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Recommended Citation
DOI: https://doi.org/10.25035/visions.25.02.07
Available at: https://scholarworks.bgsu.edu/visions/vol25/iss2/7

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DEVELOPING AN RV DESTINATION FOR TOMORROW’S GUEST

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ABSTRACT

The development of proper RV sites is very important to a successful business operation. This depends upon the type of consumer and the amenities that are offered. New development for RV business is directly dependent upon site development, which is a significant investment in today’s market.
The following was an adaptation of a slide presentation. Each slide was considered an information base and comments were provided to analyze the information presented. This format was new to the Journal. The information was developed through an open ended interview format. The importance of site development was the issues explored. The approach expounded was one based upon sound business principles and fulfilling the needs of the RVers.
People and their living preferences have been evolving throughout history, from caves to log cabins to large homes. The trend in recent generations has been towards downsizing and living in smaller homes. Recently, it has become popular to put equity on wheels by living in mobile homes or RVs.
Americans move on average every 4.2 years. For the first several years any payments made to long-term home loans pay on the interest portion of the loan with very little towards principal. This results in the homeowner having very little equity in the home after the first 4 years, making it difficult to sell or move. However, when your equity is on wheels it is possible to move your home with you, thus providing more flexibility and mobility.

Author

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- Air Force veteran with a background in Electrical Engineering who earned an MBA
- Co-authored “Six-Sigma Quality Initiatives” earning Motorola the 1st Malcom Baldridge award from President Ronald Reagan
- Six Sigma consultant for 30 years helping companies in many industries reduce operating cost and increase profit margins while exceeding customer’s expectations
- Consulting for the RV Industry for 11 years including Boat and RV Storage facilities www.EOB-Consulting.com
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- Owner Homestead RV Community www.HomeRVC.com

The most technologically advanced RV Destination in the world
FACTS

The average house price in America increased from $300,000 in 2020 to $371,000 in 2021. Additionally, interest rates have doubled, leading to higher monthly mortgage payments. This makes it difficult for first time homeowners to get into a brick-and-mortar home.

Increased rates have also created challenges for baby boomers and individuals who have been in their homes for a long time. Many of these individuals purchased their homes 10-15 years ago,
locking in low interest rates. However, now that they are empty nesters and no longer need a large house, selling it would require them to give up their locked in low interest rate. Even though they would have equity from the sale, it would be necessary to use that equity to move into a smaller house. Additionally, the new home loan would be at a much higher interest rate, making their payments larger for a smaller house in a new location. This situation is making it difficult for people to let go of their current homes and move into a new one.
Additional Facts

- The median age of RV Destinations is 40 years of age – 77% are over 20 years of age
- Existing RV Destinations were not designed to accommodate the today's RV – more less today's RV Owner
  - No infrastructure for Fiber Optic High-Speed Internet
  - Current electrical infrastructure is “Daisy-Chain” vs. “Homerun”
  - No infrastructure to accommodate reading electric meters
  - One-way gravel roads with arrowhead site design
  - Muddy rutted gravel sites
  - Small sites, Close together
  - No room to expand – may not be permitted to expand due to restraints
  - More expensive to tear out and replace outdated infrastructure then to develop from raw land
  - Negative Brand – impossible to make a “New” 1st impression

- 2019 = Developed 25,000 sites
- 2022 = Projected 81,000 sites
- 2022 = Developed 17,000 sites
- 2023 = Projected 44,000 sites
- 2023 = Develop ??
Comments

The median age of an RV destination is 40 years, meaning that half of the destinations are older and half are younger. 77% of all RV destinations in America are older than 20 years. Just like people, both RVs and the way people use their RVs has evolved over the past 20 years. This means that most RV Destinations developed 20 years ago no longer satisfy the needs of the current RV Owner.

In the past, RVs were smaller and used differently by owners compared to today. 20 years ago, the average RV owner would travel a few hundred miles and stay in one location for a week at a time with their small travel trailer. Today, people are purchasing larger RVs and using them for longer periods of time. This shift in usage is since people are unable to purchase traditional homes and are opting for RVs as a long-term living option. Therefore, the demand for larger RVs has increased.
Most RVs sold today are fifth wheels, which offer more square footage for the price. The average length of a fifth wheel is 42 feet, with multiple slide outs on both sides. When fully extended, a 42-foot fifth wheel can reach up to 17 feet in width. With the addition of awnings, the width can be increased to 20 feet. Some larger RVs, such as toy haulers, can extend up to 60 feet in length and 23 feet in width. Overall, RVs are bigger in size.
There is a trend of RVs being pulled by larger tractor-trailer rigs. These rigs have a queen-size bed in the cab and a large platform for the car that is driven up and put behind the tractor-trailer before the fifth wheel. The length of these rigs can reach up to 70 feet.

The current infrastructure of RV parks and destinations designed over 20 years ago, has not kept up with technological advancements. These parks lack high-speed internet and have electricity systems that are daisy-chained, meaning multiple sites are connected to one breaker panel. Most sites are wired for 50 amps, but if multiple sites require that limit, there is a risk that the breaker will be tripped shutting off electricity to all sites connected to the breaker. This outdated infrastructure has only recently started to be addressed in newer RV parks.

Outdoor lights in RV parks are a major issue for RV owners. Nobody wants a light shining in their living space. Additionally, RV parks often have narrow streets and small sites, which can be challenging for big rigs and trucks. RV owners who stay at a location for an extended period want more space and a yard to enjoy. Most of the RV parks designed years ago do not meet the needs of modern RV travelers.

The RV industry has enjoyed a small but steady increase in sales year after year. It is predicted that more RVs will be sold in 2023 compared to 2022. Over the past 5 years RV Manufacturers have built more RVs than were sold. While approximately 350,000 new RVs were sold each year, manufacturing numbers reached 580,000 or 614,000. This has resulted in an oversaturated
market, with dealerships still holding on to brand new 2022 and 2023 models while already receiving shipments of 2024 models. Dealers are lowering the price of RVs to make room for 2024 models, this will lead to even more units being sold in the next few years.

In terms of site development, the projected numbers for 2022 were 81,000 sites, but only 17,000 were actually developed due to factors such as interest rates, material costs, and permitting difficulties. The projection for 2023 is 44,000 sites, but it is expected that this number will be cut in half. This lack of site development is exacerbated by the fact that more people are staying in RVs on the existing sites for longer periods of time, causing a growing disparity between the supply and demand for sites.

The majority of these RV owners are millennials with an average age of 33, and they are typically married or in a committed relationship. While in the past RV Owners were primarily white middle class, today’s RV ownership is more diverse, with people from various cultures and races.

RV owners are price conscious and value getting the most value for their money. They are computer fluent and prefer to shop online. This has increased the importance of the RV Destination to have pictures on their websites. Today’s RV Owner will immediately notice and be negatively impacted if the RV Destination’s description on their website fails to accurately describe the RV Destination. When advertising an RV destination, it is common to use pictures
that show the location in its best condition with freshly mowed grass. However, if these pictures are outdated and no longer represent the current state of the destination, it can lead to disappointment for visitors when they arrive and find that it does not match their expectations. They're immediately going to have a poor first impression.

There is a growing trend of individuals using RVs as their living spaces. RV owners are now using their RVs as a way to have unique experiences and work remotely. These individuals are seeking a quiet and peaceful experience, and they value privacy and minimal road noise. They are using their RVs for work and leisure activities, and they want to have a comfortable and enjoyable experience both inside and outside their vehicles.

Today’s research identifies a shift in preferences when it comes to RVing for example; RV Owners no longer desire to be near exit ramps of interstates because they do not want to hear traffic. Seasoned RV Owners no longer desire trees above their RVs because they can cause damage to the slide outs. Leaves, twigs, acorns, pinecones, and pine needles can all harm the seals on the slide outs. In the event of a windstorm, it is falling branches that cause the most damage. Today’s RV Owner prefers to not be underneath a tree.

The target audience for businesses has become more sophisticated and internet-savvy. They value good customer service, but not necessarily face-to-face, are conscious of price, and desire a unique experience.
Which RV Destination **TYPE** should you Develop?

- **RV Park** (around for 100 years)
  - A stopping place along the interstate to rest on the way to destination
  - Few amenities with an average stay of one night
- **RV Campground** (around for 100 years)
  - A place to stay while enjoying the destination - Disney, Grand Canyon etc.
  - Few amenities with an average stay of one week
- **RV Resort** (around for 15 years)
  - Is the destination
  - Many amenities provided for the guest with an average stay of one week
- **RV Community** (around for 10 years)
  - Long-term living
  - Few amenities with an average stay of over a month – sometimes years
- **RV Hybrid** (evolving for 10 years)
  - Combination of multiple Destinations above

Comments

When upgrading or developing an RV Destination it is imperative to understand how the destination will be used by the guest. The RV Destination must “Fit” the location and “Function” correctly to maximize the value of the project. There are 5 different types of RV destinations.
Parks

Parks are where travelers can pull over along the interstate to rest and rejuvenate. RV Parks have existed for over 100 years. Airstream, a popular brand of RV, celebrated its 100th anniversary in 2019. Because of autonomous vehicles and the fact that RV Owners traveled a shorter distance for the past several years, the demand for this type of RV Destination is dropping and they are the only RV Destination Type that is losing money.

The author emphasizes that using the term "RV Park" can create negative associations and lead to opposition from the community. By avoiding any mention of “Park” instead choosing a more positive name, developers can prevent their project from being shut down.

Campgrounds

Campgrounds do not require many amenities because people stay there while enjoying nearby attractions such as Mount Rushmore or Disneyland. Campgrounds are a place to sleep after being entertained nearby. Guests go to campgrounds for proximity to attractions, not for the amenities provided by the Campground.
Resorts

There is a trend of people wanting to use their RVs more often, rather than just a few weeks out of the year. They want the convenience of being able to take off work early on a Friday, have their RV already packed and ready, and be able to quickly get to their destination and set up before dark. They also want to have activities to do on Saturday, leisurely pack up on Sunday, and be back at work on Monday. This led to the development of resorts that cater to RV Owners.

Accessibility of resorts within a hundred miles of metropolitan areas such as Dallas Fort Worth and Atlanta is very important. These resorts are conveniently located, allowing people living in these metropoles to reach them within a couple of hours and enjoy their stay.

These Mini vacations have become popular in recent years. Mini vacations are short trips taken to a destination close to home. Resorts have been developed to cater to these types of vacations, offering many amenities such as pools, playgrounds, hike and bike trails, game rooms and fitness centers. Resorts do require more resources and workers to operate, making them more expensive than other RV Destinations. RV Owners wanting to stay in a Resort expect to pay more, but demand more in return.
Communities

Guests plan to stay and live in RV communities for longer periods of time. Snowbirds for example will live 5 to 6 months in their RVs. RV owners often park their RV at their favorite spot next to a lake and leave it there indefinitely, even if they commute back and forth. The RV serves as a weekend retreat or seasonal vacation getaway. This has led to the development of RV communities.

A successful RV community should have similar attractions and amenities as a traditional community, such as being located near essential stores and services, having access to good schools, and providing a safe and quiet environment. While it may not require amenities like a kiddie pool or an adult pool, it should still offer a suitable environment for families and individuals to enjoy and raise children.

Because Communities have less amenities, they are less expensive to develop and operate compared to resorts. Communities function differently than Resorts and attract a different type of guest who pays less but requires less attention.

Hybrids

Hybrids are a combination of two or more RV Destination types. There is a trend of people turning RV Destinations designed for short-term use, such as parks and campgrounds, into long-term stays. These destinations were originally designed for overnight or week-long use, but
people are now staying for months at a time, creating hybrid usage scenarios. And once you understand that the 5 different RV destinations. The next thing you must ask is, which one should I be developing? Which type? Which type should I be developing?

**RAW LAND**

**When Developing from Raw Land**

Location determines the ideal RV Destination Type
- Distance to attractions, workplaces, conveniences,
- Black-top access, interstate access

RV Destination Type determines the RV Guest
- Different Guest for each Destination Type
- Specific marketing tactics

RV Guest determines the amenities required
- Parks and Campgrounds offer few if any amenities
- Resorts must offer many amenities to please a variety of guests
- Communities offer some amenities for Long-Term for **Next Generation Guest**

Amenities required determines the Development Cost & Charge Rate
- More amenities = more development cost
- **Correct Amenities** = higher Charge Rate

Correct balance of lower Development Cost & higher Charge Rate = **Maximum Profit** per acre

**Comments**

Your location determines the Destination type.

If you have not yet purchased your land it is important to determine the type of guests, you want to attract. Are you willing to provide the RV guests with the attention they desire? Are you
qualified to hire, train, and maintain the help to accommodate the needs of the Resort guests? If not, then you need to look for locations that are more suitable for a Campground or Community.

If you own your land already it is necessary to identify the type of RV Destination that “Fits” your location. The location determines the RV Destination Type. The RV Destination Type determines the RV Guest you will attract. The RV Guest attracted to your RV Destination Type determines the amenities the guest will demand or be willing to pay for. Developing the correct amenities desired by your RV Guests will influence the cost of construction for the RV Destination.

Developing the correct RV Destination Type that “Fits” the location with the correct amenities to satisfy the RV Guest and “Function” efficiently will maximize the value of the project.

Developing a Community where you should have developed a Resort may still make profit, but it will not maximize the profit possible.

If you combine the correct construction costs with the correct revenue package, you will maximize the value of your property. If you build a Resort with the extra amenities and overhead where you should have built a Community you may make money, but you won't maximize the value of your property.
GUEST DEMANDS

The TOP items Tomorrows RV Destination Guest Demand

- More Electricity – 100 AMP Homerun sites 50/50/30
  - Electric Cars
  - Electric Golf Carts
  - Electric RVs
  - Outdoor Kitchens on their RV pulling electricity
- Faster Internet Access
- Better Service – Virtually
- Longer Reservations
- Larger Concrete Pads
  - 46’ long 5th wheels pulled by 24’ long Tractors
- Wider 2-lane roads – easy to navigate
- More Green S P A C E
- More Security
- Less Cost

Comments

RV destinations in the future will have to meet the high demand for electricity from their guests. These guests have electric cars, use air fryers for cooking, and have multiple air conditioners in their large rigs to cool in the heat and space heaters to warm the cold. It is an incorrect myth that RVs use more electricity in the summer than the winter. RVs can use a lot of electricity in both summer and winter. They also require consistent and reliable electricity to power their computers
and TVs in every room. In addition, fast Internet is essential as they download movies, participate in Zoom calls, and work from home.

To provide better service for RV owners, there are several improvements that need to be made. Every RV Owner appreciates larger concrete pads to park and maintain cleaner areas to avoid dragging dirt into their living space. Additionally, wider roads are needed to accommodate both young children riding bicycles and inexperienced drivers with big rigs. More green space is also desired between each site, along with increased security measures. Overall, these improvements create a more convenient and cost-effective experience for RV owners.

The largest barrier to entry when developing an RV destination is the issue of sewage disposal. It is important to find an economical and eco-friendly solution for handling sewage. Most RV destinations developed by EOB Consulting use septic systems, but when possible, it is always better to connect to public water and public sewer systems.

Once the place is developed, the biggest challenge to operating is Staffing. Staffing in America is a challenging task as it is difficult to find individuals who are trained to make good business decisions or willing to do so at a reasonable price.

The fact that their home is on wheels creates the potential for any Camp worker to become discontented and leave is an important fact. It highlights the importance of maintaining positive
relationships with these workers, as they are valuable but can easily leave if they believe there is a better opportunity elsewhere.

TOMORROW’S GUEST

Developing an RV Destination for Tomorrow’s Guest

- Largest barrier to Developing – Sewer
  - Public
  - Septic
  - Private System
- Largest barrier to Operation – Staffing
  - Expensive
  - Unmotivated
- Most important consideration – Meter Electricity
  - Daisy-Chain vs. Homerun
  - 100 AMP available at each site
  - Meter for every guest – short-term and long-term
- Most Frustrating – people
  - This would be an easy job if it were not for the people

Comments

Information on developing land for recreational vehicle (RV) destinations is a science. It suggests that if you already own land, you need to determine the type of guests you want to cater to. It also mentions the importance of public water and sewer in the chosen location, although
septic systems can be considered. Obtaining permits for development is becoming more challenging.

Affordable housing is becoming a huge issue in all of America. People are using RVs to live full time.

Some Government regulators are not granting resident’s full access. They’re forcing you to make people move every month, which is fine in a Campground or Resort, but not in a Community. Make certain that the location you find “Fits” the RV Destination Type you want to develop and will “Function” correctly.
Both owners want to know: “Do you meter ELECTRICITY?”

The average RV uses 20 KwHs of electricity per day

- Uses 10 KwHs per day
  - Electrical cost $2.00 per day
  - Looking places that DO meter electricity

- Uses 150 KwHs per day
  - Electrical cost $30.00 per day
  - Looking for places that DON’’T meter electricity

Comments

There is an important need to develop a perspective about electricity and RV parks. There is a need to have proper metering in place to determine the amount of electricity each site is using. By metering the electricity, RV Destination Owners can charge their customers accordingly for their electricity consumption. The article highlights the necessity of having 100-amp services at each site and emphasizes the importance of metering and charging the guests with accurate billing.
There are many negative consequences of giving away electricity. People that are not being charged for electricity tend to use more of it, leading to waste. This behavior is harmful to the environment and detrimental to RV destination owners. To avoid these issues, the article advises against giving away electricity.

There is a need to charge every RV guest both short-term and long-term. Even overnight campers may employ devices such as heated floors and high-energy devices like Teslas and should be charged for electricity consumed. While the average RV guest will consume 20 KwHs per day, it is possible for an RV guest to consume 150 kilowatt hours per day. This is why all guests, including short-term guests must be metered and charged for electricity.

RV Destinations that give away electricity will be hunted by RV Owners that use a lot of electricity while RV Destinations that charge for electricity will be able to lower their rates attracting those RV Owners who use less electricity. The RV Destination giving away electricity will be forced to raise their daily rate thus increasing the daily rate market. The RV Destination charging for electricity will simply raise their daily rate to the new market while enjoying a higher profit margin. Eventually, the RV Destination giving away electricity will realize it is not possible to raise the daily rate high enough to offset the cost of electricity consumed by the big electricity users and be forced out of business or charge for electricity.
SOLAR ROOF

Does this RV with a SOLAR panel roof and 800 lbs. Of batteries, use more or less than the average 20 KwHs per day?

Comments

The family-owned Mom and Pop RV Destinations are going the same way as the Mom and Pop hardware stores, Grocery Stores and Farms. Big companies are purchasing any RV Destination that is making a decent profit.

Homestead RV Community Theodore, the most technologically advanced RV Destination in the world hosts the Investors Introductory Conference in March and in October. This conference is
focused on introducing people with projects to develop to both public and private investors with money to finance these projects. It is a one-day conference where multi-million-dollar deals are made.

Example

First you purchase the land for maybe $900,000. Then you have wetland mitigation, engineering and permitting to accomplish before you can break ground. This can be another $100,000, but more importantly this step will easily take a year. If the CORP of Engineers must mitigate the property it can take several years. Then you are ready to spend millions of dollars and at least a year to develop the property before earning a Certificate of Operations. Thousands of dollars on Marketing and signage. You will be fortunate if you can open in less than two years after purchasing the land. But you have the Grand Opening and pray that guests will find you and want to stay at your location. It is difficult for the average person to make such a large financial commitment and wait so long for a return.

Only large corporations who can avoid paying interest on borrowed money can afford to make the investment in time and money to develop an RV Destination large enough to pay for itself.
PERSPECTIVE

Where to begin?

- Do you already own land?
  - Then the Location is determined
  - What RV Destination TYPE fits the location?

- Are you looking for land?
  - What type of RV Destination would you like to own?

- What to look for in purchasing land
  - Sewer – Water
    - Public, Septic, Private
    - Public, Well
  - Permitting – Can you develop your vision?
  - Access – Asphalt Roads
  - Proximity of – Grocery Stores, National Parks
  - Tax structure
  - Internet access – depending on RV Destination
  - Opportunity to expand
  - Competition

On website www.FOB-Consulting.com
read PDF titled; “Step by Step”

Comments

There will in the future be no a mom and Pop places. It's more about big investors like Blue Waters and Sun.

We host the investor's introductory Conference in March and in October.

We introduced them to both public and private investment opportunities.
We host the conference at Homestead. The most technologically advanced RV Destination.

The small mom and pops are being shoved out.

The big organizations, big dollars are coming in, and we're seeing them control the RV industry.

It's very difficult for the independent person.

Example

So you've made this $400,000 investment. You've getting nothing coming back.

You're still putting out for permitting and engineering, and before you break ground, and then it's going to be a year before opening.

So now you're in $550,000 before you get your first paycheck.

So you're seeing huge corporations putting in 270 RV destinations this year. Blue Waters is putting in probably hundreds this year.

Mom and Pop operations just can't keep up.
PHOTOGRAPHIC ESSAY

https://homervc.com/