

VACATION OWNERSHIP WORLD

The industry's forum for the trends and issues shaping our future

September 2001

| | |
|------------------------------|----|
| ■ TO SHELLE AND BACK | 10 |
| ■ TELEMARKETING UNDER ATTACK | 16 |
| ■ ROI POINTS UPDATE | 18 |
| ■ INDUSTRY WRAP | 29 |



Building on popularity of resales, TRI West opens storefront gallery in L.A.: 7

Storefront caps TRI West's array of distribution channels

California area retail outlet fits founder-owner's novel strategy of presenting prospects with their full range of timeshare options, new and resales.

A comfortable and travel-suggestive decor that 20-year-veteran resale broker Mario Collura describes as "a non-threatening, inviting hotel suite and library" is the setting of the 1,800 sq. ft. street-level facility, which occupies the first floor of TRI West's new headquarters building in California's West Los Angeles-Marina Del Rey area.

The facility is believed to be the first timeshare resale store in a major urban market area, although some resale operators have outlets in destination areas such as Orlando, as do new product developers—for example, Ritz-Carlton's shop in Aspen, Colo.

The TRI West store had a soft opening in July and officially debuts September 30 in connection with TRI West's annual resale auction. It is located at 13353 W. Washington near one of LA's busiest intersections, Washington and Lincoln; the immediate area includes a Costco store and other high-traffic attractions. Marina Del Rey is about a half-mile away.

A billboard on the TRI West building announces, "Timeshare Rentals and Resales...Home of the Timeshare BLUEBOOK." Prior to the formal opening and any promotion, the store was attracting "a couple of walk-in visitors a day," Collura said. But he believes that after the formal opening promotion of the store, continuing activities—such as seminars on how to rent, buy, and sell resales—will keep the place humming.

Timing is right. Collura thinks his new store, together with TRI West's Web site, annual auction, and the many other components of his operation, are coming together at the opti-

mum time. RCI's research arm, Ragatz Associates, recently found that about a quarter of all timeshare sales transactions were resales, approximately double the resale share of the total just a few years ago. While transactions are not dollar volume (because the average resale sales price of \$5,000 is less than half that of new timeshares), total resale dollar volume is far less than a quarter of sales of new product—but growing faster.

Moreover, *VO World* thinks the rapid growth in resale transactions indicates that more and more families are entering timesharing through purchase of a resale, and it is the means by which more owners are acquiring additional weeks.

The engines of growth. Collura figures that TRI West has handled over 4,100 resale deals since entering the business in 1979. In 2001 he expects TRI West will handle about 500 resales at an average of \$5,000 (except for the auction, where the average selling price is around \$2,500). Collura is anticipating \$2.5 million total volume in 2001. That would be a 15% annual sales gain, a growth rate Collura says TRI West has been maintaining for a number of years.

An estimated 25% of this business is repeat business with a previous client. Thus, a basic aspect of TRI West's strategy is facilitating the acquisition of "timeshare portfolios" by more and more clients in an expanding customer base.

The portfolio concept is also sup-

ported by Ragatz Associates studies which show that most satisfied owners—who represent a large majority of timeshare owners—want to buy additional time within five years of their initial purchase.

Another dimension of the TRI West approach is the firm's involvement in sales of new timeshare product. TRI West acts as a referral broker in West LA for Marriott's Newport Beach resort. In this role, TRI West identifies likely prospects for the Newport resort, provides a preliminary briefing on the property, and sets up a tour of the resort that is conducted by MVCI.

How does this \$15,000-and-up product fit into a resale broker's in-

The rapid growth in resale transactions indicates that more and more families are entering timesharing through purchase of a resale, and it is the means by which more owners are acquiring additional weeks.

ventory where some weeks go for \$2,000 or less? "We spend a lot of time up front with new clients identifying their travel interests, needs, and what they're spending on this part of their lives now. Our approach gets us in front of a lot of prospects. For some, new product may be the best choice."

From TRI West's standpoint, the referral commission on a Newport sale is not all that different from the commission on the firm's average \$5,000 resale transaction. TRI West works on a basic 15% commission for handling a resale with the buyer paying for title search and other closing costs. However, the seller pays TRI West a minimum of \$2,000, but in no case more than half of the sales price. For example, on a resale of \$3,000, TRI West would get \$1,500, not its \$2,000

continued on page 8

continued from page 7

minimum because that would be over half the sales price.

The annual auction is TRI West's bargain basement. Timeshare Auction 2001 (the broker's 20th such annual event) will be held Sept. 30 in a tent on the parking lot of TRI West's building – and on the Internet. Like its predecessors, this year's auction aims to attract bidders with big savings over original prices ("81% off") and lots of low-priced weeks at a wide variety of resorts ("68 resorts \$2,000 or less").

Collura notes that "our clients are looking for a deal," whether they have a lot of money or not, or whether times are good or bad. In a slow economy, like now, "they're really looking for a deal."

The auction catalog listings detail over 120 timeshares located at various destinations from England to Mexico to Tahiti. Minimum bids range from \$400 to \$5,675, with weeks offered at resorts such as Sheraton's Vistana Resort, Kona Coast Resort, and the Royal Mayan. The common denominator is "rock-bottom prices."

In addition to the approximately

For a long time people in the industry have been saying, "Something has got to be done about resales." Something has been done. The secondary market is growing fast. The only question is who will grow it – and how.

200 people expected to attend, live online bidding will be available to buyers worldwide. Collura predicts about 100 timeshare resales will result from the auction, or about a fifth of the total resale deals he projects for this year.

800 visitors a day to Web site. TRI West's fully featured and high-traffic Web site (www.triwest-timeshare.com) plays a key role in the broker's



Tri West staff assembled at the company's new headquarters building in the West Los Angeles-Marina Del Rey area of California.

growth. It is both an education/information and an operational vehicle.

Collura believes the "environment [for resales] has changed a lot in last five years and a lot of that is due to the Internet." He refers not only to his site, but also others such as the Timeshare Users Group (www.tug.net) whose members, for an annual fee of \$15, can contribute to and access ratings of timeshare resorts they visit for

service, features, etc. TUG members can also list their timeshares for resale.

TRI West's site provides extensive information about and guidance on every element of timeshare resales and rentals, including

the heavily visited "Mario's Timeshare Tips" and "Vicie's Timeshare Rental Tips."

One of the Web site's main attractions is the MLS listings "Timeshare BLUEBOOK," a compilation of origi-

nal/current price ranges and corresponding resale/rental price ranges for 3,000 resorts, based on TRI West's actual sales experience. The BLUEBOOK is a unique guide to pricing resales.

Owners can list their timeshares for a one-time California DRE-approved fee of \$225. Listings are uploaded monthly – "You have to keep the information current," Collura comments.

The site is very interactive. Listings can be searched by resort, then by type of unit, with the result that all available properties meeting a given criteria will be displayed. Prospects can then click on a property that interests them, which triggers an e-mail inquiry to TRI West.

The third key link: foreclosure resales for HOAs. TRI West has an exclusive contract with the HOA at Harbortown Point, an independent water-oriented resort built in the 80s in Ventura, Calif., to resell foreclosed weeks and others properties taken back by the association on TRI West's standard bulk inventory commission split.

Together with the store — which reaches the regional market — and the Web site — TRI West's link with the national and international market — Collura regards the Harbortown HOA connection as the third component in his basic triad of resale operations. He thinks other informal relationships he has with HOAs will ripen into contractual deals, and that working with resort managers and HOAs will become an ever more important channel of sales.

For a long time people in the industry have been saying, "Something has got to be done about resales." Something has been done. The secondary market is growing fast. The only question is who will grow it – and how. TRI West looks like a promising model. ■