

ADVERTISING AND BRANDING WITH METAVERSE

Mariya Chandiwala, Praharsh Patel, Student of MCA, Parul University, India,
Dr. Abhishek Mehta Assistant Professor, BCA, FITCS, Parul University, India.

Abstract

The 'Metaverse,' a hyper-connected digital universe, holds the potential to radically alter the ways in which consumers, brands, and businesses conduct business and interact in a world of virtual realities that are inextricably linked. The Metaverse is a cutting-edge platform that allows users to expand their networks and make meaningful connections with others in a digital setting. Businesses may learn a lot from the ways in which celebrities and other public figures are expanding their brands into the Metaverse. When thinking about how to use the Metaverse for advertising and branding, it is important to keep in mind the potential downsides that could arise. In order to fully appreciate the possibilities of the Metaverse, this study will investigate how famous people and other public figures might leverage this space to expand their brands. Furthermore, the consequences of employing Metaverse as a marketing and branding tool will be investigated in order to comprehend the probable advantages and disadvantages of this new technology.

Keywords –

Metaverse, Augmented/Virtual Reality, Artificial Intelligence, Marketing, Advertising, Customer Experience, Digital Business.

Introduction

The rate at which computers and other technological systems are improving nowadays is increasing exponentially, making it difficult for many businesses to keep up (Israfilzade, 2022). Therefore, the longer it may take to switch from one software/system architecture to another, the larger the organisation. Businesses make efforts to learn about and adopt these new technologies. The Metaverse, which defines and profoundly affects the realm of the transcendental, is currently the subject of much discussion.

The Metaverse is an online environment that resembles our actual reality in many respects. In this virtual world, individuals interact with one another and the environment through avatars that look like them and act like they do. By 2026, 25% of people will devote at least one hour a day in the Metaverse for various purposes such as work, shopping, education, socialising, and entertainment, as reported by Gartner, Inc (Rimol, 2022). Users can have meaningful conversations with their friends in the Metaverse, buy and sell digital goods, go to digital locations that are either fully fabricated or have real-world parallels, and much more. The user's imagination is the only thing that can restrict the metaverse's infinite number of possibilities (Mileva, 2022).

Marketers, designers, programmers, and game developers may all anticipate significant changes in the near future. Before venturing into the metaverse—a hybrid of the actual world and the online virtual one—it is essential to arm oneself with knowledge.

Businesses that plan to engage in marketing in the Metaverse would be wise to learn about the advantages and disadvantages of this cutting-edge medium. To a greater extent than ever before, businesses can expand their customer base by using the Metaverse for advertising. Since the Metaverse knows no borders, firms operating there can reach customers all around the globe (Molina, 2021). Furthermore, the Metaverse provides a one-of-a-kind and dynamic setting for businesses to interact with their target demographic in ways simply not feasible in the real world (Kozinets, 2022). The Metaverse can be used in many different ways for commercial purposes. The Metaverse is also a great place for businesses to learn more about their customers. Information like this can be utilised to gain insight into consumer habits and inform the development of more effective marketing campaigns.

While there are many benefits to marketing in the Metaverse, there are also some possible negatives that companies should be aware of. As with any emerging technology, the Metaverse presents several challenges because to its rapid development and the difficulty of keeping up with its ever-changing features. This means that the Metaverse lacks consistency and norms, which can make it challenging for firms to design and implement marketing strategies. Businesses also need to be cognizant of the possibility of unfavourable publicity in the Metaverse, which is a highly competitive market (Dhelim et al., 2022; Umar, 2019). For instance, if a company hosts a virtual event but nobody shows up, it could hurt the company's reputation. Because of the worldwide nature of the Metaverse, firms operating there must also take into account their multinational clientele's varying cultural preferences while designing campaigns (CHA, 2022).

Literature Review

Users in the Metaverse don avatars and explore virtual worlds using a combination of virtual and augmented reality (Efendioğlu, 2022). Later on, numerous scholars began to describe the metaverse as a subsystem of information technology. The confluence of Internet and Web technologies has enabled the creation of the "metaverse," which, as defined by Lee et al. (2021), is "a virtual world that blends physical and digital aspects." To add, Gartner (Rimol, 2022) defines the metaverse as "a collaborative virtual shared environment generated by integrating virtually enhanced physical and digital reality".

a. The Metaverse

A lot has changed on the Internet since Tim Berners-Lee created the World Wide Web (www) back in 1989. In more recent times, the "Metaverse" has emerged as an Internet-based invention. Author Neal Stephenson first brought it to light in his 1992 science fiction novel Snow Crash. Stephenson coined the term "metaverse" to describe a virtual 3D environment seen through VR glasses. The prefix "meta," meaning "beyond," is combined with "universe" to form the word "Metaverse".

Mark Zuckerberg's recent news statement discussing the rebranding of Facebook's parent business as "Meta" generated a lot of interest in the media. Similarly, Microsoft Corporation, through the introduction of Microsoft Mesh, signalled its intent to use VR and AR in order to personalize and gamify cooperation. As a result of the two press conferences, there was a dramatic uptick in people's curiosity about the Metaverse.

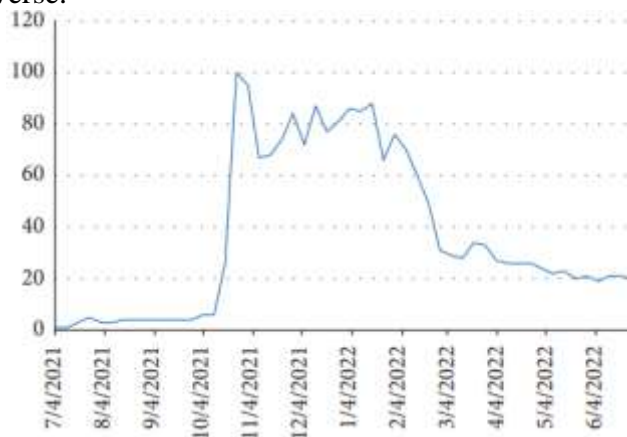


Figure 1: "Metaverse" searches performed on Google in the year 2021-2022.

Take a look at Figure 1 to see how many people were searching for "metaverse" all of a sudden. This information was gathered from Google Trends. Unity, Nvidia, Tencent, Roblox and a plethora of other corporations have all voiced enthusiasm for building their own metaverses. The preceding sources describe metaverses and their benefits, however they don't go into sufficient detail about the negative effects of prolonged exposure to metaverses on the human body and mind. Due to the importance of knowing the risks involved with metaverses before widespread human adoption, this study became increasingly necessary.

b. VR/AR

Virtual reality (VR) is a graphical user interface (GUI) created to let people interact with a simulated virtual environment using a variety of VR hardware. The system creates a realistic 3D world by combining the ideas of the 3D graph, MSIT, and HDR display technology. The user's interaction with the virtual environment is so realistic that it gives the impression that the user is actually there and that everything that happens in the simulated world is happening in real time. In order to imitate the user's activities in the virtual environment, VR technology employs specialized input devices such as VR headsets, the 360 VR Treadmill, a wand, wired gloves, a body suit, and motion trackers. VR has been widely adopted by the gaming industry to develop immersive experiences like *Batman: Arkham VR*, *Half-Life: Alyx*, *Second Life*, and countless more since its launch. As these technologies have been proven effective in the gaming community, they are being gradually brought to aid in the fields of the sports, military, advertising, medical training mental health therapy and education (Joy, 2022).

In contrast to virtual reality's simulation of a digital world, augmented reality (AR) uses computer-generated images to make the real world more interesting and engaging. Niantic's *Pokemon Go*, an augmented reality (AR) game, has become the most widely used application of AR to date (Niantic, 2022). It enabled players to explore their local area in search of *Pokemon*, fictional critters that appear in real-world locations. Through an interface, users of augmented reality can conjure images of real-world items that appear to come to life in a holographic fashion. The ability to scan an object and view it through a smartphone or augmented reality smart glasses is a powerful tool. The user can manipulate the physical thing as though it were alive, thanks to these technologies. The viewer obtains comprehensive data about the visible object immediately upon viewing.

Analysis Of Metaverse

For businesses to succeed in today's highly competitive global and domestic marketplaces, they need to do more than simply satisfy customers with the best products and services available (Israfilzade, 2021). Based on what the media and early metaverse firms have sold and portrayed to the audience, the average user may assume that in the Metaverse, people use avatars to represent themselves, interact with one another, and virtually build a community. Additionally, digital cash is used in the metaverse to buy apparel, artefacts, objects in video games, and a wide variety of other products from the businesses. It may sound like science fiction when stated briefly, but with more examination, it becomes clear that humans have been making use of such technologies for some time now.

The metaverse, as its proponents see it, is a 3D version of the Internet that represents the natural next step in development and, ideally, would have a single point of entry. The Metaverse is a third-dimensional extension of the traditional Internet (Kevins, 2022).

Because the metaverse is still in its infancy, no studies have been uncovered that comprehensively summarise the technical framework for its full visual construction and investigation, and no studies have been conducted that examine graphics, interaction, and visualisation from the metaverse's point of view. Our scepticism in four key areas customer experiences, trust from customers, active participation from customers, and advertising in the Metaverse is what prompted the current study.

a. Advertising in the Metaverse

Both businesses and academics are interested in the possible changes in human behaviour in the virtual world, making advertising in the metaverse one of the most exciting and financially rewarding issues. There are a lot of mysteries to be solved, such as whether or not advertising is effective in the metaverse. Avatars can be personalised down to the user's vital statistics and preferred colour scheme, giving metaverse customers a truly one-of-a-kind shopping experience (Zhao, 2022).

Because it is legitimate for businesses to be excited about the prospect of connecting with their target audiences in novel and engaging ways, brands need to keep in mind that, just like with social media, the not-so-new laws of truth-in-advertising apply in the Metaverse as well.

The ability to construct three-dimensional representations is a feature that sets advertising in the Metaverse apart from other forms of online advertising. It is interesting to note that the advertising purpose would remain the same in the metaverse. Broadly speaking, an advertising objective may be defined as a specific communication activity that needs to be finished with a certain target audience at a specific time.

This study investigates advertising in the Metaverse by classifying different advertising goals according to the primary function they serve, which might be either to inform, to convince, or to remind. When a new product line is being introduced in the Metaverse, informative advertising is used to stimulate initial demand in order to get the ball rolling. Because there is now more competition for developing selective demand, it is more important than ever to use compelling advertising in the Metaverse. When it comes to mature products, it is absolutely necessary to employ reminder advertising in the Metaverse in order to maintain customer connections and ensure that consumers continue to think about the product.

A company operating in the metaverse must determine if the claims made about its products and services are true and are backed up by suitable proof in order to make an informed decision about whether or not to purchase them. New regulations for advertising in the Metaverse are unlikely to be required. Still, how current regulations will be applied to advertising in the Metaverse is a big question.

b. Customer Experiences

Over the past three decades, scholars and researchers have studied and theorized about the phenomenon known as "customer experience." In contrast, recording an individual's personal history is a difficult task. Due to its malleability, the term "experience" can refer to a wide range of concepts. Therefore, authors indicated a wide variety of ways in which experience understanding might be put to use in the areas of cognition, consciousness, emotion, sensation, knowledge, and skill.

A customer's reaction to a product, a company, or some aspect of either is the outcome of a sequence of interactions known together as the Customer Experience (Lemon & Verhoef, 2016). At each stage of the customer journey, the client's expectations of the product or service are compared to the stimuli provided by the offerings themselves. Customer involvement on multiple levels is necessary for this purely subjective experience (emotional, rational, sensorial physical and spiritual).

As was previously noted, the nature of technology means that user experiences in the metaverse will vary greatly. Since multichannel customer interaction is associated with greater customer loyalty, and the addition of the metaverse as another medium simply enhances the overall experience, this idea is crucial for bolstering customer experiences. If a brand is actively engaging with its target audience in the virtual world known as the metaverse, it can be assumed that it has successfully established a unique persona in the minds of those target audience members.

c. Customer Trust

To strengthen a company's position in the market and strengthen customer loyalty, relationship marketing emphasizes fostering lasting connections with customers over time. The bond between a consumer and a business can originate from anything from the quality of the product or service to the competence of the personnel to the reputation of the brand to the very existence of the company itself. Beyond these factors, however, customer trust continues to play a critical role in winning and keeping loyal customers.

There are other characteristics besides trustworthiness that influence client loyalty. In addition to price, other factors that affect customers' willingness to remain loyal are the standard of service they receive, the value they perceive, their level of satisfaction, and their overall level of satisfaction. Nonetheless, at the beginning phases of the metaverse, one of the most critical concerns to solve is customer trust due to customers' sensitivity about their privacy and data being exploited by enterprises (Nguyen, 2018).

In truth, a customer's trust in the metaverse could quickly affect whether or not they choose to continue working with a business. Consideration of competence trust, predictability trust, and goodwill trust, as well as their interrelationship, is essential to establishing a trustworthy relationship with customers. Take on board some elements of the metaverse that can help you build trust with other users. The customer's perspective makes it clear how simple it would be to emphasize (Lee, 2021). In the metaverse, consumers put their faith in a company's brand because they know it has the resources and expertise to run and maintain its products and services. Trust in the metaverse organization is founded on its consistent actions, which in turn stem from a shared history of experience. Empathy forms the basis for goodwill trust, which is faith in the metaverse company's openness and generosity.

d. Customer Engagement

It is convenient for customers to get data whenever they need it now. Traditional methods of customer retention and acquisition have proven ineffective since better-informed consumers have so many other options. What we mean by "customer engagement" is the process through which a company cultivates relationships with its current clientele in order to boost retention rates and word-of-mouth advertising. Most customers and clients of all ages utilise a variety of channels to initiate and finish a wide range of requests and transactions with a business, making customer journeys dynamic and non-linear. Customer interaction processes are intricate, but when the message is assessed favourably, beneficial effects like service co-creation can be expected.

Relevance is "almost impossible" without the ability to give a personalized consumer experience on the right channel at the right time, making human-centric interaction a need. At any time, and on any device, customers can communicate with businesses via any one of a number of digital channels. To understand the worth of online customer engagement, one must consider how the brain processes signals generated by the numerous participants in a metaverse ecosystem (Israfilzade, 2022).

Although researchers are still riding the crest of the first wave of user involvement with the metaverse, lessons are already being learned from early success stories. The fundamentals of marketing in the metaverse are, to some extent, the same as those of developing authentic and interesting brand encounters in the actual world. Brands can do something new in the metaverse, where there are potentially huge benefits. Marketers may improve their customers' shopping experiences by taking use of the metaverse's ability to integrate real-world and online shopping.

Public scepticism is common whenever a novel concept is receiving attention, and the metaverse is no exception. The idea of the metaverse, or a hybridized version of it, may be more appealing to consumers.

Conclusion

Digital marketers are required to keep up with the latest technological developments, which includes having an understanding of the metaverse and the possibilities it presents. Marketers have a responsibility to recognize that the metaverse presents an opportunity to create marketing experiences that join in with activities that take place in the real world or that mirror what businesses already do in the actual world. It should come as no surprise that the metaverse already offers significant opportunities for the development of brands and marketing strategies for enterprises. Experimenting with, developing, and being successful in metaverse marketing are unlikely to run into significant obstacles due to the limitations of the existing technology or the low level of acceptability among the general public. Regardless of how the metaverse develops in the future, both innovation and the number of options available to customers are sure to grow. However, in order to create value throughout the organization, businesses need to carefully consider the possible strategic implications of the metaverse for marketing, management, manufacturing, research and development, and human resources. They must do this without relying on hype that is delivered either by the media or by the companies themselves.

In the current phase of the development of the metaverse, it may be determined, based on a scoping literature study and trends in the metaverse, that businesses should be cautious and sceptical when

developing any marketing plan for the metaverse. This conclusion could be reached as a result of the current phase of the development of the metaverse. As was mentioned, there is a wealth of room for trial and error, as well as opportunities for education, prior to the start of the final company activities.

References

- [1] Kevins, J. (2022). Metaverse as a New Emerging Technology: An Interrogation of Opportunities and Legal Issues: Some Introspection. Available at SSRN 4050898
- [2] Joy, A., Zhu, Y., Peña, C., & Brouard, M. (2022). Digital future of luxury brands: Metaverse, digital fashion, and non-fungible tokens. *Strategic Change*, 31(3), 337-343.
- [3] Israfilzade. (2022). The evaluation of the customer engagement levels with machine-generated dialogue in conversational marketing. Doctoral dissertation. Vytautas Magnus University.
- [4] Rimol, M. (2022). Gartner predicts 25% of people will spend at least one hour per day in. Gartner. Retrieved May 2022, from <https://www.gartner.com/en/newsroom/press-releases/2022-02-07-gartner-predicts-25-percent-of-people-will-spend-at-least-one-hour-per-day-in-the-metaverse-by-2026>
- [5] Mileva, G. (2022). Understanding the metaverse through real-world examples. Influencer Marketing Hub. Retrieved June 2022, from <https://influencermarketinghub.com/metaverse-examples>
- [6] Molina, L. (2021). Celebrity Avatars: A Technical Approach to Creating Digital Avatars for Social Marketing Strategies (Doctoral dissertation, Florida Atlantic University).
- [7] Kozinets, R. V. (2022). Immersive netnography: a novel method for service experience research in virtual reality, augmented reality and metaverse contexts. *Journal of Service Management*.
- [8] CHA, S. S. (2022). Metaverse and the Evolution of Food and Retail Industry. *The Korean Journal of Food & Health Convergence*, 8(2), 1-6.
- [9] Efendioğlu, I. H. (2022). Can i invest in metaverse? The effect of obtained information and perceived risk on purchase intention by the perspective of the information adoption model. arXiv preprint arXiv:2205.15398.
- [10] Lee, L. H., Braud, T., Zhou, P., Wang, L., Xu, D., Lin, Z., ... & Hui, P. (2021). All one needs to know about metaverse: A complete survey on technological singularity, virtual ecosystem, and research agenda. arXiv preprint arXiv:2110.05352.
- [11] N. Niantic and (e Pokemon Company, "Pok ´ emon go," 2022, ' <https://pokemongolive.com/en/>. J. Xiong, En-L. Hsiang, Z. He, T. Zhan, and S.-T. Wu, "Augmented reality and virtual reality displays: emerging technologies and future perspectives," *Light: Science & Applications*, vol. 10, no. 1, p. 216, Oct. 2021.
- [12] B. Zhu, A. Song, X. Xu, and S. Li, "Research on 3D virtual environment modeling technology for space tele-robot," *Procedia Engineering*, vol. 99, 2015 van Esch, Patrick, et al (2019). "Marketing AI Recruitment: The Next Phase in Job Application and Selection." *Computers in Human Behavior*, vol. 90, pp.215–222.
- [13] Hollensen, S., Kotler, P., & Opresnik, M. O. (2022). Metaverse—the new marketing universe. *Journal of Business Strategy*.
- [14] Nguyen, N., Leclerc, A., & LeBlanc, G. (2018). The mediating role of customer trust on customer loyalty. *Journal of Service Science and Management*, 06(01), 96–109. <https://doi.org/10.4236/jssm.2013.61010>
- [15] Zhao, Y., Jiang, J., Chen, Y., Liu, R., Yang, Y., Xue, X., & Chen, S. (2022). Metaverse: Perspectives from graphics, interactions and visualisation. *Visual Informatics*.
- Lemon, K. N., & Verhoef, P. C. (2016). Understanding customer experience throughout the customer journey. *Journal of Marketing*, 80(6), 69-96.