

HD Chauffeur Rides www.harleyrides.com.au

Case Study 8 of 20 Broadband Infrastructure Industry: Tourism

>> THE BUSINESS

HD Chauffeur Rides conducts fun rides around Victoria on Harley Davidson motor cycles. HD Chauffeur Rides is a sole proprietor business with 35 experienced contract chauffeurs who conduct the rides. The proprietor, John Karmouche, operates the business from Blackburn in Victoria.

>> WHAT WAS INITIATED?

A website was established to demonstrate the HD Chauffeur Rides services by way of photography, text and video catering for both narrowband and broadband streaming. Booking enquiries are generated via online enquiry forms, direct email or by telephone.

What is Broadband?

Broadband means a high-speed Internet connection that is, at the very least, at least 128kbps, almost three times the speed of a narrowband 56kbps dial-up connection. Most broadband services are available at speeds of 256kbps, 512kbps, 1500kbps and even faster. See eNote 1: Setting up on the Internet.

In addition to the traditional promotional avenues of publicity, Yellow Pages (print and online) directory listings, brochures and business stationery, much of HD Chauffeur Rides business is generated through the website's ability to be found using major search engines such as Google and Yahoo.

>> HOW THE TECHNOLOGY WORKS

HD Chauffeur Rides website demonstrates the available tours, motor cycles and quality of service via a photo gallery as well as via streaming video containing a three minute interview with John, interspersed with footage of him chauffeuring a passenger around Melbourne on a Harley Davidson motorcycle.

'Streaming video' is an alternative to 'video downloaded' onto your hard drive. The difference is that it 'plays' in real time rather than being played once it is downloaded. Streaming video 'players' are now bundled as standard with most operating systems. However, they can also be downloaded (usually for free) from www.windowmedia.com, www.real.com or www.apple.com/quicktime.

"Sixty percent of my business comes from corporate customers, the majority of whom use our website to instigate a booking. Some of these customers now use the broadband content on our website for their own promotion of an internal event."

John Karmouche, Proprietor

Once the relevant software has been downloaded, video can be played from an interface which resembles the controls of a DVD player. Websites offering streaming video often provide different bandwidth options such as narrowband, DSL or cable.

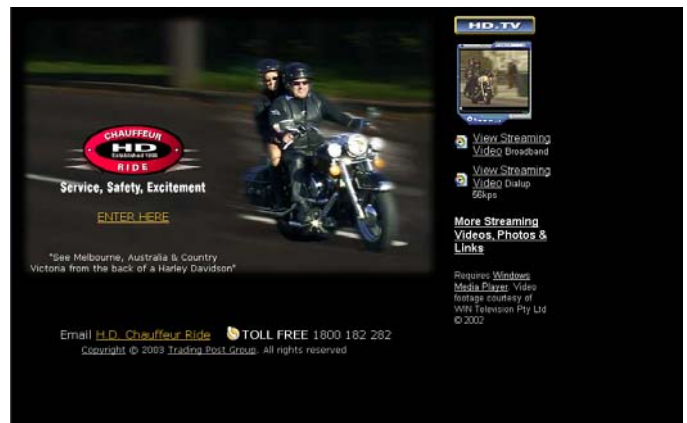
Harley rides can vary immensely in duration and distance and can only be priced once a full understanding of the customer requirement was gathered.

As a result, providing prices and subsequent online booking systems were rejected in preference to an online enquiry form containing radio buttons and fields for specific information with the option of enquiring via direct email, fax or phone to make a booking.

>> RESULTS

HD Chauffeur Rides generated approximately \$65,000 in sales as a result of visitors using the Internet to find the website or typing the website address. After costs of goods sold of \$16,250, net sales were \$48,750.

The business was also able to save \$28,700 in operating expenses including two major expenses of rent (\$15,000) and wages (\$13,000). The overall return on investment came to \$65,290 in 2003.



>> COSTS

HD Chauffeur Rides kept upfront expenses to a minimum, spending \$2,670 implementing the eCommerce initiatives. Operational expenses came to \$9,490 – the majority of which was spent on broadband connectivity to expedite website modifications and minimize download disruptions.

>> CHALLENGES AND PROCESS CHANGE

The biggest change related to the HD Chauffeur Rides shop front being moved from an expensive City location to his home, resulting in a saving of \$15,000 rental per annum as well as personal time/travel costs.

These savings were reinvested in teaching staff website development and video production skills to enable the website content to be updated internally instead of being contracted out to a third party external website contractor.

>> FUTURE PLANS

HD Chauffeur Rides has taken steps to implement a comprehensive content management system which will automate the listing of promotions and offers on the website. With staff updating the website, savings will be achieved through reduced website development costs.

HD Chauffeur Rides is also planning to learn more about online marketing via Search Engine and introduce 'pay per click' advertising to stimulate increased traffic to the website.

Search engine marketing has opened new markets for HD Chauffeur Rides and they plan to increase the 40 per cent of bookings received by the website using this method.

Where previous international enquiries predominantly came from a magazine called the Melbourne Events Guide, the majority of international customers now find HD Chauffeur Rides using an Internet search engine.

>> REFERENCE WEBSITES

<http://www.yellowpages.com.au>
<http://www.eknowhow.com.au>
<http://www.yahoo.com.au>
<http://www.google.com.au>

>> REFERENCE eNOTES

eNote 1: Setting up on the Internet
eNote 10: Make Search Engines Work for Your Website.

>> E-COMMERCE PROFIT & LOSS ANALYSIS

	2003
Additional Revenue from eCommerce	\$
Sales via the Internet	<u>65,000</u>
Less Cost of Goods Sold	<u>16,250</u>
Net Profit for eCommerce	<u>48,750</u>
Add: E-Commerce Expense Reductions	
Reduced telephone bills, freight, postage	500
Reduced paper and printer cartridges	200
Reduced customer services costs	13,000
Reduced rent	<u>15,000</u>
Total eCommerce Expense Reductions	<u>28,700</u>
Gross Benefit from eCommerce	<u>77,450</u>
Less: Up Front Fixed Expenses	
Website and Content management systems	900
Network, intranet and extranet systems	720
Anti-virus and Security software	50
Staff Training on technical systems	<u>1,000</u>
Total eCommerce Up Front Fixed Expenses	<u>2,670</u>
Less: Operational Expenses	
Internet Service Provider	600
Telephone lines	6,890
Online Advertising	<u>2,000</u>
Total eCommerce Operational Expenses	<u>9,490</u>
Total eCommerce Costs	<u>12,160</u>
Total eCommerce Benefit	<u>65,290</u>

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For further information go to: www.mmv.vic.gov.au/casestudies

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