

McKinsey Quarterly

Marketing in the metaverse: An opportunity for innovation and experimentation

May 24, 2022 | Article

Although widespread adoption of the metaverse may take some time, leading brands are already rewriting the rules of marketing.

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Talk of the metaverse has been ubiquitous over the past several months.^[1] In 2021, internet searches for the term [increased by 7,200 percent](#). In December, Facebook rebranded itself as Meta, and CEO Mark Zuckerberg [declared his ambition](#) to “help bring the metaverse to life.” A month later, Microsoft said that its proposed [acquisition of gaming giant Activision](#) provided “building blocks for the metaverse.”

It’s not just talk; private capital is also rapidly pouring in. In 2021, metaverse-related companies reportedly [raised upward of \\$10 billion](#), more than twice as much as they did in the previous year. In the past 12 months, one company alone—Epic Games, maker of

Fortnite—has not only [raised \\$3 billion](#) to fund its long-term vision for the metaverse but also announced a partnership with LEGO to build a metaverse for kids. The global value creation opportunity from the metaverse [could be in the trillions](#).

What, exactly, is the metaverse? Right now, the interested parties cannot agree on any one definition. But most descriptions—including this particularly [insightful take](#) from venture capitalist Matthew Ball, who recently [shared his thoughts on the promise of the metaverse with McKinsey](#)—have some elements in common:

Six reasons the metaverse is here to stay

There's ample skepticism right now from people who think the metaverse is just a flash in the pan. That's also what some people thought about the internet during the 1990s. But then, as now, one thing was clear: although we didn't know which companies would shape this new technological evolution, consumers were flocking to it. Increasingly high levels of consumer adoption propelled fundamental change.

Similarly, the attraction of consumers to today's metaverse indicates a major shift in the way people use technology. If the metaverse is another evolution of the internet—something we are already in rather than something we observe from a distance—marketers clearly shouldn't miss out.

Here's why we think the metaverse has staying power.

1. *Ongoing technological advances.* Technical challenges must still be overcome for metaverse experiences to be completely mainstream—for example, as a result of technical constraints, both Meta's *Horizon Worlds* and *The Sandbox* cap the number of participants for each session. But constant improvements in computing power allow larger virtual worlds to exist. Cloud and edge computing let intensive large-data processes, such as graphics rendering, move off local devices. The rapid adoption of 5G is enabling mobile devices to access these large worlds more easily and with lower latency. And the cost of production for augmented- and virtual-reality hardware is declining. Meta shipped ten million Oculus Quest 2 headsets in 2021, and new devices like haptic gloves and bodysuits are coming on to the market more frequently as well.
2. *Major investments in metaverse infrastructure.* In 2021, Meta invested \$10 billion in the metaverse. Other tech companies have also committed resources to building it—such as the recent launch of the design and simulation platform *NVIDIA Omniverse* and recent metaverse-friendly updates from *Unity Engine*, a game developer platform. For good reason, the metaverse dominated this year's Consumer Electronics Show. More and more companies, large and small, are keen to participate.
3. *A wider set of use cases.* Gaming in the metaverse already has mainstream traction. Consumer use cases are now expanding into new immersive retail, entertainment, sports, and educational experiences. Then there are the metaverse's sizable—but less talked about—enterprise applications and opportunities, including virtual employee training and team collaboration with avatars, virtual prototyping in manufacturing and construction, and virtual-showroom displays for products such as cars. Even government entities are experimenting with the metaverse. In South Korea, the city of Seoul announced a five-year Metaverse Seoul Basic Plan that will begin by creating a virtual Mayor's Office and a Seoul Campus Town.

4. *Online commerce is mainstream.* Already, omnichannel commerce is second nature to most metaverse consumers—payment credentials are often embedded in the devices and software they use. The virtual-goods economy accounts for more than 40 percent of global gaming revenues generated by the world’s billion gamers. In the future, the long-term rise of cryptocurrencies will make any requirements to set up crypto wallet accounts on metaverse platforms less of a barrier. Already we see innovation in both physical-to-virtual and virtual-to-physical transactions, such as ordering Domino’s pizza in *Decentraland* for deliveries of actual pizza in the real world.
5. *Demographic tailwinds.* The oldest Gen Z consumers are in their mid-20s. Increasingly, they are an income-earning force to be reckoned with. These consumers are more familiar with virtual worlds, transactions, and goods than previous generations are. Gaming is leading the way: 67 percent of *Roblox*’s 50 million daily users are under the age of 16, which could signal the coming of a whole new generation of metaverse natives.
6. *Brand marketing and engagement are more consumer led.* The shift toward individual content creators is evident in the more than 50 percent increase in influencer marketing over the past five years on platforms such as WeChat and Pinduoduo in China and YouTube and Instagram in the Western world. This shift bodes well for the growth of the metaverse: a significant share of innovative and engaging experiences will probably come from these creator–users.

Rewriting the rules of marketing for the metaverse

We may still be in the first wave of consumer engagement with the metaverse, but lessons are already emerging from companies that found early success. In some ways, the critical elements of marketing in the metaverse resemble those of designing authentic and compelling brand experiences in the physical world. But the application of these elements in the metaverse can be very different. Much as approaches for [driving value online](#) continue to evolve, the effective engagement of consumers in the metaverse will require its own evolving recipe for success.

Here's what this landscape looks like today and how organizations can think about their metaverse marketing strategies for the future.

Define your metaverse marketing goals. Why do you want to be part of the metaverse? If your brand's consumers are there, do you want to [increase awareness among new audiences, position your brand and generate favorable sentiment, or promote loyalty](#)? Is your goal to spark innovation in your marketing team? For the near term, the primary goal of brands shouldn't be driving sales directly, since sales of virtual items are still far smaller than sales of physical ones. What's more, today's metaverse audiences, especially on online entertainment platforms like *Roblox*, often skew younger, which brings both opportunities and risks.

Identify the platforms that provide the best opportunity and brand fit. Right now, *Roblox*, *Fortnite*, *Decentraland*, *Minecraft*, and Meta's *Horizon Worlds* are just a few of the metaverse games and platforms out there. Some will be better than others for specific purposes. There is ample opportunity to experiment with multiple platforms to see what works. For example, [the luxury brand Gucci has conducted multiple brand activations](#) to figure out where and how to [connect with Gen Z](#). Last year, it drew 19.9 million visitors in two weeks when it launched a metaverse version of its real-world [Gucci Garden on Roblox](#). Gucci has also partnered with the fashion-focused metaverse *Zepeto*, announced plans to launch a virtual world on the blockchain-based platform *The Sandbox*, and created assets for games including *The Sims*, *Pokémon GO*, and *Animal Crossing*.

Design experiences appealing to target audiences. Consumers tend to see brands in the metaverse as innovative, so the bar for delivering innovative experiences is high. Companies need to determine the ideal balance between native advertising, immersive experiences (including games, virtual stores, events, and sponsorships), and real-world activations to complement the metaverse. Take, for example, what the skateboarding retailer Vans did last fall when it launched the interactive skatepark [“Vans World” on Roblox](#). To build brand awareness and appeal to the company’s core demographic, Vans enabled visitors to virtually explore skate sites with friends. Visitors can also earn points through gameplay to spend on virtual sneakers and apparel items, as well as to build customized skateboards in a virtual skate shop. This has successfully engaged both existing and new fans—and has seen more than 48 million visitors so far.

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Experiment with money-making models. Direct sales may not be front and center on the metaverse right now, but that doesn’t mean brands shouldn’t be thinking ahead and planning to capture the future potential. Direct-to-avatar sales of virtual goods are [already a \\$54 billion market](#), and some forward-thinking brands are testing different opportunities to generate revenues. Forever 21, for example, sells a beanie in *Roblox* for under a dollar. On the other end of the scale, Gucci [sold a digital version of its Dionysus bag](#) last year for \$4,115—more than the price of the physical item itself. Nike is trying out unique NFTs with its recent release of [Nike Cryptokicks](#) (a virtual model of its Nike Dunk sneakers), designed by the creative studio RTFKT, which Nike acquired in December.

Just as online-to-offline sales conversions are the norm today, we can expect to see more metaverse-to-offline opportunities in the future, too. In April, Chipotle claimed it was the first brand to enable *Roblox* players to [exchange digital currency for real-life rewards](#) when it offered vouchers for burritos to the first 30,000 visitors to its metaverse restaurant.

Create, leverage, and partner for new metaverse capabilities. For the metaverse, as for any new venture, brands should assess the skills they will need, identify which they already have and which they must acquire, and appoint someone to lead the development and execution of a coherent strategy to capture value. Brands should also aim to work with and learn from others, including the independent developer and creator communities that are active on the platforms already.

Roblox, for example, has hundreds of thousands in its developer community who are actively developing a range of experiences and learning how to make money from them. Last November, [NASCAR partnered with Badimo](#), the developers of the popular *Roblox* game *Jailbreak*, to add a branded vehicle to the game for a ten-day event. During that time, gamers visited *Jailbreak* 24 million times—a 30 percent increase in the number of concurrent players. Creative, branding, and marketing agencies are also rapidly launching new service models and metaverse capabilities, including their own virtual studios.

Furthermore, celebrities and influencers are increasingly attaching their names to metaverse initiatives. In some cases, they're deeply involved with the actual creation of new immersive media for the metaverse. Last year, for example, the rapper Snoop Dogg built his own "Snoopverse" in *The Sandbox*. A few months later, he released the [first music video that takes place entirely within the metaverse](#). "[The House I Built](#)," like previous Snoop Dogg videos, features dancing, hanging out by the poolside, and driving nice cars. But this time, it's his digital double enjoying the lifestyle.

Proactively plan for risks to the brand. There are many cautionary examples of brands that exposed themselves to risk by engaging directly with consumers online without having prepared for the rapid feedback loops of the internet or the potential virality of social media. In the metaverse, the risks can be even higher, since these events are live in real-time and more immersive. Brands would do well to establish basic rules of engagement—detailed policies and enforcement practices they can follow later—for customer experience, intellectual-property management, user safety, data privacy, and misinformation, for

example. Already, in some cases things have not gone according to plan. One global electronics brand launched a new line of products with great fanfare on its metaverse venue, but disappointed fans had trouble gaining access and had to virtually “queue” outside the venue.

Rethink how you measure marketing success. [Measuring the returns on marketing spend is always critical](#), but the appropriate metrics for the metaverse may not be what you expect. Digital marketing typically focuses on metrics such as the number of visitors, conversions, “likes,” and shares, as well as the cost of acquiring customers. With the metaverse, marketers may need to define new engagement metrics accounting for the unique behavioral economics at play (such as the [“scarcity” of NFTs](#), which are supposed to be unique). For example, the online food delivery company [Deliveroo deployed virtual drivers to make virtual deliveries](#) in Nintendo’s popular *Animal Crossing* game, including promo codes to activate in real life. Within the first hours of play, it racked up three million in-game interactions with players.

With the metaverse, marketers may need to define new engagement metrics accounting for the unique behavioral economics at play.

Tread carefully but firmly

Clearly, the metaverse already gives companies ample opportunities for brand building and marketing. The current technological limits and modest level of mainstream adoption are not likely to be major obstacles for experimenting, learning, and finding success with marketing in the metaverse.

A few questions will shape its longer-term evolution. Marketers should be aware of these as they shift their focus and marketing budgets to the metaverse:

- How will interoperability, or the ability to transfer digital avatars and assets across multiple worlds, work in the metaverse? What implications does that have for brands offering digital assets, such as virtual clothing, today?
- How will the social contract and legal framework for the metaverse evolve? How will user safety be ensured, particularly for youth? Sensitivities around marketing to minors have always existed, but as generational shifts occur, they come into sharper focus in the metaverse. What additional responsibilities should brands take on for child safety?
- How will first-party consumer data be stored, managed, and protected? How will data privacy laws apply to the metaverse in the future? And how can brands secure consent and source data to enhance their own consumer insights, especially in a world without cookies?

No matter how the metaverse evolves, levels of innovation and consumer adoption will probably accelerate. When you consider how quickly platforms are evolving and the new use cases emerging, it's clear that brands will have incentives to go on testing and learning. It will also be imperative for marketers to secure the talent required to keep up with rapid new developments in areas such as augmented and virtual reality, consumer journey analytics, and social commerce.

Finally, the metaverse has great future potential beyond marketing. To create value throughout the enterprise, companies must take the time to think through the potential strategic implications of the metaverse for sales, operations, production, R&D, and HR. Organizations and brands that plan and execute now will benefit most from the future of the metaverse.

1. The term “metaverse” was first coined by science fiction author Neal Stephenson, in his 1992 novel *Snow Crash*, as a portmanteau of “meta” and “universe.” A decade later, the online role-playing game *Second Life* introduced people to the notion of “living” in an always-on virtual world. For several years

after its 2003 launch, it was nothing short of a phenomenon, attracting millions of regular users and persuading several Fortune 500 companies to build a virtual presence. Then the metaverse seemed to fade from our collective consciousness—until recently.

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The authors wish to thank their colleagues Inês Araújo Lopes, Emilio Capela, Antonio Celso, Lotte Lauer, Estelle Menye Zanga, Philibert Parquier, Kim Rants, Stephen Schwab, Shivam Srivastava, and Maciel Tavares for their contributions to this article.

This article was edited by Christine Y. Chen, a senior editor in the Denver office.

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