

Retail in the metaverse

Article

A growing number of brands and retailers are jumping on the bandwagon. While the promise of the metaverse for retail holds great appeal (shopping experiences integrated seamlessly throughout immersive digital worlds), the development of the technology to support it is still in the very early stages.

What's driving interest in the metaverse among brands and retailers?

FOMO ("fear of missing out") has been a major factor fueling brand participation. While there are several competing visions of how the metaverse could materialize, a growing number of brands have boldly embraced the concept. **Facebook's** rebrand to **Meta** in

October 2021 unleashed a tsunami of hype and excitement, piquing strong interest among brands, followed by some subsequent backlash.

Underpinning all the buzz is the very real potential for AR/VR to fundamentally change how consumers interact with brands and shop, both online and in person.

Product Categories US Internet Users Are Interested in Trying via AR/VR Before Making a Purchase, Feb 2021

% of respondents



Note: ages 18+

Source: YouGov, "International Omni-channel Retail Report 2021," June 1, 2021

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The possibilities will take on greater importance as Gen Z and Gen Alpha consumers come of age, since these digitally native generations are growing up immersed in online experiences—largely through gaming—and are spending money on virtual goods and services within these environments.

Metaverse Opportunities and Use Cases for Retail in 2022

A retail component already exists on gaming and nascent metaverse platforms, both of which are marketplaces for a variety of virtual goods. These can range from inexpensive digital skins to unique nonfungible tokens (NFTs) that command tens of thousands of dollars apiece. The marginal cost of these virtual goods is essentially zero, and NFTs can increase in value.

Fashion brands have taken the lead on metaverse participation. This makes sense given how central avatars are to interactions within games and metaverse platforms, where participants clothe their digital doppelgängers to project an individualized sense of style. In games alone, the market for skins was estimated to be worth **\$40 billion** in 2021.

An expanding list of fashion names has been getting involved with gaming and metaverse platforms. Notable brands include **Nike, Ralph Lauren, Louis Vuitton, Tommy Hilfiger, Balenciaga, Burberry, Gucci, Vans, Zara, and Forever 21.** While most have taken an

experimental approach—think one-off campaigns more about marketing than sales—some are staking claims to become metaverse pioneers in “direct-to-avatar” commerce.

- **Nike stands out as the biggest brand to commit most fully to a virtual future.** The sportswear giant has been busy filing metaverse-related patent and trademark applications, establishing a Metaverse Studio, launching Nikeland on **Roblox**, and acquiring the virtual fashion startup **RTFKT**.
- **Luxury brands are making a strong showing as well.** In 2020, Balenciaga unveiled plans to launch a metaverse business unit that would expand its digital initiatives, one of which being a video game that showcased its Fall 2021 collection. And in September 2021, the fashion house collaborated with **Fortnite** on virtual and physical apparel.
- **Gucci is proving that there is real money to be made in virtual goods.** The Italian fashion house has offered a wide range of digital items for sale in 2021, from **\$13** virtual sneakers to a unique Roblox handbag that resold for more than **\$4,000** and a video NFT auctioned by Christie’s for **\$25,000**. Robert Triefus, Gucci’s executive vice president for brand and customer engagement, told The Business of Fashion, “We have proven to ourselves through these collaborations that the virtual world can create a very significant new revenue stream.”

Brands in other consumer sectors are experimenting with using virtual spaces to showcase their products. While apparel, footwear, and accessories offer the most obvious use cases, others are exploring new ways of connecting with consumers online, even though the direct revenue opportunities are less evident.

[Read the full report on the metaverse.](#)