

Timeshare in Europe: High Satisfaction, Year-round Boost to Regional Economies

In May 2009, the results of a comprehensive study of timeshare in Europe, done by The Christel DeHaan Tourism and Travel Research Institute at the Nottingham University Business School on behalf of RDO (Resort Development Organisation), were published. The study, called *The European Timeshare Industry 2008: Market Characteristics & Economic Impacts*, looked into the industry in detail for 2007—analyzing its economic impact, owner profiles, satisfaction levels, and the industry's reach over the last 40 years since its founding in the French Alps.

The Inside Stats

The results paint a picture of a thriving industry, which makes a positive impact on local economies all over Europe. With over 1.5 million households owning timeshare, the industry generates just under €3.2 billion of tourism expenditure each year, covering timeshare purchases, management fees, and local holiday expenditure. The primary market is the United Kingdom (UK), which generates €1.37 billion—almost half of the total figure.

The overall value of interval week sales at all resorts in 2007 is €1.1 billion, and nearly 70,000 people are employed in the industry, with employment costs for timeshare developers across all resorts totalling €1.28 billion.

Seventy-nine percent of all European resorts are still in sales, of which 60% are built and being marketed and 19% are in the construction/marketing phase. A further 21% are built and sold out. Almost half of timeshare developers plan to sell out their completed resorts by 2015, although just a small number have plans to build more units or new resorts in the future.

Occupancy levels for the timeshare sector, at 72%, are far higher than those of

the European hotel sector, which reported a figure of just 36% for the same period. These high occupancy levels give rise to year-round employment, much of which is based in areas, where employment levels typically experience seasonal peaks and troughs and thus rely heavily on timeshare resorts to provide year-round employment.

Europe's 1,312 resorts provide 67 million bed nights, with owners spending an average of €1,588 per trip on goods and services in the local area, such as restaurants, car rental, groceries, local attractions, gifts, and souvenirs. The UK is again the top spending market, with an annual expenditure of €551 million. This is followed by Germany at €144 million and Spain at €137 million.

Figure 1. Expenditure on Timeshare Vacations in 2007

| Country of Residence | Expenditure |
|----------------------|-----------------|
| UK | € 551.4 |
| ES | € 136.6 |
| IT | € 116.9 |
| DE | € 144 |
| FR | € 62.4 |
| FI | € 111.8 |
| BE / NL | € 64.5 |
| PT | € 57.5 |
| GR | € 45.9 |
| HU | € 81.3 |
| CZ | € 14.5 |
| RU | € 33.4 |
| Rest of Europe | € 187.3 |
| Total | € 1607.4 |

Note: Figures represented in millions

With 589,653 owners, the British and the Irish own the most timeshare (39%), followed by the Germans (13%) and the Italians (9%). These three markets together represent 61% of all timeshare owners. Spain is the most popular destination, with 48% of Europeans owning there; and 26% of all resorts are based Spain, followed by Italy (15%) and the UK and Ireland (11%). Not surprisingly, beach destinations are the most popular, although locations that offer a cultural or historical interest or are close to attractions like theme parks also feature highly.

Figure 2. Timeshare Owners by Country

| Country of Residence | Total | % |
|----------------------|------------------|----------------|
| UK & Ireland | 589,653 | 39.28% |
| Germany | 197,422 | 13.15% |
| Italy | 135,597 | 9.03% |
| Spain | 92,026 | 6.13% |
| France | 78,125 | 5.20% |
| Finland | 64,825 | 4.32% |
| Hungary | 49,804 | 3.32% |
| Belgium/ Netherlands | 46,094 | 3.07% |
| Portugal | 25,764 | 1.72% |
| Greece | 20,587 | 1.37% |
| Russia | 16,911 | 1.13% |
| Czech Republic | 11,006 | 0.73% |
| Rest of Europe | 173,218 | 11.54% |
| Total | 1,501,032 | 100.00% |

Figure 3. Number of Resorts per Country

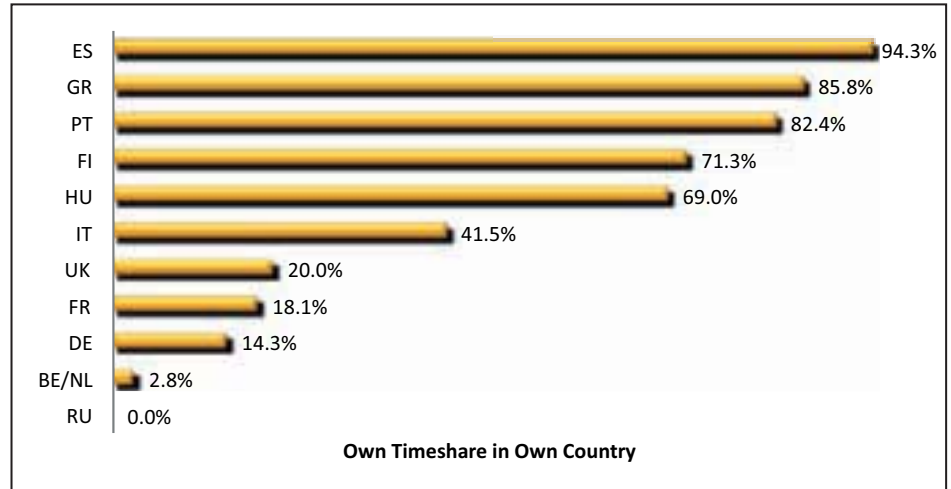
| Country | Total | % |
|-------------------------|--------------|----------------|
| Spain | 345 | 26.30% |
| Italy | 196 | 14.94% |
| United Kingdom | 145 | 11.05% |
| France | 125 | 9.53% |
| Portugal | 106 | 8.08% |
| Greece | 53 | 4.04% |
| Finland | 43 | 3.28% |
| Germany | 28 | 2.13% |
| Hungary | 28 | 2.13% |
| Belgium/ Netherlands | 7 | 0.53% |
| Czech Republic | 5 | 0.38% |
| Russia | 1 | 0.08% |
| Rest of Europe | 230 | 17.53% |
| Grand Total | 1,312 | 100.00% |

It's not all about "jetting off," however, as one-third of owners purchase a timeshare in their own country. Over 94% of Spanish, 85% of Greek, and 82% of Portuguese owners have bought in their own countries, compared with 20% of British and fewer than 3% of Belgian and Dutch owners. This perhaps demonstrates that warm, sunny climates encourage owners to buy locally.

Timeshare is also a form of holiday property ownership for the masses, with the average owner's household income (pre-tax) at €60,475 and the average age of 55. Fifty-seven percent of owners are professionals (upper or middle management or are self employed), with 26% listed as retired.

Satisfaction levels are high in Europe, with the vast majority (86%) happy with their holidays—a 12% increase from the previous year. This improvement clearly reflects the ongoing commitment on

Figure 4. Own Timeshare in Same Country



the part of developers to an enhanced holiday experience, and many are in the process of updating and improving resort accommodation units.

Almost three-quarters of owners believe that the quality of their timeshare accommodations is better than other self-catering holidays they have taken, and they list the exchange opportunities as a top consideration and option. Trust is

also an issue, with developer credibility highlighted as important to approximately 90% of buyers.

"Timeshare is a concept that has truly come of age, with many thousands of happy owners across Europe," said RDO Chairman Richard McIntosh. "The quality of timeshare resorts is high, which is why many owners see it as superior to other self-catering holidays. With exchange

Figure 5. Level of Satisfaction with Timeshare

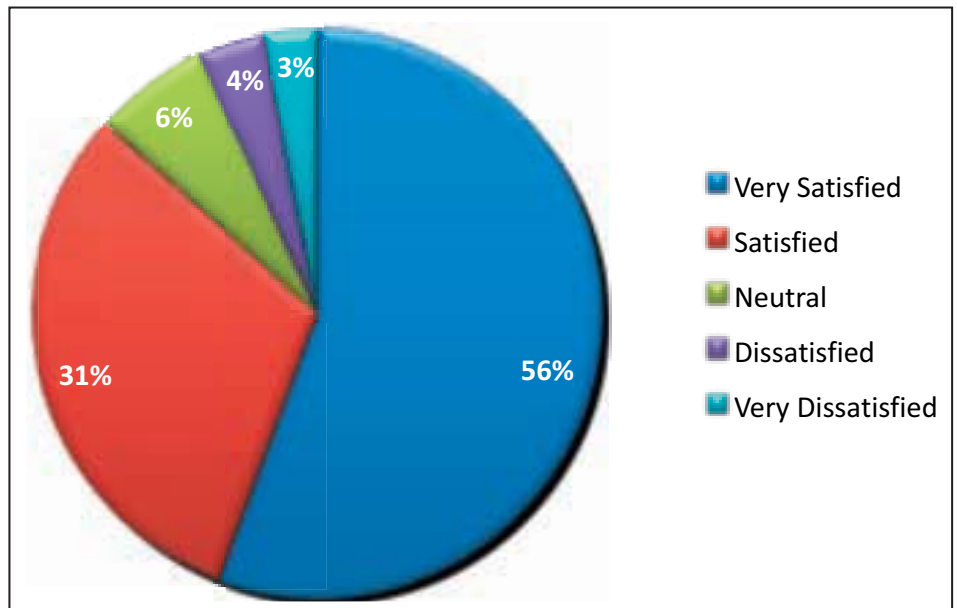
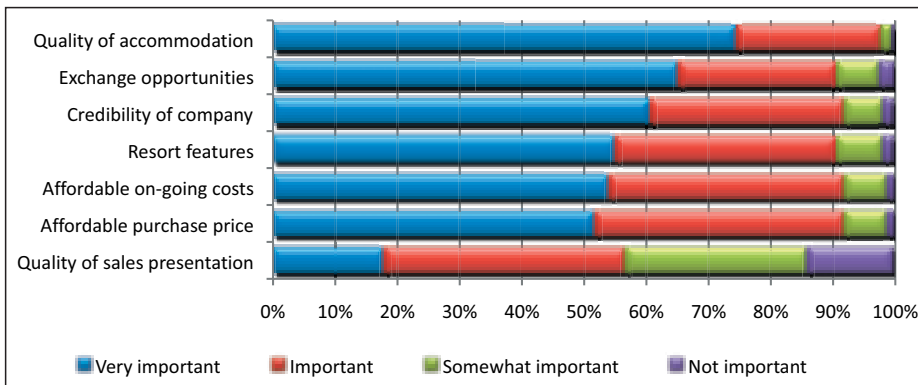


Figure 6. Importance of Timeshare Attributes/Features in Purchase Decision



options available, owners also enjoy the flexibility of being able to try out resorts across Europe and the rest of the world.

“This report, which is only available to RDO members, also highlights the positive impact that timeshare has on local economies. Timeshare is a year-round industry, with owners as likely to visit in the winter months as the summer, spending

money in the local community and providing jobs where they otherwise might not exist.”

The report shows that the timeshare industry has proven to be highly resilient over the past decade. Although 2009 has been a difficult year for the industry around the world, European developers are confident that the industry will

survive, as it has done in the past, and continue to supply first-class experiences to holidaymakers. **D**

Susan McNichol is head of operations for the Resort Development Organisation in the United Kingdom. RDO (Resort Development Organisation) AISBL, formerly Organisation for Timeshare in Europe, is the trade body dedicated to excellence and fair trading in the European vacation ownership industry, while promoting and fostering industry growth. Her e-mail is smcnicol@btinternet.com. The study noted in this article was done in cooperation with The Christel DeHaan Tourism and Travel Research Institute (TTRI), which is located in the Business School in the University of Nottingham.


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