

Fairfield Resorts spins rapid change into rapid growth

BY JAMIE MOORE

FAST COMPANY

Mavericks thrive on risk, on innovation, on change. And Fairfield Resorts is no exception. “We’ve never been afraid to make changes, to go against what everyone else is doing, whether it’s on the marketing side, the sales side, or the product side,” says Franz Hanning, who has been with Orlando-based Fairfield Resorts since 1982.

Hanning, named Fairfield’s CEO in 2001, has seen a raft of changes in the last four years—an acquisition by Cendant, a partnership with Trendwest, and now his own promotion to president and CEO of the Cendant Timeshare Resort Group.

Through it all, Fairfield’s sales and membership have grown steadily. In 2004, timeshare sales revenue exceeded \$771 million, and membership hit the 500,000 mark—the highest in the industry—this year. Alliances have blossomed, including a new deal with NASCAR legend Richard Petty and the Richard Petty Driving Experience. The company has pioneered new markets and is building more upscale resorts. And last year Fairfield received the Circle of Excellence Employer Award from the American Resort Development Association.

Fairfield’s achievements prove the success of the company’s maverick style. Here are six ways Fairfield takes a different tack on the usual industry strategies—and how each one pays off.

The usual: Get high-traffic exposure.

Fairfield’s take: Get high-profile partners.

Rather than just put off-premises contacts in high-traffic areas, Fairfield seeks out big-name partners and melds into their day-to-day operations. Fairfield’s OPCs become fully integrated in the partner’s operation. Take Harrah’s Las Vegas, for example.

“If you were to walk into Harrah’s, you’d find that our marketing staff look and act like Harrah’s employees,” says Adam Schwartz, vice president of corporate alliances for Cendant Timeshare Resort Group (CTRG). “That’s part of the seamless integration of our marketing programs into their house.”

That strategy—also deployed at Trump’s Atlantic City, N.J., hotel casinos and Outrigger Hotels in Hawaii—allows Fairfield to borrow a well-recognized brand. It gives the company a chance to market to different demographics without spending millions of dollars to reach them.

Fairfield’s marketing alliance with the Richard Petty Driving Experience, which began this spring, works a little differently. Fairfield uses the experience—driving an actual Nextel Cup stock car 125 mph around race tracks nationwide, or riding shotgun with a professional driver—to introduce more people to the Fairfield product. Together, the two companies gather leads and market travel packages that include the driving experience, a mini-vacation, and opportunities to meet NASCAR celebrities.

“The Richard Petty Driving Experience alliance is very young,” Hanning says, “but the early returns have been fantastic. The fans are a massive demographic that purchases brands associated with NASCAR.”

The usual: Convince owners to upgrade.

Fairfield’s take: Continually upgrade the product.

For many families, vacation time is limited. At some point, the idea of upgrading for longer trips or more trips in a year becomes irrelevant. So instead, Fairfield provides owners with a higher level of product. And they’re biting. Owner upgrades make up more than a third of the company’s annual sales.

“We want to sell owners additional product, and in order to do that we need to continually upgrade the product we’re providing,” Hanning says. “We need to give them a reason to go from 300,000 points to a million points, to justify the fact that they’re investing \$30,000 or \$40,000 or more in Fairfield.”

Every resort Fairfield has launched over the past four years—in Orlando and Daytona, Fla.; Las Vegas; Hawaii; and Atlantic City, N.J.—includes a select number of luxuriously appointed presidential suites. At Bonnet Creek—Fairfield’s new resort



adjacent to Walt Disney World—presidential units have 35-inch TVs, whirlpool tubs, leather furniture, and granite countertops. The four-bedroom, four-bathroom units total 2,400 square feet.

“The quality of Fairfield’s product is far superior to what it used to be, and even back then it was good,” says Keith Trowbridge, a consultant to Fairfield in 1978-1979 and now CEO of Executive Quest, an executive search firm. “The Bonnet Creek property’s presidential suites are as good as any high-end fractional product you’ll see.”

The usual: Beat the market leaders.

Fairfield’s take: Join the market leaders.

In some ways, timeshare is still on the perimeter of the travel industry, Schwartz says. It’s not as commonplace as staying at a hotel, buying a second home, or renting a car. But Fairfield has seen that change since its 2001 acquisition by travel and real estate giant Cendant, which also is RCI’s parent company.

“We’re able to sit with a customer we just met and say, ‘You may not have heard of Fairfield or Cendant, but you do business with us,’” Hanning says. “When we start talking about the brands—Century 21, Coldwell Banker, Avis, Budget—it’s a tremendous asset in terms of getting people comfortable with us.”

Hanning attributes much of Fairfield’s sales success to that new-found credibility as well as the opportunity to leverage Cendant’s database for lead generation and tour produc-

tion. He says the acquisition couldn’t have come at a more opportune time, when Do-Not-Call legislation was gaining ground and traditional means of reaching customers were restricted.

The Cendant acquisition also provided a unique opportunity for Hanning. Last fall, Trendwest Resorts appointed him president and CEO, a position he added to his Fairfield responsibilities. Like Fairfield, Trendwest is part of CTRG, which is based in Orlando and handles accounting, finance, legal, and other functions for both companies.

“Fairfield and Trendwest have a relationship that goes way back,” Hanning says. “We’ve shared small amounts of inventory, and our clubs operate very similarly. Now, with both companies under one leadership, we’re sharing best practices and leveraging the strengths of both companies.”

Since Fairfield and Trendwest owners tend to buy for different reasons, there’s little overlap. Both brands have charted a strategic course for continued growth since Hanning’s appointment, and their new relationship under CTRG has given Fairfield and Trendwest another entry point into the market.

The usual: Build in timeshare hot spots.

Fairfield’s take: Create new timeshare hot spots.

Several years ago timeshare wasn’t growing very rapidly in Las Vegas. Then a few major players, including Fairfield and Hilton

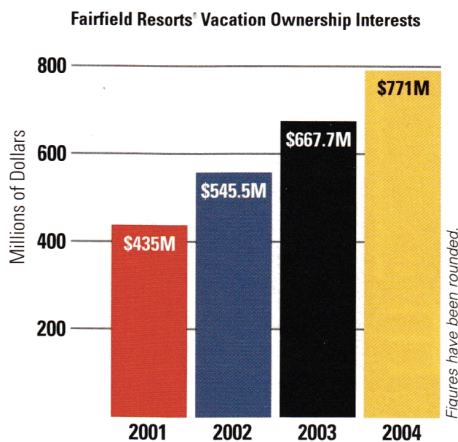
Grand Vacations Co., entered the market with some of the first purpose-built timeshare properties Vegas had ever seen. Fairfield opened its Grand Desert resort there in 2001. Today, nearly every major timeshare company has a Las Vegas property.

Atlantic City seems to be following suit. Before last year the gaming mecca wasn’t on the timeshare radar screen. This spring, Fairfield’s Atlantic City Skyline Tower was among the first major timeshare resorts to open there.

“We’ve been pretty aggressive on entering markets that don’t support a traditional fixed-week timeshare scheme,” Schwartz says. “Our points-based product allows us to move into areas that aren’t necessarily considered seven-day-stay regions, such as Las Vegas, Atlantic City, and New Orleans.”

TRACK RECORD

Fairfield’s bread and butter are its upgrade and referral sales. They comprise approximately 40 percent of total net sales. Here’s a look at how annual sales have climbed over the past four years.



Figures have been rounded.

RCI Ventures



FAIRFIELD FIGURES

Founded: 1966
Converted to points: 1991
Employees: 9,000
Owners: 500,000
Resorts: 70 open in 21 states
Onsite sales centers: 11
Total 2004 sales revenue: \$771 million



Fairfield's Grand Desert brought plush timeshare suites to Las Vegas.

The usual: Sell timeshare.

Fairfield's take: Sell experiences.

Travelers want experiences, not just a place to stay, and Fairfield is tapping into that trend. Last year, the company expanded its product to include experiences it could package and market to different demographics.

The packages, called Play Days, run as limited-time promotions at select resorts. They give owners and prospects a unique experience and help Fairfield fill low-season inventory. The Richard Petty Driving Experience is one of the Play Days. Golf-themed vacations include a lesson, discounts on equipment purchases, and a round at a spectacular course. Health and wellness trips feature nature walks, Tai Chi sessions, and cooking classes.

Fairfield hopes to expand its experience offerings and build alliances with more national partners along the way. A recent Chain Leadership Award from *Lodging Hospitality* magazine (for Fairfield's Play Days) is validation for the company's unusual offering.

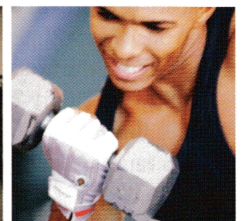
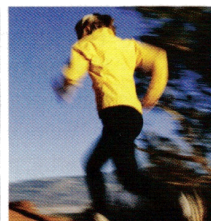
"Experiencing what life has to offer will continue to be a driving force for people," Hanning says. "As long as that's important, we're going to be here to provide it." (V)

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