



SBT FINTECH MONTHLY NEWSLETTER

Editor's Note

BY DR. ABENA PRIMO

Dear Reader,

You may have asked yourself over the last few years questions like, "What is the Metaverse?", "Why would Facebook want to be known as Meta?", "Does the Metaverse have any commercial uses?", and "Is the Metaverse worth my money or my time?".

In this article, SBT Professor, Dr. Derrick Bonyuet, will provide you with some insight on the uses and drawbacks associated with the Metaverse. I learned a few things from this article and I am sure you will too!

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Sincerely,
Dr. Abena Primo

School of Business and Technology
Huston-Tillotson University



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VALUE CREATION IN THE METAVERSE

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Value Creation in the Metaverse

BY DERRICK BONYUET, PHD, CFA, CFP, CPA

There has been a lot of buzz about the metaverse, what it can do and how our lives will change. Last November, Facebook announced it was changing its name to Meta as it seeks to capitalize on the next evolution of the Internet. Since then, more companies have been watching this platform which according to McKinsey, is expected to generate about \$5 trillion in value by 2030. Now, the question that everybody may be asking is how this value is going to be generated and that's what we are going to address in this article.

OVERVIEW

The metaverse can be defined as a shared online virtual world where people can explore and interact with others in real time in a realistic, three-dimensional environment (Bruce, T., 2022). As a result, first use of the metaverse was centered on the ability not only to play with other people but also to be in the game with them. Then, speculation has emerged how the metaverse may influence business activities and personal interactions. A McKinsey study found the transition to metaverse is taking place as more than 20 percent of the population assert their intention to spend more time online exercising,



working, reading and shopping in the future. In fact, study participants confirmed their desire for greater convenience, connectivity and entertainment, which will result in spending about four hours a day in the metaverse with Generation Z and Millennials expecting to spend close to five hours a day. The study also found more popular interests including immersive shopping, booking, learning, traveling, and socializing (Aiello, C., Bai, J., Schmidt, J. and Vilchynskyi, Y., 2022).

CONSUMER USES

Consumer uses will include most daily activities expanding across five categories:

1. Entertainment, which has been driving the growth of the metaverse

through gaming platforms and virtual music performances from well-known artists such as Ariana Grande, Justin Bieber, Marshmello and Travis Scott.

2. Socializing, which enables extended existing consumer behavior through platforms such as Decentraland, The Sandbox, and Second Life.

3. Fitness, where gaming and connectivity can be put together through providers such as Peloton.





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4. Commerce, which includes businesses promoting an immersive retail experience, such as Obsess and AnamXR. As well as, marketplaces for virtual art, e.g., curated NFT art. The idea is to take the entire selling process to the next level - from online purchasing to customer service, engagement and marketing by creating virtual storefronts and product demonstration areas. Customers will benefit greatly as they can try on products and make purchase decisions in a realistic, immersive environment.

5. Remote learning, which will enable remote groups and individuals to learn in virtual classrooms where data is streamed in real time and real time interactions are supported.

ENTERPRISE SOLUTIONS

The metaverse will enable to improve business operations across the following categories:

1. Enhanced remote collaboration as online meetings in the metaverse will be enhanced as they are conducted in a three-dimensional space. By using avatar technology, people will be able to interact with each other in an immersive, meaningful and realistic way from

being streamed in real time to enable more efficient and productive work environment.

2. Reimagined learning and development as simulations of real-life settings are leveraged for a more impactful learning experience. Employees can safely learn how to do tasks virtually on a setting that mirrors the actual environment they will be working.

3. Digital twins will enable innovating efficiencies as physical settings and objects are replicated virtually generating rich data in real-time to improve decision making.

4. New revenue streams, which can include selling virtual real estate, clothing for avatars, and even to setting virtual markets where customers as digital avatars can talk with each other, visit vendors and buy products

EXAMPLES OF USE CASES

In its publication “Value creation in the metaverse” (2022), McKinsey provided the following examples of real use of the metaverse

- Product marketing: Coca-Cola

launched digital assets to support several marketing campaigns, such as auctioning NFT collectibles for International Friendship Day.

- Customer engagement: Gucci launched its Gucci Garden on Roblox, a set of brand-themed rooms that aligned with the launch of a similar physical space.

- Next-generation commerce: AnamXR uses game-engine technology to create cloud-based, virtual e-commerce platforms for 3-D immersive shopping experiences.

- Brand loyalty: Adidas’ Bored Ape Yacht Club NFT release provided access to physical streetwear drops, driving loyalty and creating a community around its virtual goods.

- Customer service: Helpshift is rolling out solutions for customer-support tools in the metaverse, including user feedback, virtual identity verification, and VR support.





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- Education: The University of California at San Diego’s Rady School of Management uses a virtual campus for real-time lectures, breakout spaces, and outdoor areas.
- Recruiting: The Havas Group launched a village within the Sandbox that hosts recruitment services for improved candidate and onboarding experiences.
- Digital twins: BMW is experimenting with creating digital twins of entire factories, and designing products using Nvidia’s Omniverse technology.
- Public services: Seoul is planning to become the first city to host a metaverse platform for public services by 2023.
- Virtual tourism: Ariva Digital’s Wonderland platform is working to allow users to travel to imagined or recreated destinations.

CONCLUSION

There is no doubt the Metaverse will change the way we live and how we do business. One unknown is the speed of adoption, which is critical for this platform to thrive.

For now, businesses should be prepared by enabling their operations to function within a virtual environment and better facilitate the transition to the Metaverse.

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