

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

RESEARCH NOTE



CENTRAL STATES FOREST EXPERIMENT STATION
COLUMBUS, OHIO R. D. LANE, DIRECTOR

AUG 30 1965

CURRENT SERIAL RECORDS

CS-37

July 1965

A SURVEY OF OHIO'S FOREST PICNIC BUSINESSES

Outdoor recreation is a growing industry in Ohio. Already, there are more than 700 private forest recreation businesses in the State, and there is need for more. The demand is evidenced by the overcrowding of many recreation areas, especially those near large cities.

For the benefit of other private woodland owners who may be interested in going into the recreation business but who would like to know more about it first, we conducted a survey of 100 of Ohio's forest picnic enterprises. Presented here are the results of the survey, telling what these enterprises offer the public, where they are located, how much it cost to develop them, what returns they are yielding, and what some of the management problems are. Only enterprises that collected one-fourth or more of their receipts from picnickers were surveyed.

What Picnic Businesses Offer

Nearly all the businesses offer along with picnicking a variety of outdoor activities. Ninety percent provide at least two of the following: swimming, fishing, boating, and camping. Some offer horseback riding or winter sports such as sledding, ice skating, and skiing.

Areas are provided for hiking and outdoor games such as softball, horseshoes, and volleyball at four-fifths of the enterprises. In addition, three-fourths have playground facilities for children.

Nearly three-fourths of the picnic businesses are within 5 miles of other recreation areas. Many neighboring areas offer different kinds of recreation and thus complement one another.

Most picnic enterprises sell food and recreation supplies. Four-fifths have soft-drink and candy concessions. One-half serve sandwiches and light meals and 16 operate restaurants.

Shelters are commonly provided. Two-thirds have one or more pole-type open shelter. One-half have a recreation hall or dance pavilion which they rent to groups for parties and dances. Many also provide catering service.

Trees and water are essential for outdoor recreation. Trees provide shade for picnic tables on all the areas. Ninety percent of the enterprises have access to a lake, pond, river, or stream. Cliffs, steep banks, ravines, or caves also add scenic value to many enterprises. A few are located near historical landmarks, public parks, or forests.

The size of areas used specifically for outdoor recreation ranges from 3 to 500 acres, with a median^{1/} of 22 acres. Enterprises offering only picnicking facilities are usually smaller than 10 acres, whereas enterprises offering picnicking plus other activities are generally larger than 40 acres.

Nearly three-fourths of the enterprises can seat more than 250 people at picnic tables and one-fourth can seat more than 750 people.

Picnic Enterprise Use

Most picnicking in Ohio is done between Memorial Day and Labor Day. Owners report that 90 percent of their receipts are collected during this period. Sundays and holidays are the only days enterprises operate at or near capacity. During the week they usually operate at less than one-fourth capacity, and on Saturdays one-half to three-fourths capacity.

Only one-third of the enterprises are open "year round." They offer facilities for sledding, ice skating, ice fishing, and skiing or they rent their recreation halls for parties.

Half of the picnic enterprise receipts come from groups larger than 50 people, and one-fourth from groups larger than 100 people. Civic and social clubs and professional groups

^{1/} A median is the middle value when data are arranged in order from the lowest to the highest value.

Half of the picnic receipts come from small family groups.



make up most of these larger groups. A few church and educational groups use commercial picnic areas. The other half of the receipts come from couples, single families, and groups of friends.

Location of Enterprise

Location is as important to a picnic business as it is to any other business. People will usually not travel more than 30 to 40 minutes to picnic. Owners estimate that 85 percent of their receipts come from people living within 30 miles. Three-fourths of the enterprises are located less than 30 miles from cities larger than 70,000 inhabitants and nearly 70 percent have at least 500,000 people living within this radius. Almost two-thirds are adjacent to a state highway and more than 90 percent are within 3 miles.

Costs

Enterprise investment ranges from \$3,000 to \$450,000 with a median of \$50,000. Cost of land is generally the largest single capital investment (median cost \$9,000), primarily because forest land near metropolitan areas has many alternative uses that increase its value. In addition to land, investments of \$1,000 to \$5,000 are usually required for each of the following: land improvements, roads, buildings, equipment, and sanitation facilities. And if a lake or pond must be built, this means more money.

The biggest operating costs are amortization, labor, depreciation, interest on mortgage, and repairs and maintenance. Since amortization and depreciation are not out-of-pocket costs, entrepreneurs without sufficient incomes to meet these costs are still able to remain in business in the short run. However, in the long run, the entrepreneur must receive sufficient income to cover these costs and interest on investment comparable to alternative uses of his capital. For example, if an entrepreneur cannot anticipate 4 1/2 percent interest on his invested capital over a several-year period, it will pay him to put his money in the bank rather than invest in an outdoor recreation enterprise.

Income

In 1962, one-third of the enterprises studied were not making all expenses. An even larger number of enterprises were not able to compensate the owner for his labor, management, and interest on investment. Income (gross income less direct operating expenses only) ranged from \$28,500 to a deficit of \$5,200 with a median of \$720. Seventy-five percent of the enterprises had incomes less than \$5,000.

A high income requires a large investment. Two-thirds of the enterprises with less than \$50,000 investment had incomes less than \$5,000, while all of the enterprises with more than \$15,000 income had investments of more than \$150,000 each.

A picnic enterprise with a large investment.





Enterprises with highest returns are near cities, have a variety of services and facilities, provide swimming, and advertise widely.

Enterprises with the greatest incomes generally are near large metropolitan areas, are in counties with large total personal income, have a sufficient variety of services and outdoor facilities to attract crowds, provide swimming facilities, and advertise widely.^{2/} Success is governed to a great extent by the owner's aptitude, interest, and skill. Ability to manage time, labor, capital, and people efficiently is as important in the recreation business as in any other.

Fees

The method and rate of fee collection vary widely among enterprises, and often several different methods are used by the same enterprise. Only one-tenth of them charge an entrance fee to cover all activities. Owners who develop especially attractive swimming areas or provide boating, camping, or horseback riding usually charge additional fees for

^{2/} McCurdy, Dwight R. Making woodland recreation pay. Soc. Amer. Foresters Proc., pp. 156-158, illus. 1964.

these activities (table 1). Season memberships are offered by one-seventh of the owners, and two-fifths have special fees for groups with reservations.

Table 1.--Fees charged by Ohio's forest picnic enterprises

Activity	Fees		
	Median	High	Low
Entrance	\$.50	\$ 1.50	\$.25
Camping (per unit)	1.50	3.00	.75
Picnicking (per person)	.50	1.00	.10
Picnicking (per group)	50.00	220.00	15.00
Boating (per day)	1.00	3.50	1.00
Fishing (per person)	1.00	3.00	.50
Horseback riding (per hour)	1.50	2.00	1.25
Swimming (per person)	.50	.75	.25
Shelter (per day)	25.00	50.00	7.50

Management's Opinions

Most entrepreneurs say that above all a picnic area must be attractive and tidy to be successful. Keeping up appearances, however, is their biggest operating problem. Cleaning up trash, trimming the grass, and keeping lakes clear of weeds and algae require a great deal of time and expense.

Owners say word-of-mouth, road signs, and the classified section of the telephone directory are their most efficient advertising media. A few also cite newspapers and brochures.

It is clear from this survey that the prospective recreation entrepreneur has many things to consider before going into the business. If he does decide to go ahead, how he handles the various matters mentioned here can make or break the enterprise.

Dwight R. McCurdy, research forester
Raymond M. Mischon, research forester
 Central States Forest Experiment Station
 Columbus, Ohio

