

Perspective

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H10 Premium

**Bert Hurstfield Leads H10 Resorts
To Shared Ownership Success**

THIS ISSUE Regaining Sales Momentum, A-List with Denis Ebrill SMVC, Turkey Set For Tourism, Timeshare Pioneers Part II, Brand Building In A Recession

Timeshare Branding Strategies During a Down Economy

By Andy Cingolani



Adam Schwartz, chief communications officer, Wyndham Vacation Ownership

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.



Mark Waltrip, chief operations officer, Westgate Resorts

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

steady across the country, even as the economy shifted downward," he says. "We attribute this to the value proposition we provide the consumer

Waltrip: "Our branding message has actually been reinforced by the current economy."

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

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



Westgate Park City



“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.”

Andy Cingolani is a writer and marketing consultant in Orlando, Florida. He has more than 20 years of experience, with a background in timeshare and advertising. For more details, visit www.andycingolani.com.



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