

December 2012

## Should HPTDC Restart its Timeshare Scheme

Sukarn Sharma

*University of Gondar, Ethiopia, sukarnsharma@gmail.com*

Nimit Chowdhary

*Indian Institute of Tourism & Travel Management,, nimitchowdhary@gmail.com*

Jasdeep Kaur

*Punjab Technical University joint PhD*

Divya Pandey

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### Recommended Citation

Sharma, S., Chowdhary, N., Kaur, J., & Pandey, D. (2012). Should HPTDC Restart its Timeshare Scheme. *IMT Case Journal*, 3(1), 36-56. <https://jetbm.imtnagpur.ac.in/journal/vol3/iss1/3>

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## SHOULD HPTDC RESTART ITS TIMESHARE SCHEME?

Sukarn Sharma<sup>1</sup>, Nimit Chowdhary<sup>2</sup>, Jasdeep Kaur<sup>3</sup>,  
Divya Pandey<sup>3</sup>

### ABSTRACT

*Timeshare was introduced by HPTDC on 05th November, 1998 by the name of “Himalayan Leisure”. The scheme had the guarantee of 100 percent return on investment after 20 years. This scheme was only operational for a year’s time and was finally wound up on 10th November, 1999 even when HPTDC is a Government organisation and people have more trust in the same. Now as the consumer satisfaction index with timeshare is reaching a high of 85%, it calls for an examination which would help students in exploring the pros and cons of the scheme and to reach a decision i.e. “Should HPTDC restart its timeshare scheme?”*

*This case study is useful for teaching development of business plan especially in case of timeshare business. This introduces the reader to HPTDC’s timeshare scheme, its main features, benefits, purchase procedure, occupancy limit, exchange flexibility, marketing strategy, target market, marketing cost, pricing chart, week classification chart, position of HPTDC during the past five years i.e. from 2005 to 2009 in terms of room occupancy percentage along with average & weighted average, profits & losses, the strengths and weakness of HPTDC and finally discusses the responses of HPTDC’s timeshare customers and states one of the probable options that HPTDC can go for.*

**Keywords:** *Condominiums, Timeshare, Fractional ownership, Second homes, Multi-ownership, Tourism accommodation.*

### Introduction

A timeshare scheme was introduced by HPTDC on 05th November, 1998 by the name of “Himalayan Leisure”. Having a presence in every nook and corner of the State, it was well equipped to make a success out of it.6 Himachal Pradesh Tourism Development Corporation was one of the early tourism corporations to launch a timeshare scheme in India. However the scheme did not see much success and was wound up a year later in 1999. This was the time when timeshare was being

Should HPTDC Restart Its Timeshare Scheme?

introduced in India. Now that the timeshare is popular and increasingly accepted, can HPTDC bank upon its strengths to leverage a success?

According to WTO (2005) timeshare is a holiday concept whereby the purchaser acquires for the prepayment of a capital sum and with the obligation to pay for ongoing maintenance and management of the holiday accommodation, the right to use holiday accommodation in future years for a certain period and time per year.

Himachal Pradesh Tourism Development Corporation (HPTDC) is a government run tourism organisation, which has a wide network of accommodation in Himachal Pradesh. As on, 01-04-2009 it had 57 hotels having 1070 rooms with 2320 beds and also operates 60 restaurants and cafes. The HPTDC hotels have three categories of properties- Premium, Deluxe and Budget hotels. The Corporation's contribution to the State exchequer is more than 11% by way of luxury tax. The Corporation contributes more than Rs.4.00 crores per annum in the State exchequer by way of Value Added Tax, Luxury Tax, Passenger Tax and licence fee etc.<sup>4</sup>

HPTDC made a very competitive offer. They offered a twenty year ownership with 100% refund after that period. The salient features of the scheme are given in Exhibit 1. The benefits of the scheme were cost effective vacations i.e. inflation free, properties in scenic locations and pollution free environment, and a government undertaking.<sup>6</sup> Therefore, investment and holidays were considered secure. According to HPTDC (1997)<sup>6</sup>, 20% of the cost was to be paid as down payment at the time of purchase and the balance in 5 interest free bi-monthly instalments. However, the minimum down payment was Rs. 5000/-. On purchase of 5+ units a discount of 3% and for 10+ units 5% was offered. The room occupancy limit of HPTDC is given in Exhibit 2. A buyer could have exchanged one's holiday to any season or accommodation and could have taken up to 14 days of holidays in lieu of the entitled 7. To ascertain one's exchange entitlement, one only needed to multiply the price of one's season/unit by 7 and divide the sum by the price of the season/unit one wished to exchange to. The figure thus arrived at was the number of days one could have got to vacation in the season/unit one wished to exchange to. However, the maximum number of days one could have exchanged or multiplied was limited to 14 (HPTDC, 1997).

### **Marketing of the scheme**

The marketing strategy and the target market of HPTDC were focused upon media campaign, press campaign, Fam tours, participation in exhibitions, and further to target schools, colleges, and corporate houses. The target market for this product was the middle and the upper middle income groups with an annual household

income of Rs. 1,50,000/- and above. The professionals, small businesses and those living in secondary cities were targeted by the corporation. In addition, HPTDC decided to tap the corporate sector for bulk purchases for their employees, dealers and business associates. The area to be tapped initially was Punjab, Delhi, major cities of MP, UP, Rajasthan, Gujarat and Maharashtra.<sup>6</sup>

The marketing and selling expenses were taken at over 15% of revenue generated. The logic behind this was that the marketing expenses of HPTDC were as it is 10% of the revenue generated and another 5% would have been taken as additional miscellaneous expenses.<sup>6</sup> HPTDC decided to utilise the revenue earned in the following manner: 15% would have been utilised for the marketing and other expenses, 35% would have been invested in fixed deposit and remaining 50% would have been utilised for future developmental activities of HPTDC. 35% investment in fixed deposits was proposed, so as to secure refund of security as well as constant income out of fixed deposit. 10% to 15% of the unit cost would have been sufficient to meet the refund liability after 20<sup>th</sup> year. Investment would have made more return than 12% and would have added to the capital assets of the corporation for which otherwise HPTDC had to pay 16% for borrowing.<sup>6</sup>

#### **The scheme- how it fared in early days**

Under the scheme, 52 weeks of the year were divided into various categories — Premium, High and Normal (see Exhibit 4). Resorts run by the HPTDC in Manali, Kullu, Shimla, Chail, Barog, Chamba, Khajjiar, Dharamshala, McLeodganj, Palampur, Narkanda, Sarahan were on offer under the scheme. The weeks bought by the tourists were transferable and had the potential of commercial exploitation. The one-time investment was in between Rs 15,000 and Rs 1,50,000 (see Exhibit 3). The time when timeshare was launched by HPTDC, it envisaged sale of 9,516 units, involving an investment of Rs 15,000 to Rs 1,50,000 per week, depending on the season, to net Rs 48 crore but just after a year of its launch it came as a cropper.<sup>8</sup>

The corporation was only able to sell 139 units during the first year. The total investment in units came to Rs 68 lakh, less than 10 per cent of the anticipated amount. Unlike other schemes, which involved a minimum of three years of waiting as properties were to be built from the funds raised through sale of units, the corporation had offered its functioning properties and the investor would have immediately utilised the units. Those who had purchased the units were allowed to utilise these as per the scheme. Out of the 139 units sold, 71 were premium (peak season), 53 high and 15 normal. The maximum number of 27 units was sold from the Khajjiar complex, followed by 26 for Holiday Home, Shimla, and 24 for Hadimba

Should HPTDC Restart Its Timeshare Scheme?

Cottage, Manali. The scheme, launched on 5<sup>th</sup> November 1998, first remained officially suspended for some time and was finally wound up on 10<sup>th</sup> November 1999.<sup>8</sup> The profile of HPTDC in terms of occupancy percentage, performance, profitability position, strength weakness analysis is given in Exhibit 5, the classification of profit and loss making properties of HPTDC from the year 2005 to 2009 is given in Exhibit 6 and the profitability position of HPTDC for the year 2004-05, 2005-06, 2006-07, 2007-08 & 2008-09 is given in Exhibit 7.

### **Himalayan Leisure**

As compared to any other hotel chain HPTDC being a government organisation enjoyed more trust of people. HPTDC had established a brand name by providing safe and secure accommodation at prescribed rates along with excellent service standards and hospitable staff. It offered sumptuous food and variety of cuisine prepared by some of the best chefs in India. The H.P. Tourism Development Corporation had its own transport wing which was created with a view to co-ordinate travel requirements of the tourists. This Transport Wing ran long distance services between Delhi-Manali, Delhi-Dharamshala, Delhi-Shimla, Shimla-Manali, Manali-Chandigarh and vice versa apart from sightseeing tours in and around important tourist destinations in the state like Shimla and Manali. The corporation owns 18 luxury buses to cater to the demand of tourists.

HPTDC had also invested in ICT technology so as to have its own integrated central reservation system. It was the biggest chain of hotels in Himachal Pradesh with over 57 owned hotels. In addition to being one of the biggest hotels chain in Himachal Pradesh HPTDC also provided accommodation to one at the most exotic places of the state. The corporation had a team of 1786 highly qualified staff members as on 31st March, 2008. The corporation offered a wide array of its hotels right from the premium to the budget category. It also had strategic alliance with makemytrip.com and with a number of General Sales Agents (GSAs) for selling its room's inventory.

However, HPTDC did not do much on its own to promote the scheme. Leadership of HPTDC was drawn from bureaucracy and there were frequent changes in the leadership. With change came new policies and ideas not allowing earlier policies to settle. Another limitation was that being a state tourism development corporation it was having its properties only inside the state except one that was at Chandigarh. Some of the properties of the corporation had near total occupancy throughout the year while many others would not break even. The non-disbursal of tourists round the year resulted in highly uneven occupancy across different properties. The problem was further aggravated due to inadequate flow of foreign tourists.

HPTDC did not have any tie-ups with any other state tourism corporation or any other hotel /resort chains which left a customer with few choices and that too limited to Himachal Pradesh. The inventory of rooms was in excess of the demand in off season and would be in short supply during the peak season. Being an eco friendly state the state tourism corporation could not build its hotels at all the places it desired and even if it would acquire the land it was not on the terms and conditions that the Corporation desired. Although HPTDC had a healthy financial position, it could not guarantee that it would not make any losses in the future. The operations of the Corporation would be adversely affected if the relations with employees were to deteriorate.

### **Customer opinion**

A research was undertaken regarding HPTDC's performance in the timeshare scheme. For this research, a schedule was administered on a sample of 28 respondents (i.e. 20% of the total population) from HPTDC who were chosen randomly. Twenty variables were chosen and sample customer response was plotted (using an Importance-Performance Analysis (IPA) tool).

Customers' experience rating and the expectation rating mean values for the twenty variables used as input for the expectation experience matrix are presented in Exhibit 9. These variables were chosen for the study because they were suggested by a panel of experts, which comprised of professionals from the tourism and timeshare industry.

Even though when the customers were quite happy with the staff of HPTDC, the location and access of the resorts, food, view from the room and internal exchange system still they felt that the overall condition of the resort, number of destination, room furnishing and tenure of ownership were major areas of concern for HPTDC. Customers felt that HPTDC must strive to improve the condition of its resorts and furnishing of its rooms as owners are not one-time visitors but were likely to visit the resorts year after year and that too at least for a week's duration in one go. HPTDC was only having a few properties in its timeshare scheme which was quite less in number as compared to other timeshare companies that offered hundreds of properties all over. This was possible only because every timeshare company had a tie up with an exchange company that included RCI, II, Dial an Exchange, etc. As far as the tenure of ownership was concerned customers were satisfied. In fact they wanted the tenure to be increased.

Surprisingly, the variables that fell in quadrant 3 were sale price, lump sum/amount of EMI and annual maintenance charges. The attributes in quadrant 4 were convenience in buying timeshare; cash back scheme, cancellation policy and waiting

Should HPTDC Restart Its Timeshare Scheme?

time for billing. HPTDC customers did not treat these factors as very important. Nevertheless, there could be other segments of customers who consider these attributes very important and would definitely want these factors to be there in the scheme.

For HPTDC competitive advantage emerges out of the location of its properties and scenic view from the room, access to the resort, competence of the staff, food and internal exchange system (items in quadrant 1). Therefore, there appeared to be a good chance to win customers if HPTDC can effectively package its resorts, food and its hospitable staff if it wishes to restart its timeshare scheme.

### **The options**

#### **HPTDC is considering the following :**

- The annual maintenance fee of HPTDC's timeshare was low, because of which it would have been difficult for HPTDC to maintain its properties. Therefore, a hike in the fee can give some relief to HPTDC. The budget for marketing was comparatively less. For most other timeshares it is generally allocated as 40% to 50% of the total budget. HPTDC should consider this.
- Occupancy pattern at HPTDC suggests that many properties are not doing well. A mixed use timeshare model can be tried. Moreover the profits of HPTDC have also been plummeting all the way. There are 14 properties which have not been able to register profits even once during 2005 to 2009. For these properties time share scheme can be considered to experiment if it helps in increasing the revenues.
- Even the overall annual profits of HPTDC do not give a very promising picture. HPTDC should aggressively use its strengths, which includes the fact that it is a Government organisation (which customer have more faith), it is having a large and wide chain of hotels, its strategic alliances and should try to offset its weaknesses such as negligible marketing, frequent change of management and policies, etc.
- HPTDC should pay attention to overall condition of the resort, number of destination, room furnishing and tenure of ownership. The overall condition of the resort and rooms must be above par as expectations of customers who come to spend a week's time at the resort are different from those of customers who just come for spending a night.
- The number of destinations has to be increased as only a limited number of properties were there in the HPTDC timeshare scheme, which does not even

cover the entire state.

- The tenure of ownership is an indicator that customers are satisfied with the scheme and that is why they want the tenure to be increased. The sale price, lump sum/amount of EMI, cash back scheme and annual maintenance charges are factors which are not so important from customer's point of view in comparison to other facilities. There appears to be an opportunity if HPTDC can effectively package its resorts, food and its hospitable staff. A government organisation is more acceptable in a business like timeshare due to long term commitment of the company.
- Should HPTDC follow a mixed-use resort model, it is all the way better. With the help of timeshare, HPTDC can explore newer sources of revenue, overcome seasonal fluctuation, more number of people can be exposed to the properties of HPTDC and HPTDC transport services would get support as timeshare owners will also use them.

However, it is up to the management of HPTDC to decide, "Should HPTDC restart its timeshare scheme?"

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Should HPTDC Restart Its Timeshare Scheme?

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## EXHIBITS

### **Exhibit 1: Himalayan Leisure: HPTDC offered the timeshare scheme (HPTDC, 1997) with the following main features:**

#### *Period of ownership: 20 years*

HPTDC decided to offer ownership for 20 years, because it felt that it was a reasonable period as a prospect can visualise the period and will not feel that he was being taken for a ride.

#### *100% refund policy*

Unlike most other timeshares, the entire investment would have been refunded after the expiry of the timeshare period. In case an investor would have wished to withdraw from the scheme at an earlier date, 60% of the amount invested would have been refunded.

#### *Advancing of holidays*

One would have taken two years of holidays in one year at a stretch or in splits.

#### *Postponing of holidays*

One could have postponed up to 1 year of holidays.

#### *Splitting of week*

One could have split his week into 3 & 4 days.

#### *Total flexibility*

One could have exchanged one's week to any period, accommodation, or destination through HPTDC's point system and enhanced the value, days, or size of one's holidays and accommodation.

#### *Facility to sell, rent or gift one's ownership*

This was subject to requesting 60 days in advance.

#### *Special facilities & features were given with HPTDC's timeshare scheme such as:*

- Extension of stay: 15% off on Room Rent in season & 35% in off season.\*
- Additional accommodation up to 1 unit at 15% off on Room rent in season and 35% in off season.\*
- 15% & 35% discount in season/off season at HPTDC properties.\*



**Exhibit 3: The pricing chart of HPTDC's timeshare*****Pricing Chart***

<b>Destination</b>	<b>Annual Maintenance fee</b>	<b>No. of Units</b>	<b>Premium 14 weeks</b>	<b>High 24 weeks</b>	<b>Normal 14 weeks</b>
Manali 2BR Log Huts	1750	8	1,50,00	1,00,000	70,000
Chail 2BR Monal Cottage	1750	1	125,000	82,000	55,000
Manali 2BR orchard Huts	1750	6	1,25,000	82,000	55,000
Manali 1 BR Hadimba Cottage	1400	12	60,000	41,000	29,000
Barog Pine wood Hotel	1050	10	52,000	44,000	35,000
Chail 1 BR Palace Hotel	1400	4	1,00,000	80,000	60,000
Chail 1 BR Log Hut	1400	5	1,00,000	80,000	60,000
Chamba Iravati Hotel	1050	7	31,000	24,000	18,000
Dharamshala Bhagsu Hotel	1050	10	63,000	50,000	32,000
Dharamshala Dhauladhar Hotel	1050	15	63,000	50,000	32,000
Khajjiar Deodar Hotel	1050	6	39,000	29,000	22,000
Narkanda Hatu Hotel	1050	10	36,000	28,000	20,000
Palampur T-Bud Hotel	1050	10	33,000	25,000	19,000
Kullu Sarvari Hotel	1050	9	39,000	30,000	23,000
Kullu Silvermoon Hotel	1050	4	31,000	24,000	18,000
Manali Kunzum Hotel	1050	30	46,000	36,000	26,000
Sarahan Srikhand Hotel	1050	8	28,000	19,000	15,000
Shimla Holiday Home	1050	30	68,000	57,000	43,000

*Source: Himachal Pradesh Tourism Development Corporation (HPTDC, 1997)*

Should HPTDC Restart Its Timeshare Scheme?

**Exhibit 4: The week Classification chart of HPTDC's timeshare scheme**

*Week Classification Chart*

Period	Week Number	Week Start Date – Month	Week Number	Week Start Date – Month
<b>Premium</b>	20	18-05	39	28-09
	21	25-05	40	05-10
	22	01-06	41	12-10
	23	08-06	42	19-10
	24	15-06	43	26-10
	25	22-06	51	21-12
	26	29-06	52	28-12
<b>High</b>	15	13-04	34	24-08
	16	20-04	35	31-08
	17	27-04	36	07-09
	18	04-05	37	14-09
	19	11-05	38	21-09
	27	06-07	44	02-11
	28	13-07	45	09-11
	29	20-07	46	16-11
	30	27-07	47	23-11
	31	03-08	48	30-11
	32	10-08	49	07-12
33	17-08	50	14-12	
<b>Normal</b>	01	05-01	08	23-02
	02	12-01	09	02-03
	03	19-01	10	09-03
	04	26-01	11	16-03
	05	02-02	12	23-03
	06	09-02	13	30-03
	07	16-02	14	06-04

*Source: Himachal Pradesh Tourism Development Corporation (HPTDC, 1997)*

**Exhibit 5: The occupancy percentage of HPTDC properties during the past five years**

*Rooms occupancy percentage (%) for the year 2004-05, 2005-06, 2006-07, 2007-08 & 2008-09 along with average and weighted average*

	Name of Hotel	2004-05	2005-06	2006-07	2007-08	2008-09	Average	Weighted Average
1	Hotel Holiday Home, Shimla	62.93	66.24	71.79	76.59	79.27	71.36	74.23
2	Peterhoff, Shimla	43.24	47.80	50.74	56.32	70.26	53.67	57.84
3	Tourist -Inn, Kiarighat	39.69	43.29	49.79	49.54	55.11	47.48	49.96
4	Hotel Golf Glade, Naldehra	27.40	27.70	29.34	34.13	34.00	30.51	31.82
5	Hotel Baghal, Darlaghat	19.77	19.21	31.56	45.17	44.62	32.07	37.11
6	Hotel Mamleshwar, Chindi	14.52	22.82	26.44	32.18	28.93	24.98	27.52
7	Hotel Peach Blossom, Fagu	16.69	21.24	29.84	34.01	42.01	28.76	32.99
8	Hotel Hatu, Narkanda	33.53	37.09	42.74	44.62	44.26	40.45	42.38
9	Hotel Shrikhand, Sarahan	24.34	25.80	31.48	35.29	37.95	30.97	33.42
10	Hotel Bsr. Regency, Rampur	24.40	34.86	40.55	48.38	44.51	38.54	42.12
11	Hotel Chanshal, Rohru	24.19	21.60	24.48	27.58	27.06	24.98	25.76
12	Hotel Kinner Kailsash, Kalpa	48.21	17.78	21.17	24.83	25.72	27.54	25.01
13	Pvt. Cottage, Kalpa	17.99	closed	closed	closed	closed	closed	closed
14	Giri Ganga Resort (Std.on 25.6.06)	0.00	0.00	13.26	19.56	19.14	17.32	14.25
15	Palace Hotel, Chail	38.72	36.94	49.30	37.92	37.41	40.06	39.95
16	Hotel Pine Wood, Barog	39.51	43.25	53.01	49.44	47.20	46.48	47.92
17	Hotel Shiwalik, Parwanoo	51.85	52.57	55.74	54.31	44.94	51.88	51.08
18	Hotel Ros Common, Kasauli	68.02	70.83	74.35	70.57	75.37	71.83	72.79
19	Hotel Yamuna, Paonta	53.88	69.53	75.81	66.58	50.77	63.31	62.07
20	Hotel Renuka, Renukaji	31.19	35.50	38.75	43.66	43.84	38.59	40.82

Should HPTDC Restart Its Timeshare Scheme?

21	Hotel Mandav, Mandi	33.00	34.26	35.66	38.56	39.82	36.26	37.46
22	The Lake View, Bilaspur (std.w.e.f.Aug.07)	0.00	0.00	0.00	25.73	37.95	31.84	19.51
23	Tourist Inn, Rewalsar	47.61	41.16	47.46	43.54	47.78	45.51	45.69
24	Hotel Hill Top, Swarghat	43.18	38.96	48.11	47.82	45.11	44.64	45.48
25	Hotel Sarvari, Kullu	35.76	36.11	42.85	4018	43.61	39.70	41.02
26	Hotel Silvermoon, Kullu	30.50	25.30	34.11	30.37	32.28	30.51	31.09
27	Camping Site, Raison	24.38	16.87	54.31	100.00	100.00	59.11	74.74
28	Hotel Castle Naggar	33.45	29.76	32.92	37.53	33.28	33.39	33.88
29	River View, Katrain	2.90	closed	closed	closed	closed	closed	closed
30	Tourist Hut , Kasol	10.63	72.51	100.00	100.00	100.00	76.63	90.38
31	Log Hut, Manali & Hamta Hut	26.76	27.21	37.77	36.31	35.85	32.78	34.6
32	Hadimba Cottage, Manali	29.52	36.57	50.66	51.57	56.12	44.89	49.43
33	Hotel Kunzam, Manali	45.39	47.37	54.23	51.73	56.91	51.13	52.95
34	Hotel Rohtang, Monalsu	45.13	42.75	42.69	37.36	43.31	42.25	41.65
35	Hotel Beas, Manali	53.52	57.34	61.28	62.16	65.97	60.05	62.04
36	Tourist Lodge, Manali	22.63	16.06	18.46	19.76	16.29	18.64	18.04
37	T.B. Keylong (Hotel Chanderbhaga)	35.85	29.63	46.91	49.23	44.60	41.24	43.72
38	Tourist Lodge, Kaza	25.41	20.60	24.48	6.05	-----	19.13	10.95
39	The Spiti	0.00	0.00	12.01	11.18	10.02	51.88	51.08
40	Yatri Niwas, Chintpurni	44.07	43.95	50.31	58.30	50.72	49.47	51.31
41	Hotel Jwalaji, Jwalaji	45.63	52.77	55.55	58.45	51.69	52.82	54
42	Hotel Hamir, Hamirpur	54.67	52.42	68.31	71.07	59.22	61.14	62.99
43	Hotel Deotsidh, Bilaspur	22.66	22.60	25.59	29.87	30.94	26.33	27.92

44	Hotel Dhauladhar, Dharamsala	53.48	61.75	64.63	60.94	57.97	59.75	60.3
45	Hotel Bhagsu, D/Sala	52.78	53.08	63.60	60.82	66.89	59.43	61.83
46	Yatri Niwas, Dharamsala	42.01	46.04	57.10	45.47	47.57	47.64	48.34
47	Kashmir House, Dharamsala	45.68	52.10	57.74	46.05	50.81	50.49	50.76
48	Club House, Dharamsala	46.48	61.85	67.43	65.16	67.38	61.66	64.67
49	Hotel T.Bud, Palampur	35.26	40.38	42.19	42.53	37.79	39.63	40.11
50	Yatri Niwas, Chamunda	28.49	33.20	39.95	39.62	31.28	34.51	35.31
51	Hotel UHL, Jogindernagar	21.39	25.35	30.83	36.20	26.73	28.10	29.54
52	Hotel Geetanjali, Dal.	34.90	41.56	37.56	35.41	33.78	36.64	36.08
53	Hotel Deodar, Khajjiar	24.84	29.03	42.44	36.05	34.93	33.46	35.27
54	The Khajji Cottage, Khajjiar(Std.w.e.f May,2007)	0.00	0.00	0.00	16.56	-----	16.56	4.416
55	Hotel Champak	23.52	22.04	34.64	31.89	20.82	26.58	26.88
56	Hotel Iravati, Chamba	45.58	47.38	52.95	57.91	55.36	51.84	53.84
57	Hotel Manimahesh, Chamba	47.23	47.91	51.07	47.30	44.54	47.61	47.21
58	Himachal Bhawan, Chandigarh	68.15	70.19	74.14	75.87	86.35	74.94	77.75
	<b>Total Occ. %age of HPTDC</b>	<b>40.63</b>	<b>42.78</b>	<b>48.91</b>	<b>48.84</b>	<b>49.13</b>	<b>46.06</b>	<b>47.6</b>

*Source: Himachal Pradesh Tourism Development Corporation*



Should HPTDC Restart Its Timeshare Scheme?

**Exhibit 6: The classification of profit and loss making properties of HPTDC from the year 2005 to 2009**

	<b>Profit in last 5 years (2005 - 2009)</b>	<b>Profit in last 5 years (2005 - 2009)</b>	<b>Others</b>	<b>Loss in all 5 years (2005 - 2009)</b>
1	Hotel Holiday Home, Shimla	Hotel Peach Blossom, Fagu (losses only in 2005 & 2006)	Tourist Inn, Kiarighat (profits only in 2008 & 2009)	Hotel Mamleshwar, Chindi
2	Hotel Peter Hoff, Shimla	Hotel Hatu, Narkanda (losses only in 2006)	Hotel Baghal, Darlaghat (profits only in 2009)	Hotel Chanshal, Rohroo
3	Chail Complex	Hotel Srikhand, Sarahan (losses only in 2005 & 2006)	Golf Glade, Naldehra (losses only in 2009)	Hotel Mandav, Mandi
4	Hotel Castle, Naggar	Hotel Kinner Kailash, Kalpa (losses only in 2005 & 2006)	Bushehar Regency, Rampur (profits only in 2008 & 2009)	Tourist Inn, Rewalsar
5	Log Huts Manali	-----	Giri Ganga Resort, Kharapathar Opened in 2007 (losses all three years)	Hotel Hilltop, Swarghat
6	Hotel Beas, Manali	-----	Hotel Pinewood, Barog (Losses only in 2007)	Hotel Silvermoon, Kullu
7	Hadimba Cottage	-----	Hotel Yamuna, Paonta Sahib (Losses only in 2007)	Hotel Jawalaji, Jawalamukhi
8	TB Keylong and Sarchu	-----	Hotel Renuka, Renukaji (Profits only in 2009)	Hotel Deothsidh, Bilaspur
9	Hotel Kunzam Manali	-----	Hotel Shiwalik, Parwanoo (Losses in 2007 & 2009)	Hotel Deothsidh, Bilaspur
10	Hotel Manimahesh, Dalhousie		Hotel Ros Common, Kasauli	Yatri Niwas, Chamundaji

11	-----	-----	Hotel Sarvari, Kullu (Profits only in 2006)	HoteUhl Jogindernagar
12	-----	-----	Tourist Hut, Kasol (Losses only in 2005 & 2007)	Hotel Iravati Chamba
13	-----	-----	Camping Site, Raison (Profits only in 2008 & 2009)	Hotel Geetanjali, Dalhousie
14	-----	-----	Angler Bunglow (opened in 2009) (Losses in 2009)	Hotel Lake View, Bilaspur
15	-----	-----	Hotel Rohtang Manalsu, Manali (Losses only in 2007 & 2008)	-----
16	-----	-----	Tourist Lodge, Kaza (Profits only in 2009)	-----
17	-----	-----	Hotel Hamir, Hamirpur (Profits only in 2009)	-----
18	-----	-----	Hotel Dhauladhar, Dharamsala (Losses only in 2007)	-----
19	-----	-----	Kashmir House, Dharamsala (Profits only in 2008 & 2009)	-----
20	-----	-----	Hotel Bhagsu, Dharamsala (Losses only in 2006 & 2007)	-----
21	-----	-----	Yatri Niwas (Kunal), Dharamsala (Profits only in 2006 & 2009)	-----
22	-----	-----	Hotel T-Bud Palampur (Profits only in 2006 & 2009)	-----
23	-----	-----	Hotel Deodar, Khajiar (Losses only in 2005 & 2007)	-----
24	-----	-----	Himachal Bhawan, Chandigarh (Opened in 2008) (Profits both years)	-----

*Source: Himachal Pradesh Tourism Development Corporation*

**Exhibit 7: The profitability position of HPTDC for the year 2004-05, 2005-06, 2006-07 2007-08 & 2008-09**

Year	Profit/Loss (Rupees inlacs)
2004-05	59.00
2005-06	37.51
2006-07	-621.36*
2007-08	-57.96**
2008-09	-675.08***

*Source: Himachal Pradesh Tourism Development Corporation*

**Note:-**

- The Net Loss of Rs. 621.36 lacs is due to the reason that a provision of Rs. 976.00 lacs has been made in respect of leave encashment of the employees of the Corporation during the year 2006-07 in the absence of which, there would have been a profit of Rs. 354.64 lacs.
- The Net Loss of Rs.57.96 lacs is due to the reason that a provision of Rs. 228.38 lacs has been made in respect of leave encashment of the employees of the Corporation during the year 2007-08 in the absence of which, there would have been a profit of Rs.170.42 lacs.
- The Net loss of Rs. 675.08 lacs is due to the fact that a provision of Rs. 189.75 lacs and Rs. 838.97 lacs has been made for the leave encashment and Revised Pay Scale arrears of the employees of the corporation in the absence of which, there would have been a profit of Rs. 353.64 lacs.

**Exhibit 8: Importance Performance Means (HPTDC)**

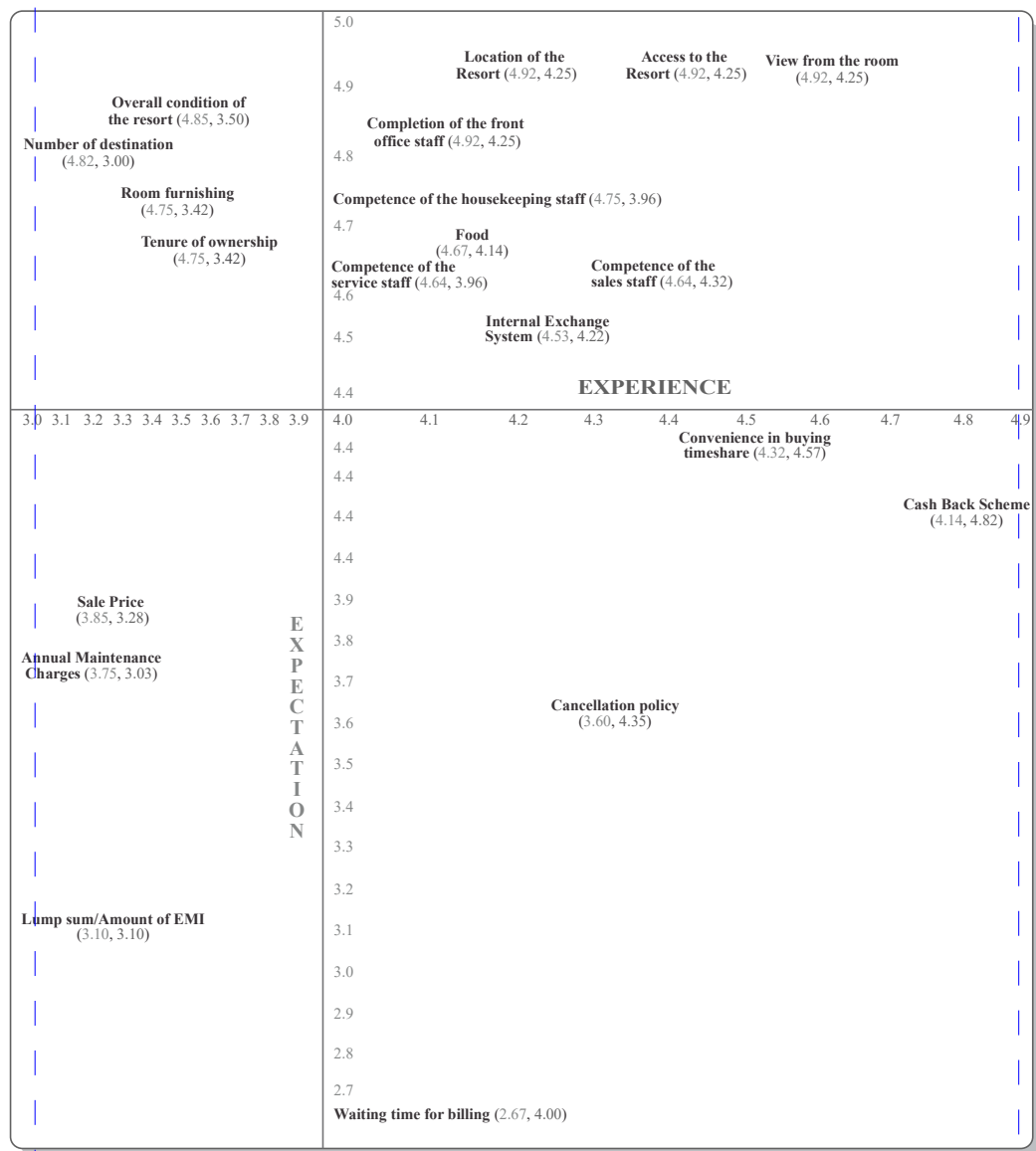
	<b>Attributes</b>	<b>Mean Importance (Y)</b>	<b>Mean Performanc (X)</b>
1	Sale price of timeshare	3.85	3.28
2	Lump sum/Amount of EMI	3.10	3.10
3	Number of destination	4.82	3.00
4	Overall condition of the resort	4.85	3.50
5	Location of the resort	4.92	4.25
6	Access to the resort	4.92	4.46
7	Room furnishing	4.75	3.42
8	View from the room	4.92	4.57
9	Food	4.67	4.14
10	Waiting time for billing	2.67	4.00
11	Competence of the sales staff	4.64	4.32
12	Competence of the front office staff	4.82	4.14
13	Competence of the housekeeping staff	4.75	3.96
14	Competence of the service staff	4.64	3.96
15	Tenure of ownership	4.67	3.67
16	Annual maintenance charges	3.75	3.03
17	Cash back scheme	4.14	4.82
18	Cancellation policy	3.60	4.35
19	Convenience in buying timeshare	4.32	4.57
20	Internal exchange system	4.53	4.22
	<b>Total sum</b>	<b>87.33</b>	<b>78.76</b>
		<b>87.33/20</b>	<b>78.76/20</b>
	<b>Grand Mean</b>	<b>4.36</b>	<b>3.93</b>

Should HPTDC Restart Its Timeshare Scheme?

**Exhibit 9: Expectation Experience Matrix**

As part of assessing timeshare attractiveness, these mean scores were plotted in an expectation experience matrix as shown below. The grand means for experience rating ( $x= 3.93$ ) and expectation ( $y = 4.36$ ) determines the placements of axes on the grid.

**Expectation Experience Matrix (HPTDC)**



**Note:**

- Food – 1 respondent has not given his response for the quality of food.
- Internal exchange system - 1 respondent has not given his response for the performance of HPTDC in the internal exchange system.

**Author(s) Information**

1. Assistant Professor at University of Gondar, Ethiopia  
Email: sukarnsharma@gmail.com
2. Professor, Indian Institute of Tourism & Travel Management,  
Gwalior, (M.P) India,  
Email: nimitchowdhary@gmail.com
3. Research scholar at Indian Institute of Tourism and Travel  
Management- Punjab Technical University joint PhD  
programme at IITTM Gwalior