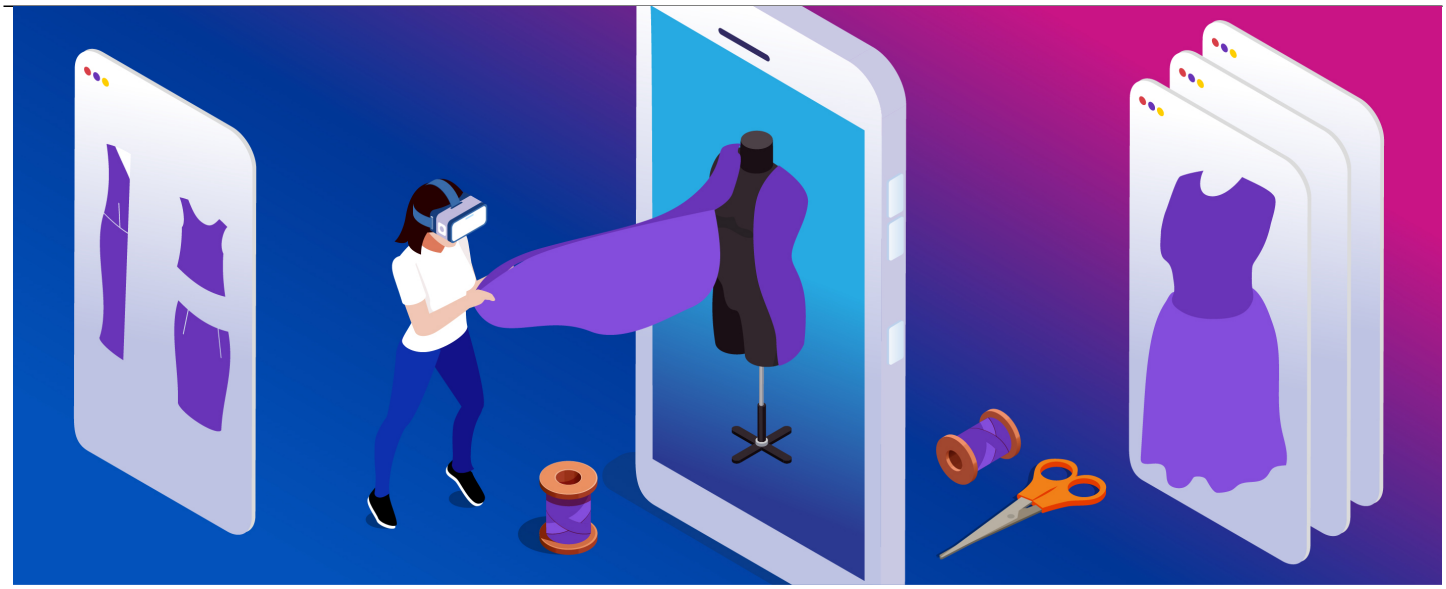
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???Dinesh Chandrasekar



The emerging metaverse has quickly become an exciting place for businesses ranging from Gucci to Walmart to build their brands. It's also increasingly a home for the fast-growing creator economy. How might businesses tap into this phenomenon?

What Is the Creator Economy?

The creator economy refers to the class of businesses built by over 50 million independent content creators, curators, and community builders including social media influencers, bloggers, and videographers, plus the software and finance tools designed to help them with growth and monetization.

More than 50 million people around the world consider themselves creators. It's become the fastest-growing type of small business. According to a Harris Poll/LEGO survey, more American kids want to be a YouTube star (29%) than an astronaut (11%) when they grow up. And YouTube stars are indeed stars, as the rising fortunes of creator MrBeast illustrate.

What Is the Metaverse?

To recap from our previous blog posts on this topic, the metaverse is a virtual world in which people interact through avatars in immersive environments, as we discuss in a recently published white paper from Centific, *The Metaverse: A New Horizon in Digital Reality*. Those environments might use extended reality technologies such as virtual reality (VR), augmented reality (AR), and mixed reality (MR).

Businesses such as fashion brands are creating virtual products for sale in metaverse environments such as gaming platform Roblox. In May 2021, Gucci and Roblox collaborated to create a virtual Gucci Garden, where Gucci sold virtual goods via Roblox currency (Robux). Gucci limited edition bags sold for the equivalent of $4,115. Meanwhile, gaming platform Minecraft has collaborated with brands such as Disney to offer virtual experiences available for a fee to Minecraft players.

Depending on whom you ask, the metaverse exists already. Indeed, aspects of the metaverse exist today; however, they are not yet connected, which metaverse purists believe needs to happen for the metaverse to exist truly.

How Are the Creator Economy and the Metaverse Converging?

It did not take long for individual creators to become active on the metaverse. According to a report issued by Roblox, "In 2022 alone, more than 11.5 million creators designed over 62 million virtual clothing and accessory items on Roblox. To put that in context, there are at least 200 times as many creators designing clothing and accessories on Roblox as the estimated number of fashion designers creating physical collections in the United States."

Let that sink in!

So, what do those creators have to do with brands? A lot. Roblox pointed out:

> **In 2022, we've seen a large influx of global fashion and beauty brands** creating digital fashion and immersive experiences for Roblox (or integrating with existing popular experiences on the platform) – including Gucci, Burberry, Carolina Herrera, Tommy Hilfiger, NARS, Alo Yoga and supermodel and entrepreneur Karlie Kloss, as well as metaverse-only fashion companies like DRESSX. Most of these brands are tapping into the vast expertise of Roblox community members who can help create beautiful digital fashion and other engaging content on the platform.

The fashion/creator collaborations reflect the same thing that has been happening in physical world, too. For example, Target has launched several collaborations with diverse designers to make its products more inclusive in its stores and online, an example being the James Jeffers Gift Packaging Collection. Walmart recently launched a platform to partner directly with creators, providing tools and resources on one convenient platform.

The metaverse provides opportunities for creators and brands to create value together literally in an emerging world that grows bigger by the day. In a Facebook post dated June 21, Meta CEO Mark Zuckerberg stated that Meta is rolling out updates on both Facebook and Instagram to "help creators build for the metaverse" as well as grow the economy of the content creators."

What kind of content? Well, as the above example shows, designers can make money creating accessories for avatars that people use to navigate the metaverse. And, of course, people can create assets ranging from art to music via nonfungible tokens, or virtual representations (NFTs) of real-world objects. The revenue streams could also encompass:

- Peer to peer; developers (content creators) directly earn revenue from sales.
- Users/gamers can earn through play or participation in platform governance.
- Royalties on secondary trades of NFTs to creators.

For example, artists can create and sell 3D art to display on the walls of virtual homes in the metaverse. They can conduct large-scale art auctions on the metaverse and once again rope-in buyers without any geographical limitations. British auction house Sotheby is already on this path to making this a reality by recreating its London headquarters on the metaverse to display art from 27 NFT artists.

All told, the metaverse could generate $5 trillion in economic opportunity in coming years, according to a recently published report from McKinsey.

So, why should brands consider collaborations with content creators? There are many reasons, including:

- Reaching new audiences. Content creators can give a brand legitimacy with audiences that brands might not get on their own, including Gen Z and people of color. Content creators are oftentimes connected closely to their communities and identify with them. As such, they provide authenticity. For instance, Mastercard collaborated with Rhonda X and LGBQT+ creator Nathan “Skitter” Crawford to design Mastercard’s True Self World, a Meta Horizon Worlds experience where the LGBTQ+ community and their allies could meet and interact in an immersive world to celebrate their true selves in VR.

- Revenue streams. Content creators are sources of new, fresh product ideas that can benefit a brand via revenue sharing agreements.
- Access to creative talent and ideas. Content creators can unlock a wellspring of fresh thinking from the outside, which businesses can learn from.

Next Steps

At Centific, we believe now is the time for businesses to identify a fully realized strategy for embracing the metaverse. Potential collaborations with content creators should be a natural outflow of that strategy.

We suggest that businesses incorporate into their metaverse strategy the use test-and-learn tools such as design sprints to imagine how they might operate more extensively in virtual environments. The beauty of the design sprint it is engineered to help product development teams tackle questions for which there are no obvious answers, which is ideal for the metaverse. For instance, a business might ask:

- How might we develop lovable products virtually beyond what we’re doing today?
- How might we create experiences that make it possible for people to more easily and securely make purchases virtually?
- How might we help employees break through limitations of time and space to operate more effectively in virtual environments?
- What role might collaborations with content creators play in expanding our brand into the metaverse?

At Centific, we help businesses figure out how to innovate with product development cost-effectively

through our own FUEL methodology, which combines tools such as design sprints with product development approaches such as lean innovation.

Contact us to get started. And read our recently published white paper, *The Metaverse: A New Horizon in Digital Reality*, to get a taste of our thinking on this topic.