

In-House Tour Generation Metrics

Learning Objectives

- Comprehend the organizational structure of sales and marketing management at a timeshare resort and the purpose of marketing tour generation efforts.
- Understand the tour flow process and the logistics involved in partnering with Sales and Sales administration departments.
- Comprehend In-House tour generation processes, department costs, and associated key performance metrics
- Demonstrate comprehension of In-House marketing key performance metrics by analyzing and calculating tour performance metrics.

Case Summary

This is an “illustrative case” (Lundberg, et al.) that provides a rich description of processes employed in a timeshare In-House marketing department so that the reader can acquire an understanding of In-House marketing practices and how they are applied at the resort level. The case provides the context of how the In-House marketing channel operates along with primary key performance metrics that are utilized to evaluate the effectiveness of tour generation efforts. The context of how marketing engages associated departments is also provided, illustrating the connectedness of organizational functions identified by Barnes et al. (20XX) as a critical element in teaching cases. The reader is challenged to demonstrate competency in calculating the In-House key performance metrics based on the data set provided by the marketing director.

Teaching Plan/Case Discussion (2 classes - 105 minutes total)

The reading of the case and suggested readings should be assigned at least one week prior to where the case is reviewed in class. Case readers should be encouraged to read it more than once to comprehend the dynamics of the In-House operation, key performance metrics, and to form any questions for the first class where the case is discussed. With the assigned reading, the discussion questions below aligned with the learning objectives should be provided to guide the student’s understanding of the case.

Class 1: Case review (40 minutes) & Assignment preparation (25 minutes)

Learning Objective 1: Comprehend the organizational structure sales and marketing management at a timeshare resort and the purpose of marketing tour generation efforts.

- What are three common revenue streams for a timeshare organization?

- What are the three major departments within a sales and marketing organization at a timeshare resort, and what are their core responsibilities?
- What is tour generation, and what are the three major marketing channels generally employed to generate tours?

The instructor may start by reviewing the case discussion of revenue streams or timeshare annual reports listed in the suggested readings to discuss how sales of timeshare products are one of the primary revenue streams for a timeshare firm. To help ensure a reader’s interpretation and understanding of the overall structure of the marketing department, the discussion can start with reviewing the organizational chart in Figure 1. From this, the instructor, along with student feedback, can illustrate the three major departments at a resort’s sales and marketing organization and their core responsibility. The instructor can then delve into the marketing channels employed within the Pompano example probing the major difference between primarily In-House and OPC efforts. While not employed within the case example, the students should identify mini-vacations as the third major marketing channel by referencing chapter 6 of the Timeshare Industry Resource Manual listed in the suggested readings.

Learning Objective 2: Understand the tour flow process and the logistics involved in partnering with the Sales and Sales Administration departments.

- What are the steps involved in the overall tour flow process?
- Why are marketing costs and tour qualifications important to the Sales department?

Using a blank flow chart of figure 2, the instructor can generate the engagement of students by asking what occurs within each step of the tour flow process and what department is accountable for each step. The instructor can encourage students to review the case during this exercise to ensure comprehension of the tour flow process. Specific to the In-House marketing channel, the students can be asked to explain the process from the consumer’s/prospect’s perspective integrating content from the In-House marketing operations section of the case. Students may need guidance in some cases, such as identifying that the arrival stops by the concierge desk operated by In-House marketing agents who offer a tour to the prospect. Lastly, the instructor can help students connect the tour qualification requirement with the organization’s sales objective and securitization requirements.

Learning Objective 3: Comprehend In-House tour generation processes and associated key performance metrics.

- What are the main segments that an In-House marketing department targets?

- What are cost-related expenses monitored in an In-House marketing department?
- What is guest generation cost, In-House penetration, CPT, and why is this important to manage?

As the reader's case assignment (Learning objective 4) is focused on reinforcing comprehension of key performance metrics (KPMs), the instructor will want to have examples prepared for readers to calculate the various KPMs listed in Table 7. Related to marketing segments defined within the same section, the instructor can ask students to identify and discuss the segments within the resort's arrivals at the POMP resort.

Learning Objective 4: Demonstrate comprehension of In-House marketing key performance metrics by analyzing and calculating tour performance metrics.

- How is In-House penetration calculated?
- How is Cost Per Tour calculated?
- How is guest generation cost calculated?

The Excel file included along with this case should be distributed and reviewed with students. The file consists of several tabs with the first two providing data related to In-House marketing tour generation results for the month. The third tab includes fields that students are expected to calculate based on this data. The remaining solution tab should be omitted from the file when distributed to students. During the review it would be helpful to students to review basic SUM, COUNT, and COUNTIF formulas to assist with their calculations.

Class 2: Case review (30 minutes)

In preparation for a review of the case solution, the instructor may review student responses and select an example of a good and an inadequate response that will be displayed anonymously at the beginning of the review session. The instructor can review first the poor response, engaging student's help in how the answers should have been calculated and what values and cells are applied in calculating the response. The instructor may choose to review the good example in or the solution provided in the Excel or PowerPoint supplement so that the readers learn through repetition how the KPMs are calculated.

Essay/Exam questions

1. Define the department responsible, step, or objective for the areas highlighted in yellow in the tour flow process (See supplemental PPT). Describe the tour flow process from the perspective of a resort guest that is an owner, including the various Stellar staff members that a guest may encounter.

From the perspective of a guest, the student should follow Figure 2 in describing their anticipated experience during each step of the tour flow process. Integrated within their description should be examples from the specific to an owner versus an owner, which may include tour length quoted and qualifica-

tions measured.

2. What In-House key performance metrics may be impacted and in what manner if marketing expenses from OPC operations were mistakenly allocated to department 01-In-House marketing?
Cost per tour (CPT) and Guest generation percentage will be impacted. Both are negatively impacted as the costs or marketing expenses in generating In-House tours are inflated and are factors both of these calculations. It would produce a higher CPT than actual and a less efficient guest generation cost.
3. If the marketing expenses for a given month specific to In-House is \$55,000 and the marketing administration transfer is 15,000, what is the Cost Per Tour if 250 tours were produced?
Cost Per Tour (CPT): Total marketing expenses/# of tours or $(\$55,000 + \$15,000)/250 = \$280$.
4. What is the guest generation percentage if marketing expenses for In-House for a timeframe are 176,000, and the sales volume associated with these tours is 68,000? Based on Stellar's target for guest generation, how well is the In-House channel performing?
Guest Generation percentage: Sales volume/Marketing expenses or $\$68,000/\$176,000 = 38.6\%$. Based on the 30% target defined in the case, the student should acknowledge that the 38.6% is well over the standard and may suggest that the marketing manager reign in marketing costs.

5. In X location (tourist destination defined by instructor), what types of premiums would you expect a marketing manager to have available to consumers to stimulate a guest's desire to commit to a tour?
Based on the destination selected, the students should reply with attractions and shows popular within the destination and restaurants that fairly close to the resort. Students may use an internet search of "top things to do in X" to help determine what ticketed attractions or shows may be pursued from a discounted premium arrangement.

References

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- Barnes, L. B., Christensen, C. R., & Hansen, A. T. (1994). Teaching and the case method (3rd ed.) Boston; Harvard Business School Press.
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Further reading

The following provides references for further readings and the context in which the instructor may apply them.

Cosentino, S., Woods, R.H., & Drake, J. (2013). Too close for comfort: A managerial dilemma. <i>Journal of Hospitality and Tourism Cases</i> . 2(2): 74-81.	The introduction of the teaching provides a descriptive narrative of regional departmental roles and topline logistics related to marketing, sales and sales administration departments.
Nickerson, S. (2017, March). Best business practices for success (Part 1): How is marketing affecting front line performance. Developments: The voice of the vacation ownership industry. 46-47.	Article discusses importance of marketing positively positioning prospects or tours for sales.
Rowley, J. (1998). Promotion and marketing communications in the information marketplace. <i>Library Review</i> , 47(8), 383-387.	The article reviews the stages in the design of communications strategies and concepts such as target audiences, marketing messages, and the AIDA model
Scavo, J. J. (1999). Marketing resort timeshares: The rules of the game. <i>St. John's Law Review</i> , Winter, 217-246.	Reviews timeshare marketing contact methods from a legal perspective.
Woodside, A., Moore, E. M., Boon, M. A., & Wizeman, D. G. (1986). Segmenting the Timeshare Resort Market. <i>Journal of Travel Research</i> , 24(6), 6-12.	Study measures owner and non owner demographics and attitudes towards timeshare.

Additional websites or videos

Timeshare Education. n.d. Marketing. https://timeshareeducation.org/promotional-videos/	Marketing and Lead Generation videos provide a summary of marketing tactics generating tours and prospects for sales.
ARDA.org. n.d. Who are the next generation timeshare prospects. http://www.arda.org/arda/aif-foundation/default.aspx?id=5396&libID=5415	Lists demographics from ARDAs Next Generation Study of future timeshare prospects