

FAMILY VACATION COST COMPARISON

**VACATIONS USING
RECREATION VEHICLES
COMPARED TO
OTHER TYPES OF VACATIONS**

**PREPARED FOR:
RECREATION VEHICLE
INDUSTRY ASSOCIATION
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EXECUTIVE SUMMARY

OBJECTIVE

PKF Consulting was commissioned by the Recreation Vehicle Industry Association (RVIA) to provide an objective comparison between the cost of a Summer 2008 vacation using recreation vehicles (RVs) and the cost of other types of vacations during that same period of time. An RV is defined as “a motorized or towable vehicle that combines transportation and temporary living quarters for travel, recreation, and camping.”

SELECTED RV TYPES

There are several different types of RVs available to consumers. For purposes of this analysis, PKF has selected four types of RVs that are typically used by families for vacation purposes. The four types of RVs are Folding Camping Trailer, Lightweight Travel Trailer, Type C Motorhome, and Type A Motorhome. Following is a brief description of each of these RV types, along with an illustration.

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- **Folding Camping Trailer** – A lightweight RV with collapsible sides for towing by typical family vehicles, even some compact cars. Set up, it provides kitchen, dining, sleeping, and often bathroom facilities for up to eight people. For the purposes of this study, we have assumed the average folding camping trailer will weigh approximately 2,000 pounds.
- **Lightweight Travel Trailer** – Built to be towed by a car, van, or pickup, this RV provides kitchen, bathroom, dining, and living facilities. Typically ranges from 12 feet to 35 feet in length. Sleeps up to ten people. For the purposes of this study, we have assumed the average lightweight travel trailer will weigh approximately 4,000 pounds.
- **Type C Motorhome** – Built on an automotive-manufactured van frame with an attached cab section, this RV’s living area is behind and above the cab. Typically sleeps up to eight people, and offers conveniences such as kitchen, bathroom, dining, and living facilities.
- **Type A Motorhome** – The largest and most luxurious type of motorhome, built on a specially-designed frame. Typically sleeps up to six people, with living areas and amenities available for use throughout any trip. For the purposes of this study, diesel Type A motorhomes were analyzed.

FINDINGS

In our Summer 2008 study, PKF found typical family RV vacations on average to be 27 percent to 61 percent less expensive on a per day basis than the other types of vacations analyzed (not including the cruise vacation), excluding Type A motorhome vacations. A list of the types of vacations, by mode of transport, and their costs is presented in Table 1 on page I-4. Type A motorhome vacations were found to be more expensive than car/hotel and airline/rental home/condo vacations, and slightly less expensive than air/hotel vacations. It is significant to note that the data used in this analysis factored in vehicle ownership costs. In many cases, the RV vacations were more economical than the other vacations analyzed, regardless of trip duration, trip distance, or region of the country where the vacation takes place.

Including ownership costs:

The average cost per day of the camping vacation using a folding camping trailer was found to be about 45 percent less expensive than the cost of comparable* car/hotel combination vacations; about 61 percent less than the cost of a comparable air/hotel vacation; and about 47 percent less than the cost of the comparable air/rental home or condo vacation.

The average cost per day of the camping vacation using a lightweight travel trailer was found to be about 37 percent less expensive than the cost of comparable* car/hotel combination vacations; about 55 percent less than the cost of a comparable air/hotel vacation; and about 39 percent less than the cost of the comparable air/rental home or condo vacation.

The average cost per day of the camping vacation using a Type C motorhome was found to be about 27 percent less expensive than the cost of comparable* car/hotel combination vacations; about 48 percent less than the cost of a comparable air/hotel vacation; and about 29 percent less than the cost of the comparable air/rental home or condo vacation.

The average cost per day of the camping vacation using a Type A motorhome was found to be about 31 percent more expensive than the cost of comparable* car/hotel combination vacations; about 7 percent less than the cost of a comparable air/hotel vacation; and about 28 percent more than the cost of the comparable air/rental home or condo vacation. In addition, the 2008 study found the most expensive camping vacation to be approximately 54 percent less expensive than the cost of a budget cruise getaway.

*In all comparisons, "Comparable" means vacations having the same number of days and miles

Table 1				
Cost Comparison of Vacations Using Recreation Vehicles				
Versus Other Types of Vacations				
Vacation Mode of Travel	3 Days	7 Days	10 Days	14 Days

Family traveling in personal car, towing their folding camping trailer, staying at campgrounds, and preparing all meals in the folding camping trailer or outdoors at campsites.	\$652	\$1,439	\$2,050	\$2,994
Family traveling in light-duty truck/SUV, towing their travel trailer, staying at campgrounds, and preparing all meals in the trailer or outdoors at campsites.	\$730	\$1,658	\$2,359	\$3,449
Family traveling in a personal motorhome (Type C), staying at campgrounds, and preparing all meals in the motorhome or outdoors at campsites.	\$837	\$1,940	\$2,761	\$3,937
Family traveling in a personal motorhome (Type A), staying at campgrounds, and preparing all meals in the motorhome or outdoors at campsites.	\$1,512	\$3,490	\$4,975	\$7,038
Family traveling in personal car, staying at hotels/motels, and eating meals in restaurants.	\$1,052	\$2,684	\$3,876	\$5,358
Family traveling in a personal car or airline (as appropriate), staying at a rental house/condominium, and eating the majority of meals in the rental unit.	\$1,709	\$2,983	\$3,764	\$4,884
Family traveling by airline, renting a car at the destination, staying at hotels/motels, and eating meals in restaurants.	\$1,949	\$3,828	\$5,339	\$7,187
Family traveling to and taking a cruise from Orlando (7-day vacation) and incurring transportation cost to and from staging area.	N/A	\$7,544	N/A	N/A
Source: PKF Consulting, 2008 Survey				

Impact of Fluctuations in Fuel Costs

It is significant to point out the volatility in fuel prices in the current world market, often on a day-to-day basis. PKF has considered the impact of fluctuations in fuel costs on our findings by testing theoretical increases in fuel costs in one of our hypothetical vacations. It is significant to note that fluctuations in fuel costs economically impact all of the vacation types analyzed, both RV and non-RV vacations, to varying degrees. For this analysis, we have utilized the 10-day vacation from Phoenix to Napa as an example. We have conducted this analysis on projected increases of 25, 50, 100, 150, 200, 250, 300, 350, and 400 percent in fuel costs. The following table presents the results of this analysis.

Table 2 Impact of Fluctuation in Fuel Costs Phoenix, AZ-Lake Havasu City, AZ-Kettleman City, CA-Napa, CA							
10 days							
	Mode of Travel/Vacation Type						
Fuel Scenario	Personal Car towing camping trailer	SUV towing 4,000 lb travel trailer	Type C Motorhome	Type A Motorhome	Personal car, hotel, eating in restaurants	Airline, renting car, hotel, restaurants	Airline, rental unit meals in unit
Base Scenario	\$ 2,196	\$ 2,536	\$ 2,871	\$ 5,069	\$ 4,575	\$ 5,706	\$ 3,748
25 Percent Increase in Fuel Costs	\$ 2,291	\$ 2,685	\$ 3,067	\$ 5,254	\$ 4,639	\$ 5,727	\$ 3,768
50 Percent Increase in Fuel Costs	\$ 2,385	\$ 2,833	\$ 3,262	\$ 5,438	\$ 4,704	\$ 5,748	\$ 3,789
100 Percent Increase in Fuel Costs	\$ 2,575	\$ 3,131	\$ 3,654	\$ 5,806	\$ 4,833	\$ 5,789	\$ 3,831
150 Percent Increase in Fuel Costs	\$ 2,764	\$ 3,428	\$ 4,045	\$ 6,174	\$ 4,962	\$ 5,830	\$ 3,872
200 Percent Increase in Fuel Costs	\$ 2,953	\$ 3,725	\$ 4,437	\$ 6,542	\$ 5,091	\$ 5,872	\$ 3,913
250 Percent Increase in Fuel Costs	\$ 3,142	\$ 4,023	\$ 4,828	\$ 6,910	\$ 5,220	\$ 5,913	\$ 3,955
300 Percent Increase in Fuel Costs	\$ 3,332	\$ 4,320	\$ 5,219	\$ 7,279	\$ 5,350	\$ 5,955	\$ 3,996
350 Percent Increase in Fuel Costs	\$ 3,521	\$ 4,617	\$ 5,611	\$ 7,647	\$ 5,479	\$ 5,996	\$ 4,037
400 Percent Increase in Fuel Costs	\$ 3,710	\$ 4,915	\$ 6,002	\$ 8,015	\$ 5,608	\$ 6,037	\$ 4,079

As the data indicates, while fuel costs are a component of the overall vacation cost, it is not significant enough to materially affect the outcome of our analysis. It would take between a 100 percent and 150 percent increase (approximately 125 percent) in fuel costs for a Type C Motorhome vacation to be more expensive than the least expensive non-RV vacation. Furthermore, it would take between a 200 percent and 250 percent increase (approximately 240 percent) in fuel costs for the Lightweight Travel Trailer vacation to be more expensive than the least expensive non-RV vacation. Additionally, as the data shows, none of the fuel increase scenarios utilized results in the Folding Camping Trailer vacation being more expensive than the least expensive non-RV vacation.

For this 10-day vacation from Phoenix to Napa, the average fuel cost per gallon at the time of our research was \$3.63 for regular gasoline and \$4.27 for diesel. Regular unleaded gasoline for a rental car was calculated using the cost of fuel for the destination city, or \$3.87 per gallon. Based on the above analysis, fuel costs would have to average approximately \$8.18 per gallon for a Type C Motorhome vacation to exceed the cost of an air/rental home or condo vacation (the least expensive non-RV vacation for this trip duration). Furthermore, fuel costs would have to average approximately \$12.36 per gallon for a Lightweight Travel Trailer vacation to be more expensive than the least expensive non-RV vacation, and fuel costs would have to average approximately \$22.71 per gallon for a Folding Camping Trailer vacation to be more expensive than the least expensive non-RV vacation.

We are of the opinion that fuel costs will likely not approach these levels in the foreseeable future. As such, RV vacations tend to be significantly less expensive than the non-RV vacation types, with the exception of the Type A motorhome vacations. Therefore, price spikes in fuel costs should not adversely affect the decision on whether or not a family takes an RV vacation versus other types of vacations. It is significant to note that while our example utilizes a 10-day vacation for illustrative purposes, the findings are generally the same regardless of vacation duration with regard to increases in fuel costs.

METHODOLOGY

The hypothetical travel party used in the vacation cost analysis was a family composed of a mother, father, and their two children – one child under 12 years of age and one child over 12 years of age.

PKF analyzed major costs that would be incurred by the family of four taking eight different types of vacations including round-trip transportation to nine popular vacation destinations. For each destination, we have analyzed vacations of 3-, 7-, 10-, and 14-day durations, where appropriate. Data was collected during April and May 2008, and it was assumed that all vacations would take place during June 2008 (after school lets out for the summer break). The eight types of vacations used in the analysis varied principally by mode of transportation and type of accommodations and meal plan used, as summarized below:

1. Family traveling in personal car, towing their folding camping trailer, staying at campgrounds, and preparing all meals in the folding camping trailer or outdoors at campsites.
2. Family traveling in light-duty truck/SUV, towing their travel trailer, staying at campgrounds, and preparing all meals in the trailer or outdoors at campsites.
3. Family traveling in a personal motorhome (Type C), staying at campgrounds, and preparing all meals in the motorhome or outdoors at campsites.
4. Family traveling in a personal motorhome (Type A), staying at campgrounds, and preparing all meals in the motorhome or outdoors at campsites.
5. Family traveling in personal car, staying at hotels/motels, and eating meals in restaurants.
6. Family traveling in a personal car or airline (as appropriate), staying at a rental house/condominium, and eating the majority of meals in the rental unit.
7. Family traveling by airline, renting a car at the destination, staying at hotels/motels, and eating meals in restaurants.
8. Family traveling to and taking a cruise from Orlando (7-day vacation) and incurring transportation costs to and from staging area.

Costs analyzed were the major cash or credit outlays that are required from the time a hypothetical vacation begins to the time it ends. The foregoing would include: fuel costs; round-trip airfare costs; restaurant meal costs; grocery costs; rental car costs; rental house/condominium costs; cruise ship vacation costs; campsite costs; and hotel/motel costs. PKF used the most recent fuel cost data available for each state at the time of our research. It has been assumed that any rise in gasoline costs would affect all modes of transportation proportionately. Incidental expenses such as entertainment, shopping, and the like, were not considered because they would not likely vary by mode of transportation or type of accommodations used during a vacation. We have also factored in an estimated cost of ownership of the applicable RV equipment that was based upon assumptions regarding average ownership periods, residual values, annual days of utilization, insurance and other costs of ownership, as well as any applicable tax benefits. The cost of personal vehicle ownership was not included. It is assumed that most families will own a personal vehicle for general day-to-day use, and not specifically for vacation use.

For this analysis we have selected popular vacation destinations throughout the country and various points of origin. An appropriate number of intermediate cities or towns were

selected between the origin and destination locations. Vacation durations are 3, 7, 10, and 14 days and are directly related to the round-trip distances in highway miles between each city-pair. We coordinated selections of the foregoing city-pairs with RVIA to ensure that proper focus has been given to highly popular RV destinations. Before issuing this report, PKF was notified of RVIA's concurrence with selected city-pairs.

To complete the analysis, PKF calculated the average total cost (excluding incidental costs, as noted above) that the family would incur during each type of vacation (3, 7, 10, and 14 days).

FIRM QUALIFICATIONS

PKF Consulting is a management consulting firm with a network of ten primary offices located throughout the continental United States and is a member of Pannell Kerr Forster Worldwide, a network that includes over 250 affiliated offices in 75 countries around the world. PKF serves clients worldwide, with a staff that consists of nearly 100 professional consultants and specialists. PKF has over 90 years of experience and recognition in all phases of professional assistance and counsel to service industries and specifically to the tourism, hospitality, and recreation industries. The Alexandria, Virginia office of PKF Consulting prepared this study.