

METVERSE

Factors to Consider While Choosing to Advertise Through the Metaverse

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Marketers are still not sure about when exactly to use the medium for their brands.

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Introduction

Metaverse is defined as “an interoperated persistent network of shared virtual environments where people can interact synchronously through their avatars with other agents and objects” (Kim, 2021). The medium has given marketers a new arena to advertise their brands (Dwivedi, Y. K. et. al, 2022). It is an immersive, 3D, virtual world where users, regardless of their location, engage in social and economic interactions (Arcila, 2014; Diaz, 2020). The foundation of the Metaverse is the convergence of technologies such as VR and AR that allow for multimodal interactions with digital items, virtual surroundings, and people (Mystakidis, 2022).

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Since Metaverse is a novel digital platform, user interaction is one of its most crucial components. Thus, businesses continue to experiment with innovative approaches to improve the user experience.

However, it is still not clear when to adopt the Metaverse medium for brand advertising campaigns. Not all brands, and not all consumers lend themselves to an impactful experience. Marketers still grapple with the key question:

Do I need to advertise my brand through the 3D Metaverse, or is advertising on existing 2D media sufficient? What are the factors that need to be considered to arrive at the decision?

Factors affecting the choice of Metaverse

Based on academic literature as well as interactions with senior industry personnel, the following are the factors that determine whether Metaverse medium will be useful for any particular brand:

1. **Product category of the brand**

Given the immersive nature of Metaverse, it is arguably better suited for brands that require an experiential feel in advertising. Examples of such categories include household décor, automobiles and cruise/airline experience and so on. Consumers will be transported to that category zone through metaverse, and hence will be in a position to make informed choices about the brands that they would like to purchase/consume. On the other hand, categories such as electrical appliances, toothpaste etc are tangible performance oriented, and hence advertising through a linear 2 D medium will suffice.

2. **Communication objective of the ad**

Metaverse, through its versatility, can offer multiple communication objectives. Consumers can see, feel buy, interact, recommend- all through the medium. Those brands that are being launched newly, can offer an ambience where consumers can try the new product, interact and influence others, while doing so. Many of the early brand entrants in Metaverse (such as Nike, Gucci), have used the medium for this purpose (Sawhney, 2023). Metaverse is a one stop shop and offers full funnel experience for the viewers (Krishnamurthy, 2022).

3. **Prior brand consumer engagement history**

It is important to know what a particular brand's advertising history has been, while evaluating Metaverse medium. If the brand has never ventured into a fantasy or a technology route, and has been fairly traditional in its advertising, then there may be significant discontinuity by using Metaverse medium suddenly. This may lead to credibility or even a disconnect with viewer engagement with regard to the brand. Marketers need to think about this aspect carefully.

4. Viewer profile for the brand ad

The usage of Metaverse requires the adoption of a VR device, for enhanced effect. A growing number of advertising scholars have investigated the impact of VR and AR on advertising outcomes, such as attitudes toward the ad (Uribe et al, 2022; Yang et al, 2020), attitudes toward the brand (Hopp et al, 2016; Uribe et al, 2022), and purchase intentions (Uribe et al, 2022). However, these efforts have remained largely fragmented by inconsistencies in the conceptualization and operationalization of variables and constructs. This also means that the target consumers may need a prior technology habit such as having played video games etc. This maybe considered unwieldy and intrusive for the non-users. Also, there may be a cost entry barrier by way of buying a VR equipment interface in order to consumer Metaverse. So, the marketers need to evaluate the consumer profile compatibility before choosing Metaverse.

5. Data concerns

Metaverse generates rich and diverse data of the viewers, that need to be handled responsibly. It has the potential to provide a unified customer identity by using blockchain technology to create a decentralized digital identity for each customer (Misra et al, 2023). Metaverse additionally offers data such as eye-tracking, face-tracking, or hand and movement , that are deeply personal. While on the medium, consumers assume digital avatars, share opinions and interact with others in an interoperable manner. Marketers can enormously benefit by analysing this data for their brand's advantage. However, privacy concerns, social bullying and data abuse-are all genuine concerns on the Metaverse.

6. ROI on Metaverse

Measuring ROI on Metaverse is another concern for Marketers. Given the multisensory and multifaceted immersive experience, sticking to a single metric may not be sufficient to capture the end effect. Methods like geo/user-based lift tests (experimental methods in which a selected geography/group of people in a virtual universe are exposed to the stimulus or an immersive experience, and their subsequent virtual or physical behavior will be monitored against a control group) can be used to compute the impact. (Krishnamurthy et al, 2022). The fact that the

Metaverse is a socially concurrent, multiuser environment also adds a layer of complication. Thus, ROI measurement is another deterrent why more brands have not jumped onto the bandwagon of Metaverse.

7. **Organisational readiness to embrace Metaverse**

Organisations need to gear themselves in a full-fledged manner, if they are to use Metaverse as an advertising medium. The eight key technologies in Metaverse are – Extended Reality, User Interactivity, Artificial intelligence, Block Chain, Computing Vision, Internet of Things, Robotics, Edge and Cloud Computing and Future Mobile networks. Which combination of these will be the most effective, maybe the most important question to ask, as far as technology is concerned. (Krishnamurthy, 2022). Krishnamurthy and Borse (2023) argue that AIML is best suited for Metaverse consumer analysis. Man power wise, Metaverse can be very demanding- comprising the skillset to set up a Metaverse ambience that is creative, navigable and engaging, digital specialists who are capable of creating an ad campaign/story-telling, programmers for analyses and a dynamic client interface team. Investment into all these, and training, can be daunting for organisations, and they probably need to hire a consultant to assess requirements in these areas.

Conclusion

Advertising expenditure is one of the highest spends by organizations in their brand-building efforts. The unique nature of the Metaverse medium, the creative content, the target audience, and the responses will likely change how advertisers promote their brands, producing new types of consumer responses, and transforming how consumers process and respond to advertising (Kim 2021). Leading companies are already actively looking to navigate the Metaverse for advertising opportunities (Herren, 2022). Taylor (2022) asserted, research on how advertising works in the Metaverse “can be rooted in related work on virtual reality, augmented reality, and 3-D advertising that has been in progress a decade or more”.

However, the decision to use Metaverse advertising medium needs to be thought through carefully by Marketers. While the medium is promising, the choice to embrace it needs to be arrived at after analysing it from various angles, as stated above.

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