

RESORT NEWS ARTICLE JULY 2006

BIG SMALL BUSINESS COLUMN

By Peter Rogers

One of the biggest sectors of the whole tourism accommodation industry

What's that, you may well ask. Aren't all the various accommodation sectors equally of interest and aren't the hotel, motel, apartment sectors by far the biggest? Well, yes but try adding 60,000 bed places a year. It is not in the above three categories. This is one tourism accommodation sector that has been thoroughly researched and documented in a new publication- all 420 pages on glossy paper with pictures, anecdotes and caveats. And since market research is critical for all of us whether starting up a tourism business, running it successfully or seeking to sell it, I thought that I might delve into this new book and pull out some words of wisdom for us all.

The book, entitled "The business of caravan parks" by Alison Huth is published by Pearson Education Australia, and sits in my book shelf alongside one published in 1995 entitled "Getting into Bed and Breakfast in Australia" by Stewart Whyte and Bill Hastie. Both draw heavily on tourism accommodation throughout Australia. Where Alison's book steams ahead is in her great passion for the industry and the personal anecdotes strewn boxlike throughout the pages, making the whole tome a great read not only for those investors, owners and managers in her industry but also for us all.

Here I must plead bias. On the one hand I have been a camper most of my life, eschewing the formal camping ground whenever I could for camping by rapids, a billabong or lake "far from the madding crowd"; on the other hand as we grow older the need for inhouse toilets and showers grows ever stronger. I must also admit that Alison and husband Peter are great personal friends. They have been a sounding board for some of my journalistic forays into the world of camping and caravan parks for this column. Peter, when President of our local Tourism Association, would smile indulgently and kindly at some of my more radical remarks; whilst Alison was good enough to seek my advice on some of the initial MSS for her book.

Such was her obvious enthusiasm for the task ahead that the book could easily have bridged the 1000 page mark. As she says in her Preface "caravan park management is a challenge in more ways than one; it involves so many different skills and talents and draws on your strength and stamina every day of the year. But in the end, then it is one of the most satisfying and stimulating industries to be in". Can you tourism operator say the same?

Her industry must be one of the largest of the tourism accommodation sectors. And growing fast against a background of more demand less

supply as sites change from caravan park to housing development. In 2005 there were 2700 caravan parks; 17400 caravans (4342 in 1990), 1600 tent trailers and 1500 motorhomes were manufactured in 2004 making 60,000 new beds in our accommodation industry then. Just how does that compare with your accommodation sector? Here perhaps we should differentiate between cabins in a caravan park and those beloved in our Queensland coastal hinterlands of cottages and cabins set in rainforests, which are a different class of accommodation.

In terms of competition between caravan parks and the rest of the accommodation industry, Alison cleverly publishes a chart for the types of accommodation and what a caravan park has to offer. Against 'Staying at a B&B' she opines "en-suite cabins with cooking facilities and a basket breakfast", and staying in a resort hotel comes "a resort caravan park with luxury two - and three bedroom en-suite cabins".

Buying the business and profitability rate highly here. Here figures can go way beyond the cost of buying B&Bs where there still aren't too many in the \$2m mark, likewise in the management rights game, whilst in comparison with resorts, land size can range from an acre up to a stately 68 acres or more. Once past the initial cost hurdle, the writer shows eight formal steps from the first idea to the first day of business and this is worth quoting in brief:

1. Think of an idea - is it feasible or not feasible? (gaps in the market etc)
2. Refine the idea, make it more specific - is it still feasible or not feasible?
3. Formal project analysis - is the project feasible or not feasible?
4. Commit yourself to the project - to sign or not to sign binding contracts?
5. Formal commitment - start the project
6. Construction - start creating your vision
7. Completion and opening day - start operating your caravan park
8. Manage the business - the ongoing step

The caption in one of the anecdotal boxes NO MARKETING CASH is a classic that I have heard time and time again whether from friends who opened a boutique hotel in the Blue Mountains (which helped to send them bankrupt and destroyed friendships) or from new B&B operators. I quote "The big problem was that all the money had gone into the development and there was nothing left for marketing" .

So there are lots of pages on marketing and image, advertising and promotion with ideas and examples for all of us. The marketing chapter starts with a useful quote "*Today's marketing isn't simply a business function. It's a philosophy, a way of thinking and a way of structuring your business and your mind.*" But what really makes "The business of caravan parks" invaluable is how Alison with her wide experience is able to describe the life of a park manager, the joys and vicissitudes, the need for relief and holiday, how to manage your employees. There is even a job description that comes near to the voluminous description I once received as marketing boss of a 700 employee operation.

Infrastructure and environment, health and hygiene, safety and security, financial and yield management all are well covered with the yield management section really important to us all - that's why wotif and its competitors are so successful because they have capitalised on the industry's need and increasing understanding of this vital industry tool.

I could go on, but this book will be kept as an aide memoire both for our own B&B business and to help me with ideas and quotes for this column in the future.