

A Case Study in the ROI of Online Virtual Tours - Carlson Hotels Worldwide

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Some companies in the hospitality industry consider a simple online presence to be all they need in order to compete. For these companies, one or two pages with a company logo, a street address, contact information, and a couple of photographs are more than enough to represent the business to those searching online locally. As a requirement for doing business in the Internet age, it is often difficult to quantify the return on investment of this type of basic Web presence.

Intuitively, it is easy to see the damage a lack of a simple Internet presence can have on even the smallest bed & breakfast. Conversely, the marginal cost of developing a one or two page website is comparable to a days' utility bill or less. Clearly, the vast majority of the hospitality industry has embraced the power of online content. The question is: have we all harnessed its full revenue-generating potential?

Large companies with larger marketing and business development budgets generally offer a more complete Web presence as a matter of course. These companies' web presences include a wide range of value-added features, including driving directions, city links, weather, and current events. For these broad reaching companies, the return on investment may be even more difficult to quantify due to scale, and as a result, there is not always an appropriate level of investment made in creating a high level of user-driven interactivity on the site. Quantifying customer-pull and sellthrough because of online content is often seen as a complex, if not impossible, task. However, the quality of a compelling and user-friendly hospitality website is simply apparent from the first click to the last.

Virtual tours, which can provide stunning full-360° color photography of properties, allows business and leisure guests, conference organizers, wedding planners, and other prospective guests to appreciate the amenities and ambience of your unique establishment. Even so, hotel management often considers providing compelling, interactive web site content as just a "nice-to-have" due to inherent costs. In a down economy, this perspective stalls out web site renovation and makes it difficult to justify upfront costs and to quantify ROI afterwards.

The reality is that virtual tours can be the perfect interactive content in which property owners can wisely invest. According to research by Gómez (www.gomez.com),

travel-related products and services are the #1 purchase made by consumers over the Internet. Additionally, while only 15% of all hotel bookings are made over the Internet, 65% of all travel bookings are researched online. The Internet has become the top choice for consumers to investigate travel destinations, whether for business or leisure. For property owners, virtual tours are compelling and cost-effective interactive content to market to these potential guests.

Many top tier companies, including Carlson Hotels Worldwide (www.carlson.com) have embraced virtual tour technology. Carlson Hotels Worldwide includes Regent International Hotels, Radisson, Park Plaza Hotels and Resorts, and Country Inns & Suites by Carlson. Radisson, in particular, has actively embraced virtual tour technology as a way to market better than the competition online. They are aggressively moving forward with dynamic and interactive content to make their sites user-friendly and informative. Even more so, they have been able to measure and quantify the high ROI for virtual tour photography. Tying the benefits of interactive online content back to revenue is not as difficult as it might seem.

Radisson actively measures statistics on their web sites and have a clear view of what its return on investment is:

- Hotels with a virtual tour achieved **135% increase in online revenue** amounting to \$7,200 per hotel per month over those without a virtual
- Return on investment (per hotel) = **less than 4 weeks**
- **Average 2,000** views per month
- Radisson Aruba = Average 16,000 views per month
- Radisson Lexington New York = Average 9,000 views per month
- Radisson Edwardian Vanderbilt Hotel = Average 3,000 views per month
- Radisson Adelaide, Australia = Average 1,400 views per month
- **4% conversion rate** = bookings made through the virtual tour page only

(NOTE: This does not include bookings made by people who saw the tour and then made the actual reservation over the phone)

Gino Giovannelli, Sr. Director, e-Business Strategy for the Carlson Consumer Group explains that they have now done virtual tours for over 165 Radisson Hotels in 11 countries, consisting of over 3,000 IPIX images. Consumers expect rich media from hotels and resorts and the Radisson Internet web site has become an online brochure with lead-forward content that draws visitors into the web site and supports the dynamic brand of the company.

One of the ways Giovannelli has been able to achieve a high rate of return in the use of virtual tour technology has been through the use of a full service professional virtual tour service provider.

Professional virtual tour service providers nearly always do excellent work, both on property and in their backend support. The hotels are generally more than pleased.

The return on investment for virtual tours is high for companies that embrace them, and the startup cost and complexity can be effectively managed with a full service provider like PhotoWeb. Measuring the actual return on investment can be made easier since full service companies like PhotoWeb capture raw statistics on page-views, unique visitors, and virtual tour views.

When managed as a business tool, virtual tours are more than just compelling images. They are an effective visual technology for creating demand and generating incremental bookings.

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