Owner's Report

2014

SHARED VACATION OWNERSHIP

EXECUTIVE SUMMARY

2014 EDITION
PREPARED BY HSR ASSOCIATES

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Incidence

Approximately 7.9% percent of U.S. households (over 9.1 million)[1] own one or more types of a shared vacation ownership product including timeshare weeks, points, fractional and/or Private Residence Club.

Owner Profile

- Seventy-four percent of owners are married or in a committed relationship.
- The median age of timeshare owners is 51 years old.
- Timeshare owners are more highly educated than the general U.S. population with 67 percent of timeshare owners having at least a college degree.
- Sixty-nine percent of owners are employed full-/part-time/self-employed with 25 percent of owners reporting they are retired.
- Seventy-one percent of owners are Caucasian, 25 percent are African-American/Hispanic, and six percent are Asian-American.

Household (Base=1,722)

Demographic	2014	2012
Median household income	$89,500	$74,000
Own primary residence	90%	89%
Do NOT have children at home	66%	64%
Median household size	4	3

Product Ownership

- Average length of ownership is 10 years.
- Eighty-three percent of owners own one type of product.
- Ninety percent of all interests owned are either weeks or points products.

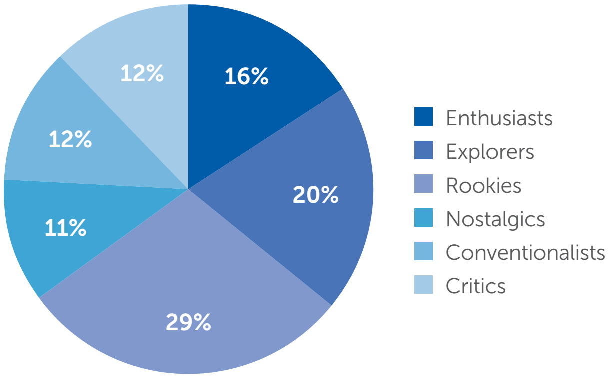
Attitudes and Opinions about Ownership

- Eighty-three percent of all owners rate their ownership experience as excellent/very good/good.
- Sixty-four percent of all owners would recommend their home resort or vacation club to others.
- Sixty-six percent of owners would purchase timeshare again.

Segmentation

In an effort to better understand the owner experience, shared vacation ownership owners have been classified or segmented based on their attitudes toward timeshare, vacation patterns, intentions and behaviors. The six unique owner segments are Enthusiasts, Explorers, Rookies, Nostalgics, Conventionalists and Critics.

Owner Segments



Purchase Experience

- Roughly four-in-five recent purchases were from a developer or resort (81 percent).
- Overall, about one-in-five (19 percent) of recent purchases were made through a resale channel.
- On average, recent purchasers attended 2.8 sales presentations before buying a timeshare. This number increases to 5.5 when it comes to the Millennials.
- Seventy-eight percent of recent purchasers had either stayed, exchanged or rented at a timeshare resort prior to making their purchase.
- Saving money on future vacations and resort location are the two most reported reasons for making the initial timeshare purchase.
- On average, recent purchasers spent $19,672 on their timeshare purchase.
- Hesitations about purchasing are mainly caused by financial concerns, particularly maintenance fees. Price and the timeline associated with making "same day" purchases are also frequently mentioned concerns among both new owners and owners as a whole.
- A majority of recent purchasers rated their purchase experience as excellent or very good (73 percent).

1 *Source: U.S. Census Bureau USA Quick Facts (2013)*

New Owners

New owners are different from the typical timeshare owners. Compared to all owners, the new owners are:

- More than ten years younger than the average of all existing owners, in general, capturing a share of Gen Xers (39 percent) and Millennials (30 percent) far outpacing the current levels of all owners. As they are younger, they are also more likely to:
  — Be employed full-time, which is expected given a higher representation of younger owners. Nearly three-in-four new owners (72 percent) are employed full-time.
  — Be affluent, with a median HH income of $94,800 (compared to $89,500 among all owners).
  — Have children under the age of 18 residing at home (51 percent).
- More ethnically diverse, better reflecting the current mix of U.S. population. New owners were more likely to self-identify as African American (23 percent) and/or Hispanic (19 percent).

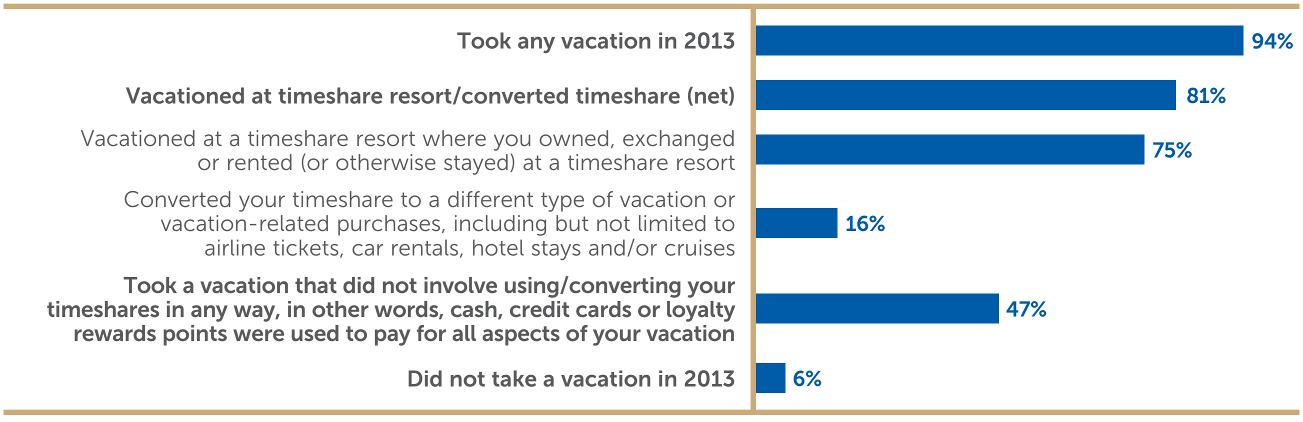
Vacation Profiles

Owners are devout vacationers and most rely on timeshare ownership to fulfill at least part of their household's annual vacationing needs. Nearly all owners took a vacation in 2013 and more than four-in-five (81 percent) used their timeshare in some capacity.

The full *Owner's Report: Shared Vacation Ownership 2014 Edition* examines three different types of vacations:

- Traditional timeshare vacations where owners stay, exchange or rent at a timeshare resort. Timeshare vacation continues to be used primarily as family vacations. The average length of a timeshare vacation was 8 nights. The vast majority of owners (91 percent) took their vacation within the United States in 2013. Half of all travel parties had more than two members and about one-in-six (16 percent) travel parties consisted of five or more members.
- Converted timeshare vacations where owners convert their timeshare to other types of vacations such as hotels or cruises. Timeshare conversions represent an additional way to create flexibility in timeshare ownership. Of the different types of conversions available, hotel and cruise conversions were, by far, the most popular (78 percent and 41 percent respectively). The average length of a converted timeshare vacation was 6.7 nights in 2013.
- Non-timeshare vacations where timeshare has no role. The average length of a non-timeshare vacation was 6.3 nights in 2013. Hotels/motels represent the primary accommodations. One of the noticeable differences between non-timeshare vacations and the other two types of timeshare vacations lies in the destination. While timeshare vacations have strong representation in Florida, the rate of travel to Florida is significantly reduced in the non-timeshare vacations.

2013 Vacation profile among all owners* (Base=1,722)



*Multiple responses are allowed.

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Future Vacation

Most owners plan to take at least as many vacation days in 2014 as they did in 2013 and spend at comparable or greater levels.

In all, more than three-in-four (79 percent) owners plan to vacation at a timeshare resort in 2014. When asked how their timeshare would likely be used for their next vacation, 34 percent of owners indicate they will likely stay at their home resorts while 55 percent indicate they are likely to exchange or convert their timeshare for the next vacation.

Anticipated timeshare use for next vacation* (Base=1,396)

Use timeshare for next vacation (any)	79%
Stay at your home resort	34%
Use proceeds from renting your timeshare to others	5%
Exchange/convert (net)	55%
Exchange (subnet)	36%
Exchange to another resort owned by your dev./organ.	22%
Exchange to a timeshare resort operated by another dev./organ.	18%
Convert (subnet)	28%
Convert your timeshare to a cruise	8%
Convert your timeshare to hotel stay (operated by same dev./organ.)	13%
Convert your timeshare to hotel stay (operated by another dev./organ.)	8%
Convert your timeshare to other travel products/services (airfare, car rentals)	6%
Convert your timeshare to non-travel goods and services	6%
Not sure	5%

Methodology

This research was conducted by HSR Associates, a privately held, full-service market research firm based in Lawrenceville, NJ for the ARDA International Foundation. Interviews were conducted among a national sample of timeshare owners in February 2014. The report is based on analysis of 1,722 shared vacation ownership owners. New owners are defined as timeshare owners whose initial timeshare purchase was made within the past three years. The sample was drawn from a number of online panel providers to increase the breadth of owners included in this study. In addition, the design also included a state-of-the-art "digital fingerprinting" option to prevent the same respondent from being represented in the sample more than once.

MEMBER $25 | NON-MEMBER $50