

# Timeshare industry notching 20 percent annual growth

Propelled by a robust economy and domestic tourism, timeshare or vacation ownership in India has shown consistent growth in the last few years, as well as great potential for the future.

“The timeshare industry in India has grown at a compounded annual growth rate of 20 percent since the mid-1990s. Currently, there are about 250,000 households owning timeshare and this figure has been increasing at a rapid pace over the last few years,” **BS Rathor**, chairman, All India Resort Development Association (AIRDA), told **T3**. His statement is supported by **Ramesh Ramanathan**, MD of Mahindra Holidays & Resorts. “Our vacation ownership member base has grown at a compounded annual growth rate of 31 percent over the last six years. As of March 31, 2010, it stood at 109,884 and the room inventory was 1, 476 room across 33 resorts in India and Thailand,” he revealed.

According to Rathor, the catalysts for this

growth are the expanding base of the domestic tourism market, a robust economy, proliferation of nuclear families having higher disposable incomes and the changing trend of holidaying as a conscious lifestyle option. However, timeshare is still in a nascent stage and will require its own gestation period and space to grow in scale and content, he added. When compared to the global vacation ownership market, the penetration of the timeshare industry in India is still low. Globally, there are over 5,500 resorts in a hundred countries, with the US having the largest share of 29 percent. According to an Ernst & Young report, the global vacation ownership market was estimated at US\$ 15 bn in 2007, of which USA and Europe accounted for nearly 85 percent.

According to AIRDA, there are 45 vacation ownership companies operating in India promoting 80 resorts and 5000 units. “The entire vacation ownership membership in India is about 250,000. The average annual addition is about 18,000 and the industry is growing at over 15 percent on a compounded rate,” Ramanathan revealed.

Based on the growth pattern of timeshare in the developed markets, Rathor opined that timeshare was a diversified market in India



**BS Rathor**



**Ramesh Ramanathan**

**HIGHLIGHTS**

There are 45 vacation ownership companies operating in India

Vacation ownership in India has emerged as a recession proof segment

India's timeshare industry adds 18,000 members annually

because the product offering includes vacation homes, fractionals, destination clubs and condo-hotels. “As the industry matures, these products will be made available depending on consumer needs. Emerging trends will see expansion of the timeshare business model

through consolidation, acquisitions and investments,” Rathor added. Moreover, the timeshare industry is unique compared to other hospitality segments in that it is less vulnerable to external disturbances because its major market base is the domestic leisure traveller. Realising that the vacation ownership market was segmented, Mahindra Holidays launched different kinds of products for different customer segments. “We launched Zest, a timeshare offering targeting young couples in 2006 as well as Club Mahindra Fundays, a point-based vacation ownership offering for the corporate segment, the same year,” Ramanathan shared. Mahindra Holidays has already tied up with more than 30 corporate companies for Fundays.

A major benefit for a timeshare buyer is that he owns a one-week holiday for 25 years (or as per agreement) at today's prices which makes his purchase inflation proof, pointed out Rathor. “Can one think of anything better in terms of pure financial returns?” he asked. Ramanathan also echoed the same logic. “In timeshare, a member pre-buys the holiday entitlements, primarily holiday accommodation, for a long period of time, usually 25 years. In a scenario where hotel room rates have been witnessing a 20 percent average annual increase, timeshare results in substantial savings,” he opined.

— MURARI MOHAN JHA

## RCI launches points programme in India

RCI's points programme is a new addition in timeshare in India. Members will now earn points and be able to redeem them for air tickets, theme parks, car rentals and accommodation.

RCI has announced the points programme through Cambay Family Holidays Club, which has 10 properties across India under the Neesa Leisure brand. RCI's points programme was launched internationally in 2001 and is now being rolled out in the Indian market through Cambay properties in Udaipur, Jaipur, Gandhinagar, Ahmedabad, Goa, Kerala and Gurgaon, to begin with.

Points accumulated through stay at Cambay properties can also be utilised to buy other holiday products like air tickets, theme park tickets and car rentals; they are also redeemable at RCI's properties abroad. **Radhika Shastri**, managing director, India, RCI, explained, “RCI points can simply be defined as a form of holiday

currency used for reserving the holiday of your choice.” The week's time can be broken down into one night, three nights, five nights and seven nights. Therefore, the member does not have to spend an entire week at one place and can break down the stay in smaller parts and save his remaining points.

Another added benefit of the points programme is that a member can borrow some points from the following year and can also carry forward the remaining points to the next year. The option of transferring points to another member and gifting the points to a guest using the guest certificate is also possible now, an option exclusive to members in India.

— APEKSHA HARIHAR

### IN CONVERSATION



## Starwood targets 100 hotels by 2015

Global hospitality giant Starwood Hotels & Resorts has chalked out a mega expansion plan for the Indian market.

Starwood Hotels & Resorts Worldwide, which debuted in India in 1973 with its Sheraton brand in Mumbai, established its India office in 2006. Currently, Starwood has 26 hotels in India with over 6,500 rooms in the four- and five-star category. “Our aim is to have 100 hotels by 2015, across all our brands. The new hotels will be largely dominated by Sheraton, Le Meridien and Westin,” **Dhananjay Saliankar**, regional director- global sales, India, Bangladesh and Maldives, told **T3** on the sidelines of Starwood's fourth annual expo in New Delhi.

“We are adding seven hotels in 2010 itself – two Sheratons, two Four Points, two Alofts and one Westin. The Sheratons will come up in Udaipur and Bengaluru, the Alofts in Chennai and Bengaluru, Four Points in Pune and Visakhapatnam and the Westin in Gurgaon,” he revealed. The Alofts in Chennai and Bengaluru will open in July and August, respectively; the others are slated to open before the end of the year taking their hotel tally in the country to 33 by December 2010. The group will add 11 more hotels in 2011, five Sheratons, two Le Meridians, two Westins, an Aloft and a Four Points.

With Aloft, the company has introduced five of its nine hotel

**HIGHLIGHTS**

Starwood to add 7 hotels in 2010, 11 hotels in 2011

The group is going to launch its Aloft brand next month

Company witnessing 30 percent Y-o-Y growth in sales

brands in India and plans to induct another two – ‘W’ and Element – in the next 2–3 years. “We are in talks with various developers to bring in our five-star brand ‘W’. Our sales team is looking for the right partner and right location to launch it in India,” Saliankar informed. Only the super luxury St Regis has not been included in their India portfolio.

To support its expansion, the company has been involved aggressively in a brand building exercise through various promotions. “We recently organised a three-

city roadshow in New Delhi, Mumbai and Bengaluru in which 36 hotels from Europe, Africa, the Middle East, Australia, Indonesia and South East Asia participated,” he said, adding that the company's global marketing blitz is scheduled for September this year. During this two weeks blitz in the metros and secondary cities of India, Starwood's focus will be to draw new corporate accounts to expand their customer base, Saliankar informed. Starwood is also expanding its India sales team to support its growth strategy. “Our sales are growing on a 30 percent Y-o-Y, and, with a rebound in business travel after the recession, we are expecting sales to grow by 30 percent in 2010 as well,” he stated.

— MURARI MOHAN JHA

### appointments

#### Novotel Mumbai Juhu Beach

Xavier Cappelut has been appointed general manager at the Novotel Mumbai Juhu Beach – the flagship property of the Novotel brand in India.

Cappelut brings with him 18 years of expertise in the hospitality sector and an astute knowledge of the Asian markets having shouldered responsibilities in various roles across Accor's brands, Sofitel and Novotel, in Vietnam and Indonesia.



#### ITC Maurya

Ranvir Bhandari has been appointed vice president, North and the general manager of Maurya New Delhi. He joined ITC Welcomgroup in 2002 as area manager East and general manager of ITC Sonar Bangla, Kolkata. He started his career with The Oberoi Hotels and worked in various senior capacities at different Oberoi properties.

