

Retail in the metaverse: Ready, set, engage

How brands and stores can
drive sales in virtual worlds

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A Brillio Series: How metaverse-related technologies
and capabilities are reshaping industries



It's no big surprise that the retail industry is embracing the metaverse. What's eye-opening is the speed with which it's happening.

Talk of virtual environments has entered the mainstream, and spurred on by its popularity, retailers have launched an array of initiatives to ride the momentum—and reap the potential revenues.

New metaverse stores open daily, and the most successful among them are thriving as retailers deepen the virtual experience, experiment with new technologies like non-fungible tokens (NFTs) and enable immersive experiences throughout their organizations, including backend operations and the supply chain.

Source: Facebook Connect 2021



5 hours a day

amount of time Gen Z and millennials plan to spend in the metaverse, according to McKinsey

Virtual worlds are alive and well for retail

Virtual environments are top of mind in retail. In the first quarter of 2022, “metaverse” was among the **five most tweeted terms** regarding retail technology.

While tweets are one benchmark for metaverse interest, consumers use a different measure: the retail experience. For consumers, the metaverse is the night-and-day difference between online shopping expeditions that consist of peering at items on 2D screens, and fully immersive 3D environments in which their avatars can explore, meet up with friends and shop.

It’s no wonder interest in the metaverse is high. According to McKinsey, Generation Z and millennials expect to spend **close to five hours a day** in virtual worlds. And don’t rule out more seasoned customer segments: Baby boomers predict they’ll log nearly two hours daily on virtual platforms.

Yet even more intriguing is the demographic at the other end of the age spectrum. Members of Gen Alpha, with the oldest of this cohort topping out at a tender 12 years of age, are already veterans of virtual worlds in which they play games and buy clothing (known as “skins”) for their characters. Virtual platform Roblox hosts the **most**

popular game in the US among 5-to-12-year-olds. Roblox’s combination of a built-in community and a family-friendly environment has made it a prime location for the metaverse launches of marquee retail brands for both children and adults (think Kids Foot Locker and Gucci).

Gen Alpha demands the attention even of brands and stores whose market share doesn’t include children. Not only are members of Gen Alpha influencing **their families’ purchasing decisions**; research also shows **children begin recognizing and preferring brands** as young as age 3. (Yes, you read that right.)

Members of Gen Alpha are already veterans of virtual worlds in which they play games and buy clothing for their avatars.

Source: Gucci Town on Roblox

Retail in the metaverse: Ready, set, engage

When, not if, you expand into the metaverse

For retailers, the question is when, not if, they'll engage with customers in the metaverse. When they do, it's critical to understand that virtual commerce can trigger organizational changes that go far beyond operating 3D digital stores.

For one thing, a natural byproduct of the metaverse's digital environment is the voluminous amounts of data that provide the engine retailers need to more accurately capture the voice of the customer.

For another, virtual platforms will likely accelerate the ongoing evolution of customer engagement, which will morph from a one-way street through which brands and retailers push out products and services, to a collaborative, two-way dynamic that expands shoppers' participation into product selection and even product development.

The best retail experiences will capitalize on both data and engagement. Rather than view the metaverse as a separate channel, successful retailers will recognize it as part of the digital-physical continuum.

The emphasis on experience is one reason that Nike—already an innovator in virtual shopping—encourages visitors to its flagship New York store to don augmented reality headsets and explore **Nikeland**, the powerhouse brand's metaverse store.

And while it's the eye-popping aspects of metaverse shopping that typically garner retail headlines, the 3D experience continuum has company-wide applications for retailers, from field service to the supply chain.



Source: Nikeland on Roblox

How retailers can drive sales—and profits—in virtual worlds

In the following pages, we highlight five ways retailers can achieve business value in the metaverse.

1. Reinvent the store in 3D
2. Create an NFT strategy
3. Make metaverse shopping experiential
4. Plan new frontiers for the supply chain
5. Reimagine customer/field services



1

Reinvent the store in 3D



The metaverse presents brands, retailers and their customers with a new hybrid. It combines the convenience of online e-commerce with brick-and-mortar shopping's vibrant visual and social experiences, plus the ability to drive footfall and impulse finds to build basket size.

It's also an opportunity to build on the limitations of physical and digital shopping that hold the industry back.

For example, we're partnering with an outdoor apparel and footwear maker that operates stores in dozens of cities and now wants to expand into new markets—minus the costly commercial real estate leases.

Our work with the retailer demonstrates how the company can make business expansion a (virtual) reality through a fully functioning metaverse store that displays brand-name merchandise and enables try-ons. (Virtual try-ons make use of augmented reality tools—via headsets or mobile phones—to let customers visualize clothes, jewelry or makeup on themselves or an avatar.)

The pilot metaverse store we developed includes innovative experiences such as simulated hiking over rugged terrain and the ability to purchase physical goods that are delivered to buyers' homes.



Source: BeyondXR

Virtual try-ons make use of augmented reality tools—via headsets or mobile phones—to let customers visualize clothes, jewelry or makeup on themselves or an avatar.

2

Create an NFT strategy





Source: Hypebeast

Fashion house Dolce & Gabbana auctioned off NFTs representing a couture collection that included real-world and metaverse garments, reportedly netting the equivalent of \$5.7 million.

NFTs have grabbed headlines in the world of collectibles, including art and **memes**, as speculative investments. For retailers, they're a mechanism for delivering exclusive goods and tangible shopping benefits—and consumers affirm they're definitely interested.

In the retail sector, brands and stores are enthusiastically innovating with NFTs to sell one-of-a-kind items, both digital and physical. For example, The Gap Inc. sells NFTs for digital t-shirts featuring original designs from artists. Sports apparel maker Under Armour turned heads when it **sold out in minutes** its limited-edition, metaverse-wearable sneakers to commemorate NBA star Stephen Curry's record-breaking three-point shot.

At far loftier price points, luxury brands are selling NFTs for both physical and digital assets. Fashion house Dolce & Gabbana auctioned off NFTs representing a couture collection that included real-world and metaverse garments, reportedly netting the **equivalent of \$5.7 million**.

Research indicates NFTs tied to exclusive services have a ready-made market. Nearly one in four Americans (24%) aged 18-34 said they would be **more inclined to use NFTs** if they included privileges such as dedicated checkout lanes at brick-and-mortar stores and special discounts for exclusive shopping events.

We're already seeing service-related NFTs in action: Coordinators at New York's Fashion Week sold 250 NFTs at \$100 apiece offering **exclusive access** to physical events such as runway shows and limited-edition product drops.



Source: Coinlive

3 | Make metaverse shopping experiential

Source: Bloomingdales



American Eagle's recent metaverse event logged:

25 million
visitors

14 million
try-ons

7 minutes
average session

Source: CommerceNext on YouTube

It's one thing to replicate in-store shopping in 3D virtual environments. It's another to use the metaverse's strengths—convenience and new technology tools—to rethink the store experience and engage consumers in completely new ways to boost customer acquisition and retention. Brands and retailers are doing just that with virtual experiences—and registering impressive preliminary results.

Take the example of American Eagle. The specialty apparel retailer reported 25 million visitors flocked to its spring break-themed event earlier this year within the Roblox game Livetopia. Shoppers logged 14

million try-ons. Perhaps more important to AE, each session lasted an average of seven minutes—a noteworthy feat for any brand vying for the attention of the always multi-tasking Gen Z.

The makeup industry is also poised for digital disruption in virtual worlds. In our work with a global beauty brand, we're creating similarly immersive experiences that feature new product launches and try-ons. Together with our client, we're exploring the use of personalized consultations and makeup tutorials, as well as digital filters on avatars for the application of makeup and accessories.

4 | Plan new frontiers for the supply chain



Retailers today are under a lot of pressure to optimize supply chain costs even while needing to meet best-in-class fulfillment benchmarks that enable great customer experiences. 3D models are proving to be a critical tool for tackling tough supply chain challenges, such as demand forecasting, rapid fulfillment requirements and SKU management.

With several macroeconomic factors impacting supply chain resilience today, it's critical to reimagine product lifecycle management where virtualization of new product designs accelerates the time to market of new products and collaboration with suppliers and retail partners. The result: significant cycle reduction, smart sourcing and improved forecast accuracy.

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5

Reimagine customer/ field services





Retailers can also use the metaverse to train and prepare field service personnel in a cost-effective manner.

Field service functions can be significantly improved by using virtualization techniques to enable customer interaction with business experts, as well as immersive engagement with customer support. When IoT is used for real-time asset monitoring, it can drive service level agreements and operational level agreements through predictive maintenance and timely interventions. Doing so can improve customer retention, create new service revenues and take costs out of the value chain.

Retailers can also use the metaverse to train and prepare field service personnel in a cost-effective manner.

We worked with a global pest control company to create an immersive virtual storefront for the company to engage with customers, elevate the customer experience and increase conversion.

Through avatars, consumers or business customers can better understand pest problems and protective measures by consulting with entomologists, technicians and customer support reps, viewing informational videos, and interacting with kiosks that showcase new products and services and enable appointment bookings. Customers are also rewarded with NFT coupons they can redeem when making a purchase.

Next steps for retailers

A blank canvas like the metaverse can be intimidating. It's also exciting. As we partner with retailers on their next steps toward virtual environments, we recommend a measured approach that leaves plenty of room for experimentation and fail-fast efforts.

- **Walk before you run in the metaverse.**

Virtual reality is an opportunity to rethink the retail experience, but it doesn't require mastering every new technology at once. When fintech Afterpay released a line of designer NFTs for New York Fashion Week, for example, it offered attendees the chance to purchase the tokens using US dollars rather than digital currency. On the other hand, Walmart indicates it's ready to give cryptocurrency a try as it expands into virtual worlds.

The lesson: Phase in your metaverse presence. Choose what will—and won't—work for your organization and be prepared to learn as you go.

- **Experiment with new ways to engage.**

The metaverse is yet another channel for the innovative approaches to customer interaction that many brands and retailers are exploring. Among our favorite examples of how brands are engaging audiences in new ways is Italian food company Barilla's [three-minute video](#) featuring tennis legend Roger Federer.

In the video, Federer plays a match with a young fan. The heart-tugging message humanizes the brand and conveys Barilla as a company that keeps its promise to the consumer. It's also a great example of the visual storytelling that's essential to success in virtual worlds.





About the author



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I'm a problem solver and evangelist, focused on applying the right mix of business and technical competency to solve large business problems. I

thrive on fuzziness and am passionate about defining the blueprint for digital transformation, with clear outcomes and elevated experiences for my customers. I have the ability to inspire teams to work toward common goals and accomplish desired results. I have over 22 years of

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In my current role, I lead the innovation and establish the engineering mindset within Brillio. I have a Computer Science Engineering degree from The Bangalore University and am a member of the Forbes Technology Council.

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