

Straight talk from Star Resort Group CEO

A Recipe for Opportunity

By Carl G. Berry

Seems as though there are two camps in the high end of the shared vacation ownership world.

Some Luxury Fractional Properties and Private Residence Clubs are already throwing a party. They've sent the invitations, decorated the ballroom, set the table and hired the caterers... but will anyone come? Isn't that the pervasive question?

Another faction of developers is still in the planning stages. They have high hopes that when the guest lists do go out, the RSVPs will be returned in abundance.

Today, most developers would rather be in this group vs. the former one.

Bring on the Chateaus & Van Gogh's

The "wealth effect", or more accurately the "negative wealth effect", is controlling sales these days. A lot of our customers have the money to spend to buy a fractional interest, but they 'feel' as though they don't, so they aren't. It's as straight forward as that.

The buying habits of the American public are quickly adapting to the new economy and every one is feeling it. *The New York Times* reports that even Bergdorf Goodman is cold-calling former customers offering special incentives to get in the door. There are always parking places in every mall. Whether the business is retail or real estate, people are deciding to spend less.

Fox News reported the other day that \$300,000 invested in the S&P500 a year ago would now be worth \$160,000. Take any variation on that number and our customers know that. So, go from a portfolio of \$7 million to \$3.8 million - that's still a cut worth thinking twice about.

The fractional interest is a personal use purchase. Each of the "buying PAIR" needs to sign off on that use. In these times one of the buying couple is sure to be more 'tucked in' than the other, and there goes the sale!

So, on the Spectrum Clusters I say bring on the *Elite Spenders* like the "CEO with a Lexus to Go" and the 'Chateaus & Van Gogh's'. These are the folks to whom we have the best chance to sell this winter. By fall we may have a chance with the 'Big Spenders' who are a bit more cautious these days.

You remember the Xerox sales training program? Selling for benefits and not features? Now's the time for that for one buys what benefits them most. The adjustment in the sales pitch today will be vital to snag those sales than can be snagged!

Whether you are waiting for your doorbell to ring, or haven't yet sent out the party invitations, having your blue print for success in place will make the party all the merrier.

This is one reason a number of our client's are taking a SMART™ look at business. Written from the viewpoint of principals who have been on the front lines in developing, marketing and selling high-end fractional interests, The Star Marketability Assessment Report (SMART™) provides real-world information to the developer.

With our global economic forecast being what it is, this is the time to plan ahead and strongly urge developers to be able to zero in on their target market's needs and hot buttons. It also lets them be poised to hit the ground running when stronger conditions re-appear.