



Department of marketing

TESI DI LAUREA MAGISTRALE

What is the metaverse and how is it shaping the future of Marketing; the role of cultural codes in virtual experiences. A cross cultural case study

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Summary

The recent development of groundbreaking technologies is rapidly changing the way consumers think and act. Consequently, the penetration of new media channels like augmented reality (AR) and virtual reality (VR) is having a huge impact on several marketing practices and driving attention towards its implementation, effect on consumer's mind and behavior both in the virtual and real world. The total market size for virtual environments is expected to reach 300 billion U.S. dollars by 2024 (Alsop, 2021) showing that it can give new market opportunities and thus, be further explored. Nowadays there are blurry lines between the physical and virtual world and new ways for social interaction are emerging after the covid-19 pandemic, which does not seem to vanish but rather rise and continue to grow. Several companies are turning into digital experiences to connect with customers and expand their customer base by using web 3.0 and virtual technologies (Boyd and Koles, 2019). There are different ways to implement virtual experiences and metaverse platforms are one of them and the main topics treated and studied in this master thesis. The purpose of the research is to define and conceptualize metaverse platforms and discover how it is shaping the future of marketing. At the same time, investigate how marketing managers are adopting this new technology and how to address the important sociodemographic variable of cultural and social codes when implementing virtual reality experiences.

This summary will include a short recap of each chapter and highlight the main findings.

Technological developments and innovation are changing the way consumer experience the real and the virtual world, therefore Extended Reality (XR) technologies are becoming an interesting marketing tool for marketers with good interactive capacity and innovative content. In the present research I refer to these cutting-edge technologies Virtual Reality (VR), Augmented Reality (AR) and Mixed Reality (MR) to be the most used types of extended reality to create virtual experiences. I focus mostly on VR and MR and exclude AR.

Vr and virtual environments can be described as *“When the participant-observer is totally immersed in a completely synthetic environment which may or may not mimic the properties of a real-world environment”*. (Milgram & Kishino 1994). To understand the meaning of virtual reality technology, I define each of them and refer to Milgram and Kishino virtuality continuum. The reality-virtuality continuum encompasses the real environment (RE), AR and augmented virtuality (AV) before reaching the virtual setting. AR is superimposed on the physical environment, AV is when reality overlaps virtuality, a totally virtual environment where some real objects are overlaid. Lastly, virtual environments are completely computer-generated environment in which objects do not exist but are displayed on a device, where users interact in real time through a technological interface. Mainly, they have recently been used to create virtual customer experiences. Each technology produces different customer experience, and therefore, very important to be able to differentiate them.

Other three important key aspects that need to be addressed are discussed when it comes to implementation of a virtual experience. Presence, immersion, and interactivity. *Presence* refers to the environment however, its concept is complex, multifaceted, and largely discussed in the literature based on the nature of its development. *Immersion* is connected to the latter and refers to the sensation of being in an environment, this can be two-folded; a mental state or a physical immersion which can be accomplished using physical media and *interactivity* is the user's capacity to modify and receive feedback to their actions in the reality where the experience is taking place influenced by engagement level and the value of co-creation.

I provide a tool called the epi cube that aims to help managers to decide which medium and technology utilize to design a virtual experience. The epi cube addresses the different levels of presence, immersion, and interactivity each technology can provide, and therefore a useful framework to classify XR technologies.

Innovative and novel technologies come often with challenges, risks and negative sides. I provide an overview of the challenges the implementation of a VR campaign may provoke for both companies and for customers. From a company's point of view, VR is at a very early stage and linked to uncertainty, time consuming and less reliable. VR might decrease interest in actual reality and lead to cannibalization. VR technologies are costly and require of technical competence. Lastly, such interactive platforms might threaten the brands image. For consumers, I highlight the low levels of adaptability, its accessibility, and the risk that it does not meet their expectations.

There are many aspects to consider if a virtual reality strategy is going to take place. Therefore, I also include the customers resistance and acceptance focusing more on the specific phenomenon of metaverses and its market entrance. Metaverse platforms can be classified a part of the virtual reality continuum. However, consumers do not understand the term "Metaverse" and may desire to abstain to it. For instance, the recent change of name from Facebook to Meta, which the media have made huge emphasis on. The change seems to be related to virtual reality and new XR technologies Zuckerberg want to implement but are not ready yet. Adopting a name that reflects future potential capabilities and that might not be useful in the near time horizon is causing confusion and could disappoint people and their trust in the company (Ghaffary,2022). However, rebranding the brand into meta is also a sign of innovation and might get greater attention from different customer segments i.e., gen Z and uncover new revenue sources. Good processes in place will pave the way for new revenue streams. The transferability barrier is an issue, almost like high switching costs. Transferability from one platform onto a new one might generate high switching cost and customers might perceive it as time and energy consuming and unnecessary.

Metaverse platforms are often called the initiation of the web 3.0 called also for the web of decentralization, where there is no center for data storage - providing an environment where three-dimensional design is allowed

(Kim, 2021). The rapid development of technologies has enabled high levels of reproduction of environment, objects, and persons where the different types of virtual realities have gained position and are becoming more and more popular. «*The metaverse is the term for a collection of virtual worlds. Think of the metaverse as the universe for virtual worlds. But what are these virtual worlds? Virtual worlds exist in virtual and augmented reality apps and games, where everything happens virtually*» (Jewiss, 2022). It is almost as the user can go inside the internet. Metaverse platforms allow marketers to create all kind of environments and immersive experiences. Brands have discovered new revenue streams on the virtual world making the digitized future of marketing more interactive, more embodied and certainly more multimedia

Metaverse platforms can actually be classified as a modern VR marketing trend. VR and metaverse platforms are not as new as they sound, but it has been aligned with the rise in technology creating advanced and more real experiences. New trends show that customers can experience high levels of immersion, interactivity and vividness through smartphones, computer, iPad or by using tech wearables like glasses. They can participate in concerts, events, challenges, try new products and services, etc. Many industries are exploring the platform and providing different experiences i.e., 11% of all museums, galleries and similar cultural institutions in Italy are already using VR tools to provide better customer experiences for instance the use of VR glasses to view digital information superimposed onto the piece of art. (Verhulst et al. 2021, Flavian et al. 2019). Retail stores like Vans (Vans world) and Ralph Lauren (Beverly hills virtual store) are launching virtual stores and shopping malls with panoramic views and gaming possibilities as a unique branding feature. It is also becoming popular to offer digital collectives (non-fundable tokens NFTs) where users can own digital assets (music, art, clothing, real state, etc.) that remain unchangeable until they decide to sell. NFTs can be defined as digital asset that represents real-world objects like art, music, in-game items and videos (Conti & Schmidt, 2022).

The opportunities virtual experiences for marketing practices are infinite, but its evolution is still a work in process. The branding process through 3D metaverse platforms as I called it in this research constitute chapter two and include a detailed review of metaverse nature, models and theories and important concepts to understand the possible outcome, evaluate objectives and key elements to consider when designing a CX.

Branding through virtual experiences is proven to have a positive effect on consumers' engagement, purchase intention, enhancing customer experience and to be successful when tapping into new segments like gen Z (Farah et al. 2019). However, there are many marketing opportunities, different applications, and sides of utilizing such approach that companies should consider before deciding whether it is a marketing fit or not.

I provide an overview of the areas where metaverse platforms could be useful together with examples and cases.

Brand management: The presence of brands in virtual worlds can generate viral **brand awareness**, foster trust, create association, and strengthen brand equity. One way of achieving the latter is to drive high levels of interactivity and capturing attention i.e., Nike partnered with Roblox to create Nikeland, a virtual space where users could play tag and dodgeball with the purpose of introducing its new goal of “*turning sports and play into a lifestyle*” and to increase brand recognition (Lucatch, 2022). The latter marketing strategy starting point was personalized customer experience, generating 7 million visits around the world and a 5 % revenue increase reaching 10.50 billion \$. The president and CEO, Donahoe stated that they are working on several innovative ways to connect with consumers, letting them unlock virtual experiences and rewards as they expand access points to Nike across digital ecosystems (Stimolo, 2022). Gucci launched the Gucci gardens experience, a replication of its flagship store in Florence, an immersive experience followed by the launch of a virtual collection of Nfts where users could purchase clothing items for their avatars. Metaverse spaces are a channel where brands can drive sales, **engagement** (i.e., Wendy in Fortnite and twitch generating an increase of 119% mentions across social platforms), target new customer segments (i.e., hyper segmentation) and make statements about new core values or new product categories.

2) Product development: Data from virtual worlds may be useful to understand customer needs and expectations. In the metaverse world the process of mining customer behavior may refer more specifically to “Avatar journey analytics” since it is an individual controlling an avatar. A real person is behind the user, but it may own many different virtual identities. However, by analyzing age, gender, occupation, or preferences marketers are able to drive precision marketing, spot new trends and build profiles that might be useful for targeting or for **hyper segmentation**. The data storage and retrieved from virtual spaces can also be used for product development. Industries are creating and previewing products online allowing the users to test tweak items, discarding the ones less liked. The insights such testing is giving allow managers to design products that meet the customer needs by using less resources and **lowering cost**. Companies like Dolce Gabanna and Balenciaga launched an entire digital collection where users were able to pre-order then based on the information collected, the pieces were manufactured according to the pre-orders. Exclusivity and expectations are met, also sustainable behavior can be claimed when overproduction and unsold goods are avoided being those who have become a concern for environmental cost connected to the industry (Ageeva, 2022). By studying carefully which options and combinations made by the users playing the game, brands can better understand and learn what resonates best with which group of customers and adjust the physical offerings accordingly.

3) Sales: Perhaps, direct sales may not be at the front and center yet, but they can surely revolutionize how marketers cope with the customer journey at different points from attraction, consideration, engagement, and acquisition. Regarding the attraction of new and old customers, the ability to capture and keep customer attention is key. **Real time segmentation and hyper-personalization** in metaverse platforms may provide

marketers with the right tools to individualize experiences that customers highly value in any given moment. A combination of analytics, segmentation and engagement can give marketers the chance to adapt to quick changes in customers behaviors, preferences, interest and always be a step ahead. **Higher conversion rates and engagement** are also mediators of sales and therefore key objective achieve.

A key aspect of performing marketing is to link marketing practices to performance outcomes, therefore I emphasize the importance of how metaverse platforms may contribute to the company's bottom line. Moreover, when the technology is as novel and innovative as metaverse and VR it is also necessary to study its nature and all the possible outcomes it may bring for the consumer, the market, and the companies. I provide an overview of the tetrad model and conclude with 4 interesting statements. The metaverse enhances experiences beyond physical and time boundaries, digital economies, and connectivity. It reverses social disturbances and addiction, cyberbullying, GDPR and information overload. It obsolesces social media, traditional data, social distance, and mobile internet. And lastly it retrieves online communities and video games.

The TAM model was also presented, to emphasize that new technologies are always difficult to adopt and mediated by several external factors. I consider only a few since the research of all the possible external factors affecting VR and metaverse acceptance might take at least a whole scientific journal. The variables studied were self-efficacy, social influence, curiosity, perceive pleasure or perceived fun, price.

I finalize the second chapter with an interesting question. Where is the metaverse heading?

It is confirmed that metaverse platforms are far from reaching its final phase, however even though it is still at a very infancy stage, its popularity is rising and therefore becoming a hot topic among practitioners and researchers across industries, a tool constantly being used more and more for different purposes. The marketing field is one of the industries subject to big changes when new technologies arise, therefore I am to study the metaverse phenomenon and how it might be changing the way marketers think and act, the main important features to be considered and the impact of cultural differences. The expansion of the internet and globalization play a key role when designing a communication strategy, its reach is no longer delimited to a specific region on the contrary, it breaks borders between countries and extends it to foreign clientele. My research question is then formulated as the following:

“What is the metaverse and how is it shaping the future of marketing? How can a sociodemographic variable like cultural codes affect the perception and implementation of a virtual experience on the metaverse?”

Chapter 3 includes the methodology and case study. The previous chapters contribute to answer the first part of the question. In order to map the current position or stage the metaverse is taking in marketing practices I interviewed marketing managers in relevant position to make important decisions as for instance technology transformation or the introduction of new marketing channels to the current marketing strategies. I conducted a qualitative research consisting in investigating the personal point of view, perception, and knowledge of top managers in marketing about the rise of metaverse and VR in the market.

The second method utilized is a marketing tool called brandscape which means detailed semiotic research of a brand-as-product, the brand-as-organization, the brand-as-person, and the brand-as-symbol. A brand scape is mainly based on advertising and the message the brand is giving to all the stakeholders (i.e., YouTube/Twitch campaigns, social media posts, print ads, sponsorships, PR stunts, website, etc.), but it also includes a deep study of the corporate culture, product line and pricing strategy and not just advertising. A case study of a specific brand may shed a light of how to cope with a new platform like metaverse in the marketing field, gain greater understanding of it, guide managers and reduce the potential of biases. I chose to perform a case study of the brand Wendy's company in relation to the cultural background, emergent and dominant codes, emotional territories, and the meanings of what the brand is communicating (Oswald, 2012). I aim to study whether it is possible to maintain a solid integrated marketing communication plan when the marketing strategy includes metaverse platforms and VR technologies and how can cultural codes affect its implementation from a strategic point of view. This case study involves a deep but concise research of the brand heritage, brand legacy and core values, followed by a short competitive analysis between the brands that are direct competitors, an analysis of recent marketing campaigns launched in the metaverse and lastly a detailed decomposition of the cultural codes that might have an impact in the design of marketing plans within the specific industry

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After I performed the interviews and did the semiotic analysis I proceeded to analyze and discuss the results. Chapter 4 includes a deep discussion of both qualitative research and the semiotic analysis.

The in-depth interviews revealed interesting insights about five topics: Awareness and knowledge, acceptance, skepticism, application, and expectations. For each topic I provided a short but concise explanation of its relationship and the reason why it was constantly repeated during the interviews. To conclude, the overall perception of marketing managers regarding VR and metaverse platforms is an interesting futuristic technology, able to provide both customers and companies with several useful tools and beyond physical boundaries that the real world does not allow. Its value is recognized, together with the infinite possibilities to gain competitive advantage by employing it, but the willingness to start a technology transformation towards it, is missing. The knowledge and experience are limited, creating a wide bridge towards technology transformation. Specially, medium size companies do not see it useful nor valuable yet, and pointer bigger companies or nice industries to have greater probabilities to earn benefits and profitable return on investment. A forecast of the timeslot from the managers in question, is between 4-5 years. The prevalent attitude was to wait some years, in order to gain certainty and to be sure whether the platform will fit the business model and brand identity.

The case study and brandscape revealed 2 key findings.

- 1) The design of a virtual campaign on an external platform own by others (i.e., Roblox, Fortnite) might give the brand broader opportunities to obtain virality and facilitate the process to convey brand meanings that not only include social, cultural and personal associations connected to the brand but also satisfy the customer symbolic need. One important feature is the limited timeframe of a virtual experience, it is temporary and therefore less risky for the brand in course if the outcome might change direction and fail to fulfill its objective. Wendy's managed to convey their core value of fresh and quality food, while maintaining its brand essence and meeting Gen z where they spend time the most. The environment, the plot, the avatar conveyed an integrated message while it was creative, entertaining, and interactive.
- 2) A virtual space or platform uniquely owned by the brand is more challenging and difficult to manage. There are many other factors affecting the performance of the web than cultural and social codes. A brandscape is less useful if the brand is aiming to target the global user. If it is the case like Wendyverse, then managers should take into consideration all the emergent, dominant, and residual codes that are prevalent for the segment in question. The visuals, images and brand meanings may not be as highly communicated nor have the same reach, impact, and level of engagement. Nevertheless, cultural, and social codes are of huge relevance to understand customer behavior and may guide managers to choose the right channel and medium to reach their customers. McLuhan stated in his theory that the medium also conveyed a message and this study partly agrees with it. Even though the combination of connectivity, technology and webs evolution are cutting distances and changing customer behavior

into a more unified worldwide culture, traditions, beliefs, environment, and language still influence how consumers perceive a message and how brand meanings are stored in their minds. Marketing practitioners should still construct the marketing strategies based on a specific target, demographics, lifestyle, and cultural context.

As all research, the results are subject to specific conditions and scope and therefore limited. I discuss its limitations and strengths and then elaborate to extract the main managerial implication the results imply.

For the in-depth interviews, the data is less measurable since it comes from direct sources and concrete numbers and percentages are harder to retrieve. Another limitation of the current research is the limited answers some interviewees provided due to their low level of knowledge and experience within the topic affecting the final results. As almost every research published in the literature, the results cannot be generalized to describe the perception and knowledge of all marketing managers. Which stage VR and metaverse platforms have in the market vary indeed from geographic locations.

A strength is that it allowed to provide relatable stories, perspectives and even quote important contributors directly. It also allowed me to narrow down the questions even more with participants that seemed to be more familiarized with the topic and collect valuable information, useful to map possible future research directions. In addition, lots of qualitative data from the interviews enabled me to avoid embellishment and maintain the integrity of the content.

Regarding the brand scape, the study provided an in-depth understanding of Wendy's course of action for the last 4-5 years and its approach to novel virtual technologies. However, as stated before this research focused on two specific and prominent cases; Fortnite and Wendyverse and therefore the analysis and results might be limited to a specific sector and marketing channel. Wendy's belongs to the fast-food industry and how they choose to perform branding may differ from other types of industries. The fast-food industry thinks and may evaluate different aspects and codes compared to luxury retailers or automobile brands when designing its communication plan. Therefore, additional research efforts might need to validate if the research results can be transferred and applied to other product or service categories.

First, Marketing practitioners are confronted with many technologies, this study provides a detailed description and definition of virtual realities and metaverse platform, a clear overview of its composition and origins, key features that need to be addressed when implementing, a set of tools and models that will help them map the possible outcome and the technology acceptance. Thus, the research provides managers with key and relevant

information, useful when they find themselves assessing the right channel or approach for the marketing strategy. The choice about which technology is the most suitable technology to achieve their business goal is then easier.

Secondly, this study shed a light about the infinite usage virtual technologies have in marketing and across industries. Brand management, product development, sales, customer experience, etc. It may serve as encouragement to push marketers to experiment and try new technologies. Innovation is key to drive engagement and attention. As it may encourage brands to take advantage of metaverse early stages and join in shaping its final form it will also inform about the risk and negative downsides it may bring. It provides with unbiased information about this technological phenomenon.

Thirdly, It confirmed the existing statement of cultural codes being a primary factor to consider when developing a brands, brand positioning and ongoing brand management. The usage of new technologies does not change how consumers perceive brands; they are more likely to affect how customers behave. The brand meanings need to be encoded and decoded in order to fit the changes in their social and cultural environment and viewing brands in a social-cultural context helps with consistent communication choices and strategic planning. Consistency is, however, harder but not impossible to achieve when virtual experiences are utilized.

Lastly, the research did not only provide knowledge about current perception marketing managers have about the metaverse and how willing they are to implement such technology, but it also provided information for the professionals working in the metaverse business, in charge of selling VR technologies. The insights generated uncovered pain points, uncertainties, and key findings about how metaverse company owners might target their end users. The insight provided them with key features, that if communicated strategically, may lead to greater sales and faster adoption.

Abstract

This study responds to the emergent rise of innovative technologies, development and implementation of virtual platforms across industries but mostly in marketing practices and to the lack of academic research exploring the nature of these technologies, its acceptance, implementation, outcomes and possible future directions. The study covers a deep introduction technology evolution, with focus on web development, new digital marketing tools and a new initial era of extended reality technologies. New emerging technologies and the post covid consumer behavior has led both consumers and brands to move to virtual platforms and to remain there. Metaverse platforms pertain to the virtual reality continuum and have gained huge popularity the past year together with customer experience (CX). I provide and define extensive and useful information for readers with limited competence within VR and metaverse technologies and guide them in the first phase of implementation. This research acts like first edition of a guide for technology transformation for marketing practitioners eager to try new technologies. The research shed a light of the usage of cultural and social codes in marketing practices and uncover how they can be addressed when considering a virtual experience. I also provide an up-to-date review of how the metaverse is being perceived, processed, and considered by marketing managers.

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INTRODUCTION

Marketing practitioners and scholars have experienced a rapid evolution of methods and technologies throughout their professional careers. From traditional radio, tv and newspaper advertising providing customers with a direct message and information about the companies offers, to Internet, e-commerce, social media, influencers, gamification, among many other strategies that aim to continuously target customers and influence their mindset and behavior. However, the marketing field is no longer about pure advertising and communication, it is the process of designing, creating, communicating, and delivering the value to consumers with the purpose of maintaining a close relationship to them. It covers the business strategy underlying; sales techniques, product or service development and business communication. It is an integrated process that benefits and create value for all stakeholders (Guzzo, D'Andrea, Ferri & Grifoni, 2012). Marketing strategies have a long history of development and are being reshaped continuously following the truism that the needs and wants of the consumer play a critical and central role. This though and principle is a never-ending process of evolution and might contribute and add weight to the following assumption: *“the effectiveness of a marketing strategy depends on the current target market needs and a good value proposition aimed at that target market”* (Smith, 2002). Since any marketer cannot assume that yesterday's customers will be the customers of tomorrow, they need to understand and anticipate possible behaviors and learn how to take pragmatic action to respond to their needs and behavior changes. Such strategy is called a customer centric approach, which is becoming even more essential than in the past few decades (Louth, 1966). Kumar in the article Evolution of marketing as a discipline; What has happened and what to look out for (2015) supports a customer centric approach and encourage marketers to understand the triggers behind changes to be able to identify the forthcoming turning points in the field and obtain competitive advantage. Through the last three decades researchers, practitioners and consumers have experienced big changes, great adoptions, globalization, and huge technological advances to the extent of expanding the marketing field into a new era called digital marketing.

Firstly, the marketing discipline went through a mass adoption with the development of the internet; called the web 1.0 platform in the 1990s driven by a product centric mindset rather than customer centric. However, marketing practitioners had the need to adapt the rise of a new curious and demanding consumer eager to search information on their own and do research before any purchase. **The web 1.0** is summarized by the launch of world wide web project, Netscape, Yahoo and Google increasing the number of people using the web from 16 o 70 million (Digital marketing institute, 2016). This platform was mainly described as *the read only web* (Solanki & Dongaonkar, 2016; Verma, 2021) or *the dot-com* bubble (Verma, 2021) where consumers went from offline to online to search or purchase products but were unable to interact nor contribute to the content creation browsing through static content. Clickable banners, hyperlinks and webpages were main tools/channels marketers worked with.

Along with the same type of technologies, **the web 2.0** or *read-write web* emerged with capabilities that allowed users to interact with each other and contribute to content creation through social media. A transition between being focused on product management marketing to the investment on the predominance of participation, interactivity, and user generated content (Erragcha & Romdhane, 2014; O'Reilly, 2007). It included blogs, social networks (e.g., Facebook), online communities, video sharing e.g., YouTube, forums, emails, podcast, among other platforms. With the development of websites and its rapid growth, marketers started using search engine marketing (SEM) to assure that the website rank stayed as high as possible. Terms like organic and sponsored search appeared and Search Engine Optimization (SEO) became a hot topic – AdWords, cookies, and such were tools used by practitioners to maintain a relevant position in the market and continue to grow. Reach the target audience and record/collect user data became a more approachable process and crucial to design future marketing strategies and performance metrics. This type of technologies networks changed the way commerce was built making it possible for customers to be better informed about the product or service and find support throughout the whole decision journey by looking into online reviews, ratings, videos, and pictures, etc. Moreover, it allowed marketers to measure the performance outcomes associated with the marketing investment through metrics like cost per click (CPC), click through rate (CTR), cost per thousand (CPM), etc. (Katsikeas, Morgan, Leonidou & Hult, 2016). The web 2.0 helped businesses in product development, market research, competitive intelligence gathering, and revenue generation (Murugesan, 2007). It is therefore considered a phenomenon that marked the rise of a new communication paradigm, where the goal was to integrate consumers at all levels and give them a central role in the marketing process rather than consider them a single receiver (Bressolles, 2012; Erragcha & Romdhane, 2014).

Customer insights in the center, user participation, data collection, and interaction with the web is the main initiator of **the web 3.0**, however the customer is no longer considered as the only input factor, but merely a combination of both people and machines. It includes semantic web technology, machine learning and artificial intelligence which are characterized by the merge of virtual worlds, reality, and the decoding of metadata. It consists of organizing huge amount of information available in the web, considering the content and the personal needs of each user (Giustini, 2007). The mission is to open a new era of extended immersive experience where it is possible to identify new venues for value chain and not be limited to the web only. An immersive experience that could be extended to other fields (Erragcha & Romdhane, 2014).

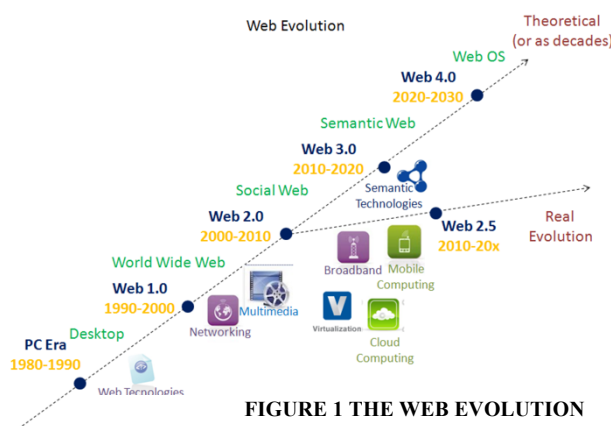


FIGURE 1 THE WEB EVOLUTION

Examples of web 3.0 are Apple's Siri, Google's Cloud API, Amazon, and recently immersive platforms like metaverse (i.e., Roblox, Decentraland). Within the marketing discipline, it shed a light for a new domain of commercial strategy, where such new technologies are used to significantly affect the customer experience defined as “*customers cognitive, emotional, behavioral, sensorial and social responses to a firm's offerings during the customer's entire purchase journey*” (Lemon & Verhoef, 2016). Customer experience statistics revealed that 74% of consumers are more likely to buy based on experiences alone (Aussant, 2021). Consequently, companies have increased their interest in CX management along with a new set of priorities of improving customer experience as main the objective (Forrester, 2016; Flavian et al. 2019; Morgan, 2019)

By following the growing demand for virtual experiences after the pandemic, the integration of immersive computer technologies (ICT) and VR technologies has provided marketers with the opportunity to be creative and outperform traditional marketing platforms. Through digital/virtual engagement and innovation it is possible to captivate, target, retain or acquire customers, and to stay relevant in a constantly changing competitive market. The launch of platforms where both real and virtual worlds with a sense of real time are merged allow customers to experience immersion, telepresence, embodiment, interactivity, vividness, enjoyment, engagement, among other affordances posing marketers both with new opportunities and challenges. Virtual-human interactions in the different virtual realities can be used to provide memorable experiences adding value to customers and increasing companies CLV. The virtual market is projected to grow from 6.3 billion in 2021 to 84.09 billion in 2028 with an annual growth rate of 44.8% (Fortune business insights, 2021), showing huge new opportunities and applications to explore. How such experiences are perceived and the effects it has on users is relative and can be conceptualized from different perspectives.

In the following chapter I will give an overview of what the current literature says about virtual reality experiences, its advancements, composition, types, effectivity, and negative sides in marketing commercial applications.

CHAPTER 1 - VIRTUAL REALITY

1.1 THE VIRTUAL REALITY WORLD

The emergence of advanced technology, digital technologies such as artificial intelligence (AI), VR, AR, blockchain, internet of things (IoT), machine learning (ML), etc., is now serving as driver for the development of marketing as we know it. Digital marketing has been defined as “*an adaptive, technology-enabled process by which firms collaborate with customers and partners to jointly create, communicate, deliver, and sustain value for all stakeholders*” (Kannan and Li, 2017). One of the most exciting applications of digital marketing is the opportunity to produce satisfactory consumer experiences. Technological developments and innovation are changing the way consumer experience the real and the virtual world, therefore Extended Reality (XR) technologies are becoming an interesting marketing tool for marketers with good interactive capacity and innovative content. In the present research I refer to these cutting-edge technologies Virtual Reality (VR),

Augmented Reality (AR) and Mixed Reality (MR) to be the most used types of extended reality to create virtual experiences. Findings suggest that VR directly affects the users' sensory elements and therefore enhances the customer experience (Alcaniz et al. 2019). One important driver of virtual reality experiences must be the desire to fabricate new situations that are impossible to create in the real world among with the common goal of exceeding physical affordances.

Milgram & Kishino (1994) propose a definition of a what a virtual reality environment might be: “*VR environment is when the participant-observer is totally immersed in a completely synthetic environment which may or may not mimic the properties of a real-world environment*”. Manis and choi (2019) describe a *VR experience as an encounter in which the user is effectively immersed in virtuality content by means of virtuality reality hardware*”. Kundalakesi, Swathi, Ashapriya & Sruthi (2017) mention a VR experience to be very high end computer interface using different sensorial channels like visual, areal, tangible, smell, and taste. One way of making the user feel all these senses is by utilizing wearable devices. Flavian et al. (2019) links VR with hardware requirements and external devices like gloves and headsets to provide a more dynamic, sensorial, and autonomous experience which leads to higher perceptions of value. There are different ways of generating virtual realities, using different tactics, affordances, content, and technologies but the literature highlights three key aspects or features that need to be addressed for the experience to be categorized as a VR; (1) *presence* mostly refers to the environment however, its concept is complex, multifaceted, and largely discussed in the literature based on the nature of its development. (2) *Immersion* is connected to the latter and refers to the sensation of being in an environment, this can be two-folded; a mental state or a physical immersion which can be accomplished using physical media. A mental immersion can be caused by the content of a medium alone making it the main goal of media creators and therefore an important key factor when implementing virtual reality. Lastly, (3) *Interactivity* is the user's capacity to modify and receive feedback to their actions in the reality where the experience is taking place influenced by engagement level and the value of co-creation (Cambridge dictionary, u.d). The three aspects are highly intertwined and influence each other directly. Other secondary factors like enjoyment, attention, time, or embodiment also affect the quality of the experience and modify the level of realness perceived by the users but are less critical and could be assessed with a minor sense of details.

One way of addressing the difficulty of deciding which medium, and technology to utilize in the virtual reality experience design is to consider the EPI cube proposed by Flavian et al. (2019).

This integrated framework shed a light over a clear classification of current and potentially new technologies and provides a guide for managers to choose the appropriate medium within the reality virtuality world and understand its impact on the customer experience. Vertexes one and two refer to the beginning of the development of the web, including traditional media like TV and websites. It is vertex three and four this research focus on, external devices with both low and high levels of behavioral interactivity i.e., Video wall, videogames, and virtual platforms (i.e., Roblox).

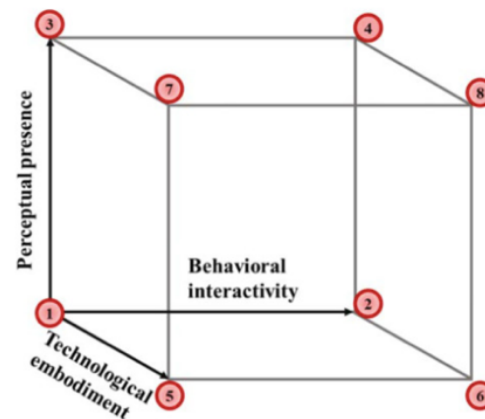


FIGURE 2 THE EPI CUBE

The ones involved in the experience may perceive real life features and reflect it on their virtual profiles while they also can freely manipulate virtual content and engage enough to forget the immediate surroundings. Such immersion, interactivity and feeling of presence evoke positive cognitive, affective, emotional, social, and physical responses. Consumers who have an emotional connection with a brand have a 306% higher lifetime value (Morgan, 2019). Further in the cube, devices like google glasses, Facebook oculus or haptic suits are placed in vertices from five to eight where users have higher freedom to manipulate and control the digital content with high levels of behavioral interactivity. Virtual reality is still at early stages even though it has been researched for many years. The type of technologies situated in vertex five to eight are still novel and costly for consumers and companies. The use of high-end computers, haptic gloves and holographic glasses are not as common and are less adopted by consumers which may affect the reach of a marketing strategy/campaign and therefore be less relevant in a study of this type. Following this line of argument this research will mainly address to VR marketing applications where the technological devices like gloves and glasses (fully immersive virtual environments) are not the main instrument/tool used to implement a virtual reality marketing strategy.

1.2 KEY FACTORS IN A VR CUSTOMER EXPERIENCE

“What people really desire are not products but satisfying experiences” (Abbot, 1955, p. 44) This mindset date back to the 1990s, Hirshman & Hoolbrook (1982) studied hedonic VS utilitarian consumption. A hedonic consumption involves multisensory and emotional aspects along the customers interaction with goods and services, while utilitarian is mainly associated with goods and services that serve a useful purpose. Virtual reality experiences can be classified as both; however, many case studies have found strong positive effects on the customers enjoyment, emotional involvement, and arousal (Loureiro, Bilro & Angelino, 2020) appealing in a greater extent to be hedonic and to influence customer satisfaction. Moreover, satisfaction is a common topic in the marketing field, Daehwan & Yong (2019) found that the experience in VR substantially enhance the user satisfaction and therefore the chances for loyalty and intention of behavior might be higher. The concept of consumer experience is normally divided into two perspectives: experience economy and brand experience. The experience economy is the usage of services as stages to transform events into memorable

experiences while brand experience encompasses the feelings consumers have with brand before, during and after they interact with the brand. Both aspects need to be considered and aligned with the brands design and identity when planning the core virtual experience. Virtual reality experiences are used as a brand-stimuli to evoke sensations, feelings, cognitions, and behavioral responses (Angelino, Loureiro & Bilro, 2020).

In order to implement and design a virtual reality experience it is crucial to address which emotions, knowledge, attitudes and reactions it is going to generate among the different types of customers exposed to it. The selection of technologies will immediately mediate the sense of presence, immersion, and interaction on the customers reactions along with the design, cues, colors, context, theme, etc. From a customer's point of view **presence** is the subjective sensation of "being there" influenced by the level of *immersion* and *vividness*. Slater and Vives (2005) presented presence to be binary (present or not present) and not related to emotions or involvement. However, most of the studies including this one, reject Slater statement and treat presence as an interrelated aspect of emotions and involvement. For this research I will highlight the clear differences between each factor since they highly affect each other, it is important to address them separately (i.e., by moderating presence factors like involvement and realness are affected). Firstly, presence refers to the sense and feeling of being in another place reproduced by means of a communication medium where a user experiences a real or simulated environment (Tromp, 1995). The level of presence can vary over time depending on the user's current state of mind or former experience (Slater, 2003; Regt, Plangger & Barnes, 2021), therefore a virtual experience cannot be fully controlled by the managers, but it is possible to strategically study the target group with general assumptions and draw the average positive reaction. Traditional models like the buyer personas can be used to understand the target audience on a greater extent.

Secondly, presence is moderated by the level of *immersion*. A clear definition of immersion is that it relates to feeling involved and absorbed by the activities/plot conducted in the virtual environment (source). There are 3 types of immersion; immersion linked to senses, to challenges and to imagination. Virtual reality aims to activate all of them and immerse the user with senses (ie., 4DX cinemas with on screen visuals, synchronized motion seats and environmental effects like water, wind, or fragrances), challenges (gamification and tasks) and using the imagination (i.e., similar to when reading a book or watching a movie). According to Suh Lee (2005) the immersive presence has a positive impact on user knowledge of the product stimulating changes in behavioral patterns and purchase decision. The study revealed the point of view of a business enterprise when using VR. It gives consumers the opportunity to embrace and experience products before they are physically in the market which could be used to gain feedbacks and predicts likeability reflected afterwards sales, popularity, growth, etc. One interesting aspect a manager should take into consideration is that immersion itself can also be achieved without too advanced image or sound quality (Bis, 2018). All in all, the user experience is subjective, dynamic, and holistic including preferences and different psychological responses or behaviors happening before, during and after the interaction with the product or service.

The other aspect influencing presence is *vividness*. Vividness is positively associated with good and enduring attitudes toward the platform and the advertising, which is interpreted as indirectly affecting brand attitudes and consumer purchase intentions in a positive manner (Loureiro et al. 2019). Vividness can be achieved by addressing two factors: breadth and depth. The term breadth refers to the number of sensory dimensions, senses and cues presented in the virtual experience and depth is the quality of resolution of the presentation (Kerrebroeck, Brengman & Willems, 2017). However, it is advised to moderate the level of vividness wisely. McLuhan (1964) found that using extremely high level of vividness may lead to the negative effect of decreasing consumers ability to interact and therefore decrease the engagement in the virtual environment. Engagement has been a common goal for companies entering the virtual reality world.

The last of the three key aspects is *interactivity*. It is defined as a factor that directly affect the sense of presence depending on the user's capacity to modify and receive feedback to their actions in the reality where the virtual experience is taking place (Flavian et. Al, 2019). It can also be conceptualized as the extent and realism of actions performed in the virtual world, varying on the range of actions, real time, and the predictive nature of controls (Barnes, 2016). Steuer (1992) states vividness and interactivity being complementary to provide a higher level of immersion and sense of presence. The user experience includes individual preferences, emotions, psychological responses, and behaviors that happen before, during and after an interaction. A good virtual experience has a strong impact on satisfaction, intention to adopt, and perceived learning effectiveness which can be of huge advantage in the marketing practices. The literature mentions many features that need to be considered when designing a virtual reality experience, however after detailed research of the facts, I decided to high emphasis on presence, immersion, and interaction as key factors in virtual experiences due to the strong impact they have on secondary factors like emotions, attention, involvement, etc. (Loureiro, Guerreiro, Eloy, Langaro & Panchapakesan, 2019; Boyd & Koles 2019; Alcaniz et al. 2019; Verhulst, Woods, Whittaker, Bennet & Dalton, 2021).

1.3 VIRTUAL REALITY CONTINUUM – VR TYPES

Despite the lack of research validity within this topic due to the rapid evolution of technologies and capabilities, VR is gaining strong market position and becoming more likely to play a key role in several business sectors like tourism, retail, education, entertainment, and research (Flavian, Sanchez & Orus, 2019; Alcaniz, Bigne & Guixeres, 2019; Berg & Vance, 2017). Many brands have recently turned into virtual solutions to connect with customers and enhance engagement. However, research about VR date back to 1990s when the first web 1.0 was launched. Researchers like Fred brooks (1999), Milgram et al. (1994) and Steuer (1992) had a foot in the field and spotted an interesting area that lacked investigation. Brooks (1999) refer to virtual reality experience as any in which the user is effectively immersed in a responsive virtual world, including user dynamic control. Steuer (1992) expressed his skepticism stating that VR focus on the

technologies and machines rather than being experiential driven and defines it as a medium like television and computers with a lack of consideration for the user experience. Krueger (1992) adds that VR is more than technology and agrees with Steuer; it is a channel like TV but it's use will be judged by aesthetics and technical criteria adding that the telepresence factor might make a difference and immerse the user into a whole new experience.

The different types of realities, immersion or interactivity level, content, devices, etc., have contributed to confusion and uncertainty around its implementation and effectivity. Milgram & Kishino (1994) proposed the reality-virtuality continuum as a reference framework to classify the different types of realities and a form for guidelines to differentiate them. The taxonomy aimed not only to maximize the benefits derived from utilizing them but also to guide practitioners and mitigate uncertainty.

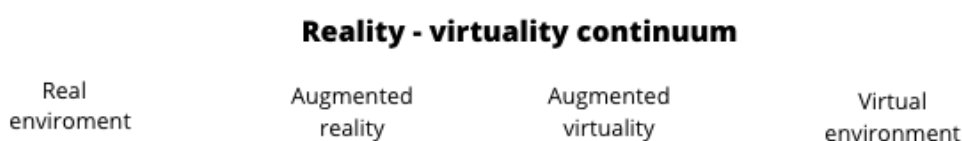


FIGURE 3 MILGRAM & KISHINOS REALITY VIRTUALITY CONTINUUM

The reality-virtuality continuum encompasses AR and augmented virtuality (AV) before reaching the virtual setting. According to Bis (2019) and other experts in the area, AR is superimposed on the physical environment. The user sees the real world along with the virtual objects overlaid on the real world normally using smartphones or glasses. A brand that offers AR rather than conventional communication is more likely to increase customers trust and customer willingness to interact with the company compared to those who do not (Allimamy, 2018). Customers expect brands to be omnichannel, interconnected and available online almost all the time, leading to a significant increase in digital presence In order to fulfill customers' expectations, affect loyalty and stimulate re-purchase (Paun, 2020).

Further in the continuum AV is mentioned. It is when reality overlaps virtuality, a totally virtual environment where some real objects are overlaid (i.e., using a tablet to design a furniture). Many extensions to this continuum have been proposed throughout the years. For example, AR and AV has been categorized as mixed realities (MR). The concept of mixed realities connects AR, AV, and VR with a reality allowing users to perceive both the physical elements and digital ones. Marketers have been using AR in different ways along the years i.e., Pokémon go, Sephora Try on make-up, snapchat overlaid products like sunglasses and hats promoting brand awareness. The result has been increased consumer interaction therefore higher engagement, and higher chances of positive word of mouth (WOM). Augmented reality has been studied extensively the last decade and the experiments within this felt continue to grow. It is therefore I aim to add to the literature review about a new dimension of the specter. The focus of this study is placed at the right extreme of the continuum; Virtual Environment (VE). It is a completely computer-generated environment in which objects

do not exist but are displayed on a device, where users interact in real time through a technological interface. Within this category virtual worlds like Fortnite, Sims or Roblox are placed. They are platforms open 24/7 allowing users to be represented by avatars able to create, interact and play with other avatars in real time. Previous research state that VE platforms might increase empathy, responsibility and in certain settings encourage higher intentions to donate money towards a social cause (Boyd, 2019; Kandaurova & Lee, 2019). It is also demonstrated that well implemented virtual reality experience generate great sense of engagement and positive attitudes. Brands like Hyundai, Nike and Wendy have recently experimented with virtual environment aiming to gain a closer relationship with their customers. Hyundai launched Mobility adventure, Nike launched a non-fungible token studio that produce digital sneakers to merge culture and gaming and Wendy went viral with a Fortnite plot game against frozen burgers. Engagement, views, downloads, awareness, exposure of core values, experiences, etc. Brands may be looking to connect with younger consumers in a creative and authentic way using virtual worlds, allowing users to freely navigate and be immerse in fun experiences. Since XR technologies are novel, the literature does not support any findings confirming or rejecting the long-term effects brands may experience after having implemented a virtual environment advertising strategy. Moreover, both researcher and practitioners are skeptical to it. In the next part I will elaborate on challenges and risks that may play a role when considering the usage of VE.

1.4 CHALLENGES AND RISKS IN VR

A nascent technology dimension like VR may raise concerns for both companies and consumers. To better understand its process, impact, and long-term effect it is necessary to address the current emergent challenges and risk that may appear during the design/implementation process and the ones that may appear for customers during the whole customer journey.

1.4.1 FROM A MANAGER'S POINT OF VIEW

- 1) **Typical Early-Stage Growing Pains:** there are many insecurities about using VR. How, who, when, where and to what extent it may contribute to high return on investment (ROI). Companies might need to consider investment costs and whether it is doable and profitable for the industry. During the initial phase, the process might be time consuming and less reliable than the typical marketing activities the team is used to. Since VR platforms are novel, little is known about the real effect and impact it will have.
- 2) **Virtual reality might decrease interest in actual reality:** due to high levels of vividness and reality, VR could decrease consumers interest and make them feel the actual real experience is not worth their time and money. For example, the Gucci gardens; a is a virtual space that recreated a real experience located in Florence, Italy. Customers might feel that the virtual experience was enough and not engage in the real Gucci Museum situated in the city center, which is also an income source for the brand.

- 3) **Cannibalization:** following the same argument as the latter, VR can actually reduce purchase intention for experience related products and not only for cultural experiences like museums and tourism. Due to its ability to realistically replicate actual consumer experiences there is a risk for VR to cannibalize product sales (Boyd, 2019)
- 4) **Costly:** including huge investments in hardware technologies, trackers demanding the establishment of a new software. Therefore, it might be necessary to engage in the employment of developers with specialized knowledge and expertise (Watson, 2021). Described from the accessibility point of view, VR requires of smartphones, computers, goggles, etc. which are not as common to own. The fact that a low percent of the population owns VR accessories will limit the potential market for brands and hinders efforts for mass marketing.
- 5) **Image protection:** interactivity provides users with unrestrained freedom of choice and greater control to manipulate the virtual content. Therefore, the risks for controversial themes to appear during the experience are higher. Content containing racism, sexual harassment, political issues are less controlled and might draw associations to the brand affecting their image (Lee, Park & Wise, 2014)
- 6) **Time-consuming:** as for creating virtual worlds, it can take a long time to create a convincing virtual environment. The more realistic the environment, the longer it takes to make it. It could take a team of programmers and developers more than a year to replicate a real room accurately in virtual space.
- 7) **Seamless integration** is harder to achieve. Synergy and consistency are the main pillars for good marketing. In a virtual reality experience where users have more freedom to change the happenings, the brands might be caught in difficult situations when presenting a message and maintaining the primary essence of the campaign.

1.4.2 FROM A CUSTOMER'S POINT OF VIEW

- 1) **Low levels of adaptability:** the customers perception of VR technologies as highly advanced may affect how they are willing to adopt, participate and recommend the experience. Customers might ignore the brand in question if they find the experience too futuristic and little rewarding. Older millennials might not find any interest in participating and rather find the experience time consuming and unnecessary and valuing even more real experiences.
- 2) **Accessibility is an issue:** how accessible are they. Even though discussions regarding price and trialability are less frequent, the nature of these discussions suggests that the **price and trialability** dimensions also represent obstacles for widespread adoption.
- 3) **It does not meet the expectations:** given that VR is new, futuristic, and innovative it automatically raises high expectations among users. The fact that it is still quite novel, it has still many areas of improvement where customers do not always find the experience pleasant or exciting/fun enough. It could lead customers into valuing and cherish real experiences more rather than virtual ones.

Both consumers and business are still reluctant to embrace VR as part of their daily use, its early phase generates skepticism and insecurities, but the market is reflecting an exponential change where more companies are exploring the effects of utilizing XR in CX, customer service, marketing, product development, etc. in their business strategy. It remains to see how all stakeholders

1.5 CONSUMER'S RESISTANCE & ACCEPTANCE. IS VIRTUAL REALITY THE FUTURE OF MARKETING?

Advertising in virtual reality allows the viewer to experience an impactful experience that leaves real memory traces as an effect of their intense emotional and behavioural integration. Entering a virtual world, donning a metaverse avatar allows the customer to interact with others in an authentic context with no physical restraints. However, the metaverse world is not completely defined and its generating confusion among the population. Metaverse a popular term and mentioned by the media quite often. Metaverse platforms can be classified a part of the virtual reality continuum. However, consumers do not understand the term "Metaverse" and may desire to abstain to it. For instance, the recent change of name from Facebook to Meta, which the media have made huge emphasis on. The change seems to be related to virtual reality and new XR technologies Zuckerberg want to implement but are not ready yet. Adopting a name that reflects future potential capabilities and that might not be useful in the near time horizon is causing confusion and could disappoint people and their trust in the company (Ghaffary,2022). The Facebook total user base have decline for the first time in many years where half million daily users were lost in the last quarter of 2021. The reason why has not been revealed and could be due to similar apps offering better content or the fact that is hard for customers to separate social media from the metaverse and other developments. However, rebranding the brand into meta is also a sign of innovation and might get greater attention from different customer segments i.e., gen Z and uncover new revenue sources. Good processes in place will pave the way for new revenue streams. The transferability barrier is an issue, almost like high switching costs. Transferability from one platform onto a new one might generate high switching cost and customers might perceive it as time and energy consuming and unnecessary.

The novelty of the topic can be reflected in how many people actually know what virtual reality and metaverses are. Following the results from a study dated from 2021, the Norwegian population which is one of the two countries this research is based on has declared that only 20% of the population have tried VR and only 0.6 % use VR more than once a week (Raaen & Eg, 2021). The metaverse however is a more recent topic, surveys reveal a less percentage of people knowing its definition and purpose. The other country in question is Italy, with a VR usage of 65% declaring to have used or want to use virtual reality to make purchases (Baptista, 2021). The metaverse is not only about VR or online shopping, but also a digital playground with tons of digital information combining physical spaces with virtual worlds (Terdiman, 2007). To narrow it down and make understanding easier I quote recent research that showed that one of four Italians know the term

metaverse, therefore I can conclude the following number: 25% of Italians may confidently claim to know what the metaverse is, while 62% declare themselves interested in the topic (Breakinglatest.news, 2022).

Metaverse platforms are often called the initiation of the web 3.0 called also for the web of decentralization, where there is no center for data storage - providing an environment where three-dimensional design is allowed (Kim, 2021). The rapid development of technologies has enabled high levels of reproduction of environment, objects, and persons where the different types of virtual realities have gained position and are becoming more and more popular. «*The metaverse is the term for a collection of virtual worlds. Think of the metaverse as the universe for virtual worlds. But what are these virtual worlds? Virtual worlds exist in virtual and augmented reality apps and games, where everything happens virtually*» (Jewiss, 2022). It is almost as the user can go inside the internet. Metaverse platforms allow marketers to create all kind of environments and immersive experiences. Brands have discovered new revenue streams on the virtual world making the digitized future of marketing more interactive, more embodied and certainly more multimedia (Lee, Braud, Zhou, Wang, Xu, Lin, Kumar, Bermejo, and Hui, 2021). Some articles estimate the metaverse will revolutionize nearly every industry bringing new business models, marketplaces, and resources to the table (Lee & Hwang, 2021). As mentioned before virtual reality, XR technologies and metaverse may be used in many fields with different purposes. In the marketing field, researchers claim a business platform where concepts like blockchainization, gamification, tokenization and virtualization need to be addressed in relation to the Four Ps of the marketing mix: People, place, product, and process. The old marketing models can be re-arranged to fit the new scenarios and be very useful for marketers when planning which market to target, predict the impact to certain actions and generate revenue projections (Yawised, Apasrawirote & Boonparn, 2022).

1.6 MODERN VR TRENDS IN MARKETING

Companies are creating more economic activities focusing on customer experience, counting with the positive effect it will bring to start providing excellent customer experience value like loyalty, satisfaction, and engagement. Therefore, working towards the objective of economic development and to meeting the increasing demand of customer experience, the marketing industry is rethinking and changing corporate marketing models from the new perspective of customer experience value (Kong, Liu & Min, 2020). Yawised, Apasrawirote & Boonparn (2022) argue whether the metaverse is an upgraded marketing tool to create opportunities and reach more customers while providing better experiences or if it is only a jargon term for viral marketing. This research will use the first approach and treat the metaverse as an upgraded marketing tool to enhance customer experience and provide marketers with opportunities. Metaverse platforms can be seen as part of the virtual reality continuum discussed in the previous chapter and may differ in the way they are utilized. An infant stage of the metaverse began to appear in computer games as early as in the beginning of the 2000s (i.e., the sims and second life) where users could design their avatar, build their own world, and

stay online 24/7. This type of multiplayer games rapidly developed along with technology becoming a social virtual world where users could interact with each other across borders and create content.

VR and metaverse platforms are not as new as they sound, but it has been aligned with the rise in technology creating advanced and more real experiences. New trends show that customers can experience high levels of immersion, interactivity and vividness through smartphones, computer, iPad or by using tech wearables like glasses. They can participate in concerts, events, challenges, try new products and services, etc. Many industries are exploring the platform and providing different experiences i.e., 11% of all museums, galleries and similar cultural institutions in Italy are already using VR tools to provide better customer experiences for instance the use of VR glasses to view digital information superimposed onto the piece of art. (Verhulst et al. 2021, Flavian et al. 2019). Retail stores like Vans (Vans world) and Ralph Lauren (Beverly hills virtual store) are launching virtual stores and shopping malls with panoramic views and gaming possibilities as a unique branding feature. It is also becoming popular to offer digital collectibles (non-fundable tokens NFTs) where users can own digital assets (music, art, clothing, real state, etc.) that remain unchangeable until they decide to sell. NFTs can be defined as digital asset that represents real-world objects like art, music, in-game items, and videos (Conti & Schmidt, 2022).

Companies are taking advantage of this opportunity and looking for high returns while selling for digital appearances and outfits that can be worn on virtual worlds (Swant, 2021). Digital spaces on metaverse platforms like Roblox, Fortnite, Decentraland give marketers the opportunity to amaze the user, innovate and create wow experiences while they are providing the user with new ways to express themselves. A study performed by Eventbrite found that 72% of the studied population (millennials) declared their purchase intention to increase when it was related to experiences rather than physical products (Lysik & Lopaciński. 2019). Yang and He (2011) found that good experience provided by companies can increase loyalty by 5 %. Good memorable experiences in the mind of the consumer stimulates recall and recognition during the decision process, positively affect product/service commitment and the spreading of positive WOM (Roy, Gruner & Guo, 2021).

Creating metaverse experiences might be expensive and time-consuming for brands, but its user base continues to increase. Extracting data exclusively from Roblox (neglecting other platforms), 42 million users visit the platform daily (Mileva, 2022) making it an interesting place to extend the customer base and connect with people that are not in the same geographical space. I suggest considering the term virtual customer experience as a new way to tackle the transition to a more technological consumer and society.

CHAPTER 2 – BRANDING THROUGH 3D METAVERSE PLATFORMS

Within the domain of marketing, early academic has investigated how VR can be used to engage and reach customers in novel ways. VR and metaverse platforms offer a set of features and properties which makes it attractive for marketing purposes since technology contributes and stimulate on a more vivid and empathic way through individualized experiences than two dimensional videos. The use of VR within metaverse platforms provides a richer experience, where more than one sense can be activated allowing marketers to analyse customer behavior in a deeper set and potentially offer a more distinctive and attractive consumer experience (Van Kerrebroeck, Brengman, & Willems, 2017). Given the extensiveness of the field within VR, this research is mainly about virtual worlds in the metaverse and how it is shaping the way marketers design customer experience strategies. Some of the definition's researchers and experts give to the metaverse phenomenon are:

“The Metaverse is a massively scaled and interoperable network of real-time rendered 3 D virtual worlds which can be experienced synchronously and persistently by an effectively unlimited number of users with an individual sense of presence and with continuity of data, such as identity, history, entitlements, objects, communications and payments” (Ball, 2021).

“The metaverse refers to a series of interconnected virtual worlds where users can leverage virtual and augmented reality, navigating these spaces using personal avatars who interact with each other” (Hollensen, Kotler & Opresnik, 2022).

The virtual world has been argued to be a fertile bed for marketing and consumer behavior (Barnes, Mattsson & Hartley, 2014) paving the way for real life brands to take advantage of its reach. In the **travel industry** companies are already experimenting how to provide customers with good experiences and improve their service (i.e., Marriott hotels, Qatar airlines, Airbaltic). Vueling, the Spanish airline is one of the first one in creating a conjoint economy, where flight tickets that are sold in the metaverse can be used in real life. Monzo, Vuelings Distribution Strategy and Alliances Manager stated that the main objective *“is to take advantage of technology and virtual environments, such as the metaverse, to offer an increasingly richer, simpler and more personalized experience to our customers when planning trips”* (Mariano, 2022). **The automotive sector** has also entered the Metaworld i.e., *Hyundai mobility adventure* a metaverse space on Roblox featuring popular vehicles and future mobility solutions where users can customize their avatar and interact with each other. Hyundai aims to nurture long-lasting relationships with fans and target also younger customer segments (Hyundai, 2021). BMW, Toyota, Nissan are among others automotive brands exploring the metaverse opportunities. Gucci, nike, forever21, are **retail brands** that recently invested in NFTs and virtual worlds. Pacsun, a clothing brand and show wear recently launched *PACWORLD*, a digital space where customers could create and build their own space from the bottom in a highly interactive way (Pacsun, 2022). The

president of Pacsun stated that they acknowledge the innovation and creativity opportunities in the metaverse, which allows them to build connectivity and relationships while they target younger generations. Samsung belonging to the **electronic industry** offered a digital version of its pop-up store located in New York with the goal of testing products. The company calls it as an experiential playground where they aim to amplify their core values: connectivity, customization, and sustainability. **The food industry** i.e., Wendy recently launched **Wendyverse** a branded virtual reality experience located in Meta's Horizon Worlds platform with the goal of fostering engagement, community, and social interaction. McDonalds and Panera bread company are two of many investing in virtual worlds and NFTs. The number of industries exploring XR technologies and platforms is high but after studying many cases like the ones mentioned above, is it possible to conclude that managers are aiming to achieve one common goal: "Greater and better customer experiences". Such objective is strongly related to the marketing field. Digital marketing is the activity and processes for developing, communicating, delivering, and exchanging offerings that have value for all the stakeholders and society at large.

The metaverse could be used as a new way to face customer service, with the main purpose of building communities, providing CX, meeting customers where they spend time, build brand image and values, awareness, improve the customer journey and make fantastic impressions along every touchpoint.

2.1 METAVERSE WITHING THE MARKETING FIELD.

It is not easy to define all the uses metaverse platforms have due to its early phase. The current situation many companies are facing is the rapidness and exponential development within technology and the time cloth issue. The process of exchange and replacement from an old system to a new one requires time, logistic, investment, competence, etc., while a transition phase is initiated and the project seems to be moving forward, new technologies are launched, and the market demand changes requiring new features to be included. For high tech developers, a transition between one ecosystem to another might take 5-8 years and the timeslot might still be subject to changes. The metaverse could be perceived in reference to the latter. It is constantly developing, changing courses, dependent of user generated content and therefore difficult to approach or predict its long-term effect which companies are really interested in. From early chapters, XR technologies have been mainly used to improve customer experiences, followed by better customer relationships. However, the metaverse performs as multiuse channel able approach different areas of the marketing field.

2.1.1 BRAND MANAGEMENT

Although purchase behavior is marketing's ultimate goal, marketing communications on metaverse can achieve this behavior by increasing brand salience, then favorably changing attitudes towards the brand, driving more interaction, before purchase is considered. The words trendy and popular are becoming more and more crucial in the vocabulary of marketers, making the adoption of new technologies an interesting approach

in order to maintain a high level of competitive advantage and stay relevant for consumers. For instance, metaverse and virtual worlds have increased their customer base exponentially during the last year, global financial magazines like PwC estimate the revenue from it could hit 1.5 trillion by 2030 and new research conducted by Vice Media Group and Publicis Groupe's Razorfish agency (2022) revealed that Gen Z gamers spend twice as much time in the metaverse than they do in real life, with an average spending of 12.2 hours per week (Razorfish, 2022). The presence of brands in virtual worlds can generate viral **brand awareness**, foster trust, create association, and strengthen brand equity. One way of achieving the latter is to drive high levels of interactivity and capturing attention i.e., Nike partnered with Roblox to create Nikeland, a virtual space where users could play tag and dodgeball with the purpose of introducing its new goal of "*turning sports and play into a lifestyle*" and to increase brand recognition (Lucatch, 2022). The latter marketing strategy starting point was personalized customer experience, generating 7 million visits around the world and a 5 % revenue increase reaching 10.50 billion \$. The president and CEO, Donahoe stated that they are working on several innovative ways to connect with consumers, letting them unlock virtual experiences and rewards as they expand access points to Nike across digital ecosystems (Stimolo, 2022). Normally, companies enter the metaverse to initiate a process that will translate into sales. Users can navigate the Nikeland showroom and select shoes and accessories to dress their virtual avatar incentivizing the purchase of Nfts. Gucci launched the Gucci gardens experience, a replication of its flagship store in Florence, an immersive experience followed by the launch of a virtual collection of Nfts where users could purchase clothing items for their avatars. Metaverse spaces are a channel where brands can drive sales, **engagement** (i.e., Wendy in Fortnite and twitch generating an increase of 119% mentions across social platforms), target new customer segments (i.e., hyper segmentation) and make statements about new core values or new product categories.

A good virtual experience evoking sentiment, interaction and positive feelings may contribute to greater levels of satisfaction towards the brand. Consequently, higher **customer retention** and **greater loyalty**. One example of taking into consideration that younger generations appreciate the possibility of easiness and accessibility while others value more a real-life experience, is the combination of both. Warner music partnered with sandbox (a decentralized gaming virtual world) to create a performance in space, a hybrid musical theme park and concert hall to host "innovative music experiences". In the same industry, Universal music group launched metaverse avatars for some of its artists including Justin Bieber, Shawn Mendes, and Rihanna (Mlot, 2022). Drawing positive associations from the celebrities may drive higher levels of trust and transfer the positive associations fans have about their idols to the platform and to the brand hosting the events.

Studies show that for 92% of companies that have improved customer experience saw an increase in customer loyalty. Additionally, 73% of consumers think that a good experience is key in influencing just this. Impactful experiences create links with consumers that may translate into positive WOM but are highly mediated by other variables like brand love and brand credibility, which need to be assessed when designing the core virtual

experience. The use of highly advanced technologies like VR and metaverses do not only contribute to the implementation of an omnichannel communication plan and experience but it contributes to a major data compilation. It gathers customer feedback in a way the human brain is unable to handle, making it easier to analyse customer sentiment and customer feedback at scale, precision and speed that is not achievable by humans (Ameen, Tarhini, Reppel & Anand, 2021).

2.1.2 NEW PRODUCT DEVELOPMENT

The massive amount of customer data that can be collected in the metaverse is nearly infinite. Experts in the tech area explain that the metaverse or virtual worlds captures masses of data, mine it and act almost immediately. There are no studies yet that can establish or confirm an official method or process to analyze data extracted from metaverse platforms in an effective way, but the technology is similar to AI and BI (). Companies are tracking the results mostly from online views, amount of users, average time spent, sold Nfts, share numbers, mentions on social media platforms and analyzing the behavior of the user. Some brands are also comparing the revenues from the period before virtual spaces were launched and retributing a percentage to it. Return on investment cannot be fully attributed to the new channel.

Data from virtual worlds may be useful to understand customer needs and expectations. In the metaverse world the process of mining customer behavior may refer more specifically to “Avatar journey analytics” since it is an individual controlling an avatar. A real person is behind the user, but it may own many different virtual identities. However, by analyzing age, gender, occupation, or preferences marketers are able to drive precision marketing, spot new trends and build profiles that might be useful for targeting or for **hyper segmentation**. Such segmentation content is likely to be more persuasive in delivering marketing messages for the modern consumer, requiring less mental processing resources, and focusing on the peripheral processing route in the elaboration likelihood model, including such issues as emotional motivation, production quality, credibility, and attractiveness (Cacioppo and Petty, 1979; Hartley & Mattsson, 2014). The production and management of this type of information adds great value and give the company competitive advantage in relation to innovation and popularity and it breaks with the traditional two-dimensional advertising impressions putting the service or product in the right position, at the right time and for the correct time period (Kong, Liu & Min, 2020).

The data storage and retrieved from virtual spaces can also be used for product development. Industries are creating and previewing products online allowing the users to test tweak items, discarding the ones less liked. The insights such testing is giving allow managers to design products that meet the customer needs by using less resources and **lowering cost**. Companies like Dolce Gabanna and Balenciaga launched an entire digital collection where users were able to pre-order then based on the information collected, the pieces were manufactured according to the pre-orders. Exclusivity and expectations are met, also sustainable behavior can be claimed when overproduction and unsold goods are avoided being those who have become a concern for

environmental cost connected to the industry (Ageeva, 2022). By studying carefully which options and combinations made by the users playing the game, brands can better understand and learn what resonates best with which group of customers and adjust the physical offerings accordingly. Another way to use VR and metaverse platforms within product development are live demos where customers can act as customizers and configurators. Mercedes launched a live demo for the Benz G-Wagon model – a 3D configurator where customers could test colors, type of wheels and the opportunity to see every inch of the car with a 360 degrees visualization of the interiors. The use of such data may give the company information like popular features preferred by the customers but also give customers greater decision power. This characteristic is similar to the co-creation principle where the company invites customers to take part in the design and assist in the product development process, creating a mutually valued outcome and in a novel way. IKEA is a company that uses a business model with the co-creation principle as a pillar, the whole business idea IKEA chose to invest in was to let their customers participate in the service resulting in people attributing more value to products they have helped to create. The same principle applies to brands using the metaverse as a co-creation channel, it provides both consumer and company with valuable outcomes.

2.1.3 SALES

The metaverse is a growing platform with many sales opportunities. Perhaps, direct sales may not be at the front and center yet, but they can surely revolutionize how marketers cope with the customer journey at different points from attraction, consideration, engagement, and acquisition. All the points mentioned in the latter may affect the company's bottom line. Regarding the attraction of new and old customers, the ability to capture and keep customer attention is key. **Real time segmentation and hyper-personalization** in metaverse platforms may provide marketers with the right tools to individualize experiences that customers highly value in any given moment. A combination of analytics, segmentation and engagement can give marketers the chance to adapt to quick changes in customers behaviors, preferences, interest and always be a step ahead. Knowing customers interest and trends allow marketers to create content, storytelling and design customer experiences that catches the consumer attention and grow brand awareness.

Followed by the consideration phase which is when the target audience consider the company's product as an option to solve their problem. The older gen Z are consumers that are familiar with virtual worlds and are increasingly becoming income-earning spending more time online than in real life. Brands that market its products and services in the metaverse are more likely to be seen and therefore considered to a greater extent than brands who does not. A strategic product placement in the metaverse may lead customers to search for more information, give a closer look to the products features, even experience based testing of products can enhance the purchase intention and generate **higher conversion rates**. Exposure and repetition give greater reach which is key in marketing practices.

Engagement may act as a mediator in the consumer journey, it is more consumer led than the previous years. The shift toward content creators is evident when influencer marketing has shown a 50% increase the past five years on social platforms like Instagram and YouTube (Hazan, Kelly, Khan, Spillecke & Yee, 2022) such insight could be used to make a projection of the impact metaverse platforms could have for future customer experiences. A significant share of innovative and engaging content may probably come from creators'/users avatars giving users the power to interact and alter content while connecting in a deeper sense with the brand.

All in all, omnichannel commerce is a second nature to most metaverse consumers. In the long term if cryptocurrency continue to rise and metaverse platforms set up a crypto wallet, purchase and sales of goods and service will be easier and with less barriers. Early-stage examples is Wendyverse. A virtual world launched by the Wendy's company, created a virtual space called Let's quest 2. It was a basketball themed experience which featured ads about the chain's Buck Biscuit promotion with the goal of boosting breakfast sales both in-app and on-premises in real life. Another innovation in both physical-to-virtual and virtual-to-physical is Domino's pizza in Decentraland for deliveries of actual pizza in the real world. This platform owns however their own currency that can be used to pay for virtual plots of land in Decentraland as well as in-world goods and services. Another example of how virtual experiences may be the initiator of an event is the Gucci Garden experience in Roblox, it collected an initial sale of items for 286 M \$ from the game and got 20 million visits throughout the whole two weeks the virtual space was open (Roblox, 2021).

2.2 AVATARS ARE KEY

Avatars are becoming increasingly popular in marketing strategies and are considered one of the best parts of the metaverse experience. *"An avatar is defined as a user-created digital representation that symbolizes the user's presence in a metaverse"* (Bailenson et al., 2005). By creating an avatar and making oneself visually salient, the person may feel encouraged to focus on private feelings, attitudes or thoughts that are part of the individual's self-schema but also reflect other characteristic like style, personality, or current mood. Meta, called Facebook before is currently experimenting with avatars that reconstruct the user's appearance with high levels of accuracy (See appendix 1). Snapchat has since its launched engaged users with the possibility to design an avatar and constantly introduced new accessories, clothing, season driven objects (i.e., birthday hats, Christmas or Halloween costumes) to maintain users' interest. They have recently applied for a patent on the bitmoji fashion, meaning once it is approved only snapchat can showcase a bitmoji version of fashion retailers that partnered with the platform. Enormous marketing opportunities arise from such happenings creating perhaps secret weapon for many brands not only retail industries. There are nuances of avatars, NFTs for instance are digital portraits, often illustrating animated characters. Avatars are algorithmically generated to give each NFT unique identifiable traits, such as a particular hairstyle, glasses, beard, etc. Azuki is a brand with the slogan *"A brand for the metaverse. By the community"* (Azuki.com, 2022) that sold an NFT collection for US\$148 million, the avatars become their owners' identity to interact with the community, a metaverse

community called The Garden. This brand dethroned January champion Bored Ape Yacht Club which has been is one of the most successful NFT avatar collections in the world, charming world-famous stars such as NBA Players and artists like Eminem (see appendix 2 for a representation of the mentioned avatar collection). The emerging trend is clearly taking an important place e-commerce and business in general. Specially, marketers could consider continuing experimenting with virtual reality and avatars, not only with fashion clothing lines but include other product categories as well.

All in all, avatars in virtual worlds may contribute to several outcomes: (1) Improve customer relationships, (2) greater social presence and (3) encourage community membership. Trogemann (2003) states that relationships are more likely to develop if the technology is represented using human forms, avatars are an extension of the self, the user get to experience to a certain extent the same feelings, emotions and expressions trough the digital persona in real-life giving brands the opportunity to connect and provide memorably experiences more often and with higher levels of closeness (i.e., the avatar can become a representation of an entire company, as Wendy's did in Fortnite and twitch). Social presence has been defined many times along the years, Yoo and Alavi (2001) argue that it is the most important perception that occurs in social context and its fundamental to person-to-person communication. Given the exponential growth in social media networks and the previous covid-19 restrictions I consider social presence to be crucial in the study of metaverse and its effect in marketing practices. Social presence is defined by the degree of salience of the other person in the interaction and the consequent salience of the interpersonal relationships (Cui, Lockee & Meng, 2012). Avatars are believed to affect the levels of social presence since users can deliver verbal and nonverbal social interactions in real time with others, and they are able to share a range of emotions and expressions through a digital persona that's uniquely representative of them. The physical similarity of the users with the avatar may lead to shifts in self-perceptions impacting both online and offline actions, this theory is known as the Proteus effect. This aspect can have negative outcomes on behavior such as objectification of women via sexually explicit avatars or gender stereotypes. As there are two sides of the same coin, positive behavior may also result from the behavior change provoked by avatars. Fully immersed users might perceive the experience as a form for inspiration, for example doing more exercise, adopting better eating behaviors, or pushing the intern creativity or empower self-expression. When users employ avatars, marketers have the opportunity to drive engagement, persuasion, awareness (recall & recognition), increase behavior intention and purchase intention, promote sales, new products, rebranding and create sophisticated settings where pleasure, arousal and individuation er the main objectives. The opportunities are infinite. The user is more immersed than when they are exposed to traditional mass media like TV, out of home publicity, paid ads and may contribute to greater ROI outcomes.

Lastly, avatars may encourage community membership. With the rapid rise of technology culture, digital spaces have been exposed to a huge expanse including the wide range of alternative virtual spaces like

metaverse platforms, giving new forms for online communities. Societies are formed out of social groupings at different levels, small towns, through countries and cultural codes. Within such societies people tend to form particular groups based on ideas, customs, meanings and social behavior making each society distinct from another. Tik Tok recently launched Tik Tok avatars aiming to improve and innovate making sure the experience is representative for all its members. *Tik Tok avatars globally* give each user a digital identity, where people with the same interest, similar personality traits, same tastes in colors or brands preferences can easily find each other and share thoughts, friendships, support each other, guide, etc. One objective was to promote self-expression and expand the way people connect and create across the global community. Brands are utilizing avatars to enhance connectivity, individuality, community, etc., at the same time it may lead users to feel greater satisfaction towards the brand and identify themselves with it even more. The feeling of belonging may get intensified, increasing value perception.

2.3 USE OF MODELS TO UNDERSTAND HOW METAVERSE CAN BE USED IN THE MARKETING CONTEXT

In the following paragraphs I elaborate on two existing models named tetrad model and technology of acceptance (TAM) to describe and explain how metaverse platforms may impact current consumer behavior. I perform a detail study of the factors affecting its adoption through the lenses of perceived usefulness and ease of use which has proven to alter consumers behavioral intention and overall act of use.

2.3.1 TETRAD MODEL

Given the novelty of metaverse platforms, this research finds it interesting to employ McLuhan (1975) laws of media. This approach treats the phenomenon as a problem and divide it into two categories: diachrony and synchrony. Diachrony is the developmental, chronological study of any cultural matter while synchronic is the assumption that all aspects of any form are simultaneously present. The author used the simultaneous approach to construct the model, but the diachronic approach is also accepted to build the historical background and details.

The model serves as a framework for analysis and understanding a new phenomenon, it consists of examining four effects in the historical context and present environments as well as the characteristics and attributes of the medium itself. McLuhan states that society is interconnected by the influence of electronic technology and that the medium is also a message. Both are relevant for this research and will be further developed in the coming chapters. The model works as an exploration of the phenomenon and a dynamic tool to describe situations in process. Despite the metaverse diversified concepts it is considered a new technological medium, where both virtual physical and digital worlds are merged by the convergence between internet and web technologies and constantly crawling and advancing. It is a new medium that combines entertainment, learning and work into one experience. New mediums are often difficult to adopt in the beginning, therefore I aim to

clarify the pattern of effects the technology produce, thus provide better understanding of how it can be implemented.

To understand a new medium, it is crucial to identify what does it retrieve, enhances, obsolesces, and reverses. Many new media come from the combination of an older medium with computer chips and a hardware, or further developed like newspapers and online newspaper. Metaverse platforms retrieves life simulation videogames and online communities which were not obsolesced but quite forgotten and less used by consumers. The platform also enhances users to experience cultural, social experiences beyond physical and time boundaries. It enhances stronger social connections with friends, connectivity, freedom to express yourself,

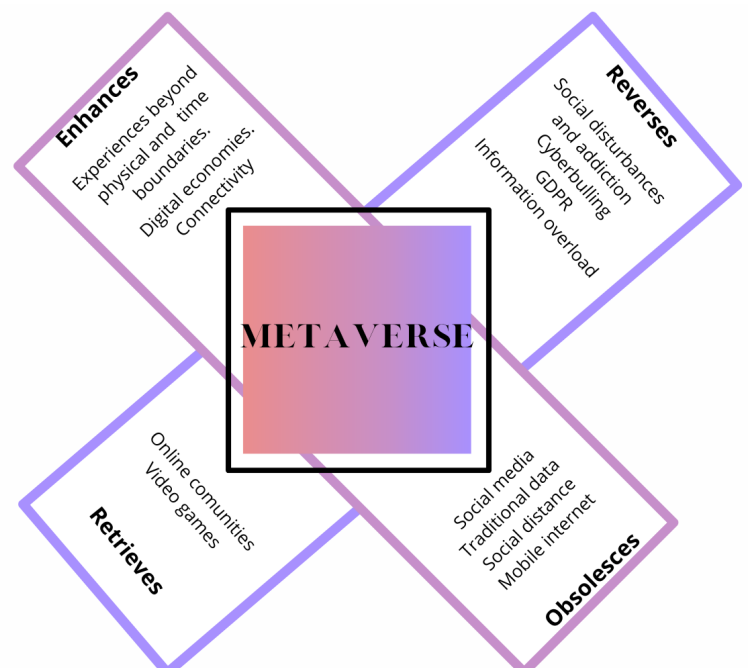


FIGURE 4 - TETRAD MODEL

digital economies, and innovative technologies like blockchain and cryptocurrency. As any emerging technology, it might contribute to the disappearance of other mediums like social media. Social media could become a small part of a decentralized metaverse web. The way traditional consumer data is collected like cookies or surveys could be obsolete. The mobile internet as we know it might also disappear by performing in a web where all transactions happen online, with digital currencies, communication channels (i.e., email, Facebook, Instagram) are replaced by one big always open web. In other words, it could reach a stage where it becomes an extension of today's internet and today's real life.

History shows that all new technologies have negative side effects. Metaverse platforms that are pushed to extremes can cause social disturbances like isolation, depression, addiction, personality disorders (i.e., stronger avatar identification than with the real self, followed by low self-esteem or introversion) (Worth, 2015). Cyberbullying may also be a consequence. Users might forget social codes and hide themselves behind the avatar and the anonymity it provides and disrespect others. Less compliance to privacy rights, for instance copyrights. If real state continues to evolve and users begin to own more properties, developers might design a very secure network to preserve the privacy rights, robbery, hacking, trademarks, etc. which requires time and testing. During this phase the platform will not be perceived or safe and diminish consumers interest to engage or participate.

Another negative aspect that can be reversed is the privacy and security rights. As for now, current technologies have in place many data protection rules guaranteeing the preservation of the users' personal and sensitive data, including how they are collected, processed, and used. Internet as a platform provides privacy security by prohibiting the sharing of information to third parties, long-term storing and displaying of information pertaining to oneself. Europeans' countries are regulated by General Data Protection Regulation (GDPR) holding accountable the data collector and data processor of the whereabouts of the user's information, making sure users gave explicit consent for profiling or other marketing purposes among other types of consent. However, for a groundbreaking technology like metaverse or VR it will require of a totally new framework to process users' information and new entities regulating and making sure organizations comply with the law and rules preserving the user's private information. As previous websites work today, it would not be possible for a platform like the metaverse to ask for consent on each occasion it is needed.

2.3.2 TAM MODEL

For this part of the research, I continue to build on the fact that metaverse platforms are novel. By employing the technology acceptance model proposed by Davis (1989) I aim to study the phenomena from a more technical point of view and describe how it might be accepted by its potential users. Scholars have explored TAM mode in a variety of contexts, for instance e-learning, mobile pay, driverless car technology, etc. Since metaverse is a mix of virtual realities, augmented reality, and real-life I will review different relevant studies of the literature that contribute to the creation of the metaverse whole picture and its expected level of acceptance. The focus is to study the essence of the metaverse, to provide to a greater understanding of its acceptance among consumers and add useful information to practitioners that may consider it as a strategy. Previous studies about VR and AR could be adopted and interpreted to fit the metaverse phenomenon. This XR technologies present similarities and belong to the same virtual reality continuum. The results are limited to the extent that the phenomenon is still under a development process and have not adopted an official form nor purpose, I encourage further research to continue studying its acceptance over the years as it takes a stable and defined form and use this interpretation as a starting point. Davis defines the ease of use as "*The degree to which a person believes that using a particular system would be free of effort*" and the perceived usefulness as "*The degree to which a person believes that using a particular system would enhance his or her job performance*". Figure 2 illustrates the current wave of metaverse technology, and the extended technology acceptance model mediated by external variables. However, there are many other possible external factors influencing how a technologies usefulness Is perceived and therefore impact the behavioral intentions and later its actual usage. I only refer to a few to show its importance.

Lin & Yeh (2019) found that the interactivity of the virtual reality technology positively affects the desire to use it. Huang and Kao (2015) investigate the factors influencing the intention to use VR wearables; effort expectancy, price and effectiveness are factors that directly determine consumers purchase intention. Factors

like ease, usefulness, interest, and pleasure are positively correlated to the intention of use. Figure 2 shows that **self-efficacy, social influence, pleasure, price, and curiosity** may have a significant effect on perceived usefulness.

To decompose each external factor in relation to the current technology, I shortly define what each of them means. *Self-efficacy* refers to the individual’s belief in their capacity to execute behaviors necessary to produce specific performance attainments. Older generations like gen X or baby boomers will experience low levels of self-efficacy and be negative correlated to the perception of usefulness and more likely

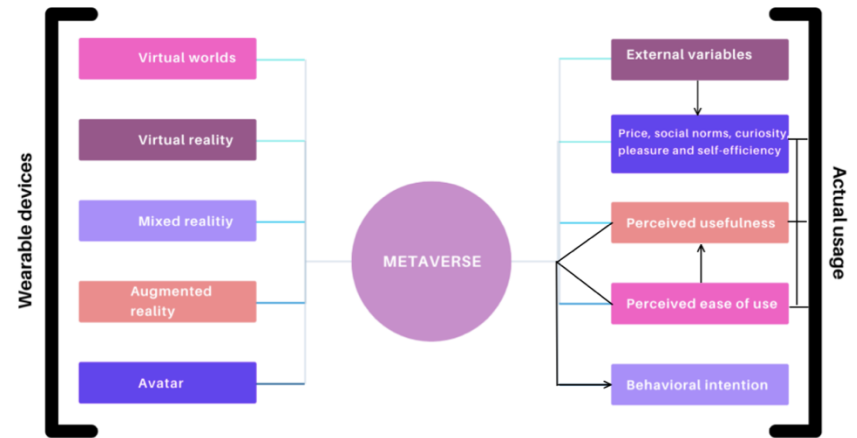


FIGURE 5 - METAVERSE TAM MODEL

not to use it. Their technological knowledge is limited and may find metaverse platform as ineffective and only a matter of entertainment. They spent their analogue years without computers nor internet, the previous experience with smartphones may have left them convinced that new devices or platforms are usually difficult to operate and designed for the younger generations. However, gen Z and millennials would most likely experience high levels of efficacy maybe since technologies always have been present in their lives and be more likely to have a positive behavioral intention. Younger generations tend to practice the “Openness to experience” a have an easier time accepting the technology as they also experience higher sense of satisfaction (Ong, Lai & Wang, 2004).

Other factor is *the social influence* or social norms defined as “*The informal rules that govern behavior in groups and societies*” (Bicchieri, 2011) could mean the impact of others on the decision to engage in certain actions. The article *A Technology Acceptance Model Survey of the Metaverse Prospects (2022)* revealed that social norms did not have a significant impact in the acceptance of technology, but it was proven to be a crucial factor affecting the consumers behavioral intention. Social norms include several psychological effects like peer pressure or subjective norms that are more likely to affect today’s consumers. There is no consistency in the literature about social norms affecting technology acceptance model and its perceived usefulness, most of the research investigates the TAM when it comes to e-learning technology rather than experience based for marketing purpose. Therefore, I encourage future researchers to consider the possibility of studying the population by generations, separate all consumers by clusters and study whether peer pressure for instance affects the ease of use and therefore behavioral intention and actual use when it comes to branding and experiences in the metaverse.

When new technologies emerge, there are two types of *curiosity* people may experience. (1) Perceived curiosity is the type related to the internal desire to learn something new, triggering information seeking and the intention to try it. The second one is interest based and more related to the sensation of gaining knowledge, encouraging users to learn how the technology is used. Curious people learn faster and perceive new technologies as simpler to adopt (Gruber, Valji & Ranganath, 2019). Gen Z Is the segment spending approximately eight or more hours a day online and is more immersed in the digital culture than any other generation, they are born in the digital era, with high technological skills making them the generation with higher probabilities to find the technology easy to use and useful. Overall,

Another interesting external variable is the *perceived pleasure*, defined as “*The extent to which the activity of using a specific technology is perceived to be enjoyable, aside from any performance consequences resulting from technology use*” (Venkatesh 2000). There is some uncertainty about cybersickness, and dizziness connected to virtual realities using wearables, affecting negatively how metaverses platforms provide pleasure. Even though some virtual worlds do not require the user to utilize VR equipment, many users are not aware of it, negatively affecting their intention to use. On the other hand, users who believe that VR is fun and find pleasure in it are more likely to think it is valuable and easy to use, affecting positively the attitudes towards technology use (Owda, Owda & Aburbeian, 2022).

The *price* factor is also crucial. It is normal to assume that consumers most of the time consider the price and compare it to the perceived value it will provide. Virtual worlds and metaverse platforms are normally free, but the technological apparatus required to be able to see the content and interact are not. To play in a virtual world users might need a mobile phone, computer, PlayStation, Nintendo, or x-box which are costly. The satisfaction of participating in such novel technology as the metaverse, is not the main driver for users to purchase a smartphone. There are other factors with stronger correlation. However, society is driven by technology, and it is hard to find a person that does not own a smartphone or a computer. The free factor then makes it easier for users try new technologies and find them easy to use when they are free and easily available online. On the other hand, considering metaverse platforms that require the use of virtual wearables (goggles), the expected price is high, negatively affecting its adoption to use or even leading to technology rejection.

By understanding the external factors behind customers perception of use and ease of use, both researchers and practitioners may know how to motivate them to use the new technology and encourage them to interact with it in a better way. It provides insight about which customer segment is more likely to adopt it and which not. It also provides valuable insight about how to promote and communicate the product or service following customers motivations, fears, preferences, interests, etc. It is key for consumers to find the technology useful and to feel they are capable of managing it in order to increase their behavioral intention and actual technology use.

2.4 WHERE IS THE METAVERSE HEADING?

Already a variety of augmented, virtual, mixed worlds pop up across the metaverse. For the coming years metaverse platforms may become the principal technology to build creative and participatory environments where brands connect with customers and build relationships in a more accessible way. The metaverse is not completely developed and may take different forms and different purposes. As discussed in the previous chapters a variety of small and large communities may be targeted with personalized content, new touchpoints may be added to the customer journey, improving the whole customer experience, unique brand engagement can be reached through product placements, advergaming, gamification, concerts, digital assets, and connectivity through virtual worlds with real life benefits may also be possible. However, it could also lead to market fragmentation making it costly to reach consumers, cannibalization, and a channel where people get addicted to the feeling of immersion for instance.

Since the metaverse and VR are far from having reached its final form, it is being used for different purposes in different industries. For instance, medicine and engineering utilize it in pre-testing, minimizing risks and increasing security, identifying errors in early stages of conception, while in the marketing field is being used in experimental environments, social experiences, CX, enterprise activities, media and entertainment, digital assets, as a data collector and data processing tool, etc. The metaverse is considered to have infinite opportunities to shape every business future as long as certain guidelines are followed. Some studies have tried to define the main pillars these platforms should have in place to classify as a good channel and medium. ***The avatar, content creation, virtual economy, social accessibility, security and privacy & trust and accountability.*** **The avatar** entails user identification and representation, it is an extension of the physical self and crucial to induce the user in an immersive and vivid experience. **Content creation** is a collective objective in the metaverse, both users and designers are allowed to alter the happenings and to add cultural diversity and cross generational content. **Virtual economy** refers to the currency used in the metaverse. There is still high uncertainty regarding which type of cryptocurrency will function as virtual money. Therefore, a holistic perspective research about how the individual's consumption behaviors will change is needed due to both real and virtual worlds being that intertwined making economic activities in the two worlds affect each other. **Social acceptability** is how the users' behaviors represent collective judgements, opinions, and policies (i.e., privacy threats, user diversity, respect and fairness and user addiction) which will determine how sustainable a metaverse platform is. **Security and privacy** will include the users constantly authentication of identity when accessing certain applications in the metaverse. In addition, the protection of digital assets (i.e., NFTs) will also be required. On the other hand, huge amount of information about the user's activity will remain in the platform risking privacy leakage in the long-term making the actual consent of 2D websites outdated and overwhelming. A privacy preserving machine learning program that can be adapted to a decentralized web, to automate the recognition of user privacy preference for dynamic yet diversified contexts in the metaverse. **Trust and accountability** expand the concept of personal data, including biometrically inferred data which is

highly used in XR data ecosystems. Privacy regulations like GDPR alone cannot be the main basis for the protection of data since it is not possible to cope with its innovation. It is a challenge to design a framework that can conceptualize personal data while keeping up with the potential innovations and technological developments (Lee, Braud, Zhou, Wang, Xu, Lin, Kumar, Bermejo & Hui, 2021).

It is confirmed that metaverse platforms are far from reaching its final phase, however even though it is still at a very infancy stage, its popularity is rising and therefore becoming a hot topic among practitioners and researchers across industries, a tool constantly being used more and more for different purposes. The marketing field is one of the industries subject to big changes when new technologies arise, therefore I am to study the metaverse phenomenon and how it might be changing the way marketers think and act, the main important features to be considered and the impact of cultural differences. The expansion of the internet and globalization play a key role when designing a communication strategy, its reach is no longer delimited to a specific region on the contrary, it breaks borders between countries and extends it to foreign clientele. My research question is then formulated as the following:

“What is the metaverse and how is it shaping the future of marketing? How can a sociodemographic variable like cultural codes affect the perception and implementation of a virtual experience on the metaverse?”

CHAPTER 3 – METHODOLOGY

3.1 RESEARCH METHODOLOGY

The current study employs a combination of two different methods. (1) A qualitative research method consisting in investigating the personal point of view, perception, and knowledge of top managers in marketing about the rise of metaverse and VR in the market. Through in-depth interviews (see appendix 4) I aim to map not only to what extent they know about the topic, but also the relevance of it for the company in which the participant works, moreover conclude how the metaverse may be shaping the future of marketing practices. The interviews will also uncover the managers likeability, knowledge, and willingness to consider a virtual experience as a strategy. The literature published is short and mentions VR and metaverses potential for reaching all industries and across branches, however such statement has not been validated nor confirmed due to the recency of the topic. Thus, this research will aim mostly to collect data and make a forecast about what the possible timeslot when companies may consider implementing XR technologies and whether it is an option, in addition to the likeability and general knowledge. An in-depth interview allows the researcher to ask open questions and build on the response, which was of huge utility for a trend and technology that is still under development and constantly changing course. Marketing managers are the ones responsible of leading

the communication plan, they have the power to decide which channel, objective, target, etc., of future campaigns and strategies and therefore the correct candidates to provide true information about where the phenomenon of metaverse and VR stands today.

The second method utilized is a marketing tool called brandscape which means detailed semiotic research of a brand-as-product, the brand-as-organization, the brand-as-person, and the brand-as-symbol. A brand scape is mainly based on advertising and the message the brand is giving to all the stakeholders (i.e., YouTube/Twitch campaigns, social media posts, print ads, sponsorships, PR stunts, website, etc.), but it also includes a deep study of the corporate culture, product line and pricing strategy and not just advertising. Such analysis can identify distinctions among brands in the competitive set and determine the codes that structure consumer expectations, influence consumer perceptions, and guide their purchase intention. I will be utilizing this tool to mine the brand development, brand positioning and brand management from a socio-cultural context in relation to VR and metaverse trends in marketing practices. A case study of a specific brand may shed a light of how to cope with a new platform like metaverse in the marketing field, gain greater understanding of it, guide managers and reduce the potential of biases. I chose to perform a case study of the brand Wendy's company in relation to the cultural background, emergent and dominant codes, emotional territories, and the meanings of what the brand is communicating (Oswald, 2012). I aim to study whether it is possible to maintain a solid integrated marketing communication plan when the marketing strategy includes metaverse platforms and VR technologies and how can cultural codes affect its implementation from a strategic point of view. This case study involves a deep but concise research of the brand heritage, brand legacy and core values, followed by a short competitive analysis between the brands that are direct competitors, an analysis of recent marketing campaigns launched in the metaverse and lastly a detailed decomposition of the cultural codes that might have an impact in the design of marketing plans within the specific industry.

3.2 DATA COLLECTION

For the in-depth interviews I selected the participants based on their professional position and experience. In order to obtain relevant information about the real stage metaverses and VR are on a more corporate level and less entertainment basis. It was necessary to interview only top managers within marketing and exclude employees who did not have a decision-making power. For the brand scape I collected information mainly from the company's official social media accounts (twitter, Instagram, YouTube, Facebook), public information on their website and official financial reports. For the cultural analysis I used scientific articles that contain reliable information and facts about American population and history, in addition to history books and newspaper articles containing information about new launches, sponsorships, and events the brand arranged, brand packages, billboards, brand logo and consumption habits. However, all the data was reviewed in a context matter, time matter and country of origin to fit the purpose of this research.

3.3 PARTICIPANTS

As mentioned before, participants were managers only in positions related to marketing. This to avoid biases and vague results about the real stage of metaverse technology whitening marketing practices. Managers within IT and real state may be aware and have greater knowledge of the topic than marketing managers. The participants were from both genders and with an average age of 33 years old. Their country of origin was Norway and their work location Oslo. Oslo is a highly technological city, that have become a laboratory for innovation, tech and design the latest years and therefore a good location to test how this novel technology is being adopted. All participants were informed and ensured about the confidentiality clausula and consent form. The only personal information collected was gender, age, and job title so the results can be classified and categorized further in the research process.

3.4 CASE STUDY – WENDY COMPANY

Wendy's is one of the largest quick service hamburger chains including more than 6,500 franchise and Company restaurants in the U.S. and 27 other countries. It was founded in 1969, in Ohio by Dave Thomas, which plays a key role for the brands heritage and legacy. Wendy's has a worldwide philosophy of providing fresh food at a fair price in a comfortable atmosphere. Quality is at the center of Wendy's core values, together with other pillars like a strong corporate responsibility, treat people with respect, profit means growth and to always give something back to the community. Thus, their tone of voice to reflect its core value is funny, playful, humoristic, casual, a good variation between respectful, irreverent, and sarcastic, interactive, inspirational, caring, and enthusiastic. One of the primary goals for Wendy's is to create a familiar and tight environment for both consumers and employees, therefore their logo represent a little girl inspired by the daughter of its founder along with the desire of being perceived as a family business and committed to it. Normally family business care for quality and to always keep customers happy which the brand is always aiming to achieve.

Wendy's went to a giant brand transformation in 2012, focusing on an image activation with the purpose of contemporize the brand and improve all touchpoints of the customer experience. Since 2012, Wendy's is confident in achieving their goals, implementing warehouses to cultivate own vegetables, bringing jobs to communities where employment percentage is high, promoting adoption and the opportunity to give orphan children a family, courses and institutions that form leaders and provide education. All this together with innovation and technological advancement i.e., apps, new modern store designs. Trusting the company's future lies in the hands and hearts of the consumer, Wendy's aims to help all its stakeholders to develop a culture that values respect, growth, diversity, equality, quality, sustainability, and happiness. All in all, Wendy's aspires to be the among the top 10 priority food categories in the US and Canada by 2030, promote diversity in top management positions and highly contribute to sustainable behavior. Its vision aligns with their brand identity and goes by *"to be the quality leder in everything we do"*. Followed by its mission *"Deliver superior*

quality products and services for our customers and communities through leadership, innovation and partnerships» (Wendys.com, 2022). Consumers are driven by need or desire, an important question to address is what motivates consumers to purchase from a specific brand and what is the brand offering to meet consumers expectations. The *functional brand* drivers would be to offer a good variety of fresh and high-quality food, suitable for all the meals of the day, easily available with short waiting time and sold at a fair price at a comfortable and clean atmosphere. While doing so, they also manage in regard to *emotional brand drivers* to maintain the brand heritage from past, present and future. Its founder aimed to create a place where everyone felt part of a family “the Wendy’s community”, which along the year have been highlighted by their slogans (i.e., You’re Wendy’s Kind of People, we got you) and marketing strategies (community ambassador grant program, WeCare, postmates, Wendyverse) (Wendys.com). In the past 8 years, Wendy’s have improved their pricing strategy offering some *economic benefits* where customer could get the most out of the money spent (i.e., 4 for 4\$ which includes an entrance, fries, 4pieces nuggets and beverage of choice) (TheSquaredeal.com, 2020). However, it is the customers who determine how the organization is being perceived and if they manage to provide and position themselves where they want to be. Hopefully Wendy eaters feel they are ingesting healthy, fresh, and tasty food, for reasonable and affordable prices in nice at customer friendly, welcoming, and warm environment.

To clearly understand Wendy’s value proposition, I have looked at the brands current marketing strategy and its brand drivers. The mission Wendy’s want to achieve is to deliver high quality products and services for customers and communities through leaderships, innovation, and partnerships. The brand drivers are those special characteristics that affect the products and guide the motivation behind what the brand wants to represent and be perceived as. Following the latter research, Wendys value proposition is

“To deliver fresh, varied & tasty food from reliable sources, providing a fast, excellent, and innovative customer experience while we make the customer feel a part of the Wendy’s family, feel at home”

The fast-food market is highly competitive, especially in America and south America where the entry barriers are lower than for instance Europe with larger requirements and permissions to complete. Wendy’s compete with other fast-food companies primarily through the quality, variety, convenience, value perception, price and products offered. Wendy’s positioning is differentiated by their focus on quality, its promotional products and price discounts, atmosphere of its restaurants and its strong passion to provide friendly and engaged customer service. After the re-positioning of the brand, Wendy’s continued to improve its image activation program and both on social media and new media channels like metaverse platforms and VR technologies. On the other hand, Wendy’s direct competitors **McDonalds** and **Burger king** also have good marketing strategies in place to increase market shares, gain new customers and provide memorable customer experiences. The marketing strategies are quite similar, one key differentiator is how McDonalds communicates in a higher degree how much they value moments, positivity and joy while eating their products something Wendy’s

weakly have used the latest years. Even though many of their advertisement also have a product centric approach like Wendy's, McDonalds communicates their interest in people, getting closer to regular consumers in real life, hearing and listening in a higher degree, emotions are at the center of is message. Burger king is more formal, using a decent language rather than memes and roasting. As their name states it; Burger king they are a little cocky and convey exclusivity rather than convenience and cheap prices. Wendy has managed to find a balance between being clever in engaging with a younger audience and being funny while maintaining their wholesome image of intelligence, humor, and edgy essence.

Current marketing strategy

The current marketing strategy expresses the main ideal and core value of fresh beef and not frozen, supported by its long-time slogan “*Serving up the best hamburger around, made with fresh, never frozen beef, since 1969*”. Wendy’s marketing team focus on highlighting the Fresh Beef Legacy that has remained since Dave Thomas the founder, opened the first restaurant making tradition one the main objectives in their marketing strategies.

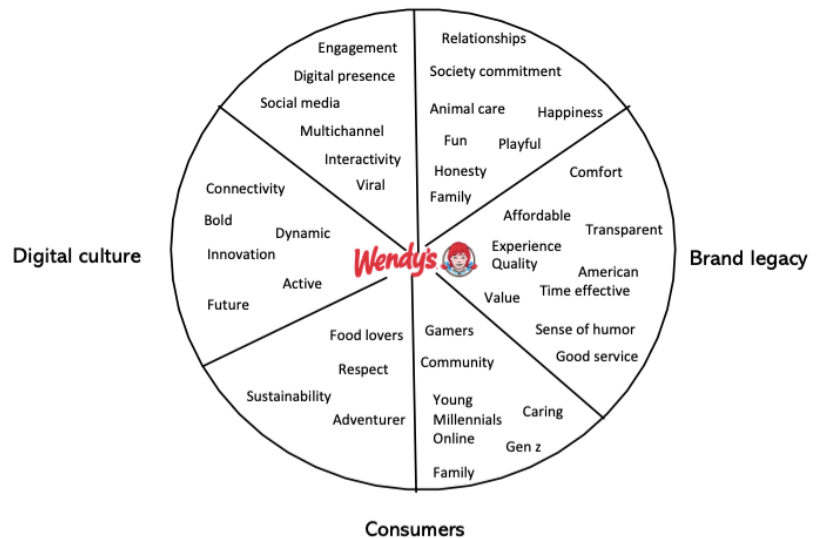


FIGURE 6 BRANDSCAPE

Wendy’s global marketing campaigns are relatively integrated and have the same essence, however consistency is a difficult task to achieve when the main characteristic of the brand is humor. Humor varies from culture to culture and what is perceived as funny in one country may be misunderstood in another. In a world that is highly connected through mobility and internet this is a challenge that marketing managers should focus on. During the elaboration of this research, I found Wendy’s different social media accounts belonging to the different countries (Instagram) do not follow a general guideline and therefore may be generating confusion or weak branding in the mind of the consumers.

Wendy’s marketing team is working towards achieving synergy and consistency across channels and countries (Wendy.com). All the videos promoting Wendy’s products focus on the tastiness and flavor, the center of attention is always on the burger or sandwich rather than fries or other secondary products like chicken nuggets. The primary color used is red, which may generate confusion among consumers since McDonalds (direct competitor) also uses red as brand color. Red is a bold and active color, associated with power and energy and therefore popular among famous brands (ie., Coca-Cola, Netflix, marvel). Wendy’s use it as a statement to show they dare to speak up, to own a voice and stand up for their ideals signaling passion for what they do, quality food in fact.

The printed ads Wendy's have used are mostly linked to the promotion of food quality, its provenience and to being transparent. For instance (see appendix 5), the picture of many cows and cowboys that take care of them sends out a strong statement about the supply chain and animal welfare, it also sends a message about the gold standard of care. The feeling of nationalism and patriotism may appear as well in the mind of the viewers. By using sunset colors, nature, cowboys and cow's, emotions like belonging and pride may be evoked. Moreover, the use of such cues may not cause the same impression for an American compared to a Colombian. Ranches and cowboys are an important part of the American or Mexican culture, but it does not appeal to Latin American countries where agriculture for instance resembles their culture and history in a more passionate way. Wendy's have attempted to adapt their campaigns to a certain extent, trying to adjust and fit the countries cultural codes and traditions but not all franchises are as successful as the original one in the US. Moreover, the fast growth of the internet, innovative technologies and globalization has made the bridge between countries smaller and the marketing reach way larger. One social media platform like the Wendy's Twitter account may be enough to represent the brand internationally, what the US account publish may reach many customers in brasil too for instance. Thus, such situation could require the brand to acquire an agreement with all the franchises of having fellow goals and objectives when it comes to marketing issues.

As mentioned before, Wendy's uses humor and sarcasm to express meanings. On social media the brand is mostly known by its roasting, provoking games and spicy comments. It uses interactivity to form a close relationship with its followers and create a feeling of nearness and community. Many of the users that mention @wendys on social media get a response. For instance, the viral tweet "NuggsForCarter" broke the internet with the kid writing "Yo @Wendy's how many retweets for a year of chicken nuggets?", even though the tweet did not reach the 18M re-tweets Wendy requested, the stunt got Twitter record of most retweeted tweet and he was rewarded with his year's supply of chicken nuggets. Wendy's is driven by the reactions such interactive posts may provoke and therefore very interested in generating engagement. Carter was invited to the Ellen show, where he donated money to the Dave Thomas Foundation for Adoption, and Nuggs for Carter won the Best Influencer Campaign title from the PRWeek Global Awards and a Cannes Silver Lion Award (Koman, 2018). Competition is another tool Wendy's constantly use to increase brand awareness and word of mouth (WOM), mostly the statements and ads are towards competitors like McDonalds where they emphasize funny but real facts about how they operate, (see appendix 6) again eager to demonstrate the quality of its products. Recently, the brand has started to employ celebrity endorsements like Reggie miller, a former basketball player in the NBA to gain brand exposure and draw positive associations to the brand. They also are a corporate partner in the Men's Division I Basketball Championship. Based on Wendy's history, the brand has previously taken part in hosting golf events, but they have recently turned to basketball taking a step further away from golf (Youtube.com, 2022).

For the former 8 years, it seems that Wendy's has been changing how they position themselves in the market. They are targeting younger consumers, more active in digital platforms, employing new technologies, aiming

to enter bigger markets in Europe and integrating sports in their strategy. In their business model they state that profit is equal to growth, which could be interpreted in many ways from a strategic point of view; (1) new customer segment, (2) new product categories, (3) expand to new territories, etc. The latest target group has been millennials; young professionals, starting their family life, with less time to waist. It was in 2018 that the brand decided to also target generation Z. By identifying what the brand audience values, the message needs to be tailored to meet their interest in addition to their demographics (obtained by using brand personas, analyzing customer data and demographics). When the message, the channel and the content resonate with the target, the perfect customer is attracted. Wendy's marketing managers found gen Z spending large amounts of hours online, engaged in various gaming communities and decided to integrate their strategy into the virtual reality trend emerging after the pandemic. Following their previous snarky essence on social media, the brand aimed to capture gen Z attention by collaborating with Fortnite. This campaign together with the recent launch of Wendyverse has marked the beginning of a digital era for Wendy's and their marketing history. Weather it will bring positive or negative consequences for the brand in the future remains unknown.

3.5 FORTNITE AND WENDYVERSE

Repeating the same message for an extreme quantity of years may become too repetitive, eventually the audience will stop listening. Wendy's has been using "*fresh never frozen beef*" for 53 years, risking its audience to ignore the deep meaning of it and lowering its reception and retention as the years go by. The brand discovered a new way to communicate its core differentiator trough a novel medium, the gaming world. By infiltrating the popular virtual world Fortnite, as a fellow player and community member Wendy managed to highlight the importance of fresh non frozen products in a game called Food fight. Even though the game plot was a battle between two fictitious brands (Durr burger and pizza fit) and their mascots, Wendy's completely ignored the main task and went for destroying fridges. The avatar destroying the fridges was designed to impersonate Wendy's signifier (see appendix 3) and iconic character on the brands logo, leading other gamers, playing, and answering questions about Wendy's products on the livestreaming platform Twitch. This social campaign required a deep understanding of contemporary culture.

The target is clearly defined. Gen Z (18-24 years old) is a generation that has grown up during a global recession, a pandemic and at the center of exponential technology evolution making them very different from millennials and baby boomers. The channel and the way the message were communicated aimed to capture an specific young audience that is virtually engaged, values community, creativity and reject pushy advertising. The gaming community is even a smaller segment of gen Z and difficult to engage with. In US there are 201.7 million gamers (Clement, 2021) while other European countries like Germany have a lower number of users with 39.1 million. By choosing Fortnite as a channel to convey a message, Wendy targeted American gamers, but also managed to engage with worldwide users that did not know the brand has recently started the process of franchises in Europe, being UK the first country on the list. Driving high levels of brand awareness. Pizza and hamburger are high calorie meals that are regularly ingested in both cultures and very appealing for young consumers. A study found that

children and adolescents are more susceptible to be persuaded by advertising in games than adults (Wang & Mizerski, 2019) and therefore a clever strategy from Wendy's team. Whether it is ethical to target children with advertising containing high calories products is relative and may depend on the levels of impact and the content of the advertising.

3.5.1 THE AVATAR

When brands choose to use brand personification, they are aiming to get their audience to think about the brand as a person. Some researchers argue if personifying a brand gives distinct human qualities, increasing the chances the customer connect better with the company. Wendy's used their logo character and gave it human qualities through an avatar. Its design may convey a message to consumers. The character in the brand logo is a small girl, while the avatar represents an older girl, a teenager using hunting clothes. She is high and seems wiser, bold, and determined (see appendix 7). The transition from little girl to teenage could signalize the transition towards a more modern brand than is focus on being perceived as young but not childish that want to cope with its customers interests and establish a close relationship. There could be a residual code embedded in the avatar dress code, reflecting Wendy's essence of having courage and daring to make a statement, she looks like a fighter.

The fact that the avatar is a woman could have a deeper meaning. The codes structuring a cultural category as gender is linked to the hairstyle, facial expression, and body type. For this particular context, Wendy's is independent woman fighting to achieve one goal, get rid of the products that lead to frozen beef. The feeling of empowerment, determination and individualism may also symbolize the strength (superwoman) women have in daily activities as in work environment and promote gender equality and diversity.

3.5.2 MISSION AND GAMES CHALLENGE

Fortnite is an online world where players fight against each other in different combats until only there is one last player standing. There are different tasks and themes. The food-fight main challenge was to pick a side between pizzas and burgers and destroy the enemy team. However, the organic way Wendy's discovered to enter the game without being perceived as an annoying advertiser or product placement was to ignore the war players had between each other and to change the course of the game. The target for them was to destroy in-game burger freezers alongside gamers. Wendy's is known for picking wars with competitors on a regular basis, choosing the game of food war between brands stayed in line with earlier performance and kept the brands roast/ savage personality and style. The principal message is implied and not told directly, destroying fridges reinforces their mindset; the brand does not consider them useful when it comes to providing food and they should be destroyed. Again, their core differentiator is conveyed, fresh beef never frozen. Frozen beef may be perceived by consumers as less tasty, less healthy and with less juicy flavor, getting rid of freezers convey the opposite message; fresh, quality, and good food.

3.5.3 THE ENVIRONMENT

By entering a virtual world where users are the ones creating content and participating as a fellow player Wendy's may communicate a feeling of community, union, and relation. They are not only a brand, but they can also be seen as an equal. A fast-food restaurant playing a video game on twitch may be perceived as a little bit absurd and even be the key factor that made the campaign go viral. The environment where the intervention took place can be described as a social catalysator, a multidimensional space where users can interact with each other through avatars, talk to each other in real life, stream the game, etc. Wendy's approached a new audience through engagement, creating a cause with meaning. During the launch of it, other players joined the cause (supporting the ideal of eliminating fridges) and began destroying burger freezers in their own gameplays as well as sharing their freezer kills as user generated content. The engagement led game developers to remove burger freezers from Fortnite and granted Wendy's the merit of changing the game plot by ridding its world of frozen beef.

The environment in Fortnite contains violence even though is transmitted as a cartoon rather than bloody, which may create skepticism among audiences outside the gaming community. The people playing Fortnite is less susceptible to violence and used to play games where savage behavior is not considered as aggressive but customers that do not share the gaming passion may question why Wendy's chose Fortnite; a platform that promotes addiction and violent behavior. All in all, Wendy's is a brand that sells products for children and small children's families mainly. It could generate confusion about how the brand is perceived.

A good campaign is rated by whether it reached its objective or not, followed by the assessment of other metrics like ROI, profit, and other organizational performance metrics (Katsikeas et al. 2016). Wendy's achieved their goal; high levels of engagement, virality, brand awareness, shares, views, etc., and it received the Social & Influencer Grand Prix at the Cannes Lions International Festival of Creativity being described by many recognized names in the marketing field as creative, memorable, humorous, and interactive (Van Rijmenam, 2022). User reaction is one of the most important key performance indicators of any marketing campaign. When other players ignored the main challenge of the game and started destroying freezers together with wendys avatar the level of co-creation and engagement was surprisingly high, resulting in extreme good connection with the target group. More than 1.5 million minutes watched and increased social media mentions by 119%, becoming one of the top 1% of all streamers on Twitch. The custom-branded in-game content was downloaded more than 988,000 times, an effect never achieved by the brand before (VLMY&R, u.d).

Twitch & Fortnite were the first of the brands many moves to enter the virtual trend emerging in the market. Followed by the launch of their own virtual world called **Wendyverse**. Carl Lored, Wendy's CMO said "*For the last years, we've been meeting our fans in unexpected ways and places with our unique approach to social media, gaming and engagement*". Thus, Wendyverse is a part of this approach. It is delivered by Meta's

Horizon Worlds platform and described by Wendy's marketing team as a new dimension to meet fans and drive connectivity.

The use of text plays a key role in food advertisement, the name **WENDYVERSE** is almost a direct translation of metaverse, making a clear statement of its relation, evoking similarity feelings. The people who hear or read about Wendyverse will immediately connect it to the metaverse trend emerging in the past year and understand to a certain level what it is about. Wendyverse is a virtual restaurant (see appendix 8), being a novel technology Wendy chose to build only two main playgrounds to begin with: (1) *town square central* and (2) *partnership plaza*. Visitors can order virtual products like French fries and frosty while they also have access to games with a Wendy's twist. One important feature of the platform is to drive engagement in real life too. Players can score discounts; win sausage or other cheap products they can use in some physical restaurants (). Happenings in the virtual world may be directly linked to real life happenings which generate a greater rate of engagement. Visitors that might be interested in basketball are treated to basketball courts during the final of march madness for instance and be entitled to bacon, egg, and cheese biscuit for 1\$ (one objective is to promote their newly breakfast packages and drive sales). The images are not made in high definition giving a sense of reality, quite the opposite. They retrieve the feeling of playing old videogames, retro marketing and may be evoking nostalgia. Such type of graphics could have the purpose of communicating the platforms early stages but with a sense of innovation and authenticity of being one the first brands adventurous enough to test it be at the forefront of it. The brand sees it as a channel and an opportunity to be a leader instead of a follower which is one of the main core values Wendy's wants to communicate.

The Wendy's restaurant is identical to the real one in the platform as it is in the real world. Square, with the logo and slogan, brand colors and its significative brand character which have lightly been modified by adding VR glasses. A traditional brand that remains loyal to its roots and legacy but also keep in line with modernization and technology, marking the beginning of an innovative sequel.

A huge golden statue of the brand character Wendy's is also placed on the right side of the restaurant, the materials which the statue is made looks like gold, which is often link with success and affluence. The color is also often associated with being a champion, a winner. Wendy's is a brand proud of its heritage and passionate about their motto of delivering fresh & quality products therefore, to consider themselves as the winners and number 1 in the fast-food sector is a little predictable and a typical Wendy's movement.

The platform is free for everyone, users with wearables glasses will experience greater levels of immersion and interact in a more vivid way with the platform. On the other hand, users without VR glasses are allowed to enter a viewer-only version webpage available at Wendy's official website. It could be interpreted as the strategy of complementary products, who are closely related to the main product. The glasses are

complementary to the platform but not always essential. Marketers either sell them together or promote a complementary product after selling the main item. Wendy's is promoting the main product, in this case providing a gaming platform for free, however owning VR glasses will add fun and adrenaline to the experience. The concept does not fit completely since Wendy's do not sell wearable technology, but it could be a way to incentivize users to buy them. One driver behind this strategy could be to build a numerous customer base that have access to VR wearables, allowing Wendy's to design creative, interactive and beyond-reality experiences. It is possible they are paving the way to a Wendy's that is always providing innovative, futuristic virtual experiences. Users' reactions are hard to categorize, there is both rejection and astonishment. Some are surprised that a food fast chain is so invested in technology that they decided to test it (see appendix 9) and finds it curious and innovative. The attitudes evoked seemed to resemble a user that is not quite convinced about the platforms purpose, recognizing early-stage bugs and technological obstacles but at the same time the user acts surprised and acknowledged Wendy's credit of being innovative and bold to test such futuristic technologies (see appendix 10). Others,

Wendy's is encouraging gamers to participate in the trend, they have clearly positioned themselves as a brand that stands for innovation and into technology and want to engage and connect with new segments in a totally different way. By entering the gaming world with Wendyverse, they convey a genuine interest for Gen Z extending the traditional business model of focusing on one target only families and small children and build a brand that is present in two main stages of the consumers life.

3.6 DOMINANT AND EMERGENT CULTURAL CODES

The US is a country of many traditions, with its anchor on its origins and culture but is also a society characterized by its development and consumerism which eventually influences how population behaves over time. The culture of a country defines to some extent the way population eats. Each country has its own traditional dish rooted in their history, lifestyle, weather, religion, etc., i.e., the pretzel (Germany), the croissant (France), the pizza & pasta (Italy), arepas (i.e., Venezuela) and empanadas (Latin countries) are meals that automatically evoke a thought related to countries or to a certain ethnicity. Hot dogs, hamburgers, fries have a similar effect with America and the American dream. Dave Thomas was an orphan, dropped out of school and still managed to build a fast-food empire across the country, becoming an official American dream prototype. The fast-food business emblemizes an important symbol, income equality, job opportunities, transmitting a feeling of character building for those working in the fast-food industry. Jeff Bezos, the owner of amazon Is a McDonalds alumni and proud about it and Barack Obama worked at Baskin-Robbins (American multinational chain of ice cream and cake), really important figures marked their own way to success using the fast-food industry as a first step. Fast-food is more than just a meal, it followed the countries development and history. After World War II, a national project was started; the interstate of highway system, followed by people moving to the suburbs maintaining their jobs in the city, this event provoked a baby

boomer. And all these events created a need for roadside fare, a place to eat in on the go, when they are commuting. More women entering the workforce, a new diversified economy and thus, the demand for fast food grew naturally. When a change in society is initiated the domino effect follows, and many aspects of human behavior are affected. For instance, during the years 1990-2010 there was a shift where women that stayed at home and had time to prepare all the meals transitioned to a more liberated and independent woman eager to work. Long commutes mean little time to prepare meals for unsupervised children, which led families to find faster solutions like fast-food or frozen food. The location of McDonalds and Wendy's right next to the road is not a coincidence but rather a strategy based on the cultural codes of the country of origin that expanded into other cultures like Europe and Asia and became a typical brand characteristic. Such social codes might categorize as residual codes since companies are introducing better human relations policies and considering better working conditions, including less strict office hours and easily accessible technology allowing employees to work remotely from home or other places. Which could mean better time to organize the meals and less fast-food consumption.

The fast-food empire initiated with the middle class, families trying to settle down and start a family or already small families with children or adolescents. These were families that aimed to achieve a better lifestyle in an era of prosperity. Many perceive fast-food also as community centers, and an important figure in American public life.

People link fast-food with family dining and as a replacement for eating together at home, following Statista research, approximately 71.8 percent of those surveyed stated **convenience** as the leading reason to eat fast food. Meanwhile, the second highest percentage of respondents, 37.6 percent, stated it was because it **tasted good** (Statista, 2020). *Convenience* includes time, geographical location, and affordability, which also explain the business model of delivering at a certain time, where they are located, and the low prices and promotions offered. The concept of *taste* is however ambiguous, it varies and can be regulated by different factors like age, gender, nutritional knowledge and most important for this research by culture.

Firstly, it was family-focused, low-stakes where dirty dishes were no longer an issue. The possibility to order to go, easiness of throwing the rest in the garbage (plates, cups, cutlery) and without involving any waiting service created a casual environment available almost all day. Secondly, it is also the place where locals gather for social purposes. Both in America and other cultures, McDonald's, Burger King, among others are the places where locals gather to share a moment and enjoy a cheap meal or just a dessert. Small towns do not own big shopping center nor famous entertainment brands, fast-food chains are then strongly positioned to evoke feelings about social gatherings and attract customers that want to casually hang or relax with friends after work or for a short time in a Sunday evening. Fast-food advertisement has during the past 30 years used powerful symbolic meanings of food, so the product that is being promoted sales more than just it, but a lifestyle, a dream, and a source of emotional fulfillment.

The target for fast-food fell on millennials with families, during the last decade the consumption of fresh food has grown 20%, being millennials the one driving the trend (Wells, u.d). As mentioned before Wendy's main target is millennials, their interest in fresher food could have been one of the drivers behind the decision of growing their own vegetables (tomato sourcing), in order to ensure and also communicate the importance of fresh and healthy ingredients. If there are two main associations brands aim to communicate is the family feeling and the fresh taste all their products provide. Wendy's has not only improved their supply chain with tomato sourcing and animal welfare programs, but they also introduce new meals in their menu like fresh-Made Salads To-Go and famous taco salad. Another important emergent code is the influence of other cultures, affecting the way people eat. In the "The semiotics of migrants' food: Between codes and experience," Sara Greco emphasizes that migrants have a role in new experiences abroad by changing local established culinary codes i.e., Taco Bell was originally founded in California in 1962 but its history and brand heritage is inspired by the Mexican cuisine. Taco bell have today 7000 restaurants worldwide and serves 2 billion customers each year (Tacobell.com, 2022).

For the last decade the social, economic, and technological changes has been forming a new American consumer to become more demanding, highly technological, aware, and more conscious about topics like sustainability, gender equality, ease of use, availability, animal care, etc. Consumers are more critical regarding their purchase decisions and connect with brands in a deeper sense. Consumers see brands as a part of their identity and a new consumer behavior arise. From a consumer's point of view, it is necessary to know who one is, what one believes and what one does. Knowing their identity will produce a wide range of identity driven effects, included increased attention to identity-related stimuli (Reed, Forehand, Puntoni & Warlop, 2012). As mentioned in the latter, the fact about millennials interest in healthy food and environmental conditions being part of their personality have affected how they behave, live and eating habits, moreover marketers have changed the way they design communication strategies. The communication of fair working environments, healthy products, transparency have taken bigger focus in many communications plans and business models. Sustainability is the term summarizing the topics mention in the latter, it is an emergent code that has affected all industries leading to a great transition in the companies intern operationalization. Corporate sustainability is defined as the "*Inclusion of social and environmental concerns in business operations and interactions with stakeholders*" (Maitland & Baets, 2021). The science of human behavior is complex, based on the assumption that if humans understood more about the environment and what kind of actions cause or avoid environmental unbalance, they would behave in a rational manner and adopt sympathetic practices I am able to draw an important relation between the establishment of environmental goals and change of customer behavior. Some researchers investigate a relatively direct and positive relationship between a person's cognitive knowledge about environmental issues and his willingness to act in such way as to minimize these problems (Luetz, Margus & Prickett, 2020) which I believe is the case during the past 5-8 years. This can be called as enlightenment reasoning, suggesting education equips people with knowledge and therefore encourage and enable them to change their behavior and adopt a more

environmentally sustainable behavior based on rational decision making. I utilize these data to support my interpretation of consumers changing their ideals towards a more rational environmental thinking, changing also the way they identify with brands. A recent study performed by a global strategy and pricing consultancy Simon-Kucher & Partners in 2021 revealed 85% of consumers have become greener in their purchasing where 64% of Americans are willing to pay more for sustainable products, creating both future challenges and opportunities for companies. Since customers seek brands that align with their values and contribute to reduce the environmental impacts, almost all brands have had the necessity to modify how they provide the product or service and the way it is communicated. Companies that don't have sustainability as part of their core value proposition need to act now to protect against future reputational impacts and eventual loss of market share. Sustainable emergent codes have changed how fast-food chains design their marketing mix affecting promotions, price, place, and product. To be sustainable is not a matter of American cultural codes, but a global issue.

Wendy's recent expansion to Europe, have taken this aspect into consideration and added a new word to its main brand message, additional to "*Quality is our recipe*" and cues evoking the freshness of their ingredients, they have included the women empowerment principle by "*It's time for a girl to show how it's done, right*". Topics like gender equality and women empowerment are dominant codes in Europe still, although inequalities still exist EU has made significant progress the last decades to promote a union where women and men, girls and boys, in all their diversity are free to follow their chosen path in life, have equal opportunities to thrive, can equally participate in and lead the European society and be perceived as diligent as men. In many organizations, it is no longer an issue to include all genders or to consider women as top managers or leaders it is a part of the brand identity already, but many others are still in a process of transition. Therefore, I classify these as dominant codes.

Environmental issues are not the only factors affecting the socio-cultural changes US and the world are facing. During the pandemic society went through major social, economic, and cultural impacts. Lockdowns, social distancing, and home life have entailed a wave of consequences for government, economies, across industries and among customers. This research will focus on the cultural effect that led to a change in the customer behavior from a commercial perspective. As part of the reaction phase, people started to change their habits, consumer behavior and social skills. Social distancing initiated a phase where people resorted to mobile devices to socio-emotionally connect with others and find comfort in a time of crisis and fear. Followed by people quickly adopting mobile cloud applications to work, play, learn and shop. That has set the stage for innovation at a speed the world has never seen. A greater demand and needs to be met led to a massive digitalization that coped with emerging technologies such as VR and AR creating new forms of cultural experiences. Local communities became more important during the pandemic since it required collective effort to fight covid 19 which was also reflected in online gaming communities that gained huge popularity (i.e.,

Fortnite, animal crossing). Fast-food chains dealt with social distancing by partnering with delivery companies like UberEats and GrubHub to maintain their revenues going, otherwise it could have led to bankruptcy.

With the new restrictions many public and private brands moved content online for free in order to keep their audiences engaged and satisfy the demand for virtual cultural content. The new era of free and digital mediated cultural content opened the door for many future innovations like virtual worlds and virtual experiences. Customers learned a new way of living, adopting new technologies and easy access to products and cultural moments from the comfortability of their homes. New mobile channels arised from lockdowns, where people found motivation and inspiration from painting, music, games, cooking, etc., regular things that the previous lifestyle did not allow to enjoy to the fullest (i.e., Tiktok, Clubhouse,). An emergent code evolves in response to social and cultural transitions associated with life-stage, migration, and technological innovation. The way people adapted to the new normal as it was called can be categorized as an emergent code towards a more digitized and technological society, and a consequence of the psychological effects social distancing provoked. Research confirms that feeling lonely during the pandemic led people to engage more online and find comfort in videogames, social media, online communities, etc. Katsumata, Ichikohji, Nakano, Yamaguchi & Ikuine (2022) study the consumers behavior changed during the pandemic years and find that 54,7 % of consumers did change how they thought, processed advertisement, and purchased. Moreover, they also found substantial differences among clusters. A post-covid landscape includes a new way of living, communicate, game and even work. For segments like millennials and gen z, digitalization and technology are key and even more crucial than before with a variety of networks to choose from the metaverse being one of them. The explosive interest in the metaverse as mentioned before is a combination of technological, social, and economic drivers where covid 19 normalized online engagement, connectivity and communication accelerating the virtualization in consumers lives (Albescu, 2022).

Fast food chains as other brands across industries aim to cope with cultural codes, reach to consumers where they are by providing content of their interest while the maintain the brands essence and identity. As for today, societies keep changing, globalization increases, internet keeps evolving putting marketers in a position where research about consumer behavior needs constantly be addressed, new trends emerging considered and every customer interaction maximized.

CHAPTER 4 – ANALYSIS AND RESULTS

4.1 THE ANALYSIS PROCESS

The interviews are the data source for the first part of the analysis and include the assumption that all participants have a certain knowledge of the topic. All the managers that were asked to participate were also given an introduction about the purpose of the study and the theme in course. The ones stating very low, or

no knowledge were excluded from the process. The interviews took place in April and May, both through zoom meetings and physical meetings.

I set up the meetings as they fit the interviewee, which varied from digital to physical. The purpose of the interview was again explained, I sought to get oral consent to record the interview and ensured its confidentiality. Firstly, I recorded the conversation and then transcribed them into a document with wide margins and numbered lines, to facilitate the cataloguing process of data. The interviews lasted about 12-15 minutes on average, then I proceeded to code the data. I began the actual analysis by re-reading the information collected, several times to get a better overview and get more familiar with the informant's perception of the topic. Then I deconstructed the text line by line looking for patterns or repetitive themes that would help me form categories and relationships. The approach I chose was a thematic analysis.

I did the decoding manually. Each question was structured to entitle a label. Often the labels are created by the analyst, thus this method I utilized to spare time when the time to analyze the data were fully collected. Since in-depth interviews tend to reveal other important key words, I used open coding to be able to add extra topics outside the ones already stated in the questions. Once I identified the labels, I continued to interpret the answers, which involved the major challenge of doing a deep and detailed study of the informant's answer, not only to consider their perspective but to look for hidden meanings in it. The main labels I identified and that found relevant for discuss are the following:

Awareness	Acceptance	Skepticism	Application	Expectations
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Other categories were uncovered during the analysis, but are treated as secondary meanings, somehow related to one of the main labels previously chosen. I used qualitative descriptors during the analysis and the reflections are based on the notes that were analyzed separately from the participants narratives

4. 2 DISCUSSION FOR IN-DEPTH INTERVIEWS

The in-depth interviews revealed key findings that will contribute to answer the research question and are presented in six themes. Awareness and basic knowledge, acceptance (perception of usefulness and ease of use), skepticism, application and expectations resulting from the use of VR and metaverse platforms.

4.2.1 AWARENESS AND BASIC KNOWLEDGE

All interviewees stated to have a basic knowledge of metaverse platforms and virtual reality technologies. The prevalent feeling was that they have become aware of it from social media and news coverage rather than

having tried it themselves or due to the exposure of any virtual advertisement. However, none of them claimed to have deep understanding of its composition, ecosystem, software, or hardware. Their understanding was vague and mostly described as a gaming trend or as a great marketing opportunity if it continued to grow. Only a few participants elaborated upon the first question and recalled the type of advertisement they were exposed to, also remembering the brand behind it. Thus, only these participants described the experience with specific details and expressed great satisfaction with it. One participant said, *“I saw an ad of VR fitness brand Oculus Move, that allows you to exercise while being in a “virtual world” it got my attention probably because exercising at home became so popular during Covid-19 and it is thus well-timed”* (Female, 27, insight consultant manager). One interesting relation regarding recalling VR technologies was that the same participants were more curious and less reluctant to the technology in general compared to the ones that only have heard the term and did not had experience it.

4.2.2 ACCEPTANCE

During the analysis of the second label called acceptance, I used five indicators that could help me associate words with how managers felt towards this technology and build the correct statement. The indicators were the following: fast, time saving or time effective, effort saving, cost reducing and overall usefulness or general rewarding. All words that were directly associated, synonyms and even antonyms acted as guidelines to categorize my results. The vast majority mentioned metaverse platforms as useful and rewarding but in the same sentence the words costly and time consuming were repetitive mentioned. There is a combination of attitudes related to this category, participants see great and promising future value, but its recency and novelty also evoke uncertainty attitudes. Most participants agreed about the huge utility of such technology and acknowledged its market impact but only a few saws it as a tool in their sector. A common answer was like the following:

“For the company I work with I don’t think that implementing virtual reality or metaverse would benefit us in any way. But I think that for other companies within other markets, it could be a great investment” (Female, 26, graphic designer).

All the participants I interviewed belonged to different companies, varying from brand agencies, PR, web design, media buyers, digital and creative agencies, sales to strategy and insight consulting, resulting in less than 15% stating they would actually consider using or recommend VR or metaverse platforms within their working area in the nearest future. One important key finding this study revealed was that the majority forecasted a timeslot between 4-5 years before such technology is fully developed and internalized by consumers and companies around the world.

4.2.3 SKEPTICISM

To see value in new technologies but also feel uncertain and skeptical is a common byproduct of any innovation, especially with platforms that haven't been fully developed yet, like the metaverse. One contradiction that I found during the interviews was that several interviewees strongly stated not being skeptical to it, consequently using phrases like "very interesting", "very curious", "innovative technology is crucial for survival" and highlighting the absence of negative sides just yet but still considering it as too novel and not quite a fit. Some participants mentioned being skeptical about the outcome for children and adolescent and its positive relation with addiction, but mainly almost all saw opportunities and growth.

4.2.4 APPLICATION

The wide application of VR and metaverse platforms may generate confusion among managers in respect to its adoption. This research uncovered the several fields of application VR and metaverse may have, where large companies with more resources both financial and human have more chances to gain big competitive advantage by being pioneer and by aiming in multiple markets. The managers interviewed in this study shed a light about the main aspects they would consider during the process of technology application in their area. Seamless process and technology transformation are tricky and require of detailed organization and structure. Several participants stated the expansion of competence and to hire new professionals within the field before the process began as an important step. IT and technology are areas that require of sharp competence and specific capabilities upon introduction. Innovative platforms are normally implemented by making use of external help, IT consultants for instance. None of them would consider its implementation without consulting with experts in the area and getting proper and specialized guidance.

One interviewee said "*Not all companies will draw good things from investing in VR or metaverse. Mainly niche industries*" (Male, 33, Marketing specialist). While other said "*I do find It rewarding for the big companies not so much for the small ones*" (male, 27, sales manager). The data regarding which type of industry will draw more benefits and more likely to applicate such technology was evenly distributed. Both "Niche industries" and "big companies" were repetitively mentioned along the interviews. The prevalent feeling was that only markets with small market segments/specific products and big companies with high market share are the ones perceived by the managers to beneficiate more from VR and metaverse. Most of the managers participating in the research belonged to medium companies except for one. The latter discovery indicates that VR and metaverse technology is not being considered by medium size companies and that perhaps it is not as useful across industries as news, social media and researchers claim.

Lastly, in regard to application, an interesting topic emerged during this analysis. Several interviewees showed enthusiasm and were more motivated to consider such strategy when they elaborated about the positive

outcome of learning through virtual experiences. If the feelings and attitudes evoked after the virtual experience are related to learning or provide a feeling where the user feels more intelligent or wiser, then it application becomes more manageable. The metaverse is likely to provide ample opportunities for iterative learning. Most organizations should appreciate technology-driven e-learning tools, which will become ever-more efficient through VR and AR. For instance, virtual worlds communication and interaction allow users to mix communication techniques to re-produce real time visual products for learning.

In theory, the virtual world's communication, rendering and interaction capabilities should allow users to mix and merge communication techniques to produce real-time, three-dimensional visual artifacts for learning.

4.2.5 EXPECTATIONS

The timing and nature of technology adoption is driven by the expected outcome it brings for the company. There are expectational elements embedded in the adoption decision of new technologies. Expectations and objectives can easily be mistaken with each other, this research treats them as equal; an expectation is a strong belief that something will happen, and an objective is the goal of a persons or companies' ambition or effort. Therefore, cost reduction, customer acquisition, seamless process, time effectiveness might the outcome of a technology transformation and thus, use both terms. The technological change itself may provide also important insights like customer behavior, preferences, or demographics. Since the technological future is immersed in uncertainty, it is expected that managers across industries hold different expectations and therefore a different course of behavior according to risk degree, company size and sector. In marketing practices and within VR and metaverse technologies the prominent expectations the study revealed were to achieve effectivity and a seamless process, greater reach connected to personalized and hyper targeting, better opportunities for testing (product testing or launch testing) and to improve the user experience. At least two of these expectations were mentioned by each interviewee, allowing me to categorize them as direct expectations. Other outcomes like gaining competitive advantage, loyalty, revenues, and connectivity were less mentioned with lower repetition rate but still relevant to be considered as secondary expectations among marketing managers.

4.3 DISCUSSION FOR BRANDSCAPE

The case study of Wendy's consumers brandscape uncover how a sociodemographic variable like cultural and social codes may influence the implementation of a virtual platform, also its role in the design of publicity stunts on virtual worlds in novel platforms like metaverse. The rise of VR and virtual customer experiences in the market has pushed many industries to experiment with XR technologies and to throw themselves into this new trend. It is the goal of all marketers is to communicate a unified brand value, identity and meaning so consumers feel comfortable to create personal identities, be part of a community and to maintain a relationship with them marking a transition from one life stage to the next one. By working towards consistency and

synergy brands build an integrated marketing communication (IMC) and achieve to integrate advertising, public relationships, sales, promotion, employee communication, etc. as a whole in the eyes of the consumer. A flow of information from indistinguishable sources (De Pelsmacker, Geuens & Van den berg, 2013).

The more marketing channels the more difficult it becomes to achieve just this, together with internet rise and mobile worldwide interconnectivity the integration of communication becomes more challenging. Metaverse and VR technologies are highly interactive channels where users often participate in content creation, which makes it harder for brands to then convey their core message and stay aligned with the brand identity. The case study revealed that even so consumers may manipulate content and risk to change the course of how the main marketing idea is presented there are methods, signs, colors, and codes that can be used to convey the chosen message regardless of online user behavior. By setting an avatar, creating a specific environment, and establishing a mission, a message can be communicated. The avatar gave Wendy's a graphical representation of the brand, its clothing, appearance, and attitude also signaled the brand's intention to be perceived as modern. The platform itself, where they chose to be present in, was also a sign with an embedded meaning. It symbolizes the brand's intention to remain young and it amplified its positioning as playful, edgy, and humorous. Which has been Wendy's brand identity since 1969.

Brand meanings include personal and cultural associations to brands, they are also reflected in the brand value and brand value is measured as brand equity, expressed in Dollars, Euro or respective currency. Brands may lose equity if elements of the marketing communication plan fail to support the overall message and mission of the brand. The brandscape revealed that some of the elements pertain to cultural and social codes and highlighted the fact that marketing signs are context sensitive that are perceived through a filter of social and cultural codes. While in western countries fast food chains may convey cheap and unhealthy food for other countries like the US it can mean delicious and regular week meals. For instance, by not complying with the social code emerging after covid-19 and partnering with different delivery transports Wendy's may have failed to meet its customer needs and risk being excluded from the market. Not being present in several social media platforms when it was the only channel to reach current customer and prospects could also have also impact Wendy's brand equity in the long run.

One important finding of the analysis is how history, and its evolution may shape consumers brand perception. In America, fast-food chains have contributed to the country's development and been a starting point for many important political and business figures along the years. Therefore, its continuous advertisement and partnerships associating people like presidents, artist, olympic medalist evoke a sense of achievement. The American dream is still a strong belief and driver in the US. For a company like Wendy's appealing to the national ethos may evoke emotions and encourage people to pursue their dream and to achieve happiness at the same time it aligns with their brand identity and value proposition.

Other important code is sustainability or the green shift, which emerged during the last decade changing the way consumers behave, purchase, and identify themselves. How the web is cutting distances between customers forces brands to find new ways to perform branding. A positive and successful outcome depends on how they approach all their customers, the type of message they want to convey and how they choose to do it. The study revealed that population adapts in different ways and therefore filter information and meanings in a different way. One good example was the language Wendy's used to enter the European market. For a such Americanized brand like Wendy's, the language is key and part of their heritage and maintain their identity was probably one objective. Therefore, the first country to acquire Wendy's franchise was UK where English is also the official language, merely a strategy rather than a casualty. The slogan and catchy message included the trendy topic in Europe of gender equality and women empowerment, which could be way of adapting to the cultural codes.

Short marketing stunts like participating in external metaverse platforms (Roblox, Decentraland) provide the opportunity to segment the audience more and adjust the content to a greater extent. Wendy's Fortnite stunt went viral, it kept its principal message of fresh and quality meat while it also communicated several other statements. Always maintaining it brands voice, value, and identity.

Regarding how to encode signs in a virtual world, the analysis revealed it being a challenging task. Wendyverse did not appeal to neither American nor European culture. The setting was neutral, the environment and visuals were not aiming to convey a specific message. To decode the signs did not require of deep semiotic understanding due to its simplicity. Since Wendyverse is a platform granting access to everyone on the web, it did not appeal to any specific target nor objective. The platform was not engaging enough, and Its acceptance was consequently negative. Comments on twitter, Facebook and Instagram reveal it not being useful nor entertaining. Their brand identity, meaning or personality was not conveyed. Nevertheless, its launch is quite recent, usually innovative technologies are subject to change and it is possible its course may change in the future. Moreover, a brandscape of the global user might be needed to unchain a viral response and to actually drive connectivity, engagement, and identification.

4.4 STRENGTHS AND LIMITATIONS OF THE INFORMATION

For the in-depth interviews, the data is less measurable since it comes from direct sources and concrete numbers and percentages are harder to retrieve. Another limitation of the current research is the limited answers some interviewees provided due to theirs low level of knowledge and experience within the topic affecting the final results. As almost every research published in the literature, the results cannot be generalized

to describe the perception and knowledge of all marketing managers. Which stage VR and metaverse platforms have in the market vary indeed from geographic locations.

A strength is that it allowed to provide relatable stories, perspectives and even quote important contributors directly. It also allowed me to narrow down the questions even more with participants that seemed to be more familiarized with the topic and collect valuable information, useful to map possible future research directions. In addition, lots of qualitative data from the interviews enabled me to avoid embellishment and maintain the integrity of the content.

Regarding the brand scape, the study provided an in-depth understanding of Wendys course of action for the last 4-5 years and its approach to novel virtual technologies. However, as stated before this research focused on two specific and prominent cases; Fornite and Wendyverse and therefore the anlysis and results might be limited to a specific sector and marketing channel. Wendy's belongs to the fast-food industry and how they choose to perform branding may differ from other types of industries. The fast-food industry thinks and may evaluate different aspects and codes compared to luxury retailers or automobile brands when designing its communication plan. Therefore, additional research efforts might need to validate if the research results can be transferred and applied to other product or service categories.

4.5 CONCLUSION

To conclude, the metaverse is a dimension of the virtual-reality continuum, a virtual environment that combines physical and digital elements facilitated by the convergence between internet, web technologies and extended reality. The metaverse is a platform where all types of environments can be created, virtual worlds, wearables devices and HMD devices can contribute to create an experience where immersion, vividness, interaction, and presence stimulates emotions and senses of the customer. A metaverse platform more specific is a platform open 24/7 that allow users to be represented by avatars able to create, interact and play with other avatars in real time. Nevertheless, its development has not reached its final form and an official definition remains subject to change. Metaverse platforms and VR are surely revolutionizing the way marketing practices are being conducted, providing new opportunities, and challenging how creativity and customer experience is done today. Such an innovative technology is affecting how brand management, product development, service and sales perform, providing marketers with new opportunities to grow awareness, engagement, satisfaction, and loyalty, etc. Surveys and mobile internet might take second place if well implemented metaverse platforms take place. Since the technology does not respond to a defined purpose yet, this characteristic Is contributing to uncertainty and skepticism. In addition, all new technologies unleash improvised secondary effects that were not expected like cannibalization or information overload. Up to date are concerts, games, product testing and virtual collections the most common examples of VR and Metaverse but companies are exploring millions

nuances to engage in the trend. Even though many companies are participating and entering the market, the acceptance from both managers and consumers is low.

The overall perception of marketing managers regarding VR and metaverse platforms is an interesting futuristic technology, able to provide both customers and companies with several useful tools and beyond physical boundaries that the real world does not allow. Its value is recognized, together with the infinite possibilities to gain competitive advantage by employing it, but the willingness to start a technology transformation towards it, is missing. The knowledge and experience are limited, creating a wide bridge towards technology transformation. Specially, medium size companies do not see it useful nor valuable yet, and pointer bigger companies or nice industries to have greater probabilities to earn benefits and profitable return on investment. A forecast of the timeslot from the managers in question, is between 4-5 years. The prevalent attitude was to wait some years, in order to gain certainty and to be sure whether the platform will fit the business model and brand identity.

There are many aspects to consider when marketers employ a new marketing channel or technology. A whole strategy needs to be developed and several factors influence the final outcome. One of the factors is how to address cultural and social codes and its impact. A brandscape is a tool that can be used, and work as a system prone to absorb and reflect all changes in society as well as to cause social changes both in physical and digital environments. I identify two key findings in this research: (1) design of a virtual campaign on an external platform own by others (i.e., Roblox, Fortnite) might give the brand broader opportunities to obtain virality and facilitate the process to convey brand meanings that not only include social, cultural and personal associations connected to the brand but also satisfy the customer symbolic need. One important feature is the limited timeframe of a virtual experience, it is temporary and therefore less risky for the brand in course if the outcome might change direction and fail to fulfill its objective. Wendy's managed to convey their core value of fresh and quality food, while maintaining Its brand essence and meeting Gen z where they spend time the most. The environment, the plot, the avatar conveyed an integrated message while it was creative, entertaining, and interactive.

Secondly (2), a virtual space or platform uniquely owned by the brand is more challenging and difficult to manage. There are many other factors affecting the performance of the web than cultural and social codes. A brandscape is less useful if the brand is aiming to target the global user. If it is the case like Wendyverse, then managers should take into consideration all the emergent, dominant, and residual codes that are prevalent for the segment in question. The visuals, images and brand meanings may not be as highly communicated nor have the same reach, impact, and level of engagement. Nevertheless, cultural, and social codes are of huge relevance to understand customer behavior and may guide managers to choose the right channel and medium to reach their customers. McLuhan stated in his theory that the medium also conveyed a message and this

study partly agrees with it. Even though the combination of connectivity, technology and webs evolution are cutting distances and changing customer behavior into a more unified worldwide culture, traditions, beliefs, environment, and language still influence how consumers perceive a message and how brand meanings are stored in their minds. Marketing practitioners should still construct the marketing strategies based on a specific target, demographics, lifestyle, and cultural context.

In general, cultural codes vary enormously across countries and even across cities in the same country, globalization is increasing and continuously growing forming part of consumers everyday life. My study shows that even though internet and technology development continue to rise, the differences between cultures remain and marketing managers should still, at least at a minimum extent appeal to cultural and social codes to gain better reach, awareness, and engagement. Segmentation does not seem to lose importance and is still key to drive successful strategic marketing. Sociodemographic variables contribute to the design of integrated marketing communication strategy, affecting how virtual experiences are perceived together with ease of use, usefulness, interactivity, immersion, vividness, availability, etc.

4.6 MANAGERIAL IMPLICATIONS

The current research provides four main implications. First, Marketing practitioners are confronted with many technologies, this study provides a detailed description and definition of virtual realities and metaverse platform, a clear overview of its composition and origins, key features that need to be addressed when implementing, a set of tools and models that will help them map the possible outcome and the technology acceptance. Thus, the research provides managers with key and relevant information, useful when they find themselves assessing the right channel or approach for the marketing strategy. The choice about which technology is the most suitable technology to achieve their business goal is then easier.

Secondly, this study shed a light about the infinite usage virtual technologies have in marketing and across industries. Brand management, product development, sales, customer experience, etc. It may serve as encouragement to push marketers to experiment and try new technologies. Innovation is key to drive engagement and attention. As it may encourage brands to take advantage of metaverse early stages and join in shaping its final form it will also inform about the risk and negative downsides it may bring. It provides with unbiased information about this technological phenomenon.

Thirdly, It confirmed the existing statement of cultural codes being a primary factor to consider when developing a brands, brand positioning and ongoing brand management. The usage of new technologies does not change how consumers perceive brands; they are more likely to affect how customers behave. The brand meanings need to be encoded and decoded in order to fit the changes in their social and cultural environment

and viewing brands in a social-cultural context helps with consistent communication choices and strategic planning. Consistency is, however, harder but not impossible to achieve when virtual experiences are utilized.

Lastly, the research did not only provide knowledge about current perception marketing managers have about the metaverse and how willing they are to implement such technology, but it also provided information for the professionals working in the metaverse business, in charge of selling VR technologies. The insights generated uncovered pain points, uncertainties, and key findings about how metaverse company owners might target their end users. The insight provided them with key features, that if communicated strategically, may lead to greater sales and faster adoption.

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APPENDIX

Appendix 1: Avatars



Appendix 2: NFTs collection



Azuki



Yatch club

Appendix 3: Wendy's signifier



Appendix 4: depth-interviews

Job title:

Age:

Gender:

- 1) Are you aware of the rise within the virtual reality trend in the market? If so, how did you become aware? (Social media, conference, exposed to VR advertisement yourself, podcast). If you could mention a timeframe, how long have you been aware of this trend?
- 2) If you have been aware of virtual realities stunt, which one got your attention and why? Ads, online games, etc. (Explain) and do you remember which brand was it?

If the answer is no: show an example of a virtual reality marketing campaign and hear their opinion.

- 3) Describe to what extent you think your employees or colleagues are familiar with the topic? From a scale to 1-10. Do you think they will be interested in learning more about it?
- 4) Do you find it interesting and useful for the companies entering such advanced world/technology? What do you think these companies are aiming to achieve? Are there any negative sides yet? If yes, could you give me an example?
- 5) How is your perception of ease of use? How are you planning to learn more about this trend?
- 6) It seems like these technologies are hard to adapt for some customers and costly for the companies. Do you think it is worth the investment from the companies' point of view? And would you consider implementing or suggest using virtual reality to your colleagues or boss (long term or short time speaking) in your department? Building on the time question, if yes. Let's discuss the time framework, how long until you throw yourself on this trend?
- 7) What would you expect to achieve? What could be the main goal based on where do your company see value? (Effectivity, better technology, better customer relationships, etc.)
- 8) Is this trend something that could last and be further developed? Or is it only a phase that will pass in your opinion? For instance, Instagram started as a trend, changing the way e-commerce worked and now is still increasing and growing (eMarketer, 2021). Could it be the same destiny for metaverse and VR? Or do you see a different pattern? Make the participant elaborate on their answer.
- 9) Have you tried any virtual reality? Augmented reality or virtual reality with glasses? for entertainment or for work? If yes: Did you enjoy the experience? What made you try It?

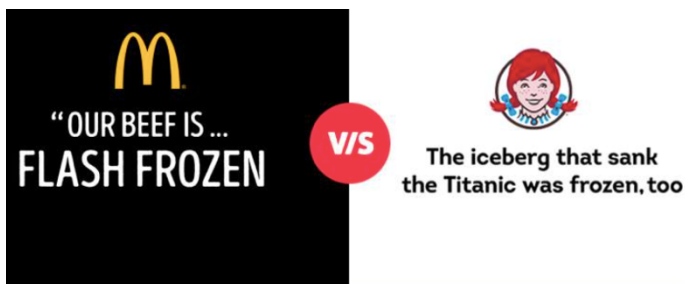
If the answer is no: Would you ever consider being part of this virtual world? Participate in a virtual world yourself? Would it be more interesting for entertainment, education, work related, etc.?

10) Do you think this novel technology will continue to expand becoming almost necessary for every company like maybe social media did back in the 2000s? if yes: all company types or what type of industry you think will draw more benefits? And to which purpose? (Awareness, attention, innovation, retain customers, target new segments, etc.?)

Appendix 5: Wendy's ad- cowboys



Appendix 6: wendys roast mcdonalds



Appendix 7: wendys in fortnite



Appendix 8: Wendyverse



Appendix 8 – WENDY'S UK

It's time for a girl to show how it's done, right.

It's official, Wendy's has arrived...with hot, fresh, juicy burgers that are served FRESH off the grill, NOT the warming tray...

Appendix 9 – Wendyverse user reaction



Obscure Nerd VR
3.76K subscribers

In my last video I checked out the trailer for the Wendy's metaverse level in Meta's Horizon Worlds and I was pleasantly surprised. Great group of meta people in a cool world – was a bit frustrating with the general Horizon platform issues but the world builders did a great job. ~~ and Join me

Appendix 10 – Futuristic review.



SomeOrdinaryGamers ✓
3.24M subscribers

JOIN

Hello guys and gals, it's me Mutahar again! This time we connect into the metaverse and witness the promotion from Wendy's. I didn't get my promo code and I never got to eat a burger but at least I saw the future of society and us living in an offbrand Roblox server. Thanks for watching!

Appendix 11 – Users' rejection



wendys • Follow



moneybabysy THIS IS DUMB

9w Reply



gravitywaverider22 Wendy's I absolutely love your virtual food and I have gotten extremely high cholesterol levels from enjoying your tasty treats so much so I'm gonna make a Wendy's hospital and next to it an arcade in Wendys honor but for this I need one follow

9w 1 like Reply



icandothisallday050622 WENDYS GIVE US BACK RICK AND MORTY PLACE 🤔

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