

MARKETING

What opportunities does the metaverse hold for luxury brands in 2022?

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Many companies have already taken the metaverse by storm within luxury and retail. Image credit: Nikeland

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The convergence of our physical and digital worlds through metaverse platforms is quickly becoming a meaningful opportunity for luxury brands.

Our time during the pandemic taught us that there are limitations to the physical world but also that many of the virtual alternatives we have created can even be preferable to real ones.

In 2022, brands will find that they will have to maximize their digital presence and continuously integrate emerging technologies to stay relevant.

Yet many companies have already taken the metaverse by storm within luxury and retail. Gucci sold a digital Dionysus purse for thousands more than the physical bag's retail price. And [Dolce & Gabbana](#) set a digital-fashion record with the sale of a \$5.7 million, nine-piece NFT collection boasting "gems that can't quite be found on Earth."

Meanwhile, Nike has built its own metaverse experience called Nikeland on Roblox's platform and recently acquired the virtual sneaker and collectibles startup RTFKT Studios.

Without costly raw materials and laborious hand-stitching, designs in the metaverse are almost purely for profit. Not only that, but the combination of creativity and exclusivity that can only reach new highs digitally makes some virtual products sell for prices that are significantly greater than their physical counterparts.

While some companies popularized digital versions of their flagship products, others have tested the waters by releasing new product ideas in the metaverse first. Then, after assessing their virtual demand, they might be considered for physical production.

The metaverse may also become a new way to shop online, where consumers can browse through digital showrooms and purchase virtual and physical versions of products on display.

Virtual products have also boasted significant appeal through a sustainability lens.

According to DressX, a digital fashion startup, producing a single digital garment requires 97 percent fewer carbon

emissions and 872 fewer gallons of water than a physical one. Additionally, there are no piles of unsold inventory left over from previous seasons.

Digital offerings, therefore, can help rectify an industry notoriously known for its wastefulness.

But maybe the most notable advantage of going digital is increased traceability, where blockchain-based "smart contracts" enable a company to continue collecting royalties each time an item gets resold.

Similarly, this tracing through blockchain technology helps close the gap on transparency and guarantees of authenticity.

For example, through [Aura](#) a private blockchain consortium founded by LVMH, Prada and Richemont buyers now have access to information about a product's complete supply chain, from the sources of its raw materials and factories to post-sale areas of interest such as aftercare and secondhand sales.

While many brands have been eager to jump on this digital trend, the metaverse realm and related technologies still have a long way to go.

Baidu has told the public that its newly released XiRang metaverse app is still at least six years away from a full launch.

Alvin Graylin, China president of smartphone and virtual reality company HTC, echoed Baidu's more conservative stance, stating that a full metaverse was still years in the making and would require the establishment of underlying infrastructure and international regulatory standards.

However, China may have unique advantages in the metaverse race.

China is a leader in 5G adoption and mobile internet infrastructure. In fact, just this month, a government-backed 6G project led by Purple Mountain Laboratories in collaboration with China Mobile and Fudan University achieved a world record, real-time, sixth-generation ([6G](#))-level wireless transmission speed for the first time in a lab environment.

Further progress is happening through the Metaverse Industry Committee China's first official metaverse organization, a collaboration of China's big three telecoms carriers, China Mobile, China Unicom and China Telecom and in partnership with several technology companies. Together, they plan to leverage their advantages in emerging 6G and 5G network infrastructure, cloud gaming, and virtual reality (VR) technologies to shape new metaverse developments.

Meanwhile, NetEase is building out the relevant technology needed for the sector and entered into a strategic partnership with Sanya Municipal Government in Hainan, China's southern island province, to establish a metaverse-related industrial base in the city.

ByteDance has also set its sights on staking a claim in China's metaverse, taking its first steps by acquiring one of the world's leading virtual reality (VR) headset makers Pico last August.

Newcomers such as Nreal, a Chinese startup focused on developing augmented reality (AR) glasses, and Besttone, a cloud gaming and entertainment company building an integrated 5G XR platform, have both invested heavily in the space.

China's lead in 5G adoption and its advancements in mobile Internet infrastructure give the country a leg-up in creating the purely digital metaverse that Facebook envisions or even the more augmented reality-based metaverse that China prefers.

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