

Timesharing - An Opportunity For Hotel Operators

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During the past few years, an increasing number of large hotel brands have shown a market interest in the timeshare industry. This article explains why it was bound to happen and the underlying rationale.

The entry of major hospitality companies into the timeshare industry has pleased many, surprised some, and even astounded a few skeptics. With such proponents the industry has reached new levels of sophistication in design, service, and marketing and sales presentation methodology.

The pressure of major hoteliers has raised the creditability level and made the product and its presentation more palatable. Customers have responded with their checkbooks and positive satisfaction levels. For hotel operators, this spells brand loyalty, profits and the development of a new, but compatible business. There is an inescapable industry ground swell to higher levels of quality, service and value.

The reasons supporting this surge of growth are as follows:

- The timeshare industry is expanding four times higher than the hotel industry. It creates new markets, expands existing markets and creates profits.
- Timesharing provides increased occupancy from leisure/business segments and provides another room rental product for hotels.
- The timeshare customer is a socio-economic fit with hotel guests.
- Food and beverage revenue is boosted through more frequent visitations, extended stays and the availability of more spendable income since accommodations are pre-paid.
- Increasing brand loyalty translates into more business and a "lifetime" customer.
- Hotels experience significant revenue from timeshare marketing programs. In some markets, timesharing operations have been the largest single customer of an adjacent hotel.
- Timesharing units have occupancy levels of 80-90%.
- Timeshare marketing spends large promotional dollars on literature that promotes the hotel to new customers.
- Higher occupancy levels increase revenues for ancillary

departments such as golf, tennis and spas.

- Timesharing flattens operational peaks and valleys for hotels and stabilizes personnel utilization.
- Converting unused rooms can stabilize cash flow and accelerate debt service.
- Timesharing helps amortize land costs and share infrastructure expenses.
- Timeshare units enhance a hotel's room mix, and fulfill the image of a full service resort operation.
- Cross-marketing opportunities help leverage the brand to its fullest extent.
- The integration of timesharing with hotel operations makes efficient use of human resources, and creates career development opportunities.

Today hoteliers are looking at the timesharing industry as more than selling a weekly interval. It is viewed as a prepayment of holiday accommodation providing use flexibility, location diversity, new customer bases, and variety of holiday experiences. It is the same old theme, perhaps, but now packaged in the sophisticated wrappings of a club, point use, and peripheral travel options.

Timesharing is a vastly different product today from even four or five years ago, and certainly one destined to be even more desirable in the future. In its varied forms, it is the leisure product of tomorrow.

While this concept is not right for everyone, it is myopic thinking for hotels to assume that timesharing is not suitable for them without investigation, analysis, and objective consideration of the concept. Today's leisure customer has many options for their discretionary holiday dollars. We must rely on new products to insure future growth, and move from a mentality of sharing markets to the aggressive posture of creating markets.

Overall, I believe the case for integrating timesharing into the strategy and future of hotel operations is a compelling one, and there are quantifiable advantages that support such thinking. The concept helps fuse the diverse perspective of hoteliers and timeshare developers into a common plan that creates opportunities and profits.

Hotels have done much to ensure the future of timesharing, but timesharing is also showing that the future of hotels can be enhanced by this concept. Working together adds synergistic value to both.