

SOFTWARE AND TECHNOLOGY

Brands cannot approach the metaverse like Web2

June 29, 2022



While the new wave of the internet will likely provide ample opportunity for brand engagement, companies must approach the new space with insight and agility. Image courtesy of Gucci

By NORA HOWE

As brands and consumers interact more within digital spaces and spend more time online, the metaverse presents a critical opportunity for virtual engagement and profitability.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

During a June 28 webinar hosted by the Council of Fashion Designers of America (CFDA), tech industry leaders and fashion designers jointly suggested that brands have a unique opportunity to interact digitally with consumers with the development of the metaverse. That being said, as Web3 capabilities are still new, there are major risks to getting involved, so brands must be equipped with the right tools and insights.

"The goals, growths, successes and metrics that are in Web2 are not necessarily the same with Web3," said Simone Berry, chief strategist and innovation director at **5Crypto**.

"In Web3, you start with a clear purpose and grow the community around that purpose, matching your growth strategies, community incentives and market motions with them," she said. "As opposed to Web2, where you are selling to a customer or community."

The panel was moderated by Maghan McDowell, senior innovator editor at *Vogue Business*.

Maneuvering the metaverse

In preparing for the next wave of the internet, what many are referring to as Web3, there are various differences that require altered approaches.

From the brand perspective, solutions for engaging digitally savvy customers come in different forms. Some brands find more success in reaching new customers already established in the metaverse, while others leverage brand loyalty to bring existing customers into the new world.

"Our first foray into it, 98 percent of the people that purchased NFTs from us were not from my existing channels and community," said **Rebecca Minkoff**, founder of her eponymous fashion label.

"When we came back to do it again, we had very similar metrics," she said. "These are people that have known about crypto, are excited about it and collectors."

[View this post on Instagram](#)

A post shared by Rebecca Minkoff (@rebeccaminkoff)

Rebecca Minkoff unveiled looks on the digital runway at Crypto Fashion Week in March

Moving forward, Ms. Minkoff's goal is to provide more insight and incentives to this community the brand is building around NFTs.

Gaming has also become a critical tool in helping brands dip their toes in the digital realm, as evidenced by collaborations from fashion houses like Valentino, Burberry and Gucci.

Originally a gaming platform, The Sandbox is a decentralized community-driven metaverse platform for creators with fashion quickly becoming its most active vertical.

"The Sandbox is land-based virtual real estate where you can buy a small piece of land, and fashion brands have already purchased two-thirds of it," said Mathieu Nouzareth, CEO of [The Sandbox US](#). "Fashion brands are coming to the metaverse because, like in the real world, people are really interested in showcasing their style to other people and communities.

"They want to buy sneakers, hats, handbags and T-shirts to express themselves," he said. "Fashion brands are also very good at identifying new trends among consumers, and maybe before other industries."

Beyond getting involved in virtual style, fashion is also majorly involved in blockchain technology and is turning to companies like Polygon to streamline the NFT minting process. Brands are also increasingly approaching blockchains as they do with the different content distribution platforms.

"The most important term here is composability, which is based on the idea that anything that is built on a blockchain is open and permissionless and you can build upon it," said Brian Trunzo, metaverse lead at [Polygon Studios](#). "If I have a brand that wants to reward Rebecca's stakeholders, I can build smart contracts that talk to her smart contracts and actually reward that.

"The composability of Polygon is attached to Ethereum, so if one wants composability within this large, secure and decentralized ecosystem, one would either build directly on Ethereum or technology that is built upon Ethereum," he said. "This sort of long-term vision of where you want to be and where you want your products to be is critical."

[View this post on Instagram](#)

A post shared by Burberry (@burberry)

Burberry just launched its new set of Blankos Block Party NFTs

All that being said, some brands still see great value in having physical products consumers can have in the real world, and providing replica digital copies for them to use in the metaverse.

Luxury at work

Despite its relatively recent conception, the metaverse is already attracting major luxury players.

In April, the CFDA announced its first steps into Web3 with its first metaverse and NFT partnership and education program.

In collaboration with 5Crypto, The Sandbox and Polygon Studios, CFDA is working to develop an infrastructure for American fashion within the digital space to educate, innovate and foster community. With this partnership, CFDA hopes to bridge fashion and crypto by providing its members with the necessary knowledge and connecting them to the right resources ([see story](#)).

A month prior, Italian jeweler Bulgari embraced digital innovation with a new timepiece. Limited to 10 pieces, the Octo Finissimo Ultra offers a virtual tribute to watch design and engineering, including digital artwork, with a unique QR code.

Each timepiece is linked to an NFT, which contains a unique digital artwork. The NFT cannot be separated from the physical watch, which serves as a guarantee of authenticity along with a certificate of ownership for the Octo Ultra.

Bulgari collaborated with Temera, Luxochain and Polygon Studios on the project ([see story](#)).

"There is value in things having [dual] existence," designer Ms. Minkoff said. "I think the rights and uses of these things can extend when you have the digital and physical and there is power in that which people can unlock."