

FRACTIONAL VACATION HOMES:

MARKETING AND SALES IN CHALLENGING TIMES

Helping Marketers, Sales Agents and Developers

Attract More Buyers, Close More Sales and Generate More Profits

By

DAVID M. DISICK, ESQ.

Vacation Lifestyle Properties, LLC

WHAT SOME READERS HAVE SAID ABOUT THIS BOOK

- "I have known David Disick since he entered the fractional real estate industry with the launch of Franz Klammer Lodge in Telluride, Colorado in 1994.

David presents a profile unique in the industry—his legal background as a former partner in a Wall Street law firm and the practical knowledge and marketing and sales savvy of someone who has been in the trenches.

The result is David's leading-edge business thinking. His book, *Fractional Vacation Homes: Marketing and Sales in Challenging Times* is among the most comprehensive industry works that I have read.

It offers significant value to new entrants into the industry, as well as to industry veterans. It is a valuable storehouse of knowledge for anyone wanting to succeed in the business of fractionals."

Edwin H. McMullen, Sr.
Senior Partner, McMullen Development

- "I have just finished reading David Disick's recent book entitled *Fractional Vacation Homes: Marketing and Sales in Challenging Times*."

Congratulations are in order for what I suspect will be a widely read book in the fractional interest industry. The materials and advice on marketing and sales are excellent—extensive, clear, full of resources and how-to-do-it practicalities.

The book is highly recommended. Good job, David."

Richard L. Ragatz, Ph.D., President
Ragatz Associates

- "David, Your book, *Fractional Vacation Homes: Marketing and Sales in Challenging Times* is a 'must read' for all professionals in the fractional real estate industry.

You clearly set forth the opportunities in fractional real estate today for developers, investors, buyers and sales agents.

The marketing and sales chapters provide practical suggestions and valuable, original ideas for attracting more buyers and closing more sales.

The Closing Scripts for responding to common questions and objections are worth their weight in gold!"

**Piers Brown, Founder and CEO
Fractional Life**

- "David and I have known each other since 1997 when I worked with him in marketing his development, Franz Klammer Lodge in Telluride, Colorado.

I have read David's book, *Fractional Vacation Homes: Marketing and Sales in Challenging Times*, cover to cover. It is a distillation of the relevant data, thoughts and practical knowledge that are the sum of his experience and expertise gained over many years.

The book provides an immensely valuable window into the world of fractional interests and numerous, practical ideas for their marketing and sales.

I recommend this book to all hoping to succeed in the fractional vacation home industry."

**David Harries, President
Ryan and Deslauriers**

- "Kudos to David Disick for writing *Fractional Vacation Homes: Marketing and Sales in Challenging Times*.

Mr. Disick compiles an A, B, C's guide for marketing and selling luxury fractional products during post-recessionary times in simple, yet clear and concise terminology.

This guide is an easy, enjoyable read that is packed with helpful clues that can tighten up a developer's marketing plan for cost efficiencies. His approach to the affluent buyer is timely and direct; the guide is sure to assist marketing and sales teams in working effectively to deliver more sales and profits to developers.

I will use David's publication in our sales training activities."

**John R. Kazanjian, Managing Director
RTK Resort Group**

- “Your new book, *Fractional Vacation Homes: Marketing and Sales in Challenging Times*, is a masterpiece and a must-read for all who are interested in fractional real estate.

From marketing to closing, you cover it *all*.”

Congratulations and thanks for sharing!”

**Keith W. Trowbridge, President
Executive Quest, Inc.**

- “As someone involved in the sale of resort properties seven days per week, I am a hopeless enthusiast of the concept of fractionalizing. Over the recent years, I have spent a lot of energy educating prospects, buyers and sellers alike, as to its benefits.”

“David, your book sets forth many ideas that are going to help make my selling process more productive. There are myriad professionals who need to be equipped better to sell the fractional concept. Your organization of ideas and so many links to information useful to those in the industry is sheer genius.”

Your chapter on eighteen ways to close today’s wary purchasers is priceless. I read it twice in the same sitting just to be sure a number of these ideas were printed indelibly in my mind.”

“Congratulations on this achievement! The world is waiting.”

**Donald J. Thomas, Broker Associate
Slifer Smith & Frampton Real Estate**

- "David Disick's book, *Fractional Vacation Homes: Marketing and Sales in Challenging Times*, provides a valuable description of the performance of and expectations for the fractional real estate industry.

His concrete descriptions of the elements necessary in successful marketing and sales programs furnish valuable guidelines by which investors may evaluate a proposed development.

**Seth Rutman
The JPR Group**

- David Disick's book, *Fractional Vacation Homes: Marketing and Sales in Challenging Times*, is a welcome and much needed addition to the world of fractional real estate ownership.

In my 20 plus years in the business, I have yet to see a resource on the subject that is as complete and thorough as this. David generously shares his wealth of knowledge, experience and expertise on the subject with the developers, marketers and sales agents in mind.

This book in my opinion is long overdue, and comes at a time when those of us who have a vested interest in fractionals need it most. David explains virtually every aspect of fractional vacation homes in a clear and concise manner, making it an invaluable resource.

Owners of this book will undoubtedly find themselves going back to it time and time again. It is a must to own for anyone looking to develop, market, sell, and/or maximize profits within this highly specialized segment of the vacation home market, particularly during challenging times.

**Carolann Harris, Owner/Investor/Consultant
Development Dynamics**

An excellent guide that explains relationship marketing and sales to an affluent demographic that understands, desires and purchases fractional vacation homes.

**Evan Julber, CEO
FractionalExchange.com**

- David Disick has created an impressive presentation of sales and marketing for anyone involved in fractionals and private residence clubs. He draws on his ground-breaking early years in the industry and brings things right up to date with the latest knowledge and approaches that current technology enables.

**Nick Copley, President
Sherpa Report**

- David Disick's *Fractional Vacation Homes: Marketing and Sales in Challenging Times* will become a key reference source for anyone interested in the fractional marketplace—all from one of the industry's most experienced veterans.

For those new to the business, it sets forth basic information about fractionals, such as the value proposition and target audience, needed to make the decision whether to get involved and how to do so.

For those with one or more fractional projects already developed or in the pipeline, it contains tested and proven marketing and sales tactics useful in today's tough economy, but which can be vital to success in any economic climate.

The discussion covers the range of vital topics, such as concrete, actionable marketing tools and methods, and suggested ways to communicate effectively with an affluent clientele.

For all executives involved in the fractional vacation home industry, this will be the vital GPS needed to navigate from point A (attraction) to B (buyers) to C (closing sales)

All of this occurs while minimizing the chance of unproductive detours and other hazards that might plague the unprepared, and in an easy-to-read and stimulating format that offers you a smooth ride.

If you're serious about fractionals, this is a book you must share with your colleagues. Better still, buy a copy for each. There is no better way to get—and stay—on the road to success in this industry.

**Alan N. Schlaifer, Esq., Principal,
Law Offices of Alan N. Schlaifer, PC
and
National Correspondent, *The Resort Trades***

- “EXCELLENT JOB, DAVID!!!

**Peter Smith, Founder
NextStar Funding**

AUTHOR'S PREFACE

The English mountaineer, George Mallory, was asked in 1924 why he wanted to climb Mount Everest. He replied, famously, "Because it's there."

If someone were to ask me why I wrote this book, (not that anyone has), I'd answer, "Because it's *not* there. And it's needed."

This book offers the following:

- A clear explanation of what fractional ownership is both legally and as currently practiced
- The essential difference between fractional ownership and timeshare
- A simple statement of the Fractional Value Proposition
- The benefits fractional ownership offers developers, sellers, buyers and agents
- The outstanding sales performance of fractionals in the current marketplace
- An understanding of the target audience, the depth of this audience and their vacation home purchase motivations (and examples of messages to them)
- A compilation of recommended marketing initiatives for a technological age including concrete, actionable ideas (and examples of them)
- A philosophic basis for effectively communicating with an affluent clientele
- A structure for an effective sales appointment
- An understanding of what customers are really thinking so as to respond to their objections more appropriately
- Closing Scripts for agents to use in responding to common purchaser objections
- A means to assist developers in training their marketing and sales staff

I welcome comments and reactions to this book.

David M. Disick, Esq.
August 2010

TABLE OF CONTENTS

Chapter One: Fractional Ownership—An Idea Whose Time Is Now

- Introduction
- Effects of the Recession on Today's Vacation Home Market
 - The Credit Crunch
 - The "New Normal"
- Opinion of a Research Company That Surveys the Affluent
- The Author's Perspective on the Current Vacation Home Market
- Basic Terms
 - Fractional Ownership—A Fairly New Way to Own a Vacation Home
 - Fractional Interest—What Each Co-Owner Owns
 - Private Residence Club
- A Very Brief History of Fractional Ownership in the United States
- Growth of the Industry and Recent Sales Performance
- Early Signs of a Recovery from the Recession
- A Snapshot of Fractional Vacation Home Properties
 - Where Fractional Properties Are Located
 - Average Number of Fractional Units Per Development
 - Typical Bedroom Sizes and Average Square Footage
 - Range in Fraction Size and Amount of Use Allowed
 - Average Prices of Fractionals and Private Residence Clubs
 - Household Income Qualifications for Fractional Purchasers
 - Fractional Purchaser Motivations and Investment Expectations
 - Evolution of the Fractional Ownership Concept
- Fractional Interests vs. Private Residence Clubs
 - Commonly Available Amenities
 - Owner Benefits and Services
 - Member Privileges
- Fixed vs. Floating Occupancy
- Three Main Types of Reservation Systems
 - Fixed Calendar Reservation Systems
 - Rotating Calendar Reservation Systems
 - Rotating Priority Reservation Systems
- A Sketch of Timeshare Properties Today
 - Timeshare Purchaser Motivations
 - Timeshare Purchaser Investment Expectations
 - Timeshare Sales Methods
- Giving Credit Where Credit Is Due
- Fractionals vs. Timeshares: Not the Same—No Matter What the Lawyers Say!
 - "Is this a timeshare?"

- “What about Re-sale Value?”
- Four Benefits Fractional Ownership Offers the Vacation Home Market
 - For Vacation Home Buyers: The Irresistible Logic of the Fractional Value Proposition
 - For Vacation Home Sellers: The Intriguing Possibilities of the Fractional Multiplier
 - For the Vacation Home Market: Increased Activity
 - For Vacation Home Real Estate Agents: More Transactions
- Some Features of Properties Suitable for Fractionalization
- Factors to Consider in Calculating the Fractional Multiplier
- Advantages of Fractional Ownership over Whole Ownership
 - From a Buyer’s Perspective
 - From a Developer’s Perspective
 - From a Local Community’s Perspective
- Advantages of Fractional Ownership over Timeshare
 - From a Developer’s Perspective
 - From a Buyer’s Perspective
 - From a Local Community’s Perspective
- Comparison of Benefits to Buyers of Three Ways to Own a Vacation Home
- Where to Proceed from Here
 - Websites for Consumers (B2C)
 - Websites for the Trade (B2B)
- Some Legal Issues Related to Interstate Marketing of Fractional Interests

Chapter Summary

Chapter Two: Relationship Marketing of Fractional Vacation Homes to an Affluent Clientele

- Introduction
- Marketing in Challenging Times
- Relationship Marketing
- A New Definition of Luxury: From Conspicuous to Conscious Consumption
- Identifying the Target Market for the Fractional Property
- Depth of the Target Market for the Fractional Vacation Homes
- Crafting a Compelling Marketing Message
- Creating a Website That Sells
 - Building Huge E-Mail Lists of Prospects and Referrals
 - Educating the Public on Fractional Ownership
 - Attracting Site Visitors by Using Video
 - Providing Useful Information on the Resort and the Property

- Building a Website That Search Engines Like
- Playing the Links: How to Rank Higher on Search Engine Results
 - Strategic Links
 - Press Release Links
 - Articles Links
 - Frequently Updated Blog Postings
- Links to and from Business and Social Networking Sites
- A Web 2.0 Marketing Case Study in Progress
- Analyzing Website Traffic to Generate More Profits
- E-mail Marketing—The Website’s Follow-Up Workhorse
 - Responding to Requests for More Information
 - Newsletters and Real Estate Market Reports
 - “Send to a Friend” Referral Program
 - “Drip Marketing” Campaign: “Try and Buy Discovery Visit”
- Using an E-mail Marketing Service
- Employing the Services of a Marketing Agency
- Owner Referral Programs—The Star Performers
 - Programs Suitable for Individual Sales Agents
 - Programs Suitable for Agents Employed by a Developer
- Other Programs for the Marketing Mix
 - Direct Mail Marketing
 - PPC Advertising: Is It All That It’s Cracked Up to Be?
 - Local Online Searches—A Relatively New, Potentially Effective Source of Leads
 - Print (Off-Line) Advertising
 - Printed Collateral Materials
 - Public Relations
 - Broker Referral Programs
 - Strategic Alliances
- Need for a Professionally Run Marketing Campaign

Chapter Summary

Chapter Three: Relationship Selling of Fractional Vacation Homes to an Affluent Clientele—Part A

- Introduction
- The Transition from Relationship Marketing to Relationship Selling
- The Impact of the Internet on the Role of Sales Agents
- What Motivates Luxury Vacation Home Purchasers?
- Definition of Relationship Selling
- A Magic Key to Relationship Sales Success: Empathic Listening
 - “Reflecting”
 - “Supporting”
 - “Exploring”

- o “Verifying”
 - o “Reframing”
- Dialogue, Not Monologue
- Say This, Not That
- Seven Low-Key Ways to Create a Sense of Urgency in Buyers
 - o Founding Memberships
 - o Inventory Management
 - o Internal Appreciation
 - o Coming Price Increases
 - o “Try and Buy Discovery Visits”
 - o Purchase Incentive Gifts
 - o “Buzz”
- The First Seven Steps in a Relationship Sales Appointment
 - o “Relating” to the Customers
 - o “Discovering” the Customers’ Vacation Needs
 - o “Verifying” That the Agent Has Heard Correctly
 - o “Asking for Permission” to Make a Presentation
 - o “Advocating” the Solutions That the Property Provides
 - o “Asking Trial-Ownership Questions”
- “Closing:“ Sixteen Ways to Ask Customers to Buy
 - o Order Blank
 - o Assumptive
 - o Pen
 - o Secondary Issue
 - o “Let’s Try It Out”
 - o Either-Or
 - o “Let Me Make a Note of That”
 - o Testimonial
 - o Sharp-Angle Turn
 - o Closing on the Objection
 - o Puppy Dog
 - o Porcupine
 - o By the Way...
 - o Take-Away
 - o Favorable Comparison to Whole Ownership Price and Upkeep
 - o Summary of Benefits

Chapter Summary

Chapter Four: Relationship Selling of Fractional Vacation Homes to an Affluent Clientele—Part B

- Introduction
- Differentiating Conditions, Stalls and Objections
 - o “Conditions
 - o “Stalls”

- o “Objections
- Three “Objections” That Can Be Satisfied with Information
 - o Misconception
 - o Skepticism
 - o Legitimate Complaint
- Close Early and Often
- Nineteen Closing Scripts
 - o Closing in Response to a Stall
 - o Closing in Response to a Condition
 - o “We can’t use it enough.”
 - o “I’m waiting for the economy to improve.”
 - o “I’m waiting for my stocks to go back up.”
 - o “I’m not liquid right now.”
 - o “I’m concerned about the economy.”
 - o “Will the property appreciate?”
 - o “Is this a good investment?”
 - o “Is there mortgage financing?”
 - o “Is there a discount for cash?”
 - o “Are prices negotiable?”
 - o “I need to talk to my attorney/accountant/advisor.”
 - o “We don’t think there’s enough value for us.”
 - o “It’s not a good investment for me.”
 - o “The maintenance is too high.”
 - o “We want to look around some more.”
 - o “I want to think it over.”
 - o “Yes, it’s the money.”
- The Final Steps in the Relationship Sales Process
 - o Supporting the Purchaser’s Decision to Own
 - o Taking Anti-Rescission Measures
 - o Welcoming New Owners
- Some Afterthoughts
 - o Respect Your Customers’ Competence
 - o Avoid Lecturing
 - o Trust the Decision-Making Process
- How to Use the Closing Scripts
- Sources of Additional Sales Training
 - o Tom Hopkins International
 - o Fractional Homes International
 - o Tom Goetschius Associates
- Chapter Summary

RESOURCES

ABOUT THE AUTHOR

ABOUT THE AUTHOR

David M. Disick has been an active professional in the fractional vacation home industry since 1992 and is recognized as among the industry's pioneers.

He led the development team of the award-winning Franz Klammer Lodge in Telluride, Colorado, the property that created and first employed the phrase, "Private Residence Club."

Franz Klammer Lodge set the benchmark for this topmost designation of fractional ownership. This segment has become so widespread and popular that, "private residence club," has now become an industry category.

A frequent speaker at industry meetings and author of numerous articles published in industry magazines and on industry websites, he was named to the list of "The Top 21 Fractional Professionals of 2010," by the international website, Fractional Life.

Prior to entering real estate, Mr. Disick was a partner in the Wall Street office of the national law firm, Davis & Cox. The firm's clients included Howard Hughes and the English Rothschilds, who were among the clients he personally served.

Mr. Disick is the principal of David M. Disick & Associates, which offers services in several areas of fractional ownership that take advantage of his hands-on development and financing expertise and his long-time professional relationships. Specialties include:

- Sourcing, negotiating and generating developer financing and financing for fractional purchasers.
- Implementing practical marketing and sales initiatives that respond to the current economic and psychological climate
- Creating a fractional program tailored to the needs of an individual development,
- Devising price strategies for the fractional interests, designing an owner-friendly reservation system and advising in the execution of the development program.

He is a graduate of Cornell University and the University of Pennsylvania Law School.

He is on LinkedIn, Facebook and Twitter (<http://twitter.com/DavidMDisick>).

Mr. Disick lives near Park City, Utah with his wife, Renée, and their Golden Retrievers, Jack and Jill.

