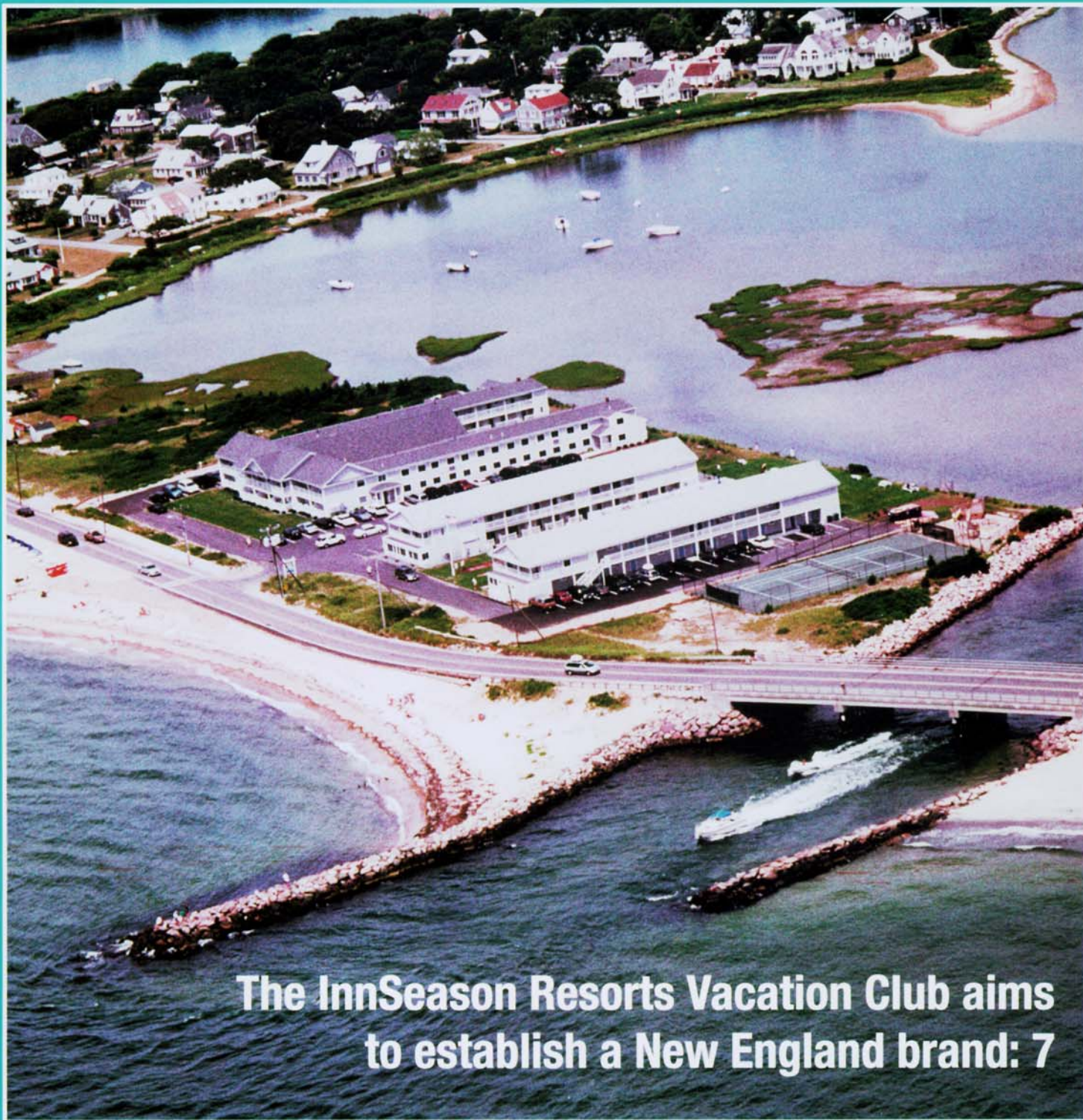


VACATION OWNERSHIP WORLD

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The InnSeason Resorts Vacation Club aims to establish a New England brand: 7

COVER STORY

NON-DEED CLUBS: PART II

InnSeason Resorts launches a New England-based club designed to compete with the brands and major independents

Developer with local roots and know-how aims to establish a regional brand.

InnSeason Resorts founder and CEO Billy Curran is a born and bred New Englander who decided he wanted to fashion a timeshare product catered to a customer he knew – the New Englander. In the timeshare business since 1977, Curran developed an expertise as a marketer in the region. But by 1997, he resolved to become a developer. “I bought a project in Cape Cod called Surfside Resort,” Curran recollected. “This was at the same time I was growing the size of my marketing company – by the late 90s we were selling over 100,000 tours a year.” In 1999, Curran acquired another Cape Cod project, Captains Quarters, located in Falmouth, MA. That same year, he began to take on sales and marketing contracts from other New England developers. “My background was in marketing, but I had built the sales team and infrastructure in my role as a developer,” Curran explained. Two Cape Cod projects developed by Dennis Ducharme, the Cove at Yarmouth and the Holly Tree Resort, and the Pollard Brook Resort in Lincoln (Loone Mountain), NH became the first to sign on. Curran and

When it comes to timesharing, New England is a unique area. Despite the region's dense population, there are relatively few timeshare resorts there.

Ducharme decided to establish an affiliation and mutual exchange between their resorts. The InnSeason network began to form.

When it comes to timesharing, New England is a unique area. Despite the region's dense population, there are relatively few branded timeshare resorts there. Although Marriott has a Boston site, Fairfield a Newport, RI location, and both Fairfield and Silverleaf have resorts in the Berkshires, the brands and major independents have pretty much stayed away in terms of situating projects in the region. The main reason is the seasonality/occupancy issue. But Curran believes there is the market and market demand to support a New England-based resort network

and he's convinced he has the product that will not only appeal to the region's consumer but also ameliorate the seasonality/occupancy problem. “Approximately 38% of all U.S. timeshare owners come from New York, New Jersey, Pennsylvania, and New England,” he recited. “And 85% of New Englanders that vacation, vacation in New England. They need a product here that is going to correspond to their preferences and desires.” He says that having a points-based club helps the seasonality issue “because it allows people to take shorter stays and members are tied to neither a specific

resort, unit, nor season – I don't have to try and sell a week in January anymore.” In addition, “you can push people towards using their points at particular locations at specific times of year by creating special deals.”

The InnSeason Resorts Vacation Club. There are currently 11 properties in the InnSeason network, 6 of which are InnSeason resorts and 5 of which are affiliates. All InnSeason resorts are located in New England (Massachusetts, New Hampshire, and Maine); the majority of affiliates are in the Cape Cod area of Massachusetts and the Lincoln (Loone Mountain) area of New Hampshire, but there is a Maine site and a project



An interior shot of a unit at InnSeason Resorts South Mountain, in Lincoln (Loone Mountain), NH.

in Ireland as well. There are about 60,000 owners all told. In 2004, InnSeason reached about \$26 million in timeshare sales. This year Curran is anticipating approximately \$31 million in sales.

The InnSeason Resorts Vacation Club is structured as a non-deeded points-based club. All affiliates are required to allow InnSeasons the exclusive right to conduct marketing and sales. “If a customer is going to be told a story about how he/she can use one of my resorts on a priority basis, the only people I want doing that are my sales crew,” Curran explained. The evolution to the non-deeded points model has been

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InnSeason
Resorts founder
and CEO
Billy Curran.

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gradual and its introduction recent (February 2005). It started with the establishment of the regional resort network discussed above. Curran saw many of the advantages of the model mentioned by other developers in this series on non-deeded clubs (the absence of a deed and the foreclosure process, increased flexibility for consumers, etc.). And like other small- to medium-sized independent developers, he became convinced that it was the only way he could compete with the product being offered by the brands and major independents.

InnSeason has a sizeable owner base of people who own traditional weeks. The conversion process is only about four or five months old. Owners who convert can either give up their deeded week and redeem it for points in the club or keep their deeded weeks and be awarded a points value for it when they want to reserve their vacations. The conversion fee is \$3,000. The club fee is \$195 a year and includes membership in Interval Gold (a \$133 retail value). For those buying into the club today, there's a \$300 base annual maintenance fee plus 1/3¢ for every point owned.

Curran feels that the most challenging aspect of operating a club simultaneously presents the biggest opportunity. "Customer service is the biggest challenge. You almost have to become a hospitality company," he said. "But this means increased touch points with the consumer. And that means more chances to upgrade. Our goal is to touch each of our customers at least once a month. Right after

they buy into the club, we have someone call them with 24 to 48 hours welcoming and introducing them to the club. Three weeks later we give them a courtesy call and review with them their allocation of points and different ways they can use them. We ask them if they would like to make a reservation. We've become very proactive. There's no more wait and see. Under traditional timeshare ownership there's no reason or justification for this contact." The quality of consumer service is paramount. "This is what builds your brand," Curran emphasized. "You have to create a standard within your orga-

Curran: "Within the next four or five years we'll have 20-25 projects in the Northeast U.S., mostly in New England. This includes both InnSeason resorts and affiliates."

nization. We have 800 employees. Each of them has a credo card which they have to read and recite every day."

The future. Curran expresses confidence in the InnSeason Resorts Vacation Club. "In New England, you've got to have the coast, the mountains, and now, probably the casinos, too," he offered. "We've got the first two and are actively searching for resorts in Connecticut to take care of the third." The club provides the flexibility consumers are looking for. "If you can't give them that today – the shorter stays, etc. – you are in trouble. You will lose out to those that do." He wants to add two to three New England (or at least Northeastern) locations to the club on an annual basis. "Within the next four or five years we'll have 20-25 projects in the Northeast U.S., mostly in New England," he said. This includes both InnSeason resorts and affiliates. "I will go to the places my owners and members want to go. I'll create affiliates if I can't buy it." ■

Global Exchange Vacation Club: the non- deeded club "powered by RCI Points"

*Developer turns to new source
of inventory to sustain growth
of club.*

Rick Sargent, the president and CEO of the Global Exchange Vacation Club (GEVC), is a 25-year veteran of the vacation ownership industry who has held a variety of top positions for resorts/companies including being project manager at Gaslamp Plaza Suites in San Diego, CA, vp/marketing for Pahio, and vp/marketing for Mauna Loa in Kona. When it comes to sales and marketing, he knows the ropes. "I've generated 300,000 to 400,000 tours in my life and hundreds of millions in timeshare sales. I definitely know how to market and sell timesharing," he said.

But Sargent was looking for a way to be completely in control himself – to become a developer. What he saw was increasingly high barriers to entry. "Even ten years ago, if you had a decent plan and an option on a conversion of a townhouse project, and you had a little bit of money behind you could probably at least get it going. Today, you have no shot if you're not sitting on tens of millions of dollars worth of land and have millions of dollars lined up from investors."

Then RCI Points hit the market in 1999. Sargent was attracted to the concept and eventually became the first master broker for RCI Points. He estimates he has converted as many as 6,000 timeshare owners into the program. "I had my marketing centers and my sales offices," he recalled. "I was out looking for a product line. I liked the RCI Points structure. RCI Points gave me a way to become a developer, not a broker. If I could tap into that overlay and that product line, I could go out and acquire inventory at sold out properties – it just solved so many issues in my mind." And the inventory was there. "There

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