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Virtual & Augmented Reality in the Hospitality Industry

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25 years ago you had to go to a travel agency to book a vacation on a secluded tropical island. In 2000 everyone was able to do a booking from the comfort of their home, and in 2010 it all switched to mobile. Is Virtual Reality going to be a new way of booking hotels in the 2020's?

Most likely so!

If you look at a hotel booking as an e-commerce product it is very different to other online shopping experiences. It's quite expensive, you have no chance to experience it before you pay, and there is no refund in case you don't like your purchase. Just compare it to buying a pair of sneakers which will be shipped to your doorstep to try on, moreover you can return them if you don't like the colour of the laces. Remote hotel booking has some big concerns: is it really like this? I can see the room but cannot connect emotionally to the whole experience. Causing possible doubt about the pricing and value proposition.

That's why travellers spend so much time surfing through reviews. They trust other people's experiences through text rather than professional hotel pictures. Furthermore, 78% of travellers find reading reviews boring and overwhelming.

Can an immersive Virtual Reality experience make it more engaging and trustworthy?

Absolutely!

There are three main benefits of VR hotel presentation compared to traditional content. First of all it looks real. This point is tough to explain unless you have experienced high quality VR yourself. Having demonstrated VR hotel tours to over 1000 people myself, I've witnessed so many different emotions. People laugh and scream, trying to touch the sand or even jump into the pool while wearing a headset. Obviously, looking real is great for a luxury property, but it also helps low cost hotel products as well. Hoteliers are able to communicate their product accurately and not oversell a 3 star experience, potentially misleading the guest which could result in poor online reviews after their stay.

The second Virtual Reality benefit; it is hard to fake. Fish-eye camera lens is a standard in real estate photography nowadays, so it's really tricky to get how big a room actually is. Also traditional photography and videography is taking control of your neck and head focusing on exactly what you need to see. Alternatively, Virtual Reality shows 360° scenes, with nothing being hidden behind your back. So it's definitely more trustworthy.

Finally, Virtual Reality makes you feel as if you're there. Traditional videos always have models for you to imagine how cool the experience is. In Virtual Reality the model is yourself, being put in a kebana or a spa room.





Most hoteliers I have demonstrated Virtual Reality products to don't have any doubt about how cool VR is and how helpful it could be. **The main concern is: Is Virtual Reality big enough to take seriously yet?**

One argument is estimating the Virtual Reality market and being the first to reach out to travellers in this new channel. Another is using Virtual Reality to reach out to a bigger audience, not necessarily home VR users.

Let me address these two arguments.

There are around 200 million Virtual Reality users worldwide in 2020, mainly concentrated in the US and China. How big is 200 million people? Just compare it to 106 million Playstation users globally or 85 million Apple AirPods sold to date. What makes this audience special? They are content hungry, constantly looking for new experiences and use-cases. Being one step ahead of competitors reaching out to customers through this new channel might be crucial for some hotel brands.

If the 200 million user base is not appealing enough, let's explore other use cases, helping hotels to boost sales through other channels.



First of all, Virtual Reality is a great replacement for famil trips. It was always pricey yet essential for resorts to bring partner travel agencies to the property; to make them feel the atmosphere and learn how to convey the benefits to their customers. In a post-COVID world it will not be just about the money, but the ability and eagerness for agents to travel around. Sending a \$200 Virtual Reality device (Oculus Go, for instance) can do the job. Instead of flying over, a hotel GM can walk the partners through the property, saving costs and time.



Secondly, Virtual Reality helps in sales meetings, especially when it comes to high margin products such as weddings or corporate events. Being able to walk potential guests through the property, sales managers can grasp their attention for 5-6 minutes on the property itself which is good enough to engage. Compare it to an iPad with hotel pictures which becomes boring after a few swipes.

The third use-case is a 360° interface for hotel websites. Having a catchy widget on the main page triggers an exploration mood resulting in longer customer engagement with the website and higher booking conversions. It's important not to make the interface too complicated and focus on Virtual Reality videos as part of a tour, rather than static 360° pictures. The main difference is that still pictures convey facts, whereas short Virtual Reality videos appeal to the users emotions.



The next example of Virtual Reality content impact is with Social Media. Posting high quality VR videos on Facebook increases organic reach by 200-300%, meaning that the marketing team can save on social media campaigns or reach out to more people at the same cost. There are two reasons behind this effect: massive investment from Facebook into the VR ecosystem (Oculus is a part of Facebook), and engaging experience, which makes VR content look different, provoking users to like and share more actively.

The fifth example of Virtual Reality technology helping hotels is upselling. There are a few examples of hoteliers having a VR tour during the transfer or in the lobby. It is a very friendly way of telling guests about Sunday brunch, romantic dinner setups or the hotel's

luxurious spa room. Also showing a suite in VR during check-in presents a great opportunity for a paid upgrade. Virtual Reality headsets are still treated as entertainment, rather than advertising, hoteliers could leverage it as a possible flashy banner and annoying print-out replacement.

Finally, Virtual Reality can be used in selected travel agencies to teleport potential customers to the hotel before making a decision. Although traditional travel agency's market share on bookings is decreasing, a lot of high margin guests are still there, willing to get a more customized experience, something they cannot do from a home computer.

For hotels to understand the benefits of Virtual Reality, the key is what kind of content to go for and how to create it. The main challenge is to create a hotel story in VR once and use it throughout all the use-cases I described previously.

Research conducted with 12,000 users shows that still images (known as 360 tours) are less preferable when it comes to putting the goggles on. 72% reported feeling claustrophobic and uncomfortable walking through long periods of time. The best way is a video tour, imitating the hotel GM walking the guest through the property in 5-6 minutes, with a professional voiceover and interactive Augmented Reality elements on top. Such content can absolutely serve all the goals including the hotel's website, social media, as well as live presentations and famil trips.

To conclude, here are a few tips on getting the right Virtual Reality content. I realized that when it comes to traditional photography, hotels spend hours learning about portfolios and equipment. Probably because it is so new, hoteliers are less picky when it comes to Virtual Reality quality. And here comes the main challenge: unprofessional or user generated content in VR makes people dizzy and can create a bad brand perception. So if you go for VR content, do it right!

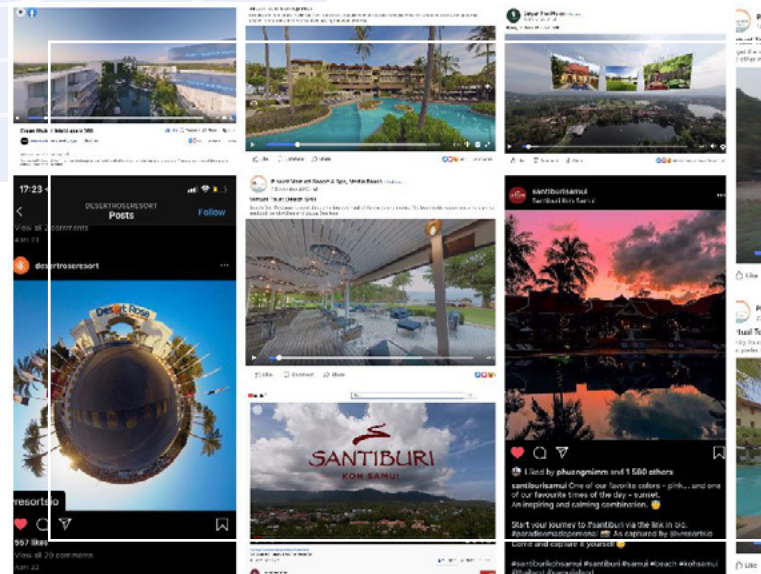




Here are a few ways hoteliers can get a decent piece of Virtual Reality content:

1. See how big the production team is; it should include at least 5-6 people to create a high quality story.
2. Being a good photographer and buying VR equipment doesn't help to become a VR content producer. Having 3-4 years of experience in VR videography is definitely a must.
3. To understand how good VR is in a VR headset, even if you do it for your website and social media only, make sure it's good enough for real VR, not to do it again later at a better quality.

Let's get excited about hotel bookings in Virtual Reality, make the content right and reach out to customers through this new channel!



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Entrepreneurial leader with 15+ years of experience in scaling businesses and building high-performing international teams. Leveraging his background in management consulting and experience of start-ups at different stages, Vladimir creates value in fast-paced environments in a structured manner. Having led teams across 20+ countries in Europe and Asia.