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Why virtual reality is potentially brands' next lucrative storytelling medium

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Shangri-La guest using its virtual reality headset

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As marketers begin to expand their storytelling initiatives beyond social media platforms, virtual reality will become more influential in advertising, although only certain sectors will make it a priority.

With major brands including Coca-Cola and McDonald's trying their hand at virtual reality in a bid to connect with younger consumers and leverage mobile in innovative ways, companies are sitting up and taking notice. Although the technology may not be well-suited to every brand, executives in the food, retail, automotive and hospitality industries could hit a marketing home run by taking advantage of inexpensive cardboard packaging and mobile apps to create a memorable augmented viewing experience.

"VR is the next great storytelling tool for brands," said Ben Kosinski, head of The Collaboratory at [iCrossing](#). "It allows people to interact with brands and experiences in an entirely new, immersive format.

"When using VR, people feel like they are a part of the story and not just spectators. As markets figure out ways to insert themselves in this type of environment, they'll be creating a lasting relationship with consumers who will see them as part of their interests and entertainment consumption."

Virtual reality's rising star

The strategy is bound to gain a slew of fans in new markets as more and more marketers hop on the virtual reality bandwagon. Virtual or augmented reality experiences enable brands to showcase their products and services in a way that feels lifelike, a tactic that is especially useful when marketing to consumers off-premises.

Volvo is one of the leading companies in this respect. Several months ago, the vehicle manufacturer allowed individuals to construct a Google Cardboard makeshift headset and download the Volvo Reality app for a chance to take a virtual test drive in its new XC90 SUV.

This initiative was especially effective because consumers could take the test drive at their leisure, without having to journey to a nearby Volvo dealership.

Therefore, people in the market for a new vehicle had a prime opportunity to examine the XC90's interior and on-the-road feel, while consumers not imminently searching for a new car could keep the headset around and complete the test drive at a time during which they wanted some car-related inspiration.



Volvo revved up interest in its vehicles via a virtual reality test drive experience

"VR is going to play a huge role for brands in both the short term and long term," Mr. Kosinski said. "Its potential is barely scratching the surface.

"Soon you'll start to see a handful brands emerge as leaders in the space, which will be extremely beneficial in 2017 as the technology becomes more widely accepted and used. The brands that experiment with VR this year will not only be rewarded by consumers, but will develop key learnings and partnerships with the leaders developing hardware and content."

Virtual reality has also been lucrative for food and beverage marketers seeking to take their branded experiences beyond bricks-and-mortar stores.

McDonald's is adding a new spin to its Happy Meal by enabling customers in Sweden to download a complementary mobile app and turn the packaging into a virtual reality viewer, underscoring the fast food chain's desire to build relationships with younger consumers ([see story](#)).

Coca-Cola is also planning a wider rollout for a successful virtual reality headset strategy launched last year with Fanta, hoping to encourage more consumers to recycle cardboard packaging and pair it with a smartphone to create a content viewer ([see story](#)).

Too much hype?

However, brands with smaller followings must be cognizant not to prioritize rolling out augmented reality experiences over other mobile-first initiatives.

Virtual reality could be a revenue-generating and image-enhancing solution for major marketers, including McDonald's, but smaller companies should primarily focus on audience outreach methods that can immediately affect the customer life-cycle, such as an optimized mobile site.

"There is still a hype effect," said Thomas Husson, vice president and principal analyst of marketing and strategy at [Forrester Research](#). "Let's be realistic, most brands have many other priorities to fix. The most innovative ones will want to leverage the wow' effect of the platform.

"It makes sense for marketers at retail, automotive, travel or hospitality companies to work on prototypes," he said. "It will enable them to connect in new ways with consumers in the discovery and explore phases of the consumer life-cycle.

"However, reach will be extremely limited so it is first and foremost for gaming and entertainment publishers to develop VR content."



Samsung and Sony have been making strides in VR

Nevertheless, the proliferation of new virtual reality headsets and technology could stir up interest among a plethora of marketers and consumers.

"VR has been around for some time and marketers have plenty of time to prepare for it," Mr. Husson said. "Samsung is actively promoting its GEAR VR headset as a way to differentiate its new S7 flagship smartphone.

"HTC Vive has been announced a year ago and we'll have very soon more commercial details for Sony VR and for Oculus Rift."

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