APRIL – JUNE 2015

VACATION INDUSTRY review

A PUBLICATION OF INTERVAL LEISURE GROUP

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The Allure of the **Urban Vacation**

Has **Industry Lending** Turned the Corner?

New Trends in **Kitchen Design**

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currency conversions

US$1	=	€0.89, £0.65
£1	=	US$1.54, €1.38
€1	=	£0.73, US$1.12

Valid at time of publication.
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BY **Craig M. Nash**
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INTERVAL LEISURE GROUP

Living in **Interesting Times**

I couldn't be more pleased with the success that ILG has had in assembling a stellar portfolio of businesses. Each operation is a pillar that supports the foundation of our larger, long-term strategy.

"May you live in interesting times." Sounds like a fortune cookie message, one of those vague prophecies, like, "A new challenge is near," or, "Your luck will soon change." The invocation is popularly purported to be a Chinese curse — *interesting* translated as tumultuous, stressful, even disastrous.

But I prefer to interpret that message through a positive lens. *Interesting* times, from my perspective, are stimulating, inspiring, or engaging. And I believe there's plenty of evidence to support my view. Especially in our industry.

Responding to Change

While international markets may be defined by their own unique challenges and opportunities, the shared ownership community in the U.S. is acclimating well to a new-order economy. We're reshaping our business model, developing fresh, relevant products, and reaching out to — and interacting with — new audiences through the latest technologies. Financing continues to find firm footing (see the related story on page 14). Public markets have warmed up, sales numbers are climbing, and we're beginning to see some new construction.

There are so many examples of industry leaders who have met with great success during these *interesting* times. Marriott Vacations Worldwide spun off from parent Marriott International in 2011, Diamond Resorts International went public in 2013, and both companies have seen their market caps soar since then. Starwood Vacation Ownership's separation from Starwood Hotels is slated for completion by the end of 2015.

Westgate Resorts returned to Las Vegas, planting its "W" atop the marquee of a landmark 30-story hotel now known as the Westgate Las Vegas Resort & Casino. Breckenridge Grand Vacations, upon opening sales for its new construction, Grand Colorado on Peak 8, announced that it sold US$7 million in vacation ownerships on the first day! Welk Resorts, with two upcoming projects on the books, reports posting an average of more than 18 percent revenue growth over the past 10 years. Gold Key Resorts expanded its Virginia Beach presence to North Carolina's Outer Banks with the acquisition and renovation of its newest property, Beachwoods.

These are just a handful of the highlights that have brightened our economic horizons in recent years.

A Broader View

ILG, too, has some interesting developments to celebrate. By the close of last year, we had successfully set the foundation of many of our strategic goals through acquisitions, joint ventures, and organic programs. Our course of action has diversified our consolidated business — concordant with an evolving market — and has broadened how ILG serves members and clients. Today, we are a leading provider of nontraditional lodging with a portfolio of membership, exchange, vacation rental, and vacation ownership management, sales, and financing businesses.

The acquisition of Hyatt Vacation Ownership, which was announced last spring and closed October 1, is the largest and perhaps most strategic transaction that ILG has completed to date. HVO adds the important areas of vacation ownership sales and marketing, financing, and the potential for future resorts under the banner of a world-class brand, while contributing to our existing membership, exchange, and resort management offerings.

I couldn't be more pleased with the success that ILG has had in assembling a stellar portfolio of businesses. Each operation is a pillar that supports the foundation of our larger, long-term strategy. As we move forward into a future of certain change, we are surely traveling on solid ground.

Indeed, our industry does face threats: As legacy resorts must address both the aging of their member base and their property, resales and transfers continue to be troubling issues. And it's certain they'll be key topics of discussion as we gather in Orlando for the ARDA World 2015 Annual Convention & Expo. While we're collectively climbing out of denial, we have a long way to go before we effectively address the problem and develop adequate legitimate outlets for resales activity.

Another maxim attributed to the Chinese: The character for the word *crisis* consists of two words: *danger* and *opportunity*, signifying the promise of growth, change, and success even in the most trying circumstances. Indeed, it's how we define crisis that shapes the way we respond and influences our ultimate success or failure. And ILG companies are pledged to do everything we can to steer our clients toward success in environments both good and bad.

May you live in interesting times: Now, that's a message I'd be happy to find in my fortune cookie.

AFFILIATES' PICK

Info-Exchange Hosts Resort Staff In Vegas, Cancún

Antonio Enrique Camacho Martinez and Jose Luis Lopezaguado Carrera, both with Palace Resorts, attended the Info-Exchange in Cancún, Mexico.

Interval International recently hosted sales, marketing, and operations staff from Interval member resorts at Info-Exchange seminars in Las Vegas, Nevada, in the U.S., and Cancún, Mexico.

Info-Exchange is designed to familiarize resort personnel with Interval's products, support programs, and services, allowing them to better serve owners and manage the exchange partnership more efficiently.

"I obtained important information about client trends regarding our industry," says Piedad Liliana Bermúdez, director of customer service at Zuana Beach Resort in Colombia, "and got to learn about the technological tools that Interval is implementing to improve its communication with clients and partners." Bermudez attended the seminar in Cancún.

"I believe in great service and this event was an example," says Ernesto Medina, hotel manager at The Westin Lagunamar Ocean Resort Villas & Spa, and another attendee of the Cancún event. "It was well-composed, informative, and current. *Muchas gracias* for all the effort put in this well-organized and fun meeting."

Info-Exchange is accredited by ARDA, which enables attendees to receive credit toward their registered resort professional designation.

ON THE MOVE

New Interval Office In Cape Town, South Africa

As its presence in Central and Southern Africa continues to grow, Interval International has opened an office in Cape Town, South Africa, to better meet the needs of resort developers and members in the region. "Customer and resort developer service has always been at our forefront," says Jackie Blake, manager of member services for Southern Africa, "and we are excited and dedicated to providing our clients with the level of service that they expect and deserve."

The new office is located at Unit 5 Waterford Mews, Waterford Place, Century Boulevard, Century City, Cape Town, South Africa 7441.

CRUISE NEWS

Interval Travel Earns Carnival Excellence Award

Interval Travel has been honored with Carnival Cruise Line's Excellence Award, which recognizes the company as one of its 15 top agencies in the U.S. and Canada.

"We created the Excellence Awards as a way to celebrate the many success stories we hear of travel agencies that are building incredible business practices through new and innovative methods," says Joni Rein, vice president of worldwide sales for Carnival Cruise Line. "Rather than solely reward sales results, we wanted to highlight agencies who are showing growth through unique success strategies, as well."

Interval Travel, a full-service agency that helps members plan their vacations, has been operating its cruise department since 1997.

MILESTONES

Community Celebrates

"In five short years, Community has seen a lot of spectacular growth," notes Madeline Berges, vice president of e-commerce and digital marketing for Interval International. "We've expanded to more than 200,000 profiles and that number increases every day."

Since Community launched in May 2010, more and more members have turned to the forum—which can be found at IntervalWorld.com—to connect with others, seek advice, and share their vacation, travel, and exchange experiences. But, according to Berges, "Not only does Community allow members to communicate with and help each other, it provides Interval with greater insight into member interests, behaviors, and concerns that the company can then use to better serve members and our resort partners."

COMMUNITY BY THE NUMBERS

TOTAL AVERAGE MONTHLY PAGE VIEWS **188,000**

94,000 TOTAL POSTS

205,000 **COMMUNITY PROFILES**

TOP FIVE SEARCH WORDS
- ALL-INCLUSIVE
- GUEST CERTIFICATE
- ARUBA
- COSTA RICA
- RETRADE

TOP FIVE **FORUMS**
- EXCHANGE
- INTERVAL IDEAS
- GETAWAYS
- MEMBERSHIP
- USA

WINDJAMMER
LANDING VILLA BEACH
RESORT & SPA

AWARDS AND ACCOLADES

Digital Campaign Wins Adrian Bronze

Interval International has been recognized by the Hospitality Sales and Marketing Association International (HSMAI) with a Bronze Adrian Award. This represents the 10th HSMAI award presented to Interval in recent years for excellence in digital marketing, advertising, and public relations.

Produced in conjunction with Mountain View Group, the video, entered in the digital category, provides a series of compelling testimonials by Interval members who share their vacation experiences. Available in English, Spanish, and Portuguese on IntervalWorld.com, “Real Members. Real Stories,” forms part of the Interval HD collection, which is also accessible on YouTube and Interval’s mobile applications. The video is just one of many resources on the site for consumers seeking to learn about the benefits of vacation ownership and Interval membership.

AFFILIATIONS AND AWARDS

HYATT KA’ANAPALI BEACH

Windjammer Landing Villa Beach Resort & Spa

A multiyear agreement between Interval International and the mixed-use Windjammer Landing in St. Lucia, West Indies, extends a relationship established in 2009. The 60-acre (24 hectares) resort was designed by noted architect Ian Morrison. The property has five restaurants, Serenity Spa, a newly expanded beach, six swimming pools, and more.

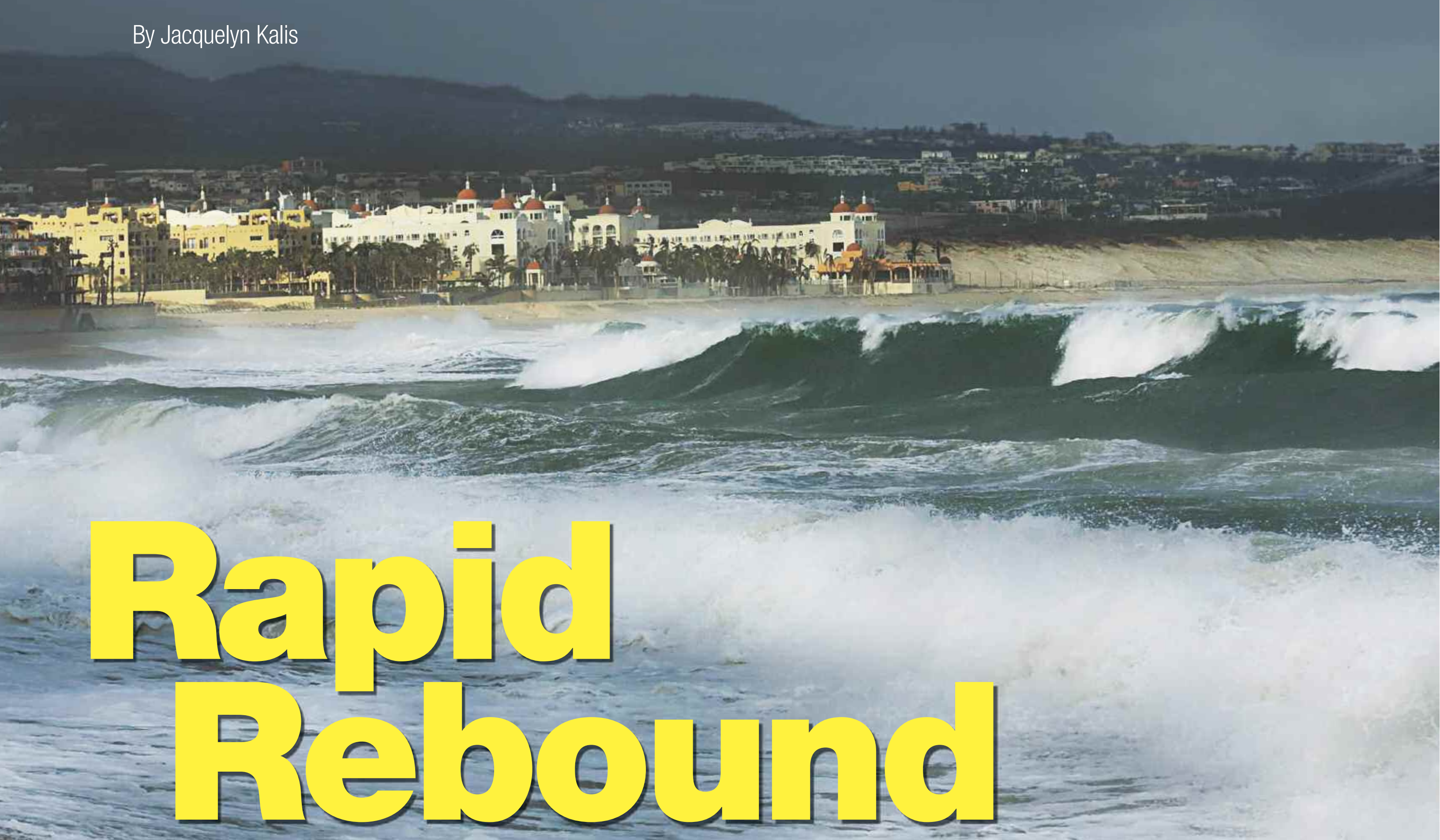
Hyatt Ka’anapali Beach

Located on one of Maui’s most sought-after beaches, the 131-unit Hyatt Ka’anapali Beach shares 1,800 feet (549 meters) of beachfront with the Hyatt Regency Maui Resort and Spa. One-, two-, and three-bedroom accommodations have expansive lanais and fully equipped gourmet kitchens. Owners and guests have access to Hyatt Regency amenities, including restaurants, bars and lounges, pools, a waterslide, the only oceanfront spa on Maui, and boutique shops and galleries.

Fitzpatrick Castle Holiday Homes

Just 20 minutes south of Dublin, Ireland, Fitzpatrick Castle Holiday Homes in Killiney is set on the grounds of the 18th-century Fitzpatrick Castle Hotel. One- and two-bedroom apartments offer full access to the hotel’s facilities, which include two award-winning restaurants and an indoor swimming pool.

By Jacquelyn Kalis



Rapid Rebound

Less than a year after a Category 3 hurricane hit Mexico's Baja California peninsula, Cabo is back — and better than ever.

You've heard the story before: A dreaded natural disaster sweeps across a popular vacation destination, leaving destruction in its wake and a crippling impact felt many months or years later.

Thankfully, this is not one of those tales. For Mexico's Los Cabos region, effective disaster-management plans, a well-coordinated government response, and the dedication of staff and management at area resorts following September's Hurricane Odile resulted in a quick recovery — and improvements to boot — within months. It's a success story with lessons worth learning.

Tourism Impact

Hurricane Odile made landfall at 9:45 p.m. on September 14 as a Category 3 storm, generating winds of up to 125 miles per hour. The strongest storm to hit Baja California Sur since 1967's Hurricane Olivia, Odile flooded streets, shut down travel, and caused many millions in damage to area resorts.

The storm's impact on tourism, a key industry in Los Cabos, was no small matter. More than 1 million visitors vacation in the area annually, and in recent years, the revenue generated by tourism has been creeping toward US$1 billion. In addition, more than one-third of the Los Cabos workforce is

Solmar Hotels & Resorts worked rapidly to make repairs in order to quickly reopen its properties after Hurricane Odile.


Before


After

employed by hotels, restaurants, and ancillary tourism services.

Hotels and resorts, including timeshare properties, were widely affected: Of the tourist-quality accommodations in the area, approximately 68 percent are timeshare, according to the Mexican Resort Development Association (AMDETUR) website. The extent of damage varied by property, with many reopening before the month's end. By October 7, about 9,000 rooms were open for business. By December, approximately 10,000 of the approximately 15,000 rooms in Los Cabos were available to visitors.

Odile also damaged Los Cabos International Airport, halting inbound flights. During normal operation, there are more than 250 flights per week. Domestic inbound service resumed 18 days after the storm, and international flights began operating five days later.

Repairing the Damage …

Much of the area's ability to bounce back so rapidly has been attributed to cooperation between the private and public sectors, and the hard work and dedication of those on the ground. "The recovery of Baja California and its tourist destinations was quick, thanks to the efforts of government agencies and the relentless will of the people of Baja California Sur," says Claudia Ruiz Massieu, Mexico's secretary of tourism.

At Solmar Hotels & Resorts, staff worked tirelessly to reopen four of its five properties 15 days after Odile, says Ricardo Orozco, managing director of Solmar Hotels & Resorts. The fifth property, Hotel Quinta del Sol in downtown Cabo San Lucas, remained open throughout, serving as housing for employees whose homes were severely damaged. It also hosted members of the Mexican Armed Forces and the Federal Commission of Electricity while they worked on restoration efforts, he says.

"The destination as a whole did not have power for several days following the storm, which made communication incredibly difficult," says Orozco. "I was personally driving to the airport in San José del Cabo, 45 minutes away, several times per day to obtain updates from the state and local government about the availability of flights to take our guests back to their homes."

Damage to Solmar's five properties encompassed pools, *palapas* (open thatched-roof structures), and exteriors, Orozco says. In addition, much of the glass in guest rooms had to be replaced. All work was funded by the hotel group and its founders and owners, the Bulnes family.

… And Making Improvements

At Hacienda Encantada Resort & Spa in Cabo San Lucas, management made the most of the need to repair damage, implementing upgrades at the same time. "We not only restored everything, we also made improvements to quality to multiple areas so that our members and guest can experience a product that is completely updated and fresh," says Gabriel Macías Dueñas, president and CEO of Mexico Grand Hotels. Thirty guest rooms were damaged at Hacienda Encantada, affecting ceilings, paint, and windows. Hurricane shutters installed throughout the resort minimized the storm's impact.

In addition, approximately half of the property's gardens and public areas were damaged, due to fallen trees and landslides. Renovations totaled approximately US$4 million, Macías Dueñas says, and the resort reopened on October 11. "After Hurricane Odile hit us, we were fortunate to have a fully committed team, composed of hotel staff members and construction crew, to help us restore the property in less than one month," he says.

Preparation Pays Off

Effective advance planning ensured that all guests at Welk Resorts' Sirena del Mar in Cabo San Lucas were safe, says Jon Fredricks, president and CEO of Welk Resorts. Approximately 160 people were staying at Sirena del Mar when Hurricane Odile made landfall. All were asked to remain inside units, which are built solidly with concrete and steel reinforcing rods. In addition, the property's cistern was filled with water and provisions were stocked. The day after the storm, vacationers and employees on-site were able to enjoy a taco dinner and cold drinks. "We had enough food to provide for guests, owners, and team members for the first few days," Fredricks says.

Following the hurricane, everyone was kept informed via video updates and bulletins on the resort's website. In repairing damage, which encompassed significant reconstruction to approximately one-third of the units, as well as work on the pool area, reception, and other common areas, Fredricks says, Welk is also taking advantage of the downtime by opening a new restaurant, Estrella.

Government Aid to the Rescue

Much of the quick rebuilding of infrastructure and key assistance to both travelers and the Baja California Sur tourism industry can be attributed to effective government preparation and response. To aid in rebuilding efforts, the government announced tax breaks in early October, authorizing deductions of "up to 100 percent of the investment made" in the areas hit by Odile from September 15 to December 31, 2014.

No stranger to hurricanes, the Mexican government has disaster-management plans in place to reduce adverse effects on the general population and tourists, aiming to protect, inform, and take action with quality and speed, says Ruiz Massieu. Government aid following

Grand Solmar Land's End Resort & Spa Cabo San Lucas was back in business shortly after Hurricane Odile.

> Government aid following Hurricane Odile included airlifts (32,653 passengers were transported in the first four days), establishing temporary shelters in 18 hotels for 30,000 tourists, and coordinating communications between international visitors and their embassies or consulates.

Hurricane Odile included airlifts (32,653 passengers were transported in the first four days), establishing temporary shelters in 18 hotels for 30,000 tourists, and coordinating communications between international visitors and their embassies or consulates.

Another government entity, the Green Angels Corporation, coordinated emergency activities, responded to travelers' roadside-assistance requests, and provided information on the weather, shelters, and driving conditions on a 24-hour basis, Ruiz Massieu says.

Banking business was also promptly restored, she says, and the government worked "closely with the private sector to ensure the reopening of 14 supermarkets in Los Cabos."

Both Macías Dueñas and Orozco have high praise for the government's response to the storm, as well as steps to promote the destination in its aftermath. In particular, Macías Dueñas pointed to support via immediate bank credits of up to US$5 million at low rates. Relief efforts reached Cabo very quickly, Orozco says. "The local, state, and federal governments have done an outstanding job in the recovery process, as well as with promoting Cabo following Hurricane Odile," he says. "The entire tourism community in Cabo pulled together and worked around the clock to get flights back up and running."

Among government's tourism promotions, a standout is the launch of a US$5 million destination-marketing campaign in October, Los Cabos #Unstoppable, which includes television, print, radio, and social media outreach. A website, unstoppablecabo.com, was created collaboratively by the Mexico Tourism Board and the Los Cabos Tourism Board to provide up-to-date information. The industry is bolstering the cause through its own communications as well, Macías Dueñas says: "We are reinforcing this same campaign through our different promotion channels and letting travelers know that Los Cabos is open for business."

Positive Takeaways

The effects of Odile are pushed further into the past with each day, yet lessons learned promise to remain well into the future, building on disaster-management plans for both the government and the local tourism industry. Shaped by the experience after Hurricane Odile, the Mexican government's action plan "was enhanced to strengthen the federal government's ability to provide disaster relief by establishing strategies for coordinated and effective actions to be taken at a federal level," Ruiz Massieu says. Among the changes: Permanent representatives from government agencies will be designated to oversee implementation of established protocol, and regional storage centers will be created for equipment to aid in quick response time.

As for the resorts, "Key areas were identified to improve protection against hurricanes," Macías Dueñas says. Also, some building materials were reinforced and changes were made to the hurricane plans to maximize efficiency. "One very positive aspect in particular was the commitment and dedication of our team, which is what got us through this difficult period," he adds. "We were able to restore the property in record time because of them."

Another positive that came out of a disaster situation has been the outpouring of support for resort employees affected by the storm. For example, Solmar Hotels & Resorts' nonprofit organization, the Solmar Foundation, has provided assistance via donations to more than 200 Solmar employees "who lost nearly everything in the storm," says Orozco. "It's been amazing to see how loyal and supportive our members and guests have been through this process; they truly feel as if our hotels are their homes and our staff, their family."

See page 2 for currency conversions.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Industry Lending Turns the Corner

Lower interest rates and high levels of liquidity lead to an optimistic outlook for vacation ownership.


Frank Morrisroe


Shawn Brydge


Carisa Azzi


Bill Ward


Jim Casey

By Betsy Sheldon

It's been called turbulent. The changing of the guard. And a roller coaster. However you describe the past few years in the vacation ownership lending market, it's been nothing short of a wild ride. But according to those we spoke to — including leaders with lending institutions as well as successful resort developers and servicing companies — that ride is gaining altitude. In fact, it wouldn't be wrong to say that lenders are competing for opportunities to lend to qualified vacation ownership developers, providing everything from construction and acquisition financing to inventory loans and receivables. What we're hearing is optimism and confidence that vacation ownership has emerged and will remain a desirable investment and that the outlook for developer borrowing is favorable. Read on to learn what the pundits are predicting for the near-future lending market.

> "When the recession hit, many critics expected timeshare receivables to tank, but the actual data proved otherwise. Timeshare experienced less delinquency than credit-card obligations and home equity loans."
>
> — Bill Ward, vice president, Ward Financial Company

1. In a phrase, how would you describe the past seven years for the lending market for vacation ownership?

Frank Morrisroe, president, Equiant Financial Services Inc.: Turbulent! With major players such as Textron leaving the market space, a major shift in the timeshare sales/marketing business model (focusing on profitability and lowering excessive marketing costs), and a general recession in the country, only a vibrant self-sustaining business could and did survive.

Shawn Brydge, senior vice president, Wellington Financial: A roller coaster. In the past seven years, credit terms to vacation ownership developers have vacillated tremendously from very liberal (2007/2008) to very conservative (2009/2010), and everything in between. Perhaps the biggest change in the last seven years is the tremendous increase in government regulation of lenders, and the significant costs associated with meeting those requirements.

Carisa Azzi, senior vice president and chief financial officer, Welk Resorts: A pendulum. Prior to the recession, there was a free flow of liquidity. Lenders required minimal underwriting guidelines by developers and offered high advance rates, and developers were heavily leveraged while operating on thin margins. Given the credit crises and the volume generated by our industry, the free flow of liquidity took a quick turn and no new lines were being offered.

Bill Ward, vice president, Ward Financial Company: The changing of the guard. The roster of vacation ownership lenders serving the industry today is significantly different than in 2007.

2. How has the scenario changed for our industry in the past year or so?

Jim Casey, senior vice president and managing director of vacation ownership, Capital One: The past year has been strong, and the market appears to be getting stronger. More liquidity and sources of financing are available, and more developers are accessing the capital markets. The industry saw more securitization activity in 2014 than in previous years.

Morrisroe: Multiple new lenders have entered our space, driving interest rates to affordable rates for developers, and the growth of the major players/brands has helped stabilize our market space.

Ward: By the beginning of 2012, the roster of new lenders had been established. The last two years saw those lenders jockeying for client relationships. The timeshare companies have benefited as lenders fight hard to provide loan facilities to established developers. The most significant consequence has been lower interest rates to developers, even though the U.S. interest-rate market has been flat over that same period.

3. Timeshare consumer receivables, among many others, were once described as "toxic assets." Was that a fair description?

Morrisroe: I don't believe that to be a fair description then, and definitely not now. There have been multiple investors coming into the receivables space and that would not be the case if receivables were toxic. I believe another contributing factor to recognizing receivables as a good investment asset is the continuing portfolio experience brought forth from the lenders, and the ever-expanding analytical tools to understand aging and being able to forecast timeshare consumers' buying and spending behavior.

Ward: Lumping timeshare consumer receivables into the junk pile of toxic assets was unwarranted. There were plenty of toxic assets created leading up to 2008 and 2009, and many of those assets were tied to a consumer obligation, so it is understandable why timeshare was painted with the same brush.

When the recession hit, many critics expected timeshare receivables to tank, but the actual data proved otherwise. Timeshare experienced less delinquency than credit-card obligations and home equity loans.

> "Anyone who tracked the historic performance of timeshare consumer receivables pledged to securitizations and to commercial lenders would see that the vast majority of portfolios performed extremely well during even the height of the financial crisis."
>
> **— Shawn Brydge, senior vice president, Wellington Financial**

More importantly, the securitization issues and loans made against timeshare notes performed, whereas poorly underwritten and over-leveraged residential loans nearly crippled the global economy.

Perhaps it was consumers' determination to not lose their investment in their vacation, but ultimately the performance of timeshare receivables proved the naysayers wrong.

Brydge: I don't recall any widespread discussion specific to timeshare consumer receivables being considered toxic assets, but it wouldn't be an illogical leap for generalists to lump timeshare consumer receivables with credit-card receivables, auto receivables, and even some mortgage receivables.

However, anyone who tracked the historic performance of timeshare consumer receivables pledged to securitizations and to commercial lenders would see that the vast majority of portfolios performed extremely well during even the height of the financial crisis. Lenders and investors learned what many of us already believed: that the structure of a timeshare consumer receivables portfolio, which usually includes the combination of a geographically and socioeconomically diverse portfolio of consumer loans with relatively small loan balances, is a reasonably efficient hedge against many economic downturns.

Azzi: For the most part, I would not call consumer receivables toxic assets. If you have a sound developer who has good business practices operating with underwriting guidelines, the performance of the portfolios generated really held up during the recession. In addition, if a developer takes care of its owners and focuses on the quality of the guest experience, then owners will continue to pay and enjoy using the product.

Casey: In the past, developers did not always conduct careful consumer credit screening. Thanks to the tough lessons learned in the recession, developers and lenders are doing a better job of prescreening for creditworthiness. For example, many lenders and developers now require minimum FICO scores in their credit base.

4. As a lender, how has your appetite for lending in the timeshare sector changed? Has it increased?

Casey: Our appetite continues to be strong. Since we entered this market in 2011, we have continued to see an opportunity for growth. Although there are challenges as developers consolidate and more financing options are available, we believe our flexible approach will continue to help us strategically grow our portfolio.

Brydge: We've been lending to the timeshare industry for 33 years and Liberty Bank (for whom we are the exclusive resort finance correspondent) has been lending to the industry for 36 years, so we continue our focus on building long-term relationships that grow over time. We added significant market share in 2008 and 2009, when most other industry lenders were leaving the industry or taking a break, and we've continued to grow since then. Our philosophy and appetite haven't changed. We support our existing borrowers' growth, and we're always looking to add new borrowers who are looking for a strong, steady lending partner.

Ward: Speaking for our lender, National Bank of Arizona, they were the first new bank to step into the timeshare lending void in 2010. They were rewarded with and continue to experience flawless performance on their timeshare loans. Their appetite is to continue to increase the portfolio.

> "In the past, developers did not always conduct careful consumer credit screening. Thanks to the tough lessons learned in the recession, developers and lenders are doing a better job of prescreening for creditworthiness."
>
> — Jim Casey, senior vice president and managing director of vacation ownership, Capital One

5. What types of products are you lending on?

Casey: We are primarily focused on notes receivable financing, as well as inventory and construction loans.

Brydge: We provide acquisition, development, construction, inventory, and receivables financing for vacation ownership developers with projects in the U.S. and U.S. territories. We have experience lending to resorts that sell contract-for-deed, deeded, and most points-based and related club structures.

Ward: All vacation ownership products are suitable, provided that the requested debt is supportable. National Bank of Arizona provides the full menu of loan types for timeshare developers, including construction financing, acquisition financing, inventory loans, and notes receivable financing, as well as loans to homeowners' associations.

6. And where are you lending? The U.S.? Farther afield?

Casey: We are currently focused on the U.S. market. However, we are looking at selected opportunities in the Caribbean, Mexico, and Canada. Our annual survey at the ARDA World conference in April [2014] found that professionals see the Florida market as the most competitive, followed by Nevada/Las Vegas and California.

Brydge: In addition to the U.S. and U.S. territories, we are also able to lend to various club structures that include some inventory outside of the United States.

Ward: To date, all the timeshare loan activity has been nationwide in the U.S. However, the National Bank of Arizona personnel also have experience in Canada, Mexico, and the Caribbean. Opportunities in those destinations are not out of the question.

7. In terms of credit qualifications, how have your criteria changed since the recession?

Brydge: In general, in response to the financial crisis in 2007/2008, advance rates dropped from 90 percent to 85 percent, interest rates increased, and portfolio FICO requirements became more conservative. With the increase in competition, we've seen interest rates decrease and some FICO requirements have become more flexible, though in general, developers have maintained their more conservative credit underwriting.

Ward: Since the recession, developers were quick to either decline credit to low-FICO consumers or require higher down payments to mitigate the default risk. We simply assimilated the revised approach into our note receivable loan structures. Since then, the performance of the note portfolios has been so stellar that discussions of slightly more generous credit criteria have started to occur. No one wants it to swing back to the pre-recession conduct, but if justified, a little more lenient criteria will probably occur.

Azzi: At Welk, we have always had credit qualifications. Since the recession, we have tightened them and focused on tracking the performance of specific FICO bands, size of the loan, and risk profile based upon specific items in the credit report, such as judgments, tax liens, etc.

Casey: Capital One has not made any major changes in our criteria, because we became active in the market after the recession. Across the industry, we have seen additional scrutiny by both developers and lenders when it comes to reviewing consumer creditworthiness.

8. Can you give a prediction for the near future about lending markets?

Morrisroe: I cannot predict the future, but I can tell you that I have noticed a very positive and optimistic feeling expressed by developers, lenders, and vendors beginning in the fall of 2013.

Azzi: Given the high levels of liquidity still out in the market and financial institutions needing to deploy capital, I feel that the near future for borrowing funds as a developer is very favorable.

Casey: We expect to see continued access to capital and strong liquidity in the coming year, as well as consolidation among developers, who will continue to access the capital markets.

Brydge: I don't see much change away from the current trends in the immediate future. Eventually, we'll see interest rates increase to more traditional levels. This will have a muted effect for most commercial lenders, but could be a significant game-changer for institutions that source their funds through means other than consumer deposits. Depending on the speed of that increase, it could pose problems for lenders who offered low long-term rates without properly hedging on the back end. Government regulation of lenders will continue to expand, with the next two areas of focus possibly being credit unions and enhanced protection of consumer data.

Ward: The current issue for lenders is the difficulty attaining portfolio growth. The performance of the timeshare receivables also accelerates repayment to the lender. Add to that a wider use of securitizations by timeshare companies and repayment is occurring faster than lenders want. Therefore, the competition for new relationships is very intense. History tells us that, sometimes, that can lead to lenders reaching a little beyond their comfort zone. So perhaps the future has lenders a little more aggressive than today.

A wildcard to throw in is the inevitable increase in U.S. interest rates. A modest interest-rate increase will have very little impact on timeshare lenders, but more substantial rate increases combined with any economic turmoil might backfire on an aggressive loan structure.

9. What have you learned from this market cycle? In other words, what are you now doing differently?

Azzi: We have been in the timeshare business for over 30 years and realize the importance of having underwriting guidelines, evaluating the quality of your marketing channels that generate new tours, and maintaining multiple relationships with financial institutions that understand your business and industry.

> "Eventually, we'll see interest rates increase to more traditional levels. Government regulation of lenders will continue to expand, with the next two areas of focus possibly being credit unions and enhanced protection of consumer data."
>
> — Shawn Brydge

Casey: The recession was clearly a major force in the industry's development. The financing difficulties that developers faced have made them better and stronger. As the number of lenders increases, we will take a flexible approach to loan structures, while focusing on our clients' needs and maintaining quality in our portfolio.

Brydge: What we learned most was that our philosophy and way of doing business works during even the most difficult of times. Though the Great Recession caused a very significant economic adjustment worldwide, the performance of our timeshare loan portfolio and our support of our borrowers didn't waiver. We were lending to timeshare developers when prime was at 20 percent, and we're still lending today with prime at 3.25 percent. We can't predict when the next great crisis or opportunity will occur, but we know we've got the right foundation and the right partners to handle whatever comes next.

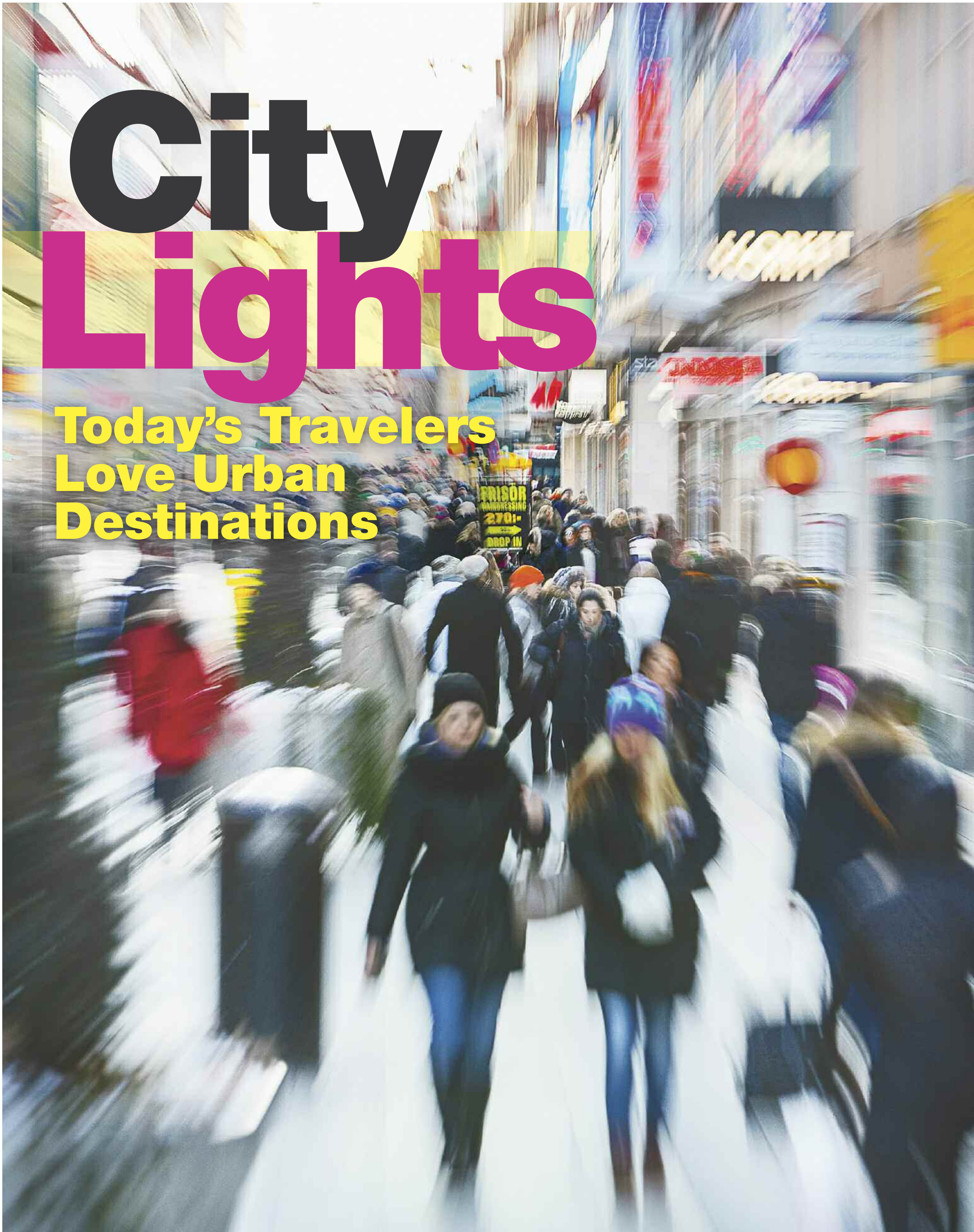
Ward: For lenders who are involved in timeshare, they continue to understand it is a safer bet than other more commonplace lending to conventional industries. The current market cycle resulted in some consolidation that produced larger and stronger vacation ownership companies. So the lesson learned is to enjoy this sweet spot in the cycle. Proceed confidently, but not undisciplined, to better ride out the next downturn in the cycle.

Morrisroe: We have learned a few things from the market cycle: The first is that lenders and developers are now more in tune with each other and understand that partnership more than ever. I've also learned that we can ride through a tough business cycle if we keep our heads down and do what we do best, focusing on exceeding clients' expectations and providing unparalleled customer service. [ ]

By Judy Kenninger

City Lights

Today's Travelers Love Urban Destinations



A December 15 article in *USA Today* described a booming hotel market in Manhattan, with occupancy averaging 85 percent in 2013, and a 175-square-foot (16.25 square meters) room at Yotel New York commanding a rate of US$289 a night. The Big Apple is not alone, as the world's largest cities are rising in popularity as vacation destinations. "There's a groundswell of opinion that millennials are more interested in urban vacations," says Simon Jaworski of Leger, a Washington, Pennsylvania–based research firm. "This represents a coming together of two major trends. First, the trend toward shorter vacations, and, second, that millennials want new experiences and to see the world. The idea of taking a week, going somewhere warm, and just relaxing may hold some interest, but they're going to want to see London and Paris and Singapore, too."

Alex Chamblin Jr., vice president of resort operations, Western Division, at Shell Vacations LLC, can speak from experience. "We've seen a rise in interest from our owners in urban destinations," he says. "As our target market continues to change, we understand that people want options. Our owners still love their beach and ski experiences, but by adding urban resort locations, they can have a whole new timeshare experience."

What does the trend bode for timeshare developers and exchange companies? It's hard to say as the high price of real estate in these markets may mean the traditional timeshare experience — two bedrooms, lots of room to spread out, and a full kitchen — is prohibitively expensive. Still, this is an industry known for finding a way. Here, *Vacation Industry Review* looks at global demand for urban timesharing and how developers may meet that demand.

Maskot/Image Source; Flirt/Image Source

What's Urban?

Defining an urban resort is more about the experience than the population density at the locale, says Mark Waltrip, chief operating officer of Orlando, Florida–based Westgate Resorts. "Las Vegas, for example, has destination resorts that are more like cruise ships on land," he says. "South Beach [in Miami, Florida] is a blend of urban and beach. I think of an urban destination as someplace that's not driven primarily by tourism."

For Al Mohannad Sharafuddin, CEO and chairman of Dubai-based Arabian Falcon Holidays, it's the activities guests enjoy while on vacation. "Although the city is on the beach, 90 percent of the clientele who have bought here are fans of Dubai as a city," he explains. "They enjoy the culture and museums, but they most often come for the night life and shopping."

City vacations aren't just for clubbing and eating out, however. "At our Boston property, Marriott's Custom House, we welcome a broad range of age groups," says Ed Kinney, global vice president of corporate affairs and communications for Marriott Worldwide Vacations Corporation. "Children are very adaptive and love the Boston seaport."

Pencil Problems

Urban real estate commands some of the highest prices on the market. Manhattan development sites sold for a record US$657 per square foot on average in the third quarter of 2013, according to New York–based Massey Knakal Realty Services. Three purchases were for more than US$1,000 per square foot. In Singapore, Joe Hickman, vice president and executive director of Asia/Pacific at Interval International, says finished apartments sell for as much as US$5,000 per square foot. Prime residential property in Paris lists at US$2,000 per square foot. It all adds up to a steep challenge for timeshare developers.

"The whole idea of timeshare is affordable luxury; that's very difficult to deliver where prices are so high," Waltrip says. "The worst hotels in New York City are selling for US$500,000 a key, and you would have to put two together to make a timeshare unit."

"It really comes down to a formula: What can developers afford to spend on the product including real estate and construction," explains Bryan Ten Broek, senior vice president, resort sales and marketing for Interval International. "After 2008, there has been a reset that brought prices down to where they can pencil out in some areas."

At Marriott, there's great interest in developing urban resorts both in the U.S. and internationally. "It does come with challenges," Kinney says. "We have spent 30 years establishing the brand promise. Urban resorts may have to be a little smaller or have accommodations that are more similar to hotels. We have to condition owners properly so that expectations are clear."

Do Owners Get the Picture?

Because owners will be dining out and exploring the city rather than spending time in their units, some amenities aren't as important. "The urban experience includes dining out, so maybe we wouldn't need full kitchens," Kinney says.

Waltrip notes that space is also something to consider. "Our guests are used to having 1,200 square feet. We can't give them all the amenities they're used to," he says of urban accommodations. "We have to find a way to maintain the value proposition; that's the challenge. The main thing is making sure that the guests are happy."

Hickman believes owners get the picture. "In an urban destination, you don't need restaurants [on property] or full kitchens," he says. "People eat breakfast, then don't come back until bedtime. They don't use the pool because they're out all the time. They understand that if you're going to a major city, the resort will be different."

Shell has three resorts in San Francisco, one of the most expensive cities in the U.S., as well as the Inn at the Park in San Diego. "Although units may be smaller, there's an efficient use of all available space," Chamblin says. "Owners and guests enjoy well-appointed units with updated amenities, and some feature separate bedrooms, living areas, bathrooms, and kitchens. In addition, chic and upgraded decor inspired by area architecture is featured throughout. It's important that they still provide the same level of exceptional customer service and that owners and guests enjoy accommodations that are second to none — providing more room for an entire family. The guest experience is always a priority; we want everyone who stays with us to leave feeling great about their vacation and wanting to come back."

Westgate and Marriott have both found ways to make it work. Marriott has the aforementioned urban resort in Boston, plus locations in London and San Francisco. Westgate has a resort in the heart of South Beach and is considering development opportunities in Los Angeles and other major markets, including New York City, Chicago, and San Francisco. "We're very fortunate to have the luxury to pick and choose; the opportunity has to match our exact business model," Waltrip says. "Still, urban markets are the next logical place for us."

One solution to the high price of real estate has been to go outside the city center. "In Europe, we have resorts on the outskirts of cities, such as London and Paris," says Darren Ettridge, senior vice president of resort sales and business development (Europe, Middle East, Africa, and Asia) for Interval International. "I do believe these are viable alternatives and that the commute is acceptable in many cases. The key is to ensure that the transit options are user-friendly and costs are reasonable. There should also be options for early and late trips."

Cultura RF/Image Source

"We've seen a rise in interest from our owners in urban destinations. As our target market continues to change, we understand that people want options. Our owners still love their beach and ski experiences, but by adding urban resort locations, they can have a whole new timeshare experience."

- Alex Chamblin Jr., Shell Vacations LLC

Where in the World?

The demand for urban resorts is universal. "I believe the situation is the same the world over," Ettridge says. "The demand continues to grow due to people's desire to visit urban locations for short-stay breaks. The challenge for exchange companies such as Interval is that there aren't many urban resorts. We do have some urban resorts in Europe, but the amount of inventory available is extremely limited."

While European timeshare laws make developing in the region a formidable challenge, the rest of the world has plenty of options for urban vacations.

"I'm keeping my fingers crossed that there will be more urban resorts in the U.S.," Ten Broek says. "Chicago is very interesting, as are San Francisco, New Orleans, and Miami Beach. There are timeshare resorts in these cities, but we have more demand than supply. With points and split-week options, these are great destinations for timeshare owners. In those urban areas where there's not enough inventory to meet members' vacation needs, Interval has rented hotel accommodations to utilize in its Getaway vacation rental program to satisfy member demand. We're hoping to see more urban development as we move forward because members certainly want to take city vacations."

Hickman, based in Singapore, wishes there were much greater supplies in urban destinations. "There's huge demand; the issue is satisfying that demand," he says. "When Asians visit Europe and other countries, they want to see the capital cities they have heard about. When Americans come here, Singapore is the destination, Hong Kong is the destination. Each one of these cities offers a completely different cultural experience. Singapore is as different to Bangkok as New York City is to Mexico City."

Australia represents great opportunity, Hickman says. "Sydney has everything and certainly holds appeal, and Melbourne is also very popular."

When speaking to prospects in Arabian Falcon's sales center in Dubai, travelers from the Gulf States aren't interested in traditional European timeshare destinations such as the Canary Islands. "They want city locations like Paris or Rome," Sharafuddin says. He also cites Barcelona and Madrid in Spain, and Istanbul, Turkey, as destinations that prospects mention frequently.

In Latin America, vacationers have typically been more interested in a traditional resort product where they can bring their extended family. "With the new customer profile, however, they're looking at those opportunities differently now," Kinney says. Marriott is evolving its product, and urban locations will play a big role in that, he says. "You have to evolve to meet the changing needs of your members."

There are already urban resorts in Rio de Janeiro, Brazil; Buenos Aires, Argentina; Bogotá, Colombia; and San Juan, Puerto Rico, says Marcos Agostini, Interval's senior vice president of resort sales and business development for Latin America.

Of course for exchange companies such as Interval, adding resorts in urban locales won't necessarily guarantee more urban inventory for exchanges. "People who buy there don't want to give it up," Hickman says. "They want to use it."

See page 2 for currency conversions.

Brownsburg, Indiana–based Judy Kenninger heads Kenninger Communications and has been covering the shared ownership and resort real estate industry for nearly two decades.

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RESIDENCES

Kitchen (R)evol

Appliances: Stainless steel remains one of the most popular choices for finish.

Flooring: Hardwood in natural stains lends warmth.

Marriott Vacation Club

Fold together changing demographics and vacation styles. Whisk in innovative technology and recycled materials. Season with new kitchen design trends, and bake into your brand. The recipe for today's resort kitchen is a fresh fusion, a more stylish, energy-efficient, and family-friendly space than ever before. Still the social center of the vacation home away from home, but not always the center of *every* vacation.

Serving New Markets

While 90 percent of vacationers recently surveyed by Leger, The Research Intelligence Group, said that having a kitchen improved their vacation experience, only a little more than half used it every day.

"The reality is that we have so many people enjoying their vacations in so many different ways," says Ed Kinney, global vice president of Marriott Vacations Worldwide. "Whether it's by themselves, with their families, multigenerational travelers, young versus old, length of stay, size of unit."

For example, like many other timeshare resort developers, Marriott recently switched from deeded weeks to a points-based system. Now, quick getaways of three or four nights are as common. "It used to be, when owners stayed seven nights, they would stay in and cook three or four nights," Kinney says. "Now, with some of the shorter stays, people are more apt to go out and explore a bit. While it's still a must-have, the kitchen is not the mainstay it used to be."

That said, the kitchen is not going anywhere, thank you very much. "Hanging around the kitchen still seems to be one of those things that people enjoy," Kinney says. Time spent in the kitchen with family and friends has always been part of cherished vacation memories for timeshare families. But, Kinney says, designing the ideal kitchen for diverse markets and vacation styles can be "kind of Rubik's Cube." While some owners are satisfied with barebones basics — a small fridge, a microwave, and coffeemaker in a studio or urban lock-off — most prefer a full kitchen that's as nice or nicer than the one they left at home, even if they don't plan to cook elaborate meals.

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New Trends Cooking in the Heart of the Resort Unit

By Joyce Hadley Copeland

MARRIOTT'S SHADOW RIDGE VILLAGES, PALM DESERT, CALIFORNIA

Cabinets:
Glass-front doors create a more spacious feel and offer a light, airy look.

Open-Plan Kitchen:
Traffic flow on both sides of a center island makes it easier to spend quality time together.

Minus a set standard or pattern that dictates one kitchen solution, timeshare developers refurbishing units and designing purpose-built resorts have to aim for a space that is functional, inviting, and aspirational. Equipped for leisurely breakfasts (by far the most popular meal to eat in), as well as all-day grazing and sit-down family dinners.

The New Social Kitchen

Increasingly, resort kitchens are being designed to seamlessly blend with the living area. The open-plan kitchen — merging the cooking area, dining table, and sitting area into one large space — is still the hottest trend in kitchen design, according to designers, home builders, and other experts surveyed for *The New Home in 2015*, a report published by the National Association of Home Builders (NAHB).

"I call it the social kitchen," says Margit Whitlock, principal and creative director for Architectural Concepts, Inc., a San Diego, California–based architecture and interior design firm that works with timeshare resorts on renovations and new builds. "When you're in a timeshare, you're usually making at least two meals a day, maybe a snack. Who knows who's eating when?" she says. "With the open concept and unified space, people are playing games at the kitchen table, reading, doing crafts. They're doing more than just cooking. It becomes part of their party space."

Over the past five years, Marriott Vacation Club has shifted to this new design footprint in its new purpose-built resorts. The cooking area — the refrigerator, sink, and stove — is across the back wall, flanked by cabinets. In front there's an island, allowing access to the kitchen on both sides. "Just having that small change opens up the villa quite a bit," Kinney says. "The space to walk around the kitchen area, which seems to be in the front of the villa more often than not, has a much better flow. We've gotten extremely favorable comments about that."

The open plan plays to new owner demographics. Two-thirds of the 420 American and Canadian kitchen designers surveyed in the 2014 *National Kitchen & Bath Association (NKBA) Design Trends Survey* said they incorporated docking and/or charging stations in their kitchen projects, as well as a desk or home office area, and 56 percent included a flat-screen TV.

Changing the dynamics of the kitchen opens the way to rethinking everything. Kitchen islands can range in size. A separate dining table might also be raised to counter height, providing additional workspace. Whitlock says, "Here, the demographics of the resort really matter. Older owners at established resorts might prefer sitting at a traditional dining table. For new developments targeting younger buyers, the raised-height dining table is appropriate."

Elegant and Energy-Efficient

Design styles run the gamut from classic to cutting-edge. "Design-wise, we have made some changes, but we haven't completely thrown away our older standards," Kinney says. "Stainless appliances are the norm for us. We have vendor partners we rely on to help us pick the appliances that fit our configuration needs. We use General Electric so we can have a consistent product, but they're also energy-saving units."

Because energy efficiency has become a point at which resort and consumer interests intersect, savvy developers are showcasing the use of energy-efficient appliances and recycled products early in the sales process, Whitlock says. "When they tour people through the sales model, they're going to be able to say, 'This countertop is IceStone, which is a recycled glass product,' and talk about WaterSaver faucets and Energy Star appliances," she says. "Even having a PUR water filtration or osmosis system would be a big seller. It's part of that sustainable mindset. They're going to use these kinds of things as tools from the very beginning."

But high-efficiency appliances are more than sales tools; they're smart business, Kinney says. "As you can imagine in building and maintaining a resort, the more efficiencies you can have, though sometimes small, in aggregate actually make a big difference."

Counter-Intelligence

Eco-solutions are also transforming the most fundamental component of the kitchen, the countertop. While granite still reigns, it is beginning to yield some ground to a host of eco-friendly materials made from recycled glass, crushed quartz, and porcelain, and even leftover light bulbs.

"Like anybody else, we want to keep our finger on the pulse of the consumer's interests," Kinney says. "We do test models with different types of finishes from time to time to assess durability, aesthetics, and to gauge people's perception of whether it's high value or not. We've tried polished concrete counters, which is kind of a trendy thing, and different styles of sinks, like the farmhouse sink, and different twists here and there. Granite is still perceived as a great product, a higher-end product. It's easy to maintain and very durable. It's still the best choice for us."

New synthetic composites using recycled glass are proving to be even stronger and more durable than granite. Vetrazzo countertops are manufactured from 75-percent recycled glass, plus cement and pigment. They resist heat and scratches and have a life expectancy of 50 years. The company's Alehouse Amber is made of recycled beer bottles, and Cobalt Skyy contains recycled Skyy Vodka bottles. Designers can play with pigment and glass combinations to create custom finishes.

"There are all kinds of solid surfaces," Whitlock adds, "such as beautiful glass countertops that are painted and back lit and just absolutely stunning."

Glass tile is also a popular choice for decorative backsplashes, an ideal place to introduce a new color, add rectangular subway tile, or a mosaic pattern using sparkly, clear, frosted, or textured glass in a wide array of colors.

"We have used recycled glass in the backsplash and accenting, because you can get a wow factor out of it," Kinney reports. "If you're using a fairly standardized granite for the countertop, you can make other areas pop with the accenting."

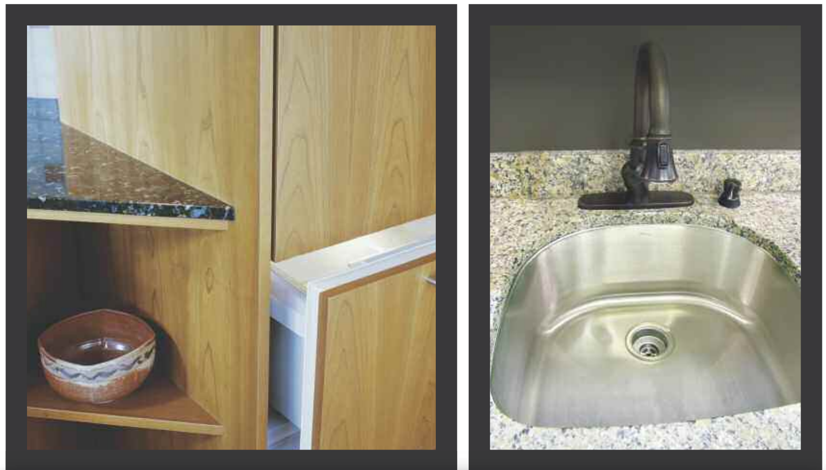
Redrawing Space Inside — and Out

Energy-efficient LED lighting also ranks high with designers in the NAHB report. In place of a surface-mounted fluorescent fixture or a static line of recessed can lights, Whitlock likes to corral several different styles of lighting suited to individual spaces within the larger room. The key is to blend four layers of lighting — task, ambient, accent, and

Corbis/Flirt/Image Source; Fancy/Corbis


Lighting:
Under-counter task lights add practical illumination.
Technology:
Flat-screen TVs entertain, and can even assist the cook.
Countertops:
Granite remains the classic favorite.


Backsplash: Glass tile is one material that adds pop.
Workspace:
An island provides space for kitchen prep as well as family activities.



Hidden Appliances: Wood cabinetry panels disguise the fridge, dishwasher, and other appliances.

Faucets: One-handled, high-arc pull-down fixtures are especially trendy in oil-rubbed bronze.

decorative lighting, she says. For example, lights mounted underneath the counters help cooks focus on tasks and follow recipes. A series of dimmable pendant lights over the dining table creates a warm glow for meals.

"It's kind of neat to have the different heights and colors of light in the kitchen," Whitlock says. "It can really change the mood." The end result is a warm and inviting gathering place that's great for working and entertaining.

Marriott's new open-plan kitchen is actually smaller, Kinney says, but it seems bigger because it's a more efficient use of space. The company has made units with small footprints into dramatic spaces by extending flooring from the living area right out to the patio and installing walls that slide back where there was once only a sliding glass door.

The communal barbecue area has also become an extension of the resort kitchen at Marriott Vacation Club resorts, Kinney says. These "outdoor kitchens" are popular with owners who like to socialize while grilling steaks, burgers, or fresh seafood for dinner. Some stay to eat their dinner outdoors. "So, it's a cooking environment. It just happens to be outside the villa," Kinney adds. "We've expanded the grill areas at all our resorts. They weren't as prevalent way back, but are becoming more the mainstay."

Warming Things Up

The transitional-style kitchen — a mix of materials, textures, and design styles — grabbed the top spot in the 2014 NKBA design trends survey, but sleek contemporary and homey Shaker were close behind. All three styles lend themselves to using wood cabinets and floors. Wood tones can range from pale maple to dark cherry, and some designers are mixing complementary wood grains and stains as they would accent colors in the same kitchen.

Kitchen hardware also has taken on a warm glow. "Oil-rubbed bronze is big," Whitlock reports. Other popular metals are satin nickel and copper, all metals with antimicrobial properties. Faucets match decorative handles, knobs, and towel bars and have fingerprint-resistant finishes.

Many luxury fractional residences feature "invisible" appliances such as the refrigerator and dishwasher hidden behind built-in cabinet doors and microwave ovens tucked inside drawers. "You look at the kitchen and you don't see any appliances," Whitlock says. These upscale units are also more likely to have professional-grade appliances such as a six-burner stove and hands-free faucet like Moen's MotionSense, designed to be activated with a simple wave of the hand. Not only do they help control the spread of germs, they're also designed to use less water without sacrificing performance.

Upscale kitchens are also more likely to include premium materials such as hand-hammered copper and enameled lava, along with little luxuries that might include temperature-controlled wine storage and a TV/DVD/CD player with a screen that flips down from under a cabinet and swivels so it can be seen from any angle.

Whitlock's firm has developed a few tricks for creating a custom look in less-expensive timeshare units. "We've been mixing off-the-shelf, ready-made cabinets and then throwing what we call splurge money into custom-made chunky table legs, or maybe adding glass to the upper cabinets, or custom lighting," she says.

Comfort, Convenience, Togetherness

It all comes down to balance. "People start to say, 'Gee, I'm on vacation. I don't want to do as much as I do at home as far as making big dinners,'" Kinney notes. The MarketPlace convenience stores on-site at most Marriott Vacation Club resorts, house popular food and beverage operations and some roast chickens for family dinners.

Grocery prestocking is a popular service in luxury fractional resorts. Welk Resorts in Escondido, California, plays to the renewed interest in healthy eating by offering on-site farmer's markets on Monday afternoons, where owners can stock up on locally grown fresh fruits and vegetables and artisanal products from more than 100 vendors.

And, of course, the personal touch is priceless. "When we outfit our kitchen pack," says Whitlock, "which includes all the dishes and kitchen utensils, we've been throwing in everything you need to make a pizza, such as pizza pie pan and pizza wheel cutter and suggest that a cool welcoming gift would be a baggie of fresh dough and a mix of ingredients along with a note saying, 'Welcome! Have a pizza on us.' That's the kind of thing we've been talking to our developers about." She adds, "Even if no one touches a single appliance, "we're trying to create a comfortable place to spend together."

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

Built Images/Alamy

Global REACH

David Gilbert reflects on Interval growth and his new role as president.

David Gilbert

2014 proved to be a momentous year for Interval International, with considerable activity in Latin America and positive developments in other world regions, including Asia, the Caribbean, South Africa, and the U.S. In addition, Interval hosted Shared Ownership Investment Conferences in locations from Lima, Peru, to Bangkok, Thailand, attracting receptive crowds eager to look into opportunities in the vacation ownership sector. The conference held at the Fontainebleau Miami Beach had the highest attendance since 2008, which bodes well for the industry.

One of the most significant events for Interval International was the return of David Gilbert in the role of president. After a two-year hiatus, he's back with renewed enthusiasm for the company and its mission: "Interval has aspired to provide the highest-quality and best-value services to our industry partners and our consumer members from day one," says Gilbert. "And it is the commitment of our team to continue that endeavor. That is the secret to our ongoing success as we approach our 40th anniversary of serving the industry."

With several major affiliations in 2014, the company's international presence has extended its reach. Among the most recent affiliations are major developers in Asia, the Caribbean, and Mexico.

Anantara Vacation Club, with six resorts in four countries and an owner base of 5,000, is part of Anantara Hotels, Resorts & Spas, with properties across Asia, the Middle East, and Africa. "The quality of the resorts is exceptional and they are located in markets that are underserved from a vacation ownership standpoint," notes Gilbert.

In the Caribbean, Divi Resorts Group brings 35,000 owners who've enjoyed vacations at the company's nine resorts since it launched its right-to-use timeshare product in 1981. "All of Divi's resorts are in the Caribbean," says Gilbert, "which is the number-one international vacation destination for our U.S. resident members."

And in Mexico, Palace Resorts — celebrating 30 years of success — is one of the largest vacation ownership developers in the region, with 11 properties, including their newest resort in Montego Bay, the Moon Palace Jamaica Grande. "They're a pioneer of the all-inclusive product," says Gilbert, "which our research shows is highly desired by our members."

What Interval's global growth means, says Gilbert, is that "members will have expanded options in some of the world's most highly desirable vacation destinations."

Means for supporting this expansion include investing in technology that enhances clients' sales, marketing, and operations efforts, as well as broadening awareness of industry opportunities via the Shared Ownership Investment Conference. "We are planning a number of events globally that will provide potential new entrants the information and access to the resources they need to successfully become part of our industry."

As Gilbert considers his responsibilities as president of Interval International, supporting the team that has maintained the company's position as the quality vacation exchange network is his top priority. "As we continue to channel resources into technology, education, and products and services for our developer partners around the world," he concludes, "we are well-positioned to succeed with that."

Anantara VACATION CLUB

6 participating resorts

Locations in Sanya, China; Bali, Indonesia; Queenstown, New Zealand; and Koh Samui, Phuket, and Bangkok, Thailand

Martin Tolan
Senior Vice President of Sales and Marketing

Anantara Vacation Club Bali Seminyak
Seminyak, Bali, Indonesia

DIVI VACATION CLUB

9 participating resorts

Locations in Aruba; Bonaire; Barbados; St. Croix, U.S. Virgin Islands; and St. Maarten

Marco Galaverna
President of Divi Management Group

Divi Aruba Phoenix Beach Resort
Palm Beach, Aruba, Dutch Caribbean

PALACE RESORTS®

11 participating resorts

Locations in Ocho Rios, Jamaica; and Cancún, Cozumel, Isla Mujeres, and Playa del Carmen, Mexico

Gibran Chapur
Executive Vice President Palace Resorts

Moon Palace Golf & Spa Resort - Sunrise
Cancún, Quintana Roo, Mexico

By Judy Kenninger

DIVI SOUTHWINDS BEACH RESORT, BARBADOS

Branching Out In New Directions

When Marco Galaverna was named president and chief operating officer of Divi Resorts Group in November 2013, he was ready to hit the ground running. "We have basically restructured the whole company," he says. "There's a whole new vision, a new website, new software, and a new vacation club product."

DIVI FLAMINGO BEACH RESORT & CASINO

DIVI FLAMINGO BEACH RESORT & CASINO

Still, having originally joined Divi 20 years ago in the food and beverage department at Divi Little Bay Beach Resort on St. Maarten, Galaverna appreciates the company's traditions. The divi-divi tree, from which the company takes its name, is Aruba's natural compass because the island's trade winds make it point in a southwesterly direction. Now, Divi Resorts Group, which includes eight Caribbean resorts, is maintaining its island roots, even as it branches out with new products. "We have a 40-year history in the Caribbean," Galaverna says. "That's where we'll continue to grow as we add more destinations and more inventory at our existing resorts."

Winds of Change

Divi Resorts was founded in the 1970s by Walter Wiggins, an attorney from upstate New York who often vacationed in Aruba with his family and understood the desirability of the beautiful beaches and friendly people of select Caribbean islands. The hotel company then entered timesharing in 1981, selling a 40-year, right-to-use membership. It was a

DIVI FLAMINGO BEACH RESORT & CASINO, BONAIRE

DIVI LITTLE BAY BEACH RESORT, ST. MAARTEN

DIVI VILLAGE GOLF & BEACH RESORT, ARUBA

natural fit, as many of the hotel guests had made vacationing at Divi Resorts an annual tradition.

Divi now has 35,000 vacation interval owners from all over the world, and they're still island devotees. "They bought in Aruba, and they have vacationed there every year for 20 years or more," Galaverna says. "Their kids and grandkids have come, too, and they know other owners they see here each year."

Today, however, many of those kids and grandkids have different needs. "They don't want a fixed-week product," he explains. "They're looking for more flexibility." With the January 2015 introduction of the Divi Vacation Club, they now have it in spades. "Club members have access to accommodations at select resort destinations within the Divi Resorts Group, as well as worldwide travel opportunities through our partnership with Interval International," Galaverna says. "Divi Vacation Club members will enjoy flexible travel to top destinations, benefit from the value our Pure Points provide, and experience fun vacation adventures for years to come."

Going Clubbing

The company's desire to offer a points-based product was the catalyst for finding a new exchange partner. "Interval International's expertise has been a huge asset to us," Galaverna says. "They have years of experience, which we relied on to develop and introduce Divi Vacation Club."

It wasn't just a matter of copying what had worked elsewhere, however. "Divi wanted a customized program, which we understood," says Bryan Ten Broek, senior vice president, resort sales and marketing at Interval. "As they developed the club, we were able to explain the impact of decisions and how those decisions would affect their operations." Interval also provides reservations and technology services for the club.

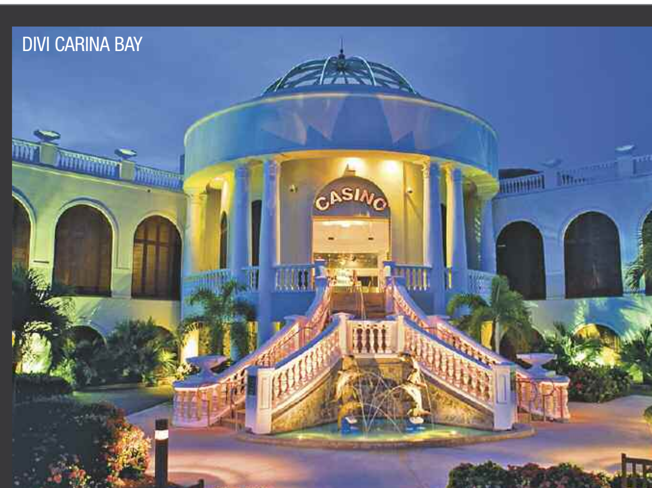
Since the project got the green light, Divi and Interval have worked closely together on all aspects of the club's introduction, including joint sales training that began in October. "Our sales staff is really pumped up," Galaverna says. "We put a lot on them in a short time, but they are excited by the program we're able to offer."

Divi Vacation Club members are able to exchange in the Interval system using Divi's Pure Points currency, and they automatically receive Interval Platinum® membership benefits. Existing owners who convert to club membership are also enrolled in Interval Platinum memberships.

Divi will be utilizing Interval's membership and certificate products as tour incentives and premiums. "We'll have die-hard owners who want to stay in their unit during the same week every year," Galaverna says. "Still, as our owners age, there will be some who won't want to

DIVI CARINA BAY ALL-INCLUSIVE BEACH RESORT & CASINO, ST. CROIX

DIVI CARINA BAY



make the flight, and Divi Vacation Club gives them the flexibility to vacation closer to home."

Interval's Sales Tool Kit app has found an appreciative audience in Divi's sales centers. "We've become much more tech-saavy," Galaverna says. "Now, we're using iPads and Surface Pro tablets, which is nice becuase as we make any changes, everyone's presentations are automatically updated."

For Interval, the affiliation brings an influx of Caribbean inventory, which is always in demand. "Divi has a high-quality product, and the Caribbean is the number-one requested international destination for our U.S.–based members," Ten Broek says. "Having Divi as an affiliate is strategically important for us and shows that the resources we have put into the Caribbean are paying big dividends."

Vacation Upgrades

So what makes a resort a Divi resort? Galaverna points to three key characteristics. "The first is our talented and dedicated staff members, who come from and are based on the islands, giving them vast knowledge and expertise to share with guests," he says. "The second is our beautiful resort locations, each offering a relaxed Caribbean vibe and proximity to the islands' best attractions and features. The third is the loyalty of our owners and transient guests, who have made lasting and meaningful friendships on the islands."

The resorts offer an all-inclusive option, used by about 20 percent of timeshare guests, as well as extensive activity programs, which are tailored to the destination and season. On St. Maarten, for example, there's nightly musical entertainment featuring local steel pan bands. On Bonaire, guests, including children, can learn to dive at a PADI five-star facility. On Barbados, a miniature golf course caters to families. On Aruba, guests can improve their golf skills with lessons at The Links at Divi Aruba golf course.

Casinos come into the mix at the Divi Flamingo on Bonaire, Divi Carina Bay on St. Croix, and the Alhambra Casino on Aruba. "Our casinos are favorite attractions among guests, with the Alhambra on Aruba being the largest," Galaverna says. The casinos are owned and operated by Divi companies, and they also engage Biloxi, Mississippi–based Treasure Bay LLC to provide specialized gaming expertise.

The product improvements at Divi aren't just in usage; many of the resorts have seen significant changes as the company has invested millions in improvements over the past few years. In 2008, Divi Village Beach Resort underwent a major expansion to create what is now called Divi Village Golf & Beach Resort, which includes the newly built golf course.

Four additional high-rise towers have been added at the Divi Aruba Phoenix Beach Resort, which is located on Palm Beach, adjacent to the Bubali Bird Sanctuary. Rooms in the tower building were renovated and the resort's exterior was enhanced.

In 2014, new restaurants were added at Divi Village Golf & Beach Resort and Divi Southwinds Beach Resort. Divi Little Bay Beach Resort underwent major renovations, including building an entirely new lobby with sweeping ocean views, renovating one of the restaurants and the market, adding new furniture to the rooms, and bringing in new poolside furniture. This year, Divi Flamingo Beach Resort is undergoing a multimillion-dollar renovation, which includes updating the rooms, the restaurants, and the resort exterior and adding a new beach for guests to enjoy.

"We have a commitment to put a certain percentage of revenue into renovations," Galaverna says. "We're always adding services and amenities as we invest back into our properties."

As great as the properties are physically, there's another factor that's critical. "The staff is what makes our transient guests' and timeshare owners' vacations special," Galaverna says. "We've had waiters who have been here 20 years in the same position. We treat our staff with respect; we won't tolerate managers who don't. When you have happy staff, you have happy guests."

Having risen through the ranks himself, leaving and returning, Galaverna understands why other employees who leave often come back. "This is a special place to be," he says.

See page 2 for currency conversions.

fastfacts

Divi Resorts Group

Developer: Each resort is developed independently. Divi Vacation Club is developed by the Divi Caribbean Club Ltd., a Cayman Island Company

Headquarters: Reservations, customer service, and related services are provided by Divi Hotels Marketing Inc. in Chapel Hill, North Carolina; Divi Vacation Club is based in the Cayman Islands

Product: 40-year right-to-use contractual rights and vacation club membership

Resorts: Aruba: Divi Aruba Phoenix Beach Resort, Divi Village Golf & Beach Resort, Divi Dutch Village Beach Resort, and the Alhambra Casino

Bonaire: Divi Flamingo Beach Resort & Casino

Barbados: Divi Southwinds Beach Resort and Divi Heritage Beach Resort

St. Croix, U.S.V.I: Divi Carina Bay All-Inclusive Beach Resort & Casino

St. Maarten: Divi Little Bay Beach Resort

Websites: diviresorts.com, divivacationclub.com

Social Media: facebook.com/divivacation and facebook.com/DiviResorts twitter.com/divivacation and twitter.com/diviresorts pinterest.com/diviresorts/ instagram.com/diviresorts

By Matt McDaniel

LE BLANC SPA RESORT, CANCÚN, MEXICO

30 Years and Growing

Following many years of growth and success, four years ago Mexico-based Palace Resorts restructured to further enhance its vacation club properties.

"Right now we are expanding even faster than we ever imagined," says Gibran Chapur, executive vice president of Palace Resorts. "And that's a good sign — we didn't lose track of what we were doing." Chapur played a key role in the company's 2011 restructuring and successfully managed to increase its sales and profits by 55 percent in the first quarter of 2012; and doubled that number in 2013.

Chapur's father, José, and his uncle, Roberto, founded the shared ownership development company Palace Resorts in 1985 after owning apartment buildings. Growth was strong, and the Chapurs decided to make their resorts all-inclusive in 1994. They expanded geographically beyond Cancún, first into the Riviera Maya and then farther out.

ISLA MUJERES PALACE GOLF & SPA RESORT, MEXICO

MOON PALACE JAMAICA GRANDE, OCHO RIOS, JAMAICA

Chapur states that since then, the corporate division Palace Resorts has invested great amounts of money in both renovations and acquisitions. "For example," he explains, "we have invested $100 million in the renovation of Moon Palace, which is our flagship property in Cancún."

What's more, Chapur points out, the returns have been spectacular. The company's 2,500 units saw 80-percent occupancy in 2014, and he expects to close out 2015 at 87 percent. And next up for Moon Palace is an 800-unit expansion, which Chapur claims will make it the 15th-largest hotel in the world and the biggest all-inclusive.

But Palace Resorts' growth isn't limited to Moon Palace. The developer purchased the former Sunset Jamaica Grand in Ocho Rios, Jamaica, and is currently transforming it into another Moon Palace, with a total price tag of US$200 million to acquire and completely renovate the 732-room property.

Palace Resorts acquired the landmark property in July 2014, and has been busy modernizing guest rooms, refurbishing and expanding meeting spaces, retooling the property's façade and common areas, updating restaurants, and adding upscale amenities such as a FlowRider Double wave simulator.

The beachside resort provides 25,000 square feet (2,323 square meters) of multifunction meeting and event space, as well as five dining destinations throughout the property, including a "gourmet corridor" and restaurants offering Asian, traditional Italian, and modern Caribbean plates.

Designer Francois Frossard has sent the property's appeal into the stratosphere with chic Caribbean decor and design reflective of the Jamaican setting. And the resort also features a breathtaking 35,000-square-foot (3,250 square meters) wellness center, complete with the Awe Spa and a state-of-the-art gymnasium.

Two more resorts, both to be purpose-built, are slated for 2016: The Le Blanc Los Cabos in March 2016 and Moon Grand in Aruba in October 2016. The two resorts add about 1,200 units to Palace Resorts' grand total.

Chapur says the Dominican Republic and Costa Rica are next, and his plans are even more long-term after that: "We're working on expansion plans for after these resorts open, in 2017 and 2018. We'll be expanding the resorts in Aruba, Punta Cana, and Costa Rica, and adding another property in Jamaica."

Sales and Marketing

Of course, such growth wouldn't be possible without finely tuned marketing and sales strategies. The opening of the Moon Palace Jamaica Grande was a perfect example of the company's marketing expertise. Palace Resorts had Grammy Award–winning Jamaican artist Shaggy (of the hits "Angel," "Boombastic," and others) perform. "We couldn't think of a better way to celebrate the event than with an electrifying performance from Shaggy," Chapur says, adding that world-renowned artists such as Shakira, Ricky Martin, and Enrique Iglesias have either headlined shows or are slated to perform at the resort. "The Moon Palace brand has become synonymous with world-class entertainment. It is our goal to bring that same world-class entertainment to Jamaica."

Sales, as mentioned previously, have been rising spectacularly, especially among U.S. citizens. Palace Resorts' owners are mostly Americans (85 percent), with the remaining 15 percent consisting mainly of Canadians and Mexicans.

Another component of Palace Resorts' sales and marketing strategy? In 2014, the developer entered into a multiproperty, multiyear relationship with exchange company Interval International. According to Chapur, the affiliation was part of Palace Resorts' commitment to "raise the bar for luxury, all-inclusive resort accommodations by providing owners and guests with outstanding hospitality in spectacular settings." He adds, "With its comprehensive membership bene-

LE BLANC SPA RESORT

LE BLANC SPA RESORT

fastfacts

Palace Resorts

Developer: Palace Resorts
Headquarters: Miami, Florida
Product: 25-year right-to-use vacation club program
Resorts: **Cancún, Mexico**: Sun Palace, Moon Palace Golf & Spa Resort - Grand, Moon Palace Golf & Spa Resort - Nizuc, Moon Palace Golf & Spa Resort - Sunrise, Moon Palace Golf & Spa Resort - Villas, Le Blanc Spa Resort, Beach Palace
Playa del Carmen, Mexico: Playacar Palace
Isla Mujeres, Mexico: Isla Mujeres Palace Golf & Spa Resort
Cozumel, Mexico: Cozumel Palace
Ocho Rios, Jamaica: Moon Palace Jamaica Grande
Website: PalaceResorts.com
Social Media Sites:
facebook.com/palaceresorts
twitter.com/palaceresorts
instagram.com/palaceresorts
youtube.com/palaceresorts123

ISLA MUJERES PALACE GOLF & SPA RESORT

fits and high-quality exchange options, Interval has proven in a short time to be an ideal partner in helping us meet our sales and service goals."

Growing Leadership From Within

The year 2015 marks 30 years in the vacation club business for Palace Resorts. "It's a big celebration," Chapur boasts. "We'll be celebrating all year long. With 30 years in the business, we've certainly faced and overcome many challenges."

So what is it that drives the company's three decades of success? "We have five-star quality resorts: the food and beverage; the entertainment; the accommodations … but it's not only the buildings that make the resorts unique," he says. "It's easy to build and run a hotel. The bricks and the beds are easy to get. What makes us unique is the quality of the service and people who work at the properties to make not only the resorts, but also the entire company unique," Chapur states.

"We have the highest levels of satisfaction with our guests and we have won important awards," he continues. "That makes us not only proud of what we do, but also the people who work for the company."

Chapur earnestly talks about treating employees like family, albeit an extremely large family. "Even though there are 8,000 Palace Resorts employees, we want all of them to always feel like they're at their second home," he says.

Palace Resorts takes good care of this extended family, operating a foundation to look after employee needs, running constant training for every position so that employees can excel, providing language lessons (including Spanish, English, and Portuguese), and offering what Chapur calls a career-path program, which identifies and develops the next generation of corporate leaders. "We never hire director-level employees; we grow them from within," he says.

In addition, Palace Resorts retains all staff year-round — "even in low season" — rather than hiring (and letting go) staff members seasonally. As such, the average employee tenure is five years across all positions.

As you might expect, not many employees leave Palace Resorts. The company enjoys high loyalty and exceptionally low turnover.

No wonder Palace Resorts is doing so well after 30 years.

See page 2 for currency conversions.

Matt McDaniel is the principal of McDaniel Communications, a content provider for print and Web.

Palace Resorts Embraces Social Media

With more than 100,000 followers across social media channels — including Facebook, Twitter, Instagram, and LinkedIn — Palace Resorts provides guests an exclusive look at what it's like to live the *Palace Life* through curated, first-hand-experience content.

While social media content follows a straightforward route of highlighting guest testimonials and telling the Palace story through video, photos, and reviews, it also does much more.

Palace Resorts also focuses heavily on community management and customer service through social media. The experience begins by assisting guests with special requests, questions, and other pre-arrival inquiries.

What's more, the team maintains exclusive social media channels for guests interested in Palace Resorts, as well as the resort developer's niche offerings and other nondirect consumer audiences, including weddings, meetings and incentives, travel agents, and vacation club.

Currently most of Palace Resorts' properties are ranked within TripAdvisor's top 10 of the site's respective destinations. In fact, many of the properties are ranked within the top five positions, including Le Blanc Spa Resort (#1), Cozumel Palace (#3), and Sun Palace (#4). The Palace Resorts social media team works closely with operations to share feedback left on TripAdvisor, so resort services and amenities are continuously improved upon.

From time to time, Palace Resorts offers guests a chance to win complimentary stays through social media promotions. The social media team at Palace Resorts recently won a Bronze Adrian Award from the Hospitality Sales and Marketing Association for the campaign, "Reasons You Deserve a Vacation in Paradise." Palace Resorts partnered with noted comedic blogger Greg Pembroke of *Reasons My Son Is Crying*, and put together a photo contest, offering a chance to win a complimentary stay at Moon Palace, complete with airfare.

VACATION INDUSTRY REVIEW

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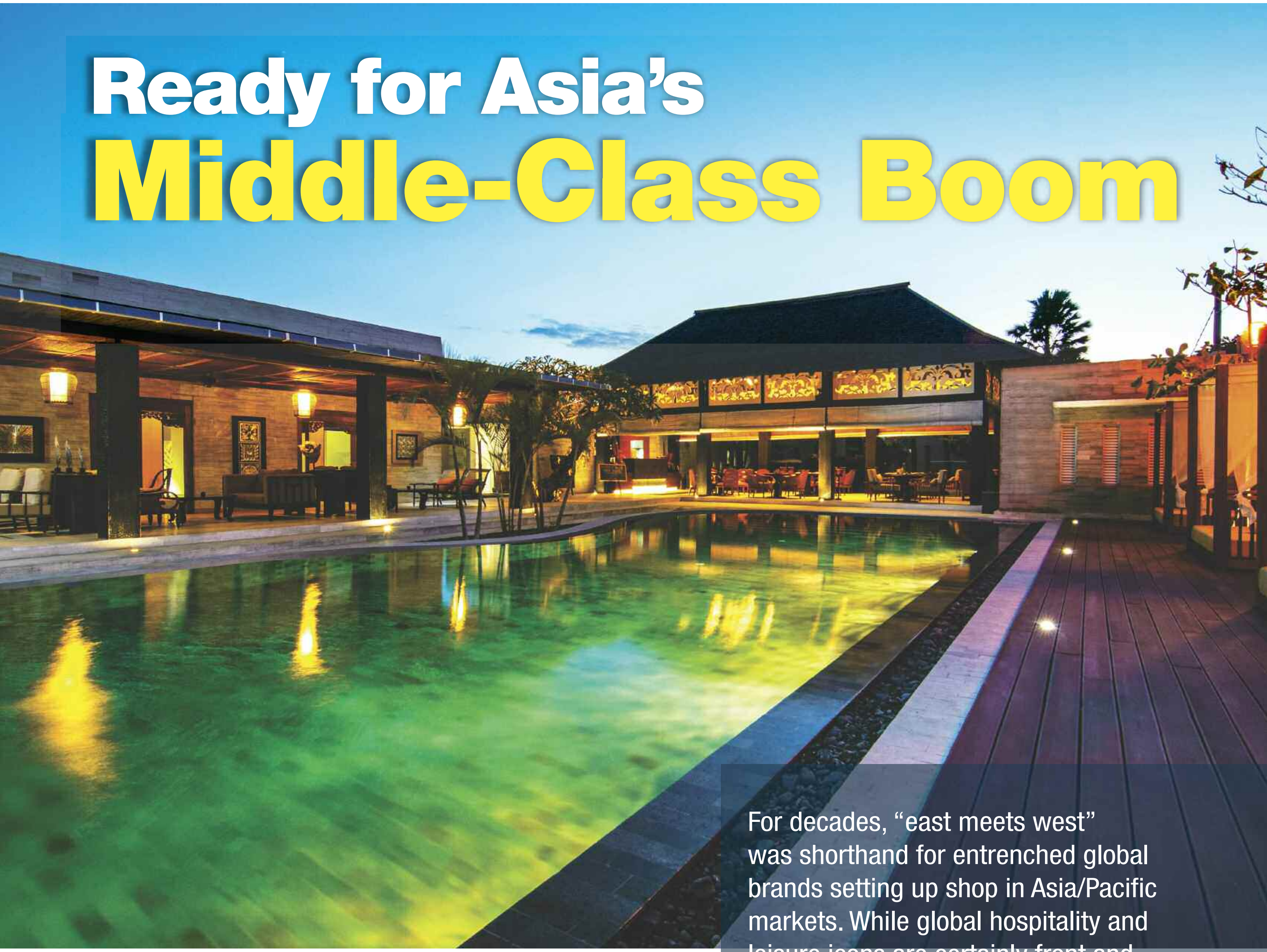
By Joyce Hadley Copeland

Ready for Asia's Middle-Class Boom



For decades, "east meets west" was shorthand for entrenched global brands setting up shop in Asia/Pacific markets. While global hospitality and leisure icons are certainly front and center in sought-after destinations, regional upstarts have been gaining ground. In 2010, Anantara Hotels, Resorts & Spas, based in Bangkok, Thailand, joined shared ownership pioneers by launching Asia's first branded vacation club. With six resorts in four countries and more than 5,000 owners, Anantara Vacation Club is well-positioned for the middle-class boom predicted in the Asia/Pacific region over the next two decades.

From Strength to Strength

"Providing a luxury vacation club product gives us brand differentiation," says Melanie Smith, group director of club operations for Anantara Vacation Club. "And, obviously, being attached to the Anantara Hotels provides a lovely market there for us to attract people to preview Anantara Vacation Club."

The Club's resorts are set in or near existing Anantara properties in Thailand, Indonesia, China, and New Zealand. "We're predominately a villa product with apartments in our urban destinations," Smith explains. "Ideally, we like to use the mixed-use model, where we're attached to one of the Anantara Hotels, so owners get to use all of the facilities of the larger resort. And, in terms of the business, it provides a much more economic use of the facility."

Through the Club Escapes program, owners can expand their options by using their points to stay at 29 Anantara hotels, resorts, and spas in destinations across Asia, the Middle East, and Africa, in countries including Cambodia, China, Indonesia, Maldives, Mozambique, Qatar, Thailand, United Arab Emirates, Vietnam, and Zambia.

The New Traveling Class

The club's recent affiliation with Interval International sweetens the concept of shared ownership even more for a burgeoning market of new travelers. Every year between now and 2030, more than 100 million people are forecasted to enter the middle class in Asia/Pacific, according to *Shaping the Future of Travel in Asia Pacific*, a research study conducted by Amadeus, a global travel and tourism IT provider. In China alone, the middle class is predicted to grow to encompass almost 70 percent of the population. The number of Chinese tourists traveling abroad — within Asia and, increasingly, well beyond — leapt 17 percent in the first three months of 2014, compared with the same period in 2013, according to the Tourism Administration of China.

Citizens of mainland China already comprise half of Anantara Vacation Club's membership. "They're only just starting to travel, so the world is their oyster," Smith says. "Our relationship with Interval totally enhances the owner experience, because it gives them access to a number of other high-quality branded vacation club experiences such as Starwood and Accor. They look at their Interval directory and they say 'Oh, wow! All of these places all over the world!'"

Pizza and Vacation Ownership

Being aligned with a strategic player in the region is equally beneficial for Interval. "Anantara is a highly respected hospitality brand in the Asia/Pacific region, so it is a privilege for Interval to be their exclusive exchange partner," says Joe Hickman, vice president and executive director of Asia/Pacific for Interval. "I believe our two companies are a perfect fit and I'm looking forward to many successful years of collaboration."

Anantara Vacation Club and the Anantara brand are part of Minor International (MINT on the Thai stock exchange). CEO Bill Heinecke was introduced to the concept of vacation ownership when he purchased a JW Marriott hotel in Phuket. Always at the leading edge, the American-born entrepreneur grew up in Hong Kong, Japan, and Thailand. He introduced pizza to the Asian market in the early 1980s and continued to add well-known Western brands and create his own unique concepts as the company expanded into the Middle East, Africa, Australia, and emerging markets across Asia. Today, Minor International operates more than 126 hotels and resorts, 1,500 restaurants, and 250 retail outlets in 33 markets from Africa to Australia. "He's an amazing man," Smith says of Heinecke. "He makes things happen."

The Anantara Experience

Anantara Vacation Club carries forward the vision for the hotel company's unique brand, the Anantara Experience. While resort styles vary from secluded beach enclaves to urban high-rises, each property infuses luxury amenities with authentic cultural experiences and traditions unique to a particular destination. The brand promises to consistently deliver high quality and service without crossing the line into a cookie-cutter concept.

"When you stay in Thailand, you will get a real Thai experience," Smith says. "We try and weave that into all different areas of the resort." Complimentary local experiences offered at Anantara properties immerse owners and guests in authentic traditions, customs, and activities, ranging from a visit to the local Buddhist temple in Thailand to give offerings to the monks to a sunrise camel trek in Dubai.

Another pillar in Anantara's brand is grounded hospitality. "Our indigenous values mean that you'll get to experience Thai hospitality at Anantara properties in Thailand and Balinese hospitality at properties in Bali."

An Award-Winning Portfolio

The crown jewel in Anantara Vacation Club's portfolio, the purpose-built Anantara Vacation Club Phuket Mai Khao on the popular Thai island set the standard for The Club Resort Collection. Named Best Shared Ownership Development in the South East Asia Property Awards, the resort has one- and two-bedroom apartments with spectacular sunset views — or pool access at the ground level — and one-, two-, and three-bedroom villas with private swimming pools. A few minutes' walk from Phuket's +longest beach, the luxury compound is ideally positioned for exploring the sea caves, coral reefs, mangroves, and islands of Sirinath National Park.

Two more resorts offer different experiences of Thailand. The one- and two-bedroom villas and apartments of Anantara Vacation Club Bophut Koh Samui are tucked into lush grounds near a laidback fishing village on tranquil Bophut Bay on the north coast of Koh Samui island. The resort includes tennis courts and on-site restaurants and bars.

In the heart of Bangkok, Anantara Vacation Club Bangkok Sathorn is a stylish urban retreat with jaw-dropping floor-to-ceiling views from the windows on the 28th floor. Owners have full access to on-site amenities, including a 105-foot (32 meters) infinity-edge swimming pool, indoor/outdoor restaurants, a full-service spa, a fitness center, and a tennis court with professional coaching available.

In Bali's popular Seminyak district, Anantara Vacation Club Bali Seminyak is close to the designer shops, restaurants, and nightlife, as well as the stunning beaches. The resort includes one-, two-, and three- bedroom standalone villas designed to be open to nature, each with a private pool.

Anantara Vacation Club Sanya is situated between mountains and the beaches of the South China Sea on the southern coast of Hainan Island, 15 minutes from the heart of Sanya City, China. The Club's two-bedroom apartment suites are housed in a luxury condominium development with its own swimming pool and share access to the amenities of nearby Anantara Sanya Resort & Spa, which include restaurants, a swimming pool, and a gym.

The only resort outside of Asia, Anantara Vacation Club at Oaks Shores treats guests to breathtaking views from the shoreline of Lake Wakatipu, a year-round destination near Queenstown, New Zealand. The Club's two- and three-bedroom units offer easy access to a wide variety of leisure activities, including water sports, world-class skiing, golf, and wine-tasting.

Anantara Vacation Club service coordinators help owners maximize their purchased points and Club Hosts provide concierge services on-site at every resort. Five levels of ownership let owners customize their vacation experience with special privileges, amenities, and personalized services.

A New Strategy for a Robust Market

Having Anantara Vacation Club villas and apartments on-site at Anantara Hotels has obvious marketing advantages. Aside from hotel guests, the Club relies on direct mail, both print and electronic, to generate leads via mini-vacations. But it was Antantara Vacation Club's entry into China in 2013 that was the real game-changer — resulting in a 75-percent increase in ownership that year.

"We're very much a Chinese-based ownership now," Smith reports. "That has changed the way that we market."

Indeed the new independent Chinese traveler — younger, Internet-savvy, and hungry for quality and authentic experiences — has replaced the cliché group tour. The Chinese became the world's highest-spending tourists in 2012, and they are forecast to spend more than all the world's luxury shoppers combined by 2015, according to Attract China, a research team that helps the travel industry better understand independent Chinese tourists.

"The Chinese are all about reputation and how it looks to the wider community, so in China, we do a lot of joint marketing with high-end luxury brands — cars, luggage, clothing," Smith says. "We're targeting that very high-end customer who's also very aware of image."

Social media has also become a tool to build brand awareness. "We're not widely known as a branded hotel management company in China, so we employ a company to manage our social media there," Smith says. "We're very interactive and reactive to anyone who posts something on social media. We try and engage people and we run competitions and campaigns to get people to interact with us."

A Future Without End

Growth and opportunity in the mainland Chinese market has changed the trajectory of the Club's plans for future development. "When we first opened, we thought we'd get Sydney, Melbourne, New Zealand," Smith says. "When we started heavily marketing into China, our strategy had to change significantly, because we had to follow the demand of the Chinese owner, which is different from the Western owner." When it comes to expansion, more locations in Asia and the Middle East are top of mind.

"Mr. Heinecke is currently looking at different markets, different opportunities," Smith continues. "I think his entrepreneurial, visionary spirit has lots of advantages for the vacation club."

The word *Anantara*, Sanskrit for "without end," evokes that sense of freedom and movement, that the future is full of possibility. "We might end up with hotels soon in Europe or Australia," Smith says, "and because the vacation club is attached, that opens up a whole new world for our owners." [ ]

fastfacts

Anantara Vacation Club

Developer: Minor Hotel Group, William (Bill) Heinecke, CEO
Headquarters: Bangkok, Thailand
Product: Points
Price: Five membership levels, from US$19,000 to US$380,000
Resorts: **Thailand:** Anantara Vacation Club Bophut Koh Samui, Anantara Vacation Club Phuket Mai Khao, and Anantara Vacation Club Bangkok Sathorn
Indonesia: Anantara Vacation Club Bali Seminyak
China: Anantara Vacation Club Sanya
New Zealand: Anantara Vacation Club Oaks Shores
Website: anantaravacationclub.com
Social Media Sites:
facebook.com/AnantaraVacationClub
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pinterest.com/anantaraclub
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See page 2 for currency conversions.

By Catherine Lackner

Struggle and Triumph for New Orleans Resort

Sometimes a baptism by fire sets the stage for interpreting the present and even predicting the future. Thomas Bowes, the man who introduced timesharing to New Orleans nearly 40 years ago and has the stories to prove it, still fights in the trenches. "This industry has done an amazing job of reinventing itself, and I have confidence it will continue to do so," he says.

Common perception has it that the modern generation is reluctant to commit to a long-term ownership contract, but Bowes believes he has a secret weapon.

A Moratorium Story

Tired of frigid winters, Bowes moved to New Orleans from Wisconsin in the late 1960s. His career as a stockbroker branched out into real estate as he bought apartment buildings and renovated them. "When timeshare came in, I had the properties, and so it lent itself to exactly what I was doing," he says.

"I believe, but can't prove, that I built more new buildings in the French Quarter than anyone in the 20th century," he says. "I was building on every vacant lot I could get my hands on."

When in 1979 Bowes inaugurated Chateau Orleans, his first timeshare resort, it made newspaper headlines, he recalls. "That drew a lot of attention, but I didn't really want to talk about it. I didn't want the competition."

Within six months, nine resorts opened in The Big Easy. "And they went broke that quickly," Bowes says. Developers failed to invest adequately, he surmises. "They were undercapitalized, and under they went. Timeshare acquired a horrible reputation there."

Endangered Species

Not only did the buyers lose their deposits, but unethical sales practices contributed to timesharing's downfall in New Orleans. In 1985, the situation came to a head in the state's capital. "In Baton Rouge, they were writing a law," Bowes recounts, "and the attitude was, 'If they [timeshare projects] are so much trouble, let's just not have any more.' They wrote in so many restrictions that it was almost impossible from a practical standpoint to develop a new timeshare."

The requirements, Bowes recalls, mandated that the developer acquire a Louisiana real estate license or post a bond of US$1,000 per unit week until sellout. In addition, a US$10,000 bond had to be paid for each salesperson, and the developer was required to find a bank to act as escrow agent, which was not an easy task. "It was very rigid and cost-prohibitive," Bowes says. "Even for the big guys, it was nearly impossible."

Bowes continues: "Over the next 15 to 20 years, many developers tried to get into the city and the state, but they gave up," he recalls. Only a few developers, grandfathered before the law, remained. "We were an endangered species," he says, noting that of the four original developers in New Orleans, two have since died.

In 2000, "bowing to pressure by the big brands working in conjunction with ARDA," according to Bowes, the legislature lifted the moratorium, but challenges to timesharing in New Orleans were far from over. Next came the recession after the September 11, 2001, attacks. By the time Hurricane Katrina devastated New Orleans in 2005, Wyndham was the only major brand that had established a foothold in the city.

Twists and Turns Aplenty

Bowes eventually sold off his two projects, Chateau Orleans and Hotel de la Monnaie, but having gotten into the market before the moratorium, he was able to acquire the Hotel de L'Eau Vive in 1988. "It had been a timeshare but had gone broke," and was vacant, he remembers. He purchased the resort through a federal bankruptcy sale.

"The feds hadn't run it long enough to destroy it, so it was in pretty good condition," he says wryly. "There were 80 or 100 owners and I agreed to honor their contracts as long as they maintained the property." It seems to have been a winning combination: Within six years, he was able to expand the resort from one phase to three.

Earth, Wind, and a Fire

Bowes and Hotel de L'Eau Vive are still going strong despite a series of misfortunes, including embezzlement, a brutal attack on an employee, and corruption by a tax assessor that resulted in sky-high property taxes for the resort.

Then there was Katrina. Situated on high ground, as most French Quarter resorts are, Hotel de L'Eau Vive suffered minimal water and wind battering from Katrina. But there was collateral damage, Bowes says. A fire that started in the building next door spread to a roof in the resort. "I saw the building on national television, in flames reaching 10 to 15 feet," he says. Phase II of the resort burned to the ground.

"Katrina put us out of business for a while," Bowes recalls. "We were down for six weeks."

Reconstruction costs skyrocketed. A panel of sheetrock that had sold for US$.50 before the storm fetched US$3.50 after, and construction workers were overbooked as properties far worse off demanded immediate repair.

Putting Life Back Into Resort

Hobbled by higher expenses and an aging owner base, Hotel de L'Eau Vive struggled for several years. And then, on August 29, 2012, exactly seven years to the day after Katrina, Hurricane Isaac came ashore.

Eventually, the resort recovered some damages in a settlement that is confidential, he adds. That boost, plus a rising economy, has financed the first significant improvements since 2004.

A new canopy adorns the front entrance, and the main building has a new roof and sundeck. Units are being completely redone, with new plaster, carpet, and paint. The old countertops will be replaced with granite, and under-counter refrigerators will be upgraded to full-size units. Work is expected to be completed by the end of 2015.

"It will be better than it ever was," Bowes says. "Owners have noticed we're putting some life back into this resort. Until recently, we couldn't do justice to it. It's pretty extensive."

New Generation's Shiny Car

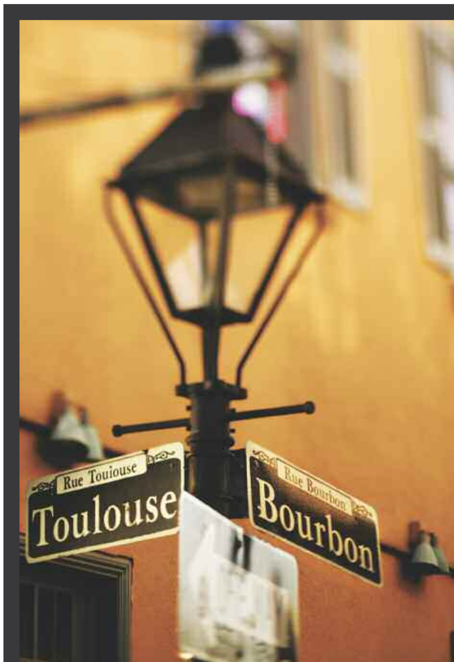
In the beginning, a floating week that could include Mardi Gras sold for US$25,000, but demand is different now, Bowes says. "Many owners want to will their children their weeks, but the younger generation isn't as interested as their parents were. That creates a glut, and the situation won't change until excess inventory is absorbed," he predicts.

If his long tenure in the vacation ownership business has taught Bowes anything, it is the need to be responsive to changing times by employing different tactics. He has enlisted a marketer who has a unique plan to sell the resort's excess weeks in a way that will appeal to this new breed of vacationer.

The homeowners' association has placed 500 to 600 unsold weeks with California-based Great Destinations, Inc., Bowes says, and he has hopes that this new method of selling will change the course. "They specialize in highly recommended legacy resort destinations like ours."

"We've been successful taking inventory from legacy resorts and selling their unused weeks with an overlay of Club Interval Gold®," says Andrew Gennuso, Great Destinations president and CEO. "These buyers don't want their father's Buick. They want the flexibility and variety the points lifestyle provides. It evolves along with the owner. We've been able to give the resort its monetary interest back and a brand-new owner who will pay maintenance fees. And, with Interval's support, we've been able to offer buyers a bright shiny new car."

Bowes' confidence in the industry, backed by solid experience and supported by Interval's products and services, is stronger than ever. Observes Bryan Ten Broek, Interval's senior vice president of resort sales and marketing, "A new generation is about to experience timesharing, New Orleans style, with the *lagniappe* Hotel de L'Eau Vive and Club Interval Gold provide."



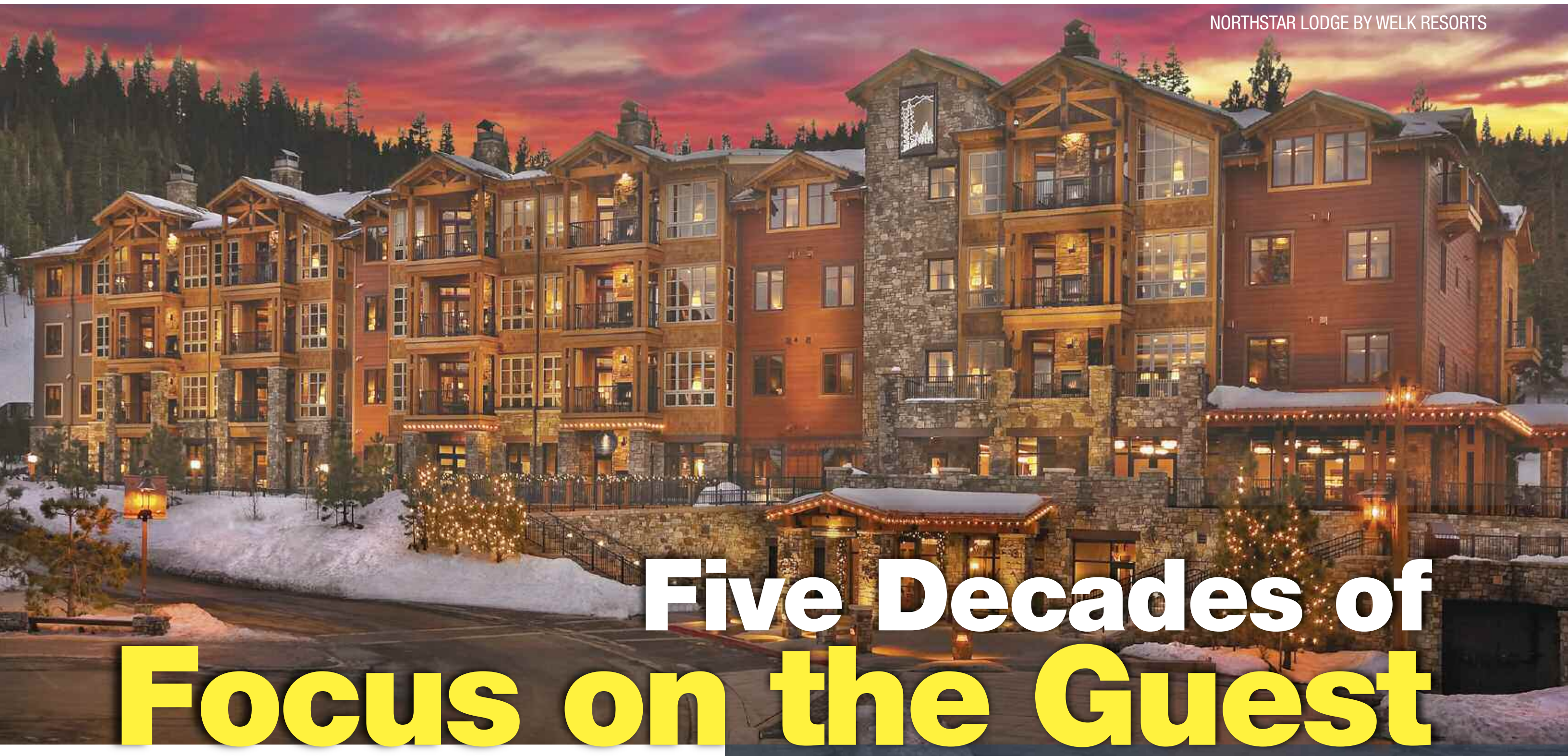
fastfacts

Hotel de L'Eau Vive

AN INTERVAL INTERNATIONAL MEMBER RESORT

Developer: Thomas Bowes, Benjamin Harrison Interests
Location: New Orleans, Louisiana
Product: Deeded fixed week, fixed unit
Units: 34 units; one-, two-, and three-bedroom suites
Website: Hotel-deleauvive.com

By J.B. Bissell



NORTHSTAR LODGE BY WELK RESORTS

Five Decades of Focus on the Guest

Welk Resorts marked two milestones at a celebration attended by family members (below) and employees. Above are CEO and President Jon Fredricks; Jeff Segall, Welk Resorts consultant; and Michael Gehrig, president of sales and marketing.

By now, the story of how Welk Resorts got started — the trip to survey an orange grove that snowballed into the purchase of a plot of land with a small motel, recreation center, nine-hole golf course, and almost 100 mobile-home spaces — has been etched in the annals of holiday accommodation folklore.

That happened in 1964, and as legendary as the story is, what's even more impressive is how enduring and successful the company has been throughout the five decades since. While there were certainly innumerable important business decisions made during that time, one of the biggest was to begin offering a vacation ownership product.

"By 1981, Lawrence Welk had retired from the show," recalls Jon P. Fredricks, Welk Resorts' president and CEO. "His son Larry Welk was president and CEO at the time and realized the potential for this property as a timeshare resort.

"Larry had a friend who owned a timeshare in Cancún, Mexico, and raved about the concept. So, in 1984, Larry conceived our first timeshare resort in Escondido: the Lawrence Welk Resort Villas, a widely successful, low-density property with 286 two-bedroom units and three recreation centers."

These two momentous company events — the initial purchase in 1964 and the debut of vacation ownership in 1984 — made 2014 a big year of celebrating for Welk Resorts, as the company commemorated its 30th anniversary of timesharing and 50th anniversary overall.

WELK RESORTS SAN DIEGO

Happy Anniversary

"We had a big party at our San Diego resort. Guests included the children, grandchildren, and great-grandchildren of Lawrence Welk," says Fredricks, himself a grandson, "along with some of the original stars from *The Lawrence Welk Show*. In all, more than 1,000 people attended — family members, board members, employees, vendors, partners, attorneys, lenders, accountants, design professionals, contractors, title company representatives, timeshare owners, and exchange company team members."

Clairy Browne & the Bangin' Rackettes provided live entertainment, and Larry Welk, now the chairman of the board, was presented with an Entrepreneur and Lifetime Achievement Award. "In addition, Adrienne Edwards, our director of guest services, was awarded the Welk Loyalty and Heart Award for her 50 years of service to the company. She is an original employee from 1964," Fredricks says.

Each Guest Is the Most Important One

Welk Resorts also recently hit the 50,000-owner milestone, which undoubtedly is a significant corporate event, but shouldn't come as much of a surprise. After all, Welk has posted annual revenue growth of more than 18 percent for the past 10 years, and an approximately 40-percent increase from 2013 through 2014. In order to have that type of continued prosperity and growth, it stands to reason that the company would also have to continuously make its members happy.

And they do, with ever-expanding benefits and updated amenities. For example, the group's original property has received more than US$20 million worth of renovations — including a brand-new fitness center — in the last five or so years, and a stylish, contemporary restaurant will soon be unveiled at Sirena del Mar by Welk Resorts, the Cabo San Lucas, Mexico, resort.

These are definitely important updates, and oftentimes new does equal *happy* in the eyes of the consumer. Ultimately, though, refurbishment is just standard operating procedure; it's something that simply has to be done. When it comes to truly making visitors feel as though they're special, Fredricks and his team believe a bit of personalized service goes much further than a new treadmill.

Critical Touch Point

"Our front desk is the chief touch point for all guests," Fredricks says. "Especially during the check-in process. We're focused on greeting guests by name, and making every interaction positive and personal. Our corporate culture is built around the philosophy of 'I will take care of it for you.' In real time, that means our guests can rely on any associate for assistance, and rest assured the associate is given the authority to effect change and the tools to facilitate solutions outside of his or her jurisdiction. In the long run, we strive to treat each guest how they would like to be treated."

In keeping with the ideology of treating *each* guest as though they're the most important one, Fredricks notes that there was no specific celebration for the 50,000-owner mark because every new owner is met with a celebration of its own!

"Our owners are the very core of our business, and so we do have a number of exciting plans underway," he continues. "In all, we're paying close attention to what our owners want and need, and developing programs to cater to those requirements."

fastfacts

Welk Resorts

Developer: Welk Resort Group, Inc.; Jon Fredricks, president and CEO
Headquarters: San Marcos, California
Product: Points-based timeshare (exception: San Diego has a few deeded, fixed-week/fixed-unit interests)
Resorts: **San Diego:** Welk Resorts San Diego (comprising Mountain Villas, Resort Villas, and Villas on the Greens)
Cabo San Lucas: Welk Resorts Sirena del Mar
Branson: The Lodges at Timber Ridge, Welk Resorts Branson
Palm Springs: Desert Oasis Resort, Welk Resort Palm Springs
Lake Tahoe: Northstar Lodge by Welk Resorts
Website: welkresorts.com
Social Media:
facebook.com/WelkResorts
twitter.com/welkresorts
pinterest.com/welkresorts

Expanding Interests

This isn't new, of course. "Welk himself was committed to providing quality entertainment and giving the people what they really want," Fredricks explains. "In many ways, this is still reflected in our culture today. We are constantly innovating and re-engineering our business with attention to detail, quality, and providing a superlative guest experience."

Over the years, what many Welk Resorts owners have really wanted is simply more Welk Resorts. To that end, the company has expanded several times, and to various locations. In addition to Escondido, Welk currently has offerings in Palm Springs and Lake Tahoe, California; Branson, Missouri; and Cabo San Lucas, Mexico. The next one, scheduled for construction in 2016, will be in Breckenridge, Colorado.

"We focus our development on where the market is heading, and the market loves the western U.S." Fredricks says. "With three resorts already in California, we studied the destination trends for vacations, and Colorado and Hawaii were at the top of the list. [A Kauai development is planned for the future.] Breckenridge is an amazing location, with year-round attractions and plenty of sunshine. We are very excited to break ground on this one."

Consumers are sure to be excited with the outcome. Welk Resorts makes a point to incorporate various qualities and available activities into its developments based on geographic location. Golf is the focus in Escondido and Palm Springs. The beach steals the show in Cabo, and the Branson property has a theater. In Breckenridge, as in Lake Tahoe, skiing will be the highlight.

That said, "We want to maintain a consistent, quality Welk experience for all of our owners and guests," Fredricks adds. "The overall sales and marketing efforts are expanding and innovating across the board."

Those marketing efforts include an association with Interval International. "That's been an important component to our success, from both a resort operations and sales perspective," Fredricks says. "On the front end, the relationship with Interval increases the value of our product, with the option of exchanging weeks at Welk properties for sought-after destinations the world over. The resources they offer our owners are unparalleled, from information and reservations to maintaining standards that ensure a consistent, quality experience no matter where they travel."

Property renovations and new developments and coordinated marketing efforts are all necessary components of the timeshare business, and, admittedly, when those elements are handled well, good things often follow. Still, when asked about his plans for another successful 50 years, Fredricks falls back on what he still believes influenced the first 50 so much: "Focus on the owner."

See page 2 for currency conversions.

By Joyce Hadley Copeland

GRAND COLORADO ON PEAK 8

No Better Address for Year-Round Fun

Breckenridge was a prosperous mining town in the Colorado Rockies when Tom's Baby, a gold nugget weighing more than 13 pounds (6 kilograms), was unearthed there in 1887. Less than a century later, the town opened another vein — this one of *white* gold — with Breckenridge Ski Resort. In 1961, there were seven runs, a double chairlift, and a beginner T-bar on 12,998-foot (3,962 meters) Peak 8. Today, "Breck" encompasses five numbered peaks (6 to 10) of the Tenmile Range west of the Continental Divide.

Since 1985, Breckenridge Grand Vacations has been front and center in the ski area, operating three family-friendly resorts — including two ski-in/ski-out properties — with a fourth under construction at the base of Peak 8, still the main portal to the Breckenridge Ski Resort.

A Family of 20,000

"Just this fall, we welcomed our 20,000th family to our family of owners," says Rob Millisor, one of the three founding partners of Breckenridge Grand Vacations. Together with his brother, Mike, and Mike Dudick, Millisor launched the company with seven employees, operating Gold Point Condominiums at 1,000 vertical feet (305 meters) above Main Street in Breckenridge. With each new resort, the trio upped the ante, combining spacious quarters, world-class amenities, and slope-side convenience.

During peak ski season, 155 trails — reliably blanketed in an average 25 feet (7 meters) of powder and linked via a network of high-speed lifts and connecting gondolas — offer something for every skill level, from hike-in skiing in Serenity Bowl on Peak 6 to the double black-diamond runs of Peak 10. Grand Timber Lodge is tucked between Peaks 8 and 9, steps from the Snowflake Lift, and Grand Lodge on Peak 7 is on the BreckConnect gondola route with easy access to the Independence SuperChair.

The new Grand Colorado on Peak 8 promises to set an even higher standard for luxury just feet from the Colorado SuperChair and Rocky Mountain Quad — universally regarded as the best address in Breckenridge.

"People come for the ski season, but they stay for the summer," Millisor says. And, indeed, the rest of the year is equally spectacular in this all-season

playground sprawling across 3,800 acres (1,538 hectares). The charmingly preserved Victorian town, just 67 miles (108 kilometers) from Denver, is a popular home base for a wealth of recreational activities in surrounding Summit County, including golf, fishing, hiking, mountain biking, and river rafting.

"We build one hell of a product," Millisor says. Units ranging from suites to four-bedroom penthouses are outfitted with top-of-the-line appliances, granite countertops, jetted bathtubs, and high-thread-count sheets. Resort amenities are designed to pamper and entertain every member of the family — from spas and indoor/outdoor hot tubs to private movie theaters and a fully equipped Family Fun Center. "Our per-unit product costs are three to four times the industry average," Millisor says. "More of the consumer's dollars are going for the product and less for the sales and marketing. We create tremendous value for our owners."

Always Grand Vacations

An important part of that value is intangible: Breckenridge Grand Vacations' promise of Always Grand Vacations. The company backs up what could easily become a platitude with daily dedication to customer service and continuous improvement.

"We say that we treat our owners like members of our family, but the reality is we live it every day," Millisor says. For example, employees are empowered to resolve problems on the spot, using their best judgment.

Company policy is to close the loop on every problem or complaint, first following up with a personal phone call, then devising ways to prevent the same situation from happening again. Breckenridge Grand Vacations has even gone the extra mile to create an in-house department to facilitate owners' vacation exchanges through Interval International.

Not surprisingly, satisfaction ratings are "off the charts compared to the industry average," according to Millisor, based on the results of Net Promoter surveys. More than 55 percent of new business comes from owners purchasing additional time.

A Holistic Approach

While the customer is king, Breckenridge Grand Vacations executives know that long-term success depends on four key stakeholders: investors, employees, owners, and the community. As caretakers of the company's profitability, Millisor and his partners make employee satisfaction a priority, as well. With more than 450 employees, maintaining the family feeling of a small company can be a challenge, but the management and support staff has been structured in a way that fosters communication and mobility within the company.

"We know that if we have happy employees, it'll make happy owners, so we work very hard to make sure we're the employer of choice in Summit County," Millisor reports. Breckenridge Grand Vacations

GRAND COLORADO ON PEAK 8

ranked 11th among midsized companies in the *Denver Post* 2014 list of top workplaces in the Denver region.

The community of Breckenridge completes the circle. "We're proud of the fact that we are leaders in philanthropy here," says Millisor. The company refuses to turn away any nonprofit in Summit County. In the past year, Breckenridge Grand Vacations contributed nearly US$1 million to local causes, including US$500,000 to the new community center. Employees are also encouraged to volunteer and give back. The company has proven itself to be a responsible citizen by earning the Sustainable Breck Certification for meeting strict green standards set by the Town of Breckenridge.

Social Media Ingenuity

Celebrating Breckenridge is also the driver behind the successful social media marketing campaign to generate sales leads and promote Breckenridge Grand Vacations' newest resort.

"We'd dabbled with Facebook pages for our resorts, but what really rocketed us to a different level was creating a new brand called Best of Breckenridge for people interested in Breckenridge," says Ginny Vietti, vice president of marketing. Vietti's team populates the Best of Breckenridge Facebook page with tips, snow reports, and content mined from the Breckenridge Ski Area and GoBreck, the local destination marketing organization. The content was such a hit, the page went from 500 to 15,000 likes in six months. "Now we're at more than 55,000 likes, and growing," Vietti reports.

Vietti uses Facebook's advertising tools to target qualified prospects. Then telemarketing follows up with a phone call. "We're converting these leads at an astronomical rate — somewhere around 20 to 25 percent," Vietti reports.

"We couldn't talk about our new development yet, because we weren't through the real estate approvals, so we came up with the idea of celebrating skiing in Breckenridge through the decades," Vietti says. A video introduced the "WhatsNextBreck" campaign, inviting owners to post photos and stories on Twitter, Facebook, and Instagram on Throwback Thursday, using the hashtags #TBT and #WhatsNextBreck. The eight-week campaign was a nod to Peak 8, which is where it all began, as well as the future home of Grand Colorado on Peak 8. Each week one featured photo earned the poster a Throwback Prize, such as roller blades or retro sunglasses. The grand prize included a vacation for two, including airfare, lodging, season passes for 10 ski resorts, and custom skis.

"We had a great turnout," Vietti says. "People took the time to find a photo from the '70s or '80s and scan it in. We got some great content we have permission to use." Some of the photos have been repurposed for a follow-up video that provides details about the new resort, and will likely re-engage the original participants.

Vietti added three full-time people to her staff to coordinate new Web and social media initiatives. "I think we'll keep investing in it if it keeps performing," she says, noting that by November 2014, they'd already beat their annual goal for qualified leads from social media.

An Exciting Evolution

No one is more gratified by the company's evolution over 30 years than Millisor. "We've really kept our entrepreneurial spirit. I look at where we were when we started and where we are now. We've been very, very fortunate," he says. "Certainly not because of me or my two partners, but because we have an absolutely wonderful team. We all have the same passion, and that's creating grand vacations for our owners. That's what we're about." [ ]

See page 2 for currency conversions.

fastfacts

Breckenridge Grand Vacations

Developer: Breckenridge Grand Vacations; partners: Rob Millisor, Mike Millisor, Mike Dudick
Headquarters: Breckenridge, Colorado
Product: Fixed and floating deeded weeks
Price: US$15,000 to US$450,000
Resorts: Gold Point Condominiums, Grand Timber Lodge, and the Grand Lodge on Peak 7. Grand Colorado on Peak 8 (under construction)
Website: breckenridgegrandvacations.com
Social Media Sites:
facebook.com/GrandColorado
twitter.com/GrandLodgePeak7
youtube.com/user/GrandLodgeOnPeak7CO
instagram.com/grandlodgeonpeak7
pinterest.com/grandlodgepeak7

By Catherine Lackner

A Caribbean Jewel Restored

In a timeshare career that spans nearly 40 years, Richard D. Sutton has racked up a mountain of achievements, but ask him what makes him proudest, and he'll likely name the turnaround he is steering at Simpson Bay Resort & Marina in St. Maarten.

Founded in 1982, Pelican Resort Club was one of the earliest timeshare resorts in the Caribbean. By 1997, when Sutton's management company, Royal Resorts Caribbean, was called in to evaluate it, the resort had fallen into deep disrepair. Through years of struggle, financial reversals, and even a traumatic bankruptcy sale, Royal Resorts Caribbean persevered in its efforts to revitalize the property. Finally, with a new developer on board, the company embarked on a top-to-bottom makeover in 2012. With a price tag of US$24 million, of which US$18 million has already been spent, the renovation is transforming the complex now known as Simpson Bay Resort & Marina into one of the Caribbean's finest.

'A Long, Sad Story'

Pelican Resort's fortunes waxed and waned until it came under receivership in November 1996. A nudge from the American Resort Development Association (ARDA) prompted Sutton to get involved in a rescue effort in January 1997. "A senior operative at ARDA asked us to please go and take a look at it," Sutton explains. By then, Royal Resorts had achieved an enviable reputation for building and managing exquisite properties in Mexico, and Sutton and six of his staff agreed to check out the resort and make recommendations, pro bono.

Richard Sutton: Veteran With a Vision

As commander of the U.S. Air Force Reserve Recruiting Group following the Vietnam era, Richard Sutton knew a thing or two about marketing. That, plus his desire to build a new career, eventually led him to establish the first purpose-built timeshare properties in Mexico — and the third purpose-built timeshare resorts in North America — just as that land of breathtaking beaches was on the cusp of becoming a major tourist destination.

Sutton, who helped found the Cancún timeshare association, ACLUVAQ and who won the ARDA Lifetime Achievement award in 2014, freely admits that back in 1975, "We had no earthly idea what we were doing." It took two years for Sutton and his investors to create their own concept of timesharing. "Timeshare was a completely new concept," he explains. Even in those heady first days, sales agents were not allowed to pressure prospects, and several were dismissed for doing so, Sutton says. 'If you have a good product, you don't need to pressure anyone," he explains.

Richard Sutton, center, accepted the ARDA Lifetime Achievement Award during the association's 2014 convention.

Sutton founded Mexico's first employee credit union and added education to the benefits his staff enjoys. Employees have responded favorably: Several salespeople have been with Royal Resorts for more than 20 years.

November 4, 2014, marked Sutton's 81st birthday. "My wife, Julie, and I are looking to slow down a bit now," he says. "We're training our staff to take on more responsibility. They'll be looking for new resorts to operate, and we'll certainly support them and help them do what they need to do."

"The homeowners' association had bought it out of receivership. It was a long, sad story," he says. "We traveled to St. Maarten and the resort was in very bad repair; it's hard to describe the magnitude of the disarray. Basically, without a complete renovation of all the older units, the resort was ultimately going to face bankruptcy as owners abandoned their memberships." Unless something drastic was done, Sutton says.

"Our initial restoration proposal carried a US$10 million price tag," he notes. "The air-conditioning system, as well as the roof, had to be replaced immediately. The elevators worked only sporadically. The electrical and water systems were virtually inoperative. Nothing had been done on the property since 1994 or 1995."

But the homeowners' association, instead, "hired a gentleman who had no experience, and we went back home and heard nothing from them," he relates. The results were predictable.

Fast-forward to August 1997. "They contacted us and said, 'Please come back.' We signed a two-year contract to take over operations and improve conditions. The board allocated US$3 million to renovations, "just to keep things from falling apart," he explains.

But the resort's woes continued. "The association never had any money, and they were fearful of raising maintenance fees. They weren't paying utility bills, and the HOA president was trying to do everything himself," Sutton explains.

"When our agreement came up for renewal, my staff urged me not to sign. 'Boss, you're crazy, you're out of your mind, it's going to be a disaster,' they said. But the chairman of the HOA convinced me to stay."

The Prime Rib of Properties

On his visits to St. Maarten over the years, Sutton noticed that on the grounds of Pelican Resort Club was a large swath of highly desirable beach property. "They had prime rib right there on the water," he says, but the land lay fallow.

Part of the reason is that the HOA governing board changed every year, Sutton explains. Just as he was able to convince a sitting board to develop the parcel, election time would roll around, and a new group would take over, unaware of the site's potential.

"It was a beautiful location, and we put in an initial investment of US$500,000 in engineering drawings, but then the next board would decide to cancel."

In 2005, the board finally decided to begin construction of the Villas at Simpson Bay Resort & Marina. "We built 83 new units, each with two bedrooms, two baths, and a living and dining room," recalls Sutton. "The furniture and finishes were of very high quality. They were equivalent to units at Royal Resorts in Cancún."

Mortgage Meltdown

Meanwhile, expenses were increasing for the older resort, and, once again, the HOA board was loath to up the maintenance fees to cover the deficits. They asked Sutton to negotiate the mortgage on the property, which he did, bringing the interest down from 12 to 10 percent. A few months later, though, they wanted another rate cut, at which point the lender balked.

"The association would run out of money in July or August of each year, and move the date for billing the next year's maintenance fees back farther every year," Sutton explains. "They were desperate for cash and trying everything possible."

The property was foreclosed and auctioned in December 2010. "There were no bidders except the mortgage company, which purchased the property and subsequently sold the resort, in January 2011, to the Simpson Bay Owner Company, a real estate investment group from Hong Kong," Sutton explains.

The name was changed to Simpson Bay Resort & Marina, and Royal Resorts Caribbean was awarded a long-term management contract for the renovation project.

From Albatross to Osprey

With the Hong Kong developer in place, Sutton began what will ultimately be a four-year gut in 2012. But not before he fought to gain support from the owners.

"Basically, without a complete renovation of all the older units, the resort was going to face bankruptcy as owners abandoned their memberships," Sutton says. "Interval International had already given notice that the older units at the resort would be removed from the exchange network," unless something was done, he adds.

That warning from Interval proved to be important ammunition, he says, in convincing the owners to invest in the renovation. "I

fastfacts

Simpson Bay Resort & Marina

Developer: Royal Resorts Caribbean
Location: Simpson Bay, St. Maarten
Product: Deeded fixed week, fixed unit originally; points program now offered in the Royal Resorts Caribbean Collection
Units: 342
Price: Basic points package from US$5,000; members may purchase unlimited points
Website: royalresortscaribbean.com
Social Media Sites:
facebook.com/SimpsonBayResort
simpsonbayresortnews.com/

appreciate what Interval did," he insists. "I needed something to persuade my owners and the development company to move forward."

And move forward he did, taking out everything in the units — plumbing, electrical, flooring, even sheetrock. "What was left was essentially four concrete walls," recalls Sutton.

An average of 80 units are being remade per year, from the walls out and the floors up, with all new paint, flooring, appliances, fixtures, and furniture meeting the same standard as those at the Villas at Simpson Bay. "The units themselves are spectacular," Sutton says. Some studios and small spaces will be combined to form two-bedroom units, which are more desirable, he says, so the resort's unit count may be reduced, but the quality much improved.

The last phase, expected to be completed in 2016, is set to transform the malecón from a shabby strip of run-down storefronts and boardwalk into what Sutton anticipates will be the best attraction on the island. The renovation will include extending the beach by 100 feet (30 meters), rebuilding the boardwalk, and upgrading the shops. "This will put a new face on the entire resort," Sutton remarks. "We want to enhance the malecón, make it attractive for people who want to take boat trips, and to do that it might take two phases," he explains. "It's very important to upgrade that."

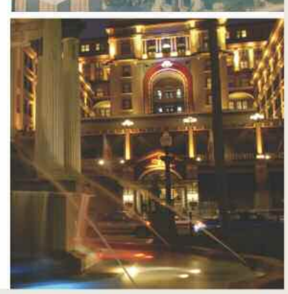
"We've turned the place around, and I'm very proud of that," Sutton says. "Comments from Interval International guests and people who posted on TripAdvisor have been great. We've taken an albatross and turned it into an eagle, or to be more descriptive, an osprey. The osprey is the eagle of the sea."

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

Changing Times Prompt Points

One of the most important lessons Richard Sutton has learned is the value of staying nimble in the marketplace. "We saw modern times demanded a new product," especially, he says, as trends swing to owners taking shorter, more frequent breaks.

So Royal Resorts enlisted Interval's help to transition to a custom, points-based vacation club called Royal Resorts Caribbean Collection in St. Maarten and Curaçao. Members can trade points internally at Collection resorts or externally through the Interval exchange network. "Interval really helped us set it up," Sutton says, "and now we sell primarily points memberships. Weeks are the exception and we only sell them to members who absolutely demand them."



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  - Hotel, car rental, and air travel rewards
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  - Gift cards from top retailers
  - Resort Accommodations Certificates

*Federal law prohibits students from receiving a premium.

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


Ed Crovo


Lew Matusow

Ed Crovo, chief operating officer of Hyatt Vacation Ownership, was recently recognized by the Florida State University (FSU) Dedman School of Hospitality for outstanding achievements throughout a career that spans four decades. Crovo graduated from FSU in 1969 with a degree in business administration and a concentration in hotel and restaurant administration. In his current role at Hyatt Vacation Ownership, he oversees operational functions throughout the club. He worked in various capacities for Hyatt Hotels & Resorts, including the position of general manager at several Hyatt Regency hotels locations.

Lew Matusow has launched Resort App Builders (resortappbuilders.com), which specializes in designing app-based customer engagement programs for the hospitality industry. The programs provide affordable, branded resort apps that enable resorts to send eye-catching messages to guests' phones and tablets using the latest Bluetooth technology. The programs are designed to drive in-house tours while also providing ongoing communications with guests.

Further information is available at 305.238.1889 or *lew@resortappbuilders.com.*

Advertiser Index

PASSAGES

Alex Marxer, president of ResortCom International, passed away December 13, 2014. He joined ResortCom in 2002 and was promoted to president in 2011. He led a company transformation that culminated in the CRM Implementation of the Year Award by *CRM Magazine* in 2006. He was a native of Germany, where he earned a bachelor of arts degree in business, languages, and intercultural management from the University of Passau.

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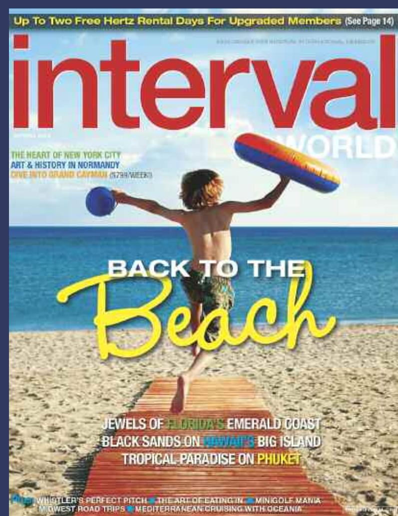

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