

Marketing in the Metaverse: Moving forward – what’s next?

Abstract

The widespread adoption of the metaverse has generated significant discussions within the marketing community about the challenges and opportunities it presents for consumer interaction with brands. This paper investigates how the metaverse may affect marketing and suggests a novel paradigm to deal with these problems. Furthermore, this article highlights new research directions. The article also offers a checklist for researchers to use when researching the potential advantages or disadvantages of the metaverse for digital marketing and advertising, branding, services, supply chain and logistics, ethics and sustainability, diversity and inclusion and consumer wellness. The proposed research agenda intends to offer insightful information to academics, practitioners, and decision-makers.

Keywords: Metaverse, augmented reality, virtual reality, NFT, consumer research, marketing science.

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1. Introduction

In recent years, concepts including blockchain, Web 3.0, NFT, decentralisation, and the metaverse have frequently come up in conversations about technology. The metaverse is an immersive virtual or augmented reality environment that exists in real-time and does not require users to turn it “on” or “off” (Mack, 2022). It blends the virtual and real worlds through technology and relies on a virtual economy driven by digital assets, Nonfungible Tokens (NFTs), and cryptocurrency. The phrase “metaverse” was initially introduced by Neal Stephenson in his 1992 novel *Snow Crash* to refer to a dystopian virtual environment where users can buy and sell virtual properties and exist as 3D avatars; similarly, game lovers will highlight the movie “Ready player one” and “Avatar” as examples of the metaverse (Kite-Powell, 2022).

The metaverse, a virtual reality environment, is likely to gain popularity for several reasons. These include the rising acceptance of virtual reality (VR) games, the availability of more reasonably priced VR devices for immersive experiences, and the application of traceable blockchain technology for safe transactions. Businesses may build virtual storefronts, branded places, and interactive experiences that let them present their goods and services in fresh, creative ways. Furthermore, at the consumer level, the metaverse has the potential to transform the consumer landscape by creating new end-to-end customer journeys, immersive 3D experiences, and open spaces for communities to foster creativity. People can play virtual reality games, go to virtual concerts and festivals, or even enrol in virtual workshops and courses, for instance. These activities provide a new degree of convenience and accessibility that was not before available, and they can be done from the convenience of one’s own home. Undoubtedly, the metaverse is growing and evolving quickly as more users

and experiences become available, and by combining elements of gaming, media, live events, and social media into a hybrid digital and physical form of interactivity, the metaverse is fundamentally changing the consumer economy. The literature on the metaverse has yet to arrive at a consensus on its potential future development. Still, some studies (e.g. Barrera & Shah, 2023; Dwivedi et al., 2022a; 2022b ; Kim, 2021; Lim et al., 2022) have drawn comparisons between the metaverse's adoption trajectory and that of the internet; it is an essential technological phenomenon to study.

The primary purpose of this perspective article is to call for more research on the role of marketing in the metaverse. More specifically, will marketing play the same role it does in the actual world in the metaverse, and if so, how? Will earlier studies on marketing still be relevant in the metaverse? Later in this article, we will share some brief observations on how marketers can work in the metaverse to reach their audience, the key challenges for metaverse success and the implications for future research.

2. Brands connecting with consumers in the metaverse

While the metaverse is still in its infancy, marketers are actively examining its potential by developing distinctive value propositions on websites like Sandbox and Decentraland. The metaverse is projected to become an \$800 billion market by 2024, and several major tech companies have also embraced the metaverse trend, including Nvidia Omniverse, Facebook Horizon, and Microsoft's enterprise metaverse (Bloomberg Intelligence, 2022). Even luxury and fashion brand collaborations like Roblox Gucci, Balenciaga x Fortnite Collab and Louis Vuitton are selling Nonfungible Tokens (NFTs) on metaverse platforms like Decentraland. However, there are still a lot of issues that need to be

resolved, such as those related to sustainability, user experience, commercial infrastructure, and visual attractiveness. Brands must develop new strategies for interacting with and selling to consumers as they get more accustomed to shopping and socialising virtually through platforms like social media, virtual worlds, augmented reality (AR) filters, video games, immersive experiences, and real-time content. Brands must therefore think carefully about how they will interact with consumers in this new digital environment. One observation that derives from a recent survey by the Pew Research Center finds that almost half of consumers think the metaverse would strengthen human ties and enhance relationships with friends, family, and co-workers. In addition, nearly 70% of consumers are using the metaverse, a virtual world, to escape from their real-life problems and have new experiences. These consumers enjoy activities such as shopping and browsing, and almost half of them (47%) have purchased virtual items or been inspired to buy physical products. Additionally, over half (51%) of consumers believe that brands will be able to offer better customer service in the metaverse (Anderson & Rainie, 2022).

Although Gen Z and millennials are currently the most active users in the metaverse, it is crucial to take additional factors other than age into account when marketing to this group. A campaign on a metaverse platform like Roblox or Fortnite, for instance, could be advantageous for a company that sells energy drinks or gaming rigs since these platforms are well-liked by professional gamers who utilise energy drinks to keep alert and gaming rigs to play comfortably. Therefore, when researching how different generations would react to marketing or advertising in the metaverse specifically, it is important for marketing researchers to take into account the diversity within this group. For instance, it would be valuable to examine the differences between “early millennials” and “late millennials” in a study. At the same time, it is also critical to consider how the brand fits within the larger

metaverse. As an illustration, certain fashion companies are selling nonfungible tokens (NFTs) and exclusive digital clothes in the metaverse to position themselves as trend-setters and provide their clients with a distinctive experience. The Metaverse Fashion Week (Leitch, 2022), for instance, shows how retailers can create unique brand engagement opportunities. Participating in the pilot experience were retailers like Tommy Hilfiger, Perry Ellis, and Dolce & Gabbana, setting the trend for immersive and distinctive customer-brand interactions. Therefore, new research is required to understand how consumers interact, co-create and share in the value they generate with the brands and retailers in the metaverse. Furthermore, research is needed to understand new online communities, including those that take place in the metaverse and those where users engage with cutting-edge technologies such as conversational agents (Lim et al., 2022).

3. The negative impact of unrealistic expectations on the metaverse

The metaverse investment theme is a long-term play because the metaverse concept, a sci-fi virtual reality, will likely remain relevant in the future. As an emerging technological phenomenon, the metaverse has raised a lot of buzz and expectations, and many people are hoping for better customer service and more fruitful relationships with virtual assistants. However, it is crucial to remember that the metaverse is still in its early stages and that the available technology might not be able to live up to these expectations. We are reminded of the dot-com bubble in the late 1990s when speculative hopes were raised by hyped-up internet businesses, only to be disappointed when the reality didn't live up to the hype. Therefore, it is essential to recognise that the current emphasis is on creating the infrastructure and procedures for the future rather than meeting current market expectations to prevent a similar "metaverse bubble". The following discussion will present a few

observations on why most projects in the metaverse will fail and not necessarily in order of importance.

First, in the metaverse, cyber security and data breaches can take on more complicated forms. The possibility for espionage and user data gathering among metaverse platforms is becoming a growing concern, and both spying and data collecting seems imminent. It may be more challenging to recognise and respond to security risks, including phishing scams, malware infiltrations of AR/VR devices, and compromised avatars and accounts in the metaverse.

Second, will the metaverse be seen as useful in everyday life? Studies have found that for a sizeable majority of the world's population, the metaverse will not be fully integrated and functioning as a part of daily life by 2040 (Anderson & Rainie, 2022). Furthermore, there are already a few immersive enhancements and/or virtual places, such as Microsoft Mesh, Horizon Worlds, Second Life, Roblox, Minecraft, and Fortnite. The lack of interconnection and interoperability is the only barrier preventing these virtual worlds from being connected. This, for instance, allows users to transfer digital assets between them. However, this need is not urgent (Kayyali, 2022). As such, it is expected that individuals will not see sufficient practical, beneficial applications of extended reality (XR) technology to motivate them to fully embrace and immerse themselves in it. For example, attending a concert or conference has little significance in the virtual world. While it is a novelty item, it does not significantly improve our lives. It is important to remember that the metaverse encompasses more than just AR and VR. The metaverse is not the ultimate goal of large tech companies, even if AR and VR offer a variety of fascinating uses, especially as mixed reality grows beyond gaming to include other industries and daily life.

Third, many people are expected to find complete immersion in virtual reality unappealing, not only because of the unwieldy hardware, expensive costs, or unreliable connectivity but also because these people would rather spend most of their time engaged with the real world than completely submerged in a virtual one. Humans are inherently social creatures that naturally gravitate towards social settings and nuances; this facet of human nature, for instance, should be given priority in metaverses.

Fourth, people may be reluctant to spend time and effort in online environments where they can more easily be influenced and watched by businesses or totalitarian forces. Autonomy and control over one's life; an increase in digital divide and discrimination (CCDH, 2022; Statista, 2021); new types of harassment, bullying, and hatred; threats to public safety, particularly those related to sexual violence and exploitation (Cheung et al., 2020); a proliferation of false information, particularly through synthetic media and deepfakes (Whittaker et al., 2021); and a higher risk of addiction to metaverse activities are other significant social issues such as a disconnection from real life and loneliness, that may arise or be made worse in metaverse spaces. Till there is more interest in it, the metaverse's adoption rate will be low because it simply does not address any modern challenges (e.g. inflation, climate change and other economic and geopolitical factors) and is hence not in high demand in the current markets.

4. Marketing in the metaverse: future research agenda

In summary, we need more research on marketing in the metaverse. Technology advancements are bringing about one of the most exciting (and also most risky) periods in marketing history. Radical changes in the digital business environment are creating both fantastic opportunities and existential challenges. Given the nature and extent of these changes, we propose the following research agenda on metaverse marketing that stands out from the norm; and it would be interesting to see if they are verified or refuted by academic research.

4.1. Metaverse, human touch and customer experience

Although customers will be able to interact with a brand much as they would in real life in the metaverse, it is possible that the metaverse, or virtual reality environments, will disengage customer experience due to the lack of human touch because the lack of physical interaction may limit the ability to create meaningful connections and personalise the customer experience. In traditional retail settings, the presence of employees and the ability to engage in face-to-face communication can facilitate the formation of emotional bonds and enhance customer satisfaction. However, in virtual environments, these opportunities for personalisation may be more limited, potentially leading to a less engaging and satisfying customer experience. The metaverse also has the potential to offer unique and immersive experiences that may compensate for the lack of human touch. Further research is needed to fully understand the impact of the metaverse on customer experience.

4.2. Marketing communication

The metaverse is likely to shape marketing communication in significant ways, as it provides a new platform for brands to reach and interact with consumers in virtual reality environments. Advertisers will need to think ahead about how to effectively communicate their messages in this new medium, considering the unique features and limitations of the metaverse. For example, they may need to consider how to effectively use 3D graphics, virtual reality environments, and other immersive features to engage consumers and deliver their messages. Advertisers will also need to consider the delivery channel and how to reach consumers within the metaverse, as traditional marketing channels such as print or television may not be as effective in this context. In addition, advertisers will need to consider how to balance the potential for personalisation and targeting in the metaverse with concerns about privacy and consent. Overall, the metaverse presents both challenges and opportunities for marketing communication, and advertisers will need to be proactive and innovative in order to effectively reach and engage consumers in this new medium.

4.3. The metaverse of happiness

The metaverse may deliver consumer happiness and well-being, as it has the potential to offer immersive and engaging experiences that can improve people's mental and emotional well-being. For example, the metaverse can provide a sense of escapism and allow people to disconnect from their daily lives and engage in activities that bring them joy and fulfilment. Additionally, the metaverse can provide a sense of social connection and belonging, as it allows people to interact with others in virtual reality environments and form virtual communities. However, it is important to note that the impact of the metaverse on consumer happiness and well-being may depend on various factors, such as the content and nature of the experiences offered within the metaverse and the individual's personal preferences and motivations. Further

research is needed to better understand the metaverse's potential to deliver consumers happiness and well-being.

4.4. Cost efficient or exorbitant?

The metaverse allows companies to interact with consumers in virtual reality environments rather than physical locations. This can reduce the need for expensive physical storefronts and the associated costs of maintaining them, such as rent, utilities, and staffing. The metaverse also has the potential to reduce costs associated with transportation and logistics, as it allows companies to deliver virtual products and services directly to consumers without the need for physical distribution. Nevertheless, the cost efficiency of the metaverse may depend on the nature of the business and the costs of developing and maintaining a presence in the metaverse. In addition, businesses will need to consider the potential trade-offs of using the metaverse, such as the potential loss of in-person interactions and the impact on customer experience. We call for additional evidence-based research to examine the operational and financial efficiency of the metaverse.

4.5. Diversity, equity, and inclusion in the metaverse

As the metaverse provides a platform for individuals to express their identities and connect with others in a virtual environment, research may examine whether the metaverse will encourage LGBT inclusion, equity, and diversity in society. In particular, the metaverse may offer a sense of anonymity and safety for individuals who may face discrimination or stigma in their physical communities. This can allow individuals to explore and express their identities without fear of negative consequences, potentially leading to greater acceptance and understanding of diversity within society. However, we note that the impact of the metaverse on LGBT inclusion, equity, and diversity may depend on various factors, such as the content

and nature of the experiences offered within the metaverse and the individual's personal motivations and preferences.

4.6. Bottom-of-the-pyramid customers

It is possible that the metaverse can create value for bottom-of-the-pyramid customers, or those with limited financial resources, as it provides access to a wide range of products and services that may not be available in their physical communities. In particular, the metaverse may offer low-cost or free experiences that can provide education, entertainment, and social connection for these customers. Additionally, the metaverse may provide opportunities for bottom-of-the-pyramid customers to participate in the global economy and engage in virtual entrepreneurship, potentially leading to economic empowerment and upward mobility. However, the impact of the metaverse on bottom-of-the-pyramid customers may depend on the availability and affordability of internet access and the individual's level of digital literacy. Further research may explore the potential for the metaverse to create value for bottom-of-the-pyramid customers.

4.7. Luxury brands in the metaverse

Luxury brands can embrace the metaverse to maintain their exclusivity, uniqueness, and desirability by leveraging the immersive and interactive features of the metaverse to create unique and personalised experiences for their customers. For example, luxury brands can use the metaverse to showcase their products in virtual reality environments, allowing customers to virtually try on and interact with the products in a way that enhances the shopping experience. Luxury brands can also use the metaverse to create exclusive virtual events or experiences that are only available to their most loyal customers, further enhancing their sense of exclusivity. Additionally, luxury brands can use the metaverse to personalise the customer

experience by using data analytics to tailor the virtual environment and experiences to the individual customer's preferences and interests. Overall, the metaverse may provide luxury brands with a new platform to differentiate themselves and enhance the customer experience, which can help maintain their exclusivity, uniqueness, and desirability.

4.8. Hospitality and tourism marketing

There is a need for further research on the impact of the metaverse on hospitality and tourism marketing to understand the potential opportunities and challenges of this new medium. Future research could examine how the metaverse can be used to enhance the customer experience in the hospitality and tourism industry, such as through virtual reality tours or immersive virtual experiences. Future research could also explore the potential for the metaverse to create new business models and revenue streams for hospitality and tourism companies. Additionally, future research could examine the impact of the metaverse on traditional marketing channels and strategies in the hospitality and tourism industry, such as the use of social media or traditional advertising. Overall, there is a need for research that can provide insights into the potential of the metaverse to transform the hospitality and tourism industry and the marketing practices of companies within this industry.

4.9. The metaverse and sustainable development goals

We call for additional research on the impact of the metaverse on sustainable development goals (SDGs) to understand the potential of this new medium to contribute to global efforts to address social, economic, and environmental challenges. Future research could focus on examining how the metaverse can be used to promote sustainable development goals, such as through virtual reality education programs or immersive virtual experiences that raise awareness about environmental or social issues. Future research could also explore the

potential for the metaverse to create new business models and revenue streams that align with sustainable development goals, such as through the use of virtual reality to support renewable energy or sustainable tourism. Additionally, future research could examine the potential environmental impacts of the metaverse and how it can be used to reduce the carbon footprint of various industries. Overall, there is a need for research that can provide insights into the potential of the metaverse to support sustainable development goals and the role that it can play in promoting global sustainability.

4.10. Supply chain and logistics

The metaverse can provide a platform for real-time tracking and monitoring of shipments, allowing for more accurate forecasting and demand planning. The metaverse can also facilitate virtual collaboration and communication among supply chain partners, which can improve decision-making and coordination. Additionally, the metaverse can offer virtual simulations and scenario planning, allowing companies to test and optimise their supply chain strategies and processes in a risk-free environment. Therefore, additional research is warranted on how the metaverse may provide a new platform for the supply chain and logistics industry to enhance efficiency and resilience through visualisation, collaboration, and simulation.

4.11. The dark side of the metaverse

There are several potential dark sides of the metaverse in marketing that should be considered. One concern is the potential for the metaverse to be used to manipulate and deceive consumers, as it allows companies to create highly realistic and immersive virtual environments that may be difficult to distinguish from reality. This can lead to the creation of false or misleading perceptions about products or services, potentially leading to consumer harm or exploitation. Another concern is the potential for the metaverse to be used for targeted

marketing and personalisation, as it allows companies to collect and use data about individual consumers to tailor the virtual environment and experiences to their preferences and behaviours. This can raise concerns about privacy and consent, as consumers may not be aware of or have control over how their data is used. Overall, it is important for companies and regulators to consider the potential dark sides of the metaverse in marketing and take steps to address these concerns to protect consumers and promote ethical practices.

4.12. Ethical framework and guideline for the metaverse

Ethical guidelines and frameworks for marketing practices over the metaverse are warranted to protect consumers and promote responsible business practices. For consumers, it is important to be aware of the potential risks and limitations of the metaverse and to be cautious about sharing personal information or engaging in activities that may compromise their privacy or security. It is also essential for consumers to be aware of the potential for manipulation and deception in the metaverse and to critically evaluate the information and experiences they encounter. For businesses, it is important to be transparent about their marketing practices in the metaverse and to respect consumers' privacy and consent. Businesses should also ensure that their marketing practices are truthful and accurate and that they do not deceive or exploit consumers. Overall, an ethical guideline/framework for marketing practices over the metaverse should prioritise transparency, honesty, respect for privacy, and consumer protection.

5. Conclusion

In conclusion, marketing in the metaverse presents a unique and exciting set of challenges and opportunities for brands and businesses, particularly in terms of consumer-brand interactions.

The metaverse offers a novel platform for digital marketing and e-commerce, allowing businesses to engage with customers in new and immersive ways. These marketing ramifications are important and might have a big impact on how companies approach marketing in the future. However, the success of metaverse projects is not guaranteed, and brands and businesses must be aware of the potential pitfalls and challenges that may arise. This highlights the need for further research in this area to better understand how businesses can effectively market to and engage with customers in the metaverse. Furthermore, this research must also be matched with a careful examination of the ethical, behavioural, and harmful effects on vulnerable users in order to be effective in the virtual environment of the metaverse. In order to fully grasp the various aspects of the metaverse and its impact on society, it is necessary to explore a range of potential research areas. Our proposed research agenda, therefore, outlines these areas and emphasizes the importance of considering the potential consequences of the metaverse on individuals and communities as researchers continue to investigate its possibilities. Ultimately, the metaverse has the potential to revolutionize the way businesses interact with consumers, and we look forward to seeing the innovative approaches that marketers will take as the metaverse continues to evolve.

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