Next Generation Research

2015

BUILDING THE IDEAL TIMESHARE:
TIMESHARE FEATURE PREFERENCE REPORT

2015 EDITION
PREPARED BY Leger THE RESEARCH INTELLIGENCE GROUP

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Introduction

The generation commonly referred to as Millennials, defined as adults born between 1981 and 1996[1], represent the primary target that companies in nearly every industry are currently focused on to either grow or secure the health of their businesses, and for a good reason:

Millennials are now considered to be the largest consumer market, comprised of approximately 80 million adults in the United States, with an estimated annual buying power that exceeds $200 billion dollars according to Forbes.com[2].

The timeshare industry is no exception. Given that the average age of the typical timeshare owner is over 50, industry professionals need to look at ownership through a different lens if they are to be successful in their endeavor to market their product to the next generation of buyers.

It is common knowledge that Millennials differ from older groups such as Generation X (those born in the mid 1960s to early 1980s[3]) and the Baby Boomers (those born from mid 1940s to mid 1960s[4]) in that:

- From an ethnic and racial standpoint, Millennials are the most diversified group in the US.
- Millennials are the most socially and politically progressive age group.
- Their usage of Internet-related technology, particularly on a smartphone, is an integral part of their lives.
  - The ability to access information quickly is most pervasive among Millennials, particularly in their use of social media (such as Facebook, Twitter, Instagram, etc.).

Moreover, it is critical to understand that the vacation habits of Millennials are unique when compared to the traditional, older group of timeshare owners. However, the timeshare industry should not ignore the Generation X groups (older and younger), which still represent a viable target market for vacation-based products.

While Generation X continues to adapt in a dynamic environment, methods that have been previously "tried and true" may need to be repurposed to reflect the changed behavior Generation X learns as they interact with Millennials — regardless of whether that interaction takes place at work, while shopping, or elsewhere.

With this in mind, the ***2015 Next Generation Study*** helps to identify where opportunities lie in the vacation space so that the timeshare industry can be successful in their efforts to build relationships with future timeshare consumers.

1 Source: www.pewresearch.org/fact-tank/2015/03/19/how-millennials-compare-with-their-grandparents/ (August 27, 2015)

2 Source: www.forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/ (July 10, 2015)

3 Source: www.nsf.gov/news/news_summ.jsp?cntn_id=122044 (August 27, 2015)

4 Source: www.census.gov/prod/cen2010/briefs/c2010br-09.pdf (August 27, 2015)

Study Methodology

Online Survey

The analysis contained within the report are based on interviews that were conducted online with 2,438 respondents between February 27 and March 11, 2015, with a median length of 32 minutes, among the following groups of respondents:

	Owners	Non-Owners
Millennials (23–33 years of age)	n=302	n=607
Younger Generation X (34–44 years of age)	n=251	n=512
Older Generation X (45–54 years of age)	n=256	n=510

In addition to an industry-screening question, respondents were also screened to participate in this study based on the following qualifying criteria:

1. One of the primary decision makers in household when it comes to vacationing, including the purchase of vacation ownership properties.
2. Either currently own a timeshare product (own by self, co-own with another person), or do not currently own a timeshare product but are at least open to owning (might/probably/definitely consider owning a timeshare/shared vacation product) in the next two years.

For a detailed view of the stages for this entire project, please refer to the methodology section found in the Appendix section of this report.

The focus of this report is based on conjoint analysis, which is a statistical technique that assigns part worth values to the individual attributes that make up a complete product. A product has various attributes (features) and those attributes may have varying levels (for example, one attribute of the timeshare product is the accommodation, but an accommodation may have different levels due to varying sizes of unit configuration). For purposes of this study, the features considered as well as the levels within each feature category, were decided based on results from prior research and input from the AIF team; a list of the features and levels used for this analysis are found on Page 12 of this report.

Adaptive Conjoint Analysis (ACA)

The conjoint technique used in the development of this report was Adaptive Conjoint Analysis, or ACA.

In this analysis, the choice sets presented to respondents are based on the preferences expressed by the respondents (and therefore vary by respondent). This adaption focuses on the respondent's most preferred feature and levels. As each timeshare option is presented for evaluation, the survey accounts for the choices made by the respondent. This process makes the conjoint exercise more efficient by not evaluating levels with little or no appeal; therefore, every product (package of features) shown is more relevant to the respondent. Moreover, ACA reduces the survey length without diminishing the power of the conjoint analysis metrics or simulation. An overview of the process is found on Page 12 of this report.

Glossary

The report makes frequent use of the following terms:

Base

The number of respondents or subgroup of respondents responding to a corresponding question.

Prospects

Both owners and non-owners who represent the next generation of timeshare purchasers.

Owners

The term "owners" is used throughout the report to encompass weeks, points, fractional and PRC owners, including recent purchasers or timeshare owners who purchased many years ago.

Non-owners

The term "non-owners" refers to respondents who currently do not own a timeshare product but indicated they might, probably, or definitely would consider ownership in the next two years.

Exchanges

A process whereby the purchaser of an interest in vacation accommodations may relinquish the use of what he or she owns for a period of time in return for the use of vacation accommodations at another time and/or resort. There are two types of exchanges:

External An exchange in which an owner gives up his or her week(s) for a week(s) at a resort that is not a part of his or her family of resorts.

Internal An exchange in which an owner exchanges a week(s) at his or her home resort for another at the same resort, or at a different resort developed and/or managed by the same company.

Fractional/PRC

A phrase used to describe fractional or PRC products.

Fractional A type of vacation property where multiple parties can own a share of time at the resort in a year. Typically, people can own between three weeks to three months.

Private Residence Club (PRC) A high-end fractional resort, with lengths of ownership typically ranging from three weeks to three months. Members usually have access to privileged luxurious amenities/ lodging access.

Traditional Timeshare

Refers to properties that are "traditional weeks" or "points."

Points A product that provides the ultimate in flexible scheduling. Purchasers buy resort inventory generally backed by a titled deed, which converts, into points. Consumers may use their points for accommodations or other leisure travel related products. Typically, resort accommodations are assigned a point value based upon unit size, length of stay, location, and seasonality.

Week A product that provides a week's accommodation at a resort, which may be exchanged on a like for like basis.

Converted Timeshare

Refers to the conversion of a timeshare to a different type of vacation or vacation-related purchases, including but not limited to: airline tickets, car rentals, hotel stays and or cruises.

Millennials

Refers to owners and non-owners between the ages of 22 and 33 at the time of the study. The age is based on the definition of the term provided by the Pew Research Center, which is a nonpartisan group that informs the public about the issues, attitudes, and trends shaping the US and the rest of the world.

Younger Gen X (Generation X)

Refers to owners and non-owners between the ages of 34 and 44 at the time they participated in this study.

Older Gen X (Generation X)

Refers to owners and non-owners between the ages of 45 and 54 at the time they participated in this study.

Executive Summary

This report's focus is on the results provided by owners and non-owners, from both Millennials and Generation X age groups, who had the opportunity to construct an ideal timeshare/vacation club product as part of the larger Next Generation Study: Shared Vacation Ownership report that was released by the AIF earlier in 2015.

The analysis uncovered the pervasiveness to which the general features of timeshare product are important, for example the 'overall cost' or the 'interest rate charged', and within each of these key features, the extent to which the relative options or levels would drive interest or purchase intent.

For the industry as a whole, and in particular developers, this analysis may enable the product managers and sales/marketing teams to think about how they market and deliver the timeshare product to different segments of their potential buying universe.

Eleven overall features were evaluated by both owners and non-owners, and within each feature they saw a number of options or 'levels' that the respondents could choose from.

Key Findings

1 The two most important features, accounting for 1/3 of all decisions, are related to commitment. Both current timeshare owners and non-owners alike mentioned that the 'length of contract' (the number of years they were willing to buy) and the 'interest rate' (a long term financial commitment) attached to this purchase, were the two most significant factors. The highest interest rate (24.99%) is twice as off-putting to non-owners than owners.

2 When these two factors are combined with 'cost' (the overall price) and 'annual fees', the four collectively accounted for 55% of the decision making process. Non-owners are more price sensitive than owners.

3 The importance of all four of these options was even more prevalent among non-owners, which may allow developers to adjust their marketing and sales prioritizations for potential owners, especially when they are on a tour.

4 After the key financial aspects, the size of the lodging is also an important factor, with 'sleeping capacity' the 5th most important feature. This has increased relevancy with the younger age groups, specifically Millennials, who want to vacation more with larger groups of friends, than any of the previous generations of vacationers. Owners value the larger sleeping capacity more than non-owners, which is probably down to their positive experience with the timeshare product.

5 Despite these Top 5 items representing a majority of the key decisions, there are four more features that should be included, starting with 'Exchange'. Again, the 'Exchange' option is driven slightly more from owners than non-owners, again due to their direct experience with the concept, and accounts for 8% of the decisions made, albeit half the level of both 'length of contract' and 'interest rate'.

6 Although a hot topic within timeshare right now, 'Exit Strategy' was only 6% of the overall importance rating. However, non-owners are definitely more intrigued by the potential for a buy-back option.

For an overview of the summary results of the Next Generation Study: Shared Vacation Ownership report, please refer to the Appendix of this report.

Specific Feature Category Performance

Within each feature category, owners and non-owners evaluated multiple levels (choices available) to determine the levels that would drive (or deter) interest/purchase intent for the ideal timeshare.

Number of years/Length of contract

This is the most important feature overall, and both owners and non-owners show the highest interest in the 5 year option. Lower year options such as 2 or 3 years are not as attractive. On the other hand, when we look at longer length contracts specifically for 10 and 20 year terms, interest starts to wane a little, particularly among non-owners. Interestingly an option for a timeshare product that would be 'forever' still garners a positive impression, which indicates interest for ownership in perpetuity still exists. It should be noted, however, this is more notable among owners than non-owners.

Interest rate

The second most important feature, interest rates, follows a typical price pattern, where the highest scores for purchase intent were associated with the lowest interest rates; In fact, the highest overall driver of a single attribute for purchasing a timeshare came from an interest rate of 4.99%, with the opposite effect for the highest interest rate of 24.99%, which is the item most likely to put off a potential purchaser.

Cost

This feature is definitely more of a barrier to non-owners than owners, but the bottom line is, higher cost products are always going to struggle in a price sensitive market. A timeshare product that has a lower overall cost is always going to garner a more favorable purchase intent, although with the products tested at under $10,000, there was not a great deal of opposition to the higher price level of $7,500. In fact, only when the price got above $15,000 did the timeshare proposition really start to have a definitive effect on potential to buy.

Annual fees

The 'no annual fee' option is definitely the most attractive option, with diminishing levels of interest in buying a timeshare as annual fees rose within the research. 'No annual fee' is almost twice as important to non-buyers, perhaps due to the fact that owners are already familiar with the concept.

Sleeping capacity

The optimal sleeping accommodation is for 5-8 people, with both Millennials and Gen X'ers, as well as the split between owners and non-owners, agreeing that extra space is better; a factor which can help set timeshare apart from its competitive set. The trend towards greater numbers of people (whether it be families or groups of friends) seems to be driving this need. However, an option for a room that holds 1-4 people is definitely seen as more favorable than a 9-12 person option.

Ability to exchange

As the 6th most important category, enabling both internal and external exchanges seems to be the dominant driver, and even having only one of the two options appears to be seen as a limiting factor by both Millennials and Gen X'ers.

Ownership type

There is more favorable interest around this feature for 'right to use' and 'vacation club' options than a deeded option. Owners were less turned off by the idea of a deeded ownership when compared to non-owners, which makes sense given that some owners continue to be interested in a forever, ownership-in-perpetuity option.

Purchase option

As long as there is a physical tour, options to purchase directly after a tour or online from home garnered similar positive opinions from both owners and non-owners. The option to purchase online without a tour, was largely dismissed. With this in mind, it is important for developers to note that for those pondering the purchase of a timeshare/vacation club, a tour of the resort is still an important factor before potential owners agree to buy.

Exit strategy

An exit strategy option is definitely a secondary feature in terms of importance for future purchases, but it is interesting to note that it is twice as important to have an 'exit-strategy' for non-owners than owners, which could become a selling point to new buyers.

Brand experience

Potential timeshare owners are slightly more favorable for the option to acquire a product with a brand they have prior experience with, and this importance skews slightly higher among current owners who like the familiarity of the brand names.

Selling organization

Owners and non-owners have opposite views on this feature: non-owners had a more positive opinion for developers as the selling organization, while owners had more negative opinions. This situation was vice-versa for resale organizations, with owners having a slight preference for resale over non-owners. However, the selling organization as a whole has very little effect on purchase intent, certainly compared to the other ten features.

It should be noted that non-owners tend to be more sensitive to price than owners. This makes sense given that owners are more experienced with the timeshare/vacation club product and therefore recognize the value of the additional features associated with the cost (at least more so than non-owners), who are not yet fully familiar with the product.

Finally, it is important to distinguish the fact that there are inherent limitations with the conjoint exercise, as the model could not take into account every possible option offered by every company. The value in the exercise is to understand what features drive overall purchase interest/intent, as well as understanding the trade-offs owners and non-owners are willing to make when crafting an ideal timeshare/vacation club product that they would be most interested in.

In brief, conjoint analysis is a statistical technique used to determine how people value different attributes that make up an individual product or service.

For purposes of this study, the features considered as well as the levels within each feature category, were decided based on results from prior research and input from the AIF team, and are listed below:

- **Type of timeshare ownership** (owning outright or being a member):
  — Deeded, Right To Use, Vacation Club.
- **Number of years you can use the timeshare for:**
  — 2, 3, 4, 5, 10, 20, Forever.
- **Ability to exchange your timeshare, for a different time of year or different resort:**
  — Internal Only, External Only, Internal & External Exchange, No Exchange Available.
- **Sleeping capacity of your timeshare (number of people it can hold):**
  — 1-4 people, 5-8 people, 9-12 people.
- **Type of timeshare selling organization:**
  — Home owners Association, Developer, Resale organization (secondary market sales).
- **Brand awareness of the timeshare brand:**
  — A brand you have prior experience with, a brand you have no prior experience with.
- **Cost to own/buy the timeshare (initial purchase amount):**
  — Low cost: $2,000; $5,000; $7,500.
  — High cost: $10,000; $15,000; $20,000; $25,000.
- **Additional annual fees for your timeshare:**
  — No Annual Fee, $400, $750, $1,500.
- **Exit strategy if you wish to sell your timeshare:**
  — Buy back option, no buy back option but may be able to return it, no buy back option but assistance may be offered to help sell it, no buy back option but owners may be able to downgrade/trade in/convert.
- **Interest rate of your timeshare purchase:**
  — 4.99% APR, 9.99% APR, 14.99% APR, 19.99% APR, 24.99% APR.
- **Purchase options (How you can purchase the timeshare):**
  — In person from the resort directly after a tour, purchase online from home after a tour, purchase online without a tour.

The type of conjoint analysis used in this study was "Adaptive Conjoint Analysis," or ACA. In this analysis, the choice sets presented to respondents are based on the preferences expressed by the respondents (and therefore vary by respondent). This adaption focuses on the respondent's most preferred feature and levels.

As each timeshare option is presented for evaluation, the survey accounts for the choices made by the respondent. This process makes the conjoint exercise more efficient by not evaluating levels with little or no appeal; therefore, every product (package of features) shown is more relevant to the respondent. Moreover, ACA reduces the survey length without diminishing the power of the conjoint analysis metrics or simulation.

Conjoint Utility Scores or "Part-Worths"

For this study, respondents were shown "concepts profiles" for a timeshare product that consisted of features such as: type of timeshare ownership (owning outright or being a member), number of years you can use the timeshare for, ability to exchange your timeshare (for a different time of year or different resort), sleeping capacity (number of people it can hold overall), type of selling organization (HOA, developer, secondary market), brand awareness of the timeshare brand, cost to own/buy the timeshare (initial purchase amount), additional annual fees for the timeshare, buy back options available, interest rates available, and how to purchase the timeshare (after a tour vs. online).

The respondents are asked to evaluate a set of concepts of varying levels of attributes. The process (shown on the next page) allows for the determination of preferences for each attribute and attribute level. The analysis involved produces results that allow for the statistical deduction of 'values' for each feature that respondents are (implicitly) using to evaluate the concepts shown to them. The result is a series of scores for each respondent for each attribute level. These "**utility**' scores or "**part-worths**" reflect the value the respondent associates with each attribute level, relative to the other levels around it.

For example, for purposes of this study the feature of interest rate has the following levels within the category: APR values of 4.99%, 9.99%, 14.99%, 19.99%, and 24.99%. If there are utility scores of +0.65 and -0.78 for APRs of 4.99% and 24.99%, respectively, then the utility score for the 4.99% APR is rather positive which in turn can be seen as a strong, favorable feature. On the other hand, a utility score for a 24.99% APR of -0.78 can be seen as a strong, unfavorable feature that if included in a product's offering would not be considered appealing and not drive interest/purchase intent.

Although the utility scores help provide insight into timeshare preferences among owners and non-owners, the value of the utility scores are brought to light when conducting 'what-if' analysis that allows users to see the change in market response to adjusting levels within one or more feature categories.

The nature of a utility score being a relative measure is such that the sum of utility scores for each level within a feature category will be approximately 0.

The Process: Stage 1

In setting up the design for the Adaptive Conjoint Analysis (ACA), respondents went through the following exercise:

First, they were asked to select the timeshare plan he or she would be most likely to purchase by selecting the preferred level within each feature.

An example of this is shown below.

Feature	Select Feature
Type of timeshare ownership	○ Deeded ○ Right to use ○ Vacation Club
Ability to exchange	○ Internal exchange only ○ External exchange only ○ Internal and external exchange ○ Exchanges are not offered - you may only use your home resort
Sleeping capacity of your timeshare	○ 1–4 people ○ 5–8 people ○ 9–12 people
Awareness of the timeshare brand	○ A brand you have prior experience with ○ A brand you have no prior experience with
Purchase options (How to purchase)	○ Purchase in person from the resort, directly after a tour ○ Purchase online from home, after a tour ○ Purchase online without a tour

The Process: Stage 2

Next, the respondents were presented with a series of timeshare plans to consider.

For each plan considered, respondents were given the option to decide whether the features offered (including price) represented a timeshare or vacation club product that would be a possibility for purchasing, or not.

This series was repeated several times so that the respondent can evaluate products comprised of different levels within each of the major feature categories.

An example of this is shown below.

Type of timeshare ownership	Deeded	Right to use	Vacation Club
Cost to own/buy the timeshare	$10,000	$20,000	$2,000
Number of years to use	Forever	20 years	3 years
Ability to exchange	External exchange only	External exchange only	Internal and external exchange
Sleeping capacity of your timeshare	5-8 people	5-8 people	9-12 people
Type of timeshare selling organization	Resale organizations	External exchange only	Resale organizations
Awareness of the timeshare brand	A brand you have no prior experience with	A brand you have prior experience with	A brand you have prior experience with
Additional annual fees for your timeshare	$400	No Annual Fee	$750
Exit strategy if you wish to sell your timeshare	"Buy Back" option	No Buy Back option, but owners may be able to downgrade, trade in or convert their products into different products with lesser value or with limited length of ownership.	No Buy Back option, but assistance may be offered to help you sell, gift or otherwise transfer your shared vacation products to a third party.
Interest rate of your timeshare purchase	4.99% APR	9.99% APR	14.99% APR
Purchase options (How to purchase)	Purchase online from home, after a tour	Purchase online without a tour	Purchase online without a tour

The Process: Stage 3a

Where appropriate, the survey program for the ACA model would identify any features that were in common for any timeshare or vacation club products that the respondent **would not consider**.

Respondents were prompted to identify the one feature that is most unacceptable (would not consider), so that the selection process would not include the unaccepted feature moving forward. This adjustment (hence the term, Adaptive Conjoint) allows the respondent to focus on timeshare products that have a better chance of being accepted.

This process was repeated throughout the evaluation series, to help eliminate undesirable features from the consideration sets.

An example of this is shown below.

We've noticed that you've avoided timeshare plans with certain characteristics shown below. Would any of these features be **totally unacceptable**? If so, mark the **one feature that is most unacceptable**, so we can just focus on timeshare plans that meet your needs.

- ○ Cost to own/buy the timeshare - High - $25,000
- ○ Number of years to use - 20 years
- ○ Purchase options (How to purchase) - Purchase in person from the resort, directly after a tour
- ○ None of these is totally unacceptable.

In addition to:

- ● Cost to own/buy timeshare - High - $25,000

Are there any other **totally unacceptable** features?

- ○ Exit strategy if you wish to sell your timeshare - No Buy Back option, but qualifying owners may be able to return your shared vacation products back to the developer after a number of years in exchange for release of future maintenance fees with or without any other financial considerations.
- ○ Number of years to use - 20 years
- ○ Ability to exchange - Internal exchange only
- ○ None of these is totally unacceptable.

The Process: Stage 3b

Likewise, where appropriate, the survey program for the ACA model would identify any features that were in common for any timeshare or vacation club products that the respondent **would consider**.

Respondents were prompted to identify the one feature that is an absolute requirement, so that the selection process would include the feature moving forward. Again, this adjustment (hence the term, Adaptive Conjoint) allows the respondent to focus on timeshare products that have a better chance of being accepted.

This process was repeated throughout the evaluation series, to help identify respondent "must-haves" from the consideration sets yet to be evaluated.

An example of this is shown below.

We don't want to jump to conclusions, but we've noticed that you've selected timeshare plans with certain characteristics shown below. If any of these is an **absolute requirement**, it would be helpful to know. If so, please check the **one most important** feature, so we can just focus on timeshare plans that meet your needs.

- ○ Additional annual fees for your timeshare - At most: $750
- ○ Cost to own/buy the timeshare - High - At most: $15,000
- ○ Purchase options (How to purchase) - Purchase online from home, after a tour
- ○ None of these is an absolute requirement.

In addition to:

- ● Additional annual fees for your timeshare - At most: $750

Are there any other **absolute requirements**?

- ○ Cost to own/buy the timeshare - High - At most: $10,000
- ○ Cost to own/buy the timeshare - High - $10,000
- ○ None of these is an absolute requirement.

The Process: Stage 4

Respondents were then asked to go through another series of evaluations; in this stage, however, they were asked to select the best option across the options shown to them.

To help the respondent identify differences across the options, the survey highlighted any feature categories where the level was the same for each option available on the screen.

An example of this is shown below.

Type of timeshare ownership	Deeded	Deeded	Right to use
Cost to own/buy the timeshare	$10,000	$15,000	$10,000
Number of years to use	Forever	Forever	10 years
Ability to exchange	External exchange only	External exchange only	Internal and external exchange
Sleeping capacity of your timeshare	5-8 people	5-8 people	5-8 people
Type of timeshare selling organization	Resale organizations	Developer	Home Owners Association
Awareness of the timeshare brand	A brand you have no prior experience with	A brand you have prior experience with	A brand you have prior experience with
Additional annual fees for your timeshare	$400	No Annual Fee	$750
Exit strategy if you wish to sell your timeshare	No Buy Back option, but qualifying owners may be able to return your shared vacation products back to the developer after a number of years in exchange for release of future maintenance fees with or without any other financial considerations.	No Buy Back option, but owners may be able to downgrade, trade in or convert thier products into different products with lesser value or with limited length of ownership.	No Buy Back option, but owners may be able to downgrade, trade in or convert thier products into different products with lesser value or with limited length of ownership.
Interest rate of your timeshare purchase	4.99% APR	14.99% APR	14.99% APR
Purchase options (How to purchase)	Purchase online from home, after a tour	Purchase online from home, after a tour	Purchase online from home, after a tour

Pairings/Constraints/Utility Scores

In developing the design for the ACA Conjoint Analysis, the following constraints and pairings were implemented.

Type of Timeshare & Number of Years to Use:

Deeded:	Paired with "forever" only.
Right to Use:	Paired with all categories, except "forever."
Vacation Club:	Available in all categories.

Cost to Own/Buy the Timeshare & Number of Years to Use Product

$2,000	Paired with Purchasing from developer & [2 or 3 Year Term]
$5,000/$7,500	Paired with developer & [2, 3, 4, or 5 Year Terms]
$20,000/$25,000	If Purchased on Resale Market, these options were not available.

These constraints facilitated an efficient design that eliminated improbable scenarios.

About Utility Scores

Consider for a given feature there are multiple levels within that feature; for example, for interest rate there can be levels within that category that have APR values of 4.99%, 9.99%, 14.99%, 19.99%, and 24.99%.

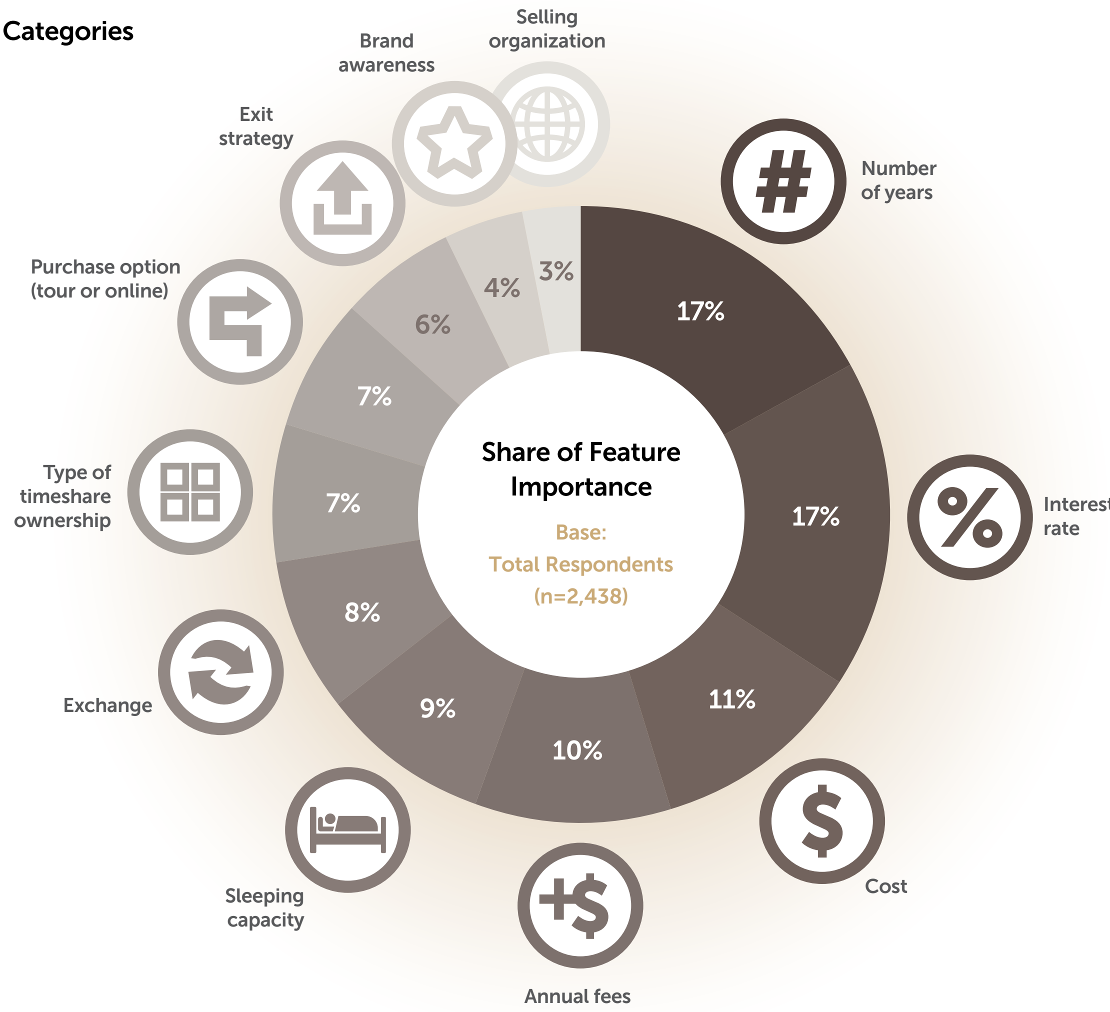
From a conjoint exercise, such as the ACA approach used in this study, the analysis produces a utility score for a level (in this case, a specific APR for interest rate) which in turn allows the reader to observe how valuable that level is relative to the other levels around it (i.e.: how valuable a 4.99% APR is, relative to the other choices for interest rates available).

The nature of a utility score being a relative measure is such that the sum of utility scores for each level within a feature category will be approximately 0.

Suppose there are utility scores in the category of interest rate of +0.65 and -0.78 for APRs of 4.99% and 24.99%, respectively. The utility score for the 4.99% APR is rather positive and can be seen as a strong, favorable feature that in turn can drive further interest/purchase intent. On the other hand, a utility score for a 24.99% APR of -0.78 can be seen as a strong, unfavorable feature, that if included in a product's offering would not be considered appealing and therefore not drive interest/purchase intent.

Feature Importance

Feature Categories



The following outlines how, overall, each feature category was considered to be important by the respondents, relative to the other features evaluated by the responses.

Share of Feature Importance

With regard to overall importance, both ***number of years*** and ***interest rate*** topped the list at 17% each.

Cost, followed by ***annual maintenance fees***, as well as ***sleeping capacity***, form a secondary tier of features that could be considered vital when crafting a timeshare or vacation club product.

Category features related to the ***ability to exchange***, the ***type of timeshare ownership***, ***the option available to purchase (either after a tour or online)*** and the ***types of exit strategies available***, could be considered as necessary items for developing a timeshare or vacation club product.

Brand awareness as well as the ***selling organization***, play a minor role with regard to importance when considering the purpose of a timeshare or vacation club product.

Building the 'Ideal Timeshare' Simulator: Share of Feature Importance - Grouping

A different view of the total results of the conjoint analysis shows the tiers in which the product categories can be placed:

CRITICAL Of the absolute and utmost importance when respondents considered the type of timeshare / vacation club product they would be most interested in.

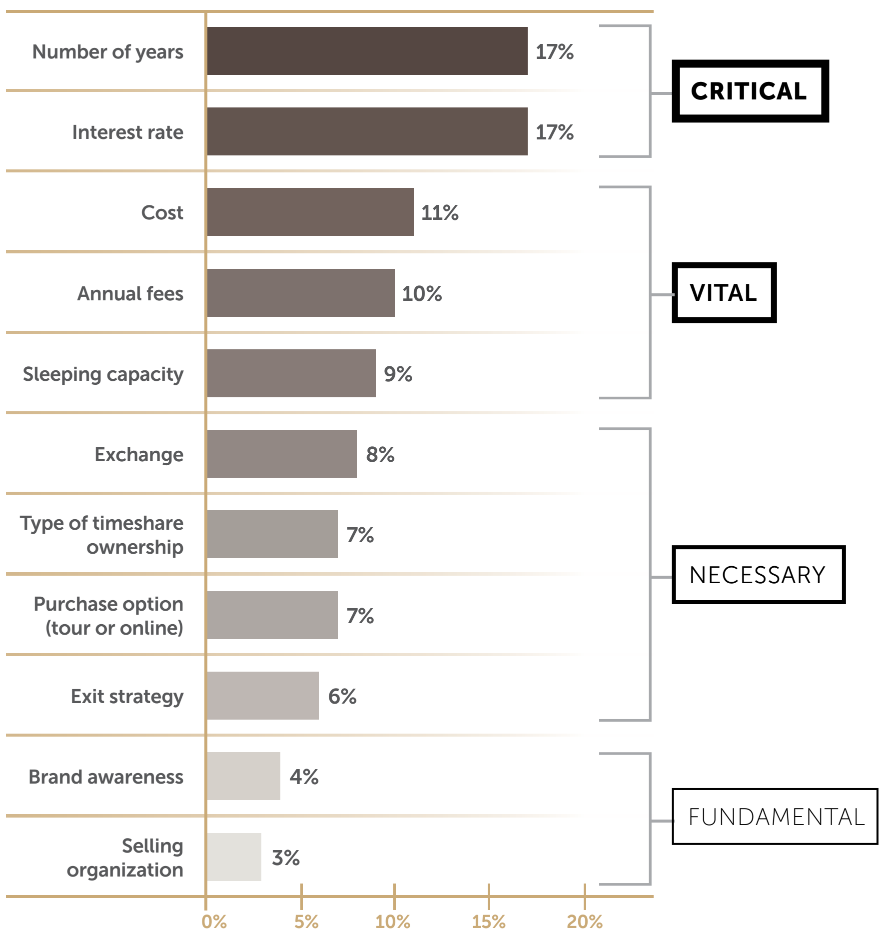
VITAL Extremely important when considering the product.

NECESSARY Very important when considering the product.

FUNDAMENTAL Specific to this study, those that are important in the realm of intangibles (such as trust or perceived value) that help facilitate engagement to complete the purchase transaction.

As indicated in the following slides, the hierarchy of these category features, in terms of importance, generally follows a similar pattern as illustrated below.

Share of Feature Importance



Base: Total Respondents (n=2,438)

Millennial Comparison

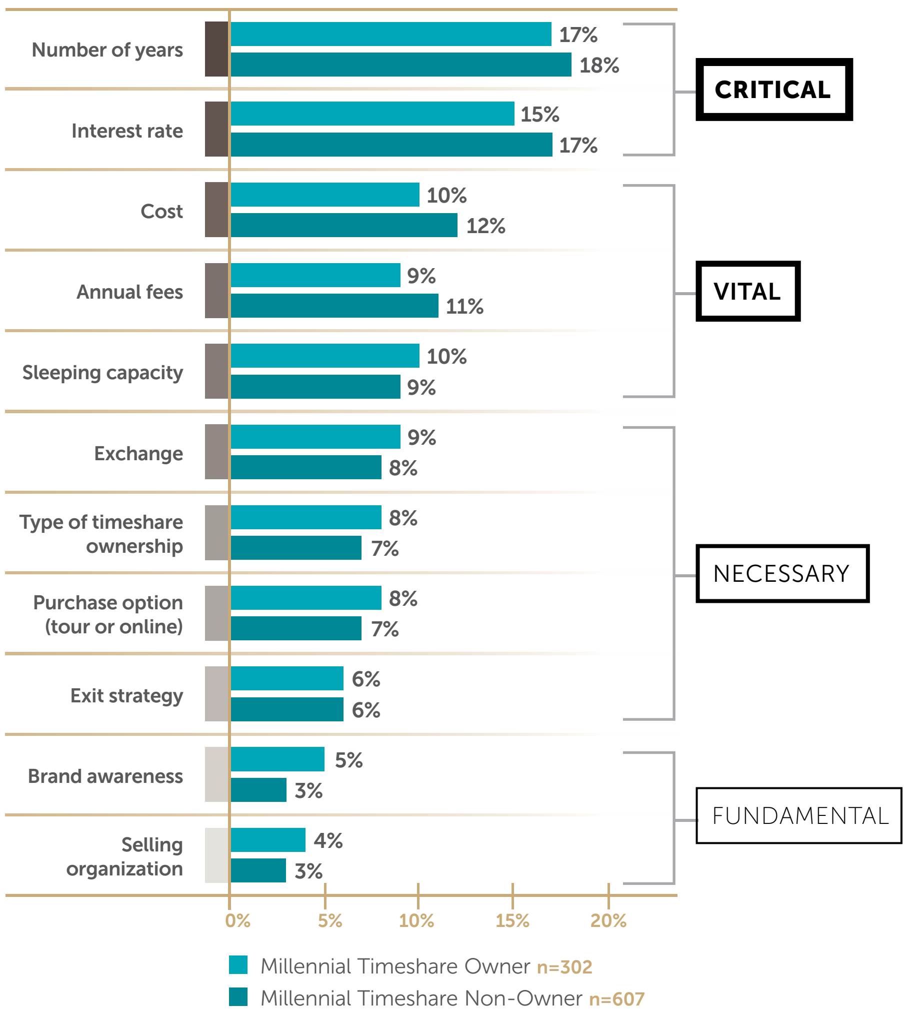
Millennials, both owners and non-owners, show the great level of importance for the feature that outlines the ***number of years*** for owning or using a timeshare or vacation club product.

This was followed slightly behind by ***interest rate***. In both of these options, however, a slightly higher proportion of non-owners showed importance on these features than their owner counterparts.

For both owners and non-owners, ***cost*** was the third most important feature category.

Owners and non-owners, however, have a slightly different hierarchy of preference for ***annual fees*** and ***sleeping capacity***. In this regard, non-owners consider ***annual fees*** more important than ***sleeping capacity***. Among Millennial owners this preference order is reversed.

Share of Feature Importance
Millennial Comparison



Specific to **Millennials**, the hierarchy of importance of these feature categories found as 'necessary' or 'fundamental' is generally the same regardless of timeshare or vacation club ownership.

Younger Generation X Comparison

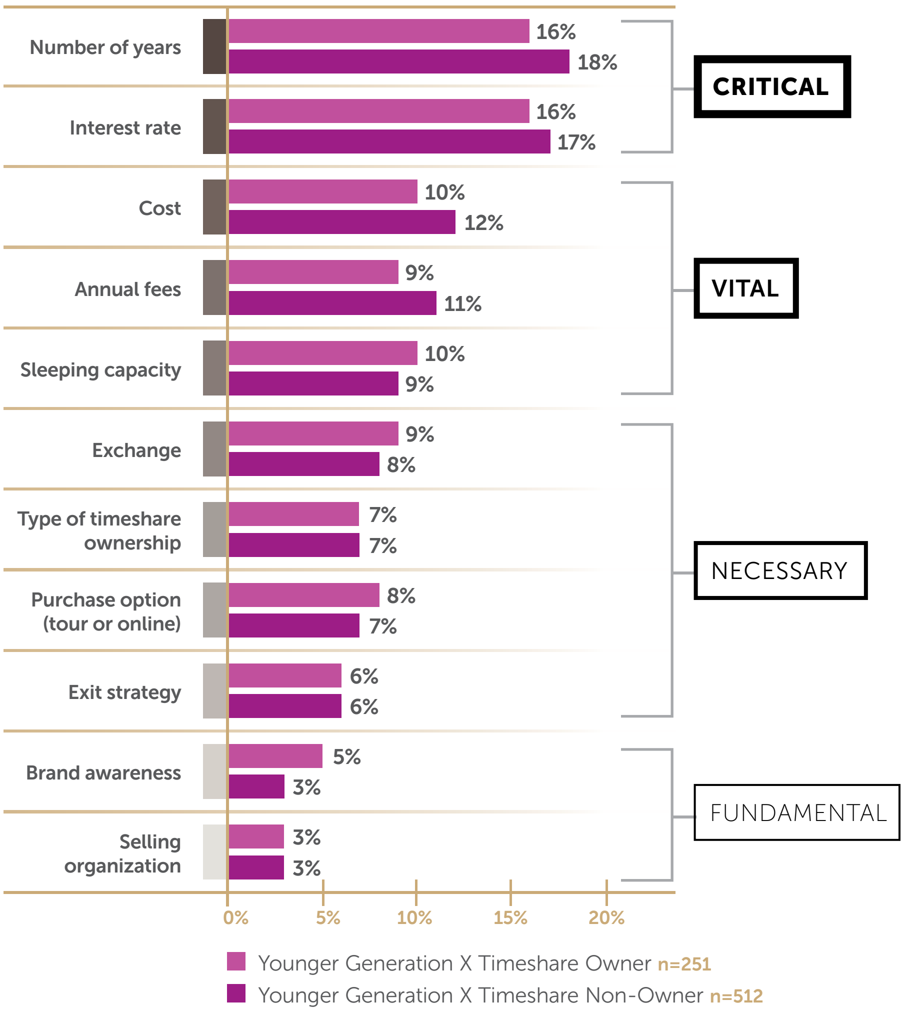
Similar to Millennials, both owners and non-owners of the younger Gen X'ers segment show the great level of importance for the feature that outlines the ***number of years*** for owning or using a timeshare or vacation club product, followed narrowly by ***interest rate***.

At 16%, the younger Generation X owners showed a similar level of importance for ***number of years*** and ***interest rate***, where their non-owner counterparts showed a slightly higher level importance for these features.

Among the features considered "vital," within the younger Gen X'ers, ***cost*** and ***annual fees*** both garnered a slightly higher level of importance among non-owners compared with owners.

Again similar to Millennial s' feature importance, Gen X owners place ***sleeping capacity*** as being slightly more important than ***annual fees***. For non-owners this preference order is reversed.

Share of Feature Importance
Younger Generation X Comparison



Older Generation X Comparison

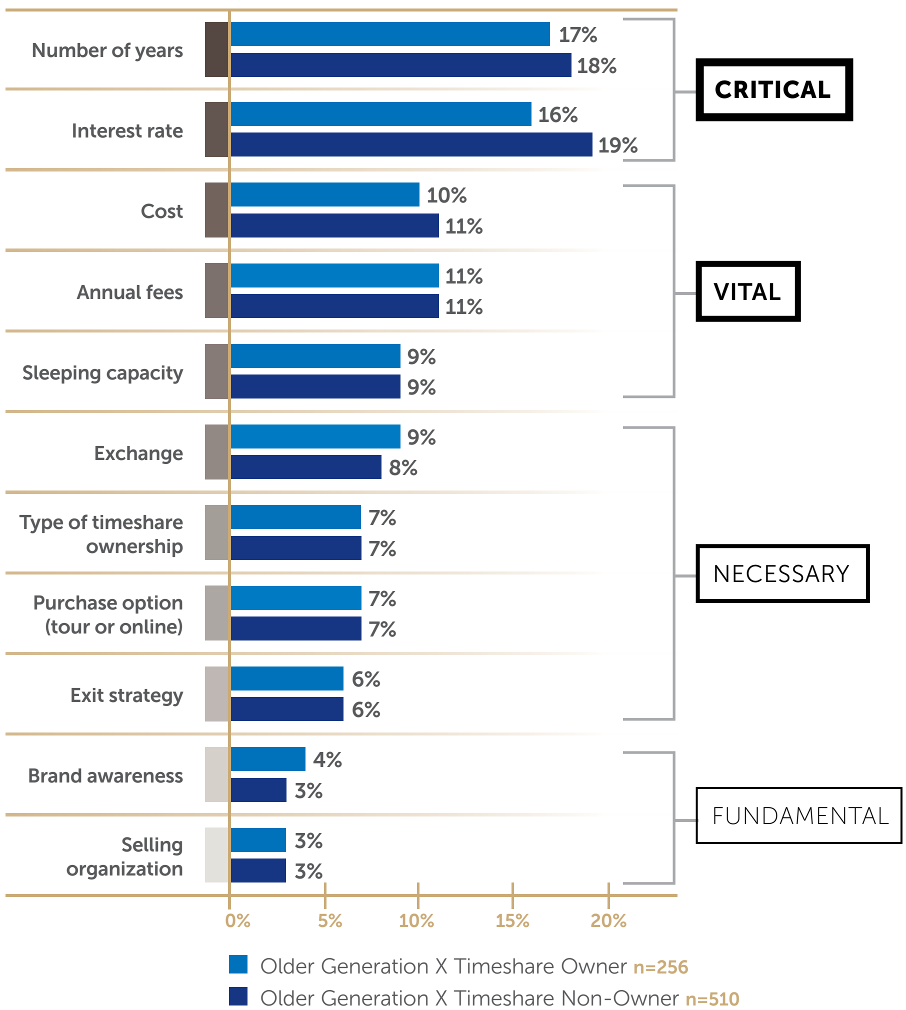
At 19%, interest rate garnered the highest level of importance among the older Gen X'ers who are non-owners. This held true across each feature category and across age and ownership type.

Moreover, with a 3% gap between owners and non-owners, the importance level for ***interest rate*** among the older Gen X'ers also had the widest discrepancy in importance across any of the features evaluated by the respondents in the study.

The older Generation X group, both owners and non-owners, rated annual fees (11%) at least as important as ***cost***.

For features such as ***sleeping capacity, type of timeshare ownership, purchase option, exit strategy,*** and ***selling organization***, owners and non-owners aligned similarly with their importance.

Share of Feature Importance
Older Generation X Comparison



Overview

The following outlines a brief overview for the reader in interpreting the results of utility scores.

Consider that for a given feature there are a number of levels within that feature. In the example below, the feature category is interest rate, and the choices for levels within the category of interest rate are APR values of 4.99%, 9.99%, 14.99%, 19.99%, and 24.99%.

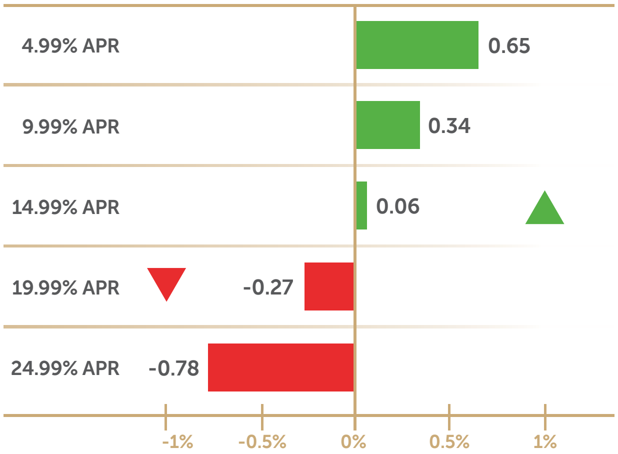
From a conjoint exercise, such as the ACA approach used in this study, the analysis produces a utility score for a level (in this case, a specific APR for interest rate) which in turn allows the reader to observe how valuable that level is relative to the other levels around it (i.e.: how valuable a 4.99% APR is, relative to the other choices for interest rates available).

The nature of a utility score being a relative measure is such that the sum of utility scores for each level within a feature category will be approximately 0.

In the interest rate example below, there are utility scores of +0.65 and -0.78 for APRs of 4.99% and 24.99%, respectively. The utility score for the 4.99% APR is rather positive and can be seen as a strong, favorable feature that in turn can drive further interest/purchase intent. On the other hand, a utility score for a 24.99% APR of -0.78 can be seen as a strong, unfavorable feature, that if included in a product's offering would not be considered appealing and therefore not drive interest/purchase intent.

Furthermore, the absolute value of the utility score for a 24.99% APR (-0.78 = 0.78) is higher than the 4.99% APR (0.65), indicating the 24.99% APR based product is a stronger deterrent than the 4.99% is for being an attractive feature.

Feature Utility Score Analysis



-0.78 is a stronger relative utility score than +0.65

Feature Utility Score Analysis (Overall)

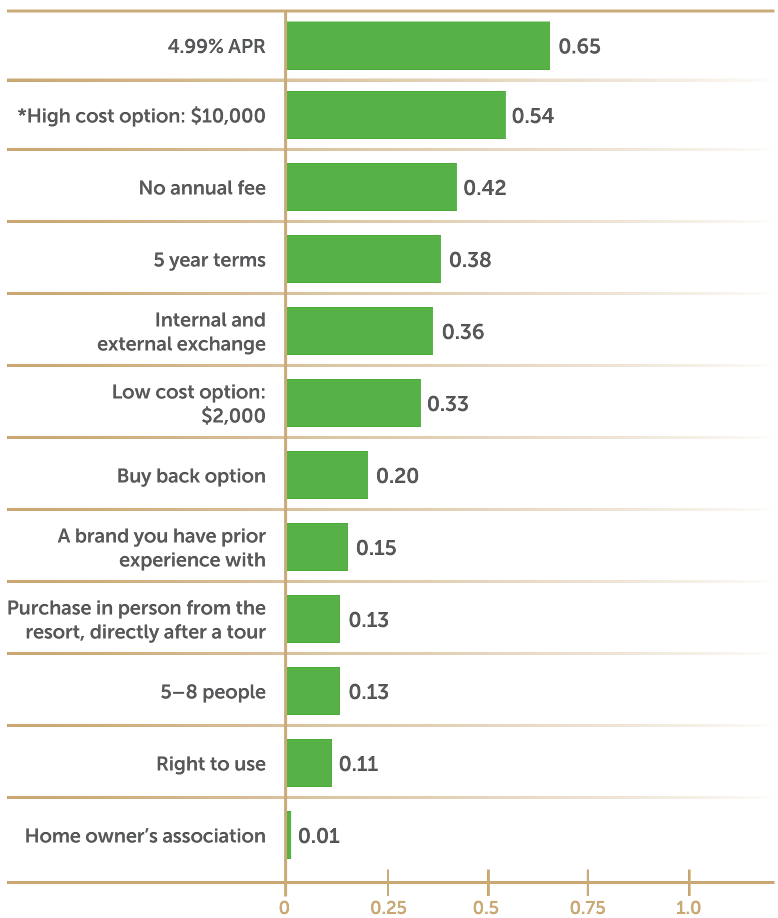
The following chart outlines the feature that garnered the highest utility score within its category.

Naturally, price is a critical factor; however, it may be a surprise to see a feature from the interest rate category having the highest utility score. While the utility scores follow a typical price elasticity pattern (higher scores for lower rates, with diminishing utility scores as interest rates increase), a similar pattern also emerges in the annual maintenance fee category.

It should be kept in mind that the ACA model accounted for diminished features at the lower price points (for example, lower years of use/ownership). Moreover, it is natural to find both the lowest price in the "lower cost" category and the lowest price in the "higher cost" category having the highest utility scores.

This implies value exists in both a 'base model' product as well as an upgraded model for those willing to pay for either additional or larger accommodations, that a higher-priced product often provides.

Feature Utility Score Analysis (Overall)



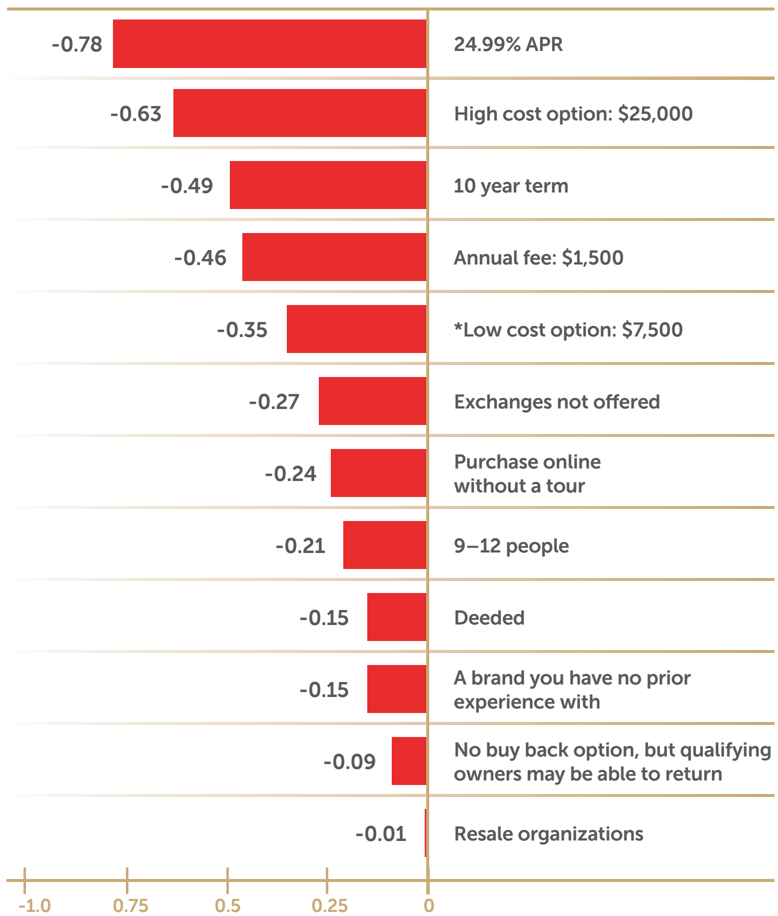
*Please note that the $10,000 price option was with two higher price points.

The following chart outlines the feature that garnered the lowest utility score within its category.

Further illustrating the impact of **interest rate** over **price**, the most negative utility score was received for the **iinterest rate** at 24.99% APR, followed by a **product offered at the $25,000 price point**.

The term, along with **annual fees**, form a second tier. The **10-year** term, followed narrowly by the **20-year** term (see later in this section of the report), garnered the lowest utility score within the length of ownership/use category. As mentioned previously, the **annual maintenance fee** also has a price elasticity pattern, where there was a favorable utility score for 'No Annual Fee' with scores diminishing as the price of the maintenance fee increases.

Feature Utility Score Analysis (Overall)



*Please note that the $7,500 price option was with two lower price points.

Base: Total Respondents (n=2,438)

Utility Score Analysis – Interest Rate (Overall)

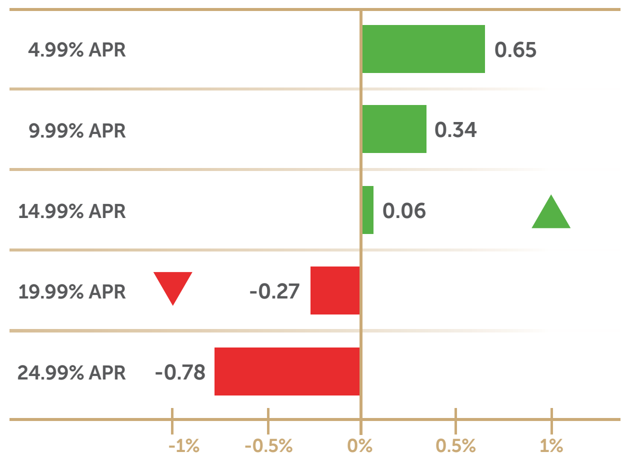
The levels in the **interest rate** category yielded utility scores that are in line with a typical price elasticity pattern: The higher the interest rate, the lower the utility score; The lower the interest rate, the higher the utility score.

The high scores for the 4.99% APR were driven by each of the three non-owner groups.

The utility score of ***interest rate*** is cut in half as it doubles from 4.99% to 9.99% APR, and then is cut five-fold as it increases to 14.99%. Perhaps even more compelling is that the absolute value of the utility score at an APR of 24.99% is greater than that at 4.99%. This suggests an excessive interest rate may be an obstacle (perhaps a deal-breaker) for prospective buyers who want to finance the purchase of a timeshare/vacation club product.

From a trading-off perspective, price appears to have a greater impact than interest rate, especially at the higher-priced options, such as those between $10,000 (with high interest rates) and $25,000 (with low interest rates). On the other hand, the impact of such a trade off is less pervasive at the 'lower cost' options, such as those between $2,000 and $7,500. Regardless of the level of impact, the key for success will be in how the vacation product is balanced between price and interest rate.

Interest Rates



Base: Total Respondents (n=2,438)

Utility Score Analysis–Interest Rates By Ownership

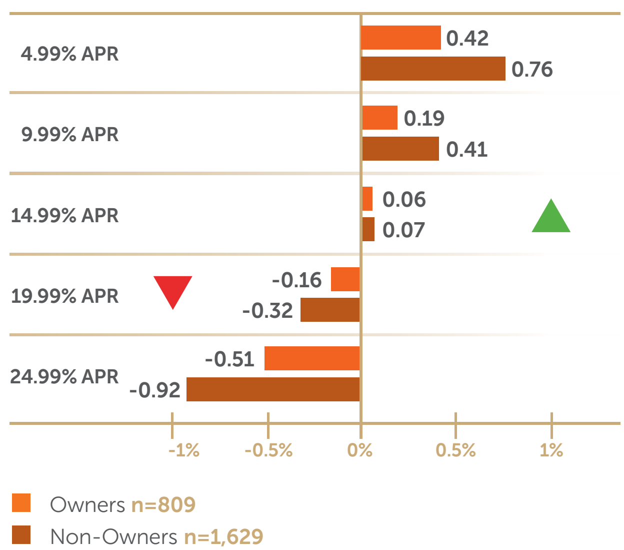
Overall, owners provided a tighter range of utility scores for interest rate when compared to nonowners. Owners are traditionally more used to higher interest rates through their timeshare experience.

The overall pattern follows between these two groups in that:

- Utility Scores are positive for APRs of 4.99%, 9.99%, and 14.99%.
- Utility Scores are negative for APRs of 19.99% and 24.99%.

At the 9.99% APR, the utility scores for non-owners were higher than that yielded by owners. This could be seen as a positive when crafting a package when offering the lowest APR is not feasible.

Interest Rates By Ownership



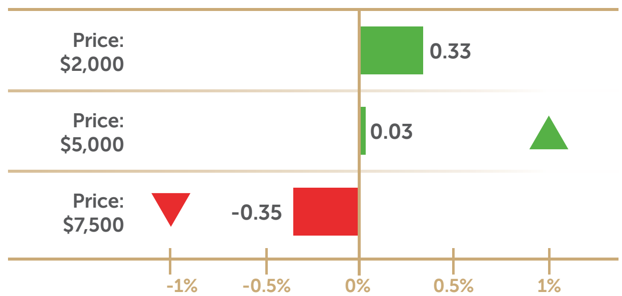
Utility Score Analysis – Cost of Product: Low Cost Option (Overall)

Similar to the findings around the **interest rate** category, the levels in the **price** category yielded utility scores that follow the typical price elasticity pattern within each option: within each option, the utility scores diminish as price increases.

There appears to be a segment of the market that may be receptive to a 'base model' or a product with a very short term, in addition to the general market that is willing to pay a premium for some, but not all, additional amenities. However, developers should consider implementing additional research to evaluate the extent an economy-level product may be amenable in the market.

At the price options within the 'low cost category', the trade-off in receptivity between price and interest rate is less pronounced when compared to prices compared within the higher cost option. For example, all other things equal, a $7,500 product with an 4.99% APR may be considered as attractive as a $5,000 product with a 9.99% APR. Again, the key for success will be in how the vacation product is balanced between price and interest rate.

Low Cost Option



Base: Total Respondents (n=2,438)

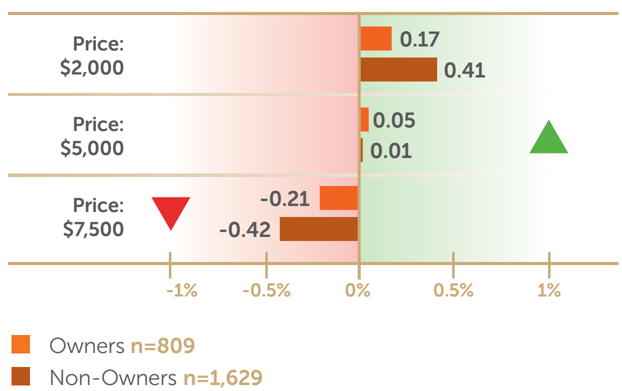
Utility Score Analysis – Cost of Product: Low Cost Option By Ownership

Within the "low cost" option to purchase a timeshare or vacation club product, the utility scores yielded by non-owners once again had a wider range than owners.

For those non-owners looking at the prices at the "low cost" option, each age group reacted similarly to each other in that the price point at $7,500 garnered negative utility scores across the board.

Except for the younger Generation X Owner group (which had similar utility scores, at the $2,000 and $5,000 price levels, of 0.07 and 0.08, respectively), most garnered much higher scores at the $2,000 point when compared to the scores at the $5,000 point.

Low Cost Option By Ownership



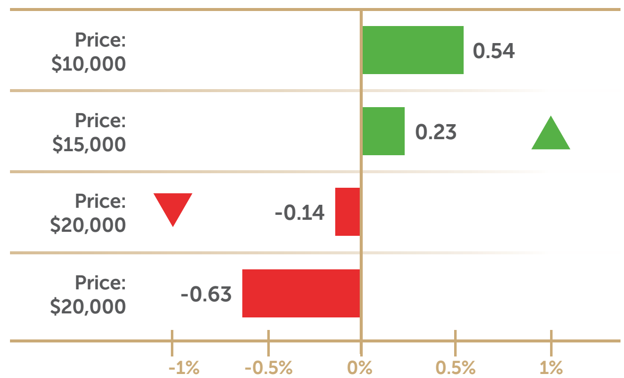
Utility Score Analysis – Cost of Product: High Cost Option (Overall)

The levels in the **price** category yielded utility scores that follow the typical price elasticity pattern within each option: within each option, the utility scores diminish as price increases.

The highest utility score was found at the $10,000 price point, followed by $15,000. Negative utility scores exist at prices of $20,000 and more so at the $25,000 price point.

As mentioned earlier, when trading off between price and interest rate, the former appears to have a greater impact on market receptivity, especially at the higher priced options, such as those between $10,000 and $25,000. For example, all other things equal, a $15,000 product with an 9.99% APR is more attractive than a $25,000 product with a much favorable interest rate, such as 4.99%. Similar to the lower price levels, it appears important to strike a balance between a timeshare product's price and its interest rate.

High Cost Option



Base: Total Respondents (n=2,438)

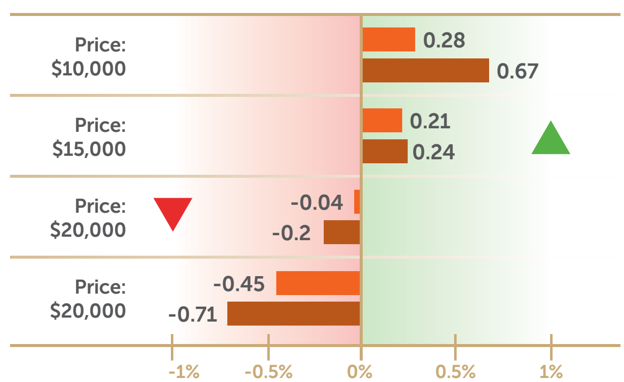
Utility Score Analysis – Cost of Product: High Cost Option By Ownership

Within the "high cost" option to purchase a timeshare or vacation club product, the utility scores yielded by non-owners once again had a wider range than owners.

For those non-owners looking at the prices at the "high cost" option, each age group reacted similarly to each other - the price point at $25,000 garnered negative utility scores across the board. Higher costs, however, are less of a barrier among current timeshare owners.

The $15,000 price point yielded positive utility scores from both owners and non-owners, and within each age group. Overall, the range of utility scores was between 0.19 (Millennial owners) and 0.25 (Millennial non-owners) for the features offered at this price level. The range of utility scores at the $15,000 price level narrowed with age (0.22 for younger Gen X owners vs. 0.24 for younger Gen X non-owners; and 0.22 for both older Gen X owners and non-owners). The positive, albeit narrow gap in utility scores at this level indicates that owners and non-owners alike are not completely turned off at an increased price so long as the features available provide the value necessary to justify the increase.

High Cost Option By Ownership



Owners n=809
Non-Owners n=1,629

Utility Score Analysis – Annual Maintenance Fees (Overall)

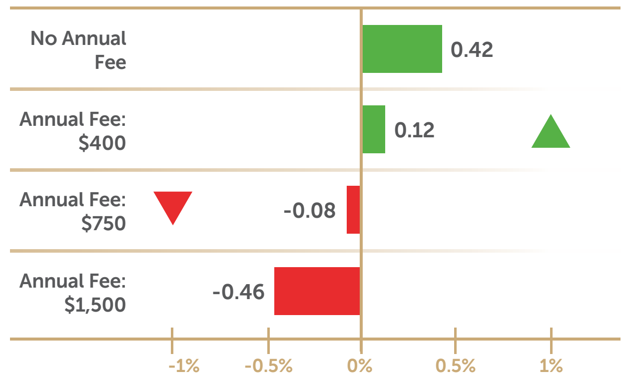
The levels in the **annual maintenance fee** category yielded utility scores that diminish as the fee increases.

The highest utility score was found at the 'No Annual Fee' option, followed by $400. Annual fees of $750 or $1,500 yield negative utility scores; at the $1,500 level the absolute utility value is greater than that for the 'No Annual Fee' utility score, suggesting that excessive annual fees can be a major detriment in the ability to convert a prospect to an owner.

While the non-owner groups drove the high ratings for 'No Annual Fee,' among the owner groups only the older Generation X group had a utility score approximate to the non-owner groups.

Although the Millennial and younger Generation X owner groups are sensitive to Annual (Maintenance) Fees, they do not consider these to be as important when compared to the views of the older Generation X owner group.

Annual Maintenance Fees



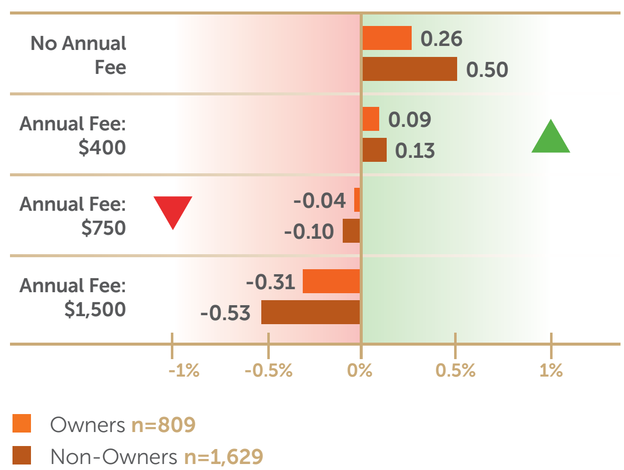
Base: Total Respondents (n=2,438)

Utility Score Analysis – Annual Maintenance Fees By Ownership

While "No Annual Fee" had the highest utility scores, for owners as well as non-owners, an annual fee in the amount of $400 also yielded positive utility scores.

Furthermore, the Millennials, younger Generation X, and older Generation X groups showed similar patterns with their utility scores for this category.

Annual Maintenance Fees By Ownership



Utility Score Analysis – Number of Years/Term of Contract (Overall)

Driven by each of the age groups within non-owners, the highest utility scores for this feature were found at the 5-year contract level, followed by the 4-year term. Furthermore, the Millennial owner group was also receptive to the 5-year option.

The younger and older Generation X owner groups, however, consider the idea of owning the product in perpetuity as attractive, as these groups drove the positive utility scores for the "forever" option. This may reflect their current experience in ownership, and having a preference of ownership rather than a "leasing" or "right-to-use" type of option.

Both 10- and 20-year contracts yielded the lowest (negative) utility scores. This suggests a perception that there may be lower value associated with the length of commitment beyond 5 years, unless the potential buyer wants the 'forever' option.

Number of Years/Term of Contract

Base: Total Respondents (n=2,438)

Utility Score Analysis – Number of Years/Term of Contract By Ownership

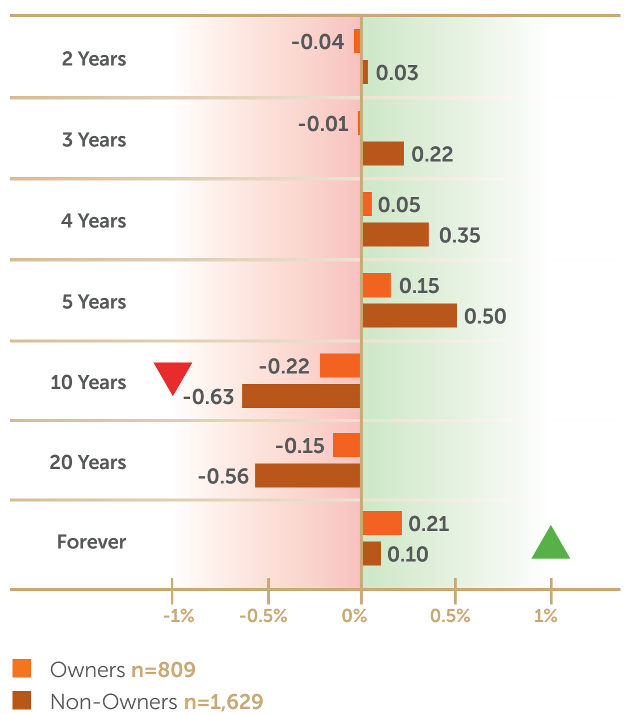
The feature of owning a timeshare or participating in a vacation club 'Forever' still has some appeal, particularly among the younger Generation X and older Generation X owners (with utility scores of 0.23 and 0.34, respectively). Millennials owners garnered a much lower utility score in this feature (0.09).

'Forever' as a feature is one of the few where the relative utility score, when positive, was higher for owners than non-owners.

On the other hand, non-owners drove the overall utility scores for all the single digit year options, especially the 5-year option.

This supports the hypothesis that a lower priced, shorter-term timeshare or vacation club product could attract a segment of the market who would otherwise be turned off at the notion of a 'longer contract'. This type of shorter term 'trial ownership' appears valuable for non-owners especially.

Number of Years/Term of Contract By Ownership



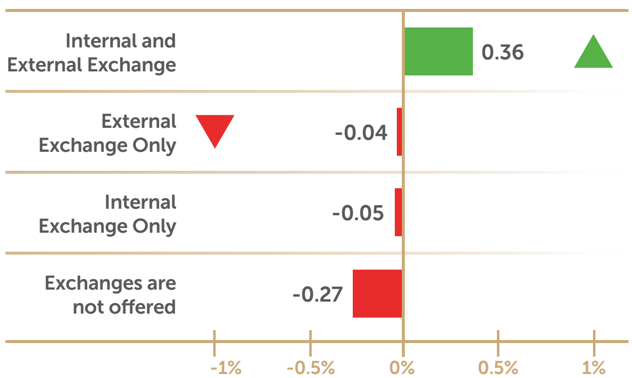
Utility Score Analysis – Exchange Features (Overall)

Regardless of the owner or age group, the highest utility score was given for the **internal** and **external exchange** option. Most importantly, this was the only option that had a positive utility score.

The option for an **external exchange only**, or an **internal exchange only**, garnered utility scores close to zero, with the feature of not having an exchange program available at all garnering the weakest utility score.

Simply put: there are higher utility scores when more options are available.

Exchange Features



Base: Total Respondents (n=2,438)

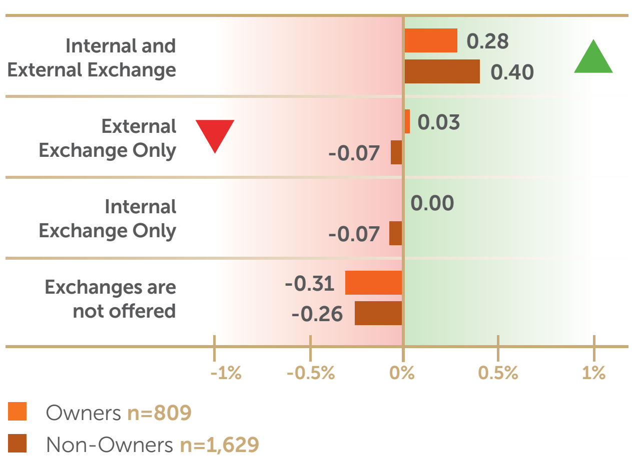
Utility Score Analysis – Exchange Features By Ownership

The features within the exchange category illustrates one of the rare instances where owners and non-owners are not always on the same page.

For example, the **'internal and external exchange'** option is the only feature within this category where non-owners yielded a positive rating – this held true regardless of age within this group.

The non-negative utility scores for '**external exchange only'** and **'internal exchange only'** within the owners segment is driven by the Millennial and younger Gen X owner group. This could reflect a previous experience with exchanges that may have been positive, and suggests as long as an exchange option is available (regardless of internal vs. external) younger owners could be receptive to this feature.

Exchange Features By Ownership

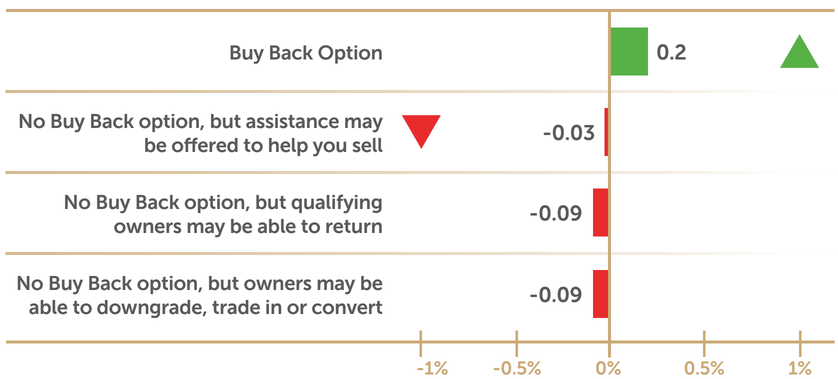


Utility Score Analysis – Exit Strategy (Overall)

Similar to what was found with the **exchange option**, the highest, as well as only positive, utility score was given for the **buy back option** for an exit strategy. This held true regardless of age or ownership.

The range for the utility scores within this category were rather narrow compared to the previous features, indicating that although this feature may be indirectly important as part of the product offering, the exit strategy may not be a huge selling point compared to other features of the timeshare/vacation club product.

Exit Strategy



Base: Total Respondents (n=2,438)

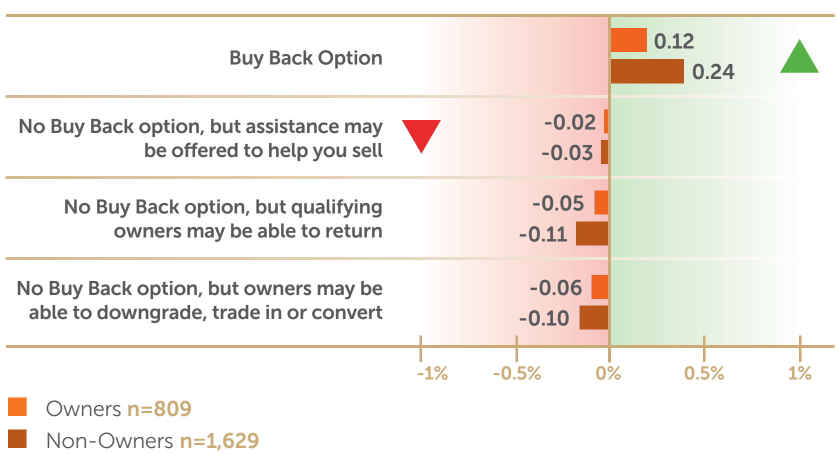
Utility Score Analysis – Exit Strategy By Ownership

Despite the marginal gap in utility scores between owners and non-owners, the only positive score was given to the **buy back option** for an exit strategy. This is true regardless of age or ownership.

Although negative, the utility scores for the option for "assistance offered to help you sell" were very close to the value of zero (0). Based on this relative score, the option is not seen as detrimental nor attractive.

This indicates, there may be a potential opportunity to craft an assistance program in a way that young prospects find attractive when they start to consider a vacation club or timeshare product.

Exit Strategy By Ownership

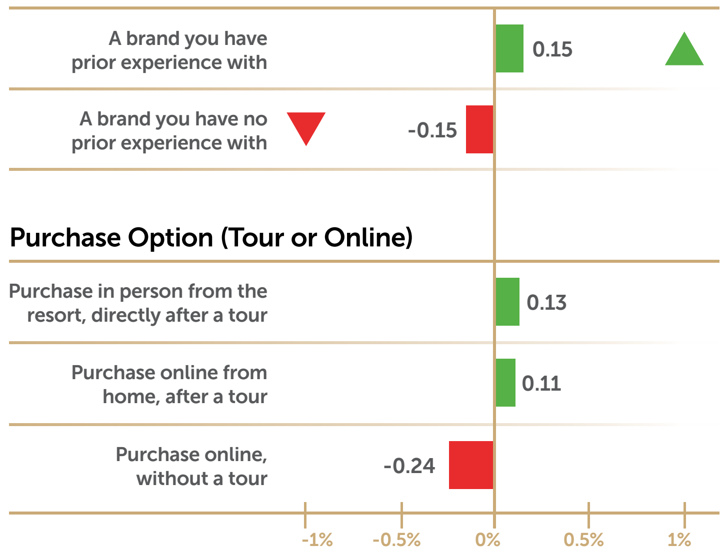


Utility Score Analysis – Brand Awareness/Purchase Options (Overall)

It should not be seen as a surprise that there is a positive utility score with having an experience with the brand, whereas having no prior experience with the brand for the timeshare/vacation club garnered a negative utility score. This held true across the board – regardless of age and ownership status.

The ability to purchase the timeshare/ vacation club product garnered similar, albeit weak positive, utility scores whether the purchase was made online or at the resort, with or without a tour. The feature of making the purchase online *without a tour* yielded a negative utility score, indicating it is important for those considering the purchase of a timeshare or vacation club to tour the resort before doing so.

Brand Influence (Brand Awareness)



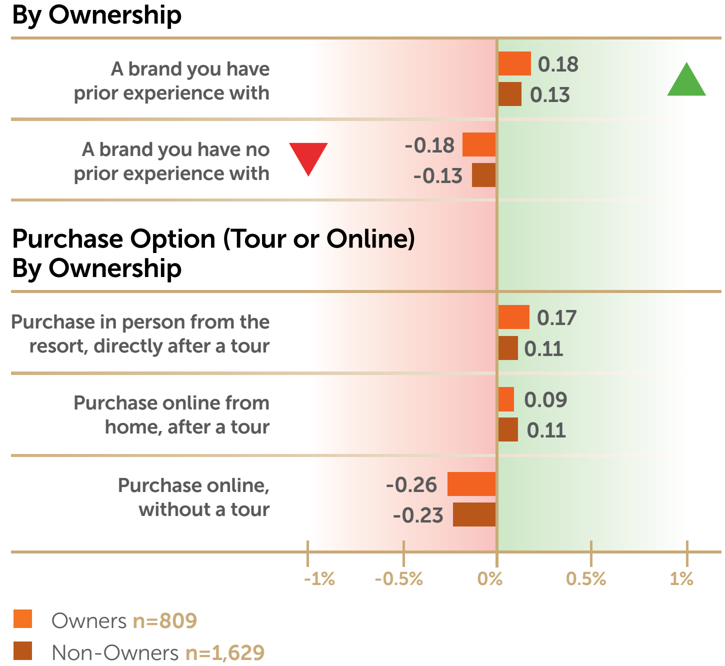
Base: Total Respondents (n=2,438)

Utility Score Analysis –Brand Awareness/ Purchase Options By Ownership

When it comes to a timeshare or vacation club product, brand equity indeed comes into play, although not as strong as may be expected. Branding is slightly more important for owners than non-owners.

Similarly, each age group within owners had a higher utility score for the purchase option of doing so in person directly after a tour. This was not the case for the non-owner group, as Millennial non-owners drove the utility score for the purchase option of completing the purchase in their home after a tour. This could reflect Millennials' ability to access information quickly and leverage this type of information to make an informed decision prior to purchase.

Brand Influence (Brand Awareness) By Ownership

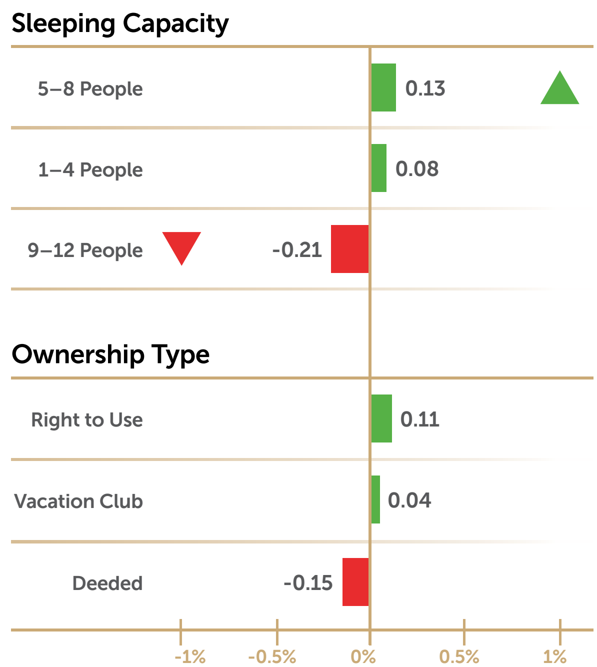


Utility Score Analysis – Sleeping Capacity/ Ownership Type (Overall)

Accommodation size is optimized at 5-8 persons, indicating 'bigger' may not always suit prospects. The 9-12 accommodation size garnered the most negative utility score in this category.

On the other hand, older Gen X'ers, both owners and non-owners, each garnered higher utility scores for the 1-4 person accommodation size unit.

Deeded timeshare/vacation club garnered a negative utility score when compared to the 'right to use' or 'vacation club' product. This may reflect a preference for shorter terms as noted earlier, and an aversion to the responsibilities of ownership (taxes, etc.) that a deeded property suggests.



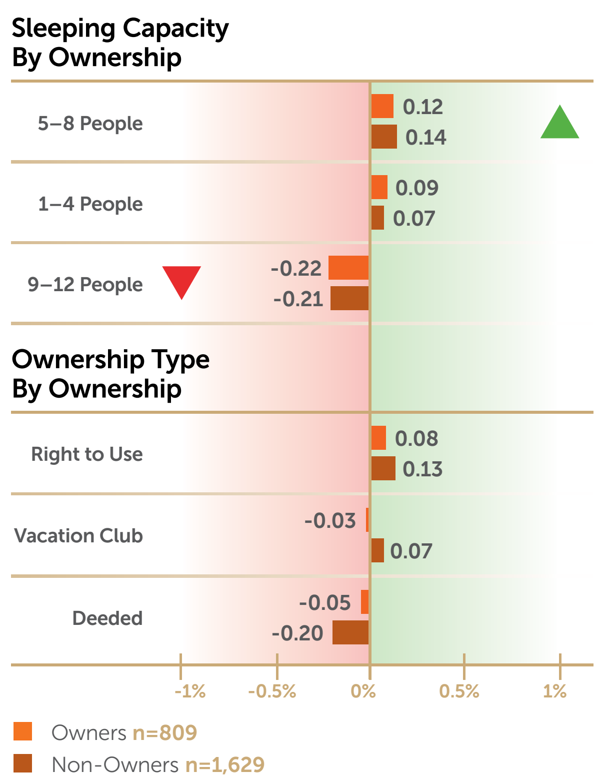
Base: Total Respondents (n=2,438)

Utility Score Analysis – Sleeping Capacity/ Ownership Type By Ownership

Millennials and younger Gen X'ers yielded the highest utility scores for the 5-8 **sleeping capacity** option, and therefore drove the overall utility score for this feature in the category. At the same time, the older Gen X group yielded the highest utility scores for the 1-4 **sleeping capacity** option.

The 9-12 **sleeping capacity** garnered the lowest utility scores across the board, perhaps a reflection of the perceived increase in price associated with this option, or the fact that an 8 person sleeping capacity might be enough for a large majority of travelers.

The **'right to use'** option yielded positive utility scores across the board; however, the older Generation X owner group was the only group to garner a positive utility score for the **'deeded'** option, which makes sense considering they also had a higher utility score for 'forever' term of commitment.



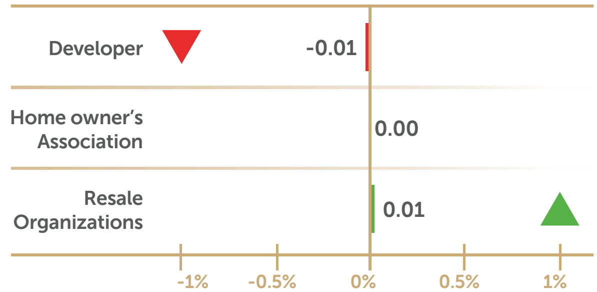
Utility Score Analysis – Selling Organization (Overall)

The utility scores for the **selling organization**, whether a home owners association, developer, or resale organization, yielded the lowest (most narrow) range overall compared to the other features.

When the selling organization is a **developer**, positive utility scores were garnered from each of the non-owner groups.

Millennial and the younger Generation X owner groups had positive utility scores, as did the older Generation X group for a **home owner's association**. This may reflect their timeshare/vacation club experience where perhaps, over the course of their ownership compared to non-owners, they learn of the inexpensive options available besides the typical resort developer.

Selling Organization



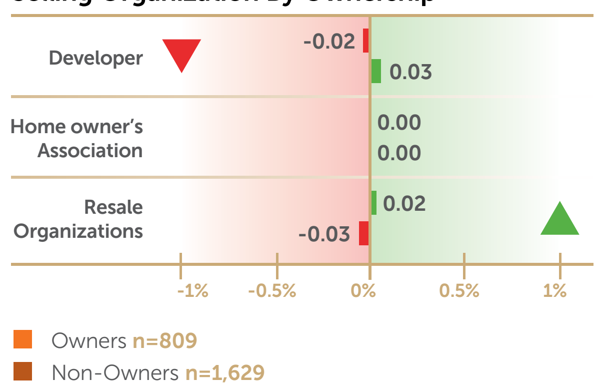
Base: Total Respondents (n=2,438)

Utility Score Analysis – Selling Organization By Ownership

Non-owners and owners had opposite utility scores, where the non-owner groups gave the highest utility scores for the **developer**, and the owners (driven in particular by Millennials and younger Gen X'ers) had small, albeit positive, utility scores for a **resale organization**.

Again, owner groups showing positive utility scores for options beyond a **developer** may reflect their timeshare/vacation club experience where perhaps, over the course of their ownership compared to non-owners, they learn of other inexpensive alternatives for options available.

Selling Organization By Ownership



Additional Considerations With Simulation

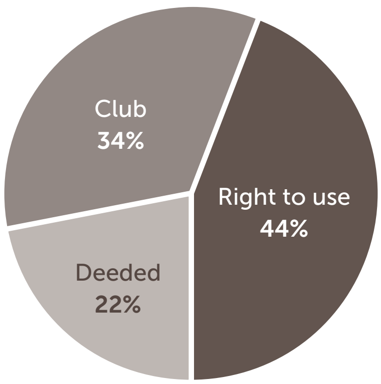
The following outlines analyses that provide additional insight for developing an “ideal” timeshare.

- Consider first that it is not surprising to see **price** (whether in the form of the cost to purchase the timeshare or vacation club membership, the cost of annual fees, and in the cost to borrow money in the form of the interest) as paramount to the features when considering the purchase of a timeshare or vacation club product.
- With this in mind, an analysis was performed to evaluate the importance of other factors outside of price, and the results are illustrated on the following page.
- On page 39, there are some features that upon further analysis could be considered ***“deal makers”*** vs. ***“deal breakers”*** for prospects considering a timeshare or vacation club product.
- Finally, on last series of pages, there are illustrations that comprise an association map. The map demonstrates how each level is associated with other level(s) ***in terms of importance*** when making a choice to consider the purchase of a timeshare or vacation club product.

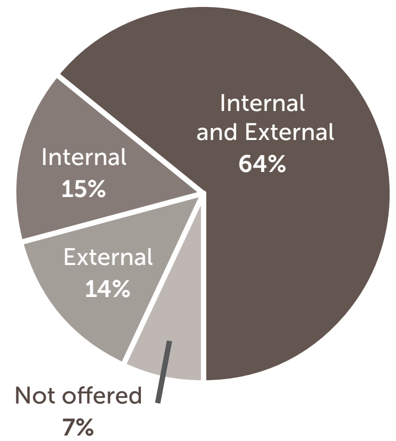
Ideal Timeshare Configuration In Absence Of Cost

When consumers were asked to provide ideal timeshare configuration, specific preferences emerged as follows (% shows percent of respondents):

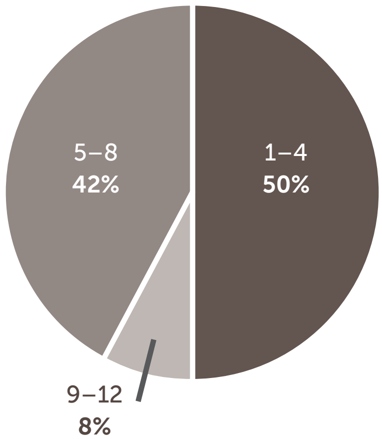
Type of Ownership



Ability to Exchange

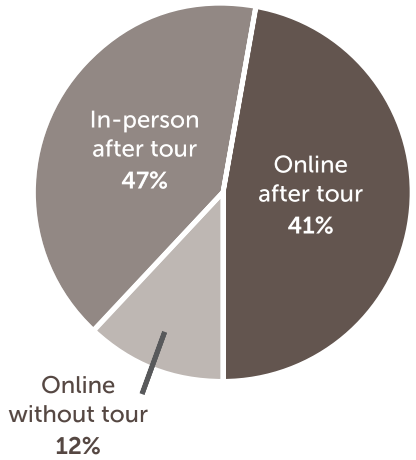


Sleeping Capacity (People)



Brand Experience

Purchase Option



But Consumers Can't Have It All — There Are *Must-Have* To *Unacceptable* Features

Respondents were shown several scenarios of timeshare configuration to chose from. Across all scenarios, below are the attribute level that resonated most vs. least in the winning bundle/choice set:

Attribute	Must Have	Nice to Have	Unacceptable
Type of Ownership		Club Right to use	
Cost			$7,500 and $25,000
Number of Years	5 years	3-4 years	2 years or >10 years
Ability to Exchange	Internal exchange	Both	No exchange
Sleeping Capacity	1–4 people	5–8 people	9–12 people
Selling Organization	Resort developer	Resale organization	Home owner association
Brand Experience			Brand with no prior experience
Annual Fee		<=$750	$1,500
Exit Strategy	Buy back option		
Interest Rate			>=14.99%
Purchase Option			Online without tour

Interpretation of Association Map

In the conjoint analysis, the Leger team evaluated how a respondent would make a choice by varied combination of attributes and levels. Leger's probability based association depicts **which set(s) of attributes and levels respondents consider together when making a decision.**

There are two main interpretations of the map:

First, when making a decision, the identification of attributes and levels a respondent consider together in terms of importance.

For example, consider a respondent who is buying a car and is primarily concerned about safety. As the importance of safety ***increases***, the importance of features like ABS, number of air bags, etc., also ***increases***. In this case, when respondents think about safety, they also think about ABS, number of air bags, etc.

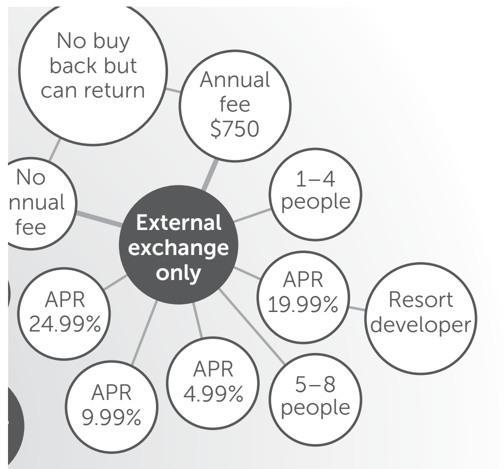
Specific to this study, (see the picture on right), when a respondent thinks about exchanges via **external exchange only**, they also consider the following feature levels when making a choice:

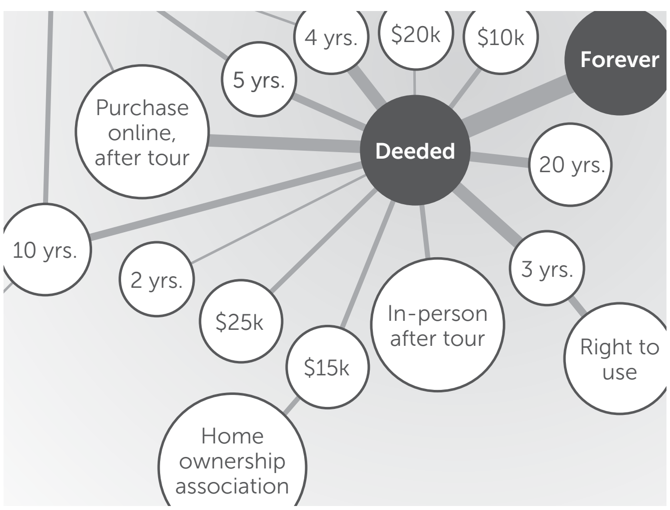
- APR 4.99%, 9.99%, 19.99%, 24.99%.
- Accommodations up to 8 people: 1-4 people, 5-8 people.
- Resort developer as a seller.

This relationship is shown by the levels above that are connected to **exchange only** level.

There is no significance of color of the bubble icon. Color does not play a role here.

Relationships are derived using a *probabilistic association* model.





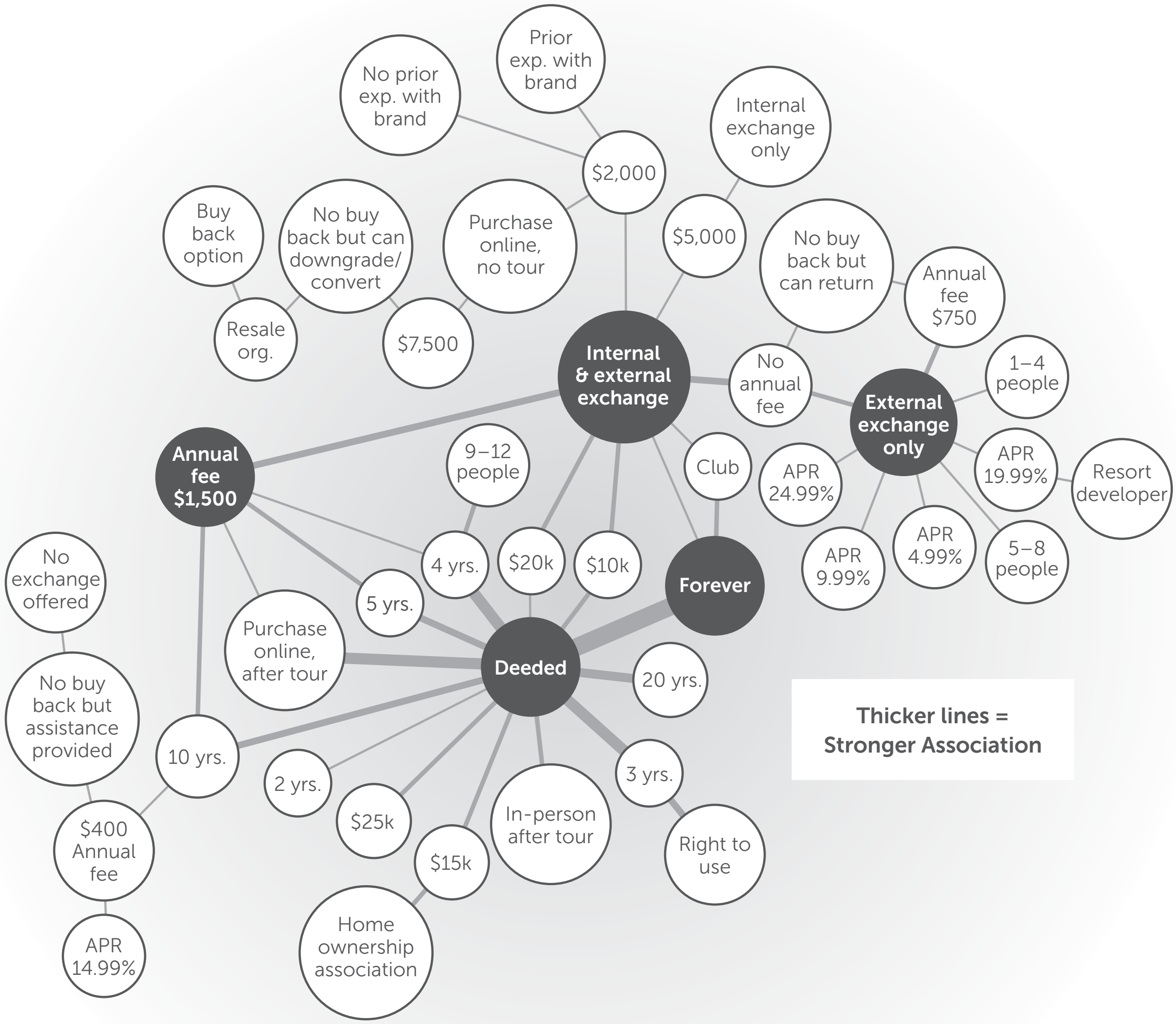
The second main interpretation of the association map is based on looking at the width of the lines that connect each of the features.

The strength of relationship is depicted by width of the connected line. For example, the feature for "Terms of Contract," of 3 years has stronger relationship than 2 years when respondents ***think about the Deeded option***.

Note the line for "3 years" is 'thicker' than that for "2 years" and therefore has a stronger association/relationship with the Deeded feature.

Association of Features in Terms of Importance When Choosing Timeshare

The map below shows how each level is associated with other level(s) in terms of importance when making a choice about a timeshare. For instance, the 'forever' option has a stronger relationship than 2 years when owners and non-owners think about the Deeded type of ownership.



Connecting line thickness represents level of association.

Note that association among financial levels was restricted due to the model.

6

Introduction

NEXT GENERATION STUDY: SHARED VACATION OWNERSHIP

The generation commonly referred to as Millennials, defined as adults from 18 to 33 years of age[1], represent the primary target that companies in nearly every industry are currently focused on to either grow or secure the health of their businesses, and for a good reason:

Millennials are now considered to be the largest consumer market, comprised of approximately 80 million adults in the United States, with an estimated annual buying power that exceeds $200 billion dollars according to Forbes.com[2].

The timeshare industry is no exception. Given that the average age of the typical timeshare owner is over 50, industry professionals need to look at ownership through a different lens if they are to be successful in their endeavor to market their product to the next generation of owners.

It is common knowledge that Millennials differ from older groups such as Generation X (those born in the mid 1960s to early 1980s[3]) and the Baby Boomers (those born from mid 1940s to mid 1960s[4]) in that:

- From an ethnic and racial standpoint, Millennials are the most diversified group in the US
- Millennials are the most socially and politically progressive age group
- Their usage of Internet-related technology, particularly on a smartphone, is an integral part of their lives
  - The ability to access information quickly is most pervasive among Millennials, particularly in their use of social media (such as Facebook, Twitter, Instagram, etc.)

Moreover, it is critical to understand that the vacation habits of Millennials are unique when compared to the traditional, older group of timeshare owners.

However, the timeshare industry should not ignore the Generation X groups (older and younger), which still represent a viable target market for vacation-based products.

While Generation X continues to adapt in a dynamic environment, methods that have been previously "tried and true" may need to be repurposed to reflect the changed behavior Generation X learns as they interact with Millennials – regardless of whether that interaction takes place at work, while shopping, or elsewhere.

With this in mind, the ***2015 Next Generation Study*** helps to identify where opportunities lie in the vacation space so that the timeshare industry can be successful in their efforts to build relationships with future timeshare owners.

1 Source: www.pewresearch.org/fact-tank/2015/03/19/how-millennials-compare-with-their-grandparents/ (August 27, 2015)
2 Source: www.forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/ (July 10, 2015)
3 Source: www.nsf.gov/news/news_summ.jsp?cntn_id=122044 (August 27, 2015)
4 Source: www.census.gov/prod/cen2010/briefs/c2010br-09.pdf (August 27, 2015)

NEXT GENERATION STUDY:
SHARED VACATION OWNERSHIP 2015 EDITION

Study Methodology

This research was sponsored by the AIF and conducted by Leger (formerly The Research Intelligence Group - TRiG), led by Simon Jaworski, Senior Vice-President.

AIF wished to conduct this particular research to gain a deeper understanding of the vacation habits among those who represent the "Next Generation of Timeshare Prospects," in order to:

- Better understand how habits differ among Millennials, the younger Generation X, and the older Generation X age groups
- Better understand how habits differ between owners and non-owners

Stage 1 – Focus Groups

To provide the foundation of this understanding, six focus groups, (with two in each of the following cities: Chicago, San Diego, and Washington, D.C.) were conducted during the Fall of 2013 by the AIF. The majority of the participants were between 22–34 years of age who met the qualifying criteria:

- Did not own a timeshare;
- Took at least one vacation in the past year, with a minimum spend of $1,000; and
- Had a minimum income of $50,000.

The findings from this qualitative research were used as the basis from which to proceed with additional research, which involved two more stages:

Stage 2 – In-Depth Interviews

Leger conducted interviews with the younger (next) generation of timeshare employees, all aged between 18-44 years of age, from the **ARDA LEAPS** program (Leadership-Education-Action-Progression-Service) and who are involved in various business verticals with their current positions. Interviews were designed to get the 'ground floor' perspective on subject matters such as:

- The industry professionals' views on the future of the timeshare/vacationing market;
- The best ways to reach the next generation in terms of marketing and promotional programs;
- How the industry can attract the next generation of timeshare buyers, from a creative and messaging standpoint;
- The future of the timeshare product itself (length of contracts, accommodation types, other categories from previous research);
- Threats to the industry, and the impact of leaving the industry in its current status quo; and
- Opportunities for timeshare developers and exchange companies moving forward.

Stage 3 – Online Survey

Leveraging some of the findings from Stages 1 and 2, interviews were conducted online with 2,438 respondents between February 27 and March 11, 2015, with a median length of 32 minutes, among the following groups of respondents:

	Owners	Non-Owners
Millennials (23–33 years of age)	n=302	n=607
Younger Generation X (34–44 years of age)	n=251	n=512
Older Generation X (45–54 years of age)	n=256	n=510

The survey instrument was comprised of:

1 Screening/profiling section
2 General vacation habits
3 Future vacation planning
4 Attitudes towards timeshare ownership
5 Features of a preferred timeshare
6 Evaluation of marketing statements related to timeshare
7 Future timeshare plans
8 Media, Internet and Social Media habits
9 Demographics

In addition to an industry-screening question, respondents were also screened to participate in this study based on the following qualifying criteria:

1 One of the primary decision makers in household when it comes to vacationing, including the purchase of vacation ownership properties; and
2 Either currently own a timeshare product (own by self, co-own with another person), or do not currently own a timeshare product but are at least open to owning (might/probably/definitely consider owning a timeshare/shared vacation product) in the next two years.

Report Chart Notes:

▲ Indicates a significant difference, from any red arrows in the chart or table, at the 95% level.

▼ Indicates a significant difference, from any green arrows in the chart or table, at the 95% level.

▲▼ Indicates a significant difference from green and red arrows at the 95% level. Occurs when a result is significantly higher than one group while at the same time is significantly lower than the other group.

Executive Summary

Introduction

The next generation of timeshare owners represent the greatest advocates for the timeshare product.

This is a rather bold statement, however, in 2015 this is absolutely true among Millennials, the largest consumer group in the United States (US), who account for approximately 80 million people and spend more than $200 billion in goods and services annually[5]. With more than eight out of ten Millennial owners having a positive perception of the timeshare industry, they are stronger advocates for the product when compared to the next two older age groups: the younger Generation X segment (78%), and the older Generation X segment (64%).

However, even though the hype of Millennials plays nicely within the mainstream of society, the youngest generation is already notoriously ambivalent towards the classical means of communications and mass media. This fact alone, highlighted throughout this research, again illustrates how the Generation X age group still represents a strong opportunity that should not be ignored by the timeshare industry.

In the most general terms, Millennials are:

- The most diversified group from an ethnic and racial standpoint, in the US;
- The most socially and politically progressive age group; and
- The highest and most frequent users of Internet-related technology, particularly on a smartphone, which forms an integral part of their lives. Their ability to access information quickly acts as a focal point for their generation, particularly in their use of social media (such as Facebook, Twitter, Instagram, etc.).

As it relates to the timeshare industry, there are several characteristics specific to Millennials that set them apart from other age groups:

1 They aren't influenced by conventional advertising.

2 They would rather buy a car and lease a house, as this generation cannot currently afford a home. They still believe housing is overpriced, with too much emphasis placed on the 'lengthy commitment,' that being, the mortgage.

3 They review blogs before making a purchase.

4 They like brands interacting with them on social media.

Yet, in terms of vacationing, Millennials are also starting to pull themselves away from the Baby Boomers (55+), although they share a lot of common characteristics with the younger side of the Generation X'ers.

Millennials have less disposable income than their older counterparts, although this does not stop them wanting to vacation further away, with Europe a key desired destination. Financial issues play heavily into the way Millennials already vacation – trips of shorter distances are definitely a better fit based around both their annual vacation allowance (via work) and their budget constraints, while seeking value out of vacationing is also a key driver in their decision making process.

As the most 'mobile' generation, Millennials in general are tied to their smartphones, with more than a quarter using them as their primary devices to access the Internet, coupled with 80% ownership of smartphones within their segment. E-mail is still the dominant form of communication to all Generation X'ers and Millennials, but the rise of social media, and in particular sites and apps such as Pinterest and Instagram, are ensuring that visual images sculpt the manner in which 18–44 year olds specifically look at the world, and more notably, the vacationing genre today.

5 Source: www.forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/ (August 27, 2015)

Millennials' timeshare related vacations

In the US, states that have a prominent coastal setting are driving preferred destinations. Millennial owners have a strong and significant preference to timeshare vacation in California (19%) when compared to their older counterparts, who are still largely tied to Florida. The 'sunshine state' remains high on the list as a destination for Millennial owners (18%), with New York City as the 3rd most popular Millennial owner timeshare destination (8%).

While older timeshare owners tend to be creatures of habit with their vacation destinations, this is not quite the case for the next generation of owners. Millennials and younger Gen X owners are twice as likely to convert their timeshares into different vacations than older Gen X owners. This trend, based upon the desires of the 18-44 year olds to gain new and different vacationing experiences, is likely to continue to grow over the next 5-10 years.

Among timeshare converters, conversion destinations align with their original preferences. California (17%) and New York (15%) are the #1 and #2 destinations for these timeshare converters; with the Big Apple #1 among younger Gen X'ers (19%). Arizona ranks strongly and significantly higher among Millennials at 10%. Florida, unsurprisingly, still garners the highest conversion among older Gen X'ers.

Millennials are currently traveling shorter distances to reach their timeshare conversion destinations, with half travelling 500 miles or less.

The preference for activities during a timeshare vacation differs a little between groups of timeshare owners. While older Gen X'ers are poolside, or thinking about shopping and sightseeing, Millennials are more interested in gambling, organized activities (for either adults and children), sporting events, and winter sports.

Onsite expenditures are very similar across the three groups, but the offsite expenditures of older Gen X'ers is more than $1,000 more on average than Millennials, which offers the timeshare industry an additional opportunity to capture potential vacation spend across their older ownership groups.

Seasonality also comes into play, with Millennial owners significantly more likely to vacation in winter than Generation X owners; this is not surprising given Millennials' interest for winter sports.

Next Generation's future vacations

Millennial non-owners were significantly more likely than Generation X non-owners to have vacationed in the fall last year, and that the September to November period is also the Millennials' #1 time to vacation (33%). This may reflect a knowledgeable vacationing base who, from doing their research, are willing to vacation during the off-peak times of year. This often means they are able to save money.

However, in terms of future vacations, spring and summer account for 75% of planned vacations in 2015 by Millennial owners and non-owners, which alludes to the theory that vacationers are planning multiple trips in a year. Millennial non-owners want more trips than the Generation X'ers, at an average of 3 vacations a year (compared to just 2 ½ for the Gen X'ers). Furthermore, Millennial timeshare owners are the most active vacationing group, planning even more vacations per year (3.6 on average, compared to 3.2 for younger Gen X'ers and 3.0 for older Gen X'ers).

When it comes to booking their next vacations, the majority of both owners and non-owners will probably use multiple online travel sites, while shopping around for the best deal. Cost savings are essential for nearly ¾ of all non-owners: Millennials (75%), younger (74%) and older Gen X'ers (71%).

The biggest difference in the generation gap revolves around researching future vacations – at least half of all Millennials (owners: 51%; non-owners: 50%) "read peer reviews," significantly higher than their older Gen X counterparts (owners: 41%; non-owners: 36%). The driving force of social media, combined with easily accessible and well-regarded traveler websites such as TripAdvisor and Virtual Tourist, has guaranteed that no experience, either good or bad, goes unwritten, and each review can be heavily scrutinized in depth to help fellow travelers make better decisions.

Half of the Next Generation of both owners and non-owners want to be able to book vacations less than three months in advance, with shorter lead times even more essential for timeshare owners.

Implications to the timeshare industry

Ultimately these trends show that the Millennials are not only a key target audience for future timeshare purchases, but that current Millennial owners can help drive the positive messages of the timeshare lifestyle to the rest of theirs and future generations.

Among owners, nearly three in four Millennials, as well as younger Gen X'ers, can be considered as the strongest advocates for the timeshare industry. This is significantly higher than older Gen X'ers which drops down to nearly three in five. Moreover, in terms of being open to buying again, Millennials (62%) are twice as likely to consider purchasing another timeshare as older Gen X'ers (32%).

Location continues to be important, yet among Millennials there are some differences in preferred destinations. One of the surprising statistics gathered in this study is that non-timeshare owning Millennials are significantly more likely to consider buying a timeshare in Europe than Gen X'ers (and nearly twice the interest level for Mexico); however, these interest levels are well below their considerations for the US and the Caribbean.

In fact, for current owners, international destinations rank very high on the priority list for a 2015 vacation, with 34% of timeshare owners (overall) claiming they plan to go on a single country holiday outside of the US, and 22% wanting 'multi-country' international travel.

Communicating the benefits of timeshare to the Next Generation

Developing the most appropriate messaging for the Next Generation is undoubtedly a key to driving interest in the timeshare lifestyle. Based upon the 'communication element' within the research, 15 different messages were tested in this research, of which five received unanimous support from non-owners.

These five messages centered around four key mantras – 'quality and luxury', 'flexibility and choice', 'value' and 'exchange and variation'. The top chosen message for timeshare is 'You can stay at a quality resort, anywhere you choose', which also scored highest for relevancy and uniqueness.

The communications that failed to elicit any excitement among non-owners, and were neither seen as original nor fundamental to owning a timeshare, may come as a surprise to some readers, as the worst offender was being 'timeshare is your home away from home.' This was also the least motivating statement among owners as well. This implies vacationers want to either be as far away from their home, or as far away from their *home life* for that matter, as possible.

Crafting the ideal timeshare product to better fit the Next Gen's needs

Owners and non-owners were asked to select which features were most important in the following three categories: Vacation Planning, Timeshare Unit Elements, and Resort Features.

Vacation Planning

For Millennials, frequency and flexibility for access is paramount

- **Frequency of Access**
  The need for flexibility, in terms of the ability to access a timeshare anytime desired, is a vital feature for each owner group, and most critical among older Gen X'ers. Among non-owners of any age, features related to flexibility and accessibility are going to be critical entry points, as more than four out of five consider it to be important to access a timeshare at any time they desire, with slightly fewer (three-quarters) placing importance on accessing their timeshare multiple times per year.
- **Minimum Number of Nights**
  Perhaps a reflection of the notion that workers acquire more vacation time in their careers as they get older, Millennials considered a 3-night requirement to be more important than 5- or 7-night minimum; yet among older Gen X'ers the 5- or 7-night minimum becomes increasingly important. Following a similar pattern as owners, non-owners tend to place more importance on an increasing number of nights as they get older.
- **Time of Year**
  Accessing the timeshare whenever you want is more favorable regardless of age or ownership. However, among owners, Millennials and younger Gen X'ers place more importance on fixed/seasonal weeks than older Gen X owners.
- **Type of Accommodation**
  While the option to choose the type of unit was preferred, the older Gen X owners are significantly less inclined to want a unit specified in their agreement than all younger age groups, perhaps due to previous experiences, party size and composition. Non-owners follow a similar trend.
- **Reservation Priority**
  Millennials and younger Generation X owners show a slightly higher preference for reservation priority at multiple resorts than their older Generation X counterparts. Again, non-owners follow a similar trend.

Timeshare Unit Elements

The number of bedrooms is the most important unit feature, regardless of ownership.

- **Number of Bedrooms**
  Units with 2 bedrooms garnered the highest importance among owners, with 3 bedrooms a close second place. For non-owners, particularly Millennial and younger Gen X non-owners, it was the opposite as their preference was for 3 bedrooms with 2 bedrooms a close second place.
- **Number of Bathrooms**
  Regardless of ownership, 2 bathrooms was the sweet spot for preference.
- **Type of Kitchen**
  Among owners, an option for a full kitchen has a higher importance than a kitchenette or no kitchen for all cohorts, with the older Gen X'ers expressing the most difference in importance (the option of a kitchenette or no kitchen at all are unappealing to them, more so than the two younger owner groups). For non-owners, the preference for a full kitchen is more pronounced than owners (in total), with more than four in five non-owners (in any age group) showing this feature as the most important option with kitchen choices.
- **Layout** (of the Unit)
  For owners and non-owners alike, options for maximum privacy or a balance between space and privacy each took priority over a unit that provides maximum group interaction.
- **Technology**
  High speed wireless is perhaps the most critical element among all unit 'essentials', with upwards of 90% of owners overall claiming its importance when compared to an HDTV or Video Game System.

Resort Features

Owners place importance on different features compared to non-owners.

- **Laundry Facilities**
  The preference for laundry facilities within each unit dominated in preference when compared to options such as laundry facilities within common areas or not being offered on site.
- **Luxury Amenities**
  For owners, high speed WiFi hotspots on site along with HDTVs throughout the resort had higher preference than hot tubs to accommodate large groups of people or amenities found at a spa. A similar hierarchy of importance exists among non-owners for these same features.
- **Recreational Facilities**
  Non-owners show a higher preference for recreational facilities at the resort (it is their #1 feature), than owners.
- **Rental Assistance**
  Given the option, rental assistance is definitely preferred among both owners and non-owners, although there is a much larger disparity in the importance of rental assistance among Older Gen X owners, in that an option that lacks this feature is unappealing to them, than in any other group.
- **Restaurant/Food Options**
  For owners and non-owners alike, having food options available at the resort as well as the nearby community garners the highest level of importance across each of the age groups.
- **Types of Dining Options**
  Millennial and younger Generation X owners have a higher preference for healthy, speedy (Grab & Go) and buffet style options when compared to non-owners. Specific to higher-end sit-down dining, this option has the greatest level of importance among older Generation X, across owners and non-owners. Millennial non-owners, on the other hand, showed a greater level of preference for higher-end dining and multiple options in general than their owner counterparts.

Short term considerations

So, what can developers, exchange companies and the resale market do in the short-term, to give them the best opportunities to succeed in bringing in new buyers?

1. Develop websites and apps that are visual delights, while guaranteeing the mobile versions of these sites are easy to use and attractive.
2. Engage and ensure your owners/users find it easy to share their great vacation experiences. **Millennials love to talk and post about their wonderful lives.**
3. Develop products that can attract wider, as yet, untapped audiences. **The timeshare lifestyle, once experienced, should be enough to keep vacationers coming back for more.**
4. Make booking easier, and follow the strong examples set by travel industry websites such as Expedia, which has an easy to use app. **Millennials don't have the time or energy for complications when it comes to vacationing.**
5. Take the blogosphere seriously; ensure your current timeshare owners are "more than just satisfied" with their ownership in the timeshare product and the quality of your resort. **Reinforce the value of the great experience owners have with their timeshare.**

General Profiles: Owners and Non-Owners

Demographics

In this section, the demographics of the Next Generation of timeshare/ vacation product prospects are outlined, along with comparisons made between current owners and non-owners.

There are unique demographic characteristics that exist between owners and non-owners that may help industry marketing and sales executives in developing and tailoring their strategies and marketing communications, to future prospects.

For purposes specific to this research, Millennials were comprised of individuals who were between the ages of 23 and 33 years of age; the younger Generation X group, 34 to 44 years of age; and the older Generation X group, 45 to 54 years of age.

Who are the Next Generation Prospects?

The Next Generation of timeshare prospects are not shaped from one mold.

Ethnicity

The younger segments of timeshare owners tend to be *more ethnically diverse* than non-owners. Approximately 14% of Millennial owners are Hispanic (non-owners, 9%), with another 14% of these owners being Asian (non-owners, 11%). Among younger Gen X'ers, 16% are Hispanic (non-owners, 8%), and 12% of owners are Asian (non-owners, 9%). Despite this, the level to which Millennial or younger Gen X'ers are African American is rather similar across owners and non-owners (11-12%).

Ethnicity	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
White	71%	65%	67%	81%	73%	71%	72%	75%
Black/African American	11%	13%	11%	9%	13%	11%	12%	14%
Hispanic	13%	14%	16%	8%	8%	9%	8%	7%
Asian	11%	14%	12%	5%	8%	11%	9%	4%
Middle Eastern	0%	1%	0%	0%	0%	0%	0%	0%
American Indian	1%	1%	1%	1%	2%	2%	2%	2%
Other	0%	0%	0%	0%	1%	1%	1%	1%

Overall, this diversity is not as prominent among older Gen X'ers, as 81% of owners in this age group are white, compared to 75% of non-owners.

Marital Status

Regardless of age, timeshare ownership is higher among those who are married. Approximately 61% of Millennial owners are married (non-owners, 47%). This jumps up to 80% among younger Generation X'ers (non-owners, 55%). Three in four older Generation X'ers who own a timeshare are married (75%; non-owners, 49%).

Marital status	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
Married	71%	61%	80%	75%	51%	47%	55%	49%
Domestic partnership	6%	7%	5%	5%	10%	9%	10%	10%
Single, never married	19%	30%	12%	12%	27%	40%	22%	16%
Separated	1%	1%	1%	2%	2%	1%	2%	3%
Widowed	0%	0%	0%	1%	1%	0%	1%	3%
Divorced	2%	1%	3%	4%	9%	2%	9%	17%
Prefer not to answer	0%	0%	0%	1%	1%	0%	1%	1%

Sexual Orientation

Although they represent the vast majority of owners, the level to which timeshare owners are heterosexual reaches a peak with the younger Generation X group (Millennials: 89%; younger Gen X'ers: 94%; older Gen X'ers: 92%).

Sexual orientation	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
Heterosexual	92%	89%	94%	92%	91%	90%	91%	92%
Gay	2%	2%	1%	2%	2%	1%	2%	3%
Lesbian	1%	1%	< 1%	1%	1%	1%	1%	1%
Bisexual	3%	4%	3%	3%	3%	4%	3%	2%
Transgender	< 1%	0%	0%	0%	< 1%	< 1%	< 1%	0%
Prefer not to answer	3%	4%	2%	3%	3%	4%	3%	3%

Employment

As can be expected, a higher proportion of owners are working full time when compared to non-owners. This is true across the three age groups. Regardless of ownership, peak employment is found among the younger Gen X'ers.

Employment status	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
Full time	74%	78%	82%	62%	54%	54%	58%	50%
Part time	10%	13%	8%	8%	11%	14%	10%	10%
Self-employed	5%	2%	3%	9%	10%	9%	10%	12%
Seeking employment	6%	3%	4%	10%	12%	14%	11%	10%
Retired	4%	1%	2%	10%	8%	3%	8%	16%
Prefer not to answer	1%	2%	1%	1%	5%	6%	4%	3%

Education

A higher proportion of owners have either graduated college or attended graduate school when compared to their non-owner counterparts. Nearly two in three Millennial owners have at least a 4 year degree (63%; non-owners, 57%); among younger Gen X'ers this climbs up to 72% (non-owners; 50%); and dips back down when looking at the older Gen X'ers to 59% (non-owners, 45%).

Education	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
High school or less	14%	15%	12%	15%	17%	14%	17%	19%
Some college	20%	21%	14%	23%	28%	26%	28%	32%
College graduate	45%	47%	49%	40%	38%	42%	36%	35%
Graduate school	19%	16%	23%	19%	13%	15%	14%	10%
Technical school	2%	1%	2%	3%	4%	3%	5%	4%

Income

Likely a reflection of being employed full time in combination with their education, owners earn more per year than their non-owner counterparts. Millennial owners earned an average of $89K (non-owners, $65K), with income peaking among younger Gen X'ers at $116K (non-owners, $71K), and then drops down to $103K among the older Gen X'ers (non-owners, $70K).

Income	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
Mean	$101,740	$89,110	$116,012	$102,540	$68,122	$64,543	$70,936	$69,619
Median	$83,429	$74,322	$92,337	$85,226	$57,907	$56,635	$60,624	$57,044

Other Adults in Household

Owners are more likely to have other adults living with them, which holds true regardless of age group. Nearly half (49%) of Millennial owners have another adult living with them (non-owners, 39%), which then increases to 54% among younger Gen X'ers (non-owners, 41%), and slides back down to 47% among older Gen X'ers (non-owners, 46%).

Other adults living with you	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
Yes	50%	49%	54%	47%	42%	39%	41%	46%
No	50%	51%	46%	53%	58%	61%	59%	54%

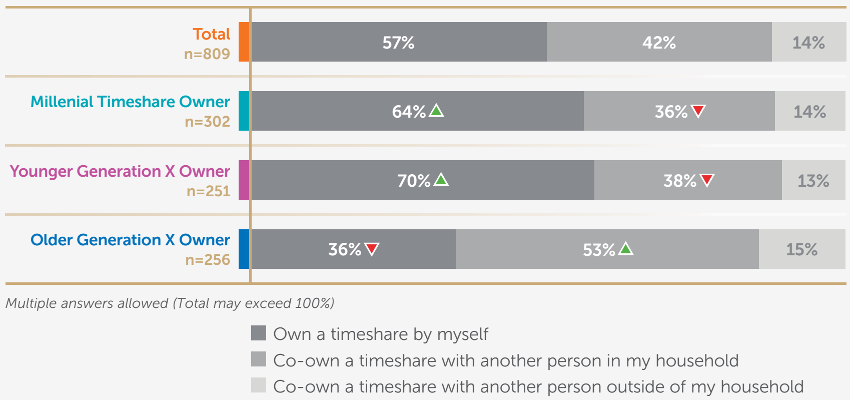
General Owner Profiles

Ownership by week, and solely, prevails; predominantly among the younger age groups.

Younger owners, specifically Millennials and younger Generation X owners are far more likely to own a timeshare on their own, than co-own. Older Generation X owners are more likely to co-own with someone in their household.

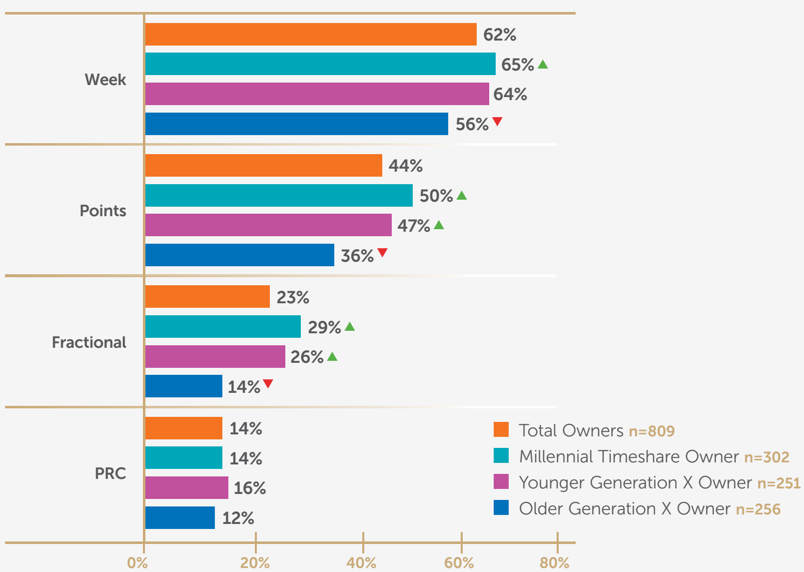
The type of timeshare owned is still most likely to be a 'weeks' based product, although points based products are more likely to skew towards younger than older owners.

Timeshare Ownership *(Among owners)*



Multiple answers allowed (Total may exceed 100%)

Type of Timeshare Owned *(Among owners)*



Multiple answers allowed (Total may exceed 100%)

Demographics	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
Gender								
Male	50%	50%	51%	50%	44%	35%	50%	49%
Female	50%	50%	49%	50%	56%	65%	50%	51%
Age								
23–33	37%	100%	0%	0%	37%	100%	0%	0%
34–44	31%	0%	100%	0%	31%	0%	100%	0%
45–54	32%	0%	0%	100%	31%	0%	0%	100%
Ethnicity								
White	71%	65%	67%	81%	73%	71%	72%	75%
Black/African American	11%	13%	11%	9%	13%	11%	12%	14%
Hispanic	13%	14%	16%	8%	8%	9%	8%	7%
Asian	11%	14%	12%	5%	8%	11%	9%	4%
Middle Eastern	0%	1%	0%	0%	0%	0%	0%	0%
American Indian	1%	1%	1%	1%	2%	2%	2%	2%
Other	0%	0%	0%	0%	1%	1%	1%	1%
Marital status								
Married	71%	61%	80%	75%	51%	47%	55%	49%
Domestic partnership	6%	7%	5%	5%	10%	9%	10%	10%
Single, never married	19%	30%	12%	12%	27%	40%	22%	16%
Separated	1%	1%	1%	2%	2%	1%	2%	3%
Widowed	0%	0%	0%	1%	1%	0%	1%	3%
Divorced	2%	1%	3%	4%	9%	2%	9%	17%
Prefer not to answer	0%	0%	0%	1%	1%	0%	1%	1%
Sexual orientation								
Heterosexual	92%	89%	94%	92%	91%	90%	91%	92%
Gay	2%	2%	1%	2%	2%	1%	2%	3%
Lesbian	1%	1%	< 1%	1%	1%	1%	1%	1%
Bisexual	3%	4%	3%	3%	3%	4%	3%	2%
Transgender	< 1%	0%	0%	0%	< 1%	< 1%	< 1%	0%
Prefer not to answer	3%	4%	2%	3%	3%	4%	3%	3%
Primary residence (own/rent)								
Own	83%	75%	89%	86%	60%	50%	66%	65%
Rent	17%	25%	11%	14%	40%	50%	34%	35%
Location of residence								
City	43%	51%	51%	26%	33%	35%	32%	31%
Suburban	44%	39%	41%	53%	47%	46%	47%	46%
Rural	13%	10%	8%	21%	21%	18%	21%	23%

Demographics—continued	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
Employment status								
Full time	74%	78%	82%	62%	54%	54%	58%	50%
Part time	10%	13%	8%	8%	11%	14%	10%	10%
Self-employed	5%	2%	3%	9%	10%	9%	10%	12%
Seeking employment	6%	3%	4%	10%	12%	14%	11%	10%
Retired	4%	1%	2%	10%	8%	3%	8%	16%
Prefer not to answer	1%	2%	1%	1%	5%	6%	4%	3%
Education								
High school or less	14%	15%	12%	15%	17%	14%	17%	19%
Some college	20%	21%	14%	23%	28%	26%	28%	32%
College graduate	45%	47%	49%	40%	38%	42%	36%	35%
Graduate school	19%	16%	23%	19%	13%	15%	14%	10%
Technical school	2%	1%	2%	3%	4%	3%	5%	4%
Income								
Mean	$101,740	$89,110	$116,012	$102,540	$68,122	$64,543	$70,936	$69,619
Median	$83,429	$74,322	$92,337	$85,226	$57,907	$56,635	$60,624	$57,044
Children living with you								
Yes	63%	61%	80%	48%	50%	48%	66%	37%
No	37%	39%	20%	52%	50%	52%	34%	63%
Number of children (mean)								
Under 6 yrs. old	0.5	0.7	0.5	0.2	0.7	1.1	0.6	0.3
6–11 yrs. old	0.7	0.7	0.8	0.5	0.7	0.6	0.8	0.6
12–17 yrs. old	0.6	0.3	0.7	1.0	0.6	0.3	0.7	0.9
Other adults living with you								
Yes	50%	49%	54%	47%	42%	39%	41%	46%
No	50%	51%	46%	53%	58%	61%	59%	54%
Number of adults currently living with you (mean)								
Adult head of HH	1.3	1.3	1.4	1.4	1.2	1.2	1.1	1.2
Parent of an adult head of HH	0.3	0.3	0.4	0.3	0.3	0.3	0.4	0.3
Children of an adult head of HH	0.7	0.5	0.7	0.9	0.8	0.7	0.9	0.7
All other adults	0.3	0.3	0.3	0.4	0.6	0.6	0.5	0.6

The Ideal Timeshare

A look at some considerations for the "ideal timeshare" will be reviewed in this section of the report.

The preference of key features of an ideal timeshare, as evaluated by owners and non-owners, is presented in this section as follows:

Vacation Planning

- **Frequency of Access** – Once a year, once every other year, once every third year, or multiple times per year.
- **Minimum Number of Nights** – Minimum stays of 3, 5, or 7 nights.
- **Time of Year** – Fixed, Seasonal, or *Whenever You Want.*
- **Type of Accommodation** – Ability to choose the type of unit vs. unit specified in agreement.
- **Reservation Priority** – Home resort, multiple resorts, or no priority at all.

Timeshare Unit Elements

- **Number of Bedrooms** – Traditional hotel room, studio, 1 bedroom, 2 bedrooms, or 3 bedrooms.
- **Number of Bathrooms** – 1, 1 ½, 2, 2 ½, or 3 bathrooms.
- **Type of Kitchen** – Full, kitchenette, or no kitchen.
- **Layout** (of the Unit) – Maximum group interaction, balance between space vs. privacy, maximum privacy.
- **Technology** – Availability of high speed Wireless Internet, HDTV, video game systems.

Resort Features

- **Laundry Facilities** – Available within each unit, within common areas, not offered.
- **Luxury Amenities** – Spa amenities, WiFi hotspots, HDTVs throughout resort, hot tubs
- **Recreational Facilities** – At resort only, nearby community, some at resort/some at others nearby, all at resort and nearby community
- **Rental Assistance** – Available, not available.
- **Restaurant/Food Options** – At resort only, not at resort but nearby community, available at both.
- **Dining Options** – Healthy, Grab & Go, sit-down dining, buffet style, multiple options.

Timeshare Vacation Planning

For Millennials, frequency and flexibility for access is paramount.

Driven by Millennials, 'frequency of access' along with 'number of times a year to access a timeshare', are the most important features of owning a timeshare. Specific to owners, the importance of these features decline with age.

Regardless of ownership, the older Generation X group is significantly more likely than Millennials to rank the 'type of unit/accommodation you use' and 'reservation priority' higher.

The number of times a year to access is slightly less important among Millennial and younger Gen X non-owners when compared to their owner counterparts.

While access is important for non-owners, the type of unit also plays a major role for older Gen X'ers.

Conversely, Millennial non-owners consider the 'minimum number of nights you have to stay' more important in their planning than older Gen X'ers.

Timeshare Vacation Planning: Most Important Features

Timeshare Owners – Ranked #1	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256
Frequency of access to a timeshare	33%	38%▲	34%▲	25%▼
Times a year you can access a timeshare	33%	37%▲	34%	29%▼
Minimum number of nights you have to stay	11%	10%	12%	10%
Type of unit/accommodation you can use	13%	9%▼	9%▼	22%▲
Reservation priority	10%	6%▼	11%▲	14%▲

Timeshare Vacation Planning: Most Important Features

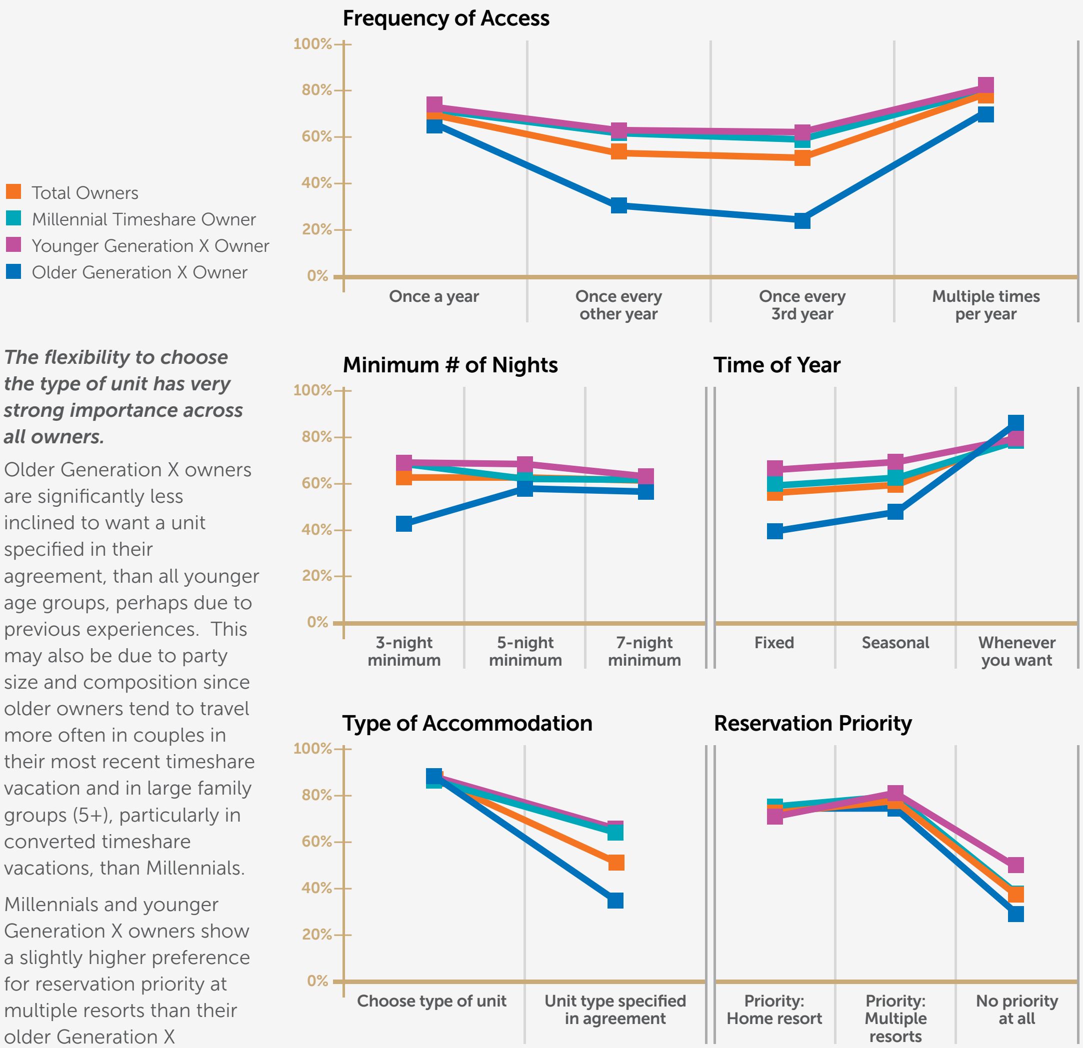
Timeshare Non-Owners – Ranked #1	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
Frequency of access to a timeshare	30%	32%	29%	28%
Times a year you can access a timeshare	32%	32%	33%	29%
Minimum numberof nights you have to stay	10%	11%▲	11%	7%▼
Type of unit/accommodation you can use	20%	18%▼	19%	24%▲
Reservation priority	9%	7%▼	8%	12%▲

Frequent but short visits are driving the next generation of owners.

The need for flexibility, in terms of the ability to access a timeshare anytime desired, is a vital feature for each owner group, and most critical among older Gen X'ers. Owners prefer the 'whenever you want' option, which maximizes their flexibility, and this is driven by older Gen X'ers.

Perhaps a reflection of the notion that workers acquire more vacation time in their careers as they get older, Millennials considered a 3-night requirement to be more important than 5- or 7-night minimum; yet among older Gen X'ers the 5- or 7-night minimum becomes increasingly important (more so than the 3-night minimum).

Importance of Features (Owners)



The flexibility to choose the type of unit has very strong importance across all owners.

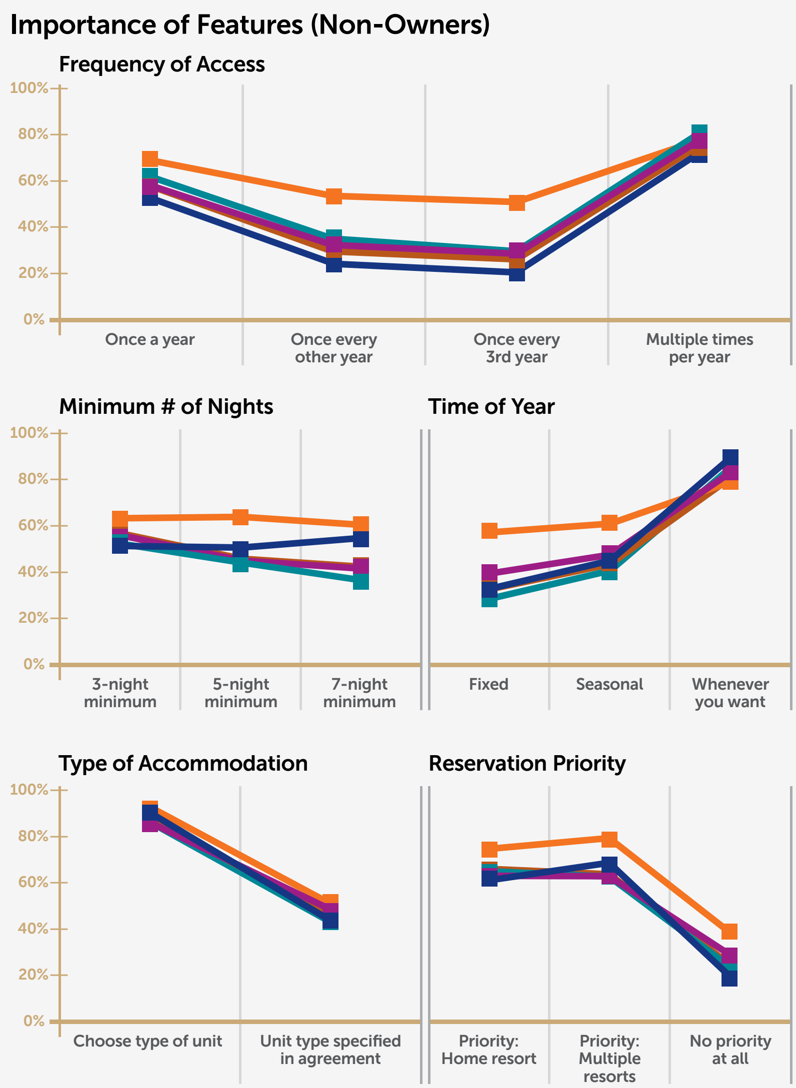
Older Generation X owners are significantly less inclined to want a unit specified in their agreement, than all younger age groups, perhaps due to previous experiences. This may also be due to party size and composition since older owners tend to travel more often in couples in their most recent timeshare vacation and in large family groups (5+), particularly in converted timeshare vacations, than Millennials.

Millennials and younger Generation X owners show a slightly higher preference for reservation priority at multiple resorts than their older Generation X counterparts.

Regardless of age, non-owners have a similar preference for accessing a timeshare multiple times per year compared to their owner counterparts.

Among non-owners of any age, features related to flexibility and accessibility are going to be critical entry points, as more than four out of five consider it to be important to access a timeshare at any time they desire, with slightly fewer (three-quarters) placing importance on accessing their timeshare multiple times per year.

Following a similar pattern as owners, non-owners tend to place more importance on an increasing number of nights, as they get older.



Just like owners, the flexibility to choose the type of unit is important among non-owners.

With regard to the type of accommodation and reservation priority, non-owners exhibit a similar pattern not only by age within the non-owner group but also when compared to owners overall.

Timeshare Unit

The number of bedrooms is the optimal unit feature, regardless of ownership.

Particular to owners, the importance of the layout of the room, for privacy or interaction, is most evident among the older Gen X group, which dovetails with the importance placed on number of bedrooms when compared to younger groups, especially Millennials.

Contrary to conventional wisdom, while the importance placed on the quality of technology available was highest among Millennials, the lead in importance of this feature was very narrow when compared to either Gen X group. This holds true among both owners and non-owners.

Timeshare Unit: Most Important Features

Timeshare Owners – Ranked #1	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256
Number of bedrooms	47%	42%▼	48%	52%▲
Number of bathrooms	14%	17%▲	16%▲	8%▼
Size of the kitchen	7%	7%	8%▲	4%▼
Layout of the room, for privacy or interaction	21%	21%	17%▼	26%▲
Quality of technology available	11%	13%	11%	10%

Timeshare Unit: Most Important Features

Timeshare Non-Owners – Ranked #1	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
Number of bedrooms	47%	47%	49%	44%
Number of bathrooms	5%	5%	5%	6%
Size of the kitchen	5%	6%	4%	6%
Layout of the room, for privacy or interaction	32%	31%	32%	35%
Quality of technology available	10%	11%	10%	10%

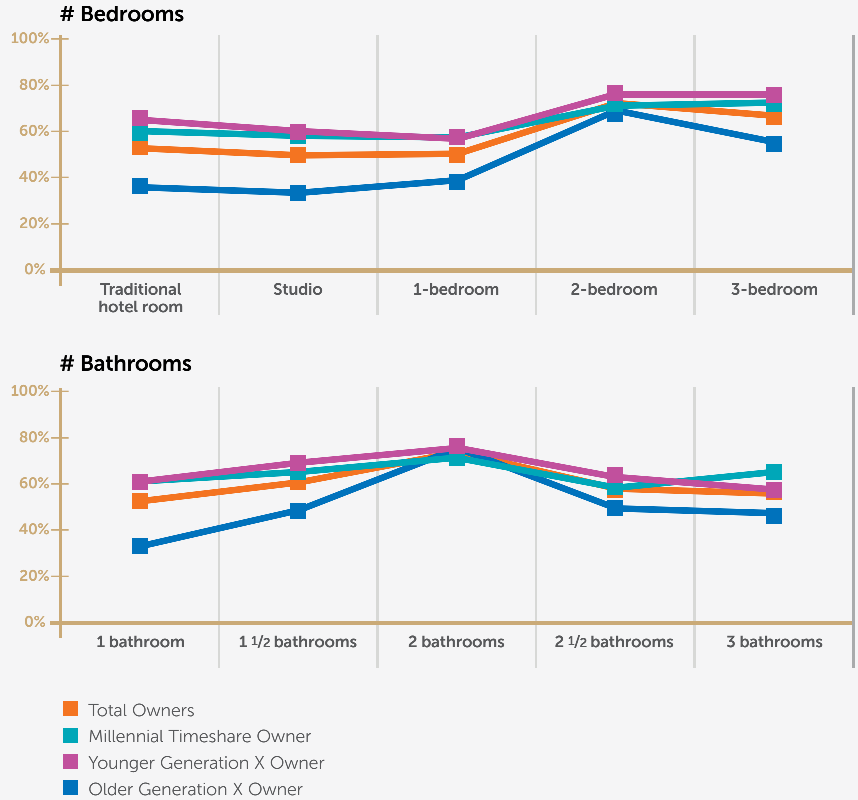
When it comes to bedrooms and bathrooms, it's 2 & 2.

Younger Gen X'ers, along with Millennials, place greater importance on the timeshare having multiple bedrooms, with both groups rating 2 or 3 bedrooms very similarly. On the other hand, older Gen X'ers place greater importance on a 2-bedroom over the 3-bedroom option.

The traditional hotel room, studio, or 1-bedroom unit each has diminished importance among Millennials and younger Gen X'ers, with older Gen X'ers finding these options more unappealing.

Across each age group, a unit with 2 bathrooms was more important than other bathroom options available.

Importance of Features (Owners)



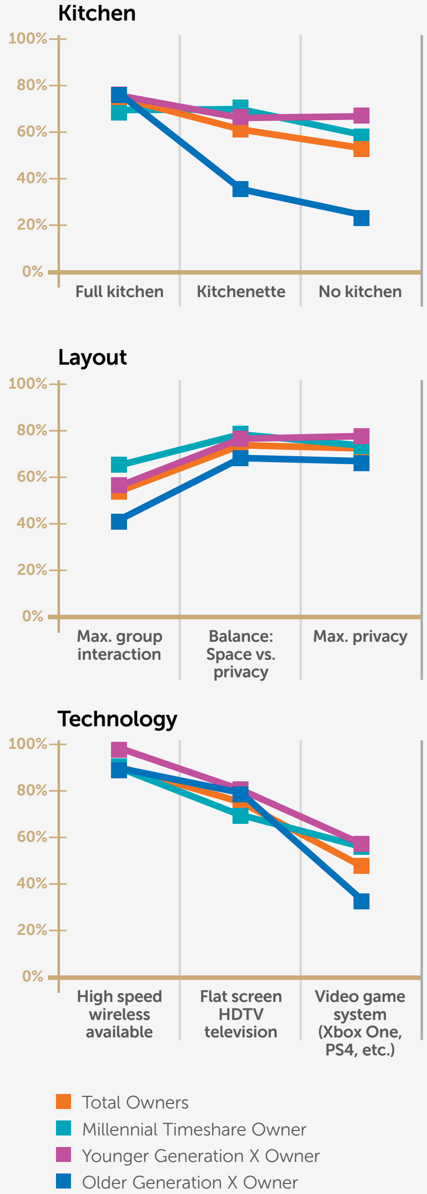
Owners consider WiFi more important than privacy and kitchens.

An option for a full kitchen has a higher importance than a kitchenette or no kitchen for all cohorts, with the Older Gen X'ers expressing the most difference in importance (the option of a kitchenette or no kitchen at all are unappealing to them, more so than the two younger owner groups).

A balance of privacy or max privacy is more important than maximum group interaction space for each owner group regardless of age, with Older Gen X'ers finding a maximum group interaction option to be unappealing, again, more so than the younger groups.

High speed wireless Internet (WiFi) is perhaps the most critical element among all unit essentials, with almost a universal need for WiFi in particular among younger Generation X owners.

Importance of Features (Owners)

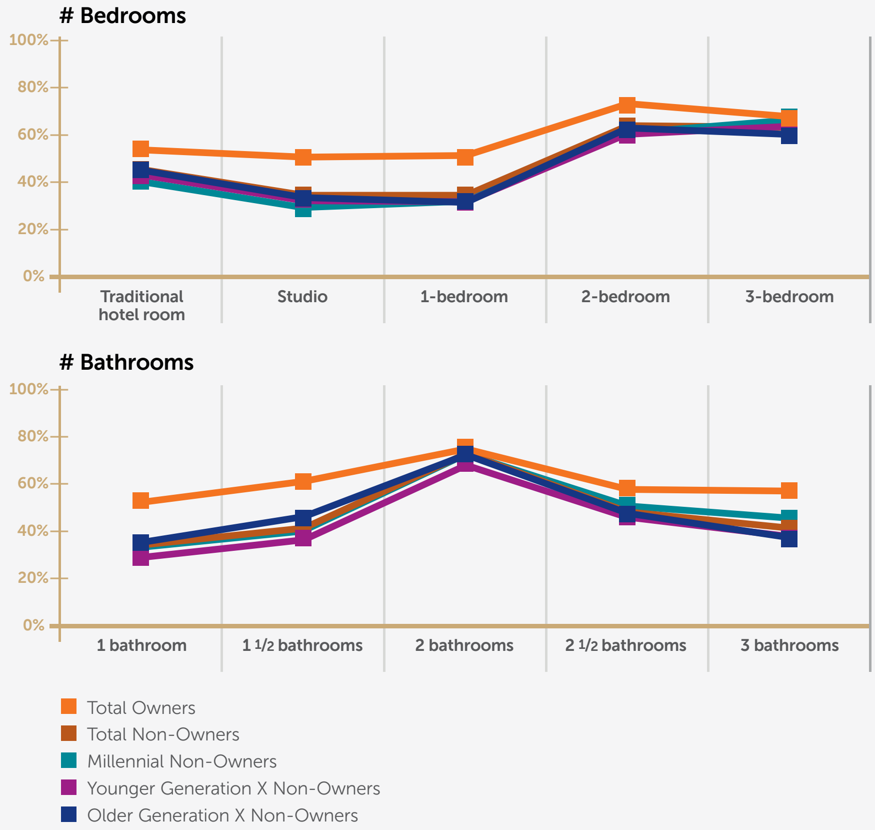


Non-owners also prefer the 2-bedroom and 2-bathroom unit size.

Where the sweet spot for owners is a 2-bedroom unit, non-owners (Millennials and younger Gen X) show a similar level of importance for 3-bedroom units as they do for 2-bedroom units.

Bathrooms optimize at 2 as the ideal number for all ages among non-owners.

Importance of Features (Non-Owners)



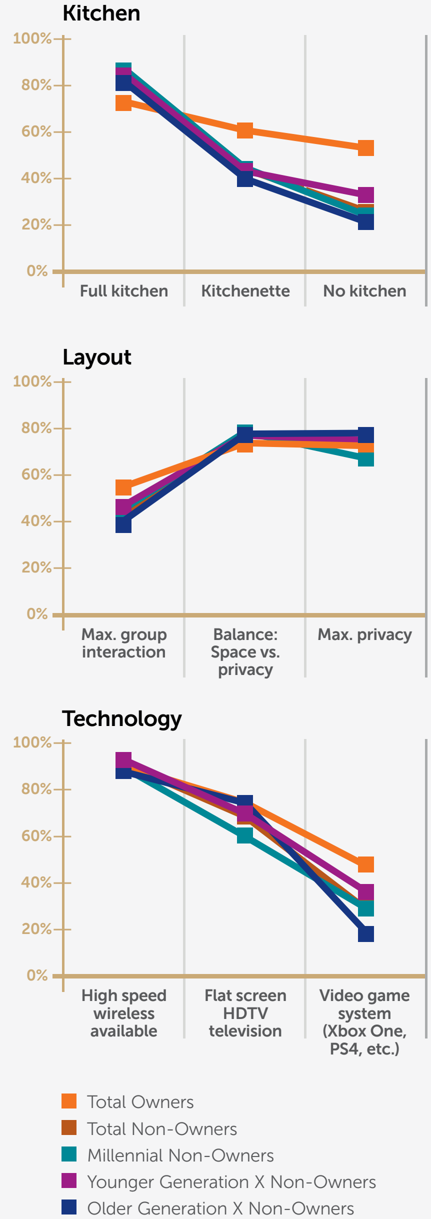
Non-owners also consider WiFi important, but consider full kitchens more important than owners.

The preference for a full kitchen is more pronounced among non-owners than owners (in total), with more than four in five non-owners (in any age group) showing this feature as the most important option with kitchen choices.

Just like Millennial owners, non-owners in this age group are inclined to seek a room layout that incorporates a balance between social space and privacy more so than just maximum privacy (these options have a similar level of importance among each of the Gen X non-owner groups).

The need for WiFi exists for nearly nine in ten non-owners, regardless of age.

Importance of Features (Non-Owners)



Resort Features

Owners place importance on different features compared to non-owners.

Perhaps a reflection of experience, Millennial owners hold luxury amenities and laundry facilities in higher importance than their non-owner counterparts, who place more importance on recreational facilities and restaurant/food options.

Among the features asked, luxury amenities garnered importance for both of the Gen X groups.

Regardless of age, having options for restaurant and food are more important than the caliber (type) of dining experiences available at the resort.

Non-owners more than owners consider rental assistance to be important, which may be an element of purchase resistance for non-owners.

Resort Features: Most Important Features

Timeshare Owners – Ranked #1

	Total Owners n=809	Millennial n=302	Younger Gen X n=251	Older Gen X n=256
Laundry facilities	24%	26%▲	27%▲	19%▼
Luxury amenities	29%	27%	33%	26%
Recreational facilities	19%	20%	16%	21%
Help with rental assistance of your timeshare	12%	9%	12%	14%
Restaurant and food options	13%	14%	9%▼	15%▲
Caliber of dining experiences	3%	4%	2%	5%

Resort Features: Most Important Features

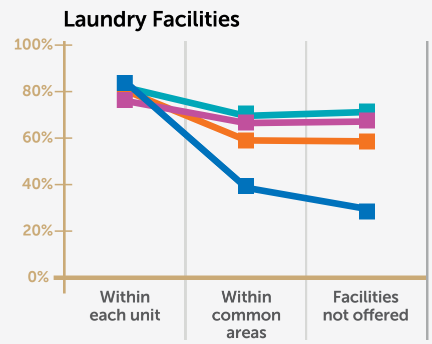
Timeshare Non-Owners – Ranked #1

	Total Non-Owners n=1,629	Millennial n=607	Younger Gen X n=512	Older Gen X n=510
Laundry facilities	16%	16%	16%	16%
Luxury amenities	19%	19%	21%	18%
Recreational facilities	23%	24%	24%	21%
Help with rental assistance of your timeshare	17%	15%	17%	20%
Restaurant and food options	22%	24%	20%	21%
Caliber of dining experiences	3%	2%▼	3%	5%▲

Quality features throughout the resort are important among younger owners

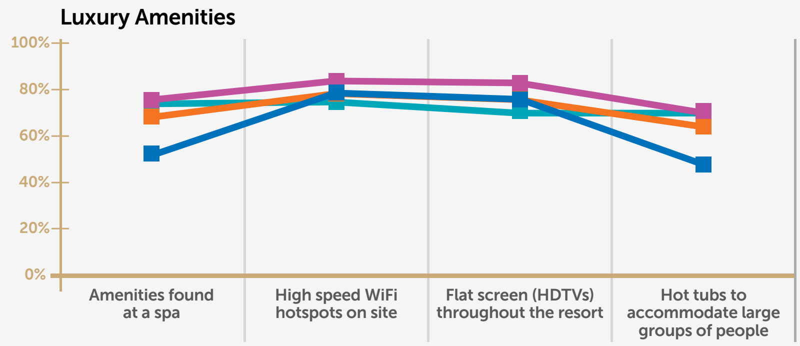
Across all generations, laundry facilities in the unit are of the greatest importance, and is even more important among older Generation X owners. On the other hand, older Generation X owners also do not consider luxury amenities that one would find at a spa, as well as large hot tubs, as important as younger owners.

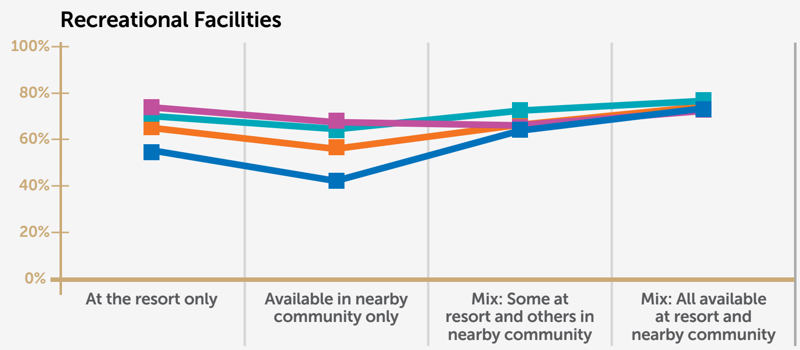
For older Gen X'ers, an option that lacks rental assistance is unappealing to them, more than any other group.

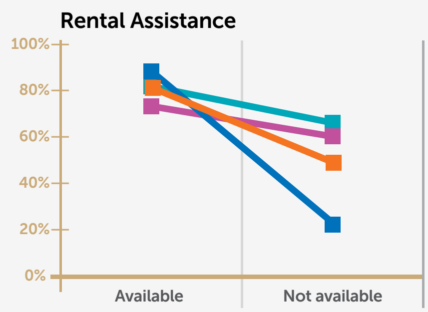


Importance of Features (Owners)

- Total Owners
- Millennial Timeshare Owner
- Younger Generation X Owner
- Older Generation X Owner







Owners consider it important to <u>NOT</u> have their dining options limited to the resort.

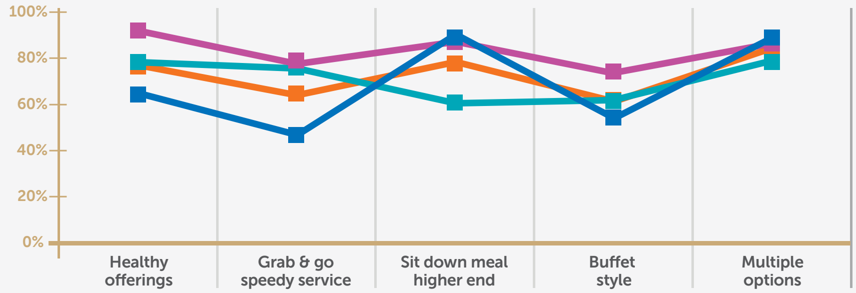
For owners, having food options available at the resort as well as the nearby community garners the highest level of importance across each of the age groups.

Perhaps a reflection of not wanting to be 'on the go' as younger owners, older Generation X owners showed less importance for 'speedy service' options.

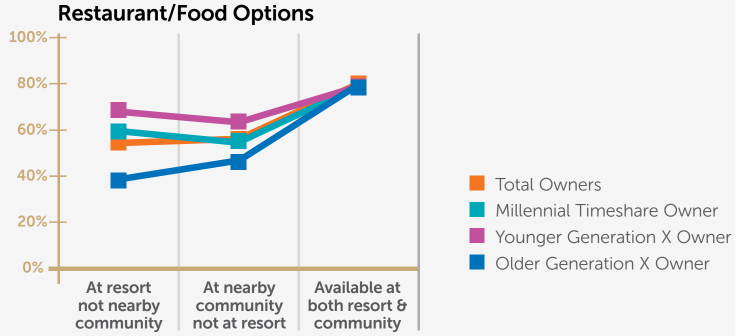
Both younger and older Generation X owners show greater importance for 'higher end' dining options than Millennials, which in part may be driven by the higher incomes found among these older groups.

Importance of Features (Owners)

Dining Options



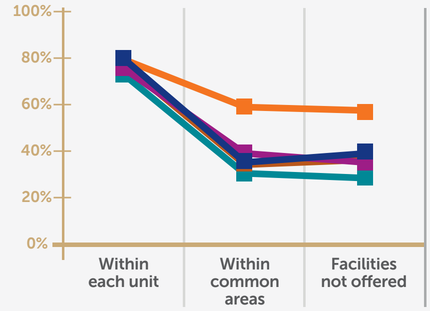
Restaurant/Food Options



Save for laundry facilities within each unit, non-owners do not consider other resort features as important as owners do.

When compared to owners, each of the non-owner groups considered the options related to laundry facilities, luxury amenities, and recreational facilities to be not as important. Yet, within the non-owner groups, their importance of these features are similar regardless of age.

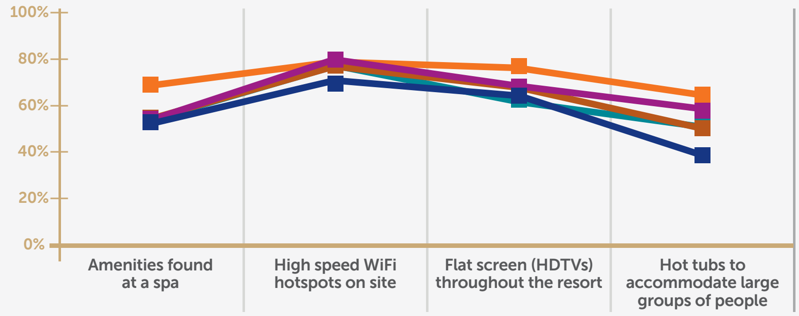
Laundry Facilities



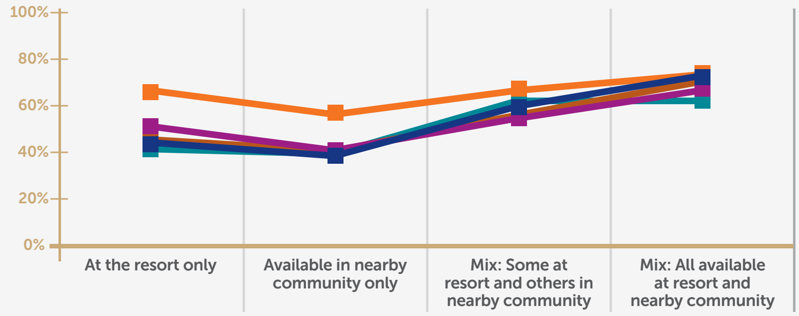
Importance of Features (Non-Owners)

- Total Owners
- Total Non-Owners
- Millennial Non-Owners
- Younger Generation X Non-Owners
- Older Generation X Non-Owners

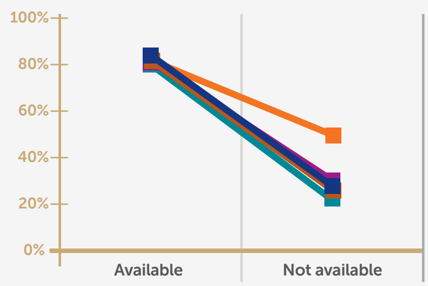
Luxury Amenities



Recreational Facilities



Rental Assistance



However, non-owners consider an array of dining options with the same level of importance as owners do.

Similar to their owner counterparts, the older Generation X non-owner group placed the greatest level of importance for multiple dining options in and near the resort, with a preference for higher-end, sit-down dining. This group was also the least likely to consider speedy service options to be as important, which held true among owners in this age group as well.

Importance of Features (Non-Owners)

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