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The metaverse:
Friend or foe to the CMO?

A technological meshing of virtual and physical worlds is creating new challenges and opportunities for marketers searching for deeper customer intimacy.

It will come as no surprise to chief marketing officers (CMOs) that their role has changed fundamentally during the past decades. At the heart of this transition is the ever-greater use of technology, to help build ever-deeper relationships with customers. Now, the next new technology trend is creating fresh challenges and opportunities for data-savvy CMOs looking to extend customer intimacy: **Welcome to the metaverse!**





Most of us are already starting to hear more and more about this new environment. So, what is the metaverse? In short, it's an interactive space that combines digital customer and employee experiences with real-life feelings. Right now, it's a nascent environment – yet, nine in ten consumers are curious about the metaverse. While embryonic examples of the metaverse exist, these aren't yet the rich, interactive spaces that perhaps we envisage from what we hear via the media and vested interests. These will certainly develop in the years to come — if investors have anything to do with it. With a predicted market size of \$800 billion by 2024, and cash-rich backers such as Mark Zuckerberg's Meta, the metaverse is definitely expected to be the next big thing in technology. Capgemini's own research, *Total immersion: How immersive experiences and the metaverse benefit customer experience and operations*, backs this up, with our recent report finding that 66% of organizations now have a 1–2-year roadmap for immersive experiences, 15% of organizations aim to have some metaverse presence within one year, while 45% believe it will be mainstream within three years.

The emergence of the metaverse is crucial for CMOs because it's likely to impact the scope of work they do and the experiences they deliver. Experts believe the metaverse will allow brands to create unique and differentiated hyper-personalized experiences for customers. That potential, based on the technology of Web3, Blockchain, NFTs, and more, will create considerable layers of complexity for CMOs, who will need to use yet more technology and data to extend their programs to build customer intimacy.

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CHANGING THE GAME: A NEW CHANNEL THAT BRINGS THE PHYSICAL AND THE VIRTUAL TOGETHER

The environment in which brands must operate today is not more complicated than before, but it is more complex. The good news is that successful marketing chiefs already understand how technology can be used to help engage customers, and how data provides insight on whether these interactions are meaningful and valuable. Almost three-quarters (74%) of CMOs have a responsibility for data and technology, business growth, and customer experience, according to the Capgemini Research Institute analysis, *A New Playbook for Chief Marketing Officers*².

Modern marketing chiefs also know that technology drives greater differentiation in the market. More than a third (36%) of CMOs are already directly responsible for overseeing marketing technologies, such as customer relationship marketing tools or automation platforms. CMOs use these technologies to turn the stream of real-time data into market and segment-focused insights that can quickly shape marketing decisions.

Many CMOs therefore will approach this new opportunity from an informed if not expert position. They will understand the opportunity the metaverse brings to enhance existing marketing aspects such as new way to interact with communities, brand purpose illustration, targeting and advertising, ecommerce etc. So, as the metaverse moves from hyped concept to a developing marketing channel, CMOs should be able to use their technology and data skills to seize the growth opportunities for their business that metaverse solutions will offer. According to a prediction Gartner³, by 2026 25% of people will spend at least one hour a day in the metaverse for work, shopping, education, social and/

KNOWING THE EXPECTATIONS AND ASPIRATIONS OF THE CONSUMER AT THE HEART OF THESE NEW CHANNELS IS A LONG JOB OF LISTENING, TESTING AND LEARNING AND DATA CAPTURE.

or entertainment, while other analyst firms forecast significant spending in the global metaverse, in the many, many \$billions in the next 4 years and beyond.

So, what will this metaverse look like? In Capgemini's view, it will be accessible by anyone, anytime, anywhere and on any device; this hybrid space of both virtual and physical elements represents a real step change in online interaction. The metaverse will be akin to a network of 3D worlds that uses technologies – such as virtual and augmented realities – to build richer connections than are currently possible in the traditional, flatter internet.

Therefore, the metaverse is not one place, but many, that add to the real world rather than replace it. A somewhat academic definition might be that Capgemini believes the metaverse is a container of public and private decentralized 3D virtual spaces that deliver online digital customer experiences (CX) and employee experiences (EX) with real-life feelings. These feelings include emotion, sense of presence and space, speech, gesture, touch, or even smell. By augmenting real-life activities, and by immersing the customer in online environments, the metaverse will redefine how customers connect,

communicate, and collaborate, as we are starting to see already from these examples:

- **Retail:** We can already visit virtual clothing stores, fashion shows, and more, but consumers will be able to use virtual showrooms and virtual try-ons to test products before they buy. Here, consumers will be able to almost touch a product and certainly see how it will look on their bodies, or in their homes, before they purchase. The metaverse will create new access to personalized offers, including exclusive digital goods, and at social, shopping, and online events, where consumers using VR-based technologies can meet family and friends to buy goods and services online, together.
- **Education:** From schools to universities, people will increasingly use VR and other emerging technologies to enrich their education. These virtual platforms will also be used to train employees, so they are embedded into the onboarding and training experience and develop a much stronger sense of how employees will work, their contribution to the organization, and links to colleagues. These virtual platforms will mirror real-life workplaces.
- **Manufacturing and engineering:** The metaverse container will house the next level of the digital twin, supporting proactive monitoring and maintenance for a range of back office and shopfloor activities, including improved customer service. Companies will use these next-stage digital twins to reduce the time to fix issues and even to engage their customers for their feedback before final design of a product. Customers will be able to proactively monitor the products they buy.
- **Healthcare:** The virtual experiences of the metaverse will provide new opportunities for life-like training, such as assessing a patient and planning an operation in medical environments. There will also be continued developments in

telemedicine, with deeper patient experiences that mirror the physical presence of meeting a doctor in real life.

What this indicates is that the metaverse will certainly be the next phase of experiential marketing, where companies engage customers to create deep connections with their businesses. For CMOs, this means reviewing their marketing strategy so that it goes beyond selling products or services in the traditional 2D sense, and builds the environments and moods that permeate their brands online so that customers can truly “experience” the brand.

WHAT THE METAVERSE BRINGS: NEW BEHAVIORS, NEW INSIGHTS, AND NEW BUYERS

Let’s be clear: the potential use cases for the metaverse are an exciting opportunity for marketers. The mesh of virtual and real-life activities creates a playground for (imaginative) CMOs to develop much deeper experiences and connections with customers and to expand the digital footprints of their brands.

However, one should not be seduced by this “playground,” with new avenues to market, because the classical skills still need to be applied; the metaverse will be a fresh platform from which to analyze the behaviors of customers – but on a new scale and depth. CMOs will need to know how to reach their target audiences, understand where these people want to spend their time, and consider carefully how individuals wish to interact with their businesses.

Digital natives born this century – so-called Generation Alpha – have grown up online. Playing, interacting, and communicating with peers in massively multiplayer online games is

second nature. These savvy consumers will expect brands to continue providing absorbing experiences. Their early forays into virtual space could shape perceptions and future buying habits.

For others, the metaverse will be home to a new type of online interaction. Rather than the flat world of the internet, the metaverse will take the form of a series of connected systems that make a physical life easier, more productive, and more enjoyable, whether at work or at play. Technology deployed with understanding will deliver deeper and more collaborative experiences.

Across all of these experiences, the role of the CMO will be to entice the viewer into this new world, enabling customers to interact with, and then manage, or control, their environment. Because the metaverse has much more scope to be uniquely experienced by the individual, it really does hinge on customer or employee involvement

– and marketers must be there to help to shape this interaction.

The best CMOs will use the metaverse to develop increasingly personalized offers. The recent growth in NFT-based digital products provides a glimpse into the kinds of tools that CMOs can expect to use in the future. They'll provide the means for people to dress online avatars with clothes and accessories, and they'll provide exclusive digital goods in the virtual showrooms of the metaverse.

The picture of the metaverse that we are painting is still being sketched out. Some experts believe it could be a decade or more until business is conducted commonly in a fully immersive metaverse⁴. However, even in these early days, some of the world's best-known brands are already taking a lead and starting to engage with customers and partners in a nascent metaverse:

- **Starbucks** – In late 2022, this coffeehouse giant launched a new loyalty program - Starbucks@Odyssey Beta experience – to small group of waitlist members including customers and Starbucks partners (employees) in the U.S. Selected participants will be able to engage in Starbucks Odyssey 'Journeys', which are a series of entertaining, interactive activities to earn
- **JP Morgan** – The bank has set up a lounge in Decentraland, a browser-based virtual platform, which has a monthly user base of about 300,000 people and 18,000 daily users⁶
- **Tommy Hilfiger** – The designer brand views the metaverse as a new revenue stream⁷, with a range of developments that are being used to test what the space means for the company and its partners.



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Six key challenges that CMOs need to consider

The activities of these major brands, which certainly have the funds to invest in metaverse initiatives, indicates that CMOs should be actively thinking about their own first steps. But before CMOs start evaluating opportunities to take advantage of new metaverse solutions, they will have to think very carefully about the key challenges their businesses will need to overcome. Entering the metaverse will not be without its issues and we group these below into six key areas:

1

Trust and privacy

The metaverse will be accompanied by an explosion in infrastructure, devices, applications, and data. However, while we can be sure there will be a new range of technologies, it's not yet possible to be sure what the attack surface of the metaverse will look like. Many CMOs might think twice about entering the metaverse, until they can be assured that issues here are addressed. For example, any loss of personal data will have huge ramifications for a business both in terms of financial damages and customer reputation. And as we move into the metaverse, brands should reflect on lessons learned from previous digital marketing efforts, including adherence to key privacy laws, such as the General Data Protection Regulation.

2

Skills and capabilities

New technologies bring new battles for talent. Highly capable digital marketers are already in high demand and that trend will continue as companies attempt to blend virtual and physical worlds. The skill set of a metaverse marketer will be different to that of the current professional. Rather than being focused on digital channels to market and the flat world of the traditional internet, marketing professionals will have to learn quickly about metaverse technologies, customer behaviors, and data sets. Awareness of key technologies is likely to be crucial, including virtual reality, artificial intelligence, and blockchain. Some estimates suggest as many as 10,000 new jobs – such as ecosystem developer, metaverse safety manager, and metaverse storyteller – will be created over a five-year period as the metaverse grows.

3

Insights and data

The shift from two dimensions to three will create a surge in data, leading to a significant impact on data-gathering and analytics requirements. Data has never been more important to marketing than it is today, along with its analysis and measurement. For example, data-driven and real-time marketing will continue to open many doors for marketing. Marketing teams will need to ensure they possess these skills either through recruitment or training. While many businesses are waiting to see how the metaverse unfurls, experts suggest it's worth anticipating how this new era of collaborative technology will improve processes and customer experience models⁸.

4

Collaboration and alignment

The increased pace of digitization during the past decade has driven the momentum for increased interaction between CMOs and CIOs. Industry experts suggest a strong partnership between marketing and technology teams is imperative⁹ to achieving customer success – and the requirement for a strong connection between CMOs and CIOs will only increase as the metaverse evolves. Estimates suggest that online channels already account for more than half (56%)¹⁰ of marketing spend, so a shift to the metaverse will mean CMOs have to dedicate even more resources to technological concerns. A close relationship with CIOs, but also internal IT teams, technology vendors, and pioneering startups, will be key to making the most of the opportunities that the metaverse brings.

25%

OF PEOPLE WILL SPEND AT LEAST ONE HOUR A DAY IN THE METAVERSE BY 2026¹¹

5

Branding and design

It's essential that customers don't experience two different organizations as they move across the metaverse, between the different worlds – real and virtual. Consistency will be key. CMOs will need to think carefully about the spaces they create and the interactions they enable; Disney for example has already begun integrating virtual and physical worlds to help customers navigate and enjoy its parks and resorts. The company's MagicBand+ experience allows it to connect data to guests and to provide interactive experiences.

CMOs will also need to consider avatars. Virtual avatars humanize a brand – they build a persona and can help build meaningful relationships. The way a business's avatars look, dress, act, and speak must reflect how your brand wants to be perceived – and should help it stand out in the right way. And, CMOs must consider the metaverse as an additional interaction channel where the brand's unique promise and positioning must be illustrated, certainly in a singular way, but in coherence and complementarity with the other channels. The metaverse must also be the place of expression of the higher purpose that companies and brands are trying to build today, to stay connected to the major social and environmental issues of our time.

6

Sustainability

This challenge is not only relevant to for CMOs but for companies in general exploring metaverse opportunities. What will be the impact of metaverse platforms on the environment? How can one develop a sustainable metaverse experience by design? How does immersive and metaverse experiences support the corporate image and sustainability goals?

TAKING THE NEXT STEP: PROCEED INTO THE METAVERSE WITH YOUR EYES WIDE OPEN

The challenges we describe will become more important and complicated as CMOs and their executive peers help their organizations establish a foothold in the metaverse during the next decade. Some important moves are already being made. Take global shipments for VR and AR, which are set to reach 76 million in 2024¹². The ever-increasing reach of this technology provides an important pointer towards the likely direction of travel.

Mixed reality (MR) technology – which allows real and virtual elements to interact in a single environment – represents another potential jumping-off point for CMOs who want to explore storytelling in the metaverse. One example of a mixed reality approach is provided by The Weather Channel. The company has used an MR approach to demonstrate the impact of tornados, floods, and other extreme weather conditions¹³.

Other companies will be taking similar steps, too.

However, let's not get ahead of ourselves. While CMOs should be thinking about exploring the nascent metaverse, it would be unwise for most organizations to expend huge amounts of cash on the creation of a fully formed strategy. Right now, the foundations for the metaverse are still being built.

The key message we hear from many business leaders is that their organizations are interested in the potential that the metaverse offers, but their boards will [want a strong use case before investing money](#)¹⁴ in research and development. CMOs should approach the metaverse with an informed and well-rounded sense of caution. Below are some key next steps that we believe CMOs should consider:

- Think about how your business might create immersive experiences for (some or all) of your audiences
- Look at what other CMOs are doing, and not just your competitors but also other sectors
- Ask whether the metaverse can help your company move towards its existing goals; will this help or distract?
- Reach out to technology providers and startups and evaluate how their tools might be used
- Consider how the metaverse can support your company's sustainability initiatives
- Review certain prerequisites before investing in the metaverse such as the ability to structure a marketing strategy based on data and real-time interactions which will enable personalization at scale and that ultimately ensures increased customer satisfaction and engagement.



CONCLUSION: KEY QUESTIONS FOR YOU TO ASK

No one has all the answers about the future shape of the metaverse. But what we do know is that a blend of virtual and physical environments will certainly impact your business model, change how your brand interacts with its customers, and affect how employees work.

For CMOs, increased customer intimacy and therefore brand loyalty is the end game. Understanding your customers' desires as well as needs will still be your biggest focus and remain the key to success. But, as businesses around the globe begin to grapple with the challenges that surface with the emergence of the metaverse, now is the time for CMOs to start asking some key questions:

- How should you and your business begin to navigate this new landscape?
- What kind of challenges and opportunities could the metaverse create?
- How can you expand your brand into the metaverse?
- How will you create a business case for your explorations?

The metaverse is probably the most important development for the marketing community in many decades. Understanding its potential and the complexity of managing real and virtual environments will be both testing and exciting.

THE METAVERSE FOR CMOs IS ABOUT AUGMENTED CUSTOMER EXPERIENCE, DATA-DRIVEN REAL-TIME ACTIVATION, OPPORTUNITIES, LONG LASTING TECHNOLOGICAL SOURCING ISSUES AND INTERNAL SKILLS

Further reading

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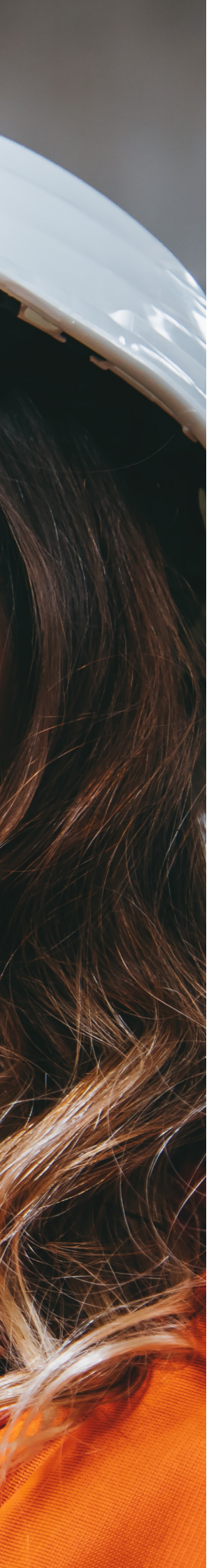
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Immersive Experiences

Immersive technologies have the potential to radically transform how customers and employees interact with brands, products, and systems. Ordinary digital engagement is not enough. Recent technological advances are pushing the user experience to new heights.

So, when brands creatively design experiences that use a combination of modalities (flat UI, natural interfaces, and XR), they can create multi-sensory customer experiences at various touchpoints that are not only personalized but also go above and beyond in terms of convenience and sensory appeal. They drive loyalty and advocacy.

But these experiences need to continually adapt and evolve. Capgemini's Customer Experience team supports clients to help them meet customer and employee expectations and outperform competitors. We strategize, design, build and execute immersive experiences that are contextually relevant, multisensory, and emotionally engaging. We help drive business growth for our clients by disrupting the ordinary – helping create extraordinary experiences that build memorable and emotional connections.

Capgemini's Metaverse-Lab

Capgemini believes that the metaverse will offer opportunities for a more connected and emotional experience for consumers (CX), for reinventing the employee experience (EX) and for optimizing R&D, engineering, manufacturing, operations and supply chains (Industrial Metaverse).

Capgemini set up its Metaverse-Lab, a coordinating hub for research and solutions, designed to help our clients explore the possibilities of the emerging technologies, and shape and execute their metaverse strategies. Our team comprises senior technology experts from across the Group with a strong track record in the key underlying technologies of the Web3 / metaverse and the development of disruptive actionable solutions.

Our R&D programs cover the future of immersive human-machine interfaces and controllers, work in the metaverse, digital twins, blockchain, Web3 and decentralized approaches

Our Immersive Experience and Metaverse Services

- **Immersive Customer Experience (CX):** We create extraordinary experiences that build memorable and emotional connections at each stage in the customer journey across devices and channels
- **Immersive Employee Experience (EX):** We enable your hybrid workforce by simulating physical world training and collaboration in the virtual world. This increases employee engagement while decreasing costs
- **Industrial Metaverse:** We help business realize the value of digital twins faster, driving profitable growth and sustainability through data-driven performance
- **Metaverse Experiences:** We help our clients imagine the opportunities, plan for, and create metaverse experience across CX, EX, and enterprise use cases, including technology infrastructure strategy and implementation.

We bring together our CX, EX, technology, domain and consulting talents to develop bespoke Metaverse and Immersive Experiences solutions from research through to implementation and at-scale delivery, using next generation technologies.

For more information, please visit: www.capgemini.com/services/customer-first/customer-experience/immersive-experiences and www.capgemini.com/metaverse



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About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 340,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2021 global revenues of €18 billion.

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