

In-House Tour Generation Metrics

By Stefan Cosentino and James Drake

Introduction

Pompano Beach is a beach tourist destination north of the more renowned Fort Lauderdale and Miami beaches. Pompano Beach hosts several of Florida's warm and clearest waters, ideally supporting water-based leisure activities such as deep-sea fishing, snorkeling, and scuba diving. Additional popular tourist attractions include a nearby horse track and a small casino drawing both tourists and local residents.

Courtney Brooks works as a Marketing Administrative Coordinator at Stellar Resorts, which operates a resort in Pompano Beach. Stellar Resorts is a timeshare company that operates 12 resorts, primarily in the Southeastern United States. The Pompano Beach resort is situated on a narrow strip of land west of the intercoastal waterway and a ten-minute drive to Atlantic coast beaches. The Pompano Beach Resort, referred to as POMP by employees, is one of Stellar's first and oldest properties. The POMP resort is a ten-story, 100-unit property built in the 1980s that is now dwarfed by the much larger and modern condominium developments built around the resort during the late 1990s and early 2000s real estate boom.

The marketing mix or channels that Courtney supports at the POMP are exclusively Off-Premise Contact (OPC) and On-Premise Contact, commonly referred to as In-House marketing. These channels generate sales tour appointments to the sales center located at the resort to ensure a flow of qualified prospects that may be offered Stellar's points-based product for purchase. Similar to other timeshare companies, Stellar Resorts primarily generates revenues from sales of its timeshare product, followed by consumer financing of purchases, and property management (Wyndham Worldwide Corporation, 2017). The In-House location or concierge desk is at the resort and focuses on generating sales tour appointments from guests staying at the POMP resort. The marketing department also operates several OPC locations which are concierge-style kiosks, desks, or booths at local hotels and attractions that focus on generating sales-tour appointments from in-market tourists visiting the Pompano area.

Marketing operations at the POMP are led by Alex Benoit, Marketing Director, who oversees the 29 employees working within the marketing departments, as illustrated in Figure 1 below. As Alex works primarily at the POMP to directly manage the In-House department,

there is one supervisor within the OPC department that oversees the daily operations of the three OPC desks located off-site.

As Marketing Administrative Coordinator, Courtney supports the marketing department's tour generation efforts by managing aspects of the department's new hire paperwork, staff scheduling, and payroll. In terms of new hire paperwork, this includes compiling employee data and forms, such as an I9 that is forwarded to the corporate office for processing. Staff scheduling includes defining the marketing agent shift schedule for both the In-House and OPC locations based on the general direction that Alex and the OPC supervisor has provided. Beyond office-related duties, Courtney also contributes by working at the In-House concierge desk when needed.

Top line tour flow process

As the marketing department head, Alex partners with the Sales Vice-President and Sales Administration Director in effectively managing the tour flow process at the resort illustrated in Figure 2. Each department and associated staff are integral in contributing to the tour flow process and company objectives of generating sales revenue from the sale of Stellar's timeshare product.

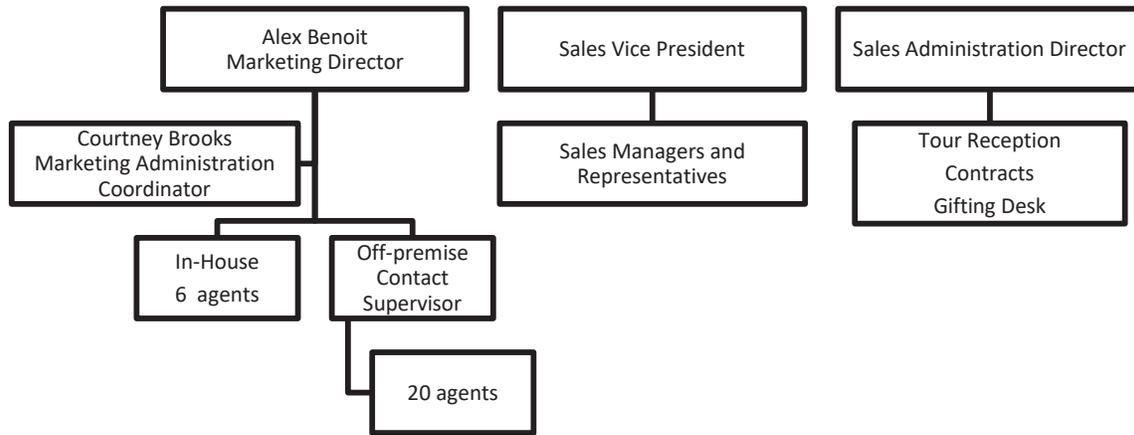
The marketing department, through both the In-House and Off-Premise Contact marketing channels, generates sale tour appointments for qualified prospects that are directed to show up at the tour reception desk located at the front of the sales center. From there, tour reception agents who work for the sales administration department assign a Sales Representative to each tour appointment who starts the sales process. The Sales Vice-President oversees the sales process and is responsible for the sales volume of the sales representatives to meet budgeted sales revenue targets. Sales Representatives specifically follow a defined sales process (ARDA International Foundation [AIF], 2014c) that generally includes a meet and greet, an introduction to the timeshare product, a tour of the property, and a product purchase recommendation.

If the prospect chooses to buy, they will begin the contract process (AIF, 2014c). If they do not choose to purchase, they will be guided to the gifting desk where they receive the gift offered by the marketing agent for attending a tour. Sales administration employees manage the data entry during the sales portion of the tour flow process in the systems employed that the site relies on to manage performance and produce reports. The Sales Administration Director oversees the Tour Reception and Gifting desk as well as the contracts process.

Stefan Cosentino is affiliated with California Lutheran University.
James Drake is affiliated with Metropolitan State University of Denver.

Figure 1

Organizational Chart



In-House marketing guest arrival mix and segmentation

Stellar Resorts views any guest checking into the POMP as an In-House arrival where every reservation is a potential prospect from which the In-House department can generate a tour. As the In-House marketing department's objective is to generate sales tour appointments from guests staying at the resort it is provided access to arrival information from the resort's reservation system. From the arrival data, marketing segmentation is applied as it identifies homogeneous market segments or groups with similar qualities and positions marketing communications or processes for each target segment (Albert, 2003; Weinstein, 2014). This segmentation is crucial as it impacts how In-House marketing agents approach the guest to book a sales tour appointment, the qualifications required in being offered the tour, and the amount of time quoted to the guest that the appointment will last.

The primary criteria for In-House marketing to segment the guest arrival mix is whether the guest is an owner or is a non-owner of Stellar's product. While simple, this segmentation again guides criteria applied in qualifying guests and further sales center logistics on aligning the guest with the most effective sales representative during the sales appointment. Guests who own Stellar's product already may not need an introduction to Stellar Resorts during the tour as non-owners might, which may increase the length of time quoted. This is important as time quoted for an owner tour may be 60 minutes versus a non-owner of 120 minutes.

As reservations at Stellar properties is not restricted only to owners, the In-House marketing department may also further segment categories of non-owners. Exchange guests are arrivals that own with different timeshare brands and have traded their use-rights of their own timeshare for usage rights of an equivalent unit at another resort (AIF, 2014c) which in this case is Stellar's Pompano resort. Rental guests are consumers who booked a stay at the resort versus other lodging accommodations.

From ARDA's State of the vacation timeshare industry: United

States study (AIF, 2017b) the average percentage contribution overall to a timeshare's resort occupancy may be 44% from owner reservations, 15% from exchange guest, 15% from rental guests, 5% from marketed guests, and the balance of the resort's inventory remaining vacant (21%). Marketed guests are consumers who purchased a mini-vacation package or stay at the resort on a marketing program. Mini-vacation packages typically include nights stays at the resort and require the guest to tour the sales center as part of their travel package purchase. Although not utilized at the POMP because of the size of the resort, Courtney is aware that mini-vacations or "mini-vacs" are part of the marketing mix at larger and newer resorts operated by Stellar Resorts.

Tour qualifications

Not all arrivals or guests staying at the property may be offered a tour. Since guests will be asked to purchase a timeshare product during their sales appointment, specific qualifications have been defined so that the tours scheduled for the sales center are likely to purchase and more importantly, have the capacity to purchase. Below are some of the qualifications In-House agents must confirm with the guest before setting a sales tour appointment.

Courtney had explored some of the reasons these qualification criteria exist by asking a sales representative she had befriended.

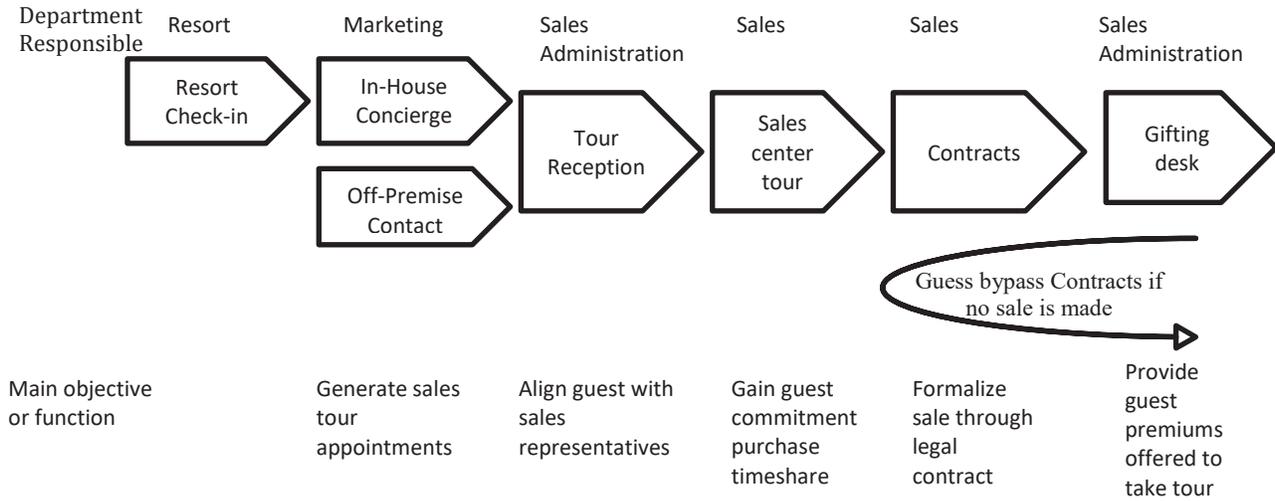
If a guest is not accompanied by their spouse, they may often decline purchasing a contract as they "cannot commit to purchasing without talking to my spouse." Also, this may be a reason offered by a guest after their tour purchase to cancel a sales contract as they did not consult with their spouse before purchasing.

If the owner is not in "good standing" or current on paying annual HOA maintenance fees or contract financing payments, they may not be approved to purchase even if they want to buy.

The non-owner qualifications are more extensive to ensure that

Figure 2

Top line In-House or OPC Tour flow process



the guest has the ability and the credit score necessary to buy as their FICO score is checked prior to financing a contract.

Major credit card required as the guest will be asked to buy during the tour and will require a deposit or down payment.

If a guest has toured in the past 6 months, they are less likely to buy.

In-House marketing guest contact and concierge desk

As the tour flow illustration in Figure 2 suggests, any guest checking into the resort first stops at the resort front desk to obtain room key cards and process the room deposit transaction for incidentals just like at a traditional resort hotel. These guests are then directed to the concierge desk to obtain a parking pass, amenity bag (toiletries), or any other incentive to ensure that In-House agents have an opportunity to offer a guest a sales tour appointment. The concierge desk at the POMP sits opposite the resort front desk in the main lobby. Although the POMP resort was developed by Stellar Resorts, the In-House department rents the concierge desk space and nearby office from the Home Owners Association (HOA) that oversees operations of the resort through the property management team staffed by Stellar Resorts. HOA income is also generated by the sales center space rented and any 3rd party renting space for amenities such as the coffee bistro

or quick-service restaurant the resort operations team operates.

Alex has spent a lot of time working with the In-House agents to enhance the value provided by the concierge desk. Prior to his arrival, the focus of the agents was shallow in quickly transitioning to offering a sales tour after greeting the guests. Since then, he has trained agents to first offer concierge-style service assisting guests in planning their itinerary for their length of stay by sharing information on local attractions, tour operators, restaurants, and shopping experiences before offering a tour. The time spent with the guest assisting with the planning of their itinerary also helps the agent position the tour appointment pitch during a time the guest has no activities planned along with a tour premium or gift that may be of interest to them.

In-House sales tour appointment pitch

In both the in-person or pre-arrival call scenario, it is the objective for In-House agents to have the guest schedule a sales-tour appointment after the agent has built a rapport with the guest. While the approach varies based on each guest's situation, it generally follows the AIDA model (Strong, 1925), where the agent attempts to gain the guest's Attention, Interest, Desire, and Action in promoting the sales tour opportunity and increasing commitment to attend it. Table 3 be-

Table 1

Arrival segments

Owner arrivals	Non-owner arrivals
Consumers who own Stellar Resorts product that are staying at the property.	All other arrivals which may include; <ul style="list-style-type: none"> • Friends or non-immediate family members of the owner using an owner's reservation to stay at the resort • Exchange guests • Rental guests

Table 2

Tour qualifications for Owner and Non-owner segments

Owner	Non-owner
If married or cohabitating, the prospect must tour with spouse or partner	If married or cohabitating, the prospect must tour with spouse or partner
Must be an owner in good standing with Home Owners Association (HOA) or club fee payments and contract financing payments.	Must be employed with a minimum household income of \$50,000.
	Must be 25 years of age or older
	Must bring a valid photo ID and major credit card not linked to a debit account.
	Must be creditworthy or in the process of a home loan modification (no bankruptcies or foreclosures in the past two years).
	Must not have attended a Stellar Resorts sales presentation in past 6 months

Note. Qualifications for non-owner consolidated and adapted from online mini-vacation package offers from multiple vacation ownership companies. Actual qualifications vary by developer and may not be inclusive of all listed (Bluegreengetaways, 2017; Diamond Resorts International, 2017; Welk Resorts, 2017; Wyndham Trips, 2017).

low adapts the AIDA model and communication approaches discussed by Rowley (1998) in the context of a sales tour appointment pitch.

Premiums

Alex and Courtney review the premium list quarterly to ensure that the incentives offered to prospects are aligned with the most popular activities that are available in the Pompano area. As shopping, sightseeing, and aquatics are, in general, the most popular activities resort guests may engage in (Mullan, 2015), Alex and Courtney make sure this list has the most popular options available. Suggestions from In-House agents are also considered as they receive inquiries from owners and guests if the concierge desk has or sells a particular ticket.

The premium, gift, or incentive that agents offer to gain commitment to sales appointments are local attraction tickets or restaurant gift cards that can be used by the guest during their stay in the area. The average retail value of these premiums accepted by a guest at the POMP is \$100. Alex, though, generally acquires these premiums through a bulk purchase at an average of 15% off retail. While Alex has provided a guideline to In-House agents targeting \$85 net cost in premiums per sales appointment, marketing agents are encouraged to start with a lower offer and increase it for guests who need to be enticed just a little more to commit.

In-House Marketing Metrics

In-House penetration

To actively measure the In-House marketing department’s ability to generate sales tour appointments, Stellar Resorts monitors a statistic called “In-House penetration” which is the percent of arrivals staying at the resort booked for a sales-tour appointment. Stellar Resorts utilizes the gross arrival method where each arrival counts

regardless of whether it is not qualified to take a tour. So, if there are 100 arrivals for a given day and only 60 are booked for a sales tour, the penetration rate is 60%. Alex shared with Courtney previously that prior to changes being implemented enhancing the concierge-style service provided by agents, the tour penetration percentage was well below the company’s target of 50%.

In-House penetration: Number of tour appointments/Number of arrivals or $60/100 = 60\%$

Marketing cost structure

Over the past several months Alex has been including Courtney in several meetings she typically has not attended. These included a conference call with the Regional Marketing Director to discuss Cost Per Tour (CPT) during last year’s budgeting process. CPT is the amount that the sales site is charged through internal accounting transfers for each tour it receives from marketing and is based on the average cost required to deliver the tour. In preparing for this meeting, Courtney was to pull together all the costs, expenses, payroll, and tours generated by each of the three marketing departments for the last month. Costs and the type of expenses vary by department based on how they were developed. Alex crudely sketched out the primary type of expense sources by department # (01) and name (In-House) listed below. In addition to specific departments created for each major tour generation channel, a marketing administration department is created to capture costs incurred supporting the other departments. Although corporate or regional finance analysts produce these reports on a regular basis, Alex wanted Courtney to be familiar with the data sources.

Alex continues to explain that determining the approximate cost per tour for In-House and OPC departments is relatively simple but admits he is oversimplifying it. The total costs assigned to those departments are divided by the number of tours each tour production department (01,

Table 3

Sales tour appointment pitch adapting AIDA model

A	Attention – where the customer becomes aware of the product.	The marketing agent gains the guests’ attention by providing concierge-level service and assisting with itinerary planning during the guest’s length of stay. This helps create a favorable climate for future sales.
I	Interest – where an interest in the product develops	This sales tour appointment is positioned as an opportunity to learn about or learn more about how owners of Stellar’s timeshare product can maximize usage of their timeshare product by staying at new Stellar properties or for other travel experiences such as cruises.
D	Desire – Where the customer has developed a sense of wanting the product.	As an incentive to stimulate a guest’s desire to take the action of booking and attending a sales tour appointment, the agent will offer a guest a gift or premium. This may be a complimentary restaurant certificate or attraction tickets retailing for roughly \$100.
A	Action – where a purchase is made.	The agent suggests or may use an assumptive close in scheduling a sales tour appointment that fits within the guest itinerary. Sales appointments are generally scheduled for the next day or later based on how many days they are staying and where it fits into their itinerary. The guest is then directed to show up at the tour reception desk in the sales center for their appointment at the scheduled time.

02, in this case) generated in a fiscal year. Alex adds that the expenses for Department 03 (Marketing Administration) are distributed to the two other departments proportionally based on the tour count that each department produces overall. These administrative costs are generally Courtney’s and Alex’s salaries, the cost of renting the administrative space for the offices at the resort, and the utilities and office supplies.

He also explains that financially the marketing operates on a zero-based budget as it is funded and paid by sales for the tours it produces and is not designed to make money or have a positive budget surplus. In other words, a portion of the sales revenues is “paid back” to the marketing department to cover costs incurred for producing tours. If the total costs assigned to 01-Inhouse for any given time frame is \$90,000 plus \$10,000 from the 03-Administration transfer, and the number of tours produced is 400, the CPT is \$250.

Cost Per Tour (CPT): Total marketing expenses/# of tours or $(\$90,000 + \$10,000)/400 = \$250$.

All of the costs associated with generating tours are internally transferred to sales. This is done so the sales volume generated from each marketing channel or category can be compared to the cost per

tour to gauge the efficiency of the tour channel at a management level. Last year at the POMP the In-House cost per tour was \$300 and were 60% of the sales tour flow compared to a \$370 cost per tour for OPC contributing to the remaining 40% of tour flow Alex and Courtney list the estimated cost per tour along with the percentage of tours generated by each channel for the prior year.

On recent monthly marketing calls, the Regional Marketing Director asked Alex about the POMP’s guest generation costs, focusing on In-House and OPC departments. Alex explained to Courtney after the call that the guest generation cost or percentage was a metric he had to consistently watch and keep below 30% as it represented the average cost of marketing on each sale the company made. It was calculated for Alex’s In-House department by dividing In-House marketing costs by the sales volume of In-House sales contracts for any time period. So, for the In-House department, if the In-House expenses are \$100,000 and the sales volume (total sales revenue from In-House tours) for any given timeframe is \$500,000, the POMP’s In-House guest generation cost is 20%.

Guest Generation percentage: Marketing expenses/Sales volume or $\$100,000/\$500,000 = 20\%$.

Table 4

Common expenses for marketing departments

In-House	02- OPC	03- Marketing Administration
Resort concierge desk rental & utilities	Booth rentals & utilities	Resort office rental & utilities for administrative staff
Tour gift or Premium expense	Tour gift or Premium expense	Payroll of marketing administration staff
Payroll (hourly wage and compensation specifically awarded to agents for booking each tour)	Payroll (hourly wage and compensation specifically awarded to agents for booking each tour)	Office or miscellaneous supplies used by all departments in booking a tour
Signage used to identify location (concierge desk)	Signage used to identify location as Stellar Resorts	

Courtney remembers that recently she heard one corporate marketing program at Stellar was cut because it was not efficient. She now assumed it was because the guest generation percentage was consistently above 30%, which is Stellar Resort's ceiling target for guest generation costs to ensure profitability. Meaning that the higher the guest generation percentage is, the less efficient the marketing channel is in producing tours. As it relates to marketing costs, Courtney also recalled a statistic from a survey in ARDA's Financial Performance 2017 (AIF, 2017a) that, on average, "other sales and marketing costs" represented 27.2% of sales.

In-House contribution

After Courtney's exposure to In-House marketing practices, she did some internet research to understand further the department's contribution to sales overall or statistics about the value created by this marketing channel. Diamond Resorts disclosed that 40% of sales may be generated from the existing owner base (Diamond Resorts International, 2015). In 2014, Marriott Vacations Worldwide reported that 49% of contract sales were from the In-House marketing channel that had the lowest % of marketing cost of sales of 9%, making it the most efficient marketing channel for that company (Marriott Vacations Worldwide, 2015). Wyndham Vacation Resorts reported that 68% of its net sales revenue of vacation ownership interest for 2015 was derived from sales to existing owners (Wyndham Worldwide Corporation, 2017). For the companies surveyed in ARDA's Financial Performance report (AIF, 2017a) 57% of the net originated sales were upgrade-sales to existing owners.

The Case

Recently a meeting was held at the POMP with the Marketing, Sales, Sales Administration regional leadership, and the respective POMP department leaders that included Alex. After the meeting, Alex approaches Courtney and shares some details of what was discussed. He shares that Stellar Resorts has contracted to assume management of a failing new condominium development in the Pompano area. This development, once remodeled to functionally support timeshare operations and meet brand standards for resorts branded under Stellar, will be the flagship property in Southeast Florida. Alex goes on to share that he will be the new Director of Marketing at this property but that he will still oversee the marketing manager based at the POMP. Considering that this new property that is by far larger and is located directly on the beach, all OPC marketing operations within the Pompano area will be managed out of the new resort. This leaves the POMP as an In-House-only marketing and sales operation.

Alex continues that a new marketing manager will be appointed at the POMP and will have to manage all aspects of In-House marketing, including reports defining marketing key performance metrics (KPMs) for POMP's In-House department. Alex goes on to explain that he is interested in grooming Courtney for this role. He needs to feel confident though, that Courtney understands the key performance metrics related

to an In-House marketing operation before moving forward.

Alex provides a data set that lists all In-House tour and expense data for a short timeframe that he expects Courtney to apply the formulas to calculate the KPMs and provide specific answers to questions he lists on the tabs in Excel following each data set. Alex gives Courtney one week to send him the Excel file with the answers. He encourages Courtney to utilize Excel formulas and functions to calculate responses rather than using a hand-held calculator and hard coding the responses into the spreadsheet.

Self-test questions

- What are the three major departments within a sales and marketing organization at a timeshare resort?
- What is marketing's role objective in the context of this case?
- What are the steps involved in the overall tour flow process?
- What are the metrics used for In-House marketing department targets?

Main themes

- Timeshare marketing department structure
- In-House marketing mix and customer segmentation
- Tour flow process
- In-House key performance metrics
- Subthemes
- Marketing mix
- Marketing Segmentation
- Timeshare marketing logistics
- Qualified prospects
- Marketing channel efficiency

Theoretical Underpinnings

As stated in the paper, many vacation ownership companies receive the majority of their revenue from existing owners in the timeshare product—these owners are purchasing more timeshare product while utilizing their existing timeshare experience (at the POMP, for example). Students may find it useful to examine different Customer Relationship Management (CRM) models to explore how a vacation ownership company can increase its revenues through such customer relationship-building initiatives. Research has found that there are many benefits to implementing a type of customer relationship management initiative, including increased loyalty of the customer, increased retention of the customer, and increased profitability of the customer (Jutla, Craig & Bodorik, 2001; Stone, Woodcock, & Wilson, 1996). Woodside, Moore, Bonn & Wizeman (1986) found that travelers or tourists who did not currently own a timeshare product had either neutral or negative attitudes toward timesharing. With this in mind, would marketing efforts need to be more creative or focused on those who do not already own a timeshare product? What resource allocations would need to be implemented to allow for a more effective reach to non-owners?