

TIMESHARE IN MALTA: AN ANALYSIS OF THE EVOLUTION  
OF THE SHARED HOLIDAY OWNERSHIP INDUSTRY AND ITS  
FUTURE PROSPECTS

A Thesis submitted on  
12 September 2022

By:  
Céline van der Mark  
Student number: 1901612/1

Submitted to:  
Mr. Claude Ebejer

In partial fulfilment for the requirements of the Degree of  
Master in Business Administration  
in International Hospitality Management

Institute of Tourism Studies  
In Academic Affiliation with the Emirates Academy of Hospitality Management  
Malta

## Acknowledgements

I would like to express my immense gratitude to all those people who have supported and assisted me throughout this journey. Firstly, my sincere thanks go to my research supervisor, Mr. Claude Ebejer, for his unabating support. His guidance and positive attitude helped me see this project through. I will never forget his kind words and his belief in me. My thanks also go to Dr. Rosetta Thornhill, the Masters Coordinator, for her continuous encouragement, empathy, and assistance during some challenging times. I would also like to thank Mr. Aaron Rizzo, the ARPB Coordinator and the entire Academic Research and Publications Board for their academic support. Our librarian, Mr. Christopher Cilia, also deserves special mention, for his dedication, professional attitude, and patience. I am truly impressed by his efficiency.

This study would not have been possible without the cooperation of many stakeholders, who took time from their busy schedules to share with me their knowledge and provide me with valuable information. I am also extremely grateful to the Clubs that accepted to distribute my owner survey. Without their cooperation, part of the research would not have been achieved.

Thanks to my fellow students and friends Mary Rose, Malcolm, and Matthew for being excellent study partners and for the stimulating discussions. Finally, I wish to thank my family. I am deeply grateful to my parents who have never stopped loving and believing in me, and always pushed me to reach new heights. They instilled in me a passion for education and supported my studies in every way possible over the last few years. I would like to acknowledge my children, Sabine, and Sebastian, who have been patient and understanding despite their young age. They inspire me to be a better version of myself. Lastly, but in no way the least, I would like to say how deeply grateful I am to my husband Peter. He reminded me every day that I have the inner strength to reach my dreams and encouraged me to never give up. Your love and help sustained me throughout the entire process.

## Abstract

The aim of this study was to understand how timeshare developed in Malta, to establish its current life cycle stage, and make predictions on its prospects. Through a mixed-methods approach, the study found that the timeshare sector in Malta is in a decline phase. Many developers have exited the sector and investment has dried up. As of September 2021, only two resorts were still involved in the sale of timeshare. Some developers are even actively seeking to diminish their member base, and timeshare projects that have already come to an end, have generally reverted their timeshare inventory back to hotel stock. The research also identified seven properties that have been or are being converted to residential and/or commercial uses. A number of developers have therefore opted for the freehold sale of apartments in lieu of a model that allows them to retain their asset in the long-term.

Throughout the research, the rationale and benefits of timeshare have been investigated and described from two points of view: the perspective of developers and that of consumers. It is clear that the traditional timeshare model responded well to the needs of both stakeholders at least until the consolidation phase of the sector's life cycle. Developers were keen to include timeshare within a mixed-use concept as it provided direct financial and other operational advantages, including repeat customers and high occupancy rates in shoulder seasons. Consumers did not actively seek to buy timeshare, however, multiple studies, including this one, have shown that established owners are happy with their purchase. Over the years the relevance of timeshare diminished because of various micro and macro-environmental factors. These include, the reputational damage resulting from sales and marketing practices, industry-specific regulations that increased the cost and complexity of timeshare operations, the personal life cycle stages of consumers, and the Covid-19 pandemic. Industry experts who participated in the study also stressed the influence of travel ecommerce, travel market conditions, and the changes in consumer behaviour on the viability of the timeshare model. It is also proposed that there is an inverse correlation between tourist arrivals and the growth of the timeshare sector locally, which would account for the lack of new investments in the context of a booming tourism industry from 2008 until 2019.

The initial conditions for investment in Maltese timeshare development may never be exactly replicated, but the principle financial logic of timeshare still makes sense today, if the concept can be tweaked to fit the needs of a younger generation of consumers. Current economic indicators unfortunately point towards an impending global crisis, which may inadvertently provide the impetus for the rejuvenation of the sector. This report also makes recommendations for further research in this field of study.

**Keywords:** timeshare/holiday ownership; developers of timeshare in Malta; mixed-use developments; future of timeshare; changing consumer behaviour and needs.

# Table of Contents

Abstract .....	i
Table of Contents .....	iii
List of Figures .....	vi
List of Tables.....	vii
List of Abbreviations and Acronyms .....	viii
Declaration .....	ix
Chapter 1 Introduction .....	1
1.1.    A Brief History And Definition Of Timeshare.....	1
1.2.    The Maltese Context.....	2
1.3.    Problem Statement And Justification For the Study .....	3
1.4.    Purpose Of the Study .....	4
1.5.    The Hypothesis And Research Questions .....	5
1.6.    Outline Of the Report .....	5
1.7.    Definitions .....	6
Chapter 2 Literature Review .....	7
2.1.    Introduction .....	7
2.2.    The Maltese Timeshare Product.....	8
2.2.1.    The Product: the Legal Structure and the Rights Conferred .....	8
2.2.2.    The Product: Resort Profile.....	10
2.2.3.    The Product: Marketing and Sales Methods .....	10
2.3.    The Timeshare Consumer.....	11
2.3.1.    Source Markets.....	11
2.3.2.    Timeshare Consumer Profile.....	12
2.3.3.    Purchasing Motivations and Benefits of Timeshare Ownership.....	12
2.3.4.    Timeshare Ownership Difficulties and Consumer Protection Measures	14
2.4.    The Timeshare Developer .....	19
2.4.1.    The Benefits of Timeshare to the Developer .....	19
2.4.2.    Obstacles To Development: Challenges Faced By the Industry .....	20
2.5.    The Future Of Timeshare In Malta.....	25
2.6.    Conclusion.....	25
Chapter 3 Methodology.....	26

3.1.	Introduction .....	26
3.2.	Data Gathering.....	27
3.2.1.	Resort Developers, Marketing Companies And Other Stakeholders...	27
3.2.2.	Timeshare Owners .....	29
3.2.3.	Other Data Collection/Sources.....	32
3.3.	Data Analysis.....	33
3.4.	Ethical Considerations.....	34
Chapter 4 Research Findings .....		35
4.1.	The Evolution Of the Maltese Timeshare Industry and Its Current Status .	35
4.1.1.	Why Did Timeshare Find Fertile Ground In Malta?.....	35
4.1.2.	Who Developed Timeshare in Malta?.....	37
4.1.3.	The Size And Composition Of the Maltese Timeshare Sector .....	38
4.1.4.	The Evolution of the Maltese Timeshare Sector.....	40
4.2.	Variables That Have Impacted the Maltese Timeshare Sector .....	45
4.2.1.	The Internet Revolution, OTAs, And Changing Consumer Behaviour 46	
4.2.2.	The Marketing And Sales Process .....	47
4.2.3.	The Impact Of Legislation And the Government’s Role In the Sector	48
4.2.4.	The Personal Life Cycle Stages Of Timeshare Owners.....	50
4.2.5.	Covid-19 Pandemic.....	51
4.2.6.	Other Factors.....	52
4.3.	Does the Timeshare Model Still Represent a Value Proposition For Maltese Developers And For Consumers?.....	53
4.3.1.	The Supply-Side Perspective .....	53
4.3.2.	The Consumer Perspective.....	55
4.4.	Summary of the Findings .....	64
Chapter 5 Discussion.....		65
5.1.	A Discussion On the Evolution Of Timeshare: Supply-Side .....	65
5.1.1.	Product Weaknesses And Macro Environmental Threats.....	67
5.2.	The Consumer Dimension.....	70
5.2.1.	Demographic Profile And Vacation Ownership Characteristics .....	70
5.2.2.	Owner Satisfaction And Intent.....	73
5.3.	The Future of the Maltese Timeshare Industry .....	74
Chapter 6 Conclusion.....		77
6.1.	Conclusion.....	77
6.2.	Limitations.....	79

References .....	80
Appendix 1 Glossary of Terms .....	89
Appendix 2 Resort Questionnaire .....	92
Appendix 3 Interview Questions - Developers .....	95
Appendix 4 Recruitment Letter – Timeshare Owners .....	97
Appendix 5 Recruitment Letter - Developers .....	99
Appendix 6 Standard Interview Procedure – Developers .....	101
Appendix 7 Results Of Timeshare Owners’ Survey .....	103

## List of Figures

Figure 1: Timeshare Resort Development By Locality And Number Of Properties.	39
Figure 2: Distribution Of Resorts/Clubs By Number Of Units.....	40
Figure 3: Changing Trends In Timeshare Resort Development Since 1983 .....	42
Figure 4: Diverging Stacked Bar Chart Of Owners' Satisfaction Levels.....	59
Figure 5: Diverging Stacked Bar Chart Of Owner's Intentions .....	63
Figure 6: Problem Tree Analysis Of Timeshare Development Challenges .....	67
Figure 7: Percentage Distribution Of Timeshare Owners By Nationality .....	71
Figure 8: Malta Inbound Tourism By Year.....	75
Figure 9: Timeshare Development By Year. ....	75
Figure 10: Distribution Of Respondents By Nationality.....	103
Figure 11: Distribution Of Respondents By Educational Level .....	104
Figure 12: Distribution Of Respondents By Employment Status. ....	105
Figure 13: Distribution Of Respondents By Average Household Income.....	105
Figure 14: Year Of Ownership Of Vacation Club Membership .....	106
Figure 15: Vacation Club Membership Acquisition By Source. ....	107
Figure 16: Exchange Frequency Last 4 Years .....	107



## List of Tables

Table 1: Academic Literature On the Subject Of Timeshare In Malta .....	4
Table 2: Breakdown Of Timeshare Owners' Survey Responses .....	32
Table 3: Benefits Of Timeshare Ownership.....	37
Table 4: Estimates Of Tourists Staying In Timeshare Accommodation From 2015 to 2022.....	41
Table 5: Post-Involvement Stages Of the Timeshare Sector Life Cycle Inspired By the TALC Model .....	44
Table 6: Summary Of Results Of an 11-Point Ordinal Scale Based On 10 Respondents. ....	45
Table 7: Number of Licenced OPCs And Marketing Companies Since 2015.....	51
Table 8: Comments On the Viability Of the Traditional Timeshare Model. ....	54
Table 9: Summary Table Frequency Distribution Benefits Of Vacation Ownership. ....	56
Table 10: Top 2 Box Score Of Likert Scale Data With Confidence Levels .....	57
Table 11: Respondent Scores Of Satisfaction With Home Resort Variables .....	58
Table 12: Top 2 Box Scores Of Satisfaction Levels ith Confidence Intervals. ....	59
Table 13: Variables Relating To Members' Perception Of Vacation Club Membership.....	60
Table 14: Top 2 Box Scores Of Likert Data With Confidence Intervals .....	61
Table 15: Summary Table Respondents' Intentions.....	62
Table 16: Bottom 2 Box Scores Of Likert Scale Data With Confidence Intervals....	63
Table 17: Distribution Of Timeshare Owners By Nationality .....	70

## List of Abbreviations and Acronyms

ARDA	American Resort Development Association (American Trade Body)
AIF	ARDA International Foundation
ECC Malta	European Consumer Centre Malta
ECC-Net	European Consumer Centres Network
EMEA	Europe, Middle East and Africa
EU	European Union
eWOM	Electronic Word of Mouth
II	Interval International (Exchange Network)
IMF	International Monetary Fund
ITS	Institute of Tourism Studies
MTA	Malta Tourism Authority
NPV	Net Present Value
NSO	National Statistics Office
OECD	Organization for Economic Co-operation and Development
OPC	Outside Promotional Contact or Off Premises Contact
OTA	Online Travel Agency
OTE	Organisation for Timeshare in Europe (now RDO)
P2P	Peer-to-Peer
RCI	Resorts Condominiums International (Exchange Network)
RDO	Resort Development Organisation (European Trade Body)
SWOT	Strengths, Weakness, Opportunities, and Threats (Strategic Management Technique)
TALC	Tourism Area Life Cycle
TO	Tour Operator
UK	United Kingdom
USA	United States of America
UOM	University of Malta

## Declaration

I, Céline van der Mark, declare that this is an original piece of work, produced entirely by me, and that all source material has been appropriately referenced. In addition, I attest that no portion of the work referred to in this thesis has been submitted in support of any other course, degree, or qualification at this or any other university or institute of learning.



---

Céline van der Mark

# Chapter 1 Introduction

## 1.1. A Brief History And Definition Of Timeshare

Timesharing is a blurry concept that is polyonymous – frequently used nomenclatures include ‘holiday ownership’, ‘vacation ownership’, and ‘shared vacation ownership’ – and one that eludes a universal definition. Bowen (2006, p. 460) argues that timeshare is generally ‘condominium property that is divided into legal estates’ whereby owners have a right to occupy the property for ‘a number of days at specified or reserved times of the year’. By contrast, Sampson (2008, p. 1079) holds that purchasers ‘own specific weeks of resort properties or own credits’ which allow them ‘annual access to weeks of resort properties’. Fundamentally, all the variations that exist are reflective of the rich diversity of products that are promoted and sold under the timeshare umbrella. As Ellis (1986, p. 10) points out, ‘there are almost as many variations to the timesharing theme as there are developers in the field’, and the structures vary greatly from one country or continent to another.

A simplistic way of sifting through this complexity is to examine the nature of the rights that are acquired, because in essence timeshare purchasers are either entering into a deeded arrangement to acquire a ‘real right’ or they are acquiring a ‘right-to-use’ (Aufzien and Krimmer, 1982, p.15). In the former case the rights acquired are in perpetuity and in the latter, they are limited and pre-determined, generally ‘for 10, 20 or more years’ (Sparks, Bradley and Jennings, 2011, p. 1177). Both formats afford purchasers a right to occupy the property, which is the subject of the rights, during an established time period (traditionally divided into weekly intervals), annually. Later ‘right-to-use’ formats also comprised alternate year ownership programmes (biennial), and points or credit-based programmes, with the aim of giving purchasers greater flexibility (Hovey, 2002; Gregory and Weinland, 2016). The property in relation to which rights are acquired may take many shapes and forms, including but not limited to, condominiums, mixed-use properties (e.g., hotel resorts), and pleasure boats. Consumers pay an upfront fee to purchase these ‘rights’, however, prices vary immensely and depend on a multitude of factors, such as seasonality, resort location, luxury, and brand affiliation.

In terms of its history, timeshare was first launched in Europe in the 1960s and moved to the United States over the next decade (Gregory and Weinland, 2016). The introduction, in the 1970s, of exchange organisations that facilitate the swapping of holiday time/intervals between members, was a momentous innovation that propelled the industry (Pandy and Rogerson, 2014). Over the decades, timeshare became ‘the fastest growing segment of the travel industry’ (Stringam, 2010, p. 37), and ‘one of the most sought-after products in the hospitality industry’ with worldwide sales growing from \$50 million in 1975 to \$19.7 billion in 2015 (Powanga and Powanga, 2008, p. 70, AIF, 2016). An industry study reflecting 2015 data (AIF, 2016) showed that there were nearly 5,400 resorts worldwide comprising more than 527,000 accommodation units. The European market, which is the second largest in the world after North America, counted around 1,300 resorts and achieved sales of \$2.5 billion in 2015 (AIF, 2016). As of 2018, there were 9.6 million households in the United States alone that owned one or more types of product, namely timeshare weeks, points, fractional and/or private residence club (ARDA-ROC, 2020).

## 1.2. The Maltese Context

Malta’s tourism industry blossomed after the country became independent, and by 1980 ‘annual tourist arrivals amounted to twice the native population of the Maltese Islands’ (Oglethorpe, 1984, p. 150). However, it was an unstable sector, dependent upon a single market source and upon British tour operators that were commercially driven and whose interests did not necessarily align with those of the country. Growth stalled in 1981 and by the end of the following year Malta registered a 27.6 per cent decline in tourist arrivals on the previous year (Oglethorpe, 1984). This prompted some local tourist accommodation operators to look for an innovative way to utilise their bed capacity through a different kind of accommodation offering, namely Timesharing (OTE, 2001).

The first resort, the Topaz Aparthotel, opened in 1983 (Ellis, 1986; Farrugia *et al.*, 1999; OTE, 2001), and by 1986 there were ‘8 successful developments in Malta’ (Ellis, 1986, p. 152). As of 1998 the number of resorts had gone up to 25, and they had, between them, around 17,500 owners (Farrugia *et al.*, 1999). Additionally, by

2001 Malta held 1.6 per cent of the market share of European resorts, and 2.2 per cent of the market share of units Europe-wide (OTE, 2001). While it is clear that this segment experienced considerable growth, key performance indicators that would allow for a proper analysis of its success are few and far between. The industry seems to have continued expanding gradually until at least 2005 when it was said to ‘constitute a significant segment of the earnings of tourism in Malta’ (Micallef, 2005, p. 76). The relevance of the industry within the context of Malta’s tourism industry had also been stated by Mr. Karmenu Vella, Minister for Tourism, in 1997, when he said that the sector accounted for approximately 10 per cent of the country’s yearly incoming tourists. Similarly, a European Commission report on the evaluation of the Timeshare Directive was supported by data collected from regional workshops that were held ‘in those EU Member States with a significant timeshare market, i.e., France, Malta, Spain, Sweden and the UK’ (European Commission, 2015, p. 20).

### 1.3. Problem Statement And Justification For the Study

Between the years 2000 and 2010, when this author was employed in this sector, many resorts and clubs were still engaged in sales, and some projects were in the pipeline. Timeshare was regarded as an important part of the overall tourism mix and aligned with the strategy set out by the Ministry for Tourism and Culture (2006) of reducing seasonality and achieving a higher repeat visitor ratio. Conversely, research published in 2017 suggested that, overall, growth had stalled, and that some developers were looking at exiting the sector (Vella, 2017). While change is inevitable, understanding the extent of this purported decline as well as its causes could provide valuable insights to stakeholders who are considering end-game strategies, and to those who may be considering entry.

Having said that, the academic literature on the Maltese timeshare sector is limited both in number and in scope, considering that the majority concerns the legislative and regulatory aspect (refer to Table 1). Besides the listed works, there is also a long essay that was submitted to the Institute of Tourism Studies in 1999 (Farrugia *et al.*, 1999), and a very brief mention of the subject matter in a case study entitled ‘The implementation and enforcement of European Union Law in small member

states’ (Fabri, 2021, p. 146), however, as the title denotes, this is also in the context of the application of transnational regulations. There is therefore a need for a closer and broader examination of this subject from an academic perspective.

<i>Author, Date</i>	<i>Title</i>	<i>Type</i>
Ellis, 1986	The judicial character of timesharing: A comparative study	Thesis, UOM
D’Alessandro, 2002	Timeshare in the E.U. and in Malta – The impact of Directive 94/47/E.C	Thesis, UOM
Micallef, 2005	The regulation of timeshare under Maltese law	Journal Article
Vella, 2017	The future of the Vacation Ownership Industry in the Maltese Islands	Thesis, UOM

Table 1: Academic Literature On the Subject Of Timeshare In Malta

#### 1.4. Purpose Of the Study

The first objective of this study was to investigate the evolution of the sector by establishing the reasons why local entrepreneurs were originally drawn to timeshare, why consumers bought into the concept, and how the sector developed and changed over the last four decades. Besides this retrospective analysis, the study also intended to establish the current size, composition, and status of the Maltese timeshare sector. In this regard, the focus was on ascertaining whether there is widespread decline, and on identifying those variables that may have caused or precipitated the purported decline. The underlying objective being that of producing business insights that will assist developers is assessing the feasibility of prospective investments.

### 1.5. The Hypothesis And Research Questions

Based on the hypothesis that the Maltese timeshare industry finds itself in the decline stage of its life cycle, the study sought to answer the following research questions:

- How did the Maltese timeshare industry develop and what is its current size and composition?
- How many timeshare operations/resorts are in the decline phase and why?
- What are the variables that have influenced this purported decline?
- Have some operators rejuvenated their product, and if so, how?
- Based upon the insights obtained from the above investigations, does the timeshare business model still represent a value proposition for Maltese developers?

### 1.6. Outline Of the Report

This report is divided into six parts. The first part introduces the subject matter, states the need for further research into the Maltese timeshare sector, and sets out the underlying hypothesis and research questions. The second part comprises a review of extant literature on timeshare/shared vacation ownership, with a focus on the Maltese context. In light of the complex and fragmented nature of this model, the literature review is organised thematically so that existing knowledge is organised around topics and issues that have also informed the research for this study. The third chapter explains in detail the research methodology including the data collection methods as well as the philosophical approach, while chapter four presents the research findings. The results of the qualitative research are provided first followed by the quantitative research outcomes. Chapter five discussed the findings presented in the previous chapter and includes recommendations for future research, while chapter six provides a conclusion and lists the limitations of the study.



## 1.7. Definitions

Since this report includes terminology that may be unfamiliar to the reader, a glossary of timeshare industry terms is provided in Appendix 1 . These are taken from an industry report commissioned by the European trade body (OTE, 2001, pp. 117-120).

## Chapter 2 Literature Review

### 2.1. Introduction

There are a few key points about timeshare literature that must be made at the onset. Firstly, although the concept has been around since the 1960s, the majority of papers on the subject were published between 2000 and 2010, and since then academic interest in this area seems to have waned (Gregory and Weinland, 2016; Penela, Morais and Gregory, 2019). Secondly, most of the journal articles, dissertations and theses have come out of, or are based upon data collected in the United States, with Australia and South Africa also being important sources of literature on the subject. Although certain themes and concepts are universally applicable, there may be considerable differences in market conditions between countries, regions, or continents, thus some of the literature may not be of relevance to the Maltese case. Finally, the notion of decline is hardly ever investigated in the context of the timeshare sector. There is a study that analysed the ‘causes and conditions which inhibit the satisfactory growth of timeshare in Greece’ (Stavrinoudis, 2006, p. 171), as well as the aforementioned thesis by Vella (2017). The latter provides a reasonable overview of the status of the Maltese timeshare sector based upon qualitative research methods, however, it does not provide a historical perspective, nor insights into how and why this concept thrived for decades.

The following review discusses the existing knowledge on the timeshare product, particularly supply-side and demand-side benefits, and challenges. Where possible, the analysis focuses on the Maltese experience, particularly in relation to product development, marketing, and sales.

## 2.2. The Maltese Timeshare Product

### 2.2.1. The Product: the Legal Structure and the Rights Conferred

In his thesis on ‘The juridical character of timesharing’ Ellis (1986) conducted a comparative study based upon a number of foreign timeshare legal structures and the setup adopted in Malta. This study looked at the possibility of Malta implementing systems such as corporate schemes, the granting of property to non-residents under lease, and the sale of real rights of temporary habitation. In all cases it was found that various Maltese legal provisions impeded such systems and even if complicated way arounds were to be found, the resulting framework would make the marketing and sale of timeshare cumbersome and difficult. Faced with these challenges, and in the absence of statutory parameters for the development of timeshare, local lawyers who were appointed to formulate timeshare schemes, decided to opt for ‘the English timesharing approach’, namely the ‘unincorporated members’ club’ (Ellis, 1986, pp. 166-169). This seemed like a natural fit for Malta because of ‘the heavy English touristic presence in our islands, the presence of English tour operators and the increasing level of English legal influence’ (Ellis, 1986, p. 166). This structure, which is rather complex, and was very innovative at the time, is established through ‘a thick web of agreements’ setup between several parties, some of whom were ‘alien to Maltese law’ (Ellis, 1986, p. 169). These protagonists are, the owner of the property who is normally Maltese, also known as the developer; the ‘non-resident sales company’; the management company that is generally registered in Malta; the holding company; and the foreign trustee.

Ellis (1986, p. 173) holds that the above-mentioned set-up protected ‘both developer and the timeshare purchaser’, which was mirrored by OTE (2001, p. 81) when it stated that the Maltese timeshare product ‘was set up with a healthy level of security for the buyers’. Conversely, Fabri (2021) believes that the timeshare arrangement was deliberately complex so that purchasers would be dissuaded from enforcing their rights. Moreover, the trusts set up abroad, and the contracts that are subject to foreign laws and foreign arbitration clauses resulted in purchasers being put ‘at huge disadvantages’ (Fabri, 2021, p. 146).

The contract that is referred to here is the Purchase Agreement through which the sales company sells timeshare rights to consumers who thereby become members of the Resort or Club (Ellis, 1986). It is also important to note that timeshare resorts in Malta invariably conferred upon members a right of use for a determined period of time, generally 25 years, as opposed to a right in perpetuity. At the end of the term the ownership reverts to the developer, and members will therefore only enjoy exclusive rights of use over a particular unit during a specific period annually until the termination date (Ellis, 1986; OTE, 2001). The ‘specific period’ could either be a particular weekly period known as ‘fixed time’, or an unspecified weekly period in a specific season, known as ‘floating time’ (Farrugia *et al.*, 1999). As of 1999, in Malta, thirteen resorts were set-up on fixed time and ten on floating time (Farrugia *et al.*, 1999).

In terms of product development numerous papers discuss how the global timeshare industry has gone from selling straightforward ‘weekly intervals to complex and varied product configurations (Downes, 1995; Upchurch, 2002; Sparks, Butcher and Pan, 2007; Gregory and Weinland, 2016). These include vacation clubs, and fractional ownership interest (Cortés-Jiménez *et al.*, 2012); points clubs, and split weeks (Woods, 2001); private residence clubs (Lazar and Hobson, 2002); cruises and ‘various hybrid timeshare options’ (ARDA, 2008, cited in Sparks, Bradley and Jennings, 2011, p. 1177)’ (van der Mark, 2021, p. 14). Upchurch (2002) conducted a research study on the evolution of vacation ownership product design in the US and concluded that the industry is in constant flux and has been very creative in the way it packaged the product to appeal to various consumer segments. Locally, Vella (2017, p. 53) also discusses how the industry evolved to offer ‘different holiday products and reaching a wider market’, including timeshare on yachts and boats, discount memberships, and a credit-based memberships’ (van der Mark, 2021. p. 14).

### 2.2.2. The Product: Resort Profile

The primary sources of information on this topic are an industry-led study on the European timeshare industry that includes a one-page Malta profile (OTE, 2001), and a long essay written by a group of ITS students in 1999 based upon survey data obtained from 23 resorts (Farrugia *et al.*, 1999).

When the industry was in its infancy, timeshare inventory invariably consisted of converted hotels, aparthotels, or apartments. Later, purpose-built resorts were added and according to OTE (2001, p. 81) these were 'either stand-alone or as an extension to existing hotel property'. The units within these resorts varied greatly and ranged in size from studios to three-bedroom apartments (Farrugia *et al.*, 1999; OTE, 2001), additionally, their design, quality and array of amenities set them apart from standard hotels and other holiday accommodation (Ellis, 1986; Farrugia *et al.*, 1999). In fact, most resorts were equipped with outdoor and indoor pools, leisure centres, childcare facilities, live entertainment and much more. The two exchange organisations - RCI and II - even imposed minimum requirements in terms of in-room amenities and the square metreage of units as a condition of affiliation (Farrugia *et al.*, 1999). Notably, the vast majority of timeshare resorts that existed in 1999 comprised units that were equipped with kitchenettes and were therefore 'sold' on self-catering basis. Only two resorts offered their members a meal plan instead of self-catering facilities (Farrugia *et al.*, 1999).

### 2.2.3. The Product: Marketing and Sales Methods

The marketer is generally appointed by the sales company and its function is to promote the timeshare programme and introduce prospective buyers to the resort. The marketing and sales techniques adopted by these companies are said to have been imported from America (Ellis, 1986; OTE, 2001), which is ironic really, given that Americans had 'borrowed the timesharing idea from Europe' (Aufzien and Krimmer, 1982, p. 13).

Various sources agree that most of the marketing was done in Malta itself through representatives who approached tourists in the streets and enticed them through the promise of gifts to attend a sales presentation at the resort (Ellis, 1986; OTE, 2001; Micallef, 2005; Farrugia *et al.*, 1999; Vella, 2017; Fabri, 2021). Possibly the earliest account of such marketing in Malta comes from a complaint published in 'The Times' on 13 September 1984 that recounts the experience of a tourist who was approached by marketing personnel in various locations around the island. These personnel, that he calls 'touts' and 'time-share hookers' were described as 'loud-mouthed, ill-polite and unremittingly persistent'. According to the contributor, they were also 'trained to American standards of aggressive salesmanship' (Ellis, 1986, p.4). These representatives, who are called 'OPCs' worked in the most popular tourist areas (Micallef, 2005; Fabri, 2021) and were eventually the subject of specific legislation that was enacted in 2004 (Micallef, 2005).

Other marketing strategies that have been recorded in the literature, are less intrusive, and include 'billboards' which 'advertise this or that club x metres down the road' (Ellis, 1986, p. 152), and fliers distributed on inbound flights that consisted of a crossword that could be completed and returned to the resort in exchange for a cash gift (Ellis, 1986, p. 4). Once tourists arrive at the resort, they are then handed over to sales representatives who give them a presentation and tour of the timeshare resort. Fabri (2021) holds that these sales representatives adopt hard-sell techniques to force tourists into a contract for timeshare membership that they don't really desire or need.

## 2.3. The Timeshare Consumer

### 2.3.1. Source Markets

As discussed, Malta has historically relied, to a very large extent, on the British market as its main source of tourist arrivals. In 1980, 'over 76 per cent of total annual tourist arrivals' were British (Oglethorpe, 1984, p. 152). Unsurprisingly, timeshare sales followed the same trend so that the vast majority of owners of Maltese timeshare are UK residents (Farrugia *et al.*, 1999; OTE, 2001; Vella, 2017). Vella (2017) explains that while attempts at market diversification were made over the years, no

market ever yielded the same results in terms of sales volumes. That said, the Scandinavian market showed potential, especially in the context of supplying guaranteed return visitors during off-peak seasons (Vella, 2017), thus counteracting the seasonality issue resulting from ‘the traditional rigid preference of the dominant British market for the hot dry summer months’ (Oglethorpe, 1984, p. 155).

### 2.3.2. Timeshare Consumer Profile

It has been argued that timeshare owners ‘have a limited demographic profile, with different age and social class profiles than the population as a whole’ (Kaufman, Lashey and Schreier, 2009, p. 15). From the local perspective, beside the data presented above, demographic information is practically non-existent. Vella (2017, p. 39) holds that most owners are retired and ‘aged sixty and over’, from which she deduces that younger generations have not been purchasing timeshare in Malta-based resorts. More recently, Conway (2022, p. 7) stated that UK timeshare owners, that form the mass of owners of Maltese timeshare, have an average age of ‘around 50 to 60 years old (rising each year)’ and that many of these owners signed their timeshare contracts in the 1980s or 1990s. It has also been said that many owners do not have the financial constraints of supporting dependents (Upchurch, Rompf and Severt, 2006 cited in Vella, 2017).

On the income factor, a 1995 paper on the growth of timesharing in small islands stated that owners tended to have higher income levels, hence greater spending power (Navarro-Ibáñez and Becerra-Domínguez, 1995, p. 7). Similarly, Kaufman, Upchurch and Severt (2006), who researched consumer usage preferences based on age, determined that mature timeshare owners ‘have access to discretionary income’.

### 2.3.3. Purchasing Motivations and Benefits of Timeshare Ownership

The benefits of timeshare ownership are intrinsically related to the way the model developed in Europe in the 1960s, namely when holiday accommodation was limited and costly, and most European countries were experiencing rising inflation

(Aufzien and Krimmer, 1982). In fact, it has been described both as ‘a product of hard times’ and ‘a natural evolution of the second-home industry’ (Aufzien and Krimmer, 1982, p. 13). Another source holds that it was a perfect alternative to package holidays because of ‘the feeling of independence it affords the tourist’ (Downes, 1995, p. 434), while Kaufman, Lashey and Schreier (2009, p. 74) believe that people buy timeshare because ‘they want to gain something that is missing from their current vacation experience’.

In response to the above circumstances timeshare developers came up with a multi-faceted product that offers many advantages. Firstly, buyers are guaranteed the use of their preferred holiday accommodation year after year at their preferred time of the year (Aufzien and Krimmer, 1982; Ellis, 1986; Bowen, 2006; Thomas, 2010). This means that owners do not have to plan their holiday accommodation in advance because the interval is already reserved in their name. Not to mention that people who may have wished to purchase a holiday home but were dissuaded by the cost, could now enjoy the same benefits of ownership, plus access to superior quality accommodation and high-end resort facilities, at a fraction of the price (Aufzien and Krimmer, 1982; Ellis, 1986; Downes, 1995). And while all owners are required to pay a yearly contribution towards the maintenance and upkeep of the units, they have none of the associated responsibilities and do not have to suffer individually the full costs of replacing furniture, equipment, and furnishings (Aufzien and Krimmer, 1982; Ellis, 1986).

In most cases timeshare also provides accommodation and facilities that are more luxurious than hotels, and grander than what owners have at home or ever expect to afford (Aufzien and Krimmer, 1982; Ellis, 1986; Sparks, Butcher and Pan, 2007). Apart from the ‘luxury’ element, research by Sparks, Butcher and Pan, (2007), found that owners realise value from their timeshare membership through a number of specific dimensions that were labelled as ‘financial, flexibility, gift, new experience, ownership pride, and reward’. From the flexibility aspect, timeshare owners have access to numerous destinations through the exchange system for a small charge, and are also able to gift, rent, sell, and bequeath their membership and rights of use to anyone they wish, at any time (Aufzien and Krimmer, 1982; Ellis, 1986). Qualitative research carried out by Thomas (2010, p. 118) amongst US timeshare owners also



found that the principal buyer motivations were the savings to be made over the years and the value offered because of all the additional perks that membership offers along with the exceptional quality of vacation ownership resorts. The large floor plan of the units and the multiple bedrooms that afford privacy for the whole family gave members a feeling of a home away from home, which consequently ‘increased the vacation experience for everyone’. Another key reason for purchasing was the flexibility offered by the exchange system which gave owners ‘hope that everyone’s dream vacation could come true’. Moreover, many owners stated that the positive sales experience and the relationship built with the sales representative during the presentation is what finally clinched the deal.

This type of research was also carried out by Vella (2017) amongst owners of Malta-based timeshare, who explained that their primary motivations were: the peace of mind of knowing that they have an annual guaranteed vacation at a resort they know and trust; the high standards of the resort; the attractiveness of Malta as a safe destination; and the flexibility of the product (Vella, 2017, p. 46). A handful of owners however stated that they bought timeshare as ‘a financial investment and discovered by time that this was not the case’ (Vella, 2017, p. 46). Many scholars in fact concur that the purchase of timeshare is in no way a financial investment but simply the advance purchase of holidays (Edmonds, 1991, cited in Downes, 1995; Hovey, 2002; Bowen, 2006; Powanga and Powanga, 2008; Cabrera, 2020). Therefore, Vella (2017) argues that if consumers acquire timeshare with the intention of making a financial investment, they will be disappointed, especially since timeshare weeks/memberships depreciate greatly over a brief period (Powanga and Powanga, 2008).

#### 2.3.4. Timeshare Ownership Difficulties and Consumer Protection Measures

In Malta, the first industry-specific regulations were only enacted in 2000, that is around seventeen years after the launch of timesharing. Noting that Maltese legislators were ‘slow to respond to the phenomenon’, Ellis (1986) argued that laws expressly regulating the timeshare industry were not just important for ‘setting the parameters within which the timeshare industry can develop’, but also to prevent abusive practices which could affect the industry’s reputation. According to him the

complaints that were then already surfacing in the media were ‘indicative of a widespread malaise which is harming the potential of the timesharing industry’(Ellis, 1986, pp. 14, 152, 153). The ‘need to regulate timeshare to safeguard the wellbeing of the timeshare industry’ was also stated by Micallef (2005, p. 76). However, the real motivation for the implementation of timeshare laws was Malta’s application to become an EU member state, which involved the enactment of the cumulative body of European Community laws known as the *acquis communautaire* (Micallef, 2005, p. 76). As Fabri (2021, p. 147) notes, ‘rather than harmonising Maltese law with EU law, the transposition helped to introduce new law where none previously was in place’.

The literature is rampant with accounts of shortcomings relating to timeshare marketing and sales from across the globe. In South Africa for example, issues included ‘land not owned by the company selling the timeshare’, ‘the disappearance of trust funds’, and ‘gross misrepresentation by marketers of timeshare units’ (Pandy and Rogerson, 2014, p. 195). Thankfully no such issues were ever reported in Malta, at least none that are documented in the literature, and many sources agree that Malta’s chief concern related to aggressive and sometimes questionable marketing and sales techniques (Ellis, 1986; Farrugia *et al.*, 1999; Micallef, 2005; Vella, 2017). ‘Moreover, product-related complaints in Europe and elsewhere often occurred because purchasers were not fully aware of what they were buying (Bowen, 2006; European Commission, 2005) or felt that the resort did not deliver what it had promised (Sparks, Butcher and Pan, 2007)’ (van der Mark, 2021, p. 12).

So why didn’t the legislator intervene earlier to regulate timeshare contracts and curb the problems associated with their promotion and sale? Mostly because the industry preferred to self-regulate, although, according to Micallef (2005, p. 76) this was not a success and operators failed to protect buyers or provide ‘any means of effective redress or compensation when things went wrong or in the case of any malpractice’. Additionally, while the industry and Government periodically entered into agreements aimed at reining in problematic marketing methods voluntarily, these were never really effective. This appears to support the assertion made by Fabri (2021, p. 146) that ‘careful lobbying ensured that no new law specifically regulated this complex subject’.

This all changed in 2000 with the enactment of ‘The Protection of Buyers in Contracts for Time Sharing of Immovable Property Regulations’ that practically adopted lock, stock and barrel the EU Timeshare Directive 94/47/EC (Micallef, 2005, p. 78). The Malta Travel and Tourism Services Act that had been enacted a year earlier had also crucially allowed for the creation of an Enforcement Directorate within the MTA that would help control certain timeshare shortcomings. The key provisions of the 2000 regulations were: the pre-contractual requirement to disclose essential information to the prospective buyers such as ‘the identities and domiciles of the owner of the property’ and ‘the exact nature of the right that is the subject of contract’; to provide such information in a language that the consumer comprehends; and, to provide purchasers with a reflection period of ten days, also known as the ‘cooling-off period’ during which no advance payments may be accepted by the operator, and the purchasers have the right to withdraw from the agreement without providing any justification (Micallef, 2005, p. 79). Another important norm that was included in these regulations held that ‘whatever the law applicable to the contract, if the immovable property is in Malta, then the provisions of these Regulations shall in all cases apply’ (Micallef, 2005, p. 81).

It is clear that while these Regulations managed to deal with long-standing issues pertaining to the regulation of timeshare contracts, they did nothing to address problematic timeshare marketing and sales practices, particularly the behaviour of OPCs. The situation was rectified in 2004 with the adoption of the ‘Timeshare Promotion (Licensing of OPC Representatives) Regulations’ (Micallef, 2005, p. 81). In a nutshell the latter sought to regulate the conduct of ‘OPC Representatives’ while they are engaged in ‘a communications campaign to attract prospective buyers’ and imposed a licensing system (L.N. 299 of 2004).

The two sets of regulations described above were revoked by subsequent legal notices (of particular note is L.N. 109 of 2011 that transposed the provisions of the Council Directive 2008/122/EC), and currently the consolidated instruments are the following:

The ‘Protection of Consumers (Timeshare, Long-Term Holiday Products, Resale and Exchange Contracts) Regulations [S.L. 409.02]; and

The ‘Timeshare and Timeshare-Like Products Promotion (Licencing of OPC Representatives) Regulations [S.L. 409.16].

The updated regulations deal with ‘a broader range of holiday-related services characterised by long-term commitments or significant financial risks for consumers’, that include timeshare contracts of at least one year, exchange contracts, resale contracts and long-term holiday products such as ‘discount holiday clubs’ (European Commission, 2015, p. 1). They also include key horizontal provisions that: increase the cooling-off period to fourteen days; prescribe the format in which pre-contractual information must be presented including a standard withdrawal notice; establish that the consumer information and the purchase agreement itself must be in the language of the Member State in which the purchasers reside or of which they are a national; and, extend the ban on advance payments so that even independent third parties such as trustees are prohibited from accepting them (European Commission, 2015). In terms of OPCs, following the enactment of the new regulations, the MTA established a quota so that marketing companies are only allowed a maximum of eight OPC licences ‘depending on the proportion of the company (sic) and the number of units being sold’ (Vella, 2017, p. 44).

Naturally, some difficulties associated with timeshare ownership go beyond the scope of the existing regulations, perhaps because they came to the fore after their implementation, or because they are so complex and fragmented that a horizontal legislative solution is not easily found. The annual management charges that ‘are a common characteristic of all timeshare forms’ are one such example (Bowen, 2006, p. 467; Vella, 2017). These fees vary from country to country and from resort to resort and are frequently the subject of complaints. Generally speaking, owners are not too keen to pay this annual liability, which can be raised at the resort’s/management company’s discretion and must be paid even if there are mitigating circumstances such as ill-health or financial difficulties (Bowen, 2006). A study by Sparks, Butcher and Pan (2007, p. 41) found that owners view it as a ‘financial detractor’ and Vella (2017) also listed it as one of the key disadvantages of timeshare/vacation ownership. Members are especially unhappy with maintenance fees that increase ‘for no objective reason’ (European Commission, 2015, p. 6), and Conway (2022) reports that when

owners decide to stop paying because they are unable to afford these charges, they sometimes face legal action. From the resort's side, this issue is of major concern because a shortfall in management fees may compromise the sustainability of the resort (Stringam, Mandabach and VanLeeuwen, 2015). This would invariably also impact all the remaining owners because unless the defaulting ones are replaced 'there will be a smaller pool of owners left to pay the management fees' (Conway, 2022, p. 8).

The European Commission report also opines that steps should be taken to give timeshare owners options to terminate their membership, because research has found that this is one of the most nettlesome issues, especially to those who entered into long-term commitments (European Commission, 2015, p. 6). In fact, some resorts prohibit it entirely, in which case owners may either seek remedy through the courts or attempt to resell their membership (Conway, 2022). The subject of resales has featured in many official reports and academic papers (Woods, 2001; Bowen, 2006; Sparks, Butcher and Pan, 2007; Powanga and Powanga, 2008; Larson and Larson, 2009; European Commission, 2015). There are multiple reasons why owners opt to resell their timeshare including a 'lifestyle change', 'dissatisfaction with the product', inability to pay the ongoing fees, or the owner passing away (Kaufman, Lashey and Schreier, 2009, p. 9). The process itself 'can be burdensome, if not nearly impossible', because there is great competition from other owners who are also trying to resell (Bowen, 2006, p. 469). One study has shown that 93.5 per cent of owners who tried to sell their timeshare were unsuccessful (European Commission, 2015). Many unsuspecting owners also fall victim of unscrupulous resale scammers who use cold calling and other methods to lure them into paying an upfront fee and 'add-on fees' for their resale services. These companies often fail to sell the memberships or they sell them at rock-bottom prices that barely cover their service charges (Bowen, 2006; European Commission, 2015; Conway, 2022, p. 19). Since the enactment of the 2008 Directive resale contracts are subject to regulations that prohibit companies from requesting any form of payment before the timeshare is sold (European Commission, 2015).

Beside the aforementioned challenges some owners also complain about the declining state of their home resort, including lack of proper maintenance of units and

facilities, and deteriorating standards (Bowen, 2006; Sparks, Butcher and Pan, 2007). Larson and Larson (2009) hold that a decline in a resort's appearance negatively affects the value of its intervals. Sparks, Butcher and Pan (2007) also found that consumer value was diminished when the availability or quality of resorts on the exchange were not up to the owners' expectations. The difficulties encountered by owners when booking exchange holidays were also mentioned by Vella (2017) and European Commission (2015) stated that prior to the enactment of Europe-wide regulations, the exchange contract often featured in complaints. Aufzien and Krimmer (1982) offer a different perspective on this argument, since they argue that the success on the exchange depends on the season in which the owners have bought, so a low-season interval may limit their options. There are in fact a number of studies centred upon the complex area of vacation exchange which discuss optimisation models that offer owners more clarity and flexibility (Wang and Krishna, 2006; Sampson, 2008; Melkote *et al.*, 2012). In Malta, as at 2000, 87 per cent of all resorts were affiliated to RCI (OTE, 2001).

## 2.4. The Timeshare Developer

### 2.4.1. The Benefits of Timeshare to the Developer

Timeshare has been described as 'a boon' (Ellis, 1986, p. 21), and a lucrative business for many developers (Vella, 2017; Fabri, 2021). In the early days of the industry in Malta, timeshare sales generated 'ten times more cash flow than the normal tour operator business' (Xuereb, 2012, p. 168). The investment in high-end holiday ownership products had also enabled hoteliers to claw their way up-market since they were no longer reliant on the 'mega tour operator' (Holland, no date, cited in Ellis, 1986, p. 3). From an operational angle, developers do not have to worry about sustaining adequate occupancy levels because timeshare provides return visitors to the resort, and 'off-season traffic through differences in pricing' (Aufzien and Krimmer, 1982, p. 5), hence the average occupancy rate for timeshare properties is very high and stable (Ellis, 1986; Woods, 2001; Pandey and Rogerson, 2014). 'Most of the timeshare resorts in Malta enjoy year-round occupancy in excess of 75 per cent' (OTE, 2001, p. 81)

It also produces year-round sales and the opportunity of receiving payments even before members are actually using the accommodation (Pandy and Rogerson, 2014). Apart from the initial sale, timeshare also generates other income streams including maintenance fees, Club membership fees and interest income from consumer loans. In fact, timeshare financing has been described as ‘a key money maker’ for developers (Kaufman, Lashey and Schreier, 2009, cited in Cabrera, 2020). ‘Additionally, it is largely unaffected by dips in economic performance because customers are bound by a contract to use their unit’ (Powanga and Powanga, 2008 cited in van der Mark, 2021, p. 9).

Studies based in the USA that evaluated the economics of a timeshare resort and a hotel using the net present value (NPV), found that an investment in a timeshare resort is more beneficial to the developer because it provides multiple income sources (Powanga and Powanga, 2008; Barreda *et al.*, 2016). However, Kotler, Bowen, and Makens (2009) hold that as per current strategic management theories the co-existence of two related product lines results in increased net profits for the owners. This argument was also made by Kaufman, Curtis and Upchurch (2011, p. 11) in terms of the involvement of large hospitality brands in the timeshare industry, that make ‘crossover selling financial gains’ when timeshare members make use of the brand’s other traditional hotel products.

#### 2.4.2. Obstacles To Development: Challenges Faced By the Industry

##### *Finance*

One of the challenges that a timeshare project may encounter relates to finance, however, there are two sides to this issue. Firstly, resort developers often need loans to convert or build the resort (OTE, 2001; Woods, 2001), and purchasers may also need to finance their purchase if they are unable to pay for it outright (Bowen, 2006; Powanga and Powanga, 2008). From the development perspective, lenders may be wary of timeshare projects because they are either unfamiliar with the concept or they are put off by its unfavourable image (Lagiewski and Revelas, 2005; Stringam, 2010). From the consumer financing perspective, the same rationale applies, although lenders

may also find it unattractive because of the drastic depreciation that occurs when a timeshare interval is placed on the resale market which means that it cannot be used as collateral (Powanga and Powanga, 2008). In the absence of alternatives, developers sometimes opt to offer in-house unsecured finance plans at high interest rates (Ellis, 1986; Powanga and Powanga, 2008).

When it comes to the Maltese situation very little has been written on this subject – Ellis (1986, p. 21) listed it as a disadvantage that had the potential of hampering sales because of ‘the difficulties many purchasers face in financing the timeshare transaction’; and three decades later Vella (2017, p. 37) touched briefly on the challenges that developers were facing from ‘external pressures in consumer finance’, as a result of UK and EU regulations.

### *Marketing, Sales, and Image*

The next two challenges relate to marketing and reputation, that are mutually inclusive and are viewed as the chief areas of concern by timeshare businesses (Woods, 2011). Powanga and Powanga (2008) argue that consumers do not actively seek to buy timeshare, but are persuaded to do so, hence aggressive tactics are used by the industry. In fact, signing a timeshare contract can be viewed as ‘an act of faith’ ‘that relies on the ability of sales representatives to persuade potential buyers that over the years the value of the product will at least equate to the purchase price’ (Sparks, Bradley and Jennings, 2011, cited in van der Mark, 2021, p. 11). The sales process generally involves a tour of the resort and a sales pitch lasting between 90 minutes to 3 hours (Thomas, 2010; Sparks *et al.*, 2014; Powanga and Powanga, 2008), whereby sales representatives will put pressure on the touring customers to sign a contract on the day (Bowen, 2006; Powanga and Powanga, 2008; Fabri, 2021). ‘Stringam (2010, p. 44) described this marketing model as a ‘considerable weakness’ and called for the ‘significant reengineering’ of the sale process which is disliked by consumers and is also very costly’ (van der Mark, 2021, p. 11) Indeed, the exorbitantly high cost of timeshare sales and marketing operations is mentioned in numerous academic works. Ellis (1986, p. 22) proposes that this is ‘due to the greater efforts necessary to sell each unit to about 50 people’. Woods (2001), and Powanga and Powanga (2008) argue



that developers spend between 40 to 55% of the purchase price on advertising, promotion, and sales. The intensity of marketing activities and the attendant costs also escalate when there is increased competition and market penetration (Pandy and Rogerson, 2014).

In regard to the reputation variable, the negative image of timeshare has been proven to reduce value in owners' eyes (Sparks, Butcher and Pan, 2007), and to slow down the pace of new developments because timeshare becomes 'tainted in the minds of consumers' (Pandy and Rogerson, 2014, p. 194). Having said that, some academics have argued that the entry of major hospitality brands into the sector has improved the industry's reputation (Woods, 2001; Kaufman and Upchurch, 2007; Barreda *et al.*, 2016). 'Kaufman and Upchurch (2007) hold that renowned brands, such as Marriott, Hilton, and Disney, have imbued the timeshare industry with legitimacy and made consumers view timeshare as a credible and viable vacation alternative' (van der Mark, 2021, p. 12)

### *The Burden of Legislation*

When the 1994 Directive was enacted, the industry's trade body had opined that the regulations would 'act as a broad constraint for the future development of the industry in Europe' (OTE, 2001, p. 7). Years later, when the European Commission had finalised its review of the new Directive (2008/122/EC), it reported that while consumer complaints had decreased, traders stated that the language requirements were 'costly and cumbersome', and that overall, the measures had 'increased operational costs' and were 'harmful for their businesses'. Moreover, traders claimed that the regulations had weakened the purchasers' commitment to the timeshare agreement (European Commission, 2015, pp. 3, 5). 'Vella (2017, p. 42) arrived at the same conclusion when she listed 'compliance regulatory framework' as a threat in her SWOT analysis of Vacation Ownership in Malta' (van der Mark, 2021, p. 10). On the other hand, there are those who hold that the regulations have achieved 'an equitable balance' between the rights of consumers and timeshare operators, and that operators acknowledge the need for these measures which are not meant to 'stifle' the industry

but to eradicate those few rogue traders whose practices sully its image (Micallef, 2005, p. 83; Vella, 2017).

The European Commission (2015, p. 10) has also warned against questionable commercial practices that seem to have been ‘designed to circumvent the Directive’ and are likely to ‘confuse consumers and impair their ability to exercise their rights’. These include ‘short-term discount holiday clubs’ where consumers purchase a membership of less than one year and are asked to pay a deposit. Often, such contracts are secondary to the main timeshare agreement and do not offer purchasers the protections envisioned by the timeshare Directive because they are outside of scope. Legitimate timeshare businesses are equally concerned about the impact of such practices on the industry’s image. That said, the Commission’s report made it clear that rather than amending the provisions or the scope of the current Directive, ‘targeted interventions at national level’ and ‘efficient self-regulatory measures’ would be more effective at addressing existing problems (European Commission, 2015, p. 16). Ultimately though, whether regulations are legislated or self-imposed, over regulation should be avoided as the industry would not prosper (Lagiewski and Revelas, 2005).

### *Other Challenges*

The variables that have been identified above are clearly non-exhaustive, although they are the ones that feature more prominently in the literature. Other factors that may impact upon the success of a timeshare project include:

- the ‘life cycle position’ of existing owners that will influence the use of their timeshare rights, particularly since the literature points towards an ageing timeshare population which is synonymous with health and economic constraints (Kaufman, Lashley and Schreier, 2009, p. 21). Vella (2017) reports that Maltese timeshare operators are concerned by owners being too old to travel, no longer affording to pay their annual dues and wanting to resell or exit their membership;

- the changing travel preferences of existing owners who may become bored of returning to the same resort or destination year after year (Vella, 2017). Navarro-Ibáñez and Becerra-Domínguez (1995, p. 6) opined that timeshare ‘reduces freedom of choice as to where to spend one’s holiday, even taking account of exchanges possibilities’;
- the misalignment in organisational culture and objectives that may exist between the resort operator and the marketing company in a mixed-use scenario, and which will impact the members’ experience (Inglott, 2013). The relationship between the company appointed to manage the resort or club and the hotel operator in a mixed-use project could be equally problematic and cause a deterioration in the quality of the product and the service (Navarro-Ibáñez and Becerra-Domínguez, 1995);
- the fact that, in the case of islands, access to the timeshare accommodation is not guaranteed because there is a dependence on air transport (Navarro-Ibáñez and Becerra-Domínguez, 1995);
- the challenges that OTAs such as Airbnb pose in terms of ease of booking and cost considerations, although, up till 2017 Maltese timeshare developers were not too concerned because they felt that the consumer that books holiday accommodation through OTAs is not the same one that purchases timeshare (Vella, 2017). Nevertheless, Airbnb in particular, has been called an ‘industry disruptor’ (Richard and Cleveland, 2016, cited in Richard, 2017, p. 57) because of the chilling effect it has had on hotel revenues in certain markets (Zervas *et al.*, 2014, cited in Richard, 2017, p. 57). One very recent study that compared the effects of consumer satisfaction on eWOM (electronic word of mouth) between timeshare and P2P (peer-to-peer) accommodation found that the economic benefits associated with P2P accommodation gave the latter an advantage over timeshare stays when it comes to satisfaction levels and their impact on eWOM (Redditt *et al.*, 2022).

## 2.5. The Future Of Timeshare In Malta

The latest study concerning the timeshare sector in Malta carried out by Vella (2017) was unable to establish how many resorts or clubs were still actively involved in sales and how many were still open and simply maintaining members. The researcher had nonetheless concluded, through qualitative data collection, that the industry consisted only of ‘a few players’ (Vella, 2017, p. 52). In the context of the TALC model, the study had found that some companies were in the development stage while others had already stopped sales and reached decline, however, she estimated that the ‘leading players will not stop and will continue succeeding’. Additionally, it was proposed that an investment in new projects, and in the renewal of existing resorts, and the provision of resale programmes may have a positive outcome. The rejuvenation of the industry can also be achieved by focusing more on the promotion of the exchange programmes, thereby enhancing flexibility, and targeting younger generations of consumers by developing programmes that they will respond to (Vella, 2017). In terms of flexibility of use which is regarded as ‘the essence of the sector’, (Milburn, Clark and Hall, 2005, p. 14) note that this is not limited to a straight interval swap but also includes giving existing members access to a vast array of hospitality services and travel products by converting timeshare intervals to points or credits. This would also suit future owners, primarily Millennials, who are more diverse in their expectations and seek personalisation (Yeoman *et al.*, 2016, cited in Richard, 2017).

## 2.6. Conclusion

As a field of research, timeshare is invariably classified as a subdivision of the tourism industry. The breath and ever-changing nature of the sector is reflected in a body of literature that is fragmented and often focused on specific geographic regions or topical areas, such as legislative frameworks or consumer satisfaction. In this review preference has been given to those works that align with the study’s research questions, and to papers and theses published in Malta. As discussed, these are very few in number and narrow in scope, hence the need for the advancement of knowledge on the Maltese timeshare sector and its role within the wider tourism industry.

## Chapter 3 Methodology

### 3.1. Introduction

Morgan (2013) opines that successful research projects have two hallmarks - valid research questions and appropriate methods to answer them. The research questions that lay at the heart of this study were carefully designed to deliver valuable insights into the development of the Maltese timeshare industry, to validate or invalidate its hypothesised state of affairs, and to establish predictions for its future. While the questions themselves were specific and clear, the intrinsic complexity of the timeshare sector largely determined the methodology that was followed in conducting the research. This was based on the pragmatic worldview philosophy that puts an emphasis on the research problem and uses ‘all approaches available to understand the problem’ (Creswell, 2009, p. 231). The result was ‘a strategy of inquiry based on mixed methods of data collection’, where the different strengths of the more-established Qualitative and Quantitative research methods were used to answer the research questions (van der Mark, 2020, p. 16; Morgan, 2013). This is similar to the approach taken by past industry studies that had similar objectives but a broader geographic scope (OTE, 2001; AIF, 2016).

Additionally, since this research seeks to build on previous academic studies on the same subject, notably that of Vella (2017), Butler’s Tourism Area Life Cycle (TALC) model was used as a reference framework to address the underlying hypothesis. This model that is itself based on the ‘product cycle concept’ (Butler, 1980, p. 6) has been used extensively in scholarly works and is viewed as ‘an academic classic in the field of tourism’ (Lagiewski, 2006, p. 27). It is most commonly used to analyse, interpret, and define the evolution of particular tourist destinations, however, it has been modified over the decades. In one instance it was used to analyse ‘the travel life cycle of individuals’ (Oppermann, 1995, cited in Lagiewski, 2006, p. 35), and was employed by Vella (2017) to determine the development stage of individual timeshare resorts or operators. In fact, the term ‘tourism area’ is not restrictive and may be applied to ‘a town, a hotel or an attraction’ (Haywood, 1986, cited in Lagiewski, 2006,

p. 40). In this study it has been applied to timeshare as a market segment with the objective of determining its current stage in the cycle. One of the questions put forward to industry participants adopted a novel conceptualisation of the series of changes that take place in each stage of the cycle, so that these were adapted to relate to the timeshare sector. With concrete and precise definitions, the respondent's opinions could be recorded more effectively.

### 3.2. Data Gathering

This phase of the research started with the preparation of a master list of timeshare resorts, developer entities, marketing and sales companies, and other key stakeholders. This included resorts that had already closed, and developers and marketers that had withdrawn from the sector. The list was prepared on the basis of the researcher's own knowledge, data found in Farrugia *et al.*, (1999), the RCI and II affiliated resort directories, and desk research. To ensure the validity of the information, the listings were reviewed by a local timeshare executive.

#### 3.2.1. Resort Developers, Marketing Companies And Other Stakeholders

##### *Resort Developers*

The research methodology with this stakeholder group followed a 'concurrent mixed methods' strategy (Creswell, 2009, p. 228) consisting of the simultaneous collection of both qualitative and quantitative data. Developers were invited to participate in one-on-one semi-structured interviews during which they were also asked to complete a 'Resort Questionnaire' (Appendix 2). This strategy was preferred because many developers are busy entrepreneurs with limited available time, and data on multiple resort properties could be collected directly from developer entities. This is the same approach taken by two landmark timeshare studies (OTE, 2001) and (RDO, 2009).

The interview questions (Appendix 3) were largely open-ended and developed on the basis of constructs identified in the literature. They were used to guide the

conversation and create a discussion. Based on the answers given by the participants, follow-up questions were asked to draw out more specific data, to expand on certain themes, or to elicit anecdotes from the participants about their personal experience with timeshare development. The 18-scale 'Resort Questionnaire' was designed to collect data on up to three resorts. Its aim was to garner an in-depth understanding of current timeshare resort developments, including their size, structure, legal set-up, operational profile, marketing channels, and owner characteristics. To ensure a level of consistency with past research, it was developed by referencing previous industry studies (OTE, 2001, pp. 122-125), (AIF, 2016, pp. 107-110), and (Farrugia *et al.*, 1999). The interview questions and the resort survey instrument were reviewed by two experts and the responses were incorporated into their design.

The researcher also used an 'emergent design' (Creswell, 2009, p. 175), so that as the data collection progressed some questions were improved to reflect feedback obtained from previous interviews, and questions that did not apply to particular participants were left out. For example, those developers who had already exited the industry were not asked to provide data on their owner-base. Given the small population size, and the complex nature of the subject under study, the researcher used a purposive, expert sampling technique (Etikan, Musa and Alkassim, 2016, p. 3), whereby all developers who were known to the researcher (19 developers/developing entities) were invited to participate. This figure includes developing entities that had already exited the industry. Follow-up calls were made to increase the response rate. Five developers, two of whom do not currently own or operate a timeshare resort, accepted to participate in the study. Four of the interviews were carried out in person and one was done online through a video conferencing platform. All of them were recorded and transcribed. Beside the five interviews, another six developers or their representatives provided a brief statement telephonically, by email or through messaging.

Those resorts that could not be reached through the developer distribution were contacted directly. One management company responded to the invitation, and an in-person interview was held with the Managing Director, who also completed and returned the resort questionnaire. This company operates a number of Clubs that are housed within one resort. Finally, to complete the supply-side data, the researcher

also carried out internet research to understand the licensing status of unresponsive properties, sent emails to elicit basic information such as termination dates and number of owners, and visited some resorts in person to observe if they had closed down.

### *Marketing Companies*

The methodology used with this stakeholder group is identical to that described for developers above. In total six marketers or marketing companies who were, at some point, active in the promotion of timeshare in Malta were invited to participate in the study. Of these, three accepted and were interviewed. Only one of them was still involved in the marketing of timeshare at the time of the interview. Additionally, two of the participants were given the resort questionnaire which they partially completed on behalf of the three resorts that they currently represent. Overall, the questionnaires returned by developers, marketers and the management company provided data on nine (9) resorts and clubs out of an estimated twenty-two (22) that had an active member base or were still listed on the exchange organisations' online directories.<sup>1, 2</sup>

### *Other Stakeholders*

Interviews were held with a high-ranking officer of the Malta Tourism Authority, with a representative of the European Consumer Centre Malta (ECC Malta), and with the Managing Director of a leading trust company.

#### 3.2.2. Timeshare Owners

### *Population*

The population of interest consists of all individuals who currently own a timeshare product in at least one resort or club based in Malta, however, the population size is unknown. One study shows that as of 2001 there were approximately 14,300 owners, but this data is too old to be reliable (OTE, 2001, p. 82) and there is no other

---

<sup>1</sup> Estimate based on data obtained through preliminary desk research before in-depth record analysis and data collection were undertaken.

<sup>2</sup> Not all questionnaires were completed in full. Some questionnaires contained only partial data.



empirical information available. Additionally, the research involving resorts did not manage to gather population data from all the active properties, or from the exchange companies that in the past provided such data for two Europe-wide studies (OTE, 2001; RDO, 2009).

#### *Development of the Cross-Sectional Survey Questionnaire*

The research comprised a 25-item, self-administered, online questionnaire which collected demographic and product-related data (membership type, season, length of ownership), examined owners' perceptions of the benefits of timeshare, measured satisfaction with timeshare and ancillary memberships, and gathered the owners' views on the viability of the timeshare model. The questions for this survey were designed to provide valuable data for the attainment of the research objectives. In particular, this instrument sought to measure those independent variables identified in the literature relating to challenges associated with timeshare ownership that may have influenced the hypothesised decline of the sector. Constructs were also defined on the basis of the qualitative research conducted among local timeshare executives, as well as past proprietary studies that were obtained during the first stage of this research (RCI, 2002), (RCI, 2003), (Interval International, 2018), (RDO, 2009), to allow for comparative analyses.

#### *Pilot, Sampling And Distribution*

Since the researcher did not have direct access to the population of interest, the cooperation of those industry stakeholders who have owners listings was sought. Three Clubs that together comprise around 4500 members (the sampling frame), accepted to carry out the distribution among their members, mostly residing in the UK, Malta, and Sweden. These members represent a subset of the population of interest. The internet-based method of distribution was chosen because the questionnaire could be self-administered and therefore more practical in the context of the geographical distance between the researcher and the subjects.

Pilot testing was carried out because it 'is important to establish the content validity of an instrument and to improve questions, format, and scales' (Creswell, 2009, p. 150). After considering guidelines in the literature relative to an appropriate

sample size for pilot studies - that range from 12 to 80, to 10% of the sample planned for the main survey (Viechtbauer *et al.*, 2015; Connelly, 2008) - and following discussion with the clubs, it was decided that the instrument would be tested on a sample of 100 owners. To avoid non-sampling errors, particularly those associated with the design of the instrument, the questionnaire was reviewed by a representative of the clubs' management company, as well as a foreign expert. SurveyMonkey was chosen as the online survey tool to collect responses and the link to the survey was embedded in an email that was sent out by the company. Completed questionnaires were received from 7 owners, representing a response rate of 7 per cent. This is in line with the response rate of 7.1 per cent registered by RDO (2009, p. 12) among UK timeshare owners participating in their e-survey.

The problems identified in the pilot were addressed, and the instrument was then tested through the 'Preview and Score' facility offered by Survey Monkey. The introduction and question text were shortened to ensure minimal respondent burden. In light of the low response rate obtained on the pilot the main questionnaire was sent to all the owners of the participating clubs, therefore all the units in the sampling frame could opt-in. A recruitment letter from the researcher was distributed by the management company through electronic mail, including a link to the online survey website. Consequently, this research followed a non-probability, convenience, and self-sampling technique (Etikan, Musa and Alkassim, 2015). The survey opened on 10 June 2022 and was kept open for over four weeks. No reminders were sent out. The survey was allowed to be taken only once from the same device, however respondents were able to amend their answers on any page until they completed the survey. To minimise the risk of item non-response errors, all the questions required an answer, apart from two optional feedback questions.

### *Responses*

The aim was to collect a final sample of  $N = 300$ , which lies within the range of what is regarded as acceptable for most research (Roscoe, 1975, cited in Sekaran, 2003). A total of 336 owners accessed the survey through the link, 334 of whom consented to participate by clicking 'Yes' to the first question. Out of these, 64 dropped out immediately so that 270 owners went on to answer the remaining

questions, with a further 29 respondents dropping out after question 18. Finally, 241 owners completed the questionnaire in full, representing a response rate of 5 per cent (Refer to Table 2). The feedback questions collected responses from 140 owners.

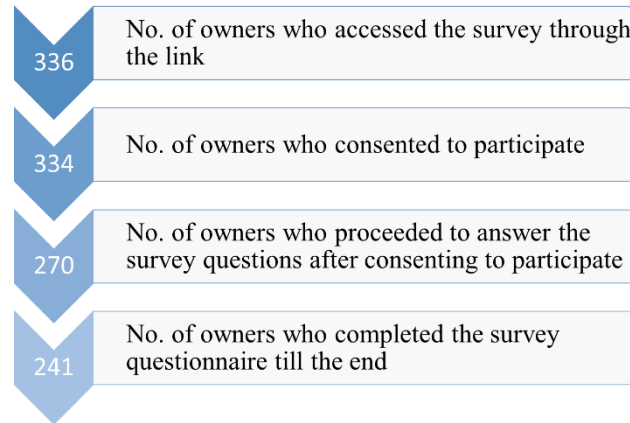


Table 2: Breakdown Of Timeshare Owners' Survey Responses

### 3.2.3. Other Data Collection/Sources

One of the objectives of this research was to provide a comprehensive record of timeshare resort development in Malta, as well as its relative importance in the context of the wider tourism industry. A key difficulty in reaching this objective was identified by Vella (2017, p. 6) in so far as the absence of data specific to timeshare in inbound tourism reports, since figures are classified under 'private accommodation'. To address this information deficit a request was made to the NSO, through the Malta Tourism Authority, for raw data concerning inbound tourists staying in timeshare accommodation. The data collected through this source covers the period 2015 to 2022 and is derived from the 'TOURSTAT survey' (NSO, 2022). Additionally, the MTA provided further, timeshare-related, secondary data from its archives. RDO also provided two past studies on the European timeshare industry, and a worldwide study published in 2016 by the American Resort Development Association (ARDA) International Foundation. Secondary data was also obtained through internet searches, which included newspaper articles, statutory financial reports of publicly listed organisations, and corporate websites.

### 3.3. Data Analysis

In the first instance the researcher adopted a number of strategies to confirm the accuracy of the findings (Creswell, 2009, p. 190), which included ‘triangulating different data sources of information’, using ‘rich, thick description’ when presenting the qualitative research findings, as well as including participant perspectives that differ from the opinion of the majority. The findings and discussion chapters were also reviewed by a ‘peer debriefer’ (Creswell, 2009, p. 192). To concise the data on former or existing resorts and clubs, a matrix was created in Excel, that combined all the information obtained from the resort questionnaire, the interviews, and from various other secondary sources (newspaper articles, trade journals etc..). The qualitative data consisting of the transcripts obtained from in-depth interviews was analysed using Delve coding software. The results were then presented thematically and are supported by quotations. Additionally, all the industry participants were asked to score a set of eight variables (Table 6) that were identified in the literature, through an 11-point Likert scale where the endpoints and the midpoint were defined as follows (0 = not at all influenced, 5 = moderately influenced, 10 = influenced very substantially). The 11-point scale was used because it is ‘an easily comprehensible range’ (Wu and Leung, 2017, p. 527) that reduces measurement error (Scherpenzeel, 2002). Since Likert scales are per definition ordinal scales, and the labels given to this scale were the numerals 0 to 10 (not natural numbers), the median was used as a measure of central tendency because it best displays the point on the scale that splits the set of observed scores given by the participants.

In relation to the owner survey data, Excel with PHStat statistical add-in system was used for the analysis of descriptive data, frequency distributions and confidence intervals of proportions. A Finite Population Correction (FPC) factor was incorporated in the process of confidence interval estimation because the population of the participating clubs is finite and the sample (N=241) is larger than five per cent (5.35%) of the Clubs’ population. For Likert scale questions, the median was used as a measure of central tendency in the reporting of data. Additionally, top and bottom box scoring was used to present the two most extreme responses to each variable. This type of reporting is rather common and was also used by RDO (2009) in the same field of study.

### 3.4. Ethical Considerations

Prior to commencing the collection of data, the researcher considered all the possible risks and submitted an ethics application to the Academic Research and Publications Board. Potential study participants were only approached after the research plan had been approved. In the case of owners, the distribution of a recruitment letter containing the link to the online survey was carried out by the clubs owning the contact list (Appendix 4). Therefore, the researcher was unaware of the owners' identities or their contact details throughout. Additionally, a consent statement was added at the start of the online survey to ensure that subjects were giving their informed consent to participate. Those who did not give consent were automatically taken to the end of the survey (thank you page). Finally, to safeguard owners' privacy and anonymity, the 'anonymous responses' setting was chosen in SurveyMonkey, so that email and IP addresses were not collected. The questionnaire did not collect any data that would personally identify owners.

The procedure adopted with the supply-side stakeholders was different because they were already known to the researcher. A recruitment letter that explained the objectives and scope of the research was sent to them directly by post or email together with a consent form (Appendix 5). This was signed by all the subjects who participated in an interview (11 in total), and through it they were able to indicate their preference with regard to anonymity. To ensure that the interviews went smoothly and the interests of the participants were protected, a 'Standard Interview Procedure' was prepared by the researcher and followed in each case (refer to Appendix 6). Moreover, subjects were not asked to provide sensitive information such as financial key performance indicators and were given the option to avoid questions that they found intrusive. Finally, when choices had to be made regarding the reporting of data, the participants' rights, interests, and wishes were prioritised. For example, when excerpts from interviews were used, the text was stripped of all direct identifiers such as resort and company names. In all cases the data was collected on a confidential basis which means that the researcher has protected it from unauthorised access, use, disclosure, modification, loss and theft.

## Chapter 4 Research Findings

### 4.1. The Evolution Of the Maltese Timeshare Industry and Its Current Status

#### 4.1.1. Why Did Timeshare Find Fertile Ground In Malta?

A key aspect in understanding how the timeshare industry developed in Malta was to identify the reasons that led to this concept taking hold, from both the supply-side and the demand-side. The context, according to one participant, was that timeshare came to Malta at a time when the tourism industry was struggling. The country was at the cusp of losing its traditional strength in the British mass market, it was still in its initial stages of tapping into continental markets, and it was predominantly a summer destination:

So, there was this interim period of getting out of one obsolete system and entering a new system which was in its infancy that timeshare landed as a beautiful solution because it guaranteed volumes not off traditional tour operators and it injected cash into accommodation establishments.

In fact, most of the participants discussed the correlativity between the tour operator business ‘which had a market share close to 90%’ and the development of timeshare in Malta in the 1980s. The feelings expressed by some participants on this subject were rather strong – TOs were ‘squeezing hotel margins’, ‘squeezing hotels at their throat’, ‘they were cheating us’ ‘they were holding the reigns’. Hence, timeshare was viewed as an ideal, alternative, or additional channel, that allowed better control over pricing, secured upfront payments and year-round cash flow. This enabled some developers to expand their business and helped with the funding of new hotels. There was also the consideration that at the end of the term the asset will revert back to the developer ‘after 25 years you are still going to have this cash but you still own this property because you get it back’. In the meantime, timeshare gave them guaranteed occupancy levels throughout the year for many years – ‘where resorts existed in timeshare, in the vast majority, they were in seasonal destinations because timeshare guarantees occupancy levels even off-season’.

One of the interviewees explained that he decided to enter the industry because of the opportunity to generate cash at a time when banks did not offer loans for hotel building. Over the years this developer continued using the mixed-use formula when building new hotels to help with the cost of the development. In one of the projects the company had decided to have about ten units on timeshare and did not carry on converting from hotel rooms to timeshare 'because the hotel was doing very well and we achieved a couple of million for its development'. In a later project the developing entity decided to include hundreds of units on timeshare basis as the project was substantial in its size and cost, with the participant noting that:

The timeshare sales helped a lot in order to recoup the capital that we expanded to build the hotel. That was basically the motivation to invest – the fast-track money that comes into the operation.

From the consumer side there were many factors that made timeshare appealing as an alternative holiday accommodation product. It eliminated the reliance on tour operators that offered somewhat limited options, and on package holidays that had to be booked a year or more in advance. Conversely timeshare gave consumers certainty, control over their annual holiday, and a sense of ownership. Interviewees reported that the 'home away from home' aspect of vacation ownership was always a benefit because when compared to standard hotel rooms, timeshare units offered spacious living areas, separate dining areas, and in many cases fully equipped kitchens. Moreover, timeshare accommodation 'was always considered as something of a higher value, a higher standard, and more exclusive, so at the time it picked up like mad', while 'with tour operators accommodation was run of the mill, very basic'. In fact, all eleven participants agreed that in the past this aspect of guaranteed, quality holiday accommodation was one of the key benefits of timeshare from the consumer angle. And there was an economic rationale in favour of timeshare as well because:

At that time the tour operating hotels were expensive and that's why timeshare was feasible because it brought down the price of accommodation for the average person - luxury standards at affordable prices.

Timeshare not only offered consumers good value and affordability, but by paying an upfront fixed price, buyers were making ‘a hedge against future inflation’. However, value was not just measured in terms of the holiday accommodation available in Malta, but also through the option of exchanging to thousands of resorts worldwide. Table 3 lists all the variables that industry participants confirmed as benefits of the traditional timeshare model.

a)	Guaranteed, quality, holiday accommodation
b)	Value and affordability
c)	Saves members time & resources searching for quality holiday accommodation
d)	Flexibility offered by the exchange system
e)	On-site & in-room amenities outweigh hotels & other accommodation types
f)	Ability to rent or gift unit/membership
g)	Timeshare resort membership offers 'a home away from home'
h)	Timeshare resorts are located in the most popular holiday destinations in the world
i)	Timeshare units have larger floor plans than standard hotel rooms and allow families to stay in one apartment together

Table 3: Benefits Of Timeshare Ownership. Source: Author.

#### 4.1.2. Who Developed Timeshare in Malta?

Most of Malta’s successful and renowned corporate groups that have interests in a myriad of sectors from construction to transport and energy, have, at some point in their history, dipped their toes in the timeshare industry. However, not all developers of timeshare products in Malta consisted of corporate groups – many in fact were smaller-scale hoteliers or companies that operated solely in the hospitality and leisure sector. A few resorts also involved foreign investors. One such company that owned numerous luxury timeshare resorts in Spain, Italy, Dubai, and Jamaica invested in a purpose-built, mixed-use, project through a 50/50 partnership arrangement. There were also a few international brands that made deals with local resorts to include Malta-based timeshare inventory into their membership clubs. Today, one of the largest hospitality brands manages the timeshare operation at a 5-star mixed-use property in St. Julian’s.



As regards marketing and sales operations, multiple sources confirmed that the first resorts to open in Malta had contracted American marketers, who either brought their sales team from abroad or recruited locally. Some of these local recruits went on to form their own marketing companies that became very successful and contributed greatly to the growth and development of the sector in Malta. In fact, for the most part, developers chose Maltese third-party companies to manage the marketing and sales operations at their properties. Other than that, the involvement of foreign entities in the development of Malta's timeshare sector was mostly limited to the provision of auxiliary services such as trustee and exchange services.

#### 4.1.3. The Size And Composition Of the Maltese Timeshare Sector

In total, 34 unique holiday accommodation properties have been identified as having had at some point since the 1980s, all or part of their inventory committed to timeshare. In some instances, multiple holiday products and membership clubs were created in one property so that through record analysis a total of 43 distinctive vacation ownership products have been classified.<sup>3</sup> In these multi-product properties, the underlying inventory is physically located within the same building or complex (known as the home resort), but the legal set-up, structure, or benefits of the individual vacation ownership products vary from one to the other. As an example, one mixed-use property promoted concurrently 4 and 5-star hotel accommodation, an upscale vacation ownership club selling right-to-use, and luxury fractional apartments under a 99-year deeded structure.

#### *A Spatial Analysis Of Timeshare Properties*

As Figure 1 demonstrates, timeshare development occurred principally in coastal localities where tourism was already well-established, namely the Northern and Northern Harbour Regions. In the Northern region, the locality of St. Paul's Bay that includes Qawra, Bugibba and Xemxija has seen the lion's share of resort development with 14 properties in total, followed by Mellieha that also includes

---

<sup>3</sup> Record analysis of exchange company membership directories.

Golden Bay and Marfa with 7 properties. In the Northern Harbour region that comprises Sliema, St. Julian's and Swieqi, there have been 9 properties over the years. The smaller island of Gozo has seen less activity with only 4 resorts.

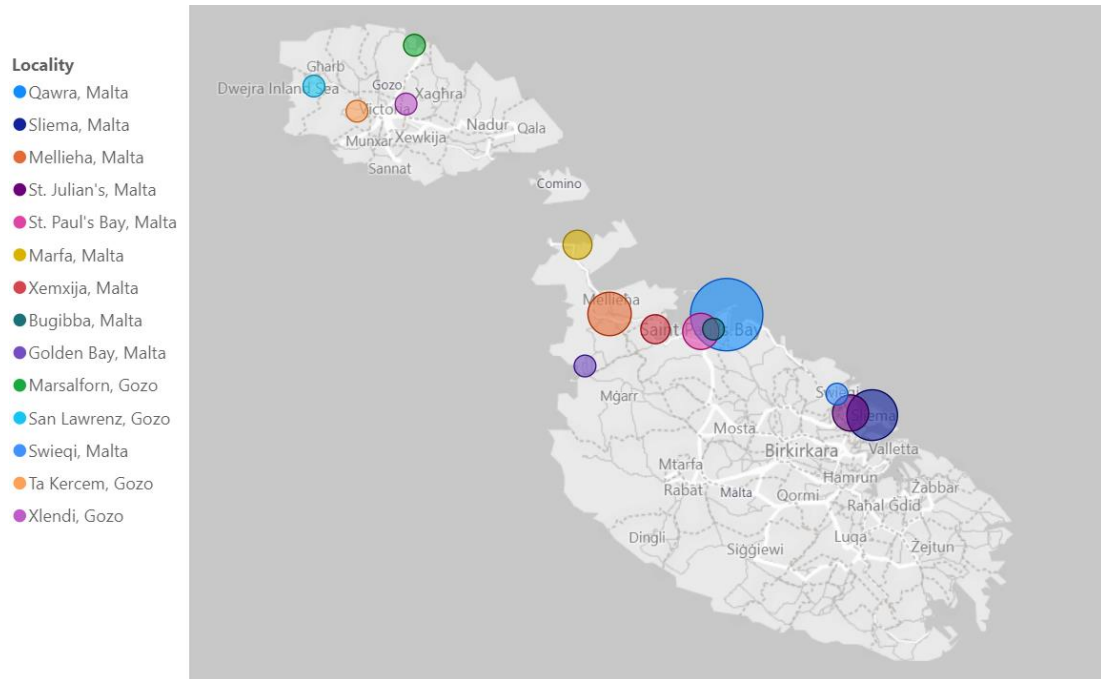


Figure 1: Timeshare Resort Development By Locality And Number Of Properties. Source: Author.<sup>4</sup>

### *An Analysis Of Timeshare Inventory*

The timeshare inventory that came on the market early on, consisted of conversions of existing holiday accommodation, particularly apartments and aparthotels. It is only around the turn of the 21<sup>st</sup> century that a number of purpose-built resorts and clubs appeared (at least five). Some of the first resorts to open were stand-alone, however, the vast majority of timeshare inventory in Malta is located within mixed-use properties. In respect of the size of these resorts and clubs, as Figure 2 demonstrates the majority had between 21 to 50 units, while at least nine resorts/clubs had over 51 units each. A similar number of resorts/clubs featured between 11 and 20 units while eleven had under 10 units each.<sup>5</sup>

<sup>4</sup> Map created using Power BI data visualisation tool.

<sup>5</sup> Based upon exchange company membership directories. Three resorts/clubs are missing as data was not available

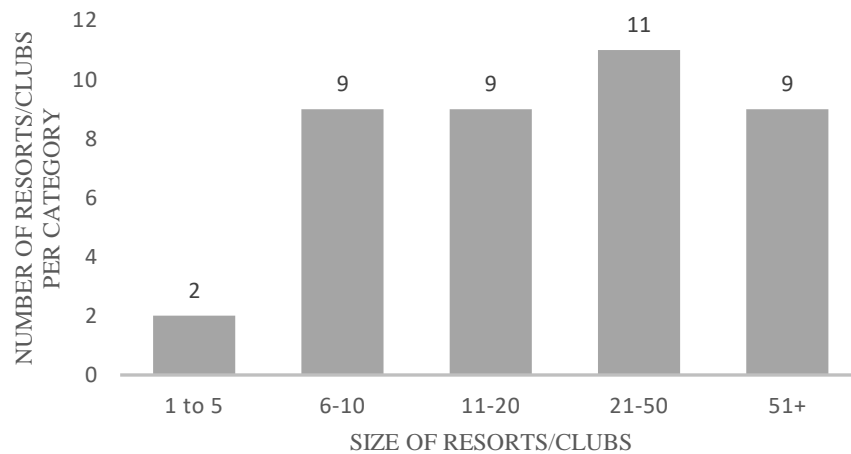


Figure 2: Distribution Of Resorts/Clubs By Number Of Units. Source: Author.

#### 4.1.4. The Evolution of the Maltese Timeshare Sector

An analysis of the evolution of the industry on the basis of the TALC model would require annual data relating to the number of inbound tourists segmented by timeshare use. This has not been possible as the data is sporadic and consists of an MTA estimate dating back to 1997 and a tally of the number of owners as of 2011 generated by a private industry study (OTE, 2001).<sup>6</sup> Official data on inbound tourists staying at timeshare accommodation has been collected since 2001 through TOURSTAT, however, in reports it is included with ‘non-rented accommodation’ as per Eurostat recommendation.<sup>7</sup> Although this study managed to obtain estimates of tourists staying in timeshare accommodation between 2015 and 2022 (Table 4), the data is largely unreliable as it is based on limited sample observations.<sup>8</sup>

<sup>6</sup> MTA estimate: ‘We have about 50,000 timeshare weeks with a volume potential of around 100,000 tourists, which in terms of tourist volume, amounts to approximately 10% of our yearly incoming tourists’.

<sup>7</sup> ‘TOURSTAT is an ongoing sample survey aimed at collecting information from departing passengers at the Malta International Airport and Seaport. The main aim of this survey is to estimate the number of tourists coming to Malta’ (Source: [https://www.tourmis.info/material/etc/definitions\\_MT.pdf](https://www.tourmis.info/material/etc/definitions_MT.pdf)).

<sup>8</sup> Data post-2017 is unreliable since most months had less than 20 sample observations or were under-represented by having between 20 and 49 sample observations. Although there is a small increase from 2015 to 2017, some of the monthly estimates during these years were based on sample sizes that were too small to provide reliability.

<b>Year</b>	<b>No. of tourists</b>
2015	27,834
2016	28,566
2017	29,041
2018	23,614
2019	22,980
2020	2,832
2021	4,186
2022	1,258

Table 4: Estimates Of Tourists Staying In Timeshare Accommodation 2015 to 2022. Source: NSO

To overcome this problem, this study has used the annual number of operational resorts as a unit of measurement. Figure 3 portrays the changing trends in resort development since the industry's inception in 1983 and is based upon the cross-tabulation of primary data and record analysis.<sup>9</sup> The period 1983 to 1986 is synonymous with the 'exploration' stage, while the incremental growth registered until 1996 characterises the 'involvement' and subsequent 'development' stages. A total of 15 resorts started operating within this thirteen-year period. This was followed by the 'consolidation' phase - a seven-year period of quick growth from 1997 to 2004 where the number of active resorts jumped to 33. The ten-year period that ensued (until 2014) can be considered the 'stagnation' phase whereby development plateaued because the introduction of new resorts and clubs was balanced out by the early termination of some resorts that had been launched in the 80s and 90s. From then on, the sector started to decline. Although a few projects saw the light of day during this stage, they invariably consisted of new vacation ownership products added to already existing mixed-use properties.

<sup>9</sup> Since this data is mainly based on exchange company membership directories which may not necessarily reflect the exact year in which a resort commenced operations or terminated, there may be a small variance. Moreover, the directories may list resorts that are available for exchange although the contractual relationship between the resort and the company has terminated. Where possible corrections to the listings were made on the basis of primary data collected by this study. Some years are missing because data was not available.

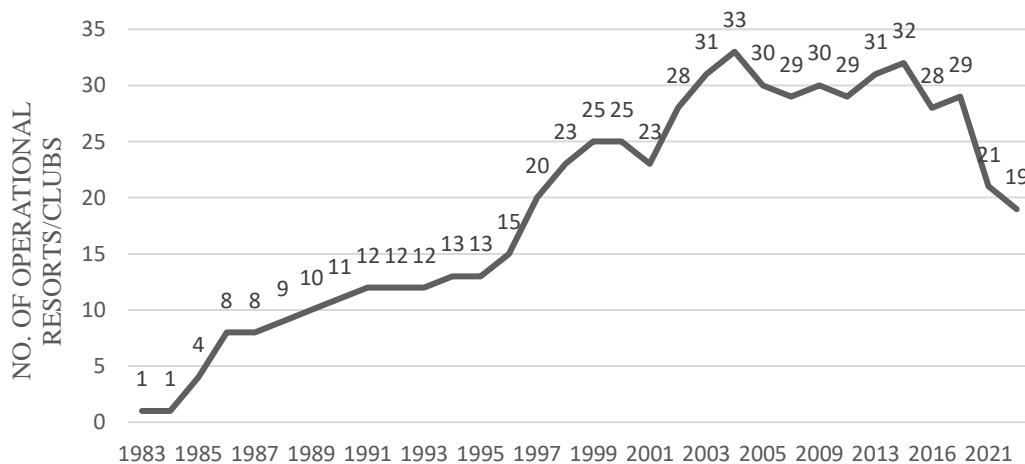


Figure 3: Changing Trends In Timeshare Resort Development Since 1983. Source: Author.

As Figure 3 demonstrates, today there are only 19 resorts and clubs (situated within 14 properties) that are still operational, meaning that they are still affiliated to an exchange organisation or maintaining their member-base. Most of the 24 programmes that ended, have reverted their timeshare inventory to hotel stock. Seven properties have been the subject of development permits for a change of use, which involves their demolition and rebuilding into residential and/or commercial complexes.

In respect of marketing and sales, as of October 2021, the MTA had two ‘active’ timeshare marketing companies on the books that between them held 12 OPC licences. One of the companies promotes a club situated within a mixed-use property, that offers a Weeks programme on a floating unit and fixed season basis. It is currently negotiating with the property developer for the ownership term to be extended. The other company is marketing a multi-destination holiday club that allows members to use their entitlement weeks in a variety of resorts worldwide, including the Malta resort.

In the absence of a sales operation, it would seem that the remaining 17 resorts and clubs are simply maintaining their member base until their intended termination date or until they resume sales. The research therefore focused on this point and asked

respondents to comment. Eight participants who represent 11 resorts and clubs confirmed that their sales operation had closed down intentionally either because they had sold the majority of their inventory or because of a commercial decision. The operators plan to focus on their core hotel business and are not interested in pursuing timeshare sales in the future. In the meantime, as one participant pointed out ‘most of the resorts are phasing out’ and are allowing owners to surrender their intervals/rights, or they are waiting until the term ends organically. As of September 2021, this resort had just 36 members. Another participant explained that his company had purchased a hotel that included a number of rooms already committed to timeshare, and the decision from day one was ‘to let them die out organically, so if a member exits, we would not replace them’. While the company never sold timeshare at this resort, they continue servicing their existing members. This resort today has less than 50 active weeks. The same strategy is being employed by another developing entity whose sales operation lasted for only one year. They joined the industry when it was already in decline and given their limited knowledge of timeshare, they decided to stop sales.

Aside from allowing members to voluntarily relinquish or give up their membership, some resorts have also gone down the route of buying back their members’ timeshare interests. One participant noted that while a resort’s member base will deplete naturally when sales have stopped, their plan was to hasten this process:

In our case it was planned that the system would contract because we were more interested in using our rooms for regular paying guests rather than timeshare owners, so we used to offer to those who wanted to sell that we buy back the weeks ourselves. We used to make them an offer because we wanted to decrease the number of members as much as possible. It was our policy to shrink it.

Moreover, a developer whose resort will terminate within the next five years explained that when there are only a few years left, it is easier to buy members out. In such cases, due to their advanced age, or other personal circumstances, members prefer to receive a cash payment in lieu of returning to the resort. Of all the operators that accepted to participate in this research, only one confirmed that they are actively seeking to replace lost members, noting that ‘it is in our interest to keep the wheels turning and fees flowing in to guarantee the longevity of the Clubs for the members’

interest’. This company manages a number of clubs that are located within one home resort and will terminate in 2045. It has recently relaunched its website and invested in a digital marketing strategy to facilitate rentals and resales on behalf of its members. It is also investing in product innovation by enhancing the exchange options for its points-based members and adding value by offering discounts and benefits that extend beyond the physical confines of the resort.

Notwithstanding the foregoing, it seems very likely that the number of members and the number of units that are under a vacation ownership use plan will continue to dwindle in the coming years, especially since there are at least five resorts that will reach the end of their term within the next six years. As of September 2021, 9 out of the 19 existing resorts and clubs had cumulatively just over 5,500 members owning around 8,443 intervals. Concomitantly, timeshare resort development in Malta has ground to a halt. In fact, based upon the constructs described in Table 5, nine out of eleven participants stated that the Maltese timeshare sector is currently in the ‘decline’ stage of its life cycle. Two participants chose ‘stagnation’.

<b>Phase</b>	<b>Definition</b>
<i>Development</i>	There is a large growth in the number of resorts, developers are investing considerable resources to set-up resorts and to attract potential members – marketing becomes intensive;
<i>Consolidation</i>	Timeshare is an important feature of the local economy, developers are pursuing expansion, sales and profits are growing – marketing efforts are further widened to attract new markets;
<i>Stagnation</i>	A peak number of owners has been reached, resorts have a heavy reliance on inhouse sales and there may be attendant problems arising out of intensive marketing efforts;
<i>Decline</i>	Timeshare has lost its appeal – it is no longer able to compete with newer products; sales and profits have fallen, the customer base is contracting, and some competitors are exiting the industry;
<i>Rejuvenation</i>	Timeshare operators have rejuvenated by attracting a different type of tourist and/or offering different holiday products.

Table 5: Post-Involvement Stages Of the Timeshare Sector Life Cycle Inspired By the TALC Model.  
Source: Author.

## 4.2. Variables That Have Impacted the Maltese Timeshare Sector

Following the discussion on the rationale behind the development and sale of timeshare, as well as the benefits to the consumer, the industry participants were invited to score eight variables that may have negatively affected the timeshare industry in Malta. As Table 6 shows, the highest-scoring variables were the ‘Ease and availability of holiday and travel products online’, and ‘OTAs such as Airbnb and Booking.com’. The variable ‘Bad reputation’ obtained a median score of 7 indicating that it has had a considerable influence, while ‘The burden of legislation’ and ‘Sales and marketing practices’ each received a median score of 6 meaning that they have somewhat influenced. Since the midpoint of the observations relating to ‘Lack of consumer finance’, ‘Difficulties with the exchange’, and ‘Cheap resale products’ was below the scale midpoint, their influence is interpreted as little to moderate.

Variable	Median	Result Interpretation
The burden of legislation	6	This variable has somewhat influenced
Bad Reputation	7	This variable has had a considerable influence
Sales and marketing practices	6	This variable has somewhat influenced
Lack of consumer finance	4	This variable has had little influence
Difficulties with the exchange	4.5	This variable has influenced somewhat moderately
Cheap resale products	5	This variable has influenced moderately
Ease and availability of holiday and travel products online	9	This variable has influenced substantially
OTAs such as Airbnb and Booking.com	9	This variable has influenced substantially

Table 6: Summary Of Results Of an 11-Point Ordinal Scale Based On 10 Respondents. Source: Author.

A thematic analysis of the significant constructs that emerged during the interviews is provided below.



#### 4.2.1. The Internet Revolution, OTAs, And Changing Consumer Behaviour

Almost all of the participants identified the internet both as an effective means of accessing travel related information, as well as a popular and cost-effective platform for booking travel products that is challenging the viability of the timeshare model. It was argued that through OTAs, peer-to-peer platforms, and other internet-based solutions consumers do not need timeshare to guarantee quality accommodation. Moreover, the availability of holiday accommodation worldwide is abundant. One participant also discussed how the internet and digital tools are positively influencing their hotel's yield management strategy which is allowing them to maximise revenue and increase profitability. The participant who is still involved in sales, however, believes that booking equivalent luxury accommodation online or through OTAs remains expensive, therefore the timeshare model still allows consumers to make considerable savings over the years.

The 'revolutionary change of the nature of tourism' and 'changing consumer behaviour' were also identified as key detractors of timeshare. These include the advent of low-cost airlines and improved connectivity, as well as changes to travel motivations, and the frequency and lead time of travel.

Timeshare was for people who planned next August's holidays last November and today it's the inverse. This shift goes contrary to the regimented structure of timeshare, although the exchange evolved it and new products were created but for me the influence was the impulsiveness; AND

I would rate travel behaviour as the main cause. Tourists today want to travel frequently – short stays, very sporadic, very spontaneous. Timeshare was born at a time when tourism was considered a luxury which is no longer the case. Today tourism is part of your life. Leisure has become a normal part of your life.

#### 4.2.2. The Marketing And Sales Process

This is a multi-faceted subject. From the supply side, participants spoke about difficulties with recruiting and retaining experienced marketing and sales personnel. Another aspect that was raised by all the current and former developers and marketers is the high cost involved in the marketing and sale of timeshare, although certain marketing channels like promotional stays (known as fly-buys) and Inhouse (upgrades) had a better conversion rate and were less costly.

The cost of marketing is very high and over the years it was getting higher and higher. At the beginning if I remember correctly, we used to pay around 25% and in our last involvement we had reached 50%.<sup>10</sup>

From the consumer angle, the two principal difficulties were the annoyance caused by OPCs approaching tourists in the streets, and high-pressure sales tactics. One participant recalled how in the 1980s a TO that operated in Malta had printed stickers for distribution to its clients that read 'Not interested in timeshare'. Unsurprisingly, these did nothing to attenuate the OPCs fervour. The above practices drew bad press, generated complaints, and left a stain on the industry as a whole. One participant even stated that the bad publicity on timeshare was the prime cause of its decline, and if timeshare or a hybrid form of timeshare ever had to re-emerge, the industry must necessarily work to rebrand and reinvent itself because the word 'timeshare' has far too many negative connotations.

More recently (2015-2017) the ECC Malta recorded a number of complaints against two Malta-based traders relating to practices that, according to the Centre, were aimed at circumventing the existing legislation. One company sold consumers two contracts simultaneously, one of which had a term of less than one year that could not be cancelled. Some of these purchasers were then approached by yet another company offering them an alternative holiday ownership contract and their assistance to cancel the previous agreement:

---

<sup>10</sup> Calculated as a percentage of the sales price.

This company persuaded consumers that by sending the withdrawal letter and copying our Centre, they would have no further obligations towards the other company and could sign a more advantageous timeshare agreement with them. Thus, these consumers who fell victim to the second company as well ended up with two agreements, one which does not fall under the timeshare Directive as it is less than one year, and the second signed with the other company.

In terms of complaints received by the ECC-Net Europe-wide, timeshare has always placed among the top five areas of complaints, however, in the reporting of data it is invariably grouped with other sectors such as restaurants and hotels or package travel. The ECC Malta was unable to provide quantitative data specific to Malta-based traders (breakdown of number of complaints by year) because of data protection rules.

#### 4.2.3. The Impact Of Legislation And the Government's Role In the Sector

Legislation is a macro-environmental factor that achieved a median score of 6 on the Likert scale (Table 6). Some operators had found it hard to adapt to the timeshare regulations, particularly the ban on deposit-taking that affected cancellation rates and the restrictive language requirements that impacted upon some operators' market diversification plans. Two participants held that this variable is the one that has affected timeshare the most. Conversely, one developer proposed that while the timeshare legislation had cost implications it was not the cause of the industry's decline, and consumer protection measures were to be expected in light of the abuse that took place in many European countries.

The regulatory environment, as well as the role of the national tourism authority in the development of the timeshare sector was discussed at length with the representative of the MTA. This source explained that from the Authority's perspective the timeshare directive was regarded as a panacea because there was the recognition that the sector was important, that it was growing and that it brought return visitors, however, it generated many complaints. The authorities found it difficult to regulate such a complex sector, therefore, the transposition of the timeshare directive

was seen as an effective way of addressing some consumer protection issues, albeit one that created burdens for traders.

On the subject of OPC marketing, the participant commented that it was a huge negative aspect of timeshare, noting ‘we used to get more complaints about timeshare touts than about bird shooting’. The OPC Regulations were aimed at addressing these issues and among other measures established that marketing companies must deposit a bond for every OPC that is engaged (currently set at €2,500). In the aftermath of the implementation of the amended regulations in 2006, a Times of Malta article reported that according to government there had been ‘a dramatic drop in the number of complaints about timeshare touts’ (Times of Malta, 2006).

Aside from the regulatory function of the tourism authority, the discussion also centred on the promotional and motivational role of the MTA, and its interactions with the timeshare industry, or lack thereof. In fact, timeshare has never featured in any of the national tourism strategies, except for one small mention relating to ‘timeshare touts’. The explanation given is that in all the discussions with tourism industry stakeholders, the timeshare sector has been noticeably absent, and the Maltese Timeshare Association ‘has been voiceless for the past twenty years or so’. Additionally, the resources of government authorities are limited and they will not be sensitised to assist unless there is an organised lobby. In this participant’s opinion, timeshare was to an extent ‘a self-regenerating industry’ which did not require handholding in terms of marketing, particularly because once units are sold visitors are guaranteed for the next 20 or more years.

The generic perception was that the beauty of timeshare is that 10% of our tourists come on their own. It’s guaranteed. Timeshare was the cactus of the industry. It didn’t need watering, it didn’t need marketing, it didn’t need care. All you have to do is being careful of the spikes that sting but otherwise it keeps green.

#### 4.2.4. The Personal Life Cycle Stages Of Timeshare Owners

The membership base of a timeshare resort or club is constantly in flux and once the sales operation has ended it will contract because there are no new sales to level out those memberships that terminate prematurely. This normally happens when members decide to surrender their membership which may be because they do not want to pay the annual contribution, or they are unable to travel, or the owners pass away and there is no one left to inherit the membership. One interviewee stated that from experience, around five per cent of owners will give up their membership, annually, although the subject of surrenders is not covered by any of the existing legislation and the decision whether to allow them rests entirely on the resort or club. This study has confirmed that at least 9 out of the 19 existing resorts and clubs permit their owners to relinquish their membership, although in some cases this is subject to owners meeting certain criteria. As one participant pointed out:

You cannot have a fixed contract and at the same time you offer the facility of terminating it whenever you want because it would defeat the whole purpose, but you can cater for exceptional circumstances where there is a just consideration of an opt-out clause, like in other types of contracts.

The framework should therefore be fair and favour the owners but also the resort, because if it is not kept alive, value cannot be maintained. On the other hand, a senior representative of one of the leading trust companies stated that ‘a free exit policy is a must nowadays’. Another theme that emerged during the interviews is ‘resales’, which was mentioned by 9 out of the 11 participants. Three participants felt that this is a problem for owners because of the difficulties they encounter when trying to resell. When discussing the resale price, two participants acknowledged that owners never recoup the original purchase price, but one must consider the holidays already taken. Currently, there are at least three developing companies (operating 5 Resorts/Clubs between them) that are buying back weeks from owners who wish to resell and another three Clubs that are facilitating resales on behalf of their owners. The representative of the resort that is still selling stated that they are not in a position to assist owners directly with resales because they are obliged to sell the developer inventory first. They normally refer owners to a trusted third-party resale company.

#### 4.2.5. Covid-19 Pandemic

The impact on existing owners was regrettable but unavoidable, as most participants noted that it was not just timeshare but the wider tourism industry that was affected by this extraordinary event. That said, one interviewee feels that the pandemic will lead to changes in consumer behaviour, and timeshare will possibly be impacted more than other sectors. In fact, certain elements of this model like the long-term commitment and the obligation to pay annual maintenance fees may put off consumers:

All the sectors had a dip, whether you are timeshare or 5-star hotel. Of course, temporarily you are not going to commit yourself to buying something long-term now not knowing what's going to happen but it's a temporary glitch.

One participant who is still involved in timeshare sales, noted that their sales centre had just reopened so it was too early to tell, however Covid-19 was occasionally coming up as an objection from touring clients. Data collected from the MTA (Table 7) seems to support the correlation between Covid-19 and the hastening of the industry's decline, since the largest reduction in the number of active marketing companies and the number of licenced OPC's took place between 2020 and 2021.

<b>Year</b>	<b>Number of OPCs</b>	<b>Number of Marketing Companies</b>
2015	31	5
2016	29	5
2017	26	5
2018	25	4
2019	25	4
2020	25	4
As of September 2021	12	2

Table 7: Number of Licenced OPCs And Marketing Companies Since 2015. Source: Malta Tourism Authority.

Similarly, a representative of the ECC Malta confirmed that since 2019 the centre has not received any timeshare-related complaints which ‘could be due to the imposed restrictions due to the Covid-19 pandemic’.

#### 4.2.6. Other Factors

Other factors that have challenged the timeshare model, according to participants<sup>11</sup>, include:

- The tourism boom that Malta experienced between 2008 and 2019:

In good times, timeshare retreats and don’t forget that we have been on a high since 2008, until 2019, so nobody was in the mood for timeshare and we deteriorated it until we almost killed it’;

- In a mixed-use property it may be challenging for the hotel and the timeshare club to align their marketing strategies, while concurrently differentiating their products, their pricing policies, and their branding positioning;
- Financing difficulties, since sales entities that wish to offer in-house consumer finance to UK residents must be licenced to offer finance under UK regulations; and
- International brands who are or may be interested in leasing or managing a hotel, may not want to have timeshare at the property, which will dissuade developers from investing or re-investing in timeshare.

---

<sup>11</sup> These variables received at least one mention each.

### 4.3. Does the Timeshare Model Still Represent a Value Proposition For Maltese Developers And For Consumers?

#### 4.3.1. The Supply-Side Perspective

Those participants that represent the commercial side of the timeshare sector (developers, marketers, trustees) as well as the national tourism authority, were asked if the timeshare business model still represents a value proposition to both the developer and the consumer. Table 8 represents the findings, which include the participants' verbatim responses, as well as the result of sentiment analysis, that show a prevalent negative view about the viability of the traditional timeshare model.<sup>12</sup>

During the interviews, some of these industry experts suggested that future investors should look at short-term holiday products as an alternative to the traditional timeshare model. This would work well for a younger generation of buyers as well as older consumers who are reluctant to commit long-term. One participant also believes that a luxury fractional ownership set-up that offers high-end facilities and personalised services could be the winning formula. Another interesting view is that the timeshare industry may soon find itself in a position to rejuvenate as a result of a number of factors that are currently at play. The first is an oversupply of bed stock, linked mainly to the construction boom, which may result in a repeat scenario of the 1980s when timeshare was first introduced. Secondly, this expert feels that international travel may suffer as a result of war, inflation, and other macro-environmental forces thus impacting the low-cost concept and concurrently adding value to a product that hedges against inflation. Finally, there is the phenomenon of the increase in the domestic travel market as a result of changing leisure behaviour.

---

<sup>12</sup> Text analysed through MonkeyLearn Sentiment Analyser - <https://monkeylearn.com/>



	<b>Quotes from the industry participants</b>	<b>Sentiment Analysis Result</b>
Participant 1	I would not do it again. I would not re-invest in timeshare, no. I think it is something of the past not the future.	Negative
Participant 2	There are certain people who want the ease that timeshare offers and who want a particular resort. They like the certainty that it gives, but as much as I like timeshare it does not make financial sense anymore for the client. There are too many costs. People do not want to have this commitment anymore and we have to move with the times. Also, the hotel business over-exceed the profits so why would developers invest in timeshare?	Negative
Participant 3	No. Not for marketers, not for developers and not for consumers. Because who is going to spend thousands of pounds today for something for the future? No one does that anymore.	Negative
Participant 4	No way! I wouldn't touch timeshare again because of issues with sales. It is too complicated to sell and it doesn't make sense anymore. Also, nowadays everyone does online bookings. It killed the incentive to buy timeshare. Why would a person pay you upfront?	Negative
Participant 5	Obviously, there is still a market for everyone just like package travel remained ... but ultimately the factors that presented as attractions to the local investor at the time are no longer there. They are also no longer there for the customer or much less there for the customer.	Negative
Participant 6	For the developer it is very hard to transfer the benefit of having a timeshare 10, 15 years after sales. The average room rate is much higher in their traditional hotel marketing than it is through timeshare and they do not depend on tour operators anymore because they do their own marketing. So now the advantage of having a timeshare operation is declining.	Negative
Participant 7	No. The availability of on-line offerings and the mindset of newer generations do not fit the timeshare model. Traditional timeshare no longer has a future in my view.	Negative
Participant 8	Branding is a key factor here so I would imagine that international brands that are still selling timeshare are doing well because they are offering a lifestyle but as an individual developer, I don't think that timeshare can work.	Negative
Participant 9	Timeshare is a fossil from the past. It can re-emerge as a new product and a new channel but it needs a champion. If timeshare wants to come back, I think there are different mechanisms coming into play in the coming months and years and it might present the next stage of evolution of what we collectively call timeshare. You have a lot of ingredients that create the right environment. But the sector needs a voice. Without a voice, it won't happen.	Neutral
Participant 10	I still believe that the timeshare formula is valid for Malta but things have changed so the method of selling has to change as well. Overall, I think the timeshare business depends on the mentality of the developer.	Positive
Participant 11	Yes. The developer has a guarantee that his rooms are sold and travellers have the luxury accommodation for less money.	Positive

Table 8: Comments On the Viability Of the Traditional Timeshare Model. Source: Author.

#### 4.3.2. The Consumer Perspective

Below are the results of the timeshare owners' survey as discussed in the Methodology chapter, based upon a sample of N=241. Refer to Appendix 7 for a profile of vacation owners, and vacation ownership characteristics.

##### *The Benefits Of Vacation Club Membership*

Following the exploratory sequential design of the study, insights garnered from the initial interviews with industry stakeholders were used to guide the quantitative data collection with timeshare/vacation club owners. The owner's perception of the benefits of vacation club membership represents an important component of the value and viability of this holiday accommodation model. The frequency distribution table (Table 9) summarises all the respondent data relating to the 'benefits' variables and is followed by a Top 2 Box Score analysis (Table 10). The variable that obtained the highest proportion of 'Important' and 'Very Important' scores from respondents is 'the range and quality of resort and in-room amenities outweigh those of hotels and other accommodation types'. This is followed by 'a home away from home that offers luxury living and spacious accommodations for the entire family', and 'the peace of mind of having guaranteed, quality, holiday accommodation for a fixed term'. When analysing the lowest performing variables, it is important to note that this particular rating scale included an option labelled 'N/A (I do not recognise this as a benefit)'. The variable that obtained the worst result in terms of the highest proportion of 'Slightly Important', 'Not Important' and 'Not a benefit' scores (N=121, 50%) is 'the flexibility and choice of destinations offered by the exchange system'. The other two variables that obtained high scores at the negative end of the scale are 'the possibility of bequeathing the membership to children/family', and 'the ability to rent or gift my vacation membership weeks or points'.

Benefits of vacation ownership	Very Important		Important		Moderately Important		Slightly Important		Not important		N/A		Total		Median
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	
The peace of mind of having guaranteed, quality holiday accommodation for a fixed term	75	31.12%	76	31.54%	46	19.09%	17	7.05%	8	3.32%	19	7.88%	241	100%	2
The ability of paying for tomorrow's holidays at today's prices	46	19.09%	63	26.14%	63	26.14%	20	8.30%	19	7.88%	30	12.45%	241	100%	2
The vacation planning process is simple, seamless and time-saving	66	27.39%	78	32.36%	46	19.09%	20	8.30%	8	3.32%	23	9.54%	241	100%	2
The range and quality of resort and in-room amenities outweigh those of hotels and other accommodation types	72	29.88%	98	40.66%	34	14.11%	11	4.57%	5	2.07%	21	8.71%	241	100%	2
The flexibility and choice of destinations offered by the exchange system	35	14.52%	52	21.58%	33	13.69%	24	9.96%	50	20.75%	47	19.50%	241	100%	3
The ability to rent or gift my vacation membership weeks or points	43	17.84%	44	18.26%	56	23.24%	33	13.69%	30	12.45%	35	14.52%	241	100%	3
A 'home away from home' that offers luxury living and spacious accommodations for the entire family	64	26.56%	96	39.83%	38	15.77%	16	6.64%	9	3.73%	18	7.47%	241	100%	2
The ability to enjoy holidays without the responsibility of year-round maintenance and whole ownership expense	61	25.31%	87	36.10%	37	15.35%	17	7.05%	11	4.56%	28	11.62%	241	100%	2
The possibility of bequeathing the membership to children/family	45	18.67%	49	20.33%	32	13.28%	31	12.86%	50	20.75%	34	14.11%	241	100%	3
Likert scale responses: 1 = very important; 2 = important; 3 = moderately important; 4 = slightly important; 5 = not important															n, number of respondents

Table 9: Summary Table Frequency Distribution Benefits Of Vacation Ownership. Source: Author.

Statements	No. of Responses	Percent	95% CI	
			LL	UL
The peace of mind of having guaranteed, quality holiday accommodation for a fixed term	151	63	0.57	0.69
The ability of paying for tomorrow's holidays at today's prices	109	45	0.39	0.51
The vacation planning process is simple, seamless and time-saving	144	60	0.54	0.66
The range and quality of resort and in-room amenities outweigh those of hotels and other accommodation types	170	71	0.65	0.76
The flexibility and choice of destinations offered by the exchange system	87	36	0.30	0.42
The ability to rent or gift my vacation membership weeks or points	87	36	0.30	0.42
A 'home away from home' that offers luxury living and spacious accommodations for the entire family	160	65	0.61	0.72
The ability to enjoy holidays without the responsibility of year-round maintenance and whole ownership expense	148	61	0.55	0.67
The possibility of bequeathing the membership to children/family	94	39	0.33	0.45

*Margin of error E = 6%*

Table 10: Top 2 Box Score Of Likert Scale Data With Confidence Levels. Source: Author.

### *The Level Of Satisfaction With the Vacation Club Membership*

The satisfaction level of owners is another key variable in evaluating the performance of the vacation ownership model. These results (Table 11, Figure 4, Table 12) indicate that the majority of owners at the three participating clubs are 'Satisfied' or 'Highly Satisfied' with the overall experience of their holiday ownership membership. They are also overwhelmingly satisfied with the level of service at their home resort and its quality and condition. The two variables that received a high proportion of neutral scores are those relating to the cost of the annual management contribution and the mechanisms that have been put into place by the clubs' management for the early termination or assignment of the membership.

Statements	Highly Satisfied		Satisfied		Neither Satisfied nor Dissatisfied		Dissatisfied		Highly Dissatisfied		Total	
	n	%	n	%	n	%	n	%	n	%	n	%
The level of service at your home resort	76	31.54%	126	52.28%	27	11.20%	7	2.91%	5	2.07%	241	100%
The quality and condition of your home resort	66	27.39%	138	57.26%	24	9.96%	11	4.56%	2	0.83%	241	100%
The cost of annual management contribution at your home resort	10	4.15%	65	26.97%	96	39.83%	50	20.75%	20	8.30%	241	100%
The mechanisms that have been put into place by the club management to assist with the early termination or assignment of your membership (example resale programme)	6	2.49%	35	14.52%	119	49.38%	40	16.60%	41	17.01%	241	100%
Your overall experience with your holiday ownership membership	46	19.09%	111	46.06%	46	19.09%	21	8.71%	17	7.05%	241	100%
Likert scale responses: 1 = highly satisfied; 2 = satisfied; 3 = neither satisfied nor dissatisfied; 4 = dissatisfied; 5 = highly dissatisfied												n, number of respondents

Table 11: Respondent Scores Of Satisfaction With Home Resort Variables. Source: Author.

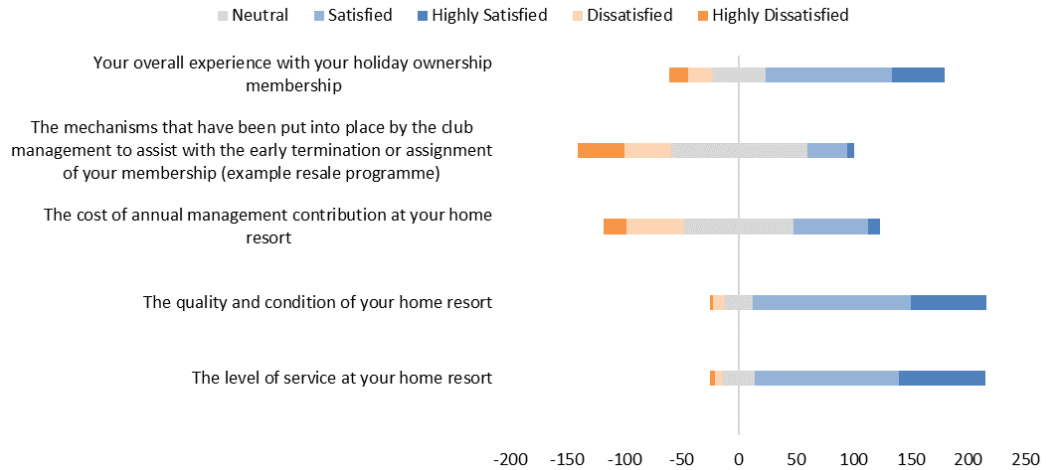


Figure 4: Diverging Stacked Bar Chart Of Owners' Satisfaction Levels. Source: Author.

Statements	No. of Respondents	Percent	95% CI		E
			LL	UL	
The level of service at your home resort	202	84%	0.79	0.88	5%
The quality and condition of your home resort	204	85%	0.80	0.89	4%
The cost of annual management contribution at your home resort	75	31%	0.25	0.37	6%
The mechanisms that have been put into place by the club management to assist with the early termination or assignment of your membership (example resale programme)	41	17%	0.12	0.22	5%
Your overall experience with your holiday ownership membership	157	65%	0.59	0.71	6%

Table 12: Top 2 Box Scores Of Satisfaction Levels with Confidence Intervals. Source: Author.

Additionally, owners were asked a dichotomous question to gauge their opinion on whether their vacation club membership delivers good value for money. 63% of respondents (N=153) responded 'Yes', 95% CI [0.58, 0.69].

#### *Variables Relating To the Viability Of the Timeshare/Vacation Ownership Model In the Future*

A majority of respondents (57%, N=137) agreed that the Covid-19 pandemic has marred their view on making a long-term commitment to an annual holiday programme. Having said that, almost half of the respondents stated that

timeshare/vacation ownership continues to be a great way to ensure annual vacations. Their view on the financial logic behind the acquisition of timeshare is mostly neutral, although 44% of respondents (N=107) agreed that it is more economical to book a holiday directly with a hotel or through a third-party booking service. Finally, 38% of the respondents agreed that since they own a vacation club membership they enjoy their holidays more, while 41% entered a neutral response. Refer to Table 13 and Table 14.

Statements	Strongly Agree		Agree		Neither agree nor disagree		Disagree		Strongly Disagree		Total	
	n	%	n	%	n	%	n	%	n	%	n	%
It makes more sense financially to book a holiday directly with a hotel or through a third-party booking service than buying a Weeks or Points-based vacation club membership	46	19.09%	61	25.31%	95	39.42%	33	13.69%	6	2.49%	241	100.00%
Making a long-term commitment to an annual holiday programme seemed like a better idea before the Covid-19 pandemic	35	14.52%	102	42.32%	68	28.23%	23	9.54%	13	5.39%	241	100.00%
Holiday ownership/vacation club membership continues to be a great way to ensure annual vacations	29	12.03%	90	37.34%	63	26.14%	39	16.18%	20	8.31%	241	100.00%
Since owning a Weeks or Points-based vacation club membership I enjoy my holidays more	25	10.37%	66	27.39%	98	40.66%	30	12.45%	22	9.13%	241	100.00%
n , number of respondents												

Table 13: Variables Relating To Members' Perception Of Vacation Club Membership. Source: Author.

Statements	No. of Responses	Percent	95% CI	
			LL	UL
It makes more sense financially to book a holiday directly with a hotel or through a third-party booking service than buying a Weeks or Points-based vacation club membership	107	44%	0.38	0.51
Making a long-term commitment to an annual holiday programme seemed like a better idea before the Covid-19 pandemic	137	57%	0.51	0.63
Holiday ownership/vacation club membership continues to be a great way to ensure annual vacations	119	49%	0.43	0.56
Since owning a Weeks or Points-based vacation club membership I enjoy my holidays more	91	38%	0.32	0.44
<i>Margin of Error E = 6%</i>				

Table 14: Top 2 Box Scores Of Likert Data With Confidence Intervals

Participants were also asked if they were planning on buying another long-term holiday product within the next 2 years. A staggering 89% responded that they are ‘not too likely’ or ‘not at all likely’, 95% CI [0.85, 0.93]. The next question asked if they were planning on selling their vacation club membership within the next 2 years. The majority of respondents (25%) stated that they are ‘not at all likely’, followed by 23% that are ‘not too likely’. Finally, when asked if they would recommend holiday ownership to a family member or a friend, 37% of respondents said that they are ‘not at all likely’, and 25% ‘not too likely’. Refer to Table 15, Figure 5, and Table 16.



Statements	Extremely Likely		Very Likely		Somewhat Likely		Not too likely		Not at all likely		Total		Median
	n	%	n	%	n	%	n	%	n	%	n	%	
Purchase another long-term holiday product within the next 2 years	5	2.08%	10	4.15%	11	4.56%	44	18.26%	171	70.95%	241	100%	5
Sell your vacation club membership within the next 2 years	47	19.50%	30	12.45%	47	19.50%	56	23.24%	61	25.31%	241	100%	3
Recommend holiday ownership to a family member or friend?	7	2.90%	30	12.45%	54	22.41%	61	25.31%	89	36.93%	241	100%	4
Likert scale responses: 1 = extremely likely; 2 = very likely; 3 = somewhat likely; 4 = not too likely; 5 = not at all likely											n, number of respondents		

Table 15: Summary Table Respondents' Intentions. Source: Author.

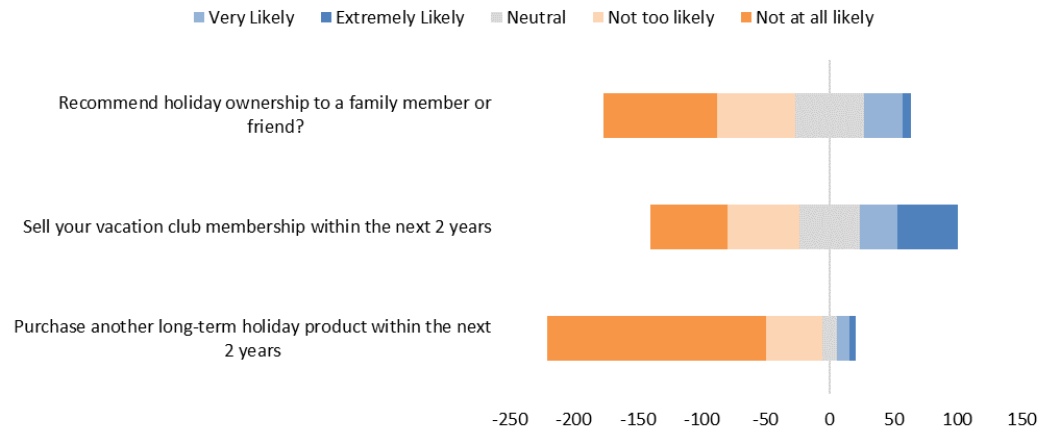


Figure 5: Diverging Stacked Bar Chart Of Owner's Intentions. Source: Author.

Statements	No. of Responses	Percent	95% CI	
			LL	UL
Purchase another long-term holiday product within the next 2 years	215	89%	0.85	0.93
Sell your vacation club membership within the next 2 years	117	49%	0.42	0.55
Recommend holiday ownership to a family member or friend?	150	62%	0.56	0.68

Margin of error  $E = 4\%$  (statement 1);  $6\%$  (statements 2 & 3)

Table 16: Bottom 2 Box Scores Of Likert Scale Data With Confidence Intervals. Source: Author.

#### 4.4. Summary of the Findings

The timeshare accommodation model flourished in Malta because the tourism market conditions of the 1980s and 90s made it appealing to both developers and consumers. At its height the sector comprised around 33 operational resorts, while today there are 19 and only 2 that are still selling. All of them are located within mixed-use properties and the owners are not planning on extending or investing in new timeshare projects. Some favour the contraction of their current member-base as their asset management strategy has changed since they first invested in timeshare. The majority of supply-side participants agree that the Maltese timeshare sector is in the decline stage. The factors that have influenced this decline are many and include ICT and competition from internet-based disruptors, changing consumer behaviour, the bad reputation resulting from questionable marketing and sales practices, legislation and, more recently, the Covid-19 pandemic.

Timeshare consumers have confirmed that their perception of owning a long-term holiday product has been negatively influenced by the pandemic. However, a large proportion of respondents agreed that timeshare continues to be a great way of ensuring annual vacations, although it may be more economical to book through alternative channels. In terms of the benefits of ownership, survey respondents have classified ‘the peace of mind of having guaranteed, quality holiday accommodation’, and ‘the range and quality of resort and in-room amenities outweigh those of hotels and other accommodation types’ as being the most important variables.

## Chapter 5 Discussion

### 5.1. A Discussion On the Evolution Of Timeshare: Supply-Side

The previous chapter has shown how a series of factors that existed in the early 80s – a stagnating tourism industry, decreasing arrivals, seasonality constraints, and an infelicitous relationship with the then chief promoters and intermediaries of the hotel industry (Tour Operators) - led a number of entrepreneurs to repackage part or all of their product under the timesharing formula. Its benefits can be distilled into two words – ‘control’ and ‘profits’. By taking over the marketing function, directly or indirectly, developers had access to their target market; they could be more dynamic with their pricing which allowed them to differentiate their product, enhance their competitiveness, increase customer retention, and secure their sustainability. Ultimately, it allowed developers to optimise their financial performance, which is at the heart of any asset management strategy. Beyond that, it became clear, through the interviews, online research, and document analysis, that a number of local business entities used timeshare as a springboard for their expansion strategies – be it market penetration, product development or diversification. Timeshare was a means to an end.

The spatial development of Maltese timeshare resorts also bears testament to the serendipitous establishment of this sector in the Maltese islands. Since most timeshare properties consisted of converted holiday accommodation developments, their location in Malta’s prime tourist areas was determined by previous location choices made by developers. However, this presented an advantage, in so far as the traditional timeshare model depended heavily on OPC marketing and being located in popular tourist areas meant that promotional personnel had direct and easy access to potential buyers. This is the same observation made by Pandy and Rogerson (2014, p. 188) with regard to the South African timeshare market when they held that:

by offering timeshare either in custom-built resorts or conversions of existing accommodation at established coastal resorts, local developers did not have to create a tourist market for their product rather they tapped existing markets.

Another important consideration is that most developers, especially those who joined the bandwagon later, chose to integrate timeshare within mixed-use developments rather than developing stand-alone properties, with the majority committing less than 50 units to timeshare. The reasons are varied – at least three developers opted for this formula because the profits from timeshare sales helped finance the development of their hotel which was their principal objective, while another saw it as a secondary distribution channel:

I never believed that you could have an operation solely for timeshare. We always did mixed-use, so timeshare was only a small part of the hotel. You are topping up the gap that you have from the Tour Operator business. Timeshare was like a good top-up, even during the shoulder months and that's the beauty of it.

Other reasons for 'going mixed-use' may be a cautious market entry because of unfamiliarity with the concept, or a conscious choice of creating cost centre synergies between two complimentary products operating under one roof. An in-depth economic analysis of a mixed-use development was outside the scope of this study, however, it is an area that should benefit from further research, especially within the context of the wider phenomenon of the transformation of tourist accommodation stock. There are at least four hotels that formerly contained a timeshare resort, that are currently in the process of being transformed into properties with multiple uses. These may include lifestyle hospitality, spas, a residential component, and retail, but, according to the respondents, not timeshare. In fact, this study has proven conclusively that timeshare is no longer the flavour of the month among developers in Malta. A majority of industry respondents confirmed that the industry is in decline which is backed up by the lack of new projects, the contraction of existing member bases, and the very small number of resorts (only two) that are still selling. One developer summed up the situation as follows:

Timeshare is as good as dead in Malta. It is now numerically infinitesimal and no longer of any significance to the Maltese hospitality industry.

### 5.1.1. Product Weaknesses And Macro Environmental Threats

The next step in the retrospective analysis of the waning timeshare industry was to investigate the root causes of such decline. What this study managed to uncover is that there is not a single factor to which this situation can be attributed, but a whole array of concerted variables. Figure 6 presents the findings of the previous chapter through a problem tree analysis methodology that maps out the anatomy of the core problem and coherently displays the root causes and their effects.

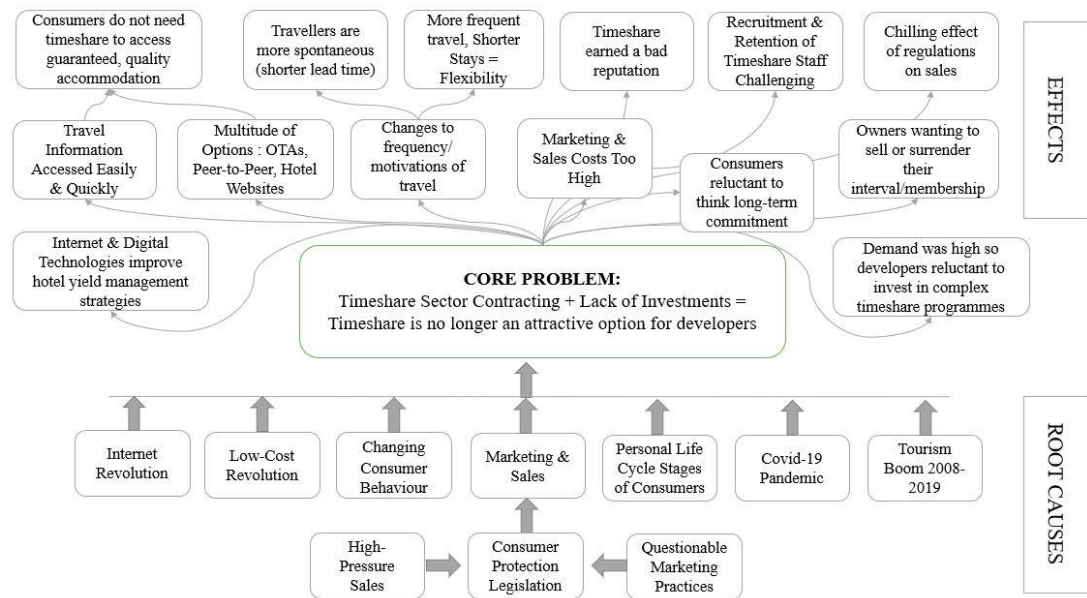


Figure 6: Problem Tree Analysis Of Timeshare Development Challenges

The two factors that stood out overwhelmingly in the interviews have been coded as ‘the internet revolution’ and ‘changing consumer behaviour’, which are essentially interrelated. The impact of the internet and of digital platform companies on the timeshare/shared vacation ownership industry is a heavily under-researched area, however, multiple studies have analysed how the internet has given consumers unfettered access to travel-related information and user-generated content. Moreover, the emergence of OTAs and peer-to-peer accommodation platforms has opened up a world of opportunities for travellers, in terms of choice of destinations, abundance of accommodation supply, and types. On this subject, Redditt *et al.*, (2022, p. 226) cites Dogru *et al.*, 2019 who hold that:

The exponential growth of P2P accommodations, specifically Airbnb, across all lodging segments is a significant threat to the entire lodging industry.

The above factors therefore dilute the need for timeshare which was traditionally anchored in the security of having guaranteed, quality accommodation. Besides, all the hotels that form part of mixed-use properties in Malta are using a distribution channel mix that is heavily internet-based (OTAs, hotel website, global distribution system, social media etc.) which dwarfs the relevance of timeshare in achieving high occupancy rates. In comparison timeshare is more complicated and costly to set-up and operate. Information and communication technologies, particularly the internet, have also spurred the growth of the low-cost economy (because of cost savings, direct access to consumers etc.) that has both responded to and influenced consumer behaviour. This is especially so for Millennials who are ‘more so than previous generations, social beings that crave instant satisfaction, exploration, and smart spending’ (Ernst& Young, 2014, cited in Richard, 2017, p. 56). Participants have discussed how consumers, particularly younger generations are travelling more frequently, opting for shorter stays, travelling on an impulse, thus affecting booking lead times. The majority also agreed that consumers today do not want to be tied in, especially post-Covid. They want flexibility, and simplicity; they do not want to own a cumbersome membership but make experiences and outstanding memories. The traditional timeshare model does not respond to the needs and aspirations of these consumers especially when one considers the way in which timeshare has routinely been marketed and sold. This variable has been coded as ‘marketing & sales’ and is really an umbrella term that encompasses questionable marketing methods and high-pressure sales that have warranted a regulatory response for the protection of consumers, at European level and also nationally. Respondents felt that these factors gave the industry a bad reputation. This coincides with the findings of Sparks, Butcher and Pan (2007) among Australian timeshare owners who felt that ‘a general negative image of timeshares detracted from their value’. This negative view was linked to sales methods. The evidence in the literature also suggests that overall timeshare is a product that is sold, not bought. The lead generation and sales process involve persuasion resulting in very high costs for developers, and at times complaints, particularly when OPC marketing is adopted. According to MTA records, this method suffered its biggest hit during the Covid-19 pandemic because between 2020 and 2021, the number

of active marketing companies went down from four to two, and the number of OPCs more than halved. Beside the fact that the Covid-19 pandemic in itself impacted consumer confidence and consumption (Ivkovic, 2021), the sales operations that were still active at the time, were forced to close, so no sales could take place.

With regard to ‘the burden of legislation’, respondents found that this variable somewhat influenced the sector’s downturn. The difficulties mentioned by participants in this context align with the findings of OTE (2008), and European Commission (2015), although further research would have to be undertaken to establish this link conclusively, possibly by correlating the entry into force of regulations with a number of variables, such as the number of consumer complaints, the number of registered marketing companies, and resorts’ sales performance over the years. It is unfortunate that until relatively recently there were still traders in Malta that employed business tactics that clearly undermine the sector’s reputation, and the image of honest traders by association. In this author’s opinion, short-term holiday products that are under 365 days and fall outside of the scope of the legislation should not be branded as ‘timeshare’, however, they are. In its report on the evaluation of the Timeshare Directive, European Commission (2015) included a section on ‘holiday service products not covered by the Directive and fraudulent practices’, which technically should not even have featured as they describe non-timeshare products.

Another theme that industry participants identified as a root cause of difficulties in the timeshare sector is the ‘personal life cycle stages of consumers’. The general feeling on this subject was that the various stakeholders, including consumers themselves, did not consider how their purchase would pan out in the long term. They failed to consider what would happen when their advanced age, health, or other circumstances prevented them from travelling. All the while having to pay rising maintenance fees that they may no longer afford. Sparks, Butcher and Pan (2007) had also identified ‘the life cycle stage’ variable as a value detractor in their study conducted among owners. This theme is also directly related to the subjects of resales and surrenders that have been discussed in the previous chapters. The effect that surrenders will have on the sustainability of the resort or club very much depends on which life cycle stage the project itself is in. This is intrinsically linked to various micro environmental factors such as the outstanding term, the number of remaining



members, or the developer's asset management plan. Most of the industry stakeholders who participated in this study are not concerned with this variable as a contraction of their member base fits within their current plans. Moving forward, if a developer were to consider investing in a shared vacation ownership product, this should be packaged as a short-term option of not more than ten years, preferably having fixed annual costs, or none at all, to inspire confidence. Additionally, the sales process must be re-invented so it becomes consumer-friendly and aligns with the expectations and digital acumen of today's consumer.

## 5.2. The Consumer Dimension

### 5.2.1. Demographic Profile And Vacation Ownership Characteristics

The survey of timeshare owners has shown that the vast majority are middle-aged - median age of 64, 95% CI [62.83, 65.12], married or in a domestic partnership, and free of dependents, since 76% of respondents report having adult children. These owners are generally well-educated (52% attained degree level or above), however, for the majority (35%), the average household income does not surpass £49,999, although another 26% of respondents reported an average income of between £50,000 and £74,999. This is reflective of the large number of owners that are retired (49%) and only working part-time (9%). In terms of nationality, 68% of respondents are UK nationals, followed by Maltese (16%) and Swedish (7%). This is representative of the total population, as per data provided by the participating Clubs themselves (Table 17).

	<b>UK</b>	<b>Malta</b>	<b>Sweden</b>	<b>Italy</b>	<b>Germany</b>	<b>Other</b>
Club 1	67%	18%	4%	3%	2%	6%
Club 2	70%	17%	1%	5%	0%	7%
Club 3	75%	3%	10%	4%	2%	6%

Table 17: Distribution Of Timeshare Owners By Nationality

Another two resorts also provided their nationality mix for this study:

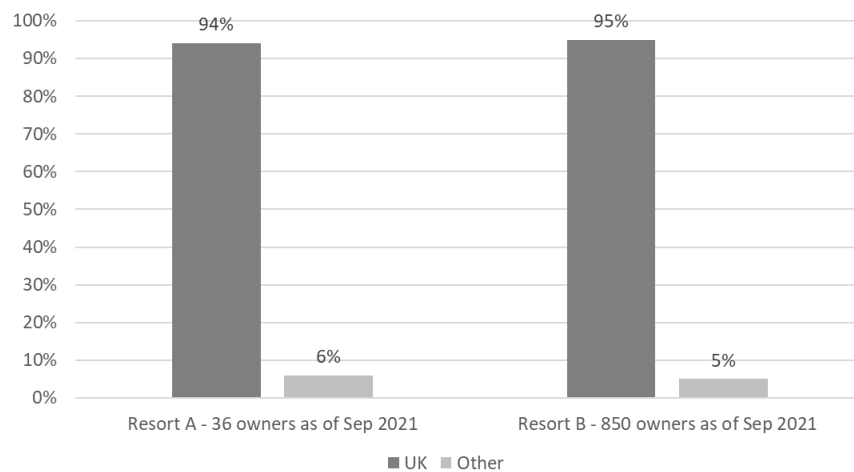


Figure 7: Percentage Distribution Of Timeshare Owners By Nationality

A study published by the European trade body in 2001 had established that ‘ownership in Maltese timeshare resorts is dominated overwhelmingly by UK residents who comprise 91.8 per cent of all owners’ (OTE, 2001, p. 82). It seems, however, that since then, a number of traders have pursued a sales strategy based upon market development which succeeded, despite the stated difficulties with the language requirements imposed by the regulations. This strategy is advantageous because it reduces the reliance on a single market, something that Oglethorpe (1984, p. 148) had also noted in terms of Malta’s wider tourism industry:

It is clear that such severe dependence upon one market increases the Maltese tourist industry’s vulnerability to debilitating negative fluctuations in market conditions.

Furthermore, it promotes a healthy seasonal spread of arrivals. People residing in Sweden and the other Nordic countries prefer to travel to warm and sunny destinations to escape their long and harsh winters. Swedes also have high average incomes – according to the OECD ‘Better Life Index’ the ‘average household net-adjusted disposable income per capita is USD 33,730’ per year which is above the OECD average (OECD, 2020). For developers looking at investing in timeshare or a

hybrid product, an investment in a fully-fledged, native, Scandinavian marketing and sales team, that understands the needs and nuances of these cultures, would be highly recommended. The domestic market is also ripe with potential, as it does not rely on airline connectivity, and as one interviewee pointed out, residents of Malta are increasingly looking for an escape from the chaotic and over-built landscape around them. With this segment, a product that offers short breaks, flexibility, a food & beverage element (Half Board or All-Inclusive) and access to facilities that can be enjoyed year-round, would be particularly attractive.

Going back to the age variable, the findings align with those outlined in the 2022 UK House of Commons Library Research Briefing (Conway, 2022) which states that the average age of UK timeshare owners is around 50 to 60 years. Beside the attendant issues that arise with an ageing population (already discussed above), it is also concerning that 21% of respondents think that ‘the possibility of bequeathing the membership’ is Not Important, and worse still, 14% feel that this is not a benefit of vacation ownership at all. This suggests that this group of owners may view their membership as a liability that they do not wish to pass on, and as they grow older, they are likely to look for an exit strategy rather than transferring their rights of use onto a younger generation of consumers.

In terms of ownership type, there is a clear preference for the weeks-based format (80%), although the sale of points-based memberships at the participating clubs only started in 2018. Having said that, the latest ‘Global Omnibus Household Survey’ carried out by ARDA (AIF, 2016, p. 82) had found that ‘Europe lags behind North America and the rest of the world in having owners with points-based timeshare products’. Judging by the feedback provided by marketers during the interviews this is more likely due to a lack of supply rather than an absence of demand. Owners at these clubs have also overwhelmingly purchased developer inventory as opposed to resales, which may indicate that there is a limited supply of resale inventory because owners are using their membership and are satisfied with it.

### 5.2.2. Owner Satisfaction And Intent

It is important to note at the onset that the mean tenure of ownership among the stated population is 11.7 years, 95% CI [11.11, 12.39]. Based on the definition proposed by Sparks, Bradley and Jennings (2011, p. 1177) they can therefore be regarded as ‘established owners’ who have ‘multiple experiences and deeper knowledge of the product upon which to make their assessment of value’. Looking at how these owners have scored the variables relating to their satisfaction with the product (Table 11 & Table 12), it is clear that they are overwhelmingly satisfied with the quality, condition, and level of service at their home resort, as well as with the overall holiday ownership experience. Additionally, 63% of owners, 95% CI [0.58, 0.69], believe that their vacation club membership delivers good value for money. The key benefits of vacation ownership that they have identified are those associated with second home ownership which indicates that among this age group the elements of certainty and security are still very relevant. Among younger generations (the tail end of Gen X and Millennials) the results would probably be different. This may present an interesting area for further research, particularly relating to the domestic market.

A high percentage of owners (49%) also agreed that holiday ownership continues to be a great way to ensure annual vacations, although 44% feel that booking a holiday through another channel (non-timeshare) is cheaper. This matches the responses given by some of the supply-side participants. Finally, 57% of owners, 95% CI [0.51, 0.63] stated that making a long-term commitment to an annual holiday programme seemed like a better idea before the Covid-19 pandemic. This also aligns with the opinions of industry participants. It is very likely that this effect will also be felt by other key timeshare markets, especially island-states like Malta. Conversely, those countries or regions that have a strong domestic market like the UK and North America should not be affected as much.

### 5.3. The Future of the Maltese Timeshare Industry

Moving forward, although owners have registered a satisfaction with the shared vacation ownership product, they are unlikely to purchase another long-term holiday product, or to recommend this product to family or friends. OTE (2008) had also found that European owners were not planning on buying more time, however, on that occasion a majority of owners had said that they would recommend timeshare. This study did not investigate the reasons behind the current result, although Sparks, Butcher and Grace (2007, p. 41) had found that:

Some respondents felt embarrassed for owning a timeshare and were reluctant to mention it to friends or colleagues for fear of drawing negative comments.

In fact, 49% of owners, 95% CI [0.42, 0.55], who participated in this study stated that they are 'Not too likely' or 'Not at all likely' to resell their membership within the next two years. This matches the findings of RDO (2008), although in that case the percentage was higher (52.5%). Developers, on the other hand, are not considering timeshare at all within their plans. One interviewee mentioned an upscale project spearheaded by a developer who is new to the sector, however, the project is still on paper. Unless developers identify a clear financial advantage for investing in timeshare, through a positive NPV or other economic analyses, the holiday ownership sector in Malta will continue to die a slow death. If one looks at the changing trends of inbound tourism to our islands (Attard, 2019, p. 38), what stands out is that timeshare investment intensified around those years when the country suffered a dip in arrivals, hence it is proposed that there is an inverse correlation between number of tourist arrivals and timeshare resort development (Refer to Figure 8 and Figure 9).

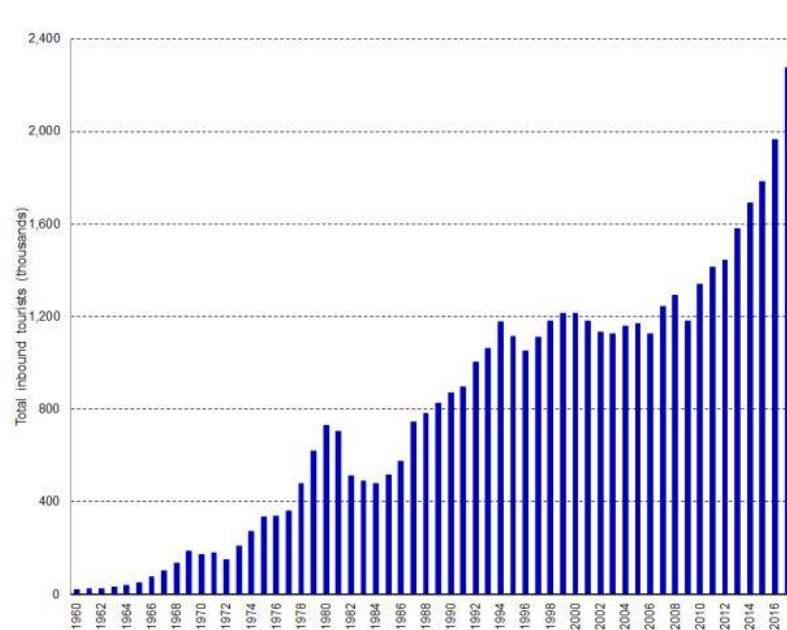


Figure 8: Malta Inbound Tourism By Year. Source: Central Bank of Malta (cited in Attard, 2019)

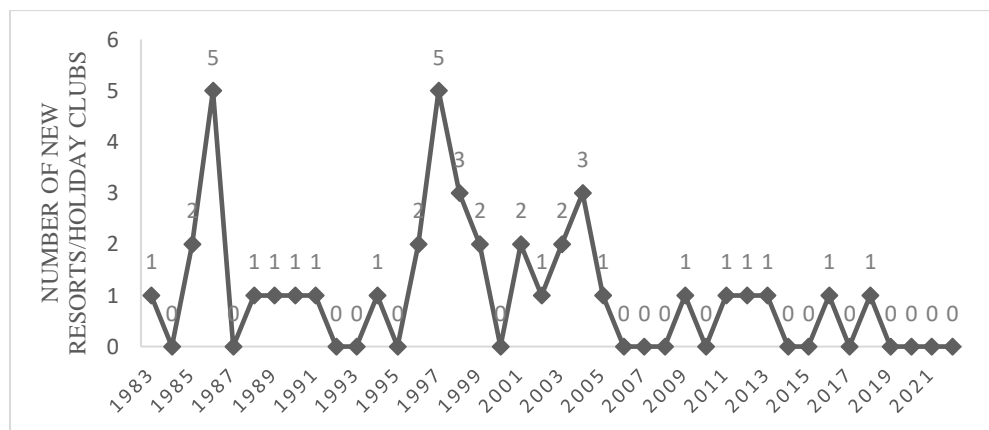


Figure 9: Timeshare Development By Year. Source: Author.

Vella (2017) also concluded that a hike in demand for collective accommodation led some developers to exit the timeshare sector. It stands to be seen whether Malta's tourism industry will be resilient in the face of the looming global recession fuelled by the Covid-19 pandemic, the war in Ukraine, rising energy and food prices, and other externalities (IMF, 2022). The Malta Tourism Strategy 2021-2030 had already stated that it 'may take years for numbers to return to pre-Covid-19 norms' (Ministry for Tourism and Consumer Protection, 2020, p. 14). Moreover, it highlighted the problem of excess bed-stock:

If all currently licenced bed-stock plus beds in the pipeline become operational by then<sup>13</sup> (circa 100,000 beds/36.5 million available bed-nights), the resulting bed occupancy would be an unprofitable 57.5%.<sup>14</sup>

An innovative form of shared vacation ownership, forming part of a mixed-use model may thus re-emerge as an ideal channel for securing the sustainability of existing and new collective accommodation establishments.

---

<sup>13</sup> By 2030

<sup>14</sup> Calculation based upon an optimistic forecast of maximum 3 to 3.2 million tourists until 2030.

## Chapter 6 Conclusion

### 6.1. Conclusion

The future of the timeshare sector in Malta doesn't look bright. Most of the key stakeholders who were the principal motivators of its development and growth have retired or are focusing on other areas of their business. The amount of accommodation available for timeshare use will continue to decrease and no new projects have been made public. Existing owners are satisfied, however, they are generally not planning on buying additional shared vacation ownership products, and many will not recommend this holiday model. Additionally, the existing population of owners is ageing, while a good proportion of sampled owners seem reluctant to bequeath their membership to family. Within the wider population, knowledge of timeshare is generally limited to negative images of timeshare 'touts' and hard-sell techniques, so a strong rebranding exercise would have to be undertaken to regenerate the sector's image and reposition it as a genuine and quality holiday product. The traditional timeshare model that has been used overwhelmingly in Malta, is practically redundant because it is not cohesive with the lifestyle and demands of younger buyers. Industry participants have largely agreed that holiday ownership schemes are no longer needed to guarantee quality accommodation, and there are more flexible and cost-effective options available today that do not require a considerable upfront payment.

The involvement of international brands that helped other countries to upgrade the image of their shared holiday ownership sectors, has been almost entirely absent locally. Hilton Grand Vacations only became indirectly involved in a timeshare project through the acquisition of another timeshare brand that was operating a number of units at a Maltese resort. Additionally, two major externalities – the Covid-19 pandemic and Brexit – may have inexorably impacted the sector during its decline stage. Surprisingly, none of the study participants mentioned the Brexit phenomenon, although Conway (2022) found that this may have an impact on the rights afforded to UK consumers, that make up the majority of owners of Maltese timeshare.



Developers and marketers that are still involved in sales, may find that a strategy oriented towards product and market development may be key to overcome the challenges arising from the Covid-19 pandemic and travel market conditions. The internet and related technologies should be given more importance in the context of engagement with existing and potential owners, and lead generation. OTAs could be used to push discounted accommodation offers using unsold inventory, and social media campaigns would be effective to generate referrals, and for branding. Resorts that do not have a sales presence and are simply maintaining their members, should not only focus on honouring commitments but also on taking positive action to address members' concerns. At face value this may sound counterintuitive, however happy consumers will generate positive electronic word-of-mouth (eWOM) that is likely to have a spillover effect on other areas of the business (e.g., hotel operation). Moreover, having a database of satisfied consumers may prove to be beneficial for future endeavours. Finally, those developers who may be looking at investing in a shared vacation ownership product, should take care not to repeat the mistakes of the past. Innovation and value co-creation aimed at meeting consumer needs should be the focal point, while plans should factor in the changing circumstances of both consumers and developers throughout the ownership journey. Various membership-based products catering for the different stages of a person's life cycle should be considered. Most industry participants believe that short-term, flexible programmes may represent an opportunity for the sector to rejuvenate. The promotional and sales methods must also evolve along with the product. Resources should be focused on identifying alternative, cost-effective marketing opportunities that are consumer-centric, and transparency must be built-into the sales process. The human resources strategies of marketing companies should focus on 'behaviour control' of sales personnel rather than the traditional 'outcome control' measurable through number of completed sales (Küster and Canales, 2011, p. 273). In fact, the commission-based compensation structure that is favoured by the industry, creates an urgency to sell which may indirectly result in the use of questionable sales practices.

Timeshare was once viewed as a superior way of taking holidays, and it still offers key benefits to consumers, so there is no reason why it should not position itself as a successful niche holiday product.

## 6.2. Limitations

Since the owner survey was distributed to the member-base of three clubs, some of the findings will only truly apply to the owners of this sub-population, given that the target population is heterogeneous. This is because lead generation methods, sales techniques, timeshare products, ownership structures, membership benefits, customer service levels, and many other factors vary from resort to resort. There is therefore no assurance that the same findings relating to product satisfaction would be obtained in a different set of members owning at other resorts. This means that the results cannot be generalised to the entire population of owners of Maltese timeshare, nevertheless, it is estimated that these three clubs together represent a large proportion of owners of Maltese timeshare. Moreover, since the research used a non-probability sampling method, it is not possible to determine that the population is well represented, therefore generalisations are not advised. There may also be an element of self-selection bias. Members who are displeased with an aspect of their membership may have felt more compelled to participate.

For the qualitative part of the research all the resorts and timeshare developers known to the researcher were contacted, however, the study excluded all other developing entities, and hospitality groups based in Malta, as well as foreign hospitality brands that could possibly have plans to develop timeshare in Malta. Similarly, non-owners were not considered for the quantitative part of the research. It would not have been possible to include these groups in the sample due to time and resource constraints. A number of existing operators also expressed a disinterest in the study because their experience with timeshare was not positive, or because their project has almost reached the end of its term, therefore they saw no value in it. Moreover, stakeholders were generally unwilling to give the researcher access to their members or to distribute the owner survey.

## References

AIF (2016) *Shared Vacation Ownership Worldwide Report 2016*. ARDA International Foundation: Washington.

ARDA-ROC (2020) *Timeshare Industry* [Online] Available at: <https://www.arda-roc.org/sites/default/files/2020-11/ARDA-ARDAROC-Timeshare-Industry-2020.pdf> (Accessed: 27 August 2022).

Attard, S. (2019) 'The Evolution of Malta's tourism sector', *Xjenza Online*, 7, pp. 37-48.

Aufzien, L. S. and Krimmer, J. (1982) 'The analysis of the resort timesharing industry in order to determine the industry's familiarity with timesharing and the industry's conception of the present and future effects of timesharing', *Florida International University Electronic Theses and Dissertations* [Online]. Available at: <https://digitalcommons.fiu.edu/etd/1336> (Accessed: 25 May 2022)

Barreda, A., Murphy, K., Gregory, A. and Singh, D. (2016) 'Evaluating the value proposition of developing a vacation ownership resort: the case of Florida and Hawaii', *Tourism Review*, 71(3), pp. 165-179.

Bowen, D.A. (2006) 'Timeshare ownership: Regulation and common sense', *Loyola Consumer Law Review*, 18(4), pp. 459-478.

Butler, R. (1980) 'The concept of a tourism area cycle of evolution: Implications for management of resources', *Canadian Geographer*, 24, pp.5-12.

Cabrera, A.R. (2020) 'Perspective on timeshare ownership: Operation and market analysis', *European Journal of Hospitality and Tourism Research* 8(3), pp. 31-39.

Connelly, L (2008) 'Pilot Studies', *Medsurg Nursing*, 17(6), pp. 411-412.

Conway, L. (2022) Timeshares: common problems faced by UK owners. *House of Commons Library Briefing Paper* [Online]. Available at: [www.commonslibrary.parliament.uk](http://www.commonslibrary.parliament.uk) (Accessed: 21 March 2022).

Cortés-Jiménez, I., Pratt, S., Bregoli, I. and Cooper, C. (2012) 'The European timeshare consumer in the twenty-first century', *International Journal of Tourism Research*, 14(2), pp. 153-164.

Creswell, J.W. (2007) *Qualitative inquiry and research design: choosing among five approaches*. 3<sup>rd</sup> ed. Thousand Oaks, CA: Sage.

Creswell, J. W. (2009) *Research Design: Qualitative, quantitative, and mixed methods approaches*. 3<sup>rd</sup> ed. USA: SAGE Publications, Inc..

D'Alessandro, R. (2002) *Timeshare in the EU and in Malta: the impact of directive 94/47/EC* (Master's thesis, University of Malta).

Downes, N. (1995) 'A quest for transparency in the Spanish timeshare market', *Journal of Consumer Policy*, 18(4), pp. 433-451.

Ellis, J. (1986) *The juridical character of timesharing: A comparative study* (Master's thesis, University of Malta).

Etikan, I., Musa, S. A., and Alkassim, R. S. (2016) 'Comparison of Convenience Sampling and Purposive Sampling', *American Journal of Theoretical and Applied Statistics*, 5(1), pp. 1-4.

European Commission (2015) *Report on the evaluation of Directive 2008/122/EC of the European Parliament and of the Council of 14 January 2009 on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts*, Brussels, Belgium [Online] Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52015DC0644&from=EN> (Accessed: 16 November 2020).

Fabri, D. (2021) 'The Transposition of the EU Consumer Protection Directives in Maltese Law: A Study Under Twenty Headings' in Sammut, I. and Agranovska, J. (eds.) *The Implementation and Enforcement of European Union Law in Small Member States: A case study of Malta*. Palgrave Macmillan, pp. 135-155.

Farrugia, F., Formosa, F., Lia, D., Strickland, A. and Zammit, C. (1999) *Timeshare in Malta for the New Millennium*. Paper presented by the Destination Management Class 1998/1999. ITS, Malta.

Gregory, A.M. and Weinland, J. (2016) 'Timeshare research: a synthesis of forty years of publications', *International Journal of Contemporary Hospitality Management*, 28(3), pp. 438-470.

Haywood, K.M. (1986) 'Can the tourist-area life cycle be made operational?', *Tourism management*, 7(3), pp.154-167.

Hovey, M. (2002) 'Is timeshare ownership an investment product?', *Journal of Financial Services Management*, 7(2), pp. 141-160.

IMF (2022) [Twitter] 26 July. Available at:

[https://twitter.com/IMFNews/status/1551925988170293248?ref\\_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1551925988170293248%7Ctwgr%5E8640d8f65de0910cf0937caeafc57ca15955e28f%7Ctwcon%5Es1\\_&ref\\_url=https%3A%2F%2Fnews.un.org%2Fen%2Fstory%2F2022%2F07%2F1123342](https://twitter.com/IMFNews/status/1551925988170293248?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1551925988170293248%7Ctwgr%5E8640d8f65de0910cf0937caeafc57ca15955e28f%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fnews.un.org%2Fen%2Fstory%2F2022%2F07%2F1123342) (Accessed: 3 September 2022).

Inglott, K. (2013) *Different organisation cultures in a joint venture: does it impact the employees' performance in reaching the companies' objectives?* (Master's thesis, University of Malta).

Interval International (2018) *2018 Membership Profile U.K./E.U. Edition*. II: United Kingdom.

Ivkovic, N. (2021) 'Beyond the pandemic—a new era of consumer behavior', *Economic and Social Development: Book of Proceedings*, pp.6-17.

Kaufman, T.J., Curtis, C., and Upchurch, R.S. (2011) 'Timeshare brand affiliation impacts', *International Journal of Built Environment and Asset Management*, 1(1), pp.4–13.

Kaufman, T.J., Lashley, C. and Schreier, L.A. (2009) *Timeshare management: The key issues for hospitality managers*. 1<sup>st</sup> edn. Oxford, UK: Elsevier.

Kaufman, T.J., and Upchurch, R.S. (2007) 'Vacation ownership: gender positioning', *Journal of Leisure and Retail Property Management*, 6(1), pp. 8-14.

Kaufman, T.J., Upchurch, R.S., and Severt, D. (2006) 'Vacation ownership: Understanding the senior market', *Journal of Retail and Leisure Property*, 5(2), pp. 95-103.

Kotler, P., Bowen, J. and Makens, J. (2009) *Marketing for Hospitality and Tourism*. 5th ed. Upper Saddle River, NJ: Prentice Hall.

Küster, I., and Canales, P. (2011) 'Compensation and control sales policies, and sales performance: The field sales manager's points of view', *The Journal of Business and Industrial Marketing*, 26(4), pp. 273-285.

Lagiewski, R.M. (2006) 'The application of the TALC model: A literature survey', *The tourism area life cycle*, 1, pp. 27-50.

Lagiewski, R. and Revelas, D. (2005) 'Timeshare as a strategy in tourism investment: the case of Croatia', *Conference paper*, [Online]. Available at: <https://scholarworks.rit.edu/other/593/>. (Accessed: 4 June 2022).

Larson, S. J. (2012) 'Estimating the breakeven value of a time share interval', *Journal of Financial and Economic Practice*, 12(3), pp. 70-76.

Larson, S. J., and Larson, R.B. (2009) 'Purchase a Time-Share Interval or Rent Hotel Rooms?', *Journal of Financial Planning*, 22(11), pp. 44-52.

Lazar, J., and Hobson, W. (2002) 'Private residence clubs: A new concept for the second home ownership', *Journal of Leisure Property*, 2(2), pp. 105-120.

Melkote, S., Cao, D., Modgil, P., Thakkar, S. and Connelly, R. (2012) 'Optimizing vacation exchange', *Journal of Revenue and Pricing Management*, 11(6), pp. 625-631.

Micallef, P.E. (2005) 'The regulation of timeshare under Maltese law', *International Travel Law Journal*, 2, pp. 76-84.

Milburn, R., Clark, J. and Hall, L. (2005) 'The changing face of timeshare in Europe', *Hospitality Directions-Europe Edition*, (12), pp.1-15.

Ministry for Tourism and Culture (2006) 'Policy for the Maltese Islands 2007-2011' [Online]. Available at: <https://tourism.gov.mt/en/departments-sections-units/pages/departments-sections-units%20sub%20pages/eu%20affairs%20and%20policy%20development/tourism%20policy.pdf> (Accessed: 20 August 2022).

Ministry for Tourism and Consumer Protection (2020) 'The Malta Tourism Strategy 2021-2030' [Online]. Available at: <https://tourism.gov.mt/en/tourism/Pages/National-Tourism-Strategy-2021-2030.aspx> (Accessed: 20 August 2022).

Morgan, D.L. (2013) *Integrating qualitative and quantitative methods: A pragmatic approach*. Sage publications.

Navarro-Ibáñez, M. and Becerra-Domínguez, M. (1995) 'The growth of second homes and time sharing in small islands', *Foundation for International Studies: Islands and Small States Institute. Occasional papers on islands and small states* [Online] Available at: <https://www.um.edu.mt/library/oar/handle/123456789/40546> (Accessed: 21 February 2022).

NSO (2022) 'TOURSTAT Survey' [Online]. Available at:  
([https://nso.gov.mt/en/nso/Sources\\_and\\_Methods/Unit\\_C3/Tourism\\_Statistics/Pages/TOURSTAT-Survey.aspx](https://nso.gov.mt/en/nso/Sources_and_Methods/Unit_C3/Tourism_Statistics/Pages/TOURSTAT-Survey.aspx)) (Accessed: 7 July 2022).

OECD (2020) *Better life index: Sweden* [Online]. Available at:  
<https://www.oecdbetterlifeindex.org/countries/sweden/>. (Accessed: 2 September 2022).

Oglethorpe, M.K. (1984) 'Tourism in Malta: a crisis of dependence', *Leisure Studies*, 3(2), pp.147-161.

OTE (2001) *The European Timeshare Industry in 2001: An independent research report*. OTE: London

Pandy, W.R. and Rogerson, C.M. (2014) 'The making of the South African timeshare industry: Spatial structure and development challenges', *Bulletin of Geography. Socio-economic Series*, 26, pp.183-201.

Penela, D., Morais, A.I. and Gregory, A. (2019) 'An analytical inquiry on timeshare research: A continuously growing segment in the hospitality industry', *International Journal of Hospitality Management*, 76, pp. 132-151.

Powanga, A. and Powanga, L. (2008) 'An economic analysis of a timeshare ownership', *Journal of Retail and Leisure Property*, (7)1, pp. 69-83.

Rahi, S., Alnaser, F.M. and Abd Ghani, M. (2019) 'Designing survey research: recommendation for questionnaire development, calculating sample size and selecting research paradigms', *Economic and Social Development: Book of Proceedings*, pp.1157-1169.

RCI Europe (2020) *Leisure Real Estate Trends and Opportunities*. England: RCI Europe



RCI (2002) *Timeshare Purchases: A profile of recent activity. Europe 2002 Edition Summary Report*. RCI: United Kingdom.

RCI (2003) *Resort Timesharing Worldwide: 2003 Edition Summary Report*. RCI: United Kingdom.

RDO (2009) *The European Timeshare Industry 2008: Market characteristics and economic impacts*. RDO: Belgium.

Redditt, J., Orlowski, M., Fyall, A., Gregory, A.M. & Ro, H. (2022) 'Determinants of Customer Satisfaction and eWOM in the Sharing Economy: Timeshare versus Peer-to-Peer Accommodations', *Tourism and Hospitality*, (3)1, pp. 225.

Richard, B. (2017) 'Hotel chains: Survival strategies for a dynamic future', *Journal of Tourism Futures*, 3(1), pp. 56-65.

Sampson, S.E. (2008) 'Optimization of vacation timeshare scheduling', *Operations Research*, 56(5), pp. 1079-1088.

Scherpenzeel, A. (2002) 'Why use 11-point scales?', *Swiss Household Panel*, pp. 1-5.

Sekaran, U. (2003) Determining sample size. *Sekaran. Uma (4th Eds.), Research methods for business: A skill building approach*, pp. 263-298.

Sparks, B., Bradley, G. and Jennings, G. (2011) 'Consumer value and self-image congruency at different stages of timeshare ownership', *Tourism Management*, 32, pp. 1176-1185.

Sparks, B.A., Bradley, G.L., Jennings, G.R. and Johnston, N.R. (2014) 'Cooling off and backing out: Understanding consumer decisions to rescind a product purchase' *Journal of Business Research*, 67(1), pp. 2903-2910.

Sparks, B., Butcher, K. and Pan, G. (2007) 'Understanding Customer-Derived Value in the Timeshare Industry', *Cornell Hotel and Restaurant Administration Quarterly*, 48(1), pp. 28-45.

Stavrinoudis, T.A. (2006) 'Timeshare in Greece, an investigation of the causes for its unsatisfactory development', *Tourism Today*, 6, pp. 171-177.

Stringam, B.B. (2010) 'Timeshare and vacation ownership executives' analysis of the industry and the future', *Journal of Retail & Leisure Property*, 9(1), pp. 37-54.

Stringam, B.B., Mandabach, K.H., and VanLeeuwen, D.M. (2015) 'Management contracts and homeowner association controlled timeshare resorts: Is there a difference in performance metrics', *Journal of Tourism and Hospitality*, 4(3).

Thomas, L. Y. (2010) *Evaluating point-of-sale buying decisions: Understanding why consumers purchase timeshares*. (Doctorate Dissertation, University of Nevada, Las Vegas).

Times of Malta (2006) 'Big drop in complaints about timeshare touts', *Times of Malta*, 11 August [Online]. Available at: <https://timesofmalta.com/articles/view/big-drop-in-complaints-about-timeshare-touts.44870>. (Accessed: 20 June 2022).

Upchurch, R. S. (2002) 'Product design evolution in the vacation ownership industry: From fixed weeks to points and vacation clubs', *Journal of Leisure Property*, 2(3), 239-253.

Van der Mark, C. (2020) 'Combined qualitative and quantitative study', Assignment, Institute of Tourism Studies, Malta.

Van der Mark, C. (2021) 'Research Proposal', Institute of Tourism Studies, Malta.

Vella, A. (2017) *The future of the vacation ownership industry in the Maltese islands* (Bachelor's thesis, University of Malta).

Viechtbauer, W., Smits, L., Kotz, D., Budé, L., Spigt, M., Serroyen, J. and Crutzen, R. (2015) 'A simple formula for the calculation of sample size in pilot studies', *Journal of clinical epidemiology*, 68(11), pp. 1375-1379.

Wang, Y., and Krishna, A. (2006) 'Timeshare Exchange Mechanisms', *Management Science*, 52(8), pp. 1223-1237.

Woods, R.H. (2001) 'Important issues for a growing timeshare industry', *Cornell Hotel and Restaurant Administration Quarterly*, 42(1), pp. 71-81.

Wu, H. and Leung, S.O. (2017) 'Can Likert scales be treated as interval scales?—A Simulation study', *Journal of Social Service Research*, 43(4), pp. 527-532.

Xuereb, A. (2012) *Angelo*. England: Book Guild Publishing.

## Appendix 1 Glossary of Terms

**Cooling-off period** – the period of times granted under national law during which a purchaser can cancel the purchase contract without penalty and receive a complete and full refund of all monies paid by the seller.

**Developer** – term used to denote the developing entity, which typically would be responsible for planning, funding and construction of the property as well as responsible for setting up the timeshare plan.

**Exchange/Exchange Network** – a facility offering purchasers the option to exchange their right to time in their unit for a stay in another unit in another location at the same or alternative time or within any similar season.

**Fixed Time** – ownership rights to a unit under which the occupancy periods are pre-determined by a fixed calendar date each year.

**Fixed Units** – ownership rights to a specific, identified apartment.

**Floating Time** – timeshare ownership periods not restricted by calendar date although usually restricted by season.

**Floating Units** – timeshare ownership within a specific apartment size or type, but not within a specific identified apartment.

**Fly-Buy** – a resort marketing programme in which identified prospects are brought to the resort, accommodated at the resort and given a sales presentation. The cost of the flight and accommodation may be borne in part through the resort marketing budget.

**Fractional Ownership Interest** - an interest in property that is not complete by virtue of it being shared with others. The share is usually greater than one-fifteenth, but probably no more than a one-quarter interest in the accommodation.

**In-House** – refers to sales activity involving existing owners who are either being offered additional weeks or alternatively upgrading to a larger accommodation unit, or sales activity involving prospects who have either rented space within the resort or exchanged into the resort through the exchange mechanism.

**Inventory** – the number of units available at a resort for sale.

**Lead** – a marketing term used to describe a potential buyer or interested party to whom the timeshare opportunity is presented. Also referred to as ‘Prospect’.

**Maintenance Fee** – the annual fee assessed to owners to cover their contribution towards, amongst other things, the cost of maintenance and management of the resort.

**Marketer** – term used to describe the organisation or entity responsible for the commercial aspects of timeshare, who may or may not be the developer.

**Mixed-Use Basis** – a term used to describe the commercial structure of a resort where it combines timeshare with other forms of accommodation.

**Occupancy** – the measure of actual usage of a timeshare unit or resort expressed as a percentage.

**Off Premises Contacts (OPCs)** – a marketing term used to describe the actions of lead canvassers who approach potential prospects on the street and offer an inducement (dinner or gift) to visit the project or sales booth and attend a sales presentation.

**Owner** – term used to describe the timeshare purchaser, also known as a member.

**Points** – a symbolic measurement related to a vacation club or timeshare ownership, used to establish a value for seasons, unit sizes, and resort locations.

**Private Residence Clubs** – PRCs are often associated with a five-star or luxury hotel brand and are usually either a ‘stand-alone’ development or can be part of a mixed-

use resort development. The interest sold in the properties generally represents an interval of time of more than two and less than 12 weeks. Located in all the prime holiday settings, PRCs offer luxury apartments and freestanding houses, combined with a lifestyle element, including services such as pre-arrival and on-site concierge, private lounge, daily maid service, in-home catering, etc. (RCI Europe, 2020)

**Referral marketing** – term used to denote the marketing method in which an owner is asked to refer a friend or associate as a potential purchaser to the resort.

**Trustee** – the entity holding legal as opposed to beneficial ownership of the title to the resort property, who ensures that the property is kept free from all mortgages and encumbrances for the life of the timeshare agreement.

**Unit** – is the term for the physical room, studio, apartment, chalet, lodge or villa in which a timeshare interval owner acquires occupation rights.

## Appendix 2 Resort Questionnaire

**1. How many timeshare resorts do you own (by development stage):**

- ☐ Planned;  
☐ Under Construction/Conversion – not in active sales;  
☐ Under Construction/Conversion – in active sales (Pre-Sales);  
☐ Open – still in active sales;  
☐ Sold Out – resort may have some resale activity;  
☐ Closed  
☐ Other  
☐ Total

Please specify a reason the resort is closed (if you responded 'Closed':

\_\_\_\_\_

Please specify if you answered 'Other':

\_\_\_\_\_

**2. How many timeshare resorts do you own (by resort type):**

- ☐ Stand-alone  
☐ Mixed use (hotel & timeshare)  
☐ Total

**3. Please provide the first year and last year (actual or projected) of operation of each resort that is open, sold out or closed:**

Resort 1:  
Resort 2:  
Resort 3:

**4. Under which legal structure are your resorts/products sold?**

a) *Trustee system – owners are issued a certificate by the trustee*

Resort 1 ☐, Resort 2 ☐, Resort 3 ☐

b) *Membership – right to use contractual interest that expires at a pre-defined future date*

Resort 1 ☐, Resort 2 ☐, Resort 3 ☐

c) *Deeded – ownership of share in the unit's legal title*

Resort 1 ☐, Resort 2 ☐, Resort 3 ☐

d) *Other*

Resort 1 ☐, Resort 2 ☐, Resort 3 ☐

Please specify if you answered 'Other' above:

**5. Please input the total number of timeshare units per resort by type in 2021:**

Hotel Room  
Resort 1 , Resort 2 , Resort 3

Studio  
Resort 1 , Resort 2 , Resort 3

1 Bedroom  
Resort 1 , Resort 2 , Resort 3

2 Bedroom  
Resort 1 , Resort 2 , Resort 3

3+ Bedroom  
Resort 1 , Resort 2 , Resort 3

**6. Please indicate the type of timeshare and/or timeshare-like products that you sell/sold:**

- ☐ Fixed Weeks  
☐ Floating Weeks – Fixed Season  
☐ Points  
☐ Fractionals  
☐ Private Residence Club  
☐ Biennials  
☐ Other

Please specify if you answered 'Other' above:

\_\_\_\_\_

**7. Please indicate if your resort/s are affiliated with an exchange company:**

Resort 1  
RCI ☐, II ☐, 7Across ☐, Other ☐

Resort 2  
RCI ☐, II ☐, 7Across ☐, Other ☐

Resort 3  
RCI ☐, II ☐, 7Across ☐, Other ☐

**8. Please specify what board basis timeshare owners are offered at your resort/s:**

Resort 1	Resort 2	Resort 3
<input type="checkbox"/> Self-Catering	<input type="checkbox"/> Self-Catering	<input type="checkbox"/> Self-Catering
<input type="checkbox"/> B&B	<input type="checkbox"/> B&B	<input type="checkbox"/> B&B
<input type="checkbox"/> Half-Board	<input type="checkbox"/> Half-Board	<input type="checkbox"/> Half-Board
<input type="checkbox"/> Other	<input type="checkbox"/> Other	<input type="checkbox"/> Other

9. How many weekly equivalent intervals have you sold since the resort's inception? Please include all weeks sold including reposessions and buy-backs.

Resort 1 \_\_\_\_\_

Resort 2 \_\_\_\_\_

Resort 3 \_\_\_\_\_

10. How many weekly equivalent intervals have been reacquired by the developing company since the resort's inception?

Resort 1 \_\_\_\_\_

Resort 2 \_\_\_\_\_

Resort 3 \_\_\_\_\_

11. How many owners do you currently have per resort (by nationality)? A couple listed together as co-owners on the membership certificate is regarded as one owner:

United Kingdom

Resort 1\_\_\_\_, Resort 2\_\_\_\_, Resort 3\_\_\_\_;

Italy

Resort 1\_\_\_\_, Resort 2\_\_\_\_, Resort 3\_\_\_\_;

France

Resort 1\_\_\_\_, Resort 2\_\_\_\_, Resort 3\_\_\_\_;

Germany

Resort 1\_\_\_\_, Resort 2\_\_\_\_, Resort 3\_\_\_\_;

Russia

Resort 1\_\_\_\_, Resort 2\_\_\_\_, Resort 3\_\_\_\_;

Scandinavian countries

Resort 1\_\_\_\_, Resort 2\_\_\_\_, Resort 3\_\_\_\_;

Other

Resort 1\_\_\_\_, Resort 2\_\_\_\_, Resort 3\_\_\_\_;

Please specify if you answered 'Other' above:

\_\_\_\_\_

12. Do you offer a rental programme at your resorts?

Resort 1 Yes - No

Resort 2 Yes - No

Resort 3 Yes - No

13. Do you offer a resale programme at your resorts (independent of upgrades)?

Resort 1 Yes - No

Resort 2 Yes - No

Resort 3 Yes - No

14. Is/Was the marketing and sales operation managed by the developing company or by a contracted marketing company?

Resort 1

Developing company ☐, Marketing company ☐

Resort 2

Developing company ☐, Marketing company ☐

Resort 3

Developing company ☐, Marketing company ☐

15. Which marketing channels do you use/did you use for lead generation at your resorts?

☐ OPC (Outside Promotional Contact)

☐ IPC (Inhouse Promotional Contact)

☐ Inhouse team servicing existing owners (relationship marketing)

☐ Fly-buys/inspection visits

☐ Telemarketing

☐ Digital marketing

☐ Referrals

☐ Other

Please specify if you answered 'Other' above:

\_\_\_\_\_

16. What are your plans for the future?

☐ Continuing sales until current resort/s is/are sold out;

☐ Closing existing timeshare resort/s before resort is sold out;

☐ Adding new units to existing resort/s;

☐ Converting existing hotel to mixed-use;

☐ Building new stand-alone resort;

☐ Building new mixed-use resort;

☐ Replacing traditional timeshare with other long or short-term holiday membership products;

☐ Focusing on hotel business;

☐ Other.



17. In your opinion, which of the following stages best describes the current situation of the Maltese timeshare industry as a whole?

☐ **Development** – there is a large growth in the number of resorts, developers are investing considerable resources to set-up resorts and to attract potential members – marketing becomes intensive;

☐ **Consolidation** – timeshare is an important feature of the local economy, developers are pursuing expansion, sales and profits are growing – marketing efforts are further widened to attract new markets;

☐ **Stagnation** – a peak number of owners has been reached, resorts have a heavy reliance on inhouse sales and there may be attendant problems arising out of intensive marketing efforts;

☐ **Decline** – timeshare has lost its appeal – it is no longer able to compete with newer products; sales and profits have fallen, the customer base is contracting, and some competitors are exiting the industry;

☐ **Rejuvenation** – timeshare operators have rejuvenated by attracting a different type of tourist and/or offering different holiday products.

If you chose 'Decline', do you have any suggestions on how timeshare can be rejuvenated?

18. To what extent do you believe the following variables have negatively influenced the timeshare industry in Malta? (for each of the statements below, circle the response that best characterises how you feel about the statement, where 0 = not at all influenced, 5 = moderately influenced and 10 = influenced very substantially):

*The burden of legislation*

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

*Reputation*

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

*Sales and marketing practices*

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

*Cost of marketing and sales*

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

*Lack of consumer finance*

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

*Difficulties with the exchange*

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

*Cheap resale products*

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

*Ease & availability of holiday and travel products online*

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

*OTAs such as Airbnb and Booking.com*

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

*Other: Please specify:*

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

#### NOTES:

- ✓ This information is being collected on a confidential basis which means that the researcher will protect it from unauthorised access, use, disclosure, modification, loss and theft;
- ✓ In reporting the findings, the researcher will protect the privacy of the participants and the information collected will be stripped of all direct identifiers – resort name, developer and/or developing company name, resort location etc.
- ✓ Participants may refuse to answer any individual questions.
- ✓ The questions/answers will be reviewed with the participant during the face-to-face interview at which stage the researcher will be able to clarify any queries.

## Appendix 3 Interview Questions - Developers

1. Can you briefly describe how you became involved in the timeshare/holiday ownership industry? How did you become acquainted with this holiday concept? In which year did you open your first resort/operation?
2. What were your motivations to enter the industry?
3. In your opinion, what are the benefits of timeshare/holiday ownership? And what are the limitations?

BENEFITS (choose whether the benefit applied only in the past or only in the present or both):

- Guaranteed, quality holiday accommodation:  
☐ In the past      ☐ Today      ☐ Both
- Value & affordability (when compared to the cost & amenity levels of standard hotel rooms):  
☐ In the past      ☐ Today      ☐ Both
- Saves members time & resources searching for quality holiday accommodation:  
☐ In the past      ☐ Today      ☐ Both
- On-site & in-room amenities outweigh hotels & other accommodation types:  
☐ In the past      ☐ Today      ☐ Both
- Flexibility offered by the exchange system:  
☐ In the past      ☐ Today      ☐ Both
- Ability to rent or gift unit/timeshare membership:  
☐ In the past      ☐ Today      ☐ Both
- Timeshare resort membership offers 'a home away from home'  
☐ In the past      ☐ Today      ☐ Both
- Timeshare resorts are located in the most popular holiday destinations in the world:  
☐ In the past      ☐ Today      ☐ Both

- Timeshare apartments/units have larger floor plans than standard hotel rooms & allow families to stay in one apartment/unit together:

☐ In the past                      ☐ Today                      ☐ Both

- Other:

---

☐ In the past                      ☐ Today                      ☐ Both

#### LIMITATIONS:

4. Is there a holiday product on the market today that is able to replicate these benefits?
  
5. What were the key difficulties (if any) that you experienced as a timeshare operator, during the different phases of the project/s, including marketing and sales, resort management, owner relations, resort maintenance etc.?
  
6. Do you think that timeshare/holiday ownership is still a valid formula today for developers? For travellers?
  
7. Do you think that the industry could do more to address long-standing issues faced by timeshare owners such as offering an in-house resale programme, or allowing owners to relinquish their membership?

## Appendix 4 Recruitment Letter – Timeshare Owners

Dear Member

We at xxxxxxxxxxxx are collaborating with an MBA student researching Timeshare in Malta by sending the following survey participation invitation to our members on her behalf. You will find hereunder an explanatory note directly from the student as well as a survey link. By clicking on the link, you will be redirected to Ms. van der Mark's online survey. We would encourage you to participate and please rest assured that all the information collected will only be visible to the student and will be treated with strict anonymity.

Regards,  
Club Admin

Dear Member,

My name is Celine van der Mark and I am currently in my final year reading for the MBA in International Hospitality Management at the Institute of Tourism Studies of Malta in academic affiliation with the Emirates Academy of Hospitality Management. Presently, I am conducting a research study regarding the Maltese timeshare industry, that will look at its evolution and prospects.

This email is being sent by your vacation club manager xxxxxxxxxxxx on my behalf to elicit your anonymous participation in an online self-administered questionnaire that will take between 8-10 minutes to complete. Kindly note that xxxxxxxxxxxx has not shared your personal details with me. This ensures that you can take part in the survey without me knowing your name and email address.

### **Access link and code:**

To participate, please click the following link: <https://www.surveymonkey.com/r/BC77Z9V>

If this link does not work, please copy, and paste the link into your internet browser.

### **Confidentiality**

Kindly note that your participation in the survey is completely voluntary. You may choose not to participate and if you decide to participate you may withdraw at any time before you submit your responses. To help protect your confidentiality, the survey will not contain information that will personally identify you, nor will it collect your email address or IP address. Records will be held in accordance with General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Cap 586).

All the data that will be collected from this survey will be used for scholarly purposes and once the thesis has been finalised the results of the study (in the form of a report) will be submitted to the Institute of Tourism Studies and shared with participating industry stakeholders, for the purpose of furthering the knowledge of the local timeshare sector. While there are no direct benefits associated with participation, the results may assist local timeshare developers, marketing companies, and management organisations to understand consumer behaviour and member needs better and align products and services to enhance value.

If you should have any comments or questions concerning the research study, please feel free to contact me at [celine.vandermark001@its.edu.mt](mailto:celine.vandermark001@its.edu.mt) or +356 99565474. My thesis supervisor may be reached on [claud.ebejer@its.edu.mt](mailto:claud.ebejer@its.edu.mt).

Thank you very much for your time and cooperation. Your support is much appreciated.

Kind regards,

Celine van der Mark

## Appendix 5 Recruitment Letter - Developers

Dear Sir/Madam,

I am writing to request your participation in a research study that I am conducting on the timeshare industry in Malta. This is in partial fulfilment of the requirements for the award of the MBA in International Hospitality Management that I am reading at the Institute of Tourism Studies.

You are being asked to participate in this study because of your past or current involvement in the marketing and sale of timeshare or timeshare-like products locally. The general purpose of the study is to examine the evolution of the industry, determine whether holiday ownership in Malta is in the decline phase of its life cycle and consequently to identify the purported causes. I also aim to establish the current size and composition of the sector and generate insights on its prospects, mainly whether it still represents a value proposition for developers and consumers.

Should you decide to participate, you will be asked to take part in an interview either in person or online at a time that is most convenient for you, as well as provide non-financial data about your holiday ownership operations (if applicable). The interview would last around one hour and Covid-19 protocols will be adhered to. If you are available, I may also get in touch with you to cover any follow-up questions, although you are free to decline at any stage of the research. Once the research study has been concluded all participants will be presented with a copy as a token of appreciation.

Kindly note that your involvement is strictly voluntary and there are no known risks since your privacy will be protected at all times. If you wish, I will also ensure your anonymity in the data analysis and reporting. Records will be held in accordance with General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Cap 586).

If you volunteer to participate in this study or have any questions or concerns, kindly contact me by email ([celine.vandermark001@its.edu.mt](mailto:celine.vandermark001@its.edu.mt)) or telephone (99565474).

You may also wish to speak to my thesis supervisor, Mr. Claude Ebejer (email) [claude.ebejer@its.edu.mt](mailto:claude.ebejer@its.edu.mt). I am attaching a copy of the consent form, which gives you more information on the study.

I greatly appreciate your help and look forward to meeting you.

Yours sincerely,

Céline van der Mark

## Appendix 6 Standard Interview Procedure – Developers

1. Thank the participant for accepting to be interviewed;
2. Confirm that the participant has signed the consent form and if not, provide a copy for signature before the start of the interview;
3. If, in the consent form, the participant has indicated that he/she prefers to remain anonymous in the reporting of the findings, reassure him/her that this has been noted and will be adhered to;
4. Briefly explain the purpose of the research and how I will use the answers given and information provided;
  - a. Examine the evolution of the industry since its conception;
  - b. Establish in which phase of its life cycle the industry finds itself in and why;
  - c. Establish the current size and composition of the sector;
  - d. Generate insights on its prospects mainly whether it still represents a value proposition for developers and consumers.
5. Address terms of confidentiality if necessary or any other questions about the research, the analysis and/or the reporting that the participant may have;
6. Inform participant that I will be starting the recording;
7. Start qualitative part of the interview with questions about the participants' own history and experience with timeshare; their motivations to invest in timeshare; the benefits and challenges, and their opinion on its future. In this part I will be looking for a more detailed and nuanced response since I will be asking the participant to recall their personal narrative about their experiences. The open-ended questions are focused so as to ensure that the same general areas of information are collected from each interviewee, yet at the same time



flexible allowing for the participant to express his or her personal opinions and feelings, and allowing for adaptability;

NOTES FOR THIS PART OF THE INTERVIEW:

- ✓ Make eye contact and pay attention
  - ✓ Use active listening techniques
  - ✓ Pivot questions as needed
  - ✓ Paraphrase answers for reflection & reference earlier answers
  - ✓ Don't get distracted by recording device and ask for clarifications if required
  - ✓ At the end of the interview, ask the participants if they have anything to add
8. The second part of the interview will focus on the quantitative questionnaire which has been sent to the participant in advance to allow sufficient time for the collation of the data. I will collect the completed questionnaire and run through it with the participant to ensure that there are no errors, and/or to clarify any queries the participant may have about individual questions;
9. Ask for permission to contact resort management and owners – explain why it is necessary to speak to owners and how the insights obtained from the data collected can potentially help the industry. If permission is given verbally provide the consent form for signature;
10. Thank participant after the interview and let him/her know what to expect next.

## Appendix 7 Results Of Timeshare Owners' Survey

### Section I: Vacation Owner's Profile

#### *Age*

A staggering 92% of respondents are over 50 years old (222 respondents) while 73 respondents, representing 30% of the sample are over 70 years of age. Only 8% fall within the '35-49 years' group (N=19), and none of the respondents are between 18 and 34 years of age. The mean age of 236 respondents who provided their precise age is 64, 95% CI [62.83, 65.12].

#### *Nationality*

Out of the sample of 241 respondents, 68% (N=165) are UK nationals, 16% are Maltese, 7% are Swedish and the remaining 9% are other European and non-European nationals (Figure 10).

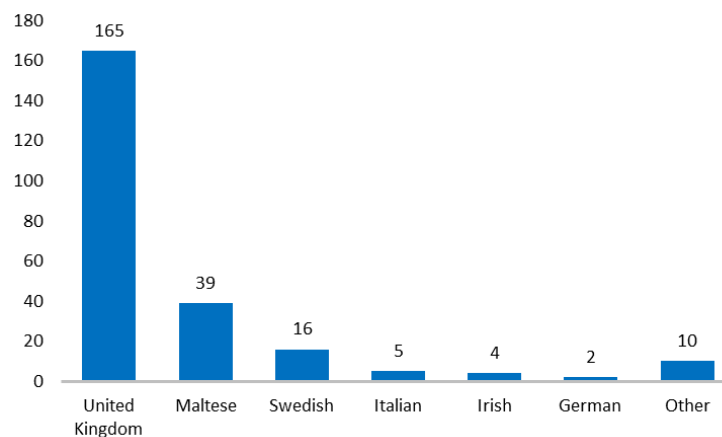


Figure 10: Distribution Of Respondents By Nationality. Source: Author.

### *Marital Status*

The vast majority (91%) are either married or in a domestic partnership, with the other 9% of respondents being either widowed (4%), single (3%), or divorced/separated (2%).

### *Family Composition*

Respondents were asked if they have children and, if so, whether they are under or over 18. 76% of respondents (N=184) reported having children that are all 18 years and over. 12% have one or more children under 18 and another 12% have no children.

### *Educational Level*

The educational level of the 241 respondents is generally high – 52% have reached degree level or higher, 16% possess an undergraduate diploma, 18% have studied until post-secondary level and only 28 respondents (11%) have achieved a basic level of education (Figure 11).

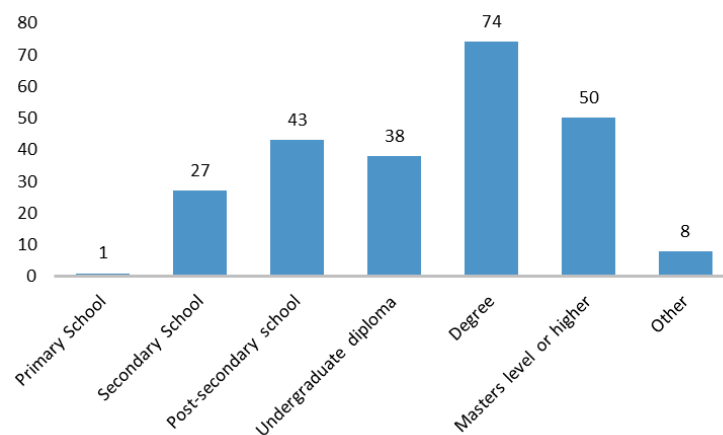


Figure 11: Distribution Of Respondents By Educational Level. Source: Author.

### *Employment Status*

Of the 241 respondents, 49% are retired, 36% are employed and working full-time or part-time, and 13% are self-employed or self-occupied (Figure 12).

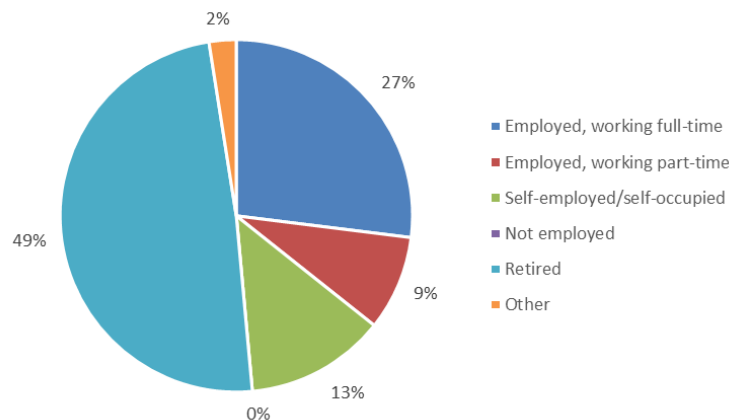


Figure 12: Distribution Of Respondents By Employment Status. Source: Author.

### *Average Household Income*

With respect to the household income, the majority of respondents (35%, N=85) fall within the £25,000 - £49,999 bracket, followed by 26% (N=63) that have reported an average household income of between £50,000 and £74,999. Interestingly, 15% of respondents (N=35) have an average household income of up to £24,999. The remaining 24% have a combined average income of over £75,000 (Figure 13).

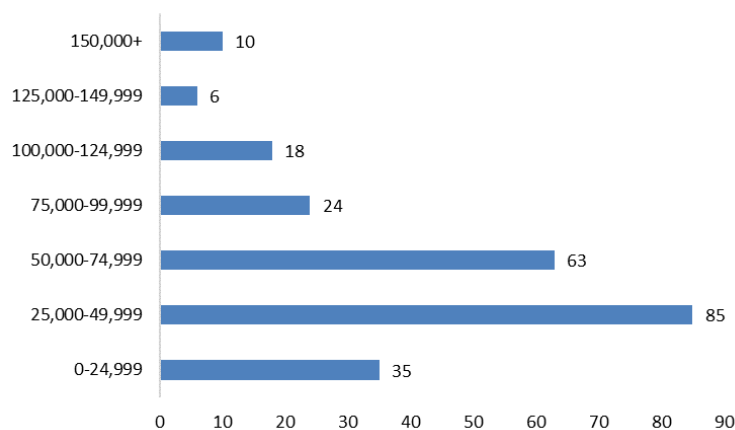


Figure 13: Distribution Of Respondents By Average Household Income. Source: Author.

## SECTION II: VACATION OWNERSHIP CHARACTERISTICS

### *Membership Type, Length Of Timeshare Ownership And Source Of Timeshare Acquisition*

80% of respondents (N=193) own a weeks-based membership, 16% (N=39) own a points-based membership, and 4% (N=9) own both. Based on n=237, the median tenure of ownership is 13 years and the mean is 11.7 years, 95% CI [11.11, 12.39]. 47% of respondents acquired their vacation club membership between 2005 and 2010 (Figure 14).

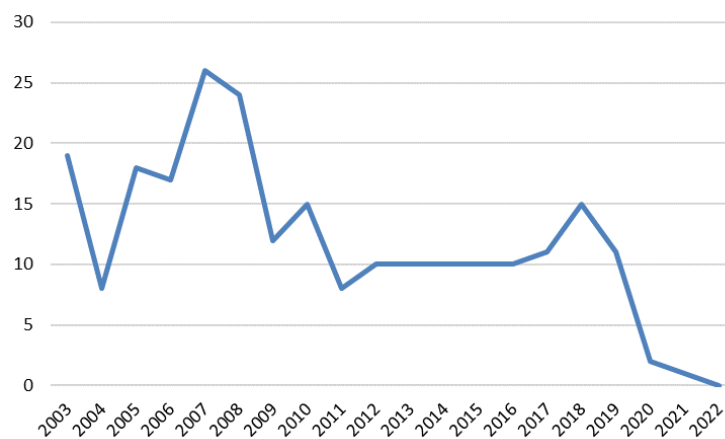


Figure 14: Year Of Ownership Of Vacation Club Membership. Source: Author.

Participants were also asked to state the source of their timeshare acquisition (Figure 15). The vast majority acquired their timeshare from the developer (N=230, 95%), while 9 respondents stated that they acquired it through resale (4%), and 2 owners through bequest (1%).

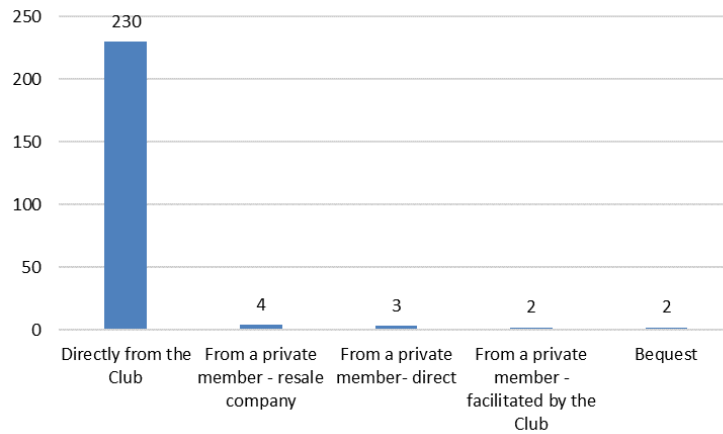


Figure 15: Vacation Club Membership Acquisition By Source. Source: Author.

Finally, participants were asked to indicate how many times they had taken an exchange holiday during the past 4 years<sup>15</sup> (Figure 16). This period was chosen to account for the two years (2020, 2021) during which exchange holidays were not possible or limited as a result of the Covid-19 pandemic. 58% of respondents (N=139) have not booked an exchange holiday during the last 4 years, 95% CI [0.52, 0.64]; 12% have booked once, and 30% have booked 2 or more exchange holidays.

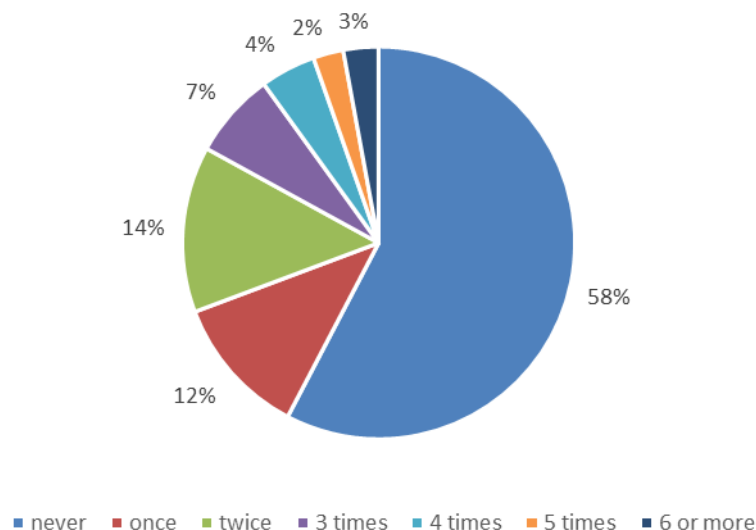


Figure 16: Exchange Frequency Last 4 Years. Source: Author.

<sup>15</sup> Participants were given these instructions: ‘This refers to you having banked/deposited your home resort week or points with an exchange organisation, following which you booked a holiday to another resort/destination. It does not refer to ‘cash’ bookings such as Extra Holidays or Getaways for which you do not exchange your week or points.

### SECTION III: AN ANALYSIS OF OWNER'S COMMENTS

Respondents were invited to leave their comments about their experience with vacation club membership through an open-ended question. Their analysis has uncovered certain themes which in some cases go beyond the variables covered in the questionnaire. The key themes are reviewed below.

#### *Annual Management/Maintenance Fees And the Financial Rationale Of Timeshare*

Twenty-three (23) owners left a comment relating to the annual management/maintenance fees. The most frequently occurring comment is that these fees are too high and they increase every year at a rate that is unacceptable to these owners. Additionally, 11 owners feel that booking alternative accommodation through other non-timeshare channels would be cheaper than the cost of their annual maintenance fee, especially when considering the initial outlay to purchase the membership – ‘it is cheaper for us to buy a package holiday than pay for taxi transfers and all our food and drink’, and ‘have enjoyed our holidays but realise we could have achieved it much cheaper’.

#### *The Level Of Service And the Quality Of the Home Resort And Timeshare Apartments*

According to 15 respondents the level of service and/or the standards of their apartment and of the home resort have declined. They feel that the apartments and the resort should be refurbished – ‘upgrading of holiday units is long overdue. Quality of restaurants has decreased over the last 12 years’; and ‘member maintenance fees increase annually whilst the home resort gets older with very little improvements over the last 15 years (same furniture and carpets for example)’. Moreover, 4 owners mentioned that certain benefits that they had at the start of the membership have been taken away.

#### *The Sales Experience And After Sales Problems*

Twenty-nine (29) respondents expressed negative sentiments about the manner in which the sale had been conducted or the promises they felt were made to them which

did not materialise. Some mentioned that they had been pressurised into buying or into upgrading their membership, and a few others stated that they had the understanding that they were making an investment. The theme that occurred most frequently is resales, particularly the difficulties encountered when reselling, and the devaluation that occurs – ‘we use it every year but it has no value as an investment should you wish to resell the unit’, and ‘if it is considered as an investment then there will be disappointment. If it is considered a large up-front payment for future high-quality holidays then it can be reasonable value’.

### *Positive Comments*

A number of respondents (29) also shared positive sentiments about the home resort and the timeshare model. The comments were varied. Some expressed appreciation towards the hotel’s personnel and service provided by the Clubs’ management company; others commented on the benefit of having a guaranteed annual holiday with the family, on the flexibility that the model offers, and on the financial benefits – ‘as a family of five required to take holidays in peak seasons the timeshare is financially better for us’, and ‘returning regularly to the resort is something our family look forward to every year, we appreciate the atmosphere at the hotel and hope that it continues to employ Maltese staff as often as possible’.