



Friday November 14, 2003

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Why Use Interactive Content as an Online Marketing Tool?

Interactive content (such as streaming video, virtual tours, slideshows and flash presentations) is ideally suited to the marketing and merchandising of lodging properties on the Internet. Unlike textual information, interactive content (sometimes referred to as “rich media”) effectively conveys unique property information in a dynamic and captivating manner, engaging the viewer with sight, sound and/or motion. By providing a more powerful and compelling user experience, interactive content satisfies an online traveler’s thirst for information and helps drive increased online bookings. Just as important, interactive content substantially increases brand recall, brand awareness, and positive brand perception, thus allowing hotels and resorts to differentiate themselves and compete online based more on brand and consumer experience and less based on price.

The Role of Interactive Content in Marketing and Merchandising Lodging Properties

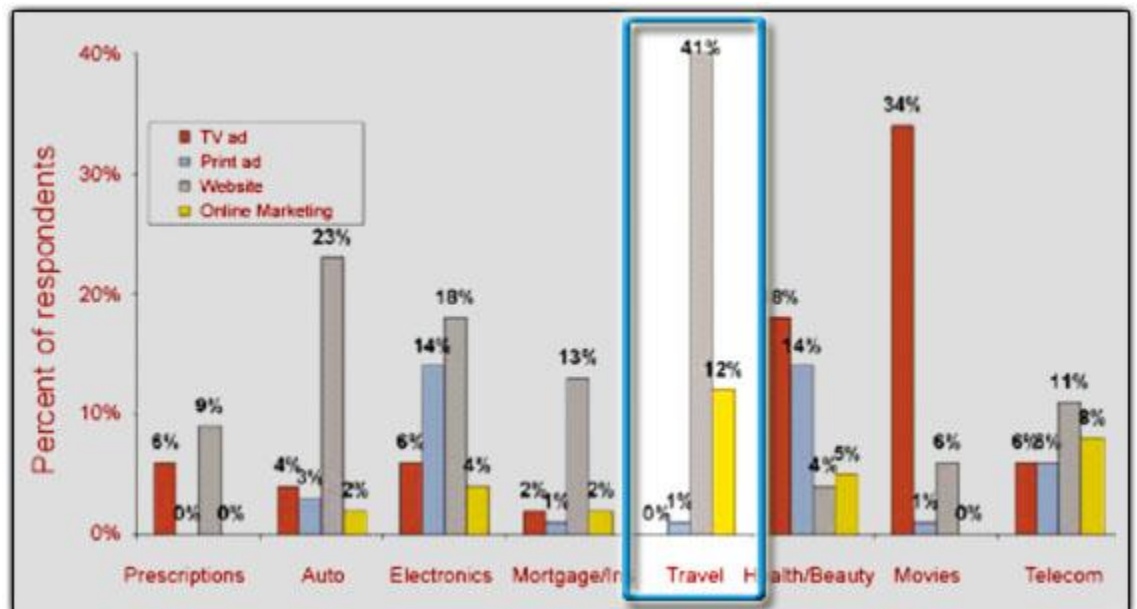
The Importance of the Internet

The importance of interactive content as a marketing and merchandising tool for lodging properties is rooted in the overall importance of the Internet as an influencer of consumers’ hotel booking decisions. Here are some important facts you should know about the importance of the Internet to lodging properties:

- ▶ Online hotel bookings are expected to double between 2002 and 2007 to US \$16.7 billion (Forrester)
- ▶ In 2002, 9% of North American hotel reservations were made online. By 2005, 20% of all hotel reservations will be made online (PhoCusWright)
- ▶ These figures do not include people who research travel online but book offline: 50% of Americans who research travel online book offline (PhoCusWright)
- ▶ In April 2003, 66 million Americans (45% of the online population) visited a travel site (comScore Media)

While impressive, these figures only tell part of the story. Indeed, a survey conducted by DoubleClick shows that the Internet and interactive marketing have a far greater effect on the travel learning and purchase process than any other form of media. According to DoubleClick, “The travel category has been entirely transformed by online marketing — of all product categories surveyed, interactive marketing has impact, and often the greatest, at every stage of the purchase process”:

Most influential media on learning stage of purchase process



Source: DoubleClick, March 2003

Another study conducted by Washingtonpost Newsweek Interactive showed that over 90% of affluent adults (with

annual household incomes of over \$100,000) who made a travel purchase in the past six months used the Internet to make or research their travel purchase decision (Feb. 2003).

What Drives the Consumer's Hotel Booking Decision

Generally, three principal considerations drive a consumer's hotel booking decision: location (where the hotel is situated), price, and expected consumer experience (all those factors which, together, will determine what kind of experience the consumer expects to have at the hotel - from the appearance of the hotel and its rooms, to the hotel's facilities and amenities, its level of service, etc.).

Since consumers generally look for a hotel in a pre-determined destination, hotels usually cannot compete on the basis of location. They must instead compete based on price and "expected consumer experience". Studies show that consumers actually chose their hotel accommodation based on a combination of both these two factors, which together determine perceived "value" - the higher the "expected consumer experience" or the lower the price, the higher the perceived "value" of a given hotel. An important corollary of this is that consumers are willing to pay more for a hotel if they believe that they are getting a better "value".

How to Communicate a Hotel's "Expected Consumer Experience" to the Online Traveler

Since consumers choose hotel accommodations in large part based on their "expected consumer experience", it is clearly important for lodging properties to effectively communicate to the online traveler what that experience will be. Here is where interactive content plays a crucial role.

As the saying goes, "a picture is worth a thousand words"... The consumer searching for hotel accommodation online wants to know as much as possible about a hotel before making a booking decision. What does the hotel look like? What kind of room will he or she be staying in? What amenities does the hotel provide? What about the hotel's swimming pool, restaurants and other facilities? What local attractions are nearby? Nothing is more effective at answering these and many other questions of the online traveler than interactive content. Unlike textual information, streaming videos, virtual tours and other rich audio-visual content effectively convey unique property information in a dynamic and captivating manner, engaging the viewer with sight, sound and/or motion. By providing a more powerful and compelling user experience, interactive content satisfies an online traveler's thirst for information and therefore helps drive increased online bookings.

But don't take our word for it . . .

Here is what some industry experts have to say about the use of interactive content by hotels and resorts:

- ▶ "Studies do show that resorts with this [virtual tour and video] content sell better. Travelocity has certainly done this in the cruise area with lots of visual content to great effect". And "the travel business is sun, sand, fun and sex appeal and yet there's not a lot of moving video and there ought to be." (Terry Jones, former CEO of Travelocity, April and June 2003)
- ▶ "Lodging is arguably less of a commodity than air travel. Here the Web adds value to the shopping experience, with the availability of detailed information, images, and virtual property tours. The Web puts fast, powerful comparison-shopping and buying tools in the hands of increasingly sophisticated consumers." (ComScore Media Metrix, July, 2003)
- ▶ "The user population will be increasingly mainstream (both online and offline) and will be more risk averse. Most online consumers are using information on the Web to help them make current and future purchases. Therefore **hospitality companies should create an online experience based on richness and reach**, resulting in a one-stop shopping experience that unifies information, integrates activities, and creates a dynamic interchange. **Fortifying the customer care philosophy should be a dynamic Web site that contains specialized, high quality content** in the form of newsletters and columns, information and statistics, hot tips and local favorites, valuable links, multilingual information and **audiovisual clips.**" [*Emphasis added*] (HSMIA: Report by "THINK" Group on E-commerce and Hospitality, Dec. 2001)
- ▶ "Capturing and sustaining the attention and interest of the individuals viewing your web site is essential. **Video can add compelling visual (and related audio) content to your website, enabling you to engage your viewers in a more powerful and emotional manner.** It can help you to create lasting and positive impressions of your company or organization, enhancing opportunities for increased customer loyalty and repeat business." [*Emphasis added*] (Hospitality Sales & Marketing Association International (HSMIA) Article: "Net Enhancements - Six Features To Improve Your Web Pages and Generate Increased Awareness" by Donald E. Bender, Jan. 2001)
- ▶ "Rich media ... takes advantage of the Internet's reach, interactivity, and data orientation to deliver the communicative power of video or animation. It adds the dimensions of context and personalization to provide relevance that cannot be matched by other communications or broadcast media. (First Albany Corporation Report on Rich Media, Jan. 2001).
- ▶ "With streaming media, hotels are able to transcend a flat brochure and tell their story to vacationers with the richness of full-motion video. A hotel's amenities can come alive with sound and motion, providing a more compelling reason for businesses and vacationers to plan their stay" (Tom Britt, CEO of Channelseek.com)

Here are some additional important facts you should know about rich media:

- ▶ Rich media generates click-through rates 4 to 5 times the average for non-rich media (DoubleClick May 2003)
- ▶ In travel, rich media generates post-impression activity rates that are twice those for non-rich media, and 46% more sales rates for those activities compared to non-rich media (DoubleClick May 2003)
- ▶ According to a Measurecast/Yankee Group study, streaming media (video and audio) ads have been shown to deliver five times the click-through rate of a traditional banner (Media News, May 2001). Similar results (4.8 time click-through rate) were reported by eMarketer and eAdvertising Report.
- ▶ Based on the viewing of streaming media ads vs. non-streamed ads, consumers' brand recall was 160% higher after seeing the streaming ads (Millward Brown Interactive Report, March 1999). In turn, a February 2001 Morgan Stanley report showed that banner ads are more effective at generating brand recall and brand interest than ads on TV or in magazines and newspapers (27% brand recall for banner ads, 26% for newspapers, and 17% for TV).
- ▶ An online study conducted by DoubleClick in the Spring of 2001 showed that exposure to streaming media increased ad recall by up to 118%, increased recall of key message points by up to 197%, and increased the likelihood of a purchase by up to 25%. The study further showed that elevated brand awareness from streaming media exposure remains high for 30 days.
- ▶ According to Carton-Donofrio Interactive, streaming media has a 70% response rate for content, a 60% response rate for advertising information and a 49% "buy" rating for online merchandise. (*Streaming Digest, 2001*)

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