

Executive Summary

THE ECONOMIC BENEFITS OF RCI EXCHANGE AFFILIATION

The following are key findings from a survey of RCI members residing in the United States, quantifying the economic benefits of RCI affiliation for developers and resorts. Conducted by mail during July-August 1999, there were 1,387 responses. All results apply only to current RCI members residing in the U.S.

Importance of RCI in the Purchase Process and Value Added by RCI Affiliation

- 88.5% of all timeshare purchases ever made by current RCI members were positively influenced by the RCI exchange opportunity, according to members. These total about 2,686,000 weeks, representing aggregate sales of an estimated \$20.1 billion by developers, homeowner associations, and on-site resale companies.
- 38.7% of all timeshares owned by members would not have been purchased without the RCI exchange affiliation, according to members. These total approximately 1,176,000 weeks sold for an estimated \$8.8 billion.
- 41.5% of RCI members say they would not have purchased their first timeshare without the RCI exchange affiliation. These total about 600,000 weeks sold at an estimated aggregate sales volume of \$4.5 billion.
- Members attribute and average 24.8% of the value of their timeshares to the RCI exchange opportunity. This represents an estimated \$5.7 billion of value added. Fully 94.0% of members feel the RCI affiliation adds some value.
- Of members who received one or more years of RCI membership with their most recent timeshare purchase, 81.6% say this was of at least some importance in their purchase decision, and 30.2% say it was “very important.”

Benefits to Resorts from RCI Exchange Vacations

- Timeshare purchases by U.S.-resident RCI members during exchange vacations total an estimated 39,200 weeks per year, representing gross sales of about \$453 million. RCI members purchase a timeshare week during 4.4% of their exchange vacations. These purchases average 1.2 weeks, at an average price of \$11,570 per week.
- Cumulatively, over the years members have purchased an estimated 210,000 weeks while on exchange vacations, representing gross sales estimated at \$1.6 billion. Some 9.5% of

second purchases, 14.9% of third purchases, and 18.4% of fourth and subsequent purchases are made during exchange vacations.

- In addition to purchases made during exchange vacations, members also have purchased about 64,000 weeks at exchange resorts after returning home from exchange vacations, representing total sales estimated at \$480 million.
- An estimated 61,300 purchases are made each year by friends and acquaintances to whom RCI members have recommended resorts the member first learned about during an exchange vacation. In aggregate, members report about 736,000 such purchases over the years.
- 34.5% of members “definitely” plan to exchange into a previously visited exchange location again.
- 4.7% “definitely” plan to rent in a resort they have visited through exchange.
- 40.0% “definitely” will recommend an exchange resort to a friend or acquaintance as a rental location, and 4.7% “definitely” plan to rent in a resort they formerly visited through exchange.
- 31.0% “definitely” will recommend a former exchange location to a friend or acquaintance as a place to purchase.

Expenditures at Resorts While on RCI Vacations

- During vacations generated by RCI – through exchange, ads seen in *Endless Vacation*, “Travel Plus” vacations, and “Extra Holidays” vacations – members spend a total of \$423 million per year on-site at host resorts. This is an average of \$429 per visitor party. Expenditures off-site in the local community are in addition to this, but were not measured during the survey.
- Primary expenditure categories include: \$123 million in on-site restaurants; \$75 million for on-site recreational activities such as golf; \$61 million for on-site, non-grocery retail purchases; \$48 million in on-site grocery stores; \$48 million for tours and rental cars arranged by the resorts; and \$40 million in other on-site expenditures.