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# Spinnaker Resorts

## Find Your Niche And Fill It — An Age-Old Success Formula

BY CATHERINE LACKNER



Construction begins in April for Bluewater Resort, breaking ground as Spinnaker Resorts' first resort on Hilton Head Island's Intracoastal Waterway.

Knowing your target market and creating the right product for it has always spelled success for Spinnaker Resorts, headquartered in Hilton Head, South Carolina.

The company, which has developed resorts in Hilton Head, South Carolina, Beaver Creek, Colorado, Branson, Missouri, and Ormond Beach, Florida, started in 1982 when land developer Ken Taylor, Spinnaker Resorts president and founder, tackled an ailing conversion property with several partners from his native Toronto. "After we successfully turned that property around," Taylor says, "I convinced my

partners that we should get into the timeshare business with a purpose-built project."

Spinnaker Resorts' first timeshare project was Spinnaker, a townhouse-style construction of 48 two-bedroom, two-bathroom units, in the traditional seaside rustic Hilton Head style. Equipped with tennis courts, a golf program with green fees included, pool, and other recreational facilities, Spinnaker sold out in three years. It was the keystone for many successful projects to follow.

"I had done a lot of research," Taylor says, "and I knew timeshare was the answer and this was the place." Hilton Head, he explains, is different from South Florida, the Bahamas, and other tourist destinations: "It's low-key, with lots of control exercised to respect the island's natural environment and to remain low-key. Signage is limited and sporting trails are abundant for active vacationers."

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### BIG PLANS FOR FAMILIES

Hilton Head is a drive-to destination popular with East Coast and Midwest residents, and it draws a substantial number of visitors from Canada. "I knew that if I designed a resort for people like me — middle-class buyers with active lifestyles, who want to spend time with their families in a relaxed environment — I would be successful," he explains. "I knew something flashy would not appeal."

As important as the beaches and unspoiled environment are to its appeal, Hilton Head still offers plenty of diversions. "There is great shopping, great restaurants, tennis, golf, something for everyone," Taylor says.

Spinnaker was followed by Carolina Club, Southwind II, Southwind, Egret Point, The Cottages, and Waterside. "We started developing three-bedroom units with the Carolina Club," continues Taylor. "We recognized that three-bedrooms were a strong market here, particularly in the summer, when some families travel in large groups."

Large families generally occupy the units, as there are no lock-offs in Hilton Head. "A lock-off counts as a density unit, so there's no real incentive to build them," Taylor says.

### THE TRUTH ABOUT FRACTIONALS

Carolina Club was the company's first fractional resort, selling quarter interests (for US\$65,000) and eighth interests (at US\$37,000) in the mid '80s. And it was then that Taylor discovered another truth: There was a limited market for fractionals in Hilton Head. "The market dried up and was saturated," Taylor says. "In drive-to destinations, people don't want to visit six or eight times a year."

"We found that people didn't need 13 weeks," says Carolyn Oliver, Spinnaker Resorts' executive

## A FAMILY AFFAIR

Spinnaker Resorts is a family business: In addition to Ken Taylor's daughter, Carolyn Oliver, other family members are involved. Taylor's wife, Joan, is the primary interior designer; son Brian Taylor, previously involved with Spinnaker Resorts, now develops resorts independent from Spinnaker in Branson, and daughter Christine Taylor is involved in the promotion end of the business. Shawn Oliver, Carolyn Oliver's husband, is general sales manager of all Spinnaker properties. "We all work together really well," Ken Taylor says. "Hopefully, that means we'll enjoy longevity."



LEFT TO RIGHT: Christine Taylor, Ken Taylor, Joan Taylor, Carolyn Oliver, and Shawn Oliver.



Although most of Spinnaker Resorts' properties, such as the Carolina Club (above), are concentrated in the Hilton Head area, the developer has expanded to vacation locations beyond, including Palace View Resort (right) in Branson, Missouri.

director, who is also Taylor's daughter. "If you're on a rotating calendar, those weeks keep coming at you fast. The average person wants to be here once or twice each year."

Spinnaker Resorts acknowledges that there is a valid market for fractionals, but it most likely exists in ski areas and other high-end destinations. "It's a different market, in which the buyers have a higher disposable income and expect a level of service that isn't what people want in Hilton Head," Taylor explains.

Answering the market trend, Spinnaker Resorts has repurchased 60 percent of the Carolina Club units and resold them in weekly increments.

### BRANCHING OUT

In 1989, the Taylors looked outside Hilton Head for the first time, creating St. James Place in Beaver Creek, Colorado. "Eventually, I sold out to my partners," Taylor recalls. While he enjoyed Beaver Creek's ski ambiance and beautiful locale, "I was tired of the two-hour time change," he says. "I decided to concentrate on the East Coast properties."

Taylor added four more Hilton Head projects after that, but found himself tempted again by other vacation destinations. "We were looking at some of the nice growth markets," Taylor says, "and we went into two markets that are very different from Hilton Head." In 1998, Spinnaker Resorts launched Palace View in Branson, Missouri, and in the same year, the Royal Floridian Resort in Ormond Beach, Florida.

Branson draws visitors from the Central U.S. and Midwest, including Texas, Oklahoma, Indiana, Kansas, and Missouri itself, whereas Ormond Beach enjoys spillover tourist traffic from Orlando, Daytona Beach, and other Central Florida destinations.

### ON THE DRAWING TABLE

Spinnaker Resorts is currently in the process of developing the 212-unit Bluewater Resort on the Intracoastal Waterway, its first resort on the intracoastal and located on the north end of Hilton Head Island. The first phase is scheduled

to come to market in April 2006, followed by six more phases featuring large two- and three-bedroom units. Also on the drawing table is Royal Floridian South, a purpose-built development for Ormond Beach, (the Royal Floridian Resort was a conversion) and two projects slated for Branson, where Spinnaker Resorts owns a substantial amount of raw land.

In addition to identifying and building for its target market, "I think we've succeeded because we've stayed away from sales gimmicks," Taylor says. "First of all, your best sales contact is your owner. If you keep that person satisfied, it's hard to go wrong."

The company runs three phone rooms "and even with the Do Not Call list, we're strong on phone sales," Taylor says. "We really believe in mini-vacs, and we have been successful with day drives in the past."

Off-premises contact "is a good market in Hilton Head because nearly everyone who comes here is qualified to buy," Taylor says. "There's a certain cachet about Hilton Head; people think that it's expensive, though it's not. So your target purchaser is probably here."

### A QUALITY ALLIANCE

Oliver points to Southwind Management Corporation, founded in 1993, as an additional reason for owners' high degree of satisfaction with the purchase decision and willingness to refer others. "All of our resorts are managed by Southwind, which doesn't offer its property management services to other clients," she says. "Spinnaker Resorts strives to ensure that the quality of the product is maintained at that same high level our owners have come to expect."

That same insistence on quality led Spinnaker to affiliate with Interval International. "Interval has a better quality of resort inventory, similar to the quality level Spinnaker represents," Taylor says. "We prefer to be aligned with that sort of company."

Taylor is adamant on the reason he entered the timeshare arena and remains enthusiastic about it. "I wanted to run a nice clean business that offers everybody a great vacation," he says. "I think we've achieved that."

"He's building a legacy of quality developments that he believes in," Oliver adds. ♦

<b>fast facts</b>	
<b>SPINNAKER RESORTS</b>	
<b>developer</b>	Spinnaker Resorts
<b>headquarters</b>	Hilton Head, South Carolina
<b>employees</b>	approximately 350
<b>resorts</b>	Hilton Head, South Carolina: Carolina Club, Bluewater Resort & Marina (under development), Waterside by Spinnaker, Cottages at Shipyard, Egret Point, Southwind Villas, The Players Club Hotel. Branson, Missouri: Palace View Resort. Ormond Beach, Florida: The Royal Floridian
<b>product</b>	Traditional deeded timeshare
<b>units</b>	Primarily two- and three-bedroom units, ranging from 1,275 square feet (118 square meters) to 1,750 square feet (163 square meters)
<b>web sites</b>	<a href="http://www.spinnakerresorts.com">www.spinnakerresorts.com</a>