Luxury Brands Are Attempting to Participate in the Metaverse

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It’s not surprising how the word metaverse finds its way into newer technological discourses. We have heard top CEOs such as Mark Zuckerberg and Satya Nadella talk about it. Whether you are a vetted internet expert or a casual lurker, chances are you might have heard of the metaverse too.

The word is booming, and so is its value – according to a Bloomberg report from December 2021, the metaverse market will grow to nearly $800 billion, further reinstating the rising interest in shared worlds, 3D interactions, the convergence of digital and physical worlds, data synchronization and more.

The promising financial and advertising value in the metaverse has brands jumping into the game. While online game makers and social media platforms might be seen leading the space, there’s ample room for luxury brand growth too – many of these have already started initial concepts for their participation in the metaverse.

Metaverse in numbers

- 38% of American adults have heard of Facebook’s VR project metaverse – 11% admitted to having heard about Facebook going ahead in this direction
- The global augmented reality (AR) and virtual reality (VR) market size is forecasted to have crossed $30

billion in 2021 to reach close to $300 billion in 2024

- 27% of US respondents between the ages of 18 and 34 said they were very interested in virtual reality, against 46% who said they were not interested.

Opportunities for luxury brands in the metaverse

Integration and user experience fluidity is a crucial component for the metaverse – something that syncs well with the aspirations of the luxury industry.

Staying relevant to evolving tech

Many luxury companies are riding the metaverse storm and finding ways to stay relevant with emerging technologies. With NFT sales totaling around $25 billion in 2021, Milan-based luxury fashion house Dolce & Gabbana set a record by selling a nine-piece NFT collection at $5.7 million, marketing them as "gems that can't quite be found on earth." Similarly, Nike has built Nikeland on Roblox's platform to enable people to try virtual sneakers. Nikeland is "enhanced by real-life movement' to encourage physical activity in visitors.

Finding a sustainable lens

The high price of Dolce & Gabbana's NFT doesn't come as a surprise, considering some top designers worldwide crafted it. Exclusivity adds a specific appeal to virtual products, which already hold some value in an industry that's notorious for its waste generation. Digital fashion app DressX released a report revealing that the carbon footprint of one digital item was 97% less than that of a physical garment. Meanwhile, according to the report, the fashion industry contributes to 10% of the global carbon dioxide emissions.

Eliminating overstock

Overstock can be challenging for starting brands and could limit them from presenting a full range of designs. With 3-D product renderings, users can place a confirmed order for the company to deliver it to them – and luxury brands are adapting well. Luxottica offers visitors an online shopping experience "comparable to the real one" with the aid of augmented reality. They also allow users to take photos of the new look and share it with their network, expanding marketing channels.

Big tickets

Digital spending has seen a rising trend. According to a Statista report, the number of digital buyers has gone up worldwide with big margins – in 2021, over 2.14 billion people purchased online compared to 1.66 in 2016. Since there's less product cost in digital products, the model can be profitable in the long run.

Riding the 5G wave

The metaverse is tomorrow's infrastructure. The rise of 5G can further push augmented reality (AR) and virtual reality (VR) into digital products, headsets, bots and more. The idea has been to have a seamless ecosystem across gadgets, and the participation of tech giants such as Google, Microsoft and Apple, along with the many startups and other larger companies, will determine how expanding 5G coverage could run the early projects of the metaverse.

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Examples of luxury brands exploring the metaverse

1. Gucci and Roblox hosted a two-week art installation at

the Gucci Garden where visitors could try and purchase digital products to dress their avatars while walking through rooms themed with brand campaigns

2. Coca Cola and Friendship Box released NFTs that made millions

3. Louis Vuitton launched an adventure game based on paying homage to its founder. Players could find “precious” NFTs

4. Balenciaga at Fortnite: Fortnite players can now purchase digital Balenciaga merchandise inspired by real-life pieces. The hub allows players to hang out with each other virtually.

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How luxury fashion brands can grow in the metaverse

Successfully selling an NFT is one thing, but setting the course towards the metaverse is another. The process could be expensive in stages, but established brands could look at metaverse as an ever-growing opportunity to connect with their audience.

Reviving old designs

Companies have an extensive archive with designs that they cannot always use. Having a digital library of designs would help reintroduce them for a trend check and even make money selling them as iconic designs.

Sell NFT merchandise

Avatar and fashion community Genies partnered with Universal

Music Group to release their full roster of digital avatars. A Genies representative told Coindesk that the company's purpose is to sell items costing anywhere between $3 to $15 to Gen Z audiences. Luxury brands could capitalize on this opportunity and release their exclusives. Similarly, many other NFT platforms are emerging in partnerships with other brands and celebrities.

Avoiding the big leap

It can be tempting to jump into the many pools of opportunities that can introduce the brand to the metaverse. Many believe that it's still a far-away dream. Matt Moorut, a senior principal analyst at Gartner, told Vogue Business that most consumers still don't regularly engage with the virtual world, especially among the older age group. The fact that a market still exists for that segment – a rather large one – should not discourage brands from exploring the space.

Sharing resources and promoting user safety

There needs to be transparency around digital assets used in the metaverse. Brands can form partnerships in this space to develop something new and work on a common platform for a new project. Brands could share blueprints of the open metaverse between them to initiate discussions around how brands should share resources and services. Besides, it will also help build initial standards and digital frameworks. Privacy and user safety will be a greater priority, so brands should not compromise production over exclusivity and quality.

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