

# State of the Nation

## EUROPE

### WHEREVER YOU ARE LOOKING TO DEVELOP

and operate a resort, you should start with the most important question, which is: What constitutes a good location? Many European destinations tick all the right boxes, and here's why.

#### Ease of access

You must consider access. The shared-ownership business relies upon making it easy for guests to use the product. If good air routes or other forms of transport don't exist or are too expensive, this will be a limiting factor on the attractiveness of your product.

#### Experience, experience, experience

Proximity to demand generators is vital too. Europe is rich in iconic tourist attractions, which makes it a popular holiday destination with tourists worldwide. It is rare that the accommodation is the only attraction to convince a customer to make a long-term commitment to shared-holiday ownership. Demand generators in the form of tourist attractions and activities can be internal as well.

You can add value to your resort by adding things like a golf course, a spa or an equestrian centre. Make sure that you fully understand how they will add value to your business and who is going to pay for them, either directly or indirectly through premium pricing, as they require significant investment.

If you are relying on external demand generators, make sure that they are not too far away and also consider whether you can achieve some sort of privileged access to them for your customers.

#### Seasonality

Most places have a clear seasonality and a clear market to go with it. To bring year-round attractions to your development will require significant investment in promotion and communication costs, so be committed to creating real demand for your project, as well as having the cooperation of local/regional tourism authorities.

#### Opportunities in Europe today:

**The Adriatic coast of the Balkans** – Generally hailed as being 'the Mediterranean as it used to be'.

**The Black Sea coast of Bulgaria and Russia** – Accessible by a huge 'drive-to' population.

**The south-east coast of Italy** – Developing rapidly as a new focus for tourism.



**PHILIP BACON FCA MRICS**

Director - Planning & Development/Valuation, Horwath HTL, Global Leader in Hospitality Consulting

#### ABOUT PHILIP BACON

Philip Bacon is a chartered accountant and member of the Royal Institution of Chartered Surveyors with over 30 years' experience in professional business advisory services and general management. He has been a consultant to the hotel and mixed-use sectors of the hospitality industry for over 15 years. Philip has been involved in the development of branded residences and other leisure real estate concepts working with brands such as Mandarin Oriental, Four Seasons, Fairmont, Jumeirah and Armani. Horwath HTL is a global leader in hotel advisory services and is uniquely positioned to provide the depth and breadth of advice required by leading hotel owners, investors, financiers, and operators.

**Sicily** – One of the greatest tourism assets in the Med.

**Cyprus** – Appealing to new, growing outbound markets, as well as having a strong pull for the UK.

**The UK** – The 'staycation' is probably not a passing fad.

**The Atlantic coast of Portugal** – A real competitor for the Algarve.

**South-west France** – Relatively undiscovered but with easy access and a long tourism tradition.

Many of these locations appeal to some of the newer members of the EU, as well as Russia. However, remember that undiscovered and undeveloped locations will always attract the pioneers of tourism, but shared-holiday ownership is typically about repeat visitation to places where people like to have something more permanent than a rental opportunity. It is also about ease of access and long-term service delivery, and these things are more challenging in undiscovered parts of the world.

The week-based timeshare or holiday-ownership business, arguably the oldest of the shared-ownership models, is still relatively new, despite being nearly five decades old. This is nothing compared to destinations like Las Vegas, Miami Beach and the French Riviera; and let's not forget that the first Thomas Cook-organised tour was in 1841. The places in Europe where shared-holiday ownership has flourished have been where people already enjoy going on holiday, such as the Canary Islands, the Costa del Sol and the Alps.

The objective in today's market is to carefully match your product with your chosen target market. Do not compromise, there is too much choice out there and your customer is better informed than you think.

Seek out sources of customers who meet your profile – remember it is no coincidence that some of the world's shared-holiday ownership leaders are hospitality-driven organisations with access to large numbers of loyal customers.

What is needed is a well-planned approach to the established model and in Europe, the quality bar is high. The 'must have' components are:

- Excellent standards of accommodation, designed with families in mind, which is something traditional hotels often get wrong
- High service levels and on-resort activities designed to meet your customers' needs
- Added value using external and internal holiday exchange, as well as tailor-made and concierge-style services
- Greater flexibility using points-based systems – but these may not be the answer for everyone
- Shorter term ownerships and memberships.

All of these benefits can add up to a compelling shared-ownership product. Know why people are attracted to your location, understand what your customer is looking for on holiday, and design your holiday product around those needs.

**Read the full version here.**