



THE INTERNET OF CUSTOMER VALUE

***How Web3 and the metaverse are
changing the game in customer experience***

Steven Van Belleghem



Dear reader

These are truly interesting times for those of us who are passionate about CX. We have front row seats to the emergence of the next internet model with a completely new type of enhanced interface and an empowered role for the customer. If Web3 and the metaverse (and their combination) deliver on their promise, the relationship between brands and consumers will be completely redefined: power will shift, communities will grow, loyalty will transform, expectations will rise and perhaps the way we conduct economy will even change. I truly believe that the only way to thrive and even survive in this new era, is by offering more value to your customers, in all shapes and sizes: from shared value through NFTs to personal, transactional, emotional, entertaining and contextual value to even financial value through micropayments in return for the use of data.

And I think it's a combination of two things driving this craving for more real value.

First of all, Covid has forced people to reevaluate what matters to them. That same dynamic triggered the Great Resignation and I think that it has also driven them to zoom into the ethics of the market and how brands are treating them personally. They are becoming fed up with brands destroying the planet or those that use clever tricks to take advantage of them or manipulate them into doing things they don't want to.

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People are starting to notice that the balance is warped and they want to redistribute the power. It's just a further evolution from what I described in my book "The Offer You Can't Refuse", enhanced by the impact of the pandemic. We could compare it to what happens when people reevaluate their lives and what's important to them when they survived something traumatic like a near-death experience. Just like that, many of us were fearing our own death and even that of society or the market as we knew them. And when that didn't happen, we started to think hard about some of the market and CX dynamics that take more from us than they offer back.

And second, emerging at the very same time, we have these two co-evolving and converging types of technology that promise to fix this unbalance in many ways and offer more value than ever to customers. They are not new technologies. In fact, the first VR/AR head mounted display (called Sword of Damocles) that was connected to a computer and not a camera was created in 1968 by Ivan Sutherland and his student Bob Sproull. That's more than 50 years ago. And while the first decentralized blockchain was conceptualized by Satoshi Nakamoto in 2008, Cryptographer David Chaum already proposed a blockchain-like protocol in his 1982 dissertation "Computer Systems Established, Maintained, and Trusted by Mutually Suspicious Groups".

Since then, both technologies kept evolving and even experienced 'winters', just like AI did. And today, especially when it comes to cryptocurrencies and NFTs, I think we might be experiencing a bubble (see further in the e-book). But I also believe that these are the right technologies for this moment in time and a great match for the changed attitude of consumers. Victor Hugo wrote it almost 200 years ago: "Nothing is more powerful than an idea whose time has come." Well, I believe that that time may very well have arrived for Web3 and the metaverse. Yes, we are absolutely not there yet when it comes to adoption and user experience and, and, yes, we may be finding ourselves in a bubble, but the potential for positive change and for more value is huge.

Happy reading!

A handwritten signature in black ink that reads "Steven". The signature is stylized, with a large, sweeping 'S' that loops around the first part of the name.

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**entering
the age of
customer
empowerment**



**What is
Web > ?**



web 1.0

Read



web 2.0

Read and write



web 3.0

Read, write and own

For those of you who're still pretty new to Web3, first a very short tutorial on what it is:

- **web1: read**
- **web2: read + write**
- **web3: read + write + own**

Web1, the first – read-only – version of the internet, consisted of simple, static websites with limited functionality or interaction. In the next phase, that of Web2, the web became participatory. Users could create content, interact freely with each other, share information etc. This is called the read-write phase. The drawback here was concentration of power, centralized in a few giant players like Facebook, Google and Twitter.

Web3, then, is supposed to be a decentralized version of the internet that leverages blockchain technology. Its

defining feature is ownership, as it gives users full control over their content, data, and assets via blockchains. The dream is that Web3 will use blockchain, crypto, and NFTs to transfer power back to the internet community and, in doing so, break the monopoly of the Web2 giants. That it will bring us a fairer, more autonomous and open internet.

Of course, Web3 is still being built, which means we don't exactly know what it will exactly look like. But for me that's all the more reason to investigate what it will mean for customers. Personally, I'm mostly excited about the fact that many are claiming that it will be a user-centric iteration of the internet (whereas Web2 was application-centric): offering more power, more control, more security and more privacy to its users.

So let's unpack what that will mean for users and/or consumers.

the
customer
benefits
of Web >

Empowered consumers

With Web3, end-users will regain the complete ownership and control of their data and enjoy the security of encryption. This means that they will be able to choose if and when information about them can be shared and/or used by advertisers, marketers, researchers etc. One way to do that, is with simple and intuitive interfaces that will allow users to understand what information they are sharing with web service providers.

If you think that's not such a big deal, think again. It does not just have a huge impact on the consumer's privacy and security, it holds the potential to grant them full control over personalization and even receive money for the use of their information. They could for instance earn micropayments for survey responses. Or even get paid with tokens for consuming or sharing content.

As a positive side effect, this change in data ownership hopefully will soften the deepened polarization of society that has been driven by the echo chambers of social media like Facebook. And of course, it will drive marketing efforts to become a lot more ethical, because this data model is a lot more transparent and user-empowered. Consumers will be able to track their data and look over the source code of the platforms they decide to utilize. This, in turn, will restore the trust between consumer and brands, which is especially important after the negative feelings against the likes of Facebook or even Amazon.

The end of online borders

We're so used to this that we almost never think about it, but there is one BIG difference between the physical and the online world and that's "interoperability". If you buy a dress in Zara, you'll be able to wear it at home, at work, in the street, in the forest and everywhere you want. If you would theoretically buy a digital version of this Zara dress in Roblox (a game part of the metaverse), you will probably not be able to wear it in, let's say, Meta's Horizon metaverse. That's because the metaverse, for now, is a collection of separate metaverses and not one big open platform. That means that consumers can almost never move digital possessions from one virtual world to another. That is extremely inconvenient, but we almost never think about it because it has always been this way.

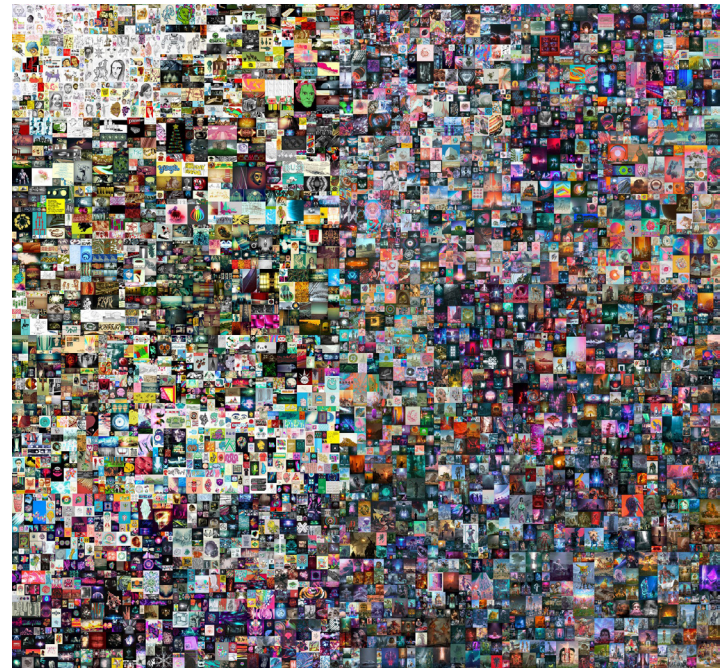
Web3 has the power to change that. All your information and your possessions will be centralized in your own little 'suitcase' – be it a cryptowallet or an self-sovereign identity (SSI) space – as tokens. What you own, will be connected with your identity instead of with a platform. Which will allow you to take everything with you as you hop from one application or ecosystem to another. This also holds the power to have a huge impact on the interoperability between IoT devices in general and those of smart homes and smart cities in particular.

An interesting recent case here is that of GAIMIN – a UK and Swiss based gaming company - which has developed re-usable, purchased in-game assets that are not lost when a game closes or the gamer wants to play a different game. Their NFTxg delivers true cross-game, cross-device, interoperable utility NFTs to moddable AAA games, enabling a gamer to own and retain full ownership of their in-game asset purchases, re-using their NFTs across different games with utility relevant to the specific game in which they are being used.

Shared value and influence

But the impact of Web3 could go far beyond merely privacy and convenience. One of my favorite parts is that users or consumers will be able to participate in the value and influence of companies. This is where NFTs and smart contracts could have a huge role to play.

What is happening with NFTs today is still mostly gimmick, but I really see them move beyond the current 'exciting' collectibles phase (like that infamous Beeple painting that sold for \$69.3 million) and deeply change the game in customer loyalty. They can offer smart contracts, which could play a really important role in boosting customer engagement.



Beeple painting sold for \$69.3 million

The most interesting potential of NFTs lies in the concept of what I call branded economies. Most current loyalty systems are completely out of balance: more benefits go to the company than to the customer. NFTs will involve the customers a lot more, who will then become part of the journey. I will elaborate more about this in Chapter 2, which is dedicated to NFTs.

But it's not just value that will be shared. It's about shared influence as well. And here the DAOs – decentralized autonomous organizations – can play a major role. Basically DAOs are organizations, but on the internet, where the rules are written down in a smart contract which are chunks of code that automatically execute whenever a set of criteria are met.

WHAT ON EARTH IS AN NFT?

An NFT or non-fungible token is a record on a cryptocurrency's blockchain that represents a piece of digital media. Non-fungible means that it is a unique digital piece and that it cannot be replaced with something else. To borrow an analogy from Verge: "a bitcoin is fungible — trade one for another bitcoin, and you'll have exactly the same thing. A one-of-a-kind trading card, however, is non-fungible. If you traded it for a different card, you'd have something completely different." But basically, anything digital could be turned into a unique NFT: a drawing, music, a video of an unlikely goal in football, a tweet, meme, etc.

The hype around the NFTs really took off when the tech was used to sell digital art. People really started to notice the phenomenon with the sale of Beeple's — aka Mike Winkelmann — digital piece of art "EVERYDAYS: THE FIRST 5000 DAYS" for no less than \$69,346,250. And then there was of course Jack Dorsey, CEO of Twitter and Square, who sold his first tweet "just setting up my twttr" as an NFT for over \$2.9 million.

Though many people were still suspicious of the hype (a lot of people tend to be when it comes to all things blockchain), estab-



lished brands like Coca Cola, Taco Bell, Quartz and celebrities like William Shatner, Grimes or Steve Aoki all jumped on the bandwagon. Remember the virtual Coca-Cola jacket that was sold for \$575,000? And William Shatner's 10,000 packs of trading cards — about 125,000 digital collectibles with images from personal life and career from the 1930s to today — which sold out in nine minutes? Or TIME launching its TIMEpieces, a collection of more than 4,500 original NFTS from over 40 artists around the world?

Anything to do with digital loyalty, engagement and collectibles were experimented with as NFTs. According to DappRadar, a market tracker, they generated almost \$11bn in sales, from June to September 2021, an eight-fold increase on the previous four months. And yet, knowing that only 250,000 people use it in a world of close to 8 billion inhabitants, this is still mostly a niche market. It's even too soon to be talking about early adopters. These are the innovators of the innovators.

For those who are new to NFTs,

I would advise to first read this primer from the Verge:

www.theverge.com/22310188/nft-explainer-what-is-blockchain-crypto-art-faq

A great example of a DAO offering more influence to users could be Chingari, which is an India-based social-video-sharing platform, that might potentially become a TikTok competitor. Chingari supports Web3 principles but the most fascinating part is that it will eventually function as a DAO where people who have stakes in it can influence its direction. So the Web3 model would not just allow customers to share in a company's value but to influence it too. This too – just like the data ownership part as described above – would empower them and shift their relationships with organizations to entirely different levels.

Community first

The DAO part of Web3 also holds a lot of potential for helping users and consumers organize themselves online and create organizations by automating ownership and decision-making power among members. DAOs are a great way to quickly and fairly allow groups of people to work together, whether it's in an organization or just a one-off project. All the stuff that traditionally takes lots of lawyers and paperwork and time, and gets even more complicated if those participants live in different states or countries, would happen a lot more efficiently.

It would in theory be possible to measure the work that each participant contributes to a project: one person wrote code, another helped with marketing, someone else helped manage a Discord server where the DAO members meet up. This could be interesting to launch startups for instance, but that is not the focus of this piece. But just imagine what that could mean if

disgruntled consumers would legally unite against a brand. Or if their biggest fans would create a powerful community. I think the combination of DAO plus community plus consumer could prove to be very interesting moving forward.

Reducing friction

I have written and spoken quite a lot about the concept of 'friction hunting' over the past years and I still believe that it's a really important part of creating a fantastic customer experience. Now, when we talk about chasing and then taking away friction, then automation and especially AI tend to come to mind. You would probably not immediately think of Web3 and blockchain, right? But one of the wonderful speakers of one of our Web3 tours in London Irra Ariella Khi had a really surprising view on that.

Her company Zamna organizes secure identity for aviation, traditionally one of the most friction-heavy services. If you have ever taken a plane, you know that - depending on where you go and especially since COVID - you need to fill in and show a high number of travel documents: like a visa-application, one or more PLFs, covid-safe documents, passport or identity card etc. It's a real hustle, right? Well, Zamna allows to verify all of this traveler health and identity data through a blockchain-driven Web3 solution before even arriving to the airport. So no new processes needed, no extra apps and not even customer onboarding.

Imagine if you're an airline company, how this could make the experience of your customers so much better. How frustrations

The image shows the Zamna logo in white text on a dark blue background. To the right of the logo is an abstract graphic of glowing blue and green cubes and lines, suggesting a digital or virtual environment.

Zamna.

would plummet. How your NPS could go up. How your brand value would rise.

Enhanced user experiences

Last but not least Web3 – especially when combined with that other hot trend of the metaverse – holds the potential to enhance user experiences in ways that make them more fun, more relevant, more community-driven and more immersive.

First this: only parts of the metaverse can be considered a Web3 phenomenon. Highly centralized metaverse platforms like Meta's Horizon are not (yet) a part of Web3, although the company did announce plans to look into crypto and blockchain for that reason. Only the decentralized platforms like Decentraland or Sandbox can strictly be considered Web3. However, it's a bit more complicated than that: metaverse platforms can sell digital goods

as tokens, often non-fungible ones (NFTs) which are a part of Web3. Virtual land in the metaverse can for instance be sold as an NFT. Or end 2021 Nike bought virtual shoe company RTFKT to sell sneakers as NFTs in the metaverse. Gap has also started selling NFTs of its iconic logo sweatshirts for the metaverse. The reason why the metaverse would function a lot better if it was part of Web3 is – as I stated above – interoperability: you could then buy a virtual Nike sneaker and wear it across all platforms.

The combination of ownership, smart contracts, reward systems and immersion could be really interesting for metaverse platform customers. Users who decide which companies get their data and for what, will for instance enjoy services that are a lot more personal and tailored, changing the relationship between them and brands.

So, for me, these are the most relevant users benefits for users in Web3 that first come to mind:

- **Empowered consumers**
- **The end of online borders**
- **Shared value and influence**
- **Community first**
- **Reducing friction**
- **Enhanced user experiences**

How Web
will force
brands to
redefine
value for
customers



In the good old days, brands offered products and services in return for money. Recently, that has started to change: this straightforward exchange is often no longer enough, as I discussed in my last book 'The Offer You Can't Refuse'. Customers have started to expect value for their lives and value for the world too. For the moment, companies which are answering to that need are 'just' creating a competitive edge for themselves, though I do believe that this will become the New Normal of CX at one point.

And that's where the Web3 phenomenon comes in. What I believe that it might accelerate, is that companies simply won't have any other choice but to create extra value (on top of product or service) because it will trigger a huge shift in the power relation between the brand and the consumer. And the reason as I explained earlier, is data, which used to lie in the hands of companies, but will be granted back to the user with Web3: the customer will be able to choose if brands use their data. Or if they can't.

I believe that this will trigger major changes in the way companies sell their offering or how they organize their marketing. The adage of "give us your data and in return, we'll suggest awesome products and services for you to buy" will no longer be enough. In fact, the value that companies get from that data is currently a lot bigger than that for the consumer. And that's why I firmly believe that companies will need to boost the advantages that they offer the consumer – in many different ways – if they still want to receive that data to use for marketing, optimization or other processes.

These could be some cases:

More personal value through data

This one ties perfectly in with my 'Partner in Life' model from The Offer You Can't Refuse. It's a great way to expand value beyond the traditional offering. It's about going beyond the customer journey, and catering to the life journey of your customer. Which aspects in their lives create negative or positive energy? What things cost them too much effort? If you can provide answers to these questions, you can optimize your emotional relationship with your customers.

A great example in my book is that of the Samsung fridge which scans its contents to see which products it contains. This information is linked to a database with recipes which allows the fridge to suggest particular meals, based on the ingredients on its shelves. If one or two of the ingredients for a particular recipe are missing, the fridge automatically adds them to your next shopping list. In this way, the fridge owner is assisted to prepare the family menu for the following day. At the same time, the fridge also has the ability to select the ingredients that are nearest to their expiry date, so that these can be used before it is too late. The fridge is a partner both in setting the family diet and in reducing expensive and environmentally unfriendly food wastage.

This is a great way of convincing consumers to share the data that they will now own in the Web3 age. Why? Because it increases the value for both parties: brand and consumer.

More contextual value through data

Another model from The Offer You Can't Refuse is that of "Saving the world". This is about companies taking their responsibility to do good for society as a whole. Every company has strengths that it can use to create a societal and environmental added value. They will need to search for concrete solutions and contributions that will allow their company to make a truly tangible impact.

Recently, I've been fascinated to see how the influence zone of a brand or an organization is expanding. The past decades most organizations were focused on the influence sphere of their own company: their own organization, processes, employees, products and their industry. Only a very small minority spent time acting upon the issues and challenges that the world was facing. You see that this is completely changing today, especially with events like pandemic and the war in Ukraine. Companies are no longer just monitoring what's happening in the world but are playing an active and influential part in it. And you see an increased number of customers expecting organizations to

become part of the solution and actively influence every part of society, not just their own company and industry.

This broader contextual approach too, could be an incentive to convince Web3 users to share their data if they can in that way help companies to fight deadly diseases, reduce carbon emissions or waste, better manage cities, fight inequality etc.

More financial value through data

This is probably the most straightforward exchange of value for data: companies might offer micropayment to users in return for their data. This could for instance work in R&D environments where brands need a huge amount of personal data so that they can create useful solutions. Examples could be pharma companies performing research into certain genetic or other diseases. Or governments of smart cities looking for ways to better optimize their architecture and city planning. This approach will probably work better combined with one or two of the models above: if the consumer feels like (s)he might not just get financial value in return for data but personal, social or environmental value too.

More shared value through smart contracts

As you may know, I'm very excited about what NFTs can mean for customer engagement and loyalty by creating a shared interest for the customer. It could create new models of customer loyalty and even entirely new direct to consumer business models. Imagine that a very talented singer does not succeed in finding a record deal, even if (s)he has a large following on TikTok. Well, (s)he could create a first album in the form of an NFT. The fantastic thing about that is that early fans could also get access to part of the revenues through a smart contract in this NFT. If you think that in the old world, 90% of the value went to the record company and only 10% to the creative talent, this sharing of value is pretty clever. Especially if you realize that this way early fans become super loyal ambassadors and shareholders with a shared interest. Just imagine how much they could gain if that singer was someone like Ed Sheeran or Rihanna. If the brand wins, the customer wins. I really love that.

This one is of course different to the former three, because it's not exactly a way to convince consumers to share data. But, like the examples above, it is a great way of creating more value than was possible in the old world of Web2.

I'm always most excited where I see certain trends converging

into something that's a lot bigger than the sum of their parts and this could be one of those. There's a huge personal, societal and environmental need for brands to come up with solutions to some very challenging, urgent and complex problems. And at the same time, you see this new type of internet approach that is going to disrupt the data models (be it monetization, optimization or even purely marketing) of many companies and where they will need to come up with solutions that balance out the value – for them and the customer – in a way that Web2 had pretty much lost. And when both converge, problem and opportunity might very well meet in a very interesting way.



Ed Sheeran
Tinseltown / Shutterstock.com

Do you  **u**
need a
Web 
solution?

But even though they offer a lot of potential, it is also very important to realize that Web3 and blockchain are not the magical solution for all customer experiences. I loved how Irra Ariella Khi from ZAMNA (whom I mentioned earlier) warned the audience never to build “a solution looking for a problem”. By that, she meant that too many people view blockchain as a shiny new toy or even a beautiful, almost religious idea without thinking about essentials like experience, cost or efficiency. I’ve noticed this all too much over the past months, where Web3 seems to be regarded as an almost abstract utopian technology that will solve all of the social and experiential problems of Web2.

So when is Web3, and more specifically, its underlying technology blockchain a useful case for customer experience? Well, according to Irra, there are three questions you need to ask yourself before deciding if that technology is useful for what you are trying to achieve:

Is there fragmentation?

In very fragmented systems, such as with siloed data streams for airlines, users need to input similar data several times. That’s very frustrating, right? Well, blockchain works well in environments where you need to translate between all of these systems.

Are there middle men or is there middleware?

These can sometimes cause more friction than they take away, right? Also, if the value is going to someone else than the end user, that’s where blockchain can play an efficient role. That’s for instance why fintech is a great use case, where blockchain-integrated trust replaces the role of banks as trustworthy middle men.

Do you need to track something from A to B?

Tracking and thus knowing where something originated and how safe it is (in case of for instance food) or how ethical (in the case of clothes or diamonds), is increasingly important for consumers. These types of real issues are a great use case for blockchain solutions too.

For me, the breakthrough application here will be the one that offers real value to customers and is convenient, fast, efficient, reduces cost and integrates programmable trust.

changing customer loyalty with NFTs



NFTs may still very much reside in a hype phase but I also see them as one of the most exciting parts of Web3 because they hold an incredible amount of potential, as I stated above. I truly believe that the day will come that they will move beyond the collectibles phase and deeply change the game in customer loyalty.

What is happening now is still mostly gimmick, but I have a strong hunch that NFTs hold the promise to move beyond the current 'exciting' collectibles phase and deeply change the game in customer loyalty. That's because they can offer smart contracts, which could play an important role in boosting customer engagement. And we are seeing quite a few early warning signs of that. Kings of Leon, for instance, were the first band to release an album as an NFT and their tokens – also including 18 unique-looking “golden tickets” – unlock special perks like limited-edition vinyl and front row seats to future concerts.

It should not come as a surprise that marketing and digital guru Gary Vaynerchuk is also heavily experimenting with these types of smart contracts. His VeeFriends collection is comprised of more than 10K character nonfungible tokens – drawings from his own hand of animals that represent characteristics that he really believes in – which include a “smart contract” with metadata that Vaynerchuk can use to interact with its buyer. Token holders will for instance be given exclusive access to an annual business event called VeeCon for three years after the NFT's purchase and depending on the type of token will receive perks like a one on one conversation with Gary V himself.

What makes an NFT successful?

So what are exactly the ingredients of a successful NFT that offers both value for the customer as well as the seller:

Scarcity

NFTs work best with a limited capacity, preferably if they are unique. There is only one first tweet ever by Jack Dorsey. There is only one original Nyan Cat meme. There is only one World Wide Web source code.

Smart contract

As this type of contract, NFTs can represent and offer access to unique value. Like access to front row seats at a concert or events by TIME Magazine.

Community

You won't be able to sell your unique content or contracts if nobody wants them. So NFTs work best when they are presented to a large and loyal existing fan community. That's the reason why they are so popular in strong fan communities in the music, sports, film industries etc., often fueled by famous personalities: Paris Hilton, Snoop Dogg, Ellen Degeneres, Eminem, skateboarder Tony Hawk, footballers Diego Costa and James

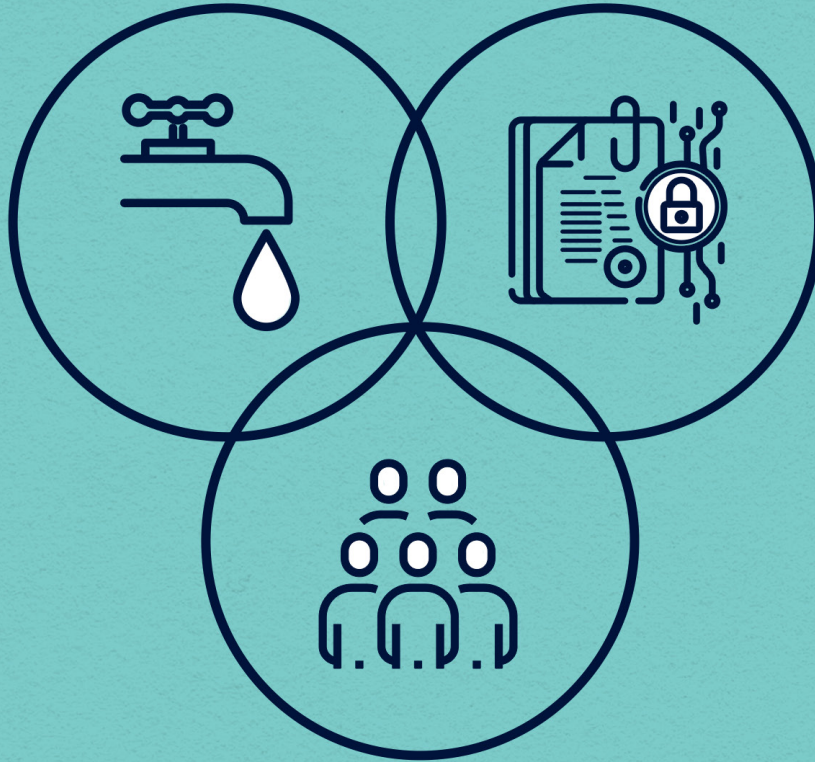
Rodriguez and even Martha Stewart. And why we've seen early adoption signs in the media with Quartz, Time Magazine, Fox entertainment, The New York Times, CNN, Vogue Singapore or even Playboy.

Branded economies could change customer loyalty forever

But, as stated earlier, the most interesting potential of NFTs truly lies in the concept of branded economies, which could trigger a real paradigm shift in customer loyalty. Allow me to explain. Most current loyalty systems are completely out of balance: more benefits go to the company than to the customer. For instance: frequent flyer programs allow gold and platinum customers to enter a bit faster on the plane or maybe, if they're lucky, wait in a special lounge. But the bulk of the (financial) value goes to the air company.

NFTs on the other hand, will involve the customers a lot more, who will then become part of the journey. If I, as a frequent flyer, would have an NFT stake in a company, we will both have a shared interest instead of opposed ones. In other words: if the company does well, the value of the NFT will rise and then I

scarcity



**smart
contract**

community

will do well too. If they win, I win. If they lose, I do too. And so I, as a customer, will benefit when the brand performs better and will therefore become its ambassador.

That's why it's an economy, because the customer becomes an active part of the exchange, instead of a passive one. If NFTs work out, sellers and buyers will be on the same side of the economy, working together to make the company better. It's almost as if the customer is a shareholder, but an emotional one. This might even have repercussions on the sustainability efforts of companies: customers won't want any assets in destructive companies and will root for them if they are working towards building a better future together.

The NFT game is still very, very early days, and will definitely evolve a lot before it becomes a truly useful part of the economy. Who knows, maybe it will even change its name. But I also believe that this holds the same potential as the rise of the internet in 1995. For the first time in history, we can now own unique digital assets, which creates a lot of possibilities that we probably don't understand at this moment. Just like we did not understand Steve Jobs explaining to us that the iPhone would be our 'life in our pocket' or Bill Gates dreaming that we would have a computer on every desk and in every home. NFTs might have the same type of impact on the internet by 2030 as mobile technology had before.



Jeremiah Owyang

Cool NFT examples from my conversation with Jeremiah Owyang

Jeremiah Owyang, Tech Analyst at Kaleido Insights, is always a great source of top concrete cases when it comes to new trends. And when I interviewed him for my blog, we exchanged a lot of that type of stories. We discussed Coca-Cola, for instance, selling a handful of unique digital NFT art to fans, including a cooler, a jacket, and a unique sound experience for \$500k or 217\$ ETH (ETH or Ether is the transactional token that facilitates operations on the Ethereum network) resulting in press, media, and of course, new revenues from digital assets.

Beer brand Stella Artois, then, has launched a campaign by auctioning off fifty rare horses in conjunction with the summer racing schedule. This wasn't just a static art sale, though. There's a digital race track, which offers a virtual game, and winners receive a sliver of ETH. Also, if you have ever collected the Hot Wheels cars, you know the community is very enthusiastic about owning, racing, and enjoying these collectibles. So it's a smart move from Mattel to launch a campaign which offered three digital Hot Wheels NFTs (only 1 quantity each) which sold for a handful of ETH each. Luxury brand Dolce & Gabbana, in its turn, launched "Collezione Genesi" an NFTs collection that

features items personally designed by the co-founders Domenico Dolce and Stefano Gabbana. The project launched in parallel with their real world runway show in Venice, Italy. Visa has acquired a famed CryptoPunk for \$150k, waking up the financial services markets to the possibilities. It will use this NFT in their digital museum as an artifact and while they didn't design and launch their own, this is a notable sign from a leading financial services company. The largest entertainment brand in the world, Disney Inc, has also launched numerous Marvel NFTs on the Veve platform in summer 2021. They announced that the relatively quiet Veve exchange will connect to the Ethereum network which may lead to greater adoption of these historic NFTs.

We talked about much more notable case examples like how the Olympics launched NFT commemorative pins in June, 2021 or how Clinique's first NFT ties to loyalty and products as uses expand. And how French Beauty House Guerlain Presents Energy-Efficient Tezos NFTs At The International Contemporary Art Fair In Paris. Though all of this is still happening in the margins, and is often more gimmick than anything else, the examples keep piling up. This trend is clearly not going to go away.

**how the
metaverse is
transforming
digital
experiences**



Digital formats have evolved a lot since the birth of the world wide web. The internet started out as mostly text-based. Then pictures followed. Today, it's mostly about video. The metaverse and the immersive digital brand experiences that come with it, are the next step in this evolution: moving the web into three-dimensional worlds. We will become a part of the internet, reside "in" it and we will be adding a digital layer on top of everything that we see. And it's absolutely not just the hot start-ups or technology companies that are working on this. Even the more traditional companies, like Walmart, are experimenting in that area.

And you see these metaverse platforms growing like crazy. Roblox has about 55 million active users a day. It may not (yet) equal the 2 billion of Facebook, but it

keeps expanding. This shows that virtual events and virtual worlds have the opportunity to reach a lot of customers. Last year, there were more than 12 million people at a Fortnite concert. Just imagine how many stadiums you need to fill up in the real world to reach 12 million. So the metaverse offers the advantage of scale. It's also about longer exposure as people spend a lot of time with these brands, which offers a completely different brand experience.

It's really cool to see how some of these huge brands are setting up metaverse experiments, but I also think that this is only the beginning. In the next couple of years, we will find it normal that brands offer virtual experiences where consumers can go "into" the brand and not just look at it.

what
marketing
in the
metaverse
will look like

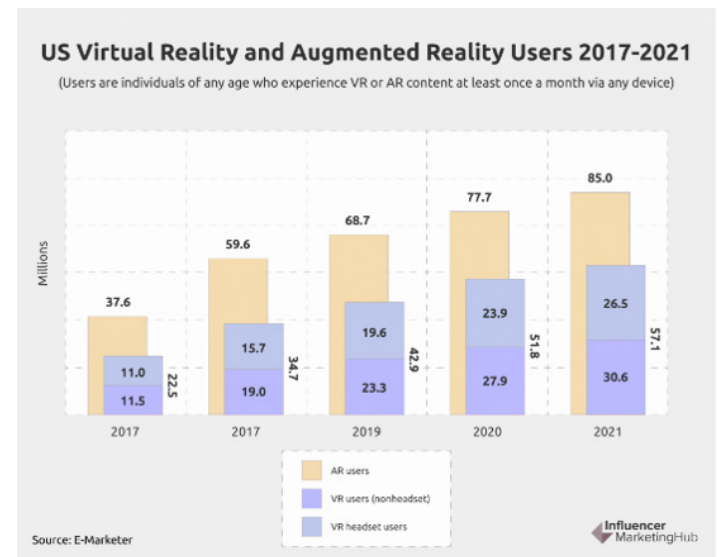
If there is one thing we know about the metaverse, it is that people have very mixed feelings about it. Mark Zuckerberg, who is betting big on the phenomenon and even renamed his company from Facebook to Meta calls it “embodied internet, where instead of just viewing content—you are in it”. To him, and many others, it’s the next phase of the internet: an open, interoperable, immersive, interactive, 3D, collective and shared virtual space where users can watch movies, travel, go to concerts, meet friends, shop and work together. Zuckerberg believes it will not only be accessible through VR and AR headsets, but also through mobile devices, desktops, and games consoles. Others, then, are a lot more skeptical. Radical innovator Elon Musk, for instance, doesn’t “get it” and doesn’t find the idea of the metaverse “compelling”. As a small side note: he’s the founder of Neuralink – a neurotechnology company developing implantable brain-machine interfaces – which he believes will be far more efficient to put users into virtual reality. So he definitely does have a hidden agenda. But even so, the opinions about the metaverse are still quite divided.

A world of possibilities

Above all, the hefty debate around the metaverse shows that we find ourselves in a very seminal phase, at a new frontier. Where few people really understand what it is or where it is going. And where a limited group of first movers is experimenting to understand it. I believe that this is the perfect moment for

companies to start testing it in terms of marketing and CX: the potential is huge and the entry costs still rather low (depending on what you choose to do there, obviously).

Just to give an example of the potential audience you could reach: in 2019 10.7 million people attended Marshmello’s Fortnite concert. Back then, we thought that was huge. About a year later, Travis Scott’s Fortnite event reached 45.8 million people. And as you can see: the amount of VR and AR users (in the US) keeps steadily growing.



Where is the metaverse?

The metaverse has been around for quite a while now, especially in gaming. Names you will probably have heard are those of (game) metaverses Roblox, Fortnite, Minecraft, Animal Crossing and VR Chat. And of course some big tech companies like Meta – with Horizon – and Microsoft – which recently acquired game developing company Activision for developing its own Metaverse – are heavily investing in this area as well. And those are just the centralized versions. The decentralized ones like The Sandbox and Decentraland are where it gets really interesting: they run on the blockchain and are thus also part of the Web3 phenomenon.

The metaverse and Web3 are by no means synonyms, but some metaverse platforms – the decentralized ones – are a part of Web3. And of course, lots of metaverse (gaming) platforms use the NFT format (also part of Web3) to sell digital goods within their platforms. Some believe that at one point, all metaverses should, and will, evolve towards the Web3 paradigm. To give an example: even Meta is investigating the benefits of blockchain for its own Horizon suite.

Metaverse marketing

So how can brands profit from the opportunities of the metaverse today? How can you experiment with it in ways that can benefit your brand, image, customer experience and even make a profit from it? For now, I see 6 main ways surfacing, when I look at what top brands like Balenciaga, Coca Cola or Puma seem to be doing there:

- **Advertisement**
- **Virtual Influencers**
- **Advergames**
- **Virtual Venues**
- **Virtual Events**
- **Metaverse commerce**

Before we dive deeper into all of them, a caveat: just like with any marketing endeavor, it's important to draw up a strategy with clear objectives first. How could you use the metaverse to offer a better experience to your existing customers? Or how can you create awesome experiences for a whole new type of customers? How can it reinforce your brand? Or how could you even disrupt it, with clever innovation approaches? Ask yourself a lot of questions, be critical but also look really hard for opportunities. Don't just "do something in the metaverse". Just like with the more traditional channels, that will obviously not work, unless you get very lucky.

Advertisement

So, advertisement in the metaverse. This is perhaps one of the less exciting opportunities since it's about using old school methods in a new environment. The pro is that this shift from digital advertising to metaverse marketing allows brands to tap into a pretty massive audience, often at a more affordable price than through the traditional channels. The drawback is that it's not a great match for the disruptive environment that the metaverse is (and will become).

But, to be fair, quite a few brands are looking into this. In 2021 Dimension Studio – which creates virtual worlds and humans for the metaverse – gathered \$6.5 million in revenue from making metaverse technology for fashion brands, including tools to create virtual advertisements.

To give some examples: Coca-Cola, Samsung, and Volkswagen have invested in virtual billboards within video games like Football Manager and Hyper Scape. This is the type of service that Bidstack, a video game ad tech company, offers: it actually transitioned from working in real-world outdoor advertising to placing ads on virtual billboards. Recently, metaverse game Roblox began experimenting with interactive ads as well. But it's not just about virtual billboards and graphical banners, some artists cleverly used audio ads as well. Nas, for example, used in-game audio ads to promote his album “King's Disease II.” It saw a 1,275% click-through rate relative to the typical rate of traditional in-game banners.

Virtual influencers

Another slightly “old school” marketing approach in the metaverse is by using influencers, but ones that are virtual. This approach has quite a few advantages compared with real influencers, seeing that the latter are a lot more expensive and a lot less controllable.

Daisy, for instance, is a virtual influencer created for online luxury discount site Yoox. She was featured in multi-brand campaigns, wearing clothes by Calvin Klein and Tommy Hilfinger. Puma also used a virtual influencer – Maya – for its campaigns in South East Asia.

Other brands have a slightly different approach, by using avatars which are modelled on real people. Dior created a digital doppelganger of the Chinese actress Angelababy to attend its pre-fall show in Shanghai. Similarly, a digital double of super-models Naomi Campbell and Kendall Jenner starred in Burberry's TB summer monogram collections.



Advergames

A more interesting approach is how brands are creating advergames: an advertising technique where games are used as a means of advertising products or services. So, the brands do not advertise in the games of other parties, but they design their very own games.

Tourism New Zealand, for instance, launched PLAY NZ, a 3D world-style adventure gaming experience, developed by TBWA\ Sydney. The game lets people explore some of New Zealand's greatest sites and attractions in a completely new way. Luxury brand Balenciaga introduced video game "Afterworld: The Age of Tomorrow" where the users enter a virtual Balenciaga store and experience Balenciaga's fall collection. Louis Vuitton has "Louis The Game", a video game that combines its heritage, innovation, and NFT art.

Virtual Venues

One step further in metaverse marketing is when brands like Warner Bros., Hyundai, Adidas and Gucci are effectively claiming virtual real estate in the metaverse with their own virtual venues.

DBS bank recreated Singapore's iconic Zouk night club in Fortnite, renaming it the 'Live Fresh Club' to advertise its credit card of the same name. Verizon brought the Super Bowl stadium to Fortnite, giving players the chance to meet avatars of NFL players. Sotheby's recently announced its own metaverse gal-

lery for curated virtual art, housed in Decentraland. Christie's took it one step further, with a showcase and a sales venue for digital art — from NFT artworks to Old Masters — but notably it is also a meeting place. Hyundai Motors launched five theme parks on Roblox to introduce younger consumers to Hyundai's products and future mobility solutions.

American exercise equipment and media brand Peloton, then, allows its customers to ride physical bicycles to digital instruction from people in virtual gyms. Vans launched a virtual skatepark in Roblox that lets players try new tricks, and they can earn points to redeem in the virtual store to customize their avatar. Warner Music Group (WMG) is partnering with the decentralized gaming company Sandbox to create the first music-themed world in The Sandbox gaming metaverse: a combination of musical theme park and concert venue, which will feature concerts and musical experiences from WMG artists.

Virtual Events

This is an approach mostly leveraged by the entertainment industry, but the attendance numbers are pretty impressive and well worth our attention: 2.3M people watched Travis Scott's concert on Fortnite, 33M people saw the Lil Nas X concert on Roblox, 500,000 watched the Bigger Love virtual John Legend show. All attendance numbers that are much higher than in real life.

Fortnite X Star Wars, then, was an event within Epic Games' Battle Royale game, Fortnite, to promote Star Wars: Episode

IX The Rise of Skywalker. And In December, Tencent Music Entertainment Group (TME) announced that it will officially launch TMELAND, where visitors can attend virtual concerts, do virtual livestream, visit the music museum with friends or playing games.

But corporates, too, are increasingly understanding the value of virtual events for their customer experience. Lindsey McInerney, Global Technology and Innovation Director at Anheuser-Busch InBev believes that “The future of sports, media, and entertainment is virtual. Almost 2.5 billion people are already participating in the virtual economy. This is the direction of the world’s evolution.”

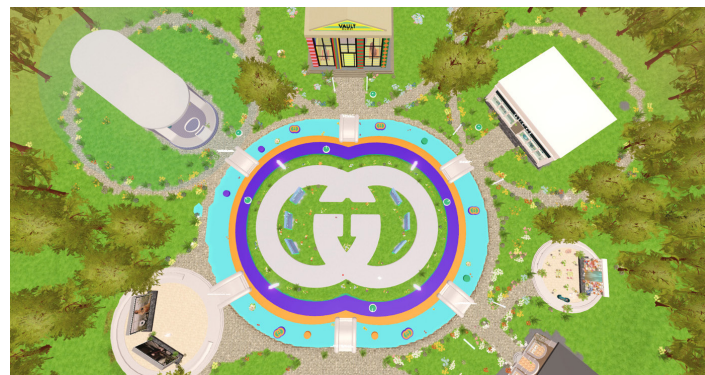
Metaverse commerce

But perhaps the most interesting opportunity in marketing and CX in the metaverse is what I like to call metaverse commerce. It’s also called the direct-to-avatar (D2A) economy, where brands are starting to sell digital goods inside the metaverse.

It’s not a brand new phenomenon, seeing that for instance in-game commerce has been around for quite a while now and the in-game purchase market value is even projected to evolve to \$74.4 billion by 2025. But we’ve recently really seen a fast uptake of (corporate) brands like Clinique, Tencent, Anheuser-Busch and Gucci in all types of metaverse environments.

A very visible part of this is of course the non-fungible token or NFT market, whereby virtual goods are turned into unique content and collectibles or where a smart contract is added into the mix. Visitors of the Gucci Garden virtual store can for

instance purchase exclusive, limited-edition avatar items. It has for instance sold a digital bag on Roblox for \$4,000. Samsung gave away rare avatar clothing — a racing jacket, helmet and shoes – as NFTs.



Gucci Garden virtual store

But it’s not just about these ‘unique’ NFTs. Brands are also selling ‘regular’ virtual products in the metaverse. Forever21, for instance, doesn’t sell beanies in its stores or website, but it does on Roblox. In a matter of months, digital black beanies with the word “Forever” have become a massive hit on the virtual world platform, selling about 2,000 units a day at 50 cents each, and on track to sell 1.5 million units by the end of this year. The cost to create them was less than \$500 total. Balenciaga has partnered with Fortnite to design virtual outfits, accessories, and weapons that players can purchase for their avatars. The Gucci Virtual 25 – a digital pair of sneakers – can be bought for between \$9 and \$12 to be ‘worn’ in augmented reality or used in partnered apps like Roblox and VRChat. Nike bought a virtual shoe company that makes sneakers ‘for the metaverse’ and even has a dedicated Director of Metaverse Engineering: Andrew Schwartz.

opportunities and challenges of marketing in the metaverse

Opportunities

I want to start with the opportunities first, because I really do believe that the metaverse has great potential for brands to offer a better, richer and more immersive experience to their customers.

First mover advantage

In a new space, with not many brands participating, you can have the luxury of the first mover advantage. Though that concept may be more complex than it first seems – timing is everything and sometimes being too soon can be a disadvantage too – I believe that in this case it will pay off to start experimenting with CX and marketing in the metaverse. Just think about what being the first online bookstore has meant for Amazon? Maybe just start with something small – like an advertisement banner in an e-sports game – just to get the feeling of it and start to understand how it works. Experimenting will allow you to really grasp what the real possibilities are.

Interesting cross-channel mix

It's important for brand recognition and overall accessibility that brands are present on all the channels that are relevant to their customers. If a new channel pops up, offering the possibility for a whole new audience, it's a bad idea to ignore it. If consumers can't find you in the metaverse, chances are that they might desert you on the other channels too.

Plus, when it comes to cross-channel customer experience, the richer the mix, the richer the experience and that is exactly what you want for your customers. You could use AR in store to share in-depth information, display additional features and use cases, etc. or combine a live event with a metaverse counterpart. Gucci for instance opened the two-week virtual experience Gucci Garden on Roblox in combination with a real-world installation called the Gucci Garden Archetypes, which took place in Italy.

Laws of physics don't apply

Thank God for the laws of physics in this world. But just think of the sheer creativity that their absence in the metaverse could unleash. The sky is absolutely not the limit there. You could allow your customers to fly, float through space, morph into eccentric avatars, walk in buildings without ceilings (like in the Gucci Garden) and allow so many things that are not possible in real life. Disney World is one of my favorite places because of their mastery of storytelling. Well, the metaverse is a Disney-like place on steroids. Use all of its possibilities. Don't just stick to replicating the 'boring' real world.

It's still pretty affordable

Seeing that branding, marketing and advertising in the metaverse are so new, prices to run a campaign are still pretty affordable. Obviously it depends on what you're willing to do there. If you're going to build a world from scratch like the Hyundai Mobility Adventure in Roblox, featuring five different

themed parks, you'll obviously need to invest a lot of money (which, by comparison will still be a lot less than building 5 physical themed parks, of course). But investing in virtual billboards within video games like Football Manager and Hyper Scape – like Coca-Cola, Samsung, and Volkswagen have – will indeed be a lot less pricey than the IRL alternative. Also, events in virtual locations will have less impact on the bottom line than real ones. You can cut costs on employee travel and lodgings, rent or energy consumption.

Reaching new audiences

If your brand wants to keep reaching Gen Z, Millennials and even Gen X, you will need to follow them on their channels of choice. The younger the generation, for instance, the likelier they are to play metaverse games. Around 81% of Gen Z gamers, for instance, reported playing games in the past six months, spending an average of 7 hours and 20 minutes on the pastime per week. As an example: 67% of Roblox's demographic fall below the age of 16. So it makes a lot of sense that brands are manifesting themselves in metaverse games like Roblox and Fortnite to reach them.

A limitless scale

One of the big advantages of experiences in the metaverse is a scale that IRL events cannot possibly match. Just to give an example, the game Roblox has 200 million active users, who spent \$319 million on in-game currency in just the second quarter of 2020 while Fortnite has 350 million players across the globe. And

yes, these numbers are nothing compared to those of let's say Facebook's 2.92 billion monthly active users. Then again, the latter's count of global daily active users was recently reported to decline for the first time ever. Not much compared to the total (1 million), but it proves that people are starting to look at other channels to satisfy their needs. Add to that the fact that Meta's also heavily investing in the metaverse, and you'll definitely see early warning signs of a change.

Just to compare the scale of music events: the record for biggest concert attendance ever is held by Vasco Rossi (225,173 in 2017) for a ticketed concert and Rod Stewart (3.5 million in 1994) and Jean-Michel Jarre (3.5 million in 1997) for a free concert. In July 2020, 45.8 million people watched Travis Scott's Astronomical Tour in Fortnite.



Going beyond the product

Things that are for sale in the metaverse often come in the form of NFTs or non-fungible tokens. To refresh your memory, that is a unique record on a cryptocurrency's blockchain that represents a piece of digital media.

As stated before, the collectibles part of NFTs is probably a bit of a hype, but the huge potential here is that they hold the promise to deeply change the game in customer loyalty through smart contracts. In the previous chapter, I explained how this could play an important role in boosting customer engagement. Remember Kings of Leon and their 18 “golden tickets” NFTs with special perks.

It's the combination of a fully immersive VR and AR experience with the fact that all products have the potential to add a service in the form of an NFT contract, that seems very exciting to me.

From zero interface to enhanced interface

I strongly believe that if you want to be successful as a company, you need to go for a zero customer effort in every phase of the customer journey. If you look back to the past decade, this is exactly how companies Uber, Airbnb, Domino's and Amazon became a big hit because they simply excelled in customer convenience. Think of the Amazon Go stores, where you can just walk in and out with your products. Or Domino's “Zero-Click

Ordering App”, which relies on the consumer's personalized profile to place an order without requiring a single click. Today, we are evolving towards a world where this ultimate, zero effort convenience has become a commodity. And that means that if you are not convenient enough, you will lose customers to the competition which has invested in the matter. That also means that we're entering a brand new phase. What we are going to experience in the next 10 years is an evolution from effortless interfaces to enhanced interfaces.



When you think about Mark Zuckerberg's vision of the metaverse and all the opportunities that he sees there, it's very clear that the next step will be convenience plus entertainment. And convenience plus digital reality and three dimensional opportunities. Think about all the new forms of entertainment that will grow out of this intersection. Think about all the new ways of holding business meetings. In all of these aspects and more – shopping, networking, learning, etc. – the metaverse will push us to develop a completely new, immersive and spatial way of thinking. Where effortless services are the most normal thing of the world and where making the entire package enhanced and cool will be the actual differentiator.

Challenges

But every new technology and platform also have their drawbacks, which are important to think about as well. Even Meta's Mark Zuckerberg recently admitted that it could take up several years for the main features of the metaverse to become mainstream.

Not yet enough VR and AR headset owners

First of all, even though the scale of for instance events and concerts is a lot bigger in the metaverse, the total of consumers who own the infrastructure – VR and AR headsets and even an internet connection – to enter them is still significantly lower than those of them who can't. Mid 2021, 26 million VR and AR headsets were owned by private consumers. Even if experts believe that demand for VR headsets will increase almost eight-fold within the next years (up to 2025), that number still pales in comparison to the total number of smartphones: according to Statista, the current number of smartphone users in the world today is 6.648 billion (83.89% of the world's population). If the metaverse will want to enable some breakthrough changes, the scale of global users has to rise to the numbers of the smartphone.

A flawed Customer Experience

The VR and AR experience is currently far from frictionless, which obviously also explains (next to the affordability) why the adoption described above is still pretty underwhelming. Users of virtual reality games have reported harmful side-effects such as damage to their vision, disorientation, and even seizures. Another challenge lies in having high-quality and high-performance models that can achieve the right retina display and pixel density for a realistic virtual immersion. And let's not forget the fact that most headsets are still quite bulky, heavy and therefore too uncomfortable to wear for a long time.



Rethink narratives in three dimensions

We are so used to developing stories for non-immersive environments like video and podcasts, that we'll need to learn how to tell stories differently in the metaverse. Tech futurist and Metaverse strategist, Cathy Hackl, has warned brands that they "will need to rethink their narratives in three dimensions" if they want to become successful.

Also, metaverse marketing might be largely driven by creators as users can be both developers and players. Brands will need to re-examine their own positioning, from the narrator of the story to the co-creator of the story. For example, they may buy land and build communities in some virtual communities, but the stories in the communities are generated by player interaction. The challenge of brands is to keep playing a part and stay visible – beyond just being a 'dumb pipe' – in that story which they cannot completely control themselves.

Measuring is hard

Last but not least, though some believe that it is only a matter of time before the metrics catch up, the measurement and tracking we're used to with other marketing tactics isn't there yet. That's obviously an issue for determining the return-on-investment. If brands are not able to track return on ad spend as clearly as other digital channels, their marketers might find it difficult to justify what they spend over there. According to Natalia Vasilyeva, VP of marketing at Anzu "Some [brands] are



cautious because of the inability to measure everything from A-Z". But her stance is that "the early days of social media were not perfect" either and that "you can't expect the new medium to be perfect in terms of everything."

10 brands
that  have built
awesome  me
experiences in
the m  taverse

So who is already experimenting in the metaverse? Quite a few brands from many different sectors have built very creative experiences in the metaverse for their customers: from art auction houses to car manufactures, brewing companies and luxury goods.

It's pretty interesting to see that a lot of brands are creating hybrid projects, making a bridge between real life products, services and events and the VR/AR ones. In other words: what happens in the metaverse, does not always stay in the metaverse.

Nike

Beginning of this year, Nike launched 5 different job-applications for metaverse-related roles. The news came a few weeks after it announced the acquisition of RTFKT, a non-fungible token studio that produces digital collectibles like digital sneakers. And prior to that, it had filed several new trademarks that indicate its intent to sell virtual Nike-branded sneakers and apparel. It's clear that Nike is heavily investing time and resources in the Day After Tomorrow that the metaverse promises to be.

The difference with other virtual sneakers like those by Gucci and Buffalo London is that the latter are not truly owned by the buyer and thus cannot be sold on. Each RTFKT Nike product is backed by a non-fungible token (NFTs) and can therefore be owned and resold. It's fascinating to see that it is not just investing in selling digital versions of its branded sneakers apparel in various metaverse spaces, but it is also building bridges with their physical offering. In the first half of 2021, customers

could visit Nike's flagship store 'House of Innovation' in New York and engage in interactive and fun activities in a virtual recreation of Smith Rock State Park in Oregon through their mobile phones and other virtual and augmenting tools.



Disney

You probably know that I'm a huge Disney fan. So when they announced that they filed for some patents related to metaverse technology and are getting together a dedicated metaverse team of senior employees, I got really excited. They announced that they want to add a third dimension to their storytelling and believe that that is the next great horizon for Disney, and for entertainment in general. What's special about Disney's patent for "virtual-world simulator in a real-world venue" is that it's not the VR-google experience that most people associate with the metaverse. It's more of an augmented reality (AR) type of approach, but even there it is slightly different.

With AR tech, computer-generated images appear through a device, be it a smartphone or a pair of augmented glasses. Instead, Disney developed a system almost similar to a movie projector, to project images on a real surface. The result is that it offers an experience that feels a lot more real, more tangible than looking at it through a screen. Also, there's no need for a virtual reality headset, augmented reality glasses or those types of goggles which is also always an asset in pandemic times (and more practical and more affordable).

Disney really dreams about creating theme parks where you can just add digital experiences to everything that you see and hear. Just think about how they could change Disney world, if it's populated with all kinds of digital, but very real looking characters. If kids could meet Mickey digitally so that they don't have to wait in line to take a picture with the physical version. Think about how that could really reinvent waiting lines, which is one of the last points of friction that Disney still needs to solve. Just imagine how the metaverse could change the experience of having to wait 30 minutes or even an hour for a ride.



Christie's

Christie's has been building a multipurpose virtual version of its five-story London headquarters in Decentraland. Special about that is that Decentraland is the leading decentralized metaverse, which makes this project a solid part of the Web3 trend. Christie's virtual venue is located in the Voltaire Art District in Decentraland, a larger neighborhood that will be populated by arts showcases. The venue is not surprisingly meant to be a showcase and a sales venue for digital (NFT) art but it also functions as a virtual meeting place.

"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," Michael Bouhanna, head of Sales at Sotheby's announced when the facility opened in June.

Samsung

Samsung entered the metaverse with the Samsung 837X experience: a digital version of its pop-up New York store, built to showcase the products and other offerings it debuted at the CES show in Las Vegas. The company calls it "an experiential playground" meant to explore the Samsung technology. What's important here is that Samsung has not just built a virtual version of a salesroom or a marketplace, but an experience. The



Samsung store in Decentraland will also be open for a limited time, though it has plans to launch more 837X stores across other platforms.

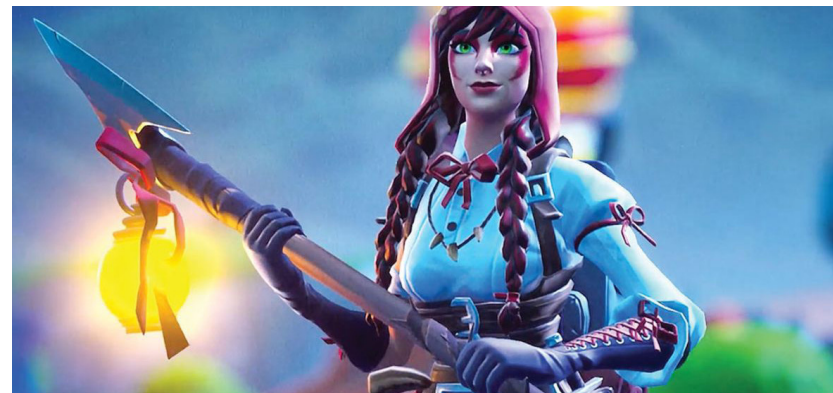
Samsung's 837X has three basic components. The core is the Connectivity Theater, a showcase for what it presented on the CES stage and other Samsung technology. Part two is a Customization Stage, an event venue that live-streamed a DJ-hosted dance party held at the real Samsung 837 in New York City. The Sustainability Forest is the last component, which highlights a campaign Samsung has launched to plant 2 million trees with an NFT firm that provides proof of planting. But there is also a portal to a land with millions of trees and a game.

Their metaverse project is an interesting blend of entertainment, storytelling, branding and sales enablement. Curious to see what their next moves will be.

Wendy's

Wendy's approach to the metaverse is a lot more gimmicky, but still weirdly effective. About two years ago, Fortnite introduced a new limited time event called Food Fight that enabled players to represent their favorite fictional digital restaurant – Durr Burger (Team Burger) or Pizza Pit (Team Pizza) – and fight each other. The last person standing would be declared the winner. Wendy's decided to join the game as a form of clever advertising. When they 'discovered' that the burgers from Durr Burger were stored in the freezer, Wendy's immediately saw a new opportunity to advertise its own "fresh, never frozen beef".

So they created a VR character that resembles its mascot which started to destroy all the freezers in Fortnite's Food Fight mode, instead of killing the other players. Wendy's then live-streamed their quest on Twitch, inviting hundreds of thousands of players to watch and join them destroying freezers instead of other players. Over the course of nine hours of streaming, 1.5+ million minutes were watched on Twitch. There was an increase of 119% of brand mentions across social media and Wendy's even won several awards, including eight Cannes Lions.



AB InBev

AB InBev, the largest beer brewer in the world, has moved into the virtual Ethereum based game horse racing platform Zed Run. Even though sponsoring a virtual event with virtual horses is not quite the same, the beer brand owner has had experience in the horse racing department before. Stella Artois has been the official sponsor of famous racecourses like Ascot. And Budweiser is known for campaigns with its Clydesdales horses and stables.



So how does it work? On Zed Run, players can buy and breed digital horses and take part in races. The approach reminds of the Tamagotchi, the digital pet from the '90s, but is a lot more sophisticated. Prices for virtual horses on the platform can climb up to more than \$150,000. These virtual horses on Zed Run are what some call 'breathing NFTs': non-fungible tokens that actually take on a life of their own. Fascinating is that people can own the horses themselves, but how they behave on the track is left up to algorithms based on characteristics such as their bloodlines and how removed a horse is from its ancestors.

Interesting in AB InBev's metaverse vision is its global head of technology and innovation, Lindsey McInerney's belief that "brands should parallel in the metaverse what they do in reality". Basically, they are reproducing their "real life" endeavors in the parallel universe of the metaverse.

AB InBev, too, is blending the metaverse with the 'real' world. If metaverse visitors meet a friend during the virtual horse races, they can buy him or her a beer which can be delivered to their actual homes. They also sell a virtual t-shirt to commemorate the event, of which a real version will be delivered to the buyer's home.

Selfridges

To celebrate 25 years of Pokémon, UK high-end retailer Selfridges joined forces with designer Charli Cohen, and immersive storytelling production house Yahoo RYOT Lab. Charli Cohen is the creator of NEXTWEAR, sustainable clothing with digital counterparts that can be experienced in-game, in augmented reality, virtual reality, and across the metaverse.

Together they built Electric/City – an immersive "virtual city inspired by the fashion capitals of the world" – where customers can explore the 3D space and shop exclusive physical as well as digital garments. The Charli Cohen Electric/City collection presented 4 digital garments to wear via a body-tracking augmented-reality Snapchat lens or a customizable digital AR avatar to more than 300 other virtual platforms.



But the project flowed beyond the boundaries of the metaverse too. Selfridges also had an in-store launch promo where customers could register for a digital wallet to enter physical easter egg hunts and win physical prizes or Charli Cohen digital collectables.

Coca Cola

According to Oana Vlad, Sr Director Coca-Cola Global Strategy, moving into NFTs and the metaverse is meant to provide customers with “the same iconic and optimistic experiences they’re used to in real life in the digital world.” This approach makes a lot of sense for a brand, which has a long history of producing and selling physical collectibles in the real world. A limited edition Norman Rockwell set of four Coca-Cola prints costs \$400 on the company’s website, while a classic German Trink plastic cooler costs \$550. A Steuben Crystal 125th Anniversary bottle, a 1970 Chevrolet Hauler set, and a \$25 “First Hundred Years Collector’s Book” are also available.

And so, last year, Coca-Cola launched a non-fungible token (NFT) collection – among which that iconic metallic red bubble jacket garment, inspired by the company’s previous delivery uniforms – that raised no less than \$575,000 in an online auction. Coca-Cola also auctioned four multi-sensory, friendship-inspired NFTs via the OpenSea marketplace on International Friendship Day. This Friendship Box was packed full of 4 dynamic and rare 1-of-1 NFTs plus more hidden and unlockable surprises that are revealed when opened. Not only did the winner become the owner of the 4 NFTs, but (s)he also received a real-world physical fridge stocked with Coca-Cola bottles and additional surprises.



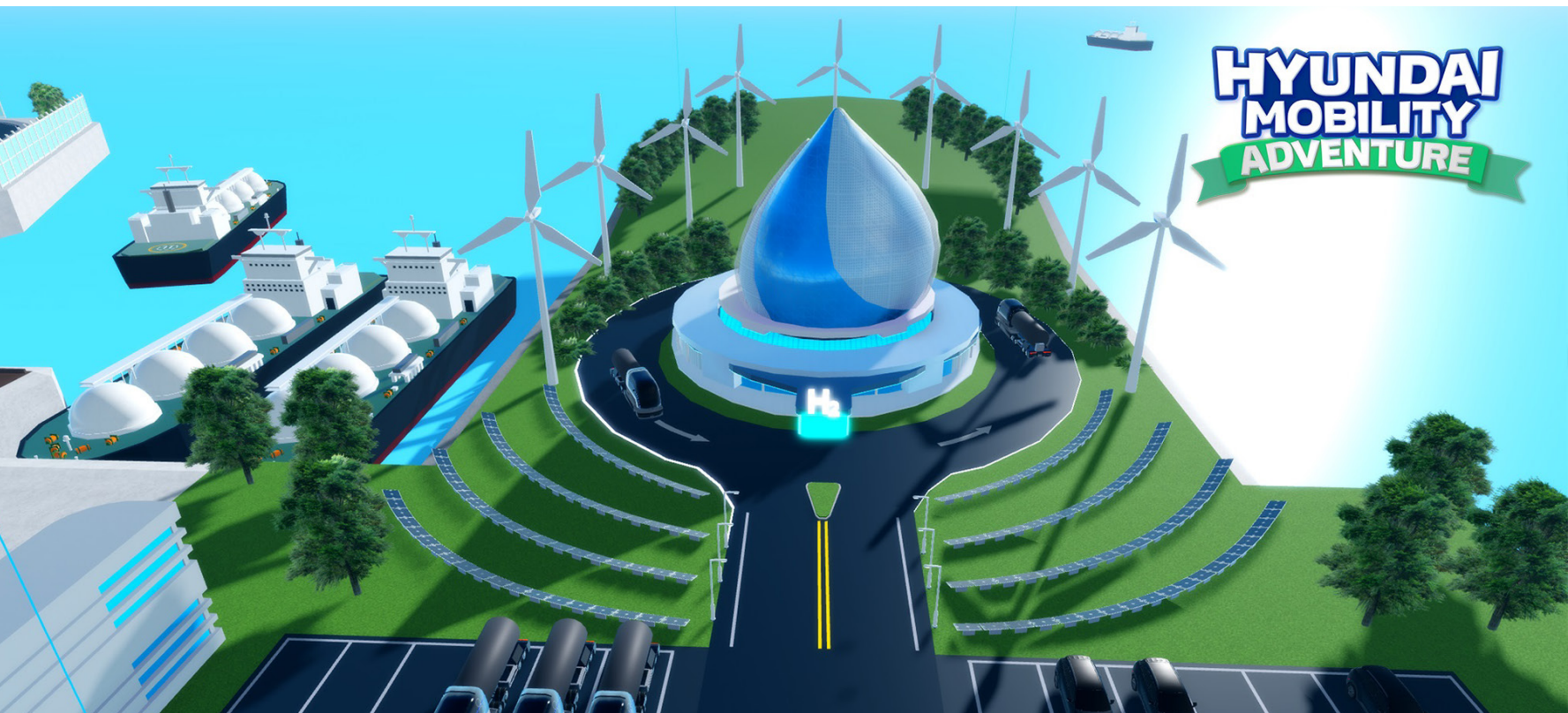
Hyundai

End of last year, Hyundai Motor Company launched Hyundai Mobility Adventure, a metaverse space on online entertainment platform Roblox featuring its most advanced products and future mobility solutions. It was said to be the first virtual experience content on Roblox developed by a global automotive brand.

Visitors of Hyundai's virtual space can meet, communicate, play games, role-play with one another and experience Hyundai Motor's mobility offerings in the form of customized avatars.

For example, a player can drive Hyundai Motor vehicles such as NEXO and IONIQ 5, and operate robotics, purpose built vehicles (PBV) and urban air mobility (UAM) transportation devices. They can develop their own avatars, upgrade their personal parking garage and participate in various social activities, immersing themselves in a wide spectrum of virtual experiences available in the metaverse.

Hyundai Mobility Adventure is targeted at young consumers who are more used to exploring the virtual worlds beyond physical experiences. The aim is to "nurture long-lasting relationships" with these young fans and to familiarize them with Hyundai Motor's new vehicles and future mobility solutions.



Gucci

In March 2021, luxury brand Gucci launched a digital pair of sneakers called “The Gucci Virtual 25” to be worn in augmented reality (AR) or used in partnered apps like Roblox and VRChat.” The sneakers are surprisingly affordable for a product of a luxury brand, selling for \$12.99 on the platforms which makes one think if they want to use a different brand positioning in the metaverse than in IRL?

A few months later, it also opened the Gucci Garden on Roblox, a two-week virtual experience to complement a real-world installation called the Gucci Garden Archetypes, which took place in Florence, Italy. Visitors were able to experience the vision and inclusive philosophy of the brand’s creative director Alessandro Michele by means of 15 past advertising campaigns by Gucci. The garden also featured The Collector’s Room which allowed people to collect limited Gucci items – like virtual bags – in the metaverse. Prices went pretty high, here, with one Gucci Dionysus Bag With Bee re-selling for \$4,115 (or 350,000 Robux, the platform’s in-game currency), which is more than a physical bag’s \$3,400 retail value.



**this is only
phase 1,
but the
opportunities
are immense**

Though Web3 and the metaverse both have immense potential, I also want to add a more critical note. Recently, we've seen a number of things happening that also show a more challenging side of this technology. And we will need to fix that before these technologies can really take off.

A heavy devaluation of NFTs

I'm sure you remember that former CEO of Twitter Jack Dorsey sold his first tweet about a year ago as an NFT and that Malaysia-based entrepreneur Sina Estavi bought it for no less than 2.9 million dollars. His plan was to sell it again at a massive profit: for 48 million dollars. Turned out that the market thought otherwise. After a few weeks, the highest bid was only 280 dollars. Eventually the price went up but never went past 14,000 dollars. Long story short, the tweet lost about 99% of its value.

It's not the only story of its kind, unfortunately. At the beginning of May 2022, 8 Cryptopunks have been sold at a loss. Cryptopunk #273 was the most brutal one: bought about six months ago for \$1,026,499 and resold for a mere \$139,530.

If you look at the world of NFTs, the hype is really all about their collectible function, where a bunch of people are heavily speculating about a possible explosion in the value of a unique piece. But that type of speculation is very difficult and very risky. And I believe that in the next few weeks, 99% of those investments will probably lose their value, just like the former two examples.

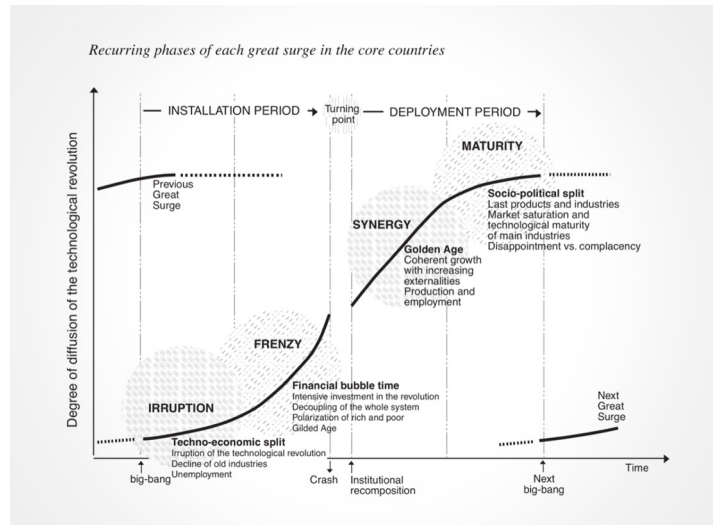
TikTok versus the metaverse

What about the metaverse? Well, most people expect teenagers to be extremely excited about it, right? But a report – questioning 7,000 teenagers about the future of social media and the metaverse – showed that only 26% of them actually owns a VR device. Only 5% goes into the metaverse every day and 82% does that less than a few times a month. So the reality is that this is very, very early stage. While the new tools of Web2, like TikTok, are still growing like crazy and exploding in popularity. That is actually where teenagers spend most of their time today. So my point here is that we are probably in a bubble when it comes to



Cryptopunks

the metaverse and Web3, because that is just how technologies tends to evolve, as explained by the brilliant Carlota Perez. The good news is that, after the bubble and the crash, follows a golden age with coherent growth, production and employment.



Source: Carlota Perez

But before we get to Web3's and the metaverse's golden age, we'll need to invest a lot of time, effort and thinking to really understand what the market needs, what the use cases are and how you can create value with it for customers. In my Youtube channel episode "CX Update #3" I talked about what – for me – are the most important customer benefits of Web3:

- **privacy and data control,**
- **shared financial benefits**
- **enhanced experiences**

Creating value

I truly believe that if you focus on the customer benefits in metaverse and Web3 projects, you will create important value, that goes beyond gimmicks or collectibles. If you look for the short term gain than it will be like spending money in a casino: the odds that you lose a lot of money are much higher than for you to benefit from that. For me, it's very interesting to see which organizations really understand how to use this new technology to create value for the customer. A beautiful example of that is from Zamna, a company that organizes secure and frictionless identity checks for aviation, which I mentioned earlier.

In that perspective, it's also interesting to see how Lego and Epic Games announced a partnership in order to create a metaverse that is safe for children. Like me, a lot of parents are worried about their children going into this virtual world and not knowing what is happening there. The behavior of young children on their phone or computer or tablet can still more or less be monitored, but there's no way of following who they are bumping into and what is happening in VR. The same goes for their data: we don't have a clue what will happen with that.

So Lego and Epic Games are on a mission to create this safe haven. And it makes a lot of sense: there's this huge trustworthy brand of Lego on the one hand and then Epic Games, on the other, which has proven that they can build virtual worlds for millions of people, in extremely popular platforms like Fortnite. For me, it's those kind of projects that really bring value to the customer and they will turn out to be the first success stories of Web3 and the metaverse space.



A few parting words

So, that's it. I hope you enjoyed reading this e-book as much as I did writing it. And that I was able to pass on my excitement about this emerging type of internet and its incredible potential for changing customer relations and experience.

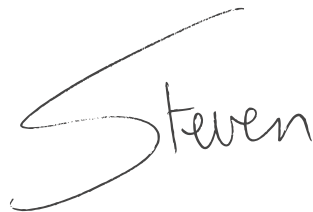
As stated earlier, what fascinates me the most is how Web3 together with the metaverse holds the possibility to redefine power and value relations, and that's exactly what we need at this point in history.

We can't exactly know how things will pan out – just like we did not know that with Web2 and were wrong about many things we expected there – but I'm sure it will be interesting!


Thank you so much for reading my work.


It's an honor to count you as a part of my network.


Warm regards,

A handwritten signature in black ink that reads "Steven". The letter "S" is large and stylized, with a long horizontal stroke extending to the right.




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