

# **TIMESHARE CONSUMER RESEARCH**

Final Report

July 2019

heartward  
STRATEGIC

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## Executive summary

### Research context

ASIC commissioned Heartward Strategic to conduct primary research to provide a detailed understanding of Australian consumers' experience of timeshare in Australia, in order to:

- help identify and understand any risks of consumer harm;
- inform current and future regulatory settings;
- determine whether additional industry guidance is required; and
- help inform ASIC's consideration of the Government's review of the remaining exemptions to the ban on conflicted remuneration.

The objectives of the research were to:

- provide a detailed understanding of consumer experiences throughout the timeshare sales process, including mapping the process itself, identifying any decision influences and exploring the experience and role of financial advice;
- gather experiences of consumers who have purchased a timeshare membership including exploring use of their membership, and the extent to which experiences match expectations at the time of sale; and
- explore consumer experiences of exiting or attempting to exit a membership.

### Research method

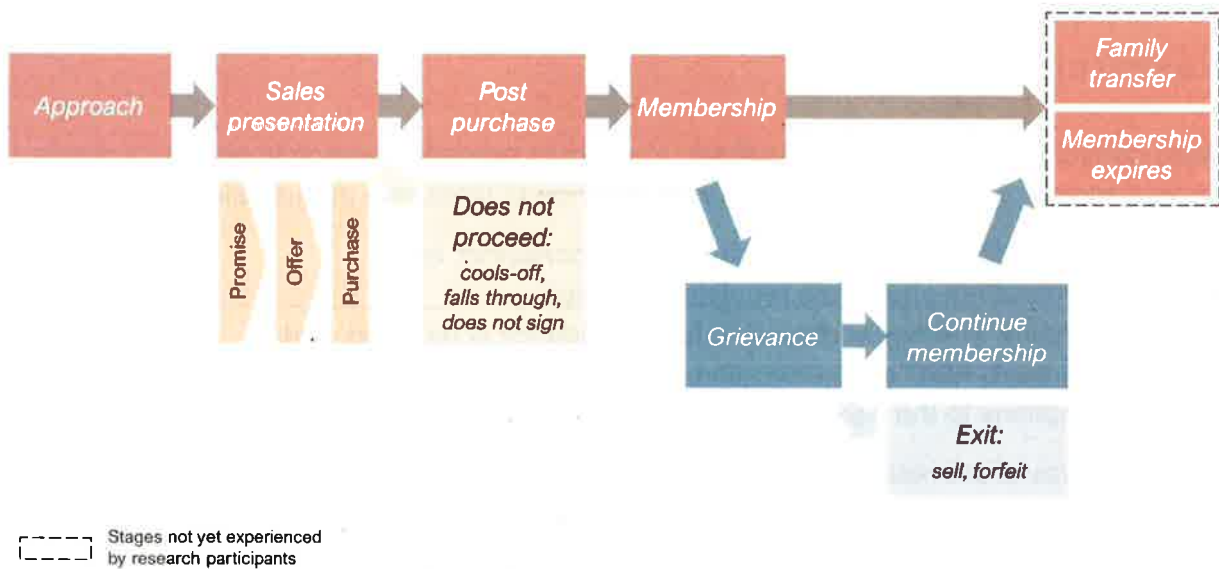
A qualitative methodological approach was used, comprising 50 in-depth interviews conducted in May and June 2019 with consumers who had received financial advice to purchase a timeshare membership from one of the five main points-based timeshare schemes. The sample consisted of consumers who had experiences with entering, using or exiting (or attempting to exit) timeshare memberships.

### Research findings

#### *Timeshare membership consumer journey*

The experiences with timeshare memberships described by participants in this research can be conceptualised as a journey, from initial approach, through eventually to the sale, forfeit, transfer or expiration of the membership (which no participants in the research had yet experienced). The consumer journey is illustrated in the figure below and the findings section of this report discusses the experiences of consumers at the key points along this generalised trajectory. The discussion section of this report highlights, based on the experiences described by research participants, the points in the journey at which there may be a risk of consumer harm.

**Figure 1 – Timeshare consumer journey based on reported consumer experiences**



Approach

Research participants had attended a timeshare sales presentation, to which they had been invited, and at which they could sign up for membership. Most had been actively approached by a timeshare operator’s representative, had been offered at least one of a range of incentives to attend the presentation and had attended the presentation primarily to receive this incentive. Nearly all participants realised the presentation would be a sales pitch relating to holidays, fewer understood it was about timeshare membership. Very few who participated in the research indicated they went to the presentation anticipating purchasing or upgrading a membership, as suggested by an apparent lack of preparation for the presentation in terms of prior research and consideration of timeshares.

Experiences of the timeshare sales process

Presentations appeared to be a critical part of the consumer journey. Information search, consideration of alternatives, consumer decision-making processes, negotiation and purchase reportedly all took place during a single session of two to three hours in length. All participants mentioned having a one-on-one conversation with a sales representative, and while some said they enjoyed the experience, others reported feeling uncomfortable, pressured, and unable to easily leave the presentation.

Virtually all participants described sophisticated sales techniques applied during the presentation including: painting an idyllic picture of holidays; tailoring sales scripts to fit prospects’ holiday preferences and objections; demonstrating the value of the membership, emphasising emotional benefits; using social influence (e.g. the presence of others who were perceived as similar to them, personal endorsements); providing a way out (e.g. a cooling-off period); and celebrating the decision to join. All reported that a consistent contact representing the timeshare operator shepherded them through the presentation

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process and who was, in many cases, also joined at times by another representative who was perceived as being more senior in position. Neither representative was perceived to be a financial adviser, although they were seen as having a significant impact on the decision to purchase. Sales approaches observed by participants included; salespeople being very personable, bringing in the other more senior consultant to answer queries or approve special offers, and being very responsive to any concerns raised.

Consumers in this research believed that they had purchased discounted holidays into the future, which they described as a 'lifestyle' product. Very few perceived the timeshare to be a financial product, or could conceive of it as such when the researchers informed them about how timeshares are regulated. When asked if they recalled receiving financial advice as part of the sale process for the timeshare membership, none could recall this, and many mistakenly understood the researchers to be referring to advice relating to the availability of, or their application for, finance to pay for the membership. In this respect, any perceived advice in relation to financing the purchase was recalled to have focused on asking consumers' whether they could accommodate the monthly repayments, rather than whether the loan itself fitted within their goals and commitments.

Most of the research participants indicated that they were presented with more than one membership package and that they purchased a package that was either towards the middle or the bottom of the range they believed was available.

In all cases, according to participants, membership pricing was discussed after the benefits of membership had been communicated. When it was mentioned, it appeared that staff had done little to help consumers review the total cost over the life of the membership, instead focusing on cost per holiday or monthly repayments, or omitting ongoing fees (including that they might increase year to year).

Participants reported a range of incentives they were offered to become members, which they said were positioned as exclusive, and only available if they signed up on the spot. Some participants felt they were offered additional or special incentives once they indicated they were unsure about becoming a member.

Most participants said they were provided with a very large pack of information (usually given to them after the sale was concluded) which included contracts, and which some could recall contained a Product Disclosure Statement, but which mainly appeared to consist of marketing material. No participants could recall receiving a Statement of Advice, but the researchers did observe at least one information pack brought to the interview by the participant as including this document. Some indicated that having a lot of information in the pack, the short length of the session and being given the pack towards the end of the presentation, made it more challenging to review all documents of relevance before or after their purchase.

### Consumer decision-making and reasons for purchase

While some were satisfied that their knowledge about the membership was sufficient to make an informed decision regarding the purchase, others felt that their decision was based on a partial understanding of what they were buying. Based on what they now know about the timeshare, some participants felt the membership had either been misrepresented, or they had misunderstood something about the membership, at the time of purchase. Common areas where understanding about the membership details at the time of purchase departed from actuality included: awareness of likelihood of accommodation availability; awareness of the number, quality and location of accommodation options; size and variation in ongoing fees associated with the membership; limitations or rules around points redemption; accommodation options not matching family size or other needs; restrictions around exiting; the likely value of the membership if on-sold; the extent of or details relating to promised perks; and the ability to realise value from incentives offered during the sales process.

As access to the timeshare membership offer depended on deciding at the presentation, consumers reported being compelled to make their decision to purchase based on their understanding of the information available to them at that time. Some had been unsure about their decision even at the time and felt that they had purchased against their better judgement. On reflection, most felt they would have benefited from being able to walk away and do further research before committing to the purchase.

Participants in the research mentioned a range of expected financial, practical and emotional benefits of membership that influenced their purchase of the timeshare membership. These included:

- **Expected financial benefits:**
  - saving money on holidays;
  - experiencing luxury accommodation affordably;
  - purchasing at today's prices to avoid inflation; and
  - accessing another specific financial benefit.
- **Expected practical benefits:**
  - being compelled to take more regular holidays; and
  - saving time and effort in booking accommodation.
- **Expected emotional benefits:**
  - investing in well-being, quality time with family and making memories;
  - sharing benefits of membership with friends and family; and
  - peace of mind with holidays locked in for the future.

In all cases, the emotional or intangible benefits that membership was expected to deliver had a strong influence on the purchase decision, alongside more rational benefits like cost savings.

### Paying for timeshare memberships

Participants had paid for their memberships in a number of different ways, including full upfront payment, a deposit upfront plus the balance paid shortly after, full payment made over a number of monthly instalments or a deposit upfront plus the remainder paid using finance arranged on the day (in a few cases, the full cost was paid using finance). Loan periods ranged from three to more than 10 years.

Most participants taking out finance appeared not to have considered the total cost of the membership over the term of the loan, including the interest charges. Several participants spoke of the ease of accessing finance for the purchase of their membership. Factors contributing to this included: having finance suggested by the operator (or an assumed affiliate); the suggestion that accessing finance would be straightforward; and the seamless process by which they felt paperwork was completed.

### Cooling-off

That a cooling-off period applied to the timeshare purchase was generally recalled by participants as having been mentioned during the sales presentation, although some did not recall this.

Excluding those who did exercise their cooling-off rights, most members indicated that they had no reason to go back on their decision during the cooling-off period, because the value of the membership was at that point untested. However, some who regret not cooling-off had missed the opportunity because they did not action it quickly enough for reasons including that they were still on holiday, had not received their online log-in to investigate the booking process or were too busy. The difference between those who did not purchase or those who cooled off, compared with many who went ahead but later regretted it, seemed only to be the timing of when real concerns or issues first became apparent and participants realised the membership might not or would not deliver the expected value.

Reasons for cooling-off included: a change in circumstances; a change of mind after further investigations, advice or information; or the participants, feeling unable to politely leave the presentation, had intended even at the time of purchase to back out of the membership. Among those who cooled off, few reported any issues exercising the cooling-off rights, including receiving any deposit or full payment refunds, and cancelling any loans.

### Upgrading

Many participants reported having been repeatedly contacted by the timeshare operator to upgrade their membership and the research sample did not appear to include any

consumers who had actively sought out an upgrade. Some upgraded during a subsequent presentation they had been incentivised to attend, even after not anticipating prior to the presentation that they would upgrade.

Some who had contacted their timeshare operator to complain about accommodation availability issues were reportedly told the way to address this was to upgrade their membership to a higher tier or to purchase more points. Some participants reported having upgraded in the hope of achieving this.

The key reasons for not upgrading after being invited to consider doing so mentioned by participants included not being able to afford the extra expense; already regretting their current level of commitment; or doubting that upgrading would address areas of dissatisfaction. Some, but not all, who had upgraded said that they felt like they were now getting additional value in line with their investment by being able to book longer stretches of accommodation, though, for some, it was too early to tell. In most, but not all cases, upgrades were paid for without the use of finance.

#### Using timeshare memberships

Only a small number of those who had used their membership in the last 12 months felt it was meeting the expectations they had had at time of purchase. Even those who had recently used, and were satisfied with, their membership had misgivings about some aspects of the membership, particularly:

- limited access to accommodation in terms of availability, range of properties and range of destinations;
- difficulty in understanding, and then navigating, the complex rules relating to booking;
- unsatisfactory accommodation in terms of quality and locations;
- expiring annual points and lack of flexibility; or
- ongoing (sometimes increasing) costs.

For participants who had not used their membership in the last 12 months this was due to their not having found the time to take leave from work; not having been in a position to book holidays far enough in advance to secure accommodation suitable for their needs; or having found better accommodation deals elsewhere outside of their timeshare membership. Some in this group felt that, despite their best efforts, they had not been able to realise any of the benefits they expected when purchasing the membership.

#### Complaints and redress

Some participants in the research had made a complaint to their timeshare operator and these complaints reportedly covered difficulties using the membership (most commonly lack of accommodation availability) and complaints about the quality of accommodation.



Those who had made a complaint to their timeshare operator mostly felt that their complaints were not sufficiently resolved. If complaints were about difficulties accessing accommodation, some participants mentioned that operators suggested booking further in advance or upgrading their membership.

### Exiting timeshare memberships

Few participants had considered at the time of purchase their options for, or restrictions around, exiting the membership. A number had since considered ending their membership and some of these had taken steps to investigate how they could do this. However, prior to any more serious investigation of the options for exiting, many assumed it would be possible to sell their points and recoup at least some of their investment. A small number were under the impression that they could just stop paying the annual fee and walk away from the membership.

Most participants who had exited, or had seriously attempted to exit their timeshare membership (with no finance owing), reported having similar experiences, which included:

- contacting the operator to find out options for exiting;
- being encouraged to upgrade as a solution to any accessibility issues;
- being informed membership fees were obligatory for the life of the membership and that their only options to exit were to sell the points or transfer them to someone else;
- looking further into selling the membership and discovering the price they could hope to obtain was far lower than they had anticipated; and
- resolving to keep trying to get value out of the membership, selling at whatever price they could get, or stopping annual fee payments and waiting to see what would happen.

### Meeting expectations

Some of the benefits participants expected their membership to provide appeared, based on the experiences recounted by participants, not to have been realised. For some, experiences were mixed such that some participants had experienced the benefit while others had not. There were no benefits expected at the time of purchase that it could be said consumers were consistently likely to realise through the use of their membership.

Specifically, of the financial benefits participants expected their membership to deliver, **saving money on holidays** seemed consistently unlikely to have been realised so far in most people's membership. Some, who had experienced issues with access and quality or had seen annual fees increase, suspected they would never realise the benefit of saving money on holidays even in the longer term, but others remained hopeful.

Experience of the other expected financial benefits was more mixed, including:

- **experiencing luxury accommodation affordably**, which was experienced by a few participants (mostly Marriott members), although in the main, premium quality resorts were either perpetually booked out or the accommodation visited fell short of luxury;
- although some felt they were **purchasing at today's prices to avoid inflation** and saw the benefit as still likely to hold true, many were concerned that by the time their annual fee and interest payments were considered, the savings were likely to be minimal or nil; and
- some, but not all, had been able to access **other specific financial benefits** (e.g. 'two-for-one' cruising deal).

Regarding expected practical benefits of timeshare membership, **saving time and effort in booking accommodation** was a benefit that had generally not been and was unlikely to be realised. **Being compelled to take more regular holidays** was a benefit some had experienced although it was mostly realised through less-than-ideal trips in an effort to use up points before they expire.

While **peace of mind with holidays locked in for the future** was an as-yet untested expected benefit for most, experience was mixed regarding the other expected emotional benefits of membership, including:

- **investing in well-being, spending quality time with family and making memories**, which was realised by some but others had had experiences so opposed to their expectations that it has actually detrimentally affected their well-being and relationships.
- **sharing benefits of membership with friends and family**, which some had been able to do and others had used as a strategy to use up expiring points they were unable to use personally or in the way in which participants had hoped to use them.

For each of the five operators, consumers participating in the research ranged from the relatively satisfied to some who were incredibly dissatisfied, feeling that that their experience with the membership had not aligned with their understanding of what had been sold to them. Most were either unsure about whether they would recommend the timeshare membership to someone else or categorically would not.

## Discussion

The research revealed a uniformity of sales tactics across all five operators, with a strong, persuasive quality, leading many to make a purchase they may not have in another sales environment. Though some people were satisfied with their membership, many expressed a variety of feelings about their membership experience, including anger, frustration, disgust, despair and numbness. For some, the decision to purchase a membership, and the unintended consequences the purchase had invited, was a cause for embarrassment and self-reproach when later experiences with membership fell short of expectations, as they did for many participants in the research. The sense that they themselves had contributed to this situation seemed to contribute to a lack of motivation to tenaciously pursue redress, which suggests complaint statistics may understate the extent of consumer issues with timeshare memberships.

Findings from the research suggest a risk of consumer harm during:

- the sales presentation, given the process through which consumers are spending large sums of money for a purchase they rarely expected to make, as well as the ongoing financial commitment entered into without full understanding and under time pressure;
- the cooling-off period, which can be missed due to its relatively short length and co-occurrence in many cases with people's absence from home and usual routine;
- the membership stage, when people may not be able to derive full or expected value from the membership, and unexpected changes in circumstances and increases in administrative fees can cause financial difficulties meeting ongoing obligations;
- the grievance stage, when the presentation of the purchase of additional points as a solution to members' difficulties may lead to a further poorly conceived outlay;
- at the exit stage, when people may be unable to exit from the scheme in a way that does not negatively impact them financially; and
- at the family transfer stage, when a financial liability may be transferred to someone without the means to bear it.

## Research context

### Background

The Australian Timeshare Holiday Ownership Council (ATHOC), the representative body for the Australian timeshare industry, describes timeshare memberships as “the way millions of families around the world have luxury holidays for a fraction of the cost of owning a holiday home<sup>1</sup>.” Originally, consumers were sold part-ownership of a property which provided them with ‘holiday time’ at that property for a set period each year. According to ATHOC, consumer demand for greater flexibility has resulted in a shift to an alternative model, with a points-based system now the only type of holiday timeshare scheme being sold in Australia. Under this model, consumers buy ‘points’ that they can redeem at a range of holiday properties in the operator’s network. As with the traditional model, there is an upfront payment required, plus an annual fee covering ongoing costs associated with property maintenance and upgrades.

There are currently five main points-based timeshare operators in Australia, all of which are members of ATHOC. Most memberships are sold via ‘sales presentations’ (which consumers are generally offered an incentive to attend), during which consumers receive financial advice. Consumers who decide to purchase a membership have the option of applying for a loan from a finance provider, usually related to the timeshare operator, and to which they are referred. The timeshare membership and finance applications are usually made by the consumer on the same day as receiving financial advice. Timeshare members may be invited to upgrade their membership, including to access a higher number of points, while they are staying at a property, or via another form of contact from the operator.

Although timeshares are marketed and purchased as a lifestyle product, they are in fact a regulated financial product. Specifically, under the Corporations Act 2001 (Corporations Act), timeshares are a type of managed investment scheme. This is because members contribute money to acquire an interest in the benefits produced by the scheme, the contributions of members are pooled to produce benefits to all members, and the members do not have day-to-day operation of the scheme<sup>2</sup>.

Timeshares must be registered with the Australian Securities and Investments Commission (ASIC) which is Australia’s conduct regulator for financial services, corporate, markets, and consumer credit<sup>3</sup>. In general, timeshare operators must comply with the managed investment, Australian Financial Services (AFS) licensing and product disclosure provisions

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<sup>1</sup> <https://www.athoc.com.au/index.php/consumers>

<sup>2</sup> Australian Securities and Investments Commission. (2012). *Regulatory Guide 160: Time-sharing Schemes*. Retrieved from <https://download.asic.gov.au/media/1240832/rg160-published-15-november-2013.pdf>

<sup>3</sup> Australian Securities and Investments Commission. (2018). *ASIC’s Corporate Plan 2018–22 Focus 2018–19*. Retrieved from <https://asic.gov.au/about-asic/>

of the Corporations Act<sup>4</sup>. As part of the AFS licensing process, ASIC imposes specific licence conditions relating to cooling-off periods, fees and charges, and deposits.

ASIC has provided various relief to the industry on the basis that consumers who buy the product generally do not do so for financial investment or return. ASIC has provided relief linked to consumer protections, recognising that there are features particular to the product where requiring industry to comply with the managed investment and licensing regime would be unduly onerous and relief from which would not cause consumer detriment.

In late 2016, ASIC commenced consultation on proposals relating to amendments to relief provisions and obligations of timeshare operators. Written submissions were received from a range of bodies, including the ATHOC, but also ombudsman services, consumer groups, and legal service organisations. A range of concerns were raised in relation to: sales practices; disclosure; the term of timeshare agreements; ease of terminating timeshare arrangements; and current regulatory relief. ASIC is in the process of implementing changes to the policy setting for regulating timeshares, including consideration of feedback gained through a consultation process. These changes seek to strengthen consumer protections while tailoring the current requirements, where appropriate, to reflect the nature of timeshares.

## Research aims and objectives

To gather deep insights into Australian consumers' experience buying, using and exiting (or attempting to exit) timeshare memberships, ASIC commissioned an independent research consultancy, Heartward Strategic, to conduct research with consumers who had received financial advice to purchase a timeshare membership from one of the five main points-based timeshare schemes.

This research will be used to:

- help identify and understand any risks of consumer harm;
- inform current and future regulatory settings;
- determine whether additional industry guidance is required to improve consumer outcomes; and
- help inform ASIC's consideration of the Government's review of the remaining exemptions to the ban on conflicted remuneration (the payment of commissions to financial advisers), given that timeshares currently have such an exemption.

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<sup>4</sup> Australian Securities and Investments Commission. (2016). *Consultation Paper 272: Remaking ASIC Class Orders on Time-sharing Schemes*. Retrieved from: <https://asic.gov.au/regulatory-resources/find-a-document/consultation-papers/cp-272-remaking-asic-class-orders-on-time-sharing-schemes/>

Research objectives for this project were to:

- To provide a detailed understanding of consumer experiences throughout the timeshare sales process; including mapping the process, identifying any decision influences and exploring the experience and role of financial advice.
- To gather experiences of consumers who have purchased a timeshare membership including exploring use (or lack of use) of their membership, any positive experiences or issues they have had and how this relates to their expectations at the time of sale.
- To explore consumer experiences of exiting or attempting to exit a membership, including drivers of exit, and experiences of the process and dealing with the operator.

## Research method

This section of the report details the method used to undertake the research.

### Overview of approach

A qualitative methodological approach was used for the research, including 50 in-depth interviews exploring consumer experiences with the purchase and use of, and exit (or attempted exit) from, timeshare memberships in Australia. This large qualitative sample size was chosen to ensure that a range of sub-groups could be represented in the research in such numbers as to ensure confidence in the findings. A sample of this size also ensured that a broad range of consumer experiences could be canvassed.

### Research methodologies

#### In-depth interviews

Interviews of between 30 minutes and 1.5 hours in length were used to allow the researchers to explore experiences with timeshare memberships in detail, in a sensitive and flexible manner. This approach was also practical, given the very low incidence rate of consumers who had experiences with timeshare membership in the population (and need to accommodate willing participants at a time and date suitable for them), the sensitivity that typically surrounds discussions relating to money and the need to gather detailed feedback pertaining to specific experiences. Engaging with participants on a one-on-one basis maximised the rapport established between researcher and participant and allowed individual experiences to be explored at length.

In-depth interviews were conducted between Wednesday 15 May and Thursday 6 June 2019. Thirty-one of the interviews were conducted face-to-face and 19 via telephone.

The structure and composition of this sample is described in the relevant sub-section below.

#### Proforma capture of additional data

Additional data was also captured at the recruitment stage from 10 consumers who were in-principle willing to be involved in the research but were unable or unwilling to complete a full research interview. These people were 'warm leads' from the pre-recruitment work done by ASIC, and the research method facilitated the capture of basic information about their timeshare experiences at the end of the recruitment call.

A short battery of questions (tailored to consumer group and approved by ASIC) was administered in a short telephone call no more than 10 minutes long. Heartward Strategic

consultants captured responses to these questions in a pro-forma and the de-identified compiled responses were provided to ASIC at the end of the data collection.

## Sample structure and composition

### Sample structure

The sample for this research included consumers who had received financial advice to purchase a timeshare membership from one of the five main points-based timeshare operators<sup>5</sup>.

The sample structure aimed to include an equal number of participants for each of the five operators and was carefully designed to ensure robust representation of a range of sub-groups. The final achieved sample differed only slightly from the original targets that were set, and reasons for this included limited sample being available in some categories for some operators; some of the sample with the operator incorrectly attributed; and some category fluidity or ambiguity in status, meaning some attributed to one category in recruitment ended up more closely representing another category once interviewed. There were also seven participants who revealed during their interviews that they held one or more timeshare memberships in addition to the one they were recruited to discuss.

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<sup>5</sup> The sample was intended to exclude consumers who: bought a timeshare membership directly through a provider's website; bought into a specific time-period scheme rather than a points-based scheme; are only a member of a holiday club other than the main five providers (being Accor Vacation Club, Classic Holidays, Ultiqa Resorts, Wyndham Resorts and Marriott Vacation Club); or who did not actually receive advice to buy a membership.. Given the difficulty in determining this based on people's awareness, it was up to the operators and ASIC to pass on contacts to Heartward Strategic who fitted these criteria.



**Table 1 – Sample structure**

| Consumer group  | Consumer sub-group   | Timeshare operator  |                  |                |                 |                        | Total     |
|---|--|---------------------|------------------|----------------|-----------------|------------------------|-----------|
|   |  | Accor Vacation Club | Classic Holidays | Ultiqa Resorts | Wyndham Resorts | Marriott Vacation Club |           |
| <b>Entry</b><br>(received financial advice during a timeshare presentation in December 2018/January 2019)                             | Purchased/ upgraded a membership   | 1                   | 1                | 1              | 1               | 1                      | <b>5</b>  |
|   | Purchased a membership but cooled-off  | 1                   | 1                | 1              | 0               | 3                      | <b>6</b>  |
|   | Did not purchase a membership  | 2                   | NA <sup>6</sup>  | 1              | NA              | NA                     | <b>3</b>  |
| <b>Non-use</b> (have a membership but have not used it <sup>7</sup> in the last 12 months i.e. between 1 April 2018 to 31 March 2019) | Attempted to use their membership  | 2                   | 1                | 2              | 2               | 1                      | <b>8</b>  |
|   | Did not attempt to use their membership  | 1                   | 1                | 2              | 0               | 0                      | <b>4</b>  |
|   | Attempted to exit their membership   | 1                   | 0                | 1              | 1               | 0                      | <b>3</b>  |
| <b>Use</b> (have used membership in the last 12 months i.e. between 1 April 2018 and 31 March 2019)                                   | <i>Across scheme operators, a mix of those who have and have not attempted to exit their membership.</i> | 1                   | 2                | 2              | 3               | 4                      | <b>12</b> |
| <b>Exit</b> (have exited their membership in the last 3 years)  | <i>Across scheme operators, a mix of those who have exited via different methods.</i>                    | 1                   | 2                | 2              | 3               | 1                      | <b>9</b>  |
| <b>Total number of interviews:</b>  |  | <b>10</b>           | <b>10</b>        | <b>8</b>       | <b>12</b>       | <b>10</b>              | <b>50</b> |

<sup>6</sup> No sample was provided by operators Classic Holidays, Wyndham Resorts and Marriott Vacation Club for this category.

<sup>7</sup> Using a membership will be defined as have booked and stayed in accommodation.

Sample composition

The sample was recruited with the aim of achieving a broad spread across a number of demographic and psychographic categories, in order to access a diversity of experiences with timeshare memberships across Australia. The table below sets out the final sample composition for key demographic variables and interview type.

**Table 2 – Sample composition**

| Variable   | Category                 | Number of interviews |
|--|--------------------------|----------------------|
| <b>Decision maker</b>  | Joint                    | 33                   |
|  | Main                     | 15                   |
|  | Unsure                   | 2                    |
| <b>Gender</b>  | Male                     | 22                   |
|  | Female                   | 28                   |
| <b>Age</b>   | 18-29 years <sup>8</sup> | 0                    |
|  | 30-44 years              | 20                   |
|  | 45-59 years              | 20                   |
|  | 60+ years                | 9                    |
|  | Prefer not to say        | 1                    |
| <b>Language other than English spoken at home</b>                        | Yes                      | 8                    |
|  | No                       | 42                   |
| <b>Annual household income before tax</b>                                | Below \$80,000           | 14                   |
|  | \$80,000 or above        | 30                   |
|  | Prefer not to say        | 6                    |
| <b>Self-reported confidence in making unassisted financial decisions</b> | Very confident           | 20                   |
|  | Somewhat confident       | 22                   |
|  | Not very confident       | 7                    |
|  | Not at all confident     | 0                    |
|  | Did not ask              | 1                    |
| <b>Location</b>  | Metro                    | 28                   |
|  | Regional                 | 19                   |
|  | Rural                    | 3                    |
| <b>Interview method</b>  | Face-to-face             | 31                   |
|  | Phone                    | 19                   |
| <b>Interview type</b>  | Individual interview     | 42                   |
|  | Paired interview         | 8                    |

<sup>8</sup> In recruiting participants to meeting sample targets, the researchers did not find any potential participants on the sample list who were aged between 18-29 years.

## Conduct of the research

### Participant recruitment and incentivisation

To find participants for this research, ASIC used their compulsory information-gathering powers to identify consumers who had received financial advice from the five main time-sharing operators. ASIC randomly selected a number of these consumers and contacted them by phone to obtain their consent for ASIC to pass their personal details onto Heartward Strategic. ASIC provided Heartward Strategic with a list of 231 consumers who gave their consent. Heartward Strategic consultants then used a screening questionnaire approved by ASIC to recruit a sub-group of these consumers to participate in an interview. The screening questionnaire was used to ensure an appropriate level of diversity across consumer groups and subgroups, operators and key demographic variables. For almost all of the in-depth interviews conducted, the same consultant who recruited the participant also completed the interview. This ensured an efficient and positive research experience for participants, by enabling a rapport to be developed from the very start of engagement and by allowing information participants shared during the recruitment process to be expanded upon in the subsequent interview.

In acknowledgement of the time given to participate in the research, participants completing in-depth interviews received an incentive payment of \$75 for individual interviews lasting 30 minutes, \$100 for interviews lasting 60 minutes, and \$75 each in the case of paired 75 minute interviews, which was administered by Heartward Strategic.

### Interview guide

An interview guide was developed for use in the in-depth interviews and a short selection of questions was adapted for the proforma. Both were prepared by Heartward Strategic in collaboration with ASIC and are included in Appendix A.

The interview guide was applied flexibly in interviews, remaining responsive to the experiences of individual participants, while also ensuring consistency in the way interviews were conducted.

The in-depth interviews comprised two components. A narrative interviewing approach<sup>9</sup> was adopted for the first part of each interview, allowing participants to describe their experience with the timeshare in their own words with limited interruption. A more directive style of interviewing was adopted for the remainder of the interview in which the interviewer sought to extend upon elements of the participant's experience, clarify details and probe additional relevant areas of interest.

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<sup>9</sup> Etherington, K. (2013) Narrative Approaches to Case Studies. University of Bristol, UK. Retrieved from <http://www.keele.ac.uk/media/keeleuniversity/facnatsci/schpsych/documents/counselling/conference/5thannual/NarrativeApproachestoCaseStudies.pdf>

### Conduct of fieldwork

Fieldwork was conducted across Australia by Heartward Strategic's Principals. Participants interviewed face-to-face were provided with a choice over the location of the interview to maximise participant comfort and provide a sense of ownership over the research process. Face-to-face interviews were conducted in Sydney, Melbourne, Perth, regional Western Australia, Brisbane and regional Queensland.

All interviews were audio-recorded and transcribed for analysis purposes, with participant consent. Transcriptions were subsequently reviewed by Heartward Strategic, deidentified and provided to ASIC. The Consumer Stories included in this report are brief narratives derived from the transcripts, that use pseudonyms to prevent participant identification.

### Standards and ethics

ASIC required the research to deliver a rich picture of the breadth of consumer experiences with timeshare memberships, complementing other sources of data. For this reason, the findings in this report are not intended to provide a quantitative assessment of the proportion of consumers experiencing particular circumstances and should not be taken as such.

There were a number of challenges and biases identified as potentially affecting the rigour of the research findings that a qualitative approach was considered best placed to address, including:

- the need to represent the diversity of consumers;
- the need to include both primary and joint decision-makers to reflect the likely decision-making relating to purchase of timeshare memberships;
- focusing recruitment on consumers who have received financial advice as part of the sale of timeshare memberships;
- reflecting the experiences of consumers at different stages of the timeshare consumer journey;
- the potential for recall bias to affect the input of consumers who have held memberships for a long time;
- the potential for hindsight bias to impact the ways past events are viewed;
- the potential for social desirability bias to impact the candour of contributions;
- the potentially distressing nature of the subject matter; and
- any privacy concerns of consumers contacted to participate in the research.

Overall, a key consideration for the research was that it be designed in such a way as to minimise the risk of any harm to participants, particularly if participation stirred up negative emotions or experiences. Several safeguards were put in place to achieve this, including:

- gaining informed consent to participate (using a Participant Information Sheet detailing the purpose, scope and intended use of the research, and providing contact details for Heartward Strategic, ASIC and support services (if required); and asking consumers to sign a Consent Form before participating);
- minimising the burden of participating through the design of efficient and effective research materials and by the conduct of the interviews by experienced researchers;
- upholding anonymity and confidentiality, and seeking consent to audio record interviews and pass on de-identified transcripts and any other research materials;
- remaining alert to verbal, non-verbal, or any other signs of discomfort and offering the opportunity to pause, or defer the interview, or skip topics;
- allowing voluntary withdrawal from the research at any time (with an incentive still provided) and allowing participants the option of withdrawing any responses already provided;
- ‘debriefing’ participants at the end of the interview and, if required, providing participants with contact details for sources of support; and
- the research was designed to stimulate both extrinsic and intrinsic motivation to participate, helping to create a net positive (or at least neutral) research experience for participants.

## Research findings

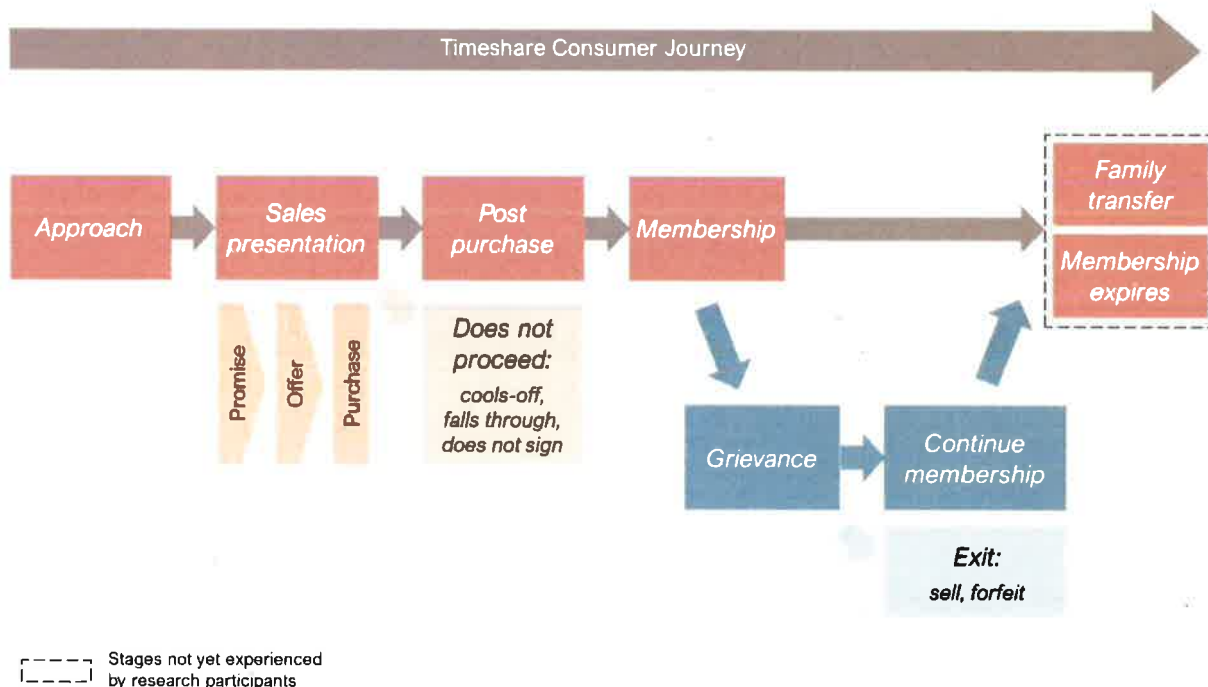
### Timeshare membership consumer journey

The timeshare membership process experienced by participants in this research can be conceptualised as a journey, from when consumers are first approached before purchase (or the time consumers became aware of timeshare), through the sales presentation, right up until the membership expires, is exited or transferred.

Though the circumstances of each participant were unique, consumers' experiences of the timeshare sales process, or the journey they recounted, were similar in many aspects. Figure 1, below, represents the overarching journey experienced by consumers in this research. It provides a framework through which to understand consumer experience, and is intended to be illustrative, rather than definitive in every case.

Please note that 'family transfer' (transferring membership to children as part of one's estate) and 'membership expiry' (in the case of shorter term memberships) represents a stage in the journey that none of the research participants had yet experienced, but many expected to occur in the future. Anticipation of passing membership to family members as part of an inheritance is discussed under 'Consumer decision-making', below.

**Figure 1 – Timeshare consumer journey based on reported consumer experiences**



There are notable departures between the timeshare consumer journey and the type of journey that might be expected for a purchase of similar value:

- For most participants there was no distinct information search stage, where they learned about the category and the operators and product options available.
- There were no distinct shortlist or selection stages, where consumers narrowed down the possible choices between operators or made relevant comparisons to determine a final selection.

Instead, almost universally, the functions of learning about, considering and deciding upon a membership option were compressed into a single presentation stage, which was consequently central to the sales process. This presentation stage usually occurred within a short period on a single day, and can be further described by three sub-stages, which culminated in purchase. The presentation stage is discussed at length under 'Experiences of the timeshare sales process', later in this report.

According to research participants, there appeared to be three exit points from the consumer journey; during the post-purchase period (either through choosing not to purchase at the presentation, the membership application falling through, or through exercising cooling-off rights); at the exit stage (through forfeit or sale) following grievance about the membership; and at the expiry of the contract period (unless it was a membership for the life of the timeshare, in which case it was expected to be transferred to a family member as part of the member's estate). No consumers whose membership had reached the end of its contracted period were interviewed as part of this research. A more detailed discussion of exit or the desire to exit is found under 'Exiting timeshare memberships'.

## Approach

### Prior awareness and understanding of timeshare memberships

Prior knowledge of timeshare memberships was variable, but most participants in the research had little awareness of how timeshare memberships work prior to attending a sales presentation. Pre-existing knowledge was usually based on what participants had heard from family or friends, with the exception of several who had existing memberships with other operators or had attended a timeshare sales presentation in the past without purchasing. Some mentioned having been aware of traditional timeshare arrangements where, to their understanding, shares or part ownership in a specific property or number of properties was purchased, in exchange for accommodation for a defined period of time each year.

Several participants were of the view that the new points-style system provided more flexibility and choice than the traditional timeshare membership, though it was mostly assumed that the traditional 'bricks and mortar' ownership of holiday accommodation was absent from the points system (there were a few exceptions to this).

*Approach and incentivisation to attend sales presentations*

The approach stage of the consumer journey shown in Figure 1 above was in almost all cases initiated by the operator.

All research participants had attended a sales presentation or seminar, to which they had been invited, and at which they signed up for membership. In nearly all cases, they had been actively approached by a timeshare operator's representative and invited to attend, rather than them having actively sought out a timeshare membership themselves. The only exceptions to this were a couple of participants who had previously attended one or more presentations without purchasing, however once their financial situation changed, they actively sought to attend a sales presentation.

In terms of the method of approach utilised by operators, several were reported in this research. Many participants were approached while on holiday, with several having been at a theme park on the Gold Coast at the time. Others had seen a display or been approached while independently staying at a resort that also offers timeshare accommodation. In these cases, consumers reported having been attracted by images of holiday locations or by the offer of a scratchie, a prize, a discount or a free chance to win - all of which they discovered could only be claimed if they attended a presentation about the timeshare. In one instance, a participant's child was the one initially addressed directly by the operator's representative, who offered them a prize.

Participants also mentioned being approached from, or visiting, a booth at a shopping centre, or as they browsed the booths at a lifestyle show. A few described being nominated by a family member or friend (who some were aware had been incentivised to provide their contact details). A direct initial approach via phone or email was made in a couple of instances through an existing relationship with the operator, such as loyalty program or dining club membership.

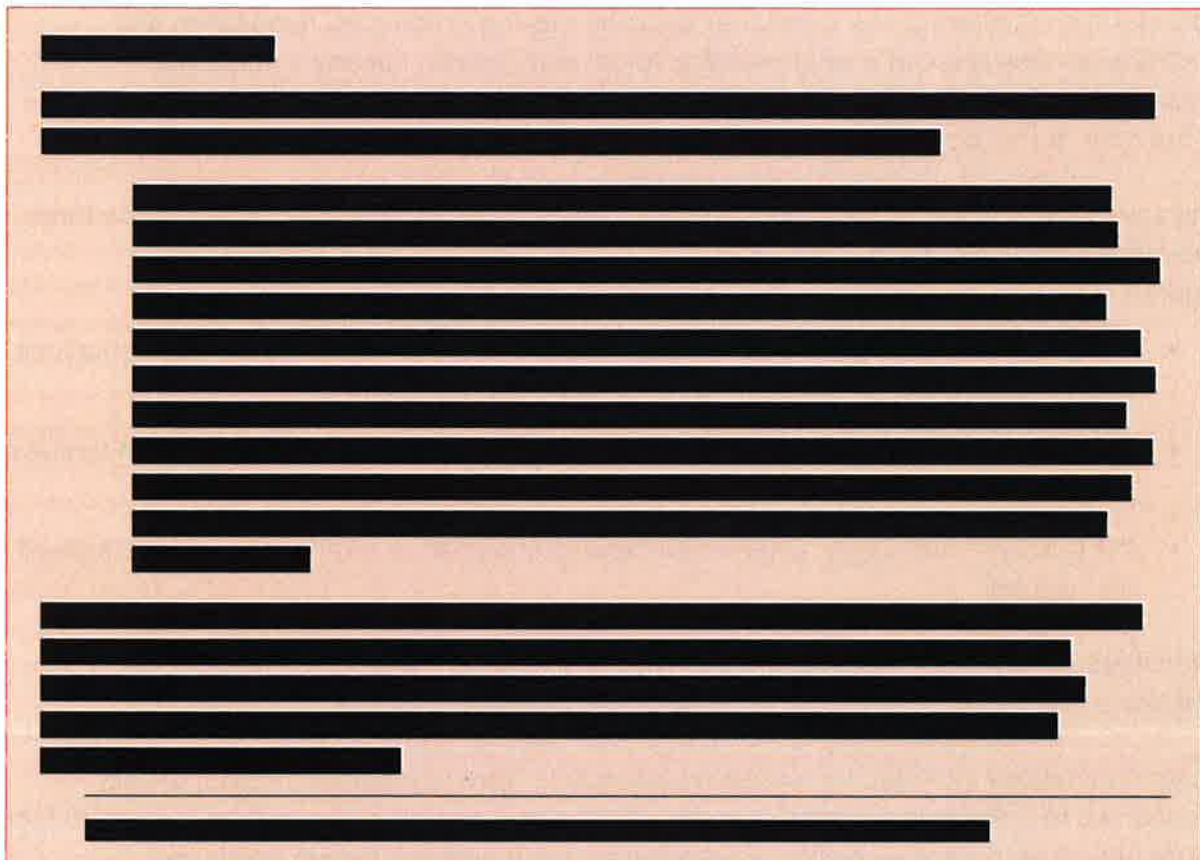
No matter the method of approach, all participants had been offered at least one of a range of incentives to attend a presentation. Reported incentives, including cash, discounts on accommodation, consumer goods and free or discounted holidays (for instance, a stay at the resort where the presentation was held) varied in dollar value and in when the participant would or could receive it. Most indicated that they had claimed the incentive, though some had either not yet had the opportunity, had forgotten about it and/or tried and had been unable to due to booking difficulties. All reported that they attended the sales presentation primarily to receive this incentive, though most claimed to be open-minded about what they might hear while there. Some felt the relaxed context (on holidays, at a theme park or event) may have contributed to their open-mindedness.

Nearly all participants in this research realised beforehand that the presentation would include some kind of sales pitch, and that it related to holidays or a holiday club. Smaller numbers understood that it related to a timeshare membership, and only those with prior experience of timeshares (e.g. parents, friends or other family members had been or were



involved; or they had an existing membership) had an understanding of what the presentation or membership might entail.

In reflecting on their experiences, very few participants felt they went to the presentation anticipating they might actually purchase or upgrade a membership. This was also evidenced by the complete absence of any prior information gathering participants reported undertaking before attending. Some participants seemed surprised in hindsight that they had ended up making such a large purchase decision without a prior intention to do so and without independent research or deep consideration.



## Experiences of the timeshare sales process

### Sales presentations

Experiences recounted by participants suggested that the sales presentation (or seminars, as they were occasionally called by participants) was a critical part of the consumer journey, condensing the purchase process into a short period of time relative to the size of the purchase and considering the lack of prior awareness or interest each participant reportedly had in a timeshare membership before they were approached and attended the presentation. Information search (to the extent that participants undertook any), consideration of alternatives, consumer decision-making processes, negotiation and purchase all took place in a single session for all participants, namely at the sales presentation. The only exceptions to this were where participants had had prior knowledge of the offer or had been to more than one presentation before deciding to purchase.

The sales presentation process described by research participants tended to include three sub-stages (represented in

Figure 1):

- the promise sub-stage, where consumers were shown idyllic holiday representations and were tempted by the idea that they could experience them;
- the offer sub-stage, where membership options were shown and purchase incentives provided; and
- the purchase sub-stage, where membership and finance arrangements were agreed and signed.

Participant experiences with specific elements of the sales presentation stage of the timeshare consumer journey are discussed in detail in the remainder of this section.

The presentations attended by research participants were of extended length, usually around two to three hours, which, in some cases, was longer in duration than the one to two hours participants were expecting. Presentations were typically held in hotels and conference facilities set up for the purpose. The setting referred to by participants appeared to be very similar across operators and locations, with minor variations. However all seemed to include a medium to large room, set up with separate groups of desks and chairs to enable numerous small groups to meet simultaneously.

All participants experienced a one-on-one session with a sales representative held in a room like this, and, almost universally, there were several other consumers meeting with sales representatives at the same time. A common observation was that the other attendees tended to all be couples. Almost all attended the presentation with someone else, most commonly their partner, but a small number attended with children or close friends. There was a perception among some that couples earning over a certain level of income were

specifically targeted. The three single parents in the sample were either told by the sales representative, or felt, that they were not in the target market because they were single.

In some instances, another room was used to show a preliminary film or slide presentation to a larger group, and at some presentations, there were separate smaller rooms or booths where paperwork was discussed and signed.

There was a wide variety of responses to this setting. Many recalled having enjoyed the sales presentation experience, commenting on the nice venue, refreshments, lovely people, and especially the exciting vision presented to them, while some felt uncomfortable, pressured, and unable to politely leave without purchasing. Two participants reported having made the minimum purchase just to be able to leave the session, with the express intention of backing out during the cooling-off period.

Virtually all participants described a series of what they perceived as sophisticated sales techniques applied during the presentation. These are listed below according to the sub-stage of the presentation during which they typically occurred (from Figure 1 above).

**Promise sub-stage:**

- **Painting an idyllic picture**  
Use of glossy brochures, PowerPoint slide shows or videos focusing on luxury accommodation and happy customers, and painting a picture of idyllic escapes.
- **Tailoring responses**  
Questionnaires administered to prospects asking about holiday preferences and goals, with subsequent sales scripts, responses to objections, and membership offers appearing to be tailored to these.
- **Pulling on heartstrings**  
Emphasis on emotional benefits such as enabling members to take the holidays they deserved and, notably, the benefits for their family including making family memories; allowing children to explore the world; and leaving behind a legacy of holidays as part of their estate.

**Offer sub-stage:**

- **Demonstrating value**  
Demonstrating the value of the membership by comparing against the cost of typical holidays the potential member indicated they preferred to take. Some participants mentioned that costs of typical holidays were shown by looking up the price of a selected hotel (or one of the timeshare's properties) for a selected date on common booking websites. Many commented that total package cost calculations were presented quickly, often written down as 'back of the envelope' calculations, and appeared cheaper than 'typical' holidays when factoring in the long term of the membership and the incentives for signing up on the day.

- **Harnessing social influence**

Suggestions made that many others had already purchased into the timeshare at the opportunity being offered, or alternatively, positioning the sale as a preview or exclusive offer, or the target buying in as a “foundational member”.

**Purchase sub-stage:**

- **Providing an escape**

Mentioning the cooling-off period (though some participants did not always recall this happening), which some felt was a tactic to get them to sign up on the day, giving peace of mind they could always back out later.

- **Rewarding the decision**

Celebration on purchase of membership, which was seen as cementing their commitment to the decision. This may have included saying congratulations, giving new members a welcome pack, taking their photo or providing a celebratory drink. Some also described the celebration of the membership happening in full view of the other attendees and perceived this as a sales tactic, demonstrating to others present that memberships were attractive or in demand.

**Sales staff**

Research participants typically described having a single, consistent contact who shepherded participants through the whole sales presentation process. This person was universally considered to be a salesperson or sales representative, rather than an adviser or financial adviser. Many participants commented specifically about this person, noting their excellent salesmanship, which some viewed with admiration, while other dissatisfied members saw it as contributing to their regrettable decision.

In many instances, participants also described another person who became involved at either the offer or purchase sub-stages (refer Figure 1), either to progress the sale, answer challenging questions, offer or endorse more incentives or discounts, or, in some instances, to handle the financing. While this person was largely seen as more senior than the salesperson, they too were not seen as a financial adviser. In some cases, participants recalled that financing was handled by a different person who was only involved in this specific aspect of the process.

Approaches participants observed sales representatives using included:

- **Being very personable**

Many mentioned how friendly, enthusiastic and helpful the representative was, and, to most participants, the representative seemed to be very good at developing a personal rapport. Some participants easily recalled the name of the representative and even personal information the representative had shared about themselves.

- **Representatives tag-teaming**

Some participants who expressed indecision regarding the membership reported

being referred to the “Manager”, who seemed to have the authority to offer additional benefits and bonuses, and was able to respond to complex needs, objections, or questions posed by potential members. This person was sometimes perceived by participants as more forceful or skilled in sales than the initial representative.

- **Representative endorsement**

On occasion, representatives claimed to own memberships themselves, which further reinforced to participants the value of membership.

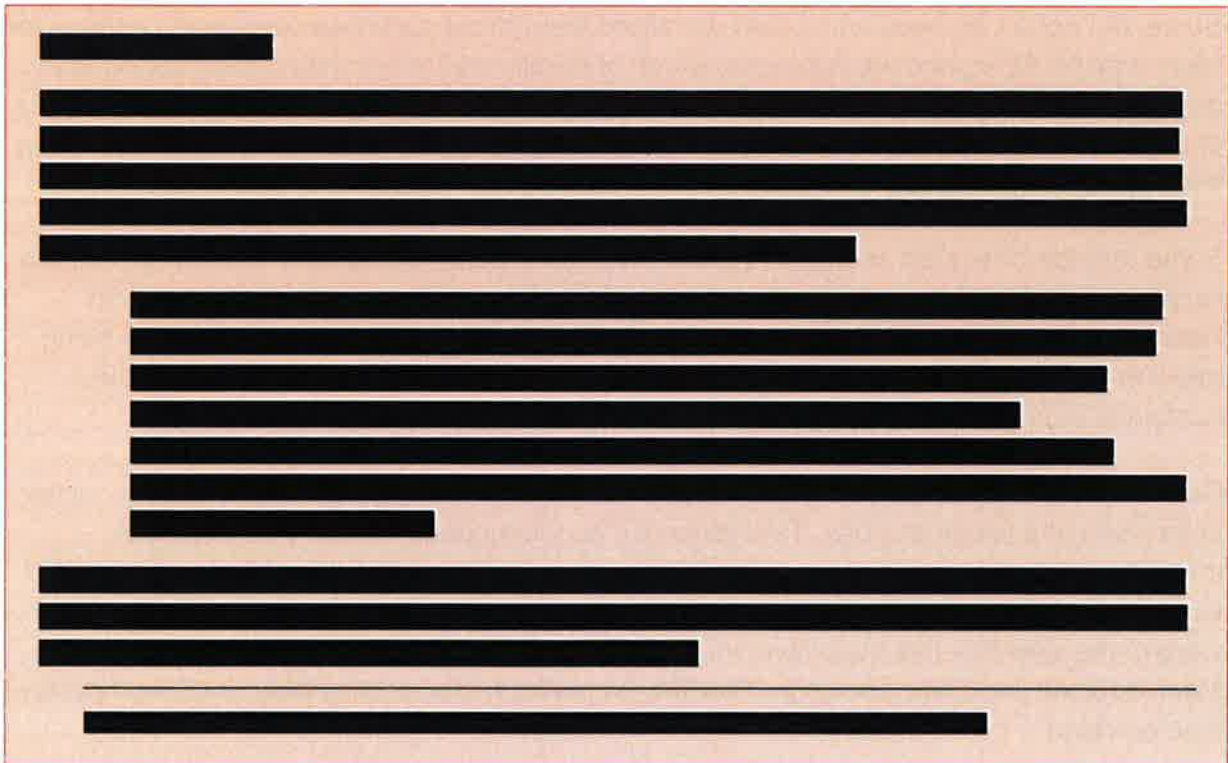
- **Anticipating barriers**

On reflection, participants perceived representatives as having pre-prepared answers they could use to alleviate common concerns.

- **Pitching offers at the right price**

Representatives appeared to participants to be offering a price or selection of prices that was tailored to the circumstances of the consumer, that enabled consumers to feel they could possibly afford to buy a membership, but was also pitched at an aspirational higher level from which the representative was prepared to bargain or step down. Some participants felt they had successfully obtained a good bargain through negotiation.

Overall, the staff encountered at the presentation, especially the main sales representative, were considered to have strongly influenced the final decision to purchase.



### Advice and documentation

Though participants in this research believed that the timeshare they had purchased would deliver discounted holidays into the future, they described it more as a lifestyle product, rather than a financial product. Some compared it to the purchase of something large and not completely necessary that would make them feel good, like the purchase of a brand new car or a motorbike, rather than something that might be a sensible investment in their future financial security. Even when asked to consider it, some were unable to conceive of timeshare membership itself as a financial product, independent of the finance some used to purchase it. Only a few perceived aspects of timeshare membership that could be likened to a financial product, for example, the purchase of “units”.

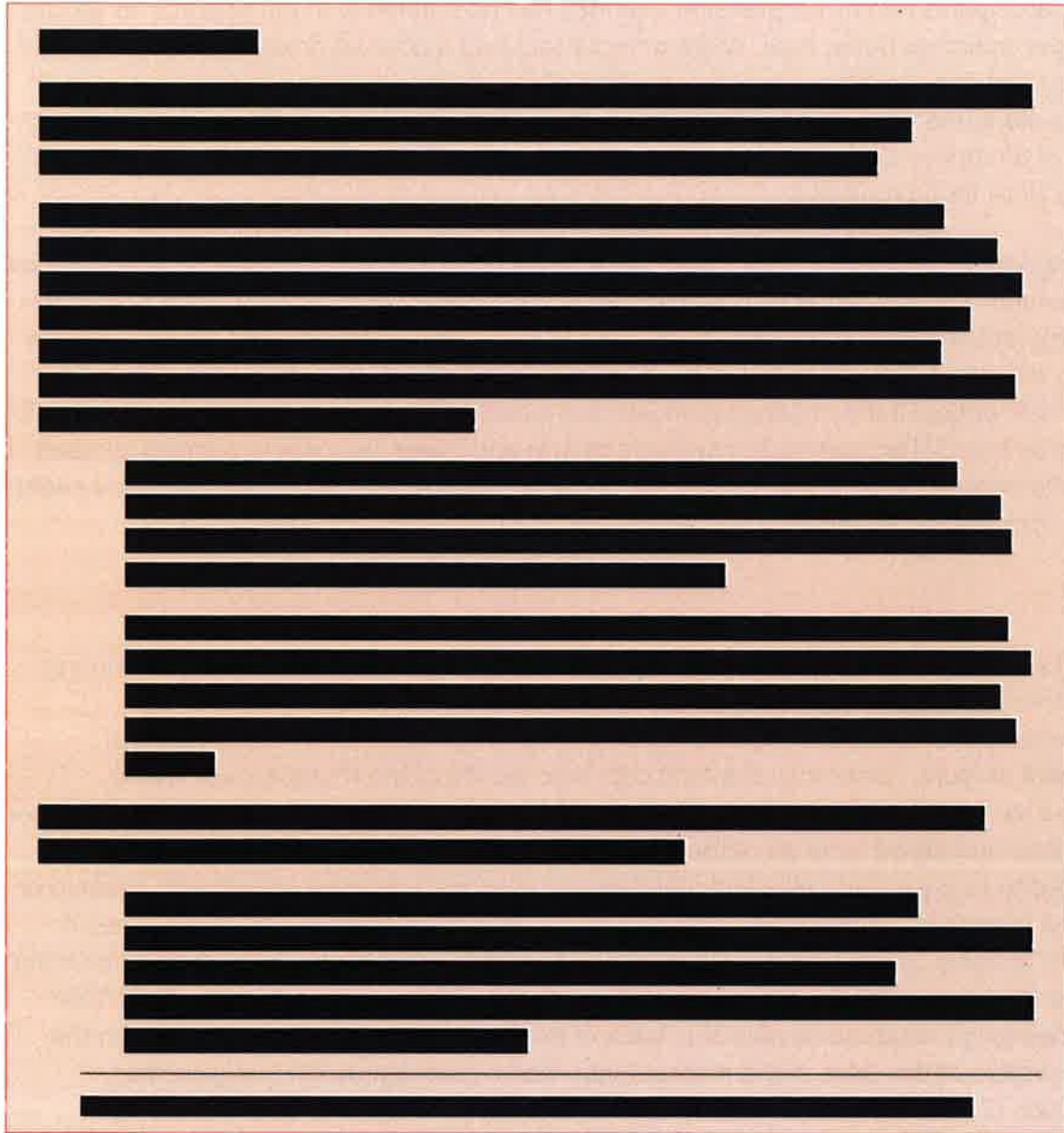
No participants recalled receiving financial advice relating to the suitability of the purchase given their financial goals and priorities and their life circumstances. This was unsurprising to participants, since nearly all considered the operators’ staff to be salespeople and their managers. The focus of any discussion about personal finances appeared to be whether they could pay for the membership or support repayment of a loan, rather than whether they could afford it given their priorities now or into the future. At the time of signing up, some participants were at a time in life where their current or foreseeable financial commitments might render spending a large sum of money or taking on additional debt unwise (e.g. additional children, new business, renovation or mortgage commitments). A few recalled that it was suggested that the purchase made good financial sense, given the savings they could expect to make on holidays over the life of the membership.

Some, but not all, of those who could not afford the upfront purchase were given options for ways they could finance the purchase, which generally centred on taking out finance that day. Any credit advice in relation to this to focused on ascertaining consumers’ perceptions of whether they could accommodate the monthly repayments, rather than whether the loan itself fitted within their goals and commitments (current or future).

Some members recalled seeing a Product Disclosure Statement before signing up, but few recalled seeing a Statement of Advice (though some found it during the interview with Heartward Strategic, while reviewing their paperwork). Some participants did recall being taken through a document and then initialing one or more pages, which some recalled contained a number of disclaimers.

Generally, participants said they were provided with a very large pack of information, either in the form of a folder or a box. This contained accommodation brochures and other marketing material, membership welcome documents, information about how membership worked and booking instructions, as well as contracts and financial agreements. Participants were of the view that this quantity of information was far too much to review at the session. Most received the entire pack only after they signed up, though they may have seen parts of it beforehand.

Regardless of when documentation was received, the volume of printed material supplied appeared to confound people and, it seemed that important documents may have been buried within a sea of documents, some of which may be more likely to be read by consumers, such as the operator's accommodation listing.



### Membership packages

Most of the research participants were presented with more than one membership package by the salesperson, though several reported there was only one package option on offer.

Some participants had the impression that they had negotiated with the operator to secure a cheaper option or better deal. While others described a gradual process of the sales staff revealing options, from the more expensive to the least, with commensurate reductions in benefits along the way. In some cases, this was prompted by consumers indicating that the higher of the options presented to them were too expensive, so that one or more affordable options were then presented.

The range of price points had the effect of reassuring participants that the middle tier option allowed them to buy into the club and still receive sufficient value to make membership an appealing option (i.e. compared with the base level which some perceived would not allow them to take the types of holidays they most preferred), and most indicated that they had chosen this option. If the middle option was still outside their budget, a lower, or base-level, tier was selected. The trade-off from top to middle and lower tiers was supported by sales staff, who in some instances were recalled as having reassured participants that they could always upgrade in the future.

### Pricing

In all cases, membership pricing was discussed after the 'promise' sub-stage, and during the time that offers were being detailed. Many research participants recalled that representatives emphasised the unit or per-point price, or the monthly repayment or instalment amount, rather than the total cost over the life of the membership. These participants noted that this had the effect of making the membership sound more affordable than if they had talked in terms of the total price. When the total price was presented, it appeared to rarely include all additional fees and charges, including annual membership or administration fees, booking fees, cleaning or housekeeping fees, or interest charges, if relevant. In some cases, participants mentioned seeing or receiving a document presenting the fees for different membership levels, but in many other cases, participants described the price being presented as part of a 'back of the envelope' calculation, tied up with the demonstration of the value of the membership. Some participants felt this gave the impression of a special rate or tailored package being provided and also moved the conversation very quickly from the overall price of the membership to breaking it down to show the value it represented.

Most participants recalled being surprised at the high cost of the membership packages being presented to them, having no awareness of or assumptions about the price of timeshare memberships prior to attending the presentation. Nevertheless, it was recalled that sales representatives were quick to point out that the price was reasonable when broken down over the long term and considering the type of savings on accommodation that had usually been discussed prior to the total price being presented. Sales



representatives were also recalled as having talked about the timeshare price in terms of an “investment”. This was generally not taken to mean a financial investment, but an investment in one’s wellbeing or leisure time.

Some in this research who were undecided about becoming a member reported being offered finance or interest-free instalment options when they indicated the price was too high. In some cases, this was perceived as a way of persuading uncertain consumers to sign up, rather than simply providing a payment option for consumers who wanted the membership.

### Offers and incentivisation

In most cases, participants in this research were offered one or more incentives to become members, over and above what they perceived as the basic membership package. These included bonus points, free holidays, discounts and discount cards, limited-time added value benefits (such as booking priority and freezes on the per-point price for subsequent upgrades), and ‘two-for-one’ cruise offers.

These membership options and related incentives were routinely pitched as exclusive, either being limited in number or being made available especially for that particular customer, and in all instances, only available if they signed up on the spot.

Similar to payment and finance options, some felt they were offered these additional or special incentives once they indicated they were unsure about becoming a member and that the more they held out, the more incentives were offered. A small number specifically asked for additional benefits, having heard from others who had signed up that they were available.

## Consumer decision-making

### Awareness and understanding of timeshare membership offered

It is worth noting that the timeshare memberships, as described by research participants, varied considerably by operator. For some operators, they also varied considerably by the level of membership acquired, and any additional inclusions negotiated. Some research participants were able to quite easily describe the features of their membership, which they seemed confident that they were familiar with. Others, however, spoke of the complexity of the membership offering, and features that they were vaguely aware of, but the specifics of which they were unclear about. This was the case even well after purchase of the membership, and when the participant had already been using it.

Certainly, there were some who, at the time of purchase, had only a broad understanding of how their membership would work. Others felt they had had a clear understanding of how the membership would work when they bought into it, but had come to realise that perhaps

they had only partially understood the membership, or had even misunderstood details of the membership.

Based on what they now know, some participants felt the membership had either been misrepresented or they had misunderstood something during the sales process. This ranged from understanding or awareness of specific features through to fundamental aspects of the timeshare. Common areas of difference between understanding at time of purchase and the reality of the membership included:

- lack of accommodation availability, including over multiple time periods and booking attempts (including the presence of block-out periods);
- number, quality and location of accommodation options, including access to enough choice of properties, both domestically and overseas;
- size of annual fees, that annual fees can increase over time, and the presence of additional housekeeping fees;
- limitations on how and when points could be redeemed or used;
- size and suitability of accommodation for members' family size and needs;
- ability to exit, and ease of exiting, the timeshare, and the likely (low) value of membership if wanting to on-sell;
- extent to which a private concierge service was being offered;
- details of 'two-for-one' cruise deals (whether applied to all cruises, and the price to which the offer was being applied);
- ability to realise value from incentives, such as early booking access, that were offered during the sales process;
- ability to use points for non-club accommodation; and
- in bricks and mortar investment, and thus ownership of a potentially appreciating asset.

The challenge expressed by these participants was that they only became aware of the difference between their understanding at time of purchase and the reality of the membership after they had already joined and had begun using or attempting to use their membership.

#### Informed decision-making

Some participants commented that their decision-making process in buying a timeshare membership had been more emotional than rational. Certainly, many reflected that they had become caught up in the excitement created at the presentation, swayed by the various sales tactics, and that they had taken little time to deliberate before signing up.

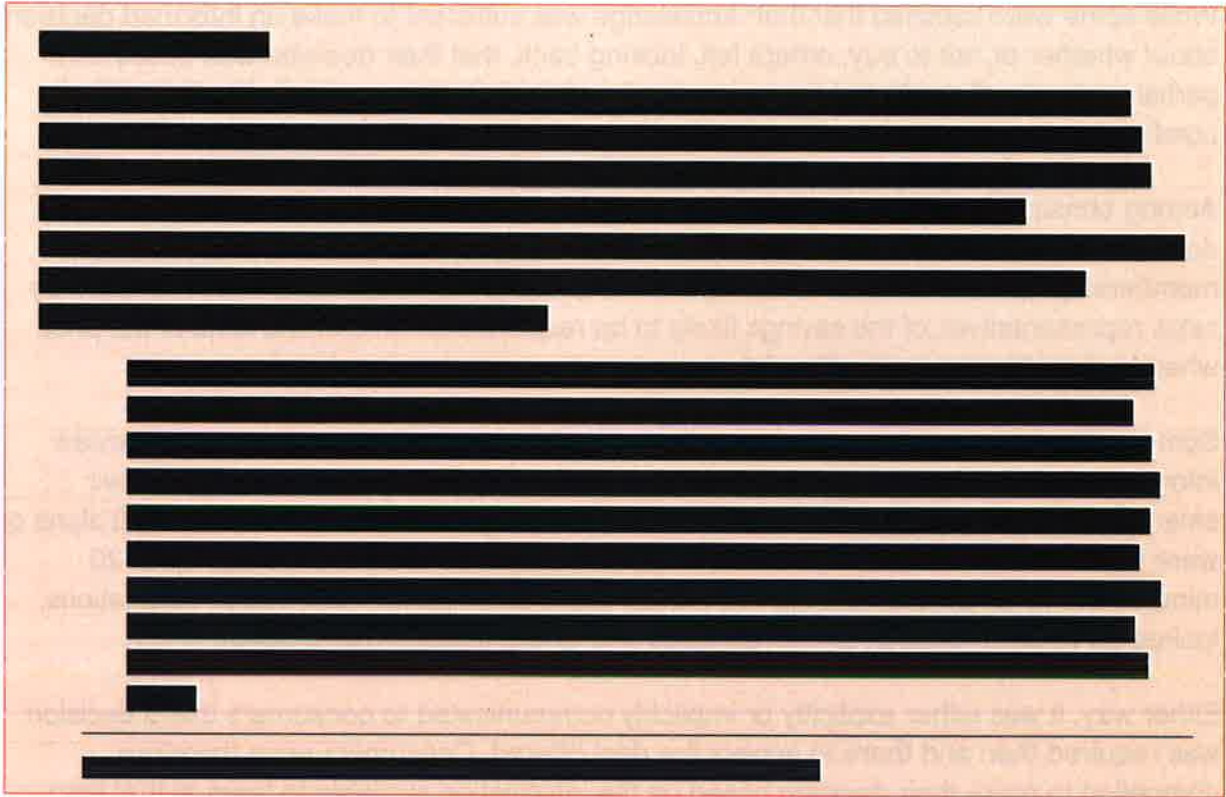
While some were satisfied that their knowledge was sufficient to make an informed decision about whether or not to buy, others felt, looking back, that their decision was based on a partial understanding of what they were buying. Relatively few participants were comfortable that they had made a rational, fully-informed purchase decision.

Among consumers in this research, few reported having closely reviewed any documentation, over and above brochures of accommodation options and tables with membership options. A number had taken into account the calculations shown to them by sales representatives of the savings likely to be realised over time or the level of the price when broken down over the life of the membership.

Some participants in this research mentioned feeling unable to leave the room to review information, discuss with their partner, make calculations, look up information on their smartphones or think further about the decision. Usually on request, some were left alone or were able to move to a more private area (within the presentation venue) for up to 20 minutes with their partner. During this hiatus, these participants made rough calculations, looked up accommodation or interest rates and talked through the decision.

Either way, it was either explicitly or implicitly communicated to consumers that a decision was required then and there to access the deal offered. Consumers were therefore compelled to make their decision based on the information available to them at that time.

Most participants had not considered the impact that annual fee increases might have on the overall cost of the membership and its long term value for money. Prior to purchase, it was not necessarily part of any calculations participants made in assessing the cost of accommodation through membership, relative to the cost of accommodation through other avenues. Some who had held their timeshare membership for a number of years felt that the potential of increasing annual fees to erode the value of the membership over time was something that they should have taken greater account of at the time of purchase.



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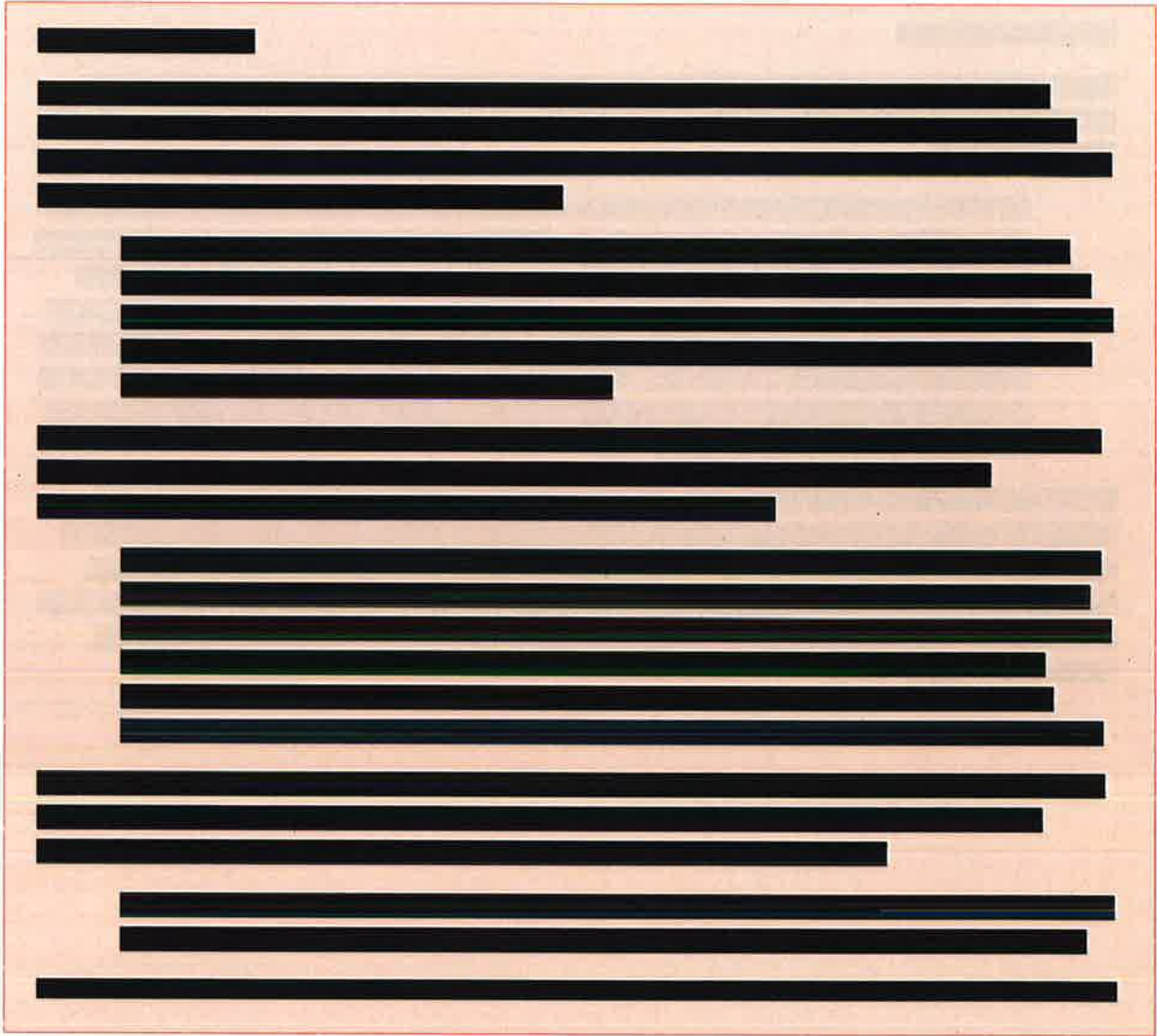
### Purchase influences

On reflection, participants in the research were able to articulate some of the influences they perceived on their purchase decision-making. The primary ones included:

- The open-minded or relaxed, 'holiday' mindset they were in when they were approached and/or attended the presentation, given they were on holidays, having a night or weekend away, or were at a lifestyle show or other event.
- The presentation environment, particularly the quality of accommodation at the presentation venue.
- The sales tactics, which, as noted above, participants observed as having been very persuasive.
- The offering of additional bonuses and incentives which increased the perceived value of the offer, and, in some cases, were crucial in the consumer's assessment of value.
- The expressed or assumed views of family members. In most cases, this was their partner with them at the presentation, who may have been more interested in taking up the offer, helping to sway the decision. In other cases, participants held the perception that family members had had positive experiences with timeshare memberships, or would be interested or willing to use the membership to increase the value it delivered.
- In the case of Accor and Marriott, the strength and perceived stability of the brand also carried some weight in their decision-making.

Across this research, it was evident that some couples were not in agreement on the membership purchase either before, during or after the presentation. Some reflected that, while they may have agreed to go ahead with the purchase, one member of the couple had had reservations at the time. According to these participants, this situation had led to blame and guilt once issues were encountered with the membership later on.







### Barriers or concerns

Several of the participants in the research mentioned concerns they had during the sales process. In many cases, where they were raised with the sales representatives, these concerns were addressed sufficiently for participants to go ahead with the purchase. Some participants had concerns they did not raise with the sales representatives. Concerns included:

- details of the membership, including the range, location and quality of accommodation;
- the price of the membership and the level of ongoing fees;
- concern about what might happen if the company went out of business or the club was wound up;
- the interest rate for finance; and
- the potential loss of unused points and ability to rollover unused points.

### Reasons for purchase

On reflection, many participants formed the view that a large part of their purchase decision was based upon the excellent job done by the salesperson, and the sales process, which had taken them on a compelling journey with the end destination being purchase. Some had been unsure about their decision even at the time and felt that they had purchased against their better judgement.

The strong impact of the sales process is evidenced by the numbers of participants in the sample who, though they became members some years ago, still had vivid memories of the aspects of the process that most influenced their decision.

### Perceived benefits of membership at time of purchase

Participants in the research mentioned a range of benefits they expected the timeshare membership would deliver that had a positive influence on their decision to purchase the membership. These are summarised in Figure 2 into three categories of perceived benefits: financial, practical and emotional. Each category of benefits is discussed in greater detail following the figure. (Please refer to Figure 3 and related commentary later in this report for a summary of the likelihood of these benefits being realised based on participants' reported experiences).

**Figure 2 – Expected benefits influencing purchase**



**Financial benefits**

Participants in the research mentioned that, at the time of purchase, there were several ways in which they expected the timeshare membership would deliver financial benefits.

- **Saving money on holidays**

All participants expected that the timeshare membership would deliver costs savings on holidays over the long term, compared with purchasing holiday accommodation as needed through other booking channels. The expectation of costs savings appeared to come from two types of cost comparisons that participants described either the sales representative taking them through or that they themselves calculated. Firstly, when the lump sum price of the membership was broken down over the number of years of the life of the membership it appeared to equate to less than they would expect to spend, or were currently spending, annually on holidays. Secondly, when looking at what the points they would be purchasing could 'buy' them annually in terms of accommodation (calculated based on the per-point unit price), it appeared cheaper than the current price of the same accommodation purchased outside of the timeshare membership. On this latter point, several recalled sales representatives spending time showing them comparative figures via popular online booking sites and some mentioned looking up the prices of accommodation at some timeshare properties themselves either at or after the presentation. In a few cases, the participant worked out that accommodation would be cheaper once incentive benefits were factored in as off-setting some of the upfront cost.

There was a perception based on such calculations that at some point in the future the membership would have 'paid for itself' through the savings that would have been made.

- **Experiencing luxury accommodation affordably**

A number believed they would be able to access accommodation in luxury or upscale properties for the cost of standard accommodation through the timeshare

membership. For some participants, membership promised to provide a VIP experience with perks that they would not usually be able to afford or access, through the addition of member discount cards, a personal concierge service or special treatment at the operator's properties.

- **Purchasing at today's prices to avoid inflation**

Several participants commented on the cost savings that would be had over the long term when factoring the likely effect of inflation on the price of accommodation over the many years the membership would be held. They felt that, by pre-purchasing accommodation in the form of the timeshare membership, they were booking tomorrow's holidays at today's prices and some were under the impression that the value of their points in terms of the amount or type of accommodation for which they could be redeemed was guaranteed by the operator to not be affected by inflation.

- **Another specific financial benefit**

Some mentioned purchasing the timeshare membership for a very specific aspect of the offer or accompanying incentive perceived to deliver great value. Examples of this included a 'two-for-one' cruising deal offered to many participants, the ability to access more cheaply a known or favourite property, or hoping to use the membership immediately to save on accommodation for a trip already planned. Only one or two saw the membership as an asset that would gain in value, misunderstanding that they were not purchasing an owner's interest in actual properties.

Despite the influence of other types of benefits, perceived access to financial benefits (in the form of cost savings) was fundamental to the purchase decision, motivating the consideration of membership in the first place for all participants in the research. It was certainly apparent that none had expected paying more for the same accommodation than they would have if booking it online or directly with accommodation providers, and most participants who later came to this realisation indicated they would not have purchased into the timeshare had they known this might be the case.

Similarly, although only one or two reported buying into the timeshare because they thought it was an asset that would gain in value, many did seem to assume that their membership would be at least worth something at a later point in time. Perceptions of what it might be worth were highly varied, with some people expecting it would have held its value and still be worth approximately what they paid for it, while others expected that the amount would be reduced proportionate to the reduced membership period (for fixed term memberships). This was evidenced by the shock and dismay participants described feeling upon learning, when attempting to exit their membership, that they would be able to recoup very little of their investment by selling their membership.

## **Practical benefits**

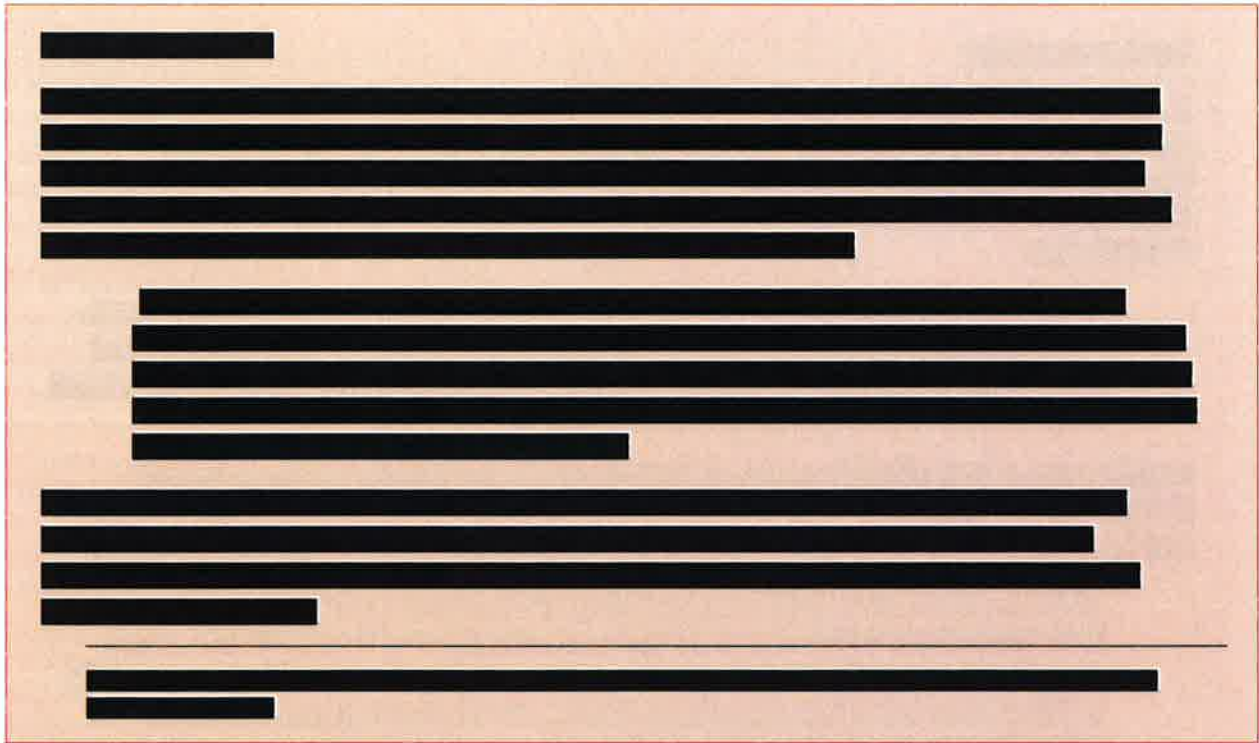
A number of participants, particularly those that travelled a lot or those that did not enjoy or have a lot of time for booking, planning and taking holidays, reported being attracted by the idea that the timeshare membership could provide practical benefits that would help them in this respect.

- **Being compelled to take more regular holidays**  
Some were attracted to the idea that, by purchasing points that needed to be redeemed each year or they would expire, they would be compelled to take more regular holidays in order to get value out of their membership. They felt this would ensure that they would lock in a break and spend quality time with loved ones, in much the same way as someone hopes that, by purchasing a gym membership for a contracted period, they will be compelled to exercise more or more regularly.
- **Saving time and effort in booking accommodation**  
Some participants mentioned that they disliked or did not have the time for researching, planning and booking holidays or that they travel so frequently that they spend quite a lot of time doing this. Many commented that the timeshare membership was presented to them as very easy to use and so some expected and appreciated that this, coupled with the defined range of accommodation options in the club and dedicated booking facility, would significantly cut out or cut down on the time and effort required to research and plan holidays. A small number described what they expected would be a 'concierge'-like booking service for members of their timeshare.

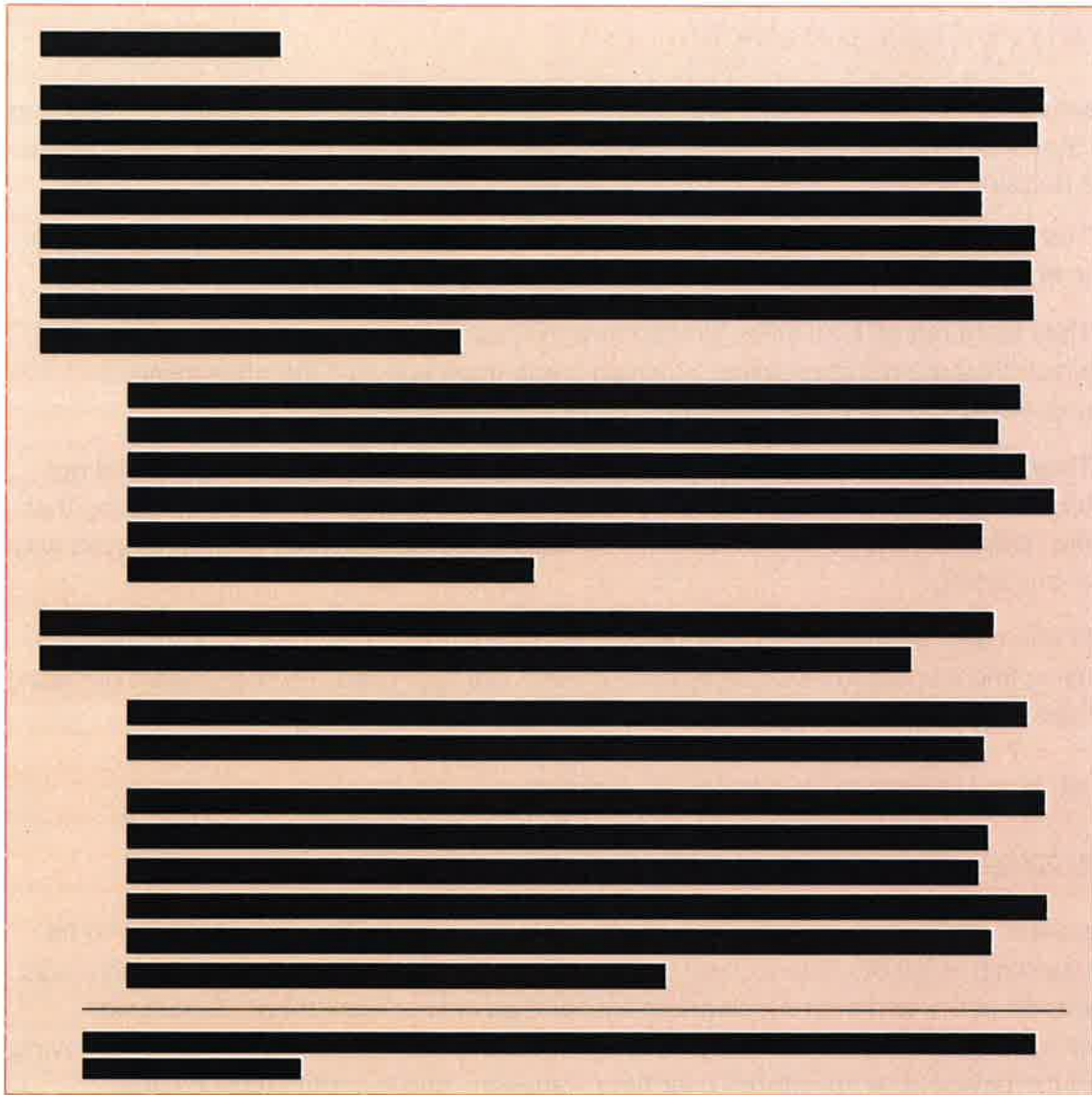
## **Emotional benefits**

When asked why they had purchased the membership, in many cases, the emotional or intangible benefits that membership was expected to deliver were mentioned first by participants. From these discussions, it appeared that expected emotional benefits had exerted a strong influence on the purchase decision, supporting the more rational expected benefits like perceived cost savings.

- **Investing in well-being; spending quality time with family, making memories**  
The primary emotional benefit participants expected the timeshare membership to deliver was a return on investment in their own and their family's well-being and sense of fun and adventure, with the ability to pass on this legacy to their children.
- **Peace of mind with holidays locked in for the future**  
Some described a sense of comfort or peace of mind in the knowledge that holidays (including during retirement) were essentially pre-paid for the rest of their lives or well into the future.
- **Sharing benefits of membership with friends and family**  
Some saw the ability to share holidays with, and gift nights away to, friends and family as an attractive benefit of the membership.



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## Reasons for non-purchase

The research sample included some people who did not purchase a timeshare membership though they attended a timeshare sales presentation. There were several different reasons for their decision not to purchase as follows:

- They were not able to afford the price of the membership and they were unwilling or unable to pay in instalments or to take out finance.
- They were put off by a sales atmosphere they perceived to be too aggressive and which they did not appreciate, or which made them feel as if the offer being presented was not legitimately as good as the salespeople were indicating.
- They did not believe that the membership offered good value for money or did not feel it suited them, in terms of inflexibility in how points could be used or feeling that the range and type of accommodation available did not align with their preferred way of holidaying.
- In one case, the participant was quite keen to purchase a membership and did so using finance, but the finance application was not approved. The participant did not have other means to pay for the membership and so it did not proceed.

## Paying for timeshare memberships

### Payment options

Most research participants recalled timeshare operators offering the options of paying for the membership in full or using a credit facility offered by the operator. However, there was wide variation in the terms on which full or financed payments were made. Participant feedback indicated variations between operators, variations with individual operators having changed the payment terms offered over time, variations due to participants having negotiated specific terms in some cases. In summary, the terms on which participants had paid for their memberships included:

- Full payment upfront made on the day of the purchase.
- A deposit upfront (usually in the order of 10% to 15%) plus the balance paid shortly after (for example, at the end of the cooling-off period).
- Full payment made over a number of monthly instalments. Typically, payment by instalments was interest-free and the number of instalments mentioned by participants ranged from three to 24 months.
- A deposit upfront plus the remainder paid using a loan arranged through the operator. Loan periods ranged from three years to more than 10 years. Loans covered the buy-in cost only, not any ongoing annual fees, and, in a small number of cases, no deposit was required at all.



### Decision-making regarding payment

Many participants in the research who purchased a timeshare membership indicated that it did not take them long to decide how they would pay for their membership. However, a small number deliberated. Given the high cost of the membership, this group was either considering how they could free up sufficient funds to cover the cost of membership, or how to best structure the payment terms to suit their situation. The latter group of participants indicated they could have paid the full balance at the time of purchase but chose not to, either choosing to pay over time via interest-free instalments or choosing to take out finance but reducing their loan balance quickly by paying lump sums or by paying their loan out early.

Most taking out finance appeared not to have considered the total cost of the membership over the term of the loan including the interest charges. Those who had considered the total cost (in some cases, it was close to double the price of the membership) tended to be focused on paying off the loan early to avoid paying too much interest and to minimise the length of time over which the payments were extending. Those participants had checked or were otherwise aware there was no early repayment penalty for their loan.

### Accessing finance

Several participants spoke of the ease of accessing finance for the purchase of their membership. Factors facilitating this process or highlighting its ease included:

- Finance was offered, rather than it being something which participants specifically sought out.
- It was suggested that there would be no issue with obtaining finance (due to the knowledge the lender had of the product being purchased).
- The process appeared seamless due to the fact that paperwork could be/was completed at the presentation, sometimes participants did not even need to go into a different room (the relevant person was brought to their table) and in some instances the sales people were the same ones guiding the customers through the completion of the finance application.

Experiences with the actual application for finance varied, with some recalling it as being a simpler application process than other applications for finance they had experienced (most of these participants assumed some form of due diligence or credit check was being done behind the scenes). Others felt it was fairly similar to applying for a credit card or purchasing a car using dealer finance, and a few saw the finance application as more involved than the equivalent process for access to credit. In contrast, some were surprised that there were fewer checks and balances than what they were expecting.

Recall of the amount or type of information people were required to supply to support their applications for finance varied. Having to provide information on income and living

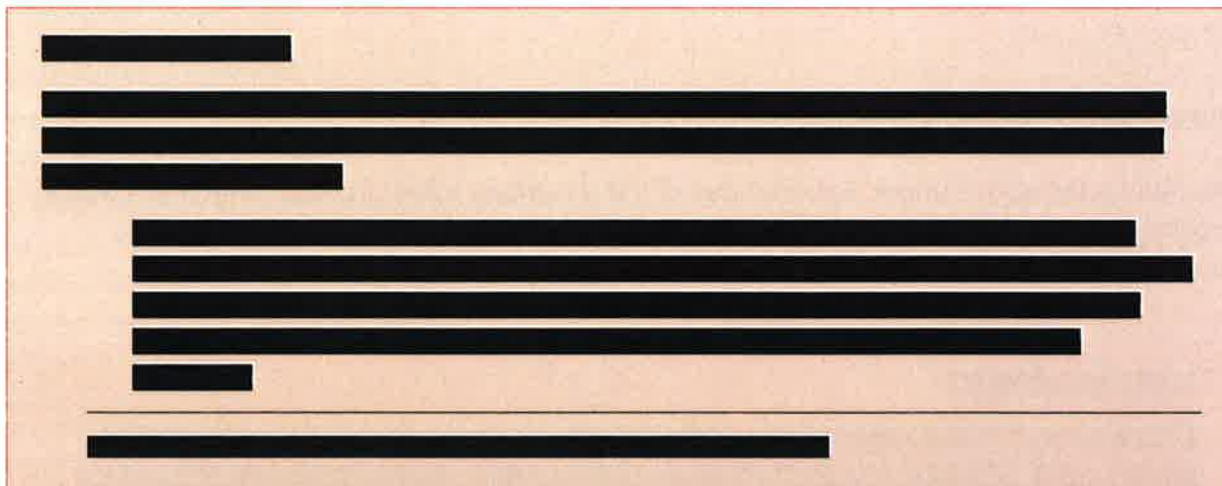
expenses were most commonly mentioned. Some mentioned accessing their pay slips via email on their phones. Other requirements mentioned included: providing details on and/or supporting documentation to substantiate expenses, assets and liabilities; and profit and loss statements for their small business. While the research did not ask participants to list in specific detail what information each member of the couple handed over, it did appear from comments that pay slips were provided for both parties. In another example, one member of the couple ended up taking out the finance alone because of the other partners' poorer credit profile.

The relationship between the financier and the timeshare operator was unclear, some thought the finance was being provided by a bank, others thought it was directly from the operator. However, most thought it was a separate organisation that was clearly in some way affiliated with (if not owned by) the operator.

Some, but not all, who paid for their membership using finance could recall the interest rate and recalled rates ranged from around 10% to 20%. A few specifically mentioned that the details of the finance package being offered to them was not important to them at this point, they had really wanted the membership by this time and their focus was on what they could afford to pay in monthly repayments. The ease of acquiring the loan on the spot and perceptions by some that the interest rate was to be expected, prevented many from considering "shopping around" for a better loan deal.

Some did not think that they were able to shop around or thought they would lose the deal being offered to them for memberships being taken out at the presentation session. Some mentioned that the salesperson had indicated they could seek finance elsewhere, but that the rate they were offering was competitive. These participants appeared to take this at face value. One participant challenged the competitiveness of the rate but felt there was no other option but to take the finance being offered on the day.

For those who did consider the possibility of sourcing finance elsewhere, their point of comparison was a personal loan or other form of unsecured credit, or finance they had secured through a retailer of consumer goods (e.g. Harvey Norman). If the rate being offered was very close to a ballpark rate they thought they could get from a bank for an unsecured loan, then they felt they had no reason to look elsewhere.



A couple of others suspected the interest rate might have been higher than if they had obtained a loan elsewhere, but indicated it was just more convenient to obtain finance then and there. None had anticipated the need to pre-arrange finance or look into any options before attending the presentation as they hadn't intended at that stage to purchase anything.

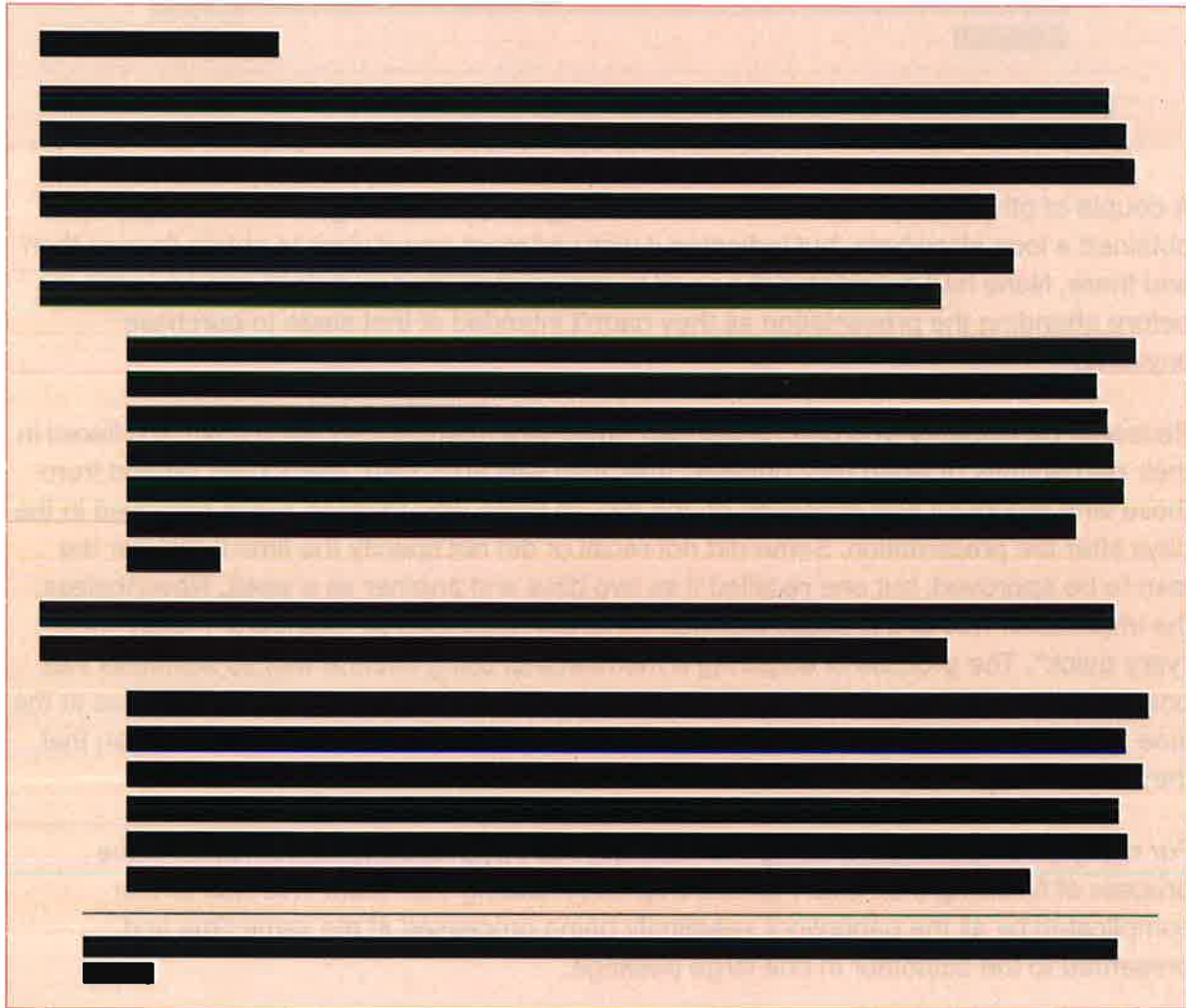
Research participants who purchased their timeshare membership using finance differed in their perceptions of when they believed their loan was approved. Responses ranged from those who thought it was approved on the day, to those who recalled it was approved in the days after the presentation. Some did not recall or did not specify the time it took for the loan to be approved, but one recalled it as two days and another as a week. Nevertheless, the impression was of a process that was generally described as "standard", "easy" or "very quick". The process of acquiring a membership using finance was so seamless that one participant from a non-English speaking background believed they did not realise at the time that as part of taking out a timeshare membership they were entering into a loan that they could not get out of.

For many participants purchasing with finance, there appeared to be conflation of the process of finalising their club membership and finalising their loan. This was further complicated by all the paperwork seemingly being processed at the same time and presented to the customer in one large package.

## Cooling-off

### Awareness of cooling-off rights

As mentioned above under 'Experiences of the timeshare sales process', that there was a cooling-off period was generally recalled as having been mentioned during the sales presentation, though there were exceptions to this.



### Consideration of cooling-off

Excluding those who had actually exited their membership in the cooling-off period, most reported never having considered exercising their cooling-off rights. Consumers participating in the research, even those who had felt some unease about the size of their financial commitment to the membership, indicated that during the comparatively short cooling-off period, they had had no particular reason to go back on their decision of entering into a membership, particularly as their membership was at that point untested.

The length of the cooling-off period was an issue for some who had considered exiting at this stage. Some were surprised when they went to cool off at how short the cooling-off period was – they had assumed it would be closer to a month than one or two weeks. Some who had wanted to cool-off, had missed the opportunity due to not having got onto it quickly enough, including as they were still on holiday, or had not received their log-in to the online system to check the booking process.

Among those who did not cool-off but in hindsight wish they had, some observed that the cooling-off period either in entirety, or in part, occurred while they were still away on holiday. This distance from 'reality' appeared to hamper their ability to review and reconsider their decision.

The difference between those who did not purchase or those who cooled-off, compared with many who went ahead but later regretted it, seemed only to be the timing of when real concerns or issues first became apparent and they realised the membership might not (or would not) deliver the expected value.

### Reasons for cooling-off

Reasons for cooling-off included a change in circumstances (e.g. unexpected redundancy), others (family members or friends) advising against the purchase, or a change of mind after doing further calculations or research that suggested the membership would not deliver the value they expected. A few were put off by negative reviews read online after they left the presentation and a small number knew when signing up they would not go through with the full purchase and had signed partly to avoid the awkwardness or pressure of leaving the presentation without having done so.

### Experiences exercising cooling-off rights

Among those who cooled-off, most did so via email or phone, and/or by filling out and returning a form. In all cases, deposits or full-payments were refunded and loans cancelled without any issues or costs.

One couple whose presentation was pushed back two days from its original scheduled date discovered their cooling-off period was dated from the original presentation date, meaning

they had two fewer days in which to respond, though they were still able to pull out of their membership in time. No other issues with exercising cooling-off rights were reported.

A few that cooled-off appeared very apologetic about having changed their mind, particularly if they had formed a strong rapport with the original sales representative.

## Upgrading

### Approaches to upgrade

The research sample did not appear to include consumers who had actively sought out a membership upgrade. Rather, upgrading their membership was something that was suggested either as part of a subsequent sales presentation, when they were at a timeshare property on a holiday organised through their membership, or when they had complained to the timeshare operator about an aspect of their membership.

Many participants, regardless of whether they did end up upgrading, reported having been repeatedly contacted to upgrade their membership. Some described this as an annoying aspect of membership, with some going as far to describe feeling “hounded”. A few reported having told the operator not to contact them anymore about upgrades.

Contact regarding upgrading was reported as having been made by timeshare operators via phone, via email and/or face-to-face while staying at timeshare accommodation. In some cases, upgrades appeared to follow a similar sales process to new purchases: an incentive offered to attend another presentation, similar sales tactics used, and incentives offered to purchase additional points.

Some who had contacted their timeshare operator to complain about accommodation availability issues were reportedly told the way to address this was to upgrade their membership to a higher tier or to purchase more points. A similar rationale for purchase was reportedly given to others who attended follow-up presentations, that is, that more points would assist them to get better value out of the membership; through preferential access to properties, being able to purchase a better quality of accommodation or more nights away. While some saw sense in this, it was particularly disturbing to others who were already questioning the value of their investment and felt like this would be ‘throwing good money after bad’.

### Consideration of upgrading

Some reported upgrading as a way of attempting to make their membership more usable, as described above. Others had upgraded during a presentation they had been incentivised to attend, even after not anticipating they would upgrade prior to the presentation. Most indicated their original motivation to attend the additional presentation was simply to obtain the incentive.

### Influences and barriers to upgrading

As alluded to above, the primary driver of membership upgrade was a desire to derive more value from their membership and being convinced by the operator that an upgrade would make their timeshare membership more usable or would better fit their current or future needs.

The key barriers to upgrading after being invited to consider this were, not being in a position financially to spend more money on the timeshare, not being happy with their current investment (and hence not wanting to invest more money) or feeling that their current membership was adequate for their needs.

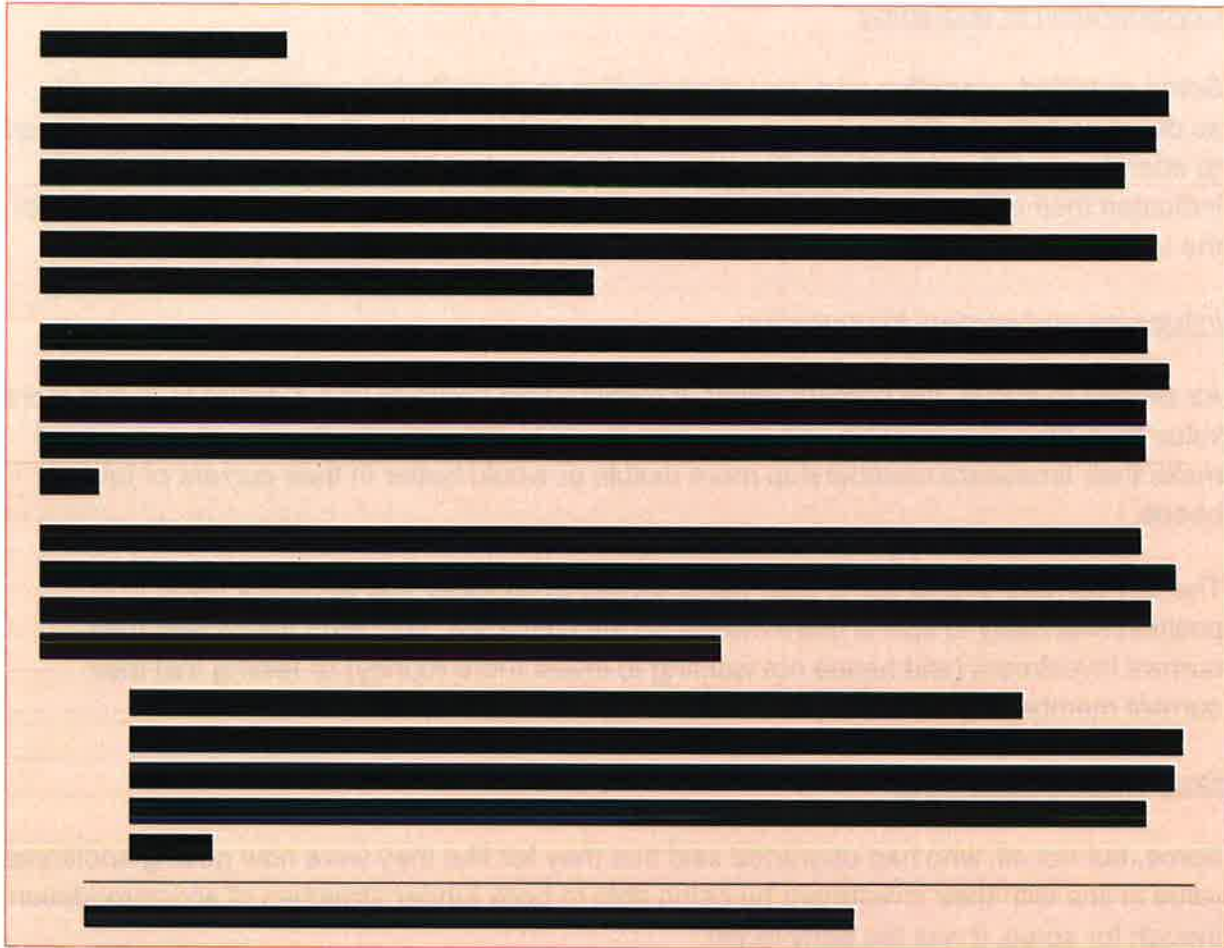
### Experience of upgrading

Some, but not all, who had upgraded said that they felt like they were now getting additional value in line with their investment by being able to book longer stretches of accommodation, though for some, it was too early to tell.

### Paying for upgrades

In most cases, upgrades were paid for in full, but two participants used finance or interest free options as they did not have funds to pay for the upgrade. One who had financed their original purchase chose to also finance the payment for an upgrade, which they took up when they had paid off three quarters of their original loan. They chose to finance the second amount because they did not want to have to pay such a large sum at that immediate time, and they knew they would probably be able to pay down the second loan early, as they had done with the first, avoiding the full interest charges. The participant felt that, although they saw the interest rate as high, at around 10%, "at least it's on our own terms as far as when we pay money." The upgrade was expected to deliver additional value in the form of access to more nights away annually.

Another participant paid some of it on their credit card and financed the bulk through an interest free loan. In this example, the member decided to upgrade to access more benefits, including an earlier booking window and a much higher points allocation. This member also saw this as delivering immediate benefits, including increasing their ability to share the value of membership with family members, and future benefits including passing it on as part of their estate.



## Using timeshare memberships

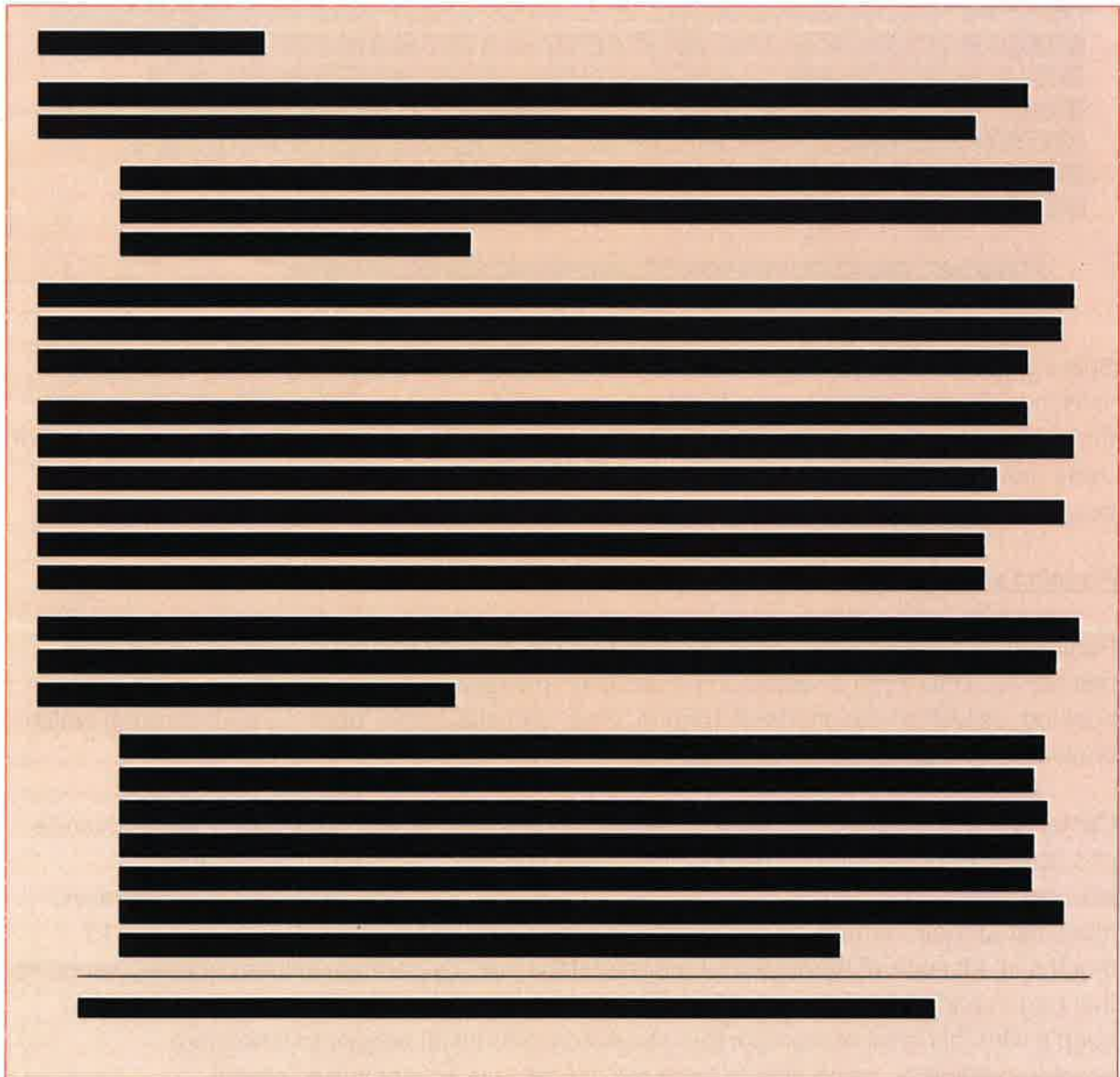
The research sample was structured to include both those who had, and those who had not, used their membership in the past 12 months. Those who had not used their membership in the last 12 months, or at all, reported having been prevented from doing so for a number of reasons including:

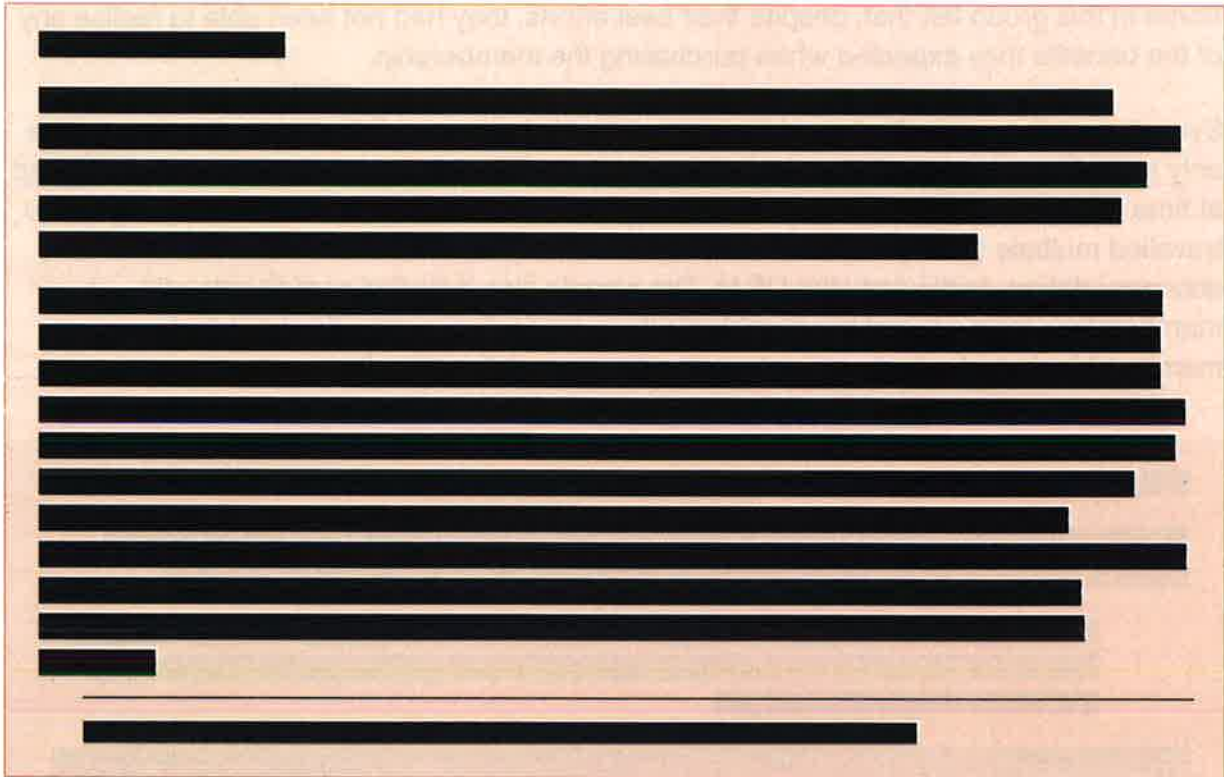
- not having found the time to book in holidays, particularly because of work (new job so no leave accrued, contract or casual position, own business so hard to take leave, only being able to take leave in school holidays) or family responsibilities (care of children or the elderly);
- not having been in a position to book holidays as far in advance as they needed to in order to secure accommodation at a time they can go (see below for common concerns about accessibility of accommodation);
- having found better deals elsewhere, which was particularly relevant where their membership offered discounted accommodation rather than points to be redeemed; and
- not having found accommodation at the location required.



Some in this group felt that, despite their best efforts, they had not been able to realise any of the benefits they expected when purchasing the membership.

Even among those who had used their membership in the previous 12 months, there were only a small number who felt their membership was fully meeting the expectations they had at time of purchase. These tended to be couples with mid-level Marriott memberships who travelled multiple times per year, including overseas (locations with an abundance of club accommodation, particularly the USA). The sample also included participants with memberships from each of the providers who were feeling optimistic about their membership, but who had not yet had the chance to fully utilise it.





Some who had used their membership in the last 12 months reported being reasonably satisfied with their membership. But even those that were generally satisfied expressed misgivings about certain aspects of their membership. Experiences with different aspects of using memberships and common concerns are described below under the relevant headings.

Planning and booking

Participants in the research who had used or tried to use their memberships commonly mentioned difficulty in understanding and then navigating the complex rules relating to booking, as well as the channels (phone, email website and/or booking app) through which bookings were permitted to be made.

Customers across all operators commented on the need to plan and book well in advance of a holiday in order to secure one's first preference; in most cases participants' experiences suggested that they needed to book six to 12 months in advance. However, most stated their memberships did not allow bookings to be made more than 12 to 13 months in advance of travel. Some memberships held by participants had booking windows that began earlier for people at higher levels of the membership structure, meaning that people with this level of membership received preferential access to timeshare accommodation by being able to book into it further in advance than others.

Some participants commented that their membership also restricted the number of nights that could be booked in advance for different levels of membership, so, for example higher

tiers permitted people to book just one or two nights of accommodation anytime from 12 to 13 months in advance, whereas lower tiers might only permit people to book seven nights in a row that far in advance and three nights in a row six months in advance of the date of travel.

Few participants felt that the booking options available to them with their membership were optimally executed by operators. Most mentioned that their membership offered the ability to make bookings online through a member portal, by phone and by email.

Participants differed in terms of which booking channel they most preferred. Those who preferred to make bookings online unfavourably compared the online portals to other online accommodation booking sites. For example, the Marriott site was described by one participant who worked in IT as “clunky”, although at the time of the interview the participant believed the site was being upgraded. Almost all portals were criticised by participants who had used them for being difficult to search properties for availability, for not well integrating the member’s points allocation and status and for requiring members to use different portals to access affiliated programs, including international and cruise accommodation and the operator’s accommodation that was not part of the timeshare membership. In some instances, this led to confusion and a sense that securing a booking was too hard or not worth the effort. In the case of Marriott, one participant discovered that only the club’s Asia-Pacific accommodation (five locations) could be booked online, but the membership’s affiliated USA locations (of which there were a much larger number) were required to be booked over the phone.

Some research participants held memberships with Ultiqa and Classic Holidays that they believed allowed access to discounted accommodation over a number of years, rather than the purchase of a block of points which could be redeemed. Members of these discount programs reported issues accessing the purported discounts via the program’s web portal. However, when the member called to find out the discounted rate, they discovered no discount or only a small discount was available, or that the discount was not available for the nights they were interested in booking. Participants reported that while planning their trip, they discovered that deeper discounts or otherwise better deals could be obtained on non-related accommodation booking websites.

While some found it easier to call or email to check availability and book accommodation, it was commonly acknowledged that the process via phone or email was not as efficient as it could be. A few participants commented that telephone staff were friendly and helpful through the booking process. Some participants perceived they were dealing generally with overseas-based staff and reported having to wait on hold for lengthy periods while booking staff checked availability over the phone, and delays of up to 48 hours in receiving responses to booking queries and requests sent via email. In some cases, this delay caused members to miss out on other better offers they had found elsewhere outside of their membership.

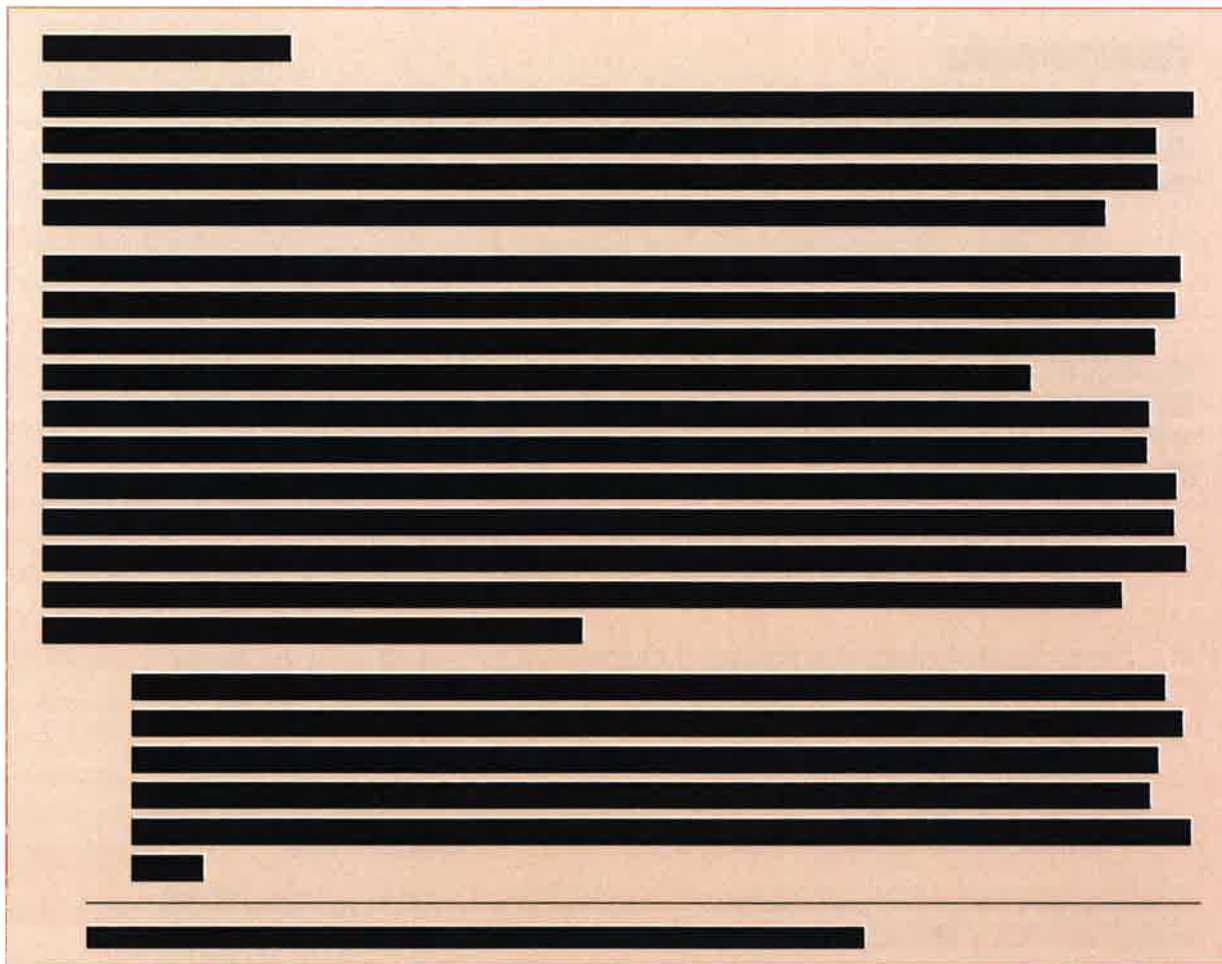
Restrictions relating to booking were frustrating for members to discover, particularly as they believed a major selling point of their membership was the ease of booking and planning holidays, and any difficulties encountered in this respect served to limit the perceived usability of the membership.

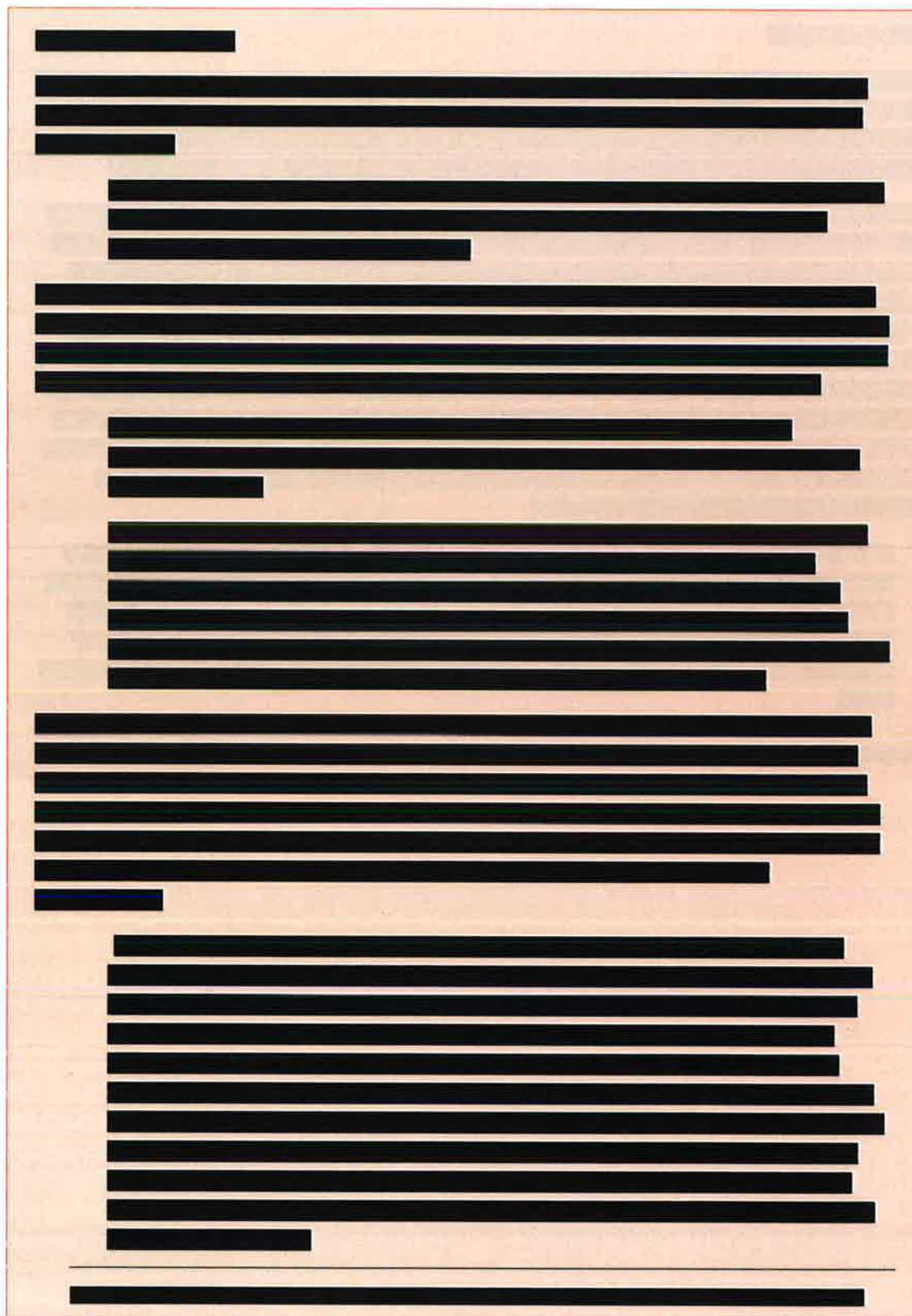
#### Accessibility of accommodation

More limited than expected access to accommodation was perhaps the most common concern expressed in relation to using timeshare memberships. Limited accessibility was even experienced by some able to be flexible with holiday plans and dates.

Accessing accommodation was seen as particularly problematic at peak times (including during school holidays and on weekends), for popular locations (some of which were seen as perpetually unavailable) and close to time of travel (typically within three to six months from date of travel, although some experienced limited accessibility even six to 12 months from date of travel). Even outside of peak times and popular locations, unless bookings were made well in advance, most were unable to secure their first preference in terms of dates, room sizes and/or locations.

Some reported becoming sceptical about accommodation being made available to timeshare members at all, after being consistently unable to secure the dates, locations or properties of choice. For example, one participant spoke of attempting to book accommodation the day bookings for a property opened (12 months before date of travel) and still being unable to secure accommodation. A travel agent who participated in the research spoke of being unable to book accommodation through her timeshare membership that she was able to secure for her clients, despite her membership contract stipulating that there were no 'block-out' periods.



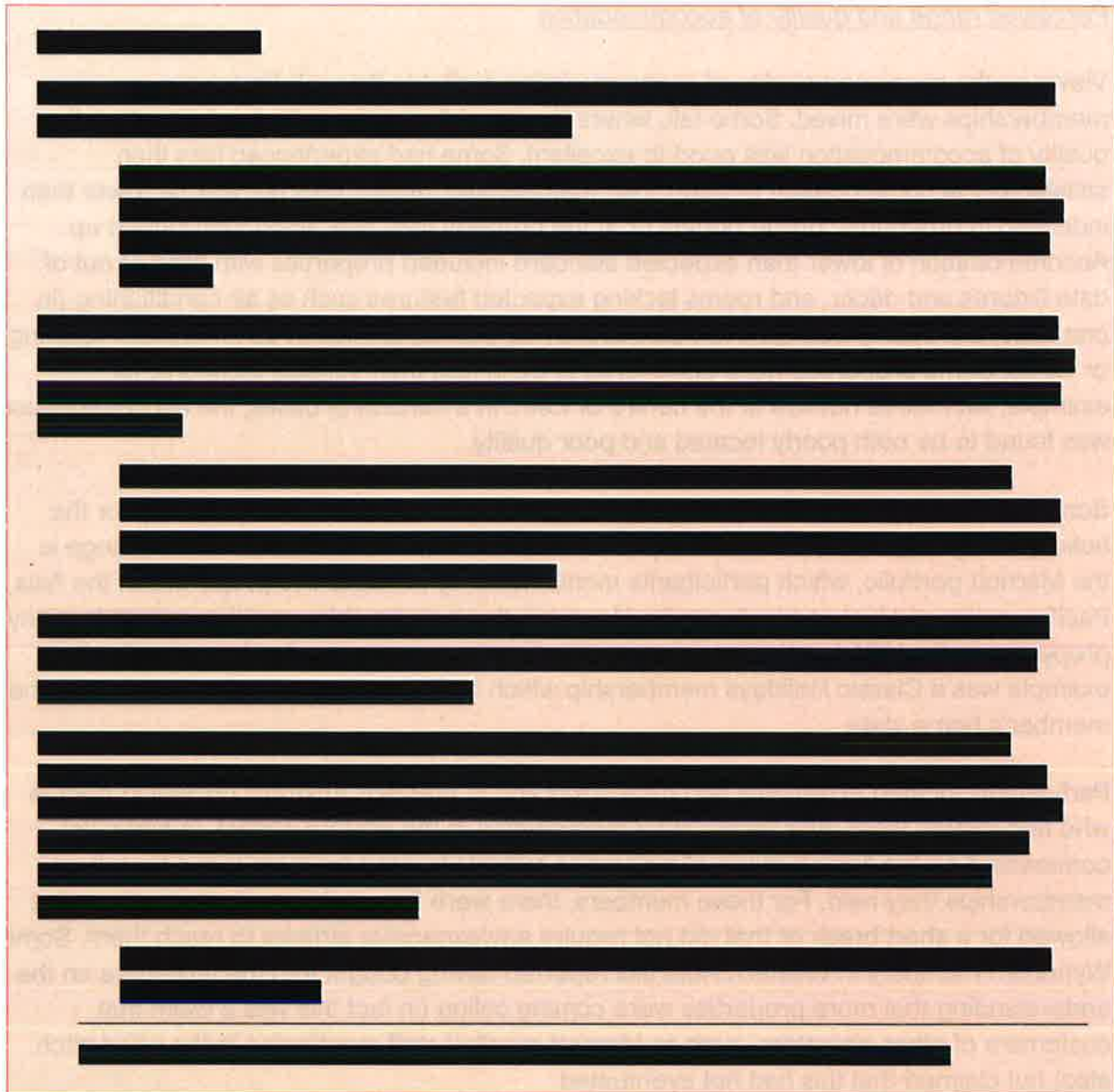


Perceived range and quality of accommodation

Views on the range and quality of accommodation available through timeshare memberships were mixed. Some felt, where they could secure accommodation, that the quality of accommodation was good to excellent. Some had experienced less than satisfactory accommodation through their membership; quality they felt was far lower than indicated in brochures, online photos or at the property they saw when they signed up. Accommodation of lower than expected standard included properties with tired or out of date fixtures and décor, and rooms lacking expected features such as air conditioning (in one case, a property was not even able to provide access to a fan in summer), self-catering or views. Some properties were discovered to be in less than suitable locations, for example, kilometres outside of the centre of town. In a handful of cases, the accommodation was found to be both poorly located and poor quality.

Some spoke of the limited range of properties in the club's portfolio, or suitability for the holidays they wanted to, or were in a position to, take. An example of this limited range is the Marriott portfolio, which participants mentioned only includes five properties in the Asia Pacific region and just one in Australia. However, the membership provides access to many properties in the USA but these were perceived as far more expensive to get to. Another example was a Classic Holidays membership which included only a couple of options in the member's home state.

Participants located in regional and rural areas and in Western Australia (including people who had moved there after taking out a membership in the eastern states), in particular, commented on the limited range of properties suitably located for them in the timeshare memberships they held. For these members, there were few accommodation options that allowed for a short break or that did not require any/expensive airfares to reach them. Some Wyndham members in Western Australia reported having bought into the timeshare on the understanding that more properties were coming online (in fact this was a claim that customers of other operators, such as Marriott recalled staff mentioning in the sales pitch also) but claimed that this had not eventuated.



Using, rolling over and transferring points

Most participants in the research were members of timeshares in which they had purchased a set number of points that could be redeemed for accommodation at specified properties. It was also mentioned that the points could also be used in other ways (discussed in the next sub-section). However, as reported by participants, there were a number of rules, differing slightly by operator, determining how and when points could be used, could be preserved or would expire. Across all operators, participants reported that the tranche of points they had purchased was redeemable annually and that, in most cases, any unused points at the end of a specific period of time (usually the end of the year) were lost.

Most mentioned that their points could be preserved for an additional year, either they simply rolled over to the next year, or they had to explicitly be “banked” by notifying the



operator (under one timeshare, the member said they were required to notify the operator six months in advance of the end of the year if they intended to bank their points for use the following year). Some also mentioned their timeshare permitted the carrying forward of one years' worth of points. Across all timeshares the participants in this research were members of, the most points that could be accumulated was either two- or three-years' worth. This ability to roll up to three years' points into one holiday was of particular value to some members who hoped to use their membership for longer family holidays to an overseas destination.

Participants noted their timeshare memberships also allowed people other than the member themselves to use the points, and this was mainly done through the member making the booking and then contacting the operator or the accommodation provider to change the traveller's name. No participants reported having any issues booking accommodation with their points for use by other people and this was one of the ways in which consumers were attempting to get additional value out of points they were unable to personally use and that might otherwise expire.

Some timeshare memberships appeared to members to impose limitations on the number of nights of accommodation that could be booked using points, and the nature of the limitations depended on the membership level held. According to participants, limitations included minimum (such as seven-night) or maximum length bookings overall or at certain periods (e.g. peak seasons, school holidays or weekends) and at different booking windows in advance of travel, as noted above. Under these types of rules, participants reported being forced to redeem points for more nights of accommodation than they actually required, essentially paying double or more in terms of the number of points it cost them for the nights they actually used.

Other membership uses

The points-based timeshare memberships that research participants held also reportedly allowed points to be used in ways other than booking accommodation at properties included in the timeshare operator's portfolio. Each club appeared to have one or more affiliated programs that enabled timeshare members to redeem points for a broader range of accommodation, either extending members' access to a larger number of properties, to properties located overseas, and/or to cruises. Some participants mentioned their operator provided this benefit with additional annual fees and, in one case, the participant reported the additional annual fee was a mandatory component of their membership package. According to participants with Marriott and Accor timeshare memberships, these operators also allowed members to redeem points for some or all of the hotel chains' own properties that were not part of the timeshare portfolio. Properties outside of the timeshare memberships could also in some cases reportedly be accessed through a points-plus-pay option.

Participants mentioned that Marriott timeshare points could also be used to buy points in the Marriott Rewards program, which was seen by one as a way to indefinitely preserve points that were not going to be used and that were in danger of expiring.

A number of participants reported explicitly purchasing into the timeshare to be able to access a broad range of properties (including internationally), and it seemed that some had not realised that access to these properties were an affiliated component of the timeshare program and not part of the core network of properties. These participants were adamant that the membership had been sold to them on the basis that a wide range (or overseas) locations were a feature.

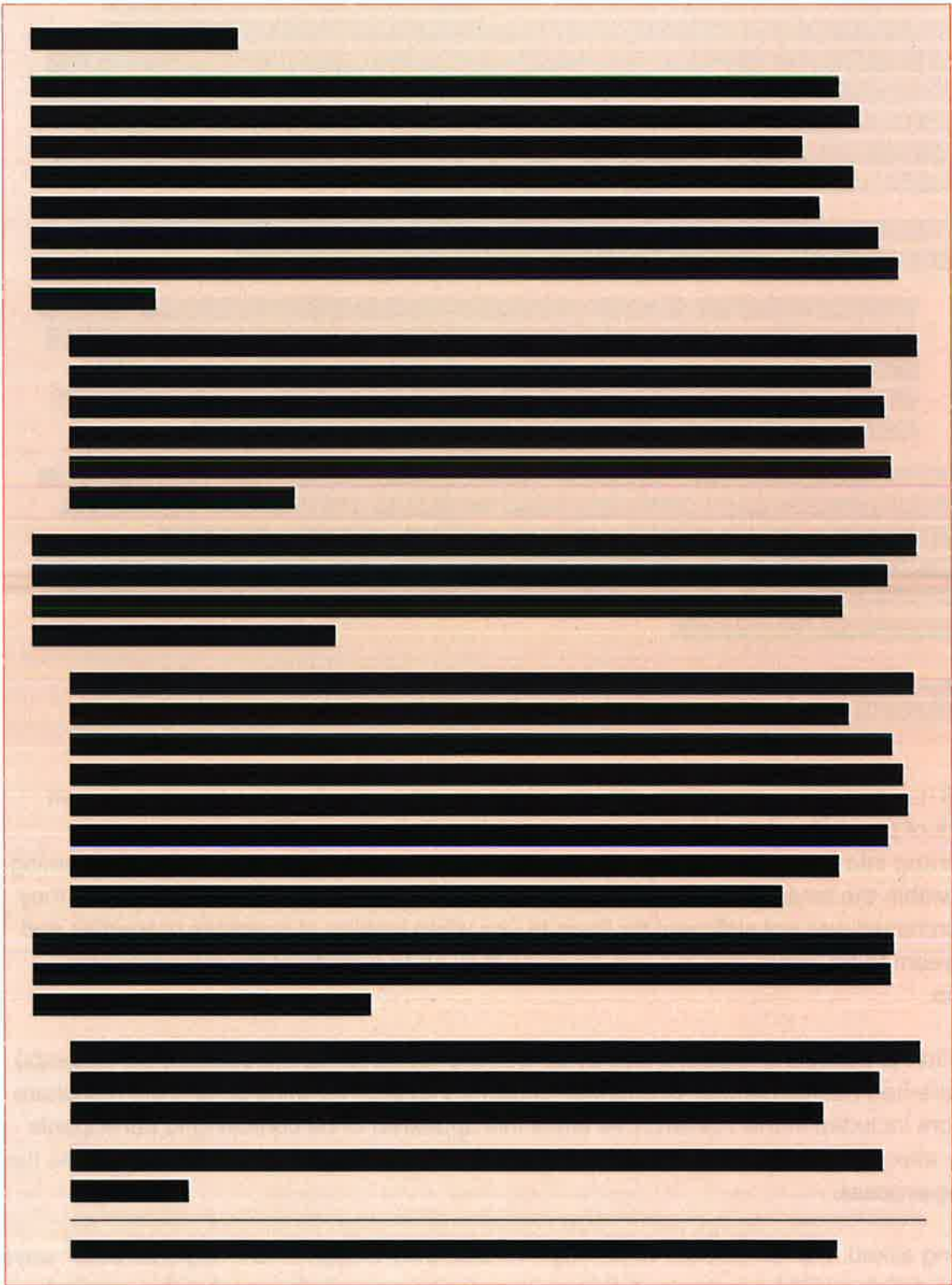


A small number had noticed that using points in any way outside of the timeshare’s own network of properties (e.g. booking accommodation through an affiliated program or transferring into rewards points) gave a much poorer per-point value than when redeeming points within the timeshare itself. Others simply commented that the amount of points they had purchased was not sufficient for them to use when looking at overseas properties and didn’t seem to be aware that this was because they were outside of the main property portfolio.

In addition to multiple affiliates, it was evident in this research (as indicated by participants) that there had been a number of changes in ownership and rebrands among the timeshare operators included in this research. At times this appeared to be confusing to participants as they attempted to understand their membership and the points system and negotiate the booking process.

On being asked, a small number of participants said they thought there might be other ways in which points could be redeemed, though knowledge was patchy on what this entailed, and there was just one instance in the research of a couple that had used their points in any

way other than for booking accommodation (in this case, it was to book flights). No other ways of using points, aside from flights, were mentioned.



### Ongoing membership costs

Many consumers participating in the research complained about their membership's annual fee and some did not know what it was intended to cover. Increasing annual fees were perceived to directly erode the value of membership. In some instances, the annual fee caused people to call into question their whole purchase decision, even if they had previously felt positive about membership. For some who were in other ways dissatisfied with their membership, it served to add 'insult to injury' by forcing them to continue to pay money for something from which they were not seeing value. Even relatively satisfied customers expressed dissatisfaction with the membership's annual fee, where it was considered large or where they had observed it increase over time.

To a lesser extent, participants also mentioned being unhappy with other unanticipated additional costs such as cleaning or booking fees. These costs did not appear to be charged by all operators. While most participants felt they were informed about the annual fee for their membership at the time of purchase, additional daily cleaning fees charged per night of accommodation booked seemed to come as a surprise for those whose membership included these fees (just evidently a set number per year). Participants who had been forced to book additional nights of accommodation they did not need in order to satisfy minimum stay rules were particularly angry at having to pay a cleaning fee for unused accommodation.

### Complaints and redress

The research sample included a number of people who had made one or more complaints to their timeshare operator. Complaints were generally raised by email and/or phone, with email used to document grievances. During the research interview, some participants were able to locate specific complaint emails they had sent to their timeshare operator.

Complaints had been raised in relation to experiencing poor quality accommodation and repeated inabilities to make desired bookings. Participants recalled strong feelings around the complaints they made because they generally related to two fundamental ways in which the experience of using the membership departed from what they believed they were promised at the time of purchase in terms of quality and access. For this reason, complaints also tended to include, or had escalated to include, queries or requests regarding exiting the membership (discussed in the following section on Exiting timeshare memberships).

### Communicating with operators

Those who had made a complaint to their timeshare operator had found the operator relatively easy to get in touch with. In the case of phone contacts, most found call centre staff to have been polite and as helpful as they felt they were able to be. Those who made a complaint via email perceived they had received a response acknowledging the complaint within an appropriate amount of time.

### Experiences with complaints handling

Most who had complained to the operator of their timeshare membership felt that their complaints were not sufficiently resolved, even though the operator's staff were contactable, acknowledged the complaint and complaints procedures appeared to have been followed. This was because, by the time participants made complaints, they appeared to be already questioning the value of the membership. In fact, a number commented that it seemed to them that the staff members they dealt with were used to receiving complaints and/or appeared to be following a "script". One mentioned hearing the same form of words in response to her complaints on different occasions from different staff members.

Regarding complaints about poor quality accommodation, timeshare operators acknowledged these complaints and apologised for the poor experience. In one case, the operator, which was Classic Holidays, indicated they would review the property's inclusion within the portfolio. Some were offered bonus points or free accommodation as redress. However, in most cases, the bad experience had caused the members to doubt the quality they might encounter with other properties in the portfolio and coupling this experience with difficulties securing bookings (which most of these people had also experienced) generally called into question the value of their investment in the timeshare overall.

Regarding complaints about difficulties accessing accommodation, the general response to this from operators appeared to be suggesting booking further in advance or upgrading the membership. Participants recalled that it was explained that additional points would give them greater flexibility in terms of what they could purchase with points and also, for some timeshares, allow access to earlier booking windows.

In the case of financial hardship, one participant reported that they were offered an instalment payment plan to get annual fees that were in arrears up to date. Two others, however, appeared not to have been given any real options by way of hardship provisions. One, for example, said she opted not to apply for a hardship provision as she was told by the timeshare operator it would be noted on her credit file.

## Exiting timeshare memberships

The research sample explicitly included people who had exited or who had considered exiting their timeshare membership. Some other participants in the research had also considered exiting, including participants who had used their membership in the last 12 months. The experiences of all these participants are included in the analysis below.

### Awareness of options to exit timeshare memberships

Participants in the research were generally aware of the duration of the membership at the time of purchase. In most cases, the membership period was reportedly very long (ranging from 20 to 99 years, to the indefinite life of the club, and was expected to outlast the member and therefore questions of exiting or transferring the membership were assumed to be a matter for their estate. Few seemed to have considered at the time of purchase, or even prior to being interviewed for this research project, what they might do if their circumstances changed and they no longer wanted, needed or could afford to maintain the membership in the future.

Prior to any more serious investigation of the options for exiting, many participants assumed, and some vaguely recalled having been told at the time of purchase, that they could sell their points if they wanted or needed to get out of their membership. Some believed they would be able to sell their points back to the operator, while others thought they would have to on-sell the points to another person. None mentioned or indicated awareness of any restrictions in what parts of the membership could be on-sold.

Many assumed that they could recoup at least some of their investment if they sold their points. A small number reported that they had thought (or were led to believe) that the value of their investment would have actually appreciated over time. These misbeliefs seemed to be the result of an awareness that the unit cost of points is increasing over time (further highlighted by offers of short term 'points price freezes' on upgrades as an incentive to purchase). These participants assumed that buyers would be enticed by the prospect of being able to purchase points now at yesterday's prices.

A few were under the impression that, like a gym membership, if they no longer wanted the timeshare membership, they could just stop paying the annual fee.

### Consideration of and expectations regarding exiting

In the sample, there were a number of participants who had considered exiting their timeshare membership and some of these had taken steps to investigate doing so.

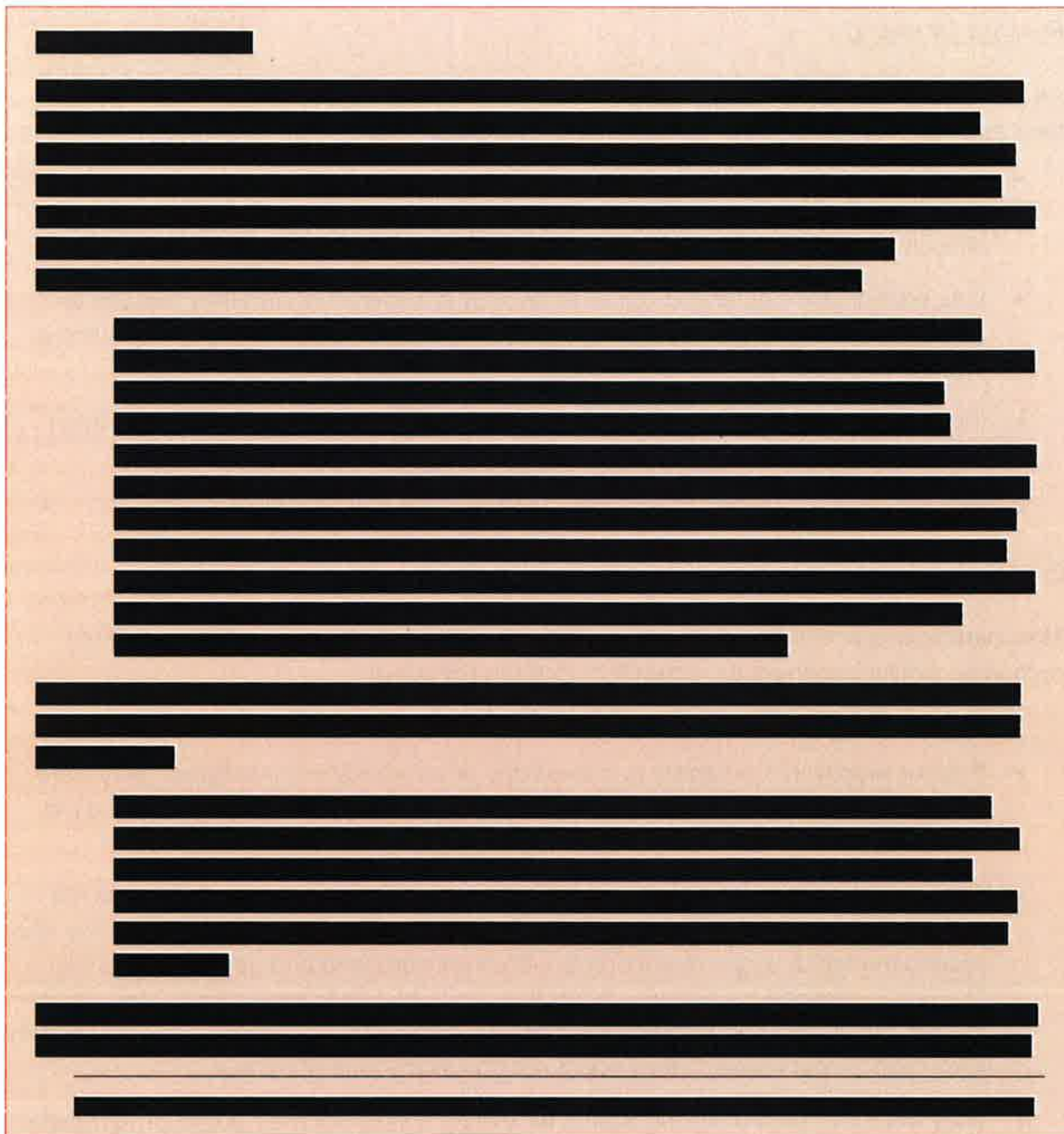
As noted above, some canvassed this possibility with operators when making complaints about aspects of the timeshare membership, in particular the inability to access accommodation at all or in line with their expectations or needs. There was also a small number that had begun to entertain thoughts about exiting their membership due to a

change in life circumstances or other personal reason that had meant they were unable to utilise or fully utilise their membership.

Some very unhappy customers felt that, through their membership, they had not received what they were promised when they purchased it, particularly in terms of access, quality and cost savings, and therefore should be able to exit and get some or all of their money back from the operator. Some had tried to seek redress from the operator for this perceived failure to deliver, without result. From what participants reported, it seems that operators generally informed them that, apart from privately selling their points or transferring the membership into someone else's name, there was no way they could receive any amount of refund for the cost of their membership and that they were obligated to keep paying the annual fees for the life of their membership.

Those who had purchased their membership on finance that wanted to exit their membership prior to paying off the loan felt particularly stuck, saw no solution to exit that would not damage their ability to access other forms of credit later, apart from continuing to pay out the loan and interest for a product from which they feel they receive little to no value.





### Reasons for exiting

As briefly noted above, participants in the research who had actively taken steps to exit their membership indicated they had done so because:

- their circumstances had changed such that they were not, or were no longer, getting value from it (for example, they had retired, had children or their work had made it difficult for them to travel in a way that made best use of the membership);
- their relationship had ended (through divorce or separation) and they needed to divide or dissolve the membership, or could not continue to afford the membership on their own;
- their experience of the membership was not what they expected or (believe they) were sold; or
- their situation now meant they were experiencing financial hardship.

### Experiences exiting memberships and barriers to exiting

Most participants who had exited or seriously attempted to exit (with no finance owing) recounted similar experiences, which included the following:

- They contacted the operator to find out their options for exiting.
- If dissatisfied with their ability to access any or suitable accommodation, they were encouraged to upgrade as a solution. Those who were particularly dissatisfied did not see this as a suitable solution to their problem.
- As discussed above, those who wished to exit altogether were told that it was not possible to just stop paying their annual fee and forfeit their membership. Those who likened the fee to a gym membership were very surprised and upset to learn this. The really unhappy customers among this group had been intending to stop paying the annual fee and had resigned themselves to considering the large investment they had made as lost money if they could not obtain any kind of refund.
- They were informed their only option for exiting was to sell their points or to transfer them to someone else and some but not all were given contact details for a broker.
- Some looked into selling their membership, either through the broker or privately online and said they were horrified to discover that the amount they might receive for their points was far lower than what they had paid for them (a third or less) and also much lower than they had anticipated being able to sell them for. Among those who felt they had been "misled", "scammed" or "swindled" into purchasing the membership, because they had not been able to realise any of the expected benefits from the membership, some said they could not in good conscience consider selling it on to anyone else.

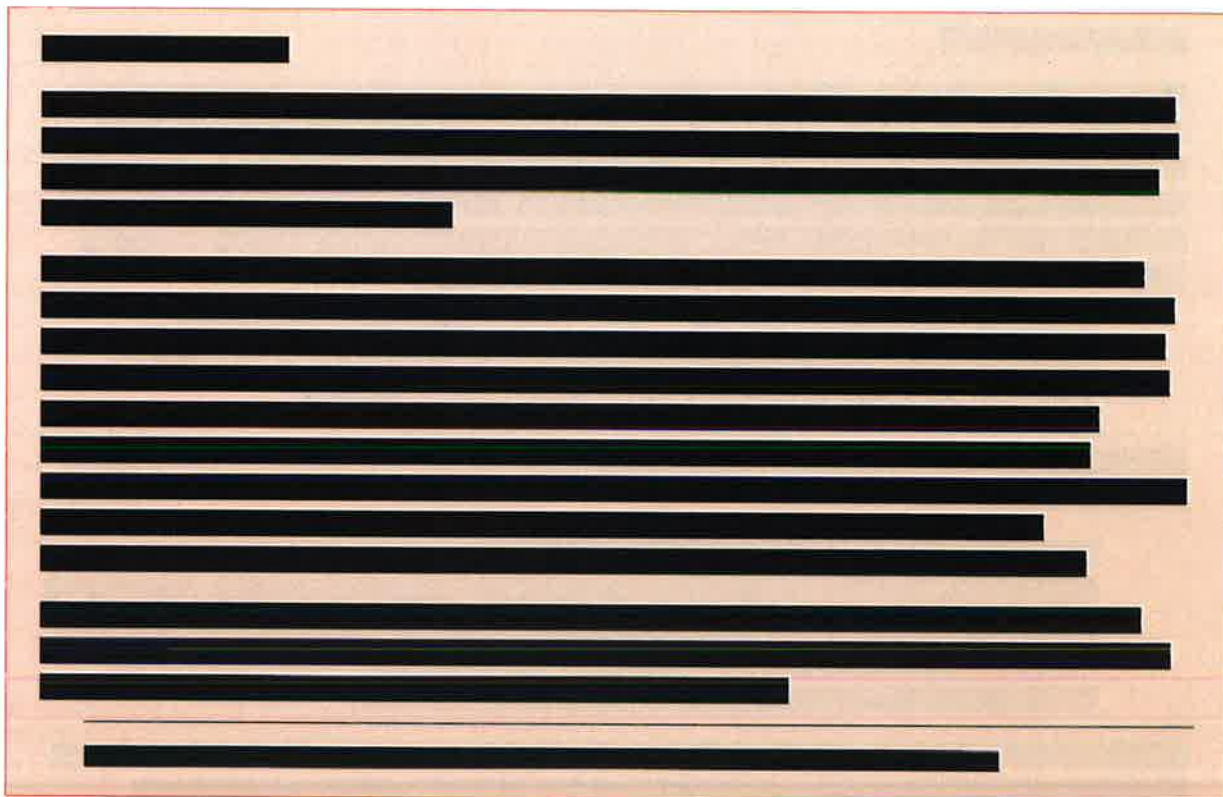
- Some gave up trying to exit and decided to keep trying to get any value out of the membership. Others made the assessment that it was preferable to sell and recoup whatever they could of their original investment, however small.
- Some others just stopped paying the annual fee and were barred from using their membership. For a while, they were contacted by the operator, who sought to collect fee arrears. They continued not to pay the fees and eventually stopped hearing from the operator. In two cases, after a number of years of non-payment of fees, the participants received a letter from their operator indicating their points had been sold and they received a cheque for the balance minus fee arrears. In one of these cases the participant was aware their membership had ended and in the other case the member was unaware if they have forfeited entire membership or body of points.

One member when she persisted, was told the only way she could exit her lifetime membership (which was fully paid for upfront) was to transfer to a different annual membership type, which she could then terminate after one year.

A key barrier to exiting was an unwillingness to lose the large investment they had made in the membership through either forfeiting their membership or selling it for what they considered a ridiculously small amount on the secondary market, and having no alternative way of exiting. Most who had successfully exited described a difficult, dispiriting and upsetting process that continues to be a source of financial and emotional stress when they consider how much money they spent on the timeshare membership. Both this group, and those who want to exit but felt stuck with their membership, consider the amount they paid for the membership to be “lost” money, describing the timeshare purchase as a mistake they will be sure not to repeat in the future.

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## Meeting expectations

### Experience of benefits expected at purchase

In this research, experiences were highly varied, such that some expected benefits were realised by some people, but not others. There were also some benefits that appeared more likely to be realised than others. Some anticipated benefits were not expected to be realised until far into the future. The realisation or not of some benefits had flow on effects on the realisation of others. Figure 3 summarises, based on research participants' recounted experiences, the likelihood of benefits expected at the time of purchase to be realised. Specific benefits are discussed in greater detail below the diagram.

**Figure 3 – Apparent likelihood of benefits expected at time of purchase to be realised**



\*Note: based on recounted experiences, none of the benefits expected at time of purchase could be said to be likely to be realised.

### Expected financial benefits:

- **Saving money on holidays**

Though all research participants had anticipated saving money on holidays in the long run, few felt that they had already done so, as the break-even point for most people was assumed to be well into the future in their membership, especially if purchasing on finance. Some, who had experienced unanticipated issues with access and quality or had seen annual fees increase, suspected or were confident already they would never realise this benefit. Some had already experienced individual bookings in which they knew they could have accessed better deals directly or through other means (e.g. Airbnb, booking.com). On balance, this is an expected benefit that appears unlikely most will be able to realise.

- **Experiencing luxury accommodation affordably**

A few in the research sample did experience luxury accommodation with their membership, though in the main, premium quality resorts were either perpetually booked out or the accommodation visited fell short or far short of luxury and other perks were infrequently realised. In multiple cases, participants indicated that premium accommodation was accessed as part of an incentive for signing up that was not able to be accessed again after that. For a couple of Marriott members, additional member-based perks (e.g. owners' desk and exclusive lounge) were unexpected benefits of membership not anticipated at purchase. Overall, it seemed that Marriott timeshare members who participated in this research were more likely (than members of other operators) to believe that their membership delivered on the promise of luxury.

- **Purchasing at today's prices to avoid inflation**

Again, some felt that they had realised value by pre-purchasing their accommodation and avoiding inflation (and their responses indicated that this benefit is emphasised during the sales process), while others felt that, by the time their (often increasing) annual fee and interest payments (for those on finance) were considered, the savings were likely minimal or nil.

- **Accessing specific financial benefits**

Those who expected to realise immediate value from their membership because they signed up to access a specific deal or feature of the membership (e.g. the 'two for one' cruise, the ability to access more cheaply a property already visited, to use to save money for a trip already planned without accommodation booked, or because they had a specific need or preference to use a particular type of accommodation offered by the club) had, in some cases, done so. However, quite a few others had been completely unable to do so, for example, some had discovered the 'two for one' cruise voucher was for cruises they were unlikely to be able to take and another had discovered that the cruise prices presented to them at the time of being offered the incentive (which appeared to constitute a large saving) were rack rates and the cruises were available much more cheaply through other booking sites.

### **Expected practical benefits**

- **Being compelled to take more regular holidays**

Being a timeshare member had compelled some to take more regular holidays, and this was an expected benefit that seemed more likely than others to be realised. However, where this benefit was realised, more often than not, the holidays themselves fell short of expectations. In a number of cases, suboptimal holidays were taken to use points before they expire. For those whose life circumstances (mainly relating to work) prevented them from taking breaks or from booking them early enough to secure accommodation, their membership did not help them lock in more regular holidays.



- **Saving time and effort in booking accommodation**

An expected benefit unlikely to be realised was having direct and easy access to club accommodation. Participants in the research who were particularly attracted to the idea of cutting out or down on the time and effort required to research and plan holidays had found quite the opposite to be the case, with accommodation proving much more difficult to secure than anticipated, points and their associated rules for use confusing to understand, and booking channels to be less responsive than anticipated.

### **Expected emotional benefits**

- **Investing in well-being; spending quality time with family, making memories**

Some in the sample said their membership had delivered, to a certain degree, greater well-being, fun, adventure or connection with their family which had been an anticipated emotional benefit. For this group, the ability to pass on this legacy to their children was also highly appealing and this is a hope they retain for the future. However, there were some who have found their membership experience to have been so opposed to their expectation on this front, particularly in regard to value for money, that it has detrimentally affected their well-being and relationships, and the negative impact of the purchase decision and the cost of maintaining the membership is something that will stay with them and their family indefinitely.

- **Peace of mind with holidays locked in for the future**

The peace of mind that holidays could be taken into the future (including retirement) at minimal cost was untested for most. While they had taken out the membership in anticipation of this, they had not yet been able to realise this value. Some remained optimistic about this, although others had concerns about the likelihood of this given the increases in annual fees they had already experienced. A few that had found it difficult to use their membership to its best potential so far, held out hope that at some point in the future, perhaps when retired, they may be able to get more use or better value out of it.

- **Sharing benefits of membership with friends and family**

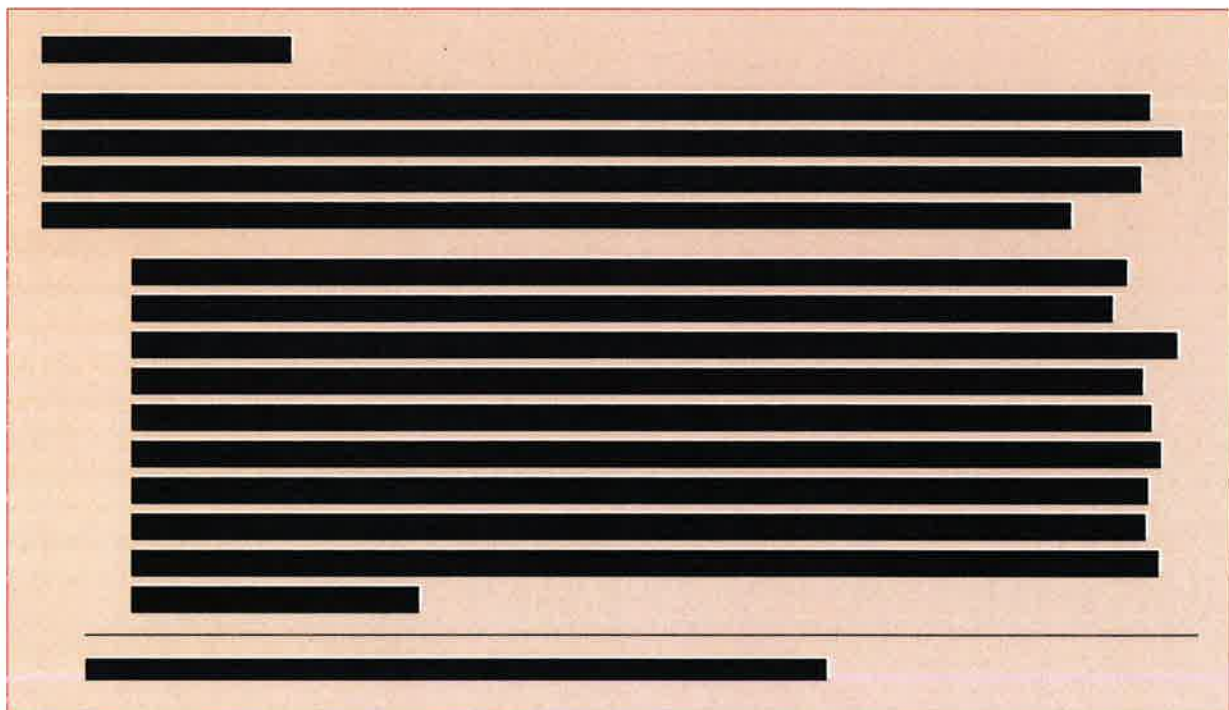
Being able to share the benefits of membership with friends and extended family was a benefit that was somewhat likely to have been realised. However, this was more a consolation, than the realisation of an expected benefit, in that many people using their points in this way were doing so because they had to use up points they had been unable to use for themselves in some way before they expired.

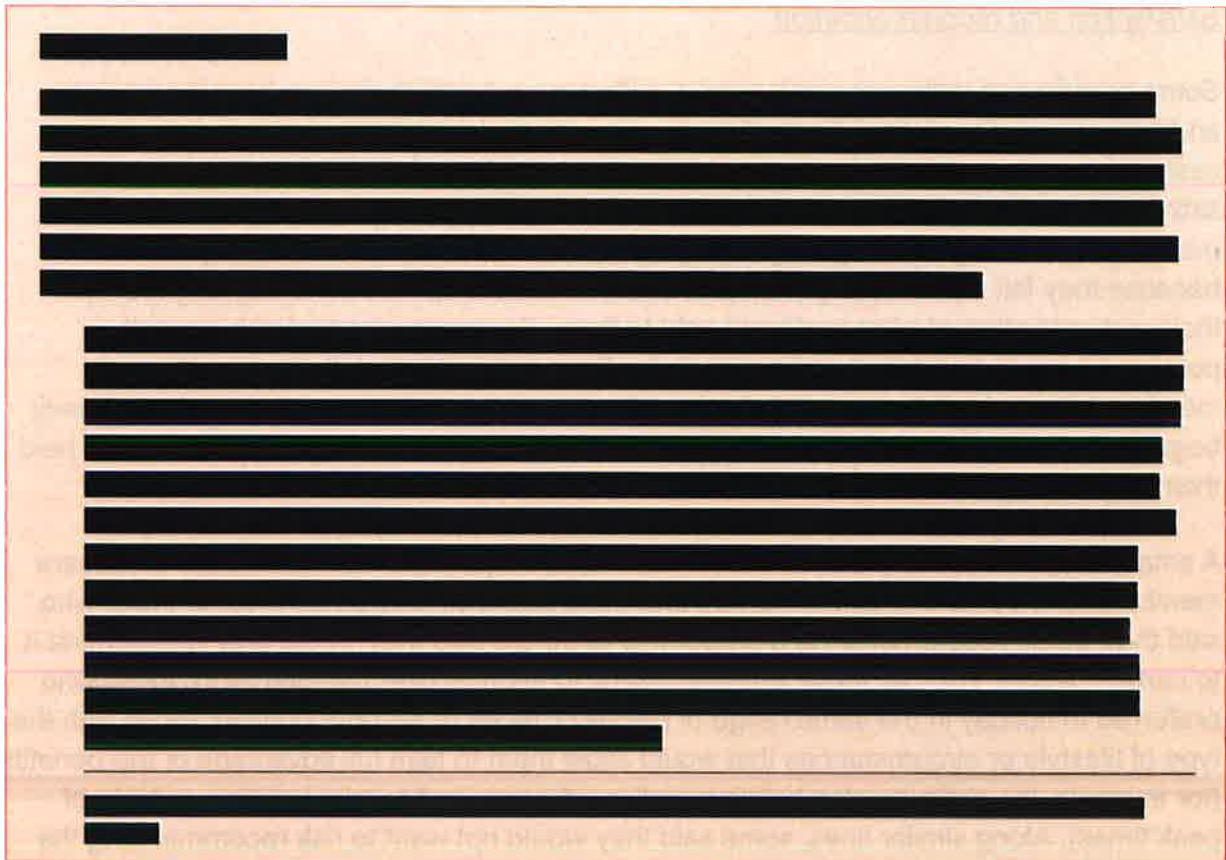


Satisfaction and recommendation

Some participants in the research were satisfied overall with their timeshare membership and some were dissatisfied. Each of the five operators that were part of the study had customers participating in the research who were satisfied, some who were less than satisfied because they felt they had or were not obtaining as much value out of the membership as they had originally anticipated and some who were incredibly dissatisfied because they felt that their experience with the membership was in no way aligned with their understanding of what had been sold to them. For some who had only recently purchased a membership, it was too soon for them to be able to tell whether the membership would deliver against the benefits they expected, however some had already begun to have doubts about this. Discontent was also present among people who had held their memberships for many years.

A small number of participants in the research said they would recommend the timeshare membership they held to someone else and most said they would not. Most of those who said they would recommend the membership to others said they would only recommend it to certain people, such as those with the means to afford it over the long term, those who preferred to holiday in the same range of places or types of accommodation, those with the type of lifestyle or circumstances that would allow them to take full advantage of the benefits (for example, the ability to plan holidays well in advance, and to take holidays outside of peak times). Along similar lines, some said they would not want to risk recommending the membership to others as they could see how some people might not obtain value for money or might end up in over their head financially. Those who were very unhappy with their membership categorically stated they would never recommend anyone else purchase into the timeshare.





## Discussion

### Summary of consumer experiences

This research captured a diverse range of consumer experiences of timeshare membership, including both satisfied and dissatisfied customers, for each of the five timeshare operators that were part of the study. On balance, the research revealed discontent among many consumers, from those who had recently attended a presentation, to those who had held memberships for years.

Discussions about membership with participants tended to evoke strong feelings about both the purchase process and the membership itself. Though some people were satisfied with the membership, many expressed a variety of feelings, including anger, frustration, disgust, despair and numbness. For these people, the benefits delivered by membership were far from the expectations that were formed at the time of the sale.

The research demonstrated that there is a uniformity of sales approaches, tactics and processes across all five operators. All participants in this research recognised the strong, persuasive quality of the sales process, irrespective of whether they themselves felt satisfied with their membership. That they had been drawn in by obvious sales tactics led to embarrassment and self-reproach among some, particularly from more financially savvy consumers, who believe they “should have known better”. Some participants appeared to feel guilty or ashamed about their decision to purchase a membership and the unintended consequences that that had invited. Across all operators, it appears that the use of incentives is very influential in the selling of new memberships and, to a lesser extent, upgrading of existing memberships. Virtually none would have attended a sales presentation in the first place without having been incentivised to do so, and the incentives offered to purchase on the day, particularly those offered in the face of reluctance to purchase, played a strong role in getting consumers over the line.

The sense that they themselves had contributed to their situation and their consequent embarrassment, seemed to render many consumers less likely to want to talk about, deal with or address their membership and either how to exit from it, or how to make it work better for them (without having to upgrade). This reluctance or lack of confidence to tenaciously pursue redress, indicates that operator complaint statistics may understate any consumer issues with membership.

It appears from this research that having couples attend the presentation together may be crucial to the success of the compressed decision-making that occurs as part of the timeshare sales process. With both members of a couple in attendance, any resistance that one or both showed could be addressed immediately by the salesperson, in the presence of the other. For the more keen members of the couple, seeing the lowering of the resistance of the other (usually more cautious) person had the impact of reassuring them it was a good

decision. Similarly, for the more cautious member of the couple, seeing the enthusiasm of the other person, helped them overcome their own resistance.

Notwithstanding differences in approaches taken by different sales representatives, or operators, the sales process consistently planted a firm impression among consumers that timeshare membership represented good value for money. This impression was created by both what was said – for example about being able to holiday later at today's prices, or by looking at specific accommodation that could be accessed and what it cost through other means – and what was not said – including a lack of detailed discussion of ongoing fees and whether or not annual fees are fixed.

With regard to realising the financial benefits expected to be provided by timeshare memberships, many participants had experienced them as offering neutral to poor value for money. Those who perceived they were deriving value from their membership, either reported claiming the incentives provided when they signed up to their membership contributed to this value, or acknowledged making a conscious effort to utilise the system "wisely".

Among people who perceived that their investment in membership delivered poor value for money, the reasons for this centred on inadequate utilisation of member benefits, or that the holidays they did use it for fell short of expectations established at the time of purchase. When the membership was not being fully utilised this was either due to the nature of the membership not being appropriate for their personal situation or travel preferences, difficulties securing suitable bookings, a lack awareness of how to use membership to its full potential, or life or work circumstances that prevented them from doing so.

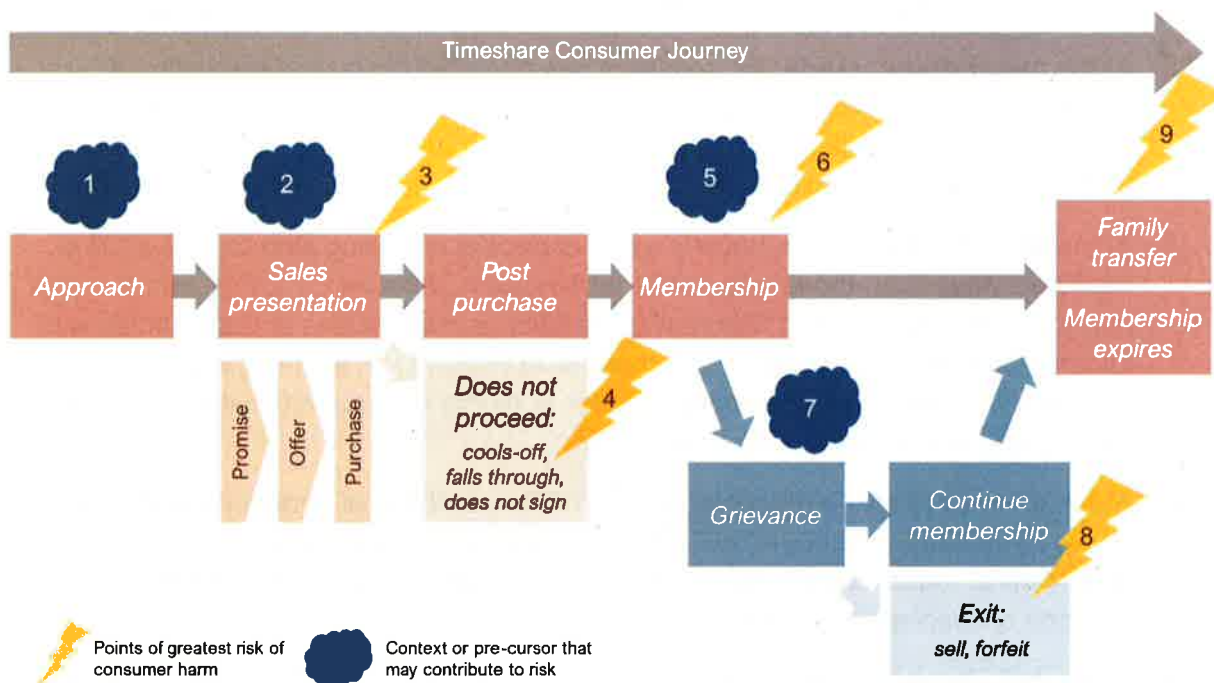
This research also found instances of a lack of assistance in helping people to exit or clarification of the process for or possible consequences of exiting. In this context, some dissatisfied consumers were resigned to remaining members, because they could not see an easy way forward that did not cement the loss of substantial amounts of money or for fear of further financial repercussions.

## Potential for consumer harm

The findings of this research suggest a risk of consumer harm, given the process through which people are spending large sums of money for a purchase they rarely expected to make, as well as the ongoing financial commitment entered into without fully considering the information or factors they might take into account under other circumstances and with more time.

Figure 2 below, illustrates the points at which the research indicates consumers may encounter difficulties or make decisions that set them up for potential financial harm (indicated in the diagram at points 3, 4, 6, 8 and 9) and the context directly contributing to these difficulties or decisions (illustrated at points 1, 2, 5 and 7). Each of these points is discussed in turn below.

**Figure 2. Potential for consumer harm in the timeshare consumer journey**



1. At the **approach stage**, incentives to attend presentations and the environment in which people are approached (e.g. while on holidays, theme parks or at a holiday- or lifestyle-related event) begins to associate timeshare membership in consumers' minds with feelings of relaxation, winning, a sense of exclusivity and getting something for free.
2. At the **sales presentation stage**, the holiday context, attractive presentation environment, sophisticated and personal sales approach, positive light in which the timeshare membership is presented, apparent size of incentives and their time-limited nature, volume and complexity of information covered in a compressed time, and ease of access to finance and instalment payment options, all propel people towards a decision without fully taking into account the details of the offering and its suitability for their circumstances.
3. At the **purchase stage**, the potential for harm is in consumers making a large purchase with additional ongoing financial commitment that may not be suitable for their current or future circumstances and/or from which they may be unable to realise expected value and which is, after the cooling-off period, irreversible.
4. At the **post-purchase stage**, there is a significant risk that the cooling-off period will be missed due to the relatively short length of the period and its co-occurrence in many cases with people's absence from home and usual routine (having been on holiday or away attending the sales presentation) and then their busyness in returning from being away. Further, many are left in such a positive frame of mind by

their purchase and the way in which it is concluded that they fail to see any need to review their decision or further inform themselves during the cooling-off period.

5. At the **membership stage**, the research has revealed the lack of suitability of membership for some people's situations, and any divergence between experience and expectations tends only to become apparent to consumers once they begin to use the product. Frustration and dissatisfaction begin to build at this point.
6. At the **membership stage**, there is a risk of people not being able to derive full or expected value from the membership, either due to their own circumstances, a lack of understanding of how to fully realise benefits, and limitations or deficiencies with the membership itself. Unexpected changes in circumstances and increases in administrative fees also open people up for potential financial difficulties in honouring the ongoing commitment they have made.
7. At the **grievance stage**, the presentation of the purchase of additional points as the primary solution to members' difficulties in accessing properties potentially sets people up to make a further financial outlay that may not be suitable for their situation or resolve their issues.
8. At the **exit stage** the risk of consumer harm is in people's inability to exit from the scheme in a way that does not negatively impact them financially, either because they cannot recoup much of their investment by selling their points, or because they cannot end the ongoing financial commitment they have made (in terms of both the purchase finance, if they still have money owing, and/or the ongoing annual fee) without repercussions. Consumers who do manage to forfeit their memberships do this in awareness that this is not a legitimate exit strategy supported by operators and in awareness that they may be chased for payment.
9. At the **family transfer stage**, the risk of harm is in people transferring (what they come to see as) a financial liability to someone who may or may not have the means to bear it.



## Appendix A: Research materials

### Interview guide

|   |  |
|---|--|
| <b>1. Introduction (5 mins)</b>   |  |
| Sets the participant/s at ease, reiterates confidentiality and informed consent, seeks audio recording consent, and confirms interview/discussion length. |  |
| 1.1 Thank   | <p>I'd like to thank you once again for participating in this research.</p> <p>I won't take up more than [<i>as relevant: half an hour / one hour / 75 minutes</i>] of your time and, as discussed, you will receive \$100 as a thank you for your time [<i>\$75 if shorter interview or paired interview</i>].</p>  |
| 1.2 Recap of purpose and voluntary nature of participation  | <p>By participating in this research, you will be helping ASIC to identify and respond to any potential issues to protect members of the public like yourself.</p> <p>To confirm, your participation in this research is entirely voluntary. You are welcome to pull out of the research at any point and your information will be removed from the study.</p> <p>At any point during this interview I'm very happy for you to take a break if you need it, or even for us to postpone the rest of the interview until a later time if required. If there's anything we cover in the interview that you can't recall or would need to go away and check, I'm also more than happy to get in touch with you again after the interview to follow up.</p> |
| 1.3 Recording, transcripts and confidentiality of participant information   | <p>With your permission, I'd like to record this interview so that a transcript of the interview might be produced. The actual recording will not be passed on to any third parties.</p> <p>We would also like to supply a de-identified transcript to ASIC, to help them better understand your experiences. Your name and any other identifying information will be removed from the transcript meaning that everything you do tell me today is completely confidential and will not be able to be attributed to you.</p>  |
| 1.4 Confirmation of informed consent  | <p><i>Ask if they have any questions and confirm they are happy to proceed. Interview will not be recorded without consent.</i></p>  |

### 2. Narrative interview section (10 mins)

First person oral narratives uniquely provide detailed accounts of an individual experience. Rather than asking questions in relation to a pre-determined topic (as in the next section), this section is guided by the purpose of the research, but open-ended questions are asked according to the naturally occurring story being shared by the participant. This supports a

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| sense of equity and empowerment and allows the most salient experiences and topics to emerge.  |   |
| 2.1 Initial narrative prompt   | <p><b>Please share your story of your experiences with the timeshare or “holiday club”, from when you were first approached/first considered one, right up until today.</b></p> <p>Feel free to include anything you or others close to you recall about this process and experience, as well as anything you or others may have felt about it.</p>   |
| 2.2 Prompt as required to help participant flesh out their story                               | <p><b>Tell me what happened.</b></p> <p><b>What followed that?</b></p> <p><b>Take your time.</b></p> <p><b>What was that like for you?</b></p> <p><b>Can you remember anything specific about that _____?</b></p> <p><b>Can you describe why that moment stands out to you?</b></p> <p><b>How did that relate to _____?</b></p> <p><b>What about that was memorable or important for you?</b></p> <p><b>What did that mean for you?</b></p> |
| 2.3 Note key areas to explore later in the interview if they arise (refer also to journey map) | <ul style="list-style-type: none"> <li>• Key turning points</li> <li>• People involved</li> <li>• Steps in the process</li> <li>• Feelings along the way</li> <li>• Difficult and easy parts</li> <li>• Pleasant and unpleasant parts</li> <li>• Experience vs expectations</li> </ul>  |
| 2.4 Participant checkpoint A   | <p><b>OBSERVE BODY LANGUAGE, TONE OF VOICE, EMOTIONAL STATE OF PARTICIPANT.</b></p> <ul style="list-style-type: none"> <li>• <b>IF NOT UNSETTLED ASK:</b> Just to check, are you happy to continue the interview?</li> <li>• <b>IF UNSETTLED ASK:</b> Just to check, are you happy to continue the interview, or would you like to pause or stop?</li> </ul>  |

**3. Consumer experiences of the timeshare sales process (20 mins)**

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| <p><b>3.1 Pre-purchase</b></p> <p>ASK ALL AS RELEVANT</p> | <p>Let’s go back to when you first heard about the timeshare.</p> <ul style="list-style-type: none"> <li>• How did you first hear about it? How/where were you? Were you approached? By whom? What did they tell you at that time? <ul style="list-style-type: none"> <li>○ Were you told up front that what you were being invited to consider was a timeshare membership? [If not aware it</li> </ul> </li> </ul> |
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|  | <p>was timeshare] What were you told/what did you think it was about?</p> <ul style="list-style-type: none"><li>• What were your initial thoughts or impressions about what the timeshare membership might entail/how it might work? What did you think you would get? How much do you think it would cost? How attracted were you to the idea at that time? Why?<ul style="list-style-type: none"><li>○ Had you ever previously heard of timeshare? Where / from whom? Was it something you had ever considered? Why / why not?</li></ul></li><li>• How long was the time period between hearing about the timeshare and then receiving further information about it? [AS RELEVANT] Why did you decide to find out more?</li><li>• Were you offered any prizes, gifts, discounts, special offers or other incentives to find out more? What did this entail? How did you feel about being offered this incentive?</li><li>• And how did you come to receive further information? Did you attend a sales presentation? Tell me a bit more about that...</li></ul> <p>[ASK FOLLOWING DETAILED PROMPTS OF <i>ENTRY</i> GROUPS:]</p> <ul style="list-style-type: none"><li>• How long after hearing about the timeshare did you attend the presentation?</li><li>• Where was it held? (e.g. location, type of venue) Were you on holidays at the time?</li><li>• What was it like? How would you describe the atmosphere or feeling of the presentation?</li><li>• What happened there? How was the timeshare presented to you? What was attractive to you about the idea?</li><li>• At the time, did you feel like you could have left the presentation at any point had you wanted to? Why / why not? Would you have missed out on anything leaving early?</li><li>• Who did you go with? And why? What was their reaction to the presentation?</li><li>• Did you have any questions or concerns about the information being presented?</li><li>• Did they give you more than one membership option? [IF YES] Did they make any comparisons between the options? How easy/difficult was it to understand the different options e.g. different classes of points? Are you able to tell me in your own words what the different options were?</li></ul> |
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|  | <ul style="list-style-type: none"> <li>• Did you speak to someone at the presentation? Do you remember what their job title was? What did they discuss with you?             <ul style="list-style-type: none"> <li>○ Did the discussion cover your personal financial situation, your financial goals and objectives?</li> <li>○ Did they give you any advice? What did they advise you about?</li> <li>○ How much did you take this advice into account when deciding whether or not to purchase a timeshare?</li> </ul> </li> <li>• Did they give you any documentation? What did it cover? Do you remember being given a Statement of Advice? Do you remember being given a Product Disclosure Statement? What did you do with the documentation? Did you refer to it in your decision-making? Did you feel like you had enough time to go through it? Have you kept it? Have you referred to it afterward?</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>• Did they explain your options if you no longer wanted the timeshare after you had bought it? [IF YES] What option or options did they mention?</li> <li>• Sometimes, people buy a membership for the life of the timeshare or holiday club. Was this the case in your situation? [IF YES] Was it explained to you what would happen at the end of the club's lifetime? [Prompt as necessary:] Did they discuss any financial benefit that you may or may not receive?</li> <li>• Timeshares are regulated as a financial product. Were you aware, or did it feel like you were, being sold a financial product? Why do you say that? Were you aware you were likely to be receiving financial advice? Were you aware that the person providing the advice may have been a licensed financial adviser or authorised representative? What impact did this have on your decision-making, if at all?</li> <li>• How did the sales process compare to the sales processes for other financial products you have purchased before?</li> <li>• At what point in the sales presentation did the price of the timeshare come up?             <ul style="list-style-type: none"> <li>○ How was the offer presented to you? Were you offered the membership at a discount or as a limited-time offer e.g. today only? What were the details of this offer?</li> </ul> </li> </ul> |

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|  | <ul style="list-style-type: none"> <li>○ What was your initial reaction to hearing the price? What considerations did you have regarding the price or paying for the membership?</li> <li>○ What costs did they give you? Did they give you an understanding on how much the membership would cost for the life of the membership?</li> </ul>  |
| <p><b>3.2 Decision-making process</b></p> <p>ASK ALL ENTRY GROUPS ONLY</p>     | <p>Walk me through your decision-making process regarding the timeshare membership...</p> <ul style="list-style-type: none"> <li>● What information did you take into consideration? [<i>Probe on whether they did any cost/value calculations or comparisons with alternative ways of booking holiday accommodation, whether considered how they might leave the membership if needed or wanted to</i>]</li> <li>● Who was involved in the decision and what was their view?</li> <li>● How did your decision-making compare to other financial product purchases you have made? How was it similar or different?</li> <li>● What influence did any prizes, gifts, discounts, special offers or other incentives have on your decision?</li> <li>● How long did you consider the offer before making a decision? [<i>If time elapsed between offer and decision: probe on why/what happened, were they contacted by the timeshare provider?</i>]</li> </ul> |
| <p><b>3.3 Reasons for purchase/non-purchase</b></p> <p>ASK ALL AS RELEVANT</p> | <p>[IF NOT ALREADY COVERED] Let's talk now about your reasons for actually purchasing / deciding not to purchase the timeshare membership.</p> <ul style="list-style-type: none"> <li>● [IF PURCHASED] Why did you decide to purchase the timeshare membership?</li> <li>● What membership type did you purchase (e.g. duration of membership, level of membership)? Why? [For groups 2-4 ask] And roughly when did you purchase the membership?</li> <li>● At the time you purchased it, what did you expect would be the main benefits of the membership? [AS NECESSARY:] Apart from holiday accommodation, what other benefits, if any, did you expect?</li> <li>● [IF DID NOT PURCHASE] Why did you decide NOT to purchase the timeshare membership? How difficult or easy was it to say "no"? Why do you say that? How did it make you feel?</li> </ul>   |
| <p><b>3.4 Payment</b></p> <p>ASK ALL ENTRY GROUPS</p>                          | <ul style="list-style-type: none"> <li>● What payment options did the timeshare provider present to you? How long did you take to decide <i>how</i> you would pay for the membership?</li> </ul>   |

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| <p>ONLY (but tweak questions slightly for those who didn't buy)</p>        | <ul style="list-style-type: none"> <li>• Did you pay for the membership outright (in one payment), outright via payment instalments or did you obtain finance/a loan? Can you tell me why you decided to pay using this method?</li> <li>• <i>[IF FINANCED]</i> At what point was the possibility of obtaining finance/a loan presented to you?</li> <li>• <i>[IF FINANCED]</i> Who did you have discussion(s) with about obtaining finance for your membership – were they from the timeshare provider? Somebody else? What were you told? What options were you given regarding the finance arrangement (e.g. <i>loan term, deposit size, repayment size and frequency</i>)?</li> <li>• <i>[IF FINANCED]</i> What things did you take into consideration when deciding whether or not to get a loan? <i>[Probe on: interest rate, repayment size and frequency, loan term, total cost of the loan over the full term]</i></li> <li>• <i>[If FINANCED]</i> Can you tell me about your finance arrangements – Who was your loan arranged through? How much did you borrow? How long is your loan for? What are your repayments? What is the interest rate? Do you know how much your timeshare membership will cost you in the long run (i.e. including interest)? What is this based on?</li> </ul> |
| <p>3.5 Cooling off</p> <p>ASK ALL ENTRY GROUPS AS RELEVANT, ESPECIALLY</p> | <ul style="list-style-type: none"> <li>• <i>[IF FINANCED]</i> What was your understanding of the relationship between the timeshare provider and the organisation providing the loan? <i>[AS NECESSARY: Were they in the same group of companies?]</i> Was the finance/loan arranged through the same person who gave you advice or someone different? How did you feel about that?</li> <li>• <i>[IF FINANCED]</i> Did you consider getting a loan from elsewhere i.e. not organised through the timeshare provider? Why/why not?</li> <li>• What was the finance application process like? How long did it take? What kinds of questions were you asked / what information did you have to provide? <i>[Probe on: did you need to provide information about your income and expenses?]</i></li> <li>• How did the finance application process compare to the application process for any other forms of finance or other loans you have taken out? Why do you say that?</li> </ul>   |
| <p>3.5 Cooling off</p> <p>ASK ALL ENTRY GROUPS AS RELEVANT, ESPECIALLY</p> | <ul style="list-style-type: none"> <li>• How did you feel about the timeshare purchase in the days or weeks immediately afterwards?</li> <li>• Were you aware that there was a period in which you could cancel your timeshare without any legal or financial issues, this is usually known as a cooling-off period? If so, were you aware how</li> </ul>  |

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| <p><i>IF Entry – purchased a membership but cooled-off</i></p>   | <p>long it was? Were you aware of how you might go about exercising your cooling-off rights (if you wanted to)?</p> <ul style="list-style-type: none"> <li>• [IF DIDN'T COOL-OFF] Did you consider cancelling the membership during the cooling-off period? Why did/didn't you? Do you feel like the cooling-off period was long enough – why / why not?</li> <li>• [IF COOLED-OFF] Why did you decide to cancel the membership in the cooling-off period?             <ul style="list-style-type: none"> <li>• How did you actually exercise these rights e.g. by email, phone etc? What was your experience of this process? How easy or difficult was it to exit the membership at this point? Was there anything that made it difficult for you to exercise these rights?</li> <li>• [If purchased with finance] What was the process for cancelling or reversing the loan? How easy or difficult was it?</li> </ul> </li> </ul> |
| <p><b>3.6 Upgrading membership</b></p> <p>ASK AS RELEVANT, <u>except</u> if <u>did not purchase a membership or cooled-off or Exit</u></p> | <p>Have you considered upgrading your timeshare membership since the original purchase?</p> <ul style="list-style-type: none"> <li>• What prompted this? Were you offered any prizes, gifts, discounts, special offers or other incentives from the timeshare provider to upgrade? Can you remember the details/offer or how the offer was made?</li> <li>• [IF UPGRADED] What made you decide to upgrade your membership? What additional benefits did you expect to receive as a result of upgrading?</li> <li>• [IF UPGRADED] What was your experience of upgrading your membership? Has upgrading provided the benefits you were expecting?</li> <li>• [IF DID NOT UPGRADE] Why have you chosen not to upgrade your membership?</li> </ul>   |

| <p><b>4. Consumer experiences of using timeshare membership (15 mins)</b></p>   |  |
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| <p><b>4.1 Booking accomodation in the last 12 months</b></p> <p>ASK ALL <u>except</u> <i>Did not use; Entry-did not</i></p> | <p>How often have you used your membership to book accommodation in the last 12 months?</p> <p>[IF USED:]</p> <ul style="list-style-type: none"> <li>• Thinking about this/these accommodation booking/s, how did you make your booking/s? By phone/online?</li> <li>• How easy or difficult did you find the booking process? Why is that?</li> </ul> |

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| <p><i>purchase and Entry-cooled off</i></p>   | <ul style="list-style-type: none"> <li>• How long did the booking process take from when you first started looking for accommodation to when you secured the booking/s? How do you feel about that? Were you able to secure your first preferences in terms of the location? Room type/s? Dates? <i>If not</i>, what did you do then? How satisfied or dissatisfied were you with the accommodation you were able to book?</li> <li>• Did you use your membership for any other reason, apart from booking accommodation, within the last 12 months?</li> </ul>   |
| <p><b>4.2 Non-use for booking accommodation in last 12 months</b></p> <p>ASK DID NOT USE GROUP</p>                              | <p>[ASK IF NON-USE ATTEMPTED TO BOOK:] I understand in the last 12 months you attempted to book accommodation but weren't able to.</p> <ul style="list-style-type: none"> <li>• Can you tell me about this/these experience/s?</li> <li>• Why didn't you end up booking the accommodation? How did you feel about this?</li> <li>• What would have made it easier for you to secure accommodation?</li> <li>• Did you use it for any other reason within this period?</li> </ul> <p>[ASK IF NON-USE, DIDN'T ATTEMPT TO BOOK:] I understand you haven't used your membership to book accommodation in the last 12 months. Why is that? Did you use it for any other reason within this period? When did you last use your membership and what were your experiences?</p> |
| <p><b>4.3 Overall perceptions of accommodation</b></p> <p>ASK ALL except <i>Entry-did not purchase and Entry-cooled off</i></p> | <p>Let's talk about your experiences with the timeshare accommodation more generally...</p> <ul style="list-style-type: none"> <li>• How would you describe the range and quality of the accommodation available through the timeshare? Do you feel it offers good value for money compared to other alternatives outside the timeshare? [<i>probe on what proportion of trips are booked through the timeshare, whether other options are used</i>]</li> <li>• What do you think about the locations in which accommodation is available?</li> <li>• What have been your experiences with the availability of your preferred accommodation?</li> <li>• What about your experiences making bookings? And with the booking process or system?</li> </ul>                 |
| <p><b>4.4 Overall perceptions of other aspects of membership</b></p>  | <p>I'd like to get your feedback on other aspects of your membership now.</p> <ul style="list-style-type: none"> <li>• What have been your experiences with the costs associated with maintaining your membership, such as annual</li> </ul>  |



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| <p>ASK ALL except<br/><i>Entry-did not purchase and Entry-cooled off</i></p>  | <p>maintenance fees? How do you feel about the level of these fees and what they cover? What about any changes in the fees over the time you have held the membership?</p> <ul style="list-style-type: none"> <li>• What about upfront costs – what were they like?</li> <li>• What are your thoughts about the points system and how it works? [<i>Probe on: the way in which you can use points, their value, transferring points across years, expiring points</i>]</li> <li>• [<i>For non entry groups - Ascertain if membership paid for outright (in one payment), outright via payment instalments or if finance/a loan ws obtained and why that method was chosen</i>]</li> <li>• [<i>If purchased with finance</i>] How happy are you now with the loan arrangement you used to purchase the membership? How have you been managing meeting your repayments - have you missed meeting any repayments? (If yes, why?) Are there any aspects of the loan that you thought would be different or you have been surprised by?</li> </ul> |
| <p><b>4.5 Meeting expectations</b><br/><br/>ASK ALL except<br/><i>Entry-did not purchase and Entry-cooled off</i></p> | <ul style="list-style-type: none"> <li>• Thinking about your experiences overall with your timeshare membership, how well would you say the membership has met the expectations you had when you purchased it? Why do you say that?</li> <li>• Has it met your expectations around the cost of taking holidays using timeshare? Why/ why not?</li> <li>• How would you summarise the benefits or value the timeshare membership has given you, including over and above accomodation? [<i>Probe on tangible and intangible benefits - practical, financial, emotional, interpersonal/relationship</i>] How do the these compare with expectations you had when you purchased the membership? How do they stack up against the overall cost of the membership?</li> <li>• Would you recommend the timeshare membership to others? Why do you say that?</li> </ul>  |

**5. Consumer experiences of exiting timeshare membership (10 mins)**

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| <p><b>5.1 Consideration of exiting</b></p> <p>ASK ALL <i>except Entry – did not purchase a membership, or purchased a membership but cooled-off, and Exit</i></p> | <ul style="list-style-type: none"> <li>• At this point in time, are you generally happy with your membership, or would you like to end it?</li> <li>• Has there ever been a time that you considered ending/getting out of/exiting your timeshare membership? When was this? Why did you consider this? What happened? [As relevant:] What stopped you from actively trying to end or exit your membership?</li> <li>• How easy or difficult do you think it would be to end or exit your membership? Do you know what options are available to you for ending or exiting your membership if you wanted to? [Probe on awareness of cancelling, selling, transferring membership]</li> <li>• You mentioned you have used the membership in the last 12 months but also would like to end it. What value do you think you are currently getting from the membership?</li> </ul> |
| <p><b>5.2 Reasons for exiting</b></p> <p>ASK <i>Exit group, and non-use – those who attempted to exit their membership</i></p>                                    | <ul style="list-style-type: none"> <li>• When did you decide that you wanted to get out of your timeshare membership? Why was that?</li> <li>• Were you aware of how you could go about doing this prior to deciding to go down that path? How difficult or easy did you think it would be to end or exit your membership?</li> </ul>   |
| <p><b>5.3 Experiences attempting to exit</b></p> <p>ASK <i>Non-use – those who attempted to exit their membership</i></p>   | <p>Please talk me through the attempts you made to end or exit your membership. What happened? Did you communicate with your timeshare provider about this? If so, how easy/difficult was that? What methods did you attempt and why? Why did you end up not exiting the timeshare? How do you feel about that now?</p>   |
| <p><b>5.4 Experiences exiting</b></p> <p>ASK <i>Exit group</i></p>  | <p>Please talk me through the process you went through to end or exit your timeshare membership.</p> <ul style="list-style-type: none"> <li>• What method did you end up using to end or exit your membership? Was that your preferred method? Why/why not?</li> <li>• How long was the process? How easy/difficult was it to communicate with the timeshare provider? Did you seek help from anyone else? If so, who? Did it go smoothly, or did you encounter problems? What were they? To what extent did the process match your expectations?</li> <li>• How do you feel about having exited?</li> <li>• Had you previously tried to exit and been unsuccessful? Tell me about that.</li> </ul>   |

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|  | <ul style="list-style-type: none"> <li>• <i>[If relevant – sold on a secondary market]</i> What was your experience selling your membership? How much did you sell your membership for relative to how much you paid for it? And how did you arrive at that price? How did you find a buyer? What interactions, if any, did you have with the buyer?</li> </ul> |
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## 6. Wrap up and close (5 mins)

Confirming next steps with participants.

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| <b>6.1 Open question and thank</b> | <p>Final question: Finally, is there anything else you'd like to share with us about your experiences with timeshare?</p> <p>Thank you so much for your time today and for being so open and candid. It has been really helpful.</p> <p><i>[If REQUIRED: Would you mind if I got back in touch with you in the next week either by phone or email to follow up on... (anything they couldn't remember/needed to go away and check)?] (Check contact preference)</i></p>               |
| <b>6.2 Confirm/pay incentive</b>   | <p>Face-to-face interviews: Pay incentive in cash, or EFT if that is preference</p> <p>Telephone / video interviews: Confirm BSB and account numbers for EFT.</p>   |
| <b>6.3 Other</b>                   | <p>Leave copy of contact details for sources of support where it feels appropriate.</p> <ul style="list-style-type: none"> <li>• <b>Lifeline Australia:</b> Telephone Crisis Support – 13 11 14 (24 hours, 7 days a week) / <a href="https://www.lifeline.org.au/">https://www.lifeline.org.au/</a></li> <li>• <b>Beyondblue:</b> Telephone Support – 1300 22 4636 (24 hours, 7 days a week) / <a href="https://www.beyondblue.org.au/">https://www.beyondblue.org.au/</a></li> </ul> |

Proforma questions

| Consumer group   | Sub-group                                    | Key questions for group   |
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| <p><b>Entry</b> (received financial advice during a timeshare presentation 1 November to 31 December 2018)</p> | <p>Purchased a membership</p>                | <ol style="list-style-type: none"> <li>1. How did you come to receive an invitation to a timeshare, or “holiday club”, presentation?</li> <li>2. Why did you decide to attend the presentation?</li> <li>3. Why did you decide to purchase a membership?</li> <li>4. Was it easy or difficult to make that decision?</li> <li>5. Do you feel like you had the right amount of time to make that decision?</li> <li>6. Do you feel like you had the right advice and information to weigh it all up?</li> <li>7. How did you pay for your membership and why?</li> <li>8. [IF VIA LOAN] Who organised the loan for you? How did you find that process?</li> <li>9. All in all, are you happy with your decision? Do you have any other feedback about the process you went through to buy a membership?</li> </ol> |
|  | <p>Purchased a membership but cooled-off</p> | <ol style="list-style-type: none"> <li>1. How did you come to receive an invitation to a timeshare, or “holiday club”, presentation?</li> <li>2. Why did you decide to attend the presentation?</li> <li>3. Why did you decide to purchase a membership?</li> <li>4. Was it easy or difficult to make that decision?</li> <li>5. According to the information we have, you no longer have a membership because you exercised cooling-off rights. Why did you end up exercising your cooling-off rights?</li> <li>6. How easy or difficult did you find the process of exercising your cooling-off rights?</li> <li>7. [IF PURCHASED MEMBERSHIP USING LOAN] Was the loan also reversed easily?</li> </ol>  |

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|  |   | 8. Do you have any other feedback about the process you went through?   |
|  | Did not purchase a membership           | <ol style="list-style-type: none"> <li>1. How did you come to receive an invitation to a timeshare, or holiday club, presentation?</li> <li>2. Why did you decide to attend the presentation?</li> <li>3. What information do you recall receiving at the presentation? What impression did you form from that?</li> <li>4. Why did you decide not to purchase a membership?</li> <li>5. Do you have any other feedback about the process you went through?</li> </ol>  |
| <p><b>Non-use</b> (have a membership but have not used it to book and stay in accommodation in the last 12 months)</p> | Attempted to use their membership       | <ol style="list-style-type: none"> <li>1. Why did you originally decide to purchase a timeshare, or “holiday club” membership?</li> <li>2. To what extent has the reality of being a timeshare member matched up with your expectations at the time you purchased the membership? Why do you say that?</li> <li>3. I understand you have attempted to use your membership in the last 12 months but didn't. Can you briefly tell me about that? What prevented you from booking accommodation?</li> <li>4. And do you have any other feedback about the timeshare membership itself?</li> </ol> |
|  | Did not attempt to use their membership | <ol style="list-style-type: none"> <li>1. Why did you originally decide to purchase a timeshare, or “holiday club” membership?</li> <li>2. To what extent has the reality of being a timeshare member matched up with your expectations at the time you purchased the membership? Why do you say that?</li> <li>3. How often have you used your membership to book accommodation?</li> <li>4. And do you have any other feedback about the timeshare membership itself?</li> </ol>  |
|  | Attempted to exit their membership      | <ol style="list-style-type: none"> <li>1. I understand that you've attempted to cancel, sell or transfer your timeshare or “holiday</li> </ol>  |

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|  |  | <p>club” membership. What are the reasons for this?</p> <ol style="list-style-type: none"> <li>2. What did you do when you were trying to exit your membership?</li> <li>3. To your knowledge, what are the options available for exiting a membership? At what point did you become aware of this/these?</li> <li>4. Why did you decide not to exit your membership?</li> <li>5. And do you have any other feedback about the timeshare membership?</li> </ol>  |
| <p><b>Use</b> (have used membership to book and stay in accommodation in the last 12 months)</p> |  | <ol style="list-style-type: none"> <li>1. Why did you originally decide to purchase a timeshare, or “holiday club” membership?</li> <li>2. To what extent has the reality of being a timeshare member matched up with your expectations at the time you purchased the membership? Why do you say that?</li> <li>3. I understand you have booked and stayed in accommodation in the last 12 months. How did you find that experience? Probe as necessary: How did you book? How long did the booking process take? Were you able to secure your first preference?</li> <li>4. What are your general impressions of the accommodation available through your timeshare membership, in terms of quality, location, time of year bookings were available, and value for money?</li> <li>5. And do you have any other feedback about the timeshare membership?</li> </ol> |
| <p><b>Exit</b> (have exited their membership in the last 12 months)</p>                          |  | <ol style="list-style-type: none"> <li>1. I understand that you’ve recently [INSERT RELEVANT OPTION BASED ON RECRUITMENT SCREENER: cancelled, sold or transferred your timeshare or “holiday club” membership]. What was the reason or reasons you did this?</li> <li>2. Why did you choose to leave your membership by [INSERT RELEVANT OPTION BASED ON SCREENER]?</li> </ol>   |

3. How did you find the process of exiting your membership?
4. And do you have any other feedback about the timeshare membership?

