



Joining Forces to Deliver Outstanding Vacation Services

COOPERATIVE ASSOCIATION OF RESORT EXCHANGERS, INC.

STRATEGIC PLAN

January 2014

**C.A.R.E.'s Vision and Mission.**

**The vision of C.A.R.E. is to be recognized in the global vacation industry as the premier trade association that provides its membership with the tools, education, networking opportunities and structure to achieve professional success while remaining committed to the highest standards and ethics required to offer outstanding vacation experiences and services.**

**The mission of C.A.R.E. is to promote ethical and outstanding vacation services by providing education and networking opportunities.**

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## **Executive Summary**

C.A.R.E.'s Strategic Plan for 2013 defines the direction of C.A.R.E. by establishing its goals and objectives relative to the position of the association within the vacation industry. It further sets forth the strengths, weaknesses, opportunities, and threats confronting C.A.R.E. as it continues to promote ethical and outstanding vacation services by providing education and networking opportunities.

The plan provides an overview of the vacation industry focusing primarily on the United States and includes summaries of global economic factors, demographics and social trends, and industry issues and competition. An analysis of the strengths, weaknesses, opportunities and threats facing C.A.R.E. is followed by a statement of goals, objectives, and strategies. From this study an Action Plan is created setting forth specific objectives and actions to be initiated and concluded throughout the year.

Information for portions of this plan has been collected from various industry resources and publications such as ARDA State of the Vacation Timeshare Industry: United States Study 2009, and Ypartnership/Yankelovich, Inc.

The plan is not intended as a commentary on any individual C.A.R.E. member company, whose practices and performance may vary from the information included herein. It is designed specifically to keep C.A.R.E. focused and steadfast to its mission to grow.

### **Global Economic Factors**

In 2012, global growth dropped to 3 percent as mature economies were still healing from the 2008-2009 crisis and the economies of emerging markets did not accelerate as they did in 2010 and 2011. Specifically in the U.S., the economy shows signs of strength. The world economy, however, is still in a precarious position and several factors could negatively impact future growth.

The forecast for the vacation industry is brighter. Lower interest rates and ample financing alternatives are now available. Additionally, unsold inventory levels have declined. This coupled with the availability of capital means timeshare should continue to enjoy stability and growth. Even more encouraging is the fact that new consumers are now offering a promising area of growth with 58% of sales coming from new owners and 72% of resorts making at least half of their sales from new owners. But although there are some positive signs, economic conditions continue to present unique and challenging opportunities for growth to C.A.R.E.

## **Demographics and Social Trends**

According to published reports prospective vacation purchasers continue to be married, between the ages of 30 and 62, and they rely heavily on the internet for travel information and reservations. Boomers are aging, Gen-Xers are moving in to their peak earning years, and Gen Y is entering their adult travel years.

While the emphasis of today's demographic trends is still on the Baby Boomers, new trends are constantly emerging. Unlike their parents, Generation X & Y are not likely to purchase a timeshare property under pressure and on the front line. They prefer to browse the internet and purchase their timeshare property from an ordinary person in the re-sell market. These dynamic trends create both opportunities and threats for C.A.R.E. and its members.

Social trends continue to drive the vacation industry. They impact the leisure industry in the method by which households spend their leisure time. The challenge lies in that while many trends remain, there are often new ones that we must be prepared for, or embrace. The good news for 2013 according to a number of reports is that interest in travel is on the rise. So those in the industry would be wise to stay on top of what is of interest to today's travelers.

2012 saw several trends that are predicted to continue into 2013. Interest in cruising will continue to rise in 2013 and there will again be a rise in Chinese travelers worldwide. More and more people will be traveling with iPads and smart phones with more and more conveniences built into them; allowing for more travelers to do anything from make their travel arrangements to updating their friends at home while they are away on their travels.

The biggest trend that is here to stay in 2013 is that of travelers seeking "value." As a result, many purveyors of vacation accommodations are investing more on refurbishing existing properties rather than expansion. Loyalty programs will continue to flourish in order to capture repeat business; however it will likely be social media and your "friend's" advice that will again be the guide for travelers in 2013. And when they do make the decision about where they want to go and what they want to do when they get there, many more travelers will go back choose a travel agent to get it done.

## **Industry Issues and Competition**

In recent years the vacation industry has seen the introduction of a number of new products and services by major branded vacation clubs. Timeshare sales are increasing nominally and resort occupancy remains strong. Capital markets have expanded and interest rates remain low which contributes to stabilization and new resort development. Although regulatory and taxation issues continue to be a challenge the fundamental strength of the industry remains in place.

Embracing social media and the power of the internet is paramount to the success of all businesses as well as recognizing the changing needs of consumers; ie flexible use travel programs, etc.

Resort metrics; the number of resorts and intervals available, remain relatively unchanged in recent years. Maintenance fees have increased to an average of \$786 which may lead consumers to seek a more affordable travel alternative such as the travel club. Vacation ownership represents only a 6% market penetration which presents an opportunity for growth for C.A.R.E. member companies. But it is the club type structures and points-based systems that have taken center stage for the consumers today.

However, even with these new uses of available inventory, the global economic crisis, safety concerns and overall insecurity about the future have had serious negative occupancy effects on the available inventory creating an overall rise in inventory availability, late maintenance fee payments and even more foreclosures than normal. This has caused an inventory “glut” resulting in overall lower than historical norms, stronger competition and even “price wars” for hotel and condo inventory.

Although forecasts for 2013 are much more optimistic for the travel industry in general than in previous years, a return to past glory does not seem to be in the picture. Timeshare has traditionally focused on the vacation unit. New travel and vacation trends are focusing more on lifestyle benefits such as experiences, adventure and novelty.

The internet is a useful tool to the industry to market available inventory; however, with the success of online reservations by the airline industry, it was only natural that lodging would be the next step. Now airline industries are becoming more involved, independent and competitive in the industry by leaving the online travel agencies like Expedia, Orbitz, etc. and striking out on their own with air and hotel packages.

No longer does the consumer have to belong to a club or own a product to experience travel opportunities to resorts. No longer is it necessary to belong to a trade association to locate inventory for fulfillment. No longer is it necessary to belong to a trade association to locate those companies or clubs in need of inventory. All types of lodging, i.e. hotels, condominiums, cruises, RV's, etc., are available online or through affinity and boutique groups at discounted rates or with minimal or no membership fees. Timeshare ownership is available online at an extremely low cost.

The consumer can now purchase a timeshare ownership at a fraction of a “new” sales cost and without attending a 4-hour sales presentation. To counter the “low” resale purchase price, many developers are implementing resale programs as well as “taking away” benefits from products purchased on the resale market through a non-affiliated resale company. Some make it inconvenient to resell by either charging high “transfer fees,” exercising “right of first refusal” clauses or requiring use of company legal staff for resales. These same resale companies will be adding their inventory to already available inventory which could have a further negative effect on already depressed pricing and occupancy.

Profitable utilization of excess timeshare and wholly-owned condominium inventory by way of exchange, wholesale or rental should be viewed as positive. Without such utilization of excess inventory, marketing and operating costs increase and a surplus of unused timeshare inventory will emerge impacting consumer value, maintenance costs, and consumer satisfaction.

These factors may be seen as potential growth opportunities for the vacation industry. Buying, selling and exchanging even more available inventory through a medium such as the C.A.R.E. Advertising System could be a benefit to more and more companies who find that they have available inventory, unpaid or past due owner maintenance fees and lower occupancy rates.

### **Strengths and Weaknesses**

The underlying strengths of C.A.R.E are:

- Number, quality, and locations of members' resort properties and the ability to locate inventory in highly demanded areas.
- The C.A.R.E. membership represents over 1,000,000 vacation ownerships that afford C.A.R.E. an important voice within the industry.
- The membership has knowledge of the varieties of resorts and vacation programs giving the organization's members insight into the vacation industry as a whole.
- Strong network of member companies
- Presence and commitment in and to other industry trade associations such as ARDA (American Resort Development Association), CRDA (Canadian Resort Development Association), TATOC (The Association of Timeshare Owner Committees), WIN (Women in the Industry), GNEX (Perspective Magazine) and AMDETUR.
- Strong Media Sponsor Exposure with Perspective Magazine and The Trades.
- Reputation for requiring a commitment to honesty and ethical practices from its members and enforcement thereof.
- The core membership in the C.A.R.E. organization is very experienced and knowledgeable about the vacation industry.
- The membership is adept in the use of vacation ownership benefits, i.e. the importance of keeping owners and members satisfied with their purchase, encouraging and facilitating vacation travel and accommodations for the owners/members.
- The membership is willing to share their knowledge with other C.A.R.E. members.
- The membership is willing to assist fellow C.A.R.E. members with owner/member needs and in crisis situations.
- Each member company controls its own business activities while abiding by the Code of Standards and Ethics of C.A.R.E.
- C.A.R.E. has been in existence since 1985.
- Commitment by C.A.R.E. to remain abreast of industry trends and issues.
- The ability of C.A.R.E. to adapt to changing trends and situations.

- C.A.R.E. is not only present on the worldwide web, but has Spanish and English versions of the website.
- Information, education and networking opportunities offered at semi-annual conferences.
- Diversity within each type of C.A.R.E. membership.
- Informative semi-annual magazines updating all members (especially those that are unable to attend conferences) regarding speakers, seminars and the general business aspects of C.A.R.E.
- New member programs (i.e. Ambassador) at conferences designated to mentor new members in adapting to conference agenda and educational seminars.
- Accreditation program that encourages the education of member representatives and rewards participation.
- Industry recognition awards.
- Incentive program to increase membership and reward recruitment.
- Value added member benefits programs
- Strong dedication and commitment by C.A.R.E. individuals and companies that consistently support conference sponsorships and allow member representatives to donate time as volunteers.
- Silent/Live Auction Program and Super- Raffle programs generating funds for marketing C.A.R.E. as well as donating funds to charitable organizations.
- The Advertising Service will bring a much requested benefit and service to C.A.R.E. and its new members.
- Active Board, committee and member participation that support the operations that stimulate the growth of C.A.R.E. while evaluating and strengthening the position of C.A.R.E. within the industry.
- Encouragement of industry green practices
- Willingness to volunteer and give back to the community during semi-annual conferences.
- Innovative Member Marketing Programs, Market Media/Market Place
- New Sponsor incentive program. Increased dollar sponsorship, increased benefits.
- Self- managed website capable of numerous informative venues.

The following points have been identified and evaluated as weaknesses within the operations of C.A.R.E.:

- Recognition of the C.A.R.E. organization within the vacation industry. Recognition of C.A.R.E. is rapidly growing and has continued to improve, but remains weaker than it should be. The purpose of the organization and the value of a membership in C.A.R.E. are not fully recognized or understood by all resort developers, management companies, and other trade associations or by other entities offering vacation programs or services within the vacation industry.
- Some existing C.A.R.E. members are protective of their relationship with non-member companies/clients and are not receptive to introducing them to C.A.R.E.

- Training and/or education of members. C.A.R.E. must continue to improve its efforts to inform, train, and educate its membership on the “nuts and bolts” of direct exchange, three-way exchanges, inventory management, industry trends and legislation that affect member operations, and other facets of the industry.
- Marketing. While C.A.R.E. has recently increased its exposure through various marketing initiatives, the association continues to rely heavily on member recruitment.
- Technology. Failure to capitalize on current available technology (Advertising Service.)
- Lack of understanding by the membership of the concept of C.A.R.E., its purposes, goals, and position within the vacation industry. Many members remain overly concerned with the personal benefits of a membership versus the overall meaning and benefit of the organization as a whole. This lack of understanding results in factions, disagreements and ignorance as to the necessity of the different interest groups and types of memberships within the organization.
- Membership representation at C.A.R.E. conferences. Although attendance at conferences is steady, the depth of representation is weak. It is imperative that more than the operational staff attend conferences. The management level needs to be attracted to the conferences as well.
- Difficulty in retrieving historical and statistical information.
- As work has increased, there is a need for greater participation.
- Protection and updating of C.A.R.E.’s proprietary information.
- Continued downward spiral of economic conditions presents challenges to membership renewals, sponsorship, and conference costs and attendance.
- Lack of resort developers.

## **Threats**

The more significant challenges facing CARE are as follows:

- Membership growth and attrition.
- Limited resources - both human and financial; apathy among members to serve on the Board, the ability to promote CARE within the industry and to provide great conferences while keeping prices reasonable.
- Economic issues that affect consumer travel decisions.
- Access to reasonably priced inventory.
- Reluctance of CARE members to embrace technological resources such as the CARE Advertising Service; continued debate among members regarding conference frequency, location and duration.
- Negative effects of unethical business practices and unfulfilled obligations.
- Competition from other industry organizations with conventions and exhibitors.

## **Goals, Objectives and Strategies**

To achieve its goal C.A.R.E. proposes the following: enhance exposure within the vacation industry, expand uses of technology and awareness of C.A.R.E., provide and enhance members-only benefits, raise awareness of the need to protect proprietary information, provide education on industry changes and regulatory issues.

An action plan setting forth goals, timetables for completion and resources has been established. The Strategic Plan defines the direction of CARE by establishing its goals and objectives with the intention of providing high quality service to its members and maintaining the association's proper position within the vacation industry. Fundamentally the goal of C.A.R.E. is to offer its members the tools to provide outstanding vacation services and practice effective yield management through information, education, and networking opportunities while remaining committed to the highest standards and ethics.

For a more detailed description of C.A.R.E.'s Action Plan you are welcome to download a copy of CARE's Action Plan from our site at [www.care-online.org](http://www.care-online.org)

## **INTRODUCTION**

Strategic planning is important to the continued growth of C.A.R.E. From a macro viewpoint, it is a process whereby the Board of Directors determines where C.A.R.E. is now, where it wants to be, and how it intends to get there. In a micro sense, the goal of the process is to strategically define C.A.R.E.'s goals and objectives while keeping its mission in mind.

Factors such as the global economy, demographics of the vacation industry, social and competitive trends and issues, as well as sources of inventory are researched and then summarized. With C.A.R.E.'s mission statement in mind, goals, objectives and strategies are subsequently identified. An action plan with specific timetables for completion and responsible party assignments is then established to achieve the goals and objectives.

## **PURPOSE**

The purpose of this plan is to guide the organization by establishing goals and objectives designed to promote C.A.R.E. as a premier industry trade association by providing networking and educational opportunities, professional development, and encouraging ethical and good business practices among its members. It will further set forth the strengths, weaknesses, opportunities and threats confronting C.A.R.E. in its efforts to accomplish the goals and objectives thereby sustaining its vision and mission.

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## GLOBAL ECONOMIC FACTORS

In 2013, global growth dropped to 2.5 percent from the 3.2 percent growth rate recorded in 2012 as reported by the International Monetary Fund (IMF). According to US News and World Report, however, world manufacturing in 2013 ended on a strong note with U.S. factory activity at an 11 month high, modest Chinese factory performance and growth in Japanese activity at a 7 ½ year high. The Euro Zone showed the fastest manufacturing growth since 2011. Economic predictions from several leading analysts including NPR, IMF, Reuters, US News and World Report all forecast that global economic growth will increase with modest growth of 3.3 to 3.6 percent in 2014. In contrast to past years, much of the increase in growth will be driven by advanced economies as structural bottlenecks in infrastructure, labor markets and investments are contributing to slowdown in emerging markets. In Europe, policy actions have reduced major risks and stabilized financial conditions. In Japan, fiscal stimulus and monetary easing have enabled activity to rebound. Growth in China is expected to decelerate slightly (from 7 ½ percent to 7 ¼ percent) and overall growth in emerging and developing economies is expected to remain at 4 ½-5 percent.

In the U.S. according to NPR, economists predict that 2014 will be a better year. Upbeat forecasts are the result of the passing of a budget compromise in December that will reduce chances for another government shutdown, the fact that energy has become more abundant as domestic companies now produce more oil and gas thus reducing America's dependence on foreign suppliers and the upward trend in consumer spending. Stock prices keep heading higher and the U.S. unemployment rate is predicted to decline from 7.4 percent in 2013 to an average of 6.6 percent in 2014. Inflation remains low (1.4-1.6 percent) as do interest rates.

Factors that could have had an impact in 2013, such as the lapse of the payroll tax holiday in the U.S., sequestration (sharp cuts to military and government spending), limits to the debt ceiling and new taxes due to the Affordable Care Act have not had a major impact at this point. Chief economist for Sterne Agee, Lindsey Piegza, cautions that growth could possibly slow in 2014 "because the consumer remains under pressure from a lack of quality job creation and minimal wage growth."

The forecast for the vacation industry is encouraging. According to the US Travel Association, total travel expenditures in 2014 are expected to rise from 894.3 billion in 2013 to 940.1 billion dollars. Total domestic persons' leisure trips are expected to rise to 2,088.8 million from 2,054.7 million. Total travel expenditures in the U.S. are expected to rise 5.1 percent from 4.5 percent in 2013. Overseas arrivals to the U.S. will increase to 5.5 percent from 4.3% in 2013. Total domestic person trips for leisure purposes will increase 1.9%.

ARDA's 2013 State of the Industry Report also indicates a positive industry outlook based on consumer demand for expanded product offerings, steady occupancy levels and the success of rental programs with existing inventory. Sales growth for 2012 began to show "substantial sales growth for the first time since the economic downturn." Sales growth was

9%, the highest level since 2006. Respondents to the survey expected to build 1,400 new units in 2013, the same as in 2012, but expect to build 7,900 in 2014 and beyond. This far surpasses the 1,900 projected last year for 2013 and beyond. Although there are some positive signs, economic conditions continue to present unique and challenging opportunities for growth to C.A.R.E.

## **DEMOGRAPHICS**

All of the information below is from the 2012 Edition of the ARDA Owners Report and The Timeshare Authority and may be considered indicative of the characteristics of the consumers C.A.R.E. Member Companies serve.

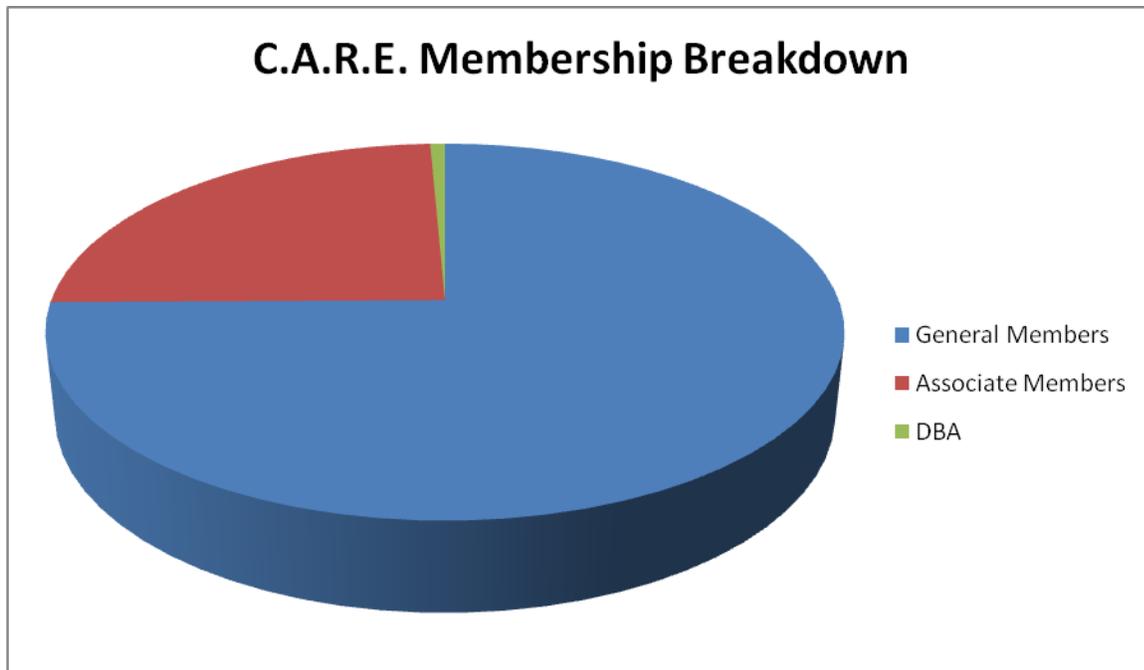
Timeshare Owner Profile:

- Median Timeshare owners are 51 years of age (ARDA)
- Median Timeshare owners list highest education as College (ARDA/TTA)
- Median Timeshare household Income is between \$50,000 - \$74,000 (ARDA/TTA)
- 63% are Married (TTA)
- 30% of owners that own one timeshare, own two or more timeshares (ARDA)
- 89% own private residences (ARDA)
- 64% Do not have children at home (ARDA)
- Medium household size is three (3) (ARDA)
- 535 live in the suburbs (ARDA)
- 25% live in Urban areas (ARDA)
- 23% live in the Rural areas (ARDA)
- Average vacation is 3.4 times a year (TTA)
- Average spent on leisure travel is \$1,730

Baby Boomers still seek vacations that offer options as they retire and can dedicate more time to travel and adventure. They enjoy the economical timeshare, especially compared to the traditional cost for upscale locales. They also can take advantage of last-minute bargains and arrangements, which enhances the benefits of vacation ownership.

Generation X & Y are not likely to purchase a timeshare property under pressure and on the front line. They prefer to browse the Internet and purchase their timeshare property from individual person in the resale market.

As of April 3, 2014 C.A.R.E.'s membership is currently comprised of 107 General members companies (own or control inventory) and 35 Associate members (service providers, and 1 DBA listed under a General Member)



## SOCIAL TRENDS

Social trends continue to drive the vacation industry. They impact the leisure industry in the method by which households spend their leisure time. The challenge lies in that while many trends remain, there are often new ones that we must be prepared for, and embrace. For the purpose of this plan, social travel trends should be considered for the focus of C.A.R.E. and the success of its members.

In 2013, there was on average more travelers, and more interest in getting back on the road and seeing the world. To help accommodate the re-interest in travel after the recession, hotels, airlines, cruise companies and travel agencies are reinventing the way we travel - from booking options to room service menus.

Some of the new services on the rise in 2013 were hotel grocery delivery services, mobile check-ins and even WiFi on planes. Social media was in greater use for booking and planning trips, there were options for more leg room on flights, and even the beginning stages of tourism space travel.

According to research completed by Melanie Nayer of Boston.com, these are the top 10 travel trends predicted for 2014:

- 1. Mobile will continue to matter** - from airlines and hotels to travel agencies and cruise lines —are focusing on mobile as a mainstream way to book travel. eMarketer

reports that mobile search advertising will grow 52 percent in 2014, so you can expect more out of your mobile travel apps as hotels, airlines, agencies and others up their mobile efforts.

**2. Outbound and around the world - 2014** will be a bigger year for international travel. China, India and South America are the top travel markets for 2014.

**3. Pinterest planning** - Pinterest is fast becoming one of the most popular travel planning tools, and 2014 will see a huge boost in travel inspiration, thanks to these boards. Earlier this year, Four Seasons Hotels launched Pin.Pack.Go, using Pinterest as a tool for helping guests organize itineraries at their destinations, and this is just the beginning. Expect to see more Pinterest promotions from hotels and airlines, and customers using the Pinterest boards to help plan vacations and promote travel destinations.

**4. Social media bookings** - Twitter and Facebook will continue to offer huge travel advantages to customers and companies alike; everything from social media-specific promotions and discounts to hotels and airlines creating specific "social media hotlines" to directly addressing customer questions.

The one thing that has been noticeably absent on social media channels is booking, but that's all about to change in 2014.

**5. TSA innovate** - US Customs and Border Protection and the TSA continue to innovate new ways in order to make travel easier, and safer. TSA Precheck is just the beginning. Look for passport kiosks, more advanced online pre-check initiatives, and shorter security lines thanks to advanced screenings in 2014.

**6. Space travel** - Virgin Galactic is primed to launch into space in 2014. If you have \$250,000, you can secure yourself a seat on one of these soon-to-be industry-altering flights. So far, the consumer space flight program has more than 600 guests ready for training at Spaceport America in New Mexico

**7. More spacious travel** - In 2014, Airlines will be looking at ways to upgrade their customers' in-flight experience, starting with the seats. JetBlue is launching a cabin with lie-flat seats, American Airlines is reconfiguring some of its business and first-class cabins, and more airlines are welcoming in-flight Wi-Fi and personal entertainment systems. But expect some higher fares to accommodate these new luxuries.

**8. Hotels up their high-tech** - Don't worry about losing the magnetic touch of your hotel room keycard because you put it next to your credit cards. The hotel room key of the future can be found on your phone. Aloft, Starwood's trendy hotel chain, was the first hotel brand to let guests check-in to their rooms via text message and will soon allow those same mobile phones to act as a key to hotel rooms. Marriott International later rolled out mobile check-ins across their suite of hotels for Marriott Rewards customers. Expect to see more hotels follow suit in 2014.

**9. In-room dining, at your discretion** – In 2013 many hotels initiated many new kinds of hotel dining options; from do-it-yourself room service to grocery delivery service, all to make dining "easier" on hotel guests. And you can expect to see more of this effort in 2014. Among other things, you may find more organic grocery options, build-your-own mini bars and heart-healthy menus, as well as 24-hour on-site cafes to replace the all-night room service delivery options.

**10. The Great Travel Apps** – Today's savvy traveler can use their mobile phone or tablets to find hotel rooms at the last minute or recommended restaurants, or book the best flights, and thanks to more improved travel apps in 2014, travel will be made easier. You can expect a mobile concierge to also be available to you, as well as travel planning apps that help build itineraries and offer geo-targeted maps to help you get around your destination. From the distinct travel preferences of millennials to the growth of "creative tourism," the travel industry is witnessing a series of powerful trends with real staying power. Among the leading travel trends to watch for in 2014 and beyond are:

- **The Impact of millennials** – Millennials, 18- to 30-year-olds, are of "obvious and growing importance" to the travel industry, said Fair. They also have distinct characteristics. Millennials are a much more ethnically diverse group than other generations and so are more interested in international travel.

Other characteristics of millennials:

- They're more interested in urban than resort destinations.
  - They're more likely to travel in pursuit of favorite interests or activities.
  - They're more likely to travel with friends in organized groups.
- **Seniors are unstoppable** and are estimated to comprise 1.3 billion to 1.6 billion people worldwide. Customer service is crucial to this group, and they show higher levels of frustration that result in zero tolerance for poor service.

By 2030, those 55 and older will control 70% of the disposable income in the U.S. likely making seniors not only the world's wealthiest group, but also the most demanding of travelers.

This group travels primarily for rest and relaxation on either short- or long-stay trips, and they favor quieter, less congested destinations.

- **Rise of conspicuous leisure** - another key trend is what has been called “conspicuous leisure,” which is defined as “the signaling of social status through consumption of experience rather than through consumer goods. Unique experiences are social currency. The preponderance of social media and the widespread sharing of vacation photos with friends, families and colleagues have fostered the trend.
- **Growth of ‘creative tourism’** -Creative tourism is travel directed toward an engaged and authentic experience. It’s travel that provides a connection with those who reside in the destination. Whereas the traveler is active and interacts with the locals.
- **Strength of luxury travel** - Luxury travel continues to be a robust segment of the industry. It is projected that there will be an increase from the reported 10.5 million affluent US households in 2012 to 20.5 million by 2020 and that Japan and Europe visitors will dominate the luxury travel space until then.
- **More multigenerational travel** -Another trend with reliable staying power is multigenerational travel. That is because the older the boomers get, the more family travel they do and more travel is planned around milestone events.

## INDUSTRY ISSUES

For the first time since the most recent economic downturn the vacation industry began to show substantial sales growth in 2012. Year 2012 timeshare sales volume increased 6% from 2011 and resort occupancy remains strong at an average of 77% in 2012 versus hotel occupancy which averaged 61%. Capital markets continue to expand and interest rates remain low which contributes to stabilization and new resort development. According to the ARDA State of the Vacation Timeshare Industry: US Study, 2013 Edition, 63 new resort developments are planned for 2014 and beyond which are expected to bring 7,900 new units to the market. Resort unit construction slowed significantly in the past several years as the industry worked through excess inventory created by the economic downturn. The expected increase in construction activity will be worth watching in the coming years to help gauge a potential increase in demand for timeshare product.

Resort metrics; the number of resorts and intervals available, have increased by 3.7% and 2.4% respectively since 2011. Maintenance fees have increased to an average of \$822, up 5% since 2011, which may lead consumers to seek a more affordable travel alternative such as the travel club. Vacation ownership represents only a 6% market penetration which presents an opportunity for growth for CARE member companies. Although regulatory and taxation issues continue to be a challenge the fundamental strength of the industry remains in place.

Embracing social media and the power if the Internet is paramount to the success of all businesses. The vacation travel industry must pay close attention to online reputation

management as travelers are empowered with the ability to comment on and rate their vacation and customer service experiences on various websites such as Trip Advisor. Consumers continue to look to the Internet to purchase their vacations. CARE member companies must be mindful of the need for a strong, credible and efficient Internet presence in order to accommodate the needs of their members, clients, and CARE partners, especially as they compete for business with online vacation rental sites such as Craig's List, EBay, and VRBO.

Timeshare resales, as owners at legacy resorts age, or for other various other reasons wish to dispose of their intervals, cause a ripple effect within the vacation travel industry. The effect may be either positive, as in the event of a successful resale, or negative, if the process is conducted in an unethical manner.

## **INDUSTRY COMPETITION**

Other Trade Associations and conferences in the industry are the "competition" for CARE as an association insofar as they may equally or better enhance the membership of the current and potential individual CARE member companies. There is only so much time and so many resources for companies in this area and that is what we are competing for: the time and money of industry companies.

Today's industry professional has many options when it comes to choosing conferences to attend. Between ARDA, AMDATUR, CRDA, VRBO, RDO, GNEX, SOIC, and TATOC it may become more and more difficult to see and definitive return on your investment. But no one association or conference can do everything for everyone and, in fact, in many cases they are not in competition with each other; they actually complement each other.

Of course these other options to C.A.R.E. and its conferences must be able to offer something which C.A.R.E. does not and, to maintain its place in the industry, and C.A.R.E. must be able to offer opportunities in inventory exchanging, procurement and sales, as well as in the areas of ethics, education and networking that the "competition" does not.

Since C.A.R.E. is historically a trade association focused on exchanging, buying and selling inventory, this focus should also be taken into account when considering membership in and cooperation with the competition in the industry and as well as what membership and cooperation can bring to both C.A.R.E. as a trade association and the individual C.A.R.E. member companies.

## **SOURCES OF INVENTORY**

Resorts, club-type structures, points-based systems and exchange companies typically have excess or non-reserved inventory which will go dark (burn) unless some action is taken to utilize it. Also consider the amount of timeshare, fractional and wholly-owned condominium inventory available for use by individuals and property/home owner associations and what is

apparent is both an unsatisfied need and an opportunity. Although forecasts for 2014 are much more optimistic for the travel industry in general than in previous years, a return to past glory does not seem to be in the picture. This means that there is a lot of resort inventory available for exchange and/or rental.

But no longer does the consumer have to belong to a club or own a product to experience travel opportunities to resorts. No longer is it necessary to belong to a trade association to locate inventory for fulfillment or to locate those companies or clubs in need of inventory. All types of lodging, i.e. hotels, condominiums, cruises, RV's, etc., are available online or through affinity and boutique groups or even the resorts themselves at discounted rates or with minimal or no membership fees and timeshare ownership is available online at an extremely low cost through resale.

Profitable utilization of excess timeshare and wholly-owned condominium inventory by way of exchange, wholesale or rental should be viewed as positive. Without such utilization of excess inventory, marketing and operating costs increase and a surplus of unused timeshare inventory will emerge impacting consumer value, maintenance costs, and consumer satisfaction.

These factors may be seen as potential growth opportunities for the vacation industry. Buying, selling and exchanging even more available inventory through a medium such as the C.A.R.E. Advertising System and networking opportunities at conferences could be a benefit to more and more companies who find that they have available inventory, unpaid or past due owner maintenance fees and lower occupancy rates.

## **SOURCES OF MEMBERS**

C.A.R.E.'s membership is comprised of resorts, developers, HOA's, travel clubs, wholesalers, management and exchange companies as well as service providers.

Many new members are referrals of existing C.A.R.E. members. Other new members are recruited at industry trade shows as well as advertising in industry publications.

## **STRENGTHS**

The underlying strengths of C.A.R.E are:

- Number, quality, and locations of members' resort properties and the ability to locate inventory in highly demanded areas.
- The C.A.R.E. membership represents over 150 industry related companies and nearly 1,000,000 vacationing consumers that afford C.A.R.E. an important voice within the industry.

- The membership has knowledge of the varieties of resorts and vacation programs giving the organization's members insight into the vacation industry as a whole.
- Strong network of member companies
- Presence and commitment in and to other industry trade associations such as ARDA (American Resort Development Association), CRDA (Canadian Resort Development Association), TATOC (The Association of Timeshare Owner Committees), WIN (Women in the Industry), GNEX (Perspective Magazine) and AMDETUR.
- Strong Media Sponsor Exposure with Perspective Magazine and The Trades.
- Reputation for requiring a commitment to honesty and ethical practices from its members and enforcement thereof.
- The core membership in the C.A.R.E. organization is very experienced and knowledgeable about the vacation industry.
- The membership is adept in the use of vacation ownership benefits, i.e. the importance of keeping owners and members satisfied with their purchase, encouraging and facilitating vacation travel and accommodations for the owners/members.
- The membership is willing to share their knowledge with other C.A.R.E. members.
- The membership is willing to assist fellow C.A.R.E. members with owner/member needs and in crisis situations.
- Each member company controls its own business activities while abiding by the Code of Standards and Ethics of C.A.R.E.
- C.A.R.E. has been in existence since 1985.
- Commitment by C.A.R.E. to remain abreast of industry trends and issues.
- The ability of C.A.R.E. to adapt to changing trends and situations.
- C.A.R.E. is not only present on the worldwide web, but has Spanish and English versions of the website.
- Professional speakers, workshops, education and networking opportunities offered at semi-annual conferences.
- Information, education and networking opportunities offered at semi-annual conferences.
- Diversity within each type of C.A.R.E. membership.
- Informative semi-annual magazines updating all members (especially those that are unable to attend conferences) regarding speakers, seminars and the general business aspects of C.A.R.E.
- New member programs (i.e. Ambassador) at conferences designated to mentor new members in adapting to conference agenda and educational seminars.
- Accreditation program that encourages the education of member representatives and rewards participation.
- Membership recognition awards.
- Incentive program to increase membership and reward recruitment.
- Value added member benefits programs

- Strong dedication and commitment by C.A.R.E. individuals and companies that consistently support conference sponsorships and allow member representatives to donate time as volunteers.
- Silent/Live Auction Program and Super-Raffle programs generating funds for marketing C.A.R.E. as well as donating funds to charitable organizations.
- Active Board, committee and member participation that support the operations that stimulate the growth of C.A.R.E. while evaluating and strengthening the position of C.A.R.E. within the industry.
- Encouragement of industry green practices
- Willingness to volunteer and give back to the community during semi-annual conferences.
- Innovative Member Marketing Programs, Market Media/Market Place
- New Sponsor incentive program. Increased dollar sponsorship, increased benefits.
- Self- managed website capable of numerous informative venues.
- C.A.R.E. will continue to make a meaningful contribution to the increased professionalism of the industry through educational sessions at the C.A.R.E. conferences and through strict enforcement of the C.A.R.E. Code of Standards and Ethics and Bylaws.
- C.A.R.E. also supports providing career opportunities to industry professionals on C.A.R.E.'s website.

## **WEAKNESSES**

The following points have been identified and evaluated as weaknesses within the operations of C.A.R.E.:

- Recognition of C.A.R.E. within the vacation industry. Recognition of C.A.R.E. must continue to be enhanced within the vacation industry. The purpose of the organization and the value of a membership in C.A.R.E. are not fully recognized or understood by all resort developers, management companies, and other entities offering vacation programs or services within the vacation industry.
- Some existing C.A.R.E. members are protective of their relationship with non-member companies/clients and are not receptive to introducing them to C.A.R.E.
- Training and/or education of members. C.A.R.E. must continue to improve its efforts to inform, train, and educate its membership on the “nuts and bolts” of direct exchange, three-way exchanges, inventory management, industry trends and legislation that affect member operations, and other facets of the industry.
- Marketing: While C.A.R.E. is promoted through various marketing initiatives, the association continues to rely heavily on current members for new member recruitment.

- While C.A.R.E. continues to expand its presence in the industry through participation in various trade shows and conferences we must do a better job of following up on new member leads.
- Although the issue of annual vs semiannual conferences has been voted on and decided among the members the conference schedule continues to be an issue for some members.
- Competition with other industry associations and organizations that provide trade shows and conferences poses a challenge to C.A.R.E. for attendance at its conferences.
- Poor conference survey participation poses a challenge to the C.A.R.E. Board in terms of meeting and fulfilling member expectations.
- Lack of understanding by the membership of the concept of C.A.R.E., as a cooperative trade association which may result in factionalism among C.A.R.E. members.
- The depth of membership attendance at C.A.R.E. conferences is weak. It is imperative that more than the operational staff attend conferences. The management level needs to be attracted to the conferences as well.
- Annual attrition is higher than desired.
- Difficulty in retrieving historical and statistical information.
- Networking, one of the primary advantages of being a member of C.A.R.E., is not being fully leveraged by regular conference attendance and management by members of their C.A.R.E. directory presence.
- Lack of sustained participation throughout conferences continues to present a challenge.
- Economic conditions present challenges to membership renewals, sponsorship, and conference costs and attendance.
  - Lack of perceived value of C.A.R.E. membership to its members resulting in non-renewal or lack of participation.
  - Retention of proprietary C.A.R.E. information by non-renewing members as well as a willingness of C.A.R.E. members to continue to work with non-members
- Lack of resort developers.

## **OPPORTUNITIES**

The C.A.R.E. website has undergone more improvements with the addition of a job search/listing section and online renewal/conference attendance registration forms. In 2013, the C.A.R.E. President represented C.A.R.E. at GNEX, CRDA, and TATOC. Board members also represented C.A.R.E. at the AMDETUR, Spring ARDA World and smaller, regional ARDA conferences. In 2014, C.A.R.E. will participate in a reciprocal membership with AMDETUR. The leads generated from attendance at these conferences have been/will be followed-up on to encourage new future C.A.R.E. members. These opportunities listed above along with conference participation by our members will allow an exciting future for C.A.R.E.

In summary, the principle opportunities to C.A.R.E. members are as follows:

1. Direct Exchange, Three-Way Exchange
2. Rental and Wholesale Excess Inventory
3. Purchase Leased Inventory
4. Travel Club Inventory
5. Premiums and Incentives, including tour generation
6. Vacation Industry Education
7. Industry Updates
8. Associate Members – selling their products
9. C.A.R.E. member networking
10. Managed social media presence promotes increased industry and consumer recognition
11. College Program – students can attend conferences

## **THREATS**

The more significant challenges facing C.A.R.E. are as follows:

- Membership growth and attrition.
- Limited resources - both human and financial; apathy among members to serve on the Board, the ability to promote C.A.R.E. within the industry and to provide great conferences while keeping prices reasonable.
- Economic issues that affect C.A.R.E. Member Companies and their consumers.
- Access to reasonably priced inventory.
- Reluctance of CARE members to embrace technological resources; continued debate among members regarding conference frequency, location and duration.
- Negative effects of unethical business practices and unfulfilled obligations.

## ACTION PLAN

- I. Objective: To increase industry recognition as the premier trade association for direct exchange, wholesale rentals, resales and ancillary products and services of the vacation industry.

Action: Actively participate in ARDA, CRDA, GNEX, WIN, TATOC, and AMDETUR as a member and/or exhibitor.

- a. ARDA – one delegate to ARDA World
- b. Participate on committees or arrange that C.A.R.E. president participate on ARDA panel discussions.
- c. Develop a reciprocal membership with other trade associations
- d. Participate in and sponsor three regional ARDA conferences per year.
- e. CRDA – C.A.R.E. President attend the next scheduled conference.
- f. AMDETUR – Commence participation by board member at annual conference
- g. GNEX – C.A.R.E. President attend the 2014 annual conference
- h. WIN – Assign a board member to investigate the benefits of WIN.
- i. TATOC – A board member will attend and participate at their Annual Conference in 2014.

- II. Objective: Enhance membership growth and retention.

Action: a) The Administrator, along with the Marketing Committee, shall be responsible to follow the leads received from ARDA, CRDA, WIN, TATOC, AMDETUR and GNEX with letters, phone calls, copies of *Connections* and invitations to future conferences within 30 days of respective shows. The goal is to recruit three new members from each trade show.

b) The Administrator will communicate via e-blasts and inserts that members will receive \$100.00 for member recruitment with New Member e-blasts, new member packets and at trade shows.

c) Task Administrator to assign and distribute monthly press releases.

d) The Ambassador Committee will follow-up with new member representatives pursuant to committee schedule and will report to the Board.

e) Continue to search for new member benefits

- III. Objective: Continue to expand C.A.R.E.'s use of technology to raise awareness of the organization and to efficiently facilitate the needs of the membership.

Action: To Promote awareness and use of new technology at spring and fall C.A.R.E. conference.

- a) Each Board member will update their company wall within the new Directory, and produce one Feed.
- b) Promote C.A.R.E.'s online conference registration
- c) Promote C.A.R.E.'s online membership renewal
- d) Educate members to use the Directory at the conference
- e) Promote social media at every conference

IV. Objective: Continue to enhance and develop membership and “member-only” benefits that are unique to C.A.R.E.

Action: Actively promote all C.A.R.E. member benefits

- a) Establish professional designation to be achieved upon completion of level three.
- b) Promote accreditation levels at the beginning of the conference.
- c) Increase opportunities to receive discounted attendance at other industry conventions and expositions
- d) Provide overview of benefits on website
- e) Have Member Benefits Committee meeting at each conference
- f) E-Blast membership benefits quarterly
- g) Establish an online version of the Connections Magazine and include a member benefits section.

V. Objective: Raise awareness of the need for protecting and updating proprietary information.

Action: Educate the members as to the need to protect the proprietary information

- a) Warning on website to prohibit sharing of proprietary information
- b) Designated Board Member will contact offenders immediately
- c) The Administrator will send e-blast quarterly reminding of importance of protecting proprietary information.
- d) Provide information regarding the importance of keeping information updated on the landing page of the directory.

VI. Objective: Monitor and record C.A.R.E. historical and demographical information.

Action: Establish a program to collect and store C.A.R.E. information.

- a) Develop annual survey created by a third party.

VII. Objective: To provide education on industry changes and regulatory issues to the membership.

Action: Communicate changes and updates in the industry.

- a) Conference – Speaker Committee will provide industry updates at spring and fall Conferences.
- b) Administrator will provide communication of industry update via E-blasts.
- c) Communications committee will publish articles in summer and winter editions of Connections
- d) Comment periodically and as needed on infractions.

VIII. Objective: To monitor and manage completion of all objectives presented in this Action Plan.

Action: Board Secretary will prompt responsible parties of actions and deadlines.