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RECREATION PROGRAMMING AT RESORTS: WHY?

BY

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ABSTRACT

Recreation programming is becoming an important part of the resort industry. Recreation programs can help resort differentiate their product from competitors and in the process gain loyal repeat customers and/or customers eager to recommend the resort to friends. Resort recreation programs may be offered as the primary feature of the resort, as a supporting amenity, or as a revenue-generating amenity, although these categories are not mutually exclusive. Recreation may also be provided through a "facilitating" approach that helps the guests gain the benefits they seek, even though the resort does not directly provide the service.

INTRODUCTION

To many of us, it is only logical that resorts should offer recreation programs. After all, isn't recreation one of the most basic components of a resort? Isn't the provision of recreation a key difference in the purpose of a resort compared to a "business hotel.?" Obviously, the easy answer is "yes," but let's look deeper into the subject.

Where do full-service hotels make their money? On average, it is about 66 percent from the sale of rooms, 27 percent from food and beverage sales, 3.3 percent from facility rentals and telecommunications, and only 3.5 percent from a combination of "minor operating departments," which include recreation (1). Therefore, where are most hotel managers going to put their emphasis in their operations? Even if the revenue from recreation at a "resort hotel" is three times higher than average, it is still in a distant third place compared to room revenues and food & beverage sales!

We need to understand that most resort hotel managers will see through the above numbers and realize that recreation may not **directly** bring in the big bucks, but it is the reason that people came to the destination area in the first place. Unfortunately, many of these managers will see their role as simply the providers of recreation amenities such as a pool, beach, game room, or tennis court. They will provide the facilities and leave the guests on their own to structure their recreation. The managers may also think, and rightfully so in many cases, that the real recreation attraction lies "off-property" at the ski area, theme park, marina, theater, etc. Some managers will even have the nerve to promote their property as a "resort hotel" and yet have virtually no recreation facilities of their own. These managers see

their role as providing the “beds for heads” after guests spend their days recreating at the “off-property” attractions.

The above scenario may sound pessimistic, but it is true for too many resort hotels. Fortunately, some resort managers (or corporate level executives) have a deeper understanding of the role that recreation can play at their resort, and they realize the value that recreation programming can add to their resort’s bottom line. This article will review several ways that recreation programming, not just recreation facilities, contributes to the ultimate success of the resort. Hopefully, this will help some recreation professionals to justify, at least in theory, why a resort recreation program should be initiated or expanded.

FOUR TYPES AND PURPOSES OF RESORT RECREATION PROGRAMS

Not all recreation programs are the same, nor do all programs have the same purposes. In some cases, the recreation program could be the main reason that the guest came to that particular resort and the program serves as the primary way to provide the benefits that customers seek. In other cases, recreation programs primarily embellish the overall experiences and benefits that customers gain at the resort. In either of these cases, the resort’s recreation programs can be structured as the primary feature, as a revenue-generating amenity, or as a supporting amenity. Finally, a resort may not directly conduct programs, but it can help the guests receive the benefits they seek by taking a “facilitating” approach to recreation. Note however, that these categories are not mutually exclusive. For example, a resort may have a golf course that generates revenues greater than its costs, while the resort’s children’s programs are provided as a supporting amenity, and the front desk staff

and concierge service facilitate other types of recreation through referral and information service.

PROGRAMMING AS THE PRIMARY FEATURE

In a few resorts, the provision of a particular activity or several activities is the primary focus of the business. For example, Froggies Divers at Bunaken Island, Indonesia is a resort dedicated to scuba diving, and \$60 of the \$85 daily rate (for lodging, food, and diving) is for the diving. Obviously, the lodging and food are quite basic, but the guests go to Froggies for world-class diving in remote and pristine conditions, not to be pampered with silk sheets and gourmet dining.

Other examples where recreation programming is the primary feature of the resort would include dude ranches, fishing & hunting lodges, and health spa resorts. It is possible that the lodging and dining is first class at such resorts, but in every case, the underlying reason that guests come is for the recreation program. Further, it is not just the recreation facilities, but the design and leadership of the recreation experience that differentiates one of these resorts from another. In resorts of this type, everything is themed and oriented toward the recreation activity that brings the guests in, and the quality of guest service must reflect this theme in everything at the resort. According to a national survey of leisure travelers (4) quality of service is the most important factor in selecting a hotel, once price, location, and security are considered

RECREATION PROGRAMS AS A SUPPORTING AMENITY

Whereas some resorts use recreation programming as the primary feature, other properties see recreation as an amenity to their main mission. That mission is to sell rooms in the hotel and meals in the restaurant while their guests recreate either on-property or off-property. These businesses are in the commercial recreation and tourism industry, but their primary revenue comes from selling a product and/or service that is not actually a planned recreation program.

Why should these resorts offer recreation programs as a supporting amenity? The answer is that recreation is good for business. Again, the recreation programs and amenities can help differentiate one resort from another and are a key factor in generating initial sales, repeat business, and recommendations to other potential customers. In the words of the manager of Eagle Crest Resort in Oregon, "recreation sells the real estate." For example, recreation programs can be the difference in a family's selection of one hotel over another. Even in business trips, where 16 percent of trips include children, hotels have found another way to court travelers: pamper their kids (2). In vacation travel, the effect is even more pronounced; many parents choose a particular resort because that is where their kids want to stay. Some of the specific benefits that recreation programs as supporting amenities can provide are as follows:

- People are introduced to new activities.
 - Activity skills instruction may increase future participation.
 - Social interaction increases contacts for future participation.
 - Length of stay may be increased.
 - Additional retail products may be purchased or rented.
- Children can be meaningfully occupied, freeing parents to play.
 - Programs improve relations between employees and customers.
 - The overall experience is diversified and enriched.

Several key themes run through all the benefits above: customer satisfaction, loyalty, and relationships. When recreation programs deliver the benefits listed above, then customers are likely to be satisfied because their expectations have been met. Satisfied customers advance along the "commitment ladder" and can be transformed into loyal advocates who return and who also recommend the resort to others (5, 7). Also, recreation programs allow resort staff to have personal leadership roles in guest activities, and this enables the staff to build relationships with the guests in positive ways that could not occur in other areas of the resort. These positive relationships also link with customer satisfaction and loyalty.

Through customer satisfaction and loyalty, the above benefits of recreation programs translate into increased sales, diversification of sales, repeat customers, and positive word of mouth to potential new customers. This is the ultimate benefit of recreation programs to the resort. Recreation programs can contribute to the overall success of the resort even when they are not the primary focus of the enterprise. Therefore, many resorts find that recreation programs are worthwhile amenities to offer their customers. This can work for hotels that serve the business traveler as well as the leisure traveler, since 21 percent of business travelers add a leisure/vacation portion to their trips (6).

Recreation programs and facilities may or may not bring in revenue of their own. They may be relatively inexpensive to offer or they may

represent a large financial commitment. The key to their justification is how strongly they contribute to the overall objective of the business. This is not easy to measure, and future research is needed to address this issue. The resort manager who believes in recreation programs evidently feels that there is a positive cost/benefit ratio.

PROGRAMMING AS A REVENUE-GENERATING AMENITY

Some resorts have taken the idea of recreation programs to a higher level. Not only is recreation used to draw new customers and repeat customers, the recreation program is expected to generate a profit. It is important to note that a revenue-generating program may provide the same benefits as a program that is provided by the resort as a supporting amenity.

To be a revenue-generating amenity, the recreation program must be totally responsive to the interests of the customers. Otherwise, they will not participate and the program will yield a loss. The successful recreation manager must be up to date with recreation interests and fads, be alert to customers' comments and suggestions, understand the full program potential (and limitations) of the facility, know what support staff can be counted on, and be able to execute the details and logistics of a program. Program ideas and theory are not enough. The program must be practically flawless in its logistics and execution, because a poorly planned or executed program can do more harm than good.

It is interesting to note that many of the most successful revenue-generating recreation programs are at resorts whose recreation managers and staff are members of the Resort and Commercial Recreation Association (RCRA). This association has been extremely instru-

mental in spreading the practice of professional quality recreation programming in resorts as well as in other commercial recreation and tourism settings.

A great example of revenue-generating recreation programs is Amelia Island Plantation, in Florida. Some of their most financially successful programs are listed below (3).

- Recreation Packages - Depending upon the type of room package guests book, a small fee is included in the room price to cover the cost of basic recreation amenities and services. This yields \$190,000 a year.
- Conference Group Recreation - Conference groups can have private recreation programs provided just for their members. Programs include various "Adventure Recreation" activities such as paint ball and jet ski; "Instructive Recreation" such as chili cooking; and "Spirited Recreation" activities such as a challenge course, beach Olympics, and other competitive events. The Conference Recreation program brings in \$145,000 a year.
- Youth Recreation Programs - These include a Kids Camp that can serve up to 85 children a day. Revenues are \$80,000 a year.
- Social Activities - These include various teen programs and adult and family evening programs. Revenues are \$80,000 a year.
- Group Trips - Trips to nature areas, tours of the local Anheuser-Busch plant, shopping trips, and others. Trips bring in \$30,000 a year.
- Nature Center - This is a new facility that offers a variety of nature-based classes, special events, and trips. The facility just about breaks even with \$100,000 a year in revenue.
- "Wheels and Keels" - This is the retail and rental program that offers 450 bicycles, 80

“Island Hopper” four seat golf carts (for local transportation, not golf), paddle boats, and some snack food sales. This program has revenues of \$440,000 and expenses of just \$120,000. Obviously this is a big “cash cow” program.

If you have been keeping score, the above total revenue is \$1,065,000 ! This is a major revenue operation that generates an overall profit of about \$428,000 above its operating costs. However, an Aquatics Division, not included in the above, costs about \$400,000 a year to operate pools and beaches. It should also be noted that Golf, Tennis, and a Fitness Center are not included in the Recreation Division programs listed above. These would add substantially more revenue, as well as profit to the overall resort.

FACILITATING RECREATION

Some resorts choose not to be in the business of directly providing recreation programs. They might not have the facilities, staff expertise, financial resources, or philosophical orientation to do so. This would not mean, however, that their only job is to sell hotel rooms and food and beverage. These resorts exist to satisfy their guests and one way to help do this is by "facilitating" recreation. This means that the resort staff can act as an information resource, an encourager, a catalyst, or an enabler. It really does not take much time, effort, or resources to do this. What facilitating does, however, is to improve the business image with its customers. The key idea is that the resort staff should help guests find the benefits they seek, even if it is not something that the resort directly offers. This makes a positive impression on the guests and when they are satisfied customers, we can return to the pre-

vious discussion about loyalty, repeat business, recommendations to friends, etc.

Some of the ways to facilitate recreation are listed below:

- Keep a Calendar of Community Events - Help your guests know what is going on in the area by keeping listings of music festivals, arts and crafts shows, races, tournaments, etc.
- Serve as a Referral Service - Refer guests to community agencies and businesses that have the programs they desire. For example, resort staff should know where a guest could go for a round of golf, a safe jog, a horseback ride, a tour of the area, etc. Keep posters, flyers and brochures available. Similarly, the resort should expect that its own promotional literature is available at those other locations.
- Provide Loan or Rental Equipment - To make it easy for parents to attend a street festival or other event, a resort might have baby strollers available, and have table games and books on loan for rainy days and times when guests just want to relax around the hotel.
- Provide Day Care - To enable parents more time to shop or recreate, provide a day care service or at least a list of approved baby-sitters.

CONCLUSION: RECREATION PROGRAMS ARE GOOD FOR BUSINESS!

Recreation programming is becoming an important part of the resort industry. Many managers have found that recreation programs can help them differentiate their resort from competitors and in the process gain loyal repeat customers and/or customers eager to recom-

mend the resort to friends. Further, the recreation programs may lead directly to higher revenues by increasing length of stay and “on-property spending.” Many programs can generate enough revenue to cover a significant portion of their direct costs, and some may even make a direct profit.

Resort recreation programs may be offered as the primary feature of the resort, as a supporting amenity, or as a revenue-generating amenity, although these categories are not mutually exclusive. Recreation may also be provided through a "facilitating" approach that helps the guests gain the benefits they seek,

even though the resort does not directly provide the service.

The key to good recreation programming is to realize that different people seek different benefits and to know how to provide these benefits and assess the outcomes. This is the essence of the “Benefits Based Programming” approach. A successful programmer manipulates the choice of activity, the type of setting, and the type of activity structure to create the blend of benefits that customers seek. This will lead to guest satisfaction and loyalty, and this is exactly what every resort wants.

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