

ANALYSIS OF POSSIBILITY OF DEVELOPING THE TIMESHARING HOTEL INDUSTRY IN THE REPUBLIC OF MACEDONIA

Abstract: Timesharing is a form of leisure travel accommodation which allows tourists to purchase a share of a holiday home. The industry originated with the selling of timeshares, a system in which a customer could own a portion of a property which enabled them to stay in the property for the duration that the segment allotted. The purpose of this paper is to analyze the history of the development of the timesharing industry, and examine the impact it had done to the tourism and hospitality industry in overall. Besides that, the paper offers a view of the possibility to develop the timesharing facilities in the Republic of Macedonia, as well as the advantages and disadvantages of owning a timesharing facility.

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1. Introduction

Timesharing, a term that combines the words *time* and *share*, is simply that – the act of sharing vacation time at a luxurious resort facility in a geographical location of choice. Timesharing appealed to people of all economics and backgrounds for its ability to offer lavish vacations at affordable prices. Even though, the timesharing industry is present on the market from a few decades, still it is a relatively new concept, but it's impact on vacation lifestyles and hotel / motel real estate is vital. Timesharing allows the purchaser the use of a second home without the financial burdens of second home ownership.

2. History of the timesharing industry

Timesharing continues to grow as a popular alternative versus the traditional holidays. The concept of timesharing was born in Europe in the 1960s as a way to provide more options for tourists. It is believed that Alexander Nate of Germany invented the concept of time rent of accommodation

facilities and applied it to residential developments in Spain and Italy (TRI Hospitality Consulting, 2001). During the same decade, the concept of timesharing has been applied as an option for skiers in the French Alps to stay in the same resort every year without having to buy the property completely. The owner of the then-resort Ring Hotel sold this concept of timesharing with the slogan “*there is no need to rent a room, buy the hotel - it's cheaper!*” (Bowen, 2006).

The concept of timesharing expanded into the United States during the 1970s, originating in Florida before later expanding into other areas of the state. The United States accepted the idea mainly because of the oil crisis of 1973 that shocked the then global economy and many Americans were forced to cut their costs (Bowen, 2006). As rising oil prices made travel more expensive, so many Americans changed their holiday habits. One such change was to control the desire to buy vacation properties, for example: apartments. Since many holiday units in Florida were stuck due to non-sale, they decided to use the timing to sell their units in a form that would be more available to those economically driven by rising oil prices.

The first “*exchange vacation*” company, Resort Condominiums International (RCI), was founded in 1975 (ARDA, 2009). This company is a key element in the timesharing experience that will later affect the popularity of this concept in the upcoming decades. The exchange companies allow the owners the timesharing to be traded for weeks or points with the specified rest places they own in other destinations. Basically, the interest of the timesharing owner is that timesharing is an object with the possibility of converting it into goods. For example, a family that owns a timesharing beach facility in Florida can trade its facility in Florida for a week at a ski resort in Colorado.

During the 1980s, the movement “*Greed is good*” created an atmosphere of growth for the timesharing industry (Bowen, 2006). With the increase in disposable income, more people could take vacations, and thus realize the benefits of timeshares. However, as the industry grew, so dubious sales and practices of “heavy” sales emerged. In response to owners timesharing objects and victims of dubious practices in this industry, state legislations have begun to pass “*Consumer Protection Laws*”. In 1983, the Florida legislature adopted the first version of the “*Florida Timesharing Act*”. The most important part of the “*Florida Timesharing Act*” is one that allows the buyer the right to terminate the contract within 14 days without losing money (ARDA, 2009).

By the early 1990s, there were more than 2,357 timesharing resorts in the world and over four million owners of timesharing facilities (ARDA, 2009). The timesharing industry continued to grow at a rapid pace throughout the decade. Due to the industry's potential and profits, some of the world's largest hotel chains have entered the timesharing market, including *Hilton, Sheraton, Ramada, Four Seasons, Hyatt, Westin, Ritz-Carlton, Radisson and Disney* (Hovey, 2002).

As the industry became global in nature, foreign nations followed Florida's lead by adopting “*Consumer Protection Laws*”. For example, in 1997, the European Union passed a “*Consumer Protection Law*” similar to the “*Florida Timesharing Act*”. The timesharing industry continued to grow in the new millennium and now it is a serious competition for the arrangements and offers we know. This industry continues to lead the hospitality sector with steady growth, due in large part to the industry's constant innovation and evolution in response to ever-changing consumer lifestyle needs and vacation preferences.

One such segment of the population - the baby bumper generation - enters retirement with a desire for life and a desire to enjoy the best years that remained in their life. This generation is not interested in wasting time in vacation planning when they could instead spend that time with their families instead. Timeshares are a good choice for baby bidders because they provide the necessary space and flexibility for easy accommodation for families or other larger groups traveling together (Koteski, 2015).

For the timesharing industry to attract this, and other segments of the population, the industry must continue to satisfy and exceed the demands of their customers. Companies for timesharing must remain flexible and continue to offer options to holders of leisure facilities through timesharing exchanges and various types of timesharing exchanges. It is also important for the industry to maintain a strong reputation that can be achieved by establishing honest business practices and effective regulation to deal with disgruntled buyers at timesharing holidays in a fair and efficient way.

3. Timesharing as a strategy for tourist investment: Case of the Republic of Macedonia

Timesharing facilities usually have higher utilization rates, because guests regularly visit them to rest in the resort. Satisfaction rates with the product are higher, because the image for the timesharing facility is built on a higher level of quality accommodation (Cacic, 2010). Timesharing guests are expected to become repetitive visitors to the destination. And, with the constant flow of arrivals and the longer stay of guests, the timesharing facility is capable of making a bigger profit. If guests are satisfied with the services of the products, they become loyal guests. Often, timesharing guests have more disposable income for spending in the resort, which for the investor means a complete outcome of the return on investment. Additionally, with the fees for maintenance costs from the guests, the financing of the upgrade and the renovation of the property becomes more efficient.

According to the published publication "*Regions in the Republic of Macedonia 2017*" by the State Statistical Office, the average number of nights spent by domestic tourists in 2016 was 4.1 days, while in the published publication "*Regions in the Republic of Macedonia 2016*" for 2015, the average number of nights spent was also 4.1 days. For 2016, the average number of nights spent in hotels was 2 days, while in 2015 it was 2.1 days. Being the first on the market in the Republic of Macedonia brings great responsibility and pressure for success. But, since this industry is characterized by repetitive visitors, success can be great. However, the success of this project will bring other marketers to timesharing. The market potential is high and competition is healthy. The most important goal is to provide an excellent and safe timesharing product that guests will appreciate.

The main motive for establishing timesharing facilities in the Republic of Macedonia is that it is necessary for the use of the potential of so many tourist complexes. The potentials of tourist complexes cannot be used if they continue to work according to the old principles, and this means a certain number of months in the season. A large number of accommodation capacities in the Republic of Macedonia work seasonally. Thus, with the introduction of timesharing facilities, the season will continue and will increase profits. Moreover, most financial resources are recover in the early stages of development.

For the development of the timesharing industry in a certain country, certain preconditions are needed: attractive mountains, rivers, baths, caves, archaeological sites, etc. And given the fact that there are a lot of spa baths in the Republic of Macedonia - for effective assistance and reduction of the difficulties, it is clear that there are attractive conditions for developing timesharing investments for construction.

The evolution of the timesharing industry has advanced many years since the 1960s and according to the American Resort Development Association (ARDA), one of the trends that the industry will follow in the future is the search for a unique local experience. An experience that the Republic of Macedonia can offer. The timesharing can be seen as a natural expansion and an additional offer for tourists who are resting in the Republic of Macedonia mainly due to improvements in the country's infrastructure. Additionally, the Republic of Macedonia is a destination for most Balkanians but also Europeans, and is considered safe and relatively inexpensive - preconditions for the development of the timesharing industry.

The main obstacles to the establishment of timesharing facilities in the Republic of Macedonia, I think that would be the bureaucracy, in the policy and procedure and the reluctance of some institutions to accept a new approach to development. Many banks and potential borrowers are not yet familiar with the concept and do not understand the economic benefits, which can make it difficult to obtain the necessary funding. Another challenge would be the lack of knowledge and experience by hotel managers in timesharing facilities. Because of the complexity of legal procedures and the specialized way of selling the product, training and education take a long time to make the timesharing facilities perfect. Because the timesharing industry is particularly complex in the field of legal issues and requires specialized knowledge in terms of marketing and sales techniques. However, we should not be discouraged because it seems that the difficulty with meeting the funding for starting timesharing procedures is not only problematic in the Republic of Macedonia, but it was in the Republic of Croatia and other European countries.

4. Advantages and disadvantages of owning a timesharing property in the Republic of Macedonia

The ownership of the timesharing facility and the way of life it represents can offer many benefits for the consumer (Dobre, 2005). In the case of the Republic of Macedonia, first, the buyer is guaranteed his or her vacation location without having to arrange it every year. Secondly, timesharing forces many busy people to take the desperately needed rest for which they will not take their time in planning. Third, timesharing is a conceptually previously paid holiday, and therefore, the costs are relatively fixed, except for certain unforeseen circumstances such as maintenance fees and real estate taxes. Fourth, it provides a segment of the population that cannot otherwise afford a vacation to become owners of holiday homes.

However, in the timesharing industry, there are some shortcomings for potential owners of timesharing facilities. The owner of the timesharing object can only cover the costs if the item is sold. In addition, owners of timesharing facilities can raise annual maintenance costs at any time after the units are sold. Also, the level of services offered on the property and the maintenance standard may be reduced in the future. There are also hidden costs associated with ownership of the duration. When initially purchased, the timesharing facility only reflects the cost of accommodation, however, the costs of transportation, food, sightseeing and entertainment must be factored to achieve the real cost of a vacation abroad (Pentic, 2010).

Therefore, this is a decision that must be taken carefully into account of the advantages and disadvantages before making a decision regarding the purchase of a timesharing facility. An educated consumer with realistic expectations about timesharing objects is more likely to make a wiser decision and be satisfied with his or her purchase (Klateva, 2015).

Conclusion

Timesharing has quickly become a vibrant, innovative field in which entrepreneurs are seeking or creating first class timesharing resorts. In the Republic of Macedonia there is an opportunity to develop the timesharing industry and the opportunity to utilize the potential of tourist complexes, especially those that are seasonally oriented. The Republic of Macedonia should follow the example of its neighbors in the Balkans, such as the Republic of Croatia, Serbia and Bosnia and Herzegovina, while trying to apply this concept as a successful and profitable alternative to the tourism of the country, which, as statistics show us contributed to achieving greater profits individually for the tourist complex and in general for the state, and at the same time it will support the opening of a larger number of jobs.

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