

Wednesday, Sep 21, 2005

Video-on-demand technology gaining traction in hotels

Jul 18, 2005

By: Russell Shaw

Until a year or two ago, the services that most hotels marketed as video on demand were anything but.

In many cases, individual properties would be supplied with several copies of 10 to 15 movie titles on a videocassette tape. When a guest ordered a movie, a request was sent to the VCR player bank, and the movie would be sent to the television set in the guestroom. To manage system load, starting times would be staggered.

Now, hotel room VOD has entered the digital era. Vendors such as LodgeNet Entertainment Corp., On Command Corp. and Kool/Connect offer products that feed movies via satellite to properties, and then to televisions in guestrooms.

Because the on-demand content is stored as digital bits and bytes, availability is not constrained by the number of copies a hotel has. On-demand programming can be queued up exactly when the guest wants to see it.

IN THE details

Guests, hoteliers favor VOD

As guests use digital video recorders at home, they will expect to have VOD technology at hotels. Benefits to hotels are that they:

- Can offer more content
- Provide different services
- Need less storage space
- Can be customized
- Satisfy guests

In The Details

"The big deal in VOD in hotels is the move from analog to digital technologies," said Joe Wheeling, executive v.p. and c.o.o. at Red Roof Inn.

Previously, hotels were limited by physical space and by the investment on the part of the provider, he said.

"Now, with the growth of digital technology and digital file servers, you can not only offer content immediately, but you can provide a lot of selection and a lot of different services," Wheeling said. "Everything is more customized."

Hotels need not invest in pricey new televisions to make the technology work. Properties typically need a file server to receive and distribute on-demand digital files, a smart card in the guestroom television to communicate with the file server, and a proprietary remote-control device that guests use to interface with the television and order VOD programs.



Wheeling Red Roof Inn

Red Roof's first property to receive enhanced VOD was near the Philadelphia International Airport. It went live in March and was selected because it was one of the company's best-performing hotels and just completed a renovation, Wheeling said. The chain, which is owned by Accor North America, expects to have 50 percent of its locations hooked up to On Command VOD by the end of this year.

The number of on-demand titles available in a hotel room is growing. Here are 5 things to demand from your video-on-demand technology solution:

1. **Content** - More content, more variety, more choices.
2. **Customization** - Ability to tailor content to specific guest preferences.
3. **Integration** - Seamless integration with hotel's existing systems.
4. **Reliability** - Consistent performance and uptime.
5. **Support** - Responsive customer service and technical support.

What matters to guests is not only the amount of movies and other on-demand content that is available and the virtually instant starting times, but the ability to control the viewing experience itself, hoteliers said. Via digital personal video recorders, many people have become acclimated to starting, stopping, backspacing and fast-forwarding through a program while it is airing. It's only natural that guests would want that same functionality in their hotel rooms.

5 Things to demand from your video-on-demand technology solution

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A fire alarm goes off in your hotel after many guests have turned in for the night. You know it's a false alarm, but the high-pitched alarm rings for more than 30 minutes. Do you:

- Check in with each occupied guestroom in the hotel
- Check in personally with each occupied guestroom on the affected floor(s)
- Do not communicate with the guests
- Evacuate the guests

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"As the technology has changed, people get used to wanting more convenience in their in-room entertainment," said Dave Eisenbrun, g.m. of the Holiday Inn Rushmore Plaza in Rapid City, S.D. "The guest has more control over the movie-watching experience. They can stop and pause the movie if they need to. Before, they'd have to sit continuously through it."

For hoteliers, price is a key issue—both how much to charge the guest for each title and commissions to be paid to the distributor. Typically, the Rushmore Plaza charges guests between \$9.95 and \$13.95 per movie, per view. Of that amount, a 15-percent to 20-percent commission goes to the distributor, which is LodgeNet and its SigNETure TV service.

One factor involved in the enhanced appeal of true VOD movies is narrowing the time gap between when a movie is released to theaters and when it's available via VOD services, Eisenbrun said.

Hoteliers have several decisions to make in upgrading to digital VOD services. They can invest in expensive high-definition televisions or plasma sets that offer exceptional video and sound quality, but these units are expensive and the return on investment is long. Potentially, this could change once it becomes economical for hotels to install high-end plasma or HDTVs that would surpass the quality of the video viewing experience most guests get in their homes.

"There could be a return on investment tipping point, but that's a couple of years away," said Dennis Koci, senior v.p. of operations support for Hilton Hotels Corp.

Whether or not to rewire a property for digital video transmission is another key factor. Fiber-optic lines to the television set can carry more bandwidth—and more services—and at faster rates than coaxial cable. But retrofits can be costly and disruptive to guests.

These were issues that managers at the 950-room Boston Park Plaza Hotel considered. In December 2004, the hotel rolled out a new KoolConnect Interactive System, with digital pay-per-view VOD movies, guest services communications management and a virtual concierge. But Jeff Roike, director of operations, did not want to tear apart walls and rooms.

"We wanted to replace the antique movie system without having to do lots of rewiring," he said. "Sending a digital signal to the room through our coaxial system lets us do that."

In guestrooms, the technology works through a converter box, which takes the signal from the server and converts it to a viewable format. There are 30 to 40 movies available at any given moment. The hotel caters to business travelers, who welcome the broader selection, Roike said.

"At the end of the day, enhanced VOD is a winning combination for our customers," Wheeling said.



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