

# Are You Sure the Price is Right at Your Park?

by: Michael Moore, AGS

In the middle of a supply chain class I'm taking for my Masters in Business Administration (MBA), I was reminded of the actual reason that retail outlets have sales or cut prices. Yes, it's to make some money, but, more accurately, it's because they have too much of something and they need to get it out of there. It can be clothes, electronics, or, in our case, RV sites. How many times have you seen a campground, new or old, offer some kind of special discount, such as staying two nights and getting the third free?

But have you asked why they (or you) do this? Is it a promotion for a brand-new park, in the hopes that saving money will reel them in? Maybe it's to fill in those shoulder-season vacancies that every campground must mitigate.

Whether you're one of those parks that regularly offers specials, or not, this year is as good as any to re-evaluate your strategy. As I mentioned before, camping is hot, maybe hotter than ever heading into 2021. Several campgrounds report having the busiest winter season they've ever had during a time when they normally can shoot a cannon down the middle of their park and not hit anyone. Future reservations are looking just as good, depending on which part of the country you're in, which begs the question – are you priced right?

Never mind specials, which you may not need if things are looking positive. The question is: Are you raising your rates this year?

There's no doubt millions of businesses around the country have been hit hard or wiped out completely, but campgrounds have been (no pun intended) immune from a lot of it. If your reservations looked good last year and are looking even better this year, there's no reason not to raise rates. It's like one of the founders of the Texas

Association of Campground Owners said to a new park owner – “If you raise your prices 10%, you won't lose 10% of your business. But, you will get 10% more on 90% of your business – do the math!”

Let's not forget the number of new RVers hitting the road this year. Do they have any idea what your rates were last year? They didn't buy their RV because of the exact price you posted six months ago. They bought that RV because they know it's still an affordable way to travel and see this great country. You're still offering a high-quality experience at a very reasonable price and well below what a hotel or resort would cost.

This (increasing) price strategy also holds true for those parks that cater to long-term guests. How many parks have waiting lists for monthly sites? A waiting list means your rates are way too low! Anything over 80% occupancy means there is upside potential in your rates.

Some owners use rate increases to “thin the herd” of folks they would just as soon see move on, and then replace them with guests who are not nearly as “high-maintenance.” Everything in life goes up from utilities to fuel to food – you can't keep up with rising costs by never increasing rates. You are offering a wonderful experience and lifestyle at your park – price it accordingly.

**Bottom line:** Don't be afraid of raising your rates. If you are committed to having quality staff members, excellent amenities, and constantly upgraded facilities, it takes money. The cost of stocking your store, purchasing wholesale propane, or even office supplies will inevitably go up.

You have big plans for your park, and good for you! Correct pricing is just a reflection of the value of your hard work. ★

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