Advertising in the Metaverse

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Abstract: As the metaverse grows, leading businesses are already searching the metaverse for potential advertising partners. This article explores whether advertising in the real world can be directly applied to the metaverse. Through the method of literature review, this article summarizes some extant readings and proposes that with the characteristics of decentralization, shared environment, and immersion in the metaverse, advertising will be different from the real world. Moreover, the challenges and problems that brands will face are also raised. This article provides a reference on advertising strategies for brands who want to enter the metaverse, and also lays the groundwork for further in-depth research.

Keywords: metaverse, advertising, media, decentralization, shared environment, interactive advertisement

1.   Introduction

Zuckerberg's new business layout has brought the concept of the "metaverse" to the forefront of the public's attention. Technology companies such as Facebook and Microsoft are catching on to the metaverse trend and setting up enterprise metaverse. Metaverse marketplaces like Decentraland, some brands like Coca-Cola are selling their NFT [1]. With leading companies already actively searching for advertising prospects in the metaverse [2], such as Gucci's collaboration with Roblox on 'Gucci town' [3], it is essential that researchers have to begin to discuss the application of advertising in the new media environment of the metaverse. Therefore, this essay is going to explore the metaverse as a virtual world parallel to the real world, can the marketing strategies used in the real world still be applied to the metaverse?

There are many differences between the metaverse and the real world, so real marketing strategies cannot be directly applied to the metaverse. However, the logic behind metaverse advertising is similar to that of real advertising, which is a playful and interactive format that grafted consumers' attention from the scenario or event to the experience provided by the advertiser, thereby strengthening their affection and awareness of the brand. This article will then describe the development and characteristics of the metaverse, as well as the change of media in the metaverse. After that, based on the main characters of the metaverse, which are decentralized, shared environment and immersion, an analysis of how advertising in the metaverse differs from real advertising will be the following part. In addition, there are also some suggestions for metaverse advertising strategies. Finally, it will present metaverse advertising issues and the points that need attention.

2. Literature Review

2.1. Development of Metaverse

At first, the science fiction book Snow Crash introduced the idea of a metaverse [4]. Regardless of its structure and mode of operation, the book's metaverse functions more like an unrestricted digital culture that coexists with the physical world [5] than it does as a game environment with set rules and objectives. Currently, gaming platforms like Roblox, Axie Infinity, and Fortnite as well as open-source virtual worlds like Decentraland and Sandbox provide the closest experiences to the metaverse. Users of these platforms may participate in a number of activities outside of gaming in shared 3D environments.

An example is Gucci Garden in Roblox, where users are given an avatar and can browse around the Gucci Garden, check out the bags on display, walk through the corridors to sit on the sofa and say hello to other avatar [6]. In another example, Users will be able to compose dances, interact with AI-powered animals, attend concerts and meet their favorite musicians in Sensorium Galaxy, visit the virtual world, make new friends, and discover new modes of self-expression [7]. The metaverse's emergence may change how people live and interact with others. In the future, a person may see someone wearing a cool shirt on the street in a metaverse. The individual's XR device will be able to show him the product label with various details about it, such as brand, price, color, and even the ability to add it to a shopping cart and purchase it with the blink of an eye just by looking at it. Brands will have virtual locations that correspond to physical shops. Users can choose to visit either virtual or physical locations while fully using XR's capabilities to purchase items, try on clothes and even customize almost anything they can buy.

2.2. Definition and Characters of the Metaverse

For the metaverse, some defined it as a vast virtual world that will interact in real-time with millions of people or their avatar [8], while Kim described the metaverse as an interoperated permanent network of shared virtual worlds in which humans may engage synchronously with other agents and objects through their avatars [1]. Infrastructure, human interface, decentralization, spatial computing, creator economy, discovery, and experience make up the first seven levels in Radof's bottom-up division of the metaverse [9]. Moreover, Ball (2022) defined the metaverse as the majority of online activities that will soon be accessed through this persistent, linked network of 3D virtual worlds, which also serves as the foundation for a large portion of the real world [10].

There are various areas of agreement even if a single definition of a metaverse has not yet been established. First off, the metaverse is frequently thought of as a created world that is made possible by cutting-edge computer technologies like virtual reality (VR), augmented reality (AR), and extended reality (XR). Secondly, the elements of our social systems, such as avatars, monetary systems, items, and history, make up the metaverse [11]. Last but not least, the metaverse possesses traits common to various technological and social elements, including decentralization, continuity of identity, shared settings, interoperability, immersion, and participatory experiences [1].

2.3. Media in the Metaverse

The Media Situation Theory, as out by Meyrowitz, contends that the media is not only a significant component of the communication environment but also a material mediator and method of human communication [12]. In order to create a specific communication scene, the media develops a contextual information system that modifies social roles, social behavior, communication structure, and order. In addition to creating new communication and information-dissemination methods, the metaverse world has altered how people behave. Users, being the primary source of content creation,

are not just the platform's users but also its service providers and producers in a world where users are allowed to create and update material [13]. The creation of a metaverse will result in a new social form that combines reality and the virtual, facilitating interaction and integration between producers, service providers, and consumers. It will also be closely integrated with the social, economic, and identity systems that exist in the real world.

In addition, according to the interactive advertising model, the role of the consumer has begun to change from a passive role to a more active and participatory role in the co-creation of meaning [14], often acting as the active initiator of the advertising process [15]. Thus, while the metaverse has constructed new systems and scenarios of information dissemination, it has also led to a change in human behavior patterns.

Moreover, in Web 3.0, user co-creation will evolve into "user co-creation of content" and even "user co-creation of code" through blockchain technology and open-source code [11]. Technologies with a decentralized value core will facilitate the construction of a new order of distributed decision-making and distributed communication, as well as a self-governing order of distribution like the autonomous organizations in the virtual world of Decentraland (DAOs) [16]. A new social form that mixes the "real with the virtual" will be created as a result of the creation of a metaverse, which will make it easier for producers, service providers, and consumers to interact with one another [13].

When the metaverse changes the traditional way of existence of the media and the interrelationship among the media, it necessarily means that the metaverse also reshapes the traditional way of communication, the purpose of communication, and the relationship between the subject and the object of communication [13]. In this case, advertising as a purposeful message that uses media to convey should also be changed, as traditional advertising can no longer be applied directly to the metaverse.

3. Analysis-the Change in Advertising in the Metaverse

3.1. Decentralization

User track Most of the social networks that people currently use are centralized, such as Weibo, where users can browse information of interest and post content for others to view and interact with. Weibo, as the service provider, has the data generated by users and analyses it to push out precise advertisements, such as Weibo's opening screen ads and the suggestion post when browsing ins. However, user data in the metaverse will not be as easily accessible as it is today. For one thing, decentralization will lead to ownership and use of data being returned from the platform to the users themselves [9]. Furthermore, blockchain technology might make user behavior and data the currency of the metaverse, meaning that the process of data acquisition by advertisers becomes a virtual transaction in the metaverse.

Avatar Even with our permission, advertisers need to know the difference between a user's real identity and their avatar. For example, when a beauty brand advertises real-life makeup products in VR Chat, the well-groomed and stylishly dressed user across the room is most likely to be a middle-aged uncle when he returns to reality.

However, from another perspective, advertisers can also take advantage of the avatar to create influential avatars that help brands communicate with customers and sell products.

The growth of the pre-social platform account environment was significantly influenced by the equivalence of gender, appearance, language, and skin tone in the meta-universe as well as the traffic support of platforms. The mapping of the real world will be stripped of the interpersonal advantages in the foreseen meta-universe scenario. The real-world appearance advantage will progressively fade away and lose its usefulness in the metaverse's reshaping mechanism, but on the other side, the knowledge barrier between people will be significantly decreased. In addition, employing avatars in

the metaverse lessens the danger of adopting personas in comparison to actual persons [17]. The current social platforms are rooted in the real world, where real people have many potential pitfalls, whereas digital avatars are far less costly to manage, making them a better fit for profit-seeking brands.

3.2. Shared Environment

Virtual billboards In the metaverse, the most common type of billboard is the virtual billboard or outdoor advertising in real life. An outdoor advertisement can be forced to be seen by those around it. In the metaverse, a space can hold numerous avatars at the same time, so virtual billboards can target more people at the same time in a shared environment. Actually, the billboard worked well for in-game advertising on platforms such as Tiki-Taka Soccer and FIFA Mobile, and it also translated well into the virtual billboard in the metaverse [18]. Brands such as Coca-Cola [19], Samsung [20], and Adidas [21] are certainly noticing this potential and are doubling down on their presence in the virtual world with compelling PR and advertising campaigns. While a billboard or banner may look like good old-fashioned IRL, a different format can be developed in the metaverse. Virtual billboards can be used without the constraints of physical principles, and the judicious use of space can have an unexpected effect.

Virtual event Virtual events, where a complete online virtual space is built through 3D modelling and other technologies, combine digital avatars, digital displays, digital interaction, and online social technologies to virtualize and digitize spaces, people, and experiences, creating an immersive online event experience for participants. Unlike the real world, where there is no limitation of space, and no limit to the number of people in the metaverse, advertisers can legitimately use large-scale entertainment events to create an emotional connection with consumers.

With millions of followers each, Fortnite and Roblox were the first to exploit entertainment events like concerts by artists like Travis Scott, Lil Nas, and Ariana Grande to draw sizable crowds. Similar to real-world mega-events like the Super Bowl, metaverse concerts, conferences, sporting events, and more are fantastic chances for advertising. Consumers will have access to interactive advertising in the virtual world, from the beginning of full-scale advertising to the more subdued placement of product displays.

Similarly, the OPPO Brand 2021 Future Tech Conference was held in a virtual space for the first time, with the entire event lasting 48 hours, breaking the limits of time and space and allowing a total of two million people from around the world to participate in the conference. While traditional offline events are difficult to achieve, for brands, online virtual events and platforms have the ability to access digital display and interactive technology, providing brands with a converged digital channel [22].

Virtual community Like the virtual event, creating the community becomes easier in the metaverse. A virtual community called Nikeland, a virtual 'headquarters' for players around the world. It features Nike-themed buildings, shops, sports arenas, and even mini-games where players can try on the brand's products and buy virtual clothes to dress up their avatars [23]. Through the virtual space, consumers around the world can participate and the virtual community has been visited 6.7 million times in the five months it has been live, with users in 224 countries around the world.

Interactive advertisement The metaverse is a new media form and collective shared environment that allows users to freely create content and edit the world. In the past, most advertising and marketing techniques focused on product performance, and while they may have achieved the goal of increasing sales, they did not provide insight into consumers' thoughts and preferences and even inspired a rebellious mentality. With the rise of live streaming and short-form video, the concept of traditional advertising has been weakened, with advertisers initiating ad customization to content producers and pushing them to potential consumer crowds in the form of live-streaming with goods and sharing of goodies. However, this model also does not maximize consumer empathy.

In fact, to maximize empathy, advertisers should think about how to play the role of an interactive evangelist and how to produce more in-depth content. The metaverse provides advertisers with an application scenario where each participant in the metaverse can create their own content, and the immersive social experience provided by the metaverse can increase the frequency of interaction between users and improve the interactive experience.

3.3. Immersion

McLuhan proposes that technology and human senses work together closely, almost as if technology were an extension of human limbs, organs, and brains [24]. The human sensory experience is expanded in numerous dimensions in the metaverse, a combined environment of virtual and physical worlds. Technology simulations make it possible to substitute human sensory experience in an immersive setting. Brands can work with virtual reality device manufacturers to create new forms of advertising through new virtual reality devices such as VR gloves and VR eye goggles, which will not only combine reality with reality, but also expand the sensory dimensions of hearing, touch, and smell. The metaverse world will simultaneously tear through the geographical and linguistic borders of reality since it is a combination of virtual and real worlds, thus brand advertising should have a worldwide viewpoint.

4. Issues and Challenges

4.1. Respect for Virtual Communities

Many virtual communities, such as Decentraland, are user-owned and have a very open and relaxed community atmosphere. When entering a virtual community, brands must not do anything that goes against the community's vibe and makes its residents feel uncomfortable.

Respecting the culture and atmosphere of the virtual community is a necessity for any community that a brand wants to work with. In the metaverse, individual users are often more powerful than in the real world. Brands cannot only deal with the owners of spaces and venues but also need to focus on interacting with individual users and responding to their comments in a timely manner.

4.2. Regulation in the Metaverse

Collaborative relationships in metaverse are random and unstable, and therefore disputes may easily arise over the ownership of collaborative works, and there are currently no relevant implementation rules on the definition of intellectual property rights and the mechanism for distributing the benefits of metaverse content. The construction of scenes and items in the metaverse, however, as a mapping of the actual world, is likely to draw inspiration from or make reference to real-world phenomena. As a result, problems over intellectual property, including copyrights for works and portrait rights, may arise. Additionally, some marketers may use the metaverse to transmit unlawful information or engage in violent rivalry with their rivals as a result of the metaverse's characteristics, such as spatiotemporal growth, economic value-added, and global synergy. Governments in many nations will face significant challenges in terms of regulation and governance as a result of the development of the metaverse sector. In the world of the metaverse, The major assurance to establishing order in the metaverse will be if the necessary regulatory structure can keep up with the quickly evolving concepts and technology.

5. Conclusion

With the rise of metaverse, leading brands have started to actively experiment with metaverse advertising. This article discusses how metaverse advertising differs from real-world advertising

based on three key characteristics of metaverse: decentralization, sharing environment, and immersion. Advertisers should use space wisely and actively engage the consumer's senses to enhance the emotional connection with customers by hosting virtual events and creating communities. While some approaches may be innovative, the purpose of advertising remains to deliver an effective message and promote consumer purchase. In addition, this article also raises challenges and questions for advertisers, who should respect the community atmosphere of the metaverse and live in harmony with it, and for the metaverse, which should improve laws and regulations to promote the more orderly development of the virtual world. Finally, this article provides a reference on advertising strategies for brands who want to enter the metaverse, and also lays the groundwork for further in-depth research.

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