METAVERSE MARKETING - FAD OR FOREVER

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Conception: **Niranjini N** concieved the presented idea

Methodology: **Niranjini N** verified the methodology

Data Collection: **Niranjini N** carried out the data collection

Interpretation or analysis of data: Niranjini N contributed towards the interpretaion and analysis.

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Abstract:

Background: The marketers and product owners see a wide-open universe of opportunity before them - the Metaverse. This universe of the internet creates and gives the user the freedom to create more opportunities to market their products. Top brands like Nike, Samsung, Hyundai, Coca-Cola, Louis Vuitton, Gucci, Adidas, and more have already taken the giant leap of faith into metaverse marketing. Like the transformation from traditional retail to e-commerce, the metaverse is seen as a revolutionary opportunity and transformation for many industries.

Objectives: This study aims to bring out the opportunities and challenges to market in the metaverse through gamification to the Generation Z and determine if metaverse marketing is a permanent change in how marketers do their business.

Methods: The methodology followed for this study is an empirical method. The critical analysis of various literatures pertaining to the study was undertaken and data from the sample audience was collected through questionnaire.

Results: It is found out that Metaverse may not after all be a fad but a permanent change in the way products will be marketed. From the hypothesis testing, it is found out that there is a strong positive relationship between frequency of playing online games and brand engagement through online games. Gen Z's prefer physical over virtual luxury products on account of factors such as pride, status and sense of achievement. It has the potential to take branding to a whole new level.

Conclusions: The scope for Metaverse marketing is found to be on the positive side due to the rapid adoption of global brands and acceptance by benefitting publics. Gen Z Companies are encouraged to adopt innovative business models to cater to Metaverse Marketing.

Keywords: Metaverse, Marketing, E-commerce, Fad, Generation Z

Research gap

Researchers have been studying the positive and negative implications of the Metaverse. The

research was focused on how businesses will manage Metaverse, Artificial Intelligence, and Virtual Reality. Most of the studies are about the challenges and opportunities with Metaverse and how it reshapes various industrial operations. This study specifically focuses on Metaverse marketing and advertising and the future of marketing, advertising, and branding of products.

Research objectives

- To understand the extent of acceptance of metaverse marketing by Generation Z.
- To analyze the factors affecting the purchase intention of Gen Z towards virtual luxury products.
- To determine future scope of metaverse among Gen Z.

Scope of the research

This research would be helpful to manufacturers, marketers, and Multi-National Corporations who are looking forward to entering into the Metaverse- the Parallel 3D universe to market their product or service. Metaverse, AI, and Virtual Reality are viewed instrumentally in taking the state of technology to the next level.

Societal Implication

This study would be informative and assuring businesses, retail owners and other marketers to be open to accept innovative technology. Metaverse can open up many career opportunities and increase the scope for existing job profiles.

Contribution to Knowledge

Previous studies undertaken by various authors were focused on various narrow areas such as the Retail industry, field of Education and Technology. This study is focused on whether there is future potential for Metaverse Marketing and whether Marketers are advised to invest or divest from embracing it. This study focuses on the preference of Metaverse by Generation Z.

Introduction

The term metaverse, a three-dimensional virtual world inhabited by avatars of real people—and coined by Neal Stephenson in his novel Snow Crash (1992). It created a lot more buzz when Facebook's CEO, Mark Zuckerberg announced his decision to rebrand the company with a new name, Meta, on October 28. Some people feel that Metaverse is just a vague concept and a "Fad". Just a fantasy world that will not have any influence on the way things were. They think that it's just another one of those tricks played by marketers to make consumers fall into the 'black hole of consumption.

The metaverse is an early and relatively new phenomenon that marketers all over the world have taken up to market their products. Even though it has opened up a new universe of opportunities, it does have a lot of skepticism and obstacles to overcome. One such situation is the immense potential of this technology but there is a lack of feasibility to augment and support the idea with the available state of technology. The real problem could be a lack of funding or convincing investors to develop advanced technology and infrastructure to support building on the imagination of consumers. Because there is no strong fundamental structure already established to support this futuristic technology. Moreover, it is a heavy load of work for back-end tech enablers. Companies and brand owners feel that the metaverse may be the next big

tech revolution and it may have a positive impact and a strong influence.

In the past couple of years, brand owners, marketers, and consumers have seen that Metaverse is not merely a fantasy but an emerging technology. The four main scenarios identified by the Metaverse Roadmap were: augmented reality, lifelogging, virtual worlds, and mirror worlds. With this hope, many companies have decided to work along with this trend and stay up to date with technological advancements. The fundamental changes expected in marketing products can be the use of Virtual Product Placements, Virtual brand ambassadors, Virtual branding, Brand extension, etc.

The avatars in the metaverse will have their own characteristics. They may not represent anyone - becoming their own person. Brand owners can offer brand extension services using Virtual Reality so they can constantly stay in touch with their customers. Metaverse creates more time and space for marketers to advertise their product offerings virtually. At this pace, one may also expect that very soon purely virtual products will be created and branded. One of such is the virtual products of Gucci and Nike available in their virtual store at metaverse.

Literature review

A.   Metaverse is going to stay forever – Gen- Z's love it:

Although the concept of Metaverse looks like a fantasy to many, it speaks volumes of the undiscovered potential of what Artificial Intelligence, Virtual Reality and Augmented Reality can do together. It's like a freeway lane to the early adopters as it can cut through the noise of existing traditional channels of distribution and marketing.

Rituraj Singh Sisodiya, et.al. (2023) Due to the continued growth of the Internet, ongoing technology breakthroughs, and continuously changing consumer perception, modern marketing provides new chances and perspectives. Every day, more people use the internet, and more companies are taking advantage of this trend. This study has shown that users' attitudes are described by their happiness with virtual marketing. Virtual marketing has transformed how companies utilise the Internet for business, opening up a world of options and opportunities for marketers. How marketers communicate with consumers and conduct business with them on online platforms, It has given marketers numerous chances and possibilities, including how they promote their brands and products "online" and how they encourage and shape consumer behaviour. The findings showed that the user satisfaction notion from metaverse may be applied as a marketing tool to comprehend a range of factors and attitudes. In other words, the fourth industrialisation and the internet era are both based on digital platform media, including metaverse networks, and as a result, the market is expanding quickly. It would be preferable to perform brand management segmentation, target specific, and positioning analysis in advance to create a strategy suitable for each consumption class given the expectation that the digital consumer class in the metaverse will gradually enlarge from the Gen Z era to all generations.

Nalbant, K. G. & Aydın, S. (2023) Numerous changes will occur in marketing as a result of the metaverse. In the Metaverse, businesses must preserve their identities. The transition to virtual worlds will be simpler for Generation Z and Generation Alpha. Customers can interact with things in an augmented reality environment without ever leaving the comfort of their own

homes. In the Metaverse realm, in-store experiences can be made real. Additionally, there will be more branding possibilities available in the Metaverse. Brand recognition will also be influenced by virtual billboards and the attire that consumers choose to wear in these environments. Additionally, branded virtual content will be created for end users using Non-Fungible Tokens (NFTs). For businesses to succeed in a world that is getting more and more competitive, it is crucial that they be able to compete in digital and virtual environments as part of the digital transformation process. Companies are high recommended to invest more in the Metaverse to expand their customer portfolios and become brand leaders.

Oxford Analytica (2022) Younger millennials and Gen Z consumers show more interest in the metaverse. Being the population of the next highest spending power in the near future, Gen Z influences marketers to use Metaverse as the Gen Z customer is more technologically oriented. Metaverse is heavily skewed towards young males. For female consumers, influencer marketing to promote the use of the metaverse has been successful.

Jooyoung Kim (2021) Metaverse is seen as the web 3.0 that can change human interaction with the digital world, but it may not be true because of the complexity of the operation. Some think that Metaverse refers to shared virtual spaces where one could build a home, attend classes, and do real-life impersonations on a computer. It would be a connection between the real world and the virtual world.

Kadry, A. (2022) Metaverse will redefine the concept of advertising and reshape it to bring about new opportunities and challenges for companies. It will not be confined to creating a brand experience and enhancing marketing activities, but it will transform the way marketers advertise their products.

Apiradee Wongkitrungrueng, et.al (2022) Although the metaverse links the real and virtual worlds to enhance the customer experience, little is known about how real-world users react to branded virtual worlds. This study suggests a methodology to look at how customer brand perception and behavior in the virtual and physical worlds are affected by metaverse experiential value. Findings showed that brand image and virtual purchase intention are two ways in which all three dimensions of value indirectly influence consumer-brand engagement (CBE). While hedonic value didn't have a direct impact on consumer behavior, it did have an impact on symbolic and utilitarian value, which in turn affect CBE and virtual purchasing, respectively. Being one of the pioneering empirical studies on the metaverse brand experience, this study made a significant contribution by considering multiple dimensions of experiential value, exploring how brand image and virtual purchases function as mediators, and more. According to the research, brands should create branded virtual environments to encourage learning and ownership among consumers and to align virtual goods and retail environments with the real world to create a consistent brand image across both worlds.

CHA, S.-S. (2022) Users have the benefit of getting around physical space constraints because of the metaverse, which transforms offline encounters into a virtual setting. The MZ generation (consisting of millennials and Gen Z), who is adept at navigating digital platforms, is growing more and more interested in the metaverse. Apart from the gamification of processes in the metaverse, has begun to create economic value in Korea. There are more opportunities for the

food and beverage industry in the future.

Hollensen, S., Kotler, P. and Opresnik, M.O. (2022) Explains the idea of the Metaverse, which is the 3D equivalent of the internet and will change almost every business. It focuses in particular on the "building blocks" of the Metaverse and how it operates in a case study. The Nike-Roblox case study provides an explanation of the Metaverse idea and examines the customer benefits that are supplied by the Nikeland project. The Nike-Roblox case study demonstrates that the most significant and obvious "building blocks" for the Nikeland visitors (customers) in the Nike-Roblox partnership are virtual platforms, content offerings, consumer and corporate behaviour. The major international brands are becoming more familiar with the Metaverse. The new marketing platform of the future- the Metaverse, will be used to present and breathe life into a variety of companies in the 3D interactive digital environment. The metaverse is a virtual representation of how things are done in the real world. Users can interact with one another in this 3D virtual environment by using avatars that look like them. This will have a significant impact on how businesses use the marketing function going forward as well as how we interact with one another.

Kraus, S., et.al (2022) In an ambiguous gesture, Facebook changed its name to Meta in October 2021, heralding the dawn of a new era of social interaction made possible by the metaverse technology, which is predicted to take the lead as the future hub for online social interactions. The stated change initially denotes a fundamentally new business model (BM) built on a previously unheard-of configuration of the three elements value generation, value proposition, and value capture. In order to determine if the change is as drastic as described or instead represents an incremental transformation of the current BM, the goal of this study is to investigate Facebook's recently announced changes to its BM. Facebook's entrepreneurial path yielded the finding that the strategic refocusing that was articulated did not match to a dramatic BM innovation pattern. The authors predict that the essential components of Facebook's BM will alter gradually, even though the present adjustments seem to be moving the practise into the innovation phase. According to the analysis, the plain communication efforts primarily serve two goals: to enhance the company's external perception and to spread an internal change signal within the business.

Sheetal Jain, et.al. (2022) Gamification has recently gained popularity as a method for keeping people interested in products and services. This study examines the relationship between gamification adoption motivation, customer engagement, and affective commitment using the service-dominant (S-D) logic theory. The results show that consumer gaming motivations for social and personal integration have a favourable impact on consumer engagement with premium goods. Also, it is discovered that affective commitment is positively influenced by each of the three sub-dimensions of customer engagement (aware attention, excited participation, and social connection). The interaction between motivation and affective commitment is fully mediated by customer involvement, however the mediated relationship is found to be less robust when the self-brand connection is present.

B.   Metaverse is a Fad- Gen Z's don't like it:

Yogesh K. Dwivedi, et.al (2022) The potential impact of Metaverse on the way businesses

operate, brands engage with people, and create experiences with the given state of technology seems somewhat low. Some of the major areas that are expected to be impacted are Marketing, Education, Healthcare, and social interaction. There are risks involved with the trust, privacy, and bias that have to be addressed.

Njoku, J. N., et.al (2022) There are many fields where the Metaverse can be used, including marketing, education, social work, and even advertising. However, there is little to no research on the use of the Metaverse in the transportation sector. The three main challenges for metaverse to be used in the transportation industry would be, vehicle fault detection and repair, testing new technologies, and anti-theft systems.

Wang, Y., Su, Z., et.al (2022) The metaverse is transitioning from science fiction to an impending reality due to recent developments in cutting-edge technology like blockchain, artificial intelligence, and extended reality. However, serious security and privacy flaws in the metaverse may prevent its widespread use. The inherent qualities of the metaverse, such as immersive realism, hyper spatiotemporality, sustainability, and heterogeneity, can also lead to several basic issues in the supply of metaverse security.

Rosenberg, Louis. (2022) The widespread cultural transition from a flat media to a first-person lively immersive media is known as the metaverse. The tools, tactics, and approaches used in marketing will all change as a result of this metaverse revolution. While flat images and videos now dominate digital advertising, immersive experiences like Virtual Product Placements (VPPs) and Virtual Spokespeople (VSPs) are poised to take over in the metaverse. Due to the fact that these are highly persuasive kinds of advertising, the target consumers experience real-life interactions. It can be a serious hazard for the same reasons because metaverse platforms may utilize them for predatory purposes. This increases the need for more regulations.

Analysis

H1: There is a relationship between frequency of playing online games and the possibility of brand engagement through online games

Table 1: Pearson corellation coefficient between frequency of playing online games and brand engagement through online games

Factors	N	Sum	Mean	Deviation Squared
Frequency of playing online games	50	97	1.94	54.82
Brand engagement through online games	50	98	1.96	53.92

Inference: The value of R is 0.8807. This is a strong positive correlation, which means that high X variable scores go with high Y variable scores (and vice versa).

H2: There is a relationship between willingness to buy luxury products and the Gen Z prefer physical as well as virtual products %
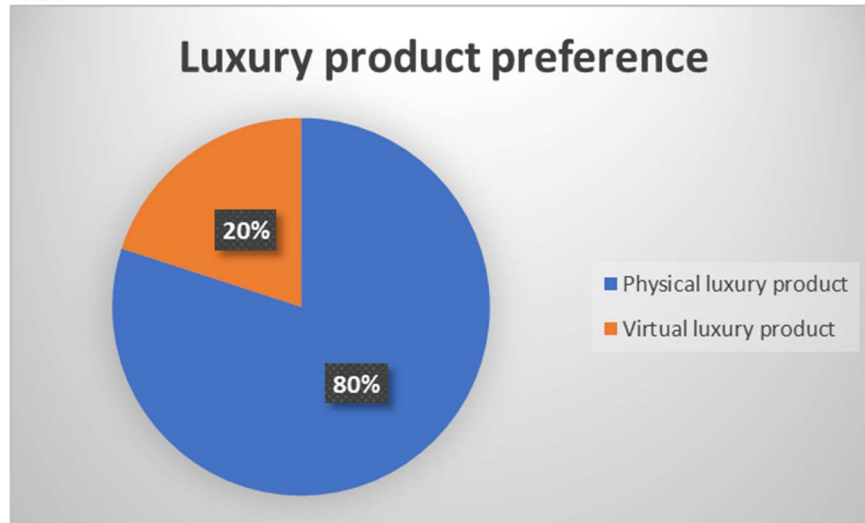
Figure 1: Percentage analysis of product preference of Gen Z's

Description: This figure describes the percentage of the Gen Z population preferring physical luxury products and virtual luxury products.

Table 2: Summary of Descriptive statistics of factors affecting Gen Z virtual product buying behavior

Gender		Age		Purposeof buying luxury products		Fear factor		Doubt factor		willingness to buy virtual products		internet usage	
Mean	1.44898	Mean	1.91837	Mean	2.16327	Mean	1.4898	Mean	1.4898	Mean	1.4898	Mean	1.55102
Standard Error	0.07179	Standard Error	0.03952	Standard Error	0.11045	Standard Error	0.07215	Standard Error	0.07215	Standard Error	0.07215	Standard Error	0.07179
Median	1	Median	2	Median	2	Median	1	Median	1	Median	1	Median	2
Mode	1	Mode	2	Mode	2	Mode	3	Mode	1	Mode	1	Mode	2
Standard Deviation	0.50254	Standard Deviation	0.27664	Standard Deviation	0.77317	Standard Deviation	0.50508	Standard Deviation	0.50508	Standard Deviation	0.50508	Standard Deviation	0.50254
Sample Variance	0.25255	Sample Variance	0.07653	Sample Variance	0.59779	Sample Variance	0.2551	Sample Variance	0.2551	Sample Variance	0.2551	Sample Variance	0.25255
Kurtosis	-2.0402	Kurtosis	8.27999	Kurtosis	-1.2502	Kurtosis	-2.0851	Kurtosis	-2.0851	Kurtosis	-2.0851	Kurtosis	-2.0402
Skewness	0.21169	Skewness	-3.1533	Skewness	-0.2945	Skewness	0.04213	Skewness	0.04213	Skewness	0.04213	Skewness	-0.2117
Range	1	Range	1	Range	2	Range	1	Range	1	Range	1	Range	1
Minimum	1	Minimum	1	Minimum	1	Minimum	1	Minimum	1	Minimum	1	Minimum	1
Maximum	2	Maximum	2	Maximum	3	Maximum	2	Maximum	2	Maximum	2	Maximum	2
Sum	71	Sum	94	Sum	106	Sum	73	Sum	73	Sum	73	Sum	76
Count	49	Count	49	Count	49	Count	49	Count	49	Count	49	Count	49
Largest(1)	2	Largest(1)	2	Largest(1)	3	Largest(1)	2	Largest(1)	2	Largest(1)	2	Largest(1)	2
Smallest(1)	1	Smallest(1)	1	Smallest(1)	1	Smallest(1)	1	Smallest(1)	1	Smallest(1)	1	Smallest(1)	1
Confidence Level(95%)	0.14435	Confidence Level(95%)	0.07946	Confidence Level(95%)	0.22208	Confidence Level(95%)	0.14507	Confidence Level(95%)	0.14507	Confidence Level(95%)	0.14507	Confidence Level(95%)	0.14435

Findings

From the critical review of literature, it is evident that even though Metaverse is not yet a big phenomenon the public has given a great reception to adapting to it. Some of the reasons could be the characteristic features of the current generation, their preferences, and even COVID-19. The Generation of Millennials and Gen Z are mostly technologically interested and they like to do things using technology. Whereas the older generations were not readily accepting change. From the hypothesis testing, it is found out that there is a strong positive relationship between frequency of playing online games and brand engagement through online games. Gen Z's prefer physical luxury products over virtual luxury products due to the factors such as pride, status and sense of achievement.

Covid-19 also had a role to play in the quick adaptation to new technologies because people wanted an escape from reality. The quest for a solution to do even the impossible still lingers and that could be one of the reasons why people look at the metaverse as an avenue of endless opportunities.

The Metaverse is still in the conceptual stage and needs tons of technological support to make imaginations to be true. Therefore, it may not be applied in marketing, healthcare,

transportation, and other industries immediately.

People strongly believe in the potential of the Metaverse and that it would create a parallel universe so they can co-exist as humans and avatars simultaneously.

Conclusion

From the study, it can be understood that Metaverse has the potential to catalyze the next technological revolution. The Gen Z's are going to emerge to be the next generation with the highest buying power after the Millennials. Gen Z's are willing to explore the metaverse for virtual shopping experience. Their interest to explore indicates their acceptance of virtual purchases. Marketers are using gamified shopping experiences to engage with the new generation. The interest to adapt to new technologies is higher with this generation compared to the older generations. Companies in favor of adopting metaverse marketing are able to increase their customer portfolio and brand image. Though the application of Metaverse in immediate future may seem impossible due to the lack of technology and infrastructure, it's not very far. Metaverse is not a Fad and may have to potential to take the world to Web 3.0.

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