderness demand has primarily come from a group or groups who spend a relatively short time in the back country (one to two nights), who hike relatively short distances and who prefer established campgrounds to camping in the "wild". (This observation has been supported by Ian Leaman, Regional Parks Officer in the British Columbia Parks Branch, Department of Recreation and Conservation. Leaman estimates that 90 percent of 'back country users' seek the standard campground facilities provided despite the vast tracts of wild country that lie immediately adjacent to such areas.)

While there may be two or more tenting cultures, the group referred to above as a whole differs noticeably from the RV camping culture in terms of motivations, expectations and camping behaviour. Clark, Hendee and Cambell (1971) found that campers in large wayside campgrounds sought high quality conveniences, entertainment and companionship, and showed a great tolerance of crowding, noise, litter and even vandalism, while still feeling that they were enjoying a "wilderness" experience. Clark et al called this group the "urban camping culture" for in many respects they are transferring an urban or suburban living pattern to a quasi-natural area. The question soon becomes obvious. Should public agencies be the major provider, or in any way a provider, of campgrounds for these types of camping enthusiasts?

Shafer (1969) points out that campers are quite selective in their preferences, deliberately seeking certain kinds of campgrounds to suit their needs. La Page (1967) found that campers who chose private campgrounds were far more likely to enjoy meeting other campers than were campers visiting public campgrounds. La Page and Ragain (1971) investigated the changing camping behaviour of a mixed panel of 565 campers and found that a significant number of the "hardy" class of camper had cut back on their camping participation due to crowded facilities and the difficulties of finding camping environments satisfactorily suiting their preferences. In noting that the decay in camping participation by this group is offset by the increase in "first time" campers more tolerant of crowding and damaged natural environments, the authors warn that the "example" and "leadership" in "good camping behaviour" provided by this group may be declining to the detriment of the camping fraternity generally.

The supply of campgrounds is another factor that has influenced the growth in camping demand, yet has also reflected the differences in camping preferences among modern campers. The public sector has responded positively to the recent growth in camping demand and, as a result, provided many of the new campgrounds presently existing in North America. Part of the reason for this is a prevailing belief that outdoor recreation is a social good that should be provided as a public service at subsidized prices. This is a controversial policy, with a long history. It stems in part from a belief that outdoor recreation serves a vital function in maintaining a stable and healthy community, and in part that a subsidized service is the best way

to ensure that low income groups are not unduly discriminated against. For discussion see Searles (1960), Mack and Meyers (1965) and Bechter (1971). Public campgrounds, particularly those found in National and Provincial/State parks, provide remarkably high quality and durable through somewhat standardized basic facilities at low prices. It is, therefore, not surprising that new public campsites cannot be built fast enough to meet the burgeoning demands. Public policy makers, therefore, must decide if it is their objective to continue to try and satisfy increases in campers' demands or to satisfy only on a selective basis camping demands that cannot be met by the private sector.

Public sector growth of campground development is exemplified by British Columbia. Since 1956, the British Columbia government has increased the number of campsites in its provincial park system from 711 to 4,674, yet the number of camper days per campsite is still growing (see Table 1). In fact, throughout most of the peak demand period (July and August) some 30 to 50 percent of the provincial park campgrounds are full, causing uncounted numbers of disappointed campers to search for other accommodation (O'Riordan 1973). The picture in the Canadian National Park system is little different. Of 99 campgrounds for which firm data were available, 82 turned away campers at least once in July and August 1972, 47 were full on at least 10 days, 27 on at least 30 days, and eight on at least 60 days.

The results of all this is growing pressure on publicly provided campgrounds, which, in effect, means an increasing subsidy by the general taxpayer to the user. From camper fees, Canadian national park campgrounds generate only half the annual costs of maintenance and capital depreciation, according to evidence on file with Parks Canada. This means a subsidy of the order of \$3 per camper night, or a total annual subsidy of some \$3 million. British Columbia provincial park campgrounds are enjoyed by campers who pay only \$2 -- one-third of the annual cost of construction, depreciation and maintenance -- a subsidy of some \$4 per camper night, or a total annual subsidy of some \$5 million. The situation would not appear to be too different in other provinces of Canada offering campgrounds in provincial parks or similar areas. The policy has traditionally been to provide campgrounds for all types of park visitors and to subsidize their operation and maintenance costs as well as their capital depreciation. With increases in camping participation, the types of campers and the number of camper days per person it would appear that public policy makers should reassess this situation, especially in light of an increased capability of the private sector to do part of the job.

The Private Campground Industry

La Page (1971), Burch (1971) and Bevins (1972) have made some interesting observations about the evolution of the private campground industry. Bevins likens the pattern to the growth of the grocery store, from the small come-by-chance operation through successive stages of centralization and product specialization to the large supermarket. In essence, the evolution of the private campground is sketched as follows:

- (1) Scattering (1900-1950). A disparate scattering of small commercial facilities, primarily
 - i. catering to a well-established clientele, e.g., hunting and fishing groups.
- (2) Invasion (1950-1965). The growth of the family camping market encourages small come-by-chance campgrounds, generally family-run or on family-owned land, not always well situated in relation to tourist travel patterns. Some do well by virtue of location, good management or sensible investment, but many remain small peripheral operations that fail to break even, even if labour is priced at its opportunity cost.
- (3) Concentration (1965-197?). The rise of the large, high investment campground, efficiently run and well

promoted. These are often franchised to camping chains, (e.g., Kampgrounds of America, Crazy Horse Campgrounds, Safari Campgrounds, etc.), they are managed as sound business propositions and are expected to make money. They cater especially to the urban camping culture mentioned earlier, and expect to make as much money from day use facilities as from nightly rental fees, if not more. (Bevins estimates that these campgrounds can expect to return at least 8 percent on investment over 20 years, even with moderate management. KOA operators expect to take \$9 per camping family per over and above rental fees, usually \$4.)

TABLE 1: CAMPING UNIT ATTENDANCE AND THE PROVISION OF CAMPING UNITS IN BRITISH COLUMBIA PROVINCIAL PARKS 1955-1970

Year	Camping Nights (in thousands)	Number of Camping Units	Number Camping per Campsite	of Nights
1955	160	711	225	(56.25)*
1956	200	1048	190	(47.50)
1957	250	1404	178	(44.50)
1958	400	1818	220	(55.00)
1959	550	2255	244	(61.00)
1960	650	2797	232	(58.00)
1961	760	3205	237	(59.25)
1962	840	3664	229	(57.25)
1963	910	3688	246	(61.50)
1964	850	3695	230	(57.50)
1965	1100	3733	294	(73.50)
1966	1170	3768	310	(77.50)
1967	1350	3802	355	(88.75)
1968	1280	4290	298	(74.50)
1969	1300	4625	300	(75.00)
1970	1580	4674	338	(84.50)

* This figure represents the average number of people using a camping unit for the appropriate year. Actual nightly use of campsites can be estimated by dividing by four. This figure is provided in parantheses.

Source: Parks Branch, British Columbia Department of Recreation and Conservation; Annual Reports.

LaPage, Cormier and Maurice (1972) found that the number of commercial operations in New Hampshire grew at an average annual rate of 8.3 percent over the seven year period 1964-1971, though there has been a more recent downward trend in the construction of new campgrounds. Moeller (1971) pointed out that for New England generally, the ratio of public to private campgrounds shifted from two to one in favour of public campgrounds in 1961, to four to one in favour of commercial enterprises in 1967. In British Columbia, Anderson (see Reference 2) found that private campgrounds outnumbered public facilities by a factor of four, and that 160 of 210 private operators interviewed planned to expand their facilities in the foreseeable future. A similar indication of optimism was reported in the previously cited U.S. studies.

On the surface at least, the private campgrounds in North America present a paradox for they generally do not pay, yet they are numerous and proliferating. All studies point to the marginal nature of the majority of existing private operations. Johnson (1966) remarked that at least three of five private campgrounds fail within five years, while half of the remainder do not break even. La Page et al. found that 89 of 167 reporting campgrounds in New Hampshire were unsuccessful in the sense that either income and/or occupancy was below average and revenue was insufficient to meet average costs. They comment (page 10 of LaPage, Cormier & Maurice

1972).

A simple comparison of costs and returns revealed that the average campground will not break even unless: (1) the owner can avoid paying for labour and ignore depreciation, which is probably what a great many campground owners have done in order to stay in business; or (2) the campsite rental income can be supplemented by additional revenues that will net at least 19 cents for every dollar of campsite rentals.

In Anderson's study, 50 percent of the 217 reporting managers claimed they made some profit, 25 percent said they broke even, and 25 percent admitted to taking a loss. However, the costs of labour and general maintenance were not incorporated in their budgetary breakdown.

The successful campground should be large enough to attract a sufficient "critical mass" of campers to make these critical on-site, non-camping facilities pay. To meet the narrow criterion of profitability, (defined initially even more narrowly in terms of attendance) most writers agree that the minimum number of units is 70, though profitability correlates positively with size through a very wide range above this number. For example, in a survey of New Brunswick private campgrounds (1967) it was found that the average occupancy rate for campgrounds of less than 10 units was 13 percent, while for campgrounds of over 100 units, it was 41 percent.

Most of the studies available show that at least half of the private operations are successful, within the parameters of success established by the managers themselves. Success is a subjective phenomenon, which is clearly linked to management goals and motivations. There has been an implicit assumption that the private campground enterprise should meet all the requirements of a profitable business to be successful -- promotion of product, differentiation of service, efficiency of management and maximization of new revenue through optimal fee structures. Yet, a number of writers (for example Loomis and Wilkins 1970, and Bevins, 1972, have hinted that other motivations, not based on money or profit, might apply. This matter is of fundamental importance in assessing the function of the private campground sector in modern times, for a purely economic calculation simply cannot be applied in assessing the viability and intrinsic merit of this sector. Therefore, in developing policy for the private campground sector these types of factors should be considered.

What motivates the private campground owner/manager? The ordering of the list that follows is not of particular significance, as any combination of factors can be expected in individual cases.

(1) Personal considerations. This group of factors includes the wish to remain active in retirement, despite a comfortable income, the love of meeting people, the satisfaction of providing a service that is appreciated and the contentment that comes from setting up and operating a family business. These are psychic benefits, which may act as very powerful drives to certain individuals who still seek a sense of fulfillment in their lives.

(2) Family considerations. The private campground is often regarded as a family enterprise to provide employment for the wife, children and relatives. The short season and variable weekly occupancy rates, plus the somewhat "menial" chores involved are most appropriate for family labour with a stake in the total investment.

(3) Joint business operation. In all but a few instances, the private campground is a secondary source of income. In many cases, the primary occupation is a related business (a motel, riding stable, restaurant, etc.), but increasingly the campground may simply provide a relief from a city job.

(4) Investment security. In a period of sharply rising land values and steady erosion of the

earning power of the dollar, the private campground is regarded as a sound investment, even though it may lose money on a year basis. Land values are rising at between 7 and 10 percent annually -- even higher in areas that are recreatively attractive (lakeshores, hillsides, etc.) or beside areas of great recreation interest. Operating a private campground on choice land can often be a convenient method of offsetting taxation and may provide a useful holding operation before selling out to some profitable use.

According to La Page's hypothesis, the successful campground is characterized by a high proportion of repeat campers, a lengthy duration of stay and widespread word of mouth "advertising" to attract new campers. The three interact, for the satisfied camper is more likely to return, to stay longer and to tell his friends and acquaintances about the campground.

While all these things are important, the human element is vital. The campground owner should be willing to work hard, to enjoy open socialization, and have a friendly, open personality. Courteous, friendly and responsible management not only maintains a clean attractive site, but encourages campers to return and to recommend the place to their friends. La Page (1967B) and Echelberger and Shafer (1968) found that managers who were experienced campers tended to antagonize their clients by providing a service which they thought was appropriate, but to which many campers objected. Clark et al. (1971) pointed out that there is a disturbing difference of opinion between what many campground managers regard as a suitable atmosphere and the kind of experience many modern recreationists are seeking.

Though profit maximization may not be a primary motive, the private campground manager is nevertheless interested in attracting a large and regular camping clientele. In order to be successful in this regard, he must understand and seek to meet the preferences of the particular camping culture he wishes to attract. La Page (1971) has developed a useful schema of camper preferences and management behaviour on which Figure 1 is based.

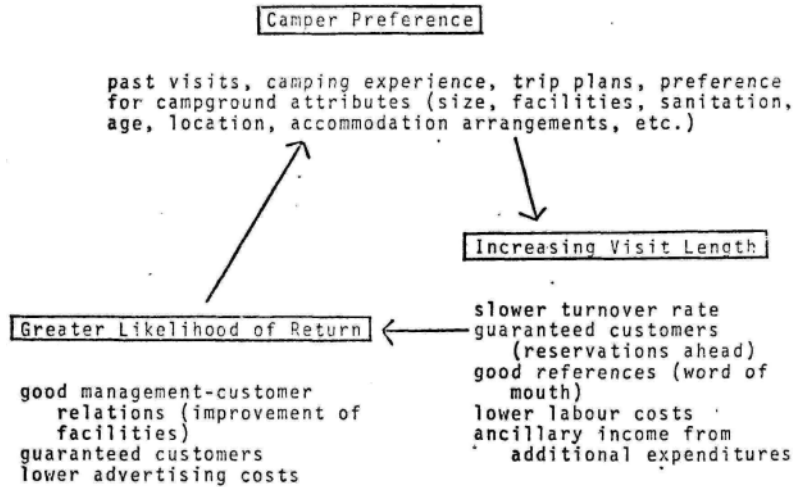
What are the features of the private campground that satisfy the camper in the first place? Certainly a neat, clean campground, with high quality sanitary facilities is a primary requisite. The CORD Motivation Study (see Volume III) showed that the quality of sanitary facilities, good drinking water and a clean campground are regarded by most Canadians as essential factors for making a good camping trip. The growing use of the RV has placed much importance on the "hook-up" campsite -- water and electricity certainly, and in many cases sewage disposal as well. Many campers simply expect this level of service now -- and generally appear to be willing to pay for it. Security against petty vandalism and unruly behaviour is also a very important factor. Indeed many campers deliberately choose private campgrounds to be sure of a peaceful night's rest. In both cases the private sector can provide a better service than most, if not all, public campgrounds.

Also very important is the provision of some form of "day-time entertainment". Successful private campgrounds provide a mix of services to meet campers' preferences on a 24-hour basis: the idea of overnight accommodation and little else is only successful for transit campgrounds located adjacent to major travel routes. Daytime facilities include swimming pools, rental facilities, grocery and gift stores, entertainment shows and the like.

Preferably, too, the campground should be near a major scenic or tourist attraction, such as a park, an historic site or an urban centre. The presence of water-oriented recreation facilities seems to be particularly appealing. Attractive recreation sites (areas at which to recreate) seem to attract campgrounds to an area, and hence it is not unusual to find a marked clustering of campgrounds around areas of recreation interest. Anderson (1971) found that 61 percent of his interviewed sample of 208 managers were less than 10 miles from a public campground, and 74

percent were within five miles of private competitors. Moeller (1971) has similar evidence of clustering for New England campgrounds. Clustering is advantageous in that it provides flexibility of choice for the camper, allows for the absorption of overspill and permits the positive externalities of advertising and promotion.

FIGURE 1: SIMPLE DIAGRAM SHOWING RELATIONSHIP BETWEEN CAMPGROUND ATTRIBUTES, CUSTOMER PREFERENCES AND MANAGEMENT TO MAKE A PRIVATE CAMPGROUND VIABLE. (AFTER LAPAGE, 1967, 1968A)



SUMMARY

There is no doubt that the private campground can provide a set of services that are attractive to a segment of the modern camping culture. How many campers actually prefer private campgrounds to the exclusion of public campgrounds (and vice versa) is not known, but there is some evidence that a sizeable proportion of modern campers is ready to go to either. Both The CORD Motivation Study and a more recent study by La Page and Ragain (1971) showed that between 20 and 40 percent of touring campers can be termed "impulse campers", willing to shift their travel schedule at a moment's notice. Obviously, this group provides a prominent target for the sharp entrepreneur, eager to encourage them to stay for the extra day or so, and to return in the future. It would appear, therefore, that public agencies should seriously consider a policy of divesting themselves of part of the responsibility of providing "all things for all people" when it comes to campground facilities.

Public campgrounds in national and provincial/state parks tend to provide a relatively standardized quality service that is subsidized by the taxpayer. These campgrounds are becoming increasingly expensive to construct and operate, and are regularly over-crowded during the peak season. The private sector is prepared to offer a complementary service to absorb part of the demand, and to provide the kind of camping experience that a sizeable group of campers prefer. Should the public sector follow a policy of giving the private sector more of this responsibility, then it may follow that the public sector will, in the future, have additional funds to allocate to the provision of campgrounds of the type that the private sector cannot possibly provide.

SURVEY OF PRIVATE CAMPGROUNDS IN ATLANTIC CANADA

Four National Parks formed the foci for this study -Prince Edward Island, Cape Breton Highlands, Kejimikujik and Fundy (see Figure 2). Table 2 portrays the public-private campground mix in and around these parks and also indicates the popularity of the public campgrounds. O'Riordan contacted and interviewed the operators of 40 private campgrounds in the recreation hinterlands of these National Parks -- eight in the vicinity of Fundy, five near Kejimikujik, seven around Cape Breton Highlands and 20 in Prince Edward Island. The interviews followed a semi-structured format. Certain key questions were asked of all respondents, but there was plenty of flexibility built into the interview schedule to permit a reasonably deep insight as to the nature of the private campground industry in Atlantic Canada. Each interview lasted for at least an hour, and many exceeded two hours.

TABLE 2: THE PUBLIC-PRIVATE CAMPGROUND MIX SURROUNDING ATLANTIC CANADA NATIONAL PARKS IN 1972

	Number of Park Campsites	Number of Private Campsites in vicinity*	Number of Nights Park Campgrounds Full or Nearly Full in 1972
Prince Edward Island (PEI)	613 (3)**	1600 (24)**	50
Cape Breton Highlands (Nova Scotia)	933 (7)	533 (7)	10-30***
Kejimikujik (Nova Scotia)	330 (1)	300 (5)	30
Fundy (New Brunswick)	960 (3)	784 (8)	30

* defined as within a radius of 40 miles

** number of campgrounds

*** varies from one campground to another

Analysis Strategy

Analysis of the interview results showed that four categories of campground could be distinguished on the basis of scale, level of service provided, management motivation, income generation and profitability. These are:

- (1) the small scale, well established campground (60 units, 5 years in operation);
- (2) the small scale, recently established campground, (60 units, 5 years in operation);
- (3) the middle scale, well established campground (60 - 150 units, 5 years in operation);
- (4) the large scale, recently established campground (150 units, 5 years in operation).

Results

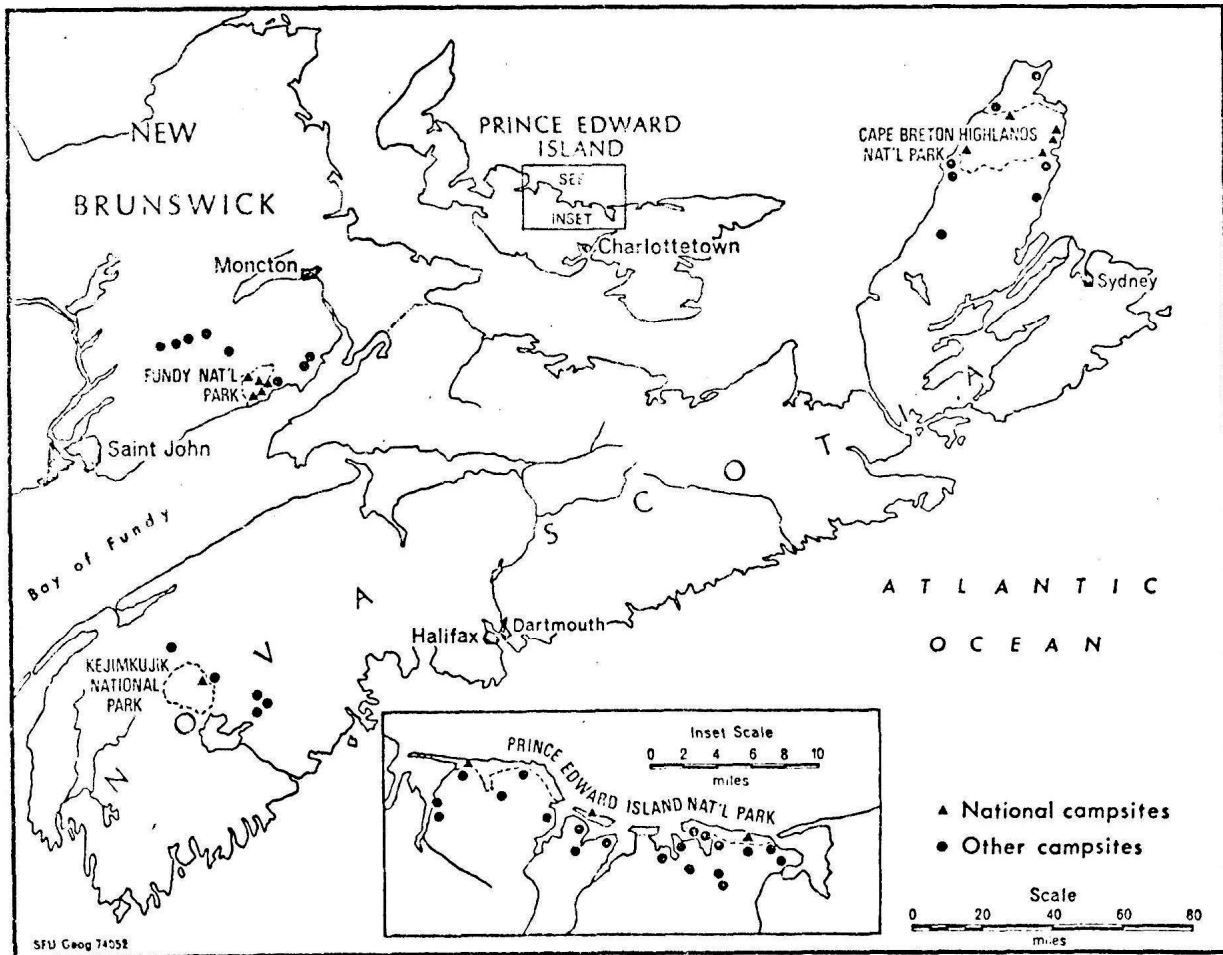
It should be noted that there is no dearth of private campsites in the hinterlands of the parks surveyed, yet in three of the four areas, public campsites outnumbered private campsites (see Table 2).

While income generation was obviously an important consideration, few were in the campground business to make money. The viability of the industry should be evaluated as much on its merits for providing a local, friendly service to travellers as on -the more rigid yardstick of dollar profitability.

Before analyzing the industry in detail, first some general observations. The Atlantic Provinces are not geographically well suited for large numbers of tourists. Their own populations are relatively small, they form a destination region rather than a travel routeway, and they suffer

from a comparatively short summer season. Geographic isolation does mean that once travellers decide to visit the region they tend to stay a while. The unpredictable summer weather encourages the travel-minded to tour around, making it difficult for campground operators to capture the prolonged attendance which is so desirable.

FIGURE 2 LOCATION OF ATLANTIC CANADIAN NATIONAL PARKS, NATIONAL PARK CAMPGROUNDS AND PRIVATE CAMPGROUNDS INVESTIGATED IN THIS STUDY.



Probably the biggest problem facing the campground manager is the short season. The peaking of camper demand for the private sector is quite dramatic: with some exceptions, most campgrounds report less than 10 percent occupancy up to June 30, 40 percent July 1 to 7, 90 to 100 percent July 8 to August 13, 40 percent August 14 to 28 and 10 percent August 28 to Labor Day. Comparative occupancy rates for National Park campgrounds for two selected months in 172 are detailed in Table 3. General exceptions to the rule are campgrounds situated beside well travelled roads or in secluded water-oriented recreation areas which pick up early and late season local trade.

The sharp peaking of camper demand means that campground operators have to provide high quality expensive facilities (to meet the discriminating tastes of modern campers) for a season that effectively lasts for only five weeks. Of particular concern is the marginal cost-benefit calculation for additional facilities such as flush toilets and showers, which may only be used during the last two weeks of July. With current costs (even excluding labor which is usual

internalized) and high interest rates, these expensive marginal investments could take 15 or more years to be paid off. (For example, modern sanitary facilities (toilets and showers) with proper sewage disposal can cost between \$20,000 and \$30,000: at 10 percent, this would mean annual payments of \$2,350 — \$3,425 over 20 years.)

TABLE 3: OCCUPANCY IN MARITIME NATIONAL PARK CAMPGROUNDS JUNE AND SEPTEMBER, 1972

CAMPGROUND	Number of Sites	Number June	Nights/Day of Party September	June	% Occupancy Sept.
CAPE BRETON					
Ingonish	108	6	6	5	5
Broad Cove	218	36	33	12	11
Black Brook	187	3	6	1	2
Macintosh Brook	30	37	33	10	10
Cheticamp	250	36	25	13	10
P.E.I.					
Stanhope	170	54	34	30	20
Rustico Island	148	14	60	10	40
Cavendish	320	147	64	42	22
FUNDY					
Chignecto	525	12	8	2	1
Tenting					
Headquarters	125	76	46	65	37
Trailer					
Headquarters	29	24	23	80	75
Point Wolfe	250	31	7	11	3
Wolfe Lake	60	7	--	11	--
KEJIMKUJIK					
Jeremy Bay	330	39	47	11	13

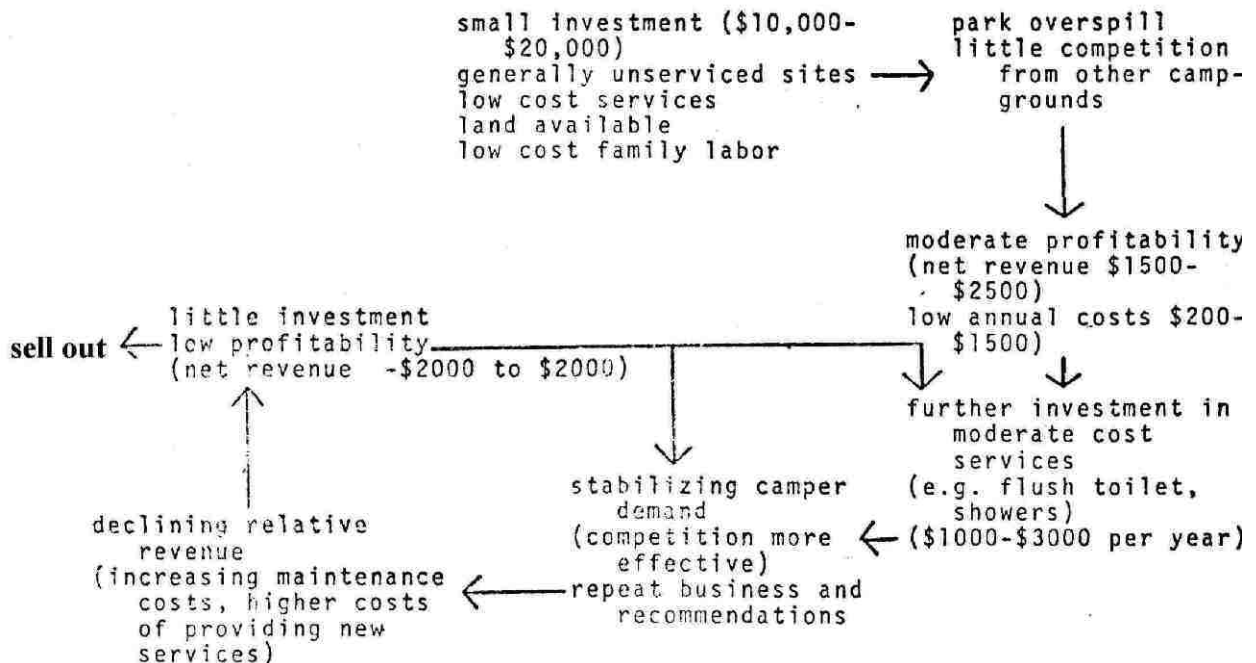
Another factor contributing to the short, sharp nature of the private campground season is the competition provided by the public parks. In PEI for instance, few residents of the province appear to camp in private campgrounds: usually the beach is within a day's drive of home, or people tend to camp in public parks. In 1972, some 55 percent of all provincial park campground users were Islanders, and while only 8 percent of the PEI national park campground users came from PEI, some 50 percent of all users in June and September were local people. In Nova Scotia and New Brunswick, a similar pattern has been observed by local officials, though hard data is less easy to come by. But the practice of leaving a trailer in a secluded private campground for weekend use throughout the summer is growing in popularity, and provides a steady and guaranteed income for the private operator, though often the rates are remarkably low. (Season rentals ranged from \$100 to \$200 or about \$1 - \$2 per day for a fully serviced site. Daily rentals for similar sites range from \$3.50 to \$5.00.)

The four classes of campgrounds (as outlined in the analysis strategy) are described as follows:

- (1) The small-scale, well established campground. Five campgrounds fell into this class, and none made any money. Despite small capital investment (\$20,000) and very low operation and maintenance costs (\$800 - \$1,5000), plus very hardworking family labor, camper

revenue rarely exceeds \$2,500 annually. The moderate revenues reflect low attendance figures (rarely exceeding 20 percent for the season), and low fees (\$1.50 to \$2.50 per unit per night). Any net income is automatically ploughed back into the business for small scale improvements, but in 3 of the 5 cases, the owners were paying \$1,000 - \$2,000 annually out of their own pockets to keep their operations going. The owners are basically trapped by the peculiar economics of the private campground industry, (see Figure 3). Because their campgrounds are relatively old, the basic facilities are somewhat primitive in the view of many modern campers, and often in need of repair. Competition has forced most of this group out of business. Those that hang on exist largely because they enjoy meeting and serving campers, and are committed to the operation as an investment. Because none of the owners is financially well-off, it is difficult for them to break out of a financial bind to upgrade existing facilities and, in any case, their campgrounds are not regarded as a sufficiently important source of income to warrant such a move. So the owners rely on repeat business (the length of time in operation is crucial here) and word-of-mouth advertising, can depend upon attracting some people off the road who are unable to find accommodation in nearby public facilities. Depending upon their location in relation to recreation areas and/or main highways, repeat business ranges from 10 percent to 80 percent, multi-night campers range from 5 percent to 60 percent, and word-of-mouth referral ranges from 20 percent to 80 percent. Even without some form of low-interest loan program, and assistance in advertising and technical services, some of these campgrounds will probably tick along at the margin for a number of years to come.

FIGURE 3: THE SMALL SCALE CAMPGROUND IN OPERATION FOR 5 SEASONS OR MORE



(2) The small-scale, newly established campground. As mentioned earlier in the general review (but contrary to the evolutionary process described above) this category of private campground is growing. Fifteen of the 41 campgrounds studied fell into this class. This group is caught in another kind of trap (see Figure 4). Because these campgrounds are new, they have no established camping clientele and must compete in a tough market to attract the

modern camper. This means expensive high quality facilities, including 2- and 3-way hookups, good showers and toilets, sewage disposal and a grocery store. Investment costs easily run to \$50,000, and operating costs are also high (6,000 - \$12,000 annually) due to high interest payments, rapid depreciation, insurance and utility bills, advertising costs and, in some cases, part-time labor. During the initial years, camping revenue is pitifully small - \$500 - \$2,500 annually. About 90 percent of campers spend less than two nights, particularly if the weather is poor, so the difficulties of enticing them to stay longer are most challenging. Low camper demand is not simply due to newness, but often to poor location: 5 of the 15 campgrounds in this group were located off main highways, and another 8 had no recreationally attractive additional campground features to encourage campers to linger. The long-term prospects of this group will depend upon location, management and quality and variety of on-site services. Any form of low-cost advertising is tremendously important, as would be low-interest loans and technical assistance, to assist expansion. But it should be emphasized that this category of campground will always be financially marginal, unless its capital investment is expanded and it develops a more aggressive marketing policy. But the question arises - is there enough camper demand to justify this increase in supply? This issue will be discussed in the last section of this paper.

(3) The middle-scale, well established campground. This group is well established (9 of 13 had been operating for five seasons or more) is generally well located and has invested in some on-site facilities to encourage multi-night visits. This group is solvent, well located vis-a-vis recreation attractions (including the nearby national park), and benefits from a satisfied camping patronage, as outlined in Figure 1. Whereas 16 of the 20 small-scale campgrounds reported that 40% -90% of visitors stayed only one night, and few remained more than two nights, the majority of campers visiting the middle-scale group stayed for a week or even two weeks. Capital costs range from \$40,000 to \$100,000, depending upon the number of campsites and the capital intensiveness of income generating activities (see Figure 5). Operating costs are also high - largely because of additional labor -running from \$3,000 - \$8,000 annually. The revenue picture is bright - ranging between \$5,000 to \$15,000 from camper fees and \$1,000 to \$15,000 from additional facilities. Net revenues ranged from around \$2,000 to \$10,000 or more, depending upon whether the ancillary business was campground related or not. In no case are big incomes being made, but these owners can face competition and provide a very acceptable service. In many cases, the building up of the campground to improve its investment potential for the capturing of added value (whether by hard work or by speculative pressures) is a major economic motivation.

(4) The large-scale campground. This group is distinguished by size (exceeding 150 units), scale of investment (exceeding \$100,000) and the fact that some of the management is professional. The aim is to make money, particularly through day use facilities (restaurants, gift shops, pin hall machines, rental facilities, etc.). Unfortunately, all but one of the seven campgrounds falling into this class were in operation for less than two seasons, so it is impossible to predict their viability. Investment costs are enormous (ranging up to one million dollars) and operating costs are likewise high (\$20,000 to \$50,000) -- the labor costs alone may exceed \$25,000. Indeed, one of the large-scale campgrounds spent more on cash registers alone (\$25,000) than a well established small-scale campground owner will invest in his lifetime. This group relies on expensive publicity (advertising costs range from \$1,000 to \$4,000), on the very best quality sites, and on expensively planned space. Two- and three-way hookup sites are almost mandatory, costing \$600 to \$2,000 each to install (as against

\$200 to \$1,000 for similar sites in smaller campgrounds, where most of the operators do their own plumbing and wiring -- even if land costs \$500 to \$1,000 an acre. Of critical significance to the large-scale campground is the fact that the future profits will be determined (though to an uncertain extent) by national park campground policy. Initially, the private operators' aim is to absorb and hold as much of the national park overspill as possible. Their more distant objective is to see the national parks abandon the campground business altogether. It soon becomes apparent, therefore, that if national park campground policy is unclear or continually changing, then even operators fitting the category of large-scale campgrounds will find it difficult to make wise decisions and long-term commitments to their enterprise.

FIGURE 4: THE SMALL SCALE CAMPGROUND IN OPERATION LESS THAN 5 SEASONS

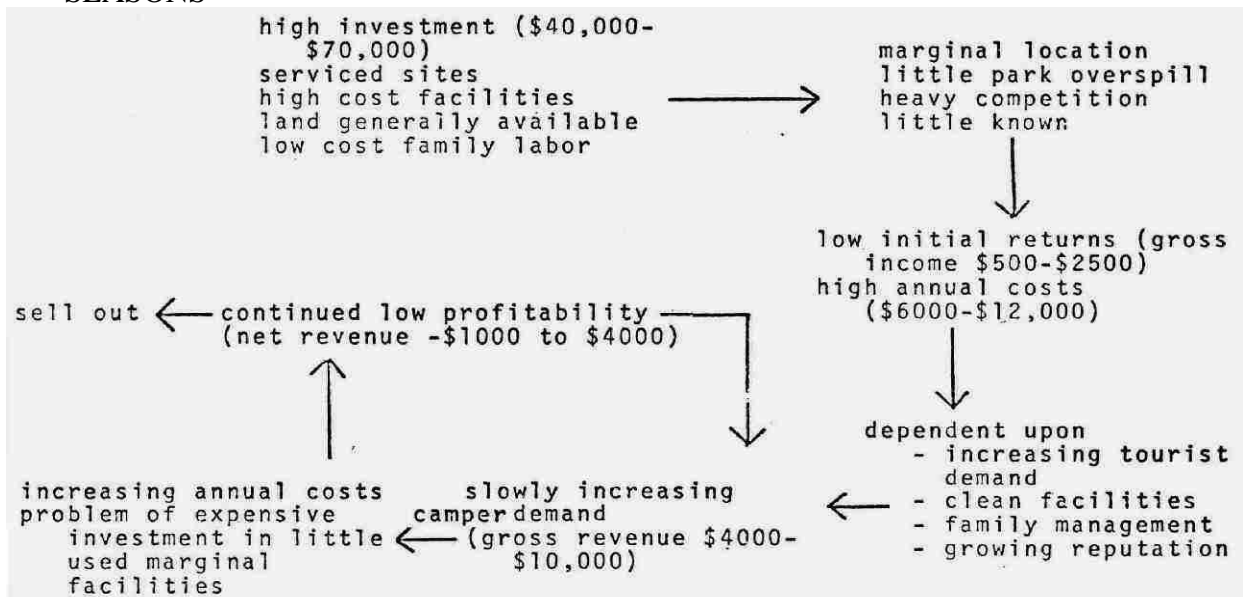


FIGURE 4: THE SMALL SCALE CAMPGROUND IN OPERATION LESS THAN 5 SEASONS

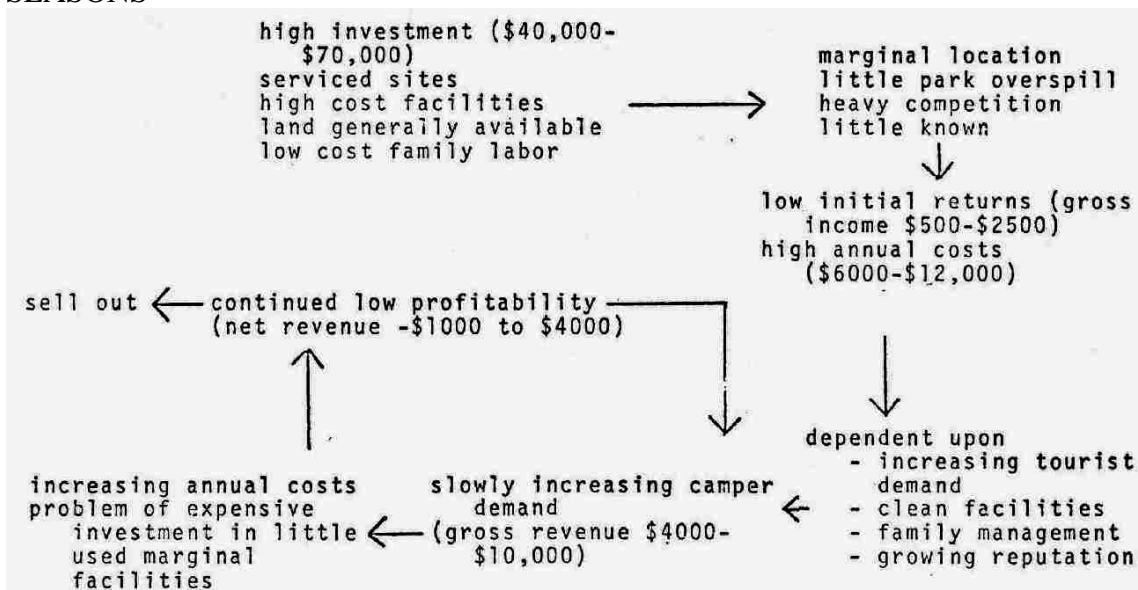
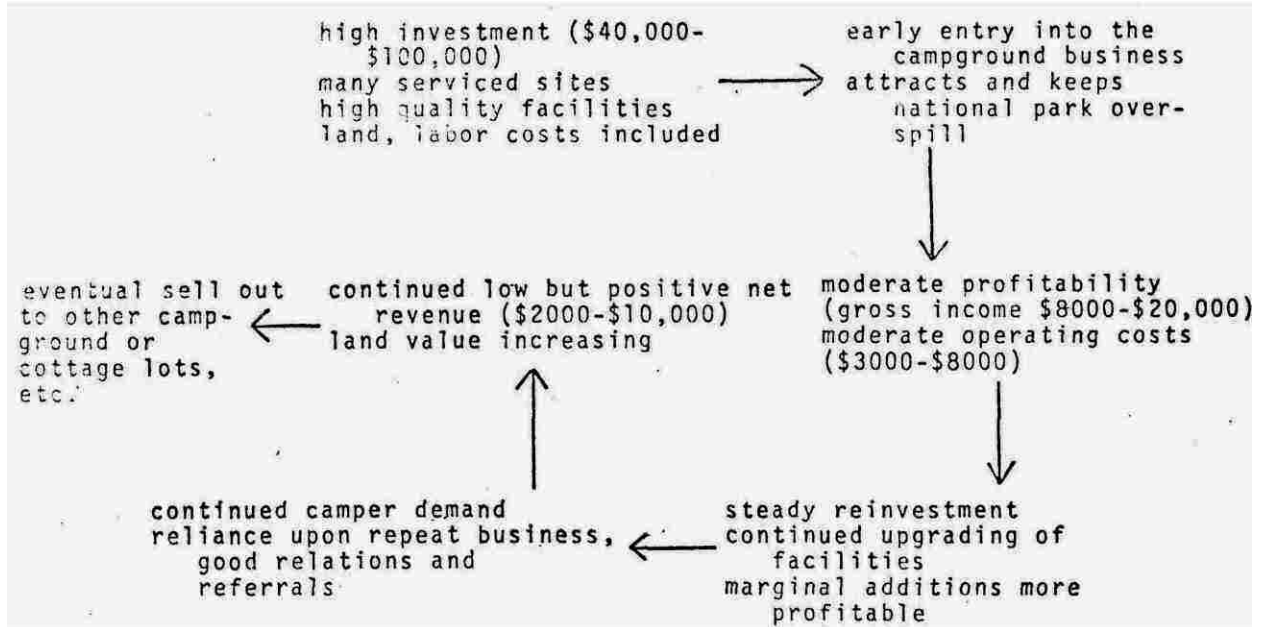


FIGURE 5: THE MIDDLE SCALE CAMPGROUND WITH ADDITIONAL ON-SITE FACILITIES



DISCUSSION AND CONCLUSIONS

A national park, in many cases, forms a focus for a tourist or recreation hinterland which, in certain instances, can provide a variety of recreation experiences of a natural, social and cultural character. The park offers a distinctive natural setting in which camping should be a complementary activity, impinging only lightly on the intrinsic natural values of the park. Simple functionalism should be the policy -- basic facilities, no frills, but the opportunity for different camping cultures to seek a satisfying experience within a limited range of campground options provided by the park.

It would appear that national park campgrounds should offer a complementary service to the private sector. Where unnecessary competition exists, it should be eliminated, as may be the case with national parks providing fully serviced campsites.

A second area of unnecessary competition may exist in the area of early and late season camping. National park policy allows for campgrounds to be made available to park visitors early and late during the season at no charge, since it is not economically viable to collect fees. The policy rationale in this case is that the parks and campgrounds are paid for by all Canadians, so they should be made available if at all possible. However, this policy makes it impossible for adjacent private campgrounds to compete during the off season. Obviously, the policy requires some reevaluation.

Comparative fee structures should also be analyzed. In some cases, the national park campgrounds charge more for serviced sites and less for unserviced sites than does the private sector. Should national parks raise their fees for the latter kind of site, the private sector (especially at the smaller scale) would benefit enormously. Yet camper demand would hardly be altered, as price elasticity in this part of the fee structure is pretty low (LaPage 1968b; O'Riordan 1973). The main point, however, is that it would appear that national park campground fee structure policy is developed with little regard for the private operator.

In the United States, some national parks have embarked on a reservation system, which guarantees a site to those who buy an advance "insurance" fee. Should Canadian national park

campgrounds follow this practice? On the one hand, the reservation system can give campers greater assurance of a place and can permit parks officials to turn overspill campers to adjacent private campgrounds. On the other hand, a reservation system might stop campers from even visiting an area once they learn that the national park campgrounds are full. On balance, it would appear that a reservation policy should be discouraged, especially in areas where adjacent private campgrounds exist.

Since national parks, in many cases, serve as the focus of a tourist region, it might be suggested that they should be responsible, in part, for establishing (along with provincial and local tourist interests) regional tourist information centres, providing information not simply on the park, but on nearby indoor and outdoor recreation attractions and local accommodation. While this would require a change in the existing national park information policy, it would offer the benefit of providing the camper with informed choices as to the variety of campground facilities available, as well as giving him alternatives when his first preferred campground is full. The notion of a national park-centred tourist region could give a much needed advertising boost to the smaller campgrounds, many of which would do quite well if they were better known.

It should be noted, however, that the above policy might not solve the private operator's initial financial difficulties. Here, a careful case-by-case analysis is necessary before any policy of low interest loans can be advocated. (With only two exceptions, campground owners surveyed did not desire a 'handout' grant: they were happy to work to pay off a loan. However, the peculiar economics of the industry might well necessitate subsidized loans -say at 6 percent -- for certain basic facilities.) The question of standards and technical assistance can partly be dealt with through existing minimum standards set by provincial agencies. But the sharing of technical know-how could be made possible through provincial campground owners' associations, such as is done in New Brunswick. (A fine example of this practice is the work being done by the New Brunswick Campground Owners' Association.) In conjunction with this is the related alternative of changing the existing national parks policy so as to enable technical expertise from the Parks Canada to be made available to the private sector.

Finally, the national park-centred tourist region carries with it the more subtle issue of protecting local cultural values. The well established small campground entrepreneur, who may appear economically marginal, is an intrinsic part of the local scene. He knows the folklore, he knows local customs and he is in regular contact with local people who can offer a marvelous service to the camper anxious to identify with the local scene. The private campground industry is a part of a local culture, which is complementary to the natural scenery of the national parks. To link the two would help forge a regional, participatory visitor service, which could be enjoyed by local residents and non-residents alike.