

Title: Re-examining the marketing mix of brands on the Metaverse: An observational study

Summary: The Metaverse is an emerging three-dimensional (3D) interactive virtual space where individuals can connect beyond the limitations of the traditional and physical world (Narin, 2021). This provides organisations and brands with the ability to broaden their networks by extending their offerings and services to consumers in a virtual environment (Kevins, 2022). However, although these newfound Meta platforms can bring transformative opportunities, they can also create challenges for businesses and brands due to entering unknown territories. This paper aims to reconsider the traditional marketing mix theory in the world of Metaverse technology initiated by businesses and brands and its practical implications by extracting data from platform-based researcher observations. This research will be conducted by apparel brands' direct observations on metaverse using VR goggles. This research will benefit organisations with the ongoing implementation or intent-to-use Metaverse technology in their marketing practices, and add a conceptual contribution to the contemporary marketing strategy literature.

Track: Marketing and Retail

Word Count: 2,543 (revised version)

Reviewers' comments	Our responses (action points)
“The review could be strengthened by including more empirical studies that specifically address marketing in similar virtual settings. This could provide a stronger baseline for understanding the unique aspects of the Metaverse and how they might require different strategic considerations compared to other digital platforms.” “You should have a literature review and clearly describe the research gap”	More empirical studies have been added to the developmental paper, however, we will develop the literature review further in our full paper. The research gap has been strengthened by including more empirical studies in similar virtual settings.
“The sample of brands, while prestigious, is somewhat narrow and may not reflect the broader market dynamics in the Metaverse” “However, to enhance the robustness of the study, further diversification of the brand sample”	Thank you for your valuable comment. Considering this as a pilot study, we have included various types of brands from prestigious to high street (e.g., Under Armour). These brands cover a broad spectrum of retailers who already operate in the metaverse. As this study evolves, we may consider adding more.
“The methodology section would benefit from more details regarding the thematic analysis process and how the data will be codified and interpreted.” “...and more detailed methodological transparency are recommended.” “Moreover, it is better to clarify your methodology, including how you analyse or code your data and connect them to the marketing mix.”	We have added more details to the methodology regarding the content analysis process and added the codebook in a table. In the codebook, the marketing mix is categorised/coded to enable data analysis.
“Triangulation” to make your work rigorous, including consumer interviews, panel data”	Thank you for your valuable comment. For this study we are focusing purely on observational data, however, we have added this to future recommendations and have planned to extend this study into another paper.
“You mention some theories. However, you should explain why and how you chose these theories.”	The justification for why and how we chose our main theory has been strengthened.

1. Detailed Description of the Project

In detail, we seek to understand how brands are using the Metaverse as a marketing tool by categorising observed and exploratory findings in relation to the current marketing mix strategy to propose a new applied framework of the 4Ps for businesses and brands on the Metaverse. The virtual store visits to the 12 luxury and high-to-mid end brands such as Louis Vuitton, Nike and Puma on their universe will be analysed qualitatively.

The emergence of the Metaverse technology presents a new opportunity for brands and companies to connect with customers and potentially revolutionise marketing tactics. To the authors' best knowledge, no studies have considered the application of the traditional marketing mix, known as the 4Ps (product, price, promotion, and place), to the Metaverse despite different themes emerged from its technology in consumer research and practices (Barrera and Shah, 2023). Moreover, in response to Flavián and Barta's (2023) call for investigating Metaverse as a new touchpoint between companies and customers, this study aims to investigate how the Metaverse can be leveraged as a new touchpoint for marketing purposes and explore the potential benefits (and challenges) for companies in terms of increased brand loyalty and stronger connections with customers.

Comments: This paper is submitted under the paper type 3.2. developmental track. We have collected the observational data from the abovementioned 12 brands on the metaverse. Prior to the presentation at the BAM conference, all data will be analysed using thematic analysis. The preliminary results will be presented during the conference.

2. The Aims, Objectives, and Rationale of the Project

This project aims to investigate how businesses and brands can integrate the modern, teach-based 4Ps marketing mix strategies on the Metaverse. This re-examination process of traditional marketing tactics and its relevant usage in the constantly developing modern technology landscape can contribute to both the contemporary marketing literature and provide managerial recommendations which will be beneficial for retail brands and businesses.

Thus, the research question is formulated as: *How has the marketing mix evolved for brands when applied in the context of the Metaverse?*

To answer this question, the four main objectives of the project are set as below:

- to define transformative opportunities and challenges of using metaverse technology for selected brands and organisation's marketing strategies
- to observe the customers' interaction and involvement on the metaverse stores
- to apply the marketing mix framework in the context of the Metaverse for retail brands
- to recommend the virtual-reality 4Ps framework for policymakers, practitioners, and academics

This research project will investigate to what extent conventional marketing tactics are compatible within the virtual world for brands from the multiple stakeholder perspective. As stated above, in recent years Metaverse technology has gradually expanded into the marketing field gaining research interest. Despite the importance of this topic and the emergence of different themes in marketing practices, according to the authors' best knowledge no current research has considered the application and potential revision of the traditional marketing mix in the metaverse. The outcomes of the research will assist businesses in adjusting their existing tactics through the revised 4Ps framework.

3. Literature review and Underpinning theories

3.1 Definition of Metaverse

Depending on the scholar's disciplinary viewpoint and the nature of the research, many definitions of Metaverse have been defined since its creation of the online "Second Life" by 'Snow Crash'-inspired software developers (Hollensen, Kotler and Opresnik, 2023). For this research purpose, Ball's (2022) definition of Metaverse is borrowed:

"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." (Hollensen, Kotlet and Opresnik, 2023, p. 120)

Undoubtedly, the exploration of integrated metaverse technology in the marketing and retail sector is still limited. For instance, despite the early introduction of a metaverse retailing concept in 2009 and a development of a new typology of virtual store atmospherics in 2015 (Narin, 2021), the value co-creation process of consumers and businesses for the digital products in the virtual world needs further understanding both theoretically and practically.

There are various practitioners' views on the metaverse and how it sheds light on contributions to marketing practices (Barrera and Shah, 2023). Notable scholars such as Belk (2013) discussed the concept of user 'reembodiment' as a major change in the extended-self theory induced by the emergence of digital worlds. Dwivedi et al., (2022) also proposed the use of consumer psychology and motivation theories to assist in shaping the future of consumer behaviour such as the diffusion of innovation theory and self-determination theory to be tested and expanded to understand how multiple generations of consumers interact in the metaverse. Since this research particularly focuses on understanding how metaverse can shape traditional marketing tactics into virtual marketing tactics, the extended-self theory is chosen as the most relevant framework although all these theories hold value in understanding the Metaverse. Other theories, like Diffusion of Innovation, are valuable for understanding technology adoption but do not provide the same depth of insight into consumer behaviour related to virtual identities and possessions. Self-Determination Theory and Flow Theory are excellent for engagement and motivational aspects but may not offer a complete framework for the marketing mix in the Metaverse context.

Extended-Self Theory, proposed by Belk (1988), posits that individuals extend their identities through possessions, which can include physical objects, experiences, and digital assets. In the context of the Metaverse, where users have avatars and virtual identities, brands can leverage

this concept. This is an environment where digital possessions (e.g., virtual goods, avatars) play a significant role in user identity. Extended-Self Theory is highly relevant for understanding how users perceive and value these digital assets. The marketing mix can be examined to see how it influences how users perceive themselves within the Metaverse through the brands they interact with. An observational study can track user behaviour and preferences to understand how branding elements such as product design, pricing, and promotions shape users' perception of their virtual selves.

As a benefit, this can lead to increased brand loyalty and a stronger connection between the brand and its users. While it might not directly address every element of the marketing mix, it offers a comprehensive understanding of one of the most unique aspects of the Metaverse: digital ownership and identity extension. This insight can then be translated into effective pricing, promotion, and distribution strategies. For this reason, this research will investigate the understanding of Extended-Self Theory on both parties to objectively capture the essence of its implications.

3.2. *Advancing Theory*

The Metaverse presents an exciting opportunity for academics and practitioners to explore innovative forms of engagement with customers. However, it is essential to consider the insightful implications associated with virtual marketing tactics. Many studies have implied different theories to provide useful frameworks for understanding consumer behaviour in the metaverse. This includes the use of Extended-self Theory (Belk, 1989), Social Identity Theory (Tajfel and Turner, 1979) to create the virtual products/services that appeal to special social groups in the Metaverse. On the other hand, the scholars can expand the understanding of the consumer digital culture by introducing Technology Acceptance Model (Davis, 1989) and Social Learning Theory (Bandura, 1977). For this research in particular, the implications of Extended-Self Theory (Belk, 1988) will be explored due to a) its relevance to digital possessions, b) its ability to assist brands tailoring to meet users' needs. Underpinning this theory with the observational data, it can provide deep insights into how users perceive and value these digital possessions, which is critical for informing 4Ps marketing tactics.

3.3. Opportunities and Challenges of brands/ organisations in Metaverse and the research gap

The Metaverse presents a new and rapidly evolving environment that requires the adaptation and evolution of existing marketing theories to be effective in this new context. Furthermore, the new technology offers unique opportunities to test theories such as the Flow concept and develop new marketing strategies and practices such as the marketing mix. It is clear that the immersive and interactive nature of the Metaverse provides a rich environment for conducting research on consumer behaviour and decision-making.

One potential limitation is the lack of generalisability of findings from virtual environments to real-world settings. While the Metaverse may offer unique insights into consumer behaviour and decision-making, it may not always be representative of real-world consumer behaviour. Additionally, the rapid evolution of the Metaverse presents a challenge for researchers to sustain the latest technological advancements and developments. Considering all, this study aims to address the gap by conducting a research investigation from the observations of brands. Previous research on the Metaverse concerning brands has mainly focused on secondary data. For example, recently Kniazeva et al., (2024) explored reasons why fashion brands enter the Metaverse considering brand and user perspectives, collecting data from public websites. Furthermore, Trunfio & Rossi, (2022) conducted a secondary systematic literature review on

future research areas for the Metaverse and found that new communication and marketing models need to be developed going forward to keep up with the interactive nature of the Metaverse. Based on these recommendations this study has identified a gap focusing on primary observational content analysis of brands on the Metaverse underpinned by developing and applying the 4Ps model and relevant theory.

3.4. The Implications of the Marketing Mix in the Metaverse

Product: according to Hollensen, Kotler and Opresnik (2023), the product mix has evolved to include virtual products, such as virtual clothing, virtual accessories, and virtual services (e.g., Nike and Roblox). This new type of product is referred to as a digital product, which has been defined by Kim et al. (2018) as “an intangible product that is created, delivered, and consumed in a digital environment”. In this context, brands need to consider the user experience, the customisation options, and the quality of the virtual products they offer. A product needs to focus on adding value to the customer by offering customised products and services (Kotler et al., 2016), meaning brands need to create virtual products that are tailored to the needs of the metaverse users or customers, in order to provide a better customer experience.

Price: in recent years, the new evolution of virtual currency has become a price element, which is used to purchase digital products and services. According to Kim et al. (2018), the virtual currency is “a medium of exchange that is used exclusively within a virtual world”. Since price is the determinant value of the product or service to the customer, it is important for brands and companies to consider the perceived value of virtual products and services, as well as the exchange rate between virtual currency and real currency.

Place: nowadays, the definition of place is not only limited to brick-and-mortar stores but includes virtual marketplaces and other online platforms where users can buy and sell virtual products and services. The importance of products/services' availability to customers at the right time and in the right place needs to be considered by a creative and innovative angel (Hollensen, Kotler and Opresnik, 2023).

Promotion: in the metaverse technology, virtual advertising used to promote virtual products and services has become a vital promotional tool in the virtual world. An understanding of what makes effective virtual advertising (and other promotional tools) can enhance the customer's experience of their virtual promotion through efficient communication of products and services' values.

4. Proposed Methodology

This qualitative research will include observations of retail brands and their stores on the metaverse. Due to the Metaverse being a relatively new phenomenon for organisations, this part of the research will include the research team observing selected brands within the metaverse using VR goggles. The researchers have developed a codebook (see Table 1) to guide observations of any aspects concerning the selected brands, associated with the traditional 4ps. In this phase, the authors will descriptively record the behaviours of the brands that fall into the categories of product, place, price, and promotion on the Metaverse.

The 10 brands, ranging from the prestigious to high-street retailers, are selected based on a number of criteria, particularly for their pioneering presence of virtual stores in the Metaverse. Upon being granted the ethics approval, the research team visited and observed each virtual store during the data collection period. The collected data are then analysed using content analysis for visuals. Following the guidelines for the codebook, the recorded videos are coded into categories corresponding to the 4Ps marketing tactics, further enabling to analyse extensive interactions and behaviours.

Table 1: Codebook for brands in the Metaverse

Objective: This code book is a framework for analysing selected brands on the Metaverse in relation to the 4Ps, product, place, price and promotion.

Platform and Brand:	Platform: (e.g. Roblox, Decentraland) Brand: Brand Name being observed e.g. Nike, Gucci)
Marketing Mix Category:	Product Category of Product: (e.g. shoes, clothes, experiences, virtual product/ goods) Name of Product: Description of Product: Customisation levels: Ability for interaction:
	Price Models of Pricing: Cryptocurrency, NFT, tokens Ranges of pricing: (e.g. \$10-20, \$100+) Value Proposition: Pricing justification, luxury, exclusivity, one of a kind, practical utilisation)
	Place Location in the virtual space- where is the brand located in the Metaverse? Is it a virtual

	store or a sponsorship? Accessible- Is the brand easily accessible in the location? Immersion levels- How immersible is the brand experience (High, medium, low) Description of visuals and audio. Socialisation abilities in location- Can users socialize together in the location (yes/no)? Descriptions of interactions, avatar interactions, chat functions, if yes.
	Promotion- What methods are the brands using to promote in the Metaverse? (games, promotions, sponsorships, influencers, virtual billboards?) Who is the target audience for the promotions? (fashionistas, gamers, collectors) How does the brand want the followers/users to act after the promotions? (purchase, visit online store, membership of community, etc?)

From a methodological perspective, *the* research will make recommendations on methods of conducting data collection concerning brands in the Metaverse. Therefore, recommendations will be developed further into a specific fieldwork manual for marketing researchers and academics collecting real-time observational data in the Metaverse. This will be developed into a methodological guidance paper once this project is finalised contributing further to the marketing education literature.

Practically, this research will provide advice for organisations to follow when marketing their products and services on the metaverse compared to non-metaverse-based marketing processes. The theoretical underpinning of the marketing mix for the Metaverse is a well-known and easily understood concept for both academics and industry marketers that will be easily transferable and usable in a real-world context. By analysing the application of the 4Ps within the Metaverse, this research can provide insights into how companies can create virtual products and services, set virtual prices, promote their brands within the Metaverse, and utilise the virtual environment as a new place for interaction with customers. It can also have significant implications for both academic research and practical applications in the business world. Exploring the application of traditional marketing theories within the Metaverse, this study contributes to the development of new marketing tactics and strategies that are tailored to the virtual environment. Additionally, this study will provide practical insights for companies looking to enter the Metaverse and establish a strong presence within it.

5. References

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