VACATION INDUSTRY

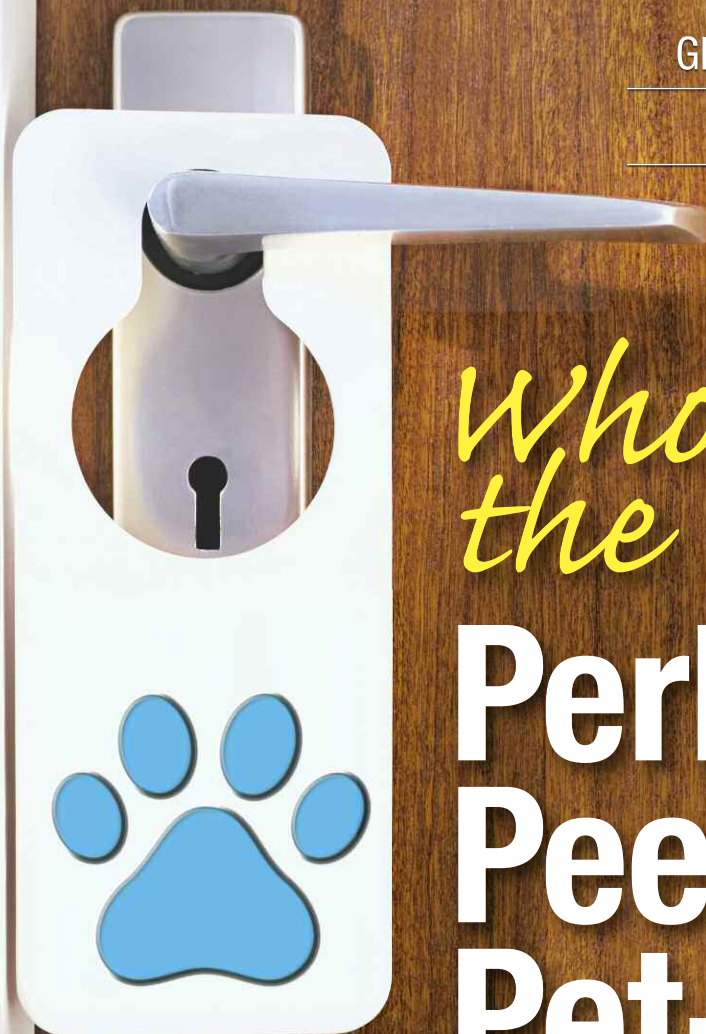
review

JANUARY – MARCH 2015

IN-ROOM TECHNOLOGY
Leaving Guests to Their Own Devices

MARKET INTELLIGENCE
Global Member Studies Compared

REITS and Vacation Ownership



Who Let the Dogs In?

Perks and Peeves at Pet-Friendly Resorts

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IntervalWorld.com: Optimizes results at the sales table and increases members' transactions. Also available in a mobile version.

Interval Sales Tool Kit: Features The Globe, a 3-D representation of Interval's exchange network, complete with informative videos, stunning imagery, and other impactful content.

Interval HD: Destination and resort videos, and powerful member testimonials.

Interval International App: The online Resort Directory and Getaway bookings on the go.

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- Seamlessly integrates with Resort Directory and Interval HD
- Destination descriptions and images complete the package
- Puts vacation planning at members' fingertips

VACATION CALCULATOR

- Modernizes the pencil pitch
- Reinforces the value proposition of vacation ownership

MAGAZINES

- Prospects can view destination features, cruise offers, and more with the digital version of *Interval World*, one of the top-rated membership benefits
- Industry news is just a touch away with the digital edition of *Vacation Industry Review*

INTERVAL EXCHANGE TRACKER

- Vacation exchange comes to life on an interactive map
- Displays where real members are traveling in Interval's network
- Can be customized to show resort-specific exchange activity

INTERVAL HD

- Destination and resort videos
- Helpful videos, including member testimonials and overviews
- Animated Highlights presentations

RESORT DIRECTORY

- High-quality resort images
- Informative descriptions
- Amenities listings

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US$1	=	€0.81, £0.64, R$2.57, R11.13
£1	=	US$1.56, €1.26, R$4.03, R17.41
€1	=	US$1.24, £0.79, R$3.20; R13.79
R$1*	=	US$0.39, £0.25, €0.31, R4.33
R1**	=	US$0.09, £0.06, €0.07, R$0.23

Valid at time of publication.
Visit xe.com for other currency conversions.
*Brazilian real **South African rand

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BY **Craig M. Nash**
CHAIRMAN, PRESIDENT, AND CEO
INTERVAL LEISURE GROUP

We have a responsibility to record not just the what, where, and when, but the *who* . . . as integral as the numbers, facts, and dates to understanding who we are, where we've come from, and — ultimately — where we're going.

The Human **Equation**

There's something compelling about a timeline. That was my thought as I read with interest Howard Nusbaum's recent article in *Developments*. As always, Howard's perspectives were a worthy read, but what caught my eye first was a sidebar of landmark dates in our industry's half-century of history, beginning with the opening of the first timeshare resort in Switzerland and finishing with the return to growth mode in 2013.

The timeline is an element that reels us into the story, bringing to life facts and dates. It helps us hang on to the information. It paints a clearer picture of the relationships and interconnectedness of the events.

And as Interval International looks forward to its 40th anniversary in 2016, our own timeline commands my thoughts. Our company's firsts and bests are logged in and arranged on a continuum that gets longer and longer with each passing year.

Many in our industry have developed timelines and compiled historical accounts — some internally focused and others industry-encompassing. And gathered together, they ought to tell a comprehensive story of timesharing.

Something's Missing

Our collective chronologies do a good job of recording many things: the establishment of organizations, the launch of landmark regulations, the entry of major brands and companies, the introduction of new products, even the anniversaries of negative events such as the market crash of 2008.

But as I reflect on my own long history with vacation ownership — especially on the heels of Interval's Shared Ownership Investment Conference in October when I had the opportunity to catch up with so many old friends — it occurs to me that there's something missing in our cumulative archives: the *human* equation. The stories of industry giants and trailblazers. The recognition of those individuals behind our most important mile markers.

How can we, for example, mention the formation of ARDA's forerunner — the American Land Development Association — without acknowledging Bill Ingersoll and Gary Terry? How can we remember the entry of Marriott, the first brand to embrace timesharing, without understanding the roles that J.W. Marriott, Ed McMullen, and Bob Miller played?

And how can we talk about the development of the Model Timeshare Act in 1983 without bringing the creators into the discussion? When I became part of the industry more than 30 years ago, I cut my teeth on helping to craft the seminal provisions that served as the framework for constructive timesharing legislation in the U.S. And I was privileged to work with groundbreakers such as Perry Snyderman, Art Spalding, and others.

What Ever Happened to ... ?

Upon our return from the investment conference this fall, some of us at Interval found ourselves recalling colleagues, clients, and partners of the past four decades. Allen Ten Broek's and Robert Taylor's names came up — their company, The Mariner Group, was one of the early pioneers of purpose-built themed resorts in Florida. We remembered how Tom Bowes, who developed some of the first timeshare resorts in New Orleans, helped us throw one of Interval's early parties when New Orleans hosted the ARDA annual convention. We acknowledged the role that Richard Sutton played in bringing timesharing to the nascent resort community of Cancún in 1978.

Our "whatever-happened-to" session was a lot of fun and raised more than a few laughs as we recounted memories and updated each other on the whereabouts of former employees, clients, and industry acquaintances.

We also remembered those who've left us: Mario Rodriguez and Tom Davis, of course, the founders of Interval International; Ron Haylock, who helped shape Europe's timeshare trade organizations; Frank Eck, responsible for writing the Virginia Timeshare Act and other industry-related timeshare legislation in that state; and too many others.

Beyond Oral History

We have an obligation, however, to do more than simply reminisce and swap stories. We have a responsibility to record not just the what, where, and when, but the *who*. To chronicle the human history, as integral as the numbers, facts, and dates to understanding who we are, where we've come from, and — ultimately — where we're going.

Often, when I think of timelines, I picture the well-known chart of the evolution of man that concludes with an upright Homo sapiens. And when I imagine our chronology, I like to envision the images of our industry's founders and change agents striding alongside the dates and milestones. Where visionaries such as Gary, Mario, Perry, and others transform the timeline of timesharing to much more than quantifiable firsts and bests — a salute to our best and brightest. [ ]

A Strong Pulse

AIF Quarterly Survey Reports Upswing in Sales, Capital Expenditures

Key indicators from the *AIF 2014 Second Quarter Pulse Survey* demonstrate a healthy financial performance for vacation ownership. And the industry, according to Darla Zanini, executive vice president of the ARDA International Foundation, "continues the upward trend we saw in our *2014 State of the Vacation Timeshare Industry* report released in May. Double-digit increases in both net-originated timeshare sales volume and total capital expenditures point to both strong quarterly sales and reinvestment into the category."

The survey results reflect the responses from 22 companies, and the financial information contained in the survey includes the second quarter of 2014 (Q2 2014) compared to the second quarter of 2013 (Q2 2013).

Timeshare Sales: Fee-for-Service on the Rise

The total net originated sales for Q2 2014 was US$1.68 billion, an increase of 14.5 percent in sales volume over Q2 2013. Of further interest, within that aggregate, fee-for-service arrangements experienced an increase of 31.2 percent, with sales volume growing from US$143 million in Q2 2013 to US$188.85 million in Q2 2014.

"The fee-for-service component of our industry's sales numbers is one of the more exciting recent growth points to watch, in terms of new revenue to the mix," says Howard Nusbaum (inset), president and CEO of ARDA.

The Downs and Ups of Capital Expenditures

Survey respondents were asked to provide total capital expenditures related to new timeshare inventory projects, completion of existing timeshare inventory projects, and fully constructed inventory (for example, turnkey, just-in-time inventory purchases, and buy-backs from homeowners' associations).

Capital expenditures on new timeshare inventory projects and existing timeshare inventory projects decreased by 43.7 percent (to US$1.88 million) and 12.2 percent (to US$102.18 million), respectively, from Q2 2013 to Q2 2014. But capital expenditures related to completed inventory increased by 258.9 percent.

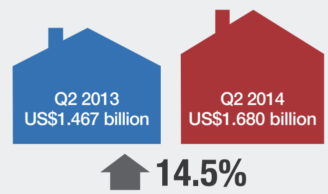
Overall, capital expenditures increased by 22.1 percent in Q2 2014 compared to Q2 2013. [ ]

See page 2 for currency conversions.

KEY PERFORMANCE INDICATORS

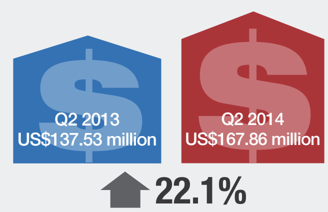
Sales Performance:

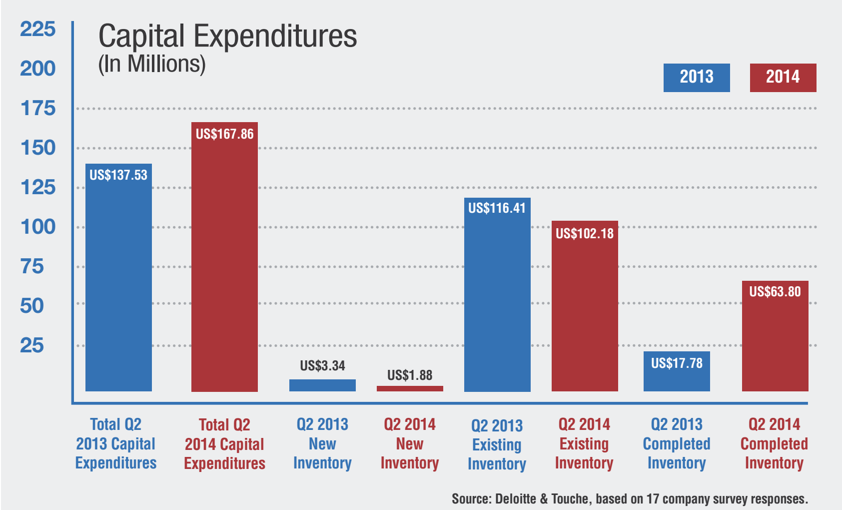
Net originated timeshare sales (including telesales and fee-for-service) increased 14.5 percent from Q2 2013.



Other Metrics:

Capital expenditures increased 22.1 percent from Q2 2013.





Source: Deloitte & Touche, based on 17 company survey responses.

About the Pulse Survey

In response to the impact of the frozen credit market on the timeshare industry, in October 2008, AIF conducted its first quarterly financial performance pulse survey, providing the industry with critical, current information to use in discussions with U.S. congressional representatives, the Department of the Treasury, and members of the Federal Reserve. Because of its success, the ARDA board of directors asked the AIF to continue the collection of key financial metrics on a quarterly basis. Since 2009, Deloitte & Touche has been engaged to conduct the quarterly surveys.

ILG NEWS

ILG Acquires Hyatt Residential Group

Interval Leisure Group has completed the acquisition of Hyatt Residential Group from affiliates of Hyatt Hotels Corporation. The purchase includes Hyatt's interest in a joint venture that owns and is developing Hyatt Ka'anapali Beach, a 131-unit shared ownership property in Maui.

In connection with the acquisition, a subsidiary of ILG has entered into a global master license agreement with respect to the exclusive use of the Hyatt brand in shared ownership. Hyatt will receive annual license fees, and the Hyatt Residence Club and 16 existing shared ownership resorts will retain the Hyatt Residence Club brand. The approximately 30,000 Hyatt Residence Club owners will continue to receive all privileges currently associated with their memberships, including Hyatt Gold Passport benefits.

Hyatt Hotels Corporation, headquartered in Chicago, is a leading global hospitality company with subsidiaries that manage, franchise, license, own, and develop hotels, resorts, branded residences, and vacation ownership properties under various brand names and have locations on six continents.

AFFILIATIONS AND AWARDS

Guaduales del Café

The first phase of a mixed-use resort in the heart of Colombia's Coffee Triangle is expected to be completed in the first quarter of 2015. Guaduales del Café has integrated sustainable building practices, using eco-friendly materials and natural light and airflow to reduce energy use. The two-bedroom units are to feature contemporary design and up-to-date amenities such as Wi-Fi.

Palace Resorts

Moon Palace Jamaica Grande in Ocho Rios, Jamaica, and the adults-only **Le Blanc Spa Resort** on Mexico's Riviera Maya are two more Palace Resorts that have joined the Interval International exchange network. Both properties offer lavish amenities such as a double-wave simulator (Jamaica) and a 24-hour butler (Le Blanc). The Jamaica resort is set to open the first quarter of 2015. Three other properties — Moon Palace Golf & Spa Resort – Nizuc, Cozumel Palace, and Isla Mujeres Palace — affiliated with Interval earlier in 2014.

Market Specific

Global Insight from Interval's Membership Studies

By Jacquelyn Kalis

In business, there is no one-size-fits-all key to success. Take global food titan McDonald's, for example, which strives to tailor its products to the desires of each market it enters, all while maintaining consistent standards. Beneath the golden arches, from America to Argentina, you can expect to find its oft-praised fries and numerous takes on a burger. But there's also the McAloo Tikki (a spiced potato-croquette sandwich) in India and breakfast with cucumbers, tomatoes, and olives in Turkey. Chicken porridge in Malaysia; empanadas in Chile. The list goes on, and is constantly changing.

This same approach holds true for the vacation ownership industry. Smart development and ongoing improvements take into account the cultural differences, desires, and travel patterns of target markets, which can distinctly vary — or prove surprisingly congruous — from region to region, says Sharon Freed, Interval's senior vice president of consumer marketing. Recognizing the importance of up-to-date data on an international scale, Interval commissions research to provide a valuable resource for industry partners.

"When developers sell to a global audience, they need to understand that there are similarities and differences that exist around the world," says Freed. "Interval's consumer research serves as an invaluable tool to gain insight into the key factors that drive timeshare purchases in each region."

Interval's most current statistics include findings from its first-ever surveys of members in the Asia/Pacific and Australia/New Zealand regions. Together with Interval's recent U.S., U.K., and Latin America membership profiles, produced by hospitality consulting firm HVS, the results offer important information for resort developers directly from timeshare owners. The data run the gamut from who members are and what they own to what they look for in a timeshare purchase and how they like to vacation.

Among the key findings: Satisfaction with timeshare ownership is high across all markets surveyed, ranging from 75 to 85 percent. Demographics were similar across the board, as well: The vast majority of members are married, with average household incomes in excess of US$100,000. Yet stark differences arise when it comes to travel patterns, with the overall amount of leisure-travel days and lengths of vacations varying significantly in different regions.

Interest in purchasing additional timeshare also differed, with less demand in the U.S. and the U.K., where multiple-week ownership was already common among those surveyed. However, Latin America members showed the greatest interest in purchasing additional timeshare (34 percent) — particularly notable given that 49 percent already own two or more weeks. Demand in Asia was close behind, with one-third expressing interest in buying additional vacation ownership property.

Randy Faris/Corbis

Globally, the age of Interval members typically ranges from

54

to

64,

and most are married.

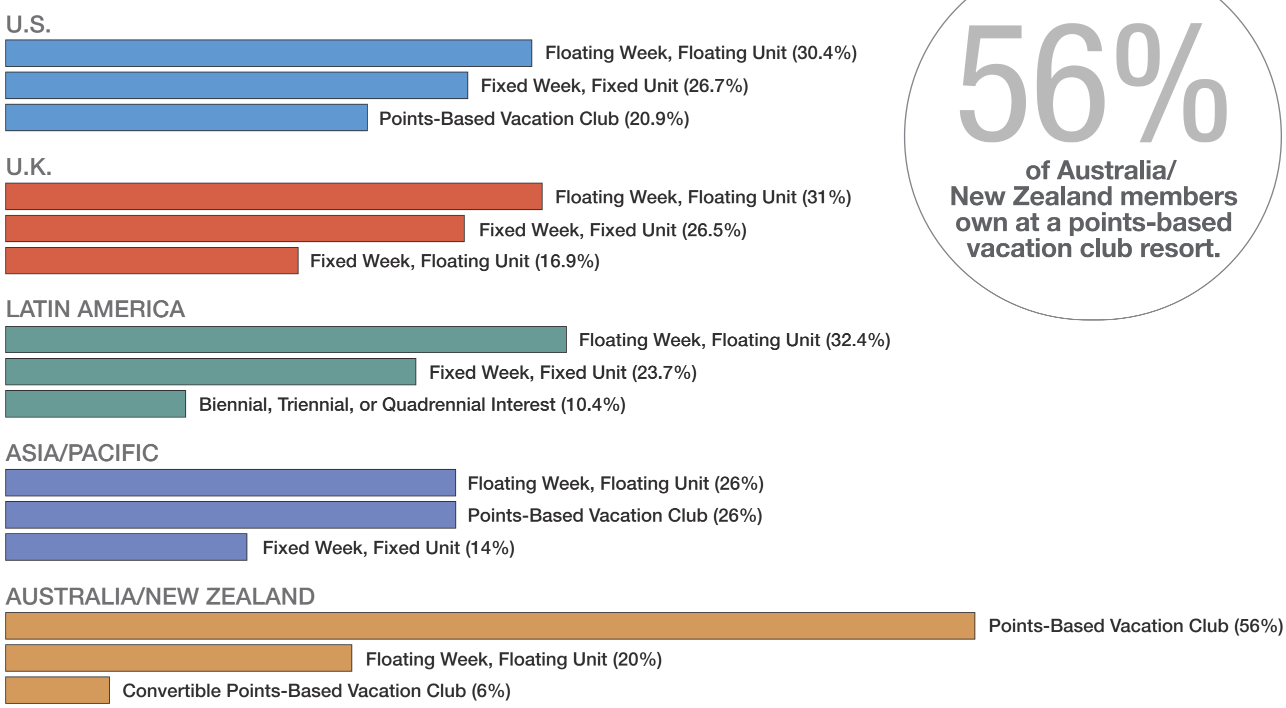
Who They Are and What They Own

Globally, the age of Interval members typically ranges from 54 to 64, and most are married. Average annual household income was highest in the U.S., and topped US$100,000 in all markets. Household size was two in all markets except Latin America, which had an average of between three and four people per home.

Approximately half of members surveyed own one week of timeshare. (Points ownership was included in the data based on week equivalents.) The most common amount of weeks owned followed the same order in all markets: one week, two weeks, four or more weeks, and three weeks, respectively. Multiple-week ownership is most common in the U.S. and the U.K., and least common in the Asia/Pacific and Australia/New Zealand markets.

Use plans vary, with floating week, floating unit representing a significant portion in all regions. Australia/New Zealand is the only market in which a majority of respondents have a points-based club use plan. “This data affirms a growing preference for greater flexibility in vacation ownership products,” says Joe Hickman, Interval’s vice president and executive director for Asia/Pacific. “From shorter exchange vacations to the ability to change travel plans for a low flat fee, this desire has shaped and continues to shape the development of products and programs for Interval members.”

Most Common Use Plans



56%

of Australia/ New Zealand members own at a points-based vacation club resort.

Members in markets outside the U.S. expressed

double-digit interest

in buying vacation ownership property in Europe.

What They Want

When making a timeshare purchase, price was the most important factor for members across the board. Second in influence on the timeshare purchase decision for U.S., U.K., and Australia/New Zealand members was maintenance fees, which was less critical for Latin America and Asia/Pacific members. In contrast, the Latin America and Asia/Pacific members care more about resort amenities at properties they are considering for a timeshare purchase than members from other markets.

For future timeshare purchases, a two-bedroom was the preferred unit type for more than half the survey respondents in all markets except Australia/New Zealand, where members seek one- and two-bedrooms at equal rates (42 percent). Two-bedroom units was also the second-most popular option for members from all markets aside from Australia/New Zealand. Demand for larger units was highest in Latin America, which also has the biggest average household size.

As for location, timeshare purchases within the members’ home regions proved popular in all markets, and approximately one-quarter of Latin America and Asia/Pacific members are interested in purchasing timeshare in the U.S. In addition, members in all markets outside the U.S. expressed double-digit interest in buying vacation ownership property in Europe.

How Much They Travel

Asia/Pacific members are vacationing significantly less than all other members surveyed, amounting to more than 10 days less than the total vacation days of any other market in a 12-month period. Australia/New Zealand members spent the most total days away from home in international destinations. Latin America members had the highest number of overall leisure nights away from home and the longest average stay for both domestic and international trips. On average, U.K. members took the shortest domestic vacations and U.S. members took the shortest international trips.

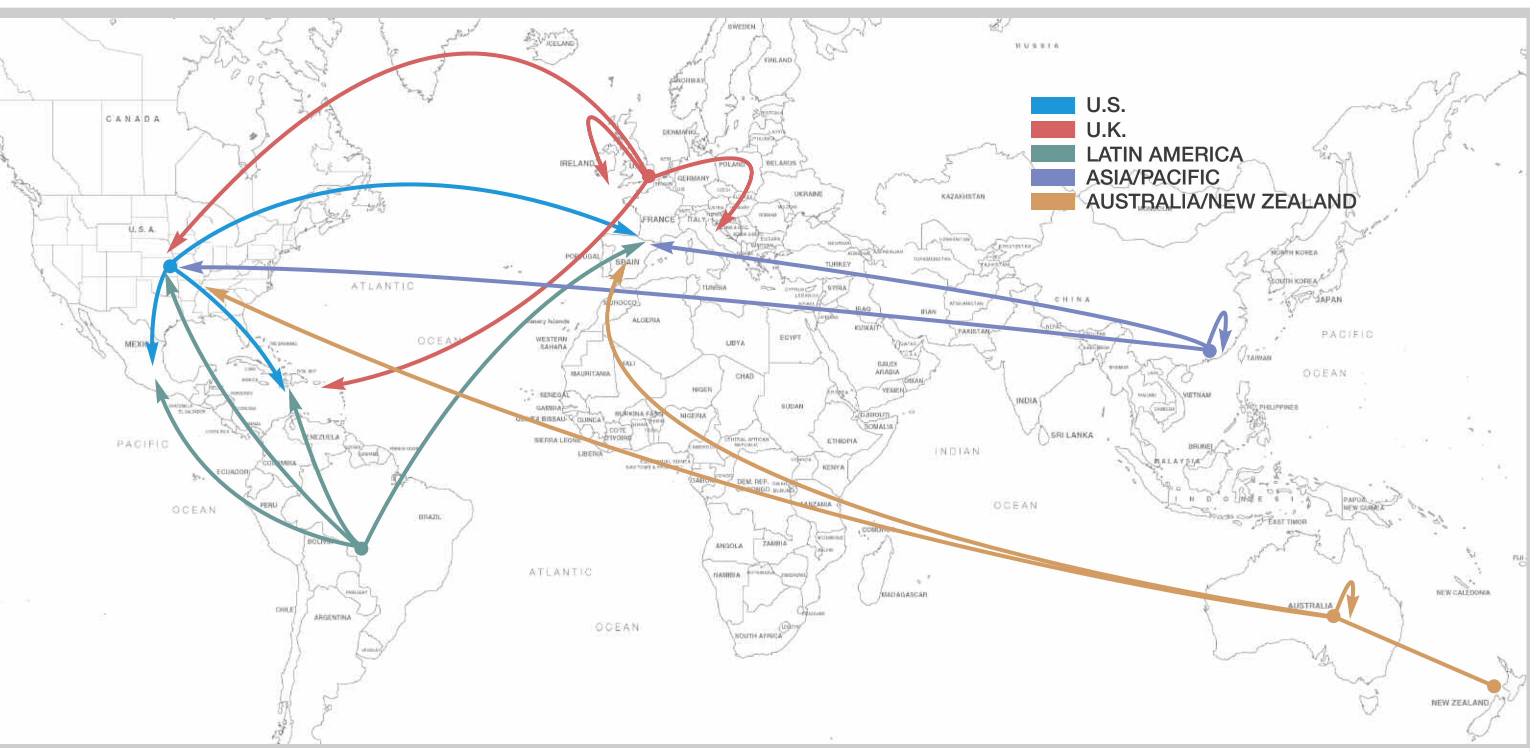
Travel Nights (Over 12 Months)

	U.S.	U.K.	LATIN AMERICA	ASIA/PACIFIC	AUSTRALIA/ NEW ZEALAND
Total Domestic Travel Nights	15.9	13.3	23.6	7	10
Total International Travel Nights	8.4	14.4	23.5	7	29

Where to Next?

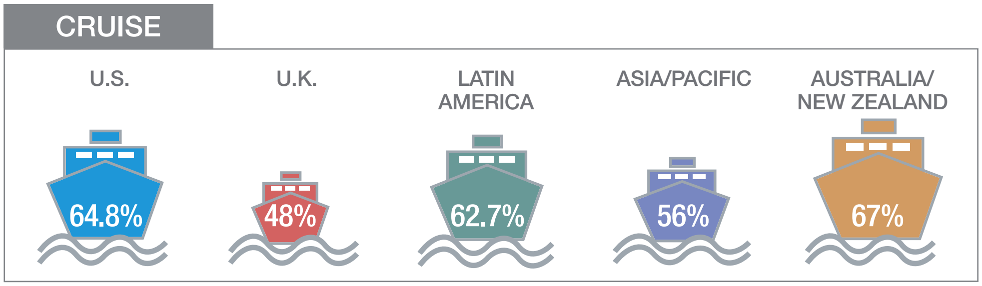
All markets showed double-digit interest in visits to the U.S. and Europe in the next two years. Additionally, nearly one-quarter of U.K. members surveyed would like to vacation in the Caribbean. Unlike other markets, Latin America members expressed greater interest in vacationing internationally rather than close to home.

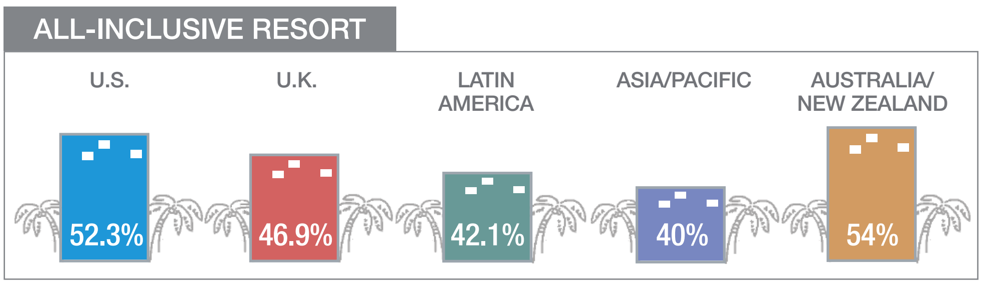
Most Popular Travel Destinations



- Most popular international destinations for U.S. members: Caribbean, the Bahamas, and Bermuda (38.8%); Europe (36.5%); and Mexico (24.6%)
- Most popular domestic destinations for U.S. members: Florida (55%); California (41.6%); and Hawaii (30.6%)
- Most popular destinations for U.K. members: the U.S. (49.4%); Europe outside the U.K. and Ireland (32%); the U.K. and Ireland (28.1%); and the Caribbean (22.5%)
- Most popular destinations for Latin America members: the U.S. (28.5%); Europe (27.7%); Mexico (9%); and the Caribbean (8.6%)
- Most popular destinations for Asia/Pacific members: Asia (24%); Europe (17%); and the U.S. (15%)
- Most popular destinations for Australia/New Zealand members: Australia (22%); Europe (17%); and the U.S. (14%)

Interest in Alternative Vacations





Members are also interested in alternative types of vacations: cruises and stays at all-inclusive resorts. The majority of the survey respondents are interested in cruising in the next two years, except in the U.K. Demand for all-inclusive resorts was less, although more than half of Australia/New Zealand members (54 percent) and U.S. members (52.3 percent) are interested.

For full copies of Interval's published research studies, visit ResortDeveloper.com or contact your resort sales and service representative.

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shared ownership

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AGENTS OF Change

The Shared Ownership Investment Conference And a Dynamic Industry Explored

"Change is a constant," noted Mike Hampton, opening speaker for the Shared Ownership Investment Conference in October 2014. The dean of the Florida International University Chaplin School of Hospitality & Tourism Management spoke about change in hospitality education, change in global growth, change in technology, and change in the way we do business.

That theme played out repeatedly over the two-day conference at the Fontainebleau in Miami Beach, Florida. From early-morning boot camps for delegates new to the industry to networking receptions at the end of the day, the more than 530 attendees explored aspects of shared ownership in transition.

The 16th annual investment conference, hosted by Interval International, gathered key industry experts and leaders to share valuable insights with attendees, who ranged from veteran developers to new entrants. Also attending were students from FIU and the University of Central Florida.

Keeping Current, Staying Relevant

"In its 16th year, the conference continues to grow the content in both breadth and depth for the benefit of attendees," says Bryan Ten Broek, senior vice president of resort sales and marketing for Interval. "While it is always our goal to provide basic information for those new to the vacation ownership industry, we also strive to keep attendees current on the industry's most important issues and trends."

During the opening session, Matt Avril, retired president of the Starwood Hotels & Resorts Worldwide hotel group, spoke of some of those trends as he explored the lessons learned and challenges that confront the industry today: trends such as pure-play independents, stabilizing capital markets, and the continued growth of capital-light deal structures.

Three experts addressed various aspects of the vacation ownership landscape and the state of the hospitality industry. Vail Brown, vice president of global business development and marketing for STR, Inc., focused on trends in the hotel industry. Howard Nusbaum, president and CEO of the American Resort Development Association, shared positive stats that have converted him from "cautious optimist" to just plain optimist. And Dave Pierzchala, senior vice president of Ipsos, presented updates in international markets, with a focus on the Caribbean and Latin America.

DP3 Studio

Interval International's Club Excellence honorees (above) were recognized for their outstanding customer service at an awards dinner held during the conference. Gold Key's Debra Anderson (left) received the top Winners Circle prize.

Marketplace in Motion

Additionally, guest speaker Kelly McDonald (previous page, top left), author of *How to Market to People Not Like You* and *Crafting the Customer Service Experience for People Not Like You*, explored ways to connect to an increasingly diverse market.

And of course, during the popular View From the Top session, the audience received insights from industry leaders (pictured on page 18, bottom) including: Jon Fredricks, president of Welk Resorts; Craig M. Nash, chairman, president, and CEO of Interval Leisure Group; Roberto Rotter, executive director of Plaza Hotéis and president of Brazil's hotel industry association; and Stephen P. Weisz, president and CEO of Marriott Vacations Worldwide Corporation.

Additional sessions covered topics ranging from hospitality investment trends and the reality of rentals to social media and growth in the Caribbean and Latin America.

Another conference highlight was the recognition of the 2013 North America Winners Circle sales incentive award recipients. Nine sales professionals received a briefcase with a check for US$500, while a lucky 10th, Debra Anderson from Gold Key Resorts in Virginia Beach, Virginia, opened her briefcase to find US$5,000.

Next year's Shared Ownership Investment Conference will take place at the Fontainebleau again and is scheduled for September 30 to October 2, 2015. "We've received lots of positive remarks about the venue," notes Ten Broek, "and we're looking forward to another successful event, welcoming back old friends and attracting new and prospective entrants to the industry." [ ]

The Shared Ownership Investment Conference was made possible through the support of the following sponsors:

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RESORT DEVELOPMENT ORGANISATION CONFERENCE (RDO5), LONDON, U.K.

Interval International was a platinum sponsor of the 2014 Resort Development Organisation annual conference (RDO5), held in September at the Pestana Chelsea Bridge Hotel in London. The theme was Stronger Together, and the event attracted approximately 130 delegates representing nearly 60 different businesses or organizations from across the shared ownership industry.

Interval was represented by David Gilbert, president; Darren Ettridge, senior vice president, resort sales and business development, Europe, Middle East, Africa, and Asia (EMEAA); Jose Miguel Echenagusia, vice president, legal and regulatory services, EMEAA; Janice Anderson-Pearne, vice president, client services, EMEAA; and Chris Sheldon, director, business development for U.K., Ireland, Malta, Greece, Cyprus, and Scandinavia.

The program covered topics from self-regulation in the industry to successful sales to opportunities and challenges for the future. RDO5 also tackled key issues affecting the industry, such as the risks posed by claims companies and the new regulations for credit lending in the U.K.

"Delegate feedback was extremely positive," says Paul Gardner-Bougaard, chief executive of RDO. "We had the right balance between discussions of weighty industry issues such as self-regulation and speakers with fresh ideas that delegates could put to immediate use."

South America in the Spotlight

With the release of four studies and a calendar of meetings and conferences in the past three years, Interval International has aimed a spotlight on South America — and for good reason. With 18 affiliations in 2014 alone, the company is experiencing exciting growth in the region.

Strengthening economies, government incentives, and tax exemptions for businesses have stirred tourism development. And an expanding middle class means that South American markets want — and can afford to — vacation more.

In addition to a market study in 2012, Interval has conducted membership studies in Colombia, Brazil, and Peru — which suggest that members are eager to travel in the near future, are satisfied or extremely satisfied with their timeshare, and are interested in buying more, making them an appealing market.

"The vacation ownership industry is benefiting from the positive growth trends in countries such as Colombia, Brazil, Peru, and Chile, among others," observes Marcos Agostini, Interval International's senior vice president of resort sales and business development for Latin America. "Our member research throughout Latin America indicates that satisfaction with vacation ownership is high among members — and interest in purchasing additional timeshare is certainly worth the attention of the industry."

Interval had a strong presence at several timeshare and hospitality conferences in South America in 2014, including the Brazil Hospitality Investment Conference in May. "We're excited to see attendance growing at these events," notes Agostini, "and look forward to more opportunities to meet with developers who have interests in the region." Recent conference activity includes the following:

Shared Ownership Investment Seminar, Lima, Peru

Interval hosted its first Shared Ownership Investment Seminar in Lima, Peru, as part of its increased focus on the Latin America region. Prospective entrants, developers, hoteliers, lenders, and service providers from Peru, Bolivia, and Ecuador had the opportunity to gain unique insights into shared ownership and its various business models.

"With one of the fastest-growing economies in the region and a rising middle class, Peru is poised for significant growth in the leisure travel market," says Agostini. "This presents exciting opportunities for shared ownership. We look forward to partnering with resort developers to provide travelers throughout the region with unforgettable vacation experiences."

These findings are reinforced by a recent study of active leisure travelers residing in Peru, *Shared Ownership 2014: A Market Perspective – Peru Edition*, which was presented at the conference. Noted were findings that: 92 percent are planning to take more or the same number of overnight leisure trips in the next 12 months, and 97 percent indicate condominium-style accommodations are an appealing alternative to traditional resorts, hotels, or motels. "The growth potential for shared ownership vacations is undeniable," adds Agostini.

The event in Peru featured networking opportunities, interactive sessions, and panel discussions led by hospitality and shared ownership experts. It followed a series of Interval seminars that have taken place in Buenos Aires, Argentina; São Paulo, Brazil; and Bogotá, Colombia; in 2013 and 2014.

ADIT SHARE 2014, Fortaleza, Ceará, Brazil

Interval was a bronze sponsor of ADIT SHARE 2014 in August at the Beach Park Resort in Fortaleza, Ceará, Brazil. The event was organized by the Brazilian Association for Real Estate and Tourism Development (ADIT Brazil).

ADIT SHARE brought together developers, hoteliers, real estate investors, tourism professionals, and finance companies to facilitate and encourage networking and business connections.

The program covered key industry issues, current business models, legal structures, and future market trends. Fernando Martinelli, Interval's executive director of resort sales and service for Brazil, participated on a panel discussing lead generation and sales-center management in Brazilian projects.

(Left to right) In Lima, Peru, Marcos Agostini, Interval International's senior vice president of resort sales and business development for Latin America; José Antonio Iturrizaga, general manager of Sauce Alto Resort & Country Club (Peru); Esmeralda Cardona, Interval's Andean Region manager of resort sales and service; Germán Ortega, general manager of Casablanca Golf Beach resort (Ecuador); and Diego Quirós, general manager of Travel Center (Colombia).

Do State Governments Get It?

By Betsy Sheldon

ARDA's Keith Stephenson reflects on what our legislators do and don't know about timesharing.

As Keith Stephenson will tell you, things are always busy on the state legislative front for the American Resort Development Association. With the state legislative committee monitoring not just timeshare-specific, but *all* regulatory activity in *all* 50 states and into the Caribbean, advocating on behalf of the industry and timeshare owners is a 24/7 and 52/12 job.

But over the past few years, ARDA's director of state government affairs admits that his energies have been concentrated on educating state lawmakers and elected officials about vacation ownership. Stephenson is not surprised at the investment of time and resources required to get busy state legislators up to speed on timesharing. What has surprised him are cases in which some elected officials have implemented policies that have resulted in unintended consequences in the name of political expediency. He shares some of his thoughts in this conversation.

What are the challenges of getting legislators to understand what's happening in the world of timesharing?

One of the biggest challenges we face is the limited amount of time and attention elected officials have to work with us during a legislative session year. Furthermore, they have so many disparate interests to serve — of which timeshare is one small portion. Time is precious, so you can appreciate how difficult it is for the timeshare lobby to get adequate time and attention among legislative leadership when they are dealing with hot-button issues such as immigration, Medicaid, higher education, budget deficits, and minimum wage.

What would you describe as the understanding quotient of the typical elected official when it comes to timesharing?

Very few elected officials have in-depth knowledge of the specific mechanics of the timeshare industry. In my experience, elected officials who own timeshare — or whose family and friends own timeshare — have some understanding of the product because they have used it. I also find that many elected officials who do not own timeshare, have never experienced a timeshare stay, and might not live and work in a market that profits from a diverse hospitality marketplace, look at timeshare with a critical eye.

Neither of these perspectives surprises me. In fact, my friends and family share a similar understanding of the timeshare product. While there are many factors that contribute to this, I'll share two that come to mind:

First, the timeshare industry does not have national brand campaigns to promote awareness like our hotel and lodging cousins do. Through brand marketing and delivering on the brand experience, everyone knows what hotels and resorts are. As a result of this emotional awareness, most consumers are loyal to specific hotel brands.

Another reason may be the traveling public's exposure to prime-time investigative news stories about resale fraud. Nine out of 10 times, the alleged scam has nothing to do with the activities of timeshare developers, but rather with third-party resale

Christies Photographic Solutions

companies. The negative publicity hurts the industry's reputation nonetheless.

I have also learned that it is not uncommon for an elected official's first exposure to timeshare to be associated with a constituent complaint, which are largely unsubstantiated.

Is there a regional component to that? Does their understanding of timeshare depend on where they're from?

Location is an important factor. Timeshare development and ownership thrives in popular leisure destination markets in states such as Florida, Hawaii, South Carolina, and Nevada. Consequently, ARDA and ARDA-ROC spend more time and energy on more in-depth industry education in these states. The good news is, it is easier to educate an official about the mechanics when he or she understands the positive impact the hospitality industry has on the economy of that political district. This is an advantage.

That said, while elected officials may be genuinely receptive to industry education, timeshare is a multifaceted product based on real estate, hospitality, and finance, and is governed by various laws and regulations that have an impact on developers, owners, HOAs, property managers, and exchange companies in different ways. Moreover, each state has a different set of laws and rules. With this in mind, we do our best to stay out of the weeds and focus the education on factors such as economic impact, jobs, taxes, etc., and the impact a particular piece of legislation — positive or negative — will have on the industry. We focus on the principles of Timeshare 101, not Timeshare 501.

Timesharing has been around for 50 years. Why is it taking so long for it to become understood among these legislators?

That's a great question. From a business perspective, timesharing is a relatively young industry. It is also an industry that has evolved tremendously during the last 40-plus years — and since the 1980s in particular. Given its limited market penetration, the vast majority of travelers have yet to experience the many benefits of timesharing. In addition to a lack of national timeshare brand marketing campaigns, the industry is still shedding its colorful history, and it is not a sought-after product. While shared ownership has become more mainstream, people don't wake up in the morning and say, "I want to buy a timeshare today."

People do, however, wake up and say "I need a vacation." Therein lies the challenge and the opportunity.

There are other reasons why legislators do not better understand the mechanics of the industry. Consider the impact of attrition and term limits. Imagine the institutional memory lost when these officials leave office. The turnover has created a content vacuum for all industries and interest groups that participate in the political process. As a result, the educational process never ends.

How do you build a relationship with a new elected official?

It depends on how present timesharing is in the district and its particulars in that location — such as number and average age of resorts. It also depends on whether the legislator is supportive of business. But generally speaking, if we are starting from scratch in a particular jurisdiction, we pursue the following steps:

First and foremost, we engage owners, developers, property managers, board members, and other key stakeholders to determine their legislative and regulatory priorities.

Then, working with our local lobbying and legal team, we begin building individual relationships with the governor, members of his or her administration, the attorney general, real estate regulators, and key elected officials — who preferably have timeshare or other tourism interests in their district. We work with key chairs and members of pertinent committees to educate them about ARDA and ARDA-ROC, introduce our local lobbying team, and demonstrate the economic importance of the industry to the state.

We also forge strong partnerships with related hospitality industry associations in hotel and lodging, attractions, restaurants, retail, car rental, airlines, and cruise ships. Industry partners need to know who we are and how our issues affect the hospitality economy as a whole. It's in all of our best interests to work together.

ARDA and ARDA-ROC representatives also attend a variety of legislative and regulatory conferences and events involving political parties, legislative leadership, governors, attorneys general, and regulatory agencies. We attend and support these events, as they provide a unique opportunity to develop one-on-one relationships with elected officials.

It's about being strategic. It's about knowing the issues and how the political environment may shape these issues. And it's ongoing. Regardless of political affiliation, elected office, or location, we strive to get to know legislators personally, which takes time, travel, and effort.

In terms of what laws are or are not passed, what sort of impact might the lack of understanding have on the outcome?

By now you know my favorite answer: It depends.

It depends on the issue. Unfortunately, there are many examples of elected officials representing key timeshare states who understand the economic value of timeshare and propose legislation that would tax the visitor, not the voter. Why? Because it is politically rewarding.

Fortunately, ARDA and ARDA-ROC's government affairs team has had success working with elected officials in states that have the dubious reputation of being anti-business, where there are few — if any — timeshare resorts.

I'll give you a couple of examples: Last year, the state affairs team received a call from a legislator about a resident who was experiencing problems with a timeshare in another state. We worked with the legislator to better understand the complaint and steer the constituent in the right direction to solve the problem. In this case, the elected official was simply trying to help a constituent, not trying to punish the industry or introduce broad-reaching consumer protection legislation.

In another state, a legislator introduced take-back legislation to help a constituent get out of their timeshare week. In short order, we worked with the bill sponsor to educate him about the unintended consequences of such a law. Eventually, the legislator pulled the bill and we were able to work with the constituent to find an agreeable solution to the problem.

ARDA and ARDA-ROC, working in conjunction with ARDA state committees, were proactively and/or defensively involved in 14 states and territories and three sovereign Caribbean jurisdictions this year, each involving different issues and different strategies.

But the risk, uncertainty, and intellectual rigor is what makes being a lobbyist fun and interesting. We enjoy finding opportunities in a climate of never-ending change.

What's been most surprising to you in terms of the understanding of timesharing among elected officials?

What surprises me are the policy proposals that some elected officials support that are harmful to the hospitality industry, particularly where hospitality is a large contributor to their local economy.

For example, in one particular jurisdiction, legislators talk publicly and passionately about how they support spending hundreds of millions of tax dollars on new tourism facilities and infrastructure to grow group and incentive travel business. The problem is that group and incentive travel is highly influenced by market volatility following the Great Recession.

In stark contrast, the timeshare industry is flourishing, producing jobs and taxes, and bringing in visitors that come back year after year and stay well above the average comparable leisure stay. In my opinion, bringing back repeat guests year after year *is* group business!

How about specific examples of how legislative understanding has worked out into a positive outcome?

ARDA and ARDA-ROC's 2014 legislative results provide many examples. Here are a few:

Massachusetts passed resale and transfer legislation that provides the attorney general, owner, and HOA new tools to combat fraudulent resale and transfer activity; and amended proposed tourist occupancy tax legislation that would have captured a vacation exchange as a taxable event.

Hawaii passed two state-level bills that provide efficiencies for developers, HOAs, and owners; and we successfully opposed several county property tax bills there.

We worked with the Nevada Real Estate Division (NRED), the attorney general, and the state legislative counsel bureau to reconcile SB 383 and AB 404, two bills passed by ARDA and ARDA-ROC last year, and amend the POS form contained in the statement of record, working to ensure NRED complies with new laws and operates efficiently.

In Colorado, we worked to modernize timeshare regulations. In Vermont, our efforts helped pass a law that would provide HOAs the power to lock out owners who are delinquent paying maintenance fees.

Three bills passed in Virginia; the most notable prevents the charging of a per-site registration fee, saving multistate developers a half-million per year in fees.

We worked with the Puerto Rico Tourism Company (PRTC), which is proposing comprehensive amendments to Puerto Rico's timeshare laws.

What has been your top priority in recent years as it relates to educating lawmakers about the industry?

Fostering and maintaining relationships with officials who regulate the timeshare industry has always been an important focus for ARDA and its members. Tighter budgets for both industry and regulatory agencies have resulted in less face time between the two.

ARDA recognized the opportunity to renew its focus through the formation of the regulatory outreach committee. The committee was formed to develop a comprehensive state regulator/agency relationship-building and educational program that would be presented in key timeshare states around the country. The goal of the committee is to: one, educate regulators about the timeshare industry, covering such topics as new product types and legal structures; two, strengthen relationships; and, three, create opportunities to influence future legislative and regulatory changes that would streamline regulations across multiple jurisdictions.

To date, the committee has conducted the presentation for representatives of 10 state or national real estate agencies. The committee will conduct three more presentations before the end of the year.

> "Time is precious, so you can appreciate how difficult it is for the timeshare lobby to get adequate time and attention among legislative leadership when they are dealing with hot-button issues such as immigration, Medicaid, higher education, budget deficits, and minimum wage."

Sounds like an effort like this takes a village to pull off.

It definitely takes a village. The state affairs team works with ARDA state committees, the ARDA-ROC board of directors, the Legislative and Regulatory Policy Advisory Committee, developers, exchange companies, hospitality association partners, ARDA's federal affairs team, and a network of lawyers, lobbyists, and consultants around the country to fulfill its goals. It's a collaboration — that's the only way we will continue to be successful.

HOA CALL OF DUTY

Six Strategies for Assembling a Great Board

By Judy Kenninger

Does anyone buy a timeshare week and think, "I really want to get involved in this: You know, get on the board of directors of the homeowners' association and spend my time deciding if maintenance fees should go up"? Probably not.

There are approximately 1,540 vacation ownership resorts in the U.S. and thousands more worldwide, and almost every one of them has an HOA. Owners are stepping up to the plate to run their resorts, and for fortunate resort managers, they can be a real asset. "Our board of directors at Club Cascadas de Baja, to name one, is a group of very smart people who really love their resort," says Loren Gallagher, president and CEO of Vacation Resorts International (VRI) and Trading Places International (TPI). "They spend time doing research, come to meetings prepared, and have a wealth of expertise to offer."

Creating that kind of synergy is best not left to chance, but resort management can only *manage* the process. "Keep in mind, you can't — and wouldn't want to — just stack the board with people who will do whatever the management company or developer suggests," explains Marcus Wood, executive vice president at TPI. "Anyone who wants to run can run, if they meet the criteria. They can campaign, they can promote themselves, and they can make a speech at the annual meeting. It's a democratic process."

That said, a strategic plan and a gift for diplomacy are invaluable assets. "Our resort requires all board candidates to submit their resume two months before the election," says Lisa Siegert-Free, managing director of the Christie Lodge Owners Association in Avon, Colorado, and chair of the American Resort Development Association's HOA Outreach Committee. "That way, there are no surprise nominations from the floor."

Here are some other tips for recruiting a few good men and women.

1. Ask the Right Questions

At many resorts, the election process begins with a notice asking prospective board members to let the board or resort manager know they are interested. This query can include a questionnaire (see sidebar) and a resume request, which the nominating committee can review. "This is the time to weed out candidates who want to run because they're upset about a single issue, such as not getting a reservation they wanted," Gallagher says. "If their one issue is that they want to make sure the budget is balanced, that's a good thing."

2. Provide a Job Description

Interested candidates (including those identified by the board and management) should be provided with a detailed job description that lists expectations and duties. "There are many responsibilities that boards can hand off to a management company, but the board must approve the budget and set policy," Wood says. "Potential board members need to know how often the board meets, what travel is required, and if they would have a conflict of interest. Often, finding out what's entailed will lead some candidates to withdraw their name."

3. Create an Audition Process

All three experts recommend that resorts create committees to advise the board. In addition to being a valuable resource, the committees become a proving ground for potential board members and an essential part of the board-development process. "You can see if someone will be a good fit," Siegert-Free says. "Do they fulfill their responsibilities? Are they respectful of others? You learn a lot this way."

Keeping watch during interactions with owners is also a good idea. "We monitor annual meetings with an eye toward identifying owners with a genuine concern for the well-being of their association and those who offer meaningful suggestions," Gallagher says.

4. Vary the Targets

In a perfect world, enough qualified candidates would step forward on their own to ensure that your board is diverse and representative of your owner base. In the real world, resort management and/or the nominating committee will need to recruit candidates to achieve this goal.

Including attorneys, accountants, real estate experts, and other professionals can be helpful, but it's also wise to include other backgrounds. "You get better ideas that way," Siegert-Free says. "We have a board member who has arranged to have students at the University of Colorado at Boulder come up with designs for our resort. We hadn't thought of doing that."

In addition to careers, differing ages and family status are important to meeting the needs of all owners. "Older board members may not see the value of having Wi-Fi everywhere at the resort, but a younger board member may deem it crucial," Wood says. "Just having that different opinion at the table can prevent the board from making a bad decision."

5. Sweeten the Offer

Your best candidates may not initially be interested in the job. Although the vast majority of boards don't pay members, there are perks to the position. "Most will reimburse reasonable travel expenses [for board meetings] and provide accommodations and a per diem," Gallagher says. Since resorts are in desirable locales, that's an incentive.

Siegert-Free advises that resorts consider applying for scholarships for their members to attend ARDA conventions. "Board members learn a lot about the industry, but they also enjoy the opportunity to network in nice places," she says.

Is it a good idea to provide salaries? "There would be advantages and disadvantages," Wood says. "You would expect more of people who are paid and could probably attract younger owners. On the other hand, most resorts are already financially stressed, and board members are participating to help others, not themselves."

6. Stagger and Limit Terms

Most boards stagger member terms so that the entire board isn't replaced at once. This provides continuity, which can also be enhanced by a professional management company. New members learn how things work from the more experienced members. Eventually, though, it's time to say good-bye to longtime members, a process made easier when term limits are in place. At the Christie Lodge, board members can have two consecutive three-year terms. This means there are more former board members. "If something happens, such as the death of a board member, you have a pool of trained people who can step in to help," Siegert-Free says.

Bringing in new members helps prevent boards from just continuing to do everything the way they always have, Wood says. "There are so many challenges facing the industry today, we need strong boards with new ideas and new ways of looking at things."

Judy Kenninger is a Brownsburg, Indiana–based writer and communications consultant who has worked in the shared ownership industry for nearly two decades.

You've Got Questions

Finding the best-qualified potential board members can require a little digging into experience and motivations. Here are a few questions our experts suggest for screening applications. Which answers are best will depend on your resort's needs.

1. What professional experience do you have?
2. What prior board or leadership experience do you have?
3. If you have been on other boards, how long did you serve?
4. Have you attended annual meetings?
5. Do you have a special skill or area of expertise that would be helpful?
6. How long have you been an owner at this resort?
7. How many weeks do you own?
8. Do you usually come to this resort each year?
9. How often do you exchange your week?
10. Do you own at any other timeshare resorts?
11. Are you on any other timeshare resort HOA board?
12. Have you paid your maintenance fees on time?
13. What do you like about this resort?
14. What would you like to see changed?
15. Why do you want to serve?
16. Will you be available to travel to board meetings?

Blend/Image Source

By Richard F. Davis, Esq., and Carl J. Riley, Esq.,
Greenberg Traurig, LLP

Timeshare Assets and REITs

The number and market capitalization of real estate investment trusts (REITs) in the U.S. is on the rise. And with that growth, the organizers of REITs and their investors are seeking new opportunities to invest in the growth of asset classes that have not traditionally been held in REIT structures.

REITs are tax-advantaged vehicles, created under the federal Internal Revenue Code, that must meet a variety of requirements, including gross asset and income tests. Interests in real property and rent derived from them qualify for purposes of these tests, as do real estate mortgage loans and interest earned on those loans.

The timeshare industry is an exciting prospect that has already attracted the participation of private equity funds and other institutional investors, but has yet to capture the attention of many REITs. That could change if opportunities can be structured to meet the requirements of both REIT investors and interval ownership developers.

Timeshare Structures, Generally

There are several legal structures commonly used to create interval ownership programs for real property.

- Deeded interests in the physical real property of an undivided interest based upon permanent periodic use of the property
- Permanent interests organized through a holding entity such as a nonstock club corporation, in which purchasers acquire memberships entitling them to use of the real property, as well as a share of any proceeds from sale of the real estate in the event of the entity's dissolution
- Right-to-use programs with no permanent ownership in the real property, but rather a limited-term right that expires at the end of the defined term (25 years, for example), similar to a long-term lease

In all cases in the U.S., protective documents are recorded in the chain of title and run with the land to secure the rights offered to purchasers. The individual timeshare interests can be sold or transferred by gift or bequest. In other countries, similar purchaser protection may be available.

REIT Participation in Timeshare Projects

In all U.S. jurisdictions — and most foreign countries — interval-ownership interests of the types described are treated by statutory law and applicable regulations as interests in real property, and they should also qualify as real property interests for purposes of the tax laws governing REITs that limit the benefits available through REITs to real property assets.

There are several approaches to the participation by REITs in projects involving interval-ownership interests. Following are the most frequent entry points for involvement.

The timeshare industry is an exciting prospect that has already attracted the participation of private equity funds and other institutional investors, but has yet to capture the attention of many REITs. That could change if opportunities can be structured to meet the requirements of both REIT investors and interval ownership developers.

1. Interval Ownership and Leasing

The type of participation closest to a traditional REIT investment is to acquire fee interests in real property to be developed or converted to interval-ownership. The property is then master-leased to an interval-ownership developer or nonstock club corporation, which creates the products that are conveyed to individual timeshare owners and are subject to the REIT's master lease. The structure is most compatible with limited-term programs. Such a master lease might consist of a ground lease of the underlying land, or possibly a lease of the building as well as land.

While REITs may act as lessors of real estate, they are generally precluded by the tax law from acting as sellers of inventory or dealer property (except where they do so through a taxable subsidiary). Accordingly, direct-equity involvement would be viable for projects structured as long-term leases, but not for projects structured as permanent sales to individual owners — unless through a taxable subsidiary of the REIT.

Alternatively, the REIT might own the land and the building and enter into long-term leases directly with individual timeshare owners (who would be the actually lessees). In that case, any resort-type or hotel-like services would need to be provided through a third-party independent contractor due to restrictions under the tax laws on the types of services that may be provided by REITs and their subsidiaries. This requirement might be met by third-party timeshare association management contracts, already in widespread industry use.

Rental payments under a REIT master lease may continue after individual sales through interval owners' associations that have assessment powers and powers of foreclosure over individual interval owners. The associations can assure that the master-lease payments are made regardless of changes in ownership of individual intervals.

2. Interval Ownership Financing

Secured receivables financing can be provided by mortgage REITs or hybrid REITs. Because of the traditional high-leverage financing model for interval-ownership sales in the U.S., very large portfolios of secured timeshare mortgages are assembled and placed with lenders each year by major interval-ownership developers.

The historical default statistics for interval-ownership notes have been monitored over the years and remain relatively low compared with other secured instruments at similar interest-rate levels. Recent typical interval-ownership financing has been for an average of more than eight years at annual rates averaging around 14 percent.

3. Joint Ventures

A number of more complex projects have attracted REIT participation at multiple levels. In addition to involvement in limited-term, interval-ownership structures (such as long-term leases) and in mortgage financing structures, it is also possible for REITs to indirectly share in development profits through the use of taxable REIT subsidiaries (TRSs).

While the income of a TRS is subject to corporate income tax, the use of a TRS permits a REIT to indirectly participate in sales of timeshare interests to individuals, otherwise precluded by tax laws. Participation through a TRS in the development profits from the sale of interval-ownership products — combined with the qualified participation in interval product leasing and purchase money financing — assures maximum REIT value and control over interval-ownership investments.

Structures to Attract Interval-Ownership Developers

Interval-ownership developers have not been generally considered as targets for REIT partnerships or investments and instead have had to use more complex structures to access balance sheet–friendly financing. But they may be attracted to well-structured REIT strategies for ordinary and preferred operating partnership (OP) units in so-called UPREIT or DownREIT structures. This strategy allows a developer to convey owned property to a REIT in exchange for interests in an OP controlled by the REIT. The exchange would not result in any immediate tax to the developer, and would provide the developer with the benefits of liquidity and diversification.

The OP might create a taxable TRS to participate indirectly in active development or sales activities with the development partner, while keeping leasing and mortgage financing operations in nontaxable entities, the income of which can generally pass through the OP to the REIT and developer partner without incurring an entity-level tax.

Meanwhile, the developer's interests in the OP, which are typically exchangeable for shares of stock of the parent REIT, will provide the developer with cash flow from ongoing distributions, as well as liquidity when it is ready to sell if the REIT's shares are publicly traded. In addition, where a REIT and OP hold interests in numerous projects, the developer's equity interest in the OP reflects the economics of multiple projects, thereby diversifying the developer's risk.

Ample opportunities exist for REITs to participate in the growing interval ownership industry that have, to date, gone largely untapped. Since investment in this sector has not been closely considered by the REIT community so far, a number of REIT pioneers have started to create a more customized approach to the investment. Competition among REITs to participate in the sector is not yet intense and there are many qualified developers seeking capital-light deal structures and would likely be attracted to an innovative REIT offering as the industry reaches for annual sales exceeding US$10 billion. It is time for creative and opportunistic REIT managers to take a look.

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In-Room Tech Trends
Leaving Guests to

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Apple TV enables hotel and resort guests to sign in to their own Netflix or other accounts on their personal devices.

By Judy Kenninger

Vacation ownership resorts are known for providing all the comforts of home, including room to spread out, a kitchen, and privacy. That's why the newest trends in guest-room technology, which allow guests to access services through their own devices, may be ideally suited for timeshare owners. Not only can guests cook their favorite recipes, they can now watch their favorite shows or even home videos while they dine.

"These technologies address a need born from consumer habits," says Fred Crespo, director of technology and business development in the hospitality sales and marketing group of Samsung Electronics America Inc. "At home, consumers are accessing their preferred programs through online services such as HBO Go, Hulu, and YouTube. Now, we're making it easier for them

Their Own Devices

Samsung offers smart TV technology that allows communication between TVs and property management software.

to watch those same shows while traveling."

It's a trend you can't ignore, says Glenn Haussman, editor-in-chief at *Hotel Interactive*. "Hospitality companies need to be focused on delivering solutions that allow guests to access services with their own devices," he says. "If they don't do that, they're going to be left behind."

Appearing on the Big Screen

With the rapid adoption of streaming to smartphones, tablets, and even traditional laptops, resort and hotel guests are already watching programming on those devices. But in a resort unit or hotel room, they may be watching a Netflix movie on a 5-inch screen when there's a 60-inch, high-definition TV sitting just a few feet away.

Some new technologies allow guests to connect their devices to in-room TVs so content playing on the devices is mirrored on the screen. Others, such as Apple TV, allow guests to sign in to their Netflix, HBO Go, or other accounts on the device itself.

Samsung is partnering with industry vendors, while also including smart-TV technology in its offerings, many of which eliminate the need for additional equipment. Samsung Lynk Sinc 3.0, for example, enables communication between Samsung interactive TVs and property-management software. Its AllShare Cast technology allows screen mirroring and video streaming to enable seamless content sharing between personal mobile devices, such as a smartphone or tablet, to the guest-room TV.

For those looking to upgrade existing TVs in the near future, Crespo advises that LED televisions save power and that newer systems eliminate the need for the set-top box. "You're buying into a more cost-effective platform," he says.

The newest curved televisions from Samsung support ultra high–definition content, which will be more widely available in the near future, Crespo says. "This is a leap-frog opportunity. When we polled the hotel industry, we found that of 4.8 million guest rooms, 1.9 million still have no HD or digital content. There has been a gap between the technology that consumers enjoy in their homes and what they find when they travel. I'm excited to help close that gap and delight travelers with a state-of-the-art experience."

Read All About It

Eliminating the need for a stack of periodicals at the front desk, PressReader offers 2,800 local, regional, and international publications that guests can read on their laptops, tablets, or smartphones. "PressReader provides guests access to a portable newsstand where they can get full editions of their favorite international newspapers or magazines downloaded to their own device," says Igor Smirnoff, chief commercial officer for PressReader. "Guests can wake up and read their hometown paper in their native language from the comfort of their room, even before the issue hits their doorstep at home. We're proud to offer an eco-friendly newspaper and magazine service to meet the global needs of hotels and travelers with the amount and selection of content we provide."

To use PressReader, guests connect to the property's Wi-Fi, go to PressReader.com, or download the free app and choose the desired country, language, and publication. The service is available in all Wi-Fi-accessible areas.

Properties also have the option of offering guests the ability to print articles or publications they prefer to read that way.

Seabourn is offering the service on its cruise ships. The ships download requested content daily and store it on their local network so guests can access their choice without going online. In addition, each ship will make available a small supply of tablets with PressReader already downloaded for use by guests who do not carry personal mobile devices.

Unlocking Potential

When it comes to replacing physical door keys, hospitality companies are actually ahead of consumer technology, where such systems are only just now being adopted. Radio-frequency identification (RFID) and code-based systems have been available to resorts for several years, but near field communications (NFC) technology, such as Bluetooth, may be where the industry is headed. The technology allows the guest's smartphone to serve as the room key and accommodates online check-in.

For example, the Starwood mobile app does much more than permit guests to book overnight stays with Starwood Preferred Guest (SPG) points and see the latest offers. Guests can also access around-the-clock assistance through iPhone's FaceTime function. Aloft-branded properties have mobile check-in, where guests are messaged with their room number. Upon arrival, they simply hold their SPG card near the lock, and it will open. The next frontier is to eliminate the need for the card and allow guests to use their smartphone instead. Recently rolled out at the Aloft property in Cupertino, California, Bluetooth technology allows guests to enter their rooms using an Android 4.3 or iPhone 4s (or newer) device.

"The big advantage of NFC is that most phones already have the technology," says Alastair Cush, director of product management at Kaba, whose Assa Abloy division provides the technology using Legic's IDConnect service. The locks can also share information with the property information software, so the front desk can be alerted to the guest's arrival, a welcome message will play on the TV, and the restaurant can be prompted to send up a bottle of Champagne. "Properties can create a complete room scene," Cush says. This could include lighting and music that comes on as the guest enters.

Proprietary Apps

Many resorts are including ways to contact staff and access services in their proprietary apps, but MobileSuites, a new iPhone app, intends to be a one-stop shop for travelers. CEO Dennis Meng says the app, which debuted in September 2014, already works with approximately 500 hotel brands, among them Hyatt, Le Méridien, St. Regis, W, and Westin. He predicts they'll add mobile check-in by March 2015, with additional capabilities such as the ability to control drapes and lighting to follow. "The goal is to give guests all that control at their fingertips," he says. "As properties add these capabilities, we'll be adding them to our app."

For hospitality companies, an advantage to providing these services through a proprietary app is that it gives guests a reason to download that app. "You'll be able to offer push promotions to guests in real time," Haussman says. "When a guest walks by the paddleboard rentals, you can message them a coupon for a 50-percent discount. Some guests will be bothered, but most will love it. When they're sitting on the beach, they can order a drink or food."

Bandwidth Bonanza

Although many of these technologies can lead to cost savings for resort operators, those savings will probably be absorbed by the need for additional plugs and bandwidth. "The amount of bandwidth that's needed is seemingly limitless," Haussman says. "Everyone wants to do their own thing; you know, dad is watching ESPN, mom's reading a magazine on her iPad, and the kids are playing video games online." Guests are arriving with three or more devices per person, so having plenty of accessible outlets available is also paramount. A surfeit of bandwidth or outlets may be a problem guests also deal with at home, but they'll certainly enjoy knowing that their vacation homes come well-equipped. [ ]

Judy Kenninger is a Brownsburg, Indiana–based writer and communications consultant who has worked in the shared ownership industry for nearly two decades.

Duly Noted

As of January 2014:

- 81 percent of American adults with income over US$75,000 have a smartphone
- 32 percent of American adults own an e-reader
- 42 percent of American adults own a tablet computer
- 29 percent of cell owners describe their cellphone as "something they can't imagine living without"

Source: Pew Research Internet Project

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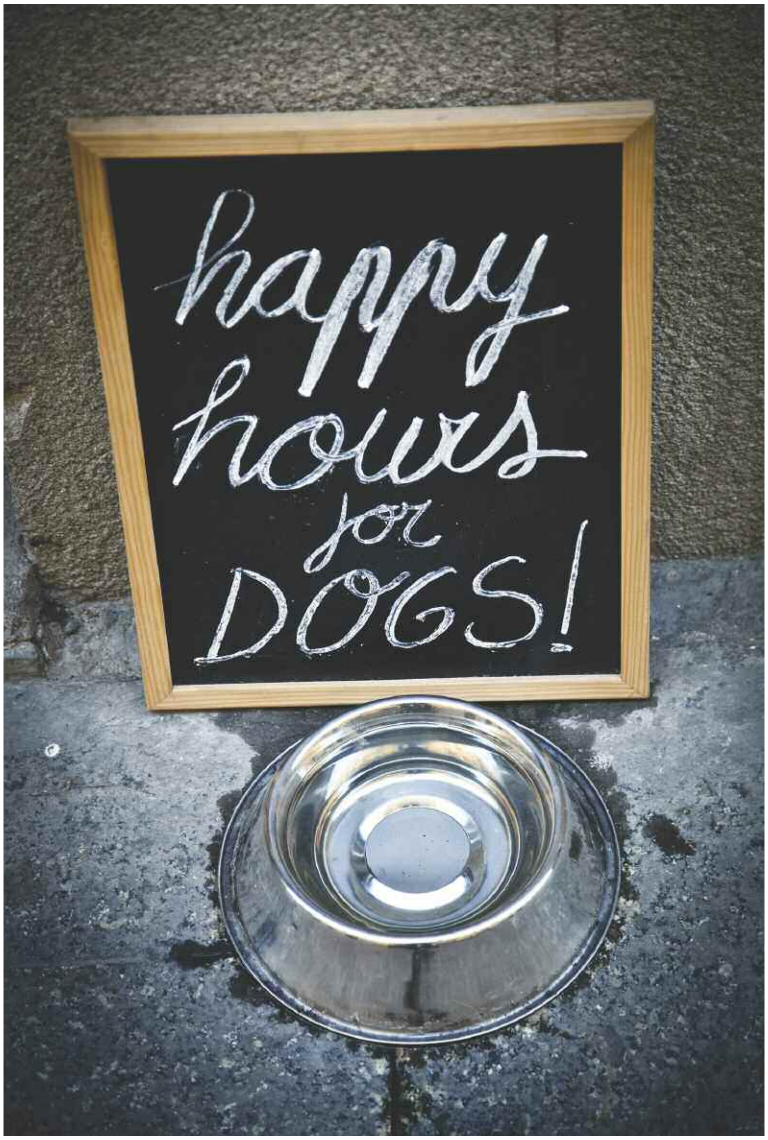
By Joyce Hadley Copeland

Going to the Dogs

The Perks — and Peeves — of Being Pet-Friendly

Not that long ago, if you sighed, “It’s a dog’s life,” you meant life’s tough. Tough as the life of a dog, that is, before pet owners started calling themselves pet parents and treating their “fur kids” like full-fledged family members. In just a decade, animal humanization — our obsession with providing our four-legged companions with human-quality products and a lifestyle to match — has become a top dog among consumer trends. A new group of shoppers are expected to drive sales of pet-related products and services to US$73 billion by the end of 2014, according to *U.S. Pet Market Outlook, 2014-2015*, a new market research report published by Packaged Facts. For budding niche markets and well-established industries, pet-friendly is the new black. And the hospitality industry is at the head of the pack.



Petra Wallner/Glow Images; Carlos S Pereyra/Superstock; Ken Gillespie/SuperStock

The New HosPETality

Upscale chains such as Loews Hotels, Westin Hotels, and Kimpton Hotels have made their pet policy a strategic part of their brands, treating pets to upscale extras. Westin Heavenly Dog Beds and pet welcome kits redefine creature comforts. Kimpton's directors of pet relations happen to be of the canine persuasion. Loews delivers drool-worthy dishes prepared by an award-winning chef and delivered to the room. It all makes for good press. But the day-to-day reality of being pet-friendly is not without its challenges.

"It's a double-edged sword," admits Mark Waltrip, chief operating officer of Westgate Resorts, one of a growing number of timeshare resort developers that allow owners and guests to bring pets. The Orlando, Florida–based company welcomes well-behaved cats and dogs at its 25 resorts in nine states. "It's something that the guest community has asked for, and we've implemented it fairly successfully," Waltrip says. "But, there are always challenges."

Ironically, most problems stem from pet owners who don't follow the rules — leaving dogs unattended to bark ornnn scratch at the room door, neglecting to clean up after their animals in designated areas, or insisting their pocketbook-sized Chihuahua is a service dog, due special access and privileges by law. More than once, the Westgate staff has had to request that a guest abide by its rules or check out.

"We love dogs, but we also know that our responsibility is to provide an enjoyable environment for all of our guests," Waltrip says. "When you have a small percentage of your guests who bring pets who are unruly, it creates massive problems across the resort."

Like Waltrip, Robert Schmiak, hotel director of Alpenland Sporthotel – St. Johann-im-Pongau, near Salzburg, Austria, has also seen it all. Once, a dog left alone in a locked room figured out how to nnopen the door and was discovered roaming the halls of the hotel in search of his family. n

"Stuff happens," Schmiak says. His laid-back attitude may be partly attributed to the smaller size of his property — 140 units. When something goes awry, he doesn't mind handling it nhimself.

Cosmopolitan Cats and Canines

Then again, Europe has traditionally been much more relaxed about accepting pets in mainstream life. When Kimpton boutique hotels welcome four-legged guests to evening wine receptions in 27 American cities, it's still buzzworthy. In Europe, dogs have been riding

respondents would choose not to travel to a particular destination if it didn't offer pet-friendly accommodations.

That said, the number of owners who actually vacation with their dogs doesn't always bear out these survey results. "It's really no more than half a dozen on any given weekend," Waltrip reports. The percentage is higher at the 140-room Alpenland Sporthotel, although even during high season, "Sometimes we have 10 dogs in the hotel, sometimes we have none," Schmiak says.

The Bite Behind the Bark

Having a pet-friendly policy may be as much about fostering goodwill as it is about filling rooms. Still, it is a decision that shouldn't be taken lightly.

"My recommendation is to really think it through very carefully," Waltrip says. "There's a lot of blocking and tackling that goes into it, from making sure the guest has a clear understanding of procedures at check-in to making sure that the room is clean and inspected after they leave. Once you do it, there's no going back. You can't all of sudden tell your customers, 'I'm taking this away from you.'"

One of the first things hotel and resort operators should do is check into state and local regulations that could have an impact on a pet policy. For example, most states require pet owners to carry proof of an up-to-date rabies vaccination, including a tag attached to the animal's collar. Hotels and resorts that permit pets have the right to ask guests to bring health documents for four-legged family members that can be verified at check-in. There may also be state and local regulations regarding the number of animals that can occupy a room, as well as special cleaning requirements. The latest EU guidelines require rooms occupied by pets to be cleaned using specific chemicals. Guests at Alpenland Sporthotel are charged an extra 15 euros a day to cover the deep cleaning.

Logistical issues are also critical when it comes to ensuring that a pet-friendly policy works for all guests. Does the layout of buildings on the property allow for easy entrance and exit for guests taking their dogs on morning walks? Is there a clearly marked area away from guest traffic where guests can exercise their pets?

the Paris Metro and hanging out in cafes and fashionable shops for years. Residents of the EU can freely cross borders with dogs, cats, and ferrets that have an electronic microchip and proof of up-to-date rabies vaccinations, and expect to find welcoming accommodations almost everywhere on the continent. Schmiak estimates that 90 percent of Austrian hotels permit pets. Bringing animals into the U.K., Ireland, Finland, and Malta can be trickier, requiring treatment for the tapeworm echinococcus and possible quarantine.

Taking pets on a long trans-Atlantic trip for a week or two is rarely worth the stress and hassle for owners or animals. But in the U.S., the market for pet-friendly properties, especially resorts with large drive-to markets, is impossible to ignore. According to the ASPCA, almost half of all U.S. households have a dog and up to 37 percent have a cat. In the third annual Travel Survey by Petplan, a pet-insurance provider, 80 percent of the more than 4,000 respondents said they wouldn't leave home without their pet in 2014 (more than half admitting they'd rather travel with their pet than their two-legged partner!). A 2013 survey by TripAdvisor revealed that 28 percent of more than 1,100 U.S.

Treat Pets ...

From an operational perspective, it's important to have details including acceptable breeds, size limitations, fees, and potential liability in a clearly written policy that both guests buy into and the staff can enforce.

Westgate Resorts properties have uncarpeted rooms for guests with pets, on-site dog parks, and pet supplies in their markets. Dogs weighing up to 60 pounds (more than twice the 25-pound limit that is the standard for most hotels) are welcome (one per room). However, certain breeds that are known to be aggressive are restricted. "Our guests don't want a pit bull or a Rottweiler roaming around the property," Waltrip says.

Westgate also welcomes cats, often automatically excluded out of concern for guests who are allergic to cat dander. Modern equipment and deep-cleaning practices, including changing the HVAC filter, eliminate allergens very effectively. Some hotels and resorts designate hypoallergenic rooms or floors, similar to nonsmoking accommodations. And, "The great thing about cats is they don't bark," laughs Waltrip.

The worst thing a hotel or resort operator can do is to make the decision to accept pets grudgingly. For the most part, pet owners are among the most considerate travelers. Hotels or resorts that treat pet guests (and their owners) as a nuisance, impose too many restrictions, or pile on hefty fees and deposits, are likely to see the goodwill they're hoping to create roll over and play dead.

As the large hotel chains have found, special amenities go a long way with owners. In addition to water dishes, chew toys, and plastic bags for waste, Kimpton Hotels treats pet owners with insider info on local dog walkers and grooming services. Pet owners checking into its Hotel Monaco in Portland, Oregon, receive a map of pet-friendly breweries and restaurants in the Portland area. The Westin New York Grand Central smooths relations between guests and staff with a "Dog in Room" privacy sign.

... But Train Owners

The main sticking point for many owners is Westgate's rule that dogs not be left alone in the room. "People don't leave their babies in the room by themselves, but they do tend to leave the dog," Waltrip says. "As soon as the dog gets lonely, it starts barking and disturbs the entire building." One dog left outside its crate scratched the door, so in addition to a one-time cleaning fee of $170, Westgate Resorts now collects a damage deposit up front.

The key is to expect problems — and then plan for them. "We educate our guests every step of the way," Waltrip says. "They are given a clear understanding at check-in as to what they can and can't do. We have them sign off on a checklist with all of our detailed policies, so there should be no question in their mind. If there's a violation, they'll be charged for it at the end of their stay."

The Service Animal Loophole

Even the most detailed pet policy is no match for guests who falsely claim to be traveling with a service animal. Specially trained to perform tasks for the benefit of someone with a disability, service animals are not pets, so pet policies — including fees — do not apply. Hoteliers and resort managers are bound by Americans with Disabilities Act Title III regulations to welcome service dogs and miniature horses trained to provide walking and wheelchair assistance. However, because 90 percent of disabilities aren't visible, any guest can claim to be traveling with a service animal.

"There is massive abuse of the service-dog policy, which is extremely unfortunate because there are people who rely on their service dogs for a variety of things," says Waltrip. "When someone shows up with a Chihuahua and calls it a service dog, it really puts a bad light on the people who actually need service dogs."

There are only two questions members of a hotel or resort staff can ask when the answers are not obvious: "Is this animal needed because of a disability?" and "What work or tasks has the animal been trained to do?" Guests are not obligated to provide documents, certificates, proof, or details about their disability or their animals' training, and resorts can't charge extra fees unless the service animal causes damage.

A Balancing Act

For now, Waltrip and other hospitality managers can only vent and try their best to appeal to the better nature of pet-loving guests. "It's a touchy subject," Waltrip admits. "Having an animal is a responsibility. It's like having children: You have to adjust your lifestyle for that responsibility. Where it becomes a problem is when pet owners expect everyone else to adjust to their lifestyle. We're in the business of serving families, so we have to balance the greater good." []

Joyce Hadley Copeland, based in Tucson, Arizona, contributes regularly to travel and hospitality publications and websites.

Developing a Pet-Friendly Policy

If you do decide to accept pets, Westgate Resorts' Mark Waltrip advises that you draft a specific and concise policy that guests receive with confirmation of their reservation and sign before they check in. It should cover these key areas:

- Are there state or local regulations you must comply with to allow pets?
- What types of animals will you accept? (Cats, dogs, birds, reptiles?)
- How many pets are allowed in each room?
- Do you have a weight limit?
- What fee(s) will you charge? (A one-time cleaning fee? Nightly fee? Refundable damage deposit? All of the above?)
- Will you provide pet amenities? (Water bowls and mats, dog beds, treats, bags to pick up waste?)
- Where can owners walk and exercise their pet? Which areas are off-limits?
- Can the pet be left in the room alone? (If not, will you provide a list of vetted pet sitters or dog walkers?)
- Will you draft a liability statement to protect you if a pet harms another guest or an employee?

LWA/Larry Williams/Glow Images; Flirt/SuperStock

By Betsy Sheldon

Plaza Itapema Resort & Spa

Adding Timeshare to the Mix in Brazil

A thriving development company that started with a young German immigrant has certainly found its groove, with seven popular resorts and hotels — all recipients of TripAdvisor 2014 Certificate of Excellence awards — in some of Brazil's most desirable business and leisure destinations. But instead of sticking with the status quo, Plaza Hotéis, based in Porto Alegre in the state of Rio Grande do Sul, is doing something new: It's adding a vacation club to an equation that has summed up to success for the company for nearly 60 years.

Plaza Itapema Resort & Spa

Roberto Rotter, Carlos Schmidt, and Interval International's Fernando Martinelli

Carlos Schmidt, superintendent director of the company (and grandson of the founder), sees the strategy as a can't-lose prospect. He says the move will only ensure better bookings and more business. "We think there's an opportunity to have even higher and more stable occupancy," says Schmidt. "We believe that with our vacation club product, we can improve the occupancy year-round."

In the Beginning

It all started more than a century ago, when Schmidt's great-grandfather brought his family from Germany to settle in the community of Santa Cruz do Sul, a town of German immigrants, where beer-making, tobacco production, traditional crafts, and the customs of Germany were part of the cultural landscape. As a young man, Schmidt's grandfather went into the development business, building his first hotel,

Plaza Itapema Resort & Spa

Plaza Caldas da Imperatriz Resort & Spa

Plaza Porto Alegre Hotel, in 1958. Over the next three decades, the company added more hotels in Porto Alegre and in the states of Santa Catarina and Bahia. Most recently in 2013, the group added the Plaza Florianópolis Hotel in Florianópolis, Santa Catarina, rounding out a stable of seven properties.

But Schmidt and Roberto Rotter, the company's director, sought to capitalize on its diverse spectrum of lodging experiences with a component that encourages guests to seek out and visit other Plaza Hotéis properties. Enter timesharing in the form of a points-based vacation club.

"We believe that our product is very complete because we have business hotels, we have countryside properties, we have beachfront resorts," says Rotter, who is the president of FOHB, the Forum of Brazilian Hotel Operators. "We launched our vacation club to give people more mobility and to bring to new customers the opportunity to experience those hotels."

Off to a Healthy Start

To boost its efforts with experienced guidance, Schmidt and Rotter affiliated their business with exchange company Interval International. "As one of Brazil's leading hotel brands, Plaza Hotéis takes pride in superior quality standards," explains Schmidt. "Our decision to partner with Interval was based on its like-minded commitment to top-notch service. We are confident that our vacation club members will appreciate the opportunity to exchange with the outstanding Interval resorts around the world."

At the recent Shared Ownership Investment Conference, at which he participated on a panel of the industry's top leaders, Rotter reported that Plaza Hotéis has already opened two sales offices, in Porto Alegre and Blumenau. And plans are to open two more by January 2015: one in Florianópolis, and the other in the northeastern state of Bahia.

Rotter reports that, after the first two months of sales activity, the company had achieved US$1.4 million in sales and effected a number of exchanges from members in Brazil — and beyond, including guests from Argentina, Chile, and the U.S.

A Spectrum of Experiences

The Plaza Hotéis properties are located mainly in the southern states of Santa Catarina and Rio Grande do Sul — in surroundings that include pristine beaches, historic cities, and diverse cultures.

Along with Plaza Porto Alegre, the Plaza São Rafael Hotel is in the heart of the city's historic district. Originally designed to serve the business traveler, both hotels provide proximity to tourist attractions, dining, shopping, and nightlife. Itapema Plaza Resort and Bahia Plaza Hotel are both beach resorts. Plaza Blumenau adds a German flavor to the mix, located near the home of what has been recognized as the world's second-largest Oktoberfest.

fastfacts

Plaza Hotéis

Developer: Predial e Administradora Hotéis Plaza S/A
Headquarters: Porto Alegre, Rio Grande do Sul, Brazil
Product: Points-based, 10-year vacation club
Price: Up to 75,000 reals (US$30,000)
Resorts: **Rio Grande do Sul:** Plaza Porto Alegre Hotel, Plaza São Rafael Hotel
Santa Catarina: Plaza Itapema Resort & Spa, Plaza Blumenau Hotel, Plaza Caldas da Imperatriz Resort & Spa, Plaza Florianópolis Hotel
Bahia: Bahia Plaza Hotel
Website: plazahoteis.com.br/en

Plaza Caldas da Imperatriz Resort & Spa is a departure from the other hotels and resorts. Situated next to state park Serra do Tabuleiro, the resort is in the midst of highland forests, with thermal waters and mineral pools, a spa destination on par with Baden-Baden, Germany.

In the early 1980s, Rotter notes, the government of Santa Catarina invited Plaza Hotéis to build a property near the park. With a focus on nature and environmental stewardship, the resort offers a range of outdoor experiences and employs a full-time biologist to educate, lead guided walks, and answer guests' questions about an area abundant with mountains, forest, rivers, springs, and lakes.

The resort is rated the number-one resort on TripAdvisor in the town of Santo Amaro da Imperatriz.

Working the Market

Schmidt and Rotter know their vacation club prospects well. The areas in which the company's properties are located are "very familiar to these markets," notes Schmidt. "They're used to going there for vacations; they're used to buying second residences in these areas. And it is close for them. They love to travel with the car."

They also love the seaside experience. The typical Brazilian family is used to vacationing on the oceanfront, says Rotter. "They're used to coming with the whole family and spending their summer vacations with us," noting that summer in Brazil means the months of December, January, and February — and the period in which the Christmas, New Year's, and Carnival holidays fall.

He has noticed some shifts in behaviors, however: "The family used to come for a month. But each time they are staying less time. The maximum is 15 days, but mostly the people stay one week."

Rotter and Schmidt also assert that the changing economic picture has had an impact on their marketing focus. "The new social classes in Brazil are now having time for travel. They will spend their money on travel," says Rotter. "We already have our A and B classes. But in the last 20 years, we have had very important growth of the C middle class. This is an important market for us."

For the time being, Plaza Hotéis' marketing and sales efforts will keep focus on Brazilians, specifically existing guests. "We are beginning in the local areas, but depending on the evolution we will probably market to Argentina and Uruguay," says Schmidt.

And with an eye on the future, he sees that evolution leading to markets beyond Brazil and the regional consumer base. With the introduction of the vacation club, "It's a way to be more present, not only in Brazil, but outside, too. Yes, to push awareness all over the world." [ ]

See page 2 for currency conversions.

By Catherine Lackner

Alanda Club Marbella

Ready to Grow

Expansion Mode in Spain — and Beyond

No one knows the value of staying nimble more than Carlos Barrau, developer of Onagrup Hotels & Resorts, one of Spain's most prominent hospitality companies. Just as he steered a course away from a safe engineering career toward the high-risk, high-reward proposition of timesharing, he's now ready to tack again, this time introducing a new product to Europe — and taking the company deeper into resort management.

Barrau has built an impressive portfolio of resorts since entering the industry at the age of 29. Most of the properties are located in vibrant tourism centers and boast features — including tranquil beaches or pristine pools — that leverage Spain's unquestioned fame as the prime destination for sun-craving Europeans.

Onagrup is in an expansion mode, and is considering adding resorts in high-demand destinations such as Portugal, Tenerife in the Canary Islands, and Mallorca in the Balearic Islands. The success of its existing properties has made capital available to purchase distressed resorts and to take over their member bases.

A Long Journey

In this age of specialization, Onagrup now outsources its sales efforts to marketing companies that create their own campaigns and lead-generation strategies targeted to specific markets, including potential buyers in the U.K., France, Spain, and Russia. In a new wrinkle, one of the firms, based in Costa del Sol, concentrates only on the Spanish market. But Barrau hasn't completely given over the reins, as his shrewd analysis of present and future markets shows.

He sees Norway as an emerging market, as Spain is enjoying a heyday among Norwegians. Scandinavia overall offers great promise, Barrau says. "In order to obtain a larger occupancy during low- and mid-season, we are focusing on the Scandinavian market, as these clients look for longer stays, including golf packages. We have very competitive agreements with the best golf courses in each area, which allows us to offer an attractive product to this target audience."

And, while some might be skeptical of doing business in Eastern Bloc countries, "The Russian market is and will be one of the leading markets," Barrau maintains. "We believe that, although the present situation has changed, it has not changed more than it has in other nationalities. We are looking for new ways to approach this market."

Onagrup's beginnings in the 1990s can best be described as audacious and perhaps a bit risky. After attending just one sales presentation, Barrau and a colleague, Jordi Monzó, rented a tiny office and gained the exclusive rights to sell timeshare weeks. "We had three months to sell these," he recalls. "We were very excited, but we had a very low budget. So we published vouchers in the newspapers saying, 'If you want to know more about timeshare and enjoy the option to stay at more than 2,000 resorts in the world, please reply to us.'"

Barrau continues: "Our strategy was to visit the potential clients at their home or work address. We started dedicating ourselves exclusively to this new business, and it was a joint project we shared for many years." Soon came the affiliation with Interval, which would prove beneficial to both parties and deliver on the promise of an exchange network.

Designed for Families

The vision that drove that success, Barrau says, is a laser focus on family vacations. By design, unit floor plans typically feature multiple places in which the family can be together, while pursuing separate activities. There is generally a dining room or some designated eating space, and units are spacious. "We want to offer privacy for all the guests," Barrau says.

Onagrup's designers take care to select high-end furniture and finishes, Barrau explains, because the company recognizes how important holiday time is to families. On-site amenities abound, including restaurants, gyms, spas, and entertainment. And in the majority of resorts, other attractions appealing to a variety of interests are within


Alanda Club Marbella

walking distance, "making the stay enjoyable for the whole family," Barrau says.

Onagrup offers Interval Gold, Interval Platinum, and Club Interval Gold as part of its ownership package, and conducts a campaign to draw lapsed members back into the fold. Other owner perks include free one-year or two-year memberships upon deposit of resort time, and the option to choose between fixed- and floating-week programs.

In the floating-week program, owners have the ability to split their weeks. "Our members find that the floating product gives them more flexibility when planning their vacations, as they can go to any Onagrup resort in any season," Barrau explains.

Seasonality is an important consideration, as the Mallorca resorts Ona Aucanada in Puerto Alcúdia and Ona Cala Pí Club in Llucmajor are closed during winter. Ona Dorada el Tarter in Canillo, Andorra, closes in May and June, after the ski season has ended but before summer.

While some might consider that an impediment to profitability and choose not to invest in those areas, "We don't really think that this is a challenge; it is simply a matter of adapting to the seasonality," Barrau says. "Onagrup's resorts have high occupancy rates, so if resorts are temporarily closed, we use that time to carry out maintenance and improvement work, to the benefit of the client." An added bonus: owners who are confident their accommodations will be everything they have come to expect.

Focus on Management

"Onagrup is specializing more and more in hotel and resort management," he says. The company has become well-recognized as a service provider and source of expertise in this very specialized type of management, he adds. "We have established an excellent reputation both in the management of timeshare resorts and also in traditional hotels. We would like to keep progressing in this direction."


Ona Cala Pí

But management is far from the only contributor to the revenue stream. "We also make profits through complementary services at the resorts, such as restaurants, supermarkets, gyms, and spas, which also benefit our members." The strategy also includes renting unused space through various distribution channels. Onagrup is an active participant in Interval's Getaway program.

A key objective of Onagrup's evolution is the introduction of the condo-hotel business model to Spain. The group will use existing inventory in the beginning. "We have been working on the condo-hotel product for a long time," Barrau says, "and we think it's now the ideal moment to launch this product. We are very confident that it will be successful. We are industry experts and we have all the tools to provide an excellent service."

A Mutually Satisfying Association

Onagrup started its relationship with Interval International in 1991, and in 2001 created Club Estela Dorada (EDO), a floating-weeks club that was affiliated with Interval. "Our relationship with Interval International keeps growing," Barrau says. "We use a large variety of products offered by Interval International to support our sales and enhance the value of the Onagrup product." He is especially enthusiastic about Interval Platinum and Club Interval Gold, which deliver consistently high levels of owner satisfaction.

Over the years, since Barrau attended that first timeshare presentation, Onagrup has risen to become a power in Spain's hospitality industry, and the company's future — steered by a clear vision and willingness to shift course as the wind changes — seems assured. []

See page 2 for currency conversions.

Catherine Lackner, based in Miami, Florida, writes for newspapers, magazines, and various media, and has been covering the vacation ownership industry for nearly 10 years.

fastfacts

Onagrup Hotels & Resorts

Developer: Carlos Barrau, founder
Headquarters: Barcelona, Spain
Product: Deeded; fixed and floating weeks
Resorts: 14 resort properties in locations throughout Spain. Units total 850, and sizes range from studio to three-bedroom.
Price: €9,000 to €30,000 (US$11,500 to US$38,300)
Website: onagrup.net

By Beth Ridenour

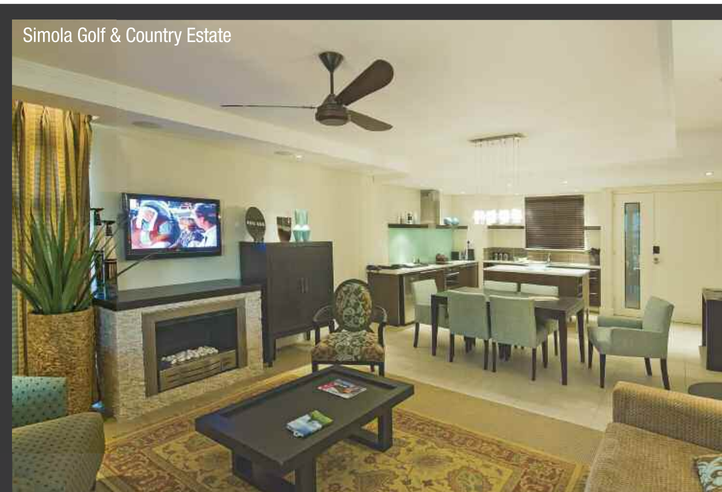
Taking the Fractionals Route in South Africa

Acclaimed property manager Kat Leisure Limited is part of WF Osner Investments Limited, a third-generation East London, South Africa, firm. Renowned for its exacting hospitality in the Western and Eastern Cape, the company manages a collection of hotels and fractional offerings as part of its broader business.

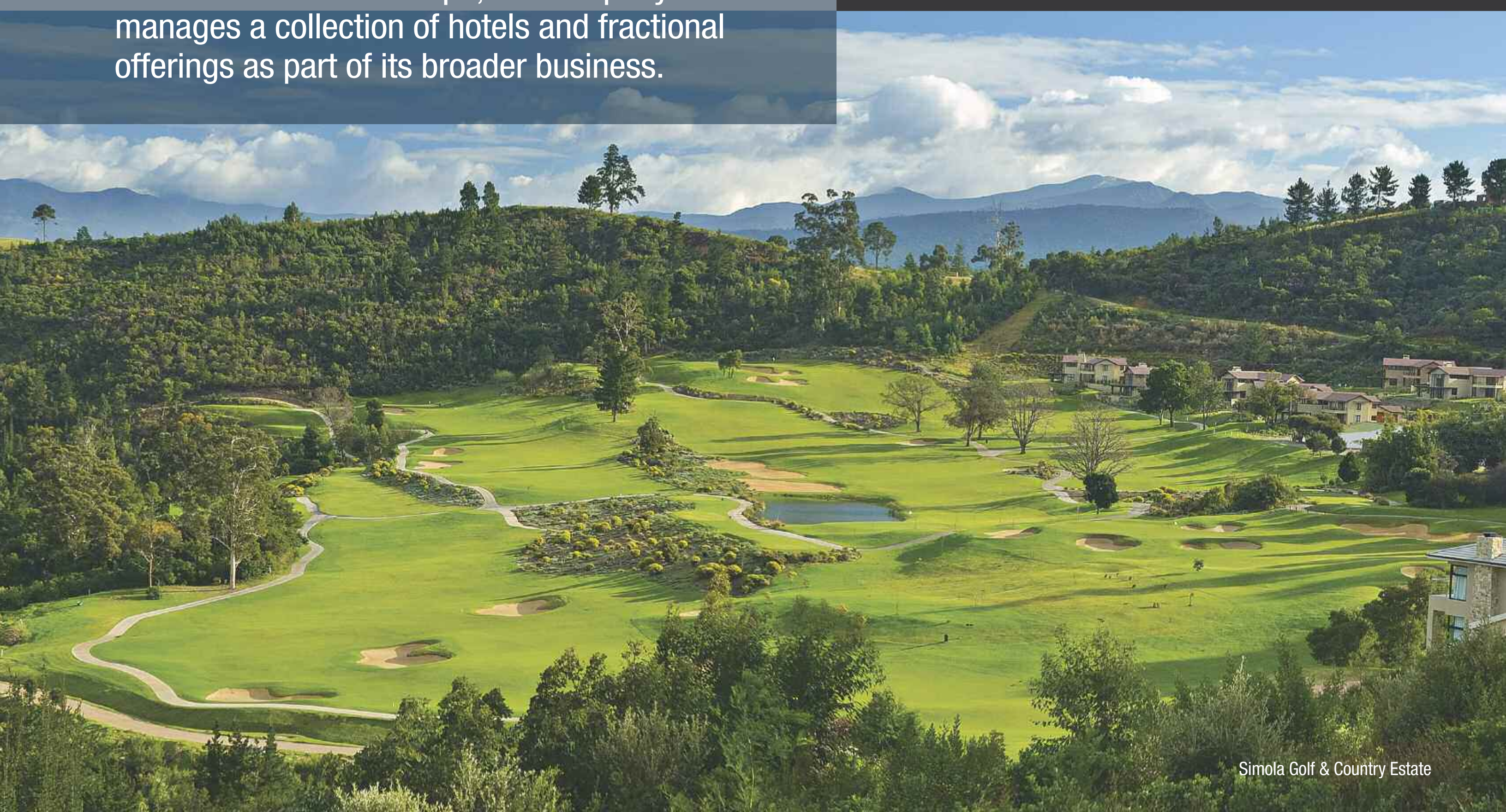
"We are a well-established management business that attracts both business and leisure guests," says Avril Kaschula, CEO of Kat Leisure. "Even during the recession, we did the hard yards and continued to upgrade our properties. Now, we're looking at adding more villa and self-catering accommodations.

"Families are more attracted to that product, so we're constructing accommodations at our resorts to cater to that audience," he continues. "That's the future, and the connection with Interval International is an important part of that move. They are a well-known, quality vacation exchange network and established brand. They make it easier for people to exchange points or weeks, allowing travel to be less costly and much simpler for national and international travel. We value their partnership."

The company first tried its hand at fractional ownership at its Katberg Eco Golf Estate & Hotel located in the Eastern



Simola Golf & Country Estate



Simola Golf & Country Estate

Simola Golf & Country Estate

Cape's Winterberg Mountains. According to Kaschula, it was a prime location to introduce fractionals, complementing the hotel, private game reserve, equestrian center, and spa. Following this launch, Kat Leisure took fractional ownership to Simola Golf & Country Estate in 2008, and then to Hogsback Arminel Village Hotel in 2014.

fastfacts

Kat Leisure (Pty) Ltd.

Developer: WF Osner Investments (Pty) Ltd.
Hotel Operator: Kat Leisure (Pty) Ltd.
Headquarters: Kynsna, South Africa
Product: Arminel Hogsback Village Hotel: sectional title (whole ownership) in perpetuity and fractional ownership for one fixed week per year
Simola Golf & Country Estate: two two-week fractional ownership options: fixed season and rotational
Resorts: Kat Leisure owns and manages 10 properties spanning the Western and Eastern Cape of South Africa
Price: Hogsback Arminel Village Hotel: R65,000 to R120,000
Simola Golf & Country Estate: R195,000 to R500,000 per share
Website: katleisure.co.za
Social Media: facebook.com/katleisuregroup

A Stop on the Mandela Route

Approximately 12 years ago, WF Osner Investments acquired Hogsback Arminel Village Hotel in the Amathole Mountain Range. (The resort's name was inspired by the shape of the range, which resembles running wild pigs.) Within 18 months, they had gutted the 31-bed hotel and renovated the spa, restaurant, and conference center. Five years later, they introduced the self-catering cottages and duplexes.

And today, the tranquil, four-season property is a magnet for nature lovers, corporate groups, and wedding parties alike. The resort is ideally situated, allowing for only a short walk to Hogsback Village restaurants and shopping. And the area offers forest excursions to see several impressive waterfalls, including Kettlespout, 39 Steps, and Madonna and Child, as well as the Eco-Shrine and the Arboretum, representing a garden of trees from around the world, including 100-year-old California redwoods. Also, visitors have the rare opportunity to catch a glimpse of endangered Samango monkeys and the Cape parrot in the indigenous forests.

The area's famed folklore draws in both locals and visitors. As the yarn goes, South Africa–born author J.R.R. Tolkien was inspired by the region, bringing the magical forest to life in his Lord of the Rings trilogy. And Hogsback, only 19 miles (30 kilometers) from Alice, where Nelson Mandela studied, is the perfect base for those following the famed Madiba route, which traces Mandela's early life.

A Second Home for Locals

Largely a locals retreat, Hogsback Arminel Village Hotel serves as a second home in the mountains for many owners. Treasured for the winter and spring seasons, the property draws customers seeking an active lifestyle of hiking, biking, and horseback riding. Most hail from East London (a one-and-a-half-hour drive away) and surrounding cities such as Port Elizabeth. Among the small percentage of international buyers, Germans dominate the group.

The property's thatched two-bedroom cottages are nestled in a lush garden setting away from the hotel. The units are fully furnished and equipped with plasma-screen TVs, a dishwasher, a gas fireplace, and a Weber grill on the wooden outdoor deck. Fractional owners and exchange guests can relax at the property's Arminel Forest Spa. Its motto is "Exceptional. Every day," ensuring the focus is on the health and wellness of each guest. Dining options offer full buffets for breakfast, lunch, and dinner.

Fractional sales launched in April 2014. Phase two is currently targeted to roll out in 2016, with the exact timing based on sales pace. Pricing ranges from R65,000 to R120,000 per share (approximately US$6,000 to US$11,000). Annual dues are R1,500 (US$139) per month.

Event Marketing Leads to Sales

The Kat Leisure team utilizes a variety of marketing and sales approaches to promote the resort, including Facebook advertising and radio buys with Algoa FM, a regional adult contemporary station. The most successful approach, however, is event marketing.

"We needed a better approach to marketing than the traditional invitation to a sales presentation," explains Kaschula. "We found it by embracing existing destination events or creating our own. In fact, the Hogsback Village Christmas in July event was developed by us eight years ago to drive our hotel business, and we continue to enjoy its success today."

Christmas in July features a bonfire, ox wagon rides, live music and entertainment, children's activities such as a circus and a visit from Santa Claus, port and wine tastings, and more. The marketing strategy also capitalizes on the area's Lord of the Chain Rings, a three-day mountain biking race held each November, offering new trails never blazed by riders before.

Additionally, the company hosts the Simola Hillclimb held every May at Simola Golf & Country Estate. Attended by more than 11,000 people, the esteemed event has drawn Jaguar as a sponsor, and is now widely viewed as on par with the U.K.'s Goodwood Festival of Speed.

Kat's Eye on the Future

The leadership at WF Osner Investments and Kat Leisure is not resting on its laurels. Recently purchased beachfront land in Port Elizabeth is being prepped for the next leisure property. According to company information, it is policy to invest, construct, and retain properties, which has led to ownership of commercial, residential, and industrial properties with a gross lettable area in excess of 120,000 square meters (nearly 30,000 acres).

"Kat Leisure is ingrained in the Western and Eastern Cape markets, offering a unique holiday experience," says Darren Ettridge, Interval International's senior vice president of resort sales and business development for Europe, Middle East, Africa, and Asia. "From inspired hiking around Hogsback Arminel Village Hotel to the first Jack Nicklaus Signature Golf Course on the Garden Route at Simola Golf & Country Estate, the team at Kat Leisure provides memorable experiences for our exchange members. We're in our first year of a multiyear agreement, so we look forward to a long relationship together." [ ]

See page 2 for currency conversions.

Beth Ridenour has worked as a public relations professional in the lodging and vacation ownership industries for more than 10 years.

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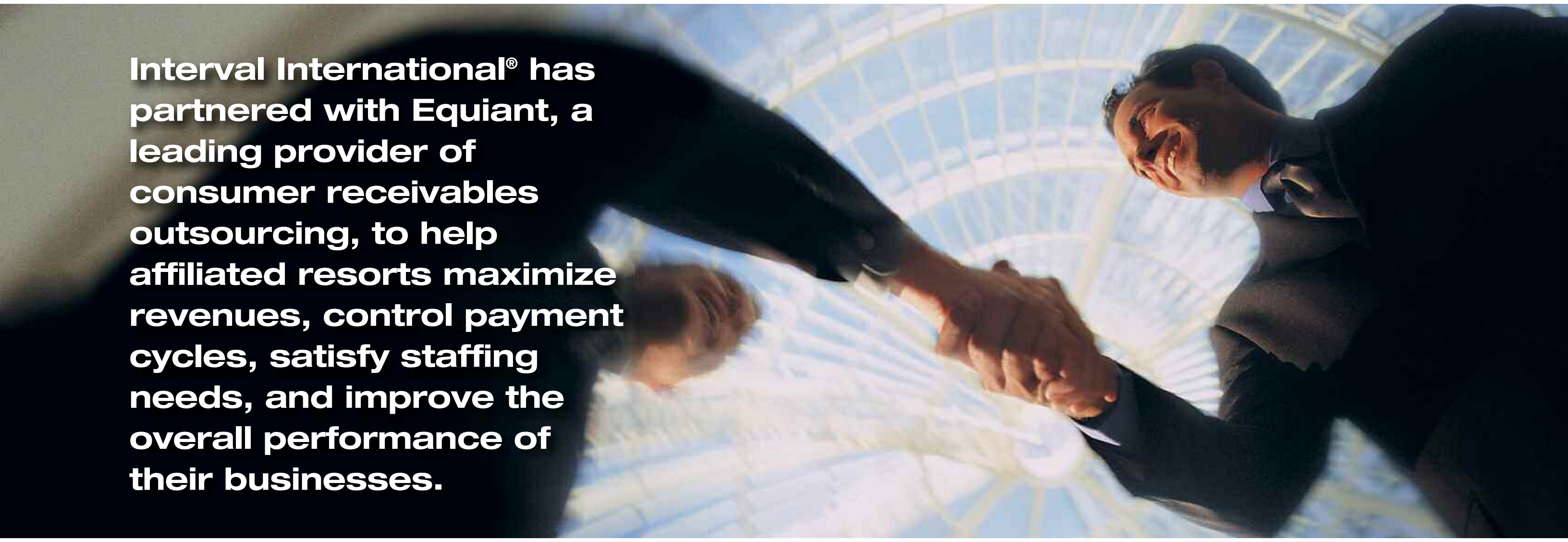

Interval International® has partnered with Equiant, a leading provider of consumer receivables outsourcing, to help affiliated resorts maximize revenues, control payment cycles, satisfy staffing needs, and improve the overall performance of their businesses.

Founded in 1986, Equiant is the premier independent receivables service specializing in vacation ownership. “We are systems architects, taking advantage of the newest and most powerful technologies to support our clients for the long term,” says Equiant President Frank Morrisroe.

After a thorough review of a client’s business challenges, Equiant can identify which of its programs, technologies, and systems are most appropriate, and then implement those tools. “This approach allows us to deliver a higher-quality solution, giving our clients a competitive advantage,” Morrisroe says.

Resorts that choose to participate in this Interval Affiliate Advantage can receive preferential pricing on:

- Receivables and maintenance fee services
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To find out how Equiant can create a custom solution that suits your operational needs, contact Peter Moody, director of sales, by telephone at 888.302.5938, or by email at *PMoody@equiant.com*.

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For more information about the Interval International credit card program and ways you can leverage it, please contact Interval International.

When you tell your prospective owners about the Interval International Visa Signature card with WorldPoints rewards, you will be offering them a card with:

- **NO** annual fee
- **DISCOUNTED** companion airfare certificate for new members after qualifying transactions* (students not eligible)
- **1 POINT** for each net retail purchase dollar spent, including the vacation ownership down payment
- **POINTS** that can be redeemed for:
  - Interval International membership renewals and upgrades
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*Federal Law prohibits students from receiving a premium.

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Interval International® has expanded its long-standing relationship with Entertainment® and is now offering — at preferred rates — Discount Shopping Dollars as a marketing tool.

This Interval Affiliate Advantage provides a high-value sales proposition at attractive prices. This premium can be used as a **purchase incentive**, **customer reward**, or for any **other sales or marketing purpose**.

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To learn more, contact Entertainment Promotions™ at +855.554.3231 or email *Interval@entertainment.com*.

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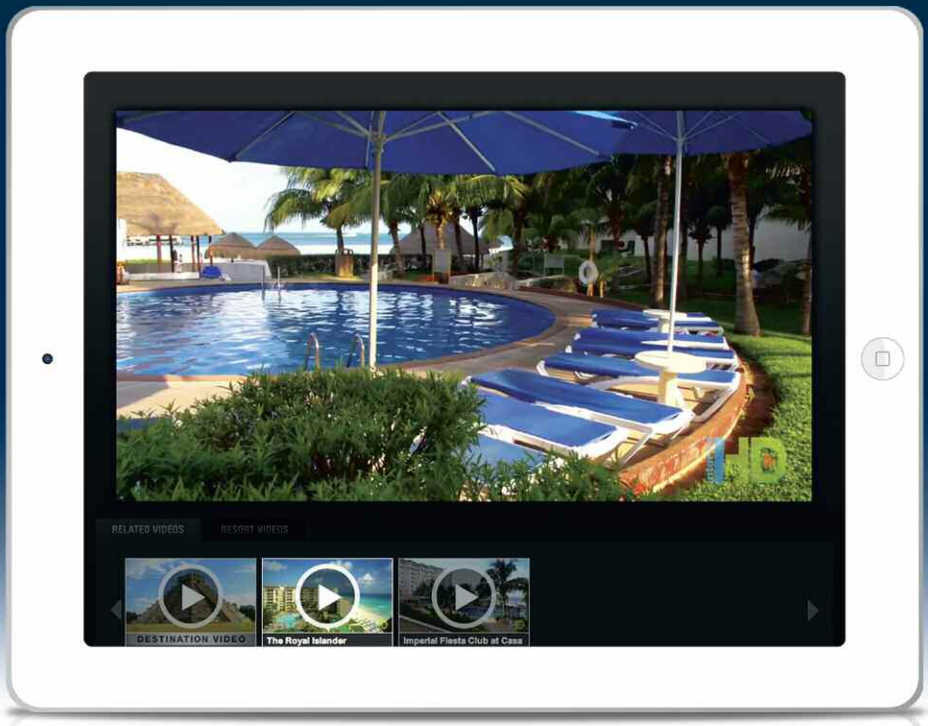
DG FILM COMPANY

Production Company Keeps Resorts Competitive in the Digital Age



DG Film Company, a full-service production company with more than 15 years of experience — including the creation of customized resort presentations worldwide — has joined the Interval Affiliate Advantages program.

- DG Film Company offers professional film presentations that meet clients' marketing needs while remaining within budget.
- Resorts are showcased in a captivating style, incorporating creative video elements that appeal to clients' target audiences.
- Website videos boost Internet search results and increase the rate of viewer response.

For a two- to three-minute showcase video, participating resorts will receive preferential pricing on the following:

- Script development, including music and narration
- On-location filming of interiors, exteriors, amenities, or other aspects of the resort or destination
- Interviews with resort representatives and owners
- Aerial and underwater shots
- Video optimization for the Internet and master DVD for in-house application

intervalHD

Resort video footage can be included on Interval HD at IntervalWorld.com.

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Sample videos can be found at dgfilmco.com.
See how DG Film Company can help achieve crucial marketing goals for your resort property.
Contact the company at 435.674.1133 or by email at *Production@dgfilmco.com.*

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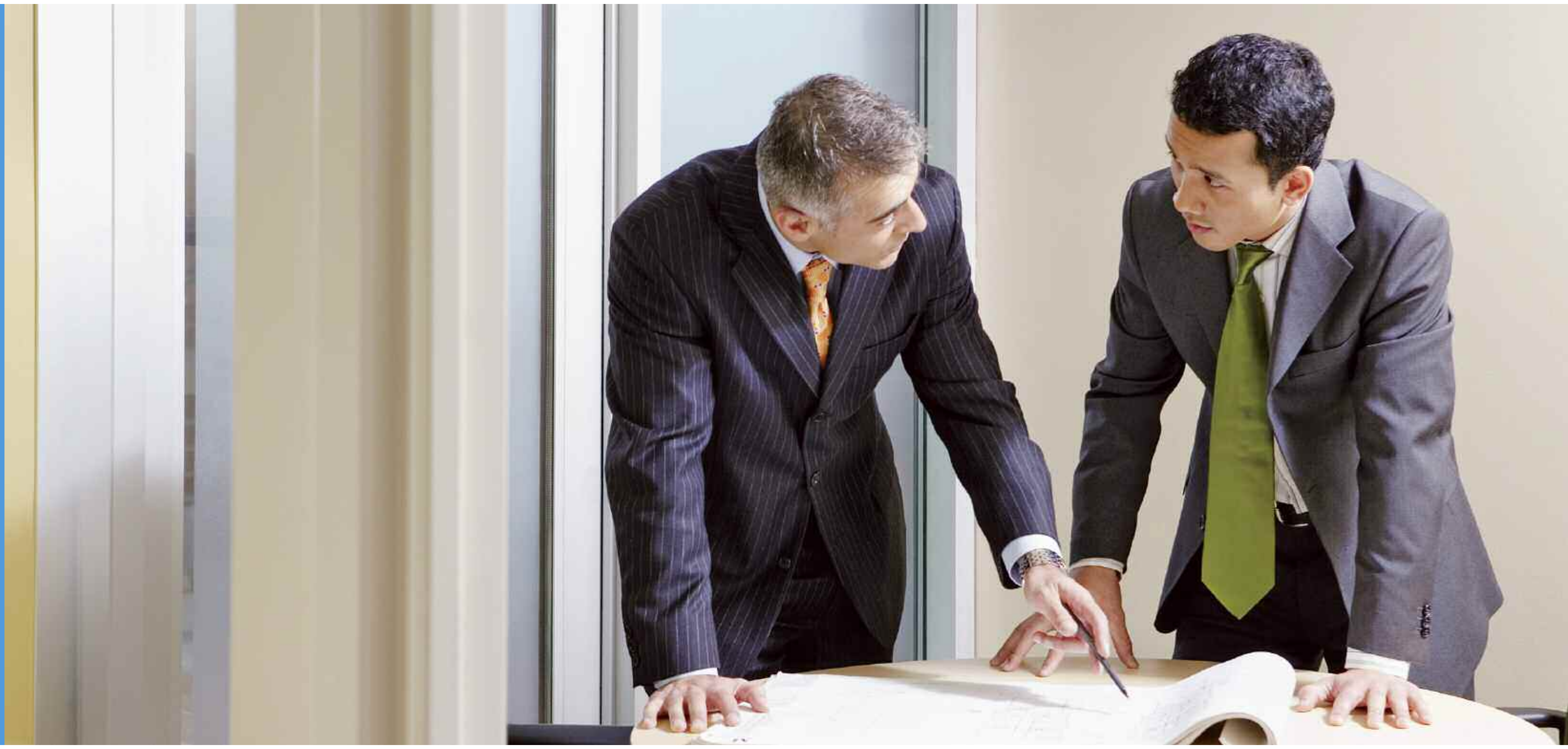

Fidelity National Title Group and Chicago Title have combined their resources to form Fidelity National Timeshare, which provides a variety of transaction-focused services exclusively to the shared ownership industry. Led by industry veterans, this new powerhouse offers decades of experience and a wealth of real-world knowledge.

As an Affiliate Advantages partner, Fidelity National Timeshare offers resorts affiliated with Interval International preferential pricing* on:

- AGENT AND ESCROW SERVICES
- DOCUMENT MANAGEMENT
- DEFAULT SOLUTIONS
- INVENTORY CONTROL
- TITLE INSURANCE
- TRUSTEE ASSISTANCE
- MERCHANT ACCOUNT PROCESSING
- ACCOMMODATION RECORDINGS

To learn more, contact **Kerri Luther**, national director of business development, at *Timeshare@fnf.com*.

*Excluding pricing that is set by local, state, or federal governments.

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Mark Waltrip

Mark Waltrip, chief operating officer at Westgate Resorts, has been recognized by the *Orlando Business Journal* for his contributions as a member of the local business community, as a member of the armed forces, and for his support of military causes. The inaugural Veterans of Influence Awards has honored Waltrip for his 20 years in the Air Force and the Air Force Reserve, as well as for his active involvement in Operation Rolling Thunder, which works with issues regarding prisoners of war and those missing in action.

October 4: Welk Resort Group Day

On the heels of its 50th anniversary, Welk Resort Group was honored with a proclamation from the County of San Diego, California: October 4 has been officially declared Welk Resort Group Day. Interval staff attended the 50th celebration, and presented the resort with a commemorative plaque. Pictured are (left to right): Jon Fredricks, president and CEO of Welk Resorts; Sam Ray, senior vice president of marketing, Welk Resorts; Aundralise Diaz de Leon, vacation ownership inventory manager, Welk Resorts; Carisa Azzi, senior vice president and chief financial officer, Welk Resorts; David Gilbert, president of Interval International; Pam Drozd, region manager of corporate accounts, resort sales and service, Interval International; and Glen Clinton, senior vice president of resort operations, Welk Resorts.

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