



## Grand Crowne Resorts and Trooval PreQual

A Case Study in the Power of Real-Time Predictive Modeling for Tour Profitability

### PROBLEM:

Grand Crowne Resorts needed to implement a new sales and marketing strategy after market sales went down 8-10% in Branson and Pigeon Forge.

### SOLUTION:

Trooval PreQual, an SaaS (Software as a Service) program that enables real-time data analytic and predictive modeling

### BENEFITS:

- Successfully predicts consumer's behavior and propensity to buy using real-time data
- Lowers sales and marketing costs; optimizes premiums
- Lowers default rates; increases tour flow and VPG
- Helps timeshare professionals identify—and focus on—the more profitable tours

### Industry Background

From the 1970s onward, timeshare professionals enjoyed uninterrupted success. For much of those four decades, a singular formula was followed: build a high quality product, secure an attractive debt rate, and channel hordes of tours through a sales center. But most people have become increasingly aware that those simple days are over. Masses of unvetted tours funneled through costly sales centers are no longer tolerated, and have also become a recipe for insolvency. Instead, executives are being asked to disaggregate sales and marketing budgets, surgically eliminate ineffective programs, and answer previously ignored questions:

- Which lead generation channels drive the best margins?
- How are tours vetted prior to receipt of premiums?
- How can the “ideal” tour be determined and targeted?
- Which tours should be eliminated or turned away?
- Which tours should receive higher marketing spend (a.k.a premiums)?
- How can I effectively predict consumer behavior—and his propensity to buy?

Answering these questions should be paramount for industry executives. However, to effectively do so means embarking on a statistical and analytical journey far removed from traditional timeshare practices. It's new, it's scary, and it requires skills and technology not easily found in traditional timeshare circles.

### Charles Patton and Grand Crowne Resorts

Charles “Chuck” Patton is a veteran of the timeshare industry and the head of Marketing for Grand Crowne Resorts, a multi-location timeshare resort developer. His career spans four decades and has included senior leadership roles at Four Seasons USA, Group RCI and Walt Disney Vacations in addition to authoring industry text *Fifteen Secrets to Successful Timeshare Management*. Patton is a technologist, an author, a marketer, and in many ways an innovator who loves to exploit new methods to solve old problems.

### Facing the Economic Downturn

In 2007, Grand Crowne Resorts faced a dilemma. “Flat seemed to be the new up,” Patton joked. “Our markets, Branson (MO) and Pigeon Forge (TN), were down 8-10% versus prior year.” He needed to maintain Grand Crowne’s profitability through this downturn.

### 43% Sales and Marketing Costs...

As economic conditions worsened, Patton reached the conclusion that status quo marketing tactics alone would not suffice. “The issue of ‘tour qualifications’ has always been an important factor in [timeshare] profitability; our industry has built a lot of processes to ensure [consumer] qualifications, yet it has been an imperfect science to date—vulnerable to perverse incentives, cheating, etc.,” he said. On average, timeshare companies’ sales and marketing costs reach 43% of revenues, a rate well above

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other industries. Understanding consumers' profiles, behavior, and inclination to purchase to optimize marketing treatment appeared a perfect strategy for cutting down on these costs.

## Patton Learns of Trooval

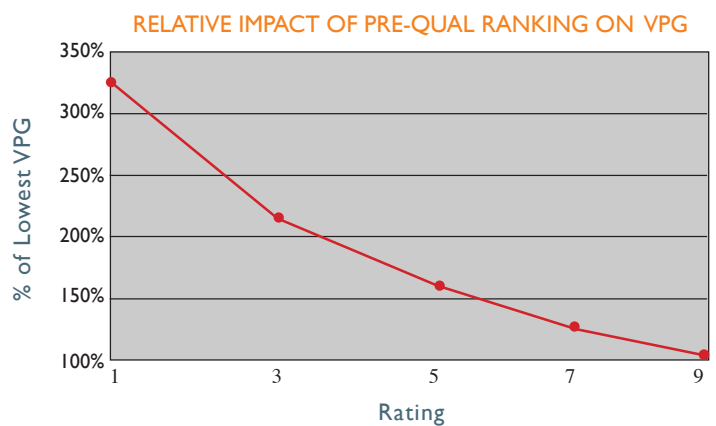
In the first quarter of 2009, Patton received a phone call from Daniel Green, co-founder and SVP for Sales of Trooval. "I have spent my entire career in the timeshare industry," Green said. "I've worked all over the world and know what the industry does well and what it does not do well. I was convinced that our technology would show positive impact. However, in early '09, all we had was a prototype and a vision. We needed a client. I contacted Chuck and found him bright, open-minded, and serious. He was willing to collaborate and serve as our beta customer for our brand new product, Trooval PreQual."

Patton explained, "Unlike other timeshare companies, particularly the big companies which were unable to secure financing, debt pressure was less the reason I elected to work with Trooval. Rather, it simply made sense."

In May 2009, Trooval's technical integration team had Grand Crowne ready to go with less than one day of onsite training. Patton described the implementation as a "very gradual roll-out of PreQual." "We started just querying vendor tours as a test. Then I began to use it to settle disputes [with my sales team] regarding qualifications. Finally, we rolled out [PreQual] to our OPCs with live use in front of our consumers." Patton slowly began to embed PreQual predictions into every part of his business. "It was a continuous process and required constant education. But we began to see benefits right away."

Grand Crowne's employees, for the first time, were able to screen and qualify potential tours in real time. Sophisticated data aggregation and modeling technology would return results in less than one second to answer three powerful questions:

- Did the consumer meet Grand Crowne Resorts' minimum tour qualifications?
- In which pre-determined segment does this customer belong?
- How should this consumer be treated? (For example, which incentive should be offered?)



## The Results

Chuck Patton and Grand Crowne Resorts is an example of what happens when great technology is combined with executive vision and execution. A lot changed for Patton and Grand Crowne Resorts over the course of 2009. While the number of tours in Branson and Pigeon Forge both fell by nearly double digits, Grand Crowne Resorts grew. Revenues were up and profitability was held during one of the worst cycles in timeshare history. "It wasn't all Trooval to be sure; we did a lot of things to ensure we performed well. But we learned, thanks to PreQual, to turn away certain tours. The 1 through 9 segmentation really worked. Now we know that on average, a consumer ranked an 8 or 9 should be refused. We also know that a 1 is about 300% better than a 9." In fact, Grand Crowne saw a nearly perfect correlation between the Trooval PreQual prediction of 1-9 and VPG.



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Trooval was founded in late 2007 by veterans of both the US casino gaming and the timeshare industries. CEO Jonathan Lowenhar is the former Vice President of Loyalty Marketing for Harrah's Entertainment and Chief Operating Officer of Black Gaming, LLC. He has worked across a multitude of sectors from hospitality to high technology and is considered an expert in marketing analytics and consumer loyalty. Trooval.com, Inc. is a privately held corporation with offices across San Francisco, Washington DC, Las Vegas, and Orlando.