



# Downtown Economics

Issue 140  
April 2008

*Ideas for Increasing Economic Vitality in Community Business Districts*

## Capturing Sales from Recreational Homeowners

In many rural communities, non-resident recreational homeowners have emerged as an important market segment for local businesses. Recreational homes make up a large share of the total housing units in rural “amenity-rich” regions (see accompanying map). Many of these seasonal residents are affluent and from out-of-state, bringing in significant spending potential. While most use their recreational homes during the summer, some use their properties at various other times throughout the year.

Purchasing behavior of recreational homeowners varies geographically and demographically. A recent study of spending was conducted in Sawyer County, Wisconsin (an outdoor recreation destination) and provides information on its impact on local businesses.<sup>1</sup> This study demonstrates the significance and variety of non-resident spending in this county. An earlier study in Wisconsin looked at recreational homeowner spending as a part of broader regional development and offers consistent findings on the significance of this segment.<sup>2</sup> Information from both studies are presented here.

## Recreational Homeowner Spending

A survey of non-resident property owners was conducted in Sawyer County, WI in 2007. It examined annual household spending, both at their permanent residence and in Sawyer County. The average non-resident property owner spends nearly \$18,000 in Sawyer County, residing there an average of 100 days or 27% of the year.

Differences in spending in other recreational home communities throughout the U.S. will vary, based on the average number of days the recreational homes are used, demographic and lifestyle characteristics of the owners and differences in the characteristics of the local recreational home market.

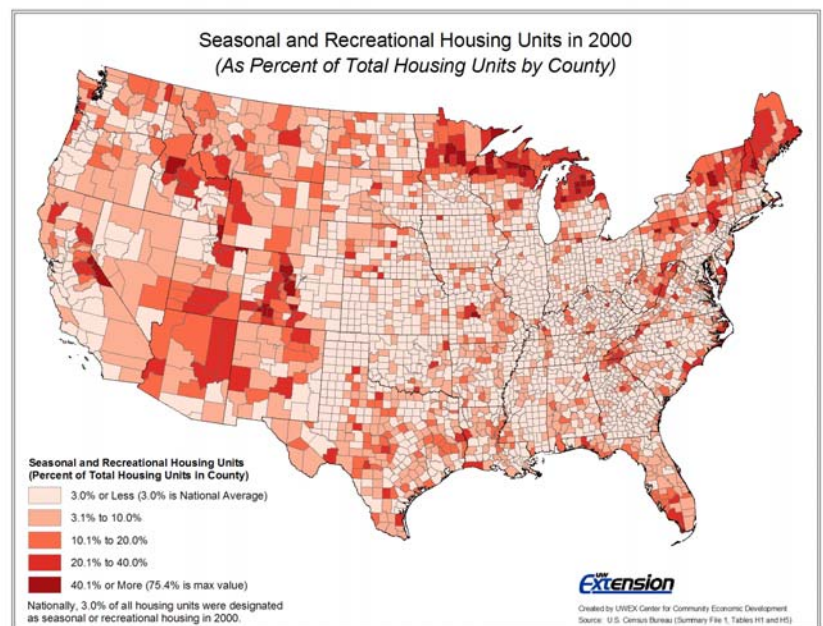
## Selling to Recreational Homeowners

In Sawyer County, non-resident recreational homeowners spend money locally in three general categories of goods and services:

- Basic consumption items including food and drink total an average of \$5,700 per household;
- Recreation equipment totals \$2,800 per household; and
- Needs for the home, including construction and remodeling totals \$14,400 per household.

The most significant spending is related to the home, this includes building supplies, maintenance and construction or remodeling. It is important to note not all of the respondents in this study spent money in all of the categories. Dollars were spent by all respondents on basic consumption items such as groceries, restaurants, and gas, but not all respondents spent on other activities such as non-motorized or motorized sports, construction or remodeling.

The table on the following page describes local spending by non-resident recreational homeowners in Sawyer County. This distribution of actual spending may not be



transferable to all recreational home communities given differences in market characteristics.

**Non-Resident Recreational Homeowner Spending per Household in Sawyer County, Wisconsin**

	% Spent in County	Ave. Dollars Captured in County
<b>Basic Consumption Items</b>		
Groceries/Liquor	31%	1,794
Restaurants/Taverns	39%	1,248
Groceries/Liquor	31%	1,794
Restaurants/Taverns	39%	1,248
Gas, Auto Service	29%	1,010
Other	28%	1,656
Non-Motorized Sports	36%	218
Motorized Sports	68%	1,370
<b>Recreation Equipment</b>		
Non-Motorized Sports	36%	218
Motorized Sports	68%	1,370
Fishing, Hunting	62%	624
Other Recreation Equip.	44%	578
<b>Needs For Home</b>		
Building Supplies	49%	1,749
General Home Maintenance	50%	991
Construction/Remodeling	46%	5,350
Household Goods	41%	1,276
Other Retail (i.e. gifts, clothing)	36%	845
Bank, Insurance, Real Estate	31%	3,196
Other Products Or Services	37%	1,024
Bank, Insurance, Real Estate	31%	3,196
Other Products Or Services	37%	1,024
<i>Source: Non-Resident Property Owners and Their Impact on Sawyer County Businesses, 2007</i>		

**Issues Facing Local Businesses**

There are barriers to capturing recreational homeowner dollars. Some of the potential spending in the recreational home county leaks out to other places, including the place of origin of the home owner. The two Wisconsin studies highlighted a number of these challenges:

- Convenience is often an issue as some non-residents will purchase goods in their place of origin and bring them to the recreational home;
- Higher local prices are an issue for certain categories of goods, particularly groceries, gas, building supplies, and household goods;
- Other issues such as quality and availability of products and services also provide barriers to capturing recreational homeowner spending.

If a local commercial market is highly developed (extensive retail and services), it is more likely to capture non-resident spending. However, because retail activity is more concentrated in regional commercial centers, close proximity to one of these

centers weakens the ability of local businesses to capture these dollars.

Finally, for some purchases like dining out, local businesses have a greater potential for capturing non-resident spending. For example, in the Sawyer County study, non-resident recreational homeowners value and would like to see more restaurants and hardware/building supplies stores.

**Conclusion**

Businesses in communities with a significant number of non-resident recreational homeowners should recognize the significance of this market segment. Opportunities exist for both existing and startup businesses to serve this segment, yet certain barriers need to be overcome. Communities are urged to build on the Wisconsin studies, and augment with other local research and data analysis as necessary.

**Further Analysis of Local Recreational Homeowners Customer Profiling of Non-Resident Place-of Origin**

Additional information on non-resident recreational homeowners (and tourists) can be obtained using a database of their permanent resident addresses. Addresses can be sent to various private market data firms for analysis. They can “geo-code” the addresses and determine its corresponding U.S. Census block group. These block groups are aggregated and summarized in reports that describe demographic, lifestyle and spending characteristics of the recreational homeowner’s primary residential neighborhood. The lifestyle data is especially useful as it provides a portrait of consumers residing in these neighborhoods. Information on shopping, dining, outdoor recreation and other lifestyle attributes are provided with comparisons to the U.S. average.

One rural lake community in New Hampshire recently used this approach and learned about the place of origin of its recreational homeowners. They came from relatively affluent and well-educated residential areas. Local business owners learned that these consumers spend money on apparel, computers and software, home improvements, gardening, cultural activities, cooking, photography, reading for self-enrichment, quiet athletic activities, and wellness products and services. This information provided valuable information for business expansion and recruitment activities aligned with the behaviors of this key market segment.

This summary was prepared by Bill Ryan, community business development specialist with the University of Wisconsin-Extension, Center for Community and Economic Development. Map by Matt Kures.

<sup>1</sup> Non-Resident Property Owners and Their Impact on Sawyer County Businesses, 2007. David A. Berard and David D. Trechter

<sup>2</sup> Recreational Homes and Regional Development: A Case Study for the Upper Great Lakes States. 1996. David Marcouiller, Gary Green, Steven Deller, and N.R. Sumathi.

Contact: Bill Ryan, Center For Community & Economic Development, University of Wisconsin-Extension  
 610 Langdon Street, Madison, WI 53703-1104  
 PH: (608)265-8136; FAX: (608)263-4999; TTY: (800)947-3529; HTTP://WWW.UWEX.EDU/CES/CCED  
 An EEO/Affirmative Action Employer, UW-Extension provides equal opportunities in employment and programming, including Title IX and ADA requirements.