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What the metaverse in hospitality is and isn't

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Synopsis

In this article, Max Starkov explains that the metaverse, a concept of a 3D virtual world where people can interact with each other and AI agents, is a new medium that is not yet ready for mainstream use. It is a convergence of various technologies, including virtual and augmented reality, and different companies are working on their own versions. However, the metaverse currently lacks a standardized platform and is still in the early stages of development. The author advises that when investing in the metaverse, hotels should make sure they have the right audience and use the right digital channels to market their metaverse venues or events.

There have been heated discussions in hospitality about the impact of the metaverse on the industry. From proponents predicting that it will “change everything in travel and hospitality”, to detractors who are skeptical about its immediate value proposition and useful applications.

In my view both sides are somewhat correct: the metaverse is a new medium that needs to be studied and monitored closely, like how the Internet was a new medium back in the mid-1990s. At the same time, let’s face it - the metaverse is not yet ready for prime time.

Here are six important aspects of the metaverse that allows us to better understand this new medium and how it might develop in the future and affect hospitality:

First, let’s clarify that the metaverse is a 30-year-old idea that was not invented by Mark Zuckerberg or Facebook. In 1992, science fiction author Neal Stephenson coined the term “metaverse” in his novel *Snow Crash*, in which he imagined a 3D virtual world where people, represented by avatars, could interact with each other and AI agents.

Second, the metaverse is not a single technology or technology platform, it’s a convergence of many separate technologies, including but not limited to virtual-reality and augmented-reality technologies, which are yet to mature for use by the mainstream audience. Combined, these technologies can create an immersive experience of a three-dimensional environment in which users and their avatars interact with other users and their surroundings as if they are in a shared space.

Third, Though the Metaverse Standards Forum is trying its best and working hard, as of today, there's no such thing as THE metaverse. Currently there are many metaverses and walled garden platforms. What we are experiencing today is not a metaverse, but a multiverse.

Fourth, different companies will probably create their own versions of the metaverse. Facebook, renamed to Meta Platforms, and Microsoft have already announced that they are working on their own versions. Google, Apple, and other tech giants around the world most probably will join the “metaverse rush.” The hope is that like the Internet all of these metaverse will be interconnected and you and your avatar can jump from one metaverse to another, similar to how now you can browse from one website to another.

Fifth, Metaverse aficionados could learn a thing or two from... the 3D TV craze 10 years ago. In 2012, 3D television shipments totaled 41.45 million units, compared with 24.14 in 2011 and 2.26 in 2010. In late 2013, the number of 3D TV viewers started to decline, and in 2016, development of 3D TV was limited to a few premium models. Production of 3D TVs ended in 2016.

The main reason for the 3D TV demise according to researchers? Requirement to wear 3D goggles while watching a 3D TV program, while you are comfortably lounging at home in your shorts, T-shirt, and slippers. Consumers hated doing that. At least today, the metaverse requires users to wear Oculus 2-type of headsets or have a very powerful and expensive computer.

Unless the metaverse can be accessed and experienced 100% via your smartphone, this new medium will have a slow adoption rate.

Sixth, the metaverse is a two-way street. Recently, the European Union spent over \$400,000 on a metaverse venue to promote a new strategy. But the 24-hour launch party saw just a handful of attendees. One journalist who attended said he was one of just six people at the event.

The moral of the story: when investing in the metaverse, make sure your hotel a) has the right metaverse-savvy audience, and b) invests in the right digital channels to market your metaverse venue or event.

SO, WHAT ABOUT THE METAVERSE AND HOSPITALITY?

The question is, can the metaverse bring significant changes, solve some of the pressing issues and become the way forward for the hospitality industry? Is the metaverse the perfect universe for misanthropes and germophobes, in other words, people who do not want to meet, mingle with and communicate in person with other people? Or is it a parallel universe enabling people to experience travel to far away destinations from the comfort of their reclining chair?

On the surface, the Metaverse is the ANTITHESIS of travel. Travel is all about indulging your five senses: taste, smell, touch, hearing, and sight. At best, the Metaverse can let you experience two of these: hearing and sight, though there have been some attempts to solve for a third sense - smell. Vermont-based OVR Technology showcased a headset containing a cartridge with eight primary aromas that can be combined to create different scents is a step forward. A long way to go until the metaverse replicates the real world, where humans can distinguish more than 1 trillion scents!

So how would the metaverse affect travel and hospitality? One thing the metaverse and travel have in common is that both are SOCIAL. This social aspect is central to understanding the metaverse, where people are represented by avatars and you can meet and interact with other people’s avatars, but also with AI agents, bots, and virtual agents. Like travel in the real world, your avatar can hang out with other avatars and plan and do things together.

SO, WHAT THE METAVERSE IS IN HOSPITALITY?

Immersive video games and virtual concerts aside, here are a few additional metaverse applications I see emerging in travel and hospitality:

BUILDING YOUR VIRTUAL BRAND PRESENCE

Creating a virtual representation of your hotel brand or property in the metaverse may position your brand as avant-garde and engage some early tech adopters. Marriott, CitizenM, and other hotel brands have already done this.

Buying virtual land in the metaverse via popular platforms Sandbox and Decentraland isn't inexpensive - the cheapest plots of metaverse land are selling for \$10,000-\$13,000. Plus, you have to build your virtual hotel or brand presence, which could become very expensive.

The only question is whether the cost is justified and whether the marketing dollars could be spent on something more practical and with more immediate and meaningful brand engagements and concrete results.

If, instead of a well-funded brand presence in the metaverse, you are simply creating a virtual reality tour of your property, do you really need the metaverse to do so? You can easily do so by using existing technologies like videos, virtual tours, 360-degree tours, digital floor plans and schematics, and high-quality photography, all of which will reach a far greater audience and bring much higher ROIs.

AUGMENTED REALITY

I believe augmented reality is by far the most accessible and practical technology already available today. I believe this technology could be much more beneficial to the travel industry in the near and mid-term. No need for any extra headsets or gadgets - you use your smartphone which you always carry with you anyway. Just point it at anything and the information layers magically appear on the screen. Several companies like GoSpooky have been able to achieve a lot with smartphone-based tech capabilities.

VIRTUAL AND HYBRID EVENTS

In place of the flat and boring Zoom meetings we have all attended over the past three years, the metaverse will allow you to attend and experience the industry conference or event in 3D graphics and sound and make you feel (almost) as if you are present physically. Guest speakers and presenters can appear holographically and create a near real life impression.

There is a caveat, of course. Having attended industry events for 30 years now, the main benefits from attending a live event come from personal, unscripted, and often random interactions with other participants, not from officially scheduled general sessions, workshops, product presentations and meetings. How would the metaverse handle such interactions with both live and avatar participants remains to be seen.

VIRTUAL BUSINESS TRIPS AND SALES MEETINGS

You can have a holographic version of yourself take a virtual business trip, present your case, discuss terms, and even sign new contracts. The caveat is whether your 'virtual self' will be able to establish rapport and build trust with your live counterparts. Anybody who has been in sales can vouch for the fact that building rapport and trust, in addition to great products and service, are the main reasons why you win a new client.

VIRTUAL TRIPS TO NEW AND FAR AWAY DESTINATIONS:

Using a virtual reality headset, you can "fly" to a destination without leaving your couch, immerse yourself in the local life, visit attractions and museums, attend local concerts and sporting events, meet, and interact with locals and other visitors, and have fun. Kind of.

The caveat is that your experiences will be limited to seeing and hearing, and you will not be able to indulge your other three senses: taste, smell and touch.

WHAT THE METAVERSE IS NOT IN HOSPITALITY?

The metaverse is not a replacement for the real world, it is an extension of the real world. In hospitality:

- It is not a new distribution channel
- It is not a revenue management platform
- It is not a customer relationship management (CRM) platform
- It is not a customer service platform.
- And it is not a replacement for hotelier's investments in technology and marketing fundamentals and adequate investments in cloud tech stack, contactless guest experience, CRM, mobile-first website, well-funded digital marketing.

IN CONCLUSION

One important question to ask yourself: Can you do the things which proponents of the metaverse claim it can do for you and your hotel by using existing technologies today. I bet you can, and you can do them very well, indeed.

Will the metaverse allow hoteliers deliver even better services and experiences in the future? Perhaps, but not today or in the foreseeable future. In any way, the metaverse will never achieve 100% adoption rate, neither did TV, Internet, mobile communications, etc., so hoteliers should continue perfecting existing technologies to serve the broader traveling public.

In my view, despite all the hype, the metaverse will have only marginal applications in travel and hospitality in the near to midterm.



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