Building a sustainable, successful metaverse strategy

Understand who's betting on the metaverse and when it'll be business as usual

There's been a lot of buzz about the metaverse, along with related innovations like cryptocurrency, NFTs and web3. Business leaders are trying to make sense of it all and wondering what kind of strategy they need and how risk and trust changes in a virtual world.

The metaverse has a lot of people talking but is not, in fact, the next big thing. That's because some of its building blocks offer opportunities right now. Already, new trends for the metaverse's economy, governance, user experience and more are emerging. All may require rethinking how your company builds and fosters trust. Let's get started with a few often-asked questions and business scenarios to better understand and demystify the metaverse.

What is the metaverse, really?

It's not really new; the vision has been evolving for some time. We see it as the ultimate convergence of a number of trends and technologies that have been taking shape, such as VR, digital identity, cryptocurrency.

With the metaverse you could, for example, put on a virtual reality (VR) headset and visit a factory on the other side of the world. You'll see and touch its machines, shake hands with the local supervisor, and inspect its operations without leaving your desk. You could even send one digital version of yourself to that factory, while another meets with your board of directors.

How relevant is it to my business?

One way to think of the metaverse is as a set of opportunities from which your company can select a few to focus on. Some lower-risk use cases include selling digital versions of physical goods, offering virtual tours of virtual products or facilities, and launching NFTs to enhance brand awareness and connections to customers. Companies may also wish to consider buying or leasing digital real estate for sales, advertising and customer support.

What new risks does it bring?

The metaverse and its currently existing components offer new challenges for cybersecurity, privacy rights, regulatory compliance, brand reputation and anti-fraud efforts. For example, companies must consider security at the services level, so that no matter where your digital asset goes, security is maintained.

The metaverse as a whole is far from complete, but PwC's inaugural Metaverse Survey finds consumers excited. Many business executives expect it to be "business as usual" soon.

Who's betting on the metaverse?

66%
of executives say their companies are actively engaged with the metaverse today

64%
of consumers worry about the metaverse's societal impacts

82%
of executives expect the metaverse to be business as usual either within the next year or within 3 years at most

51%
of organizations have designated roles that focus on metaverse activity

Based on survey data and our experience helping companies work both with metaverse platforms and the underlying technologies, we have four sets of ideas that can help:

1 Build metaverse foundations: Set people and tech priorities

Companies are prioritizing metaverse hiring, customer research and upskilling as much or even more than their investments in metaverse-related technology. That's wise, since tech is primarily an enabler. You need the right people, processes and skills to wring out the most value.

Consumer uptake for many metaverse-related technologies is on the rise. Twelve percent have bought a VR headset in the last two years, and VR is just one way to enter the metaverse. Apps can also enable metaverse experiences on a portable device. The speedy advance of VR, web3, blockchain, crypto, NFTs and other technologies that enhance metaverse activities seem to point to potential for the metaverse itself to grow and scale quickly — so your employees and processes must be ready.

PwC recommends:

● **Get payback today as you look to the future.**
As you focus on the elements of the metaverse that can provide immediate benefits — for example, brand building, e-commerce, data gathering or enhancing the work environment — make sure you're also building capabilities you can use in a fully immersive metaverse of the future that's expected to cross a range of interoperable platforms.

● **Invest in tech with multiple uses.**
The metaverse requires some specialized technologies, but it doesn't always need every single one, and many metaverse technologies have other applications. Cryptocurrencies, for example, are used outside the metaverse — and some metaverse transactions only require a credit card. The right organizational approach to metaverse technologies can enable flexibility and offer both near- and long-term benefits.

● **Design unique, expandable metaverse experiences.**
You can experiment and learn more about what stakeholders want if you use the metaverse as an additional dimension of your corporate and brand expression and a chance to rethink ways of working. Think of it as the ultimate way to engage customers and strengthen your brand and workforce experience by taking full advantage of an all-new, immersive digital world. Make sure there is baseline consistency among your channels and digital presences to reinforce your brand voice and maintain differentiation.

2 Drive metaverse outcomes: Meet business needs and consumer desires

Most consumers already express interest in the experiences and services the metaverse could give them. Many are also willing to look to the metaverse to discover new brands and buy or sell physical products. But most businesses aren't planning to provide what consumers most want — for example, the excitement of virtual travel or the convenience of interacting in the metaverse with health providers, customer service agents and familiar brands. It's understandable that business leaders tend to be more focused on internal activities such as training, collaboration and onboarding. But you may not get far by playing it too safe. If your customers are excited about the metaverse, it may be time to start giving them what they want with some customer-facing proofs of concept.

pwc
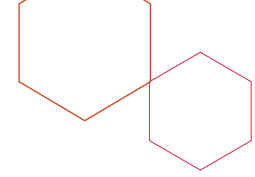
● **Stay on brand.** When you're just entering the metaverse, the highest return way to start is often to build on your existing brand presence. You may wish, for example, to enhance current marketing and loyalty programs with personalized metaverse storefronts, token-gated communities and immersive experiences, including education and discovery of your products, services or brands.

● **Use metaverse data, but be mindful of security and privacy.**
Decentralization, 3D experiences and new solutions create troves of data. The right metaverse data strategy can help identify and anticipate customer desires and their preferred channels, so long as you address consumer privacy, security and control concerns.

● **Be smart about pricing.** New metaverse-specific pricing strategies can help increase revenue, whether it is from virtual goods and services, experiences or channels where they can buy physical goods and services. Craft your pricing so it creates revenue while encouraging customers to give your virtual offerings a try.

3 Address metaverse risks: Build and spread trust

Most consumers worry about the societal implications of the metaverse (such as online hate, discrimination, sexual predators) and think it's mainly for younger people. Still, roughly half also say that it's exciting and will accelerate the use of digital assets. Only two fifths call it a fad and only a third express skepticism that a true metaverse will be achieved. This cautiously optimistic vision may reflect experience with the internet, which advanced quickly, but often at a cost. For the metaverse, it stands to reason that companies that attain lasting success will get two things right: using the metaverse and its component technologies to create products, services and experiences that truly transform the brand-consumer relationship and acting early to make sure their efforts inspire trust.

PwC recommends:

● **Embed trust from the start.** Rather than first building an application, then identifying and mitigating risks, design your approach to metaverse data, transactions,

experiences and more with trust built in — that is, by dressing data security and privacy risks head-on. This should help drive long-term cost efficiencies in addition to mitigating risks upfront.

● **Categorize risks.** Rather than first building an application, then identifying and mitigating risks, design your approach to metaverse data, transactions, experiences and more with trust built in — that is, by addressing data security and privacy risks head-on. This should help drive long-term cost efficiencies in addition to mitigating risks upfront.

● **Give key players a seat at the table.** As with any digital transformation, tax, security, privacy, risk and compliance specialists should be involved with metaverse initiatives from the outset. Their early participation is critical since it may not be clear how existing and potential rules fit into the multi-component metaverse. To take just one example, digital assets, common in metaverse platforms, also implicate novel characterization, indirect tax, transfer pricing and reporting considerations that your tax experts should address early both to decrease risks and potentially find new value.

### **4** Define your metaverse strategy: Get ready for a new digital world

Business leaders are leaning into the metaverse. More than half say it will either be the next incarnation of the internet or revolutionize businesses. As we see it, this revolution will really be more of an evolution, taking place over several years with different components maturing on different timelines. That's why strategies should contain both a long-term vision, with designs for the future web3, and a practical path to invest in technologies, skills and use cases that can deliver specific business outcomes right away. As you gain experience with these building blocks, you can also figure out how best to anticipate your customers' desires for when a fully immersive metaverse is established.

PwC recommends:

● **Be relevant.** Even if it's often wisest to start by extending current activities into the metaverse, lasting success is more likely to come from offering brand-new products and experiences that can only exist in the metaverse and that truly change how people live their lives.

● **Be useful.** Consider developing products and services that offer lasting utility — ones that people, communities, or companies will turn to again and again for information, services, entertainment and convenience.

● **Be purposeful.** Customers may trust you more if you can integrate a corporate purpose that reflects their values into your metaverse offerings. The metaverse could, for example, help reduce your carbon footprint (by making physical activities virtual) or help verify and present ESG data.

Think big and, as your company builds out the metaverse building blocks that can generate benefits today, position yourself for the metaverse's full potential tomorrow. Similar to how the internet developed, there may be several cycles of speculation and disillusion before disruption spreads and the true value appears. It will be important not to "fall for hype" and misallocate capital.
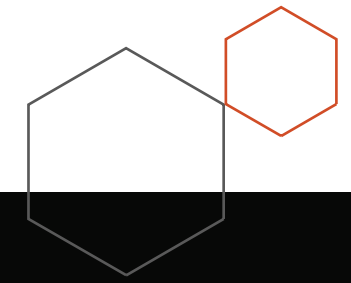
Key metaverse survey takeaways:

Business is taking action.
Two thirds of business executives say their companies are actively engaged with the metaverse, and 82% expect it to be part of "business as usual" within three years or less. Just over half have a designated role focused on metaverse activities.

Business is working on the people and tech.
Back on the business front, 46% of those with metaverse-related plans say they'll hire those with metaverse-related skills, and 55% are integrating enterprise blockchain into strategy or have already done so.

Three risks stand out.
Cybersecurity, privacy and technology costs/restraints are the top three concerns for both business and consumers. When looking toward solutions, consumers want assurances around identity and data protection. For business, it's cyber protection and protocols.

Consumer loyalty is up for grabs.
While 50% of consumers call the metaverse "exciting," only 9% are currently using a metaverse environment. Still, 12% have already bought a virtual reality (VR) headset — and VR is just one way to enter the metaverse.

Business isn't yet focused on consumer desires.
Business is mostly prioritizing workforce metaverse initiatives, such as onboarding and training (42%) or collaboration (36%). Consumers are interested in experiences such as virtual travel (cited by 65%) or interacting with new brands (cited by 50%).

Long-term expectations and worries are high.
More than a third of business executives say the metaverse will revolutionize business. Another 22% say it will be the internet's next incarnation. But 64% of consumers worry about its societal impact — highlighting the need to build a trusted metaverse.

PwC's inaugural 2022 US Business and Consumer Metaverse Survey examined the awareness, attitudes, plans and actions of the metaverse concept, use cases and related technologies. The survey was fielded by PwC Research from April through May 2022 and surveyed more than 5,000 US consumers and 1,000 business executives.

A version of this article originally appeared in PwC's Tech Effect.
Explore the full report at **https://www.pwc.com/us/metaversesurvey.**