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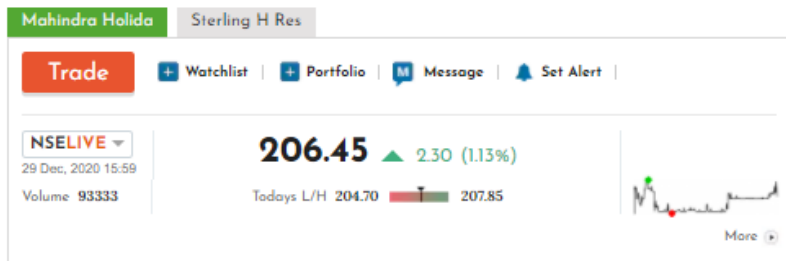
Home > News > Business > COMPANIES

Resort memberships skip the slowdown blues; timeshare holiday companies witness no cancellations

Between, Mahindra and Sterling, there are over 360,000 members. Timeshare, also known as vacation ownership, members typically choose the EMI mode to pay the fees, spread across 6-48 months.

■ SWARAJ BAGGONKAR | JULY 03, 2020 / 07:09 PM IST





The economic hardship following the nationwide lockdown has had little or no impact on the timeshare holiday market. **Mahindra Holidays** and Sterling Holidays, two of the biggest companies in the segment, have witnessed no cancellations or withdrawal of memberships.

While this may look surprising, Ramesh Ramanathan, chairman and managing director, Sterling Holidays Resorts, has an explanation: “What this means is that people want to holiday as soon as the restrictions are lifted. Even during the slowdown, a lot of people were willing to pay us the maintenance money, which we call annual subscription fee.”

“Of course, some members delayed payments. But that is very normal. Members have been reaching out to us to know if they can postpone their payments and we have been very considerate,” said Kavinder Singh, managing director, Mahindra Holidays.

Unlike in the financial sector where banks have declared a moratorium of three months, there has been no such provision in the timeshare business.

Though both companies saw equated monthly installment (EMI)-paying members seeking a moratorium for a couple of months, there have been no cancellation of memberships.

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“We have close to 100,000 members. Of these, 16,000 are EMI-paying ones. During April, 800 members did not pay EMI but they have not gone anywhere and are very much part of the company. We did not receive even a single request for cancellation of membership during this period”, Ramanathan added.

Sterling has been promoting sales using videos and phone calls and the membership enrollment is on.



Membership and maintenance fees not only help run properties but they also fuel expansion plans. If fees dry up, it would be difficult for the companies to meet working capital or capital expenditure spends.

“In June, we have seen things pick up. We retained a substantial portion of the advance paid by corporates for conferencing,” added Ramanathan.

Selling timeshare holiday packages during a lockdown is not easy. Convincing prospective members to join when there are restrictions on travel and tourism is a big challenge.

For Mahindra Holidays, not only have members been prompt in paying the fees but the company claims it has even managed to acquire new members using the digital means. The company, however, declined to share the number of new members during the last three months.

“We started a digital reach-out programme. It was very surprising to see people buying memberships watching our promotional videos, talking to our sales representatives and doing contactless buying. Enrolments have not stopped for us”, Singh added.

Mahindra Holidays is the market leader in the vacation ownership segment, with nearly 260,000 members growing at a cumulative rate of 7-8 percent.

The company operates the business on the ‘Club Mahindra’ brand. Around 4,500 members are added every quarter in the Rs 3.5 lakh annual membership fee category.

The hospitality industry is staring at an estimated loss of Rs 10 lakh crore, and up to 25 percent impact on international travel, besides putting 38 million jobs at risk, according to the Federation of Associations in Indian Tourism & Hospitality, a federation of 10 tourism, travel and hospitality organisations.



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