

Metaverse & Design

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Business Operations and Design Strategy

1. THE PROJECT

Design connects and supports human life, solves problems, and creates capital. Our job as architects and interior designers is as space makers for society that contributes to one's well-being and creates space for social engagement. Yet, when designing a brand in the metaverse and as strategic designers, we must also design for systems and incorporate strategies. Now, retail business strategy, UX, brick-and-mortar, and the digital three-dimensional world will finally accept their marriage as a lifelong union. Physically and psychologically designing a future where UX design and retail strategy are partners in innovation. This project will break barriers between the virtual and built environments for the human experience by intersecting business strategies, design and technology. When foresight for the future of retail, we will consider how technologies, primarily AR/VR, as the form of the Metaverse concept, will be integrated into the design of the environments, user experience, and business operations to reinvent retail in the digital age. We are transforming from a 'things economy' into an 'experience economy,'" - Jonathan Yaffe. Activewear brands, such as Lululemon, have been successful and made stretchy leggings a staple through their level of technical craftsmanship and ability to focus on innovation not only within their products but within their stores and marketing. Historically they have been a success because of the use of technology, business, and core values. This project will design the virtual and physical environment for the retail brand Lululemon with a playful, fun and gamey re-branding.

1.1 THE METAVERSE PROTOTYPE

This virtual reality retail design presents dynamic screens that will host the catalogue of products, social space and multi level studio space for the gamified fitness experience.

The strategy of a screen to present the brand's product was to embrace principles of skeuomorphism. We have historically seen 'catalogues' be redesigned into 'Web 2 interface,' and now, in this design, into a 'virtual interactive catalogue.' Takeaways from the wins and losses of

other brands entering the metaverse demonstrated that avatars browsing traditional-looking stores layout using VR, did not translate for effectively due to the technologies' current capabilities.

The concept followed close to the interior design of the physical store with playful, colourful shapes and minimalism. The space in the clouds was to give a sense of elevation, calm and serenity to promote mental health, and to achieve this, a colour palette of warm green, pink and cream were used.

1.2 THE INTERIOR DESIGN

The physical space was designed to be smaller and have lower levels of stock, but for the experience to be more stimulating. The store design is “more intimate and focused on guiding customers through the store in a “playful way.” Distributed organically through space, colourful shapes convey the idea of movement and continuity, encouraging people to move around through space and discover new experiences. It creates a cheerful decor and game-like feel that uplifts the users' moods and motivation.

The concept of the project was born from the idea of material experimentation. These materials will be easy to deconstruct and reuse for seasonal inshore merchandising and displays. Potentially these colourful objects could be 3D printed and placed against a white neutral background. So we look for a minimalist and contemporary language, creating a space delimited by a series of shaped and colourful structures.

The furniture and displays would be designed using the same language with colourful shaped structures, creating a design unit where lines intersect and guide customers' eyes to patterns and information. The shapes will create connections and bring information to customers, both used for displaying the brand's products and for communication with the customer about how to move through the space.

1.3 IN-STORE CORE FEATURES

- **Experiential Fitness Studio:** To create an immersive and engaging shopping experience, retailers can incorporate an experiential fitness studio into their stores. This can include virtual fitness classes and games that customers can participate in, using the products they have purchased to enhance their performance.
- **Playful & Social Engaging Space with Reusable Materials:** The design of the store should also incorporate playful and social spaces that are designed to be reusable and sustainable. This can include interactive displays, social gathering areas, and other elements that encourage customer engagement and interaction.
- **Personalized with Interactive Displays:** Mobile can play a huge role in making the customer experience more enjoyable and personalized. Therefore, retailers can incorporate mobile payments into the in-store design, as well as interactive displays that allow customers to customize and personalize their shopping experience.

2. COMPETITIVE ANALYSIS

Savvy retail companies have already started putting people at the forefront of their user experience by connecting digital tools, technology, and innovation with their products. Companies like Nordstrom, Gucci and Nike, embrace technology to deliver unique customer experiences that blend online and offline channels.

2.1. Wins from Nike Store

After conceptualizing my experience and touchpoint for my Lululemon retail experience, I learned more about Nike's 'House of Innovation' experiential stores in Shanghai and New York. It helped validate my ideas and direction, and many of the strategies outlined here in this report are already being implemented by the major brand.

- The experience begins by engaging with customers through the Nike app, where users can reserve and try different shoes and workout gear before arriving on location.

- Nike team members leave items in digital lockers for shoppers to unlock with their phones; through the app, they can later complete the purchase.
- Within the store, barcodes can be scanned to search the model, colour options, and online and in-store inventory for every outfit shown on mannequins.
- NikePlus members receive custom content and offers triggered by a geofence that personalizes app content as soon as they arrive in the store.

2.2. Wins Nike in the Metaverse

Nikeland is a revolutionary virtual world built by Nike within the popular video game, Roblox. This cutting-edge experience combines the power of the metaverse, NFTs, and web3 technologies to create a truly immersive and interactive experience. Imagine being able to unlock special skills and abilities in the game using NFT assets, enhancing your performance and taking your virtual game to the next level. Their strategies blurs the lines between the virtual and physical worlds, creating a seamless and engaging experience for players, while also driving real-world sales and building a loyal customer base.

- Nike has been successful in incorporating virtual world concepts in the game by using NFT assets to give players special skills and enhance their performance.
- They have created unique virtual experiences for players, such as the ability to customize and purchase virtual Nike products.
- Access exclusive virtual events and promotions.
- Real-world rewards for players, such as discounts on physical Nike products and access to limited-edition releases.

2.3. Loses from Gucci

Within the virtual Vault Plaza, and Gucci Garden there was an exhibition space inspired by the impossible conversations started within Vault, the House's experimental concept store.

Conceived as its virtual counterpart on Roblox, it will showcase some of Gucci's latest product drops and collaborations.

- Limited access to information about the products and their features
- Lack of interactive elements, such as virtual try-on or styling options
- Limited opportunities for social engagement, such as the ability to share items with friends or leave reviews
- Difficulty navigating the virtual space, with limited guidance or wayfinding features
- Limited integration with other platforms, such as social media or e-commerce sites, making it difficult to purchase items directly from the exhibition space.

2.4. **Wins from Barry's Bootcamp**

The fitness classes experience has differentiated itself because of its detail to user experience and customer journey. There's the workout, but then there's all the other stuff around it. It's a simple idea, but it's the execution of it. That concept came from outside of the fitness industry and use other sectors for inspiration to stay ahead of the competition.

- Comprehensive App - Booking Experience —the process is seamless, intuitive and quick. When the “I should book a workout” thought comes to mind it's as simple as click and sign-up. “pick-a-spot feature,” which allows me to feel in control of my upcoming experience and feel good about this seemingly high-tech transaction.
- Brand wear and merchandising on display
- After- class: can order in person or pre-order through the app a shake on the way out

3. METAVERSE USER JOURNEY MAP & MENTAL MODEL

The metaverse is a virtual world where users can interact, shop, play and socialize in a fully immersive environment. The user journey map and mental model described below outlines the various phases and touch points that customers will experience as they navigate through this retail virtual world.

Phases:

● ENTER STORE & CONNECT DEVICE

TOUCH POINT & TASK:

- ✓ Scan & Open interface on personal device: The customer will scan a QR code or enter a URL on their personal device to open the metaverse interface.
- ✓ It already remembers your log in: The system will remember the customer's login information, making it easy for them to access their account and personal information.
- ✓ Select type of shopping experience "assisted" or "solo" journey: The customer will have the option to select whether they want an assisted or solo shopping experience. An assisted experience could involve a virtual assistant or one of the few in-store workers to guide the customer through the shopping process, while a solo experience will allow the customer to explore the store on their own.

Check-In to a class: The customer can check-in to a virtual class or event that is being held in the store.

BUSINESS OPPORTUNITIES:

By allowing customers to enter the store and connect their device with ease, the metaverse creates a seamless and convenient shopping experience. The option for an assisted or solo journey also allows for a personalized experience for each customer. Additionally, offering virtual classes and events can increase customer engagement and provide additional revenue opportunities.

● BROWSE PRODUCT INMULTI-WAYS

TOUCH POINT & TASK:

Move to Mirror for Browsing Product: The customer will move to a virtual mirror where they can browse and view products in a fully immersive and interactive way.

See desired production display: The customer can select a product to view and it will be displayed on the mirror in front of them.

Request item to try on: The customer can request to try on a product, and it will be brought to their virtual fitting room.

BUSINESS OPPORTUNITIES:

The store is designed to put discovery and connection front and center. There are limited shelves stocked with products in the location, which allows for a more personalized and interactive shopping experience. The virtual mirror also provides additional revenue opportunities by allowing customers to view and try on products in a fully immersive way.

● TRY ON & BE SOCIAL

TOUCH POINT & TASK:

Be directed to change room by given number on device: The customer will be directed to a virtual fitting room by a given number on their device.

Try on product: The customer can try on the product they requested in the virtual fitting room.

Walk out of social gathering area to look in the mirror: The customer can walk out of the social gathering area to look in the mirror and see their avatar, interactive features or virtual consulting.

Social space: The customer can interact with other customers in a social space and share their shopping experiences.

BUSINESS OPPORTUNITIES:

Showroom mirrors offer recommendations. Customers will come into the store to get lost in an active experience, trial and social conversation. This creates a unique and engaging shopping experience that can increase customer satisfaction and revenue opportunities.

- **ORDER**

- ✓ Can add items by mirror: The customer can add items to their cart by using the virtual mirror.
- ✓ Sit & Order using personal device or at the mirror: The customer can sit down and order using their personal device or at the mirror. Personal information is already inputted and connected to crypto wallet or fiat payment methods.
- ✓ NFT asset is in your Marketplace: Once the order is complete, the customer will receive a non-fungible token (NFT) asset in their marketplace that represents their purchase.

BUSINESS OPPORTUNITIES:

Checking customers out on an iPad or their own devices anywhere in the store allows for a more seamless and efficient shopping experience. The use of NFTs also provides additional revenue opportunities through the sale of unique digital assets.

- **SWEAT BY PLAY in physically-active VR games**

- ✓ Walk to Studio 1, the general, Room 2 for intermediate and Studio 3 for exclusive members: The customer can walk to different virtual studios to participate in physically-active VR games.
- ✓ Step in front of mirror with mat: The customer will stand in front of a virtual mirror with a mat to begin their game.
- ✓ Use purchased product to enhance performance in virtual fitness game: The customer can use the products they have purchased to enhance their performance in the virtual fitness game.

BUSINESS OPPORTUNITIES:

Outfitting these locations with loads of software and interactive technology, offering an immersive learning environment provides a user experience that's truly unforgettable and undoubtedly fun. This can lead to increased customer engagement and satisfaction, as well as additional revenue opportunities through the sale of virtual fitness equipment and experiences.

● **PICK-UP ORDER**

Sit in area - connect with friends: The customer can sit in a designated area and connect with friends while they wait for their order to be ready for pickup.

Pick up order, otherwise will be shipped to home: The customer can pick up their order at the store or have it shipped to their home.

● **DRINK & REVIEW**

Use app to Order Smoothie to drink Sit outside review experience, products, see personal ranking of performance session, or post on social media: The customer can use the metaverse app to order a smoothie, sit outside, and review their experience, products, see their personal ranking of performance session, or post on social media.

Overall, the metaverse user journey map and mental model outlines a fully immersive and interactive shopping experience where customers can browse, try on, and purchase products, participate in virtual fitness games, connect with friends and review their experience. This creates a unique and engaging shopping experience that can increase customer satisfaction and revenue opportunities.

4. NFT ASSETS & MARKETPLACE ECOSYSTEM

The metaverse is a virtual world that utilizes NFT (non-fungible token) assets and a marketplace ecosystem to provide users with a fully immersive and interactive shopping experience. NFTs are unique digital assets that can be used to authenticate and track the history of a product, such as verifying that a product is genuine and not counterfeit. They also provide a means for digital ownership and trading of virtual assets, such as the brand's clothing and accessories for avatars in virtual worlds or in the physically-active VR game experiences.

- **Virtual Fashion:** NFTs can be used to sell the brand's products as 'virtual fashion' items for avatars and collectibles. This allows for a new revenue stream for the brand, as well as providing customers with a digital identity in virtual worlds. This also makes them another asset or collectible and connects to interoperability and opens omni-channels to other gaming platforms.

- **Digital Ownership:** NFTs can be used to give customers the ability to own and trade digital assets, such as virtual fashion items and collectibles. This creates a new marketplace for digital goods and allows for a new form of ownership and investment. The marketplace in the metaverse operates more resiliently, is easier to scale, and is more profitable. By joining the concept of a marketplace, retailers can scale experiential programs better, own all of the data, and create the community they want to create.

- **Efficient Payment:** The economic system in the metaverse parallels the fiat financial system, with the use of cryptocurrency and NFTs to facilitate payments and transactions. As users move across multiple platforms, they will need a unique digital identity, and NFTs help to store data and make the payment process more efficient.

Digital payments beyond Web2 features can play a huge role in the brand's ability to make the customer experience more enjoyable and personalized. According to a Square report, customers cite it as their ideal payment method above credit cards. (Team, Civic.) Convenience, security, speed, and utility are the best aspects of these digital payment methods for consumers; and if the retail brand can capitalize on these qualities to complete transactions, it can provide the best experience for the customers.

- **Product Traceability:** NFTs can also be used to improve transparency and sustainability in the supply chain through product traceability. Two-thirds of the brands target an audience of Gen Z and millennial consumers prefer to support socially conscious brands. NFTs can be used to track the product journey, from manufacturing to delivery, which can help to improve transparency and sustainability in the supply chain. This can provide customers with more information about the products they are purchasing and help to increase trust and confidence in the retailer.

In-store core features in the metaverse include an experiential fitness studio, a playful and social engaging space with reusable materials, and Mirrors personalized interactive displays. The design incorporates mobile payments and understands that the demands of the consumer have evolved and will continue to over the next few decades. The use of NFTs and a marketplace ecosystem, as well as the incorporation of mobile payments, Mirrors and experiential elements, allows the brand to build loyalty, increase user engagement, and continue to grow profitability in the metaverse.

5. BUSINESS CASE

The metaverse represents a significant business opportunity for retailers, as it allows for the creation of a fully immersive and interactive shopping experience. By leveraging the principles of Exponential Organizations (ExOs) and Gamification principles from the Octalysis Framework the brand can create a business case for the metaverse that is based on a Massive Transformative Purpose (MTP), meaningful and rewarding customer experiences and the ability to scale quickly and efficiently.

5.1 Exponential Principles

ExOs are organizations that leverage exponential technologies and principles to achieve massive growth and impact. The ExO formula (MTP + IDEAS + SCALE) is a framework that can be used to create a business case for the metaverse.

Part 1: MTP Foundation

Massive Transformative Purpose (MTP) is a powerful and inspiring vision that guides the organization's growth and impact. In the context of the metaverse, the MTP could be to create a fully immersive and interactive shopping experience that enhances the customer's journey and creates a sense of community and engagement.

This brand's original vision was not to create a store, but rather a place where people could get gear to sweat and to create a community hub to learn and discuss the physical aspects of healthy living, mindfulness and living a life of possibility. For the future of this brand, there is new and

emerging importance for values of enrichment, education, community, and brand ethos of a healthy active lifestyle in the metaverse.

Part 2: SCALE

Staff: By having virtual consultants through the Mirror, digital assistance and customer support representatives in the app platform, staff can be limited and on demand. In the metaverse, having the ability to bring on staff as needed for events, projects, or other initiatives can greatly enhance the user experience.

Community & Crowd: The brand has a strong existing community from its promotion of core values and company culture around personal responsibility, healthy lifestyle, courage, connection, fun, and inclusion. Building a sense of community within the metaverse is essential for user engagement and retention. By continuing to promote these values through various means such as virtual meetups, forums, and social events this community could be achieved in the metaverse. The ability to leverage crowd-sourced information and feedback at the end of the in-store customer journey can also help to improve the overall user experience.

Algorithms: Algorithms can be used in the metaverse to personalize the user experience, recommend content, and optimize performance. They can also be used to help manage virtual spaces and events, such as automatically adjusting the number of avatars in a particular area based on usage patterns. In-store, foot traffic analytics solutions such as people counters, beacons, heat sensors, and the app platform that users log into when they enter the store can provide deeper analytics and insights on shopper habits and behaviour, and thus data-driven decisions.

Leveraged Assets: The ability to leverage existing assets, in this case, the brand's product in virtual 3D fashion, can greatly enhance and create additional revenue streams because in the metaverse, where the scale of the environments and the number of users can be quite large.

Engagement: To be successful in the metaverse, it's essential to create opportunities for user engagement. This can be achieved through various means such as virtual events, competitions, and social interactions that align with the brand. For this brand we have designed social

influence, virtual fitness, and wellness experiences, and principles of gamification of exclusive Studios and PBLs: Points, Badges, and Leaderboards as part of the app platform. Customers will go from Studio 1 to Studio 2 and advance to Studio 3 through their engagement and permanence in the virtual fitness experience. The idea is to achieve engagement but also to provide a rewarding experience and promotion of a health lifestyle for the brand advocates.

Part 3: IDEAS

Interfaces: The interfaces used in the metaverse need to be intuitive, easy to use, and accessible to a wide range of users. This is why we chose to use Mirror to display the products instead of a showroom, has a great reflection to a catalogue. The design of the virtual world is also easy to navigate with the light, minimalist, open concept.

Dashboards: Dashboards can be used in the metaverse to monitor performance, usage patterns, and user engagement of the fitness gaming experience and product purchases.

Experimentation: Experimentation is key in the metaverse, as it allows developers to test new ideas and technologies in a safe and controlled environment. This can include testing new forms of user engagement, new monetization models, and improved VR and AR technologies.

Autonomy: To be successful in the metaverse, it's essential to give users a sense of autonomy. This can be achieved through various means such as allowing users to create and customize their own products, and fitness experiences.

Social Technologies: Social technologies, such as chat, voice, and video, are essential for creating a sense of community and engagement in the metaverse. It allows users to interact with the virtual consultant or assistant or with each other in real-time.

5.2 GAMIFICATION

The term "gamification" refers to the practice of applying the principles of game design to non-game settings in order to pique users' interest and inspire them to take action. Utilizing methodologies and fundamental human motivations from the gaming industry, gamification may be applied to create a compelling user experience in commercial interior design and business.

This strategy can help businesses boost consumer and employee involvement, encourage a healthy way of life, and instill a sense of reward in those involved.

One of gamification's main advantages is that it helps businesses learn more about their consumers and users, which in turn can guide the creation of better goods and environments. A more interesting and significant user experience can be achieved, for instance, by using design elements that appeal to the right hemisphere's basic motivations, such as those focused on the user's sensory experiences.

Recent studies have shown that businesses using gamification tactics see a sevenfold increase in their bottom line compared to those who don't. Epic meaning, growth and accomplishment, feedback and leaderboards, ownership and collectibles, ownership and influence, and social influence are all metrics for the success of gamification. To accomplish these goals, you can use techniques such as private recording studios, points, badges, and leaderboards, non-fungible (NFT) assets, and the merging of online and offline locations.

5.3 SUCCESS METRICS

Success metrics are based on customer needs and determining which features create and sustain value at scale. This approach helps avoid investing in technologies that drain capital expenditures and fall victim to the "shiny object syndrome." The success metrics outlined will ensure that the design is easy for consumers to navigate the end-to-end journey and process integration. Some metrics to consider for this design include:

- Users satisfaction
- Users well-being
- Sales and average transaction value
- Gross margins return on investment
- Customer retention
- Conversion rate

- Foot traffic and digital traffic
- Inventory turnover