



Figure 1: Schönried, Switzerland (own capture)

Trend Study

Timeshare as a solution to cold beds

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Work submitted on December 19th 2013

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Introduction

The accommodation sector is often suffering from the “cold beds” factor. It is called this way because the beds that are not being used by the tourists remain “cold”.

This case study will present the timeshare concept as a possible solution to cold beds. Timeshare was born in the early 1960s thanks to Alexander Nette, a German hotel manager. This concept was then adopted by Hapimag Company who still is a major player in the European timeshare industry. It all started as Alexander Nette realized that his group of friends and himself could not individually afford the cost of buying an apartment in a ski resort in France. Therefore, he proposed that the group gather its money together and shared the apartment in weekly time intervals.

(Woods, R.H., 2001)

This case study will analyse and summarise the results of three peer reviewed journal articles from three different countries and list their conclusions as well as their recommendations. It will also give a personal assessment of the relevance of the three studies for the Swiss tourism industry.

1. Summary of results of the three studies

The three peer reviewed articles clearly showed that timesharing is a growing trend in the tourism industry. (See appendix II) However, timeshare also has its bad side. Indeed, due to the misrepresentation of timesharing, the law suits as well as a hard-sell approach adopted by many developers who used unethical high-pressure sales tactics, the timeshare industry received a bad image resulting in poor acceptance by society. Yet, in 1983, Florida's state legislature passed their first timeshare law in order to put these abominable sales practices to an end. Moreover, the entrance in the timeshare industry of many reputable hospitality establishments like Disney, Marriott, Hilton and Hyatt also changed the negative perception about the timeshare industry.

(Upchurch, R, S., & Gruber, K., 2002)

In order to consolidate the timeshare industry which is highly fragmented, one of the major trends is now the increase of consolidation. Thanks to Hapimag, the originator of the points system, a network of 51 resorts in 15 countries in Europe and 1 in the USA, has been built.

(Pryce, A, H., 2002)

Despite its fast growth in USA and Europe, timeshare is still very slow in gaining acceptance in Singapore. However, concerning many other Asian countries, the timeshare industry successfully gained recognition. The perception of timeshare by potential customers is generally negative in Singapore. The reasons for that are the undesirable sales tactics and negative media coverage as said earlier. Nevertheless, at the time the study was made in Singapore, there were no laws particular to timeshare sales.

(Chiang. L, C., 2001)

2. Synthesis of the conclusions and recommendations of the three studies

Timeshare is a wonderful product with a lot of career opportunities. However, quantitative and qualitative research studies need to be done.

(Upchurch, R, S., & Gruber, K., 2002).

Also, the industry needs consolidation mainly through acquisition or alliances. In order to bring transparency in the price-value relationships, the timeshare industry needs to focus on market segmentation and hospitality branding as well as the development of points club like Hapimag as said earlier.

(Pryce, A, H., 2002)

Also, in order to minimize the lack of knowledge and the misinterpretation of the timeshare industry, education is needed, as well as an emphasis that should be placed on enhancing the understanding of the timeshare concept. The following recommendations also need to be

taken into consideration: offer extra services for customers like for example hotlines, send them brochures to keep them updated, encourage customer feedback, and develop on-site promotion like for example exhibitions. Also, the affordability of the products can be improved by lowering the marketing costs, which would result in lower prices for the timeshare buyers. Moreover, it is important that the resort developers as well as the marketing companies work hand in hand to increase and improve the offer of timesharing. Timeshare is a potential product in Singapore; therefore, the above recommendations really need to be taken into account in order to interest potential buyers. Also, the points and club system needs to be introduced in Singapore, as it is still inexistent there.

(Chiang. L, C., 2001)

3. Personal assessment of the relevance of the studies for Swiss Tourism

As pointed out in these three studies, timeshare is a great product in the tourism industry. It presents many advantages that could also be beneficial for the Swiss tourism, as Switzerland also suffers from “cold beds”. As timeshare is already well implemented in Europe, Switzerland would not have much trouble to develop this kind of accommodation. The development of an offer of timeshares in our country could help minimizing this issue of “cold beds”.

However, Switzerland should take into account the negative aspects of timesharing that were listed in the three studies above. Knowing that, Swiss tourism can avoid doing the same mistakes that were made at the beginning of the timeshare industry. Also, it would need to provide a good education about this product.

Keeping in mind these recommendations and knowing the advantages of timeshare, we can conclude that timesharing could be a solution to “cold beds”.

References

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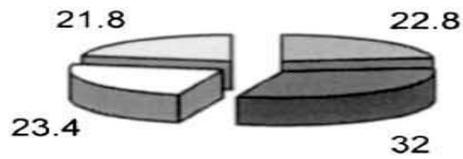
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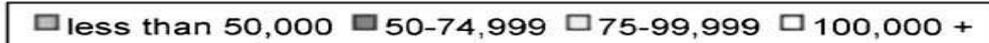
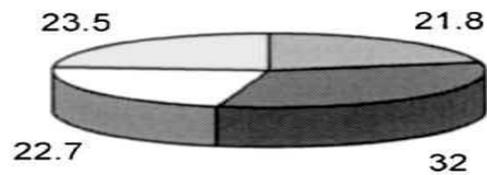
Woods, R. H. (2001). Important issues for a growing timeshare industry. *Cornell Hotel and Restaurant Administration Quarterly*, 42(1), 71-81.

Appendix I: Timeshare owner characteristics

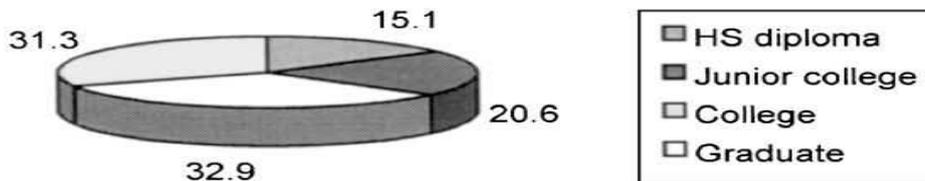
Age of household



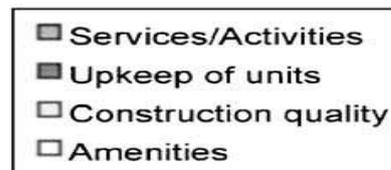
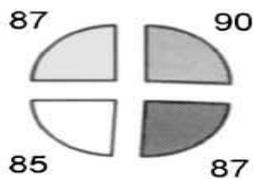
Household income



Household education

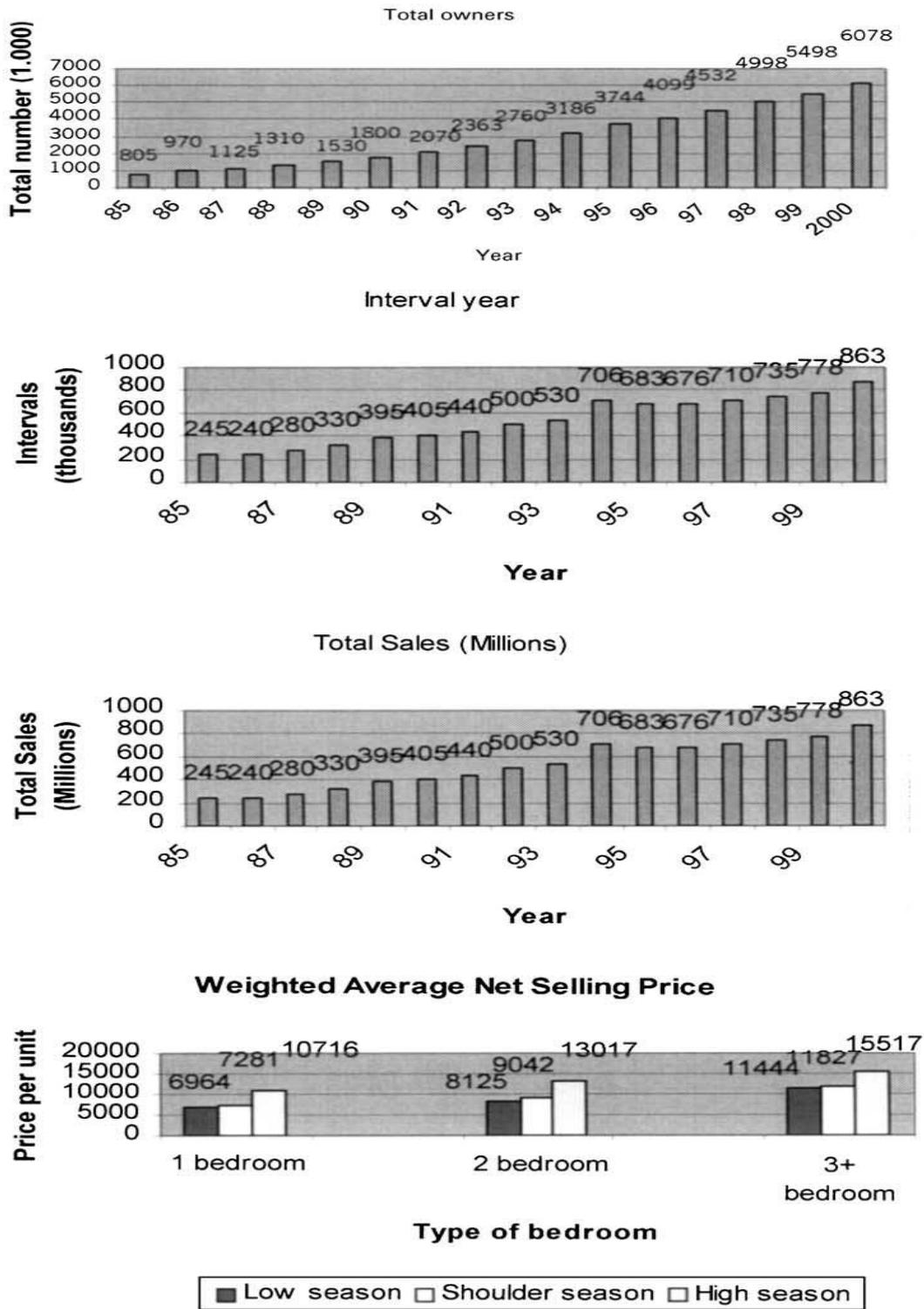


Satisfaction with Specific Characteristics of Timeshares



Source: American Resort Development Association (1999)

Appendix II: Sales performance of timeshare



Source: American Resort Development (1999)