

## **Timeshare Branding Strategies During a Down Economy**

*by Andy Cingolani*

With practically every component of the recent economic downturn – lower consumer spending, tighter credit markets, depressed real estate values – having a negative impact on the vacation ownership industry, it's no surprise that sales fell off in 2008 after years of rapid growth.

At US\$9.8 billion in 2008, timeshare sales industry wide dropped by 8% from 2007, compared with compounded annual growth of 13% from 2003 to 2007. Mortgage securitizations came to an abrupt stop due to frozen credit markets at the end of 2008, leading to widely reported layoffs among most of the larger developers.

So, that said, what's a poor timeshare brand marketer inclined to do with their messaging in response to these downward trends?

Surprisingly, very little.

"Our branding message has actually been reinforced by the current economy," says Mark Waltrip, chief operations officer for Westgate Resorts. "Owning your vacation provides a greater value than spending your money on hotel stays."

According to Waltrip, the downward trend in the economy has not forced a change in Westgate Resorts' branding message. Instead, the recession has given their existing value proposition more relevance.

"We have seen our sales and marketing efficiencies increase or hold steady across the country, even as the economy shifted downward," he says. "We attribute this to the value proposition we provide the consumer that demonstrates the value of owning your vacation versus renting hotels."

For Westgate Resorts, whose branding message is typically delivered at the point of initial marketing contact with the consumer, the message is closely tied to the overall sales process, moving from marketing to sales to ownership. For companies with larger global brands, like Wyndham Vacation Ownership, brand messaging is usually established prior to that process.

As a result, consumers already have brand awareness at the point of initial marketing contact. Nevertheless, according to Adam Schwartz, Wyndham Vacation Ownership's chief communications officer, maintaining their already established value proposition has been the prevailing brand strategy.

"We haven't changed our messaging as a result of the economy," Schwartz says. "In fact, we're focusing on highlighting the value proposition of our products now more than ever because that message continues to resonate with our current owners as well as our prospective consumer base."

Schwartz says that Wyndham Vacation Ownership enjoys some advantages because the company's timeshare products deliver additional perceived value for value conscious consumers.

"Our message doesn't stop at the value of taking vacations and spending time with your family," he says. "Since we offer a points-based product, we focus on promoting that flexibility and customization since that is what consumers have come to expect more and more."

While the core branding message at Wyndham Vacation Ownership has not changed significantly due to the economic downturn, Schwartz says they have emphasized parts of that message differently. A customer service initiative termed "*Count on Me!*" has drawn a positive response from owners, prompting the company to use it more prominently over time to emphasize the value of the consumer experience.

"We have maintained a laser focus on our *Count on Me!* customer service initiative, which was actually launched in the months preceding the recession," Schwartz says. "However, that focus has remained an absolute priority for us, despite the events of the last 12 to 18 months, and we're continuing to receive high marks from our owners on the service they receive from us during every interaction."

For Westgate Resorts, the recession has impacted who they target with their message and how they deliver it. According to Waltrip, the company has started directing its message more specifically toward the demographics that prove to be most profitable. Primarily, this is in an effort to satisfy a credit market that has become much more selective than it was just a couple of years ago.

"Our strategies have been impacted more by the credit markets than by penetration," he says. "The current credit markets demand that we improve the quality of our sales and the performance of the mortgages that our timeshare sales generate. Our business model is very dependent upon using receivables financing to monetize the mortgages we create to fund future sales. In order to obtain this financing, we have to improve the quality of our consumers."

As a result of the demands of the credit markets, adjustments have been made in Westgate Resorts' primary marketing segments: OPC site marketing and specialty marketing programs like vacation package sales and telemarketing. Even with the revised strategy, the value proposition message is substantially the same.

"We have had to make significant changes to these marketing programs to include introducing credit scoring of the consumer prior to and during the sales process, and the elimination of marketing channels that provide sales prospects who have routinely low credit scores."

Moving forward, timeshare developers will have a wealth of lessons to be derived from the recession of 2008-2009. American Resort Development Association President and CEO Howard Nusbaum, was recently quoted in an article as saying, "Surviving this storm is leading us to a better business model, one that is more efficient than our industry has ever known."

Waltrip echoed Nusbaum's comments, saying that Westgate Resorts has focused on assimilating the lessons learned while responding to the economic downturn.

"It has certainly refocused our attention on how we spend our money and the value of enhancing the credit worthiness of our consumer. We have actually become more profitable on less sales volume, and I am certain we will carry this forward regardless of the changes in the economy."