

Table 7.3 Excerpts from “Profile of Timeshare Owners”

The Baby Boomer generation (ages 45–63) is the largest segment (45%).
 Half of timeshare owners are employed full-time (52%).
 Timeshare owners are more educated than the U.S. population as a whole (43% received college education; 19% received graduate school training).
 Average household income of \$92,405 for all owners. Roughly 92% of timeshare owning households reported incomes that exceed the United States average of \$50,233.
 Beaches (52%), attractions/entertainment (48%), and shopping (39%) are the most attractive resort characteristics.

Source: Reprinted with permission from ARDA, originally printed in November/December 2009 Developments magazine. The ARDA International Foundation updates research regularly—please see www.arda.org/researchlibrary/ for the latest data and statistics.

classified as “blue,” medium-demand “white,” and high-demand “red.”⁹ For example, a week during Christmas in Orlando, Florida, would probably be more desirable than a week in February in Okoboji, Iowa.

The allure of timeshare ownership is especially strong in the United States, where purchases are growing at an 8% compounded annual rate.¹⁰ The United States leads the world in the timeshare market, with over 3.2 million owners, and Americans are also active buyers of timeshares in other countries (see Table 7.3). The popularity of timeshares is expected to continue growing as more and more baby boomers enter the prime age for buying second homes (ages 52 to 70), and more hotel companies begin supplying the timeshare market. Hotel companies such as Disney, Hilton, Hyatt, InterContinental, Marriott, and Starwood Hotels are being attracted to this industry segment because occupancy rates average almost 94%.¹¹ With over 5,000 properties worldwide and many

FYI SIMILAR BUT DIFFERENT

Timeshares are similar to hotels, but they are also different in many ways. When you walk in the front door, many things will seem the same as you approach the front desk or reception area. Even the key cards to your room will look the same. You might start noticing a difference when it comes to service. Room service is probably out of the question and housekeeping services will only be provided mid-week rather than every day. The number of food and beverage options will definitely be more limited, but your accommodations almost always be larger and, you can prepare your own meals in a fully equipped kitchen. It takes the same types of employees to operate timeshares as it does a hotel

and research has shown that the skills needed by employees in both types of settings are very similar.

While operational issues may be the same, timeshares unlike hotels and resorts are owned by many individuals who typically purchase one or two weeks of vacation time. Since owning a timeshare is a real estate investment, owners are required to pay insurance, maintenance fees, management fees, and real estate taxes. To attract and sell timeshare units require a great deal of marketing effort, and, in fact, 30–50% of the sales price for a timeshare is composed of marketing expenses such as salaries and enticements to attend sales presentations. However, today, you don't even need to sit through a

presentation to buy a timeshare. Internet access to photo galleries, videos, and live chats combined with detailed purchasing and ownership costs can make ownership a no-stress exercise.

Timeshare ownership should not be looked at as a standard real estate investment that will grow in value, but more like an automobile purchase that will decrease in value over time. While there should be residual value, timeshare purchasers are really buying the opportunity to vacation in prime locations in well-maintained facilities for a life time. Although timeshares may be different than hotels, the lure of owning a piece of paradise continues to grow and attract a younger audience each year!

Source: Based on Timeshares Come of Age. (2016, March), *Consumer Reports*, Vol. 81(3), pp 48–52; Ricci, Peter and Kaufman, Tammie. (2007), Managerial Expectations for New Hires: Similarities Between Vacation Ownership and Traditional Lodging, *Journal of Teaching in Travel and Tourism*, Vol. 7(2), pp 35–49; ARDA News and Information. (2016), <http://www.arda.org/news-information/industryinformation/overview.aspx>.