

Press Release

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PolyU Study Finds Virtual Reality Ideal for Co-Branding Studies

Virtual worlds are ideal places for co-branding case studies, write Dr Basak Denizci Guillet of the School of Hotel and Tourism Management (SHTM) at The Hong Kong Polytechnic University and a co-author in a published research paper. The researchers chose the popular online space Second Life to investigate the co-branding preferences of a diverse range of participants in a hotel environment, something that would have been prohibitively expensive and time consuming in the real world. Their immersive approach could not only help hotels to gain competitive advantage through determining an optimal co-branding mix, but should also provide a model for future hospitality research.

Virtual worlds, online environments in which real human beings interact through avatars – virtual representations of idealised or stylised selves – are growing increasingly popular, attracting the attention of educators, researchers, marketers and the general public. Second Life, one of the largest and best-known virtual worlds, has 19.1 million ‘residents’ who spent more than 1 billion hours in virtual world – roughly 115,000 years – from 2003 to 2010. What they do in their second life is not all that different from what they do in their first: socialise, shop, attend concerts, travel and spend. Asians alone spend around US\$5 billion annually on everything from virtual clothing to e-pets.

What makes Second Life particularly interesting, note the researchers, is “the intense interest amongst both large organisations and individual entrepreneurs” in conducting real business in virtual environments. More than 140 internationally known brands and 1,200 businesses have an active presence in the world, using it both for marketing and data collection. Moreover, unlike other virtual worlds, Second Life is ‘self-determined’ – there are no defined character roles, quests or missions. The researchers explain that users, from 195 countries, “take part in experiences similar to those in a real world context”. Hence, their brand-related and purchase behaviour tends to mirror that in the real world.

Although marketing researchers and educators have been quick to recognise and capitalise on Second Life’s potential, with more than 500 higher education institutions having a Second Life presence, tourism and hospitality researchers have lagged behind. This is rather surprising, the researchers suggest, as “the virtual environment offers an opportunity for researchers to reach a global audience, conduct the research in a relatively short time frame and do the research inexpensively”.

These advantages make virtual worlds, particularly Second Life, well suited to researching hotel co-branding, or as the researchers put it, the “competitive strategy that involves at least two brands working together to reach their objectives”. Examples of co-branding in the real world include the combination of Starwood Hotels and Starbucks, and Best Western Hotels and Harley Davidson. In general, though, co-branding possibilities for hotels range from tea/coffee to toothpaste and televisions, with the optimal level/mix maximising the “brand equity of the hotel while maintaining strong brand identity”.

To conduct a co-branding study in the real world, the researchers note, participants would have to be asked “to stay in a hotel and sample a range of brands in a variety of hotel settings and a mix of hotel types and grades.” Obviously, this would be a very costly exercise and it would be difficult to ensure an international mix of guests who are representatives of usual hotel patrons. In contrast, and at almost no expense, the researchers invited a large number of virtual ‘guests’ to visit hotel rooms, review the brands on offer and choose their brand preferences, all within the Second Life environment. The virtual hotel they used, one of the tallest buildings in Second Life, was a 3D replica of Hotel ICON, the SHTM’s teaching and research hotel.

The guests were recruited via invitations on Second Life educator/researcher lists and ‘travel scanning’, or “transporting the research avatar around the thousands of islands/destinations” in Second Life, the researchers explain. In their first lives they came from 39 countries, with just over half living in the US and Canada. Most were aged between 18 and 45.

Once in the virtual hotel, the guests were asked to visit 3D hotel rooms patterned after rooms in typical 4-star hotels. In the first part of the study, they reviewed a range of amenities that could be branded, expressed their preferences and nominated brands. The second stage then offered 22 room concepts with various brand combinations and room rates for preference ranking. The researchers adopted what they describe as “an enhanced immersive experience”: participants completed the survey while immersed in the virtual environment, guided by a research avatar.

The virtual guests displayed distinct preferences for four branded amenities: coffee, TV, toothpaste and shampoo/ shower gel. These amenities, the nominated brands and three room-rate options were then analysed to determine the trade-offs that hotel customers are willing to make in their purchase decisions as well as in developing pricing strategies”, the researchers explain.

Perhaps not surprisingly, room rate had the greatest influence on overall preferences, followed by the TV, coffee, toothpaste and shampoo brands. The preferred combination of co-branding options was “Colgate toothpaste, a Sony TV, Starbucks coffee, Pantene shampoo and a room rate of HK\$794”, the researchers note, with some differences between men and women and guests with different levels of education and travel experience.

Although these findings will undoubtedly be of interest to hoteliers, the study’s most significant long-term impact is likely to be the model it presents for future research. The researchers demonstrate that virtual world findings are applicable to the real world, thereby opening up endless possibilities for investigation. As they note, “virtual

economic behaviour follows real-world problems, and players are very real and quite rational in the aggregate level”.

The researchers suggest several “takeaways for hospitality researchers that would like to conduct research in virtual worlds”. Among the advantages of such research, beyond the ability to access a large group of international participants and collect data relatively quickly and inexpensively, is the potential to build a participant database for future studies. Once a participant’s avatar name and contact details are recorded, the same person can be contacted for participation in subsequent studies.

The researchers also point to the value of the immersive approach they adopted for studies targeting Generations X and Y, who are more comfortable with and adept at navigating cyberspace. Such research also enhances “experimental realism”, overcoming the limitations of artificial lab settings. The use of avatars allows a form of “physical presence”, the researchers write, which is known to positively influence “consumers’ brand-self connection, as well as their evaluation of spokes-avatar credibility”. Finally, and importantly in today’s environmentally conscious world, virtual world studies are highly eco-friendly.

The possibilities for hospitality and tourism research in virtual worlds such as Second Life appear as limitless as those worlds themselves, particularly as technology continues to advance. The researchers note that immersive research techniques make automated data collection possible, which in turn raises the possibility of 24-hour collection without direct researcher involvement. There are still validity concerns, given that virtual world inhabitants might not precisely represent real world purchasers, but the future of hospitality research could indeed be virtual.

Denizci Guillet, Basak and Penfold, Paul. (2011). Conducting Immersive Research in Second Life: A Hotel Co-Branding Case Study. *International Journal of Hospitality & Tourism Administration*, 14(1), 23-49.

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