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The Metaverse

The Metaverse

The Metaverse is this quarter's buzzword – after Facebook announced its ambition to become a 'metaverse' company the term has entered popular lexicon.¹ Searches for the term have grown exponentially; between October 10th and 17th worldwide Google searches for 'Metaverse' increased 80%.² Despite the term only gaining recent popularity, 38% of consumers are already aware of 'the Metaverse'.³

In this article, we explore what 'The Metaverse' means and the opportunity it could provide for digital natives, telecoms operators, brands, and advertisers. Finally, we give you a quick overview of the early Metaverse pioneers that you need to know, now.

HOW TO DEFINE SOMETHING THAT DOESN'T EXIST YET?

The Metaverse was originally coined by novelist Neal Stephenson in 1992 in his novel *Snow Crash*. Stephenson imagined a future in which corporations dominate a collapsed society where, to escape reality, humans plug themselves into 'The Metaverse' - a virtual reality-based internet with 3D user-controlled avatars. This imagined future (sans dystopian world collapse) provides a starting inspiration point for Silicon Valley dreamers – they envisage a future where the physical and digital collide.

When it comes to the Metaverse there are core and wider definitions. Core definitions are the most simplistic – like that of Mark Zuckerberg: "The 'metaverse' is a set of virtual spaces where you can create and explore with other people who aren't in the same physical space as you."⁴ Wider definitions give a stronger indication of what will be possible, Matthew Ball (author of 'The Metaverse Primer', and the authority on all-things Metaverse)⁵ sees the Metaverse as becoming:

“[An] Expansive network of persistent, real-time rendered 3D worlds and simulations that support continuity of identity, objects, history, payments, and entitlements, and can be experienced synchronously by an effectively unlimited number of users, each with an individual sense of presence.”⁶

¹ Reuters, October 2021, [Link](#)

² Google Trends, Accessed 26th October 2021, [Link](#)

³ Marketing Dive, September 2021, [Link](#)

⁴ Facebook, September 2021, [Link](#)

⁵ The Metaverse Primer, June 2021, [Link](#)

⁶ The Verge, October 2021, [Link](#)

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It remains to be seen the exact shape the Metaverse will take, but it seems 5 features are at the core and are the foundations of the future:

1. User-controlled 3D avatars that allow the continuation of user identity.
2. A variety of person-to-person (or avatar-to-avatar) social interactions that are less competitive and goal-oriented than stereotypical games.
3. Avatar interactions with items, environments, and experiences.
4. Links with outside economic systems so people can profit from virtual goods.
5. A virtual-reality element that allows for immersive physical/digital interactions.

Whilst this all might sound too futuristic to happen in our lifetimes, Mark Zuckerberg predicts it will only take a decade or two to build.⁷ But there will be far more immediate economic opportunities: \$400 million has already been spent on NFTs (non-fungible tokens) which will become a staple form of trade in the Metaverse (\$40 million is currently spent per month on NFTs).⁸ By 2025 the value of the Metaverse could stand at \$280 billion; this is not an opportunity brands will want to miss out on.⁹

AN ECOSYSTEM OF OPPORTUNITIES

The Metaverse will eventually be an ecosystem of brands, or offers, that contribute to the wider user experience.¹⁰ This ecosystem includes:

1. Metaverse Gateways – these are how users access the Metaverse; they currently include infrastructures like Roblox, Minecraft, Decentraland etc.
2. Avatar & Identity – these are tools that allow users to build their online characters and personalities; they include tools like Ready Player Me.
3. Social – these are platforms where users can communicate and share experiences; they include brands like Facebook, Snapchat, and Tik Tok.
4. User Interface & Immersion – this is software and hardware that allows users to access the VR aspects of the Metaverse. These brands include Oculus, Xbox, and Nintendo.
5. Economy – these are tools that encompass payments (like PayPal or Coinbase), crypto wallets (like Metamask), marketplaces (like DMarket), and NFT/ Blockchain developer services (like Forte).

⁷ BBC, October 2021, [Link](#)

⁸ Forbes, March 2021, [Link](#)

⁹ Venture Beat, September 2021, [Link](#)

¹⁰ The Drum, September 2021, [Link](#)

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6. Play-to-Earn & Pay-to-Collect – these are games that incentivise players to play and progress through games via financial incentives. Games that currently use this model include Alien Worlds, CryptoBlades, and Axie Infinity.¹¹

Within this diverse ecosystem there are plenty of opportunities for brands to carve out their niche. Here's how four types of company are vying for their place as Metaverse builders and shakers:

BUILDERS - DIGITAL NATIVE BRANDS

Digital native brands seem to be the most obvious pioneers of the Metaverse. These are the brands that have dominated the 2010s – think Facebook, Snapchat, Tik Tok, Netflix, Amazon etc. These brands are increasingly investing the hardware needed to improve VR and XR experiences: Facebook has invested in its Reality Labs, Snapchat in WaveOptics, and Tik Tok in Pico, to name a few.¹² Facebook certainly sees its role in the Metaverse in creating “hardware, software, and content”.¹³

BUILDERS - TELECOMS OPERATORS

Telecoms operators are also vying for their spot as the architects of the Metaverse. By the end of this year, the telecoms industry will have invested a collective \$19bn in world 5G infrastructure.¹⁴ Many telcos see the Metaverse as a key way to recuperate their investments (unlike with 4G where digital native brands benefited the most from telco investments).¹⁵ But beyond being infrastructure partners, telcos are looking to invest in software and content creation. The industry no longer wants to be a passive viewer of the digital revolution, but a builder of the digital future. McKinsey predicts that the Metaverse could be worth \$712 billion in telecoms revenue by 2030.¹⁶ For example, South Korea Telecom launched its first foray into the Metaverse with ifland in July 2021. The platform allows users to interact with others using personalized avatars in a range of online settings from stadiums to cafes

SHAKERS - ADVERTISERS

The Metaverse has the potential to become the next marketing channel: new forms of money, new products, and new forms of engagement could allow advertisers to build new, global relationships with consumers on behalf of their clients.

¹¹ Coin Desk, September 2021, [Link](#)

¹² The Verge, October 2021, [Link](#); Tech Crunch, May 2021, [Link](#); 9 to 5, August 2021, [Link](#).

¹³ The Verge, October 2021, [Link](#).

¹⁴ Garner, August 2021, [Link](#)

¹⁵ McKinsey, April 2021, [Link](#)

¹⁶ McKinsey, April 2021, [Link](#)

“For those looking to build a relationship with the new generation of consumers today, the phrase “in real life” has taken on a whole new significance. Digital alone is not sufficient; it must also be interesting, meaningful, and immersive. And this is precisely what the metaverse will accomplish for brands in the near future.”¹⁷

Agencies that pioneer the metaverse, that understand its potential, can be early winners in the hybrid physical-digital future.

SHAKERS – CONSUMER-FACING BRANDS

Consumer-facing brands share the same opportunity as advertisers – the digitisation of goods allows brands to offer new immersive experiences to their consumers. The Metaverse’s emphasis on individual identity allows a new form of sales: move over direct-to-consumer and make way to direct-to-avatar (DTA). It seems that consumers are prepared to spend considerable amounts of money on digital items: A survey found that, on average, consumers from the U.S., the U.K., and China would be willing to spend more than \$76,000 for a digital house, \$9,000 for original art, and more than \$2,900 for a digital designer handbag.¹⁸

There isn’t just an interest in digital goods, but digital experiences: the same survey found that, of the consumers that had heard of the Metaverse, 78% would be interested in attending a digital concert, 87% said they would be interested in digital movie viewing, and 74% would consider attending a digital business conference.¹⁹

PIONEERS YOU NEED TO KNOW, NOW

The Metaverse is currently taking shape through the innovation and evolution of open-ended gaming. Here are three pioneering Metaverse brands you need to know, and examples of how brands are engaging with them:

Fortnight has repositioned itself beyond pure gaming. Fortnight’s collaborative and social spaces, like its Fortnight Creative game mode, make it a primordial Metaverse. The whole

¹⁷ AdAge, October 2021, [Link](#)

¹⁸ Strategy Online, September 2021, [Link](#)

¹⁹ Strategy Online, September 2021, [Link](#)

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world took note when in April 2020 12.3 million people attended the biggest concert ever.²⁰ UK Telco O2 is exploring the open-ended nature of Fortnite Creative: They worked directly with Epic Games to recreate its London O2 arena.²¹ Players can enter O2's map at any time to explore and play mini-games, as well as gain access to unique items that can be used in Fortnite's primary Battle Royale mode. O2's virtual arena, much like its physical one, is being used for in-game concerts and events.²²

Popular amongst younger consumers Roblox is essentially a virtual space where users can build (and monetise) their own games, play other people's, all whilst socialising. To mark Gucci's 100th anniversary the brand opened a virtual Gucci Garden space on Roblox for 2 weeks in May 2021. The Garden experience was full of fashion metaphors, stunning visuals, and a store where visitors could purchase exclusive, limited-edition avatar items.²³

Decentraland is a virtual world, where consumers can "purchase plots of land that they can later traverse, build upon, and monetise".²⁴ Brands are increasingly investing: The auction house Sotheby's created a digital replica of its London headquarters for users to visit. "We see spaces like Decentraland as the next frontier for digital art where artists, collectors, and viewers alike can engage with one another from anywhere in the world and showcase art that is fundamentally scarce and unique, but accessible to anyone for viewing," says Michael Bouhanna, head of sales at Sotheby's.²⁵

WHAT DOES THIS ALL MEAN?

Whilst the Metaverse doesn't have a concrete structure or hardware yet, we have a pretty good idea about what elements will make up its future ecosystem. The development of a physical/digital future presents copious opportunities for both agencies and brands, both now and in the future. Next, it's all about understanding how brands can create immersive, and authentic, digital experiences for their consumers.

²⁰ Marketing Dive, April 2020, [Link](#)

²¹ L'Atelier, August 2021, [Link](#)

²² Video Week, July 2021, [Link](#)

²³ Roblox, May 2021, [Link](#)

²⁴ Coin Central, September 2021, [Link](#)

²⁵ The Art Newspaper, June 2021, [Link](#)

ABOUT BBDO KNOWS

BBDO KNOWS is a planning resource for the BBDO network.

BBDO KNOWS offers thinking, strategy, insights and inspiration on key categories, key themes and consumer segments.

If you are interested in learning more about the way BBDO thinks please contact **Melanie Norris**, Global Planning Director, norrism@bbdoknows.com.

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