

**UNIVERSITY OF SURREY**



**SCHOOL OF MANAGEMENT**

**TIMESHARING: THE ROLE OF INFORMATION COMMUNICATION  
TECHNOLOGIES IN THE GREEK TIMESHARING INDUSTRY**

by

**SPYROS PANTAZIS**

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of the requirements for the award of the  
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**Declaration**

I hereby declare that this thesis has been composed by myself and has not been presented or accepted in any previous application for a degree. The work, of which this is a record, has been carried out by myself unless otherwise stated and where the work is mine, it reflects personal views and values. All quotations have been distinguished by quotation marks and all sources of information have been acknowledged by means of references including those of the Internet.

Spyros Pantazis, July 2003

**Abstract**

The technological developments and the extensive use of Information Communication Technologies (ICTs) play a vital role in travel and tourism and are crucial to the expansion of the industry. ICTs and tourism increasingly provide strategic opportunities and powerful tools to tourism organisations, enabling them to manage their resources more efficiently.

Tourism is a highly fragmented industry divided in many sub industries within it. One of them is the Timesharing sector with almost a 30 years existence and an amazing growth during its life span. The aim of this research is under the Timesharing concept to examine the role of ICTs for the Greek Timesharing industry.

Given the fact that there was not any adequate literature of this exploratory subject area, primary and secondary sources have been used. Secondary sources are mainly consisted of books, journals, academic journals and Internet resources regarding nature of the Timesharing sector, and literature sources regarding ICTs and tourism. Primary sources have been gathered and analysed in the form of quantitative data through the use of questionnaires addressed to key managers of the Greek Timesharing market.

The results of the research have indicated a positive attitude towards the use of ICTs from the Greek Timesharing industry. The study has also revealed the main business functions in which ICTs are being used and has identified the key factors affecting the managers' decision process on the use of technology solutions.

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## **List of Abbreviations**

<b>3G</b>	Third Generation of Mobile Telephony
<b>ARDA</b>	American Resort Developers Association
<b>ASP</b>	Applications Service Provider
<b>B2C</b>	Business to Consumer
<b>CRM</b>	Customer Relationship Management
<b>CRS</b>	Computer Reservation System
<b>EEA</b>	European Economic Area
<b>EFTPOS</b>	Electronic Funds Transfer at Point of Sales
<b>EU</b>	European Union
<b>GDS</b>	Global Distribution System
<b>GNTO</b>	Greek National Tourism Organisation
<b>GVC</b>	Greek Vacation Club
<b>HEDNA</b>	Hotel Electronic Distribution Network Association
<b>HTML</b>	Hyper Text Mark-up Language
<b>ICTs</b>	Information Communication Technologies
<b>ICTV</b>	Interactive Consumer Television
<b>II</b>	Interval International
<b>IRFS</b>	Interval Resort and Financial Services
<b>ISS</b>	Interval Software Services
<b>LAN</b>	Local Area Network
<b>OFT</b>	Office of Fair Trading
<b>OPCs</b>	Off Property Contacts
<b>OTE</b>	Organisation for Timeshare in Europe
<b>PC</b>	Personal Computer
<b>PDA</b>	Personal Digital Assistant
<b>PMS</b>	Property Management System
<b>POS</b>	Point of Sales
<b>PWLAN</b>	Public Wireless Local Area Network
<b>RCI</b>	Resort Condominiums International
<b>SMEs</b>	Small and Medium Enterprises
<b>TEI</b>	Technological Educational Institute
<b>TUG</b>	Timeshare Users Guide
<b>UK</b>	United Kingdom
<b>USA</b>	United States of America
<b>WAN</b>	Wide Area Network
<b>WiFi</b>	Wireless Fidelity
<b>WLAN</b>	Wireless Local Area Network
<b>WTO</b>	World Tourism Organisation
<b>WTTC</b>	World Travel and Tourism Council
<b>WWW</b>	World Wide Web

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## CHAPTER 1: INTRODUCTION

### **1.1 Background of the Study**

The tourism industry is considered to be among the world's biggest industries with 693 million arrivals and 463 billion US\$ international tourism receipts recorded in 2001(WTO, 2002). Distribution channels are key to the continued success and development of this vibrant industry while Information and Communications Technologies (ICTs) have a signal impact on the provision of tourism products by suppliers, and the accession by consumers to an ever-increasing range of products and services. ICTs therefore play a critical role in the development and maturation of distribution channels.

Tourism is an industry that has been considered to be by many authors (Cooper et al., 1998; Middleton, 1988), as a highly fragmented industry with various industries within it having very rapidly increased and developed. One of them is the Timesharing industry, which during its 30 years life span has represented one of the fastest growing segments of tourism, bringing great benefits to the host communities, the hoteliers and the Timeshare owners.

In the last twenty years it has been widely recognised that Information Communication Technologies (ICTs) have been rapidly expanded and affected the way that organisations compete (Porter and Millar, 1985). The tourism industry has been certainly affected from ICTs diffusion and according to several authors (Buhalis and Laws, 2001; Sheldon, 1997; O' Connor, 1999) technological developments have a great impact in the way in which tourism companies are conducting their business. The Timesharing industry as a part of the tourism industry could not escape from the new era that ICTs have brought. The creation of the exchange networks has boosted the institution of Timesharing but it could not have seen any success without the development and operation of sophisticated computer systems (Haylock, 1994).

The use of ICTs has helped tourism organisations not only to increase their efficiency and overall performance (Buhalis, 2003), but also in following new marketing techniques such as building customer relationships, creating customer profiles and modifying the

transactions procedures (Standing et al., 1998). In the same vein, Timesharing industry has widely adopted a variety of ICT tools to reach new customers, but also to establish, maintain, commercialize and enhance customer relationships through a better understanding of customers' requirements.

## **1.2 Aims of the Study**

A wide range of literature comprising of books, journals, and research studies exists in the field of ICTs theoretical framework, innovation and ICTs in tourism, how industry sectors use them, their role in the tourism distribution system, and marketing. Similarly the section of Timesharing has been examined by many authors in terms of its concept, development in several regions, legal issues, sales, marketing and consumers perceptions. But there is not any adequate literature linking together ICTs and Timesharing.

The purpose of this research though, is to link together ICTs and Timesharing by examining the role of ICTs in the Greek Timesharing industry. Therefore, this is an exploratory study and in order to extract the most appropriate findings the following have been examined:

- **Objective 1:** The extent and the main applications of ICTs usage in the Greek Timesharing industry.
- **Objective 2:** The intention of ICTs usage in the future and the main factors affecting the managers' decision upon using technology as an effective tool.

## **1.3 Structure of the Thesis**

The thesis is divided in seven Chapters with each of them having its own objectives:

**Chapter two** discusses the concept of Timesharing. It examines its origins and development and it refers to the main players of the Timesharing industry. Then the Timesharing product is analysed in terms of types of contracts, types of resorts, marketing and pricing of the product. It also examines the exchange system that the two major holiday exchange networks have developed and the competition between them. An

analysis of the positive and negative impacts of the Timesharing follows, and an outline of its legal framework is provided. Finally, its growth and future Timesharing market trends are discussed.

**Chapter three** aims to give an insight of the Greek Timesharing market. The development and growth are reported and the characteristics of the Greek Timesharing market in terms of developers, marketing companies and holiday exchange networks are presented. It examines the impacts of Timesharing for the Greek developers and Greek owners. The legal framework of the institution in Greece is provided and then follows the potential for the Greek market and its future trends.

**Chapter four** discusses about the use of ICTs in the context of the tourism industry. Furthermore, a definition of ICTs is given and then follows their role, significance and benefits for the tourism industry. An overview of ICTs main applications is provided, their developments and trends are presented, and how they can give competitive advantage in tourism organisations is examined. The potential that Internet has for the tourism industry follows, the growth of e-tourism is presented, and the advantages, disadvantages, opportunities and threats are discussed. The Chapter ends with the provision of the main ICT tools that are being used by the Timesharing industry.

**Chapter five** presents the methodology used for the purpose of this research, the objectives and the type of investigation that has been conducted. The primary and secondary data collection methods that have been used are discussed along with the selection of the sample population and the design of the questionnaire. Finally the data analysis methods are presented and the limitations of the study are raised.

**Chapter six** presents the analysis of the findings of the survey. A question-by-question presentation of the analysis has been made, divided in two main sections, according to the questionnaire design. Then a comparison analysis follows between affiliated resorts and marketing companies, addressing the key differences in their responses that have been identified.

**Chapter seven** discusses the key analysis findings according to the research's objectives, suggests fields for future research and indicates the contribution of this study.

## **CHAPTER 2: THE TIMESHARING INDUSTRY**

### **2.1 Introduction**

This Chapter provides an overview of the Timeshare industry, an industry that in recent years has represented one of the fastest growing segments of the overall vacation, travel, tourism and real estate industries in the world. The concept of Timesharing is only about thirty years old, with almost four million families around the world now owning this tourism product.

Timeshare, a child of the post Second World War international holiday boom, as a concept is very simple. Where an outright purchase is beyond people's means the concept of Timeshare offers an alternative means of taking a holiday in one's property in a resort complex, at home or abroad. It is an arrangement which allows the user to buy the right to use a holiday property, for one or multiple weeks, each year for a number of years.

This Chapter will concentrate on defining the concept of Timesharing and on providing an overview of its origin and development over its thirty-year life span. Also, in this Chapter it will be provided an overview of the main players in the Timesharing Industry, its growth and significance within the Tourism context, the function of the exchange system the current regulation and legislation, its growth and future trends.

### **2.2 The Concept of Timesharing**

Timesharing, throughout its thirty years life has been perceived by the general public as a property ownership, a holiday accommodation or an investment. This is due to the methods of classifying ownership and the ways in which the product has been marketed in different countries.

Timeshare is often confused with second home ownership in certain aspects they are both self-catering accommodations, which can be sold, or let. Parish (1993) mentions that Timeshare is purchased instead of a second home due to the saving cost, as Timeshare is

priced at a fraction of either the capital or the running costs of the entire unit, which both are shared with other owners.

In the United States, Timeshare is usually sold as real estate interest as Americans are inclined to property ownership, so rather than Timeshare they tend to use the terms of 'multi ownership' or 'interval ownership'. In Europe, Timeshare is mostly considered as a leisure product and is usually structured as a right to use in perpetuity or for a defined number of years according to the contract. It is effectively the advanced purchase of time in holiday accommodation. It is a product which provides the purchasers the right to enjoy vacation, during one or more weeks each year, for perpetuity or a predetermined number of years, in an apartment or other types of lodging which is part of a tourist complex with various services and facilities (WTO, 1996).

Hence, despite its origins in the real estate sector, and the physical property on which Timeshare is based, it is considered as a tourist product and not a real estate property.

### **2.2.1 Definition of Timesharing**

Many authors have presented many definitions in order to describe Timesharing over time. The most widely accepted of them are briefly presented in the next lines.

Timesharing is described by Edmonds (1991) as one of a series of similar and exclusive rights to use property in succession to a number of persons entitled to alike right for a specified period of time in each year over a period of years or in perpetuity usually, but not invariably linked with direct or indirect beneficial ownership of the property by all persons entitled to such right of use, such right being granted in consideration of a premium coupled with an obligation to contribute to the maintenance of the property.

The definition of Timesharing as suggested by WTO (1996) is the advance purchase of time in holiday accommodation where the purchaser buys a capital sum to acquire a Timeshare, and then pays an annual contribution towards the maintenance of the property - both interior and communal areas, and the period of time sold is usually based on modules of a week.



A less complicated definition has also been provided by the English Tourist Board (ETB, 1983), which supports that Timesharing is a term indicating the purchase of the use of a holiday home for a predetermined period in each year for a specified numbers of years.

Finally, on a report prepared by the Office of Fair Trading (OFT, 1990), Timesharing is defined as the right to use accommodation at a holiday development (usually known as ‘resort’) for a specific number of weeks each year over a specific period of time, (or in perpetuity). For this right the owners pay a developer an initial lump sum, which varies at a particular resort according to the time of the year, and the size of the accommodation.

### **2.2.2 Origins and Development – Historical Background**

The origins of Timesharing date back to the early 1960s in Switzerland according to WTO (1996) and Haylock (1988). They both mention that it all started when a German national, Alexander Nette began offering shares in a hotel he managed in Ticino, where ownership gave the buyer the right to use the holiday properties owned by the company on a regular basis. The Swiss based company, Hapimag, is today a successful Timeshare company with more than 125,000 shareholders and 4,800 apartments at 53 locations in 15 countries (Pryce & Bruene, 1999).

Another version of the origins of Timesharing is supported by Peisley (1986), who says that similarly, in Japan, the Japan Villa Club in Tokyo launched a property holding company for which it sold holiday certificates. These fist two schemes were based on the purchase of points, which were used to buy holiday weeks according to their points, rather than the purchase of specific weeks.

But according to Edmonds (1991), Timesharing, as we know it today began in 1967 from an enterprising hotelier in the French ski resort known as the ‘Superdevoluy’ and he continues that the successful sales slogan ‘Don’t book a room-buy the hotel it’s cheaper’, it became an immediate success. The philosophy of the hotelier was the sale of the right to use fixed weeks at the hotel, for vacation purposes, thus, greatly reducing the concept of a ski chalet. However, the idea did not take off before it was embraced in the United States.

In the early 1970s, the state of Florida enjoyed a boom in the sales of holiday condominiums for whole ownership and developers built a large inventory for subsequent sale. However during this period the oil crisis in the 1970s hit the American economy hard and as a result the sales of the holiday condominiums collapsed. The shortage and sudden expense of fuel following the oil crisis meant that US travellers were confined to travelling close to their homes for their vacations. It has been mentioned by Haylock (1994) that as inflation dramatically increased prices and the market for second homes was destroyed, the developers were desperate to get rid of the excess supply of the condominiums. In desperation developers looked for new innovative ways of selling their unsold properties. They discovered Timeshare and the evolution of special sales and marketing techniques began by selling the same property fifty two times, for each week of the year. Their success was based on the originality of the Timeshare concept, which involves the distribution of the initial investment cost, operation and maintenance of a holiday apartment among several co-owners. Hence, a Timeshare owner has the use of a second home without the financial burden of the second home ownership

### **2.2.3 The Creation of the Holiday Exchange Companies**

The main problem with sales of this new product was the lack of flexibility requiring clients to return to the same resort at the same time each year. The solution came with the introduction and development of holiday exchange companies, which offered owners the opportunity to swap their week in a resort with the owner in another resort.

Then the first holiday exchange company, founded by Jon and Christel De Haan, was RCI (Resort Condominiums International) in 1974 placed in Indianapolis, USA. Shortly afterwards, in 1975, Interval International (II), was formed in Miami, USA.

According to Pryce (2002) the concept began then, to gain wide acceptance to the public with resorts in 90 countries, and owners living in 190 countries and in regional terms, Latin America was the first outpost to develop after the USA in the late 1970s, followed by Europe in the 1980s, India in the early 1990s and in the last 5 years or so, the Asia Pacific market has seen rapid growth, only slightly slowed by the recent economic crisis.

The creation of these two major holiday exchange companies allowed the purchasers to participate in their exchange programs for a fee, trading their intervals thus achieving time flexibility and site mobility but most importantly according to Haylock (1995) they helped in the growth of Timeshare by 14% a year since 1987 in terms of the number of Timeshares sold.

### **2.3 The Main Players in the Timesharing Distribution**

The Timesharing distribution system is consisted of several players. The role of each one of them is critical for the success of the industry. According to WTO (1996) and OTE (Organisation for Timeshare in Europe) the following describes the major participants in the industry's distribution chain in planning, development, commercial and resort management phases of a Timeshare development:

**Developer:** It refers to the real estate or construction company which owns the physical property to be sold on a Timeshare basis. Some developers plan the project, select the location and build the complex. Others purchase an already built resort or convert an existing hotel or apartment block into Timeshare use. The developer is also the one who takes the fundamental decision about the main characteristics of the resorts to be created and in most cases the way they are run. Once the resort is ready for sale, the developer puts in place a scheme to protect Timeshare owners' rights according to the legal framework of the country where the development is located.

**Marketer:** As it is implied the marketer is responsible for the commercial aspects such as promoting and selling Timeshare intervals. Timeshare is a relatively complex and high-value product when compared to a traditional package holiday. As consumers want to buy a holiday experience, and not a complicated product, the marketing challenge for the Timeshare industry is to persuade consumers to take the time to understand Timeshare and the high-quality holiday experience that it offers. For the developer, this challenge is compounded by the volume of sales needed at each development: every apartment needs to be sold roughly fifty times – once for every week that it can be used.

The Timeshare Holiday Chain



**Figure 2.3: The Timesharing industry holiday chain**  
 Source: OTE at [www.ote-info.com/medianews/media\\_\\_news.html](http://www.ote-info.com/medianews/media__news.html)

**The Holiday Exchange Companies:** As explained earlier in this Chapter, these are the companies whose main business is offering their clients, the Timeshare owners, the opportunity to exchange their interval for another, in an affiliated resort. They have been described as ‘the glue sticking the Timesharing industry together’ due to the fact that they

have strong connections with all the other industry players and particularly resort developers, marketers and purchasers. They also ensure the quality levels of the affiliated resorts by excluding from their exchange systems those resorts that do not maintain the pre-established quality standards and criteria. The exchange companies use sophisticated computer systems to match demand with supply, establishing the 'value' of different weeks in different resorts. Weeks are rated according to a variety of factors, such as size of unit, duration of stay, time, resort location, resort quality and so forth. The exchange companies also offer their members flights, car rentals and travel insurance alongside attractively discounted travel packages through their travel clubs. As mentioned earlier in this Chapter the main holiday exchange networks are RCI and II accounting 95% of the affiliated resorts ([www.rci.com/CDA/News\\_Information](http://www.rci.com/CDA/News_Information)).

**Resort Management Companies:** Once a resort has been completed, its management can either be carried out by an owners' committee, a specialist management company, or the developer itself. Whatever the arrangements, the management organisation will levy annual fees on Timeshare owners which typically cover cleaning and maintenance; utility charges; insurance; taxes; the operation of common facilities (such as tennis courts or swimming pools); and, usually, a sinking fund to provide for major redecoration or refurbishment. The resort's constitution also gives details of the owners' rights and responsibilities in relation to their occupancy rights.

**Owners' Associations:** They are established by the resort developer, operating rather like the residents' association for a block of apartments and they are formed by those who own Timeshare intervals in the same resort for the purpose of protecting their interests. They decide for issues such as the level of annual service charges and the provision of sinking funds for major future repairs and refurbishment.

**Trust Companies or Trustees:** These are organisations, which are specially structured to safeguard the rights of Timeshare purchasers through certain legal formats usually known as the 'club trustee' system, predominant in Anglo-Saxon markets. The safeguard of purchasers' rights includes their protection in case of a developer's bankruptcy, if he/she is unable of loan repayment or bad management.

**Resale Companies:** They are specialised organisations or divisions of the Timeshare developer entities whose activity is geared to selling to the open market weeks and properties, which had previously been purchased from the developer by individuals who subsequently wish to sell.

**Associated Industry Professionals:** These include lawyers, banking institutions, auditors and consultants. While professional expertise on Timeshare appears to be widespread, in reality there are few experienced industry professional advisers.

## **2.4 The Timeshare Product**

The main features and characteristics of the Timeshare product include the forms of Timeshare, the type of contracts, the type of the affiliated resorts, the pricing of a Timeshare property and finally the methods employed for its promotion and marketing.

### **2.4.1 Forms of Timeshare**

In Timeshare properties the annual calendar is split into fifty-two weeks and according to this they are sold. The most common forms of Timeshare are the fixed and floating, fractional interests and points system.

**Fixed and Floating Time:** A resort may be selling fixed or floating time. Fixed time, the most commonly accepted form of holiday Timesharing, means that the owner uses the same Timeshare interval in the same unit each year, with the days and dates of entry and departure fixed in the annual resort calendar for the entire length of the ownership. On the other hand, floating time owners are not assigned to a particular week and unit, thus allowing greater flexibility. Owners on floating time, reserve each year's vacation on a first-come, first-served basis (Haylock, 1994). Furthermore, some resorts are operating on a floating time system which allows owners to split their week, i.e. taking three days one time and the four at another time.

**Fractional Interests:** Some resorts sell fractional interests or fractionals, which are intervals longer than the traditional Timeshare unit-week, normally a month or a multiple

of a month. Fractional may be structured in different ways, including twelfths (four weeks a year), tenths (5 weeks) or even quarter shares (twelve weeks). These periods could be occupied as a continuous block or spread over the year. The larger fractionals, function less like Timeshares and more like second homes. Owners of such properties may use a few weeks for personal use, some for exchange and others for friends, relatives or business associates use, or even rent some of them during the high season. This fact is supported by Wates (1987) who argues that this developing market consists of families who have extended holiday time, are retired or seek rental income opportunities.

**Points System:** This is a form of Timesharing which is increasingly adopted to meet customers needs by servicing a general market which is currently moving towards short breaks such as long weekends which requires a system of points. The concept means that the owners can acquire holiday credits or points, which enables them to spend as many days they want as opposed to the fixed week. Furthermore they can trade the size and standard of the unit by using more or less points.

**Vacation Clubs:** Rather than purchasing Timeshare in a certain size of unit at a particular resort, Vacation club members purchase the opportunity to use a variety of Timeshare accommodations at various resort locations, usually within one developer's chain of resorts. Many clubs operate on a points system, but not all.

### **2.4.2 Types of Contracts**

The rights to ownership for purchasers in a Timeshare development may in general be structured in four different ways. Edmonds (1991) has identified the four types of these rights, which are known as leasehold Timesharing (right to use), fee simple (Timeshare ownership) and club agreement:

**Leasehold Timesharing (Right To Use):** The leasehold Timeshare scheme, with the simplest structure, offers the purchaser a right to use for a fixed number of years, after which the ownership is handed back to the developer. The scheme requires the purchaser of a Timeshare unit in a hotel, apartment or condominium to pay a fee in advance for the

right of a long-term occupancy. The occupancy right is usually sold on a weekly basis, with each week block of time known as interval. In addition, the purchaser is obligated to pay an annual fee to cover the maintenance and management of the Timeshare property.

**Fee simple (Timeshare ownership):** The Timeshare ownership is a rather complex method by nature as it involves the actual transfer of the property ownership to the purchaser of the Timeshare unit. More specifically the purchasers jointly invest in a property, allocate intervals to each owner and employ a manager to run the unit. Usually, attached to the unit are amenities, service and recreational facilities.

**Deeded Agreements:** These allow the Timeshare owner to use his/her interval forever, just like buying a house. Under this agreement, the owner may rent, sell, exchange or bequeath the vacation interval. Deeded agreements can be for fixed or floating weeks.

**Club Agreement:** This scheme involves the ownership through the purchase of shares of which shareholders receives points in proportion to the value of their investment. These points in turn entitle the shareholders to the use of an apartment at any time of the year. This scheme is a form of ownership well developed in Switzerland and France. The Swiss-based Hapimag and France's Clubhotel Timeshare group, part of Club Mediteranee, are the most known operations under such scheme, having more than 120,000 members in 90 affiliated resorts.

### **2.4.3 Types of Resorts**

In the Timeshare context, the resorts are the property complexes or developments, which are sold on a Timeshare basis. There is no restriction to the type of Timeshare resort that are affiliated, due to the product's flexibility to various customer demands. These resorts are usually located in places of interest of holidaymakers and according to WTO (1996) they can be classified as beach resorts, mountain, theme park, urban and other types depending on the destination, the facilities or the amenities:

**Beach Resorts:** They are the most common type of Timeshare resorts and their main characteristic is that they are located near to coastal destinations. They are generally



equipped with a full range of facilities expected of coastal lodgings, such as swimming pools, water sports activities with links to other activities such as tennis or golf courts. High concentration of beach Timeshare resorts can be found on the coasts of Florida, the Canary Islands, South Spain, and in the Caribbean islands.

**Mountain Resorts:** They are located in traditional mountain or ski areas. Examples of this type of Timeshare resorts can be found in Colorado, Austria, the French and Italian Alps and in the Andean ski resorts of Argentina.

**Theme Park Resorts:** They are located in or near major theme parks which are very popular especially for families. The prime example of a theme park Timeshare resort is the Disney World in Orlando, Florida. Other theme park resorts can be found in California, the North of Spain and in California.

**Urban Resorts:** They are located in cities of general interest. They are usually expensive for purchasers to buy, due to high cost of land. However, demand for this type of resorts is very high, thus owners usually enjoy a high trading power within the exchange networks. This type of Timeshare resort can be found in cities like London, New York, Paris, Vienna etc.

#### **2.4.4 Size and Features of Timeshare Resorts and Units**

The most common unit sizes that can be found in Timeshare resorts are hotel room/studio/suite, one bedroom, two bedrooms, three or more bedroom units. According to Ragatz Associates (2002) it is estimated that worldwide there are more than 285,000 Timeshare units in 5,300 resorts offering Timeshares in over 90 countries. The average size of a resort is therefore around fifty units.

By the same organisation it has also been estimated that regarding Timeshare unit size, about 28% were belonging to the category of hotel room/studio/suite. Nearly 35% contained one bedroom, 33% two bedrooms and the remainder 4% three or more bedrooms.

A resort in order to be affiliated with a holiday exchange company must fulfil certain criteria in terms of quality standards, on site facilities, on site amenities, size of the units, units furnishings and safety RCI (2002). So, along with the diversity of product types and sizes, a wide range of features is usually added to enhance the luxury aspect. Purpose built units often include such features as terraces, balconies, fire places, Jacuzzis, saunas and home entertainment including one or more large screen TV sets, VCRs, cable TV and Internet services. Fully furnished kitchens with refrigerators, dishwashers, ovens, blenders washing machines etc. are increasingly popular to provide the convenience which today's holidaymaker demands. Architectural features are enhanced by interior design. Purchasers not only see full-scale bathrooms, they also see linen closets including thick towels. They see bedrooms with king size beds, paintings, balcony furniture all designed to create a feeling of comfort and luxury. The continuous increasing of Timeshare accommodation clearly differentiates the product from other holiday alternatives, and often is a substantial upgrade from anything to which a second homeowner could aspire.

#### **2.4.5 The Marketing of Timesharing**

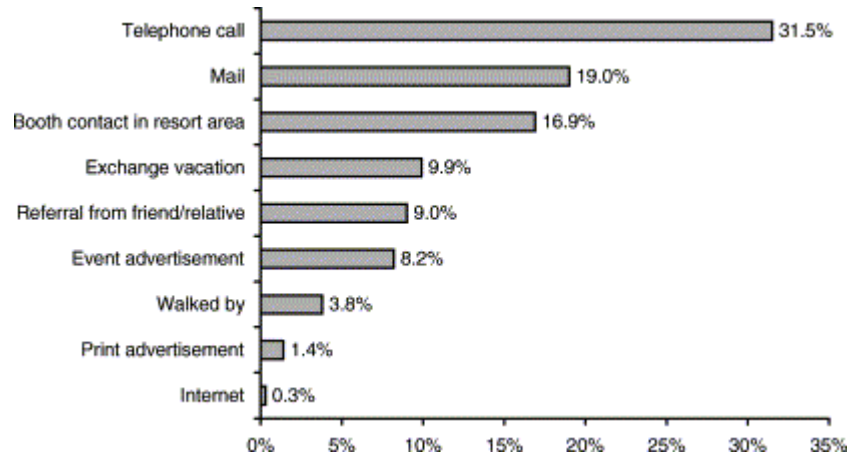
The marketing and promotion of Timesharing has proven to be rather difficult throughout its thirty years life. This has happened because it has received much criticism from both the public and the media but most of all because it belongs to the unsought goods category. Kotler (1997) defines unsought goods as the goods that the consumer does not know anything about and does not normally think of buying like the classic examples of encyclopaedias and life insurance. So it can be easily assumed that there is no natural demand for Timeshare as it is considered to be a luxury product, which consumers can live without. As there is no natural demand for this product demand has to be stimulated. As a result, hard selling techniques are being adopted by the marketers, resulting badly on the image of Timesharing.

The marketing of Timeshare is said to be a two-stage affair (Haylock, 1994). In the beginning there is the lead generation where potential or qualified prospect purchasers are invited to the resort or to an off-site office to be exposed to the product and secondly the

actual sales process or sales presentation that is designed to persuade them to buy. Simons and Leposky (1994) have summarised these stages in the following:

**Lead Generation:** As mentioned earlier, the Timeshare product belongs to the unsought category of goods. Therefore it remains a challenge as well a pressure for the marketer to generate a substantial and constant flow of prospect purchasers to the point of sale, so as to provide sales opportunities for the sales force.

Direct marketing, which includes direct mail and telephone marketing is a very popular tool for lead generation. The consumers in general have little knowledge or understanding about Timeshare which in accordance with no natural desire to buy the product, leads the marketers to offer them incentives to induce their visit to the point of sales. The prospective purchasers are often given the impression that they have won a valuable item which is not always to be true. The main lead generation methods employed by Timeshare marketers are according to WTO (1996) and Rezak (2002) the following:



**Figure 2.4.1: Main lead generation methods**  
 Source: Rezak S., 2002, International Journal of Hospitality Management

**Tele marketing:** The advances in automation, such as automatic dialling have stimulated the growth of tele marketing as the most essential marketing tactic for the Timeshare industry. This technique is being used extensively in some new markets, where the postal service is unreliable. Thus, the marketing companies have heavily invested in acquiring potential customers databases in order to target them and be more effective.

**Direct Mail:** This used to be one of the principal means of generating potential prospects for Timeshare, particularly for off-site offices. The nature and the quality of the direct mail varies. For some companies, well presented mail and high quality brochures, are sent to potential buyers while others simply inform them that a free gift has been won and it has to be collected personally by visiting the office on a certain date. It has to be noted that the use of direct mail has been reduced in recent years, as the public are more aware and more cautious to such practices.

**Off Property Contacts (OPCs):** This method is often used in on site properties, for example at the resort area itself. The OPC representative will approach likely prospects in crowded places like shopping malls and invite them to the sales presentation, where incentives such as free gifts or travelling vouchers are offered. As most OPC representatives are paid on a commission basis per prospect introduced, they tend to force people into attending the sales presentation in many cases. The use of OPCs has caused great criticism and in some counties it has become the subject of prohibitive legislation.

**Fly-Buys or Mini Vacation:** This method has become one of the most popular ways of marketing Timeshare and still continues to grow in importance. The potential prospects are given the opportunity of taking a short break or a low cost holiday at a Timeshare resort, subject to attending a sales presentation. This offer is made through direct mail, tele marketing or with OPCs. The conversion rate for this tactic seems to be higher than other lead generation methods, as prospects having the chance visiting the resort and using its facilities, they tend to have the desire to become owners.

### **Sales Presentation**

The step that follows the lead generation, in the marketing process of the Timesharing is the sales presentation. This may be conducted either in the company's office or either on site. The marketers will take care to create a well designed sales environment, with factors such as seating, lighting, wall decoration taken under consideration in order to make the prospect buyers feel more comfortable and relaxed. According to WTO (1996) the typical sales presentation lasts approximately two to three hours and it contains the following steps:

<b>Timeshare Sales Presentation Steps</b>
<ul style="list-style-type: none"> <li>▪ Greeting and registration</li> <li>▪ Survey of the holiday habits of the prospective buyer</li> <li>▪ Introduction to the sales representative</li> <li>▪ Introductory podium presentation or video</li> <li>▪ Timeshare explanation</li> <li>▪ Resort tour if the presentation is taking place on site</li> <li>▪ Financial logic of buying Timeshare</li> <li>▪ Explanation of the exchange system and relevant video</li> <li>▪ Pricing</li> <li>▪ The closure</li> </ul>

**Table 2.4.5: Timeshare sales presentation steps**

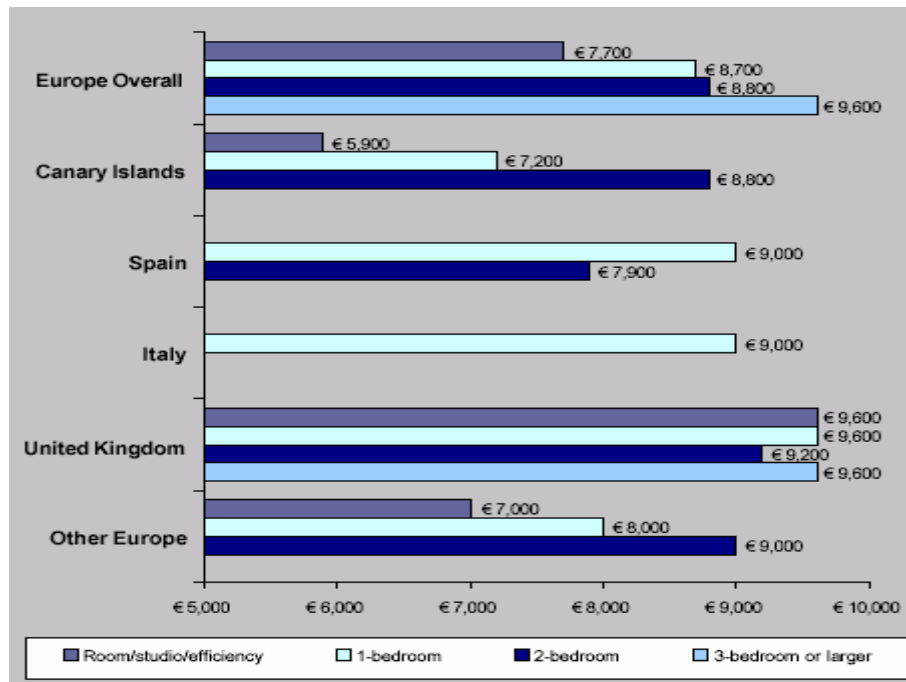
During the video presentation the prospective purchaser is able to see the luxurious setting of Timeshare resorts and the benefits of becoming an owner and use the exchange system. Then a discussion with the sales representative follows, where he/she tries to convince the buyer of the benefits of buying a Timeshare. The marketers are following hard selling techniques and they pressure the prospects for an immediate purchase decision during these discussions. So they are usually offered potential savings from the standard price if they decide an immediate purchase or, in the event of a non-buying decision they will be offered a trial program. In this way the marketer can sell something in order to recover some of the marketing costs.

#### **2.4.6 Pricing of Timeshare**

The deciding factors in the pricing of a Timeshare are, the time allocation, the size of the unit and the location of the resort. So prices vary according to the season for example low or high, to whether the apartment is a studio, one or more bedrooms unit and to the location of the development both geographically (beach or urban) and by country.

For the European market Ragatz Associates (2002) are reporting that European Timeshare buyers are paying an average price of €9,400 per week. The average is

€10,100 if they purchased from a developer or other commercial source, and €7,300 if they purchased a resale (that is, from another consumer selling their Timeshare).



**Figure 2.4.6: Prices per week by region and unit size**  
 Source: Ragatz Associates Inc., 2002, Resort Timesharing in Europe

Average prices range from a low of €8,800 in the Canary Islands to a high of €9,900 in Spain. For Europe as a whole, median prices range from €7,700 for a room/studio/suite to a high of €9,600 for three or more bedrooms. Prices for the smaller room/suite/studio and one-bedroom units are not as inexpensive relative to the larger units as might be anticipated based solely on size, because smaller units tend to be located predominantly in high-value areas.

However Timeshare owners do not only pay to buy the unit, but also an annual maintenance fee to the developer or the resort management company for both interior and communal areas. Edmonds (1991) reports that they also pay an optional annual fee to a holiday exchange company in order to use the exchange system and an exchange fee, which is arranged on a pay as you use basis.

## **2.5 The Exchange System**

According to WTO (1996) the holiday exchange companies have extensively contributed to the development of the Timeshare industry by giving it not only the flexibility that the real estate didn't have but also stability and respectability. As stated earlier in this Chapter the two major exchange networks are RCI and II. These two holiday exchange companies operate under the same basic concept by using different methods.

### **2.5.1 RCI Exchange System**

According to RCI (2001/2002) in order to be able to exchange with RCI it is necessary to hold a membership with the company. This membership is valid for one to five years to each membership of up to five weeks at each affiliated resort. This membership can be held by an individual or up to two co-owners if they are both mentioned in the buying contract of the Timeshare. According to the *World of RCI Holidays* (RCI, 2001/2002) the key features of an exchange are the following:

**Deposit:** Before an exchange request is made, a deposit of the week owned must be made first, up to two weeks before of the beginning of the owned week or as early as two years in advance. After having received the deposit, RCI is able to use this week for another member's exchange request. It is vital for the members to deposit their week in the RCI spacebank early. This has a great importance, as the sooner a week is deposited, the better priority the exchange request will receive reflecting to the better chances of finding the requested exchange.

**Exchange request:** An exchange then can be requested from a great selection of resorts and travel dates. Then high-speed computer systems are doing the actual search by trying to match together all the parameters. An exchange can be requested as early as two years or as late as 46 days before one plans to travel.

**Confirmation:** An exchange request can be confirmed the same moment if there is availability. If there is no availability at that moment due to the fact that there are no deposited weeks for the requested resort or because the value of the week deposited does not match the value of the week deposited, there is a pending request which will remain

in 'pending status' until twenty one days before the start of the planned week. In the case that nothing would be found, this deposited week remains in the spacebank and the member can add another request for future use.

**Guest Certificates:** Although an exchange confirmation can be used only by the members who have deposited their week, it is possible to give the exchange confirmation to a family member or a friend by paying an additional fee, which is called 'Guest Certificate'.

**Trading Power:** This is a term used for the value assigned to a member's deposited vacation time and to the related exchange request. It is influenced by popularity of resort area, quality of resort, popularity of week/season, and size of accommodation unit.

Records that RCI keeps combining the supply, demand and usage of the interval in all resorts define the popularity of the resort. By combining these three factors, RCI is able to appreciate the value of a resort in the time owned. That means that the higher demand for a particular interval in a particular resort, the higher trading power for this week exists.

The occupancy seasons are divided into three time bands, designated by colour:

- **Red** time for the high demand season
- **White** time for the intermediate demand season
- **Blue** time for the low demand season

The quality of the resorts is defined after questionnaires have been sent to members who have just been there for holidays. In this way RCI is able, based on the answers to establish a resort rating which contributes to the trading power.

The size of the accommodation is another important factor and it is based upon the number of people that can stay in a apartment and upon the privacy that they can enjoy.



**Additional Features:** Other additional features that the RCI exchange system offers, are bonus weeks and late breaks.

A **bonus week** is being offered in advantageous prices when there is a surplus in RCI spacebank inventory and it is considered as an extra holiday as the members do not have to deposit their weeks.

A **late break** is similar to a bonus week, with the exception that the booking must be made between two and 21 days before the date that the members want to travel.

### **2.5.2 II Exchange System**

Like with RCI, in order to be able for someone to exchange with II, it is essential to hold a membership with the company. Additionally to be able to use II's exchange system it is vital for the members to have fulfilled all their obligations with the resort i.e. to have paid the annual maintenance fees.

Edmonds (1991) notes that the main difference that can be found between II and RCI is that unlike RCI, in II's exchange system there is the possibility of requesting an exchange before depositing the week. The aim of this system is to best meet the individual needs. So the first step in exchanging with II is to select whether to deposit first or to request first. According to II Resort Directory (1998/1999) the main features of an exchange with II, are the following:

**Deposit First:** It is a deposit feature similar with RCI's allowing the members to deposit their weeks at least sixty days, but not more than one year, before the commencement date of the deposited week. Late deposits made between 59 and before 14 days before the commencement date are also accepted but are handled through the flexchange system.

**Request First:** Members using this method may enter an exchange request from a year before the starting date of their week. If the exchange is not possible the members will be still eligible to use his home resort. In the case of two members having added request for the same resort at the same dates, priority is given to the member who has selected the 'deposit first' because request first keeps open the possibility of going to their resort.

**Flexchange:** This is another program, which is run by II, allowing members to access the exchange at short notice and it is very convenient for people who cannot plan in advance their holidays. It can be used both if members are depositing first and requesting first and it can be arranged from 60 to one day before the desired trip but the deposit must be made between sixty and the minimum permitted fourteen days before their home holidays.

**Guest Certificate:** As with RCI, a guest certificate can be issued with II.

**Trading Power:** Like RCI, the factors affecting an II's member trading power are more or less the same. A difference applies in the designation of the demand seasons:

- **Red** time for high demand season
- **Yellow** time for intermediate demand season
- **Green** time for low demand season

**Late Breaks:** This program is a service offered by II from time to time when there are available deposited weeks which will not be used, so they can be rented to members upon paying a rental fee.

### **2.5.3 Competition between the Major Exchange Networks**

RCI and II have always been competitors since their formation in 1974 and 1976 respectively. They are both subsidiaries of two very large American firms. RCI is a subsidiary of Cendant ([www.cendant.com](http://www.cendant.com)) and II is a subsidiary of USA Interactive ([www.usainteractive.com](http://www.usainteractive.com)).

A few numbers will demonstrate the size of the two major exchange networks. According to II ([www.resortdeveloper.com/home/at\\_a\\_glance.htm](http://www.resortdeveloper.com/home/at_a_glance.htm)) it has 2,000 affiliated resorts in more than 75 countries and has 27 offices in 17 countries, employing 1,600 employees. It has 1.5 million household members and in 2002 it had confirmed 719,000 vacations. On the other hand, RCI ([www.rci.com/CDA/News\\_Information](http://www.rci.com/CDA/News_Information)) has 3,700 affiliated resorts in more than 100 countries, with 2.8 million members living in more than 200 countries and according to the Annual Presentation (RCI, 2000), it has confirmed more than 2.05 million vacations.

Up to the present it has been commented that RCI has always seen II as a company with poorer computer and poorer infrastructure that have given it a lead in the competition. Haylock (1991) stated that one thing that RCI is confident about, is its technology. But as those companies are owned by two very large organisations which are not only specialised in hospitality but in other areas as well, it is expected that competition between them will be intensified (see Appendix 1 and 2).

**2.6 The Impacts of Timesharing**

The holiday and leisure industry in general is an important economic sector for many geographic areas contributing in local economies and not only. That is also supported by Cooper et al. (1998) who states that tourism has a multiplier effect to the local societies. The Timesharing industry is reported to be one of the faster growing sectors of the tourism industry and its significance within the tourism sector brings great benefits to the host communities, the hoteliers and the Timeshare owners.

**2.6.1 Benefits to the Community**

Several studies have shown that Timeshare contributes to the employment ratio of a local community. According to RCI (Information Pack, 2000) in Europe almost 50,000 permanent jobs were created in Timeshare resorts and on site resort operation staff generated 30,000 permanent and 10,000 temporary jobs.

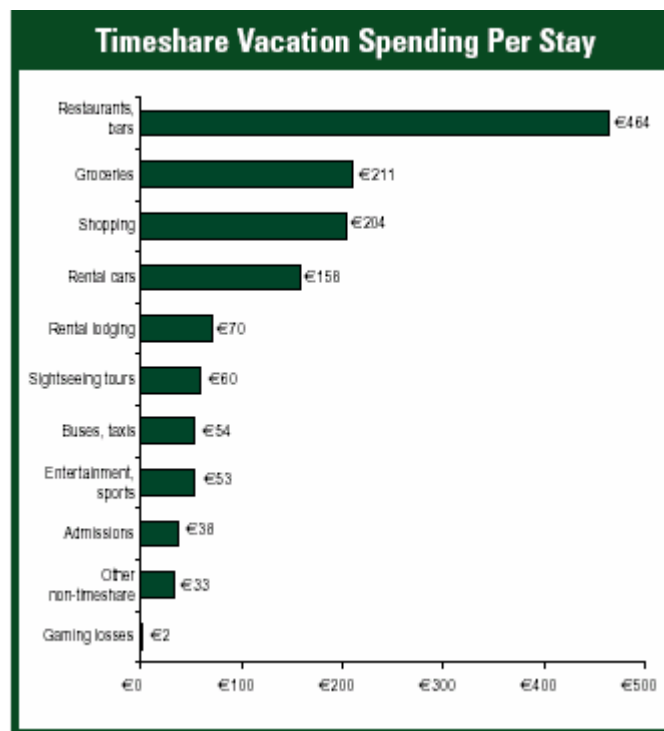
Timeshare is ensuring a guarantee repeat visitation to resort areas, even if the buyers themselves do not return every year since the exchange companies will be filling the empty space with another owner from another resort (Ragatz Associates, 2002).

<b>Increased Visitation With Purchase of Timeshare</b>			
	<b>5 Years Before Purchase</b>	<b>5 Years Since Purchase</b>	<b>% Change</b>
<b>Number of visits</b>	2.7	4.4	+63%
<b>Total nights per 5 years</b>	25.4	40.9	+61%

**Figure 2.6.1a: Visitation of resort areas**

Source: Ragatz Associates, 2002, The Community Benefits of Resort Timesharing

Additionally as Ragatz Associates (2002) are reporting, that the average European Timeshare travel party spends €1,347 in the local community during their vacation, or €114 per day. Spending in local communities by owners of European Timeshares and their guests totals about €1.8 billion annually. In addition, European Timeshare owners pay an estimated €725 million each year to maintain and operate their resorts, much of this spent in local resort communities.



**Figure 2.6.1b: Timeshare spending per stay**

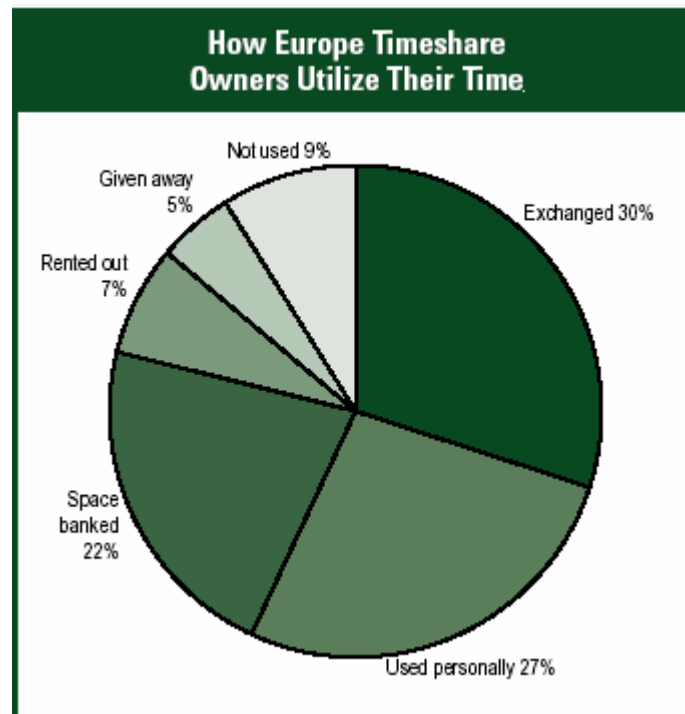
Source: Ragatz Associates, 2002, *The Community Benefits of Resort Timesharing*

From figure number 5 it can also be assumed that Timesharing is creating a multiplier effect in local communities as Timeshare owners tend to consume services as bars, restaurants, car rentals, shopping and other activities.

### **2.6.2 Benefits to the Developers**

The main benefit for the hoteliers with a Timeshare development in their resort is the increased level of occupancy and overall profitability. Ragatz Associates (2002) are reporting that owners are using 91% of the time available in their European Timeshares. When not using their Timeshare intervals personally, they exchange for holidays in other locations, spacebank (put up their time for use by another owner, so they have twice as much time the next year), give their time away for others to use at no charge (typically

friends, relatives, or charities), or rent out their time. High Timeshare occupancy rates result in strong year-round utilisation, which reduces seasonal fluctuations in resort area employment.



**Figure 2.6.2: Timeshare owners' utilisation of time**

Source: Ragatz Associates, 2002, *The Community Benefits of Resort Timesharing*

Another very important benefit for the developers is that they can sell the same property for 52 times (weeks) and also receive the annual maintenance fees from each owner. In this way, developers will be able to pay back their investment and earn more money and earlier than they would by offering the same apartment on conventional owned basis. Moreover, there is an estimation by WTO (1996) that reports that on this basis, a developer must gross about 2.6 times the price of a conventionally owned condominium, which seems an extremely large profit.

### **2.6.3 Advantages for the Owners**

Owning a Timeshare offers many advantages to its purchasers. Strauss (2001) has identified the main benefits for Timeshare purchasers which are summarised to the following:

Owners don't have to go to the same place every year as they can use the exchange system and can have additional savings that they wouldn't have if they owned a whole second home ownership. Another benefit is that by paying maintenance fees they are guaranteed that all resort units and communal areas will be cleaned and functional.

Additionally Hayden (1997) reports the following as benefits for Timeshare owners:

They can enjoy in comparison with hotel room renters, benefits that condominiums offer such as spaciousness, kitchens, private bedrooms, and the opportunity to bring friends without paying any extra money. Owners can sell their interest whenever they want and can have worldwide 'Bonus Time' available. These are extra weeks (and weekend getaways) through the exchange companies. These weeks require no payment of maintenance fees, can be used often, and the rates are known to be unheard of bargains.

#### **2.6.4 Negative Impacts**

Timeshare does not only have positive impacts, but also may have a negative impact on the tourism industry. The main problem can be identified when the marketing of Timeshare is taking place on site, at the resort area. As explained earlier in this Chapter, Timeshare prospective owners have very often to be brought to the Timeshare product, the resort itself, unlike with the conventional package holiday product, which is distributed to the market through a wide network. This involves different forms of persuasion by OPCs and sales people, which often use aggressive sale activities. These aggressive sales practices have resulted in strong opposition from consumer organisations and have caused considerable criticism from the media.

Another negative impact that can be also addressed to the tourism industry as a whole, is the damage of the local societies and environments especially in overcrowded and undeveloped destinations.

## **2.7 Legal Framework**

In 1996, WTO stated that there was no general agreement about the Timeshare contract, which complicated all legal aspects, as Timeshare is an international product. So, different laws and rules are applied in different countries, fact that causes many problems in a lot of cases as Timeshare owners often own properties in countries abroad. During the past few years several laws have been implemented in several countries, contributing to the industry's image. USA was the first country that voted and implemented laws in an effort to regulate the Timeshare activity. Then Europe followed with United Kingdom (UK), first implementing the 1992 Timeshare Act, which was revised by the Timeshare Regulations of 1997. In the meantime European Union (EU) issued the first Directive in 1994, which started to be in effect in 1997 (OTE at [www.ote-info.com/lawsandps/laws\\_policies.html](http://www.ote-info.com/lawsandps/laws_policies.html)).

Meanwhile, national bodies and organisations have formed around the world, to be legislative bodies. The most important of them are ARDA, the American Resort Development Association (ARDA at [www.arda.org](http://www.arda.org)) and OTE, the Organisation for Timeshare in Europe (OTE at [www.ote-info.com](http://www.ote-info.com)), while other bodies like TUG, the Timeshare Users Guide (TUG at [www.tug2.net](http://www.tug2.net)) provide information for consumers trying to protect their rights.

### **2.7.1 EU Directive**

On October 1994 the European Commission passed the following Law 'The European Directive 94/47/EC of the European Parliament and Council on the protection of purchasers in respect of certain aspects of contracts relating to the purchase of the right to use immovable properties on a Timeshare basis' (OTE at [www.ote-info.com/lawsandps/laws\\_policies.html](http://www.ote-info.com/lawsandps/laws_policies.html)). All EU countries were required to adapt their national law by the final date for implementation of April 29<sup>th</sup> 1997. Its aim was to establish a common rule to protect consumers in all EU member states. The Directive covers transactions between commercial vendors and private buyers but excludes business-to-business transactions, agreements between private buyers and sellers, agreements with resale companies and agreements on canal/narrow boat Timeshares.

According to OTE (OTE at [www.ote-info.com/lawsandps/laws\\_policies.html](http://www.ote-info.com/lawsandps/laws_policies.html)) it is important to note that the Directive applies to *"any contract or group of contracts concluded for at least three years under which, directly or indirectly, on payment of a certain global price, a real property right or any other right relating to the use of one or more immovable properties for a specified or specifiable period of the year, which may not be less than one week, is established or is the subject of a transfer or an undertaking to transfer.."* Such a definition could mean that companies selling Timeshare of less than three years (such as holiday packages), for example, are not covered by the legislation and therefore are not required to offer a cooling-off period.

OTE (OTE at [www.ote-info.com/lawsandps/laws\\_policies.html](http://www.ote-info.com/lawsandps/laws_policies.html)) has identified the main principles of the EU Directive, which are the following:

- Buyers must have a statutory minimum ‘cooling off’ period of ten days from signing the contract.
- The taking of deposits before the end of the ‘cooling off’ period is prohibited.
- Contracts must be in the language of the member state in which the buyer lives.
- Purchasers must receive all descriptive information concerning the property and their rights.

A small summary of the EU Directive can be found in Appendix 3 and its implementation timetable in Appendix 4.

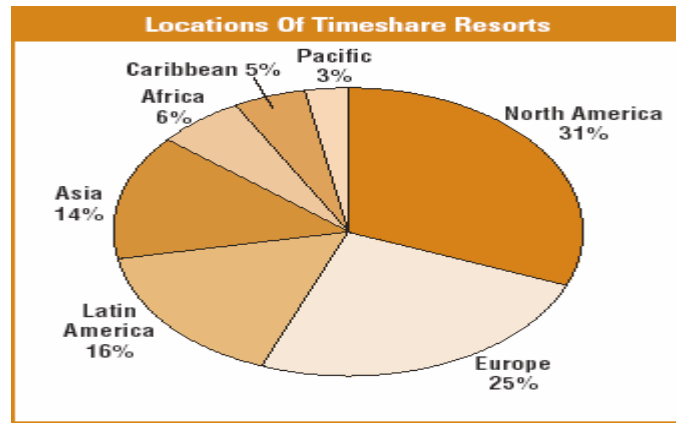
## **2.8 Growth of Timeshare Industry**

As Haylock (1994) has pointed out, Timesharing is one of the fastest growing sectors of the holiday and leisure industry. With an annual growth of an average of 14% worldwide between 1980-1999 compared with 4% growth for travel and tourism and 2% for hotel accommodation, it is supposed to be a very dynamic industry (RCI, 2000).

According to Ragatz Associates (2003), of the world’s 5,425 Timeshare resorts, just over 1,700 are in North America, predominantly the USA. Europe hosts 25%, with Spain (including the Canary Islands) offering over 500 Timeshare resorts. Latin America includes another 16% of the global total, led by Mexico with some 40% of the resorts in

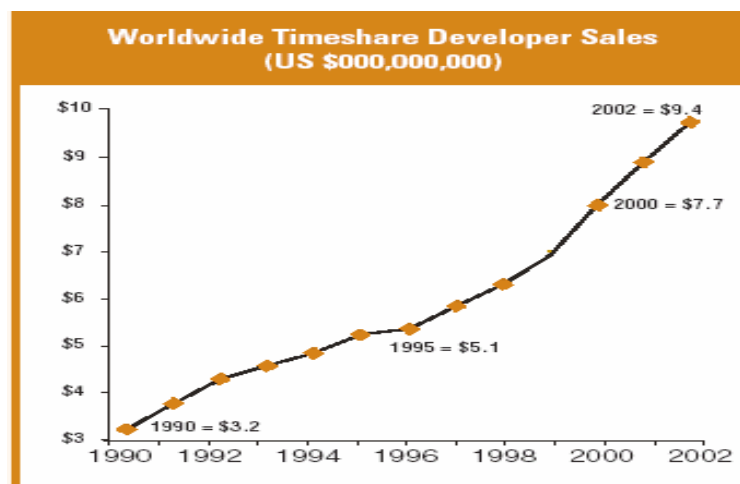


that region. Rapidly emerging Asia offers 14%, led by Japan but with Thailand and India increasingly prominent. These resorts provide about 325,000 accommodation units worldwide. Some 41% are in the U.S., where Timeshare resorts tend to be largest with an average of more than 80 units each. On a global basis, the average Timeshare resort offers about 60 units.



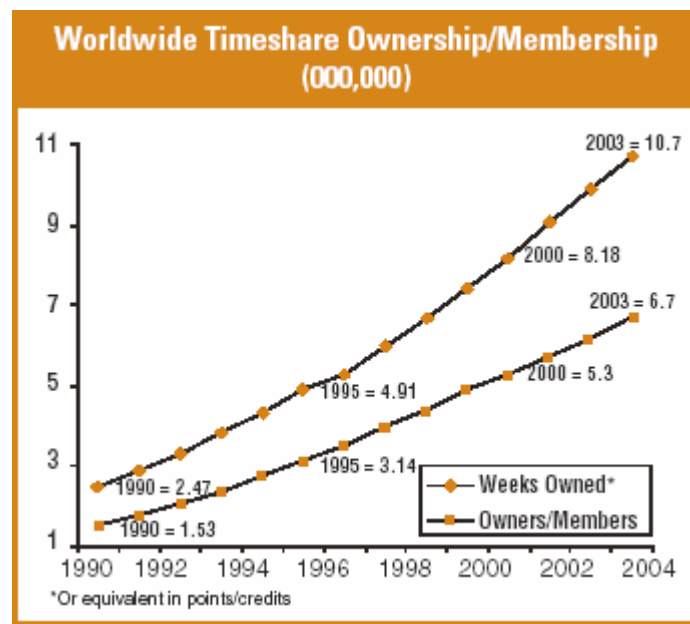
**Figure 2.8a: Timeshare resorts worldwide**  
 Source: Ragatz Associates, 2003, Resort Timesharing Worldwide

Ragatz Associates (2003) in their survey for the worldwide Timesharing mention that developers sold about U.S.\$9.4 billion in Timeshares during 2002 on a worldwide basis. Sales of U.S. Timeshares represented fully \$5.5 billion of this, fueled by strong growth among the leading companies. Europe and Latin America together accounted for most of the remainder, although Asia and Australia both showed renewed growth signs after several years of static or declining sales. Globally, the average price of a Timeshare purchased from developers was about \$10,600 per week in 2002, but varied significantly by country, product tier, unit size, and other features.



**Figure 2.8b: Worldwide Timeshare sales**  
 Source: Ragatz Associates, 2003, Resort Timesharing Worldwide

Some 6.7 million households worldwide owned or held membership use rights to some 10.7 million weeks of Timesharing, or the equivalent in points and credits while ownership of Timeshares increased at a rate averaging about 12% annually from 1990 to 2003 (Ragatz Associates 2003). Further to OTE ([www.ote-info.com](http://www.ote-info.com)) survey conducted in 1999 most of these owners are mainly residing in the USA by 48% followed 26% who were Europeans.



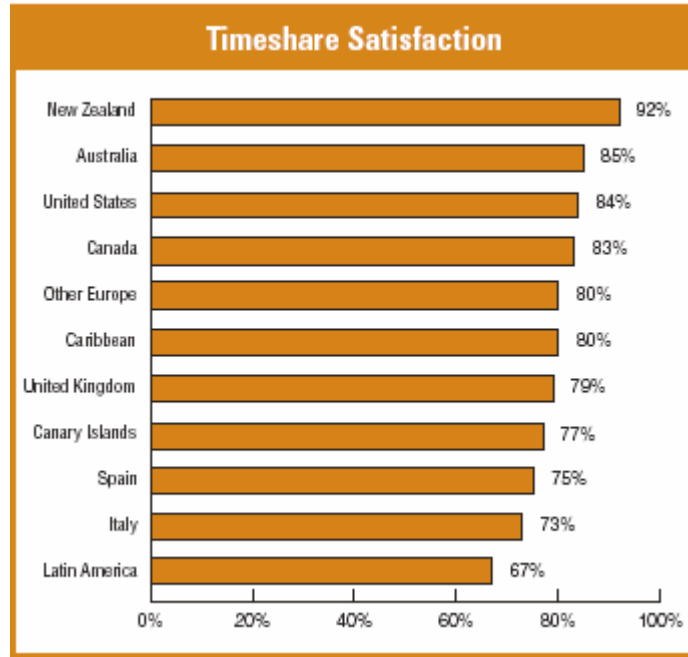
**Figure 2.8d: Worldwide Timeshare/Ownership**

Source: Ragatz Associates, 2003, Resort Timesharing Worldwide

A few demographic characteristics provided by Ragatz Associates (2003) will be very enlightening. Worldwide, typical Timeshare buyers are upper-middle income, middle-aged, married couple homeowners. But great diversity exists around this 'typical' profile. Timeshare products priced to attract ordinary working people, and others oriented to only the very affluent, are available. Median household incomes of buyers range from about US\$35,000 in some developing countries to more than US\$90,000 for buyers in the Caribbean. Italy attracts the largest proportion of unmarried buyers (37.0%), while Latin America Timeshares attract the most households with children (58%). Market penetration rates remain low in all countries, leaving plenty of potential for future growth; even in the United States, fewer than 3% of households own Timeshares.

But what has made Timesharing a success? Sure the satisfaction among Timeshare owners worldwide. It is mentioned by Ragatz Associates (2003) that the great majority of Timeshare owners express satisfaction with their purchases. Satisfaction rates range from

67% in Latin America and 73% in Italy, to 84% in the USA and an overwhelming 92% in New Zealand. Most owners who provide other responses are not dissatisfied, but instead simply check “neutral”, primarily because they have not yet experienced their Timeshares sufficiently to form an opinion.



**Figure 2.8d: Owners' satisfaction**

Source: Ragatz Associates, 2003, Resort Timesharing Worldwide

## 2.9 Timeshare Trends

The increasing growth of Timeshare has attracted many organisations and people and is expected to continue growing in the forthcoming decade. The main future trends that can be identified are the following:

**Points System:** The points system was initially introduced by RCI in order to offer another way of Timesharing with added flexibility for owners. Points ([www.rci.com/CDA/News\\_Information/tmpcompanyoverview](http://www.rci.com/CDA/News_Information/tmpcompanyoverview)) allows members to have their Timeshare ownership interest converted into a quantity of points (determined by the size of the unit, location, season, resort demand, etc.), which can be exchanged for other Timeshare accommodations, as well as for airfare, rental cars, hotel stays, golf outings, cruises and European country cottages. Points System is the most flexible exchange

system in the world, and is bringing more travel and leisure options to the Timeshare owner.

**Industry Concentration:** Many Timeshare specialists have foreseen that the industry will increasingly find a few developers to dominate the market. Haylock (1995) had predicted something that is already a reality, that some of them will be companies coming directly from the Timeshare market and some will be companies purchased by big corporations. Several hospitality firms are likely to operate their own internal exchange programs and turn to RCI and II for back up exchange programs.

**Vacation Clubs:** Under the trend of industry concentration, vacation clubs can be adjusted. They are organisations owning multiple Timeshare properties in different locations. Club members can reserve space at the various resorts of this organisation and exchange among these resorts or with RCI or II resorts if this organisation is affiliated with either of the exchange networks.

**Leading Chains:** According to RCI's Annual Presentation (2000) a vast majority of Timeshare resorts accounting almost 90%, are owned by independent developers. This leaves the opportunity for leading hotel and leisure chains to enter the market and dominate it by having the strong competitive advantage of the brand power. Today, leading brands including Marriott, Hilton, Ramada, Disney, Thomas Cook, Four Seasons, Holiday Inn, Sol Group and several others have identified the great potential that Timeshare has to offer (RCI, Annual Presentation, 2000). Furthermore, WTO (1996) has predicted that in the future the exchange companies will act as IT provider for customer reservations for strong brand names that will be formed through mergers.

**New Markets and Products:** Other future trends involve not only the move to new markets such as North East Asia and Pacific (Anthony, 1996), but also into new products as cruise ships, boats, canal boats (The World of RCI Holidays, 2001/2002). A great potential also seems to be for the industry to expand into the business world by offering incentives via Timeshare to the employees of these companies.

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## CHAPTER 3: THE GREEK TIMESHARING INDUSTRY

### **3.1 Introduction**

The aim of this Chapter is to provide an overview of the Greek Timesharing industry and its main characteristics. The Greek Timesharing industry represents a small part of the overall Tourism industry of Greece. According to the Greek National Tourism Organisation (GNTO at [www.gnto.gr](http://www.gnto.gr)), tourism is a key industry, and one of the biggest contributors to GDP and foreign exchange earnings. The number of foreign arrivals reached 14.6 million in 2001, ranking Greece as the 15<sup>th</sup> world tourist destination, creating revenues of 9,221 million US\$ showing an increase of nearly 5%. The main market and product characteristics of the Greek tourism according to the Association of Greek Tourist Enterprises (SETE, at [www.sete.gr](http://www.sete.gr)) are:

- The seasonality
- The dependency upon Tour Operators
- Pricing war
- Politically sensitive
- It is a family oriented business
- Quality issues
- Infrastructure problems

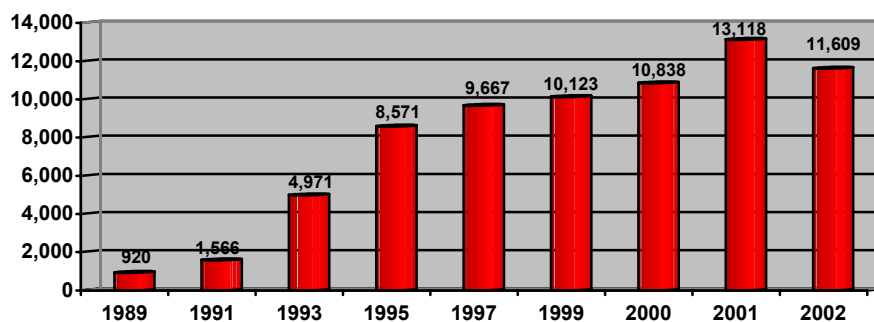
Under this environment the Greek Timesharing market started to grow. Since the early 1980s, following the booming development of Timeshare in USA and the success of the concept in Europe, there was an increased interest for this new form of tourism in Greece. It was first introduced in 1985, by Porto Hydra resort in Pelloponisos and started at that time experimentally to sell on site, its hotel units as Timeshare mainly to British holidaymakers. Then, in 1986, a legal background was provided with the provision of law 1652/86. Since 1991 Timesharing in Greece has experienced a quick development due to establishment of offices of the two major exchange networks, RCI and II, which lead in tremendous growth in terms of affiliated resorts and number of Timeshare owners.

### **3.2 The Growth of the Greek Timesharing Market**

As mentioned earlier the first Timeshare development in Greece was created in 1985 and until the beginning of the 1990s it was slowly expanded. According to RCI Greece's annual report (1996) in 1990 there were only 9 Timeshare resorts with 920 owners, which in 1995 have developed, to 32 resorts and 9,125 owners. Today the affiliated resorts have reached the number of 44 resorts with 15,000 Greek owners and 10,000 of foreign owners owning in Greek resorts (RCI Greece, 2002). Out of the 44 Timeshare resorts, 39 are affiliated with RCI (RCI, 2003/2004), 9 are affiliated with II ([www.intervalworld.com](http://www.intervalworld.com)) and 4 are dually affiliated with both exchange networks. In the meantime, 28 marketing companies are selling Timeshare throughout the Greek market.

The two main exchange networks, opened their offices almost at the same time in 1989, but at the present, only RCI has offices at Greece as II has moved all its operations to UK. The creation of offices contributed to the enormous growth of Timesharing in Greece, as well as, to deliver efficient services to the their members and to the affiliated resorts.

RCI Greece (2002) services 11,609 active members and is also responsible for the service of Cypriots, Bulgarians, Serbians and Albanians. Its member base expanded from 920 active members in 1989 to 11,609 in 2002. But the most significant progress was made between 1991 and 1995 when from 1,566 in 1991, reached 8,571 in 1995, showing an increase of nearly 540%.

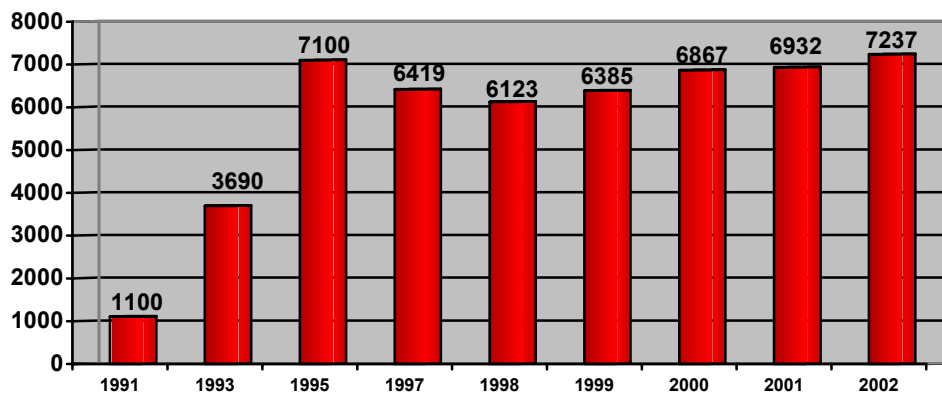


**Figure 3.2a: Numbers of Greek members**

Source: RCI Greece, 2002, 2002 Annual Report- 2003 Targets

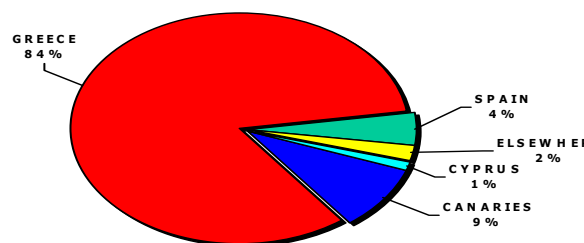
The growth of that period was so significant that Ragatz Associates (1995) classified Greece among the major countries in the world, fourth in terms of relative growth of new owners owning in the area and third in the world, in terms of new owners residing in the area.

According to RCI Greece (2002) the number of exchanges of Greek members reached the number of 7,237 while in 1991 they were only 1,100. It is also very important that the services of the exchange companies are not only exclusively related to Timesharing but they act as tour operators for their members, by offering multiple leisure and travel services.



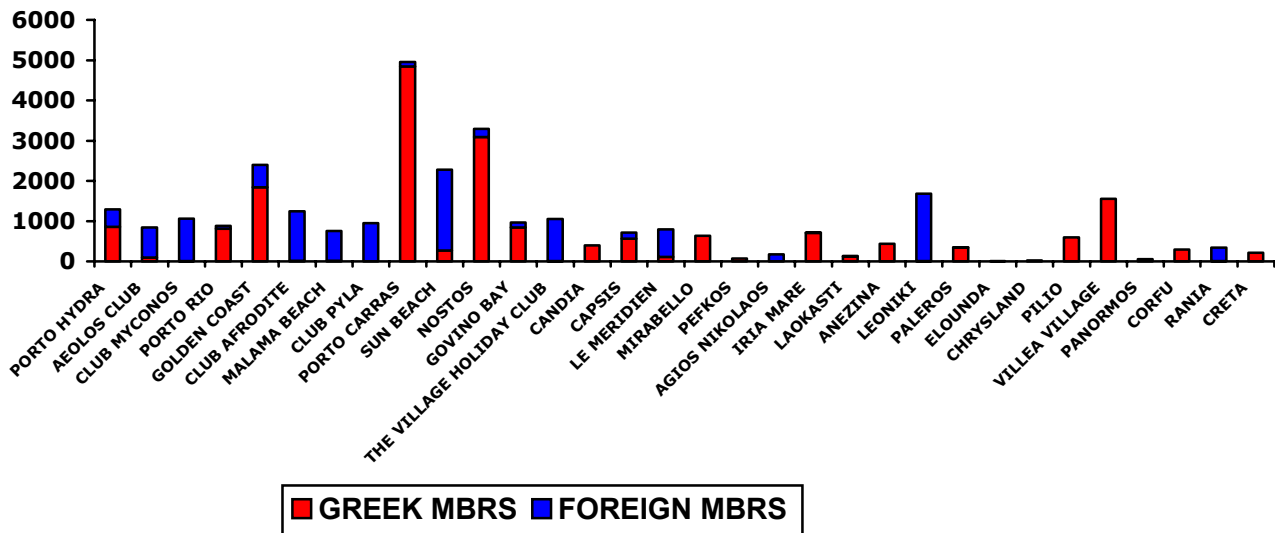
**Figure 3.2b: History of exchanges**  
 Source: RCI Greece, 2002, 2002 Annual Report- 2003 Targets

A very enlightening figure will be the one showing where Greek owners have purchased their Timeshares. According to RCI (2002) the vast majority own in Greek resorts accounting 84% while the Canary Islands are in the second position with 9%.



**Figure 3.2c: Where Greek members own Timeshares**  
 Source: RCI Greece, 2002, 2002 Annual Report- 2003 Targets

Alongside with the 11,609 active Greek members it has been estimated that almost 9,000 foreign owners have purchased Timeshares in Greek resorts (RCI Greece, 2001). As it can be demonstrated from Figure 3 most of them have Timeshares in popular resort areas like Rhodes, Crete and Cyprus.



**Figure 3.2d: Ownerships at Greek resorts**  
 Source: RCI Greece, 2002, 2002 Annual Report- 2003 Targets

### 3.3 Characteristics of the Market

The Greek market is mainly a homogenous market where Greek developers or marketers are selling (mainly off-site) to Greek citizens, Greek resort products. The Timeshare market in Greece started at the mid 80’s and really took off at the beginning of the 90’s through Prime Time a marketing company, which really changed the way the product, was marketed and really created the Greek market. Another important element of the companies related with Timesharing in Greece is that the majority of them can be classified as Small and Medium Enterprises (SMEs).

In Greece during the 12 years of the industry’s existence there were only a small number of negative articles and their majority is positive and the general outlook of the industry towards the local authorities and local media is also on the positive side.

According to RCI Greece (2001) the profile of the average Greek Timeshare owner is the following:



- Married with kids
- Around 35-50 years old
- Income level (Middle to upper class)
- Education level: High and University level

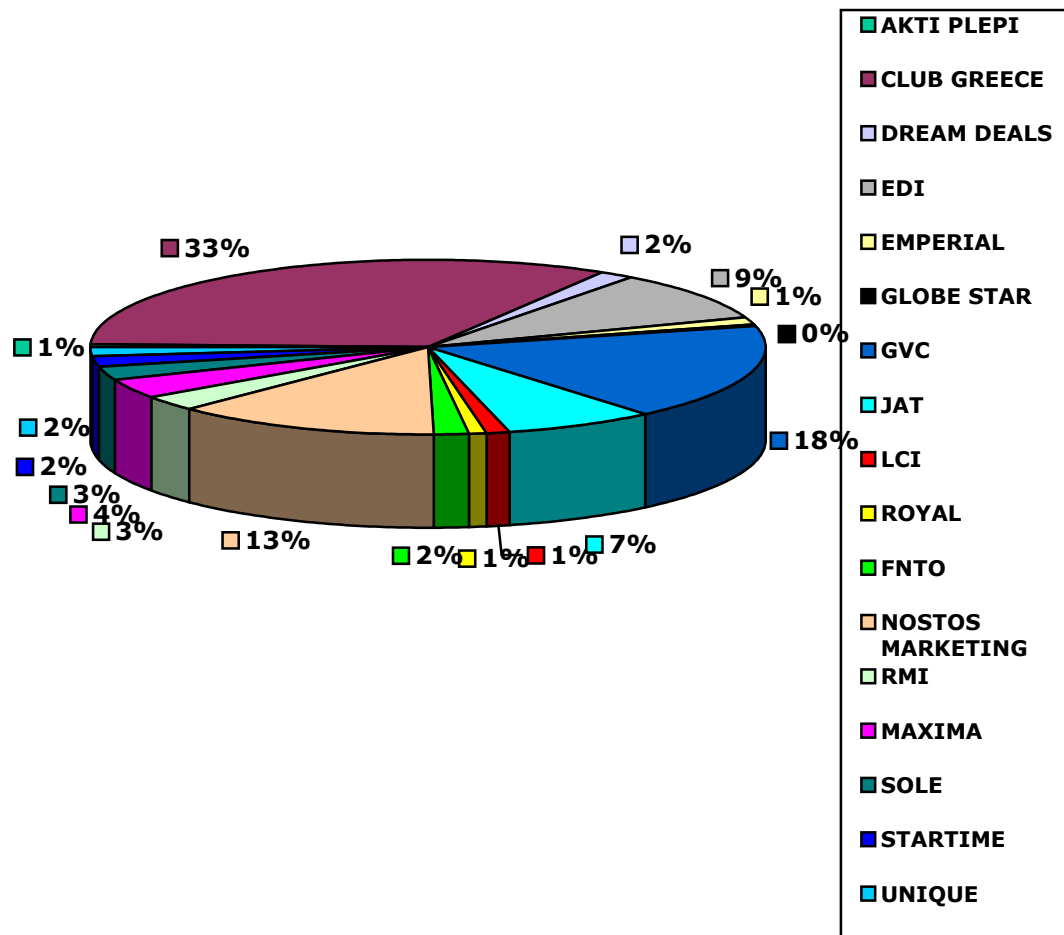
The last couple of years though, especially with the introduction of consumer finance packages the profile has changed in some extent as financially weaker families and people now afford to buy Timeshare. The average member family owns 1.2 weeks and 70% of all Greek members own studio apartments, as they are less expensive from one and two bedroom units (RCI Greece, 2001). One and two bedroom units are more expensive because they are more rare due to the fact that most Timeshare developments are conversions from hotel to Timeshare units, and not purpose build projects.

### **3.3.1 The Marketing Companies**

At the moment there are about 28 companies that sell Timeshare in Greece as stated earlier in this Chapter (see Appendix 5) but actually 5 of them are subsidiaries of the Greek Vacation Club group (GVC). These namely are Four Quality Hotels, Greek Vacation Club, Corfu Vacation, Affant Holdings and Competitive Holidays.

Today, in terms of sales to Greek nationals the GVC group are the market leaders selling their own resort products, as they are both developers and marketers (since a couple of years ago). GVC are using on-site and off-site sales plus 'road shows' to all major cities in Greece.

Club Greece is the market leader (and really the only players in that field) in reference to sales to non-Greek nationals. Club Greece is selling through their main sales offices at Rhodes and Rethymno (Crete) again using both cold line and in house operations.



**Figure 3.3.1: Marketing companies by 2002 share**  
 Source: RCI Greece, 2002, 2002 Annual Report- 2003 Targets

A summary of the insight of the Greek market has been given by RCI Greece (2002) to its *2002 Annual Report – 2003 Targets*:

- 16 Resorts are currently selling.
- 4 Key Clients selling 10 resorts are generating almost the 75% of all enrolments.
- 14 Sales Comps at 6 resorts are responsible for the remaining 25% of sales.
- 3 Rising Stars (EDI, Royal, Unique-Sole) have produced the 70% of these sales.

In general these marketing companies are using three methods when selling Timeshares:

- **On site:** by trying to attract potential customers in the Timeshare resort.
- **Off site:** which takes place at the offices of these companies.
- **Fly and Buy:** where the potential customers are invited to visit the Timeshare resort.

### **3.3.2 The Resort Developments**

The majority of the 44 Timeshare resorts operating in Greece are situated to the islands, as these are well known destinations attracting most of the holidaymakers (see Appendix 6). At the moment 9 resorts in Crete, 7 in Cyprus, 6 in Corfu, 5 in Cyclades Islands, and 4 in Rhodes.

Family businesses and small entrepreneurs run the majority of the Greek Timeshare resorts. In the *Power of Numbers* (RCI, 2003), it has been estimated that the Timeshare developments contain a total number of 4,123 beds for an average of 111 beds per resort. According to the same source 4 of them contain more than 200 beds. The phenomenon that had been identified by Dimakouleas (1996) and still continues to occur (RCI, 2001) is, that a great deal of resorts only reserve a small number of their Timeshare operation and instead they prefer to distribute their product mainly through tour operators. This comes to a contradiction as most of the hoteliers turned to Timeshare in order to raise their occupancy rates, avoid tour operator pressure and extend the holiday season.

Another characteristic of the Greek resorts is that most of them were not built for Timeshare purposes and they had to convert their units in order to meet the higher possible standards in terms of architecture, amenities and quality of services.

The purchase price of a Timeshare unit in Greece varies between €7,400 and €18,400 depending on the season owned, the location, the size of the unit and the facilities of the resort. The average price though, is near to €9,000 which is almost 11% lower compared to the average European which is €10,100 (Ragatz Associates, 2002).

### **3.3.3 The Exchange Networks**

The two major networks, RCI and II, were the most significant players that contributed in the development and growth of the Greek Timesharing market. They were the ingredient that brought together the marketers, the hotel developers with the prospective purchasers. From 1989, year of their establishment, they worked efficiently to deliver the best services to both their affiliated resorts and customers. The removal of II offices and services from Greece to their European Headquarters in UK, can be considered as

drawback to the future development of Timesharing in Greece. It has been pointed by Haylock (1994) that the role of the exchange companies is crucial for the existence and future growth in a region, as it can be seen from the following table:

- |  |
|--|
| <ul style="list-style-type: none"> <li>▪ They provide an important sales tool to developers and marketers as their exchange systems have overcome the inherent inflexibility of having to return to the same place each year for having holidays.</li> <li>▪ They give stability and credibility with their presence, to the institution of Timesharing.</li> <li>▪ They provide sales materials and other marketing devices to the developers and marketers.</li> <li>▪ The exchange service is directly provided to their members.</li> <li>▪ They offer a number of complementary services to their members as air tickets, travel insurance and special offers.</li> <li>▪ Being affiliated with strong brand names can benefit developers.</li> </ul> |
|--|

**Table 3.3.3: The role of the exchange companies within Timeshare markets**

Source: Haylock R., 1994, Timeshare: The New Force in Tourism

### **3.4 Impacts of Timesharing for the Greek Developers**

With the difficulties that the Greek tourism is facing under the international environment, Timesharing offers interesting opportunities to Greek developers in order to increase their revenues and profits. So, the impact of The Timesharing concept is mostly advantageous for the developers, although there are some disadvantages as well. The current Managing Director of RCI Greece, Mr. Manikis (Tourism and Economy, 2001) has identified the most significant benefits, which are the following:

With Timesharing it is easier for the developers to have an earlier return to their investments as they can repay their loans quicker. The affiliated resorts are enjoying high occupancy rates throughout the year, as there is steady demand. RCI Greece (2003) has estimated that the average occupancy rates for its resorts in Greece had an average occupancy rate of 88% for the year 2002 which, compared to the average occupancy in Greek hotels which was 64.97% for the year 2000 ([www.gnto.gr](http://www.gnto.gr)), it is significantly bigger. As developers can repay their loans quicker and have increased occupancy rates, their businesses become more profitable, allowing them to invest in building further

Timeshare units or improving the resort amenities and facilities. They can avoid the pressure they are facing from tour operators, which are continuously trying to keep prices as low as possible and to control the destination traffic.

However, the Timesharing concept involves some threats for the developers (Manikis, 2001):

It is very important for the developers when signing the affiliation contract and when signing a contract with a marketing company, to ensure that they can fulfill their obligations and protect their interests. If developers decide to sell their units themselves on site, instead of hiring a marketing company, they should be sure that they won't use any amateur sales people as they often are responsible for disturbance in the resort area. As most of the affiliated resorts were not built for Timeshare purposes and they are mainly conversions from traditional hotels, there is the possibility of the absorption of a sufficient number of tourism traffic, which may lead to the aggravation of the operation of the existing hotels.

### **3.5 Advantages of Timesharing for the Greek Owners**

Timesharing, as an alternative way of making holidays offers many advantages which according to Mr Manikis (2001) can be summarised to the following:

It offers the opportunity to owners to exchange their Timeshare intervals in other resorts with only a small additional cost, that of the exchange fee. The Greek owner has the opportunity to visit luxurious resorts in more than 90 countries. Usually the accommodation that is being offered through Timeshare is of higher standard than the one that is being offered by tour operators in traditional hotel establishments. The Greek owner can save a considerable amount of future vacation costs as the price paid for a Timeshare will give a pay pack period of 7-8 years compared with the accommodation cost of traditional holidays. The presence of the exchange networks ensures the quality assurance of the services offered, the protection of the interests of the Greek owners and the viability and future development of Timeshare.

### **3.6 Legal Framework of Timesharing in Greece**

In paragraph 3.1 it was mentioned that the first legal framework, concerning Timesharing in Greece was provided in 1986 with the provision of law 1652/86. A definition of Timesharing had been provided from Efthymiatou-Poulakou, (1997) by saying that Timesharing is regarded as being the purchase of the use of a holiday accommodation for a predetermined period in weekly multiples, in each year for a specified number of years which can be from 3 to 60 years. This accommodation can either be a self-catering static establishment or a yacht or cruiser. The purchaser acquires the right to sell, rent or pass on this usage to his successors. From this, it is rather obvious that the legislator dictated the ownership from the Timeshare interval. According to the Greek law, a free hold cannot be divided into many parts or sold in perpetuity; therefore developers have to base their schemes upon the Right To Use form of Timesharing.

The main articles of the law are defining the following (Efthymiatou-Poulakou, 1997):

- The resorts that fall under the Timeshare lease agreement can be hotels or any other kind of tourist installations which have one of the following forms:
  - Hotels of the traditional type
  - Furnished apartments for tourists
  - Tourist villages
  - Villas for tourists
  - Furnished houses for tourists
- These resorts have to be at least three star or upper class establishments.
- They must operate in accordance with the requested by the law licenses of the GNTTO.
- The percentage of beds that can be assigned for Timeshare purposes cannot exceed:
  - 49% for already existing units
  - 70% for new units

As mentioned in Chapter two, in October 1994 the EU Directive was issued, requiring from member countries to implement it by April 1997 by introducing the relevant

legislation concerning the Timesharing activities. So, amendments were made to law 1652/86 and by August 1999 (see Appendix 4) started its implementation with most significant improvements the:

- 10 day cooling-off period extendable to three months
- Ban on advance payments

In the meantime, a very important measure, concerning the marketing companies, was taken by GNTO ([www.gnto.gr](http://www.gnto.gr)) trying to regulate the Timeshare market in Greece. Thus, from 1996 any company that is interested of selling Timeshare must comply with the same criteria that of a travel agency. Similarly any marketing company should have an established office, a manager and supply itself with the GNTO approved operational emblem.

### **3.7 Potential - Trends of the Greek Timesharing Market**

The market potential according to RCI Greece's study (2001) is around 35,000 – 40,000 Greek residents owner families , with the most important element in terms of the market overall potential being the fact that around 13 million tourists visit Greece every year through the 5-6 major ports of entry and there is only one sales and marketing company (Club Greece) which today actively sells Timeshare to those tourists.

Furthermore, according to Manikis (2001), the Greek market in general follows the international Timesharing markets trends, and the key trends that can be applied to the Greek market are:

**Marketers are becoming developers.** Leading Greek marketing companies as the GVC group, having the know-how of Timeshare sales, have acquired and are running their own resorts.

The attraction of **leading hotel brands**. The possibility of affiliation of big Greek hotel chains could take off the Timeshare activity in Greece and improve the overall resorts quality.

**Cyprus** is one of the new rising stars in the European holiday ownership industry with some major Timeshare developer groups wishing to explore the possibility of investing to the island. Cyprus has a lot of potential as it is an all year round destination with very good quality resort establishments and general infrastructure.

Many Greek marketing companies, like EDI and the GVC group, have started **sales operations in other countries**.

The introduction and implementation of the exchange system of **points**.



## CHAPTER 4: ICTs IN THE TOURISM INDUSTRY

### **4.1 Introduction**

The purpose of this Chapter is to demonstrate the importance of the ICTs for the tourism industry, as ICTs and their usage have been the motivation of the author to conduct a research upon the Greek Timesharing market. Tourism is acknowledged to be a very information intensive industry, a view which has been supported by Sheldon (1997) when she stated that information is the lifeblood of the industry, as without it the sector could not function. Information is needed by tourists, not only before going on a trip to help them plan and choose between several options, but also during the trip. This need of information is heightened according to O' Connor (2000) by the characteristics of the tourism product which are its intangibility, it is fixed geographically, its complexity and its interdependence. So, given that millions of people travel every day, it can be seen that the provision of accurate, current and relevant information is essential for the efficient operation of the tourism industry.

### **4.2 Definition of ICTs**

ICTs have a critical role for the sustainable growth of business organisations by enhancing the ability to manage their resources, increase their productivity, to market their offerings and to develop partnerships with all their stakeholders. Another attribution of the ICTs in the business world, which is mentioned by Buhalis (2003), is the operational expansion of their activities regionally, nationally and globally. It is a very difficult task to attempt to define ICTs, as they do not only include the hardware and software, but also the necessary human resources to develop, run and maintain the applications and the equipment. So, several authors have tried to give a definition of ICTs:

Poon (1993) defines ICTs as the term given to the most of the electronic and computers and communication technologies used, for the acquisition, processing, analysis, storage, retrieval, dissemination and application of information.

Peppard (1993) defines ICTs as the enabling mechanism that facilitates the processing and flow of information in an organisation and between organisations, encompassing the information the business creates, uses and stores, as well as the technologies used in physical processing to produce a product or provide a service.

Runge and Earl (1988) propose that ICTs are the telecommunication networks that provide the highways into new products and services that can be offered.

Buhalis (2003) has tried to give a more collective definition by considering ICTs as the entire range of electronic tools that facilitate the operational and strategic management of organisations by enabling them to manage their information, function and processes as well as communicate interactively with their stakeholders, enabling them to achieve their objectives. The range of these electronic tools represents a convergence of hardware, software, telecommunications, network, groupware and humanware.

In other words ICTs increase a company's ability to co ordinate its services regionally, nationally and globally, by unlocking the power of broader geographical scope to create competitive advantage, as Porter and Miller (1985) state.

### **4.3 ICTs and Tourism**

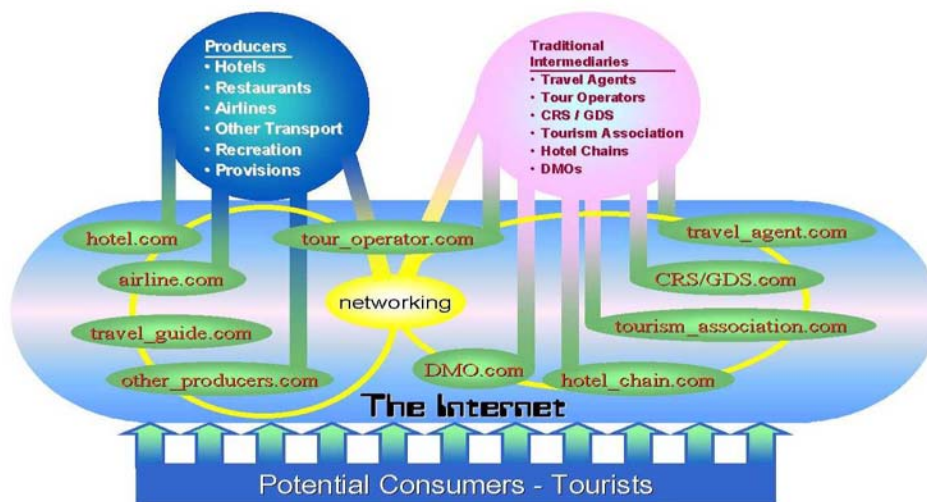
Tourism is inevitably influenced by the new business environment created by the diffusion of ICTs and according to Poon (1993) as this diffusion continues, no player in the tourism industry will escape its impacts. Furthermore, WTO (2001) states that the tourism sector has already been affected by the technological revolution in a variety of ways. ICTs have undoubtedly become one of the most important elements of tourism industry a view which is strongly supported by Poon (1993) when saying that in a few other areas of activity are the generation, gathering, processing, application and communication of information as important for day to day operations as they are for the travel and tourism industry.

Nowadays, with the wide adoption of ICTs applications, customers can access travel information before or during their journey, which have totally changed the consumer

purchasing behaviour. This progress and development has created the term of the ‘new’ tourist that Buhalis (2003) describes as the experienced and sophisticated traveller who becomes knowledgeable and seeks exceptional value for money and time, as well participation in special interest activities.

**4.3.1 The Role of ICTs in Tourism Distribution**

According to Middleton (1988) distribution channel is any organised and serviced system, created or utilised to provide convenient points of sale and/or access to consumers, away from the location of the production and consumption, and paid for out of marketing budgets. In the tourism industry, the position of the distribution sector is much more stronger than in other trade intermediaries.



**Figure 4.3.1: Tourism distribution channels**  
 Source: Werthner H.and Klein S., 1999

As it can be seen from the figure above, ICTs have revolutionised and transformed the tourism distribution system. Information though, must be able to flow quickly and accurately between the clients, the intermediaries and each of the tourism suppliers involved in servicing the consumers needs. ICTs power is integrated within the tourism industry allowing information to be managed more effectively and transported worldwide almost instantly. As a result, tourism enterprises need to understand, incorporate and utilize ICTs strategically in order to serve their target markets, improve their efficiency, maximize profitability, enhance services and maintain long term profitability (Buhalis,

1998). Thus, communications and information tools are indispensable to the tourism industry and consequently the development of both tourism supply and demand makes ICTs imperative partners of tourism industry. This partnership (WTO, 2001; Poon 1993) seems to have become more important as ICTs increase their contribution to the marketing distribution and industry linkages functions of tourism enterprises. It is more than obvious that despite the fact that tourism has traditionally been regarded as a labour intensive industry, ICTs transform the best operation practices and provide opportunities for business expansion in geographical, marketing and operational senses (Buhalis and Laws, 2001).

#### **4.3.2 Benefits from the Use of ICTs**

Many authors have elaborated on the benefits that the use of ICTs has brought to the tourism industry. Buhalis (2003) from the standing point of the overall business performance has identified that they can accelerate knowledge and information distribution; reduce transportation, postage and communication costs; and increase efficiency and productivity. The same author continues that ICTs enhance communication and coordination efficiency; improve and shorten the decision making process; and finally support the interactivity between enterprises and stakeholders.

Additionally Standing et al (1998) being more marketing oriented have said that ICTs use could help tourism organisations in building customer relationships, creating customer profiles and modifying the transactions procedures. They also propose that ICTs provide specialised information and products and services that can be directly accessed by the consumer.

#### **4.3.3 Factors Affecting the Use of ICTs**

Several drivers make ICTs an integral part of the tourism industry. Hoffman (1994) proposes the following:

- **Economic necessity** as global competition requires maximum efficiency.
- **Rapid advancements in technology** that forces tourism enterprises to invest in ICTs in order to be competitive.

- **Improvements in ICTs price and performance ratios**, which yield better productivity for capital, engaged in ICTs.
- **Rising consumer expectations** as consumers become more familiar in the use of advanced products and require additional services.

Similarly Sheldon (1997) has identified several factors affecting the use of ICTs in the tourism sector:

- **Size** as a factor that makes larger enterprises considering the use of ICTs very important in contrast with smaller ones.
- **Type of clientele** in relation of how technology can affect its travel experience.
- **Complexity of operations** in terms of the volume of information that needs to be processed.

The result is that tourism industry becomes not only more flexible and efficient, but also ICTs have reduced the costs of operations, which needed a large number of employers for back office jobs, while they provide the necessary tools for dynamic pricing. A true fact is though, that according to Mandlebaum (1997) large tourism enterprises have perceived more benefits from the application of ICTs than smaller ones and they are more keen in financing for technology investments.

#### **4.3.4 Prerequisites for Successful Use of ICTs**

Although ICTs have become a very important and necessary element in the distribution of the tourism product, there is the possibility of creating new problems if enterprises fail to introduce adequate, appropriate, rational and innovative technology solutions. ICTs according to Buhalis (2003) can enable organisations to achieve and sustain competitive advantage only if certain prerequisites are satisfied. These prerequisites include long term planning strategy, innovative processes introduction, top management commitment and training throughout the hierarchy

## **4.4 Applications – Technological Developments**

ICTs usage became necessary, as there was massive growth in the supply of tourism products where it was needed instant access to millions of events, schedules, fares, availabilities and reservations. This, according to Sheldon (1994) was critical for the tourism industry's daily operation as numerous tourism destinations and unlimited tourism products are currently on offer globally. So, the tourism industry utilizes ICTs in four major functions which according to Poon (1993) can be summarised in the following:

- Production and delivery of tourism products
- Organisation management and control of tourism enterprises
- Tourism marketing, information distribution and reservation process
- Facilitation of interaction between producers and consumers

Sheldon (1994) claims that ICTs has also the potential to make products more accessible to the travel consumers and when information technology is implemented appropriately it can improve the service quality and contribute to higher customer satisfaction. Hence, the 'new' traveller is seeking more destinations and experiences and prospective tourists request more specific tourism products. ICTs can be then the facilitator of tourism demand and a key success factor as according to WTO (2001) the success lies in the quick identification of consumer needs and in reaching potential clients with comprehensive, personalised and up to date information.

### **4.4.1 Applications in Tourism**

A very wide range of ICTs are used in order to facilitate the operation of the tourism industry and most of them enable tourism distribution channel members to communicate with consumers and between each other. Buhalis (2003) has divided them in the following:

**Hardware:** which include the hardware components of a computer such as input devices (e.g. hard disks) and output devices (e.g. printers). Today the most widely spread

hardware applications are the personal computer (PC), CD ROMs, self service terminal kiosks and more recently mobile devices.

**Software and computer applications:** which are used to operate the hardware devices in order to perform tasks for the end users. In tourism software applications are mostly used to facilitate transactions and for managerial and organisational needs.

**Communications and networking:** these include telecommunication networks, wide area networks (WAN), local area networks (LAN) multimedia applications, electronic funds transfer and point of sale systems.

After having categorised the types of ICTs an overview of their major applications as has been given by many authors will be very enlightening (Buhalis, 2003, O' Connor, 1999; Sheldon, 1997; Inkpen, 1998):

**Computer Reservation Systems (CRS):** which are undoubtedly the most crucial contribution of ICTs to the tourism industry during the last decades (Poon, 1993). CRSs are computerised systems, which assist tourism enterprises to distribute their products and handle their inventory. They are usually operated by airlines, travel agents, tour operators and hotels and they are distributed nationally or globally. They are comprised of mainframes and networks that support many remote terminals in tourism enterprises.

**Global Distribution Systems (GDS):** these have a similar form with the CRSs but they have the ability to provide an electronic one stop shop for all travel information and reservation needs, and thus they have become an essential channel of distribution channel for any product sold through travel agencies. Today the most dominant GDSs are Galileo, Sabre, Amadeus and Worldspan and according to the Hotel Electronic Distribution Network Association (HEDNA, 2001), there are installed terminals in 187,697 locations.

	Amadeus	Galileo	Sabre	Worldspan
Asia-Pacific	7,992		24,474	855
EMEA	36,254		12,414	8,492
Latin America/Mexico/Caribbean	8,044		6,912	1,900
USA / Canada	5,341		21,245	8,774
<b>Total</b>	<b>57,631</b>	<b>45,000*</b>	<b>65,045</b>	<b>20,021</b>

**Table 4.4.1: Installation points of major GDSs**

Source: HEDNA, 2002, 2001 Travel Distribution Report

**Property Management Systems (PMS):** these systems are commonly known as front office systems and their task is the handling of the core functions of a hotel establishment such as reservations, front office operations, back office operations and some managerial functions.

**Back Office Systems:** these include systems not designed to serve customers directly, but to automate key business functions such as payroll, accounting, marketing and support decision systems.

**Electronic Funds Transfer at Point of Sales:** systems designed to facilitate the electronic transfer of money from customers' to service providers' accounts through credit and debit card transactions. There are also the Points of Sales Systems (POS) to enhance internal transactions and facilitate the billing process within hotels or catering enterprises by connecting different point of sales with the central accounting system.

**Self Service Terminals or Kiosks:** which are designed to act as points of sale for transportation media or to provide local information to the traveller.

#### **4.4.2 Developments in ICTs and Tourism - Trends**

Throughout the 1990's several developments had took place in the ICTs, many authors had predicted that they would find application fields in the tourism industry, and many of them are already in use. Hoffman (1994) early enough, had predicted that the following will be used:

**Personal Digital Assistants (PDA):** these are handheld computing devices allowing their users not only to write and exchange messages of various types using wireless communications but also to make travel information available to their users.

**Interactive Video Technology:** which allows live, two way conversations to be carried out much in the same way that telephone conversations are transmitted. But the most significant result of this technology is the formulation of the Interactive Consumer Television (ICTV), which is a combination of the computer, the telephone and the television into one single unit and which allow consumers to shop from their home.



Moreover, Buhalis (2003) mentions that telecommunications and networking are critical for the function of the tourism industry:

**Telecommunications:** such as telephone, telex and fax have been used extensively throughout the tourism worldwide. Especially mobile telephony has been widely used by tourism firms that need to be constantly in touch with their associates, has contributed to their efficiency dramatically. The third generation (3G) will allow the transfer of data as well as location depended information and are expected to enable tourism suppliers to target consumers who are on their location and will empower consumers to search for available products that are accessible locally.

**Internet:** which is a self regulated global network of computers interconnecting independent hosts around the globe. The impacts and the applications of Internet, which seems have and will be having a greater impact for the tourism industry will be analysed in paragraph 4.6.

**Intranets:** which are internal communication (LAN or WAN) networks, using Internet type interfaces, accessible only by authorised employees and protected by the company's firewall. This type of ICTs enhances a number of intra organisational processes by supporting a certain level of integration between various functions within organisations.

**Extranets:** which are private networks that are accessible only by trusted business partners using secured connections over the Internet allowing the interconnectivity between organisations.

The major functions of Intranets and Extranets in the tourism industry can be shown in table 4.4.2 that follows in the next page:

Intranet	Extranet
<p><b>Management in:</b></p> <ul style="list-style-type: none"> <li>▪ Strategic planning</li> <li>▪ Competition analysis</li> <li>▪ Financial planning and control</li> <li>▪ Management statistics/reports</li> <li>▪ Marketing strategy/implementation</li> <li>▪ Support decision systems</li> </ul> <p><b>Communication between departments:</b></p> <ul style="list-style-type: none"> <li>▪ Business functions</li> <li>▪ Networking and information exchange</li> <li>▪ Human resources management</li> <li>▪ Staff coordination</li> </ul> <p><b>Communication and function with branches:</b></p> <ul style="list-style-type: none"> <li>▪ Coordination of operations</li> <li>▪ Orders from headquarters</li> <li>▪ Share common resource databases</li> </ul>	<p><b>Before travelling:</b></p> <ul style="list-style-type: none"> <li>▪ General information</li> <li>▪ Availability/price inquiries</li> <li>▪ Negotiations and bargaining</li> <li>▪ Reservations and confirmations</li> <li>▪ Ancillary services</li> </ul> <p><b>During travelling:</b></p> <ul style="list-style-type: none"> <li>▪ Follow up progress</li> <li>▪ Keep partners informed</li> <li>▪ Follow up developments</li> </ul> <p><b>After travelling:</b></p> <ul style="list-style-type: none"> <li>▪ Payment and commissions clearance</li> <li>▪ Feedback and suggestions</li> <li>▪ Complaint handling</li> <li>▪ Building loyalty through data mining</li> </ul>

**Table 4.4.2:** Intranet and Extranet facilitation by the tourism industry

Source: Buhalis, 2003, e-Tourism: Information Technology for Strategic Management

Other exciting ICT applications that are expected to find application in the travel and tourism industry are:

**Wireless Fidelity (WiFi):** According to IBM ([www-1.ibm.com/industries/wireless](http://www-1.ibm.com/industries/wireless)) this a technology solution allowing the connection of mobile devices to a variety of public and private networks. This solution offer authentication and security features, seamless roaming and a wide range of other capabilities, while wireless local area network (WLAN) and public wireless local area network (PWLAN) solutions allow organisations to offer new services to their customers, helping them to gain an edge over the competition. The outcome of the deployment of public wireless LAN ‘hotspots’ can be the attraction and retaining of customers by offering convenient, high-speed connectivity.

**Intelligent agents:** O'Connor (1999) says that an experimental technology, known as intelligent agents could help consumers to navigate themselves through the enormous amount of data that they have to access in order to find the most appropriate travel products. Intelligent agents can be described as software programmes and their purpose is to act as surrogate, wading at electronic speeds through this enormous amount of data.

#### **4.5 Competitive Advantage through ICTs**

Porter and Millar (1985) in their article say that ICTs adoption is affecting competition in three ways:

- They change the industry structure, altering in this way the rules of competition.
- They give companies new ways to outperform their rivals, fact that is giving them competitive advantage.
- From a company's existing operations, new businesses can emerge.

They say that ICTs are affecting the value chain of a company at every point, and that they can alter each of the five competitive forces that form the industry structure which namely are the power of buyers, the power of suppliers, the threat of new entrants, the threat of substitute products and the rivalry among existing competitors.

In order to sustain competitive advantage, Johnson and Scholes (1999) are suggesting that organisations can vary their core competencies by focusing in a low price positioning, a strategy differentiation or by building up of switching costs into their services. Buhalis (2003) elaborates a little more by saying that organisations can achieve sustainable competitive advantage by adopting the following strategies:

**Cost leadership** where they can use ICTs to reduce the cost of customers or suppliers, the cost of business processes and in addition to maximize resources utilisation for fixed costs.

**Product differentiation** by using ICTs to develop unique products and by this way reducing differentiation advantage of their competitors.

**Focus**, which comprises of the ICTs enhancement of segmentation and targeting by developing relationship marketing.

**Time** which consists on maximizing interaction with consumers and reduce response times by enabling just in time initiatives.

In other words both Jhonson and Scoles (1999) and Buhalis (2003) are proposing that organisations should follow strategies through the wide use of ICTs tools that enhance customer relationship management (CRM), in order achieve the desirable outcomes.

#### **4.5.1 CRM**

The main aim of CRM is to establish, maintain, commercialise and enhance customer relationships through a better understanding of customers' requirements. IBM (2001) defines CRM as the disciplined application of customer information to build profitable customer relationships through:

- Continually redefining insights into customer needs behaviours and economics.
- Developing targeted and tailored value propositions based on those inputs.
- Strategically focusing business resources on activities that build long term customer and economic value.

It is a two-way dynamic and interactive communication, ensuring that suppliers and consumers interact dynamically towards achieving their goals (Buhalis D. and Laws E., 2001). So, ICTs can provide to the tourism industry all the necessary tools for the efficient building of CRM techniques.

#### **4.6 The Internet**

The Internet has existed for some time, but has only come into the mainstream of business thinking during the past decade. O' Connor (1999) describes it as a network of computer networks, linking computers in every corner of the globe so that they can communicate and share data with each other. Technically it is based upon the use of a protocol known as Transmission Control Protocol/Internet Protocol (TCP/IP) where all

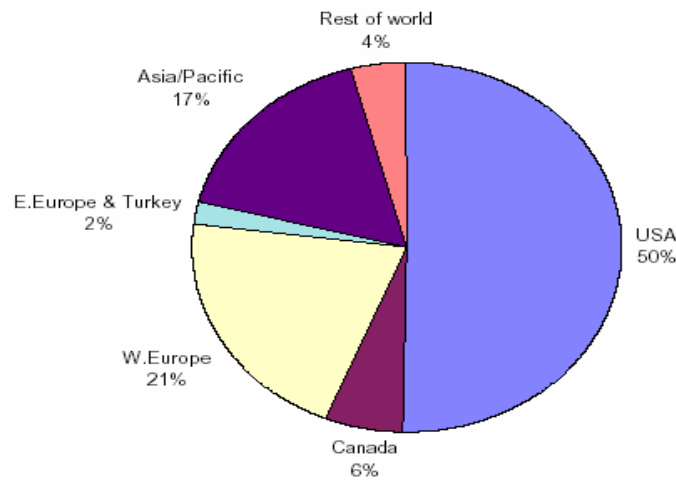
computers connected to the Internet use this to communicate with each other and to transport data (O' Connor, 1999).

The Internet according to Buhalis (2003) emerged as an idea in the 1960s as a military tool by the US army known as ARPANET and its aim was to link together mainframes and enable them to communicate with each other and share data through a flexible common operational system. But over time its use was spread from the military to government departments, universities and ultimately to the general public and business community. The Internet until recently as O' Connor (1999) mentions, used tools that were relatively technical, a fact which kept the Internet within the domain of scientists and academics. However it was the development of a user-friendly graphical interface from Tim Berners Lee in 1994 supported by the Hyper Text Mark-up Language (HTML), which provided the opportunity for the convergence of information processing, multimedia and communications through the World Wide Web (WWW). This made the Internet more accessible to a wider range of users and functions. It provided a window to the external world, facilitated the interactivity of organisations globally and gave to businesses opportunities that they didn't have in the past.

#### **4.6.1 Growth of the Internet – Growth of Online Travel Sales**

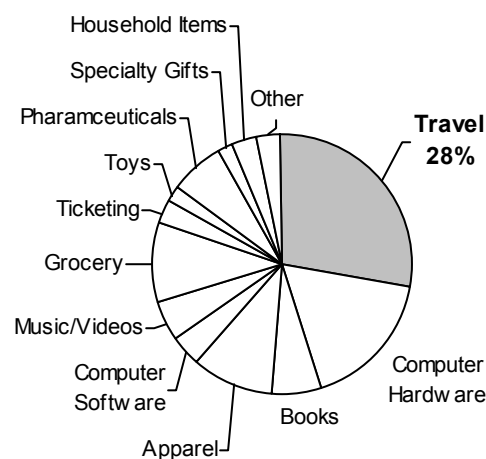
It is very difficult for researchers to give an estimation of the actual size of the Internet as they use a variety of different techniques and it still continues to grow rapidly in terms of domains, users and people who buy online. According to CyberAtlas ([cyberatlas.Internet.com](http://cyberatlas.Internet.com)) several organisations have tried to estimate the global online population. According to the same source, Nielsen/NetRatings has estimated that the worldwide population in 2002 was 580 million and ITU has an estimation of 655 million while the projection for 2004 is 709.1 million from eMarketer and 945 million from the Computer Industry Almanac.

Internet users are geographically dispersed but according to Marcussen (1999) and as can be seen from the following figure, almost 70% of them are from the USA and the Western Europe.



**Figure 4.6.1a: Worldwide Internet users/country**  
 Source: Marcussen C., 1999, Internet Distribution of European Travel and Tourism Services

A very important element though, is what percentage of the online population is buying products and in what volumes. According to Greenspan (cyberatlas.Internet.com, 2003), excluding travel, a research from the eMarketer indicates that 2003 will bring in \$58.2 billion in business-to-consumer (B2C) retail revenue and similarly, Jupiter Research predicts \$51.7 billion for the year's online retail sales, led by 97 million consumers accounting 59 percent of the online population. Wason G. (2003) from the World Travel and Tourism Council (WTTC) predicts that by 2003, online travel purchases are projected to account for 28% of the \$86 billion e-commerce market. This shows the significance that Internet has for the tourism industry as an effective ICT tool.



**Figure 4.6.1b: 2003 e-Commerce market**  
 Source: Wason G., 2003, WTTC

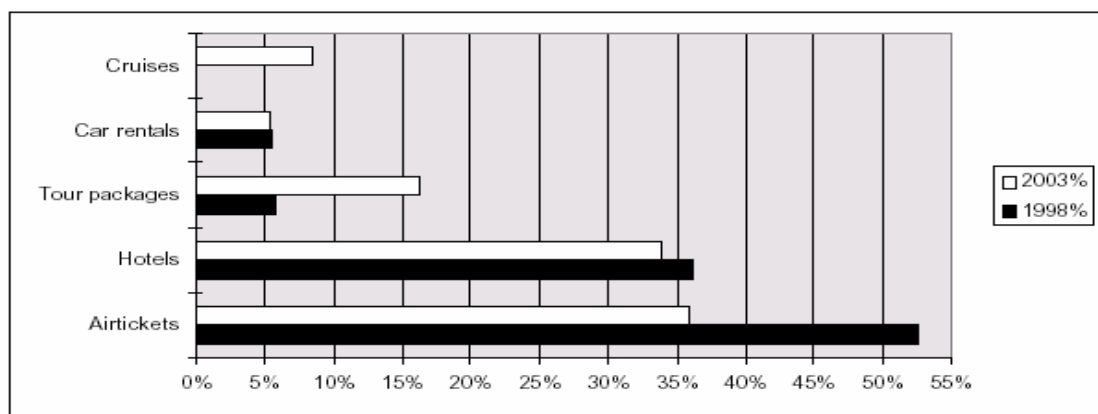
More specifically, the European travel market is predicted to be more influenced by the adoption of Internet from the prospective consumers. Marcussen (2003) has given a forecast that online travel market from sales of €7.6 million in 2002 will reach €17.6 in 2006, which will be an increase of nearly 125% in 5 years.

W.Europe	Market	Internet sales	Internet sales	Internet sales
Year	(billion €)	(billion €)	in % of market	increase %
1998	192	0.227	0.1%	N.A.
1999	200	0.800	0.4%	252%
2000	208	2.550	1.2%	219%
2001	208	4.745	2.3%	86%
2002	212	7.6	3.6%	61%
2003	219	10.3	4.7%	35%
2004	225	12.8	5.7%	24%
2005	232	15.2	6.6%	19%
2006	239	17.6	7.4%	15%

**Table 4.6.1: European online travel sales**

Source: Marcussen C., 2003

As it can be realised form Table 4.6.1, the volume of Internet sales for tourism products was €4.745 million in 2001 representing 2.2% of the travel market, reached to €7.6 million in 2002 representing 3.5% and it is predicted to reach €17.6 million in 2006 representing 7.3%, an amazing progress accounting almost 370% increase in five years. Another important feature is the kind of travel products that consumers prefer to buy from the Internet. Most of them who have booked travel online have purchased airline tickets via the Internet in 1998 and according to Marcussen (1999) this will continue to dominate the market in 2003 too.



**Figure 4.6.1c: Online travel market by type of service**

Source: Marcussen C., 1999

But the Internet is not only an effective tool for selling products online but acts also as a planner for trips, where according to Buhalis (2003) prospective travellers consult the Internet to get information on destinations, to check and compare prices and find schedules. But most importantly online travel services according to Cox ([cyberatlas.Internet.com](http://cyberatlas.Internet.com), 2003) are a strong performer, with an average score of 77 and tightly clustered competition among Travelocity, Expedia, Orbitz, and smaller players.

#### **4.6.2 Internet Advantages and Opportunities**

The Internet provides many advantages and opportunities to the tourism industry for many reasons, the main of which are the following (Theobald W. and Dunsmore H., 2000; Inkpen, 1998; Buhalis 2003):

There is constant availability of information as the data that are stored in the Internet can be retrieved at any time and can be transferred almost instantly to any country of the world. This enables the consumers to communicate and transact with organisations on 24 hours, 365 days a year basis. This fact provides the opportunity to the potential consumer to order products directly by transacting immediately. Internet also enhances the interactivity among the stakeholders of tourism, which namely are businesses, consumers and governments. So a variety of transactions can take place between all of them with all the possible combinations, which leads to the better understanding of customers' needs. Additionally there is an efficient transfer of information, which can be updated at any time at low cost while potential customers can have a pre-experience of their trip through the multimedia capabilities that the Internet offers. Finally The ICTs used in the WWW environment allow one to one marketing and the individualisation of communication, which helps organisations to offer customised services according to their customers' preferences.

#### **4.6.3 Internet Disadvantages and Threats**

Internet also, hides several disadvantages and threats for the tourism industry, which are the following (Theobald W. and Dunsmore H., 2000; Inkpen, 1998; Buhalis 2003):



Internet has low barriers of entry, which means that competition can reach very high levels, where there are no set rules on the pricing of online goods and where different legislation systems could create havoc for businesses that try to go international. There is also the issue of trust, where customers don't feel safe and secure to provide their credit cards and are very much concerned about privacy of their personal information. Additionally many customers feel more comfortable and secure when they transacting with a real person rather than a faceless travel agent. Internet is also chaotic and sometimes there is difficulty in finding suitable information that in some cases is out of date. Many Internet users sometimes find it very difficult to navigate themselves through e-commerce websites and sometimes the bandwidth is low which results low performance levels and takes long time to find suitable products, not allowing them to enjoy a good 'user experience'.

#### **4.6.4 Marketing on the Web**

With the emergence and adoption of the Internet by many tourism enterprises, the emphasis on marketing is not any longer concentrated on one way communication from business to customer, but it has become a two way communication where companies have to obtain customers data in order to be more effective. Alford (1999) in his article states that Internet could be a very useful tool for database marketing in order for companies to identify their customers and 'lock them in'. With Internet they can provide a more personalised service to their customers as the past consumer behaviour is the best predictor of future behaviour and customers are more likely to share certain characteristics.

Alford (1999) also proposes that database marketing can be practiced at three different levels:

- **Direct marketing**, which is obtaining input from the company's customers.
- **Loyalty marketing**, where the company rewards its customers
- **Relationship marketing**, where a continuous dialogue exists between customers and providers.

All the above are the ingredients of CRM strategies.

### **4.7 ICTs Employed by the Timesharing Industry**

The Timesharing industry as a part of the tourism industry could not escape from the new era that ICTs have brought. As it has been explained from the concept of Timesharing in Chapter two, and especially the development of wide exchange networks, this particular section would not have been able to function and prosper without the use of ICTs. Sophisticated ICT applications have been proved to be critical for the success of the exchange system as Haylock (1994) implies.

Both RCI and II have developed their own ICT applications to enhance the exchange system, to put in effect sophisticated marketing techniques, to support internal activities and to offer better services to their affiliates.

RCI (2002) is using several ICT tools for servicing its members. The most important are EVS1, which is the backbone of the company's exchange system for servicing its members both from calling centres and the Internet and it is assisted by EASE which is used for marketing purposes and customers segmentation. Internet services are being offered to its customers in a limited number of countries at the moment. The website under the name RCI Community, accessed via RCI.com was launched to North American members in 2002 by IgoUgo (RCI Ventures, 2003). The purpose of the site was not only to facilitate transactions but also mostly to enhance members' loyalty by encouraging the creation of an Online community. Additionally RCI ([www.rciaffiliates.com](http://www.rciaffiliates.com)) has launched several applications for its affiliate resorts through the development of Extranets. So it provides the Resort Link 2000, GPN.com in order to help developers to have immediate access in their Timesharing weeks or Timesharing points inventory. Additionally, RCI has developed strategic solutions with ICT providers like Springer Miller Systems, EWA, Pacific Bell and AT&T ([www.rci.com/RCIA/Templates/RCIA\\_login/1,6141,,00.html](http://www.rci.com/RCIA/Templates/RCIA_login/1,6141,,00.html)).

Similarly II, has developed a system to for handling its exchanges, launched a website for servicing its members and have developed ICT applications for marketing purposes. It also offers the Exchange Access System better known as EASy, which gives to affiliate resorts special access to Interval International's computer system and exchange network

through a real-time link-up with their resort's computer ([www.resortdeveloper.com/home/operational.htm](http://www.resortdeveloper.com/home/operational.htm)). Additionally it offers to its affiliates a full-spectrum resort management software with Interval Software Services (ISS), a subsidiary company of II ([www.resortdeveloper.com/home/software.htm](http://www.resortdeveloper.com/home/software.htm)). Another initiative by II is the creation of Interval Resort and Financial Services (IRFS), which offers its affiliates one of the most comprehensive program design consulting, and back-office servicing solutions available in the industry ([www.resortdeveloper.com/home/reservations.htm](http://www.resortdeveloper.com/home/reservations.htm)).

As far it concerns the affiliated resorts it is more than obvious that the exchange holiday companies, RCI and II, have developed several ICT applications allowing them to connect them with their own PMSs.

Marketing companies according to Haylock (1995) in order to target prospective consumers have widely used customer databases which have been acquired from research companies. Furthermore, Internet seems to provide an excellent opportunity to advertise Internet sales on the Web, collect customers' data. But selling on the Internet to a first-timer is very difficult as it depends on achieving the five steps of exposure, attention, comprehension, acceptance, and retention (Winter A., 1997). So several marketing companies like Anfi del Mar ([www.anfidelmar.com](http://www.anfidelmar.com)) have launched their websites, but Internet seems to be dominated by marketing companies specialized in Timeshare resale like Timeshare.com ([www.Timeshare.com](http://www.Timeshare.com)).

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## CHAPTER 5: RESEARCH METHODOLOGY

### **5.1 Introduction**

The objective of this Chapter is to describe the research methods that have been used for the realisation of this research. The actual employed research methods and information on the choice of these methods will be provided. In addition the author will describe the methods of data collection and analysis and will discuss the limitations of the study.

### **5.2 Purpose of the Study and Type of Investigation**

As discussed in detail in Chapter one, the key objective of this research has been to examine the role of the ICTs in the Greek Timesharing industry. So, in order to extract the most appropriate findings the following have been examined:

- **Objective 1:** The extent and the main applications of ICTs usage in the Greek Timesharing industry.
- **Objective 2:** The intention of ICTs usage in the future and the main factors affecting the managers' decision upon using technology as an effective tool.

A research can take the form of an exploratory study, descriptive or hypothesis testing. This study is exploratory as the subject of the research is very specialised and there is no adequate information available from the use of ICTs on the particular sector of the Timesharing industry. According to Sekaran (2003), an exploratory study should be undertaken when not much is known about the situation and the researcher is basically interested in exploring the situational factors so as to understand the characteristics of the phenomena of interest. A number of studies have been conducted concerning the ICTs in the tourism industry or about the sector of Timesharing, but few have dealt with the impact of ICTs in the Timesharing industry and especially in the Greek Timesharing market. So, this study has been undertaken in order to explore a field of interest that still remains with very little information.

### **5.3 Data Collection Methods**

Concerning the data collection method of the study, both primary and secondary data were collected. According to (Ghauri et al., 1995) primary data are necessary where the secondary data are unable to fully answer the research question. So as there were no secondary data on the specific topic, the collection of primary data was essential to meet the research objectives.

#### **5.3.1 Secondary data**

Secondary data is the information, collected by others (Clark et al., 1998) and includes books, statistical reports, academic papers, etc. (Dey, 1993). The purpose of using secondary data is according to Churchill (1996) to formulate and understand the research problem better.

In order to understand the context for this research, the author used a variety of types of secondary data on the fields of the Timesharing and the use of ICTs in the tourism industry. The secondary data used in this study included textbooks, academic journals, journals from tourism magazines, reports from private companies and Internet resources and articles.

#### **5.3.2 Primary Data**

There are two broad categories of primary data, which are the quantitative, and the qualitative. Punch (1998) refers to quantitative research as an empirical research where data is the form of numbers and qualitative where data are not in the form of numbers.

For the purpose of this study quantitative data had been used in the form of a questionnaire. So a number of 64 questionnaires have been sent through fax, three to holiday exchange networks, 34 to resorts and 27 to marketing companies. 38 of them were answered rating a 59% response rate. The following table shows the primary data included in this study:

<b>Recipient</b>	<b>Targeted</b>	<b>Achieved</b>	<b>Response rate</b>
Exchange Companies	3	3	100%
Affiliated Resorts	34	21	62%
Marketing Companies	27	14	52%
Totals	64	38	59%

**Table 5.3.2: Primary data collection ratings**

The main advantage of sending questionnaires, according to Sekaran (2003), is that a wide geographical area can be covered in the survey while the respondents, who can complete them at their convenience and at their own pace

### **5.4 Sampling**

A researcher should conduct a survey that best represents the research population. As it is not always possible to target the complete population, a sample has to be taken. Sampling, according to Sekaran (2003), is the process of selecting a sufficient number of elements from the population so that by studying the sample, and understanding the properties or the characteristics of the sample subjects, it would be possible to generalise the properties or characteristics to the population elements.

There are several methods of sampling, which according to Finn (2000), can be classified in two major types, probability and non-probability or purposive sampling. Probability sampling is the method where the element in a population is randomly selected, with each element having an equal, non-zero chance of selection, whereas with non-probability or purposive sampling the chance of selection of each element is unknown. The method of sampling design for this research is non probability and more specifically judgement sampling which according to Sekaran (2003) is the sampling method that involves the choice of subjects who are most advantageously placed or in the best position to provide

the information required. Therefore, the sample will contain managers from the holiday exchange networks, managers from the marketing companies and Timesharing managers from the affiliated resorts. The reason for this selection is that the sample subjects are drawn from a very specific set of people who possess the desired facts and can give the information sought as Sekaran (2003), outlines. Hence, a sample of 64 key managers has been identified from the literature review and from the author's contacts within the Greek Timesharing industry.

### **5.5 Questionnaire**

A structured questionnaire was produced, based on the background study of the literature review. The purpose of the questionnaire was to elicit quantitative data regarding the objectives of the research. The researcher preferred to use the quantitative method of a questionnaire in order to quantify the results, using a larger number of people from a widely dispersed population (Sekaran, 2003 and Clark et al., 1998).

The questionnaire was sent with an introductory letter (Appendix 7) and contained 22 questions divided in two sections (Appendix 8). In the first section information were gathered concerning the respondents profile and in the second section the questions were addressed to gather information about their company. Most of the questions were close-ended questions, one was opened-ended (question no 21) and in one (question 22) a five point Likert scale was used ranging from 'strongly agree' to 'strongly disagree'. The format of the questionnaire was relatively simple in order to achieve the highest possible rate of responses and the English language was used, as most people who are related with tourism are familiar with the it.

The questionnaire as also stated in paragraph 5.3.2 was distributed through fax mail and the responses were collected with the same method. Finally the questionnaire has been pre-tested by three former colleagues of the researcher in the Timesharing industry, in order to clarify the understanding of the questions and the terminology used. Initially it was distributed on 10<sup>th</sup> Aril 2003 but due to only a few responses it had to be

redistributed. So, the complete procedure, distribution and collection lasted from 10<sup>th</sup> April 2003 until 16<sup>th</sup> May 2003. As a result, a response rate of 59% was achieved as it can be seen in the relevant table in paragraph 5.3.2.

## **5.6 Data Analysis**

Data in order to be useful have to be analysed in a way, which will extract the findings of the primary data collection method. Although there are numerous ways of analysing quantitative data, the sampling method generally guides the selection of methods. In this research descriptive statistics, and specifically frequency analysis, have been used. This is in line with the fact that this is an exploratory study and there is not any hypothesis testing. Furthermore inferential analysis techniques require a probability sample in order that results can be extrapolated to the wider population. As previously described, this study uses a judgement sample as the researcher is seeking to explore and gain insights into the use of ICTs in the Timesharing industry in Greece as explained in paragraph 5.2.

The data that had been collected were processed using the statistical package SPSS for Windows version 11, which was preferred from other packages due to its clarity of analysis and ease of use. So, simple frequency distributions were computed for each of the variables in order to meet the research objectives.

Whilst the data analysis has been planned and was executed as above, the researcher was looking for results that could give insights into the research objectives. While investigating the use of ICTs in the Greek Timesharing industry in order to meet objective 2, the descriptive analysis revealed that the two main categories of affiliated resorts and marketing companies have given different results in a variety of questions. So, a comparable analysis was made between these two categories on specific questions using cross tabs in order to give further insight. The difference has not been statistically tested, as the sampling method used cannot be generalised to the whole population.

## **5.7 Limitations of the Study**

As Sekaran (2003) points out, there is no research project so perfectly designed, without any restrictions. The research was exploratory, as there was scant adequate literature on



the use of ICTs from the Timesharing industry, and no relevant empirical research in the specific area of this study. So, the author had to attempt to bridge the gap from the use of ICTs by tourism and industry and by the explanation of the Timesharing industry in order to conduct his survey.

In reference to the questionnaire survey, the main limitation of the researcher was that he had not be able to identify any key managers of II and its affiliated resorts, as it has no offices based in Greece and this research was conducted upon the surveyor's trip to Greece. But as can be seen from Appendix 5, the number of II affiliated resorts is 9, which is significant smaller than the 39 of RCI's affiliated resorts.

In relation to the research methodology, qualitative data could have been gathered under the method of structured interviews. This could have helped the researcher to clarify and explore further issues that arose from the questionnaire survey.

## CHAPTER 6: ANALYSIS OF THE FINDINGS

### **6.1 Introduction**

The aim of this Chapter is to present the findings of the research concerning the role of the ICTs for the Greek Timesharing Industry. The analysis of the findings will be presented from question one to question 22 and will begin from the personal details of the respondents (questions 1-7) and then their replies about their companies' attitude towards the use of ICTs for Timesharing purposes will follow (questions 8-22). The last part will be dedicated to a comparison of the findings between affiliated resorts and marketing companies, as the researcher found out that they have responded differently in a variety of issues.

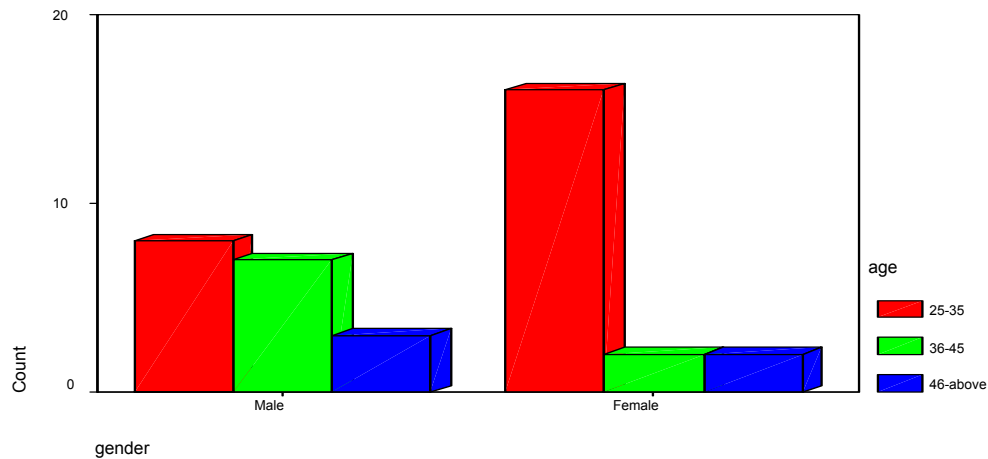
The statistic methods used, as stated in Chapter five were descriptive statistics and more specifically frequencies. Additionally, cross tabs have been used in order to compare results among different variables.

### **6.2 Personal Details (questions 1-7)**

The questions in this section that have been addressed to the respondents were related to their gender, age group, position they hold in their company, level of education, if they ever had training in ICTs and if yes, in which area.

#### **6.2.1 Questions 1 and 2**

The gender and the age group of the respondents are considered to be important demographic statistics. More specifically the age was divided in the age groups of 25-35 years old, 36-45 and 46 and above. Out of the 38 respondents 47.4% were male and 52.6% were female. Concerning their age group, 63.2% were found to belong to the 25-35 group, 23.7% to the 36-45 and 13.2% to the 46 and above. A very interesting figure is the age synthesis of the respondents according to their gender, which can be seen to the following figure. Out of this figure from the male respondents eight (44.4%) belong to the 25-35 cluster, seven (38.9%) to the 36-45 and three (16.7%) to the 46 and above.

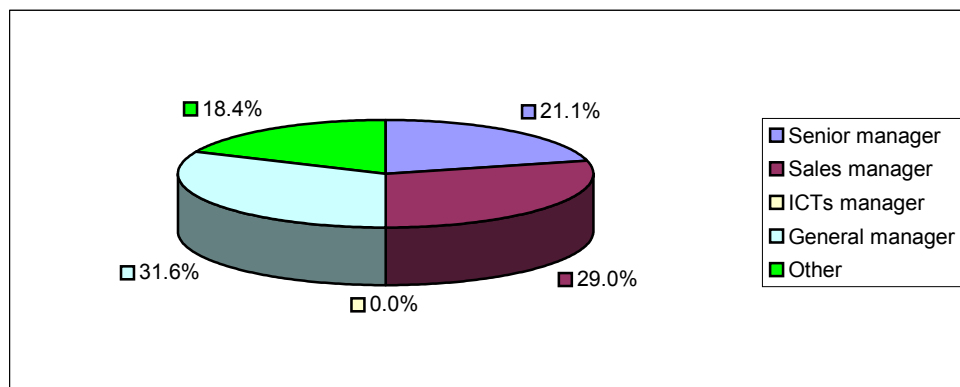


**Figure 6.2.1: Gender and age cluster**

For female, the numbers are different as the majority of them belong to the 25-35 group with 16 (80%) respondents, and the next 20% accounting four respondents is equally divided to the 36-45 and 46 above group.

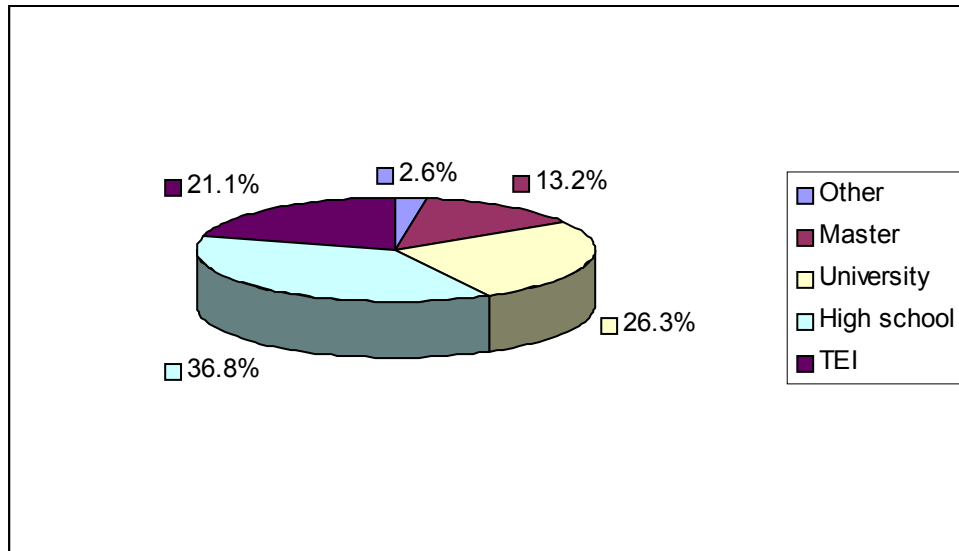
**6.2.2 Questions 3 and 4**

The questionnaire as explained in the methodology Chapter was mainly addressed to people holding managerial positions in their companies. So the categories varied from senior manager (21.1%), to sales manager (29%), ICTs manager, general manager (31.6%) or other (18.4%). Seven respondents from which, four were member services or reservations managers and three were the owners of the companies selected the option ‘other’. The most important observation was that there was not any response from any ICT manager.



**Figure 6.2.2a: Position in the company**

The aim of question 4 was to identify the level of education of the respondents and the options provided were High school, TEI (Technological Educational Institute), University, Master degree and other.



**Figure 6.2.2b: Educational status**

The respondents in a percentage of 36.8% were High school graduates, in 21.1% TEI, in 26.3% University, while 13.2% were holding a Master degree and only one of them accounting 2.6% has selected ‘other’.

### **6.2.3 Questions 5 and 6**

In question 5 respondents were asked if they ever had any training on the use of ICTs and if they had answered ‘yes’, they proceeded to question 6 to specify in which area they were trained. Areas included the use of word processing packages, on the use of logistics, on CRSs, on the use of Internet, on the development of web pages and on programming. Out of the 38 respondents a percentage of 63.2% has been trained in the use of ICTs, while the remaining 36.8% never had been trained.

Out of the 24 respondents who have answered that they had been trained, the following results have been extracted showing that the majority of them had been mostly trained in using word processing packages and CRS applications. More specifically 95.8% and 70.8% have been trained in using word processing and CRS software respectively.

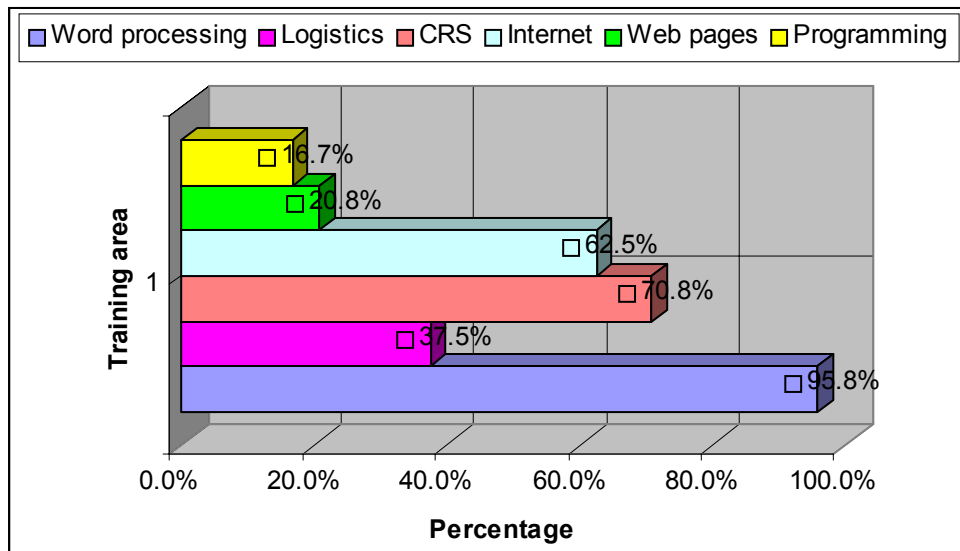


Figure 6.2.3: Areas of ICTs training

The percentage of people who have been trained in Internet use is 62.5% while on the other hand only 16.7% have been trained in programming.

**6.2.4 Question 7**

The last question of the first part of the questionnaire wanted to identify the main areas where the respondents are normally using computers and the options at work, at home, both and nowhere were provided.

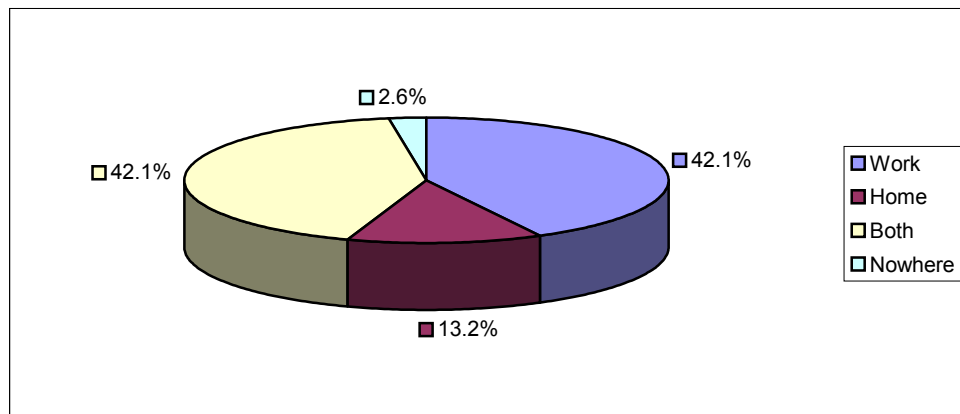


Figure 6.2.4a: Area of computers use

As it can be seen from the relevant figure, only 2.6% of the respondents are not using a computer at all, 13.2% only at home and 42.1% are using a computer at their work only. The remaining 42.1% are using a pc at both home and work.

Another interesting result that came out through the personal details from the respondents is the computer usage according to their age group and if they ever were trained in the use of computers.

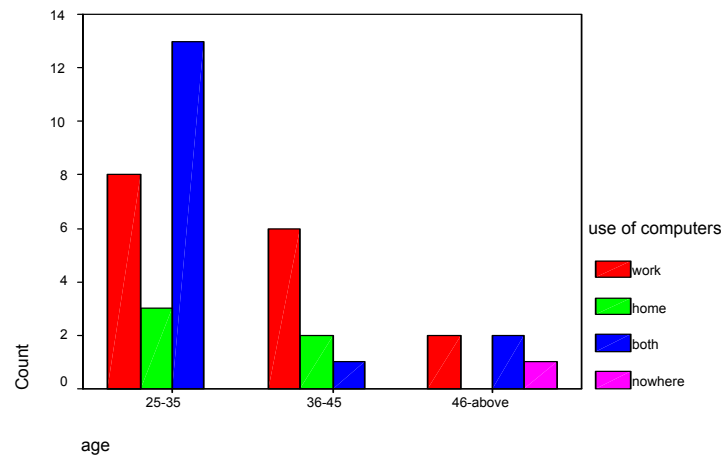


Figure 6.2.4b: Age and computers usage

As it can be seen respondents aged between 25-35 seem to be more familiar with the usage of computers at both work and home while on the other hand people belonging to the other two clusters use a computer mainly at work.

As far it concerns the relation between computers usage and training it is more obvious that people who had been trained are more inclined to use pc at both work and home.

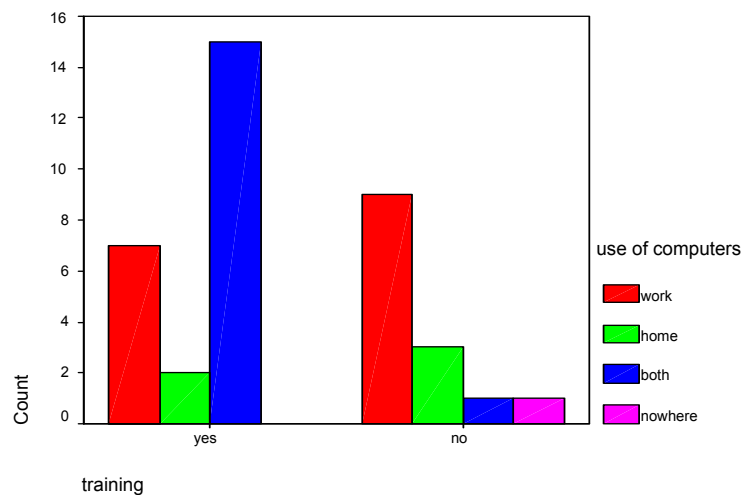


Figure 6.2.4c: Training and computers usage

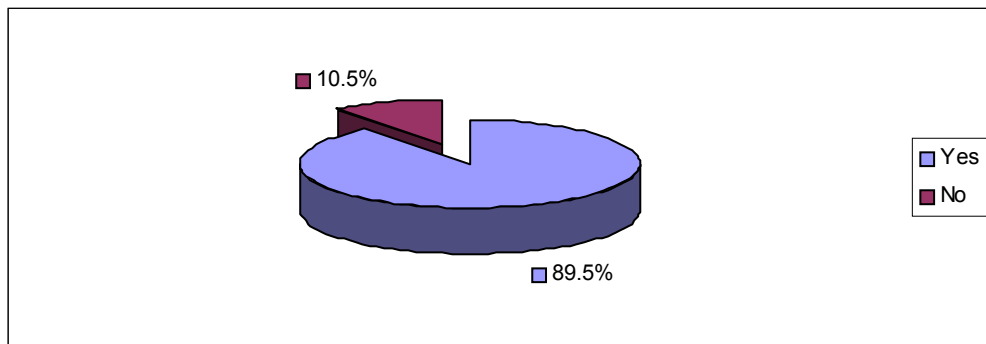
### 6.3 ICTs Usage and Attitude (questions 8-22)

The purpose of this section of the questionnaire was to investigate the ICTs usage in the respondents’ business environment for Timesharing purposes and to reveal their attitudes towards technology applications.

**6.3.1 Questions 8,9 and 10**

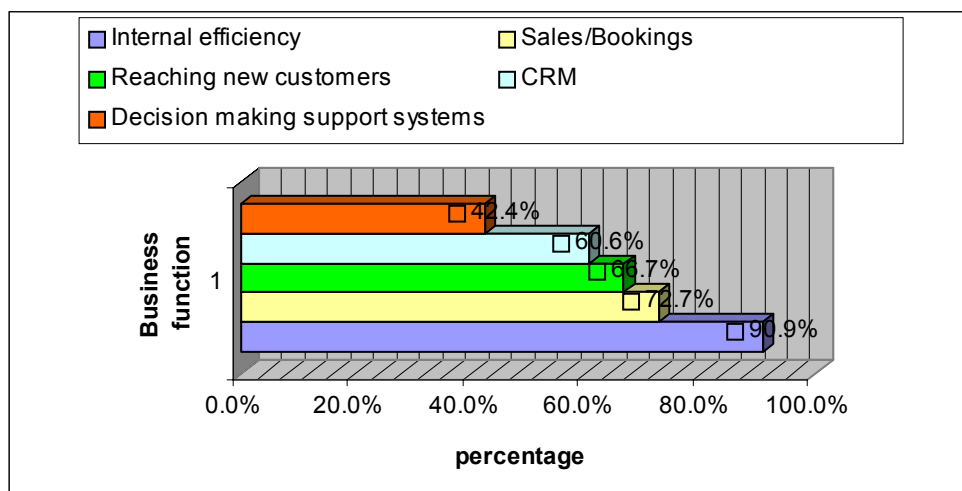
The objective of these questions was to investigate if respondents consider a computer essential to run their business (question 8), in which specific areas (question 9) and if they intend to use a computer system if they were not using one (question 10).

More specifically from the 38 respondents 34 (89.5%) responded that they consider a computer system as essential and only four (10.5%) not.



**Figure 6.3.1a: Computer system essential**

Question 9 which wanted to identify the main business functions in where a computer system is used, consisted of the options of increasing internal efficiency, sales and/or bookings, CRM, reaching new customers and decision making support systems. The vast majority accounting 90.9% have selected that ICTs are used for increasing internal efficiency, 72.7% in sales and/or bookings, 66.7% in reaching new customers, 60.7% in CRM and 42.4% in decision support systems.



**Figure 6.3.1b: Business function and ICTs use**

Question 10 was addressed to the respondents (four respondents) who were not considering a computer system essential for their business and wanted to identify their future intention in using one, within the next couple of years. Out of four respondents, three answered that they will use a computer system and only one answered that won't.

**6.3.2 Question 11**

The intention of the researcher in question 11 was to examine the main factors that act as barriers on using computers in terms of cost, lack of expertise, the non-existence of suitable applications and no need to use any system.

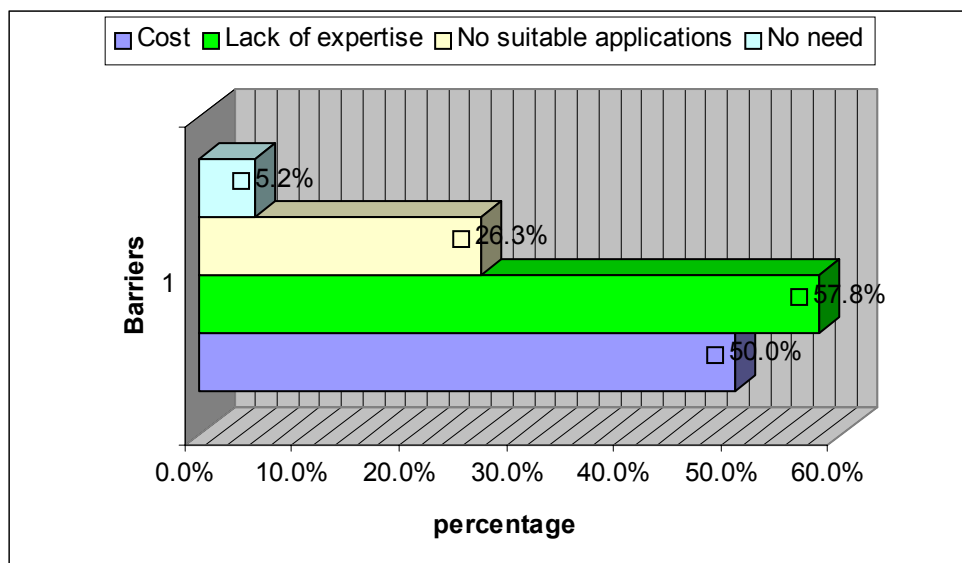


Figure 6.3.2: Barriers on using computers

So, lack of expertise received 22 responses (57.8%), followed by the cost with 19 (50.0%), no suitable applications 10 (26.3%) and finally the answer no need received only two answers (5.6%).

**6.3.3 Questions 12 and 13**

The aim of these questions was to investigate how many of the respondents' companies have access to e-mail and if no, how many of them intend to have in the future. Access to e-mail have 31 (81.6%) companies and seven do not have. Out of the seven respondents without e-mail access, five (71.4%) are planning to have one in future and two (28.6%) are not, as it can be seen from figure 6.3.3 in the following page:



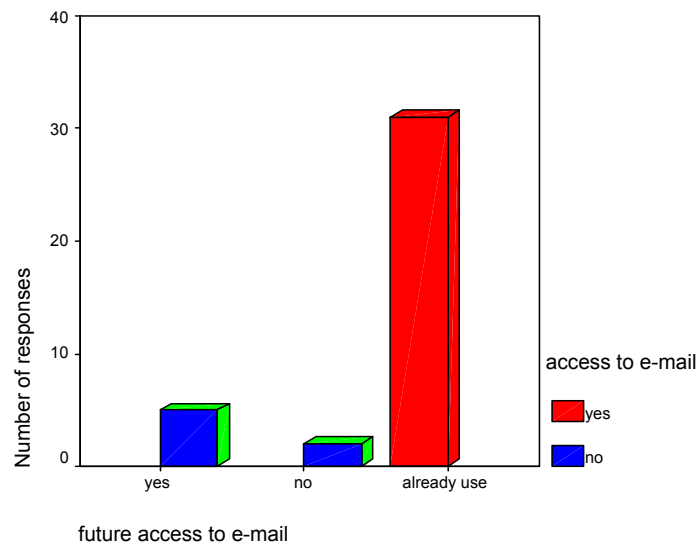


Figure 6.3.3: Intention of having an e-mail address in the future

**6.3.4 Questions 14,15 and 16**

This set of questions was designed in order to be investigated how many companies in the Timesharing industry do have a web site, how many are intending to have and who has taken or will take the responsibility of creating one.

From question 14 it has been revealed that 19 (50%) companies have web presence, 19 (50%) do not, and from question 15 out of the one with no present Internet site 12 (63.2%) intend to have in the future and seven (36.8%) would not.

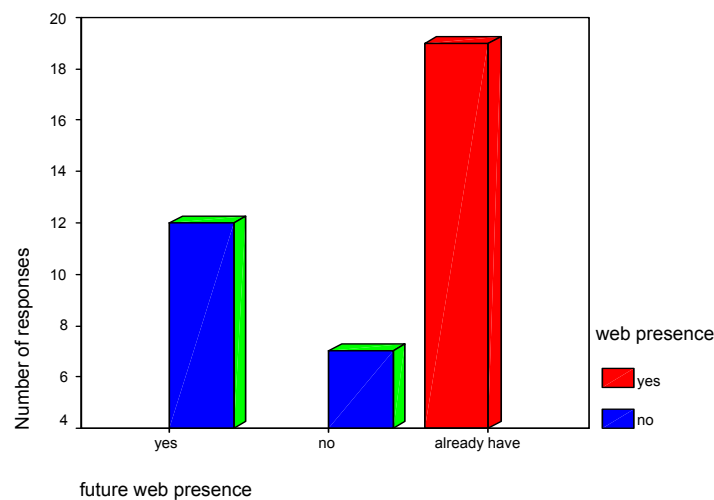


Figure 6.3.4a: Internet presence/future intension of web presence

In the creation of a web site or in the future question of developing one, it is very important to decide who would be responsible. Question 16 was posed in order to identify if this would be the responsibility within the company, outside, or both.

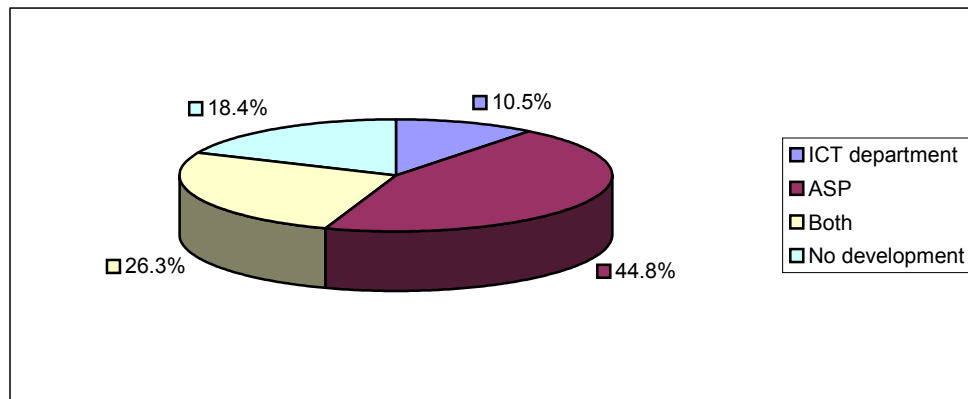


Figure 6.3.4b: Responsibility of web site creation

According to the respondent's answers, an ASP will or already is used by 17 (44.7%), the ICT department is or will be responsible by four (10.5%), 10 (26.3%) will both use an ASP and ICT department and seven (18.4%) won't develop one as already answered in question 15.

### **6.3.5 Questions 17, 18 and 19**

The next set of questions wanted to identify if the companies related with Timesharing in Greece have ever invested on compiling or buying customers' databases, if they are currently in use and for which business function they are used.

The result was that 26 (68.4%) of the respondents have invested on compiling or acquiring customers' databases while 12 (31.6%) have never done so. From those who have responded that they have invested as it can be seen from figure 6.3.5a in the following page, currently in use was answered by 23 (88.5%) and only three (11.5%) are not in active use (see also appendix 9).

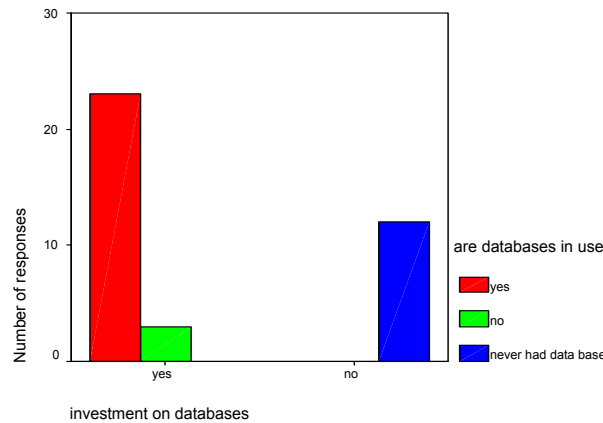


Figure 6.3.5a: Investment on databases/active or inactive

The questionnaire included seven main functions of customers’ databases use, which included reaching new customers, retain existing ones, customers segmentation, special offerings, customised programmes and loyalty programmes. So, from the 26 respondents having answered that their companies have invested in databases the following results were obtained:

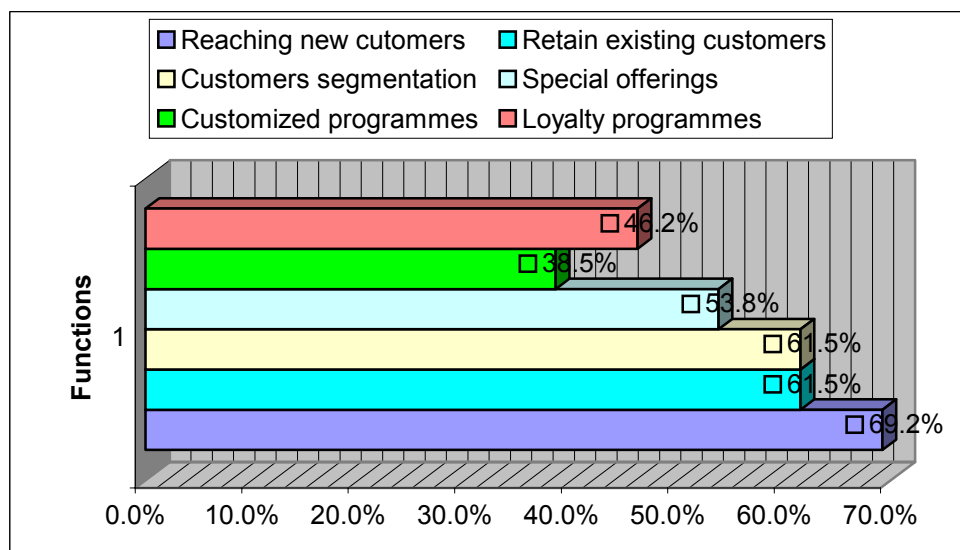
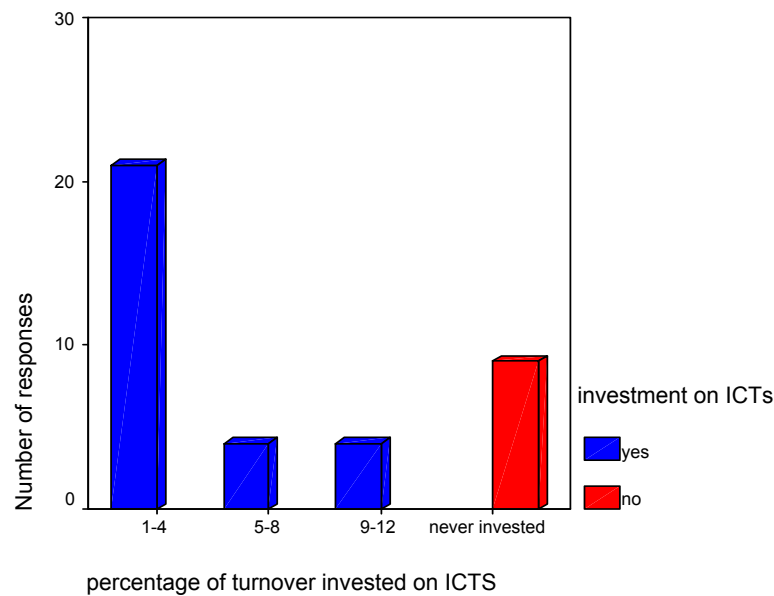


Figure 6.3.5b: Main functions of customers’ database use

According with the results the most common use is for reaching new customer by 69.2% (18/28 answers) followed equally by retain existing and segmentation by 61.5% (16/26). Databases are used for special offers are used by 53.8% (14/26), loyalty programmes by 46.2% (12/26) and customised by 38.5% (10/26).

### **6.3.6 Questions 20 and 21**

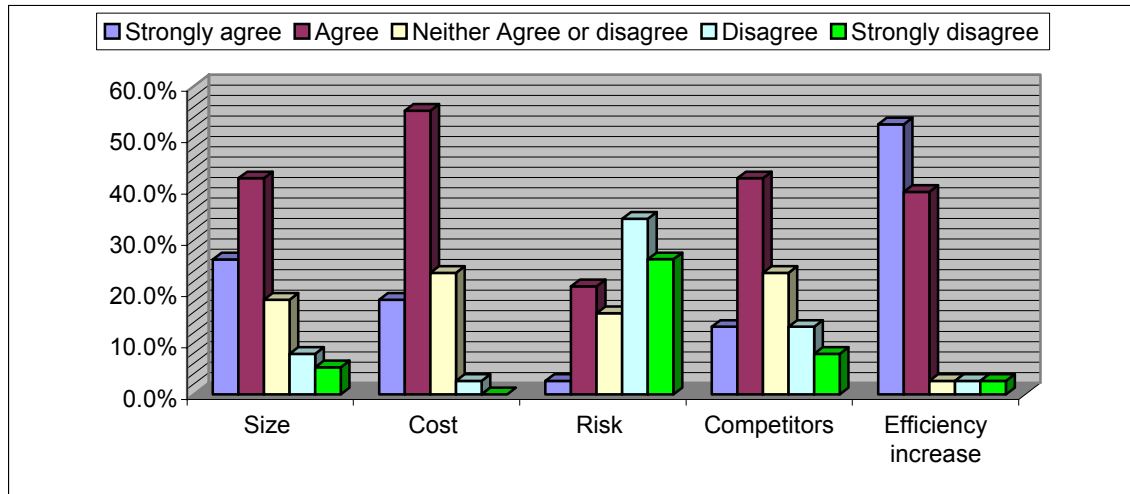
From question 20 it was extracted that 76.3% (29) had invested in ICTs form last year's turnover and the remaining 23.7% (9) had not. Question 21 wanted to investigate the percentage of last year's turnover, which was invested in ICTs. It was an opened ended question and then the researcher according to the results categorised it to the following clusters: 1-4%, 5-8% and 9-12% Out of the 29 that had invested in ICTs, 21 (72.4%) have invested a capital ranging from 1-4%, four (13.8%) a capital ranging from 5-8% and four (13.8%) a capital ranging from 9-12% (see also appendix 10).



**Figure 6.3.6: Investment on ICTs/Percentage of investment**

### **6.3.7 Question 22**

Question 22 was designed in a 5-point Likert scale, ranging from strongly agree to strongly disagree towards the main factors affecting managers' decision on investing on ICTs. The results obtained can be shown in the following figure. Many factors can influence company's decision on investing or not on ICTs. The factors presented on the questionnaire were the size of the company, the cost involved, the risk, competitors and the increasing of internal efficiency. The results obtained are shown in figure 6.3.7 in the following page.



**Figure 6.3.7: Factors affecting on decision upon investing or not on ICTs**

The size of the company is an important factor as 26.3% of the respondents strongly agreed and 42.1% agreed with this statement. Another critical issue influencing the decision upon investing in ICTs is the cost involved and that is why 18.4% of the respondents strongly agreed and 55.3% agreed. In the risk that an investment involves respondents, didn't really think that there is any real risk as they responded by 26.3% strongly disagree, 34.2% disagree, 15.8% neither agree nor disagree and only 21.1% agree. People related with Timesharing in Greece believe that upon on their decision on investing or no in ICTs, the competition could not be ignored as a factor as 13.2% strongly agreed and 42.1% agreed while only 21.1% fall in the category of disagree and strongly disagree. Finally the vast majority of the respondents think that an investment on ICTs could help their businesses to increase their internal efficiency, and a percentage of 52.6% strongly agreed and 39.5% agreed, accounting a total of 92.1% in a positive attitude towards ICTs. Analytical tables on question 22 can be found in Appendix 11.

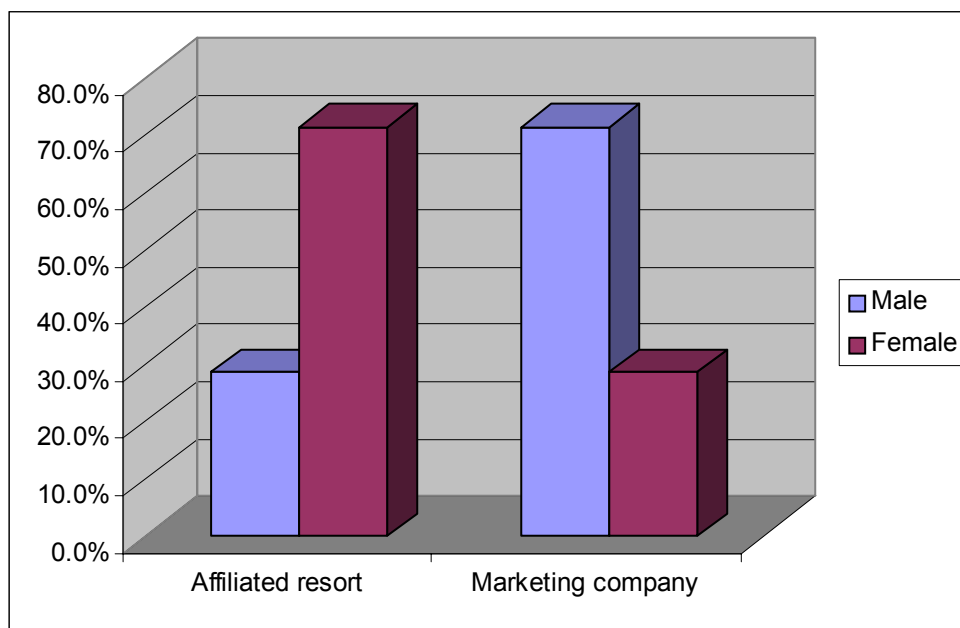
### **6.4 Comparison Between Resorts and Marketing Companies**

As stated earlier in the Methodology Chapter and in paragraph 6.1, responses from managers of affiliated resorts and marketing companies were different in a variety of questions. So, the researcher by using cross tabs has identified the most notable of them in the areas of demographics, business function where ICTs are used, barriers on using

them, web presence, databases and their main use, investment on ICTs and factors affecting managers' decision on investing in ICTs. More specifically there were 21 respondents from affiliated resorts and 14 from marketing companies. In all other questions the results were quite similar and homogeneous and will not be presented.

#### **6.4.1 Demographics (questions 1 and 3)**

In question one concerning the gender of the respondents it was revealed that in the affiliated resorts 28.6% (six) were male and 71.4% (15) were female while on the marketing companies 71.4% (10) were male and 28.6% (four) female.



**Figure 6.4.1a: Gender, affiliated resorts/marketing companies**

Another difference occurred in question three concerning the position that respondents were holding in their companies. Respondents whose their background was from affiliated resorts were holding a senior manager position in a percentage of 14.4%, sales manager 19%, general manager 38% and other 28.6% (customer services or reservation managers). On the other hand, respondents from marketing companies were holding a senior manager position in a percentage of 28.6%, sales manager 35.7%, general manager 28.6% and other 7.1%

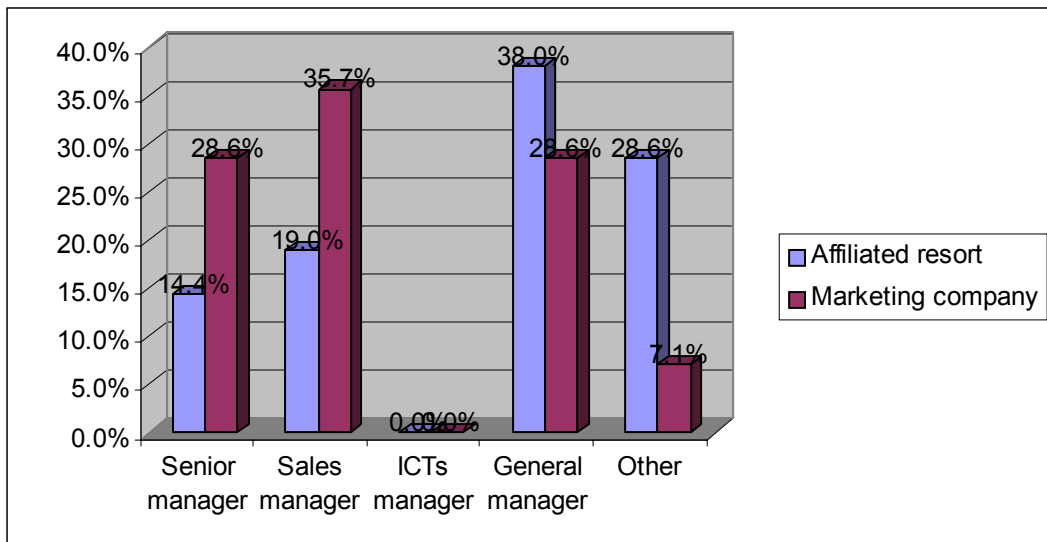


Figure 6.4.1b: Position, affiliated resorts/marketing companies

**6.4.2 Business function of ICTs (question 9)**

Although respondents seemed to agree upon the necessity of a computer system to run their business, the functions upon ICTs usage, differed. So for the affiliated resorts the respondents answered that they are used for increasing internal efficiency by 71.4%, bookings/sales 76.2%, CRM 42.9%, for reaching new customers 38.1% and on decision-making systems 23.9%. Under contrary respondents from marketing companies replied that they use ICTs for increasing internal efficiency by 92.9%, bookings/sales 35.7%, CRM 64.3%, for reaching new customers 85.7% and on decision-making systems 42.9%.

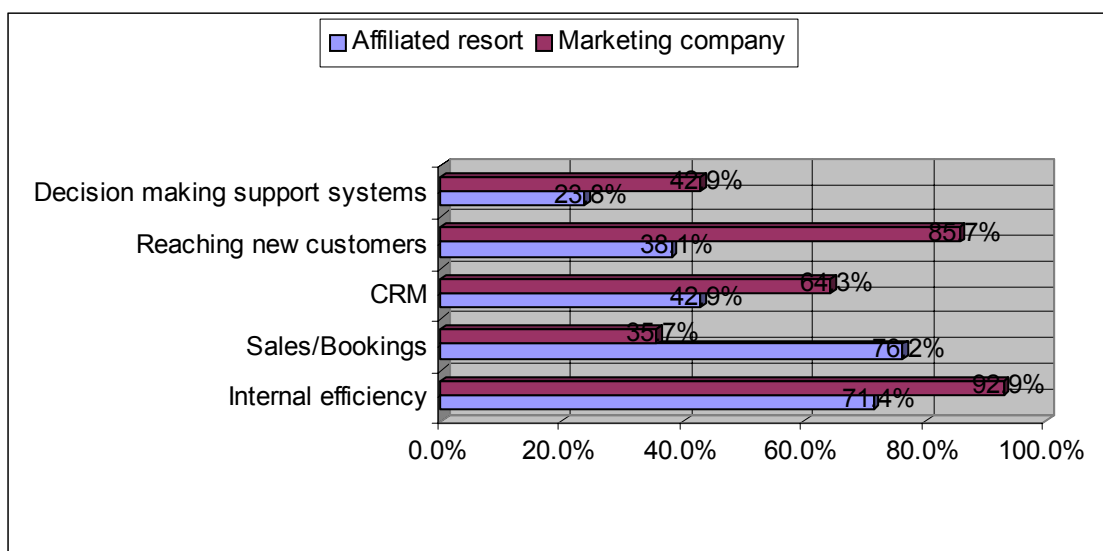


Figure 6.4.2: Business function, affiliated resorts/marketing companies

**6.4.3 Barriers (question 11)**

The main differences concerning factors that act as barriers on using ICTs were found to be cost, lack of expertise and no suitable applications. So, 47.6% from the resorts replied that cost is a barrier, lack of expertise 47.6% and only 19% that there are not any suitable applications. On the other side, 64.3% from the marketing companies replied that cost is a barrier, lack of expertise 78.6% and 42.9% that there are not any suitable applications.

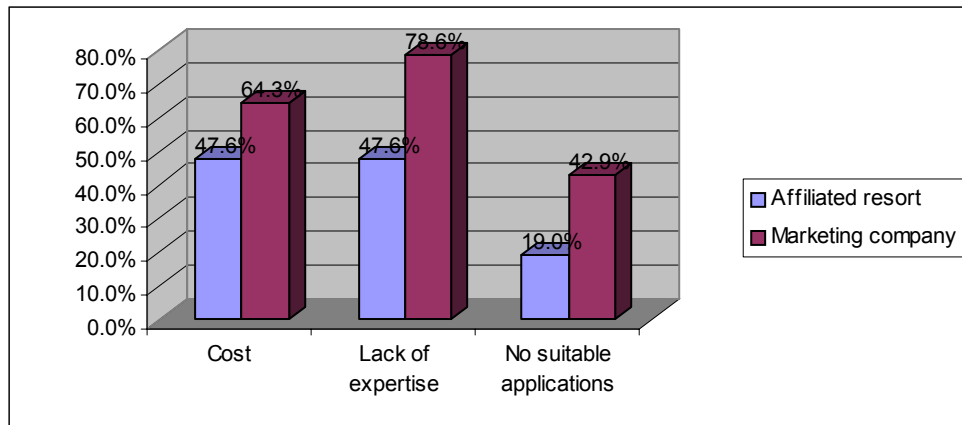


Figure 6.4.3: Barriers, affiliated resorts/marketing companies

**6.4.4 Web presence (questions 14 and 15)**

The 57.1% (12/21) of the affiliated resorts had web presence, where only 28.6% (4/14) of the marketing companies do.

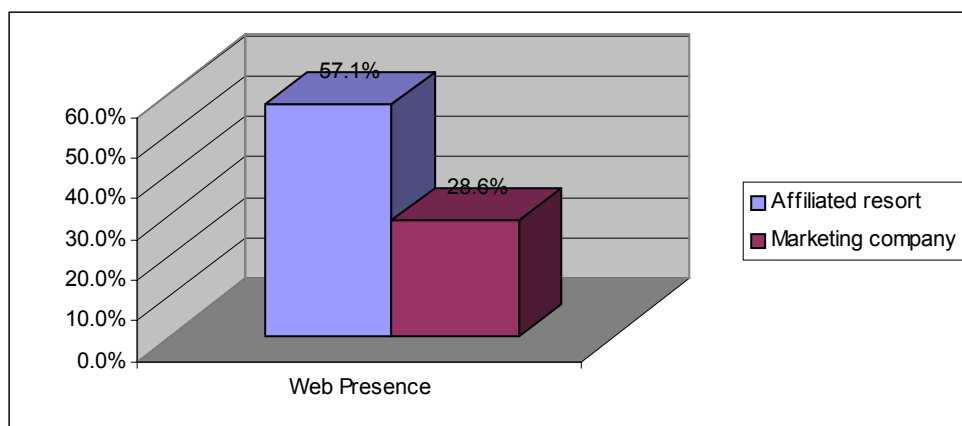


Figure 6.4.4a: Web presence, affiliated resorts/marketing companies

Additionally 77.7% (7/9) resorts intend to built a web site in the near future, while only 50% (5/10) of the marketing companies intend to do so.



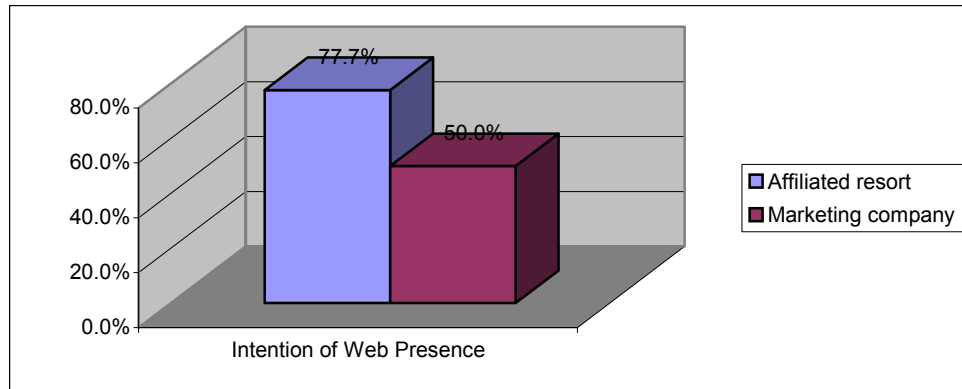


Figure 6.4.4b: Intention of web presence, affiliated resorts/marketing companies

**6.4.5 Customers’ Databases (questions 17,18 and 19)**

Affiliated resorts have invested in compiling or on acquiring customers’ databases at a percentage of 52.4% and only 38% of them are currently in use while 85.7% of the marketing companies have invested and 100% of them are currently in use.

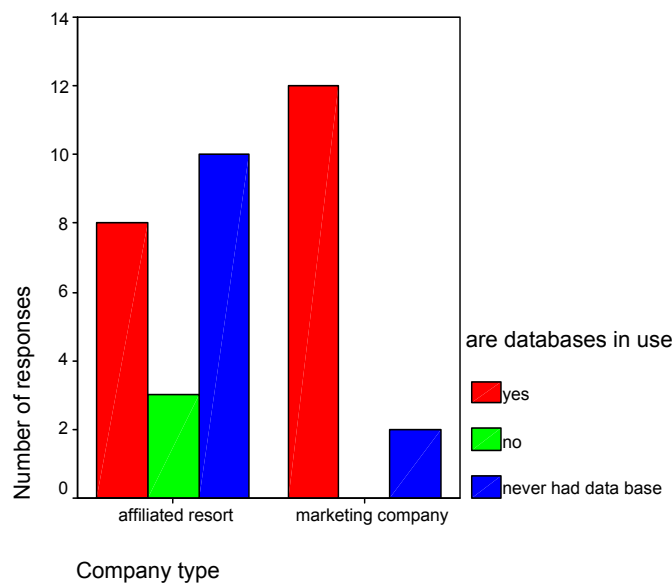


Figure 6.4.5a: Customers’ databases in use, affiliated resort/marketing companies

From the active databases, another important difference that arose between affiliated resorts and marketing companies was the field of use of these customers’ databases. These fields include reaching new customers, retain existing, and customers segmentation. More specifically affiliated resorts use databases in order to reach new customers at a percentage of 45.5%, for retain existing 80% and for customers segmentation 45.5%. Marketing companies on the other hand, use databases in order to

reach new customers at a percentage of 100%, for retain existing 41.6% and for customers segmentation 66.6%.

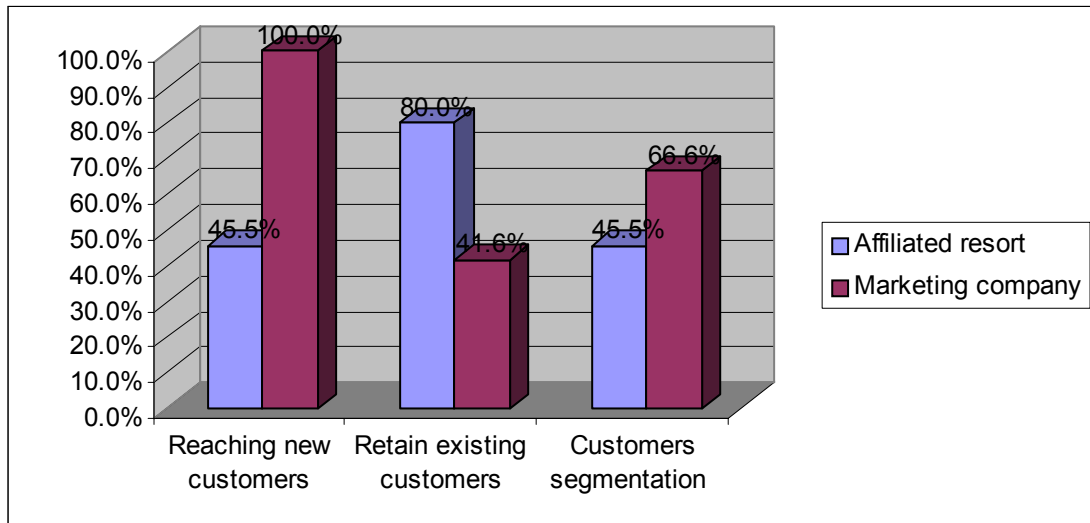


Figure 6.4.5b: Area of databases use, affiliated resorts/marketing companies

**6.4.6 Investment on ICTs (questions 20 and 21)**

On the questions concerning if companies invested in ICTs from last year’s turnover and in what percentage, affiliated resorts in 33.3% did not invest, 19% invested from 9-12%, 14.3% from 5-8%, and 33.3% from 3-4%. Marketing companies in 14.3% did not invest, none invested from 9-12%, 7.1% in 5-8%, and 78.6% in 3-4%.

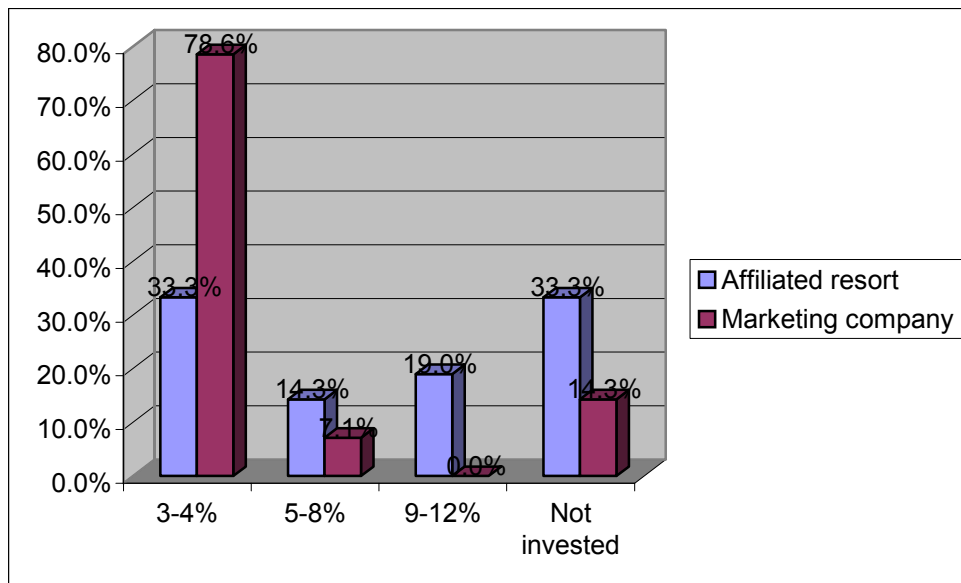
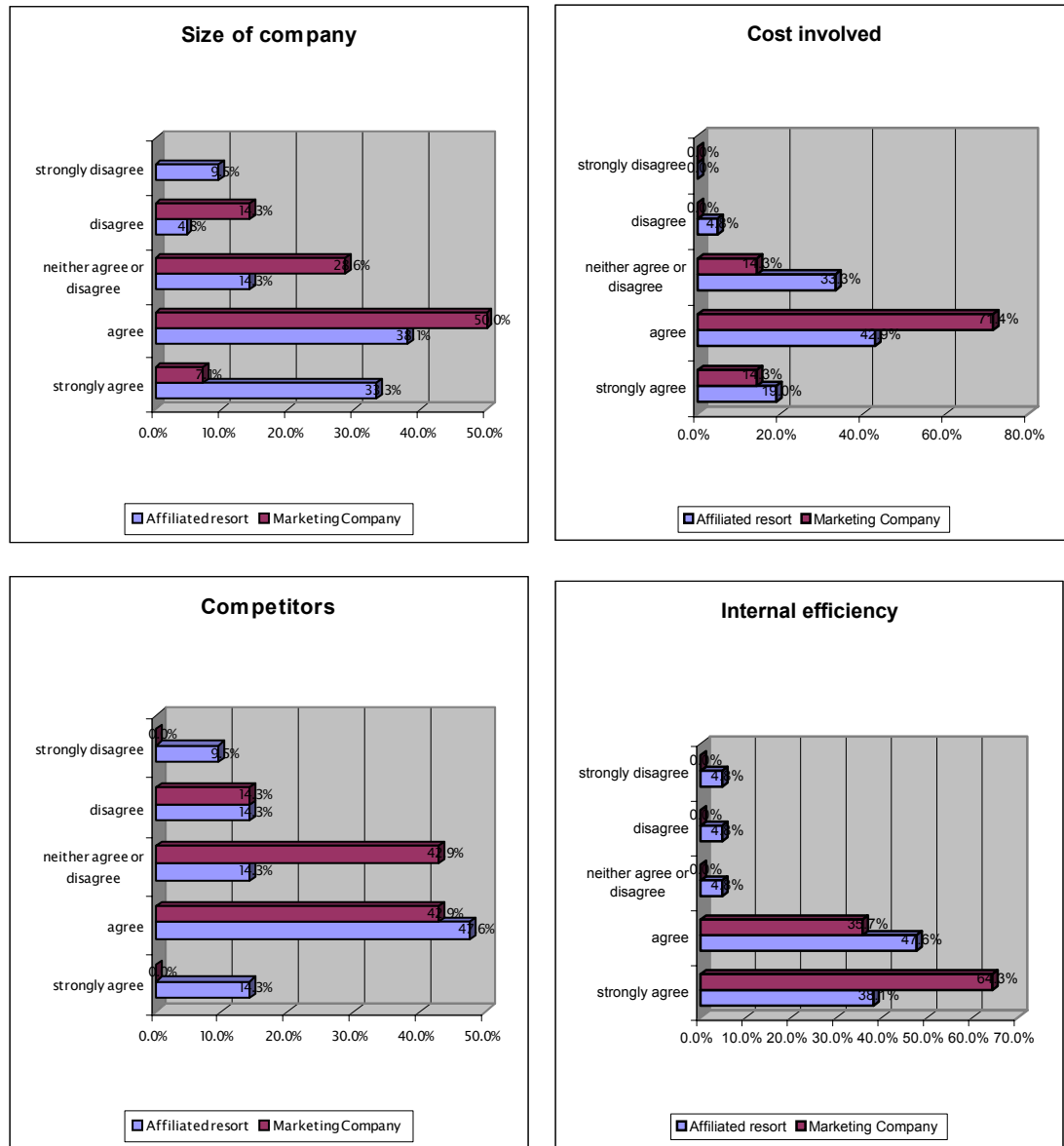


Figure 6.4.6: Investment on ICTs, affiliated resorts/marketing companies

**6.4.7 Factors Affecting Investment upon ICTs (question 22)**

Finally, differences were evident on how much the respondents agreed or disagreed on the factors affecting their decision upon investing on ICTs. The only exception was the risk-involved option. The results can be seen in the following figure:



**Figure 6.4.7: Factors affecting ICTs investments, resorts/marketing companies**

The size of the company seems to be a more important factor for the affiliated resorts as 71.4% of the respondents strongly agreed or agreed while on the other side the percentage for the marketing companies was 57%. As far it concerned the cost as a factor of deciding upon investments on ICTs, marketing companies’ respondents strongly agree or disagree at 85% and respondents from affiliated resorts at 61.9%. As far as it concerns

the competition, affiliated resorts respondents strongly agree or agree at 61.9%. Under contrary marketing companies respondents seem to be neutral at a percentage of 42.9% and agree at 42.9%. Both respondents from affiliated resorts and marketing companies perceive investments on ICTs as an important factor with marketing companies having answered strongly agree or agree at 100% and affiliated resorts at 85.7%. The main difference between them lies on the fact that marketing companies 64.3% strongly agree, while on the other side 38.1% from respondents from affiliated resorts strongly agree.

## CHAPTER 7: DISCUSSION AND CONCLUSION

### **7.1 Introduction**

The purpose of this Chapter is the discussion of the analysis of the main findings of the exploratory research upon the role of ICTs for the Greek Timesharing industry. The survey as already discussed in extend in Chapter five was designed to meet the following two objectives:

- **Objective 1:** The extent and the main applications of ICTs usage in the Greek Timesharing industry.
- **Objective 2:** The intention of ICTs usage in the future and the main factors affecting the managers' decision upon using technology as an effective tool.

So, this Chapter will discuss and present the key conclusions of the findings, will make suggestions for any future research in this field and will indicate the contribution of this study.

### **7.2 Discussion of the Main Findings**

The results of the research upon the role of ICTs for the Greek Timesharing market showed in general a positive attitude, of this tourism sector, towards technology solutions. This deduction has been made comparing the results of this survey with Greece's overall attitude over ICTs (Karounos and Gousiou for the Greek Ministry of Development, 2002). This positive attitude was mainly addressed to the necessity of ICTs for running their businesses and to the investments in computer systems. The results also showed that different applications are being used by the hotel sector and different from the marketing companies sector. Also, notable differences have been revealed in their web presence and in the main factors affecting managers' attitudes of barriers and factors affecting investment in ICTs.

### **7.2.1 ICTs Usage and Main Applications**

The survey conducted for the Greek Ministry of Development in 2002 showed that one out of three Greeks used PC and one out of five used Internet. This progress in Internet use is very significant as Internet users almost doubled from 2001. It also showed that big corporations scored higher in PC or Internet usage, while smaller corporations do not appear to embrace the new tools. The level of education appears as a very important factor as one out of two Greeks who had higher education used a PC, while the proportion for those with elementary education was smaller. Other important factors affecting the embrace of ICT tools are the level of income and the sector of employment.

Another survey conducted on behalf of the Greek Ministry of Economy and Finance (Karounos and Gousiou, 2002), concerning the ICTs usage by the Greek SMEs, showed that the average expenditure in ICTs of the GNP was 4.1%. It also revealed that 35% of them are using computer systems to run their businesses, 12% have e-mail access. As far it concerns the main functions of ICTs for the Greek SMEs, 51% use them in the accounts department, 36% in sales, 27% in production, 21% in inventory and storehouse control and 19% for administration purposes.

In comparison, the research upon the role of ICTs for the Greek Timesharing industry showed bigger usage of computers as the vast majority of the respondents (89.5%) considers computer systems essential for running their businesses and 97.6% use computers. Moreover, the majority of people with higher educational levels mostly use computers at both home and work while high school graduates use them preferably at work. The attitude continues to be positive as 76.3% replied that they have invested in ICTs from last year's turnover. But the expenditure on investments on ICTs doesn't seem to be very different from Greece's overall statistics as the majority of the respondents has invested from 1-4% of their companies' turnover.

The applications in which the Greek Timesharing industry is using computer systems are different from the national survey mentioned above. This is mainly because tourism is a different product and different ICT applications are being used. In Chapter four it has been discussed in details ICTs applications in the tourism industry and their benefits on marketing purposes. So, 90.9% is using ICTs for operational purposes increasing internal

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efficiency, 72.7% in sales and/or bookings, 66.7% in reaching new customers, 60.7% in CRM and 42.4% in decision support systems.

But even within the Greek Timesharing industry, differences occur in the main ICTs applications that are employed. In Chapters two and three, where it was presented the concept of Timesharing and the Greek Timesharing industry, it has been discussed the way and methods the product is being marketed, sold and distributed. So as it has been presented in the Chapter of the Analysis of the findings, developers are more inclined to use ICT tools for sales/bookings and for operational reasons. They use hospitality technology solutions such as PMSs, front and back office systems and Point of sales systems (Buhalis, 2003, O' Connor, 1999; Sheldon, 1997; Inkpen, 1998). On the other hand the marketing companies use ICTs for reaching new customers, CRM and decision support systems. As tourism and especially Timeshare ownership is an unsought good as defined by Kotler (1997), marketing companies have to generate a substantial and constant flow of prospect purchasers to the point of sale by creating lead generation (Haylock, 1994; Simons & Leposky, 1994). So they use customers' databases for attracting prospective buyers by using the methods of telemarketing, direct mail, OPCs and fly-buys (Rezak, 2002).

That was the point of the research where it was revealed that marketing companies due to their business nature use more extensively customers' databases and less the Internet, which is mainly used for advertising purposes. The areas in which these databases are used are for sales and marketing reasons such as reaching new customers and customers segmentation. After all as it has been discussed in Chapter two that the main task of the marketing companies is the maximisation of their Timeshare sales and it is very difficult to have a repeated customer buying a second Timeshare ownership. Under contrary affiliated resorts use these databases in order not only to collect the yearly maintenance fees, but for retaining existing customers, making special offerings to them, and loyalty programmes. Their presence on the Internet is bigger as they perceive it as an additional distribution channel for increasing their bookings by setting them out to the globe 365 days a year and 24 hours a day (Theobald W. and Dunsmore H., 2000; Inkpen, 1998; Buhalis 2003). Additionally resorts by establishing Internet access can handle better their Timesharing inventory, through solutions provided by both holiday exchange networks. (RCI, [www.rciaffiliates.com](http://www.rciaffiliates.com) and II [www.resortdeveloper.com/home/operational.htm](http://www.resortdeveloper.com/home/operational.htm)).

The author's personal view is that marketing companies can use more extensively the Internet and have a bigger web presence as it can provide them with many tools, helping them to target prospective buyers. Instead of acquiring expensive databases, they can collect information and target their potential customers through a web site (Inkpen, 1998).

The holiday exchange networks, RCI and II have fully exploited ICT tools by being fully networked for internal and external communication and by sharing product and customer data as common resource. In this vein they use the web not only for the facilitation of servicing their members but also for advanced CRM techniques. So they have followed techniques, which are suggested by the WTO (2001), such as online clubs, customize your page function, chat rooms, cookies and publishing travel stories and reviews of their members.

### **7.2.2 Attitude Towards ICTs**

The factors acting as barriers on using ICTs and those affecting managers' decision upon investing or not on technology solutions, are indicators of the respondents' attitude towards ICTs. The survey conducted on behalf of the Greek Ministry of Economy and Finance (Karounos and Gousiou, 2002), concerning the ICTs usage by the Greek SMEs, showed that 27% considered lack of expertise as one of them, 19% no suitable applications, 9% don't need any computer systems, 4% the cost and 41% that sees no barrier.

Hooffman (1994) and Sheldon (1997) have discussed in extent about the factors affecting ICTs use and Mandlebaum (1997) has reported the benefits of their use as already has been presented at Chapter four. The research upon the Timesharing industry revealed different results from the *ICTs usage by the Greek SMEs* survey as more than half of the respondents considered cost and lack of expertise the main barriers, followed by no suitable applications and no need with small percentages. Lack of expertise is mentioned as the main barrier, although 63.2% of the respondents have received some kind of training on ICTs, but as the analysis revealed the majority of them had been trained in word processing packages. Affiliated resorts though, showed to have higher in training on



hospitality solution packages. Cost is highly ranked as a barrier, as software applications and hardware installments are still relatively expensive in Greece.

As discussed in Chapter four there are numerous ICT applications that are employed by the tourism industry. So, managers have to decide on investing or not on ICTs by having to consider several factors as the size of the company, the cost involved, the risk involved, their competitors and whether this investment will improve their companies' internal efficiency. The survey as discussed in paragraph 7.2.1 showed that the Greek Timesharing is generally keen in investing in ICTs and the analysis revealed that they generally agree that ICTs are very important for increasing their overall internal efficiency and that they don't perceive any risk involved. But as most of these companies belong to the SMEs category, they seem to classify high in their decision making process upon making an investment, the size of their companies and the cost involved. Results also have showed that marketing companies perceive more important the factor of cost than affiliated resorts do, As discussed earlier in this Chapter their marketing costs are relatively high as they have to acquire expensive databases, customer segmentation software applications, and buy sophisticated call centers for telemarketing purposes.

### **7.2.3 Conclusion**

The Greek Timesharing industry as the research revealed has showed in general terms that ICTs are considered as a very helpful tool for the enterprises to achieve more efficiently their goals. They have perceived the ICTs as a mean to improve productivity, and the services offered to the clients as well as to increase customer satisfaction (Werthner and Klein, 1999).

Furthermore, the survey showed that enterprises related with Timesharing in Greece, have realised that ICTs can contribute to the competitive opportunities as Robson (1997) mentions, that can be achieved in the main areas of products and services, markets, and economies of production. According to Robson (1997) products and services refer to their nature, production life cycle and speed of distribution; markets refer to their overall demand, degree of segmentation, and geographic distribution possibilities; and economies of production refer to the relevant range of economics of scale, the necessary flexibility versus standardisation trade-offs and the value adding stream.

The ICTs applications employed by the Greek Timesharing companies can give them strategic benefits and help them to get a competitive advantage over their competitors by creating effective integration of the use of information in a value adding process; by enabling their organisations to develop, produce, market and deliver new products and services based upon information; and by giving senior management information to help develop and implement strategy as Ward (2002) suggests

### **7.4 Future Research**

In the methodology Chapter it was mentioned that this was an exploratory research trying to investigate the role of ICTs for the Greek Timesharing industry. In the same Chapter have also been discussed the various limitations of the survey. So, as this is a pioneering research field, several suggestions can be made for future research:

A future research can be made in countries with bigger Timesharing markets and higher ICT penetration rates. Ideally a survey can be conducted for the European market, generating results that could be more generalised, than in just one country. Also, a research can be undertaken by ICT specialists in conjunction with the main exchange networks in order to identify new opportunities that technology enables for the Timesharing industry as a whole.

Concerning the methodology part, interviews could be conducted in combination with a questionnaire, as they allow to the researcher to go in depth to superficial responses by exploring further parts of the topic as Oppenheim (1992) mentions. This would be a very suitable approach in order to obtain information about the interviewees' beliefs and attitudes towards the use of ICTs for Timesharing purposes.

If a future researcher wants to concentrate in the Greek Timesharing market, he can use a bigger sample consisting of all kinds of employees in the Timesharing sector and not only to key managers, in order to have a bigger and more representative research population. Additionally a good idea would be to identify ICT suppliers and try to investigate their views concerning their co-operation with the Greek Timesharing industry.

### **7.5 Contribution of the Study**

This study tried to link together the Timesharing institution with the ICTs usage in the tourism industry. As this is an exploratory research, professionals in the Timesharing sector can use it to better understand ICT applications in several business factions. Additionally this research can motivate academics interested both in tourism and technology issues to conduct further surveys. Last but not least, this study can be a helpful tool to the professionals of the Greek Timesharing market.

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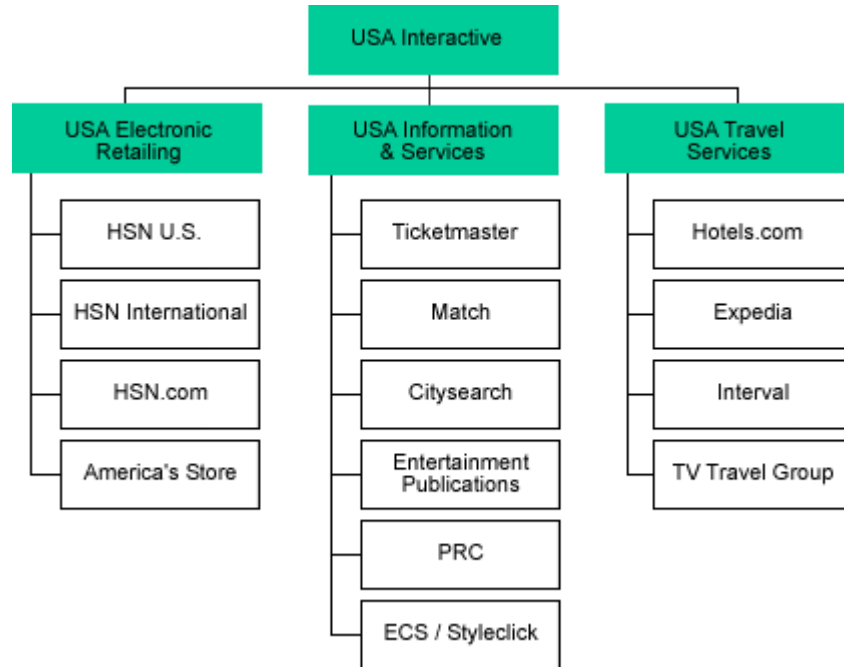
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**Appendices**

**Appendix 1: USA Interactive Group of Companies**



Source: USA Interactive at [http://www.usainteractive.com/about\\_usai/structure.html](http://www.usainteractive.com/about_usai/structure.html)

Appendix 2: Cendant Group of Companies



Cendant Travel Agency

Offline operations of Cheap Tickets, Inc.

Source: Cendant, at [www.cendant.com](http://www.cendant.com)

### Appendix 3: Summary of the EU Directive

**Article 3**

Sellers have to provide information on the matters listed in the annex to the Directive, and the information becomes part of the contract.

**Article 4**

The contract has to be in the language of the purchaser or the Member State in which the purchaser resides and be accompanied by a translation of the contract in the language of the Member State where the resort is situated.

**Article 5**

The purchaser has to have a minimum cooling-off period of 10 days from the signing of the contract or of 3 months plus 10 days if the contract does not contain the obligatory information.

The right to withdraw is to be exercised by notice to the person appointed for that purpose in the contract. The notice has to be given but need not be received before the expiry of the period.

If the right to withdraw arises because of lack of information, there is no obligation on the purchaser to pay any of the seller's expenses. If it is exercised within the 10 day period there can be an obligation to pay the necessary legal expenses of the vendor which have to be expressly mentioned in the contract.

**Article 6**

Advance payment by the purchaser, e.g. by way of deposit before the end of the cooling-off period, is forbidden.

**Article 7**

Related contracts for financing the purchase are automatically subject to the same rights of withdrawal if these are exercised in respect of the purchase contract.

**Article 8**

Contracting out of the provisions which benefit the consumer is not permitted.

**Article 9**

No clauses adopting a system of law which would deprive the purchaser of the Directive's protection are permitted if the resort is in an EU Member State.

**Article 11**

Member States can add provisions more favourable to purchasers, but not cut down the protection provided for in the Directive.

**Article 12**

Member States were required to incorporate the provision of the Directive into national legislation by 29 April 1997.

Source: OTE, at [www.ote-info.com/lawsandps/laws\\_policies.html](http://www.ote-info.com/lawsandps/laws_policies.html)

#### Appendix 4: Implementation of the EU Directive

COUNTRY	DATE OF IMPLEMENTATION	COOLING-OFF PERIOD & MAJOR DIFFERENCES FROM THE E.U. TIMESHARE DIRECTIVE
Austria	1 <sup>st</sup> April 1997	14 day cooling-off period; advance payments to third parties under trustee schemes that can be unilaterally recovered in full by the purchaser in the cooling-off period seem to be allowed.
Belgium	1 <sup>st</sup> July 1999	15 day cooling-off period with an extension to one year if the contract does not fulfil the requirements. Ban on advance payments. Scope of 94/47/EC expanded to include Timeshare of less than a week and more than two days
Denmark	15 <sup>th</sup> April 1997	10 day cooling-off period. Advance payments other than to the vendor or granter of credit are allowed.
Finland	1 <sup>st</sup> March 1998	10 day cooling-off period once both parties have signed. No advance payments allowed to vendor or credit lender. Invitations to sales presentations must clearly state the purpose of the event and the nature and price of what is on sale.
France	9 <sup>th</sup> July 1998	10 day cooling-off period. The purchaser must send written acceptance to the vendor by registered post for the contract to come into effect. The cooling-off period comes into effect from the day this letter is sent.
Germany	30 <sup>th</sup> June 2000 - original law implemented 1 <sup>st</sup> January 1997	15 day cooling-off period. Advance payments into third-party security accounts seem to be allowed.
Greece	25 <sup>th</sup> August 1999	10 day cooling-off period extendable to three months if the information required is not fulfilled. Ban on advance payments.
Ireland	30 <sup>th</sup> April 1997	10 day cooling-off period. Advanced payments to the vendor or vendor's agent is not allowed. Any person is able to apply to court for an order stopping sales in appropriate cases.
Italy	12 <sup>th</sup> February 1999	10 day cooling-off period. First party deposits possible outside control of vendor, promoter or marketer.
Luxembourg	26 <sup>th</sup> January 1999	10 day cooling-off period. Ban on advance payments.
Netherlands	11 <sup>th</sup> July 1997	10 day cooling-off period. Ban on advance payments.
Norway	13 <sup>th</sup> June 1997	Although a non-EU country, a similar law to Denmark and Sweden has been passed. Vendor can receive nothing within cooling-off period and nothing at all until adequate security has been established. Security to pay refunds for cancellations are also imposed.
Portugal	22 <sup>nd</sup> May 1999	10 day cooling-off period. Absolute ban on advance payments. Only 70% of the property in a complex may be operated as Timeshare but a hotel in the same complex can account for the other 30%.
Spain	5 <sup>th</sup> January 1999	10 day cooling-off period. Advance payments to the vendor not allowed.
Sweden	1 <sup>st</sup> July 1997	10 day cooling-off period. Advance payments to the vendor are not allowed.
United Kingdom	29 <sup>th</sup> April 1997	14 day cooling-off period. Absolute ban on advanced payments. Cancellation notices have to be given to purchasers. Applies to UK residents wherever they buy in the European Economic Area.

Source: OTE at [www.ote-info.com/lawsandpols/laws\\_policies.html](http://www.ote-info.com/lawsandpols/laws_policies.html)



## Appendix 5: Marketing Companies in Greece

<b><u>1. AKTI PLEPI S.A.</u></b>		
RESORT	:	PORTO HYDRA – PELOPONISOS
<b><u>2. DREAM DEALS</u></b>		
RESORT	:	SANTORINI VILLAS-SANTORINI
<b><u>3. E.D.I. - EUROHOLIDAYS</u></b>		
RESORTS	:	MIRABELLO VILLAGE – CRETE CRETA SUITES – CRETE SPANISH RESORTS
<b><u>4. EMPERIAL TOURISM ASSOCIATION.</u></b>		
RESORT	:	IRIA MARE - NAFPLIO
<b><u>5. F.N.T.O EIE</u></b>		
RESORT	:	LAOKASTI VILLAS - SANTORINI
<b><u>6. GVC MARKETING</u></b>		
RESORT	:	PILIO HOLIDAY CLUB - PILIO
<b><u>7. 4 QUALITY HOTELS</u></b>		
RESORT	:	PILIO HOLIDAY CLUB - PILIO
<b><u>8. GREEK VACATION CLUB</u></b>		
RESORT	:	CRETA RESIDENCE – CRETE
<b><u>9. CORFU VACATION CLUB</u></b>		
RESORT	:	CORFU RESIDENCE – CORFU
<b><u>10. AFFANT HOLDINGS LTD</u></b>		
RESORT	:	CRETA RESIDENCE – CRETE
<b><u>11. COMPETITIVE HOLIDAYS</u></b>		
RESORT	:	CORFU RESIDENCE – CORFU
<b><u>12. GLOBE STAR LTD.</u></b>		
RESORTS	:	CORFU RESIDENCE
:		CRETA RESIDENCE
:		PILIO HOLIDAY CLUB
<b><u>13. PRIVILEGE VACATION CLUB</u></b>		
RESORTS	:	PILIO HOLIDAY CLUB
:		CORFU RESIDENCE
:		CRETA RESIDENCE
<b><u>14. PARADISE VACATION CLUB</u></b>		
SAME DETAILS WITH PRIVILEGE VACATION CLUB		
Source: RCI Greece, 2003, Marketing Companies in Greece		



<b><u>15. HOLIDAY PROMOTIONS OF RHODES</u></b>		
RESORTS	:	THE VILLAGE HOLIDAY CLUB - CRETE SUN BEACH HOLIDAY CLUB - RHODES LEONIKI RESIDENCE – CRETE CLUB GREECE AT PANORMOS BEACH-CRETE
<b><u>16. LIFE TIME CLUB INTERNATIONAL</u></b>		
RESORTS	:	AEOLUS BEACH CLUB PALEROS CLUB
<b><u>17. NOSTOS MARKETING</u></b>		
RESORT	:	NOSTOS VILLAGE - SKIATHOS
<b><u>18.RMI (RESORT MARKETING INTERNATIONAL)</u></b>		
RESORTS	:	PORTO HYDRA
<b><u>19. ROYAL HOLIDAYS</u></b>		
RESORTS	:	ANEZINA VILLAGE - PAROS IRIA MARE - NAYTIAIO SPANISH RESORTS
<b><u>20. SOLE VACATIONS</u></b>		
RESORTS	:	IRIA MARE - NAFPLIO ANEZINA VILLAGE - PAROS
<b><u>21. STARTIME VACATIONS</u></b>		
RESORTS	:	IRIA MARE -NAFPLIO SPANISH RESORTS
<b><u>22. UNIQUE HOLIDAYS</u></b>		
RESORT	:	IRIA MARE – NAYTIAIO
<b><u>23. EUROFIRST SA</u></b>		
RESORT	:	LAOKASTI VILLAS – SANTORINI
<b><u>24. DOLPHIN LINE LTD</u></b>		
RESORT	:	IRIA MARE – NAFPLIO
<b><u>25. TRAVEL LINES</u></b>		
RESORT	:	IRIA MARE – NAFPLIO
<b><u>26. GECOM LTD</u></b>		
RESORT	:	RANIA BEACH RESORT – PAPHOS
<b><u>27. JAT VACATION OWNERSHIP</u></b>		
RESORTS	:	LES VILLAS AT LE MERIDIEN – LIMASSOL CLUB APHRODITE – LIMASSOL RANIA BEACH RESORT – PAPHOS
<b><u>28. MAXIMA MARKETING LTD</u></b>		
RESORT	:	MALAMA BEACH CLUB - PROTARAS
Source: RCI Greece, 2003, Marketing Companies in Greece		

**Appendix 6: List of Greek Timeshare Resorts**

	
<ol style="list-style-type: none"> <li>1. Aeolos Beach</li> <li>2. Agios Nikolaos Bay</li> <li>3. Anezina Village</li> <li>4. Candia Park</li> <li>5. Chrysland Gardens Club</li> <li>6. Club Aphrodite</li> <li>7. Club Mykonos</li> <li>8. Club Pyla Beach Resort</li> <li>9. Corfu Residence</li> <li>10. Creta Residence</li> <li>11. Creta Suites</li> <li>12. Daphne Holiday Club</li> <li>13. Elounda Gulf Villas</li> <li>14. Golden Coast</li> <li>15. Govino Bay</li> <li>16. Hotel Club Montana</li> <li>17. Iria Mare Holiday Club</li> <li>18. Kavos Bianco Village</li> <li>19. Laokasti Villas</li> <li>20. Leoniki Residence</li> <li>21. Les Villas at Le Meridien</li> <li>22. Malama Beach Club</li> <li>23. Mayfair Hotel</li> <li>24. Metropolitan Capsis</li> <li>25. Mirabello Village</li> <li>26. Nostos Village</li> <li>27. Paleros Club</li> <li>28. Pefkos Village</li> <li>29. Pilio Holiday Club</li> <li>30. Porto Heli Resort</li> <li>31. Porto Hydra Hotel</li> <li>32. Porto Rio</li> <li>33. Prince Stafilos</li> <li>34. Rania Beach Resort</li> <li>35. Santorini Villas</li> <li>36. Sun Beach</li> <li>37. The Village Holiday Club</li> <li>38. Villa Olympia</li> <li>39. Villea Village</li> </ol>	<ol style="list-style-type: none"> <li>1. Atlantica Princess</li> <li>2. Club Delta at Govino Bay</li> <li>3. Club Delta at Kouros Village</li> <li>4. Club Delta at Mykonos II</li> <li>5. Club Delta at Villea Village</li> <li>6. Club Greece at Villea Village</li> <li>7. Corfu Resort</li> <li>8. Elani Bay</li> <li>9. The Alia Club</li> </ol>
<p>Source: RCI Community 2003/2004</p>	<p>Source: II, at <a href="http://www.intervalworld.com">www.intervalworld.com</a></p>

**Appendix 7: Introductory Letter**

Mr. Spyros Pantazis

April 19<sup>th</sup> – May 19<sup>th</sup>

Alsous 29

Glyfada 166-75

Athens

Tel: 210-8942820 &amp; 06974-858930

Fax: 210-6199421/2 (attention of Ms Pantazi)

e-mail: [sp@mailbox.gr](mailto:sp@mailbox.gr)

Dear Sir or Madam,

I am a postgraduate student carrying out a research for the MSc degree in e-Tourism at the University of Surrey. The topic upon which my research is based is the following:

**“Timesharing: The Role of Information Communications Technologies (ICTs) in the Greek Timesharing Industry”**

I would greatly appreciate if an appropriate member of your company could dedicate some time to reply to the questionnaire provided below by the **9<sup>th</sup> May 2003** in order for me to gain an insight on your company’s views about the use of ICTs and their impact upon the Timesharing Industry. Please send your replies of the questionnaire for the attention of **Ms Pantazi at 210-6199421/2**.

Please follow carefully the instructions on the questionnaire and do not hesitate to contact me, if you have any queries. I would be happy to provide you with any further information.

I would like to take this opportunity to thank you in advance for your attention and assistance.

Looking forward hearing from you,

Yours truly,

Spyros Pantazis  
Postgraduate Researcher in e-Tourism  
University of Surrey

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## Appendix 8: The Questionnaire

### About you

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1. Your gender is:      Male        
    Female
2. Which is your age group?    25-35    36-45    46-above
3. What is your present position in the company:
- Senior manager      Sales manager      ICTs manager      General manager
- If other please specify: \_\_\_\_\_
4. What is your current level of education:
- High School      TEI Degree      University Degree      Master Degree
- If other please specify: \_\_\_\_\_
5. Did you ever have training in the use of Information Technology?
- Yes        
 No        
 (If you answered something other than Yes please go to question no 7)
6. If you have answered yes in question no 5, then does your training comprise of any of the following:  
 (You can select more than one box if applicable)
- Use of word processing software packages        
 Training on the use of logistics via computer        
 Computerised Reservation Systems        
 Use of Internet        
 Making of web pages/sites        
 Programming
7. Where do you normally use computers?
- Work                           Home                           Both                           Nowhere

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**About your Company**


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8. Is a computer system essential to the running of your business?
- Yes
- No
- (If you answered No please go to question no 10)
9. Please explain for which of the following areas a computer system is used to run your business  
(You can select more than one box if applicable)
- Increasing internal efficiency
- Sales/Bookings
- Customer Relationship Management
- Reaching new customers
- Decision making support systems
10. If you do not use a computer system are you planning to have one in the next 2 years?
- Yes
- No
11. Please indicate which of the following factors act as barriers on using computers  
(You can select more than one box if applicable)
- |                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Cost                     | Lack of Expertise        | No suitable applications | No need                  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
12. Does your company have access to e-mail?
- Yes
- No
- (If you answered Yes, please go to question no 14)  
(If you answered No, please go to question no 13)
13. Does your company plan to have an e-mail address in the future?
- Yes
- No
14. Does your company have an Internet site?
- Yes
- No
- (If you answered Yes, please specify the web site address \_\_\_\_\_)  
(If you answered No, please go to question no 15)

- 
15. Does your company have plans on having an Internet site in the near future?
- Yes
- No
16. Who has taken/would take the responsibility for creation of your Internet site?
- Inside your company (ICTs Department)
- Outside your company (Applications System Provider)
- Both
17. Has your company ever invested on compiling or on buying customers' databases?
- Yes
- No
- (If you answered Yes, please go to question no 18)
18. Are these databases currently in use?
- Yes
- No
- (If you answered Yes, please go to question no 19)
19. Do you use these customers' databases for:  
(You can select more than one box if applicable)
- Reaching New Customers
- Retain Existing Customers
- Customers Segmentation
- Special Offerings
- Offering Customised Programmes
- Loyalty Programmes
20. Has your company invested in ICTs from last year's turnover?
- Yes
- No
- (If you answered Yes, please go to question no 21)
21. What percentage of your company's last year's turnover was invested on ICTs?  
(please write here) \_\_\_\_\_

22. Please indicate how much you agree on the following factors affecting your decision on investing or not on ICTs?

	Strongly Agree			Strongly Disagree	
Size of company	1	2	3	4	5
Cost involved	1	2	3	4	5
Risk involved	1	2	3	4	5
Competitors	1	2	3	4	5
Increased efficiency	1	2	3	4	5

You can now send your replies for the attention of **Ms Pantazi at 210-6199421/2**

Thank you very much for taking the time to complete this survey

**Appendix 9: Table of Customers' Databases Usage**

			are databases in use ?			Total
			yes	no	never had data base	
investment on databases	yes	Count	23	3		26
		% within investment on databases	88.5%	11.5%		100.0%
		% within are databases in use ?	100.0%	100.0%		68.4%
		% of Total	60.5%	7.9%		68.4%
	no	Count			12	12
		% within investment on databases			100.0%	100.0%
		% within are databases in use ?			100.0%	31.6%
		% of Total			31.6%	31.6%
Total	Count	23	3	12	38	
	% within investment on databases	60.5%	7.9%	31.6%	100.0%	
	% within are databases in use ?	100.0%	100.0%	100.0%	100.0%	
	% of Total	60.5%	7.9%	31.6%	100.0%	



**Appendix 10:** Table of Investment on ICTs/Percentage of investment

			investment on ICTs		Total
			yes	no	
percentage of turnover invested on ICTS	1-4	Count	21		21
		% within percentage of turnover invested on ICTS	100.0%		100.0%
		% within investment on ICTs	72.4%		55.3%
		% of Total	55.3%		55.3%
	5-8	Count	4		4
		% within percentage of turnover invested on ICTS	100.0%		100.0%
		% within investment on ICTs	13.8%		10.5%
		% of Total	10.5%		10.5%
	9-12	Count	4		4
		% within percentage of turnover invested on ICTS	100.0%		100.0%
		% within investment on ICTs	13.8%		10.5%
		% of Total	10.5%		10.5%
never invested	Count		9	9	
	% within percentage of turnover invested on ICTS		100.0%	100.0%	
	% within investment on ICTs		100.0%	23.7%	
	% of Total		23.7%	23.7%	
Total	Count	29	9	38	
	% within percentage of turnover invested on ICTS	76.3%	23.7%	100.0%	
	% within investment on ICTs	100.0%	100.0%	100.0%	
	% of Total	76.3%	23.7%	100.0%	

**Appendix 11: Tables of responses of question 22**

**factor/size of the company**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly agree	10	26.3	26.3	26.3
agree	16	42.1	42.1	68.4
neither agree or disagree	7	18.4	18.4	86.8
disagree	3	7.9	7.9	94.7
strongly disagree	2	5.3	5.3	100.0
Total	38	100.0	100.0	

**factor/cost involved**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly agree	7	18.4	18.4	18.4
agree	21	55.3	55.3	73.7
neither agree or disagree	9	23.7	23.7	97.4
disagree	1	2.6	2.6	100.0
Total	38	100.0	100.0	

**factor/risk involved**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly agree	1	2.6	2.6	2.6
agree	8	21.1	21.1	23.7
neither agree or disagree	6	15.8	15.8	39.5
disagree	13	34.2	34.2	73.7
strongly disagree	10	26.3	26.3	100.0
Total	38	100.0	100.0	

**factor/competition**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly agree	5	13.2	13.2	13.2
agree	16	42.1	42.1	55.3
neither agree or disagree	9	23.7	23.7	78.9
disagree	5	13.2	13.2	92.1
strongly disagree	3	7.9	7.9	100.0
Total	38	100.0	100.0	

**factor/increase internal efficiency**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly agree	20	52.6	52.6	52.6
agree	15	39.5	39.5	92.1
neither agree or disagree	1	2.6	2.6	94.7
disagree	1	2.6	2.6	97.4
strongly disagree	1	2.6	2.6	100.0
Total	38	100.0	100.0	