The state of virtual brand experiences in 2023

Data insights to fuel a new communications vertical

GEEIQ

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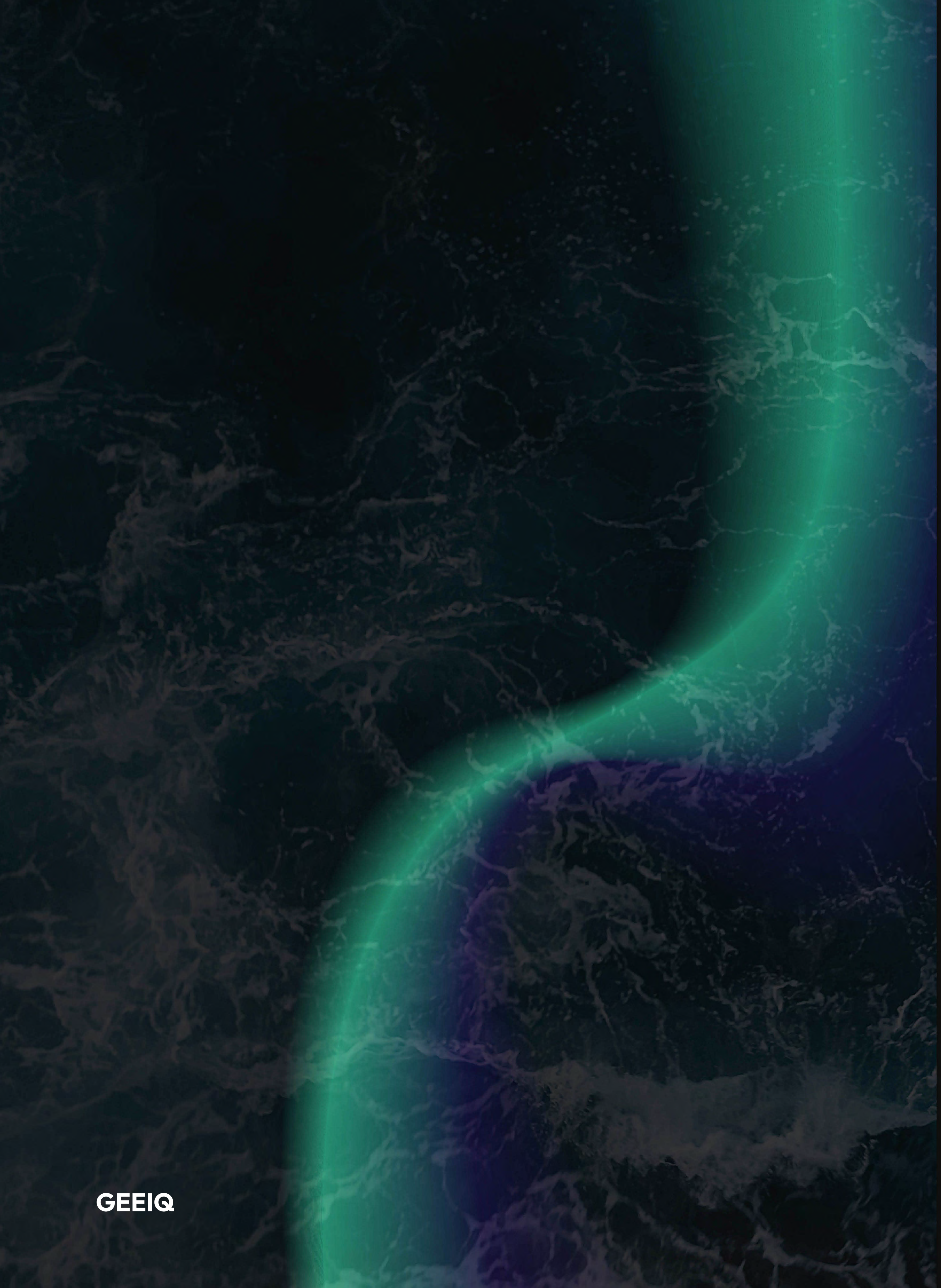


We live in an attention economy

Gaming environments capture and hold consumer attention for longer periods of time than traditional media. For example, Gen Z, the most elusive target for brands, are spending 20% more time than average on gaming.

So what's the current state of play for brands in this space? Which platforms are capitalising on the opportunity and which brands are winning?

We track brand experiences across multiple virtual environments, with the following report revealing the landscape for brands in this space for the first half of 2023.

Given the infancy of this new communications vertical, we've also used this data to paint a picture of how this space will evolve in the coming years.

Who's owning the attention economy?

TikTok is the undisputed 'king' of social media for under 25s.

When it comes to time spent on the platform, Gen Z is spending, on average, 107 minutes per day, ahead of YouTube, Instagram and Twitch.

The only virtual platform that outranks TikTok is Roblox, where Gen Z is spending up to 180 minutes per day on average.

So, how are brands capitalising on this opportunity?

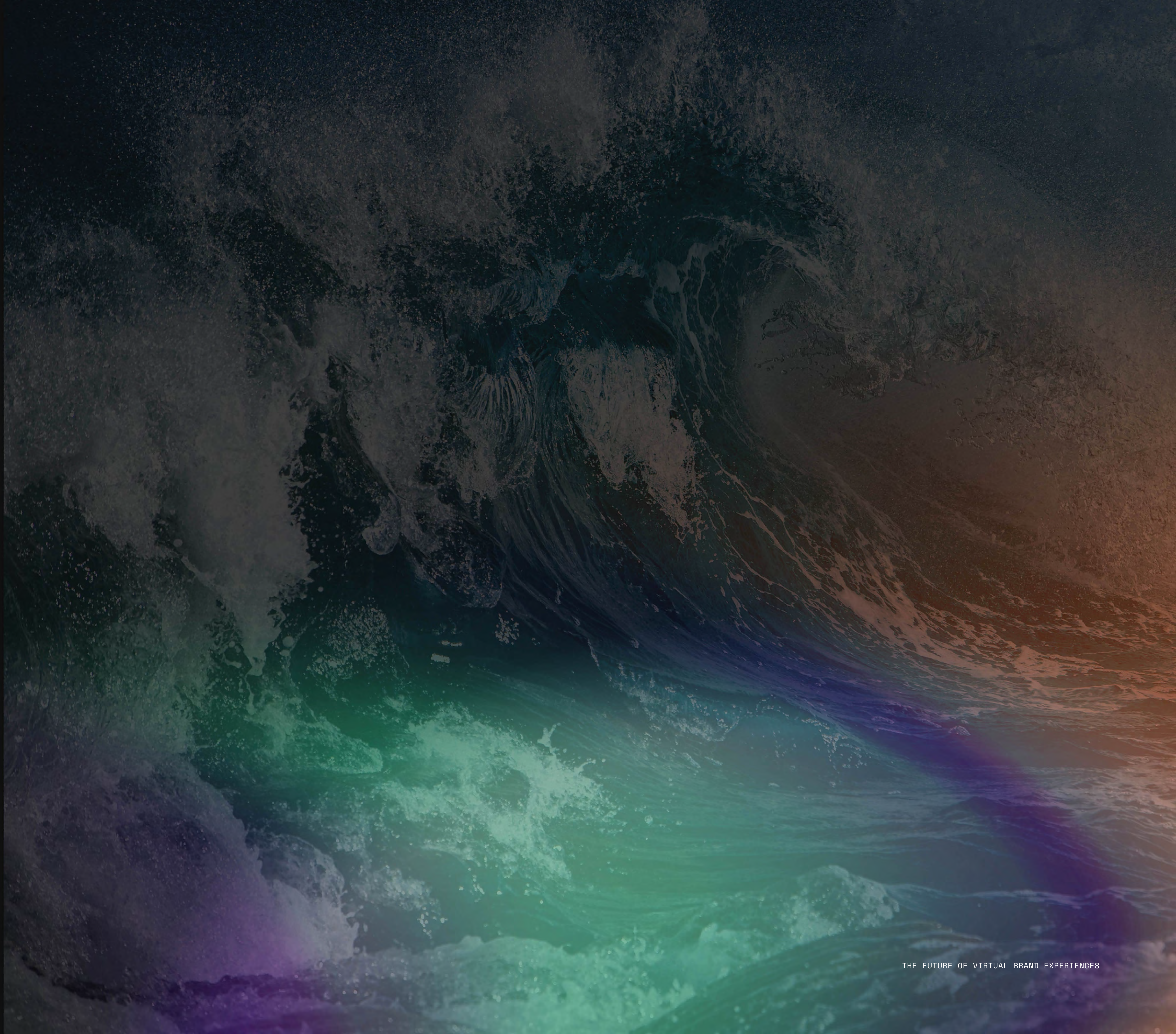
Source: ADR 2023; Vice x Razorfish Gen Z Metaverse Report 2022

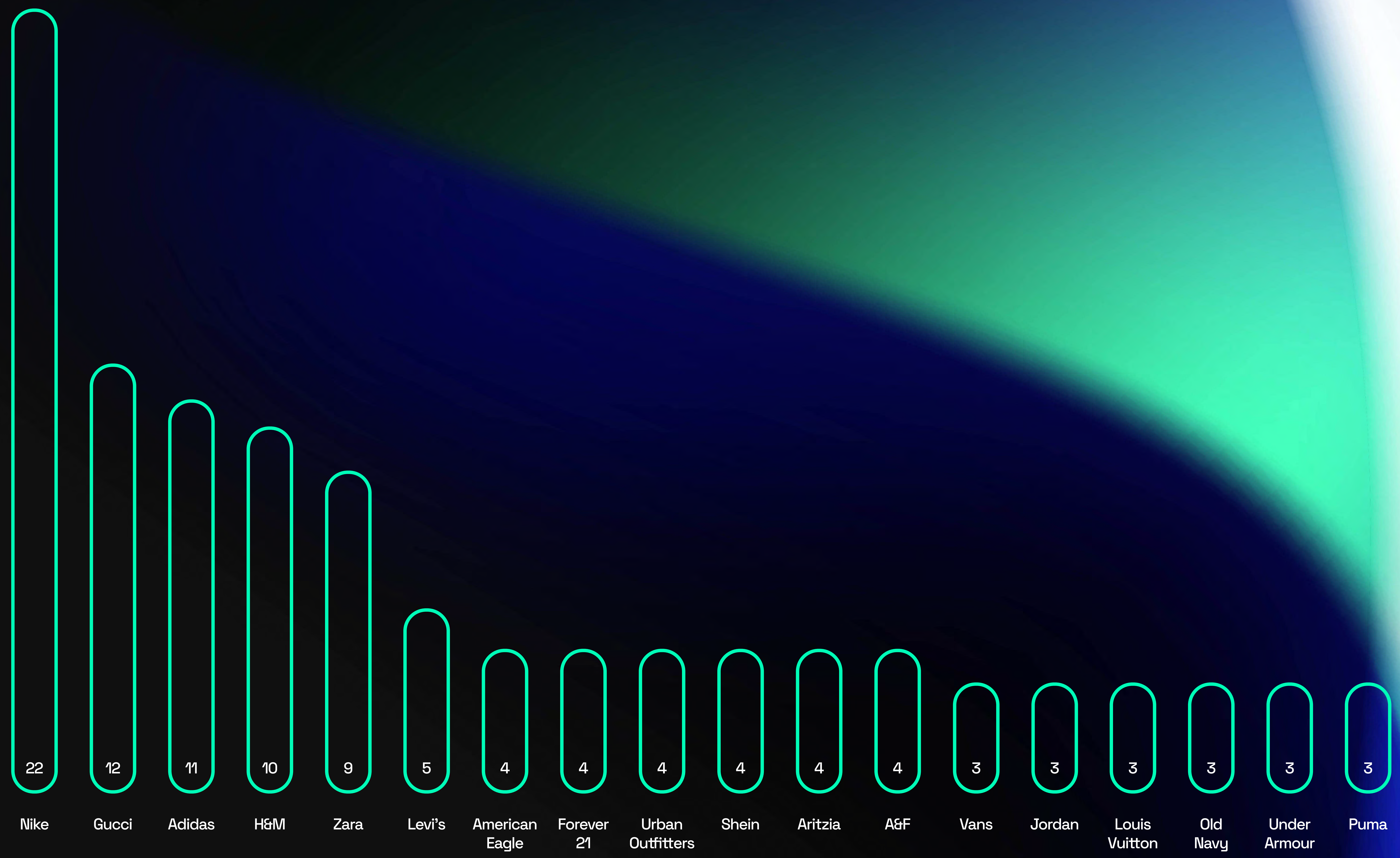
The evolution of branding

Prior to the 21st Century, brand advertising was a passive experience communicated through print, television and radio.

With a new millennium came the advent of the internet, where brand advertising became integrated into online social channels.

Today, brands are creating enriched experiences - viewing virtual environments, or user-generated content (UGC) platforms, as new communications verticals that engage new audiences in ways that print, television, radio and social media can't.





Source: The Business of Fashion, 2022

Gen Z's favourite fashion brands

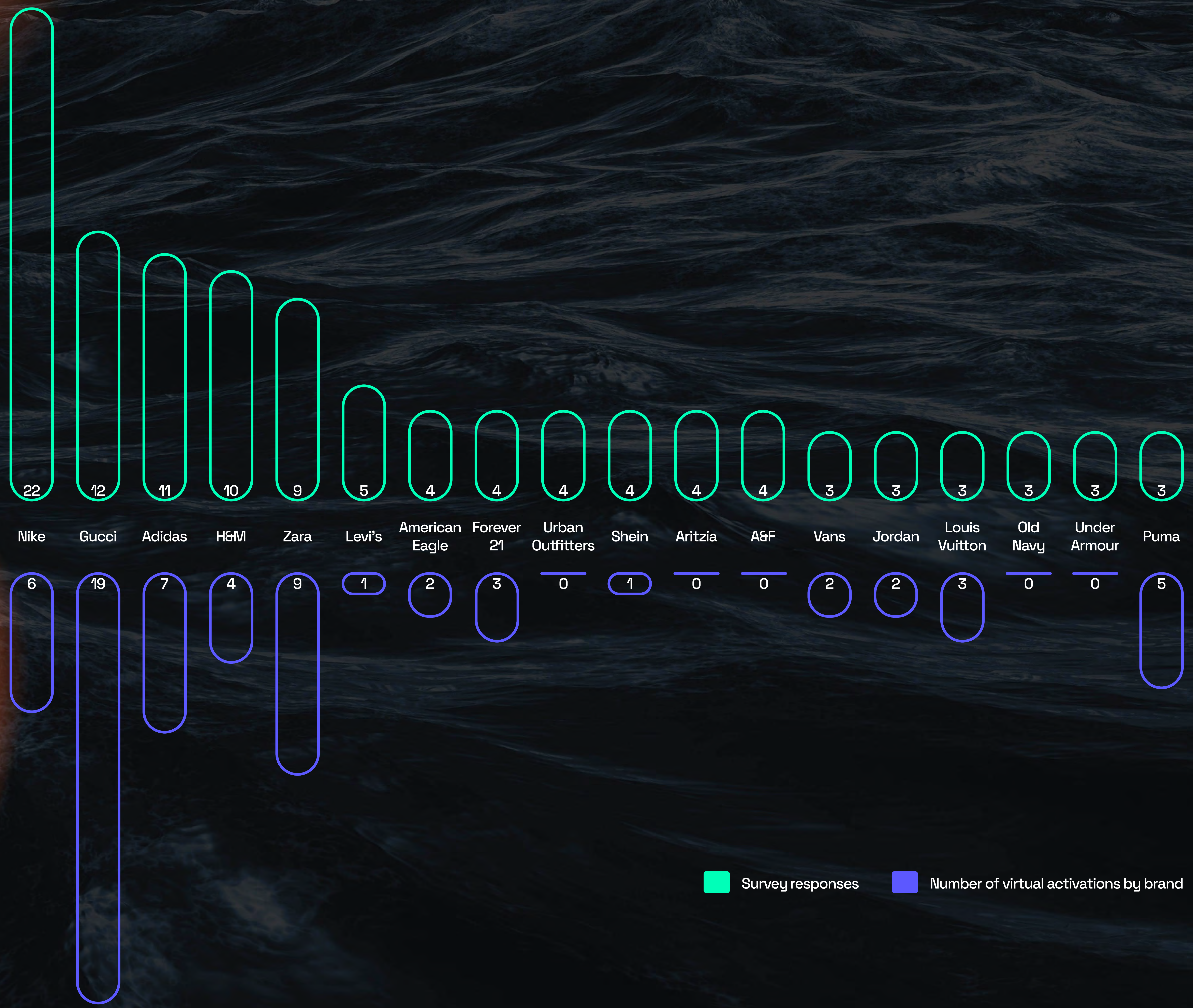
In December 2022, The Business of Fashion surveyed Gen Z's asking: **What are your three favourite fashion brands?**

In first place came Nike, followed by, perhaps surprisingly, Gucci in second place.

A link between virtual activations and Gen Z sentiment?

GEEIQ Enterprise subscriber, Gucci, has activated across a number of virtual environments, sometimes more than once.

There's a clear correlation between Gen Z's most loved brands and the number of activations they've done.



Traditional game integrations

GUCCI

Pokémon GO

80m
Players

Virtual environment activations

ROBLOX

GUCCI

Walmart

TOMMY HILFIGER

214m
Players

The evolution of traditional games to UGC platforms

So, how are brands like Gucci and Nike actually building meaningful new audiences in games?

We've transitioned from traditional games to UGC platforms, where brands can create fully immersive experiences that communicate their brand values in ways that resonate with the community.

Games are the social networks of the future...our strategy is to help players make new friends, build their social network and create community. These in-game social experiences were rolled out in FIFA 23. Among players that interacted with the new feature set, engagement increased over 150%.

And as we think about building EA FC for the future...The Sims for the future and Battlefield and Apex and skate...we really think about that in the context of building 'games as a platform' or 'content as a platform'.

Andrew Wilson, CEO, EA

FORTNITE ZEPETO ROBLOX

Gaming platforms

These are typically popular games that have the ability for users to create avatars, purchase goods and sell content.

- ✓ High player base
- ✗ Limitations on data collection
- ✗ Restricted by platform build

Decentraland THE SANDBOX ENJIN

Blockchain-based platforms

Similar to the game in platforms but built on the Blockchain allowing users to own their own content via NFT's.

- ✓ Less limitations on data collection
- ✓ NFT compatible
- ✗ Low player base

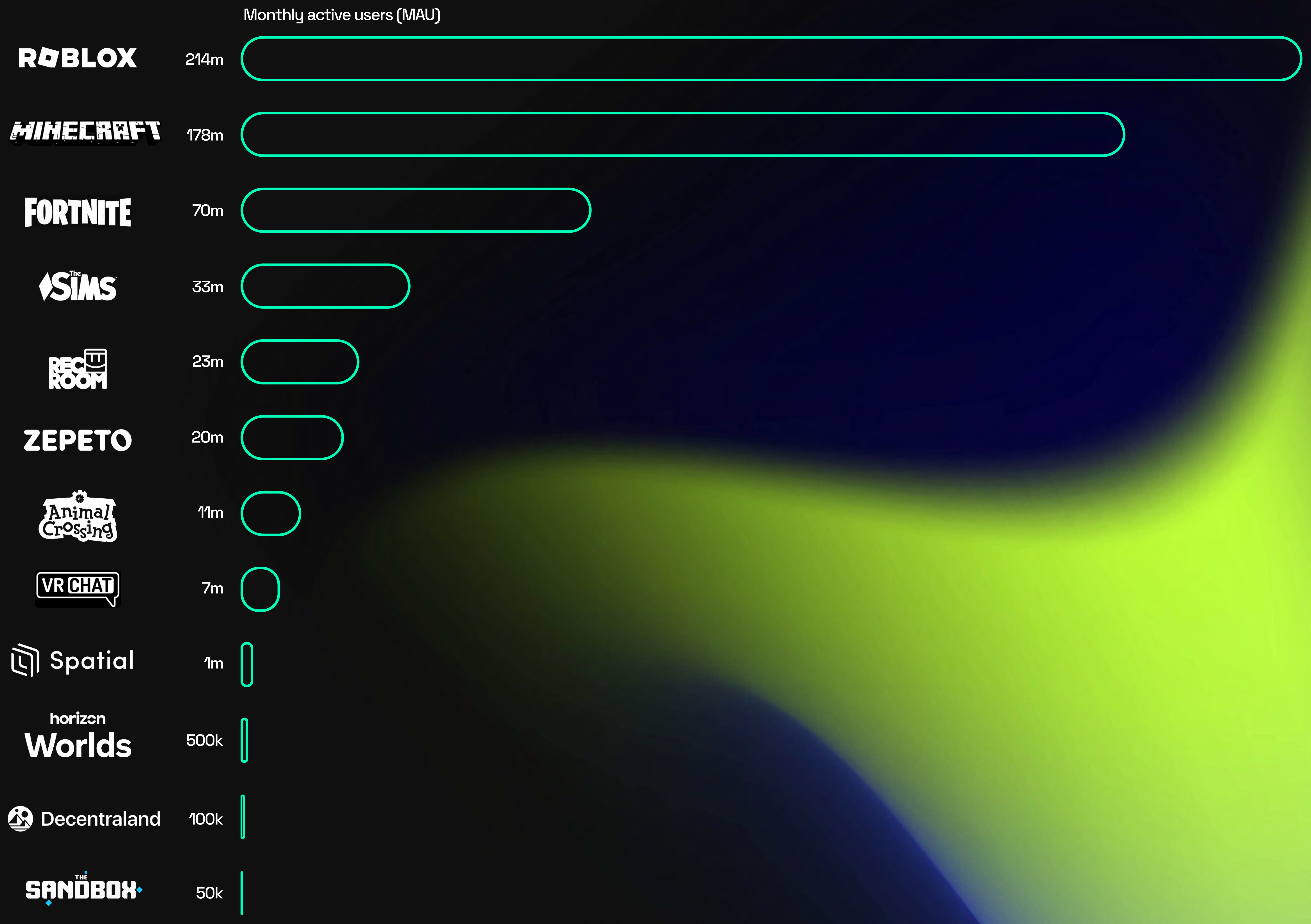
Obsess BYONDXR EMPERIA

Owned worlds

When brands are able to create their own worlds either on the blockchain or of the blockchain for consumers to engage.

- ✓ Data collection
- ✓ Unlimited build restrictions
- ✗ No player base

Virtual environments sit in three distinct ecosystems



The top UGC platforms in the West

Owned Worlds

Obsess

BYONDXR

EXARTA

ENGAGE

Journee

Dreamwave

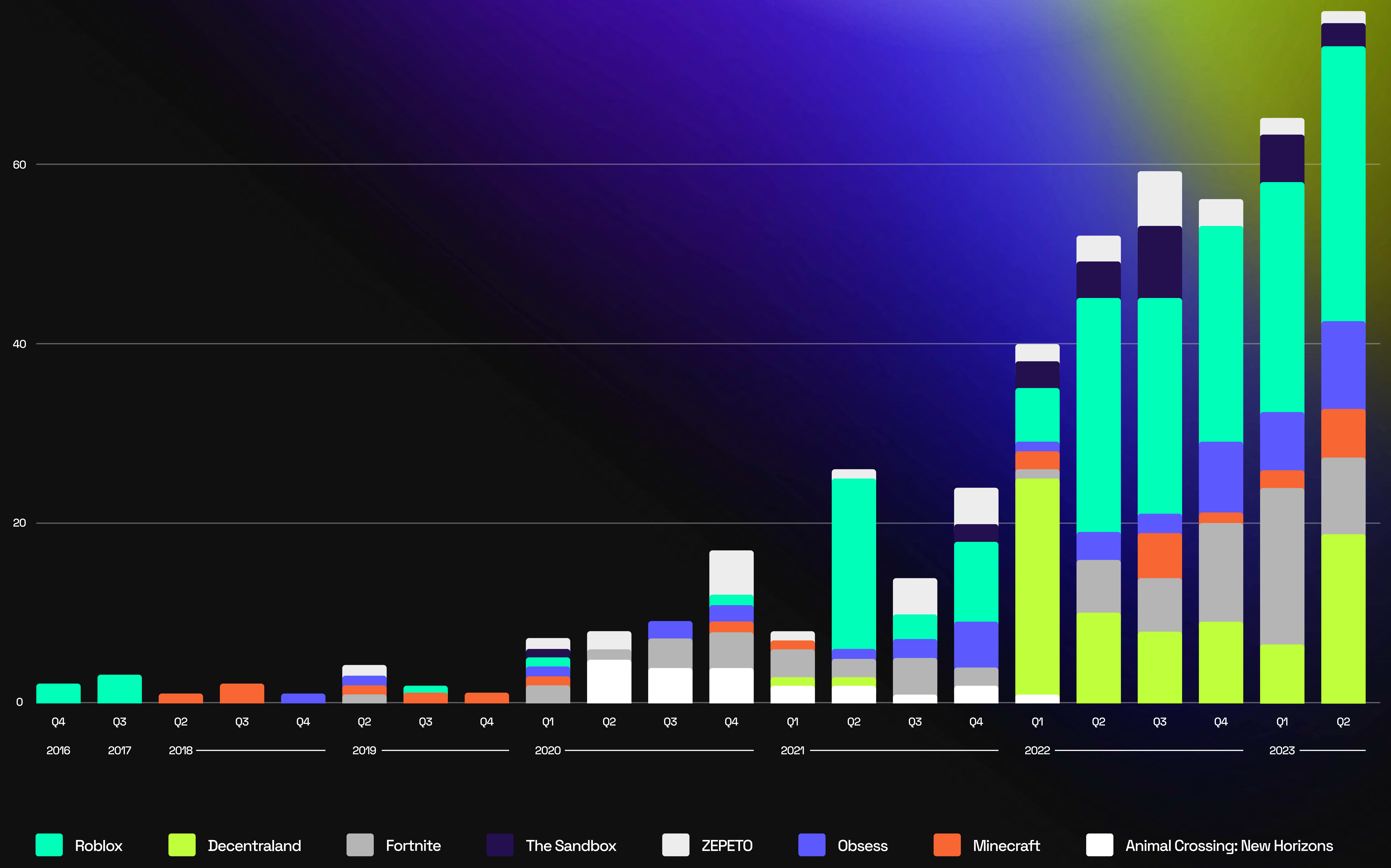
digital village

EMPERIA

The landscape for brands in Q1 and Q2 2023

Based on GEEIQ's calculations, over 350 brands have created persistent virtual experiences.

Some have established multiple experiences, including Nike, which has activated in Roblox, ZEPETO and Fortnite.



The creation of new brand experiences

The amount of new branded experiences has grown considerably since Q4 2016. But less focused on is the preferred platforms for new activations.

Take Animal Crossing: New Horizons, from Q2 2020 - Q3 2021, it was one of the most popular virtual environments for brand activations. By Q4 2022, other platforms were clearly a more attractive proposition for brands.

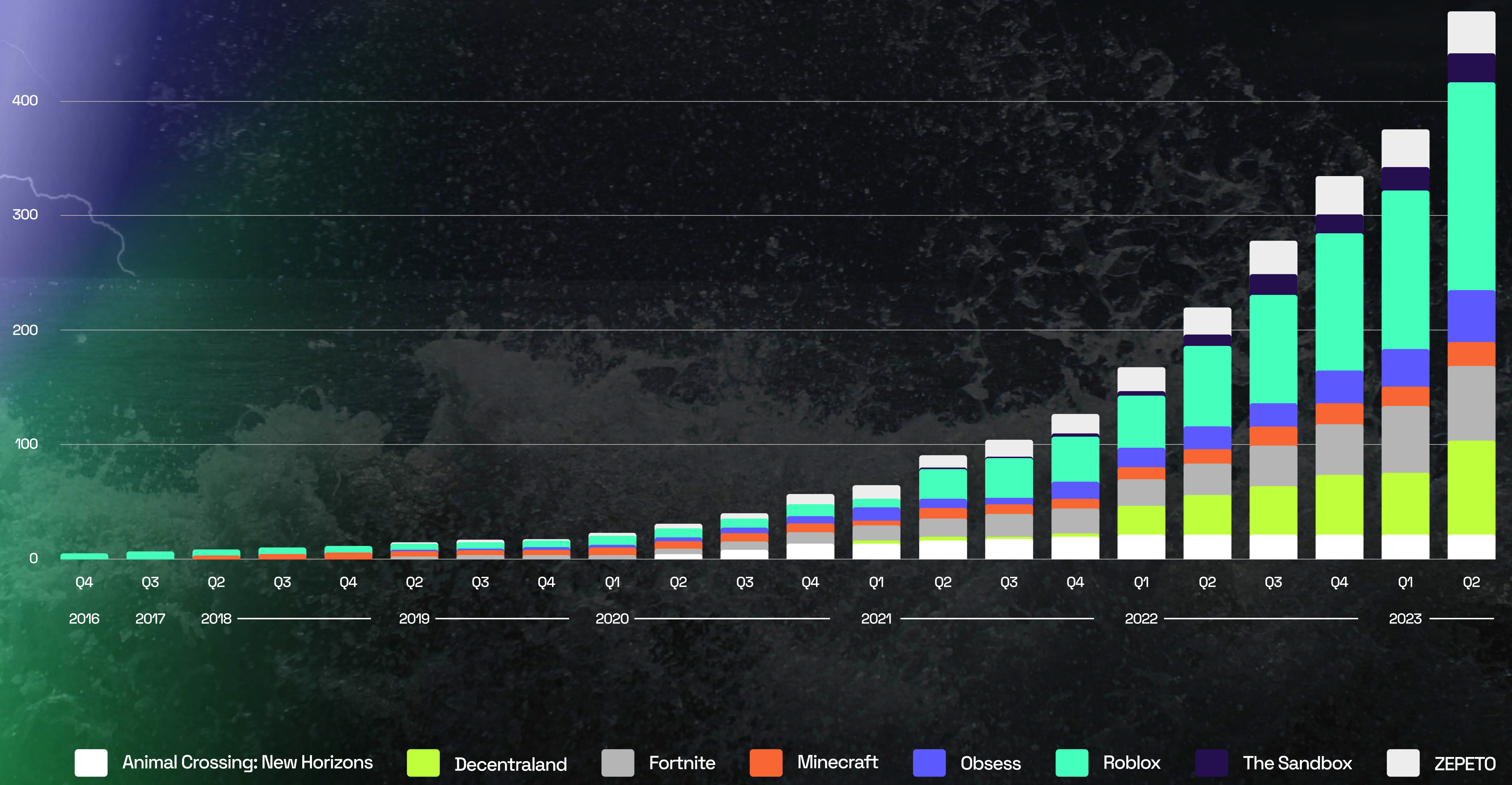
The growth of persistent experiences

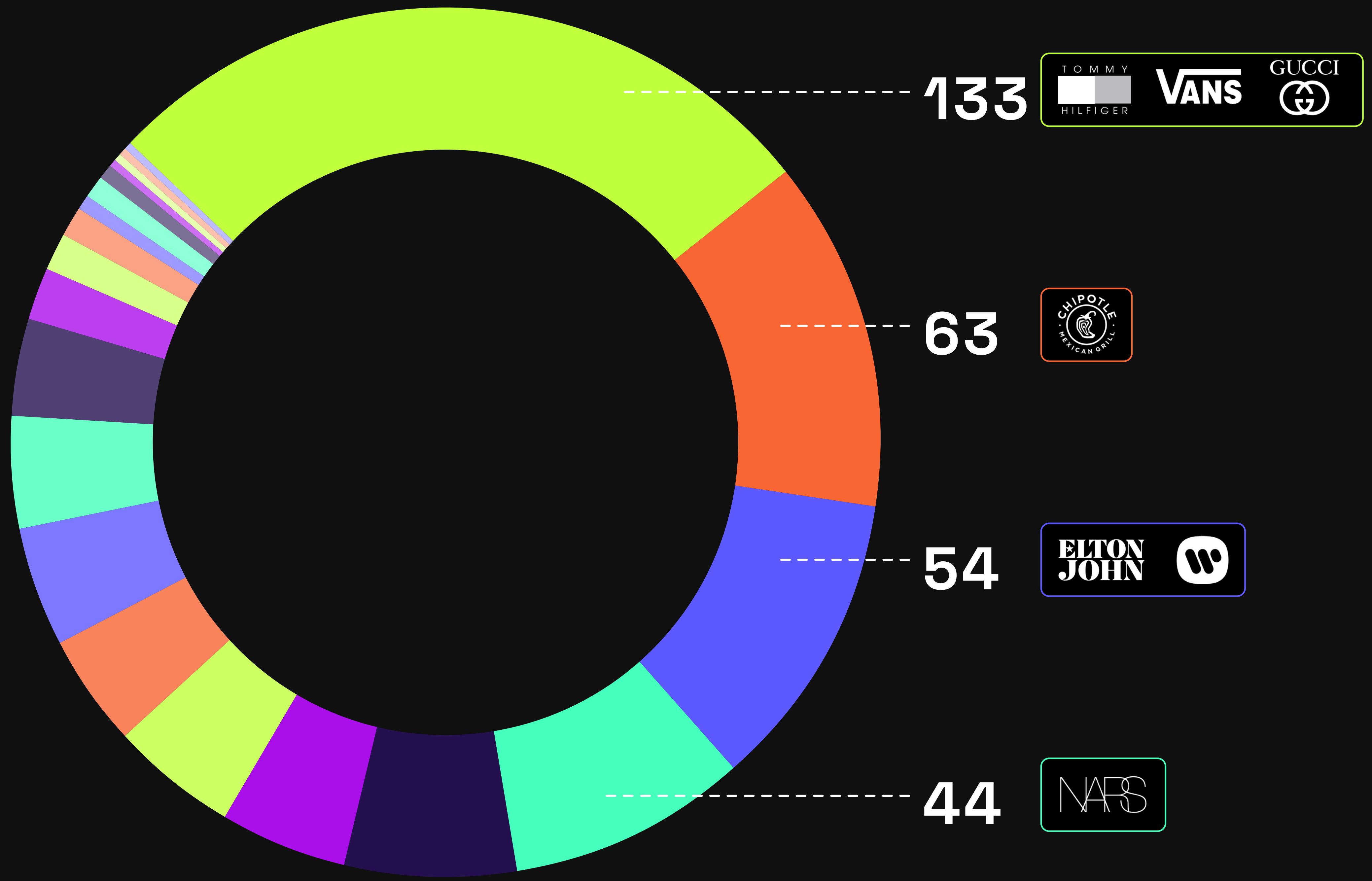
Persistent virtual experiences have grown consistently since Q4 2016.

Unlike the graph on the previous page, which shows in which quarter a new experience was created, here we can see the accumulative number of persistent experiences in each environment.

For example, Gucci Town in Roblox was launched in Q2 2022, but it is a persistent experience and one that is not campaign-based, so this is reflected in each bar from Q2 2022 onwards.

While the total number of brand activations in environments like Animal Crossing: New Horizons has remained somewhat stagnant since Q4 2021, Roblox, Fortnite and Decentraland have seen consistent growth in the number of brand experiences on their platforms.





	Fashion & Apparel	27.4%
	Food & Drink	13%
	Media & Entertainment	11.1%
	Personal care & cosmetics	9.1%
	Consumer Electronics	6.2%
	Retailer	4.7%
	Consumer Goods	4.7%
	Internet apps	4.3%
	Automotive	4.3%
	Sports, Fitness & Health	4.1%
	Telecommunications	2.1%
	Insurance	0.6%

Breakdown by industry in Q1 and Q2 2023

It's clear that Fashion & Apparel has led the charge on brand activations. UGC platforms lend themselves well to brands that encourage self-expression and the creation of virtual identities.

Food & Drink also continues to enjoy growth, as does Sports, Fitness & Health.

But we expect to see major growth in brand activations by specific industries in the coming years.

Breakdown of change over time

GEEIQ has found that the most popular platforms, the number of brand experiences and the most active brands in this space have all changed considerably since 2016.

So, what does that breakdown look like over time?

	2016 - 2019	2020 - 2021	2022	2023 Q1-Q2
Top platforms	ROBLOX Obsess FORTNITE	ROBLOX Animal Crossing FORTNITE	ROBLOX Decentraland FORTNITE	ROBLOX Spatial FORTNITE
Most active brands	NIKE TOMMY HILFIGER HYUNDAI	Disney NVIDIA Ralph Lauren	SAMSUNG adidas crocs	Campbell's NFL republic records

Observations of change over time

FORTNITE

Fortnite has been growing consistently and is gaining momentum

ROBLOX

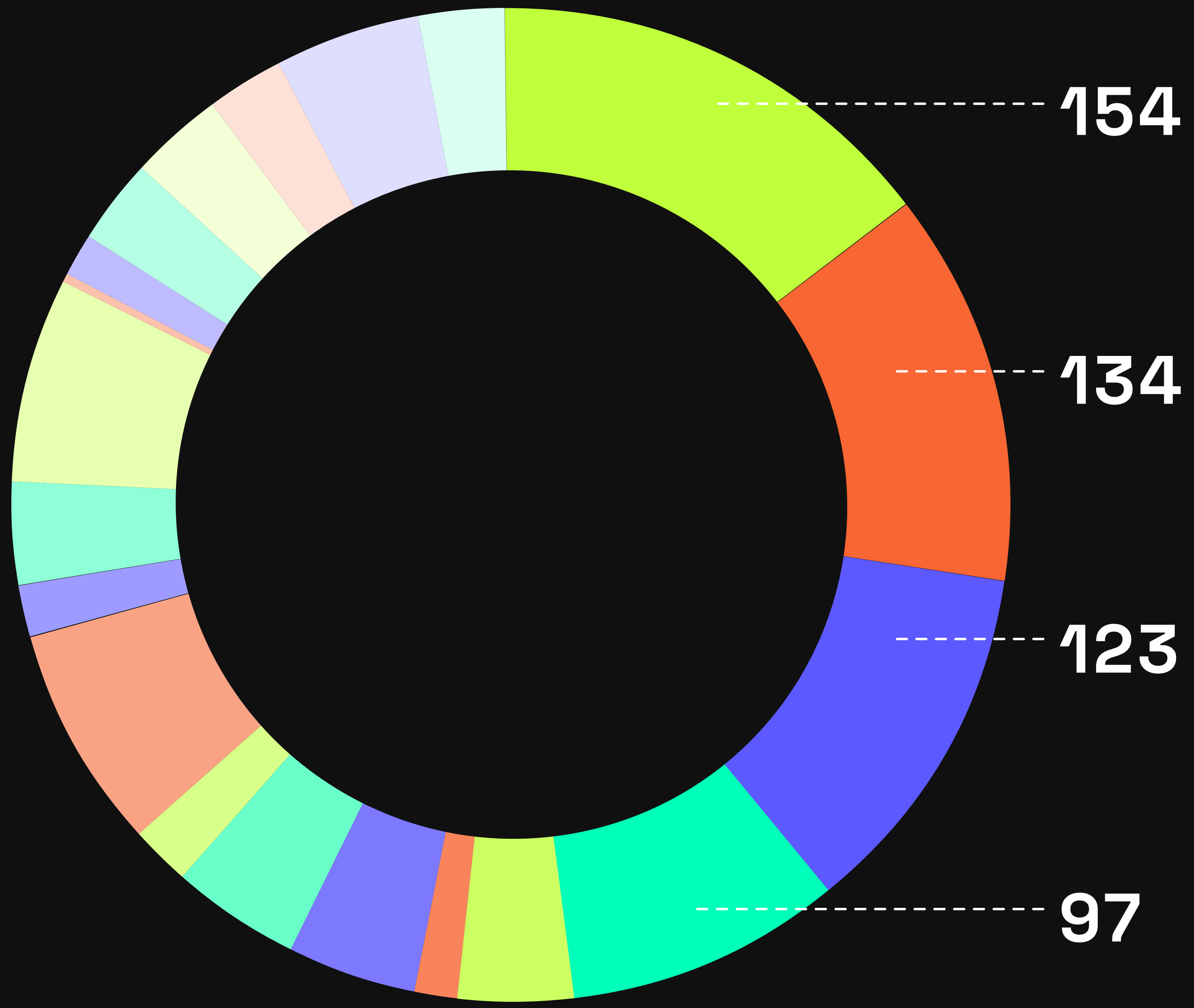
Roblox has remained consistent throughout this period

Decentraland

Decentraland hype did not equate to brand growth

Animal Crossing

The attractiveness of Animal Crossing: New Horizons for brands was short-lived



Fashion & Apparel	14.6%
Food & Drink	12.7%
Personal care & cosmetics	11.6%
Retailer	9.2%
Media & Entertainment	7.5%
Sports, Fitness & Health	6.6%
Consumer Electronics	4.7%
Internet Apps	4.3%
Leisure, Travel & Tourism	4.2%
Financial	3.7%
Charity & Nonprofit Organisation	3%
Consumer Goods	2.8%
Public Services	1.5%

The landscape in 2025

According to GEEIQ calculations based on current industry shares of virtual environments, we anticipate significant growth in key verticals - including Sport, Fitness & Health, Financial, and Retail - and some degree of growth across every industry.

The landscape in 2025

Take Fashion & Apparel, undoubtedly the leading vertical in this space currently. It has had a significant head start in virtual environments which means they are unlikely to grow at the same rate as industries only entering the space today.

Fashion & Apparel
16%^

Food & Drink
113%^

Personal Care & Cosmetics
179%^

Sport, Fitness & Health
250%^

Consumer Goods
30%^

Retail
321%^

Media & Entertainment
46%^

Consumer Electronics
67%^

Financial
117%^

"We live in an attention economy where brands are increasingly looking at virtual environments as a means to capture this attention; building new communities around their values and opening up new revenue streams.

These environments are a natural evolution of print, TV, radio and later social media, elevating traditional brand engagement to a new, deeper and immersive form of interaction.

GEEIQ tracks brand experiences across these virtual environments, and it's clear that while some have seen consistent growth during the period covered in this report, others might have already had their 'moment'.

Given the nascent nature of this space, GEEIQ has used the fragmented data available to paint a picture of what the future holds for brand activations in virtual environments.

We expect to see some key industries accelerate their presence in these spaces by 2025, including retail, sport, fitness and health, and food & drink.

While those industries that were out of the gate early, like fashion & apparel, will continue to embrace this new communications vertical."

Charles Hambro,
CEO & Co-Founder, GEEIQ

Start tracking brand success in virtual environments

Check out GEEIQ