

Points Potential

A concept first pioneered for the holiday exchange industry by RCI in 2000, points products today are now more attractive and relevant than ever before. Long-standing points vendors, SkiStar and Gruppo LCL share their insight as to why points products continue to be at the top of the holiday game, and remain a firm favourite with consumers.

BY REBECCA GORMLEY

REWIND TO THE HOLIDAY-OWNERSHIP

market 20 years ago, and there was an appetite among owners for a more flexible product, as opposed to the traditional weeks model. Lifetime and long-duration products were arguably at their peak, but consumers were seeking savvy ways to use their timeshare and tailor it to their lifestyles.

It was then, in 2000, that RCI established the RCI Points programme offering members not only a way to exchange their ownership, but the flexibility for them to choose to spend their points on a lavish family holiday or opt for a few short breaks in a smaller unit.

Today the RCI Points programme has 1.9 million members and is the largest in the world, offering its members unrivalled opportunities to use their points, either by borrowing, renting or saving points, or using them towards a cruise holiday or a range of other travel products and services.

It is a well-known fact, however, that across the globe many industries, including leisure real estate, are facing a challenge in the growing number of new, start-up companies competing against some of our traditional household names. According to Credit Suisse, the average age of an S&P 500 company is now under 20



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years – in comparison to an average age of 60 in the 1950s. In 2016, a record 80 companies were born per hour in the UK alone.

With the rate of influx in new companies coming on board unlikely to change in the foreseeable future, it poses the question as to how long-standing companies maintain their relevancy and successfully market their product to today's consumer, decades on from their inception.

Leading timeshare operators and RCI Points vendors, SkiStar and Gruppo LCL, are confident they are robust in the face of new competition.

Delivering on customer needs

“As a business, we are difficult to compete with,” explains Hafez Tadayon, Area Business Manager at SkiStar, the owner and operator of alpine destination resorts in Sweden, Austria and Norway.

“We have a product which is easy to own and reflects the lifestyle needs of our customers. It's adaptable and easy to sell, and the RCI Points programme is a great vehicle in driving sales.

“The Swedish market is especially attracted to a points product as it is more innovative, flexible and it is arguably simpler to use than a standard weeks-ownership product.”

SkiStar's customer base is 99 per cent Swedish, with the Danish, Norwegian and English making up the other nationalities, meaning SkiStar is well-versed in gearing its products to this demographic.

“We understand that the Swedish consumer needs to be flexible with their travel needs. They are renowned travellers, and leisure is a key element of the Nordic lifestyle. Some of our customers will choose to travel at different times of the year, taking a mix of long breaks and short stints, which can vary from being spontaneous or meticulously planned,” said Tadayon.

“What is absolutely essential to our owners, however, is that they know they have a week at their resort, which they can return to for an adventure onto the slopes, or exchange it for a break in a warmer climate.”

Flexibility for every lifestyle

The points product remains an attractive choice for consumers on the other side of the continent, because of the flexibility it offers timeshare owners.

Gruppo LCL, an Italian timeshare operator founded more than 30 years ago by the Cappelli family, was the first company to sell RCI Points from an Italian resort in 2001.

Loris Cappelli, CEO at Gruppo LCL, said: “We all know how difficult it can be to attract new clients, so losing them is a luxury we cannot afford.

“Mixing tradition with innovation is the key to remaining relevant to our customers, and one of the ways we keep them interested is through the flexibility we can offer through our products and with RCI Points.”

Gruppo LCL operates timeshare resorts in some of the most diverse Italian destinations, including Tuscany, Sardinia, Ischia, Dolomites, Ponte di Legno and the sought-after coastal region of Puglia. It was first affiliated to RCI in 1988, and since then has worked closely with the RCI team to identify key trends and opportunities in the Italian market.

Cappelli continued: “We know that the new generation of buyers is more interested in enjoying their holidays, rather than the premise of owning something tangible. After having previously sold lifetime timeshare products, we have redrafted and adapted our product to meet this demand, which has future-proofed and increased the relevancy of our business.

“We've also recently refreshed our products, working with new partners, to offer rewards to our owners, including Fiat, and Eridania, a large sugar distributor based in Italy.”

A strong, innovative product, coupled with good business strategy, is certainly one of the reasons that the shared-holiday ownership industry continues to thrive.

Product innovation

SkiStar, which offers a mix of family-friendly, high-quality resorts in Sälen, Vemdalen, Åre, Trysil, Hemsedal and St Johann, has seen its business go from strength to strength in the past few years and has no plans to slow its growth and profitability.

In 2017, its revenue for the first quarter was SEK 146 (117) million, an increase of SEK 29 million (25 percent) compared to the previous year.

Tadayon said: “One of our most successful sales tools in the timeshare side of the business remains our trial programme. Our rental customers can become owners on a two-year membership basis, and they can access all the benefits and discounts available through a standard ownership product. If they don't enjoy the product, we take it back with no exit fee.

“In Sweden the timeshare regulations differ from many other regions. Owners physically own part of the apartment, so they need to know that they are getting a high-quality product, and they need to be passionate about the product to ensure that they get the most from their purchase.”

SkiStar owns the land at many of its resorts, including Sälen, which is used as an additional revenue stream by leasing the hotels, sporting goods shops and restaurants on the slopes to external operators.

“On the other side of the business, we are continuing to invest in infrastructure, such as ski lifts, technology, and the resorts themselves,” Tadayon added.

“Real estate represents a big opportunity for SkiStar in the future and we are also investing in real estate ownership and developing the concept of a whole-year product.”

Real estate investment for SkiStar is certainly timely, with the opening of a new airport in Sälen, scheduled for 2019, bringing new opportunity to Sweden's largest alpine destination.

“Our location is certainly advantageous for the future. We have the land to build luxury and mainstream apartments and accommodation, offering customers an investment opportunity they cannot refuse.

“The new airport will also help us to market Sälen as a destination for the summer months and tap into the unrealised potential during the off-season period, offering activities such as hiking and mountain biking to explore the stunning landscape.”

Product innovation and enhancements, and keeping an open channel of communication with owners, has been instrumental to the success of both SkiStar and Gruppo LCL, as with many resorts and timeshare operators in the industry.

Working closely with owners

“Customer loyalty and satisfaction is without a doubt one of our key objectives. By working with our owners, we can understand what they are looking for and shape our products around this,” said Cappelli.

“Each year we organise special member events, inviting some of our most loyal members to spend three nights in a different location, giving us an ideal opportunity to build a stronger relationship with these customers.

“On a more domestic level, we communicate with our owners at every opportunity. We also rely on the use of social media to give us good exposure to the next generation of owners.”

As a marketer, Gruppo LCL has maintained a strong focus on customer engagement, looking for every opportunity to enhance this.

Cappelli added: “Since we have recently launched

our own branded servicing, ‘Essere LCL’, we have moved forward from being solely a marketer and into the customer servicing world. It has enabled us to emphasise our focus on customer satisfaction, helping us to enrich our products and services.

“Our customers remain at the heart of the Gruppo LCL business strategy and, from an internal perspective, we have hired additional customer service staff to help us to provide better support to our owner base.”

Establishing brand loyalty and customer ambassadors is one of the main pillars of the timeshare industry, and is certainly something that the industry itself excels in.

In fact, 42 per cent of timeshare owners would be likely to purchase again, according to the 2016 Shared-Vacation Ownership Worldwide Report.

Tadayon explained: “We offer a flexible product, so we must be flexible with our owners.

“Our sales advisors are completely adaptable to meet each and every specific need of our owners. For example, if an owner would rather make the most of their time on the slopes while on holiday, then we can meet them over a coffee up the mountain.

“We use this opportunity to discuss their views, their likes and dislikes of the product, and what we can do to support them.

“On the other hand, if it works better for our owners, we can arrange a meeting with them in their hometown, during the off-season period.

“These meetings are essential to gather feedback from owners on all aspects of the product. We can find out whether they have any issues or recommendations with the units themselves, or whether the type of product they have isn’t suited to their lifestyle needs, and they wish to change it,” added Tadayon.

In addition to having regular updates and informal conversations with owners, SkiStar also maintains its customer satisfaction levels through other avenues.

Tadayon highlighted that the destinations offer owners everything they need to ensure their holiday is stress-free and simple.

The provision of on-site clothing stores where guests can pick up last minute items, or invest in new gear ready

SKISTAR STRONG IN SWEDEN:

With a customer base that is 99 per cent Swedish, SkiStar offers a mix of family-friendly, high-quality resorts.





GRUPPO LCL FUSES PAST AND PRESENT:

Mixing tradition with innovation is key for Gruppo LCL's buyers, in many diverse Italian destinations.

for the slopes, is all part of the guest experience.

Gruppo LCL and SkiStar have continued to use the RCI Points product to leverage opportunities and enhance the flexibility they can offer their owners.

Tadayon said: "Part of the support our sales advisors offer is assisting owners with the exchange holiday options to help them to make the most of the benefits RCI can offer.

"We personalise this to each owner as much as we can. For example, if we know of a particular RCI benefit they will enjoy, or a destination they may like to visit through an exchange holiday, we try to point them in that direction."

A global presence

Points products today are now more attractive to consumers than ever before, with many industries, including leisure and hospitality, using points for loyalty programmes and membership options.

In August 2017, RCI launched its points programme for the Asia Pacific region – the latest expansion for the product.

Affiliates across Singapore, Vietnam, New Zealand, Australia, China Republic and the Philippines, now have the option to offer an RCI Points-based exchange programme to their owners, in addition to the RCI Weeks programme.

Points members are assigned a points value for their holiday ownership, which is calculated using a range of criteria. This includes the supply and demand of units and weeks at their resort, location and quality of the resort, type of unit owned, seasonality of weeks, plus member comment card feedback.

Daniel Tan, Business Development Director for South-East Asia at RCI Asia Pacific, commented: "Historically, the majority of shared-vacation ownerships in the Asia Pacific region were weeks and ownership products but, more recently, we have seen an increased interest in the points product, with vacationers seeking the flexibility of a nightly stay, as opposed to a weekly stay."

With the launch of RCI Points in Asia, members now have more options to use their points, and can choose to spend them on short breaks or longer family holidays, giving them greater flexibility in the ways they can use their timeshare.



The future for RCI Points

In the European region, RCI has bolstered its points product to tailor the benefits to meet the needs of its members.

RCI Points Partners offers members an alternative method to use unwanted or leftover points on travel and lifestyle products, including cruise vacations, car hire and city attractions.

At the start of 2018, the Points Partners' product was further enhanced to increase the benefits to members, enabling them to use their points to gain discounts on an attraction in almost any destination they visit, from London to Dubai, or Florida to Madeira.

Through consistent product innovation, development and enhancement, RCI Points has sustained its position as the industry's largest worldwide points-based programme, strengthening its appeal to both members and RCI affiliates.

Cappelli concluded: "Partnership with RCI through its Points Partners programme not only enhances our product, it enables us to create opportunities in the marketplace, working with member rescue programmes and resale agreements with sold-out timeshare resorts." 