

“Virtual Frontiers: Marketing Strategies adopted by Brands in the Metaverse Era”

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Abstract

The metaverse is an emerging digital space where users interact through virtual worlds, games, and diversified online communities. This paper explores how various brands can use of marketing strategies within the metaverse to connect with both existing and potential customers in new and different innovative ways. In the paper, an insight has been given as to how brands can look at the various opportunities available, such as creating engaging virtual experiences, building communities, and offering personalized products and services.

The paper also discusses the various challenges brands may face in the metaverse on the virtual front including the challenge of protecting user data, keeping up with new technology, and ensuring consistent messaging across different platforms to keep the customers updated about new products being offered by them. By analyzing different studies this research highlights how marketers can take best advantage of the metaverse while addressing to the potential risks at the same time. The paper concludes with suggestions on how brands can build trust, innovate new products, offer new services and ensure growth in the dynamic digital environment.

Key Words: Meta verse, Marketing strategies, Virtual frontiers ,
Personalised products

INTRODUCTION

The Metaverse may be defined as a digital universe in the field of marketing which helps in blending both the worlds in marketing i.e. virtual reality which is referred as VR and augmented reality which is referred as AR along with the blockchain technologies to create an interactive platform where users can socialize, work, play, and shop. Thus, it is a platform where one can attend concerts, meetings, shop in stores or attend lectures in classrooms in virtual space. Customers can buy, sellers can sell or create digital assets like clothes for avatars, fiction, piece of art or one can even socialize and work with others as avatar.

It is a shared virtual world where people can interact with each other, digital objects, and environments using technologies like virtual reality (VR), augmented reality (AR), and the internet. It is like a 3D version of the internet where one can step inside the advertisement and have a feel about the product, its dimensions, and its trial on oneself. E.g. Taking a haircut in virtual image and seeing if it suits or not and one should actually get it done or try another option. Another example could be pairing particular shape or style of shoes with the outfit one is wearing, and seeing if need is to replace it with shoes of another style, colour, etc. It gives more convenience and feel-good experience to the customers thereby making them more confident of their looks and style.

These days brands are exploring this new frontier of virtual advertising, thereby requiring innovative marketing strategies to connect with the users in more personalized, engaging, and experiential ways. In the paper let us discuss about the need of Brand's Virtual Presence and types of strategies brands can adopt in the digital era to make most of their sales.

REVIEW OF LITERATURE

Virtual Brand Presence refers to how a brand establishes itself and interacts with people in digital or virtual spaces such as the Metaverse, online platforms, social media, or gaming worlds. In the metaverse context, brand strategies can move between various levels of immersive experiences. The brand can create its virtual identity where users can see, experience and engage with it in immersive ways along with getting tech- friendly by creating its own website.

Heding, Knudtzen & Bjerre 2020 in their paper stated that the brand management field has number of perspectives to offer to various customers and guide them how to establish a well reputed brand name in the market.

Heding et al (2020) in his paper presented a unique review of studies in which he categorised various approaches to branding in eight sets. He stated that while the economic aspects of branding, identity establishment of brands and sensory approaches tend to offer a positivist view on branding, the other factors which are consumer -based factors, personality traits, relational traits, community building approaches, and cultural approaches consider a constructivist view of the field of branding and retailing in the metaverse.

Smart et al (2007) stated that Metaverse is very complex and hence it is difficult to characterise it by any firm in a clear manner. He stated that there are number of challenges every seller of brand has to go through while selling through the digital medium. It depends on the efficiency of the brand how they use the opportunities of the metaverse. **Ball (2021)** defined the metaverse as a massively scaled network of real-time based 3-D virtual worlds which help in synchronising both the universe of users and with an

individual sense of identity , their presence and continuity of existing data, such as their identity, background, various entitlements, related objects, different communications and payment mechanisms. **Kim (2021)** stated that Metaverse is an interoperated persistent network of shared virtual environments where people can interact synchronously through their avatars with other agents and objects.

Hollensen et al (2021) summarised a metaverse as a collection of virtual worlds connected and users utilising their avatars to interact with others in these worlds, using mainly virtual reality and augmented reality. Brands may be able to create showrooms, stores or events where users can interact with products in the virtual form.

Oh et al (2020) in his paper stated that the combination of technological advancements may transform the future of brand research. He stated that although it is still uncertain how new technologies will change relationships between customers and brands in times to come, but this change will be there surely. **Ning et al (2021)** stated in his paper that the combination of virtual spaces with the continuous development of technology can put the society in the development phase of metaverses where customers will have more say as to their likings and dislikings

Examples of Virtual presence of brands can be of Nike's Nikeland in Roblox. It is a virtual world of Nike where users play games, try on digital Nike gear, and interact with the brand. It gives a clear visual of the product will look like on the potential customer and whether it can be further customised or not as per the requirements of the customers. **Reliance Fashion** also plans to offer customers with Virtual clothing experience. **Prada** made a contract with the virtual fashion icon Lil Miquela for various

luxury campaigns like Milan Fashion Week where they could influence millions and make brand awareness too. This collaboration led to millions of subscribers and their likes on Instagram which further helped Prada position itself as an innovator brand in the world of digital storytelling. Another example is of brand Samsung. When **Samsung Galaxy S21** was launched in Singapore, Samsung partnered with an AI influencer, Rae. Rae's social media posts received high engagement rates and created a buzz among Gen Z followers which made creating awareness about the product easily and making sound social impression. **Disney** does not stand alone. It also has boarded the train of metaverse. In the entertainment industry, Disney has leveraged its diversified portfolio of different characters and theme based stories to create totally different and new experiences for their loyal customers. In the Disney's digital metaverse, fans can get on to virtual theme park tours, explore different rides being virtually offered and experience various attractions from the comfort of their homes. **Microsoft** also has made use of virtual front for their Games like Minecraft and Xbox. **Nike** also has collaborated with the metaverse platform RTFKT which helps Nike to demonstrate its potential to merge new fashion and technology very smoothly. Digital sneakers with special features have become a hot favourite of NIKE's clients in the metaverse. It tends to attract sneaker lovers and by using technology like RTFKT technology, Nike offers virtual sneakers that their customers can buy, own them, and even showcase in the digital world. Thus, Brands have transformed from physical to virtual platforms thereby saving on marketing costs and improving the experiences of its customers.

TYPES OF VIRTUAL MARKETING

Experiential Marketing

Experiential marketing refers to marketing where brands offer immersive brand experiences rather than traditional way of advertising through advertisements. It can be of form of Virtual concerts, games, or events that users can attend and participate in. It is an upcoming marketing platform where firms can enhances emotional connection of brand with the customer. It is a very convenient way as at the point of purchase only or even before it the customers can virtually try, test, like and accept the product rather than buying it and later returning it if not liked by them.

NFTs and Digital Ownership

Another form of virtual frontier is where the companies can launch branded NFTs that represent exclusive virtual goods or collectibles. They act as a platform to encourage community engagement and loyalty through ownership incentives. Example can be of virtual fashion items, avatar accessories, or event tickets for a concert.

Influencer Collaborations

This is the third type of virtual platform where brands can work or collaborate with virtual influencers or content creators to promote their products. The plus point is that the influencers within the Metaverse can amplify the reach of the products among the target audience. Example can be of food joints collaborating with influencers to show the dining

experience, the variety of food items being offered, price list of various food items, the type of ambience, etc.

Gamification

In this virtual platform the brands incorporate game mechanics like rewards, challenges or achievements into their ad- campaigns. This helps them in keeping their users busy and engrossed in promoting brand interactions and aid in random sales.

Community Building

This is another way of virtual branding adopted by firms and their brands in the metaverse. It fosters niche communities around brand interests where the use of virtual spaces is made for discussions, collaborations and generating the feedback loop. It is a good medium to clear doubts if any and encourage sales. Community building is gaining popularity in most of the brand segments.

Data-Driven Personalization

In the virtual frontiers, behavioural data is leveraged to customize the experiences of geographically spread customers and the offers being given to them. Taking the real-time feedback helps brands to refine their messaging strengths and product placement amongst the different segments of customers.

Cross-Platform Integration

Metaverse helps to ensure seamless experience by the customers across AR apps, VR headsets, different social platforms, and e-commerce networks. It is a unique experience or one to one customer - experience which tends to

strengthen brand recall by the customers and user satisfaction amongst the customers.

BENEFITS OF VIRTUAL BRANDING STRATEGIES

- **Availability and Global Reach around the clock:** Virtual branding helps to reach the customers 24/7. Unlike the traditional mode of executing businesses, virtual branding operates day and night around the clock. The retailer tends to receive and process orders from the clients, process further for making payments and provides around the clock customer support. Also the retailer can serve the clients across the boundaries having different time zones without much delay.
- **Lower Operational Costs:** The metaverse and virtual branding offer lower operational costs to the retailers as they need not pay any rent or salary to more number of employees thereby reducing their overhead costs and making virtual branding a success.
- **Scalability Without Borders:** Scaling a physical business often requires new locations. Virtual business model is helpful in maintaining better inventory levels and minimising stock piling. This method although has slightly higher digital advertisement costs but it helps in shipping goods worldwide and easily reach to new locations without opening new warehouses or new stores. Thus, it becomes easy to sell goods across borders without much delays.
- **Data-Driven Customer Profiling:** Virtual branding helps in getting useful and first -hand information related to the customers of the brands. It facilitates identifying their spending patterns, liking, and disliking products, choice of brands, price range preference, etc. Thus,

information can be easily stored in information databases prepared virtually and can be easily accessed across globe to give more personalised product requirements to the customers as and when they need it.

- **Streamlined Marketing:** Virtual branding helps in streamlined marketing and ensures the firm has full control over the branding tagline, target audience and cost so that it becomes more useful than the earlier methods of branding and advertising. Thus marketing in the metaverse becomes more streamlined.
- **Better Reviews:** Virtual frontiers help in creating credibility for the products being offered to the customers and getting review from the customers instantly without wasting time. The user-generated reviews can be used to take decisions regarding the product betterment, product expansion, product diversification and even changing the product as per demand of the big segment of customer market. This facilitates the brand owner to take major decisions easily and with full trust of the customers.
- **Better Creativity:** Brands can innovate beyond physical limitations while marketing through virtual platforms. New ways to reach customers, make them try new products, understand their needs and wants is more convenient through virtual marketing platforms.
- **Enhanced Engagement:** Metaverse offers new ways to engage customers. It offers various interactive formats to encourage longer attention spans and lure the customer to make purchase. Since it offers variety for the same product, the customer is likely to make the purchase for which he has a liking.

CHALLENGES FOR BRANDS IN THE META VERSE

- **Increased Competition and Market Saturation:** The metaverse or the digital marketplace is overcrowded. There are numerous players in the market and hence without a clear value proposition, strong branding strategy, and cost effectiveness there is always fear in the mind of risk of losing market share to global competitors and occurring losses in the long run.
- **High Initial Setup and Marketing Costs:** The metaverse is like a galaxy where numerous chances are being offered. Its operational costs are lower in comparison to traditional methods of branding but since stronger players exist already brands have to invest in setup costs like cost of website creation, portal acquisition, etc. High cost of VR equipment and bandwidth add to the cost element too.
- **Complex Return Logistics:** In the metaverse it sometimes becomes difficult to deal with the customer tantrums. Often new customers or first time users of the product create problems like product returns, return after few days, claiming chargebacks, giving false narratives or wrong product reviews which makes it difficult to get the correct customer requirement determination and even worse difficult to maintain the product returns, or give chargebacks, and refunds which may be complicated and expensive. The scene becomes more complex in case of international orders and in long run may affect the trust of the customers resulting in negative perception of the brand and sometimes legal hurdles.

- **Security and Privacy Concerns:** In the metaverse there are lot of security issues especially cybersecurity threats. Also threat to data breaches can't be ignored and hackers can keep a vigil on every track. Also adding to the complexities are various regulations made by the government time to time.
- **Dependency on the net:** The e-business operations depend totally on the third-party platforms. Server outages or bugs can halt operations and sales. Attack on portals by the hackers is a common thing in e-business. Risk of payment failures or non- payment by the customers adds to the woes of the e- seller. If internet backup is not there , chances of losing crucial data are high.
- **User Adoption:** Virtual sales may not be accessible to customers living in the remote areas. Internet issues or poor infrastructure in these areas may hamper the sales of the product. Areas which are sensitive due to defence purposes or sensitive international relations may not offer international sales of products to the people living in these boundaries making difficult for brands to reach these markets, hence the businesses may lose out on potential clients who would otherwise have created huge demand of the products.
- **Legal issues:** In the metaverse legal issues related to Intellectual property rights, copyrights and digital ownership may crop up as digital or cyber laws remain unclear in many jurisdictions. This area acts a major hurdle for the brands operating in the digital metaverse.
- **Brand Safety:** Managing brand reputation in the decentralized space is a big challenge. Virtual brand sellers need to invest in updated

technology so that they don't lose on their market share and potential customers.

SUGGESTIONS FOR EFFECTIVE MARKETING IN THE METAVERSE

- **Must invest decisively in CRM and Live Chat Tools:** The brand promoters should invest in CRM and Live Chat tools to aid in the customer service. It is essential to have around the clock good strategic customer support system especially via live chat method. It would lead to optimising sales in less time and building loyal customer over a period of time. Investing in CRM would ensure meeting competition in secured manner and at the same time going global. This would also lead to expansion and diversification of products across the borders.
- **Track User Behaviour:** The virtual brand seller should ensure use of heatmaps, data analytics tools and various testing tools to improve its customer experiences and reduce failure rates. Tracking purchase behaviours or search options made by the customers, sounds easy but it a tough task to track record of geographically diversified customers searching at different times in different time zones. But it is quite essential in metaverse to keep a tap on the moves of the customers and meet his needs and wants in particular time frame.
- **Provide option of purchasing via Mobile Technology:** The metaverse players should visualise the upcoming revolution in the Mobile commerce where use of mobile phones will be maximum to place orders and use VR technology. Thus, the sellers would have to

ensure a responsive, conversion-optimized site to maximise its sales. The sellers of various products would have to offer customers with the option to try, test and purchase product via mobile technology. This would be the revolution in the near future.

- **Ensure store security:** The retailers should ensure acquisition of security certificates to make effective sales. Also need will be of conducting regular audits and laying down clear privacy policies. It will be essential for building brand trust and competitive advantage in the minds of customers. They will not be doubtful of purchasing products from vendors who have laid down clear policies and have abided by them in the past practises.
- **Build With Patience and Strategy:** Metaverse players should understand that growth will take time. It is not one day task to set up various options for the clients in the times of metaverse shopping portals assessable to the customers. They should set measurable Key Performance Indicator's (KPI'S) and have a regular monitoring performance system which would ensure that the seller is performing calmly and consistently. Here the cause of concern will be ensuring data transparency with high parameters of security.

CONCLUSION

Virtual branding in the metaverse is no longer a futuristic concept but it is a strategic necessity for companies seeking to stay relevant in the next wave of digital transformation. By creating immersive, interactive, and globally accessible brand experiences, businesses can build deeper customer relationships and unlock new revenue streams. However, to get

the best, the brands must address challenges such as high costs, privacy risks, legal complexities, and store security at the earliest. The paper also discusses the various challenges brands may face in the metaverse on the virtual front including the challenge of protecting user data, keeping up with new technology and ensuring consistent messaging across different platforms to keep the customers updated about new products being offered by them. By analyzing different studies this paper highlights how marketers can take best advantage of the metaverse while addressing to the potential risks at the same time. Lastly in the paper, suggestions on how brands can build trust, innovate new products, offer new services and ensure growth in the dynamic digital environment have been discussed. Success of the virtual stores in the metaverse will depend on balancing creativity with careful planning by the brands. The paper concludes that virtual branding delivers both value and trust in this rapidly evolving digital frontier of the metaverse.

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