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## Evaluating point-of-sale buying decisions: Understanding why consumers purchase timeshares

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EVALUATING POINT-OF-SALE BUYING DECISIONS: UNDERSTANDING  
WHY CONSUMERS PURCHASE TIMESHARES

by

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**Doctor of Philosophy in Hospitality Administration**  
**William F. Harrah College of Hotel Administration**

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**August 2010**

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THE GRADUATE COLLEGE

We recommend the dissertation prepared under our supervision by

**Lisa Young Thomas**

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**August 2010**

## ABSTRACT

### **Evaluating Point-of-Sale Buying Decisions: Understanding Why Consumers Purchase Timeshares**

by

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Dr. Robert H Woods, Examination Committee Chair  
Professor of Hotel Management  
University of Nevada, Las Vegas

The timeshare industry, also known as vacation ownership, is the fastest growing segment of the hospitality industry with sales totaling \$9.7 billion in 2008 (ARDA, 2010). The typical timeshare sales process is a 90-120 minute sales presentation conducted by a timeshare sales representative to customers. At the end of the sales presentation, the customers are given the option to either purchase a timeshare unit at a discounted price with first-day incentives or to purchase at a later date at the standard price. This today-only sales pitch is perceived as an unsavory process by many potential customers. This process, however, does not seem to discourage the 4.7 million U.S. customers who have purchased a timeshare unit over the past three decades (ARDA, 2010).

There is relatively little research on purchase intentions at the time of sale among timeshare owners. Most of the existing research has reported that consumers purchase timeshares based on the three primary consumer purchase themes of travel, money and value, and life experiences (Crotts & Ragatz, 2002; Lawton, Weaver, & Faulkner 1998; Sparks, Butcher & Pan, 2007; Sparks,

Butcher & Bradley, 2008). Therefore, this study sought to answer the research question: Why do consumers purchase timeshare units?

Using a grounded theory approach, this study used three phases of analysis to determine the reasons consumers purchase timeshare units. First, the content analysis of 2,079 timeshare consumer documents collected over an 18-month time period were analyzed. Sixteen timeshare purchase categories emerged from the data and were named using in vivo codes, terms drawn directly from the data. The second analysis phase incorporated data from 12 in-depth interviews with timeshare salespersons on their perceptions of why their customers purchased a timeshare unit. In the final phase of analysis, the theory was tested against eight interviews with customers and sales representatives during a timeshare sales presentation.

Four major themes and 16 categories emerged in the open coding process. The major timeshare purchase themes identified were (1) the timeshare sales presentation and staff, (2) the timeshare resort facilities and accommodations, (3) travel vacation motivations, and (4) money, price, and value. Of the 16 timeshare purchase motivator categories, the timeshare salesperson emerged as the central timeshare sales purchase motivator. Other top categories included (a) First Day Incentives, (b) Liked Resort Accommodations, (c) Ease, Convenience, or Flexible, and (d) Affordable Price or Deal. The grounded theory process and the emergent theory are explained. Managers may use this information to develop sales campaigns geared towards improving sales closure rates. Future research, implications, and limitations of the study are discussed.

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*Making your mark on the world is hard. If it were easy, everybody would do it. But it's not. It takes patience, it takes commitment, and it comes with plenty of failure along the way. The real test is not whether you avoid this failure, because you won't. It's whether you let it harden or shame you into inaction, or whether you learn from it; whether you choose to persevere. (Barack Obama, July 12, 2006).*



## TABLE OF CONTENTS

ABSTRACT .....	ii
ACKNOWLEDGMENTS .....	v
LIST OF TABLES .....	ix
CHAPTER 1 INTRODUCTION .....	1
Problem Statement and Research Questions .....	3
Assumptions .....	4
Importance of Study .....	4
Organization of the Dissertation .....	5
CHAPTER 2 REVIEW OF RELATED LITERATURE .....	6
Unique Features of the Timeshare Product .....	6
Timeshare Resort Accommodations .....	6
Ownership of Vacation Real Estate .....	9
Flexibility of Product, Ease of Use, Resort Locations, and Exchanges ..	13
Highest Growth Rate of Hospitality Industry over Past 40 Years .....	15
Timeshare Marketing Process .....	21
Hospitality Marketing Process .....	21
Timeshare Marketing Strategy .....	23
Exploding Offer in Marketing Promotion .....	27
Timeshare Sales Process .....	28
Timeshare Sales .....	32
Other Timeshare Purchase Methods .....	41
Consumer Buying Behavior .....	42
Why Consumers Buy Timeshare .....	43
Why Consumers Vacation .....	46
Value .....	57
Emotions .....	60
Qualitative Research in Hospitality and Tourism .....	65
Research Question .....	69
CHAPTER 3 METHODOLOGY .....	71
Introduction .....	71
Data Sources .....	72
Document Studied .....	72
Data Analysis Procedures .....	74
Phase One (June 2008 – November 2009) .....	76
Phase Two (September 2009) .....	78
Phase Three (October 2009) .....	82

CHAPTER 4 RESULTS.....	84
Introduction.....	84
Phase One.....	84
Phase Two.....	95
Phase Three .....	103
CHAPTER 5 DISCUSSION AND LIMITATIONS .....	110
Introduction.....	110
Summary of Study .....	110
Grounded Theory Discussion .....	114
Implications of the Findings .....	117
Limitations of the Study .....	119
Implications for Future Research.....	120
Conclusions .....	121
APPENDIX 1 INTERVIEW PROTOCOL .....	124
APPENDIX 2 TIMESHARE SALES REPRESENTATIVE INTERVIEW.....	125
REFERENCES.....	137
VITA .....	150

## LIST OF TABLES

Table 1	Timeshare Literature Summary; Purchase Reasons .....	47
Table 2	Creswell's (2005) Grounded Theory Steps.....	71
Table 3	Three Phases of Data Collection .....	75
Table 4	Initial Codes.....	85
Table 5	Timeshare Purchase Motivators Identified in Phase One .....	87
Table 6	Initial Customer Codes and Corresponding Comments.....	88
Table 7	Frequency Rate of Timeshare Purchase Motivator Categories .....	90
Table 8	Summary of Decision Motivators, Travel Themes .....	92
Table 9	Summary of Decision Motivators, Money and Value Themes .....	93
Table 10	Summary of Decision Motivators, Life Experience Themes.....	94

## CHAPTER 1

### INTRODUCTION

The timeshare industry, also known as vacation ownership, is the fastest growing segment of the hospitality industry with sales in the United States (U.S.) totaling \$9.7 billion in 2008 (ARDA, 2010). Despite the timeshare industry's rapid growth, there are limited academic studies on the topic of why consumers purchase a timeshare at the time of purchase. Both U.S. and Australian timeshare owners have been surveyed a year or more after the sales process to better understand what consumers like best about their timeshare ownership (Crotts & Ragatz, 2002; Lawton, Weaver, & Faulkner 1998; Sparks, Butcher, & Bradley, 2008; Sparks, Butcher, & Pan, 2007). These studies indicate that consumers purchase timeshares due to the timeshare resort features, vacation travel themes, life experience themes, and money and value themes. After the author observed and participated in the timeshare sales processes as a timeshare sales representative and trainer, it appeared that customers purchased a timeshare unit for other reasons than those identified in the academic journals. Given the timeshare segment's high growth rate in the hospitality industry, the researcher was curious to identify what other variables were part of the timeshare industry's success.

The literature suggests that consumer purchase behavior differs at the point-of-sale versus the time period after the sale (Ajzen, 1991; Festinger, 1957; Kotler, Bowen, & Makens, 2010; Richins, 1994; Russell, 1980; Sheth, Newman, & Gross, 1991). Cognitive dissonance theory (Festinger, 1957) suggests that

consumers attempt to reduce the negative feelings of disharmony in the decision-making process by finding a way for conflicting beliefs and feelings to fit together in unity. Cognitive dissonance theory explains why evaluations of a product tend to increase after a product is purchased. For example, the cognitive element of making a foolish decision is in disharmony with the element of being a smart person; therefore, consumers tend to find more reasons to like something after the sale to reinforce their shrewd buying decision. This after-the-sale reinforcement process clouds the initial reasons why a consumer was motivated to make the purchase at the point-of-sale.

Business sales research relies heavily on survey research methods, with over 75% of empirical articles reviewed based on survey use (Swan, McInnis-Bowers, & Trawick, 1996). Because quantitative researchers determine the variables a priori, a study could be leaving out important influences, particularly when the process is not well understood. Surveys are also taken at a single point in time and typically do not measure the processes as they unfold over time. In addition, there was no theory available as to why consumers purchase timeshares. For these reasons, grounded theory was selected as the research methodology.

Grounded theory is a repetitive inductive method of data collection that attempts to describe a phenomenon and relate it to the possible causes, consequences, and circumstantial conditions that affect it (Corbin & Strauss, 2008; Creswell, 1998; Schraw, Wadkins, & Olafson, 2007). The process of grounded theory uses the participants' experiences as the data for the study. This data is then used to construct and validate the emergent theory. The result

of a grounded theory study is a theory that systematically links situational conditions and consequences to the phenomenon studied. As consumers become more mature in their vacationing behavior, research must be ready to explain consumer behavior and what influences, including how individuals consume and travel, and how what motivations effect the travel buying decisions (Knowles, Diamantis, & El-Mourhabi, 2004). Limited qualitative studies have been conducted in hospitality research (Mehmetoglu & Altinay, 2006). There is a need for theory-generating approaches, namely qualitative research, to hospitality and tourism research as some of the most significant and lasting contributions have been made by researchers who employed a qualitative methodology (Mehmetoglu & Altinay, 2006).

### **Problem Statement and Research Questions**

The typical timeshare sales process is a 90-120 minute sales presentation conducted by a timeshare sales representative to customers, usually a married couple. At the end of the sales presentation, the customers are given the option to either purchase a timeshare unit at a discounted price with first-day incentives or to purchase at a later date without the discounts or incentives. This “today-only” sales pitch is perceived as an unsavory process by a many potential customers. This process, however, does not seem to discourage the 4.7 million U.S. customers who have purchased a timeshare unit over the past three decades (ARDA, 2010). These customers enjoy using their timeshare units and

approximately half of most timeshare company's sales are returning customers who make an additional timeshare purchase at a later date.

Therefore, the main research questions for this study were:

1. Why do consumers purchase timeshare units?
2. What are the consumers' actions, interactions, and emotional responses during the sales process?
3. Why do consumers choose to buy an expensive product that they initially had no intention of buying?

### **Assumptions**

It is assumed in the present study that respondents openly and honestly answered the questions posed to them. The data collected from the customers was a document completed during the normal sales process. The in-depth sales representatives' interviews were voluntary and confidential. Participants were not compensated for their time nor were the results used for employee performance reviews or a bonus structure. Therefore, there was no internal motivation for the sales representative to manipulate the data on the customer forms or in the in-depth interviews.

### **Importance of Study**

To date, no study has identified the reasons customers purchase a timeshare unit at the time of sale. For industry practitioners, understanding the key reasons why consumers purchase a timeshare unit at the point-of-sale in order is

important knowledge that can be to develop marketing and sales training campaigns geared towards improving closure rates. When combined with decreased sales costs, timeshare resort revenues could improve. The generation of better marketing theory makes it easier for practitioners to reach the right decisions (Gummesson, 2005).

### **Organization of the Dissertation**

This dissertation is organized into five chapters. Chapter 1 provides an introduction to the problem statement, the research questions, the study's assumptions and the importance of the study. The second chapter includes a review of related literature, and develops the study's research questions. The research methods and design, along with data collection methods are presented in Chapter 3. Chapter 4 provides the results of the qualitative research process and presents answers to the research questions. The study concludes with Chapter 5, which incorporates a discussion of the results, implications, and recommendations for future research.



## CHAPTER 2

### REVIEW OF RELATED LITERATURE

#### **Introduction**

Chapter two first reviews the literature on the timeshare industry and consumers' reasons for taking vacations. The first section includes literature the history the timeshare industry and the unique features of a timeshare unit. The second section of the chapter discusses the timeshare marketing process, including the history and its uniqueness to other hospitality service marketing practices. The third section lays out the unique timeshare sales process in addition to identifying the other options for purchasing a timeshare. The final section of the chapter is a summary of past research that has focused on why consumers make buying decisions, including why they purchase timeshare units, why they take vacations, and the role of value and emotions in the decision-making process.

#### **Unique Features of the Timeshare Product**

##### **Timeshare Resort Accommodations**

A timeshare's spacious accommodations are the first key feature that makes vacation ownership a unique product in the hospitality industry. Timeshare accommodations resemble apartments with separate living and sleeping areas, fully furnished kitchens, and washer and dryer units (ARDA, 2005; Kaufman, Lashley, & Schreier, 2009; Schreier, 2005; Upchurch & Rompf, 2006; Woods, 2001). Timeshare units range from studio-sized accommodations that sleep two

people to four or more bedroom homes that can comfortably sleep 12 people. Of the over 1,600 U.S. timeshare resorts, over half (63%) of the timeshare units are two-bedroom units, 22% are one-bedrooms, 9% are three bedroom or more, and 6% are studio units (ARDA, 2007). For large families, buying a timeshare with multiple bedrooms can be a cost-effective way to offset the costs of multiple hotel rooms.

Besides multiple bedrooms, a timeshare resort room stands apart from a hotel room because of the conveniences of an apartment or home including a kitchen, and washer and dryer, which most timeshare owners enjoy for the convenience and savings on expenses (ARDA, 2005; Kaufman, et al., 2009; Schreier, 2005; Stringham, 2008; Upchurch & Rompf, 2006; Woods, 2001). Timeshare resorts have similar hotel amenities and services such as pools, housekeeping, and full-time front desk staff that many consumers expect while on holiday. In addition, many timeshare resorts offer owner discounts for resort amenities such as horseback riding, boat rental, and shuttle service to local attractions and theme parks.

The concept of apartment-style accommodations came from vacationers looking for affordable travel solutions. In 1964, Hapimag, a company in Switzerland, sold memberships to vacationers giving them the right to use multiple vacation properties that the company owned throughout Europe (Schreier, 2005). It was a right-to-use membership, not a real-estate ownership. A second timeshare concept also began in 1964 when several friends pooled

their money together to purchase an apartment in the French Alps, which was the beginning of the company Superdevoluy (ARDA, 2005; Schreier, 2005).

In 1969, U.S. developers adapted the French Alps apartment concept with the annual use of a week's stay in a condominium unit creating the first U.S. timeshare in Kauai, Hawaii (ARDA, 2005; Schreier, 2005). These timeshares properties were sold with a 40-year lease, in one-week increments. In 1973, a Lake Tahoe, California resort began selling a week of deeded real-estate, giving timeshare owners the same ownership rights as other owners of real estate deeds, including the ability to sell, rent, will, or gift the property.

The timeshare concept remained relatively dormant until the real-estate crash of the mid-1970s (Hart, 1980). It gave developers and holders of bankrupt condominium projects a way to dispose of excess inventory. Timesharing was soon heralded as the salvation for many resort developments. But it was also criticized because its growth and selling practices was reminiscent of the recreational-land boom of the late 1960's and 1970's. In the early 1970s, an organization, now called the American Resort Development Association (ARDA), was formed to assist the new industry with the challenges that it faced.

As the timeshare concept began to grow, hotel companies decided to get involved (ARDA, 2005; Pryce, 2002; Schreier, 2005; Upchurch & Gruber, 2002; Woods, 2001). Marriott jumped on the timeshare bandwagon in 1984. Not far behind were Disney, who entered in 1992, and Hilton in 1994. The entrance of these name-brand lodging companies increased the credibility of the timeshare product. They elevated consumer acceptance levels by infusing a heightened

level of product and service standards that were missing from the existing timeshare organizations. Some hotel-branded timeshare companies gave owners the opportunity to convert their timeshare points or unit to hotel room nights, airline tickets, cruises, and other options through their frequent-user program. Thus, the product began to expand and evolve to meet the needs of the timeshare owners over time. The 1990's was a time of continued entrance of other lodging giants, including Cendant and Starwood, who traded on the New York Stock Exchange along with other timeshare organizations, such as Bluegreen, Fairfield, ILX, Silverleaf, and Sunterra. Wall Street's influence has changed the way the vacation ownership industry operates by shifting the focus from timeshare sales volume, to an emphasis towards bottom-line profitability.

Over the years, timeshare also has evolved from a fixed-week reservation system to a vacation club product that includes a flexible number of night stays and the expansion to multiple vacation offerings (Kaufman et al., 2009; Schreier, 2005; Sparks, Butcher, & Pan, 2007; Woods, 2001). Besides an annual year ownership, timeshare purchases can also be purchased on a biannual (every other year) basis. Most of the large timeshare organizations offer their timeshare owners the ability to trade their timeshare unit for another timeshare unit within the company's resort portfolio.

### **Ownership of Vacation Real Estate**

A second key feature of a timeshare that makes it unique to the hospitality industry is that it is the ownership of vacation real estate, whereas a hotel stay is, in essence, renting vacation real estate (Hart, 1982; Kaufman et al., 2009;

Powanga & Powanga, 2008; Schreier, 2005; Sparks et al., 2007; Woods, 2001).

Timeshare, also known as vacation ownership or interval ownership, is the purchase of a unit or condominium at a specific resort for a certain amount of time. A timeshare purchase is a reasonably large financial outlay, the process is complex, and the service is largely intangible. However, timesharing allows purchasers the use of a second home without the financial burdens of second home ownership. Timeshare ownership is different than traditional real estate ownership in that timeshares represent an advance purchase of a vacation rather than an investment.

The original concept of the Superdevoluy resort came from a group of friends who realized they could afford to purchase a French Alp apartment if they pooled their money (Kaufman et al., 2009; Schreier, 2005; Ziobrowski & Ziobrowski, 1997). They divided use of the apartment into weekly time intervals. Interested vacationers purchased separate weeks until the entire year was sold. As a form of real estate ownership, each timeshare owner was required to pay a portion of the unit's annual utility and maintenance fees.

Today, there are still two types of costs associated with ownership (Kaufman et al., 2009; Powanga & Powanga, 2008; Schreier, 2005; Ziobrowski & Ziobrowski, 1997). First is the timeshare's initial purchase price. The second cost is the annual maintenance fees. Timeshare owners are assessed an annual maintenance fee in proportion to their ownership percentage of the timeshare unit for the costs of maintaining and managing the resort property. Once a resort is built, the resort management company is not responsible for the resort's

operating costs, as the timeshare owners will pay for this cost as a part of their maintenance fees. For example, the owner of a three-bedroom unit will pay more in maintenance fees than a studio owner. Depending on where the timeshare is purchased, some locations are ownership in perpetuity and others are owners for a certain time period. In 2006, a week-long timeshare unit sold for an average price of \$18,500 and the average maintenance fee per unit was \$555 (ARDA, 2007).

For many consumers, buying a timeshare makes good sense, either from a budget-minded view or as a lifestyle choice, but for others it is the wrong option (Schreier, 2005). Some of the best reasons to purchase timeshare include long-term vacation planners, especially those who enjoy going back to the same place to vacation, year after year. It is ideal for those who cannot afford to buy a complete vacation property but can afford a week and for those who like the idea of owning property that is maintained by others and has the full-service amenities that a resort offers. Because of the wide variety of timeshares available, it is popular with owners who want larger accommodations to share their vacations experience with family and friends. Timeshares are also ideal for those who are attracted by the idea of exchanging their vacation unit with others located around the world and who want to leave a legacy of vacation ownership to their heirs. According to Schreier (2005) if a consumer vacations more than five nights a year, spends \$70 or more a night on accommodations, and enjoys knowing the quality level of the resort, purchasing a timeshare might be a good value in the long run rather than renting hotel rooms.

Some studies have attempted to determine if purchasing a timesharing unit was a smart economical alternative to enhance wealth for people who vacation in a single resort community for at least five to ten years and who would otherwise rent similar accommodations (Powanga & Powanga, 2008; Ziobrowski & Ziobrowski, 1997). When a timeshare is purchased without a loan, the timeshare owner enjoys positive cash flows often right after the asset is acquired and then the owner continues to receive positive cash flows throughout the ownership period. The breakeven holding period needed to achieve the minimum return for the timeshare was found to be between five and seven years. When a timeshare unit is purchased with a loan, the buyer is in a negative cash-flow situation until the debt is fully repaid, typically in the tenth year.

Because a timeshare is a real-estate purchase, the only benefit of leveraging the purchase is the timeshare loans interest is tax deductibility because the timeshare is considered a second home by the Internal Revenue Service (Powanga & Powanga, 2008; Ziobrowski & Ziobrowski, 1997). Timeshares do not hold their value in the secondary real estate market because typically a half of the price is marketing and sales fee. This precludes timeshare assets from being financed by banks because the assets cannot be held as collateral. Therefore, consumer financing is available through the developers at interest similar to credit card interest rates because the risk associate with the timeshare property is considered on par with unsecured risk. However, given the choice between renting a vacation accommodation one week every year for ten years and buying a one-week timeshare in the same property, a timeshare purchase

provides the buyer with a positive net-present value. Timeshares cannot be used as investment properties because their prices are inflated due to the marketing programs, often 50% of the timeshare's price (Hovey, 2002; Powanga & Powanga, 2008; Schreier, 2005; Ziobrowski & Ziobrowski, 1997).

Timeshares are purchased as either a week-based ownership or a points-based ownership (Kaufman et al., 2009; Schreier, 2005; Woods, 2001). A week-based ownership, the original form of timeshare, is either a fixed or floating week of vacation and is for a seven-night consecutive stay at a timeshare resort. This week-based product is similar to a cruise vacation as it has specific check-in and check-out dates. The points-based timeshare is a system where each week of timeshare owned is allocated a specific-number of points, making it similar to a hotel vacation stay with any check-in date available, with short weekend night stays possible, and with less restriction on the dates of use. These timeshare vacation points can typically be used at any location in the company's timeshare resort system. As of 2007, 51% of U.S. timeshare resorts were weeks-based with an average sales price of \$18,330 and 49% were points-based with an average sales price of \$18,590 (ARDA, 2007).

### **Flexibility of Product, Ease of Use, Resort Locations, and Exchanges**

Unlike a normal vacation purchase, such as a one-time purchase of a week's vacation stay in a hotel or aboard a cruise ship, the vested interest in a timeshare continues annually for a certain period of time or indefinitely (ARDA, 2005; Kaufman et al., 2009; Schreier, 2005). There are now more than 6,000 timeshare resorts located in 95 countries throughout the world with approximately



100 new resorts added each year. For people with limited vacation budgets and time, purchasing a timeshare offers a practical way to explore the world.

Popular timeshare destinations mirror popular hotel destinations. Resort desirability factors include accessibility, via highway or airport, and proximity to main attractions, such as shopping, cultural, nightlife, and sports activities, along with the family orientation and the seasonality of destination (Hart, 1982; Schreier, 2005). Many timeshare resort destinations are popular due to their warm beaches, ski facilities, or a major tourist attraction in the area, such as a theme park or casinos.

Areas that are top choices for vacationers include Florida, California, South Carolina, Hawaii, Colorado, Nevada, Arizona, Missouri, Tennessee, Virginia, Cancun, Cabo San Lucas, Southern Africa, Australia, Southern Spain, and the Canary Islands (ARDA, 2005; Schreier, 2005). In addition to sunny beach destinations throughout the Caribbean and Asia, up-and-coming timeshare destinations include worldwide urban city locations throughout North America and Europe, British Columbia (Vancouver and Whistler), Bangalore and Goa in India, and Shanghai and Hong Kong in China. The increased discretionary spending from the emerging middle classes in China and India has increased the development and expansion of the Asian timeshare industry (Liu, Pryer, & Roberts, 2001).

The availability for consumers to trade their timeshare weeks to explore different parts of the globe has become a popular selling point of timeshare (ARDA, 2007; Kaufman et al., 2009; Schreier, 2005; Sparks et al., 2007;

Upchurch & Rompf, 2006; Woods, 2001). There are two major timeshare exchange companies, Resorts Condominium International (RCI) and Interval International (II), which represent more than 6,000 resorts worldwide. Both companies earn revenues by charging their members an annual membership fee and an exchange fee each time the member makes a timeshare trade. Both companies were started in the mid- 1970s and are now multi-million dollar companies owned by larger corporations. Consumers can also trade their timeshare units not only for other worldwide timeshare locations, but also for name-brand cruises, airline tickets, rental of sailboats and yachts, ski chalets, castles, villas, or thatched roofed-huts on stilts in the ocean.

### **Highest Growth Rate of Hospitality Industry over Past 40 Years**

Due to the aforementioned reasons, timeshare has experienced an unprecedented degree of growth and prosperity over the past 40 years, making it the fastest growing segment of the hospitality industry (ARDA, 2010; Kaufman et al., 2009; Schreier, 2005; Sparks et al., 2007; Woods, 2001). When the industry was still young, in 1979, U.S. timeshare sales were \$650 million (Hart, 1980; Nabawanuka & Lee, 2009; Scavo, 1999). In 1985, timeshare sales hit the \$1 billion dollar mark. U.S. timeshare sales increased to \$2 billion in 1995. In 2006, the timeshare sales mark hit \$10 billion in sales. Fast forwarding to the present time, U.S. timeshare sales in 2008 were \$9.7 billion, an 8.5% drop from a peak sales year of \$10.6 billion in 2007 (Brandt, 2009). Today there are over 6 million U.S. timeshare units owned and 4.4 million timeshare owners with a total of over 1,600 U.S. timeshare resorts with over 176,000 units. No other service sector

has matched this double-digit growth rate during the past 35 years time span. However, in comparison, the U.S. hotel industry is still a much larger sector of the hospitality industry with over 47,100 U.S. hotel properties and 4.4 million guest rooms and \$133.4 billion in sales in 2007 (Smith Travel Research, 2007).

The average timeshare resort occupancy is typically higher than a traditional hotel because of the different customer mix (ARDA, 2005; Kaufman et al., 2009; Schreier, 2005). The largest customer group staying in the timeshare resort is timeshare owners, either those who own at that resort (owners) or those who have exchanged their timeshare to stay at another resort (exchangers). Because timeshare owners have already paid for their vacation, they typically use it each year, even during economic downturns, as they have begun to enjoy the benefits of annual vacations. Hotels, however, typically see a reduction in occupancy rates because in periods of economic recession, discretionary expenditures, such as a vacation to a hotel, are generally the first to be reduced (Van Raaji & Francken, 1984).

In addition to timeshare owners, timeshare resort rooms are typically occupied by guests on a marketing stay, called a mini-vacation (mini-vac), and traditional hotel guests who are paying a traditional nightly rate (renters) (ARDA, 2005; Kaufman et al., 2009; Schreier, 2005). These non-timeshare owners (mini-vac and renters) who stay in the resort are important to the timeshare industry because, besides bringing nightly room rate income to the resort, there is a good chance these guests could become future owners. In fact, 80% of recent

timeshare guests who rented a timeshare ended up purchasing a timeshare from the resort (ARDA, 2010).

As an example of how a company accommodates these three types of clientele, the Hilton Grand Vacations fills up their timeshare resorts first with their timeshare owners, who have the first right to any resort inventory (Siegel, 2008). Next, they accommodate marketing guests on a mini-vac, who have paid a discounted rate and are then committed to the 90-minute sales presentation. Then, the remaining rooms are rented as transient hotel business. Managing the room inventory in Hilton's timeshare resorts is different than in their hotels because of the owner component.

For those lodging providers who have timeshare resorts as part of their product mix, these organizations have seen the timeshare segment of their balance sheet produce positive results (Powanga & Powanga, 2008). Most major hotel providers agree that timeshare operations are profitable and are a strong financial complement to their core business operations (Nabawanuka & Lee, 2009). Marriott disclosed a timeshare profit increase from \$123 million in 1999 to \$357 million in 2006, reflecting an annual timeshare profit growth rate of more than 20%. One bright area for Marriott Corporation during the recent economic downturn was their timeshare sales (Marriott, 2009). The relative strength and deeper market penetration of the traditional timeshare business, while impacted by the weak economy, proved to be more resilient than other business segments of the Marriott Corporation. In contrast, group hotel sales attrition decreased in the second quarter of 2009 with the group division's

revenue per available room declining 25% during the quarter. The timeshare segment helped the company produce positive cash flows in 2009, and higher levels of cash flow were forecasted for 2010, with Marriott thereby using their timeshare product to improve their profitability.

While hotel operators earn revenues largely from hotel room charges, timeshare resorts have multiple sources, which include contract sales, interest payments on mortgaged vacation units, and maintenance and/or club membership fees (Powanga & Powanga, 2008). Hilton Grand Vacation has four segments of revenue streams for their timeshare division customers (Siegel, 2008). Hilton Grand Vacation's first segment is timeshare sales. They invite consumers, usually Hilton Hotel guests, on a timeshare tour and explain the value in owning timeshare instead of renting a hotel room for \$300 night. Their second segment is banking, where they have a large loan portfolio from financing the timeshare sales. The third segment is the Hilton Grand Vacation Club and all of the complexity that revolves around the resorts homeowner associations, taking in the points, and trading with the exchange companies and other affiliate partners. The fourth segment is running the resort operations, from the traditional check-in and out, to cleaning the rooms, running the food and beverage operations, and filling the resort's empty room with traditional hotel guests.

One major advantage timeshare companies have over hotel operations is their ability to withstand economic fluctuations ("Downturn", 2009; Powanga & Powanga, 2008). The hotel lodging industry is susceptible to variations in

economic performance because business and leisure travelers severely decrease their travel during economic downturns. The oil crises in the 1970s only reinforced the logic of buying vacation ownership. In 2002, in the aftermath of the 2001 terrorist acts, while hotel profits plummeted, in contrast, the timeshare segment was not affected.

Despite the recent tighter credit markets and high unemployment rates, the U.S. timeshare industry continues to demonstrate its resilience (ARDA, 2009). Although overall sales reflect the national trend of lower consumer spending during 2009, timeshare owners continue to enjoy their prepaid timeshare vacations, with an 80% resort occupancy rate. The 2009 timeshare occupancy rates are higher when compared with the 2009 hotel occupancy rate of 60.4%, according to Smith Travel Research (ARDA, 2009).

The recent financial recession has affected the timeshare industry (ARDA, 2009; Trowbridge, 2009). In December 2008, Wyndham cut 4,000 jobs as it restructured its timeshare unit, halted selected resort construction, and eliminated some sales offices and marketing programs. Similar steps were taken throughout the timeshare industry with most timeshare companies cutting back on marketing and tour flow costs. Financial cuts also included compensation decreases for regional marketing managers and marketing vice presidents, who saw a 10% decrease in compensation while sales and marketing directors had a 20% reduction as a group, and company CEOs and presidents had a 33% decrease. With these changes, most companies emerged stronger six months to a year later as expenses were lowered and consumer confidence began to

strengthen. Preliminary 2009 second quarter results indicated that these timeshare sales efficiencies have improved as measured by commonly used sales metric, volume per guest (VPG), which was \$2,043, up 2% from first quarter 2009 results. In spite of the economic downturn and in part due to the financial conservatism during 2009, the timeshare industry has had the best summer on record and sales continue to be strong. Today new timeshare owners see the benefit with the latest economic downturn. The timeshare concept ensures that those who have bought timeshares will be able to travel regardless of economic conditions since they have already purchase a vacation on long-term basis.

Every year ARDA conducts demographic studies on the timeshare owner. The most current study identified recent timeshare purchasers as younger, wealthier, and happier with their vacation product than past studies (ARDA, 2010). Baby boomers ranked as the largest generation of timeshare owners, 45% of all timeshare owners. Recent purchasers are younger than current timeshare owners, with 58% of new owners under the age of 45. The average household income for all owners is \$92,400 and recent purchasers have an average household income of \$94,900. Almost 80% of timeshare owners have an income of over \$50,000, 64% have a college degree and 31% have a post-graduate degree (Kaufman et al., 2009).

## **Timeshare Marketing Process**

### **Hospitality Marketing Process**

Traditionally, the marketing strategy of most hospitality companies is a unique blend of advertising, sales promotion, public relations, and personal selling (Kotler, Bowen, & Makens, 2010). Advertising's public nature conveys to consumers that the advertised product is standard and legitimate. Sales promotions include an assortment of tools, including coupons, contests, and premiums. Personal selling is the most effective tool at certain stages of the buying process and it is also the most expensive tool. Public relations spread the company's product message to consumers as news rather than a sales-directed communication. When hospitality organizations market to consumers, they spend the majority of their marketing budget on advertising and sales promotions. Therefore, a hospitality company will create a strategy using advertising, public relations, and sales promotions to push the consumer to the product, either through the company directly or through a distribution channel. The marketing mix of these four strategies has been successful for reaching masses of geographically-dispersed buyers with a repeated message over time to build a long-term image for the company or product.

Hospitality and tourism marketing is different than product marketing because it has the four characteristics of services: intangibility, inseparability, variability, and perishability (Kotler et al., 2010). Most hospitality products sold are intangible experiences. Unlike a physical product, services cannot be felt, seen, smelled, or heard before they are purchased. The service quality is variable and



depends on who provides the service, in addition to when, where, and how.

Service inseparability means that the customers are part of the service, including co-producing the service. The final characteristic of a service is perishability because services cannot be stored for use at a later time.

The hospitality services marketing mix includes all the marketing activities undertaken by the organization to understand customers' wants, needs, and problems (Shoemaker & Shaw, 2008). The company then develops products and services to fill these wants and needs including all other marketing activities directed to the target market. The new seven P's marketing mix is: product, physical attributes, price, promotion, placement, people, and process. The product-service mix is aimed at satisfying the needs of the target market. For the timeshare industry, that means creating a timeshare resort that is desired by their target market. The presentation mix represents all of the elements used by a hospitality organization to increase the tangibility. For the timeshare industry, the marketing presentation mix could be a combination of the resort's impressive check-in lobby, the room features and design, the marketing literature mailed to the consumer, and the resort uniforms worn by the employees. The pricing mix is the combination of prices that customers pay for the product-service. Multiple prices are available for timeshare customers depending on the amount of time they want to buy at a resort and the seasonality of the time they want to visit.

The promotion mix is the communication between the hospitality organization and the target market that increase the tangibility of the product-service (Shoemaker & Shaw, 2008). The promotion mix is made up primarily of the

marketing promotions and the 90-minute sales process. The distribution mix is about the available distribution channels between the firm and the customer, as the customer must come to the service. For the timeshare industry, this is the multiple timeshare locations and the resort's affiliation with the timeshare exchange companies. The people mix refers to the employees that work in the hospitality organization. For the timeshare industry this is not only the front line sales and marketing staff, but also the resort employees, such as the front desk and housekeeping staff. The process mix refers to the service delivery and, for the timeshare resort, this is the resort experience, including the resort amenities and services the guest can enjoy during their stay.

### **Timeshare Marketing Strategy**

Despite the timeshare industry's several decades of progress, marketing still remains a significant challenge for the industry (ARDA, 2007; Kaufman et al., 2009; Rezak, 2002; Scavo, 1999; Schreier, 2005; Upchurch & Rompf, 2006; Wells, 2005; Woods, 2001). Marketing is the largest expense category for a timeshare resort. Timeshare organizations' marketing strategies are typically a blend of sales promotion and personal selling. Their use of advertising and public relations is very limited or not used at all.

This unique marketing mix of a sales promotions combined with a personal selling approach started when the timeshare concept was relatively unknown to the public. In the 1970s, resort developers started the practice of giving customers a gift in exchange for the customer's seeing and hearing what the developer had to offer (Schreier, 2005; Upchurch & Gruber, 2002; Wells, 2005;

Woods, 2001). Timeshare developers in Florida, Pennsylvania, California, and Nevada began promoting the opportunity to buy timeshares in well-appointed, soon-to-be-built resorts. Customers were offered free vacations that were anything but free or promised luxury gifts that turned out to be duds. For example, consumers were drawn into taking a property tour by such gifts as an all-terrain vehicle or a grandfather clock. In principle, these gifts were very appealing but, unfortunately, the all-terrain vehicle was actually a lawn chair on wheels and the grandfather clock turned out to be a six-inch cardboard clock.

The marketing activities led to the enactment of extensive legislation designed to protect consumers from potential marketing abuses (ARDA, 2005; Kaufman et al., 2009; Schreier, 2005; Wells, 2005; Woods, 2001). This legislation limited the marketing options available to the timeshare organization, primarily national advertising, which is used successfully by other hospitality organizations. Because of the myriad of laws due to the marketing infractions of the past, all 50 U.S. states have imposed restrictions on timeshare advertisements, impacting the industry's ability to efficiently market and sell timeshare units with a nationwide advertising plan. The time and expense of complying with 50 different sets of laws regulating the product advertising is restrictive. The ability to advertise nationally to become competitive with other consumer products remains a challenge to the industry. While a constructive regulatory environment is vital for consumers' protection, federal laws would be a solution to ensure both consumer protections and marketing efficiencies for the industry.

Even with these marketing challenges, a timeshare organization's marketing program still consists of attracting potential customers with impressive gifts in exchange for attending a timeshare presentation (ARDA, 2007; Kaufman et al., 2009; Scavo, 1999; Schreier, 2005; Tugend, 2006; Wells, 2005). In fact, the timeshare marketing plan has not changed much since it began over 35 years ago. One of the promotions used to attract consumers is a marketing flyer in the mail promising luxury hotel accommodations or discounted attraction tickets. These same offers are also marketed to consumers over the phone or in-person by off-property consultants (OPC). Found in most vacation destinations, OPCs operate ticket and information booths scattered amid high-traffic tourist corridors. OPCs approach consumers and entice them with a sales promotion, such as a free or discounted dinners, theme-park, or show tickets in exchange for a timeshare sales presentation. Timeshare marketers also offer similar sales promotions to repeat customers and customer referrals to fill the marketing pipeline. The most frequent methods by which recent purchasers reported having first heard of their timeshare resort was via direct mail (23%), through an OPC (22%), word-of-mouth from a friend or relative (20%), or telemarketing (16%) (Crotts & Ragatz, 2002).

Adam Schwartz, Senior Vice President of Wyndham Vacation Ownership, believes that it is worthwhile to continue to offer marketing premiums because consumers respond to it ("Timeshares offer benefits", 2009). The free dinner or round of golf seems to draw people. This is the industry's reasoning as to why timeshare developers must entice customers with gifts to get them onto the

timeshare sales room. David Pontius, the President and CEO of RCI North America at the time, noted that this deep- rooted and ingrained mindset is the factor undermining change in marketing divisions. Every individual interviewed for Wells' article (2005) stressed that changing the way vacation ownership is marketed and sold is a requirement for the industry's success.

Because the timeshare industry is marketing intensive, marketing costs for each timeshare sale can be very high and may be the defining difference between a successful resort timeshare project and a bankrupt one (ARDA, 2007; Kaufman et al., 2009; Powanga & Powanga, 2008; Scavo, 1999; Schreier, 2005; Woods, 2001). Previous estimates of the marketing costs have ranged from a low of 20% to a high of 60%. This marketing percentage varies greatly from marketing costs in other segments of the hospitality industry. U.S. hotel marketing expenses average 7.4% of revenues for full-service hotels and 7.9% for limited service hotels (O'Neill, Hanson, & Mattila, 2008). Compare the timeshare marketing percentage with Procter and Gamble, the global manufacturer of consumer products, whose worldwide television, print, and electronic media costs amounted to 10% (Powanga & Powanga, 2008).

Whatever the marketing plan, studies indicate that timeshare purchasers ultimately, despite the checkered past of the timeshare industry, view the buying process as positive (ARDA, 2007; Kaufman et al., 2009; Schreier, 2005; Wells, 2005; Woods, 2001). Until a new marketing approach is undertaken, timeshare marketers will continue to grapple with the cost and challenge of finding customers who are interested in accepting a promotional gift in exchange for

taking a 90-minute sales presentation. On the flip side, there are a large number of consumers who attend numerous timeshare presentations each year with no intention of buying timeshare, and are only interested in the free tickets or vacations. The industry's marketing process has allowed this to happen, but it's a bit of a reverse scam that is considered to be a waste of everyone's time, both the consumer's and the timeshare's (Schreier, 2005).

### **Exploding Offer in Marketing Promotion**

Whether the marketing promotion of the discounted vacation or the complimentary theme park tickets are offered to the consumer via the phone, mail, or in person, part of the marketing promotion has a strong sense of urgency and limited availability attached to it, usually with the caveat of immediately acceptance. This type of marketing offer is called an "exploding offer" (Fisher, Ury, & Patton, 1991; Lewicki, Barry, & Sanders, 2010). Timeshare marketers feel that if consumers are able to immediately accept a marketing promotion with an exploding offer, then the consumer may also be able to make an immediate purchase decision with an exploding offer during the 90-minute timeshare sales process.

The exploding offer is an extreme version of a manipulative negotiation technique that contains an extremely tight deadline used to pressure the other party to quickly agree (Fisher, et al., 1991; Lewicki, et al., 2010). The exploding offer's purpose is to convince the other party to accept the current offer and not to consider any alternative offers. This negotiating technique is particularly effective when the party receiving the exploding offer is still developing

alternatives to the negotiation. People often feel very uncomfortable about receiving an exploding offer because of the feeling of unfair pressure. Exploding offers appear to work well for those who have the resources to make an exceptionally attractive offer early in a negotiation process. The exploding offer is designed to prevent the other party from searching for a potentially superior offer.

### **Timeshare Sales**

Personal selling involves the personal interactions between two or more people, allowing each person to observe the other's needs, and it can be the most effective tool at the purchasing stage of the buying process (Kotler et al., 2010). Although the timeshare industry has made significant positive improvements and initiated consumer protection in the marketing and sales of the product, many consumers still are not interested when they hear the word timeshare (Schreier, 2005). With the offer of discounted dinner show tickets or theme park passes for \$10, it is easy to see why over 3 million Americans are attracted to one of these enticements. Any significantly discounted or free tickets offered from a booth set up on the side of a highway or from a person outside a Denny's restaurant can be assured that the promotion includes attending a lengthy and often high-pressure sales presentation in order to receive the tickets. Unfortunately, the vast majority of consumers walk out of a timeshare sales office more confused and annoyed than when they walked in due to the timeshare sales process (Schreier, 2005).

When consumers fall in love with a vacation destination, they often start looking at local real estate and dreaming of owning a piece of property at the destination (Schreier, 2005). It makes sense for people who are away from their everyday stresses, relaxing and enjoying a vacation spot, to look for a reasonable way to return there every year to recharge their batteries. This explains why the vast majority of people who do eventually buy a timeshare make the purchase while they are on vacation. Studies indicate that, when a timeshare is purchased for personal use and the property is fairly priced, timeshare is a great value (Ziobrowski & Ziobrowski, 1997).

This is where a timeshare sales presentation comes in (Schreier, 2005). What better place to introduce the possibility of ownership in a destination than when the potential customer is falling in love with it? By the time consumers return from vacation, it is back to reality. They are too busy unpacking, doing laundry, checking the mail, paying bills, and preparing to return to work. The last thing on their mind is the timeshare they saw a week ago.

In the 1970s and 1980s, the timeshare industry was dominated by small-time developers and fast-talking salespeople who turned 90-minute presentations into day-long marathons of hard selling (Schreier, 2005; Ziobrowski & Ziobrowski, 1997). Known as the “hot-box” technique, this manipulative sales technique is where the prospective purchaser is not allowed to leave the timeshare sales presentation without agreeing to buy the product. In some cases, not long after the contract was signed, the timeshare salesperson and the developer absconded with the money, leaving the customers with a third-rate property that



had no resemblance to the resort pictured in the sales presentation or, even worse, a deed to nothing. These sales antics also increased the industry's negative reputation and got the attention of legislatures who created new state laws to protect consumers from these fraudulent acts, including most states requiring timeshare sales representatives to have some form of state real-estate licensing.

Just over half (51%) of consumers surveyed in a study had negative attitudes towards timeshares (Woodside, Moore, Bonn, & Wizeman, 1986). For non-timeshare owners, the negative stereotype of timesharing is, to a large extent, associated with sales techniques long deemed to be overly costly, aggressive, high pressured, or misleading (Hawkins 1985; Lawton, Weaver, & Faulkner, 1998; Ragatz & Crotts, 2000; Woodside et al., 1986). In comparison, it is interesting to note that only 9-12% of timeshare owners had negative attitudes toward timesharing (Lawton et al., 1998; Woodside et al., 1986).

Once a consumer agrees to the timeshare marketing promotion, a time and date is set for the 90-minute timeshare presentation. In order to receive the discounted or free vacation vouchers, dinners, or attraction tickets, the consumer must complete the sales tour and presentation (Schreier, 2005; Woods & Hu, 2002). Timeshare sales presentations rarely last the 90 minutes promised and generally last a minimum of two hours. When the travel time to and from the resort is added to the wasted time spent eating the included breakfast or lunch, most consumers spend four to five hours out of their vacation day at a timeshare sales presentation.

Because the timeshare sales process operates on the premise of a free gift, this brings buyers into the sales team's stage to hear the pitch (Katovich & Diamond, 1986). Making a pitch on one's own stage allows salespeople to control the initial sequences of the sales process. As stage directors, salespeople need not engage in various permission statements, such as, "May I come in and talk to you for a few minutes"; but instead, they can make their statements directives, such as "Come this way. Sit here. (Katovich & Diamond, 1986, p. 256)." The buyers who stay and comply to these directives tacitly announce their identities as customers rather than mere gift-seekers.

This makes the gift a symbolic object linked to a purposeful ceremony (Katovich & Diamond, 1986). This complimentary gift is used as a prop by the salespeople to direct customers through the sales transaction. To create a legitimate context for a strategic timeshare sale, the sales process is based on the assumption that the customer comes only for a gift and never intends to buy (Katovich & Diamond, 1986). In turn, the gift which initially attracts customers to the sales presentation is used as a motive to keep customers actively participating throughout the sales presentation. The sales center staff typically does not distribute the gifts until the prospect has completed the sale presentation (ARDA, 2005).

The specific stages of the timeshare sales process were documented in an ethnographic study by researchers Katovich and Diamond (1986) who observed and interviewed timeshare sales representatives over a six-month period. One of the researchers was employed by the timeshare organization as a sales

representative and the other researcher went on the sales presentation, posing as a trainee and taking notes. While the study of this timeshare sales presentation was conducted twenty-five years ago, the flow of the sales presentation and some of the antics continue today. A summary of the 90-minute to two-hour sales presentation is included for a better understanding of the process and to highlight the uniqueness of timeshare sales in comparison to other hospitality sales.

### **Timeshare Sales Process**

Although the sales steps vary by vacation location, resort brand name, and individual sales person, timeshare sales presentations follow the same general outline (ARDA, 2005; Katovich & Diamond, 1986; Schreier, 2005). The sales process begins by customers passively waiting in the reception room until their name is called by the sales representative. Consumers come to the timeshare presentation predisposed to be fearful and closed minded about the process because of what they have heard about the process from others. Therefore, the salesperson's first goal is to gain the consumer's trust and confidence.

Immediately upon entering the sales room, customers appear overwhelmed by the music and the sales pitch buzz, but this noise is effective in maintaining control and directing the customers' participation in the sales encounter (Katovich & Diamond, 1986). The sales representative begins the transaction by establishing control with directing phrases such as, "Come this way. Please sit here. Please pull completely up to the table. I do not want to scream over the music" (p. 261).

Once seated, the sales person begins to establish a genuine and trusting relationship with the consumers (ARDA, 2005; Katovich & Diamond, 1986; Schreier, 2005). The presentation starts out with small talk because customers are still passive at this point and are resisted to share anything about their personal identity. Good sales representatives can easily start a friendship with the customers and get past the customers' initial resistance. Personal selling is a knowledge-based activity and, in their day-to-day interaction with customers, sales personnel gain priceless insights into their customers' personalities, such as their likes and dislikes (Geiger & Turley, 2003; 2005). Once a level of commonality is formed, the customers' initial fears begin to subside as they feel they are no longer in opposition to the sales representative.

The sales representative begins the next phase by attempting to "break the pact" (Katovich & Diamond, 1986, p. 260). It can start out with something similar to asking to make an agreement together. With seemingly little pressure, the sales person attempts to get a agreement from each customer that, at the end of the presentation, they will indicate whether they would or would not like to purchase the timeshare. When a couple, as opposed to a single individual is the customer, the sales person's request that "each" customer make a decision as an individual rather than as a couple, which breaks" the customers' pact. It also establishes control for the sales representative over the customers' decision-making process and creates stage fright for the customers. The sales process has now been reframed and contextualized by the sales representative who is

working with customers who no longer have a united front against the sales representative.

Now, the customers are now primed for the sales representative's sales pitch (Katovich & Diamond, 1986). The salesperson completes a sequence of questions to discover the consumers' vacation preferences, in addition to the consumers' true needs, wants, and expectations so that this information can be used to build a dream for the customer that timeshare ownership can fulfill (Schreier, 2005). Successful salespersons are good listeners and highly skilled at encouraging prospects to disclose their needs and desires through conversation and body language (ARDA, 2005).

Next, the sales representative discusses the credibility of the builder, explains the financial logic of owning versus renting vacations, and then presents the ease of traveling with their company and an exchange company (Schreier, 2005). Throughout the sales presentation, sales representatives assert the numerous ways that the customer will benefit from the sale (Katovich & Diamond, 1986). The sales representatives frequently announce their faith in the product. Ethical sales representatives will accurately describe the features and benefits to the customers. Others will add lies that they believe will make the customer more interested in the product, known as pitching heat (Bruegger, 2001). Next, the resort and the room models are toured or, if the resort has not been built, then artist renderings of the new resort are shown to the perspective buyers (ARDA, 2005; Schreier, 2005).

After showing the consumer all of the resort's features, the timeshare representative begins to ask questions to determine if the customer is interested in making a purchase (ARDA 2005; Katovich & Diamond, 1986; Schreier, 2005). They ask questions such as if the timeshare was comfortably affordable to the customers or would it be something they would be interested in owning (Katovich & Diamond, 1986). Customers either respond in a positive manner or will offer objections, usually as a way to get out of a commitment to buy. Whatever the objection, the sales representatives will probe the customers to find a way to overcome it. Most sales representatives are confident, however, that any reasons the customer may have concerning the product can be overcome. As one sales representative stated: "The customers are going to try to sneak in here, grab a gift, and sneak out. They'll always say, 'Let me think about it' when I ask for the sale. So my job is to make sure they don't think about it – but do it" (Katovich & Diamond, 1986, p. 259).

The sales representative then shows the customers an inflated price, sometimes twice the intended price, which serves to increase the customers' hesitation to purchase by making the timeshare price tag the major objection (Katovich & Diamond, 1986). To this the sales representative will ask if the price is all that is keeping the customer from becoming an owner. Customers who answer "yes" to this question enter into what Katovich and Diamond (1986) call a "major box" (p. 264). At this point, the sales representative motions to the manager to come over to the sales table and "turns over" (T.O.) the transaction to the manager who offers a reduced price as an incentive to buy. Most sales

representative need the assistance of a sales manager to close the timeshare sales process (ARDA, 2005; Schreier, 2005). Most timeshare managers are commonly called a T.O. instead of a manager because of this step.

Customers negotiate with the T.O. as interested parties with a potential way out of the transaction due to the prohibitive cost, in hopes that they can soon get their gift and leave (Katovich & Diamond, 1986). The T.O. uses probe-response sequences to eliminate the customers' way out with questions such as whether they like the program, could they imagine owning it, or what would the program need to do before the customers would be interested in owning it. This probing allows the T.O. to identify the primary objections among customers and to separate "real people" from "stokers" – or those who will not buy under any circumstances (Katovich & Diamond, 1986, p. 264). Like the timeshare sales representative, the timeshare T.O. is well rehearsed to deal with a multitude of customer objections, questions, and reservations.

Next, the T.O. and the sales representative began what is called the Playhouse 90 step of the presentation (Katovich & Diamond, 1986). Playhouse 90 is a term used to describe the acting and fake scenarios that are used as real situations in the timeshare sales environment. To direct the customers toward a closing cost, the T.O. will employ the strategy of a giveaway or a take away (Bruegger, 2001; Katovich & Diamond, 1986). A give-away is the extras that the company is already planning to give the customer but adds it in during the negotiation stage to make it appear that the customers are getting something extra. A take away is an attempt to mentally take the timeshare product away

from the customer. For example, the T.O. might suggest that they fill out the credit application in case the customer does not qualify for the program.

Another part of the Playhouse 90 is when the T.O. begins to slash the inflated sales price to the intended sales price, known as the “drop” (Katovich & Diamond, 1986). Drops are fabrications of an unexpected development used as reasons that the timeshare company must reduce its price. The drop is used to give the customers the impression they are getting a good deal when, in fact, they were shown an inflated price and then shown a lower price to create this impression. According to the company studied by Katovich and Diamond (1986), the T.O. uses three types of price drops. The first is the corporate drop where a major corporation that has bought twenty condominiums just called and asked to be relieved of five condos. As these condos were sold in bulk and at a reduced rate, the customers can take advantage of this limited offer. The second is a credit reject drop. Here previous customers were denied financing. As the company is interested in reselling this property promptly, the T.O. makes an offer to the customers to sell at the same reduced price. The third is a charter membership drop. In this scenario, the T.O. tells the customers that a select few customers may qualify for a better price if they become a charter member.

These drops have their appeal in terms of the amount of money that the T.O. has slashed off presumed costs (Katovich & Diamond, 1986). In addition to the price “drops,” the consumers are also offered a multitude of additional give-aways, such as waving the exchange company or travel club membership initiation dues or trade fees, additional timeshare nights, or a free cruise



(Bruegger, 2001). Customers typically are attracted to price drops and give-aways because they believe that they are receiving these benefits because of their superior bargaining skills (Katovich & Diamond, 1986).

Sales representatives impose a double standard on customers by viewing these customers as greedy and calculating. "We first hit them with logic and show them that they can get the best possible deal. Then we play up their greed and talk about how much money they'll save" (Katovich & Diamond, 1986, p 259). Like all consumers, timeshare customers want to maximize their advantages and pay the minimum amount of costs. When a sales representative was asked whether they take advantage of the customers he answered: "No, not at all. They're not innocent lambs coming into the slaughter. They know what they're doing; they're trying to get something for nothing and we're gonna try to give 'em a deal that they have to pay for" (Katovich & Diamond, 1986, p 259).

For many consumers, the most perplexing, misunderstood, and suspicious issue about buying a timeshare is the requirement to purchase it after spending only two hours with a salesperson in a sales presentation (Jackson, 2003; Rezak, 2002; Schreier, 2005; Tugend, 2006). Customers express that it is a terrible buying experience because they are made to feel foolish when they choose not to buy on the spot. Feeling trapped in a sales room and being given the hard sell is not most consumers' idea of a fun shopping experience. Timeshare executives say the sales process does rattle people because of the typical anxiety during any sales presentation, but reputable companies try to strike a balance.

For most timeshare resorts, the deeply discounted price along with the multitude of give-aways that the T.O. reveals to the customers are presented as an exploding offer, an offer that must be accepted on the spot. As discussed in the timeshare marketing section of this dissertation, the exploding offer is a negotiation hard-ball tactic with three components: (1) a demand, (2) a sense of urgency, and (3) a threat of punishment if compliance does not occur (Fisher, et al., 1991; Lewicki, et al., 2010). In the timeshare sales situation, the exploding offer is used because there is an unequal balance of power between the parties with a restricted set of options for the customers. The strategic logic of this type of ultimatum is to attempt to force the customers into a premature agreement, thereby bringing an early end to a negotiation process that might eventually produce a more equitable outcome for the customer, including limiting the customers' ability to comparison shop among other timeshare competitors or timeshare resale prices on the internet.

When customers announce their intent to become owners, a public ovation is exclaimed. The buyers, the sales representative, and the T.O. bow to this ovation as other sales representatives, customers, and T.O.s become an audience. The activity in the room is transformed into an appreciation of the group's final curtain. For example, once the customer agrees to buy, the T.O. may say "If you both will fill out this owner application, I will prepare the work order. Where do you want to go on your first vacation?" (Katovich & Diamond, 1986, p 265). The customer could respond that they intend to go to Florida. The T.O. would respond with,

Congratulations. This will be the most enjoyable thing you have ever done. Welcome to the family. (Very loudly for all to hear). Please cut the music. May I have your attention, sales representatives and guests? If you are working on allocation FL632, please delete it from your inventory. It now belongs to Mr. and Mrs. Jones. They will be taking their first vacation to Florida (applause).

These ovations presumably inspire other wavering customers to buy.

The timeshare sales representatives and T.O.s that Katovich and Diamond (1986) studied maintained that this strategy worked 40% of the time. In actuality, for most timeshare organizations, it works 10% of the time (Schreier, 2005). While some customers were obviously put off by the sales representative's pitch, most customers did not appear to want to buy the product until they were boxed into buying it (Katovich & Diamond, 1986). While this sales strategy would insult most people's intelligence, so do many loud and obnoxious television commercials. Advertisers and marketers know that some viewers can and will not watch these types of advertisements. Other viewers, however, will subordinate themselves and watch the television advertisement. Like the advertisers, sales representatives and T.O.s project their pitches for this latter group. Even timeshare owners who had nothing but glowing praise for timeshare reported that they sometimes felt embarrassed by timeshare's reputation of high-pressure sales (Sparks et al., 2007).

One consumer survey revealed that 79% of people polled thought that they were required to attend a high-pressure sales presentation in order to purchase a

timeshare (Schreier, 2005). When a consumer is interested in purchasing a new automobile, they are not required to sit through a 90-minute presentation on the virtues of their latest model. Like other consumer durables, they are free to come in, see the model, ask for the price, and decide whether they want to purchase today. Unlike traditional retail establishments, both buyers and sellers of timeshare are held to a somewhat higher standard because it is a real estate purchase. Most home developers would not hold a house for a consumer without some sort of deposit or earnest money; however, most realtors do not demand an immediate decision after showing the consumer a house.

### **Other Timeshare Purchase Methods**

Visiting a timeshare resort is not the only way to purchase a timeshare unit (Schreier, 2005). Timeshare, like other commercial products, such as cars, homes, and electronics, can be sold through other outlets. Timeshare resale units can be found in print classified ads, online auctions, or through a realtor who specializes in timeshare real estate. Like other used purchases, previously-owned timeshare units may require more due diligence prior to purchasing, such as researching whether there are past due maintenance fees or deed usage restrictions. Like other used products, the attraction is usually the lower price. Timeshares are 50% or more off the final price shown during the 90-minute sales presentation. This extreme price discrepancy that can easily be found on numerous timeshare resale websites may be a key reason developers want consumers to make an on-the-spot buying decision.

As discussed in an earlier section, the timeshare sales price often has little relationship to current production costs or current income earned by an equivalent hotel unit (Ragas, 1986). In the past, the expectation of rapid inflation has been stressed as the key reason for purchasing a timeshare interval. Consumer expectations of double-digit rates of hotel lodging cost increases are an essential ingredient for widespread purchases of timeshare intervals. This appreciation is only the case in desirable resort markets where local zoning or legal restrictions on hotel construction exist due to the long-term conditions for the demand to exceed the supply. Although the vast majority of timeshare sold in the U.S. are based in real estate, it is not a traditional real-estate investment. It is not going to go up in value. But then again, what is happening to the value of a consumer's hotel receipts?

### **Consumer Buying Behavior**

The traditional consumer buying process starts when buyers recognize that they have a problem and need to purchase a product or service to rectify it. The identification of a need then leads to an information search, with an evaluation of the alternatives, which culminates with a purchase decision, and afterwards, post-purchase behavior (Kotler et al., 2010). With more details of each step of the consumer buying process, marketers can acquire clues as to how to better meet buyer needs as consumers move through each stage. Because of the exploding offer in the timeshare buying process, the consumer misses the

opportunity for information search and alternative evaluation of competitors which makes the timeshare sales buying process a unique process to study.

The Kotler et al. (2010) buyer behavior model identifies that marketing and other stimuli enter the consumer's black box of decision making, which produces certain buying responses. Marketers must determine what is in the consumer's black box and how the stimuli can be adapted to improve the marketers' chances that their product is selected inside the consumer's black box. Strong influences before and after the buying process include the consumer's cultural, social, personal, and psychological characteristics, which encourages marketers to focus on the entire buying process rather than just the purchase decision.

### **Why Consumers Buy Timeshare**

Scholars have attempted to better understand why consumers purchase timeshares. Australian timeshare owners were surveyed and the study identified that while the timeshare owners surveyed had a high satisfaction level, their satisfaction level did not translate into a high propensity to purchase an additional timeshare unit or to recommend it to others (Lawton et al., 1998). The study's results identify the reasons owners would and would not recommend timeshare, in addition to why owners felt the sales presentation was not effective. The top reasons for recommending timeshare were the advantages of the exchange system, general resort satisfaction, the affordability of high-quality accommodations at an affordable price, and the good value for money. The top reasons why the owners felt the sales presentation was not effective were that

the presentation was too aggressive and high pressured, that the customers were not given correct information, and that the maintenance fee was not stressed enough.

Researchers Richard Ragatz and John Crotts conducted two studies of U.S. RCI customers. One study, conducted in 1998 (Ragatz & Crotts, 2000), was on timeshare owner attributes and the second study (Crotts & Ragatz, 2002) was a comparison of recent timeshare owners (those who had purchased timeshare in 1996 and 1997) and current owners (those who purchased timeshare in 1995 or earlier). The top three reasons owners liked their timeshare was because of the exchange opportunities, the ability to save money on future vacation costs, and because they liked the quality accommodations and amenities of the resort and unit.

Researchers (Sparks et al., 2007) sought to find out which dimensions of customer value related to the holiday experience in general and which value dimensions relate more expressly to ownership for Australian timeshare owners. Using qualitative group interviews, the researchers identified 12 dimensions of value that might be relevant to timeshare accommodations. These dimensions were convenience, location, relaxation, social, fun and enjoyment, financial, flexibility, gift, luxury, new experience, ownership pride, and reward. Their findings strongly suggested that timeshare generates value for the customer in a multi-dimensional manner.

A follow-up study on Australian timeshare owners identified what factors influenced the consumer valuation process (Sparks, Butcher, & Bradley, 2008).

They identified four factors: (1) the customers' demographics and timeshare knowledge, (2) the customers' consumption patterns, (3) the product's recognized attributes, and (4) the market competitors. The consumers' knowledge base could be obtained from a variety of sources including past experiences, word-of-mouth evidence, and/or participation timeshare educational programs. Because customer value is experientially derived, even small non-monetary possessions, such as a photograph of a tourist experience, could evoke strong feelings of customer value. This suggested that customers of hospitality and tourism industries do not assess value in purely economic terms. Therefore, a broader view of consumer value was deemed more appropriate.

This study (Sparks et al., 2008) identified that respondents obtained value from their timeshare ownership through the opportunities it provided for relaxation, gift-giving, status, quality, flexibility, fun, new experiences, and financial benefits. Their findings did not include four of the themes that the researchers had identified in their earlier focus group study of timeshare: resort convenience, location, social, and reward value. The failure to replicate these four themes in the more current quantitative analysis suggests either that they are not widely held values or that they may not be sufficiently distinguishable from the other eight factors that did emerge.

Like other models of value, Sparks et al. (2008) identified a set of eight value dimensions includes a mixture of utilitarian (e.g. financial) and emotionally-derived (e.g. new experiences) value components. Like previous models of value, their model contained some values that are active (such as fun) and some



that are passive (such as relaxation). Their study identified that respondents received the most value from the dimensions of relaxation, quality, and new experience. The eight factors explained 55% of the variance in this outcome and all were positively and significantly correlated with satisfaction with the timeshare product. The value dimensions that best predicted the outcome were financial, new experience, product quality, and relaxation.

In summary, the past timeshare research focused on three primary consumer purchase themes: (1) vacation travel themes, (2) money and value themes, and (3) life experience themes. Each of these studies was conducted a significant time after the owners purchased a timeshare unit and none were done at the time of purchase. A summary of these findings is found in Table 1.

### **Why Consumers Vacation**

Vacations are a major event in many consumers' lives, allowing a break from everyday routines and surroundings (Decrop & Snelders, 2004). Taking vacations has become an integral part of many people's lives with numerous choices, affordable alternatives, more equitable family decision-making, along with increased discretionary income and time. Fantasy and emotions are an important part of vacations especially because consumers like to think and talk about their vacation experiences.

Table 1

*Timeshare Literature Summary; Purchase Reasons*

	Lawton et al., 1998	Crotts & Ragatz, 2002	Sparks et al., 2007	Sparks et al., 2008
<b>Travel Themes</b>				
High Quality Accommodations	X	X	X	X
Exchange	X	X		
Flexible Period or Location	X		X	X
Resort Location and Amenities		X	X	
<b>Money and Value Themes</b>				
Offered Affordable Price	X	X		X
Good Value for Money	X		X	X
Give Timeshare as a Gift or Reward			X	X
Save Money on Future Vacations		X		X
Purchase of Investment		X		
<b>Life Experience Themes</b>				
Forced to Take Vacation/Relax	X		X	X
Fun and Enjoyment			X	X
Status, Prestige, Ownership Pride			X	X
New Experience and Exploration			X	X
Social: Time with Family and Friends			X	

Studies have identified that consumers like to vacation for numerous reasons, including adventure, stress relief, improving health, and family relationships (Chikani, Reding, Gunderson, & McCarty, 2005; Decrop & Snelders, 2004; Gerencher, 2008; Gump & Matthews, 2005; Inbakaran & Jackson, 2005; Kim, Eves, & Scarles, 2009; Lehto, Choi, Lin, & MacDermid, 2009; Parker, 2006; Strauss-Blasche, Reithofer, Schobersberger, Ekmekcioglu, & Marktl, 2005). Vacation preferences may depend on the consumer demographics, such as gender, age, education, lifestyle, ethnicity, and length of stay. Resort preferences include proximity to popular vacation activities or locations, such as theme parks, casinos, the beach, skiing, or just nearby beautiful scenery.

Inbakaran and Jackson (2005) identified four vacation clusters: romantics, immersers, tasters, and veterans. Romantics actively pursue recreational avenues in contrast to a relaxed vacation. Immersers are comprised of families with dependent children who like resorts to entertain and cater to their needs. Tasters are typically first-time visitors and focus on rest and relaxation along with family activities. Veterans are primarily mature tourists who enjoy a relaxed vacation experience that is affordable and safe.

Studies have identified the possible health toll of not taking an annual vacation, including increased rates of inadequate sleep, heart disease, increased tension, depression, fatigue, marital strain for women, and mortality (Chikani, et al., 2005; Gerencher, 2008; Gump & Matthews, 2005; Strauss-Blasche, et al., 2005). In the United States, 16% of the gross domestic product is spent on health care yet the country fares relatively poorly in international comparisons of

life expectancy, chronic illness, and obesity. In 2004, 84% of U.S. employers offered paid vacation time but only 14% of the employees took their two week vacation time. This is in stark comparison to the Dutch, of whom 82% take annual vacations (Bargeman & Van der Poel, 2006). Some researchers suggest that there may be a correlation between lack of vacations and poor health.

The frequency of annual vacations by middle-aged men at high risk for coronary heart disease was identified to be associated with the risk of death attributed to heart attack (Gump & Matthews, 2005). This study highlighted that middle-aged men at high risk of heart disease were 20% less likely to die of any cause and 50% less likely to die of a heart attack over five years studied if they took frequent vacations.

A study of adult women suggests that failing to vacation annually brings psychological health risks (Chikani, et al., 2005). A third of the women studied reported taking a vacation once a year, and a quarter took one twice a year, and almost 20% took a vacation once every six years or less. Using an industry standardized test, the researchers identified that women who take vacations frequently (at once every two years) are less likely to become tense and depressed. Those who do not take vacations frequently were identified as having a home life that was more disruptive due to work, felt more exhausted, and typically had less than eight hours of sleep.

A third medical study, this one conducted on both men and women, identified that the conditions of both depression and chronic stress accelerate atherosclerosis (hardening of the arteries), which can increase the chances of

heart attacks (Rozanski & Kubzansky, 2005). This clinical study identified the variety of conditions that are associated with high rates of stress and depression, which included pessimism, worry, sleeplessness, and lack of vacation time. Shifting an individual's focus for renewal and regeneration may help clinicians provide concrete help to their patients to reduce negative cognitive patterns such as worry or pessimism, and to promote more rest and relaxation through better sleeping habits and more vacations.

The type of vacation someone takes may also help improve health. Australian researchers (Strauss-Blasche, et al., 2005) identified that all vacations are not created equal as some vacationers arrive home rejuvenated and other vacationers are exhausted. Their study identified that workers who felt the most recuperated after their vacations had visited warmer, sunnier places, enjoyed more free time, exercised and slept more, and made new acquaintances. Exhaustion was increased by vacation-related health problems and a larger time-zone difference to home.

A fifth medical study identified the important factors in vacation planning that can improve or decrease health (Kop, Vingerhoets, Kruithof, & Gottdiener, 2003). The incident of heart attacks during vacation is highest during the first two days of vacation. This study's findings further suggest that driving by car to a vacation destination and staying in a tent or mobile home may increase the risk of heart attack during vacation among high-risk individuals. Some of the potentially distressing aspects of these vacation circumstances include impatience in traffic jams, irritability and conflicts with travel companions, and lack of privacy.

Vacations also have been found to improve marriages (Chikani, et al., 2005; Mayo & Jarvis, 1981). Women who take frequent vacations were found to be more satisfied with their marriages (Chikani, et al., 2005). Vacations reinforce the bonds of intimacy and induce a strong feeling of togetherness (Mayo & Jarvis, 1981). They also allow greater flexibility of relationship roles and offer intensified human interaction.

A study by Lehto, et al., (2009) reveals that family vacations enhance family functioning. Vacations have a positive contribution to family emotional bonding, family communication, and family solidarity. During the family vacation travel process, the family's interaction styles differ. By allowing family members to interact in a new setting, they are free of routine roles and responsibilities. These experiences create strong memories that can be relived multiple times, which leads to traditions, discussions, and other efforts to repeat the enjoyable experience, which reinforces the family bond.

Annual vacations have been identified as improving children's test scores (Parker, 2006). An analysis of data from a U.S. Department of Education study found that children who travel over summer break performed better in reading, math, and general knowledge than their peers who didn't vacation. The study's results identified that children who visited plays or concerts, art or science museums, historical sites, beaches or lakes, national or state parks, and zoos or aquariums had significantly higher academic achievement scores than those who did not.

Decrop (2005) findings identified that there are a considerable number of personal constraints when making vacation decisions, such as the consumers' age, health, time, money resources, and children. Children influence what people do on vacation, primarily the activities, attractions, and purchases, as most parents are accustomed to sacrificing their own desires and interests for those of their children. Children are "king" during the vacation and, each day, children give a direction and a pace to the vacation.

Hyde and Laesser's (2009) structural theory of the vacation motives for travel included the four themes of rest and relaxation: rest and relaxation, exploration and novel experience, flexibility, and spontaneity. Van Raaji and Francken (1984) identified seven types of vacationers based on their activities: adventure (29%) experience (15%), conformity (13%), education (12%), health (12%) social contact (10%), and status (10%). Similar to Sparks et al. (2008) study, some of the types are active, one is passive, and two others pertain to personal and social norms.

Kim, et al. (2009) used grounded theory to create a model of food consumption at a holiday destination. This study's vacation food consumption model had three categories: (1) motivational factors (exciting experience, escape from routine, health concern, learning knowledge, authentic experience, togetherness, prestige, sensory appeal, and physical environment); (2) demographic factors (gender, age, and education); and (3) physiological factors (food neophilia and food neophobia). People who are food neophiliacs are eager to taste a new or exotic food as a way to increase sensation and pleasure and a

food neophobic person is reluctant to new dishes. The study established an in-depth understanding of consumption of local food in destinations.

The vacation motivational factors were broken down into nine physical motivators, cultural motivators, interpersonal motivators, and status/prestige motivators (Kim et al., 2009). Physical motivators refers to the human body and mind needs, such as physical rest, reducing physical tension, the desire for recreation, and sports participation. Cultural motivators are related to the need to experience and gain knowledge of different cultures, including music, food, dance, and cultural activities. Interpersonal motivators include the desire to meet new people, spend time with and/or visit family and friends, or to get away from routine relationships. Status and prestige are associated with self-esteem, recognition, and the desire to attract attention from others, such as eating like a king or queen for a day. An authentic experience was defined as the way individuals feel themselves to be in touch with the real world and with their real selves. Togetherness, such as sharing a holiday meal, has the potential to strengthen social bonds. Eating exotic cuisine can be interpreted as excitement. Sensory appeal can be experienced by the tasting of the local food. The model's nine motivational factors, when combined with the vacation destination experience and the consumer's demographic factors, and whether they liked or disliked trying new foods, were used to determine tourist satisfaction levels.

A focus group study by Lockyer (2005) identified four main areas that influence the selection of hotel accommodations. The four key areas for consumers were the hotel's location, price, facilities, and cleanliness. On the



other end of the spectrum, Skogland and Siguaw (2004) identified that a hotel's employees were the key factor that caused guests to be most involved in the purchase decision of a hotel stay. The hotel representatives' words and actions played a role in enhancing the guest's self-image and status involvement.

Decrop and Snelders (2005) identified six types of vacationers that emerged from the grounded theory study; habitual, rational, hedonic, opportunistic, constrained, and adaptable. Habitual vacationers repeat the same vacation behavior almost every year, due to their personality. Rational vacationers are strongly risk averse, thrifty, and start vacation planning early. The hedonic vacationers take delight in thinking, dreaming, and talking about their vacation because it enhances their pleasure and emotional arousal. The opportunistic vacationer is not a planner and waits for a vacation opportunity to present itself from propositions from social and commercial networks. The constrained vacationer is an unwilling participant due to limited financial resources or someone else in the decision making unit who has done the planning. Adaptable vacationers have multiple vacations in mind because they like vacationing and wait to for the best adaptation of their vacation plans before they decide. These findings show that the vacation decision making is an ongoing process with a lot of contextual influences, including daydreaming, nostalgia, anticipation, and cognitive dissonance. (Decrop & Snelders, 2004)

Bargeman and Van der Poel (2006) identified that there is no clear vacation decision-making process because of the numerous combinations of the four vacation planning factors of the vacation: the vacationer types, the vacation

type, the vacation destination, and the group's decision-making process. The vacationer type includes the interest, experience, and involvement of the vacationers. The vacation type is the combination of activities, travel mode, lodging type, and the length of the vacation. The vacation destination includes the past experience at the destination as well as the destinations unique qualities. The group decision-making process depends on the group members and their experience in making joint decisions, either as a family household or as a group of friends. The more familiar a person is with a certain product, the more routinely the decision-making process will be passed through (Bargemen & Van der Poel, 2006).

Plog (2004) based his tourist classification studies on observable and consistent patterns of behavior and plotted them along a continuum with dependables anchoring one end and venturers anchoring the other. Venturers are seeking adventure through travel while dependable are seeking the comforts of familiar surroundings in their tourism experiences and are uncomfortable with new and different activities and/or locations. Most consumers are plotted somewhere in between these two travel extremes.

Psychographics have been used by many segments of the hospitality and tourism marketing researchers to try to link personality to product or brand usage (Cook, Yale, & Marqua, 2006). Examples of personality traits that are commonly measured by psychologist are introversion/extroversion (outgoingness), need for cognition (think and puzzle things out), and innovativeness (degree to which a person likes to try new things). The largest segment they identified is termed the

family getaway traveler, which is 38% of U.S. travelers. The second segment is called the adventurous/education traveler at 31%. Segment three is composed of romantics at 28%.

The leisure ladder model developed is similar to Maslow's hierarchy of needs, but it goes further by providing more detailed insights into specific tourist behaviors (Pearce & Butler, 1993). The leisure ladder model makes an attempt to explain customers' behaviors on the basis of stages in a tourist's life cycle. Tourists must first take care of bodily and relaxation needs before successively moving up to the higher rungs of stimulation, relationship, self-esteem, development, and fulfillment on the leisure ladder.

A typology of the major motivating factors in tourism (Knowles, Diamantis, & El-Mourhabi, 2004) includes five facets: physical, emotional, personal, development, and status. Physical incorporates such concepts as relaxation, sun, tan, exercise, health, and sex. Emotional includes the concepts of nostalgia, romance, adventure, escapism, fantasy, and spiritual fulfillment. Personal includes visiting friends and relatives, making new friends, the need to satisfy others, and searching for economy if on a limited budget. Development includes increasing knowledge and learning a new skill. The last facet is status, which includes exclusivity, fashionability, obtaining a good deal, and ostentation spending opportunities.

This typology is similar to the six buying motives as identified by Smith (2009), who feels that, once a consumer's buying category is understood, a sales person can then concentrate on matching the product's benefits to the buyer's

true motive and end the sales presentation with a signed purchase order. The first category is profit or gain, such as saving or making money or a desire for better quality. The second category is fear of loss, which includes reducing costs, saving time, or protecting health or loved ones. The third category is comfort and pleasure, which includes seeking enjoyment, good health, comfort, good food and drink, beauty, sexual attraction, and entertainment. The fourth category is pain avoidance, which includes relief from pain, less work, saved time, increased security, and wellness. The fifth category is love and affection, which includes social approval, beauty, admiration, and security of loved ones. The sixth and final category is pride and prestige, which includes social acceptance and a desire for style, fashion, high quality, learning, advancement, and admiration.

## **Value**

The construct of perceived value continues to show up in the hospitality and tourism literature as an important facet in the vacation selection process. Zeithaml (1988), one of the leading researchers on the topic of value, identified four diverse meanings of value. First, value means a low price. Second, value means whatever a customer wants in a product. Third, value is the quality that the consumer receives for the price paid. Fourth, value is what the consumer gets for what they give. Zeithaml's research used focus groups and in-depth consumer interviews to investigate the relationships between consumers' perceptions of price, quality, and value. Her results identified that perceived quality leads to perceived value, which leads to purchase intentions. Both

intrinsic (how the purchase makes the consumer feel) and extrinsic attitudes (reputation of the product or service), as well as price, were found to be positively related to perceived quality. Overall, it was reported that quality, price (monetary and non-monetary), reputation of the product/service, and how the product or service makes a consumer feel (emotional response) were dimensions related to perceived value. The author identified that quality and value were not well differentiated from one another and had similar constructs to the concepts of perceived worth and utility. Perceived price is what a consumer gives up or sacrifices in order to obtain a product.

Leisure sales promotions often emphasize a value-added element to patrons who are involved in hedonic consumption (Wakefield & Barnes, 1996). A model of sales promotion for hedonic consumption illustrates that consumer response to sales promotions in leisure settings is a function of consumers' variety-seeking tendencies, loyalty to the service provider, and perceptions of the value of the service. Hedonic consumption is defined as those aspects of consumer behavior that are affiliated with the multisensory, fantasy, and emotional elements when the product is used (Hirschman & Holbrook, 1982). This hedonic perspective represents a paradigm shift in consumer research and provides a viewpoint for neglected consumption phenomena.

The theory of consumption values has three fundamental propositions (Sheth, Newman & Gross, 1991). First, consumer choice is a function of multiple consumption values. Second, consumption values make differential contributions in any given choice situation, and third, each consumption value is

independent. The theory identifies five consumption values influencing consumer choice behavior: functional, social, emotional, epistemic, and conditional. Functional value is the reliability, durability, and price of the product. Social value is the symbolic or conspicuous consumption value of the product. Emotional value is the product's capacity to arouse feelings or affective states. Epistemic value is the products ability to arouse curiosity, provide novelty, and satisfy desire for knowledge. The final value, conditional is the specific situation or set of circumstances that is facing the decision maker.

Petrick (2002) developed a multidimensional scale for the measurement of perceived value of travel service. A 25-item instrument was developed and five dimensions were identified. His perceived value of service scale has five dimensions: behavioral price, monetary price, emotional response, quality, and reputation. The scale development was the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. The dimension of emotional response was defined as the consumer's analysis of the pleasure that a product or service gave the purchaser.

Richins (1994) identified six core categories for the reasons a possession is valued. Those reasons are utilitarian (valued for performance characteristics or freedom or independence), enjoyment, (provides relaxation, comfort, security, provides companionship), interpersonal ties, identity, financial aspects, and appearance-related.

Upchurch and Rompf (2006) studied value in the timeshare industry and identified that consumers may segregate both product and service quality

dimensions leading to the timeshare purchase. Additionally, the consumers may use extrinsic cues more often than intrinsic cues in an initial purchase situation involving experience goods, such as timeshare ownership, because overall quality is difficult to evaluate prior to the purchase. The timeshare consumer's assessment of value is a summary evaluative judgment reflecting the weighing of the benefits received from owning timeshare versus the monetary or other items of value, such as the time, energy, and effort that are surrendered in the exchange. In addition, salient intrinsic attributes and extrinsic attributes, such as perceived quality, and other high-level abstractions like fun, excitement, and prestigious, could be part of a general list of benefits that could be taken into consideration by timeshare consumers.

The purpose of the Upchurch and Rompf study (2006) was to develop and test a model that linked the timeshare product, service quality, and satisfaction to post-purchase behavior for the timeshare product. The researchers found that satisfaction with the timeshare counselor services offered combined with the satisfaction with the current resort experience increases the timeshare owner's overall satisfaction and willingness to refer the product in a way that directly influences the owners to consider an additional timeshare purchase.

## **Emotions**

The study of consumer behavior is a complex topic, especially in the hospitality and tourism industry, where the consumer's desire to buy is an emotional one (Knowles, et al., 2004). Researchers have attempted to comprehend human emotions by identifying a set of basic or fundamental

emotions. While there is no universal agreement, three researchers have become widely recognized on the topic, which has created a foundation for other researchers. Carroll Izard (1991) takes a biological perspective and argues that basic emotions are derived from survival instincts. The ten basic emotions identified in the study are: anger, contempt, disgust, distress, enjoyment, fear, guilt, interest, shame, and surprise. Robert Plutchik's (1980) emotion framework is based on eight primary emotions: acceptance, anger, disgust, expectancy, fear, joy, sadness, and surprise. Researchers have criticized these models as everyday emotions, such as love, hate, envy, relief, and pride, are omitted. Russell (1980) suggests that there are interrelationships between human emotions. These 28 emotions are represented in a circular model following order: pleasure (0), excitement (45), arousal (90), distress (135), displeasure (180), depression (225), sleepiness (270), and relaxation (315).

Liu and Jang (2009) suggest considering both the cognitive reactions and emotional reactions brought about by the environment. Understanding consumers' emotional responses to a product or service is vital for hospitality organizations. These responses influence customers' purchase decisions, with pleasure appearing to have a stronger influence than arousal. This study identified that an additional cognitive effect was found in perceived service value between the atmospherics and behavioral intentions in the restaurant industry.

The Mehrabian-Russell model suggests that emotional response acts as an intermediary in the relationship between human behavior and environmental stimuli (Mehrabian & Russell, 1974). The physical environment affects an



individual's emotional state, which in turn brings about an individual's approach or avoidance behavior toward the environment. Through the Stimulus-Organism-Response paradigm, the model suggests that external environmental stimuli can generate emotional responses in the individual. These emotional responses are a further cause of an individual's approach or avoidance behavior towards the environment. Arousal, dominance, and pleasure are three dimensions of emotions that influence any emotional response to environmental stimuli. Arousal is the degree to which an individual feels stimulated, excited, alert, or active. Dominance is the extent to which an individual feels influence, in control, or important. Pleasure refers to the emotional state of feeling good, happy, pleased, or joyful.

Research has demonstrated that consumers' purchases are strongly influenced by their emotions (Barsky & Nash, 2002). Emotions affect what consumers will and will not buy. A study by Barsky and Nash (2002) suggests that emotions influence consumer loyalty toward hotels. There are certain emotions in particular, that strengthen the decision-making process regarding a consumer's willingness to pay a certain price and willingness to return to the establishment.

Whenever an individual makes a decision, there will be some degree of cognitive dissonance (Festinger, 1957). The individual will have doubts and anxieties about the choice made because the alternatives not selected had certain desirable traits. The option selected has undesirable elements for which the person must now accept. An individual will try to reduce dissonance by

reducing or avoiding the importance of the negative aspects of the decision and highlighting the positive elements. The existence of dissonance, being psychologically uncomfortable, will motivate a person to try to reduce the dissonance, and the person will avoid situations and information that would likely increase the dissonance.

The theory of planned behavior suggests that behavior is driven by behavioral intentions (Ajzen, 1991). In turn, intentions are a function of a person's: (1) attitudes toward the behavior, (2) subjective norms, and (3) perceived behavioral control. The most immediate determinant of behavior is the person's intention to do something. Next are the individual's attitudes and feelings, both positive and negative, towards the behavior, including the consequences and its desirability. Subjective norms are the person's perception of what others will think of the behavior. The idea of perceived behavioral control is a combination of a person's feelings of choice, including having the resources, skills, and the opportunity to do something.

The neural theory of economic decision by neurologists implies that somatic marker signals have influence on behavior, and in particular, both reasoning and decision-making (Bechara & Damasio, 2005). The authors define emotion as a collection of changes in the body and brain that are triggered by a dedicated brain system that reacts to specific contents of a person's perceptions, both actual and recalled, that are relative to a particular event or object. The event or object causes an emotion and a body response, which may or may not be observed by an external observer, such as heart rate, endocrine release, or changes in facial

expression. This response aimed at the brain leads to the release of certain neurotransmitters (e.g. dopamine, serotonin, and noradrenalin) and other musculoskeletal changes. Together these body responses constitute an emotion, which the study's authors call somatic. These somatic markers are stored in the amygdala. Somatic markers are useful during the decision-making process, because they give instant responses based on previous acquired knowledge, such as whether one decision feels better than another. People who are missing somatic markers can cheat and murder without any feeling anything.

Modern economic theory ignores the influence of emotions on decision-making (Bechara & Damasio, 2005). Their study's neuroscience evidence suggests that rational decision making, in fact, depends on the prior experience of accurate emotional processing. The neural theory of economic decision provides a neuroanatomical and cognitive framework for decision-making and its influence by emotion. The main concept of this theory is that decision-making is a process influenced by marker signals that arise in bioregulatory processes, including those that are expressed in emotions and feelings, both consciously and unconsciously. The neural model for economic decision posits that emotions are a major factor in the interaction between environmental conditions and human decision processes. These emotional systems provide valuable knowledge for making quick and favorable decisions. In layman's terms, a consumer's emotions which due to the chemicals moving throughout the brain and the body's behavior have an effect on how decisions are made. Depending

upon what emotional state a consumer is in, emotions influence the type of decision a consumer makes.

### **Qualitative Research in Hospitality and Tourism**

Multiple hospitality and tourism researchers in the industry's top tier academic journals have touted the importance of using qualitative research to better understand the consumer. Riley and Love (2000) identified that qualitative research provides a critical outlook that helps scholars understand phenomena in a different way from a positivist perspective alone. Kwornik (2003) recommends conducting qualitative research to dig into consumers' motivation for hospitality purchases because getting the depth of understanding required is often difficult to do with traditional research tools such as surveys. Kim et al. (2009) suggests using grounded theory to develop theory about a phenomenon when a theory did not exist or when a theory is judged to be insufficient. Walsh (2003) recommends that a good way to explore the full dimension of a problem is to examine it first hand, with field-based, qualitative research, and in collaboration with an industry practitioner and a researcher. Kaplan and Norton (1992) formulated the Balanced Scorecard, one of the most widely employed management frameworks, and is a strong example of grounded theory.

Research into the timeshare concept has become cumbersome due to the lack of accessibility to data and the lack of general timeshare information from the many timeshare organizations entrenched in timeshare industry research (Nabawanuka & Lee, 2008). The previous sections of the literature review point

to a lack of guiding theory and conceptual clarity of the timeshare industry. This makes it difficult, if not impossible, to know what research questions to ask or how to ask them (Kwortnik, 2003). During this early stage of the problem solving, using quantitative approaches may be premature as posing close-ended questions may restrict respondents to fully express their motivations. The intent of qualitative approaches is to accomplish a deeper understanding of complex behavior rather than to quantify, generalize, or predict it. Thus, qualitative research can help hospitality managers create theories to explain consumer behavior and identify possible strategies for affecting that behavior.

Kwortnik (2003) calls research on consumer emotion and decision making a “fuzzy” problem (p. 117). Interest in these problems is more than just academic; industry practitioners want to comprehend the why behind hospitality consumers’ behavior. Because the understanding of a fuzzy research problem is still evolving, there are often questions about the validity and other measurement challenges. Fuzzy problems can be a challenge when using survey or experimental research methods, as reliable measures are needed to use the statistical-analysis tools. Fortunately, qualitative-research methods are available for examining fuzzy problems.

Qualitative research methods are not created to advise managers what percentage of a population thinks a certain way or whether the use of a certain strategy will generate a desired result (Kwortnik, 2003). These questions are better answered by quantitative research methodologies. In-depth interviews combined with an interpretive analysis of the results, can provide a unique and

valuable knowledge base about hospitality consumers. By utilizing these techniques researchers can see past the survey numbers and can attempt to comprehend what some customers think, feel, and do, and more importantly, why this is so. In addition, theories can be developed about customers' behavior based on the consumers' own experiences, using their language. In the end, the hospitality researcher must ask whether qualitative tools are the right tools to answer the research question.

Qualitative research projects create new findings for the hospitality community while at the same time providing the host organization with competitive insight about itself (Walsh, 2003). Qualitative research findings often identify the unnoticed perspectives that are foreign to researchers yet are commonplace and often appear unimportant to industry practitioners, who are in the day-to-day trenches. One goal of the researcher is to uncover the obscure or counterintuitive results that advance a phenomenon's understanding and also provide managers with helpful information that can be applied immediately for problem solving. A second goal for the researcher is to challenge the traditional assumptions that organize how hospitality managers make decisions and run their companies. The third goal for researchers is to use qualitative research to develop valuable theories through data collection that are potentially rich and powerful. Finally, qualitative research plays a critical role in creating new theories that offer hospitality managers immediate practical implications for managers to address their problems.

Grounded theory researchers bring a considerable background in professional and disciplinary literature to a study (Corbin & Strauss, 2008). In their grounded theory handbook, Corbin reassures researchers that all of the literature in the field does not need to be reviewed beforehand, as is typically done by researchers using a quantitative research approach. It is pointed out that it is impossible to know prior to the data collection what relevant problems or salient concepts will be conceived from a data set. If, however, everything about a specific topic is known ahead of time, there is no need for a qualitative study. It is also pointed out that it is difficult to discover something new when a researcher is so immersed in the literature that he or she is bound or suppressed by it. In the original grounded theory handbook, the authors express that a theory discovered during data collection will fit the scenario researched and will work when put into use better than a theory identified before a study begins (Glaser & Strauss, 1967).

Before beginning a project, a researcher can turn to the literature to formulate questions for initial observations and interviews (Corbin & Strauss, 2008). For this dissertation, the timeshare literature was used to create the initial timeshare buying codes, as listed in Table 1, located on page 45, during phase one of data analysis. The literature was also used to pinpoint areas for theoretical sampling and directions to investigate relevant concepts and theories. The literature can be used to as a guiding approach to the grounded theory method. For this study, the grounded theory approach to qualitative research was used extensively throughout the process to ensure that the study would be rigorous and

trustworthy (Creswell, 2005). The end product of this study is a theory that explains the phenomenon of interest, which for this study is why consumers purchase a timeshare.

The key difference between grounded theory and most other research methods is that grounded theory is by design, uniquely emergent (Maital, Prakhya, & Seshadri, 2008). It does not test a hypothesis. Grounded theories goal is to fully understand the research situation. Researching business is different from researching molecules, atoms, lungs, or brains. The complex world of business has no controlled experiments because the business itself is the laboratory and the consumers' experiences are researcher's most effective tool. Like an ultrasound or MRI scanner, consumers' experiences reveal things otherwise unnoticed about business, and these things lead to powerful insights. Therefore, for this study, the consumers' responses as to why they had just purchased a timeshare unit will be used as a tool to better understand the overall timeshare process and to identify opportunities to improve the process.

### **Research Question**

The previous timeshare studies have made an important contribution to the growing body of knowledge on timeshare, consumer behavior, and satisfaction variables. A key shortcoming, however, remains. The previous timeshare surveys were not conducted at the time of purchase but were conducted several months or years later. The current study addresses this issue by surveying a large sample of consumers at the time of their timeshare purchase to gain



deeper insight into timeshare purchase motivations of consumers and to determine the factors that influenced their purchase of a timeshare unit. The data was collected over an 18-month period. Therefore, the main research question of the study was: *Why do consumers purchase timeshares?* A follow-up question was: *What are the consumers' actions, interactions, and emotional responses during the sales process?* The final research question was: *Why do consumers choose to buy an expensive product that they initially had no intention of buying?*

The reason a qualitative research method was selected for the research was to get at the inner experience of the participants and to determine how meanings are formed at the human level rather than simply testing variables (Corbin & Strauss, 2008). Coming from a hospitality sales career background, I hope is that this work has some relevance for nonacademic audiences, to develop knowledge that could give insight to improve timeshare business practice and to increase sales closure rates and boost timeshare revenues. The goal of proposing a preliminary theory and model is so that it can be tested in future research.

CHAPTER 3  
METHODOLOGY

**Introduction**

“The question drives the methods, not the other way around.”

(Feur, Towne, & Shavelson, 2002, p. 8).

This methodology chapter begins with a description of the data source and a discussion of documents studied. The chapter continues with a review of the three data collection phases and a chronicle of the analysis techniques, including an explanation of the interviews conducted. A depiction of the core concepts of grounded theory analysis and the ways rigour and trustworthiness were included in the study conclude the section. Creswell’s (2005) steps to conducting grounded theory research are summarized in Table 2.

Table 2

*Creswell’s (2005) Grounded Theory Steps*

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Step	Procedure
1	Determine if grounded theory is best approach to research question
2	Identify how to study the research problem and collect the data
3	Conduct theoretical sampling
4	Code the data
5	Use selective coding and develop theory
6	Validate theory: look for evidence in data to answer research questions, called discriminate sampling
7	Write grounded theory research report

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## **Data Sources**

### **Document Collection**

The data collected for this study was collected from a timeshare company document entitled the “Three Reasons Why.” The document was completed at the time of each timeshare purchase at the resort studied. Each form contains the sale date, invoice number, and the customers’ three reasons why they purchased the timeshare unit, the salesperson’s and manager’s names, the price, and whether it was sold to a new customer or a repeat customer. To ensure confidentiality, identifying consumer data such as the consumer’s last names, address, phone number, or social security number was not included on this form.

Data-collection methods such as the use of surveys and archival documents can be important to solving research questions as these documents allow the researcher to be unobtrusive and not interfere in actual hospitality operations (Berg, 2001; Walsh, 2003). The researcher for this study wanted to collect data at the time of the timeshare purchase but did not want to disrupt the sales process. Therefore, the collection of a document at the time of purchase was a way to gain access to the reasons that consumers decided to purchase a timeshare without disturbing the sales process.

The instructions for the form were for the timeshare sales representatives to ask the customers the open-ended question, “What were the three reasons you decided to purchase a timeshare from us today?” This form was one of many forms that needed to be completed quickly during the purchase paperwork

process before the customers were escorted into the deeding division of the organization. Most sales representatives were focused on getting the form completed and quickly moving on to the next document.

Timeshare representatives were typically interested in completing this form accurately for two reasons. This information helped reinforce to the sales representative what he or she explained well in the sales presentation. In addition, these three buying reasons were then reiterated in the sales representative's follow-up congratulations card to the customer, in hopes of lessening the chances of a timeshare cancellation during the rescission period. These "Three Reasons Why" forms were not used for employee performance reviews or for any other reason, so there was no internal motivation for the sales representative to manipulate the data on these forms.

All of the data for this study was collected at a timeshare sales office located in the Las Vegas resort area. Due to the proprietary nature of the data and the timeshare organization's respect for anonymity, no additional details are available for publication. The data was collected during the months of June 2008 through November 2009.

The sampling strategy was a convenience sample (Creswell, 2005) of timeshare owners who purchased at the resort during the time period studied. The rationale for studying all consumers who purchased a timeshare unit over an 18-month period was two-fold. The first reason was grounded theory research is a process theory, an explanation of a process of actions and interactions that occur over time (Creswell, 2005). The second reason was due to the recent U.S.

recession, which saw an increase in job layoffs, limited consumer financing options, and a decreased savings level due to stock market declines. Because of the decreased consumer confidence during this time period, the decision was made to study consumer responses a few months before the severe downturn and then throughout the next year of the recession to identify if the consumers' purchasing reasons remained or did not remain consistent over time.

### **Data Analysis Procedures**

Grounded theory analysis, the process of giving meaning to the data, begins with the collection of the first pieces of data (Corbin & Strauss, 2008). Grounded theory involves taking data apart, conceptualizing it, and developing the concepts to determine what the parts say about the whole. Data were collected using the grounded theory procedures described by Corbin and Strauss (2008). Data were collected in three phases that differed with respect to purpose and data collection strategies. The data collection process was similar to that of the studies done by Schraw, Wadkins, and Olafson (2007) and Harry, Sturges, and Klingner (2005). The data analysis process moved systematically through a three-step sequence. First, codes were identified within categories; second, codes were combined to identify emergent themes, third, the plausibility of the themes were tested; and finally, a theory of timeshare buying motivators was constructed. This repetitive, nonlinear, data-analysis process is complex, formidable, and often messy (Walsh, 2003).

Throughout the study, memos were written about different aspects of the study. In a grounded theory process, grounded theorists create memos about the data (Charmaz, 1990; Corbin & Strauss, 2008; Creswell, 2005). Writing memos is a grounded theory research tool that provides researchers with an ongoing dialogue with themselves about the emerging theory. These memos can elaborate on ideas about the data, better define coded categories, or explore hunches. It gives the researcher a way to broaden the explanations at work in the process. Memos may direct the researcher towards new sources of data or prevent paralysis from the mountains for data. Grounded theory studies do not typically report memoing; however, examples of the researcher's memos are presented throughout the study. The study used a three-stage data collection strategy summarized in Table 3.

Table 3

*Three Phases of Data Analysis*

Phase	Coding	Date	Purpose	Data Source
One	Open	6/2008 through 11/2009	Identify codes within categories for further analysis	Content analysis of 2079 documents
Two	Axial	9/2009	Explore codes in detail; related codes to one another to construct themes	12 interviews of sales representatives
Three	Selective	10/2009	Construct theory and discuss themes; establish story line that integrates theory	8 participant observations of sales representatives and consumers

## **Phase One (June 2008 – November 2009)**

The data analysis for phase one was a content analysis of the “Three Reasons Why” form. First, a researcher attempts to make sense of the data through the time-consuming process called content analysis (Walsh, 2003). By using content analysis, the artifacts of the timeshare sales process were examined (Berg, 2001). The result was a list of codes for constructing the categories for a theory as to why consumers purchase a timeshare unit. The purpose of open coding is to identify prominent topics worthy of closer study and explanation (Schraw, et al., 2007).

The data from each “Three Reasons Why” form was input into a Microsoft Excel spreadsheet. Each of the written three reasons why a consumer purchased a unit were input into a column along with other sales data including separate columns for the sale’s date, the invoice number, the salesperson’s name, the manager’s names, the dollar amount of the sale, and whether it was a new customer or a repeat customer. Each month’s data was input into a new excel data sheet. A new spreadsheet was used for the 2009 data. A list of the categories from the few timeshare articles on the subject (Crotts & Ragatz, 2002; Lawton, Weaver, & Faulkner, 1998; Ragatz & Crotts, 2000; Sparks, Butcher, & Bradley, 2008; Sparks, Butcher, & Pan, 2007) as listed in Table 1, found on page 45, were input as the initial category codes for the content analysis. The intent was to start with these initial categories that were identified by previous scholars but not to force the reasons into these categories. Grounded theory is grounded

in the data and not purposely forced into categories (Creswell, 2005; Glaser, 1992).

The content analysis began by reading each customer's purchase reasons. If the reason fit into one of the previous reasons identified from the literature, then a "1" was put into the column. If the reason was a new code, then a new column and a new code name were created, called a "concept" category, as described by Berg (2001, p. 247). A "0" was placed in the columns that were not identified as the customer's purchasing reasons. As the researcher was familiar with the academic literature's timeshare purchase reasons, as each customer comment was logged into the spreadsheet, Strauss' suggestions to make each category "earn their way" and not to force the data into a category were kept in mind throughout the process (Berg, 2001, p. 247). During this stage, the memo writing process commenced, primarily to make note of an idea to address later, to highlight a consumer comment that described a concept well, or to suggest a possible topic or theory to explore when adding to the literature review.

After two months of customer response data, the open-coding process was saturated. The process of saturation in grounded theory research is where the researcher makes the determination that any new data will not provide new insights or information for the emerging categories (Creswell, 2005). Because of the economy fluctuations, each month's data was still open to the creation of new codes to account for any changes that could be occurring. In addition, past months' data were reviewed to strengthen the constant comparisons. According to Glaser and Strauss (1967), the "basic defining rule for the constant



comparison method” is, while coding an incident, it should be compared with all previous incidents within the same code, a process that “soon starts to generate theoretical properties of the category” (p. 106). Because 18 months’ worth of data was coded, it was necessary for the researcher to go back and periodically review the categories to ensure that they were staying consistent month by month.

Once the codes were saturated, a frequency test was run to identify the frequency of the codes. The academic literature was reviewed to consolidate similar codes into one category. In addition the literature was used to identify the themes, and which codes should be identified with a particular theme.

### **Phase Two (September 2009)**

During September 2009, after conducting several months of open coding of the data, the decision was made to further clarify the customer buying codes in more detail. An interview questionnaire was created for sales representatives based on two key questions with follow-up probes to more fully explore the customers’ reasons for purchasing. The approach taken was that of Rubin and Rubin (2005). The interview protocol, which is the written version of the interview questions, was in a similar format to that of a tree and branch structure. The interview protocol can be found in the Appendix 1.

An interview guide should be used cautiously and designed to reconstruct experiences and explore meanings (Seidman, 2006). There were two main interview topics. First, the interview guide was designed to better understand the reasons listed by the new timeshare owner on the completed “Three Reasons

Why” form. Second, the interview guide was to more fully understand the sales process from the sales representative’s point of view. As suggested by Rubin and Rubin (2005), the additional follow-up probes kept the discussion going and were used to signal to the respondent the level of depth and detail needed in the response. Even though the interviews were recorded, the interview guide was used to record responses and jottings for follow-up questioning.

Qualitative research is a process where the researcher gets in the trenches (Walsh, 2003). During September 2009, 12 timeshare sales representatives were interviewed, usually less than an hour after their sale was completed in order to get immediate feedback from sale. Theoretical sampling was conducted in order to obtain responses from: (a) a variety of sales representatives; (b) a category that needed further clarification; and (c) unusual customer comments (Charmaz, 2006; Corbin & Strauss, 2008; Creswell, 2005). Interviewing is suggested as a research method to uncover the story from the participant’s experience (Seidman, 2006). Gaining access and establishing rapport with the participants was not a problem as the sales representatives knew the author was studying the “Three Reasons Why” form for her academic research. Sales representatives generally enjoy talking about sales and were eager to converse about their recent sale in more detail.

The theoretical sampling in grounded theory research is when the researcher chooses forms of the data collection that will produce content useful in generating theory (Creswell, 2005). It is an emerging data collecting process where the researcher immediately analyzes the data, rather than waiting until the

entire data set is collected, and then basing the next decision about what data to collect on this analysis. The additional data to collect may be on the topic of underdeveloped categories, missing sequential information, or from comments from individuals that may provide new insight into an aspect of the process. The grounded theorist then returns to the field to gather this additional information. In this procedure, the inquirer refines, develops, and clarifies the meanings of categories for the theory. This process weaves back and forth between data collection and analysis, and it continues until the inquirer reaches saturation of a category.

Phase two of the data collection consisted of individual interviews with timeshare sales representative designed to illustrate the emerging codes in more detail. Phase two used axial coding, which clusters codes into themes and patterns related to a central phenomenon, which for this study was consumer timeshare purchase motivators (Corbin & Strauss, 2008). The term axial coding comes from the concept that the emerging open codes are located around specific axes or intersection points. This phase of the data collection permitted a better understanding of each of the main components of the theory.

After each sales representative interview, the researcher transcribed the data and then put each respondent's comments into a Microsoft Excel spreadsheet. Columns were made for each of the topics discussed: reason 1, reason 2, reason 3, other reasons, hope, turning point, wanted more, finance decisions, connection point, his objection, her objection, and sales experience description.

The data was analyzed and selected comments had memos linked to them, as thoughts arose in the analysis process.

When comparing the in-depth interview results to the content analysis results, no new timeshare buying categories emerged. Therefore, the researcher determined that the categories of why consumers purchased timeshare had become saturated and, in addition, some of the categories were now better understood by the researcher. The other topics discussed in the interview went through an open coding process, with each line of the interview reviewed line-by-line with codes assigned to the identified codes and themes. The comments were copied into a new Microsoft Excel worksheet and rearranged to identify patterns and possible story lines. These results were used to begin construction on the timeshare purchase theory and story line that was emerging from the data.

Rubin and Rubin (2005) emphasize that qualitative analysis is not about providing numerical summaries, but instead it is to discover variation, portray shades of meaning, and examine the complexity of human interaction through the respondents' words. The authors explain that in a grounded theory approach to coding, the data is reviewed line-by-line; codes are assigned to the concepts, themes, events and topical markers of the interview as they emerge in the data, called open coding. This systematic approach often results in fresh, rich results, the type of results that this research tried to accomplish by adding in-depth interviews to this research study.

### **Phase Three (October 2009)**

The third analytic level of grounded theory is known as selective coding (Corbin & Strauss, 2008). At this point the researcher handled the various code clusters in a selective fashion, deciding how they relate to each other and what stories they tell in reference to what is happening in the data. Harry, et al. (2005) call this step the thematic level as it is in this process of identifying the interrelationships between the themes that the researcher begins to build theory. By analyzing negative cases, filling in poorly cultivated categories, and identifying variations, the researcher clarifies the theory.

During this phase of this study, the researcher spent time accompanying timeshare sales representatives on their sales presentation with the goal of filling in the emerging themes and filling in the story line. Collecting qualitative data requires researchers to immerse themselves in the field, including how to present oneself, establish rapport, and gain trust, and how to ensure that the ethical rights of the respondents are protected (Walsh, 2003). By being in the field collecting qualitative data, researchers can gain close to first-hand experience about a problem that is critical to the way they understand the phenomenon, shape their research model, and contribute to both the academic field and the hospitality industry.

In qualitative studies, the researcher enters a sales setting and assumes a role that can vary from being just an observer to full participation as a salesperson (Swan, McInnis-Bowers, & Trawick, 1996). Participation observation allows the researcher to gain firsthand experience in the life of the

salesperson. The researcher was introduced to the customers during the sales presentation as someone from the corporate office who was interested in learning more about what features customers liked about the resort.

After each interview was conducted, the field notes of the open-ended informal conversation with the timeshare sales representatives and his or her customers were transcribed and coded. Each interview was different as the researcher was interested in filling in ambiguous areas of the categories, theory, and story line. By using a theoretical approach to the data collection and analysis, relevant concepts were perused through subsequent follow-up questions (Corbin & Strauss, 2008). Because the interviews were spread over a month period, once an interview was analyzed, the researcher then reviewed the theoretical model, identified the gaps, and compared the emerging model with the timeshare, hospitality, consumer behavior, and business theories, to identify concepts that could be added to the model and the story line. In the next interview, the new topics and areas of ambiguity were informally discussed with the customers and sales representatives during the timeshare sales process as part of a normal conversation pattern to continue to add to the study's generalizations, story line, and model for the grounded theory. In total, eight interviews were conducted in this phase.

## CHAPTER 4

### RESULTS

#### **Introduction**

The results section is an examination of the study's grounded theory results. This chapter contains results from each phase of the data collection and its relationship to the corresponding levels of the model. The research was conducted in a funnel-like process over three phases and analyzed systematically through the grounded research sequence, with the final phase resulting in an initial timeshare purchase motivator theory.

#### **Phase One Results**

Phase one of the data collection began with the analysis and coding of over 2,000 "Three Reasons Why" documents. To start the initial coding list, the categories from the timeshare literature review on why consumers purchase timeshares, as identified in Table 1 in the Literature Review (Crofts & Ragatz 2002; Lawton, Weaver & Faulkner, 1998; Sparks, Butcher & Bradley, 2008; Sparks, Butcher & Pan, 2007), were reviewed and evaluated to better understand each of the consumer's timeshare buying reasons from each of these four studies. The purchasing codes from these studies began as the initial code list and, as a new purchasing reason emerged, the topic was added to the list as a code. The initial codes used based on the timeshare literature are listed in Table 4.

Table 4

*Initial Codes and Categories from the Timeshare Literature*

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*Codes and Categories*

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Travel Category

- Stay in High Quality Accommodations
- The Opportunity to Exchange
- Flexibility in Location, Accommodations, and Time Period
- Enjoy Resort Location and Amenities
- Convenience of Timeshare Resort and Amenities

Money and Value Category

- Offered an Affordable Price
- Good Value for Money
- Giving Timeshare as a Gift or Reward
- Save Money on Future Vacation Costs
- Purchase of Investment or Resale Potential

Life Experience Category

- Forced to Take Vacation and Relax
- Fun and Enjoyment
- Status and Prestige
- Ownership Pride
- Adventure
- Exploration
- New Experience
- Social: Spend Time with Family & Friends

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Several months worth of data were initially coded. After the first three months of coded no new categories emerged and a list of 50 codes had been compiled. When the code name is from a term directly taken from the data, the code name is called an “in vivo” code (Corbin & Strauss, 2008, p. 65). All of the



codes used to describe the timeshare purchase motivator codes for this study were in vivo codes. The remaining months of the “Three Reasons Why” data were coded to ensure that no new categories emerged due to the changes in the economy; no new codes emerged. The codes remained consistent during the 18-month study, both before and during the economic downturn. Table 5 shows the 50 initial codes extracted from the Three Reasons Why forms in alphabetical order.

Grounded theory methodology uses the process of “constant comparison” in which the researcher moves back and forth between the data and gradually advances from coding to conceptual categories (Corbin & Strauss, 2008, p. 73). For example, one couple who purchased a timeshare unit in August 2008 wrote on their “Three Reasons Why” form, (1) “Comfortable setting - not a hotel room!”, (2) “The desire to travel and have fun,” and (3) “Tim is a great salesman.” The first comment was assigned to the code “Liked Resort Accommodations.” Comment two was assigned to both codes “Have Fun” and “Like /Love/Want to Travel.” Comment three was allocated to “Sales Representative.” Throughout the coding process, a new customer comment was compared with customer comment that had been assigned to a code to see if the new comment applied to code, thereby developing consistency throughout the usage of the codes (Harry, Sturges, & Klinger, 2005). A sample of customer comments and the initial codes to which they were assigned are summarized in Table 6.

Table 5

*Timeshare Purchase Motivators Identified in Phase One*

Timeshare Purchase Motivators	
0% Financing Credit Card	Buy More Points
1st Day Incentives	Multiple Rooms
Adventure	New Experience
Afford Price/Deal	Opportunity
Annual points	Owner Pride
Bigger Accommodations	Podium Speaker
Carefree	Premium Ownership Level
Convenience	Prestige
Convert Existing Timeshare to Points	Quality Accommodations
Ease	Referral: Family Member or Friend
Exchange	Relax
Family/Children	Resort Locations
Family Oriented Resort Amenities	Romance
Flexible	Sales Manager
Force Take Vacation	Sales Other
Free RCI weeks	Sales Representative
Getaway	Save Money on Future Vacations
Have Fun	Service Representative
Health	Spouse Wanted It
Improve Life	Status
Investment	Stress Relief
Leave a Legacy	Tax Write Off
Like/Love /Want to Travel	Vacation Forever
Liked Resort's Accommodations	Value
Makes Travel Affordable	Vacation More Often

Table 6

*Initial Customer Codes and Corresponding Comments*

Codes	Sample Customer Comments
Affordable Price/Deal	Not good at saving big chunks for vacation. Better to make regular small payments.  Affordable and I think we received a fantastic deal.
Exchange	Wife's interest in foreign travel. Great way to travel around the world.
Family	Nice to bring my family to a resort for a vacation. Something my husband and I own together & it's something we will do together.
First Day Incentives	Extra bonuses. The first time incentives.
Have Fun	Investment in our lives - new family adventures. Utilize upon retirement in 4 years and have fun.
Leave a Legacy	Future for children and grandchildren. I can pass this on to future family members.
Liked Resort's Accommodations	Property the family can enjoy for years to come. Impressed with rooms and type of vacation a family can have.
Sales Representative	A straight up straight forward sales person. No gimmicks, tricks, all cards out on table allowed us to sit and think it over.
Save Money on Vacations	To have economical vacations. Save money on future vacations.
Value	Vacation value. Long-term value.

Once the initial codes were saturated, a frequency test was run on several months of coded data to determine each code's frequency and to identify the top categories. One of the most important findings in this phase was the identification of the timeshare representative as the top purchase motivator for timeshare consumers in this study. None of the academic literature on timeshare motivators reviewed the sales representative as a variable (Crotts & Ragatz 2002; Lawton et al., 1998; Sparks et al., 2008; Sparks, et al., 2007). In fact, most of the academic research described the timeshare sales process in a negative light (Hawkins, 1985; Lawton et al., 1998; Ragatz & Crotts, 1997; Schreier, 2005; Sparks et al., 2007; Woods & Hu, 2002; Woodside, Moore, Bonn, & Wizeman, 1986; Ziobrowski & Ziobrowski, 1997).

Next, the literature was reviewed on the topics of why consumers vacationed, what constituted value to consumers, and how consumers made buying decisions (Hyde & Laesser, 2009; Kim, Eves, & Scarles, 2009; Petrick, 2002; Richins, 1994; Sheth, Newman, & Gross, 1991; Smith, 2009; Van Raaji & Francken, 1984; Zeithaml, 1988). The combination of the results from the literature findings and the frequency test helped consolidate moderately frequent codes that were closely related based on the literature that into one category. For example, passive reasons that related to consumers' travel included the topics of Stress Relief, Relax, Getaway, and Carefree; therefore, these individual codes were summarized into one category. Elements of the travel planning processes and the resort features were combined into one category called Ease, Convenience, and Flexible. This step helped consolidate the 50 codes that had

been identified in the data down to 16 categories based on similar constructs from the literature. As a result, some codes were condensed into one, as commonalities or distinctions among the meanings of similar data points became apparent. Table 7 contains the results of a frequency test run on several months of the initial data with the new consolidation of the timeshare categories.

Table 7

*Frequency Rate of Timeshare Purchase Motivator Categories*

Timeshare Purchase Motivator Categories	Rate
Sales Representative	38%
First Day Incentives	34%
Liked Resort Accommodations	33%
Ease, Convenience, or Flexible	31%
Affordable Price or Deal	30%
Resort Locations	29%
Family Spouse and/or Children	27%
Have Fun, New Experience, Adventure, or Opportunity	22%
Status, Prestige, or Owner Pride	21%
Vacation More Often or Vacation Forever	20%
Sales Manager	16%
Save Money on Future Vacations	15%
Love or Like Vacations	14%
Improve Life, Stress Relief, Relax, Getaway, or Carefree	10%
Podium Speaker	9%
Value	4%

Next, the categories were grouped by themes based on the literature findings. The timeshare literature (Crotts & Ragatz 2002; Lawton et al., 1998; Sparks et al., 2008; Sparks et al., 2007) and combined with the vacation and

decision-making literature (Hyde & Laesser 2009; Kim, Eves & Scarles, 2009; Kotler, Bowen, & Makens, 2010; Petrick, 2002; Richens, 1994; Sheth et al., 1991; Smith, 2009; Van Raaji & Francken, 1984; Zeithaml, 1988). A summary of the studies from the literature review are in Table 8, 9 and 10.

It is important to note that during this step of the analysis the analysis of the customer comments were identified through the interpretive lens of the researcher, who was already beginning to abstract meaning from the data (Corbin & Strauss, 2008). The category of “Previous Acceptance of Exploding Offer” was added to the Money, Price and Value Theme based on the timeshare sales and marketing practice of an exploding offer as part of the negotiation process (Fisher, Ury, & Patton, 1991; Katovich & Diamond, 1986; Lewicki, Barry, & Sanders, 2010; Schreier, 2005). This category is outlined with a dotted line to identify that this was not identified from the coding process but from the literature review.

It was time consuming to organize, code, and analyze the data, and then compare the initial findings to the literature. A lot of memos were written about the relationships of the codes to the literature and possible ways that the categories could be arranged. There was, however, a feeling of satisfaction, similar to those that people get from finishing a complicated jigsaw puzzle, as described by Berg (2001). It was evident that the content analysis puzzle pieces come together to form interesting results. Figure 1 displays the study’s emerging categories and themes.

Table 8

*Summary of Decision Motivators, Travel Themes*

	High Quality	Opportunity to Exchange	Resort Flexibility	Enjoy Resort Location & Amenities	Resort Convenience
Crotts & Ragatz, 2002	X	X		X	
Hyde & Laesser, 2009			X		
Kim et al., 2009				X	
Lawton et al., 1998	X	X	X		
Petrick, 2002	X				
Richins, 1994	X				
Sheth, et al., 1991	X				
Sparks et al., 2007	X		X	X	X
Sparks et al., 2008	X		X		
Smith, 2009	X				X
Van Raaji & Francken, 1984					
Zeithaml, 1988	X				

Table 9

*Summary of Decision Motivators, Money and Value Themes*

	Affordable Price	Good Value for Money	Give as a Gift or Reward	Save Money on Future Vacations	Purchase of Investment
Crotts & Ragatz, 2002	X			X	X
Hyde & Laesser, 2009					
Kim, et al., 2009					
Lawton et al., 1998	X	X			
Petrick, 2002	X	X			
Richins, 1994		X			
Sheth et al., 1991		X			
Sparks et al., 2008	X	X	X	X	
Sparks et al., 2007		X	X		
Smith, 2009		X		X	
Van Raaji & Francken, 1984					
Zeithaml, 1988	X	X			



Table 10

*Summary of Decision Motivators, Life Experience Themes*

	Relax / Forced to Take Vacation	Fun & Enjoyment	Status, Prestige, Ownership Pride	New Experience Exploration Adventure, Escape from Routine	Social: Spend Time with Family Friends	Learning Knowledge, Authentic Experience	Sensory appeal	Health	Self Expression, Freedom & Independence
Crotts & Ragatz, 2002									
Hyde & Laesser, 2009	X	X		X					
Kim et al., 2009		X	X	X	X	X	X	X	
Lawton et al., 1998	X								
Petrick, 2002			X				X		X
Richins, 1994	X	X	X		X	X			X
Sheth et al., 1991			X	X		X	X		X
Sparks, et al., 2008	X	X	X	X					
Sparks, et al., 2007	X	X	X	X	X				
Smith, 2009	X	X	X	X	X	X	X	X	
Van Raaji & Francken, 1984			X	X	X	X		X	X
Zeithaml, 1988									

Themes	Sales Presentation and Staff	Timeshare Resort Facilities	Vacation Motivations	Money, Price, and Value
Categories	Sales Rep	Ease, Convenience, Flexible	Vacation More Often or Vacation Forever	1st Day Incentives
	Sales Manager	Resort Locations & Exchanges	Improve Life, Stress Relief, Relax, Getaway, Carefree	Affordable Price and Deal Offered
	Podium Speaker	Liked Resort Facility and Rooms	Have Fun, New Experience, Adventure, Opportunity	Save Money on Future Vacations
			Family: Spouse and/or Kids	Value
			Prestige and Ownership Pride	Previous Acceptance of Exploding Offer
			Love/Like to Vacation	

Figure 1. Timeshare purchase categories and themes identified in phase one.

### Phase Two Results

After reviewing the full set of categories and themes, the process of testing the codes for clarity and reliability was begun (Harry, Sturges & Klinger, 2005). During September 2009, 12 timeshare sales representatives were interviewed, usually less than an hour after their sale was complete, in order to

get their immediate feedback from sale. Theoretical sampling was conducted in order to obtain responses from a variety of sales representatives and to follow-up on a category that needed further clarification (Charmaz, 2006; Creswell, 2005; Corbin & Strauss, 2008). These in-depth interviews allowed greater detail about the customer purchase motivation categories. One of the transcribed interviews in its entirety can be found in Appendix 2.

After a sales representative's interview, each respondent's comments were transcribed, coded line-by-line, and entered into a Microsoft Excel spreadsheet. Columns were made for each of the interview topics discussed: reason 1, reason 2, reason 3, other reasons, hope, turning point, wanted more, finance decisions, connection point, his objection, her objection, and sales experience description. The comments were coded based on the assigned category and then color coded based on the comment's theme to attempt to identify any patterns within the data. Selected comments had a memo linked to them, as thoughts arose in the analysis process on that particular item. When comparing the in-depth interview results to the content analysis' results, no new timeshare purchasing categories emerged. The categories of why consumers purchased timeshare at this resort had become saturated.

Qualitative analysis is not about providing numerical summaries, but instead it is to discover variation, portray shades of meaning, and examine the complexity of human interaction through the respondents' words (Rubin & Rubin, 2005). Shades of meaning for the timeshare codes and themes emerged from the interviews. For example, Family, a popular customer purchase motivation

category, included both ends of the category's spectrum. One sales representative explained that a single mom purchased because "she wanted to get away from her kids, and Vegas was only a few hours' drive." Another single mom purchased because "her fourteen-year old son was doing well in school and she saw this as a way to reward and encourage him. She wanted to make his travel dreams come true."

The category, titled Ease, Convenience, and Flexibility, was identified in multiple interviews and the comments encompassed several shades of the terms. One new owner liked the "flexibility to use their ownership at your resorts or an RCI resort." A second owner mentioned the "overall ease of program." A third owner wrote the word flexibility because she liked the "flexibility to use points for shorter weekend stays or cruises." A fourth mentioned, "flexibility for our family coming to Las Vegas." Another consumer wrote down flexibility because "others require a week-long stay and an internal fee to use other resorts in their system; you don't."

The top timeshare customer purchase motivation theme identified by 50% of the customers Three Reasons Why form in phase two was the timeshare sales staff. One customer wrote "friendly fun staff – we had fun with Lance and Laurie" because, according to the sales representative, they laughed and had fun at each step of the sales presentation, including when the manager (T.O.) came over to close the sale. Another customer wrote "Steve's presentation" and, to elaborate, the sales representative expressed that, "because the customer liked Steve's podium presentation, he was open to hear what I had to say as I showed

him the resort.” A third customer wrote “Maria made us feel as if we are the most important people in the world, great job.”

The category, “Have Fun, New Experience, Adventure, and Opportunity” was also a popular category. The response written on the form was “want to go everywhere” and the sales representative expanded on the comment by saying, “The couple was close to retiring and they’d always dreamed of going to Hawaii and Africa.” Another couple wrote, “new locations.” The sales representative shared, “They wanted to go places because they hadn’t gone away in a long time. The husband wanted to see the world and the wife wanted to go to California.”

From the results of the in-depth interviews, popular combinations of categories of why consumers purchased timeshare were because of: (1) sales representative, (2) flexibility, and (3) love/like to travel. One memo shows how the findings begin to tell a story. “If the customers connect with the sales representative and they trust him or her enough to truthfully share their travel desires, and when the flexibility of the timeshare product is able to solve those travel desires, then the customers decide to buy the timeshare. The process is not that simple because there are subconscious desires and thoughts that are still a part of the process. Additional insight from consumer behavior literature and emotions need to be researched.”

The next interview question was for the sales representatives to discuss the hope that their customers felt that buying a timeshare would bring to their lives. These answers touched a deeper level within the customer than what was written

on the “Three Reasons Why” form. One couple listed on their form: (1) Paul, (2) quality family vacation, (3) guaranteed vacation. During the interview, the sales representative said the couple had mentioned during the sales presentation that they wanted a better marriage. Buying this timeshare would give them time to renew their relationship and make it a priority in their lives, something they would have to do every year. They also felt it would make them better parents by taking their kids to places that were important for their education. Having a two-bedroom unit would also give them their own space, which they felt they needed but had been unable to get when the whole family stayed in a hotel room.

Another couple listed on their “Three Reasons Why” form: (1) flexibility, own two different weeks-based timeshare resorts, one in Las Vegas and one in Mexico, like points concept for shorter stays and cruises; (2) amenities - liked suites and resort location nearby an event we attend annually in Las Vegas; (3) beautiful; stylish rooms here, and like pictures of other resorts. The sales representative said the hope for this couple who had “a bunch of grandkids” was they wanted to show their grandchildren the world. They felt by taking them on vacations with them in the resort’s multiple bedroom condos they would be able to spend “quality time” with them and still “keep their sanity” by having separate bedrooms and TVs.

Status was another hope identified by the sales representatives. One customer had shared that she wanted the “status of staying in nice resorts” when she took her son on a vacation. Another customer wanted to “own at the diamond level to receive more benefits, and be recognized as a premier owner.”

Several sales representatives expressed that their customers saw owning a timeshare as the ability to make of a life-long dream come true, such as “exploring Africa” or “seeing the world.”

The next question asked in the in-depth interview was when the sales representative felt that he or she made a connection with the customer. Most of the sales representatives felt that they made a connection with the customer during the warm-up stage of the presentation. The warm-up step begins right after they meet the customer, sit down, and begin asking the customers questions about their day-to-day lives. Most of the sales representatives interviewed shared that a level of commonality was created with the customers during this sales step.

A female sales representative expressed that her customer “knew I had walked in her shoes as both a strong business woman and a single mom.” A male sales representative felt he connected because his customer “was a farmer of a cow and calf operation and I had been a dairy farmer.” A young salesman said, “We shared intimate stories; she opened up about her regrets and struggles as a single mom and I shared the hardships as a kid of a single mom and my respect for what she went through.” One memo of the analysis identifies that this customer-to-sales representative connection helps lower the customers’ fear level and opens up the potential for a trust-filled relationship to begin.

The next question in the interview guide was for the sales representative to identify at what point he or she felt that the customer was interested in purchasing a timeshare unit. The most popular turning point, identified by 50% of

the sales representatives, was in the resort's presidential unit. One customer, a single man, who had throughout the sales process reinforced his vacation lodging preference was to stay with friends, mentioned to his sales representative that "my friends would be impressed if they saw me staying in a room like this." Another couple to their sales representative said, "We can see ourselves here with family and friends for the holidays."

The next popular turning point, as identified by 25% of the interviews, was when the sales representative showed the customers the numerous travel options available to owners on the interactive computer kiosk. One sales representative mentioned that, as he showed them the travel deals on the computer that they could use in addition to the timeshare unit, "they started trying it on for size and asking ownership questions." The other turning point, identified in 17% of the interviews, was when the customers were looking at the glossy resort pictures in the RCI resort exchange book. In one example, the wife reinforced throughout the presentation that she never wanted to travel to all of the exotic places her husband wanted to go; instead she only wanted to go back to the different areas of California where they had lived, and stay with her friends or family, in their homes. When the sales representative showed the couple the RCI resort book and "she noticed all of the resorts she could stay at in California that were located nearby her friends and family, all of a sudden, she was interested."

Moving on to the next question in the interview protocol, the sales representatives were asked: who wanted the timeshare more and who made the



financial decisions; the husband or the wife. The results from both questions were equally split between the genders. When the sales representative was further probed in the interview to identify the main objection to purchasing, the consistent answer was a financial consideration. For one couple, the financial consideration was their concern about adding another payment. Another couple wanted to talk to their bank about a lower interest rate. A single mother was unable to come up with the initial 20% deposit; she was set up as a “pender,” a term used where an arrangement for several payments over a month-long period are used to fulfill the initial deposit amount.

The final topic discussed in the interview protocol was to have the sales representative further elaborate about what the sales experience was like for him or her. One saleswoman said it was “super emotional.” A young salesman said, “It was a lot of joking around and having fun. I didn’t battle with logic and she finally said let’s do this.” Another sales representative said, “I had been going through a dry spell and I didn’t think I had a shot with this tour. It was refreshing, how it all came together.” A sales representative who had been on the job for just one month said, “It was exciting and felt like a roller coaster.” In the transcribed interview in Appendix 2, the representative shared his experience of the rhythm and flow between himself and his customers during the sales process. An analysis memo noted, “something emotional happens during the sales process, for both the customer and the sales person.”

In phase two, the timeshare purchase themes were tested via the in-depth conversations with the timeshare sales representatives. The interviews revealed

that customers attributed purchasing a timeshare to a unique combination of timeshare categories. While no single category stood alone in the sales process, the sales representative emerged as the top timeshare purchase motivator in 50% of the “Three Reasons Why” forms of these interviews. During the sales representative interviews, the researcher learned that there was near universal agreement that each sales representative felt a genuine connection with his or her customers in the sales presentation.

The goal for phase two was to gain a better comprehension of the new timeshare owner’s reasons and to more fully understand the emerging timeshare sales theory and storyline from the sales representative’s point of view. By returning to the field to gather additional information, the data collected in this phase helped clarify underdeveloped categories, elaborated on missing sequential information, and provided new insights into aspects of the process. This process wove back and forth between data collection, the analysis, the memos, and the literature review until the categories were saturated and the themes formed. Refer to Figure 2 for the results of phase two.

### **Phase Three Results**

In phase three of this study, the researcher accompanied timeshare sales representatives and their customers on eight different sales presentation to ensure that the final theory was fully saturated, dependable, and credible (Schraw, Wadkins & Olafson, 2007). By reviewing part of the study’s themes and categories with the sales representatives and customers, it became a type of

informal member check, which Creswell addresses as a method to cross-check the categories and themes from the study's previous phases in order to address the trustworthiness of a qualitative study (Creswell, 2005; Goulding, 2005; Walsh, 2003). Given grounded theory's interpretive nature, an important goal of qualitative research is to authenticate the trustworthiness of the findings. Detailed information throughout the research process authenticates the trustworthiness of the study, allowing readers to follow the logic of the researcher's complex process and analysis throughout the phases (Corbin & Strauss, 2006; Goulding, 2007; Schraw, Wadkins, & Olafson, 2007).

The first result of this phase was the confirmation of the themes identified in the second phase of the study. To better understand how the themes in the theory related to each, the researcher asked questions to encourage the customers to discuss their thoughts about timeshare vacations and the emerging themes. Customers attributed purchasing a timeshare to three types of motivations: including the characteristics of personal and family goals, the sales representative and process, and attributes of the timeshare resort or program. For example, it was common for customers to discuss the relationship about the resort facility and rooms (one category), stress relief (another category), and saving money on future vacations (a third category) over the course of the sales presentation, which shed light on the process of timeshare purchase motivators.

From the observations in phase two and three of the study, both the consumers and timeshare sales representatives, appeared to connect with each other at some point in the sales presentation. (The observations may not have

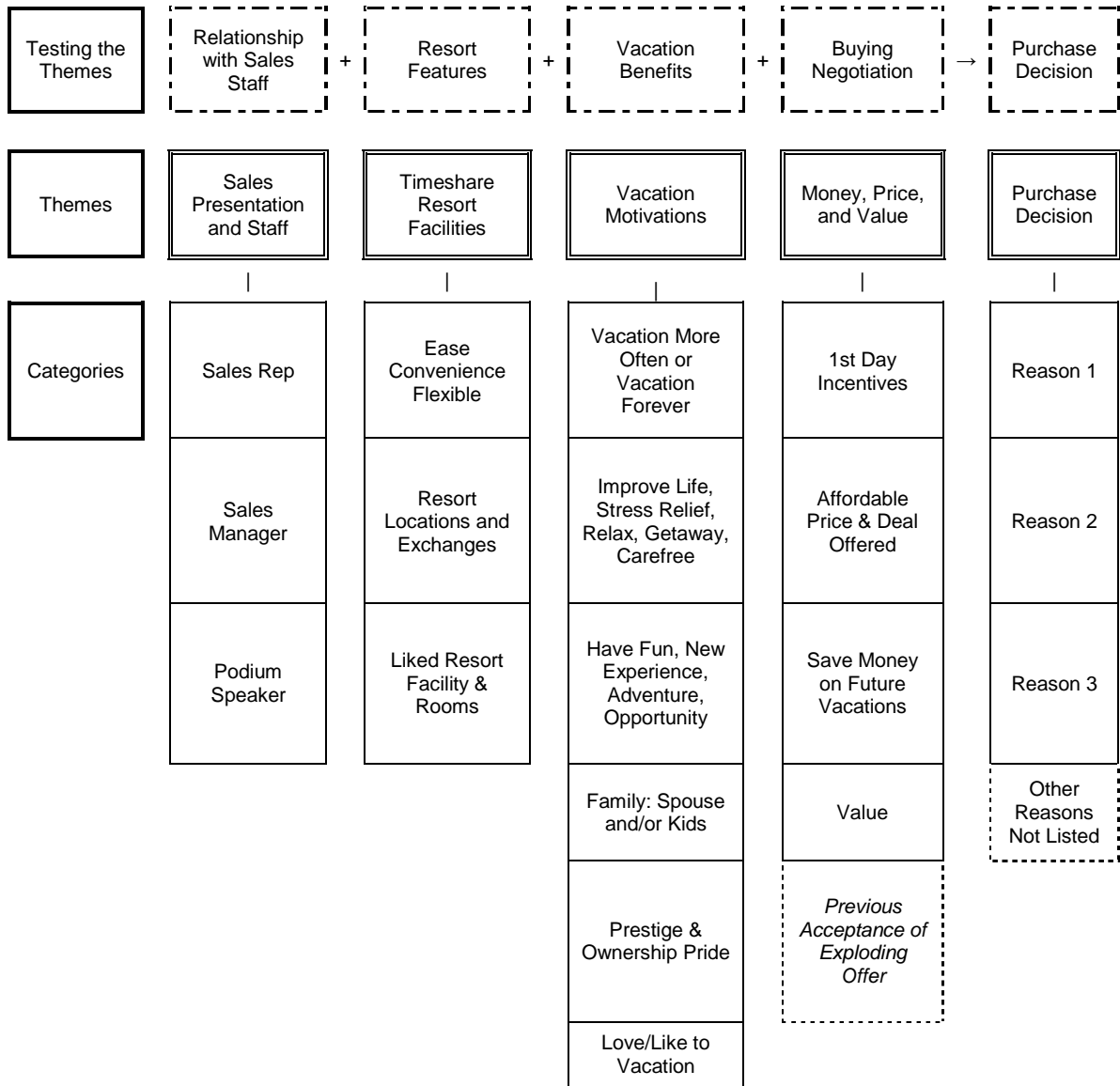


Figure 2. Testing the timeshare motivation themes in phase two.

been the same during the sales presentations of customers who did not purchase timeshare, which was not a focus of this study.) After the connection was made, the consumers begin to trust the sales representative enough to truthfully share their travel desires during the timeshare presentation. In fact, a sort of rhythm or flow as described in the transcribed interview in Appendix 2 and

by researcher Csikszentmihalyi (1990) began to happen during the sales presentation. As the sales representative shows the consumers the features and benefits of the timeshare resort and program, the consumers must determine that the timeshare product is flexible enough to meet the multiple travel desires of the couple or family. In addition, the timeshare product must fulfill an important desire, dream, or hope for each consumer, thereby creating a strong interest in the product. Finally, the timeshare product must affordably fit into the consumers' budget. If a strong desire to immediately buy the timeshare is created, and the consumer perceives they can afford it, then the consumer will most likely purchase the timeshare. This emerging storyline came from the observations of consumers who purchased timeshare.

During phase three, the researcher made memos for ideas and suggestions on topics for further investigation in the literature review. Consumer behavior, and marketing theories, and the role of emotions were reviewed for additional insight (Ajzen, 1991; Bechara & Damasio, 2005; Bitner, 1990; Festinger, 1957; Fisher et al., 1991; Hirschman & Holbrook, 1982; Kim et al., 2009; Kotler, Bowen, & Makens, 2010; Lewicki, Barry, & Sanders, 2010; Mehrabian & Russell, 1974; Petrick, 2002; Richins, 1994; Russell, 1980; Sheth, Newman, & Gross, 1991; Wakefield & Barnes, 1996; Zeithaml, 1988). The timeshare purchasing themes were matched with a corresponding theory or theories from the literature that further explained what was happening in that particular grouping of themes and categories. The process of interviewing and then reviewing the literature to find applicable theory explanations was repeated after eight interviews.

The model of the theory is best understood by reading from the bottom and then up towards the top; then from left to right. It is also an attempt to visually reflect the inductive nature of the grounded theory process, moving, through several analytical processes, from the ground up (Harry et al., 2005). The timeshare purchase theory begins with the 16 timeshare purchase motivator categories that emerged from the coding of the “Three Reasons Why” document in Phase one of the data collection. These categories were organized by the timeshare purchase motivation themes (sales presentation and staff; timeshare resort facilities; vacation motivations; money, price, and value) that culminate in the timeshare purchase decision, which is a combination of three or more reasons.

Phase three integrated the study’s results and the existing academic theories. To better understand the customers’ relationship with the sales staff, the emotion and decision-making literature was reviewed (Bechara & Damasio, 2005; Festinger, 1957; Hirschman & Holbrook, 1982; Mehrabian & Russell, 1974; Russell, 1980). To identify concepts unique to the timeshare industry, a review of the academic timeshare literature was conducted (Lawton et al., 1998; Ragatz & Crotts, 2002, Sparks, et al., 2008; Sparks, et al., 2007). Ajzen’s (1991) theory of behavior intention combined with vacation motivation factor studies (Bitner, 1990; Kim, Eves & Scarles, 2009; Kotler, et al., 2010; Sheth et al., 1991; Wakefield & Barnes, 1996; Zeithaml, 1988) were used for the identification of vacation motivations. Theories relating to value (Bitner, 1990; Hirschman & Holbrook, 1982; Petrick, 2002; Richins, 1994; Sheth et al., 1991; Wakefield &

Barnes, 1996; Zeithaml, 1988) and negotiation (Fisher et al 1991; Lewicki, Barry, & Sanders, 2010) were used to better comprehend the buying negotiation phase. A carefully inspired and infused theory from an existing discipline into the grounded theory, it will fit the realities in the eyes of participants, practitioners, and researchers (Creswell, 2005). The grounded theory model can be found in Figure 3.

When identifying the core themes and the process categories that explain a phenomenon, a grounded theorist generates a middle-range theory based on the data collected by the researcher (Creswell, 2005). Because of the close proximity of the theory to the data, it does not have a wide applicability or scope, such as a grand theory about human motivation that could be applied to many people and situations. It also is not a “minor working hypothesis” (Glaser & Strauss, 1967, p 33). Instead, the grounded theory is “middle range,” (Charmaz, 2000) having been drawn from multiple individuals and data points, providing an explanation for a substantive research question. In the process of finalizing the categories, grounded theorists develop a core understanding of what the research is all about and are able to begin writing a detailed story about the process (Creswell, 2005). While it may take several starts to articulate the thoughts concisely, ultimately, the story emerges. Grounded theorists include these stories in their research reports as a method for describing the process.

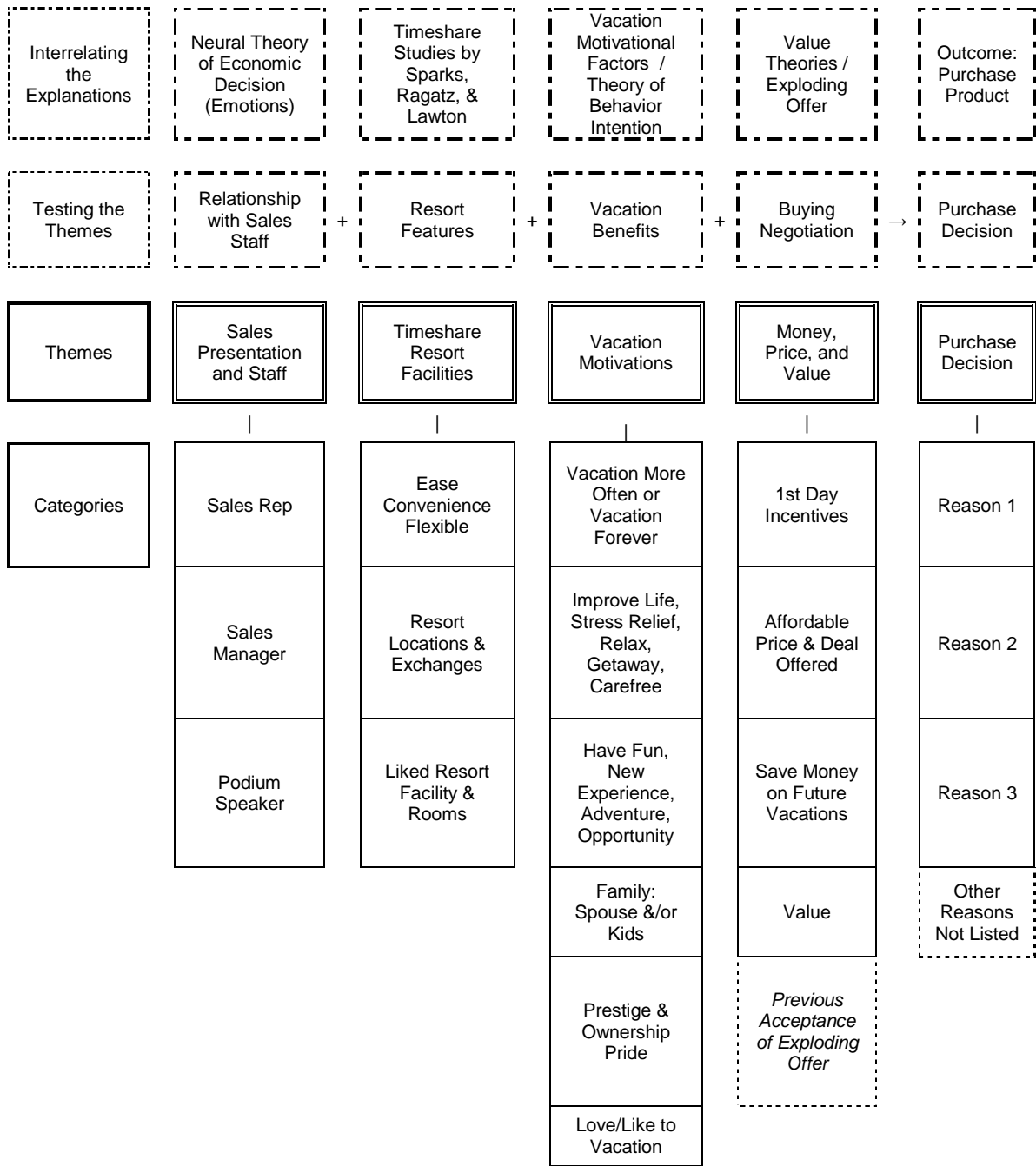


Figure 3. Consumer timeshare purchase motivator theory.



CHAPTER 5  
DISCUSSION AND LIMITATIONS

**Introduction**

This chapter summarizes and discusses the findings, implications, and limitations of this dissertation. The first section of the chapter includes the study summary followed by a discussion of the grounded theory results, the emergent timeshare purchase motivator theory, and a general discussion of the results that were presented in the previous chapter. Next, the managerial and practical implications are presented, followed by the limitations of the study. Finally, a number of suggestions are presented for future research.

**Summary of Study**

The purpose of this research was to explore why consumers purchase timeshare. Due to the limited research on the topic, the premise of this grounded theory study was to construct an initial timeshare purchase motivator theory rather than testing an existing one. The potential timeshare purchase motivator categories and themes identified in this study were explored in great detail. The study's conclusions are presented as claims to be tested and expanded on by future qualitative and quantitative research.

The primary research questions for this study were:

1. Why do consumers purchase timeshare units?
2. What are the consumers' actions, interactions, and emotional responses during the sales process?

3. Why do consumers choose to buy an expensive product that they initially had no intention of buying?

Phase one of the study was comprised of data collected from a company document at the time of purchase listing the three reasons why the consumers made a timeshare purchase. The sample for the study was a convenience sample of customers from a Las Vegas timeshare resort who had just purchased a timeshare. The data was collected over an 18-month period. The process of coding the data was to assign each comment to a code, using the constant comparison method as described in the grounded theory process (Corbin & Strauss, 2008). In total, 50 in-vivo codes were compiled. As the 18 months of consumer data were analyzed, the consumer buying motives remained consistent, both before and during the economic downturn. After the literature on the topics was reviewed and the results of a frequency test were analyzed, the 50 timeshare purchase codes were condensed down to 16 categories and four themes. Memos by the researcher were used to preserve insight as it emerged throughout the different phases of the study.

Phase two consisted of 12 timeshare sales representatives who were interviewed after their timeshare sale. These in-depth interviews allowed greater detail about the customer purchase motivation categories and themes. The study's findings support the claim from previous timeshare literature that that consumers purchase timeshares based on past identified timeshare motivators: vacation travel themes; money, price and value themes; and life experience themes (Crotts & Ragatz 2002; Lawton, Weaver & Faulkner, 1998; Sparks,

Butcher & Bradley, 2008; Sparks, Butcher & Pan, 2007). This study's findings extend the timeshare literature by providing the additional timeshare purchase motivator theme; the timeshare sales staff and sales presentation.

In phase three of this study, the researcher accompanied timeshare sales representatives and their customers on eight different timeshare sales presentations. The first result of this phase was the confirmation of the themes identified in the second phase of the study and a better understanding of how these themes in the theory related to each other. A second result was an emerging story line of the timeshare purchasing process from the observations of consumers who purchased timeshare. After a connection was made between the customer and the sale representative, the customers shared their travel desires and life dreams during the timeshare presentation. The sales representative identified the features and benefits of the timeshare program that emphasized its flexibility to meet the consumers multiple travel desires and its ability to fulfill an important consumer dream, thereby creating an urge to buy it. If a strong desire to immediately buy the timeshare was created, and the customer felt they could afford it, then the consumer typically purchased the timeshare.

During phase three, the researcher wrote memos for ideas and suggestions on topics for further investigation in the literature review, which were followed up on after each of the interviews. To get a fuller understanding of the consumers' vacation motivations and their decision-making process, Ajzen's (1991) Theory of Behavior Intention was combined with vacation motivation factor studies (Hyde &

Laesser 2009; Kim, Eves & Scarles, 2009; Kotler, Bowen, & Makens, 2010; Petrick, 2002; Sheth, Newman & Gross, 1991; Van Raaji & Francken, 1984). Bechara and Damasio's (2005) Neural Theory of Economic Decision were interrelated with consumer behavior and marketing theories for additional insight (Bitner, 1990; Festinger, 1957; Fisher, Ury, & Patton, 1991; Hirschman & Holbrook, 1982; Lewicki, Barry, & Sanders, 2010; Mehrabian & Russell, 1974; Richins, 1994; Russell, 1980; Wakefield & Barnes, 1996; Zeithaml, 1988). The timeshare purchasing themes were matched with a corresponding theory or theories from the literature that further explained what was happening in that particular group of theme and categories. The process of interviewing and then reviewing the literature to find applicable theory explanations was repeated after each of the eight interviews.

To better understand the customers' relationship with the sales staff, the emotion and decision-making literature was reviewed (Bechara & Damasio, 2005; Festinger, 1957; Hirschman & Holbrook, 1982; Mehrabian & Russell, 1974; Russell, 1980). The concepts identified in the timeshare literature (Lawton et al., 1998; Ragatz & Crotts, 2002, Sparks, Butcher, and Bradley, 2008; Sparks, et al., 2007) was reviewed with the value literature (Bitner, 1990; Hirschman & Holbrook, 1982; Petrick, 2002; Richins, 1994; Sheth, Newman & Gross, 1991; Wakefield & Barnes, 1996; Zeithaml, 1988) and negotiation concepts (Fisher et al 1991; Lewicki, et al., 2010) to better comprehend the buying negotiation theme. A carefully inspired and infused theory from an existing discipline into the

grounded theory can fit the realities of participants, practitioners, and researchers (Creswell, 2005).

### **Grounded Theory Discussion**

Grounded theory analysis, the process of giving meaning to the data, begins with the collection of the first pieces of data (Corbin & Strauss, 2008). Grounded theory involves taking data apart, conceptualizing it, and developing the concepts to determine what the parts say about the whole. Data were collected using the grounded theory procedures described by Corbin and Strauss (2008). The three phases of data collection differed with respect to purpose and data collection strategies. First, codes were identified in the data, which created categories. Then these categories were grouped to identify emergent themes. The purpose of open coding is to identify prominent topics worthy of closer study and explanation (Schraw, Wadkins, & Olafson, 2007).

Because 18 months' worth of data was coded, it was necessary for the researcher to go back and periodically review the categories to ensure that they were staying consistent month by month. Grounded theory methodology uses the process of "constant comparison" in which the researcher moves back and forth between the data, gradually advancing from coding to conceptual categories (Corbin & Strauss, 2008, p. 73). Walsh (2003) describes this repetitive, nonlinear, data-analysis process as complex, formidable, and often messy. The result was a list of categories and themes for the foundation of a theory of why consumers are motivated to purchase a timeshare unit.

The plausibility of the categories and themes were tested through in-depth interviews in the second phase of the study. An interview questionnaire was created for sales representatives based on two key questions with follow-up probes to more fully explore the customers' reasons for purchasing. The interview protocol, which is the written version of the interview questions, was in a similar format to that of a tree and branch structure (Rubin & Rubin, 2006). There were two main interview topics. First, the interview guide was designed to better understand the reasons listed by the new timeshare owner on the completed "Three Reasons Why" form. Second, the interview guide was used to more fully understand the sales process from the sales representative's point of view. Follow-up probes kept the interview discussion going and were used to signal to the respondent the level of depth and detail needed in the response.

A type of informal member checking process was used to review aspects of the study's themes and categories with the sales representatives and customers during the third phase. At this point the researcher handled the various code clusters in a selective fashion, deciding how they relate to each other and what stories they told in reference to what was happening in the data. Collecting qualitative data requires researchers to immerse themselves in the field, including how to present oneself, establish rapport, and gain trust, and how to ensure that the ethical rights of the respondents are protected (Walsh, 2003).

After each interview was conducted, the field notes of the open-ended informal conversation with the timeshare sales representatives and his or her customers were transcribed and coded. Because the interviews were spread

over a month period, once an interview was analyzed, the researcher then reviewed the theoretical model, identified the gaps, and compared the emerging model with the timeshare, hospitality, consumer behavior, and business theories, to identify concepts that could be added to the model and the story line. This systematic approach often results in fresh, rich results, the type of results that this research tried to accomplish by adding in-depth interviews to this research study (Creswell, 2005; Goulding, 2007). It was time consuming to organize, code, and analyze the data, and then compare the initial findings to the literature. There was, however, a feeling of satisfaction, similar to those that people get from finishing a complicated jigsaw puzzle, as described by Berg (2001). It was evident that the content analysis puzzle pieces come together to form interesting results.

Given grounded theory's interpretive nature, an important goal of qualitative research is to demonstrate the trustworthiness of the findings (Walsh, 2003). Throughout the study, memos were written about different aspects of the study. Grounded theorists create memos about the data to provide an ongoing dialogue about the emerging theory (Charmaz, 1990; Corbin & Strauss, 2008; Creswell, 2005). These memos can elaborate on ideas about the data, better define coded categories, or explore hunches. Grounded theory studies do not typically report memoing but for this dissertation, the researcher chose to disclose some of the memos to increase the trustworthiness of the data. The logic of the researcher's process and analysis throughout the phases was disclosed to authenticate the trustworthiness of the study, (Corbin & Strauss, 2006; Goulding, 2007; Schraw et

al., 2007). Cross-checking the categories and themes from the study's previous phases addressed an additional level of the trustworthiness in a qualitative study.

When identifying the central themes and the process categories that explain a phenomenon, a grounded theorist generates a middle-range theory based on the data collected (Creswell, 2005). Because of the close proximity of the theory to the data, it does not have a wide applicability or scope, such as a grand theory about human motivation that could be applied to many people and situations. As the categories are finalized, grounded theorists develop a core understanding of what the research is all about and are able to begin writing a detailed story about the process.

### **Implications of the Findings**

The results of this study have practical as well as theoretical implications. Qualitative analysis is not about providing numerical summaries, but instead it is to discover variation, portray shades of meaning, and examine the complexity of human interaction through the respondents' words (Rubin & Rubin, 2005). Shades of meaning for the timeshare codes and themes emerged from consumer documents and the interviews. It was identified in the literature and also in each of the three phases of data collection that family was a popular purchase motivation category. The shades of meaning for the category "family" ranged from parents who wanted a vacation away from their children to parents who saw vacation as an opportunity for increasing their children's learning. Several customers saw travel as a reward for a child's special milestone or for a



chance to increase family bonding. Responses from timeshare owners reinforced the desirability of the multiple rooms, allowing everyone to have their own privacy, which increases the vacation experience for everyone. One customer wrote, "Being at home without being at home."

Active forms of vacationing, such as exploring new countries or just having fun in a favorite vacation spot, were important to some of the new timeshare owners. Passive vacation experiences were important to others as customers shared that they just wanted to get away, relax, and be carefree. Often times, each spouse had different destination as their dream destination. Comments included, "To see things and places that we would not have gone to otherwise" and "To go places I have always wanted to go with my family". The flexibility and the numerous resort locations gave customers the hope that everyone's dream vacation could come true, even ones that some felt they would never be able to accomplish in their lifetime.

Saving money or getting additional perks were key buying points for many customers. "Offers tremendous travel deals that allow me to expose my family to bigger things in life. My goal is to teach my family that life is bigger than you. Thanks!" For others, timeshare allowed them to save money, travel, and reach their dreams. One customer commented "because we like to travel, we will save money and travel to more areas that we have been considering." Value, as in other studies, was important for customers in this study: "the value - all the perks you get and the quality of the resorts are exceptional."

The finding that stood out from all of the other timeshare, vacation decision-making, and consumer behavior literature is that the top reason consumers made a purchase was because of the sales staff. Throughout the study there are hundreds of comments about the “friendly,” “awesome,” “helpful sales staff”. One customer wrote “Everyone here was friendly. No high pressure. Randy rocks! Thank you!” Another customer comment was, “Roland was very friendly and informative. He made the stories interesting and made us want to join.” A difference customer shared, “No sales pressure, it sold itself. The main reason was Joe. He addressed all of our concerns and convinced us that this would allow us to travel and leave a legacy to our children.”

### **Limitations of the Study**

Several limitations of the current study are noted. First, this study’s findings are based on consumers’ perceptions and are not intended to generalize to a broader population (Creswell, 2005). Second, this study’s findings should be viewed as exploratory. Qualitative methods are intended to generate rather than validate a data-based theory. Third, consumers were selected intentionally because they had purchased a timeshare unit during the time period under study. It was not possible to know whether consumers who did not purchase a timeshare unit would report similar beliefs and behaviors about the timeshare sales process. Fourth, the present findings pertain to a successful timeshare sales resort. It is not clear whether the present study’s findings would bear any

resemblance to other timeshare destinations or other timeshare resort companies.

A final concern was the extent to which a grounded theory researcher can be expected to be a blank slate. This inductiveness of the research requires the researcher to approach the data from a relatively neutral position, as the main goal is to describe and understand. Having a hospitality business sales background combined with knowledge of the timeshare literature, as well as a set of beliefs about what constitutes effective sales and marketing practices, the researcher paid close attention to her personal biases, both positive and negative, throughout the research process.

Despite the limitations noted, the study's findings contribute a new and critically important perspective on consumer buying motivations in the timeshare industry. It is not based solely on travel motivations, timeshare resort facilities, and price features as previous research has suggested. Rather, the relationship formed between the sales representative and consumers includes an emotional element in addition to the desire to own the timeshare product.

### **Implications for Future Research**

This study's findings indicate that timeshare sales are made in large part due to the timeshare salesperson and the relationship built during the sales process. In contrast, most timeshare researchers had described the timeshare sales process in a negative context (Hawkins 1985; Lawton, Weaver & Faulkner, 1998; Ragatz & Crotts, 1997; Schreier, 2005; Sparks, et al., 2007; Woods & Hu, 2002;

Woodside, Moore, Bonn & Wizeman, 1986; Ziobrowski & Ziobrowski, 1997).

One of the first academic articles on the topic of timeshare (Hart, 1980) identified early on that, unlike other products, it is difficult for consumers to go shopping for timeshare because of the marketing and sales tactics.

Future studies should include further research on why consumers do not purchase timeshare and ways to address this issue. A timeshare exchange company study identified that the top reason for customer hesitation in the timeshare purchase process is the requirement to purchase the timeshare at the end of the timeshare tour (Rezak, 2002). Over 60% of timeshare owners surveyed in that study rated this concern as very important; primarily because they wanted time to think over an expensive purchase. This finding suggests that the pressure to make an immediate purchase decision probably is a key factor standing in the way of timeshare sales. It is interesting to note that the survey's respondents were those consumers who purchased a timeshare despite this objection. It is likely that many consumers did not purchase due to this issue. This is further indication that the traditional timeshare presentation with the today-only pricing may not be the optimum sales strategy.

### **Conclusions**

By being in the field collecting qualitative data, researchers can gain close to first-hand experience about a problem that is critical to the way they understand the phenomenon, shape their research model, and contribute to both the academic field and the hospitality industry (Kwortnik, 2003; Mehmetoglu &

Altinay, 2006; Walsh, 2003). The purpose of this research was to explore why consumers purchase timeshare during the timeshare sales process. Rather than testing an existing theory, the premise of this grounded theory study was to construct an initial timeshare purchase motivator theory that could be tested in future research. The study's conclusions are presented as claims to be tested and expanded on by future qualitative and quantitative research.

The model of timeshare purchase motivators shown in Figure 3 presents a systematic analysis of the timeshare sales process that will aid both future qualitative and quantitative research. The study's findings support the claim that consumers purchase timeshares based on past identified timeshare motivators, including core vacation travel themes; money, price and value themes; and life experience themes. The study's findings also extend the literature by providing the additional timeshare purchase motivator theme of the timeshare sales staff and sales presentation.

This study's findings indicate that timeshare sales are made in large part due to the timeshare salesperson and the relationship built during the sales process. One of the first academic articles on the topic of timeshare (Hart, 1980) identified early on that unlike other products, it is difficult for consumers to go shopping for timeshare because of the marketing and sales tactics. Two years later, the same researcher identified that the sales and marketing link was a critical factor in a timeshare resort's success and was the variable with the greatest impact on timeshare's profitability (Hart 1982). Hart pointed out that neither a low price strategy nor a forceful sales and marketing strategy was optimal for profitability.

Instead, the key to increased profits was to find a market niche where the timeshare resort company created a product for an unfulfilled consumer need. This advice rings true today, twenty years later.

Ingrained in day-to-day operations, resort timeshare industry professionals often do not avail themselves of research on the industry (Rezak, 2002). The timeshare industry has convinced itself that consumers are unable to decide to purchase timeshare unless they sit through a several hour sales pitch (Schreier, 2005). Better understanding of the consumers' vacation experiences must be translated and incorporated into the entire marketing and sales process. Not only must the timeshare product be fun, simple, and straight forward, but so should the shopping and the purchasing process. If people can go online to a cruise line's website and book a \$10,000 cruise, why can't they go online and spend \$15,000 for a lifetime of vacations? Timeshare companies must change and improve the entire timeshare marketing and sales process (Wells, 2005).

Despite the limitations noted, the study's findings contribute a new and critically important perspective on consumer buying motivations in the timeshare industry. It is not based solely on travel motivations, timeshare resort facilities, and price features as previous research has suggested. Rather, the relationship formed between the sales representative and consumers includes an emotional element in addition to the desire to own the timeshare product. This perspective makes addressing the issue of the timeshare sales process all the more challenging.

## APPENDIX 1

### INTERVIEW PROTOCOL

Topic 1. Understanding the new owners' "Three Reasons Why" list:

- What do you think they meant by \_\_\_\_\_ (item on list)?  
Probe: Give me an example of what they said about \_\_\_\_\_?
- Repeat for item #2 and item #3
- Were there other important areas to your new owners that they didn't write down, such as a dream vacation location or personal challenges?
- Often when people make a purchase, it is because they feel the item purchased gives them hope in a specific needed area. Do you think this was true for these new owners? If so, what areas do you think (name of resort) gives the husband/wife hope?

Topic 2. Understanding the Sales Process from the sales representative's view:

- What was the turning point in the presentation when they decided to buy?  
Probe: Was it something they said or did that made you feel that way?  
Probe: Have you seen this before with other new owners?
- Who was the decision maker?  
Probe: Who wanted to buy it; the husband or wife?  
Probe: Who was in charge of making the financial decisions?
- Where in the presentation did you connect, where they trusted you?
- What were the husband's biggest objections?  
Probe: What were the wife's biggest objections?
- What was the sales experience like for you?

## APPENDIX 2

### TIMESHARE SALES REPRESENTATIVE INTERVIEW

L: Interviewer

P: Participant

L: The first reason they listed on their form was “great presentation.” What do you think they meant by this?

P: They had toured at Marriott and they had some trust issues because of the way they were treated on previous timeshare tours. In my intent statement I say that I don’t need to give a long song and dance. The trust comes from getting real with my customers.

L: The next reason they listed was recent plans for upcoming vacations.

P: They had wanted to send their daughter to Japan.

L: How old was their daughter?

P: She was 21. They were here actually celebrating her birthday in Las Vegas. They thought how cool would this be. And it just so happened that they opened up the RCI book and, boom, there’s a bunch of resorts in Japan that they knew. Their last name was Hashimoto. That was neat to pull out the book and they could see resorts in their country in places they wanted to go. They wanted their daughter to experience their culture back in Japan  
We were able to bond in a general way. She was actually from the country. Her ancestors were from Japan. I just saw the movie, *The Last Samurai*. It was



beautiful. Well, what was beautiful was when he is in his home town in the country, every little thing they do, like growing a tree, and, and, and, you know when they cut the limbs off the tree to keep it healthy and stuff, you know pruning. They take such joy and they do it in such a loving way. And we were talking and you know I worked on a cattle ranch. She was familiar with that. She had a tractor; I had a tractor. We talked about the culture. We were able to put those two together. And she thought that, that, that's cool. They really wanted their daughter to be able to experience their culture back in Japan.

L: They saw this as vehicle to do that?

P: A vehicle to experience other cultures. They said they probably will not be vacationing in Oklahoma, though, and I said, "That hurt. Ouch!" (He's from Oklahoma).

L: There are timeshares in Oklahoma?

P: It's on Grand Lake, and the resort's called Shangri La. I've been there. It has a golf course; I've hung out there before. There's another one in Eufaula, Oklahoma.

L: They see where this is going to help them go where they want to go?

P: They had looked at Marriott and I think this had more flexibility, was less restrictive, but was also less expensive. It had more to offer than Marriott did, but what they really liked was that Presidential Suite. They saw themselves with

their family and friends using that Presidential Suite, for get-togethers and they did mention Christmas time. And how cool that would be.

L: The last reason they listed: to provide opportunity and incentives to take future vacations.

P: You know, I haven't heard this that often at the tables. He was an engineer.

L: That's even more kudos to you.

P: His wife was so cute, she goes. "My husband makes plenty of money, don't worry about that." (He laughs.) You know me, I'm going down, and I'd just as soon show them the exit program. But Tim held tight. And I really like how Tim did this. Tim showed them the 26 (\$26,000 package) and then he showed them the 19 (\$19,000 package). But then he showed them a package that just for \$2,000 more you'd get 3,000 more points and these other extras.

P: Tim really did a good job and (hushed voice) that needs to be mentioned in the morning meeting. P. and H., they need to know this. We've done two or three deals together. Tim had good rhythm. Of course, I help 'em at first. I want to help all of them but I'm tired of getting kicked. Now, I have a lot of trust in Laurie, I have a lot of trust in Tim. And I know how Chris works. He just lets me do it. But Tim really did it and then she says, "He's got plenty of money, let's do this."

P: He just flat mentioned, "Now that we own this, we're more apt to do it. Too often we've talked about going on these trips and have just not done it. "

You know, I think they really liked that one number that they call, the ease of doing it.

I hope what I've been saying is true; that right now hotels are down because no one is going. But timeshares are up because damn it, you own it. And if you own it, you're going to go. It guarantees that you'll go. We cannot predict what is going to happen in this world. But we can if we have a plan in place. And if so, we're going to do it. That was important to him to know.

L: Where there any other areas that they wanted to do this that they didn't list on the form?

P: No, their daughter's trip was key.

L: Were they going with her?

P: She's going to Japan on her own. It's her own deal.

L: What area of hope do you think buying this gave them?

P: He was like the other end of the spectrum from me. I told you this story about my grandfather. I said, "Grandpa what is the difference between a realist and an idealist?" (In a different voice) He said, "An idealist, such as yourself, has their two feet firmly planted in midair." (Voice lowered.) Everyone was listening at this restaurant. "A realist is one who sees them as they are and responds to them accordingly."

P: He (the owner) was a realist. He saw that if they owned this, the things they had talked about, would actually take place. Using the engineering mind, their dreams would become less imagination about taking vacations, and more concrete. So I think that he saw that, he saw that, in doing this. (Tapping table)

P: I think another thing that really worked on several occasions was I said, "No one ever takes me up on this but any time you want to, you two can stop me and I can document it or verify it." Well, she stopped me, later, two or three times. I was right on the money. I think I mentioned prices about the cruises and she doubted that. And I, boom, I brought it right up, and boom, it was right there. I wasn't going to get into that on the kiosk but I was right in line with prices on the cruises and she liked that.

P: They came in not to buy. I mean. First thing they said was, "We don't want to waste your time." I said, "You're not going to waste my time. Because can't; you don't have the power to waste my time. (Banging hands down on the table.) I'm going to have fun regardless. I'm going to do my job and I'm going convey this information. (Banging hands down on the table.) Now, I think you'd be smart to listen."

P: But ah, (lowered voice) you know, I'm on my own. Now you know, personally, I'm not adjusting. I know they say in the meetings, adjust, be an actor. (Now louder.) Fuck, I'm just not going to do it. Just like I'm talking to you, the same

way I did to them. It's the same way I was talking to them. The same of tone of voice, same verbiage, same look in my eye. If you were my sister, I'd talk to you the same way.

P: So I think, ah, where was I again? Oh yeah, getting back to where they said, "We don't want to waste your time." I said "That's impossibility. We're going to have fun." They said, "This is not something we're in the market to do right now." I'm not bragging. I'm not. What I'm saying is I think they really appreciated and really liked how I presented it to them. We were having fun but I kept it professional enough and I think that they appreciated how it went down and the way it was presented to them.

L: Now do you think there was a certain point in the presentation where they decided to buy?

P: The first time they started to make the turn was when I actually opened up the RCI book, and I knew they were planning a trip there. I don't think they expected to see a lot of resorts in Japan and they didn't expect to see a lot of resorts right where they intended to send their daughter. That kind of woke them up a bit.

L: If they had been to Marriott, they saw Interval International, which has less than half the resorts that RCI does.

Another rep walking by said: They don't have resorts in Japan at all.

P: (In response to the other sales representative.) I did not know that, thanks.

(Back to our initial conversation.) I could tell they started listening more. So just in the way that it was presented to them, they started listening a little bit.

But the big turn, was actually for some reason, was up at the presidential suite. It was not just the presidential suite. I guess it just all kind of came together at that point in time. There were some other things they heard up to that point. But when they were in the presidential, they were like, "Whoa. (Bangs hands on table.) This too?" (Again bangs hands on table.) That just made them flip, right there.

L: Have you seen this before with other new owners?

P: (Lowered voice.) You know what? When I'm on my game, and I'm working my deal, I'm not so much thinking about the sale, as I am the presentation. When I was a broker in the oil business. After we'd crack a deal, you know, you might go four or five months without making a deal, and then, boom, it'd go down. And everyone wanted to celebrate. But I was more into the deal (almost whispering). Now I didn't do all of the entertaining you might think. That was my dad; he was into all of that, a great entertainer. That was part of the business. I was more into the negotiations, and the deal, the game. I loved the back and forth. So when I'm on my game, I'm not so much thinking about the sale as I'm thinking about, (snaps fingers) working the deal. And it was working. There's a rhythm to all things. You could feel the rhythm, the rhythm, was intact. It takes both

people. You're going to have back and forth opportunities. You might have 100 of 'em, during that two hours.

P: Whereas every action causes a reaction, boom, boom, boom. So like the Chap Stick. (They both had the exact brand and flavor of lip balm) That could have gone nowhere or out in a ditch. Instead it, boom, it raised our level of communication, you know, five, six, notches. The look in our eyes and the little smile she gave me. She was actually very quick, a high intellect. We spotted (snapping fingers) certain things at certain times. Giving me that knowing kind of look. That was cool. See look, (showing me his arm) I got goose bumps. It was just one of those deals. So, the more time we spent together, the greater the rhythm became.

P: Then all of a sudden. I didn't even know the deal went down. I went to the bathroom and I came back I didn't know it had gone down. This really happened. I was having such a good time, doing the deal. I'm dead serious about that. The game was on. It was great. And all of a sudden, I thought, "Oh, I got the deal. Cool." But I'd forgotten to shake their hands. I had forgotten to think about it. The T.O. said, "Aren't you going to shake their hands?" I said, "Oh yeah. Cool. Congratulations. Can I ring the bell?"

L: Who wanted it more, the husband or the wife?

P: Normally that's any easy call; it's either the husband or the wife. In this case, they were tight. This is the kind of relationship I would want. In this case, it's an abnormal case; both of them wanted it together, as a team. They had that kind of relationship you want. They don't talk about being together on things; they are together on things. They wanted this for them, they wanted this for their family, and they wanted it an equal amount. The other deal, the day before, it was all about her, it was her idea.

L: Who was in charge of making financial decisions?

P: I think both had veto power (laughs). Usually I can find out who handles the money. Most of the time it's the woman. Couldn't get a clear read on this one. Both had veto power. This was a little bit different deal in that aspect, in that regard. You know, the best relationship is when two whole people come together. Both were both really whole. Both two really solid people, not dependent on each other. That was neat.

L: At what point in the beginning that you felt you connected with them?

P: There were a couple of things said. But it was something in the eyes. It was an acknowledgement, humor, trust, and chemistry. (Snaps fingers.) All in one look. You know what I'm talking about. Boom. You connect.

L: What do you think the husband's biggest objection was?



P: Even though she's the one that verbalized it, I think he had a trust issue. I think they'd been on three, four, five tours. And I think that they had your car salesman-type guy. And I'm not speaking badly about them. But I think they got hammered a little bit, or teamed up on. And ah. It's like I like it; they could easily be deceptive and act like they didn't know what I was talking about. They are smart as shit. They were very bright intellectual, successful people. But with me being myself, they were themselves. And they were treated well. But they might not have been treated like that at other places. For other places, it's all about the sale.

L: What do you think was the wife's biggest objection?

P: She really, even though, I think it was the same thing. I think they had been told different things and whoever the other tours were; they were unable to back up their details. They might have played dumb and then said, "Okay, you said this, you said that, boom, boom, boom, boom, boom, show me." And they were unable to deliver. You can tell when one some guy is back tracking. You can tell when some guy is smoothing it over. You know, I did bring one T.O. over and he was kind of doing that. I didn't call him over again. It just worked out different with us.

L: Tim was a part of it. He wasn't your traditional type of closer?

P: Actually (clicking pen and then lowering voice). Actually, I did this on purpose. Tim is a, he reminds me of JL. He has a nonthreatening manner about

him. But also with his age, he comes across as a grandson or younger brother type deal.

P: But when I turn my hat around, and I'm gonna bear in, I need someone who is professional yet have a non-threatening deal. And he handled himself so well. And he also saved his ammo. And he also listened to me, as I had spent time with them. And I told him, "I know you've saved some ammo. The key to this thing, is not one week, but two weeks in Japan for the daughter. I believe we can nail this down." And he went over and nailed it down. So he listened to me instead of being some know it all T.O. like you get, (under his breath) fuck that. He had tremendous rhythm. He handled himself professionally.

P: And then Steve; I'm proud of Steve. He did some clarification on the \$129, would it always stay the same? It was something on the club dues. I said to Steve, "I want you to address this." He said, "No you address this." "No," I said, "you address this. Why don't you come over to the table and explain." Steve came over and said, "I was wrong on that. It hadn't changed in about nine and a half years. I went and talked to the big boss." He humbled himself a bit on this deal. That went a long way with her. I could see she was checking him out. You know you can spot him about a quarter a mile away; he's a used car salesman. I've asked Steve to come over two or three times and he never has. He did on this one.

P: It was a combination of a lot of different things but it was the people that worked the table.

L: What was the sales experience like for you? It sounds like you really connected. Is this similar to other deals?

P: You and I have talked about this. You know like that line in "As good as it gets." You're going to be a better salesman when you're inspired by better customers. When I sat down, I could feel something. I was inspired to be the best salesman I could be for them. Just like you're going to be yourself regardless, but a lot of times, you can meet someone that brings the best out in you. (Snaps fingers.) I was inspired to do my job well.

L: Okay, as I mentioned this interview is for my school work and is confidential. What would you like your alias to be?

P: My stage name is Bob. Cool, I enjoyed it.

L: Thanks Bob, I enjoyed it too.

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