

# Trend Spotting for the Timeshare Industry

Working vacations. Staycations. Weekend vacations. Travel-trend research leader Peter Yesawich examines just what's behind these phenomena and what they mean for the business of vacation ownership.

[ ] By Betsy Sheldon



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For more than 20 years, the shared ownership community has been turning to Peter C. Yesawich, Ph.D., for a clearer understanding of what motivates the prospective timeshare owner. Yet after all this time, the results of his own research can still take him by surprise. The vice chairman of MMGY Global has been instrumental in the development, execution, and analysis of two major ongoing studies: *Portrait of American Travelers* and *Shared Resort Real Estate Ownership*. Here, he offers a closer look at the most recent results — some unexpected — and just what those findings might mean to the vacation ownership industry.

**At the Shared Ownership Investment Conference in September 2012, you presented the highlights of the *Shared Resort Real Estate Ownership 2012: A Market Perspective* study. What were the takeaways from your presentation?**

There were two critical findings. During the next couple of years, buyers want to purchase a shorter-term commitment, less than three-years' usage of some form of shared ownership. And that's about two-thirds of potential buyers. That's pretty significant, because the standard product marketed in the

industry today tends to be a weeklong interval.

The second big headline is the fact that the Internet has now become the preferred source for prospective buyers to plan vacations, purchase travel services, and engage with friends and family who've had vacation experiences. The implications for the business are quite profound. Let me give you an example: We looked at the percentage of potential buyers who have a smartphone with Internet access. That number is now approaching six out of 10. Then we asked, “What are the kinds of things that people do with the mobile devices?” And it turns out that a lot of them are increasingly shopping for deals after they have arrived at a destination, and using GPS functionality to find out where to go and what to do.

As you know, most people don't come to Orlando having decided ahead of time they're going to take a sales tour. So, here's an opportunity for some form of engagement that gets them to come to a sales presentation after they've arrived. The sales and marketing techniques that have been used in the past are rapidly being reinvented. More and more people are using these devices as pocket guides. And that's a technology that can work to aid marketers in pushing options to people, as well.

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#### Your other presentation at the conference was ...

Emerging leisure travel trends in America. It comes from another piece of work that we author called *Portrait of American Travelers*. It's about lifestyle and travel trends and how they are affecting vacation behavior.

#### Anything in that study that is surprising to you?

Two things: One is the incredible reliance people are now placing on trusted online advisors when it comes to vacation planning. And probably the most well-known and trusted is tripadvisor.com. Now, almost two-thirds of travelers tell us they consult the reviews on tripadvisor.com before they actually make a purchase decision. That's a remarkable number. And it's important to make the distinction between a trusted advisor and someone who's blogging online, posting photographs, or simply asserting opinions, because those activities don't have the same influence on the consumer.

The second is the remarkable result of the rapid shift in distribution to the online world — *pricing transparency*. For example, if you go to a meta search engine such as kayak.com and you want to book an airline ticket from Miami to New York, it will aggregate airfares that are offered when you want to travel for

airlines that make inventory available on that site. Now, on one screen, the consumer can see the price on JetBlue, the price on Delta, and so forth. You couldn't do that five years ago. If you wanted to shop prices comparatively, you had to have a great travel agent or make multiple phone calls. Basically, you had to spend a lot of time trying to get the best deal. And now, with just a couple of clicks, I can comparison shop not just airfares, but complete vacation packages.

That has a huge impact on everything from brands to the effectiveness of efforts by marketers who generate first-time sales. I'm sure you've heard this story: A couple goes to a sales presentation; they have a wonderful tour. They go back to discuss it. They have a glass of wine, and then say, "Let's see if we can find a better price online for that week we're thinking about buying." Now they can look it up and may discover, "Gee, they wanted US\$24,000 for the week we saw today, and here's a resale for US\$17,000."

So pricing transparency is having a huge impact on the business in terms of marketing and distribution.

#### That doesn't sound like a good thing for the marketers.

It isn't.



#### Is there any upside to this?

The upside is that these techniques are going to attract a lot more eyeballs. But the challenge side is you can't hide. Because the ability of consumers to communicate content quickly and express their satisfaction or dissatisfaction has been enhanced by these new means of communication.

A couple years ago, I showed a video of a kid who had gone to a timeshare presentation in Colorado because he got an invitation that included a free prize. So after the tour, he's placed his phone camera on the dashboard of his car, and as he's driving back down the mountain, he starts telling the story of his experience on this tour. It's pretty hysterical. The point I'm making is that this kid posted that video online and it got 40,000 views. Forty thousand views! That's the kind of exposure potential that's out there.

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them a premium for being green.”

**So what does the industry do to optimize opportunities for creating a positive impression?**

Well, you have to be very mindful about what’s posted online about your property to the extent that you *can*. And be mindful of the fact that you can never manage negative content. Quite honestly, if the negative content is managed out, the source is not considered credible anyway.

**How many years have you been monitoring the U.S. traveler and the timeshare prospect?**

The *Portrait of American Travelers* is in its 22nd year. And the shared ownership report, probably about 15 years.

**How have shared ownership travelers changed over the years?**

Today, they look like most leisure travelers. In fact, as the timeshare product has matured, the demographic profile of the owner has improved, too. It’s more upscale than 10 years ago.

Another thing that’s interesting to note is that the highest incidence of interest in purchasing is among the youngest members of our society. There appears to be pent-up demand in interest among the 25- to 35-year-olds. A lot of that probably has to do with the sense of vacation deprivation they have endured over the past three or four years. They didn’t have a lot of discretionary income to begin with, and they had to economize on their vacation spending or postpone trips. That’s now changing and, as a result, you see a resurgence of interest in ownership among younger members of the traveling public.



**What have been the most significant influences on the behaviors of the timeshare prospect?**

Work habits. With the advancement of technology, there’s a sense of being overwhelmed by work. Our workday is getting longer, and many people now work on weekends, even if they do it from home on a laptop. The sanctity of Saturday disappeared 10 years ago. And that has had a huge impact on the way we think about vacationing.

There’s also a growing sense of compression — contemporary life continues to percolate. And that is part of what’s driving down the average length of vacations. Ten years ago, seven to 10 days was the vacation standard. Today, the most popular form of vacationing in America is a weekend trip. That’s a function of not just cost but, increasingly, it’s a function of the time available for vacations. And this is a direct result of contemporary work habits and how technology has influenced our perception of leisure time.

**Talk about destination trends.**

The most popular destinations continue to be beach locations. But as people get older, they tend to exhibit a growing preference for urban experiences. So you see a renewed interest in vacationing in places like Miami, New York, and San Diego. I think that’s a natural consequence of aging, because their kids are grown and gone, the prospect of going to the pool for half a day has lost its appeal. And we see some pretty compelling evidence of that shift in preference today.

**In terms of activity, what are vacationers choosing?**

Spas are booming. Four out of 10 travelers today say that a spa experience is of great interest to them on vacation. And interest in gambling remains stable. But I’ll tell you the one activity in which interest has declined most precipitously is golf. That’s also a function of the same thing we’ve been talking about: time. Golf has very limited appeal to millennial travelers and even to a certain degree Gen Xers,

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because it takes the better part of a day to enjoy the experience, and they’re simply not prepared to invest the time. The appeal of golf tends to be concentrated within the 55-plus age group.

**A few years ago, you said you were surprised at the interest in environmentally responsible vacationing.**

Yes. Eighty percent of travelers — by self-report — are environmentally conscious. That number is rock solid. And when you ask, “All things being equal, would you be inclined to select a travel-service supplier that demonstrates environmental responsibility over another?” The answer is, for the most part, yes. Then you ask, “Are you prepared to pay a premium to patronize those travel-service providers?” That’s where the model breaks down. Because overwhelmingly, the answer is no. So we want to be green. We want suppliers to be green. But we just aren’t prepared to pay them a premium for being green.

**Any other trends that intrigue you?**

Yes, this whole staycation phenomenon. We thought it was a media myth a few years ago. But this year, it’s estimated that probably a little over one out of four American travelers took a vacation within 50 miles of their residence as an alternative to traveling a greater distance. That’s a very substantial number of people who made a conscious choice. The question is: Why? Some people say it’s the cost of gasoline, but that’s not it in my view. To me, it’s the issue of how much time it takes to get to your destination, and get home.



**What do you do on vacation?**

My wife and I like to explore. We always go to a new place on our next vacation. And we’re partial to urban locations. We also enjoy wine and cuisine, and have traveled to most of the great wine regions of the world. And the ones we haven’t, we’re already planning to visit.

We also enjoy cruising, and just took a wonderful seven-day cruise on the Black Sea in Eastern Europe, including Ukraine, Bulgaria, Romania, and Turkey. Every day, we awakened in a different country. And as much as I enjoyed it, I’m surprised I didn’t go crazy being away from the office that long.

**Why?**

Well, it sounds weird, but staying connected with the office and work obligations is the only way I can relax and enjoy my vacation. The ship had good Internet access, and I think the onboard Wi-Fi saved me.

And that’s an interesting trend, by the way. Staying connected with work is important to about four out of 10 travelers today, and that number continues to grow. There’s this weird psychology that if you’re not able to download and answer your email in the morning, you’re not going to be able to enjoy yourself the rest of the day. And I know if the Internet’s not working, I’m probably going to have a miserable day.

**Knowing the travel animal as well as you do, which is the prospective timeshare buyer most similar to? A homing pigeon, always returning to the same place? A wolf, who travels in packs? A dolphin, playful, outgoing, and loves the water? Or a lizard, who likes to lie still and bask in the sun?**

I would say a golden retriever: They are adventurous, optimistic, playful, and they’re always at home in the company of others. [ ]