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BUYING POWER AND BUYING CHARACTERISTICS OF LOCAL PARK AND RECREATION DEPARTMENTS IN TEXAS

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Park and recreation departments represent a multimillion-dollar market for suppliers of goods and services. These departments significantly influence local economies. A 1981 survey revealed that 96 local governments in Texas budgeted $152 million for parks and recreation in the 1980-81 fiscal year. This survey, conducted by the Texas Agricultural Extension Service at the request of the Texas Parks and Recreation Society, sought information that would benefit suppliers of products and services, and park and recreation administrators.

Merchandisers can use the survey results in developing market strategies including determining market size, market share and techniques of market penetration. Park and recreation administrators can use per capita expenditure comparisons among departments of similar size in budget preparation and justification. In addition, this aggregation of park and recreation department expenditures illustrates this public service's economic magnitude as it affects the recreation/tourism system.

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The Survey

The study was conducted to determine buying characteristics of municipal park and recreation departments. Specifically, it was important to know:

* Total recreation and park budgets;
* Per capita expenditures for specific goods and service categories;
* Standards important in the product/service selection process, such as budget cycle, purchasing policies and timing of purchase decisions;
* Effectiveness of advertising approaches on product selection.

A questionnaire was mailed to 160 Texas municipal and county park and recreation departments. Of these, departments in 94 cities and two counties returned usable questionnaires. These represented 74.9 percent of Texas' urban population. The 64 local governments which did not return questionnaires represented 10.1 percent of Texas' urban population. The other 15 percent of Texas' urban population are cities without park and recreation departments and did not receive questionnaires. Based on these comparisons, the data can be assumed to represent the park and recreation expenditures and buying characteristics of urban systems.

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Buying Power

Buying power is recognized among marketing professionals as the likelihood of a given population (market segment) to purchase certain goods and services. Park and recreation departments represent such a market segment for suppliers of goods and services necessary to local park and recreation programs. For the purpose of this report, the buying power of these departments will be represented as gross dollars in the budget categories. These figures represent a general market for the described population of cities and counties.

Park and Recreation Expenditures

The 96 respondent departments spent $152 million for park and recreation purposes in the 1980-81 fiscal year. Cities were grouped into six population categories for budget expenditure comparison. Per capita amounts were calculated to standardize the data and ease comparisons. Population categories are presented in Table 1.

Table 1. Respondents to survey by population category

Category	Population	Respondents	Non-respondents
I	Less than 10,000	9	24
II	10,000-24,999	41	32
III	25,000-49,999	15	4
IV	50,000-99,999	14	4
V	100,000-199,999	9	0
VI	200,000 or more	8	0
	Totals	96	64

The average per capita expenditure was $18.51. Per person expenditure generally increased with population (Table 2), except between categories IV and V where the per capita amounts were $17.41 and $17.07, respectively. The lowest per capita expenditure ($1.08) was recorded for a city in category III and the highest ($53.21) for a city in category II. The eight cities of 200,000 or more population accounted for 63.7 percent of the total.

The survey included expenditure information in four major areas, capital outlay, maintenance, contracts and supplies (Table 3). These categories represent all major budget areas except salaries and wages, which accounted for approximately 62 percent of the total for all reporting local governments. This amount illustrates the labor-intensive nature of park and recreation services. Maintenance, contracts and supplies received almost equal allocations (Table 3).

Table 3. Park and recreation expenditures of departments surveyed by major budget categories.

Category	N	Total	Percent of total budget[1]
Total P&R budget	96	152,711,388	100
a. Capital outlay	92	9,533,767	* 6.20
b. Maintenance	88	17,425,173	* 11.41
c. Contracts	87	14,897,225	* 10.25
d. Supplies	91	14,904,747	* 9.76

* Items a,b,c and d represent 37.62 percent of total P&R municipal budgets.

[1] Percents do not add up to 100 because salaries and wages were excluded.

Expenditure data useful to suppliers and service-oriented firms were classified into population and budget categories (Table 4). Cities of less than 10,000 population, (Category I) used significantly more of their budgets for contracting services. This may indicate a lack of full-time professional staff to perform functions common in larger departments. These cities which spent an average of $10.15 per capita in their total budget reported spending $5.62 per capita for contracting.

Table 2. Texas local government park and recreation budgets, per capita expenditures

Descriptive Category	I less than 10,000	II 10,000 to 24,999	III 25,000 to 49,999	IV 50,000 to 99,999	V 100,000 to 199,999	VI 200,000 or more
Total number of cities reporting (N)	9	41	15	14	9	8
Average per capita ($\bar{X}$)	9.77	14.53	15.09	17.41	17.07	19.01
Range						
lowest value	2.89	2.67	1.08	4.12	12.51	4.61
highest value	21.50	53.21	34.24	31.32	24.10	28.67

Table 4. Average per capita expenditure by function for Texas local government park and recreation departments.

Per capita category	For all cities	I Less than 10,000	II 10,000 to 24,999	III 25,000 to 49,999	IV 50,000 to 99,999	V 100,000 to 199,999	VI 200,000 or more
Total P&R budgets	18.51(96)*	10.15(9)	14.83(41)	15.61(15)	17.40(14)	14.13(9)	20.06(8)
Capital outlay	1.15(92)	.87(8)	1.36(39)	1.77(15)	1.65(14)	1.01(8)	.998(8)
Maintenance	2.11(88)	1.35(9)	2.35(38)	2.25(15)	2.07(12)	3.32(9)	1.78(5)
Contracts	1.80(87)	5.62(8)	1.56(38)	2.07(13)	1.92(12)	2.43(9)	1.65(7)
Supplies	1.80(91)	1.22(9)	1.38(40)	1.49(14)	1.17(13)	1.92(9)	2.00(6)
Clothing	.04(76)	.03(5)	.06(33)	.058(12)	.068(12)	.025(7)	.048(7)
Cleaning supplies	.07(71)	.04(4)	.13(28)	.098(11)	.093(13)	.055(8)	.061(7)
Chemicals	1.27(84)	.14(6)	.229(34)	.423(14)	.197(14)	.093(9)	.075(7)
Plants/landscape	.15(66)	.10(2)	.095(27)	.113(13)	.247(11)	.200(9)	.133(4)
Office supplies	.056(82)	.01(4)	.049(35)	.102(13)	.050(14)	.054(9)	.054(7)
Motor vehicles	.25(79)	.24(8)	.274(35)	.326(12)	.429(12)	.355(7)	.182(5)
Recreational supplies	.13(78)	.18(6)	.203(30)	.281(14)	.134(13)	.155(9)	.100(6)
Equipment	.55(69)	.17(5)	.391(30)	.324(10)	.169(13)	3.05(7)	.075(4)
Building	.09(49)	.22(4)	.285(23)	.222(7)	.045(8)	.194(5)	.039(2)
Machinery	.199(66)	.31(6)	3.22(27)	.552(11)	.419(12)	.222(6)	.094(4)

* Numbers in parentheses indicate number of cities responding to each category.

Table 4 illustrates the market potential for certain categories of goods and services. The data also reflect expenditures by population categories. These per capita amounts can be useful in targeting promotional efforts to certain city categories. Additional insights into timing and methods of market penetration were revealed through data related to budget cycles, purchasing decisions and preferences for certain promotional methods.

Budget Cycle and Timing of Purchasing Decisions

Departments were asked to indicate the beginning of their fiscal year and the beginning of their budget cycle, to show when purchasing decisions are made. More than 77 percent of the departments begin their fiscal year during October (Table 5).

Table 5. Date fiscal year begins

	--Percent--	--Number--
October	77.08	(74)
July	6.25	(6)
September	6.25	(6)
April	4.16	(4)
January	3.12	(3)
August	2.08	(2)
June	1.04	(1)

Budget preparation begins for 61 percent of these cities during the April to June quarter (Table 6). Eighty-three percent initiate budgets between January and June.

Table 6. Date budget preparation begins.

	--Percent--	--Number--
January-March	21.87	21
April-June	61.45	59
July-September	11.45	11
October-December	5.20	5

A third question to determine when purchasing decisions are made for specific categories of products revealed three major trends. First, purchasing decisions related to capital goods, botanical products, agricultural chemicals and recreational supplies are made during January through April.

Swimming pool chemicals account for the second noticeable trend, with purchasing from March through August. These purchases coincide with the period of heaviest use of the facilities.

Purchasing decisions for cleaning and janitorial supplies, clothing, minor tools and equipment maintenance are evenly distributed throughout the year, reflecting a fairly constant demand.

Purchasing Policies

Understanding the purchasing processes and policies of local governments determines how and under what conditions to make contacts. While most respondents (69.2 percent) employed purchasing agents, more than 70 percent said the park and recreation staff influences the selection of products and services. Almost all departments require a formal bid process.

Only 20 percent of the respondents reported joint purchasing with other local governmental entities. Of those that did, school districts and counties were most frequently specified.

Table 7. Criteria used in selecting and purchasing products/services.

Factors ranked 1, 2 and 3 in order of importance.	1	2	3
Price	25	39	22
Specifications	29	16	21
Service reputations	7	21	31
Reliability of product	44	24	17
Other	0	0	0

Criteria Used in Product/Service Selection

This study indicates that Texas park and recreation departments regard *product reliability* as the most important criterion when selecting and purchasing products or services. Price, specifications and service reputation followed in importance (Table 7). Respondents specified three criteria not listed — word of mouth, availability and past experience.

Influence of Promotional Techniques

To measure the perceived effectiveness of promotional techniques, a five-point scale was developed. A response of one indicated effectiveness as *very good,* two as *good,* three as *fair,* four as *slightly useful* and five as *not useful.* Promotional techniques addressed in this study included 1) professional and trade publication advertisements, 2) demonstrations, 3) mailings from distributors, 4) exhibits at trade shows and conferences and 5) personal contact through office visits.

A rating of promotional techniques was developed. The sum of the two response categories *very good* and *good* was used as an index of effectiveness for each promotional technique (Table 8). Using this procedure, the order of importance for the methods was as follows: demonstrations, personal contact, trade shows/conferences, ads in professional publications and mailings from distributors.

Summary

Tightening fiscal resources demand that suppliers and service businesses use effective marketing strategies to maintain a competitive edge. This study offers some helpful insights.

Per capita expenditures by population categories help determine potential target markets for retailers of recreational goods, services and supplies. However, market identification and size are only a beginning for developing marketing strategies.

Understanding buyer motivation and conditions which influence purchasing decisions is a key to developing an effective marketing program. This study provided insight into both the mechanics and motivations of the decision process. Respondent feelings about the criteria which influence product selection may indicate a need to emphasize durability and low maintenance requirements. Administrators' preference for personal contact promotion methods suggests that they are more influenced by demonstrations, personal office visits and trade shows or conference exhibits, in that order.

Although regional and state conferences are most effective for making a large number of personal contacts, trade and professional publications are still important. Such publications were viewed as second most effective after personal contact methods. Publications maintain market/service awareness throughout the year, as well as supporting new product introduction campaigns. In terms of contact per dollar, publication advertising is generally cheaper than the personal contact methods.

This survey of buying power and purchasing characteristics of local park and recreation departments in Texas offers guidelines for more effective marketing of products and services. Park and recreation administrators can benefit from the information related to budget allocations and overall purchasing power. The high response rate from the various departments illustrates a continued interest among professionals to share mutually beneficial knowledge.

Table 8. Responses to promotional techniques.

Promotional technique	Responses very good	Responses good	Cumulative frequencies of responses	Cumulative percent of responses
Demonstrations	41	29	70	74.5
Personal contact	27	27	54	58.1
Trade shows/ conferences	22	29	51	54.9
Ads in professional publications	14	22	36	39.1
Mailings from distributors	7	19	26	28.3

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