CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES

The "Ultimate" Metaverse

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: "*A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class.*"

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is "*to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice.*"

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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The "Ultimate" Metaverse

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The "Ultimate" Metaverse: Tackling the opportunities and challenges of investing in a new world

It was a regular Thursday on October 28th in 2021 in the middle of the pandemic where humanity was going about in their everyday lives. However, Facebook CEO, Mark Zuckerberg had before witnessed a plethora of negative stories and reviews following the leak of Facebook´s internal documents which portrayed the issues with the company. All of the negative press and political battles towards Facebook made Zuckerberg think; "enough is enough" and the brand as we know it was about to take a drastic turn. On this day, Zuckerberg initiated Facebook´s rebranding into Meta with a video explaining this sudden change and what their future plans were going to be. But this was not just a regular rebranding, Facebook, now known as Meta, was going to put a significant emphasis on something called "The Metaverse". People, at first, did not understand what a metaverse was, but as the rebranding video was published, they could not believe what they heard. The metaverse is a virtual world where we will be able to instantly teleport ourselves to the office, concerts, your parents living room and many other things. Meta´s vision concerning the metaverse is in which we will have the opportunity to conduct our everyday life with friends and colleagues and even design your own homes. Meta is ready to take the metaverses to a new level. Only the sky's the limit in Meta´s metaverse.

With this new drastic and major investment of Meta, Zuckerberg seems pleased with their new strategy. Although, because the people have not fully got the opportunity to see the full grasp of Meta´s metaverse yet and what impact it may have, one question may arise: Has technological advancement gone too far?

Company Background of Meta

It all started on February 4th, 2004 on the campus of Harvard University where Mark Zuckerberg and co-founders Dustin Moskovik, Chris Hughes and Eduardo Saverin launched "The Facebook." It was intended to be a platform where Harvard students could connect with other students. However, it started to expand slowly to

other universities in the United States and then to other students globally. In June 2004, it officially dropped "The" from its name and moved operations to California. Facebook was an attractive site to many students and by December 2005 it already had 6 million users. Zuckerberg continued to grow the site through the years, making it available to everyone over the age of 13 and expanding it to companies in 2007 where they had over 100,000 business pages. This was only the beginning as Facebook created messenger in 2011, acquired Instagram in 2012, WhatsApp and oculus in 2014. Acquiring Oculus was the beginning of Facebook's digital world. Through the years, improved Oculus virtual reality headsets continued to come out. In 2017 Facebook had its community Summit and announced a new company mission to, "bring the world closer together."[1] Facebook aimed to bring people all over the world together with new features on its platforms like Instagram's new search and explore.

By June 2017, 2 billion people were active on Facebook every month. More and more users became immersed in the social media platforms so in 2018 Instagram and Facebook introduced new resources to help users manage their time. Zuckerberg wanted to ensure the wellbeing of users and make their experience as positive as possible, so he shared his vision for the social platforms to be privacy focused. However, in 2019, Facebook's jump into virtual reality grew as a new PC VR headset, Oculus Rift S, was released. It was a huge step forward for virtual reality as it translated the user's movements completely and provided room scale tracking. The virtual reality growth was reflected in Facebook as in 2020 messenger rooms were launched, and then in August 2021 horizon workrooms were introduced. The technological advancement by Facebook didn't stop there as on September 27th, 2021, The XR Programs and Research Fund was introduced to help transform Facebook into the "Ultimate Metaverse."

The Rebranding of Meta

Back in the day, Facebook was the place to connect with old friends, entertain yourself by watching videos and discuss societal issues with complete strangers. Today, it is a completely different company. During the past 15 years they have bought the biggest social media platforms, including Instagram and WhatsApp, in order to develop their business in a wide range of industries. On October 28, 2021 Mark Zuckerberg announced that the tech company Facebook Inc was changing its corporate name to Meta, see **Exhibit 1**. The new name refers to and is the first step into creating a "metaverse" which is the company's vision to create the platform for the future and "the next evolution of social connection".[2] A metaverse consists of a

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[1] Meta. (n.d.). Coming together to connect and create change, Available online:
https://about.facebook.com/ [Accessed 4 February 2022]
[2] Meta. (n.d.). Coming together to connect and create change, Available online:
https://about.facebook.com/ [Accessed 4 February 2022]

network of virtual worlds with the focus on social connection. The term "metaverse" was first presented in 1992 through the fiction novel Snow Crash and has ever since been developed with various amounts of metaverses, all with the focus on advancing virtual reality technology. Facebook Inc changing its corporate name to Meta, with the objective to develop a metaverse, can therefore be seen as a brilliant business move. Zuckerberg states that "The metaverse is the next frontier in connecting people, just like social networking was when we got started. Over time, I hope we are seen as a metaverse company, and I want to anchor our work and our identity on what we're building towards."[3] With this said, Facebook did not just change its name, they fundamentally changed the direction for the future of Meta.

Meta's "Ultimate" Metaverse

The Meta's "ultimate" metaverse is created with the idea that we are in the "new evolution of social connection.", see **Exhibit 2**. There is a main focus on evolving the connections among people all over the world. Meta believes that they can "change the game when we find each other: From niche sport to global community." Their intention is to give people a voice by building global connections and communities that serve everyone. In addition, they aim to promote economic opportunity for individuals and businesses. The customers are essentially at the center of their universe, ensuring that there is a community for everyone but at the same time they aim to keep people safe and protect the privacy of users. There are three central pillars that make up Meta's "ultimate" metaverse, which is virtual reality, augmented reality and smart glasses. With the help of Quest, individuals are able to explore new worlds and take part in new experiences like using virtual workrooms and attending virtual concerts. Augmented reality enhances your experiences to another level with original effects "letting you express yourself with the people who matter most."[4] Lastly, with the use of smart glasses, individuals are able to make the first move in this journey. Smart glasses will allow everyone to record video and take pictures, listen to music and take phone calls with just a light touch of a finger.

The soft launch of Meta´s metaverse can be expected within five years, and by 2031 Zuckerberg plans to reach more than a billion users. Zuckerberg's mission for the metaverse is to "give people the power to build community and bring the world closer together".[5] Although, as of today, the metaverse is already here in a lot of ways, and can be experienced through, for instance, the popular games Roblox &

[3] Meta. (2021). Founders Letter, Available online: https://about.fb.com/news/2021/10/founders-letter/ [Accessed 4 February 2022]
[4] Meta. (n.d.). Coming together to connect and create change, Available online: https://about.facebook.com/ [Accessed 4 February 2022]
[5] Meta. (n.d.) Coming together to connect and create change, Available online: https://about.facebook.com/ [Accessed 4 February 2022]

Sandbox. In these already existing virtual worlds, people interact as avatars, similar to videogames, through a computer screen. Moreover, Meta´s long term vision is to further develop and build an immersive 360-degree world, which people can access with virtual reality goggles, for instance Meta´s Oculus. According to Zuckerberg, the challenges of the metaverse for now is not just about building new technologies but to attract the older generations and make them see the benefits of the metaverse over the internet. Furthermore, it is stated the "Ultimate" metaverse could take up to 15 years to fully develop because the metaverse today can be referenced to what social media looked like in the early 2000s or before Facebook became a significant trend.

With this said, the metaverse already exists in many different ways. Although, Zuckerberg´s and Meta´s plan is to create and develop the "ultimate" metaverse that will feel like a "hybrid of today's online social experiences, sometimes expanded into three dimensions or projected into the physical world".[6] In the next section the metaverse's impact on the world will be analyzed. At the moment, Meta has developed an early stage of their metaverse called "Horizon Home" and "Horizon World". Here, you can design your own home anywhere you like and even invite your friends to interact, watch movies, play games and even look at art. These developments aim to show us just some of the potential the final product of their metaverse will have.

Metaverse´s impact on the world and its users

Psychological impacts

One impact the metaverse has on the world, and more specifically, the humans that use metaverses is that it can contribute to mental illness and other problems concerning people´s psychological well-being and mental health. The metaverse is a "next level" step, after social media, to escape from the real world, see **Exhibit 3.** The most prominent effect of interacting with virtual realities is psychoses with particularly delusions and hallucinations. However, there are many more striking consequences due to the overuse of technology, many concerning mental health issues like depression, somatic symptoms, psychoticism, paranoid ideation and other serious mental illnesses. There have been multiple studies done which show that "in-person relation with others is the healthiest form of communication and confers most benefits towards mental health."[7] However, due to the pandemic

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[6] Meta. (n.d.). Coming together to connect and create change, Available online:
https://about.facebook.com/ [Accessed 4 February 2022]
[7] Akkaya, D. (2022). Metaverse's Possible Effect on Mental Health, Available Online:
https://drycleanonlymagazine.com/en/metaverses-possible-effect-on-mental-health/ [Accessed 5 February 2022]

this has been not possible for a long time, so the metaverse can help in this instance. It can give people a personal experience with others without having to leave your house. In this case, the metaverse can help a poor mental state, also there are some mental disorders that can benefit from virtual reality. For example, social anxiety and phobia, people like this get very nervous in social situations and virtual reality will allow these people to connect with others while being in a safe environment like their home. Although, this is only beneficial to a certain extent as this could lead to people to become over reliant on virtual reality and the connections they bring, causing their social anxiety to get even worse. "Living in the metaverse will therefore be extremely unhealthy if more suitable alternatives are available."[8] Meta's "ultimate" metaverse can be beneficial in the short term but at the end of the day it can be detrimental to society in the long run.

Live and hide behind a screen

The creation and emergence of metaverse actively contributes to individuals all around the world spending more time online. This does not only have psychological consequences regarding mental health but also side effects of people hiding behind a screen and not showing their true self. "The Metaverse Wants to Mirror Real Life," however, groping, harassment, bullying, abuse, sexual threats, racism and other troubling incidents are already cropping up and have been reported on a number of existing platforms; even on Meta´s own platform "Horizon Worlds".[9] Although, Meta has recently developed an AI system which helps track and tackle harmful content. Harmful content like this develops quickly, especially in the metaverses; due to people looking for new ways to hack the system. Meta's AI system is in early stages but will grow to its full potential after several months. This is the nature of AI because in order for this system to evolve, it has to receive harmful reports and experience many flukes to learn and grow from them.

Digital world

The metaverse has opened up new doors in the way to connect and experience your everyday life. People in the already existing virtual metaverses have had the opportunity to experience performances by major artists, including Ariana Grande, Justin Bieber and DJ Marshmello, as their own avatars, see **Exhibits 4 and 5**. People also got to experience Paris Hilton DJ at her New Year's Eve party on her own virtual island in the metaverse of Roblox, see **Exhibit 6**. Moreover, the development of the

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[8] Akkaya, D. (2022). Metaverse's Possible Effect on Mental Health, Available Online: https://drycleanonlymagazine.com/en/metaverses-possible-effect-on-mental-health/ [Accessed 5 February 2022]

[9] Inside Hook. (2021). The Metaverse Want to Mirror Real Life. Harassment Is Already Cropping Up, Available online: https://www.insidehook.com/daily_brief/tech/metaverse-harassment-problems [Accessed 5 February 2022]

already existing metaverses has even opened up the opportunity to get married where users pay real money to have fancier venues for their weddings, see **Exhibit 7**.

Although the metaverses deliver many new different services, there are still various challenges which need to be addressed. There is a plethora of challenges in the different metaverses concerning jurisdiction, currency, ownership and property, data and security and reputation and identity. The challenge of jurisdiction regards the issue of countries being forced to look into the metaverse and see how jurisdiction will be applicable. Since the metaverse essentially opens up the opportunity for individuals to do whatever they can imagine, laws must be applied to keep the order. In addition, another aspect of the metaverse that needs to be addressed is the currency system. When users purchase designer clothes or properties, they use either their own country's official currency or digital currencies such as Bitcoin and NFTs. Although, it will be essential to develop a smart transaction system in the metaverse to reassure the users to feel safe while engaging in trade. The ownership and properties in the metaverse address the issue of identifying ownership of, for example, art, music and videos. That is why the metaverse has to develop a unified system for verifying the various ownership of different properties. The data and security have been a recurring issue before where consumers are worried about their personal information being leaked to the public. This has become more prominent in the metaverse where personal verification might become a significant part of the metaverse in the future. Reputation and identity is also a challenge for the metaverse where the issue lies in how players can prove who they are and are not just robots trying to mimic the user's existence. This is also connected to the personal verification to ensure users that they are real individuals. Furthermore, even if the different metaverses offer services users value, there are still challenges which need to be dealt with to develop a fully working metaverse.

Metaverses investments

Since the metaverse already exists in various ways, investors have begun paying millions on land and real estate in the metaverse of "Sandbox" where, for example, one recently paid 450 000 USD to be Snoop Dogg´s neighbor in his own virtual world in Sandbox called "Snoopverse", see **Exhibit 8**. During the pandemic, the real estate market was skyrocketing, but not only in the real world. The metaverse have seen the same surge on real estate where prices have increased by 500% in the last few months since the introduction of Meta´s metaverse was revealed. Moreover, companies have purchased land and real estate for record breaking prices. For example, the virtual real estate development company, Republic Realm spent 4.3 million USD on land in the virtual world. Even though great investments are being made, it is still said to be a risky investment. Republic Realm CEO Janine Yorio said you should only invest in the metaverse with capital you are prepared to lose. Furthermore Mark Stapp, professor in real estate theory at Arizona State University said if the investments

continue, there is a significant risk it is going to be a bubble because you are purchasing something that is not real.

Further on, it is not only real estate companies who are investing in the different metaverses. There are even high-end fashion brands such as Ralph Lauren, Gucci, Burberry and Balenciaga that have followed up on the metaverse trend by selling their clothes in different metaverses which you can purchase with countries' official currency for your avatar, see **Exhibit 9**. Even if these investments concern other types of metaverses and because Zuckerberg wants to develop the "ultimate" metaverse, no one can tell what the possibilities Meta´s metaverse holds in the future.

Conclusion

The rebranding and introduction to Meta´s "ultimate" metaverse has been a way for Meta to completely change its course and turn a new page after its negative press concerning their leak of internal documents. Although the "ultimate" metaverse is in its early stages of presenting its true potential, society still does not know where to stand in this new and advanced technological advancement. Whilst many people found the rebranding and new direction of Meta interesting and up-to-date, others drastically have become more negative towards the future of the company, see **Exhibit 10**. Moreover, being able to do everything you normally do in the real world in the virtual world of the metaverse may seem like a dream come true for some. However, opening the opportunity for society to live in the virtual world could be problematic in the long run where the comfort of conducting your everyday life without leaving your home becomes more inevitable. Furthermore, as investors are paying millions for virtual land, real estate and high-end clothes in the different metaverses, society may see this as a hint to the full extent of Meta´s metaverse. Even though these investments keep on being made, indicators still show that it is a risky business and society does not know if the "ultimate" metaverse will succeed in the future. Ralph Lauren, Gucci, Burberry and Balenciaga are examples of fashion brands that have already entered the metaverse, but the question still remains, are they considering entering Meta´s "ultimate" metaverse as well? Therefore, we could ask ourselves if companies are willing to invest in Meta´s metaverse even if they do not know what the outcome will look like?

Taking on the role of the Executive board for Ralph Lauren, how would you address the potential and growing problem, and why?

Taking on the role of Ralph Lauren´s executive board, would you see an opportunity to invest in Meta´s metaverse despite its uncertainty it may have when fully launched and how it can affect a corporation´s reputation?
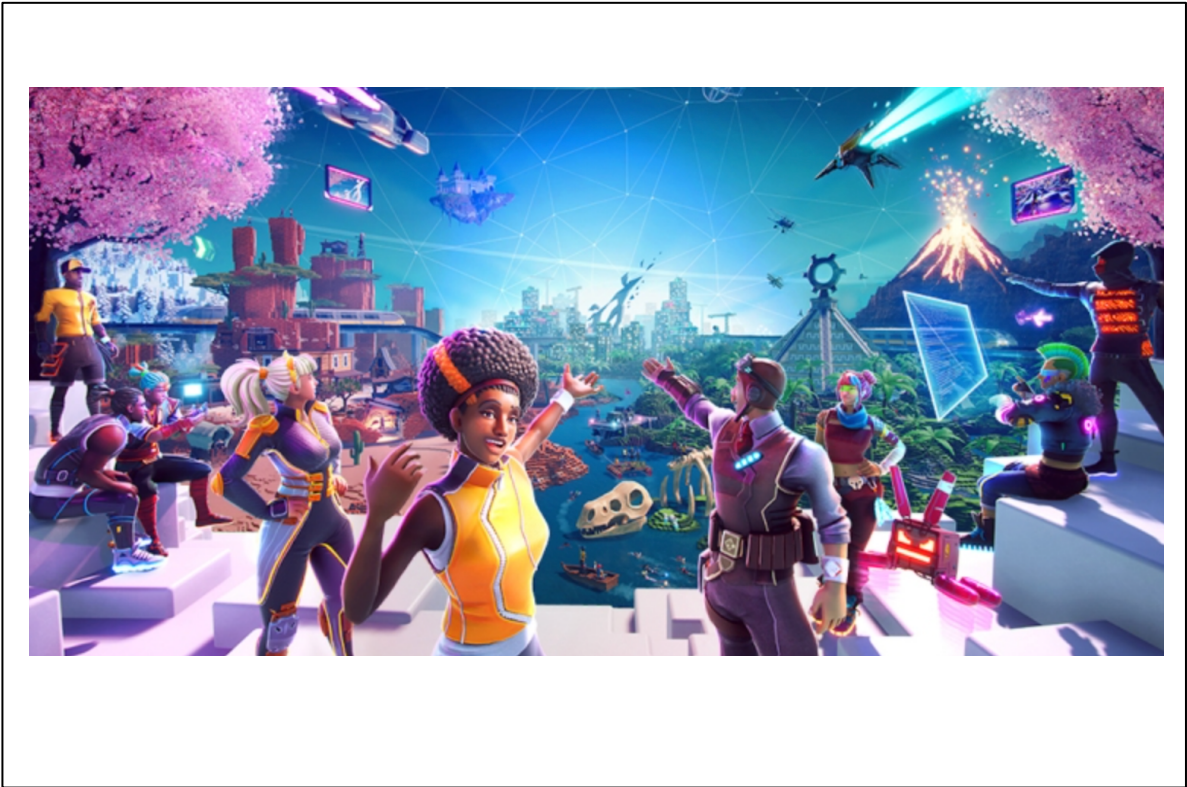
Exhibits

Exhibit 1   The Rebranding of Meta
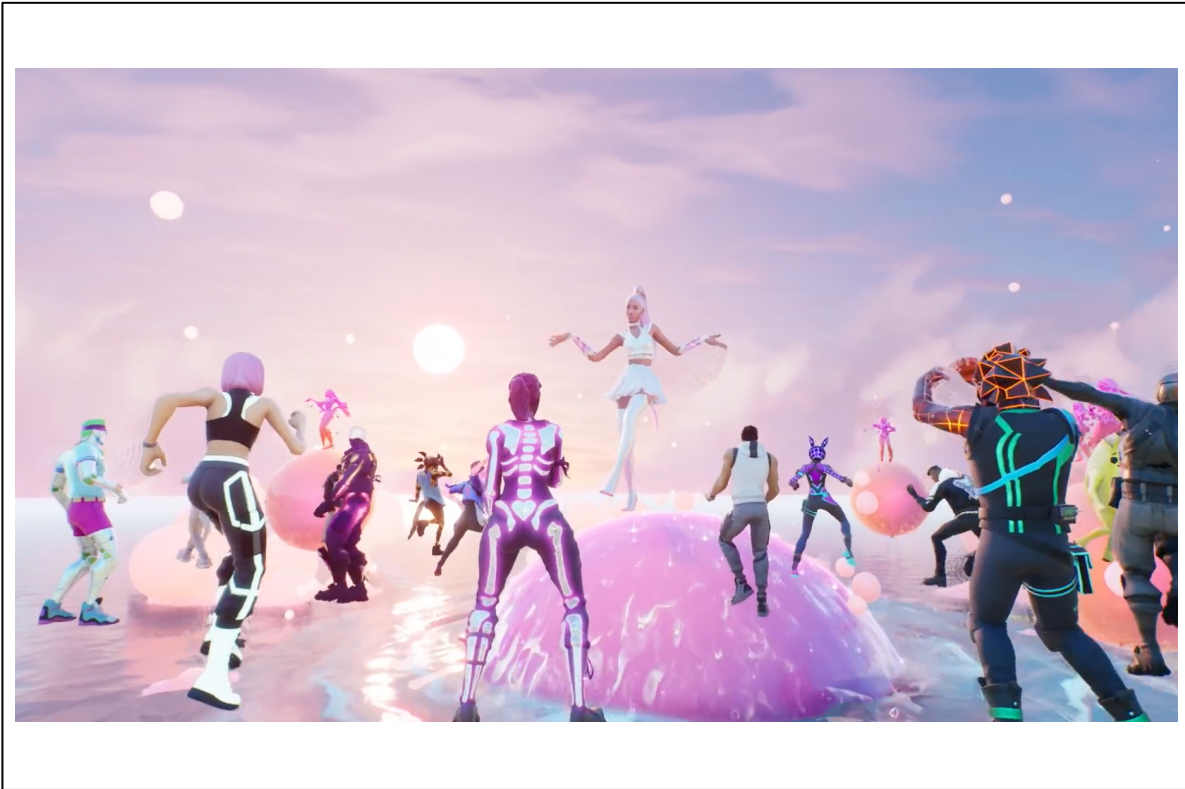
Exhibit 2   The metaverse

Exhibit 3   Metaverse´s impact on the world

Exhibit 4   Ariana Grande´s virtual concert

Exhibit 5   Justin Bieber´s virtual concert

Exhibit 6   Paris Hilton´s New Year´s Eve virtual party

Exhibit 7   Marriage in the metaverse

Exhibit 8 Investments in the metaverse

Exhibit 9 Ralph Lauren´s investment in the metaverse

Exhibit 10   Negative response towards Meta

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Wait, so the same company that has been:

Robbing us of our privacy,
Destroying our mental health,
Spreading misinformation like wildfire,
Proliferating a new type of addiction,
Stealing intellectual property, and
Inciting violence and hate speech

Is building a digital world where we'll work, play, create, socialize,
shop, and, essentially, live?

Sounds promising!

#facebook #metaverse #meta

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