Everest Group®

Metaverse: the New Gateway to Enhance Stakeholder Experience

Nisha Krishan, Practice Director
Aakash Verma, Senior Analyst
Sonal Bera, Analyst

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Introduction

The world wide web changed how people consume experiences. The advent of smartphones and affordable internet drove the internet's true democratization, spurring innovative ways of interaction between customers and brands. In the twenty-first century, the internet and interactive experience has assumed a whole new avatar, especially with the advent of the metaverse.

Everest Group defines the metaverse as an immersive, mega virtual smart space akin to a universe, in which people engage in seamless digital experiences that can be extended to the real world. The central idea behind the metaverse is to virtually simulate a tangible real-life experience through avatars, across devices and applications. It is a game-like or activity-oriented space that has the potential to redefine the way we interact, learn, purchase, travel, and more.

Three developments have driven the adoption of the metaverse. First, technologies enabling the metaverse (blockchain, cryptocurrency, and accessible VR) have made significant advances in the past five years. Second, leading technology companies, such as Meta, Google, and Microsoft, have made huge investments in metaverse platforms. Many of the popular games of the last decade, such as Minecraft, Roblox, and Pokémon, have forayed into the metaverse too. Third, the pandemic has accelerated the adoption of digital technologies and spaces, including the metaverse.

However, the hype around the metaverse has been subject to questions, with plummeting stock prices and layoffs by major companies leading to a re-evaluation of the metaverse and a separation of the hype from the reality. This viewpoint offers C-level executives and businesses an understanding of the metaverse and how it can impact the experience of stakeholders within the ecosystem. It also highlights the interdependencies that must be considered when venturing into and expanding presence in the metaverse.
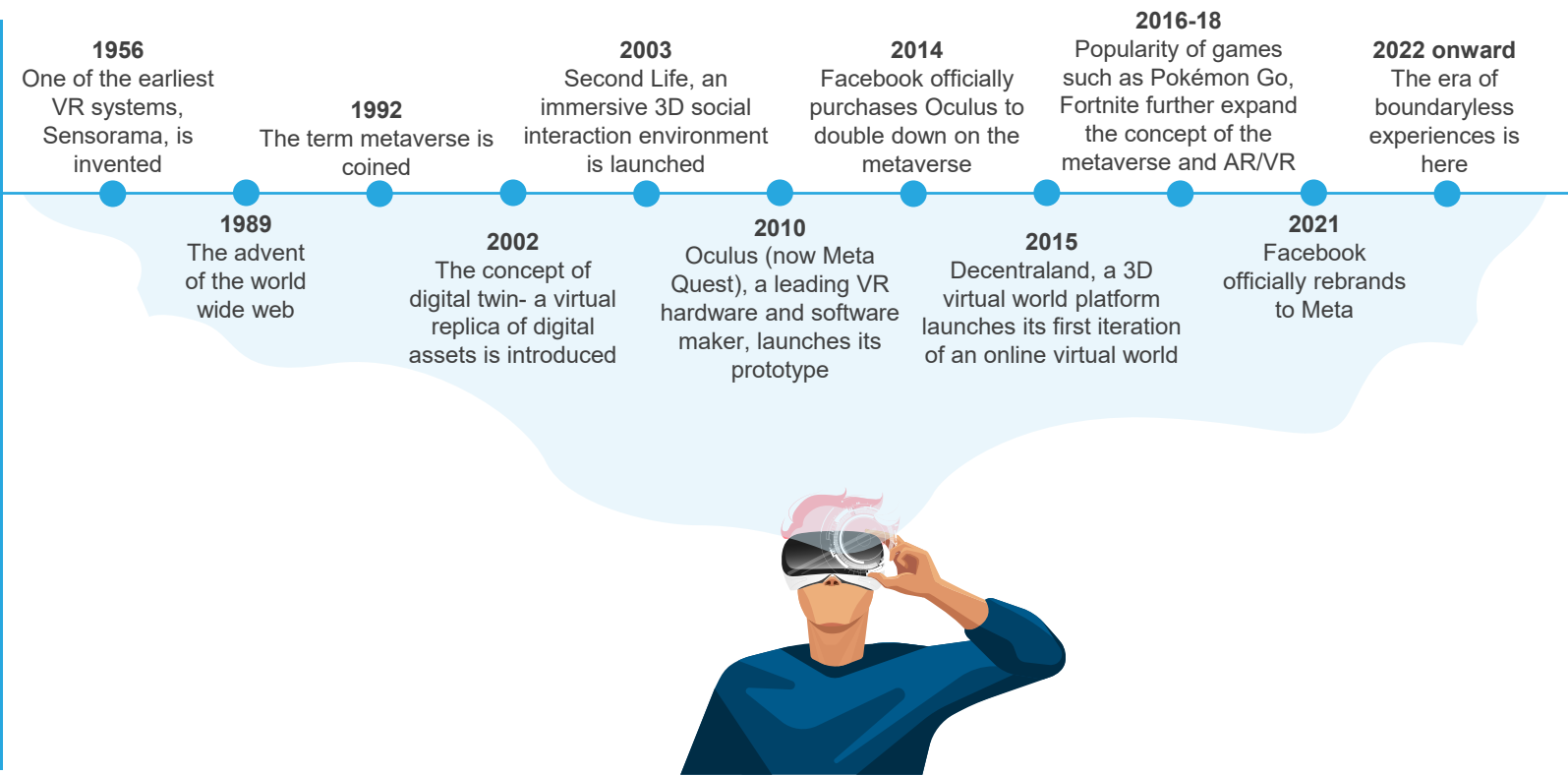
Understanding the public perception of the metaverse

The metaverse is not a novel concept itself; in fact, its origins can be traced back to early science-fiction novels and games, such as Sega VR1. The metaverse's precursor were the virtual world games of the 1990s, and the term metaverse itself was coined in 1992 by Neal Stephenson in his book Snow Crash. Exhibit 1 depicts a timeline of the metaverse.

EXHIBIT 1

The evolution of the metaverse

Source: Everest Group (2022)

1956
One of the earliest VR systems, Sensorama, is invented

1989
The advent of the world wide web

1992
The term metaverse is coined

2002
The concept of digital twin- a virtual replica of digital assets is introduced

2003
Second Life, an immersive 3D social interaction environment is launched

2010
Oculus (now Meta Quest), a leading VR hardware and software maker, launches its prototype

2014
Facebook officially purchases Oculus to double down on the metaverse

2015
Decentraland, a 3D virtual world platform launches its first iteration of an online virtual world

2016-18
Popularity of games such as Pokémon Go, Fortnite further expand the concept of the metaverse and AR/VR

2021
Facebook officially rebrands to Meta

2022 onward
The era of boundaryless experiences is here

While the metaverse is not an entirely new concept, not many are fully familiar with it. In fact, the World Economic Forum's survey of 21,000 adults from 29 countries reveals that 52% of respondents were familiar with the metaverse, while 80% were familiar with VR and 61% were familiar with AR. The survey also revealed that emerging economies are more excited about emerging technology than developed economies.

In terms of age groups, many believe that Gen-Z, or those born in the 2000s, are more excited about exploring the metaverse and related technologies. But at the same time, all generations prefer to have services and experiences that can positively impact how they view the world or how it can affect their lives. And the metaverse does just that.

It is widely believed that user-centric technologies profoundly sculpt users' behaviors. Users are increasingly adopting metaverse-based experiences and those who are not are starting to feel left out. As user expectations increase, enterprises will throw in more resources to further refine and innovate experiences.

Metaverse adoption by stakeholder experience

Traditionally, enterprises have focused on end customers. However, enterprise focus is now shifting to designing experiences for all stakeholders, including employees, partners, and the larger community. The metaverse has the potential to impact the entire stakeholder experience ecosystem, including commerce, content, marketing, entertainment, finance, gaming, and employee experience.

" The metaverse is here, and it's not only transforming how we see the world but how we participate in it – from the factory floor to the meeting room.

– Satya Nadella, Chairman and CEO, Microsoft

Exhibit 2 depicts the key components of metaverse adoption by stakeholder experience.

EXHIBIT 2

Key components of metaverse adoption by stakeholder experience

Source: Everest Group (2022)

Digital commerce
Marketing, campaign and promotions
Events/Entertainment
Assistance & support

Consumer experience

Collaboration
Strategy & planning
Virtual product development

Partner experience

Learning & development
Talent acquisition
Talent onboarding
Virtual meetings

Employee experience

Sustainable experiences
Participatory experiences

Community experience

Below we look at each of these stakeholder experiences in detail.

Consumer experience

In the metaverse, consumers occupy center stage because they form an important target group that ensures the metaverse's success. It is vital for enterprises to improve their offerings in the metaverse, which offers a platform to brands to design novel experiences for their end customers. Some of the metaverse's use cases in the consumer experience domain are described below.

Digital commerce

The COVID-19 pandemic drove the adoption of digital commerce and, in fact, transformed e-commerce enabled by virtual experiences. Consumers can now experience, try, and "feel" the products they wish to buy in the virtual world. The metaverse will facilitate a shift in the e-commerce industry from click-and-buy to experience-and-buy.

EXAMPLE

Charlotte Tilbury's virtual store allows consumers to virtually experience an immersive shopping experience from the comfort of their homes. Consumers can browse, purchase, get customized product recommendations and assistance, join live events, and view cosmetics and skincare demonstrations inside the virtual store.

The amalgamation of the physical world and digital experience – also known as phygital – is now progressing to developments such as providing products to a customer's digital twin or a person's unique avatar. This concept is called Direct-to-Avatar (D2A) – it bypasses the traditional marketing concept targeted at real consumers and sells virtual goods, physical items, or real-world experiences to virtual personas only. As and when D2A becomes popular, there will be a paradigm shift in the operating models of the B2B and B2C sectors.

EXAMPLE

Gucci sold a digital version of its Dionysus Bag with Bee developed for the Roblox marketplace for US$4,115. The virtual bag was on sale at Gucci Garden, a virtual world where consumers can explore and try on merchandise via their digital avatars.

Campaign marketing and promotions

Marketers can tap into the metaverse's vast potential to build an immersive brand using AR/VR technologies. By facilitating interaction and experiences with offerings and services like those found in the real world, brands can enable consumers to better connect with them. Marketing teams can create hyper-personalized virtual interactions for their target consumers by using first- and zero-party user data to create comprehensive consumer profiles. Brands can enhance their promotional tactics by launching limited-edition collectibles such as consumer badges or NFTs, as well as promote their products/offerings through virtual billboards in the metaverse and organize launch events or virtual celebrity catchups to enhance their campaigns.

The metaverse is raising the bar for multichannel marketing tactics. Immersive marketing can be a great way for enterprises to offer visual first-person experiences that may not be possible in the physical world. Marketing teams are taking notice of how strongly millennials and Gen-Z are embracing VR and AR. In fact, brands are launching their own metaverse branches to strengthen their connections with consumers in the metaverse.

With exponential growth in social media, influencer marketing is rapidly increasing in popularity among young buyers. The metaverse can be a great tool for influencers to interact with their audiences and demonstrate their products. Experiencing the products in real-time in the metaverse is likely to drive higher sales conversion than a basic visual display of a product.

Events and entertainment

The metaverse has the potential to expand the media and entertainment industry's footprint beyond traditional print, TV, mobile, and web operations and generate new revenue prospects. Just as YouTube and TikTok provide platforms to create content in the physical world, the metaverse does the same for the virtual world. A real benefit for entertainment content creators and enterprises in the metaverse is that they can engage with their audiences more closely, whether through their avatars or any other form not possible in the physical world.

In the future, virtual avatars may replace news anchors, and news itself may be replaced with virtual interactions. Consumers could even engage with and feel and experience the news in a virtual environment thanks to AR/VR and other immersive technologies.

In the entertainment space, the metaverse will provide digital spaces for creators and artists to work, communicate, and perform in a manner akin to real life. It will provide predictable audiences and engagements for artists and increase access and flexibility for users. In fact, MNCs such as Disney and NBA have already allocated resources to build services in the virtual world. Popular musicians such as Ariana Grande, Justin Bieber, Marshmello, Lil Nas X and Travis Scott have already taken the leap and performed in the virtual world. In fact, Travis Scott's Fortnite concert in the metaverse was viewed 45.8 million times by 27.7 million attendees. In the physical world, such a concert would accommodate a much smaller audience. Further, just like brands, artists can monetize their fan following by launching limited-edition NFTs and customized tokens, among others.

EXAMPLES

In virtual video games such as Football Manager, there are virtual billboards for Coca-Cola and Samsung. Additionally, virtual multiplayer game Fortnite and some racing games have in-game audio advertisements, which rapper and recording artist Nas used, to promote his new album, King's Disease II.

To allow consumers to try new products without leaving their homes, car manufacturers such as Porsche and Hyundai have developed virtual viewing areas and events at which customers can take a virtual tour of their cars.

Employee experience

Today, organizations are not only focusing on customers but also their employees and making use of the metaverse to enhance employee experience. Below we take a closer look at the various aspects of employee experience that the metaverse can influence and impact.

Virtual meetings

Employers can leverage the metaverse to create more immersive experiences for their employees; such experiences will be geography and team agnostic and allow staff members to socialize, collaborate, and perform their tasks well. The metaverse can gradually help realize the idea of holoportation or interacting with 3D holograms of people in a manner akin to interacting with their actual selves in real-time and allow organizations to provide a virtual environment where employees can attend meetings as their virtual avatars from different locations and offices globally. Meetings in the metaverse offer much higher participation and interaction. The metaverse also can provide virtual environments for visualization or demonstration that might not be possible in the real world.

Talent onboarding

The metaverse can also help improve the employee onboarding process. For example, Bank of America has allowed the use of AR/VR to train its new employees in the metaverse. Another case in point is Globant, which is implementing a 360° onboarding process using VR. Beyond onboarding, enterprises can utilize the metaverse for career development bootcamps, sales and communication training, and performance improvement plans.

Talent acquisitions

Firms in the metaverse can host virtual job fairs to engage with graduates and school dropouts. By providing an extraordinary and exceptional candidate experience, organizations can attract, identify, and engage high-potential individuals. They can promote themselves in various ways, while potential candidates can improve their employment chances.

Learning and development

The metaverse can replicate real-world situations in a virtual environment, thereby allowing enterprises to implement L&D programs for employees. In many sectors, such as manufacturing, construction, energy, and mining, training employees could involve high risk and costs. Additionally, certain kinds of training involve complex situations that are difficult to replicate in the real world.

The metaverse can provide a safe space to carry out such (especially safety and hazard) training by replicating emergencies that are usually risky to try out in real-life conditions. The virtual environment can address multiple requirements and situations, as enterprises have the flexibility to test out different training scenarios that might be difficult to test in the real world.

Events

Enterprises can also use the metaverse to host large business conferences and seminars. The metaverse can provide a real-world like environment with no limit on the number of attendees.

EXAMPLES

Microsoft's Mesh enables people to connect from anywhere and on any device through mixed reality applications. It is designed to make online meetings more personal and engaging. Users of Mesh for Teams can take their avatars into these spaces to share ideas and collaborate on projects.

Services such as Virbela enable people to collaborate, learn, meet, and train in a realistic virtual environment. One can communicate with coworkers as in the real world through this 3D platform.

Partner experience

Collaboration

The metaverse can help reimagine the partner experience ecosystem by bridging the gap between the physical world and the digital world. A strong partner experience benefits both suppliers and consumers, as it can help develop strong ties with partners, increase efficiency, and enhance trust and transparency.

Strategy and planning

The metaverse can be of immense use for suppliers and consumers alike, as it provides a virtual world where people gather to discuss and formulate sales plans, growth forecasts, limitations and bottlenecks, and strategies. It also offers an interactive way to visualize network maps and inventories, try out last-mile deliveries virtually, and test various storage options to find the best fit.

Societal experience

Sustainable experiences

The metaverse can provide travelers a taste of real-world experiences and destinations, including checking out hotel rooms and monuments. Such experiences can help to significantly reduce carbon emissions, as people can enjoy immersive experiences from the comfort of their homes.

Inclusive experiences

In the metaverse, people of any age, race, religion, gender, color, ethnicity, or economic standing can participate in experiences in the form of avatars. For example, an 80-year-old woman can fulfill her dream of climbing the Mt. Everest or a terminally ill patient can explore the deep underwaters. In fact, brands can display and promote social awareness messages via billboards in the metaverse.

Furthermore, the metaverse and sustainability go hand in hand. When consumers substitute physical products with digital items in the metaverse, they cut down on physical waste. When the travel and tourism sector employs AR/VR to provide vacation experiences to consumers, the carbon emissions due to travel reduces as people can experience the ' vacation feel' from the comfort of their homes. In fact, offices can cut down on carbon emissions by organizing virtual meetings and events. The metaverse can also depict the future of our planet, which can help step up conservation and environment-friendly strategies.

To conclude, the metaverse holds potential for various stakeholders, industries, and use cases, which is driving up its adoption among consumers, employees, partners, and the larger community. Next, we look at some of the key industries leveraging the metaverse.
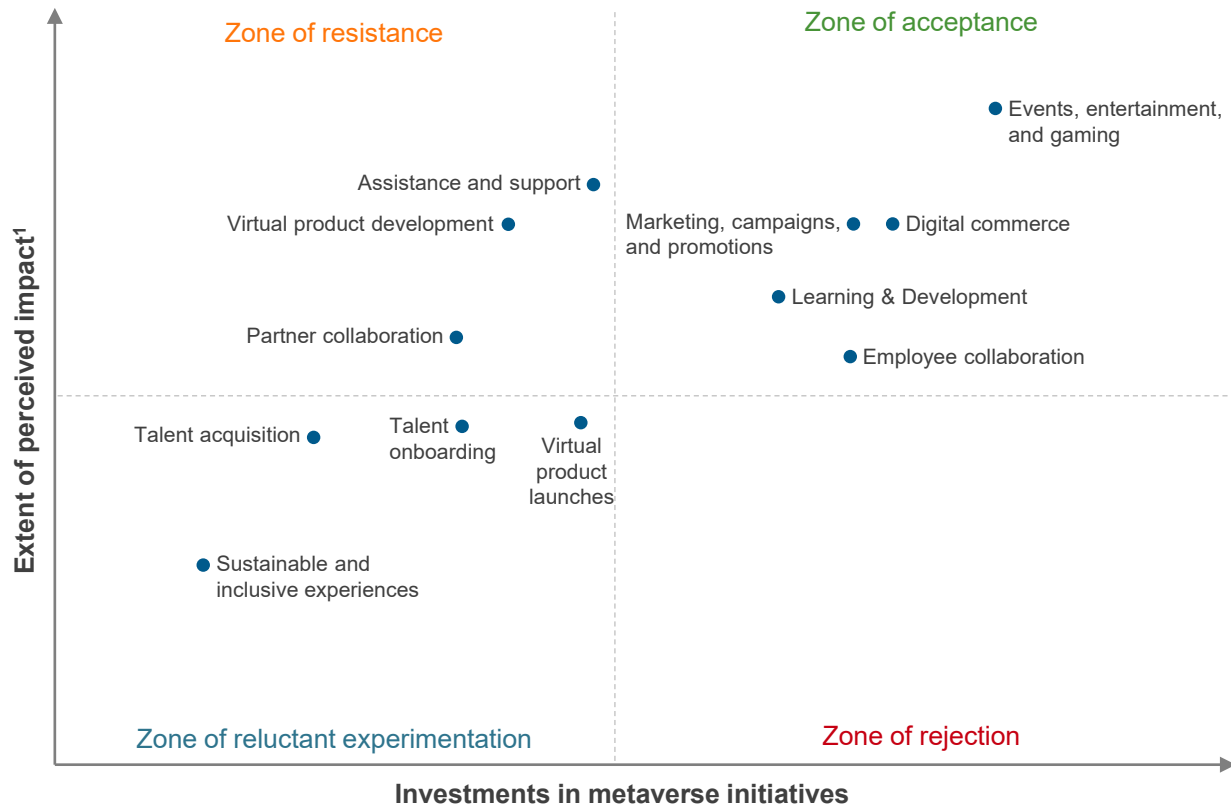
Metaverse adoption across industries and use cases

Industries are the forerunners in adopting advanced and latest technologies. They are taking cognizance of consumers' increasing interest in the metaverse and preparing to incorporate the metaverse in their service lines. Exhibit 3 shows the adoption of metaverse across the various use cases and their relative investments and perceived impact

EXHIBIT 3

Metaverse adoption across the various use cases

Source: Everest Group (2022)

Below we take a closer look at metaverse adoption by industry.

Healthcare

Applications of the metaverse in healthcare can greatly enhance patient outcomes by creating new avenues for the delivery of treatment and medicines. The metaverse can enable remote monitoring and telemedicine for patients with limited access to medical treatment. In healthcare, patients can interact with their doctors virtually and get advice or even a demonstration of a surgical procedure. Meanwhile, doctors can interact and train for complicated cases and surgeries in a virtual world.

1   Impact is measured in terms of the ability to drive efficiency (in operations/processes to extract productivity gains), effectiveness (direct impact on the top line/bottom line), and experience (enhanced stakeholder experience)

Travel and leisure

The travel, leisure, and hospitality industry has adopted the metaverse to provide customers an interactive experience of various travel destinations and tourist hotspots from the comfort of their homes. The metaverse can provide travelers a taste of real-world experiences such as virtually touring scenic destinations and checking out hotel rooms and even monuments. VR and AR technologies can enable interactions with virtual agents for booking, similar to those in a brick-and-mortar establishment. For instance, the Louvre Museum in Paris now employs VR to enable people to tour the museum, including Leonardo da Vinci's iconic Mona Lisa, form the comfort of their homes.

Airlines are also venturing into the metaverse by launching VR-based experiences, which allow customers to experience aircraft interiors, seating, check-in processes, and more in the metaverse. Airports are also catching up, with UK's Heathrow airport launching a metaverse-based duty-free shopping experience and India's Bangalore airport launching a phygital area for travelers to shop and entertain themselves.

BFSI

The lure of the metaverse has led leading financial enterprises, such as Citibank, JP Morgan, and HSBC, to experiment with its possibilities. In fact, Citibank is considering decentralized finance to automate banking functions such as lending, borrowing, and insurance.

Decentralized technologies such as NFT, DLT, and Web3 provide a robust infrastructure and a secure trading method. Banks can reinvent their services and how they interact with clients by using immersive technologies such as AR, VR, and cryptocurrency. In fact, the rising adoption of crypto and NFTs has led to a boom in the use of metaverse-related tools in the financial sector. Both financial and non-financial enterprises are increasingly adopting these payment methods to increase their consumer base. These technologies, including the metaverse, will enable such organizations to offer immersive experiences to customers and stakeholders and open avenues to connect with new audiences.

Retail, distribution, and CPG

An industry in which the metaverse is starting to make an impact is retail, distribution, and CPG. CPG brands have started to take cognizance of the metaverse by introducing new touchpoints, omnichannel experiences, and metaverse-related offerings. They have started hosting virtual product launches and demos for end customers.

For example, Heineken launched its new line-up of Heineken Silver beer on the Decentraland metaverse by building a virtual bar where visitors could attend the launch event and taste the beer (virtually).

Other areas of adoption

Manufacturing enterprises are adopting the metaverse for the 3D modeling, design, and development of products and to train and equip their employees quickly, efficiently, and safely in the virtual environment instead of the physical world.

An emerging concept is metaverse education, which would allow parents, instructors, and students to communicate with one another through virtual characters in a videogame.

EXAMPLES

Siam Commercial Bank is the first banking organization to establish a corporate office in The Sandbox. The area is divided into three zones: a) a virtual hub for gatherings and information exchange, b) a virtual land, where related entities can interact while working on a project, and c) a hub, which promotes regional artists through an NFT gallery, an NFT marketplace, and virtual performances

- Gucci's Vault has partnered with a Web3 firm, 10KTF, to create fashion accessories in the virtual world and NFTs called Gucci Grail. Gucci is a leader in the adoption of Web3 and metaverse technologies and has been developing virtual real estate in The Sandbox. Adidas has also partnered with Gucci in the metaverse space and is developing its real estate in the metaverse

- American low-cost airline JetBlue is utilizing the metaverse and virtual reality to train its technicians. Training on real aircraft requires more resources and time, and the virtual environment offers the same, if not more, benefits in a more efficient and low-risk environment

- South Korea has announced a five-year Metaverse Seoul Basic Plan, which will begin by creating a virtual Seoul City Hall, plaza, and civil service center. The objective is to provide civic freedom, participation, engagement, and communication

- Leading car enterprise Hyundai has announced metamobility, a virtual space in the metaverse where robotic devices interact with humans to provide a broad range of mobility services – from automated individual transportation to remote control of robots in smart factories

" I don't see someone strapping a frigging screen to their face all day and not wanting to ever leave.

– Elon Musk, CEO, Tesla

Concerns with the metaverse

The metaverse journey is not a joy ride. It is a roller-coaster ride with its own highs and lows. In fact, it has as many detractors as adopters and fans.

Despite its popularity, the metaverse is accompanied by several concerns. Below we look at a few of these concerns.

Social concerns

Many are concerned about any potential mishaps that may happen, particularly with children, women, and young people, in the metaverse. For instance, a woman's virtual avatar was allegedly harassed by a group of men in the metaverse, with her only option of escape being to switch off the power.

Another source of worry is that, as new technologies emerge, the elderly will find it difficult to adapt to the changing technologies and will be left behind. Some also opine that spending more time virtually will reduce human interaction.

Regulatory frameworks and content moderation

Content moderation in the Web 3 world, including the metaverse, continues to be a gray area. Web 3 includes technologies that avoid censorship and surveillance and can be used to sidestep regulations and laws. New regulatory frameworks will have to be built to govern the internet's evolution without compromising user privacy.

Further, VR adoption remains low among consumers due to the high cost of high-end devices and a steep learning curve, among other reasons. Therefore, even with relevant investments, enterprises will be able to engage with a relatively small audience, at least initially. The only upside is that the engagements will be longer, thanks to the hands-on and immersive nature of VR to compensate for a smaller audience. The launch of a metaverse-friendly CX requires significant investments and technical skills. It is no coincidence that enterprises that are currently venturing in the domain are industry leaders. Despite the platform's democratic nature, enterprises face barriers to entry related to technical skills, risk appetite, and investment costs.

Going forward, enterprises should carefully evaluate how relevant their presence might be in the metaverse and use the platform strategically to further their businesses. In the next section, we discuss a step-by-step roadmap that enterprises can follow to stay relevant in the metaverse space.
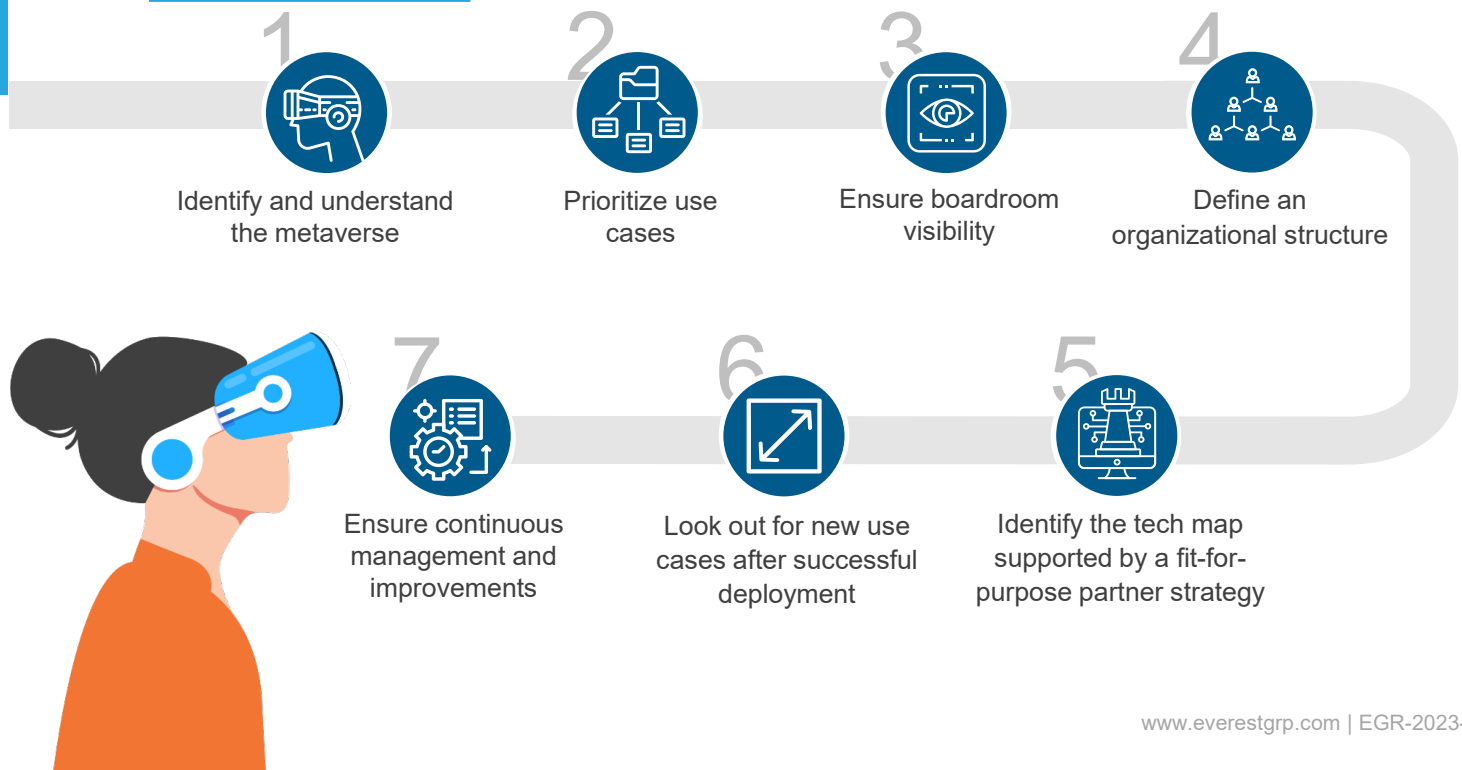
Recommendations for enterprises

Enterprises should follow a strategic roadmap when venturing into and expanding their presence in the metaverse to realize value from their investments. In Exhibit 4, we depict a comprehensive roadmap that enterprises should follow when investing in the metaverse.

EXHIBIT 4

A comprehensive roadmap for enterprises to maximize their metaverse footprints
Source: Everest Group (2022)

1. Identify and understand the metaverse

2. Prioritize use cases

3. Ensure boardroom visibility

4. Define an organizational structure

7. Ensure continuous management and improvements

6. Look out for new use cases after successful deployment

5. Identify the tech map supported by a fit-for-purpose partner strategy

Below we take a closer look at each of these steps.

Step 1: Identify and understand the metaverse

Before jumping on the metaverse bandwagon, enterprises should gauge the potential of the metaverse with respect to the industry in which they operate or want to expand. They need to understand the metaverse, industry trends, and the underlying public sentiments. They should also carefully weigh the potential pros and cons of adoption. Further, enterprises should not think of investing in the metaverse from a short-term perspective; they should consider the long-term RoI benefits from their metaverse investments.

Step 2: Prioritize use cases

Once the initial assessment is completed, enterprises should determine relevant use cases that they want to target and build for. This shortlisting could be based on an alignment with the business offerings or if the enterprise considers that space to have future growth potential or even just have an interest in entering a particular space.

The use cases can range from developing gamified experiences in sectors such as commerce, education, fashion, real estate and customer support to providing legacy physical services such as banking and financial services to metaverse consumers and digital wallet holders.

Step 3: Ensure boardroom visibility

It is essential for an enterprise to have serious boardroom discussions and buy-in from the C-level executives to achieve best possible results from their metaverse offerings. A proper roadmap must be developed, with resources allocated for the adoption and integration of the metaverse and Web 3 technologies into the enterprise ecosystem and value chain.

An enterprise may either choose to develop in-house expertise to venture into the metaverse or take the inorganic route by fund allocation or loans for acquisitions or go ahead with seed funding for next-generation Web 3 start-ups.

Step 4: Define an organizational structure

Enterprises must also chalk out an organizational structure and allocate responsibilities to prevent the overburdening of resources and ensure that appropriate resources, time, and strategies are focused on the enterprise-selected use cases. Enterprises can task a CXO or hire a C-level executive to oversee the blueprint, financials, and implementation of the metaverse and Web3 projects.

Step 5: Identify the tech map supported by a fit-for-purpose partner strategy

After the roadmap has been finalized, enterprises should assess and choose a tech vendor and a technology system integrator. To operationalize the metaverse, enterprises will need to develop the core infrastructure, such as server, cloud, 5G and other enabling infrastructure components, to power the metaverse, as well as develop the virtual spaces and platform where users interact, trade, engage, and socially interact. Additionally, enterprises will need access to mixed reality devices, along with development and creator tools such as digital twins, 3D modeling, data and AI, and virtual assets. All these must be complemented with robust security, controls, and framework for the metaverse.

To operationalize this framework, enterprises can partner with tech vendors for knowledge and system integrators for implementation or choose a system integrator that offers a platform-based solution. There will be a need to have a fit-for-all strategy.

Step 6: Look out for new use cases after successful deployment

Enterprises should be on a constant lookout for high-potential use cases. The earlier an enterprise starts evaluating the market, the better prepared it is with strategy and fund allocation.

Step 7: Ensure continuous management and improvements

It is not the end of the road when a product or service is released but just the start. Enterprises need to continuously work on user feedback to improve experiences and rectify shortcomings. Enterprises need to make their services and products more refined, efficient, and secure, with a strong focus on UI/UX development to ensure appropriate content and options. Laxity in supporting deployments can have serious consequences, both in terms of end-customer sentiment and organizational finances.

Conclusion

The metaverse holds tremendous potential to impact the entire experience ecosystem. While the boundaries of the metaverse are still being defined, an early mover advantage can provide a sustained momentum to enterprises, investors, and platform enablers. The next few years will be crucial to test metaverse adoption, with enterprises across industries running pilot programs and addressing growing data and security concerns. The metaverse's true potential will be realized when it will seamlessly bridge the gap between the real and virtual worlds, make meaningful connections, and maximize the value for all participating stakeholders.

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For more information about Everest Group, please contact:

+1-214-451-3000
info@everestgrp.com

For more information about this topic please contact the author(s):

Nisha Krishan, Practice Director
nisha.krishan@everestgrp.com

Aakash Verma, Senior Analyst
akash.verma@everestgrp.com

Sonal Bera, Analyst
sonal.bera@everestgrp.com