Metaverse Marketing

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The metaverse: From science fiction to reality ⨯ Thirty years after science fiction writer Neal Stephenson introduced the concept of a "metaverse" to the world, his invention is now challenging managers globally. Ever since Mark Zuckerberg told the world that his Facebook will shift from being a social media company to a "metaverse company" and subsequently renamed his firm to "Meta," the business world has been wondering about the new phenomenon and its implications. Reactions range from denial of the metaverse (didn't virtual world Second Life already fail 20 years ago?) to limitless hype and billions spent for virtual land and NFTs, alias "non-fungible tokens." At its core, the metaverse constitutes a computer-mediated environment in which people engage in social activities with others via avatars in virtual, 360-degrees "worlds." It is this social nature, the "doing things together," from which it derives its value. This sets the metaverse apart, not only from virtual reality fitness apps, but also from shooter games like Call of Duty, as we do not count killing the "enemy" in a virtual game as social activity. It is not because of its battles royale but the social gatherings and events it hosts that Fortnite should be considered a metaverse. Let us add that the term metaverse, in its singular form, is somewhat misleading. While multiple "micro" metaverses like Meta's Horizon and Fortnite, but also Microsoft-owned Altspace already exist, no overarching "macro" metaverse has evolved yet to connect them, and it is unclear whether it ever will. Just as with the mobile internet, we can expect a few dominant platforms to evolve, which will then provide access to many partly interlinked "micro" metaverses.

Virtual reality is not the only gateway to the metaverse, but a very particular one ⨯ Virtual reality (VR) technology is not a synonym for the metaverse but a technological gateway between the virtual and our physical world. It is

FIGURE 1 > A selfie made during a workshop in the metaverse app Glue
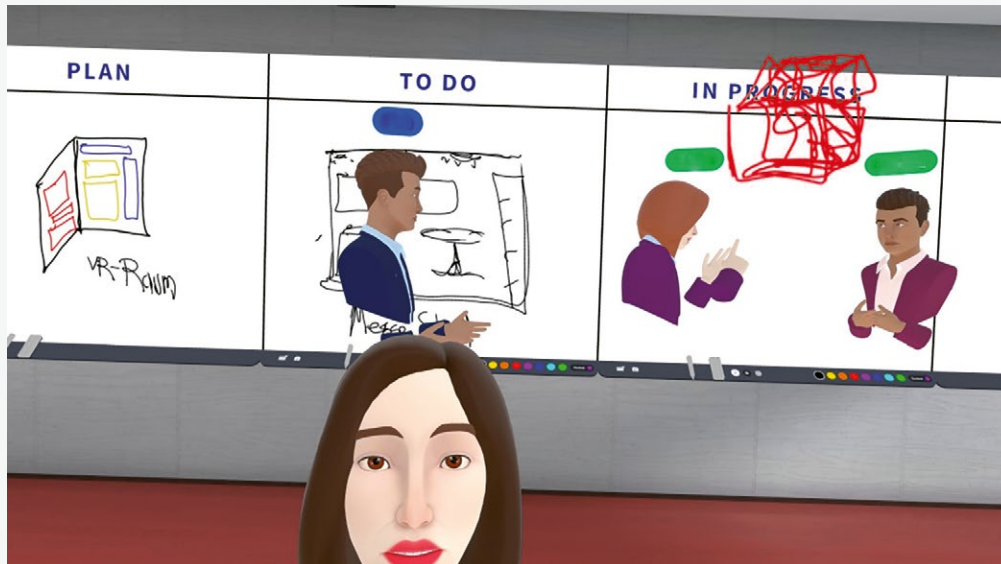
not the only one: While the Horizon metaverse from Meta is exclusive for VR users, other popular virtual worlds – not only Fortnite but also Roblox and Decentraland – are only accessible via computers and smartphones, and a third type of metaverses, including Altspace and VRChat, can be accessed in multiple ways. There are other ways than VR to access the metaverse, but many of the sensations and values it offers to users of today's high-fidelity standalone VR headsets such as Meta's Quest 2 VR are unique. In experiments with more than 300 business students, we consistently found differences in users' evaluations, emotions and behaviors across various tasks and activities between those who accessed virtual worlds via VR versus those who used a computer. The reason is that devices like the Quest 2 create unprecedented levels of spatial presence, or the perception of "being there," as well as the feeling of social presence, or the state of "being together" with others. Such social presence can be a source of enormous value: We only need to think about quality time with our friends!

But computers as gateways to the metaverse also have their right to exist in 2022: Entry barriers for VR metaverses are still quite considerable, with the costs and limited diffusion of headsets restricting social metaverse activities.

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Münster students learning about the metaverse – in the metaverse

**The true value of the metaverse is its social dimension**
✕ Certain activities you do alone in a virtual environment might be better than on the 2D internet. For instance, shopping in a virtual store can be more vivid than on a website. Other experiences, while somewhat less impressive, are substantially cheaper than in the physical world, like riding a rollercoaster in VR versus in a theme park. But the real value of the metaverse is neither of these things: It is the environment's social component. The 2D internet certainly has a lot of strengths, but it also carries one fundamental limitation: It is not designed for doing things together with others. Have you tried to shop at Amazon together with a friend when being at different places? Or to jointly watch a movie when being away via Apple's SharePlay? Doing so over the internet is a pale copycat of doing it together in the physical world. The metaverse, particularly when we experience it via virtual reality, is a distinctly different ballgame when it comes to hosting social behaviors than the 2D internet. Companies can harvest its potentials to create such social value in various contexts.

› **At work: employee-employee relations** ✕ Several metaverses, such as Glue, a Finnish startup, and Raum from Germany, as well as Zuckerberg's Meta itself, provide virtual collaboration spaces for organizations. In atmospheric settings and equipped with various tools such as whiteboards, 3D pens and presentation screens, managers can meet in person via their avatars to solve challenges (see Figure 1). The integration of 3D models of any size facilitates employee training sessions. If done right, these uses combine the benefits associated with high spatial and social presence, like higher motivation, team culture and better solutions with substantial cost savings because of zero travel and opportunity costs for the equipment used.

› **When consuming: consumer-consumer relations** ✕ Joint consumption is a multi-billion-dollar business, encompassing many fields of entertainment, such as movie watching, playing games, attending events, and shopping. While companies like Amazon have experimented with ways to facilitate joint consumption on the 2D internet with initiatives such as ''watch parties,'' the metaverse aims to take a big bite of this joint consumption market. In virtual movie theater venues, apps such as BigScreen allow users to watch movies with up to 15 friends in a private theater. The metaverse already hosts virtual concerts by less known musicians as well as by superstars.
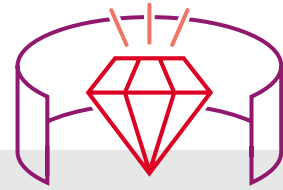
BOX 1

## Key questions to find the best applications and to create value in the metaverse

> **At work**
> Which teams are suffering most from a lack of social presence?
> Which employees are most weary of video conferences?
> Which meetings are the most expensive ones in terms of travel costs?
> Which employees are most metaverse-prone?

> **When consuming**
> Which of your offerings are valuable enough for consumers to spend their sparse time with friends?
> Which products have sufficient ''drawing power'' so that a virtual shop would be a worthwhile travel destination for customers?
> What other virtual venues can be metaverse attractions and have a high fit with our brand?

> **At the frontline**
> Which services can be provided more effectively in virtual worlds?
> Which customer segments are most excited about this new servicing channel?
> Which products are destined to be presented in the metaverse?
> Is there demand for virtual versions of our products?
> (Global revenues for virtual goods are already $54 billion as of 2021!)
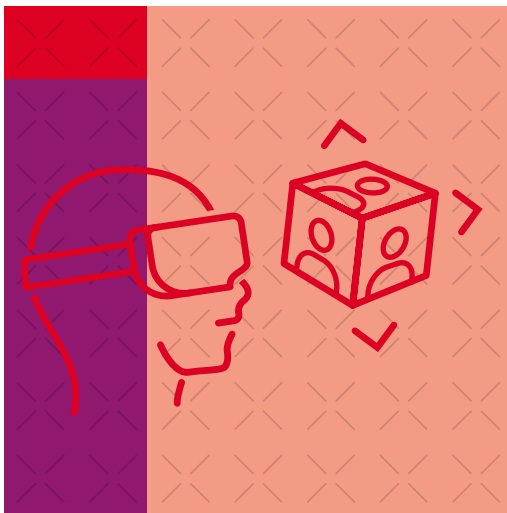
In April 2020, a concert by Travis Scott was ''attended'' by an audience of 12.3 million in the Fortnite metaverse. Opportunities for joint shopping sprees in the metaverse are still limited, though several global brands, including Adidas (in Sandbox), Nike (in Roblox) and the fast-fashion chain Forever 21 (in Decentraland) have made initial steps into the field, with some of them offering digital clothes for avatars in virtual stores. Others have taken more liberties when entering the joint-consumption metaverse, making use of the particularities of the environment: When Tampa's football stadium hosted the Super Bowl in 2021, mobile carrier and heavy sports sponsor Verizon provided the Fortnite users a virtual version of their ''Verizon 5G Stadium.'' It has since then become a playground for users who race in it with virtual cars or ride hoverboards as a special kind of brand engagement – while the stadium's scoreboard airs Verizon ads.

> **At the frontline: employee-customer relations** ✕ A third kind of social interaction where the metaverse can offer value is when customers meet with service and

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sales personnel. Services can benefit strongly from the unique ''closeness'' of customers and employees in the metaverse: The positive atmosphere we experienced when hosting a marketing seminar with 13 Quest head-set-equipped master students in Meta's Workrooms app is hard to imagine for Zoom lectures and even for physical ones (see Figure 2). The combination of perfect presence and an inspiring location overlooking some idyllic lakeside with VR's spatial audio feature, which allows the subtle verbal and also nonverbal reactions that define daily exchanges, makes quite a difference. Also, some business-to-business companies have started to make virtual showrooms a part of their sales efforts, giving customers a feel for the dimensions of their industrial machinery and, if the embedded 3D model allows, also a look inside – while travel costs are zero.

How to get started in the metaverse ✕ The metaverse provides ample opportunities for value creation beyond hyped quick wins such as trading ''virtual real estate'' and selling NFTs of digital artifacts. Those who want to create long-term value for their customers should not stop there but instead build on the metaverse's unique potential to shape social interactions. Let us note that this value potential is not limited to specific industries but can be unlocked by essentially any company and organization.

For each of the three contexts in which the metaverse can provide social value, Box 1 names some key questions that managers need to pay attention to when looking for a proper place for the metaverse in their marketing strategies and processes. In addition, here are some general guidelines for those who want to tap into the metaverse and create value for their customers.

› **Know the metaverse firsthand** ✕ Make sure to familiarize yourself with the metaverse to understand not only what it shares with the physical world but also what sets it apart. Understand how people think, feel and move in virtual worlds. You will learn that the role of ''location'' is quite different from the physical world, because people

don't walk or take a cab in the metaverse: They teleport instead.

› **Start small and explore what works and what doesn't** ✕ You won't be overrun, as the metaverse will grow quickly but not exponentially. Explore different providers of metaverse apps for your business and test them. Find out where your customers are in the metaverse and in which app you see the best fit potential with your brand image. Be prepared for the fact that, as in physical retail, one store in one city probably won't suffice: Frictions for getting around are less in the virtual versus the physical world, but they are still substantial. For instance, don't expect Roblox users to enter Decentraland!

› **But don't wait until the metaverse is ''complete'' – it will never be** ✕ The barriers of entry will only grow over time, as the hugely different and yet largely unwritten laws of marketing in the metaverse will turn usage experiences into a massive competitive advantage. Remember that Amazon's dominating role today in online retail is based mainly on its multiyear advantage over those who entered the web much later. Begin to explore the metaverse now to become the next Amazon, not one of those who struggle to compete with it. ✕

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FURTHER READING

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