

Chapter 9

Digital Transformation in the Digital World the Metaverse: The New Era on the Internet

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ABSTRACT

In this chapter, the author tries to explain the metaverse and identify factors affecting it. The factors were identified as business models, healthcare, leisure activities and social life, economy, ownership, education, freedom or ethic, and art. Each of these creations were affected by the metaverse, and they will be the backbone of building the metaverse. Metaverse is a new phenomenon which is changing the whole digital and physical environment in a very near time. With this respect, the author builds a frame of how the metaverse changes the world. The findings suggested that the economy, marketing, businesses model, and individuals' lives will change dramatically.

INTRODUCTION

According to Zuckerberg, the metaverse is “an embodied internet where instead of just viewing content - you are in it” (BBC News, 2021). The global metaverse market could reach 390-800 billion dollars by the mid-2020s (Duggan, 2021). Companies are investing and preparing themselves for this new phenomenon. Facebook will spend \$10 billion (Tan, 2021) on infrastructure, which gives us a hint of how massive it will be.

The information about the Metaverse is so limited because people do not have access to this world yet. However, one certain piece of information about the Metaverse is that this is the new era for the digital world. Until quite recently, people were talking about social media. However, now people are starting to talk about the metaverse. Web-1 had one dimension, and people could not be part of the process. Then, people met Web-2, and it allowed people to participate in the digital world. Social media, one of the biggest novelties for human beings, came with the Web-2. In the late 1960s, Stanley Milgram discovered that anybody who wants to reach someone they do not know has to shake six people's hands. This

DOI: 10.4018/978-1-7998-9764-4.ch009

is called Small-world Theory, which is the basis for today's social networks. Thanks to social media, reaching someone one does not know takes seconds. People share their opinion, interact with people, and create content. The usage rate of smartphones has increased recently, which also affects the usage rate of social media. "The smartphone is no longer just a device that we use, it's become the place where we live," says Daniel Miller (Hern, 2021). People easily adapted to the digital world, and most of them cannot live without a smartphone or social media. Today, 4.80 billion people use the internet, 4.48 billion people actively use social media, and 5.27 billion people use mobile phones across the world (We are Social, 2021). Examination of the numbers shows that the adoption of the Metaverse will be quick, so society should be prepared. In the literature, it is thought that every product has a product life cycle. According to the product life cycle, a product is born with labor pains, because companies spend a great deal of time and money. After that, the product grows up, and eventually, it will die. The lifetime varies depending on the product. Therefore, one can say that for the digital world, social media is in its declining phase. The reason is that now a new product is coming which will subvert the old norms. This new product is the Metaverse.

In the Metaverse, people can go shopping, concerts or meet their friends. It will be made up of NFT (non-fungible tokens), Blockchain Technology, AI (Artificial Intelligence), VR (Virtual Reality), augmented reality (AR), Mixed Reality (MR), and Extended Reality (XR) (Thompson Intelligence, 2021). In this chapter, the author will give more detail about these terms. The important question is how these phenomena will affect the market. To explain these effects more clearly, the market as business-to-business (B2B) and business-to-consumer (B2C) will be discussed. The Metaverse will affect every player in the supply chain. Starting from raw materials and semi-raw materials, logistics, production, marketing, and after-sales, services will change. To keep pace, companies will add more value to their processes for the supply chain surplus. As such, the value chain will be more valuable. For example, the Metaverse needs specific tools like virtual reality glasses, headsets, etc. For these tools, production processes have to be flexible and adaptable, and logistics activities and suppliers must be more agile. It can be predicted that consumer needs and wants will change, which will affect demand. For effective marketing strategies, companies should find new methods. Firstly, these Metaverse products will increase competition, so businesses will need to provide an enjoyable experience to the customer. The physical experience will change, and this will affect both products and services. For instance, if a company sells clothes, they will have to adapt their store to the Metaverse so that people can shop in the new digital world. Likewise, if a business provides concert experiences, they will have to adapt their concert stage to the Metaverse. For example, one company adapting to these changes is Nike, which has started investing in the Metaverse and has seven trademark applications (Golden, 2021). According to the definition of the Metaverse, people will reduce outside activities, so companies should start to prepare for this transition.

In conclusion, the Metaverse is the future, and the market should be prepared for this new paradigm. It may seem far from the present, but it is not. Today, many companies have started to invest in this new technology. For instance, a person can buy stocks in Microsoft, Unity Software, Roblox Corp. (RBLX), Amazon.com, Autodesk, and Nvidia (Duggan, 2021). In this chapter, the author will explain this new phenomenon in detail according to the market. The author will discuss the factors which affect the Metaverse in the scope of the market perspective. This is a very new topic, and the author expects that this study will be comprehensive in all respects.

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