

*A Look at*  
**COMMERCIAL  
RECREATION**  
*on Small Woodlands in Ohio*

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**COMMERCIAL  
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**S**MALL PRIVATE WOODLANDS can be used profitably for commercial recreation enterprises. Study of five recreation developments in Ohio provides a guide to what the investor must consider in undertaking such an enterprise.

Use of small private woodlands for recreation has been encouraged. The Outdoor Recreation Resources Review Commission in its 1962 report, *Outdoor Recreation for America*, recommended to the President and the Congress that efforts be made to stimulate commercial investment in diversified recreational enterprises on private lands and waters.

Many small private woodlands in the heavily populated eastern United States are ripe for such investments. However, the investor considering such an undertaking has very little information to guide him. Among other things, he needs to know what types of activities complement and compete with each other, how much to charge users for the activities that he might offer, whether to develop his enterprise fully at once or gradually, what restrictions he should impose upon users for their enjoyment and safety, and how much capital investment he will need, and what income he might realize from such a business venture.

To provide some answers to these questions, we studied the establishing and operation of five diversified outdoor recreation enterprises in Ohio in 1964. Our objectives were to determine: (1) how such businesses evolved, (2) the capital investment incurred, (3) the methods used to finance development, (4) the problems encountered during development, (5) changes the owners would make if developing their businesses again, (6) operating policies followed, (7) season and hours of operation, (8) fee systems employed, (9) promotional methods used, (10) and annual income and expenses.

Although each recreation enterprise selected for this study offered two or more major activities to its patrons, primary attractions were:

<i>Enterprise No.</i>	<i>Primary attraction</i>
1	Camping
2	Swimming
3	Private parties
4	Fishing
5	Skiing

Information about these enterprises was obtained from interviews with the owners or principal operators. Respondents freely answered most of the questions asked. All were hesitant about revealing income and expense information, but only one respondent withheld information even though he was assured that all figures would be kept in strict confidence. Two other respondents gave only general estimates of specific expense items.

## FACILITIES

Natural resources at each enterprise included a woodland and either a lake or stream (table 1). Other types of land included open pasture and idle cropland. All enterprises functioned on 150 acres or less.

Besides its primary attraction, each enterprise provided activities that could be used by all age groups (figs. 1 and 2). Where the water resource was adequate, facilities for boating, fishing, and swimming were provided (figs. 3 and 4). Some facilities for

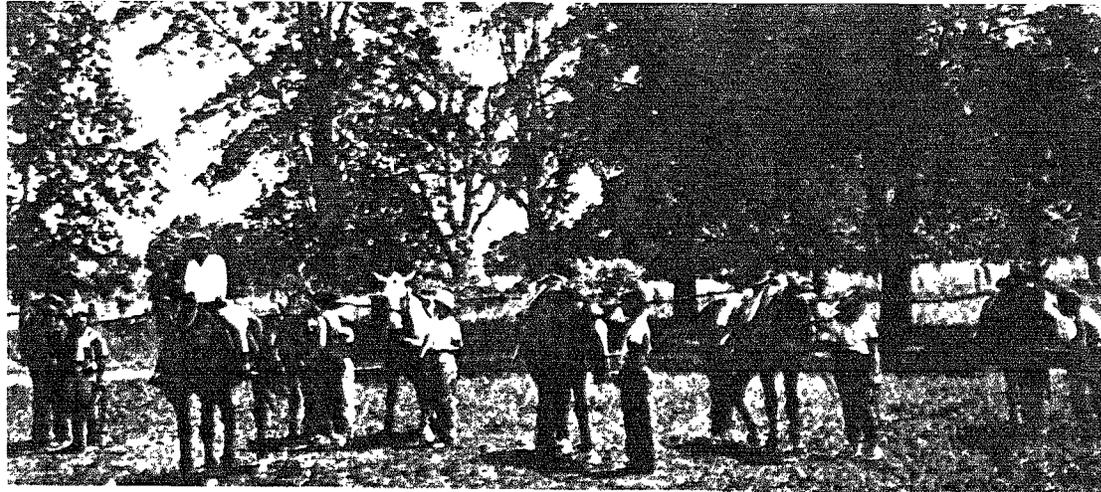


Figure 1.—Horseback riding is a popular activity at commercial recreation enterprises in Ohio.

picnicking were provided or planned at every location studied. All operators sold prepared food or grocery items to their patrons. Those operators who were not providing some camping facilities were planning to do so (fig. 5).

All but one enterprise was accessible by hard-surface roads, and the operator of this one had petitioned his county highway department to improve his road. Each enterprise was situated no more than a 3-hour drive from a metropolitan area of 500,000 or more people. Most operators seemed more concerned to attract nearby residents than people from distant localities.

Capacity may be expressed several ways at recreation enterprises—number of campsites, boats, picnic tables, horses, or acres—but the number of users that can be accommodated daily

Table 1.—*Natural resources at each enterprise*

Enterprise No.	Primary attraction	Resource		
		Woodland	Water	Other <sup>1</sup>
		<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
1	Camping	98	20	—
2	Swimming	60	6	—
3	Parties	30	( <sup>2</sup> )	20
4	Fishing	133	17	—
5	Skiing	60	( <sup>2</sup> )	—

<sup>1</sup> Includes open pasture and idle cropland.

<sup>2</sup> Stream.



Figure 2.—Skiing has become popular in Ohio.

serves as a reasonable basis for comparison. Using such a measure, we estimated capacity at 500 to 7,500 users at the five enterprises (table 2).

Three of the five operators planned to add facilities to increase capacity as quickly as possible. One enterprise was being put up for sale because its owner wanted to retire, and the other was undergoing a complete reorganization because one of its owners had gone bankrupt through outside investments.

## ENTERPRISE DEVELOPMENT

Though all five operators said desire for profit was their main reason for going into business, two of the five said they began their enterprises for personal recreation. These two both gave the following reasons for changing to a commercial business: (1) the desire to recover the large expenses entailed in developing their enterprises, and (2) acquired knowledge of public demand for outdoor recreation. Two of the other enterprises began as much smaller, single-activity businesses. They evolved into diversified commercial recreation enterprises because demand outgrew capacity and patrons asked for additional facilities and services.

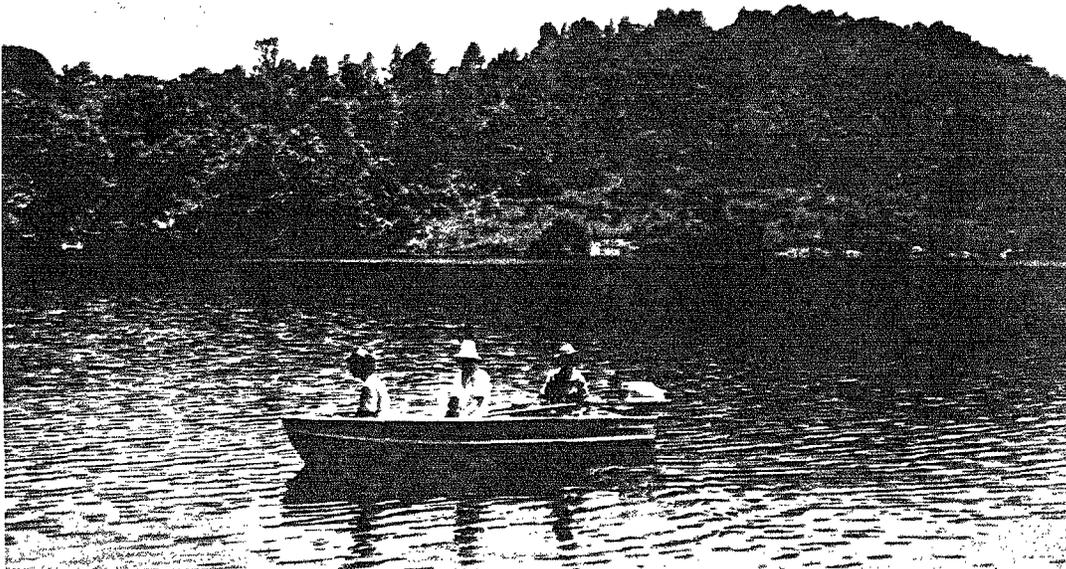
Table 2.—Daily capacity at each enterprise, in number of patrons participating

Enterprise No.	Primary attraction	Capacity
1	Camping	1,800
2	Swimming	4,000
3	Parties	7,500
4	Fishing	500
5	Skiing	1,500

All five operators had developed enterprises gradually: only two had planned for it. Four said that development depended on building up capital from operating profits or personal savings. Most said they could not obtain outside capital for anything other than purchasing land. So the old problem of limited funds may have been the primary hindrance to more rapid development.

Capital investments for these enterprises ranged from \$36,000 to \$380,000. Land and property improvements (pond or lake construction, road-building, clearing, grading) accounted for most of the cost (table 3). The many hours of labor contributed by the owners are not included in these figures. For example, one owner-operator and his family spent most of their weekends and

Figure 3.—Boats are available for anglers at many commercial recreation enterprises.



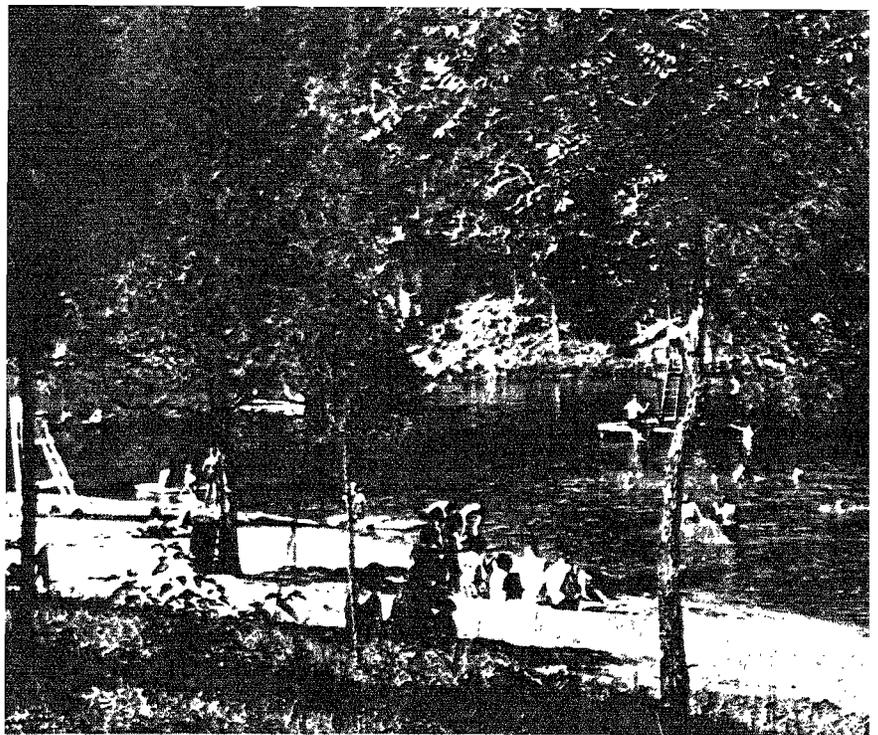


Figure 4.—Well developed swimming areas are important for commercial recreation enterprises.

vacation time during a 2-year period developing their business. Other owners had likewise made large contributions of their time. Willingness to put in many long hard days of work is apparently one requirement for any would-be operator in this field.

Every operator reported that he would have developed his enterprise differently if he could do it again. One said he would have bought more land initially. At a later date he was trying to acquire adjacent land but by then had to pay far more than he would have had to in the beginning.

Another said he would begin with the most modern facilities available instead of trying to get along with merely adequate ones.

The operator of the enterprise where fishing was the primary activity said he would build a smaller lake with a more regular shoreline. Policing the area and cleaning up litter cost too much with the larger lake.

Table 3.—Capital investment and share of total for various assets at each enterprise

Item	Enterprise and primary attraction				
	1 Camping	2 Swimming	3 Parties	4 Fishing	5 Skiing
Capital investment	\$36,000	\$154,000-	\$110,500	\$206,500	\$380,000
Share for:	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Land	22.9	9.7	45.2 <sup>1</sup>	54.5	19.7
Land improvement	52.8	44.8	—	14.5	17.9
Buildings	6.9	35.4	36.2	22.8	22.9
Equipment	16.3	9.7	18.1	8.0	32.9
Annual inventory	1.1	.4	.5	.2	6.6

<sup>1</sup> Includes land improvements.

One operator said he would have developed more facilities for daily patrons than for overnight guests if he had an opportunity to begin again. He said he would locate facilities differently to avoid traffic congestion and would establish more thorough fee systems whereby patrons would pay only for those facilities they used.

Two operators said they would make use of professional advertising agencies to build up attendance earlier than they had. And four said they would devote more time to training employees.

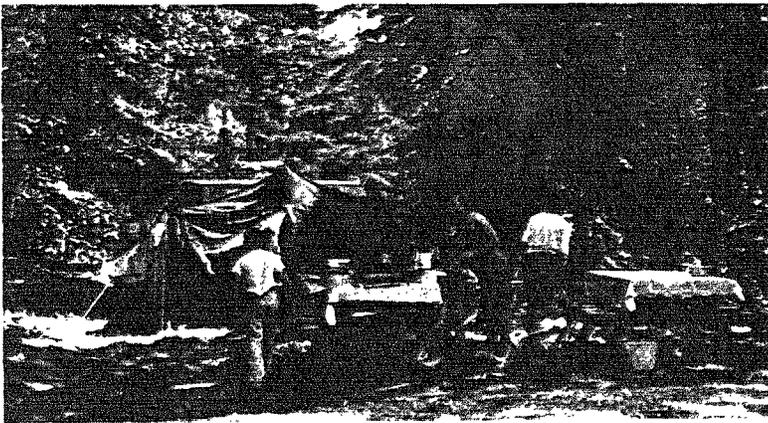


Figure 5.—Facilities for camping were available or were being planned at all enterprises.

## OPERATION

The primary operating policy at all five enterprises was to provide customers with the highest quality of recreation possible. Closely associated with this was a policy of maximum cleanliness. All operators were very strict about the appearance of both employees and facilities. It was common for operators to have picnic tables scrubbed with soap and water at the end of each day, to have toilets thoroughly cleaned during and after each day of operation, and to have at least one person constantly policing the area for unsightly litter. One operator repainted all facilities before opening for business each spring.

Two operators prohibited drinking of alcoholic beverages on their premises and the other three permitted drinking only in moderation. All five operators admitted that they had been unable to prevent people from drinking, but all said that they believed they had prevented drinking from hurting their businesses.

None of the operators posted do's and don'ts; each said that he maintained only those regulations necessary for the customers' enjoyment, convenience, and safety. This idea was to make a patron feel unrestricted while using the facilities provided.

The season and hours of operation varied, depending on the primary attraction (table 4). Two enterprises were open year-round but had most of their business during certain seasons.

Three of the operators used a system of separate fees for each facility used; two charged users a general admission. Two of those using the separate fee system and one using the general admission system offered annual memberships or season tickets. One type of season ticket permitted its holders to use facilities

Table 4.—Season and hours of operation at each enterprise

Enterprise No.	Primary attraction	Season	Hours open	
			Weekdays	Weekends
1	Camping	All year	7 a.m.-10 p.m.	7 a.m.-10 p.m.
2	Swimming	Jun.-Aug.	10 a.m.- 7 p.m.	10 a.m.- 7 p.m.
3	Parties	All year	9 a.m.-12 m.	9 a.m.-12 m.
4	Fishing	Mar.-Oct.	6 a.m.- 9 a.m.	4 a.m.-12 m.
5	Skiing	Dec.-Mar.	10 a.m.-10 p.m.	9 a.m.-11 p.m.

at a lower rate than non-holders and the other type permitted unlimited use of all facilities at no additional cost. The following fees were charged for selected activities:

<i>Activity</i>	<i>Fees</i>
Family camping (4 persons)	\$1.25 - \$1.65 per day (or \$15.00 per month)
Fishing (1 person—limited take)	\$0.50 - \$1.50 per day
Swimming (adults)	\$0.30 - \$0.50 per day
Swimming (children)	\$0.20 - \$0.50 per day
Boating (boat rented)	\$0.50 - \$1.00 per hour (or \$3.00 per day)
Boating (own furnished)	\$0.50 per day
Picnicking (per table)	\$0.50 per day
Horseback riding	\$1.75 - \$2.00 per hour
Pony ride	\$0.25 per ride
Skiing (adults)	\$2.50 - \$5.50 per day
Skiing (children)	\$1.25 - \$2.75 per day
Private party (under 250 people)	\$100.00 per day
Private party ((251-500 people)	\$200.00 per day
Private party (501-750 people)	\$300.00 per day
Private party (over 750 people)	\$400.00 per day
Riding lessons	\$2.00 - \$3.50 per hour
Skiing lessons	\$2.00 - \$8.00 per lesson

Most fees were set at what the operator considered the going rate for such activities. Rates for camping and skiing were higher where fuel, electricity, and equipment were provided by the operator.

All five operators employed one or more persons full time during the major season of operation (table 5). All employed one or more extra workers on weekends and holidays. Many of those employed were high school and college students; a few older persons held some of the jobs to supplement their principal source of income.

Table 5.—*Employment at each enterprise during usual operation*

Enterprise No.	Primary attraction	Number employed	
		Weekdays	Weekends
1	Camping	2	3
2	Swimming	13	18
3	Parties	4	6
4	Fishing	1	4
5	Skiing	15	25

All operators were advertising or had advertised to stimulate business. Three reported using spot commercials over radio; two had used a professional advertising agency; two had placed advertisements in Sunday newspapers in large Ohio cities; one had used brochures; and one had sent annual newsletters to previous customers.

One operator said he had been fortunate in having a feature article about his place published in a Sunday magazine section of a large city newspaper. He felt that this had stimulated attendance significantly. All operators agreed that a satisfied customer was their most effective promotion agent.

All operators said they were able to purchase adequate liability insurance at a reasonable rate. However, few would disclose either how much protection they had or how much it cost them annually.

The operators said they had few operating problems. In their early years of development, some had trouble with littering and vandalism, but they no longer considered these as serious problems. One operator said he had found it difficult to recruit reliable seasonal employees, but did not seem worried about future recruiting.

Four operators provided information about income and expenses. Two reported both income and expenses in dollars, from which we could estimate profit margins. One disclosed only gross receipts, and the other only a percentage summary of both income and expenses. These last two operators reported making a fair return.

From the income data supplied, supplemented by attendance and fee information, we estimated 1963 gross receipts at the five enterprises as follows:

<i>Enterprise No.</i>	<i>Gross receipts</i>
1	\$ 8,000
2	85,000
3	62,000
4	32,500
5	145,000

Most of these enterprises enjoyed an increase in gross receipts over the years. For enterprise 1, 1963 was the first year of opera-

tion; and it seems likely that receipts from this enterprise may well have doubled or tripled over the next 2 or 3 years.

Depreciation, amortization, and supplies accounted for 35 to 81 percent of the total expenses at three of the five enterprises. (The other two did not provide usable information about these items.) For the three enterprises, total expenses on the indicated items ranged from \$3,160 to an estimated \$45,500 in 1963. Labor expenses varied from 19 to 40 percent of the total, depending on the need for close supervision at particular activities. Expenses incurred for fuel, water, and electric utilities accounted for only a small part of total costs.

## CONCLUSIONS

Small private woodlands can be used for diversified commercial recreation. However, a recreation enterprise is a complex and costly undertaking. It is not something that anyone with natural resources and money should get into. Also, it is not the sort of business that is likely to satisfy anyone who wants quick profits from his investment.

Although investors put their money into commercial recreation enterprises to make profits, their desire to satisfy people's need for outdoor fun and relaxation is an important motive.

