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Is The Metaverse Good for Marketers?

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Introduction to Metaverse:

The metaverse can be defined as a three-dimensional digital environment that often (but not always) mixes virtual and augmented realities (VR & AR), allowing individuals to connect with one another through digital avatars¹ with peer-to-peer interactions², transactions, attending virtual events, user-generated content, and even “land” purchasing. Moreover, the virtual space is always active, exists in real-time, participants have individual autonomy, it is a self-contained and fully functional universe, and incorporates user-generated material.

Metaverse is not only the newest digital transformation, but it also offers tremendous value and opportunity for all businesses who intend to expand into the virtual world. Creating the newest social interaction through one’s immersive experience made metaverse dominate this year’s [Consumer Electronics Show](#). All the above presents a huge financial, technological and commercial value to all companies who intend to be early adopters of this emerging market space.

Impact on Marketing Advertisement & Promotion:

The metaverse provides marketers with both an opportunity and a threat to reach consumers in new ways while pushing corporate capacities and brand creation in new directions. It does not only provide new streams of advertisement in the rising industry, but marketers are also utilizing the amount of technology as part of the promotion strategy.

Examples of such involvement are companies ranging from General Motors Co. to Estée Lauder Cos. Inc. have experimented with advertising installations, while Samsung debuted a type of shop and JPMorgan constructed a lounge with a pixelated photo of CEO Jamie Dimon. Last year, Sotheby's opened a gallery in Decentraland to auction off NFT artwork, and Atari Inc., the video game firm, erected a casino. Wendy's debuted Wendyverse, a virtual restaurant on Meta's Horizon Worlds platform, in April, albeit "there's not much to do except take in Wendy's branding," according to The Globe's Joe Castaldo.

Non-fungible token (NFT) impact on brand awareness

NFTs are digital assets within the virtual world that brands can put on sale online for consumers within their audience. They often represent real-world objects in-game items, music, art, and videos - with the goal of shaping the best consumer experiences. Each token can come with different perks and benefits. Having been around since 2014, the concept of NFT has only gained momentum since COVID as a popular method of buying and selling digital artwork. [The market for it was worth \\$15.7 billion USD in 2021 and is predicted to exceed \\$122 billion USD by 2028.](#)

¹ A Digital Avatar is an AI-powered human-like virtual assistant that enables intelligent interactions with customers.

² Dynamically created social networks on the Internet within which people can collaborate by sharing and retrieving information.

The growing popularity of NFTs enables companies to significantly improve brand recognition and consumer loyalty via the Metaverse. NFTs are upending the present marketing landscape and forcing firms to think about new methods to engage their audiences. Let's take a look at a few examples of how brands have taken advantage of NFT to benefit their marketing.

NFTs within Sports

Within the sports world, NFTs have been used to sell collectible, limited edition, and authenticated digital content. In another word, the concept can be seen as evolutions and enhancements of traditional loyalty programs. The more engaging interaction between the sports teams/leagues with its fans, the higher the loyalty is from the fans to their team. With the addition of digital collectibles, NFTs allow leagues, teams, and athletes to explore a new revenue stream, but also a new channel to increase their brand awareness. Moreover - according to [PwC's Sports Industry Outlook 2022 report](#), there are still many possibilities on how NFTs can be integrated into the virtual world to enhance the fan experiences.

NFTs within the Fashion world

Although the sports industry might seem to be at the forefront of NFT innovation, the fashion industry has been entering the race at a rapid speed as well. One of the examples is Nike, its investment and entrance into digital clothing began when [the company acquired Rtfkt](#), a digital fashion and 3D creation studio in December 2021 for an undisclosed sum. Eventually, they [released their first NFT shoes](#) in early 2022 called the Nike Cryptokicks which are modeled after the Nike Dunk sneaker. Upon the release, a Nike representative said it will continue to explore ways to use blockchain technology³ to better serve its clients. While on a more high-end scale, [Gucci sold a digital version of its Dionysus bag](#) last year for \$4,115 which is more than the price of the physical item itself. The luxury brand also released an exclusive digital pair of sneakers in March 2021 called "[The Gucci Virtual 25](#)". It can be worn in augmented reality (AR) or used in virtual worlds via virtual reality (VR). Dolce & Gabbana, high-end Italian fashion house Etro, jeweler Jacob & Co., and others have also set up branded stores to sell virtual clothing NFTs via [a virtual luxury shopping district](#) established by a Tokens.com subsidiary.

How AR & VR drives client engagement

Aside from the usage of NFTs, one of the most attractive features of the Metaverse is VR (virtual reality) and AR (augmented reality), the combination of both offers a powerful glimpse into the future of content, promotions, and partnerships. For such exciting technologies, they can help drive higher engagement with target audiences to improve the customer experience, which is essential to maintain customer satisfaction. As a result, many

³ A blockchain is a shared and decentralized ledger that facilitates the process of tracking assets and recording transactions in a peer-to-peer network.

brands from various industries - to be further discussed below, have already started adding VR and AR into their marketing mix.

AR and its unique digital experience

The COVID-19 pandemic has truly accelerated investments in technologies that have the potential to help brands deepen their customer relationships digitally. AR technology is one of them, as it allows brands to showcase immersive and unique digital experiences. [The global AR market was valued at over \\$6 billion USD in 2021 and is expected to grow to over \\$97 billion USD by 2028.](#) Not many might know the term “AR” but most likely they have seen or used it. According to Snap, [over 200 million Snapchat users](#), on average, interact with augmented reality daily through its filters. In December 2020, Snap showed its commitment to the promising technology with [an investment of \\$3.5 million USD](#) to better fund its AR filter creation. The feature also allows the brand to explore an extra source of ad income through sponsored filters. But also provide other brands with a new ad platform to add to their marketing mix that’s creative and interactive - to reach new audience segments via the social app. Some well known existing sponsored filters can be found from brands such as FanDuel, LCBO, KFC, NoFrills, and Starbucks.

Creation of the Virtual World using VR

Alongside AR, VR has also been a fast-growing technology adopted by multiple brands to further optimize their marketing operations. Socializing is one of the key aspects of the metaverse and with social distancing during COVID, many artists have explored the idea of virtual concerts for their accessibility. It allows them to stay in touch with their audiences more frequently without having to travel anywhere. Ariana Grande, Travis Scott, and Marshmello have staged virtual concerts on the Fortnite platform in the past. With the VR field advancing every day, virtual real estate⁴ is now a real thing as individuals or brands can purchase or build lands in the virtual world for their own purposes. Snoop Dogg is a good example, as mentioned earlier under “Impact on Marketing Agencies”, of what he’s done with Snoopverse. Paris Hilton has also built a virtual island within Roblox, called Paris World. It allows users to raid her wardrobe and purchase her outfits virtually - as an influencer, the island can enable her to improve her brand image, also an addition to her revenue stream.

Interactive Marketing Experiences in Gaming

Aside from the aforementioned technologies, gaming and its connection to the virtual world are well established in web 2.0. Games have been developing virtual platforms where avatars can make purchases and socialize, interacting as if they were in the physical world. With the emergence of the metaverse concept, gaming as a platform is particularly suited for managing the metaverse and may also be utilized as a marketing platform.

⁴ Virtual real estate is a land property owned by an individual or organization but instead of within the real world, it’s in a metaverse

Giant gaming firms have also benefited from this new development. The gaming industry has been employing its own virtual shops and virtual world to partner with other brands for promotion. [The Sandbox](#)'s metaverse platform has worked with over 200 businesses, including Binance, Warner Music Group, and Ubisoft. In addition to in-game purchases, various games have been collaborating with different brands to create unique interactive experiences for customers. Forbes reported that the popular Nintendo game Animal Crossing allows players to order virtual things through the food delivery service Deliveroo, including promotional coupons to get meals in real life. Wendy's has sent an avatar to Fortnite, advertising its message of never using frozen beef for their burgers. This is a powerful illustration of how the Metaverse world has expanded its ecosystem by including both physical and virtual reality, resulting in a perfectly functional universe.

Can Metaverse break Advertising Oligopoly?

The top six industry leaders, according to Forbes, are Apple (\$2.6 trillion USD), Alphabet (\$1.6 trillion USD), Microsoft (\$2.1 trillion USD), Samsung (\$367.3 billion USD), Tencent (\$86.9 trillion USD), and Meta (\$449.9 billion USD)⁵. Alphabet, Microsoft, and Meta manage some of the most important digital advertising platforms in the present web 2.0 (YouTube Ads, Instagram Ads, Facebook Ads, Google Ads, Bing Ads, LinkedIn Ads...). As Metaverse is being considered as the future phase of the internet (web 3.0), the growing sector presents opportunities for new advertising platform leaders such as [Roblox](#), [Decentraland](#) and [SandBox](#) to enter.

We live in an attention economy. Advertisers will follow wherever the attention is going. The big tech firms mentioned above currently enjoy all the attention and that is exactly how they have become "big tech". Web 3.0 built on blockchain technology presents the best opportunity yet to onboard users onto other platforms and break the oligopoly. Therefore, Facebook was so fast to change its name because they recognized this opportunity. In conclusion, yes - the Metaverse is great for marketers. There will be more platforms competing for marketing dollars driving down prices. Additionally, users will be able to spend their time on the platforms that resonate with them the most. This will also make targeting more efficient for marketers. Hence, companies that want to target a certain segment can get access to that segment for cheaper, making the digital advertising market more efficient over time.

⁵www.forbes.com/sites/jonathanponciano/2022/05/12/the-worlds-largest-technology-companies-in-2022-apple-still-dominates-as-brutal-market-selloff-wipes-trillions-in-market-value/?sh=709469b53448