

HOW TO PRICE A HUNTING LEASE

JUSTIN TRAIL, Project Development Director, Wildlife Systems, Inc., P.O. Box 5121, San Angelo, TX 76902,
j-trail@wildlifesystems.com

Abstract: Landowners and managers are becoming more interested in trying to capitalize on the flourishing hunting industry. Similar to other businesses, the operator must do some homework to be competitive in the market. Taking inventory of physical and natural resources is the first step in the planning process. Assembling this inventory, along with any services the operator is willing to provide, will allow a "package" to be effectively priced and promoted. Historically, pricing a lease involved asking the closest neighbor what they were getting and then charging a similar amount. With hunting lease prices competing with, and even exceeding grass leases, operators are beginning to study the similarities and differences of neighbors operations before establishing an asking price. Bird hunters are currently in a buying mode and it is easier than ever to move product. With this said, they still have to be made aware of what is for sale. Different hunters look in different places depending on what they are shopping for. By understanding the target audience an operator can efficiently market the product or experience at hand.

Introduction

Fee hunting has become increasingly popular relative to gamebirds in the last few years. With quail populations in a general decline throughout the U. S., those that do have access to good quail country can charge a premium. However, the hunting business is peculiar in the fact that the proprietor is selling an intangible experience rather than a tangible product. Landowners with visions of dollar signs dancing in their heads have recently subjected themselves to "popular pricing plunders". These pricing plunders usually result from a lack of understanding of what you have (the product) and to whom you are selling (the customer). Until you know what you have you can't really price and then market your property effectively. Once you have determined what you have it is time to establish/figure out what market best suits your operation. This is where the people side of the equation comes in.

Taking Inventory

The first step in pricing quail country is to determine what you have to offer. Taking inventory is paramount to a successful hunting operation. A multitude of variables make up the total inventory, and each one affects the value of the lease. Total acreage, longevity of use, facilities, average bird populations, proximity to an urban area, and historic management are all factors that need to be considered. Several of these factors have "subcategories" that need to be addressed.

Some properties only have a portion of the total acreage that is actually "hunnable" for quail, with the balance being either too thick or too open. The savvy hunter might not be willing to lease the entire ranch on a per acre basis knowing that part of the ranch is too thick to hunt. Ranchers may offset this "problem" by lowering the lease price or providing a longer season of use. The longevity of use affects lease prices greatly.

Quail leases can be arranged in a variety of formats including full season, after deer season, daily access use, or a variety of other combinations. Obviously, the longer a hunter can use the property, the more they are willing to pay. On properties where facilities are concerned, a landowner might be able to get use out of the facilities by 2 different groups of hunters - deer and quail. This helps to spread the overhead associated with maintaining the facility(s) over a wider revenue base. Improvements such as a house, kennels, good roads, feeders, etc. will help the marketability of a lease. The abundance and quality of these improvements is a key factor in determining price. Any "extras" that can be included in a lease such as fishing or off season use will allow for a higher lease price to be demanded as well.

The million dollar question for a rancher from the prospective quail lessor is - How many birds are going to be here when I get ready to hunt this fall? I don't know is generally not the response they are looking for but it is sometimes hard to come up with a more knowledgeable answer. Being able to tell the prospective client that in an average year he can

expect to point X coveys a day is a valuable asset. Historic management including past harvest and grazing management can help assure potential hunters good bird numbers relative to rainfall.

The distance a hunter has to travel to get to their hunting destination greatly affects the value of a lease. There are hunters scattered across the state that are willing and able to lease a ranch for hunting. However, the densely populated metropolitan areas of Dallas/Fort Worth, Houston, and Austin /San Antonio are the major hubs where hunters can be found. The closer a ranch is located to one of these markets, the more valuable the wildlife resources are.

Packaging & Positioning

Packaging consists of arranging the products and services you have to offer into a desirable experience someone (your target audience) would be willing to pay for. A decision must be made regarding the time a person wants to spend dealing with prospective clients. The amount of hunter interface a person is willing to put up with changes the options they have with respect to the enterprise. Quite often the landowner is busy enough without having to deal with hunters and wants as little contact with them as possible. This situation most likely lends itself to a season lease arrangement. Conversely, a rancher that enjoys interacting with different people might be more interested in running guided hunts or a day lease arrangement. Whatever the case may be, the amount of time a person is willing to spend relative to the enterprise needs to be determined on the front end, rather than in the middle.

A useful tool in packaging, positioning, and pricing a hunting enterprise is a competitor analysis. This can be as simple as talking to a few neighbors or as intensive as calling and talking with outfitters and ranchers, getting as many relative brochures as possible, and surfing the web to get an idea of what your competition might be. There is plenty of competition in the hunting industry so finding information should be relatively easy. Although several people might be found offering season quail leases, each will be a little different with respect to the individual package. Inventory variables play a key role in establishing the "uniqueness of your operation". Determining what you have to offer a potential client that is different from competitors is critical to the positioning of your experience package.

Positioning the enterprise includes determining the market niche that will be catered to and how you plan to differentiate the packaged enterprise from the competition. In most cases, inventory variables and the ranchers proposed involvement direct the enterprise to a specific market niche. A person might end up establishing their own niche if there are no other similar businesses in existence. Positioning boils down to taking the package created from the inventories available along with the services provided and placing them in a similar arena among competitors for pricing and promotional purposes. This helps to define the target audience and increases the efficiency of promotional activities.

Pricing

The key to pricing a hunting lease, or anything for that matter, is to make certain that the price customers expect to pay is in line with the price they are asked to pay. People invariably shop for whatever they spend money on and an important part of the decision making process is the perception of value. If the customer thinks the package is worth the money, they are likely to buy. If not, they will keep shopping.

For years people in the hunting business have participated in "popular pricing plunders". Due to the nature of the beast, it is easy to casually compare your ranch to a neighbor's and expect to receive the same revenues. Many ranchers have unfortunately either received less than "market value" or have been unable to lease the country because they were asking too much. Most of these mishaps can be avoided by simply doing a little homework and understanding what potential clients are looking for.

To determine the asking price of the lease, simply arrange all of the information you have gathered into an easy to understand format. The figure below illustrates "A Continuum of Lease Pricing" where all of the variables involved in a hunting enterprise are assembled into a "cornucopia" like diagram to illustrate a range of price your operation should fall within. To start with, determine the high and low ends of the market by using prices obtained from the competitor analysis. For illustration purposes, we will set the lower limit at \$.50 per acre and describe it as follows

about 50 % huntable land

quail hunting after deer season only

no facilities

average bird populations

over 4 hours from a major metropolitan area

little or no brushwork, average grazing pressure

no extra use

The upper limit will be set at \$6.00 per acre and will be described as follows:

100% huntable land

quail hunting for the entire season

nice lodge with kennels, etc.

generally good bird populations

2 hours from Fort Worth

extensive habitat management and conservative stocking rates

some off season fishing and hog hunting

Imagine an empty bucket. When something is put into the bucket there is less room for other things to fit. As you continue to add things to the bucket it starts to become full. The contents that will just cover the bottom are worth \$.50 and the full contents of the bucket are worth \$6.00. Start adding your package to the bucket and see how full it becomes. This should give a good range of asking price for what you have to offer.

Promotion

Promotion refers to the range of activities by which potential customers are made aware of the product. With regards to a hunting lease, promotion is advertising and selling of the described package. Effective promotion involves targeting the appropriate audience (customer). The target audience was determined through the aforementioned processes of inventory, packaging, positioning, and pricing.

There are several forms of advertising in the

hunting business. We have used them all but have had the best luck relative to season leases through major newspaper classifieds and in-state hunting shows. Texans are fortunate in the fact that a large portion of the population either owns land, knows someone who owns land, or can easily lease land in which to hunt on. If we are trying to push a higher end corporate lease we will expand our scope to include metropolitan areas in the Southeastern U.S. as well as Texas. For packaged hunts, we change direction and advertising media altogether. Direct mail pieces to the North and Southeastern United States, monthly advertisements in popular hunting magazines, and out of state hunting shows prove to be our most effective form of reaching our target audience. Repetition is the key to any type of advertising which brings up another way to get your name in front of potential hunters. The internet is a relatively inexpensive way to advertise that has worked well for me in the past couple of years. Unlike newspapers or most hunting magazines that have little residual advertising value or "shelf life", the internet offers advertisers and consumers unlimited access to a multitude of products.

The key to spending advertising dollars is to spend them where your target audience shops. Almost all of the organizations that sell advertising, including internet directories, can furnish demographic and circulation information about their "users". This is a good way to sort through the different media and see which of these match the target audience best. Once it has been decided to place an add or other form of advertisement, attach a code such as a separate phone line or word next to the address. This will allow monitoring of how effective each individual add has been.

Summary

Times are good in today's hunting industry. Demand for quality hunting opportunities exceeds supply and prices are steadily climbing. With a good knowledge of a property's physical and natural resources, a property owner/manager can create a package and position it in a defined market segment. By pricing the "packaged experience" fairly, promotional activities such as advertising become more effective. It might not happen overnight, but the research and time spent assembling, promoting and maintaining a well thought out business venture will pay dividends in the future. After all, progress has less to do with speed than it does with direction.

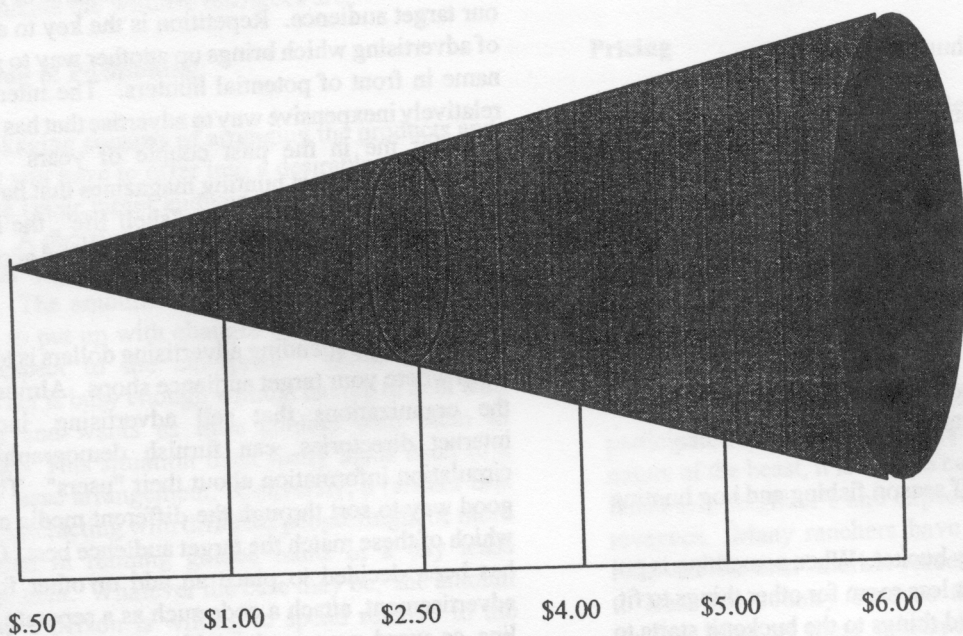


Figure 1. A continuum of lease pricing from \$0.50 to \$6.00 per acre.