Impression of Metaverse on Gen Z Customers in the Hotel Industry

B. Cynthia Jenny Princy
Research Scholar, Faculty of Management
SRMIST, Chennai, Tamil Nadu, India
 https://orcid.org/0009-0002-0209-6969

V. Kiruthiga
Assistant Professor, Faculty of Management, SRMIST, Chennai, Tamil Nadu, India

Abstract
The metaverse is having a revolutionary effect on Gen Z customers in the hotel industry. With Gen Z's passion for technology, hotels may make use of the metaverse to allow guests to explore and book based on virtual experiences. Their preferences are catered to through virtual tours, customized interactions, and social areas. In keeping with Gen Z's need for distinctive, adaptable experiences, the metaverse also provides venues for virtual conferences and events. Virtual co-working spaces take advantage of the growing trend of remote work, while digital concierge services improve client care. Metaverse gives hotels the ability to design captivating, technologically advanced spaces that satisfy Gen Z's demand for unique, creative, and socially engaged vacation experiences. This study aims to focus on the Impression of the metaverse on Gen Z customers in the Hotel Industry. The study was done using qualitative research on Gen Z customers. The study unveils that Gen Z customers are likely to use the metaverse, they value it for immersive experiences and better personalization in hotels. Future studies should examine how Metaverse will affect them in the long term and how their expectations change as Metaverse tech improves.
Keywords: Metaverse, Gen Z, Virtual Experiences, Virtual Reality (VR), Augmented Reality (AR), Hotel Industry

Introduction

The hotel industry plays an important and dynamic role in the global hospitality industry. It provides accommodation, dining, and a variety of services to travelers and guests. From five-star luxury resorts to budget motels, hoteliers cater to different market segments. The hotel industry plays an important role in promoting tourism and facilitating business travel. It also contributes to the economic growth of various regions and countries around the world. In recent years, there have been significant changes in the hotel industry. Online booking platforms and advances in technology have revolutionized the industry, making it more responsive to changing consumer preferences and improving the guest experience.

One of the biggest challenges that the hotel industry faces is the ever-increasing competition. As a result, hotels have to constantly innovate and differentiate themselves to attract and retain their guests. Service quality and amenities, as well as unique offerings, have become key elements in staying ahead of the competition. Sustainability is also a priority for many hotels, as there is a growing focus on eco-friendliness and responsible tourism. COVID-19 has also brought unprecedented challenges to the hotel industry, as it has forced hotels to implement strict health and safety protocols to reassure their guests and adjust to changing travel trends.

Despite the challenges, there are plenty of growth and innovation opportunities in the hotel industry. Experiential travel, personalized services, and the use of technology in the guest experience will shape the future of hospitality for years to come. The global economy is on the mend, and the hotel industry is ready to bounce back. Resilience will be key to meeting the needs of travelers and boosting the overall health of the hospitality industry.

Born into the digital era, Gen Z consumers have unique traits that greatly impact their purchasing decisions. Gen Z consumers are adequately informed and observant since they are constantly exposed to trends and information via social media. They seek for businesses and items that reflect their values and views because they acknowledge authenticity. This generation can spot deception quickly and is more inclined to support companies that show a strong commitment to solving social and environmental issues.

Furthermore, Gen Z's strong preference for online buying and seamless digital interactions is changing the retail industry. They expect effective, user-friendly e-commerce platforms because they are used to seeing their needs met instantly. They trust the opinions and experiences of their peers and online groups; therefore, the emergence of social media influencers and peer evaluations is crucial to their decision-making process. Brands thatcan comprehend and adjust to Gen Z's digital-first mindset, providing important narratives and experiences in addition to products, will be able to win over this influential customer demographic's loyalty.

The metaverse is a rapidly evolving virtual environment that offers immersive and networked virtual experiences, going beyond conventional internet interactions. It is a collective virtual shared area where users interact with digital environments, socialize, and take part in real-time activities represented by avatars. This concept involves the convergence of multiple developing technologies, the internet, Augmented Reality (AR), and Virtual Reality (VR).

Users can travel across virtual environments, take part in activities, go to virtual conferences, and even produce and exchange virtual goods in the metaverse. The metaverse is an interconnected network of virtual worlds and locations rather than being confined to a single platform. Organizations, developers, and individuals all contribute to the growth of the metaverse by producing experiences, applications, and material that users can interact with and access.

The metaverse has enormous promise to revolutionize a variety of industries, including gaming, education, entertainment, and social interaction, as technology develops. The boundaries between the physical and digital worlds have been merged by immersive technology such as augmented reality glasses, virtual reality headsets, and others, adding to the metaverse's sensory-rich environment.

Trade, communication, and social relationships are all impacted by the metaverse. Companies use the metaverse for marketing campaigns, events, and virtual storefronts to interact with customers in new and creative ways. The metaverse also acts as a social networking tool, enabling people to communicate in public online places and get over obstacles in real life. As the metaverse develops even further, it poses fascinating queries concerning privacy, identity, and the nature of human interaction in this constantly changing digital environment.

Gen Z consumers' interactions with the hotel business are being completely transformed by the metaverse, which presents previously unheard-of possibilities for individualized and immersive experiences. While Gen Z grew up in a digitally linked society, they are very open to the possibilities of the metaverse to change hospitality and travel. Before making a reservation, Gen Z customers may virtually visit hotel rooms, see their accommodations, and enjoy amenities thanks to applications for Virtual Reality (VR) and augmented reality (AR). This helps them make better decisions and satisfies their need for genuine and distinctive travel experiences.

The metaverse opens up new avenues for hotels to design captivating spaces and activities that cater to the social and experiential traits of Generation Z. Gen Z visitors can interact with others in virtual places through the metaverse's virtual tours, events, and gatherings, which offer chances for networking and socializing. By utilizing this trend, hotels can plan interactive activities, themed events, or virtual conferences that will appeal to Gen Z's social inclination and promote a feeling of community and shared experiences.

Furthermore, hotels can rethink client relationships and offerings thanks to the metaverse. Artificial intelligence-driven virtual concierge services can provide guests with seamless support, local insights, and tailored recommendations all during their visit. When loyalty programs are incorporated into the metaverse, they can offer digital currency, virtual prizes, and access to unique experiences.

Literature Review

Metaverse has been described as a new iteration of the internet-a new paradigm for how we will use and interact with digital technologies within an immersive virtual environment (Dwivedi et al.: Metaverse Beyond the Hype). The metaverse has been described as a new iteration of the internet that utilizes VR headsets, blockchain technology, and avatars within a new integration of the physical and virtual worlds (Lee et al.).

The metaverse has been described as 'a massively scaled and interoperable network of real-time rendered three-dimensional (3D) virtual worlds that can be experienced synchronously and persistently by an effectively unlimited number of users with an individual sense of presence, and with continuity of data, such as identity, history, entitlements, objects, communications, and payments' (Ball). Consumers will buy a new range of virtual products in the metaverse. They should also be able to buy their avatars' outfits and get matching outfits for themselves (Dwivedi et al.: Metaverse Marketing).

The World Economic Forum recognizes tourism as one of the key beneficiaries of the Metaverse (Tatavarti). To facilitate business travel and promote tourism, the hotel industry is crucial. The literature has posited the transformative impact of widespread adoption, where users could potentially spend increasing amounts of their leisure and working lives interacting with other users within metaverse worlds (Dwivedi et al.: Metaverse Beyond the Hype). There isn't currently agreement regarding how the metaverse will develop, so scholars are left to describe their ideas of how it might function and discuss its consequences for different users, companies, and society as a whole.

View the environments of a hotel in the metaverse before buying it for a real trip, to get an idea of how big the rooms are and what services are offered, explore the destination in advance before booking it, get to know the avatar of the guide who will physically meet once you arrive at the facility, or enter a museum from the comfort of the sofa at home. Essentially, the Metaverse allows travellers to 'pre-visit' tourist attractions and facilities virtually, enabling them to assess their desirability and suitability before physically visiting them and be better prepared once they arrive (Koo et al). This would virtually eliminate the intangibility of the service, which is what makes the travel industry so unique that is, the inability to assess performance prior to making a purchase. Ultimately, the truevalue of metaverse tourism offers during a booking process is their ability to increase overall booking volumes.

This Gen Z is also considered as the next wave of travellers and they surprisingly become influential persons in family travel decisions. People see from different perspectives and through diverse reasons. One of the perspectives is hotel attributes. If hotel for example, plans to grab the Gen Z market, its product and services offered must catch Gen Z attention. Furthermore, you can use the metaverse as a tool to experience travel: you can visit cities, vacation in a resort village, take part in fairs, exhibitions, conferences, concerts, and live the worldly life of discos, festivals, etc.; you can also interact with the local community, visit a zoo to learn about extinct animals, or relive a previous travel experience. The voyage cannot really be replaced by the metaverse, but it may have a significant and supplementary role. Just as social networks have become essential for marketing in a few years and just as the website has evolved from a simple online showcase to an extension of the structure itself, the metaverse could potentially be the next innovation in hospitality sector.

The hospitality industry is set to transform as Gen Z clients integrate the metaverse into their bookings. The metaverse offers a unique opportunity for virtual exploration and engagement, allowing Gen Z to make better decisions about their stay. Applications for virtual reality (VR) and augmented reality (AR) allow users to visually explore hotel rooms and

services, promoting digital social connections and a vibrant community around hotel options. Virtual concierge services within the metaverse provide real-time information, tailored recommendations, and interactive assistance, making the booking process more personalized and interactive. Like eCommerce, retailers who successfully establish a metaverse presence can expand their reach, with consumers from distant locations able to visit virtually. As a result, the metaverse market is expected to reach $800 billion by 2024, leading retailers to consider how they can adapt their strategies to compete in the 'virtual' future in the metaverse.

The metaverse in the hotel sector offers Gen Z guests enhanced customisation, allowing them to preview and experiment with personalized hotel experiences using virtual reality and augmented reality. This dynamic booking experience caters to their unique preferences and demands for personalized experiences. The metaverse also offers personalized virtual concierge services, providing recommendations for nearby events and attractions based on Gen Z's interests. This personalized experience enhances the overall hotel experience.

This study aims to bring a theoretical framework of the Impression of Metaverse on Gen Z customers in the Hotel Industry. Below are some theoretical perspectives that you might consider incorporating into your framework:

1. Technology Acceptance Model (TAM)

TAM, proposed by Davis, explores how users accept and adopt new technologies. It could be applied to understand Gen Z's perceptions of metaverse technology in the hotel industry, examining factors such as perceived ease of use and perceived usefulness. Personalized AR/VR experiences and immersive virtual tours are just two advantages that Perceived use offers to improve hotel stays. Perceived Ease of Use deals with how accessible and user-friendly metaverse interfaces are. The intention to useand favorable attitudes toward these technologies are increased when there are positive perceptions in these sectors. In the end, this drives adoption and pleasure among Gen Z guests in the hotel business by resulting in actual use.

2. Generation Theory

Employing the generation theory proposed by Strauss and Howe or the theory of generations proposed by Mannheim could shed light on how the distinct traits and experiences of Generation Z shape their perspectives on technology and virtual experiences. Being digital natives, Gen Z is characterized by a love of innovation, instant access, and immersive experiences. Their taste for cutting-edge technology is in line with the metaverse's offers, which include interactive services, virtual tours, and stays improved by AR and VR. The positive perception and quick adoption of metaverse applications in the hotel industry are influenced by this cohort's familiarity with and expectation of seamless digital integration. This underscores the necessity for hotels to utilize these technologies to cater to the unique preferences of Gen Z and improve the guest experience.

3. Experiential Customer Theory

The theory emphasizes the experiential aspect of consumer behavior. Gen Z's perception of metaverse technology in hotels relates to the experiential customer theory, which focuses on developing memorable and captivating consumer experiences. Gen Z customers respond to immersive, one-of-a-kind experiences and emotional connections. These needs are fully satisfied by the metaverse, which provides interactive, gamified features, individualized AR/VR environments, and virtual tours. Gen Z traveler is met with the excitement and engagement levels that the metaverse promises by providing new and unforgettable experiences along with enhanced sensory stimulation. Hotels targeting Gen Z travelers may find metaverse integration to be a strategic advantage as a result of this alignment, which promotes positive attitudes and enhanced satisfaction.

4. Flow Theory

Csikszentmihalyi's Flow Theory could be relevant to explore how Gen Z experiences a state of flow within the metaverse, indicating a harmonious and immersive interaction. The approach that Gen Z perceives as metaverse technology in hotels is related to the flow theory, which characterizes a state of total immersion and delight in an activity. Gen Z is looking for smooth, highly engaging experiences.

These kinds of experiences, which draw and hold their interest, can be offered by the metaverse through gamified hotel services, immersive virtual tours, and interactive AR/VR elements. Attaining a state of flow, in which obstacles align with one's abilities and disturbances are reduced, results in increased contentment and favorable opinions. Hotels may increase Gen Z's engagement and overall pleasure by utilizing the metaverse to generate these flow experiences. This will increase customer loyalty and positive word-of-mouth.

5. Consumer Experience Model

Gen Z's perception of metaverse technology in hotels is influenced by the Consumer Experience Model, which emphasizes sensory, emotional, cognitive, and behavioral experiences. Through virtual tours and AR/VR interactions, the metaverse provides rich sensory stimulation. Immersion experiences that are customized to the individual increase emotional involvement. Interactive and gamified components encourage cognitive activation and keep Gen Z's mind active. In terms of behavior, users' pleasure is increased when metaverse applications are simple to use and navigate. This comprehensive approach matches Gen Z's demand for unique, memorable experiences, creating favorable impressions and promoting loyalty.

Conceptual Framework
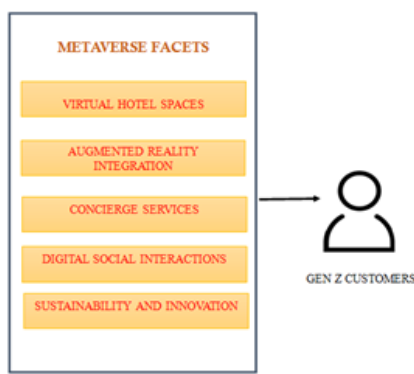
Discussion
Virtual Hotel Spaces

Virtual Hotel Spaces are finely crafted digital recreations of real hotels that are seamlessly incorporated into the metaverse to offer Gen Z travelers an engaging and participatory experience.

These areas form the basis of this conceptual framework, which aims to reinvent the classic hotel experience in the digital sphere.

Virtual Hotel Spaces are essentially artificial landscapes that capture every aspect of a physical hotel, including its ambiance, architecture, and amenities. These areas are more than just visual representations; they also include virtual noises, textures, and even climatic conditions that replicate the sensory qualities of an actual visit. The goal of this thorough replication is to immerse people in a virtual world of hospitality that closely resembles its physical counterpart.

The idea of Interconnected Environments explains how Virtual Hotel Spaces relate to one another. This entails making it possible for guests to seamlessly switch between the hotel's numerous digital features, including its virtual lobbies, rooms, and amenities. Users can walk around the digital environment with ease, mimicking the fluidity of movement found in real-world environments. A Gen Z consumer may, for instance, travel from a virtual foyer to digitally interact with leisure facilities or browse various room kinds.

This connection goes beyond only changes in location; it also encompasses the continuity of experiences inside the metaverse. Users can transition between a public and private virtual area while still following a seamless and engaging story throughout their online visit. Creating a comprehensive and dynamic virtual environment that allows users to explore, engage, and customize their experience with the same ease as they would in a real hotel is the aim.

This interconnection will be crucial in determining how the metaverse hospitality experience is shaped as virtual hotel spaces develop further, providing Gen Z guests with an immersive and smooth fusion of the real and virtual worlds inside a virtual hotel.

As an example, let us consider the example of Atlantis Hotel, Dubai where Metaverse is used to attract customers. The Atlantis Hotel's metaverse features a digital lobby with individualized concierge services and virtual check-ins. Visitors explore immersive spaces while personalizing and choosing features. Interactive beaches, eating experiences with a variety of cuisines, and pools and wellness facilities are all included in the virtual

amenities. Events, concerts, and social gatherings take place in communal spaces, and engagement is increased via gamified experiences and loyalty schemes. Integrating with real-world services creates an inclusive and environmentally responsible digital hospitality experience by facilitating smooth transitions, special offerings, and sustainability.

Augmented Reality Integration

The integration of Augmented Reality (AR) into the metaverse shows a revolutionary coming together of the virtual and real worlds. The main idea is to provide a new level of interactive and enhanced experiences by combining digital data with the real world. AR integration changes the way people interact with real and virtual worlds in the hotel industry, which caters to Gen Z travellers.

Augmented Reality (AR) Integration offers users a dynamic and information-rich overlay over their actual environment by continuously fusing the real and virtual worlds. This enhancement can take many different forms, such as identity labels that appear when an object is hovered over or engaging visuals that improve physical locations in the metaverse. Gen Z's total hotel experience is improved by this symbiotic interaction between the real and digital.

Concierge Services through Metaverse

Gen Z's tendency for seamless and efficient interactions may be satisfied by Virtual concierge desks offering personalized services such as booking virtual tours, recommending activities, and answering queries through AI-driven chatbots or live staff avatars.

Digital Social Interactions

Gen Z is particularly keen on social relationships. Virtual interactions in hotel rooms that encourage visitor involvement and a sense of community could be made possible via the metaverse. Gen Z travellers' entire social experience can be improved by participating in conferences, virtual events, or cooperative activities held in the Metaverse.

Sustainability and Innovation through Metaverse

Gen Z is constantly aware of environmental issues. The metaverse presents a unique avenue for promoting sustainability and innovation within the hotel industry, particularly appealing to Gen Z customers who prioritize eco-conscious choices. Hotels can leverage virtual reality experiences to vividly showcase their commitment to sustainability, providing immersive glimpses into energy-efficient practices, waste reduction efforts, and eco-friendly amenities. This not only communicates environmental responsibility but also engages Gen Z in an informative and visually compelling manner. Hotels can also innovate to the metaverse by developing virtual experiences that showcase sustainable practices, such interactive simulations of renewable energy sources or tours of eco-friendly architecture. By offering virtual eco-challenges, gamified components might further motivate Gen Z guests to engage in environmental awareness-raising activities. The metaverse presence allows the Atlantis Hotel to promote sustainability by reducing the need for physical travel and resource consumption.

Conclusion

This study discussed the impression of Metaverse on Gen Z customers in the Hotel Industry. As a generation deeply rooted in digital experiences, Gen Z values innovation, personalization, and sustainability. The metaverse caters to these preferences by offering virtual exploration, enhanced customization, and dynamic, hybrid experiences. From virtual room tours to AI-driven concierge services, the metaverse transforms the hotel booking process into an immersive and socially connected journey. Sustainability initiatives find new expression in virtual showcases, aligning with Gen Z's eco-conscious mindset. The hotel industry's embrace of the metaverse not only meets the evolving expectations of Gen Z customers but also ushers in a new era of tech-infused, personalized, and sustainable hospitality experiences. As the metaverse continues to evolve, its impact on Gen Z's perceptions and expectations in the hotel industry is likely to grow, influencing the future of travel and accommodation.

The are multiple challenges in the way of the hotel industry's metaverse integration. High construction and maintenance expenditures, which call for cutting-edge equipment, knowledgeable staff, and frequent updates, can be unaffordable,

particularly for smaller or independent hotels. The scope and efficacy of virtual experiences are further restricted by the digital divide among potential users, since not all visitors have access to the required technology or the technological know-how to traverse the metaverse. Hotels must have strong cybersecurity safeguards in place to secure sensitive visitor information, and any breach could harm their brand. For this reason, privacy and security concerns are of the utmost importance.

Due to the metaverse's novelty and the ambiguity surrounding its long-term viability and return on investment, hotels are reluctant to make significant investments in a technology that might not be widely adopted or might swiftly become outdated. Furthermore, since human connection and the personal touch are hard to recreate accurately in a virtual setting, cultural opposition within the historically service-oriented and physically located hospitality industry presents a barrier. Achieving a successful integration will require striking a balance between virtual and real-world experiences to match guest expectations.

References

Ball, Matthew. "Framework for the Metaverse." *MatthewBall.co*, 2021.

Csikszentmihalyi, Mihaly, et al. "Flow Theory: Optimizing Elite Performance in the Creative Realm." *APA Handbook of Giftedness and Talent*, American Psychological Association, 2018, pp. 215-29.

Dwivedi, Yogesh K., et al. "Metaverse Beyond the Hype: Multidisciplinary Perspectives on Emerging Challenges, Opportunities, and Agenda for Research, Practice and Policy." *International Journal for Information Management*, vol. 66, 2022.

Dwivedi, Yogesh K., et al. "Metaverse Marketing: How the Metaverse will Shape the Future of Consumer Research and Practice." *Psychology and Marketing*, vol. 40, no. 4, 2023, pp. 750-76.

Koo, Chulmo, et al. "Metaverse Tourism: Conceptual Framework and Research Propositions." *Current Issues in Tourism*, vol. 26, no. 20, 2023.

Lee, Lik-Hang, et al. "All One Needs to Know about Metaverse: A Complete Survey on Technological Singularity, Virtual Ecosystem, and Research Agenda." *Journal of Latex Class Files*, vol. 14, no. 8, 2021.

Pine, B. Joseph and James H. Gilmore. *The Experience Economy*. Harvard Business Press, 2011.

Tajfel, Henri, and John C. Turner. "The Social Identity Theory of Intergroup Behaviour." *Political Psychology*, edited by John T. Jost and Jim Sidanius, Psychology Press, 2004, pp. 276-93.

Tatavarti, Subha. "How the Metaverse can be a Force for Good in an Uncertain World." *World Economic Forum*, 2022.

Author Details

B. Cynthia Jenny Princy, *Research Scholar, Faculty of Management, SRMIST, Chennai, Tamil Nadu, India*
Email ID: cj0082@srmist.edu.in.

V. Kiruthiga, *Assistant Professor, Faculty of Management, SRMIST, Chennai, Tamil Nadu, India*