

DIVERSIFICATION



Capturing second-home owners

Sign of the times: Catania Hospitality Group extends reach beyond tourists

BY JOY JORDAN

Over the last five years, occupancy rates at hotels and motels on the Cape have declined, while the second home population has steadily risen. That trend has some tourist businesses on the defensive. But others are asking: How can we redirect our business and infrastructure to take more advantage of the new reality?

Consider how one premium resort company, the Catania Hospitality Group, is mobilizing. This year, it launched the Cape Codder Residence Club with its first 12 units at its Hyannis resort location on Route 132. The two- and three-bedroom units, fully furnished and appointed with high-end luxury touches, are selling for as much as \$209,900 for one-tenth fractional ownership.

It's a giant leap for the family that also owns the Hearth N' Kettle restaurants, the Dan'l Webster Inn in Sandwich and the John Carver Inn in Plymouth. The luxury units – with their private entrances among numerous amenities – are part of an even larger expansion designed to make the resort a true destination location.

Fractional ownership has become very successful in the Caribbean and Europe, but it is very new to the Cape. Buyers pur-

chase a share in a particular unit, with the right to use any similar unit for a minimum of 35 days a year. Fractional owners have full use of all the resort's amenities, including the spa, pool and restaurants – including room service.

"We feel it is truly the best of both worlds – staying in a resort and owning a second home here," said Bill Catania, president of Catania Hospitality Group. "The Residences allow people to own a second home on Cape Cod, without a large investment, and know that their ownership will be turnkey and maintenance-free."

He believes many owners will come from the Boston area, and anywhere else within two hours drive time of the Cape. The Residences allow owners to come to the Cape for quick and easy visits, and be pampered while they are here.

Catania Hospitality Group drew on research about how and when people travel to the Cape in making this investment. They learned that most travelers to the region come from a short drive away, and that many who own second homes often use them only a few weeks a year and want to avoid the hassles that go with ownership.

Thus Catania's marketing tagline: "Your second home...without a second thought."

THESE AREN'T TIME SHARES

One challenge, noted Catania, is to get the message out and educate the public about fractional ownership. "People may at first think it is a time share," he said, "but it is different in that the units are very high-end, and the owners have a great deal of flexibility in terms of when they can use the property. Being able to offer up all of the resort's amenities sets it apart as well."

In taking the leap, the Catania Hospitality Group will be a model for other tourist-dependent businesses to watch closely: How to adjust products and services to compensate for economic and demographic changes; how to capture more of the growing second-home market, which spends more per capita on the Cape than do full-time residents.

"With the Residences, we can leverage our existing resort," Catania noted. "Many other fractional projects are stand-alone properties, so they have to create their own resorts to offer those amenities to owners. We already have those to offer – people can use these multimillion-dollar facilities that we already have."

In addition, he said, it allows for efficient use of resources, with economies of

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scale in terms of staffing and other expenses.

The company's background in hospitality is an important asset as well, Catania said. "This is really all about hospitality – not just construction and development. With our varied background in lodging and dining, we are able to offer the service, not just the building. We know how to take care of people and make them feel pampered – which is what everyone wants on a vacation."

Catania also hopes his project will benefit the greater Cape Cod community. "We are bringing new industry here and creating jobs, which is a great thing for the state right now," he said. Specifically, the project has meant 75 new construction jobs followed by an additional 70 new and permanent staff positions at the resort. In addition, all the associated local



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spending by Residence Club owners should ripple through the local economy.

Wendy Northcross, CEO, Cape Cod Chamber of Commerce, agreed. "We applaud the vision and initiative of the Catania family as they launch their newest venture," she said. "We are excited at the prospect of stabilizing employment in this sector through their new project, and we will work collaboratively to help promote the new residences."

With future phases of the project that include an expanded luxury spa, outdoor heated pool, additional Residences, and a 30,000-square-foot water park, Catania is confident the Residences will be filling a niche not yet addressed on Cape Cod.

It is a lesson many seasonal businesses need to learn: How to adjust their core business to meet not only the needs of tourists, but also of the ever-more-critical second-home market. ■