



The future of retail in the metaverse: An overview

Our exploration of the metaverse

At Cognizant, we have begun to shape our perspective on the metaverse and how it will change the future of retail. We started our exploration in this space with qualitative interviews and spoke to metaverse experts, video game designers, crypto investors, and social anthropologists. These conversations helped us take a human-centered approach to understanding the space's potential, probable futures, and how consumers will experience it. Finally, we combined these learnings with design and technology audits to understand how these human experiences will be actualized through technology.

Defining the metaverse: Reality versus 'The Ideal'

There is no single definition of the metaverse and that is because it does not exist yet. While many people may imagine the metaverse as portrayed in *Snow Crash* or *Ready Player One* - the reality is that the space is not fully formed because the required technology and computing infrastructure are not yet established.

We have begun to define the metaverse as a network of virtual worlds that brings people together through what makes us human. We emphasize a human-centered definition because, ultimately,

end users won't care about the nature of how the metaverse is built. They will be more invested in the value it brings to their lives, about how it enables things like community, entertainment, and education just as humans have throughout history with the adoption of new technologies. While the tools around us change, what makes us innately human does not.

The metaverse as a single, interoperable, and decentralized world is an ideal. While we believe this ideal state will be supported by Web3 (along with other yet-to-be-realized capabilities), we will continue to see organizations begin to actualize it first by building multiverses in Web2. In other words, companies don't need to wait for tomorrow's ideals to start creating experiences in the metaverse today.

Opportunities for retailers to create value in the metaverse already exist. Virtual worlds such as Roblox and Decentraland have massive footprints, while markets for digital assets are well-established in apparel, art, and music. New ventures in virtual twinning, DAOs, decentralized finance, and generative content demonstrate promising signs of emerging use cases. Most importantly, these all represent transitional experiences that collectively push customers forward into the future, accelerating adoption and continually expanding business opportunities.

Why the metaverse: The next frontier of business

The metaverse, alongside Web3, is primarily thought to be the next frontier of business. This is because it expands the landscape in which companies create value and establish competitive advantage. As existing digital channels, technologies, and ways of working become saturated or commodified; this emerging landscape presents compelling new ways to engage with consumers and operate businesses.

As retailers look to define their strategies for this next frontier, there is evidence that the implications for the industry will be significant – and that organizations should aim to establish a first-mover advantage.

1 The metaverse economy will be significant – its aggregate value is estimated to be in the trillions of dollars in the next ten years with substantial portions coming from e-commerce, workplace, and education.

2 Consumers are already enthused – Roblox and Fortnite have millions of global users daily. Over seven million people from over two hundred countries have visited Nikeland on Decentraland.

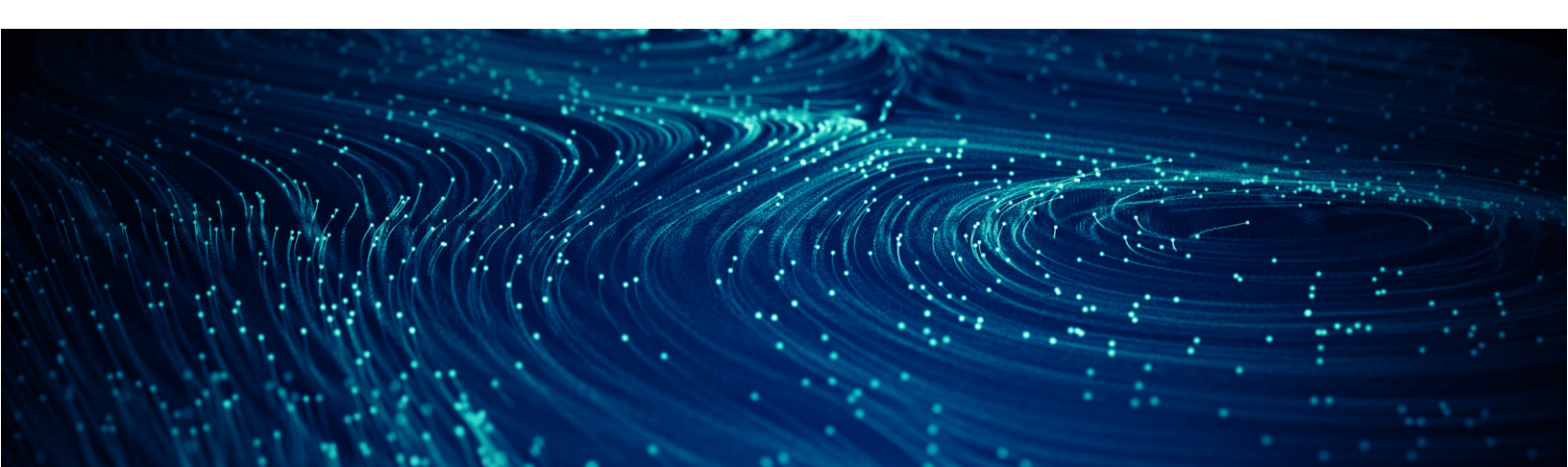
3 The investment race is on – over \$100 billion has been invested in the metaverse space in 2022 alone, coming mainly from leading technology companies, top VC firms, and pioneering brands.

4 Virtual work is here to stay – with about 25-30% of Americans continuing to work from home it is predicted that in the next 2 to 3 years meetings that are currently held in 2D will be held in 3D virtual worlds with digital avatars.

Winning in the metaverse: A user-centered framework, test-and-learn approach

Retailers should approach a metaverse strategy by first considering what users value, how the company can differentially provide that value, and how the metaverse offers new opportunities for that value transfer.

Through this framework, retailers can clarify their role, value proposition, and desired outcomes, enabling the company to identify and prioritize use cases and applications across the value chain. This will form the initial metaverse roadmap, where the company should focus on testing, learning, and building consensus across the organization while preparing to build and expand upon early wins.



The ultimate form the metaverse will take is unknown, and its development path will certainly be inharmonious, but the exploration has already begun. By getting an early start, retailers can establish their early strategic pillars while gaining visibility into how the industry may evolve. As we've seen in the past, shifts in an industry's competitive landscape are typically underway before they are commonly acknowledged – presenting growth opportunity for companies that see them coming and threats to those that don't.

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To learn more, visit: <https://www.cognizant.com/us/en/brands-in-the-metaverse>



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