

# Industry Insight



COLOMBIA EDITION



## Shared Ownership 2012: A Market Perspective



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# The Colombian Market Analysis

The Colombian economy has seen significant growth in recent years, which is expected to continue throughout 2013. According to The World Bank, Colombia's gross domestic product (GDP) has shown positive increases year-over-year, growing 1.7% in 2009 (following the world economic crisis), and 5.9% in 2011, the most recent available figure. Decreasing poverty, increased life expectancy, and rising gross national income per capita in recent years are all strong indicators of the country's economic success.<sup>1</sup>

In line with growing national income, consumer spending is also increasing steadily. In the third quarter of 2012, consumer spending increased to COP\$78.01 trillion (an all-time high), up from COP\$77.06 trillion in the second quarter of 2012. In comparison, Colombia's consumer spending averaged COP\$60.46 trillion from 2000 until 2012.<sup>2</sup>

Colombia has placed emphasis on security and infrastructure, which has had a positive impact on both domestic travel and foreign investment. In 2012, travel and tourism amounted to 1.7% of Colombia's GDP, a COP\$11.11 trillion contribution. It is forecasted to increase in 2013 by 6.2% to COP\$11.80 trillion. "This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists."<sup>3</sup> Two-thirds of travel and tourism spending is from leisure travel (64.2%), and the rest is from business travel. As for foreign investment, the foreign and domestic contribution to Colombia's GDP in 2012 was 24.6% and 75.4%, respectively.<sup>4</sup>

<sup>1</sup>The World Bank, *Colombia*, <http://data.worldbank.org/country/colombia>

<sup>2</sup>Trading Economics, Dane, Colombia, *Colombia Consumer Spending*, <http://www.tradingeconomics.com/colombia/consumer-spending>

<sup>3</sup>World Travel & Tourism Council (2013), *WTTC Travel & Tourism Economic Impact 2013*, [http://www.wttc.org/site\\_media/uploads/downloads/colombia2013.pdf](http://www.wttc.org/site_media/uploads/downloads/colombia2013.pdf)

<sup>4</sup>World Travel & Tourism Council (2013), *WTTC Travel & Tourism Economic Impact 2013*, [http://www.wttc.org/site\\_media/uploads/downloads/colombia2013.pdf](http://www.wttc.org/site_media/uploads/downloads/colombia2013.pdf)

At the end of 2012, the exchange rate was COP\$1,768.23 to US\$1. The currency revalued 8.98% over the course of 2012.



# Introduction

*Shared Ownership 2012: A Market Perspective — Colombia Edition* is designed to support the growth of the shared ownership industry by providing resort developers, sellers, marketers, and those considering entrance into the arena with unique insights regarding the perception of shared resort real estate products. This study, which focuses on leisure travelers who reside in the country of Colombia, examines perceptions of the product and its related concepts, vacation preferences, and future travel intentions.

The topics covered include target-market demography, perceptions and desired attributes of shared resort real estate products, travel patterns and preferences, and destinations of interest for future vacations. This report examines relevant trends in leisure-travel preferences to serve as a basis for more insightful product development and marketing strategy.

Developed exclusively for Interval International®, *Shared Ownership 2012: A Market Perspective — Colombia Edition* was prepared by Ipsos Loyalty — Travel, from a nationally representative online consumer panel of respondents who met certain leisure travel, age, and household-income qualifications.

# Leisure Travelers

## Interested in Purchasing Vacation Time

Among the population of active leisure travelers in Colombia surveyed, one out of four (25%) report that they are either very or extremely interested in purchasing a shared resort real estate product during the next two years.

**Table 1: Definition of the Targeted Segment**

	2012 Active Leisure Travelers (%)
<b>INTERESTED IN PURCHASING A SHARED OWNERSHIP PRODUCT DURING THE NEXT TWO YEARS</b>	
Extremely interested	25
Neither interested nor disinterested	33
Not very interested	22
Not at all interested	20

The majority of active leisure travelers residing in Colombia are married (58%), have attended at least one year of graduate school or more (58%), and have an annual household income ranging between \$80 million and approximately COP\$125 million (64%). More than half are older than 45 (with an overall average of 43.8 years of age) and live in a household with slightly more than three persons. More than half of study respondents claim that they own their home, with nearly seven in ten (69%) owning their home outright, while slightly more than one in three (31%) own their home subject to a mortgage. Half of the study respondents (50%) reside in Bogotá, while nearly one in six live in Medellín (15%).





## Table 2: Demography

	2012 Active Leisure Travelers (%)
<b>GENDER</b>	
Women	51
Men	49
<b>MARITAL STATUS</b>	
Married	58
Divorced/separated/widowed	16
Never married	15
Unmarried couple living together — opposite sex	11
Unmarried couple living together — same sex	-
<b>AGE</b>	
25 – 34 years	22
35 – 44 years	25
45 – 54 years	31
55 years and older	22
<b>EDUCATIONAL ATTAINMENT</b>	
Four years of high school or less	-
Vocational school or apprenticeship	15
One to three years of college	5
Four years of college	22
One year of graduate school or more	58
<b>ANNUAL HOUSEHOLD INCOME</b>	
COP\$70,000,000 – COP\$79,999,999	15
COP\$80,000,000 – COP\$99,999,999	41
COP\$100,000,000 – COP\$124,999,999	23
COP\$125,000,000 – COP\$149,999,999	10
COP\$150,000,000 or more	11
<b>HOME OWNERSHIP</b>	
Own home without a mortgage	69
Own home with a mortgage	31
<b>GEOGRAPHIC ORIGIN</b>	
Bogotá	50
Medellín	15
Cali	10
Barranquilla	10
Other	15

# Shared Ownership Issues

Among leisure travelers who reside in Colombia, nine in ten (90%) study respondents report that they are interested in condominium-style accommodations as an alternative to traditional resorts, hotels, or motels. When asked about those aspects of condominium-style accommodations that they find most preferable, almost six in ten (57%) cite unit amenities, such as hot tubs and entertainment centers, and kitchen facilities as the most prevalent attributes. A slightly lesser proportion (55%) is attracted to the value proposition associated with condominium-style accommodations. Private sleeping capacity is also cited by half of study respondents.

**Table 3: Interest in Condominium-Style Accommodations as an Alternative to a Traditional Resort, Hotel, or Motel**

	2012 Active Leisure Travelers (%)*
<b>INTERESTED IN CONDOMINIUM-STYLE ACCOMMODATIONS AS AN ALTERNATIVE TO A TRADITIONAL RESORT, HOTEL, OR MOTEL PRODUCT DURING THE NEXT TWO YEARS</b>	90
<b>PREFERRED ASPECTS OF CONDOMINIUM-STYLE ACCOMMODATIONS**</b>	
Unit amenities (e.g., hot tub, entertainment center)	57
Kitchen facilities	57
More value for the dollar	55
Private sleeping capacity	50
Saving money by not dining out too often	47
More space for friends and family	45
More calming experience	43
Customer service	39
More of a home-like environment	35

\*Does not equal 100% due to multiple responses.

\*\*Asked among those who are familiar with condominium-style accommodations.





Owners of vacation time overwhelmingly report unit amenities as the most appealing attribute of shared ownership, as mentioned by more than nine in ten study respondents (91%). A slightly lesser proportion cite value for the price (90%), the ability to lock in future years' vacation costs at today's prices (88%), and the ability to exchange vacation time for other destinations or to travel at differing times of the year (87%) as having strong appeal. The motivation to take family vacations and the appeal of more overall space is also cited by more than eight in ten (83%).

**Table 4: Relative Appeal of Shared Ownership Attributes**

	2012 Active Leisure Travelers (%) <sup>^**</sup>
Unit amenities (e.g., hot tub, entertainment center)	91
Value for the price	90
Ability to fix or lock in future years' vacation costs at today's prices	88
Ability to exchange vacation time for other destinations or other times of the year	87
Motivates family to take vacations	83
More overall space	83
Family "togetherness"	78
Kitchen facilities	75

<sup>^</sup>Asked among those who own a shared ownership product.

<sup>\*\*</sup>Top two box score on a scale of one to five, where one equals "not at all appealing" and five equals "extremely appealing."

Study respondents feel that they have a general familiarity with shared resort real estate concepts. Timesharing is recognized by more than half of study respondents (54%), whereas vacation ownership is familiar to more than one-third (37%). Fractional ownership is well-known to nearly one in five (19%). More than one-third (35%) also believe themselves to be familiar with the concepts of travel clubs and discount cards.

**Table 5: Shared Ownership Concepts**

	2012 Active Leisure Travelers (%)*
<b>FAMILIARITY WITH SHARED OWNERSHIP CONCEPTS</b>	
Timeshare	54
Vacation ownership	37
Fractional ownership	19
Travel clubs/discount cards	36
<b>HOSPITALITY BRAND IMPORTANCE</b>	
Extremely important	13
Very important	42
Neither important nor unimportant	37
Not very important	5
Not at all important	3

\*Familiarity with Shared Ownership Concepts percentages do not equal 100% due to multiple responses.

It is noteworthy to point out that more than half of study respondents (55%) believe that an association or affiliation with a recognized international or regional hospitality brand is either very or extremely important when considering the purchase of a shared ownership product.





Nearly half (48%) of study respondents report that the two-bedroom unit configuration is the unit size most preferred when considering the purchase of a shared ownership product. One-third (33%) prefer the three-bedroom configuration, while almost one in ten (8%) prefer a unit configuration consisting of four bedrooms or larger.

**Table 6: Preferred Unit Configuration**

	2012 Active Leisure Travelers (%)
<b>PREFERRED UNIT CONFIGURATION</b>	
Studio	2
1-bedroom	9
2-bedroom	48
3-bedroom	33
4-bedroom or larger	8



Leisure travelers who reside in Colombia and who are interested in purchasing a shared ownership product report that they prefer to learn about shared resort real estate products through online websites and various forms of broadcast advertising, as well as in-person interaction with sales representatives. Company websites offering the product are preferred by half of study respondents (50%), while industry websites explaining the advantages of the product were cited by a slightly lesser proportion (47%). Television advertisements and infomercials were mentioned by more than four in ten (44%) whereas fully four in ten (40%) prefer mail kiosks with a sales representative to answer questions.<sup>5</sup>

**Table 7: Preferred Marketing and Communication Methods**

	2012 Interested in Purchasing Shared Ownership (%)*
Company websites offering the product	50
Industry websites explaining the advantages of the product	47
Television advertising	44
Television infomercials	44
Mall kiosks with a sales representative to answer questions	40
Email	38
Internet community sites such as Facebook or Twitter	37

<sup>5</sup>Respondents were asked to indicate each marketing method presented using a five point scale, where "1" equals not at all effective and "5" equals extremely effective. Top-two box scores are reported. Accordingly, multiple responses were permitted.

\*Does not equal 100% due to multiple responses

Study respondents were asked to rank those attributes associated with shared resort real estate products in order of importance in the overall purchase decision. Purchase price was cited as the most important attribute, followed by the resort destination and flexibility of use. On-site amenities, facilities, and services and the resort’s location within the destination were also cited among the top-five attributes influencing the shared ownership purchase decision.

**Table 8: Influence of Shared Ownership Attributes on the Purchase Decision Among Those Interested in Purchasing Vacation Time**

<b>RANKED IN ORDER OF IMPORTANCE*</b>
1. Purchase price
2. Destination
3. Flexibility of use
4. On-site amenities, facilities, and services
5. Location within destination
6. Reputation of the resort developer, marketer, and/or seller
7. Nearby amenities, facilities, and services
8. Annual maintenance-fee obligation
9. Reputation of the product and/or industry
10. Access to varying unit types and configurations

Among leisure travelers who are not interested in purchasing vacation time, an extraordinary opportunity exists to better educate potential consumers of shared ownership products. More than half (55%) of study respondents who are not interested in acquiring a shared ownership product report that they do not wish to be tied to a single location, as they prefer to vacation in a variety of destinations. Nearly half (47%) don’t think that shared ownership vacationing meets their own personal needs, while nearly one-third (30%) are concerned about negative comments that they have heard from family or friends. A slightly lesser proportion (27%) are concerned that annual maintenance fee obligations are too expensive.

\*Based on respondent’s ranking of each attribute, where “1” represents the attribute of greatest importance and “10” represents the attribute of least importance.

# Leisure Travel

## Patterns and Preferences

Active leisure travelers residing in Colombia report that they have taken an average of three (3.0) qualifying leisure trips<sup>6</sup> in the past year. More than four in ten (44%) say they are planning to take more leisure trips during the next 12 months than they took last year, while approximately half (49%) plan to take the same number of trips. Only one in twenty (5%) plan to take fewer trips than taken in the past year.

**Table 9: Trips Taken 120 Kilometers or More Away From Home in the Past Year**

	2012 Active Leisure Travelers
<b>MEAN FOR ALL LEISURE TRAVELERS WHO TOOK ONE OR MORE TRIPS</b>	3.0

**Table 10: Future Overnight Leisure Trips Planned 120 Kilometers or More Away From Home in the Next 12 Months**

	2012 Active Leisure Travelers (%)
<b>AMOUNT OF TRIPS</b>	
More trips	44
The same number of trips	49
Fewer trips	5
No leisure trips planned during the next 12 months	2

<sup>6</sup>For a definition of the term "qualifying leisure trips," reference is made in the Methodology Section of this report. See page 20.





Weekend trips remain most popular among active leisure travelers residing in Colombia. Nearly two-thirds (64%) have taken one or more leisure trips of one to four nights in duration including a Saturday evening during the past year. A similar proportion (63%) have taken extended trips, while slightly less than one in three (31%) have taken weekday trips. On average, these travelers report taking an average of 2.2, 1.5, and 1.5 weekend, weekday, and extended trips per year, respectively.

**Table 11: Leisure Trips Taken\***

	2012 Active Leisure Travelers (%)
<b>WEEKEND TRIP INCIDENCE**</b>	
One or more	64
None	36
Average number of weekend trips taken**	2.2
<b>WEEKDAY TRIP INCIDENCE***</b>	
One or more	31
None	69
Average number of weekday trips taken***	1.5
<b>EXTENDED TRIP INCIDENCE****</b>	
One or more	63
None	37
Average number of extended trips taken****	1.5

\*Among those who took one or more trips in the category.

\*\*Weekend trip: A trip of one to four nights that involved a stay over a Saturday night.

\*\*\*Weekday trip: A trip of one to four nights that did not involve a stay over a Saturday night.

\*\*\*\*Extended trip: A trip of five consecutive nights or more.

More than two-thirds (69%) of active leisure travelers residing in Colombia consider themselves a joint planner and decision maker regarding vacation plans. Nearly three in ten (29%) report that they are the principal planner and decision maker, while one in fifty (2%) offer only limited suggestions or recommendations in the vacation-planning and decision-making process.

**Table 12: Role in Choosing Vacation Accommodations**

	2012 Active Leisure Travelers (%)
Joint planner and decision maker	69
Primary planner and decision maker	29
Limited planner and decision maker	2

Nearly seven out of every ten active leisure travelers residing in Colombia have stayed in a resort, hotel, or motel (69%), while slightly less than half (49%) have vacationed by visiting friends or relatives. Nearly four in ten (38%) stayed in a vacation home or condominium that they either own or rented.

More than three in four (77%) intend to vacation at a resort, hotel, or motel within the next 12 months. However, slightly more than one in every five (21%) cite their intention to vacation in shared ownership accommodations. This observation suggests that a perception gap may exist, thus reinforcing the need for developers, sellers, and marketers to better educate potential consumers about the benefits of shared ownership.



## Table 13: Accommodation Preferences

	2012 Active Leisure Travelers (%)*
<b>ACCOMMODATIONS IN THE LAST 12 MONTHS*</b>	
In a resort, hotel, or motel	69
With friends or relatives	49
In an owned or rented vacation home or condominium	38
In an owned, rented, or exchanged shared ownership product	11
On a cruise ship	3
In other accommodations	1
<b>PLANNED ACCOMMODATIONS IN THE NEXT 12 MONTHS</b>	
In a resort, hotel, or motel	77
With friends or relatives	45
In an owned or rented vacation home or condominium	40
On a cruise ship	27
In an owned, rented, or exchanged shared ownership product	21
In other accommodations	-

Among active leisure travelers residing in Colombia, more than six in ten (64%) took at least one leisure trip in the past year with their spouse or another adult *without children*. More than half (59%) took at least one leisure trip *with children*, the majority of which were taken with a spouse or another adult.

## Table 14: Travel Party Composition

	2012 Active Leisure Travelers (%)*
<b>PAST COMPOSITION OF ONE OR MORE TRIPS IN THE PAST YEAR</b>	
With spouse or another adult without children	64
With a spouse or other adult with children	52
Alone	16
With children only (no spouse or other adult)	7

\*Does not equal 100% due to multiple responses.

# Future Leisure Travel

## Patterns and Preferences

More than four in ten (42%) active leisure travelers residing in Colombia express a desire to visit Cartagena and Santa Marta within the next two years, while a lesser proportion (26%) are interested in visiting the Coffee Zone. Slightly more than one in fifteen (7%) hope to visit San Andrés/Providencia.

**Table 15: Desired Colombian Travel Destinations Within the Next Two Years — by Region (Aided)**

REGION	2012 Active Leisure Travelers (%)*
Cartagena/Santa Marta	42
Coffee Triangle (Eje Cafetero)	27
San Andrés/Providencia	8
Amazonas	2
Other	5

\*Does not equal 100% because some respondents did not express an interest in traveling within Colombia.





The U.S. is cited as the preferred international destination among active leisure travelers residing in Colombia, cited by more than four in ten (42%) study respondents. A slightly lesser proportion (41%) wish to travel to Argentina, while nearly four in ten (38%) would like to experience a European vacation. More than one-third (34%) mention their interest in vacationing in the Caribbean during the next two years, while a slightly lesser proportion (32%) express a desire to visit Brazil.

**Table 16: Desired International Travel Destinations Within the Next Two Years — by Region (Aided)**

AREA/REGION	2012 Active Leisure Travelers (%)*
U.S.	42
Argentina	41
Europe	38
Caribbean	34
Brazil	32
Mexico	28
South America, Other	21
Central America	17
Uruguay	7
Other	10

\*Does not equal 100% due to multiple responses.

# Methodology

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The data for this analysis were obtained from interviews conducted online with a panel of 405 prequalified active leisure travelers. All respondents (i) had taken at least one leisure trip of 120 kilometers or more from home requiring overnight accommodations during the previous 12 months, (ii) reported household income of at least COP\$70,000,000, (iii) were at least 25 years of age, and (iv) expressed interest in acquiring some form of vacation time during the next two years. These individuals are referred to in this report as “active leisure travelers.”

The survey methodology used to gather the data appearing in this report were collected through the use of a nationally representative online consumer panel. However, the results from this study should not be considered as representative of the Colombian general population as a whole, due to the specific demographic qualifying criteria mentioned above. In addition, respondents were targeted from specific regions for the purpose of this research, so results should not be considered to be representative of all Colombians. When interpreting the results, consideration should be given to the volatile economic environment that prevailed during the dates that respondents were polled (July and August 2012), and the general effect this environment had on the demography of those interested in purchasing some form of vacation time and respondents’ interest in travel overall.

The error interval of all estimates appearing in this report is +/- 4.8% at the 95% level of confidence, except for those included in table two with regard to home ownership, where the error interval is +/- 7.5%, and the narrative discussion addressing objections to purchasing vacation time, where the error interval is +/- 6.3%.

“No answers” to demography and remaining questions were excluded from the base used for calculating percentages.





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