Brand strategy in the metaverse: Insights from companies venturing into virtual environments

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ABSTRACT

The "metaverse"—envisaged as an expansive, fully interoperable network of 3D virtual worlds—remains a distant prospect with a certain degree of conceptual and technological ambiguity. Nevertheless, an increasing number of firms are investigating the potential of the metaverse as a platform for brand engagement and sales opportunities. This study examines how 16 large international corporations spanning various industries integrate the metaverse into their branding strategies. The multiple case study identified four approaches to metaverse integration, with varying degrees of success and strategic alignment. The findings contribute to the emerging literature on metaverse marketing, offering insight into brand engagement, strategic alignment, and organizational learning processes. From a managerial perspective, this study serves as a guide for leveraging the metaverse for branding. It emphasizes the importance of balancing exploration and exploitation to drive successful initiatives. The implications and limitations of the study are discussed, along with suggestions for future research.

Introduction

The full realization of the so-called "metaverse"—intended as a massive and interoperable network of real-time rendered 3D virtual worlds where users can seamlessly exchange data (Ball, 2022)—remains a distant and blurred scenario. Following Facebook's rebranding as Meta in 2021, the metaverse drew significant attention from practitioners and academia. Following an initial surge in enthusiasm regarding the disruptive potential of the metaverse, a subsequent phase of disillusion emerged in public and media discourse (Rapoza, 2022). This shift was primarily driven by significant losses and a reduction in funding for metaverse-related initiatives by numerous technology firms. Establishing a standard, widely accepted definition of the metaverse has always been challenging due to its multidisciplinary nature, rapid technological advancements, and diverse applications (Peukert et al., 2024). Such ambiguity has undoubtedly fueled high expectations and subsequent disillusion among the public and investors, who have recognized a lack of technological maturity supporting the metaverse paradigm. Apple's recent introduction of "spatial computing" in 2024 further exacerbated the semantic and conceptual ambiguities of this technological domain. In this setting, the rapid advances and widespread adoption of generative artificial intelligence (AI) models have reinvigorated discussions concerning their potential to drive initiatives contributing to metaverse development. Although interest in the topic is no longer at its peak, many companies still recognize that the future of the metaverse in enterprise applications is promising (Enders Analysis, 2024). In support of this, numerous initiatives continue to arise within various proto-metaverses, encompassing third-party platforms such as Roblox, Fortnite, Spatial, and private virtual environments. The transition from traditional to electronic environments, and now to the metaverse, has been observed over time in well-known brands, such as Gucci, Coca-Cola, Nike, and many others. Such brands were cited in previous studies as exemplary cases of digital transformation, showcasing how well-recognized organizations leveraged emerging technologies, including the metaverse, to innovate and enhance consumer engagement (Dwivedi et al., 2022a; 2022b; Giang Barrera & Shah, 2023; Hadi et al., 2024; Hollensen et al., 2023; Kim, 2021; Wedel et al., 2020; Yoo et al., 2023). For instance, Walmart's "Walmart Land" on Roblox is one of the most successful branded environments on the platform. It is part of a range of actions in the metaverse that the American retail company continues to operate, such as "Walmart Discovered" and "Walmart Realm." This example demonstrates how innovations in the metaverse can open additional avenues of customer experience enhancement, targeting and community management, and revenue generation. This

trend induces significant imitation, particularly among companies seeking to renew their customer interaction processes. Various sectors are involved in this transition, from those specializing in fast-moving consumer goods or durable goods to tourism, entertainment, and fashion. According to a report by GEEIQ, 2024, the total number of brand activation events on Roblox alone exceeded 1200 by the end of 2023.

Years ago, the evolution from traditional to electronic to virtual environments was observed in specific brands, such as retail brands in Second Life (Bourlakis et al., 2009). By 2023, this trend had been revitalized. It has become a consolidated practice for brands seeking to enhance their attitude in the metaverse and, therefore, their relationships with current and potential customers. These brands will likely anticipate the advent of immersive technology and its potential to become more accessible with ever-higher standards (Hollensen et al., 2023). For instance, brands such as Disney, Gucci, Red Bull, Decathlon, StockX, and AloYoga swiftly developed a native application for Apple Vision Pro following the device's launch in February 2024. The advent of digital innovations, such as the metaverse, presents companies with the prospect of adapting brand strategies and optimizing market interaction (Morgan-Thomas et al., 2020). Firms frequently pursue organizational ambidexterity to integrate digital innovation into their ongoing strategic plans (Raisch & Birkinshaw, 2008). Given this renewed confidence that the metaverse will evolve to offer firms novel avenues for brand engagement and sales, marketers must leverage these emerging opportunities and align them with corporate strategies (Dwivedi et al., 2022).

The growing interest among companies in approaching the metaverse is driven by their recognition of its distinctive capacity to enhance brand engagement. This capability has the potential to significantly transform customer interaction in the short term, eventually facilitating targeted marketing efforts and improving a company's long-term positioning. The potential for targeting younger generations, particularly the next generation of consumers, is significant. The results of a survey conducted on 1545 Roblox users between the ages of 14 and 26 in late 2023 show that 84 % of respondents reported that they considered a brand in real life after their avatar wore an item representing that brand (Roblox, 2023). Each day, 85.3 million active users dedicate more than 2.5 h to creating, socializing, and expressing themselves (Gutfreund, 2025). Approximately 60 % of them are aged 13 and older, with the Gen Z demographic exhibiting the most significant growth among the platform's user base (Roblox, 2025). In this light, Dwivedi et al. (2022) underscored that brands should prioritize the relevance of the metaverse to target new audiences. They can extend their real-world positioning or completely reposition their brand within a new environment (Rauschnabel et al., 2022a).

Although there is a growing awareness of the potential and current impact of the metaverse on marketing theory and practice, the existing literature on the topic presents significant gaps that need to be bridged (Peukert et al., 2024). Organizations often struggle to understand the reasons for investing in the metaverse, emphasizing the need to clarify its core business impact (Mancuso et al., 2023). At the same time, the lack of practical guidance on generating monetary value from metaverse initiatives remains a significant obstacle to widespread adoption (Kaplan & Haenlein, 2024; Keegan et al., 2024; Ritala et al., 2024). While much of the research to date has focused on technical dimensions of the metaverse, comparatively little attention has been paid to how managers can engage with the metaverse deliberately and effectively (Dwivedi et al., 2022; Keegan et al., 2024; Ritala et al., 2024). Practitioners often remain unsure of how to navigate the opportunities offered by the metaverse, leading to cautious or fragmented approaches both organizationally, such as defining roles and responsibilities, and strategically (Keegan et al., 2024). Theoretical constructs such as exploration, which involves seeking new ideas, knowledge, and technologies through experimentation and risk-taking, and exploitation, which focuses on refining existing resources to maximize efficiency and

performance, provide valuable frameworks for achieving strategic alignment in this emerging context (March, 1991).

As a result, both researchers and marketers are asked to identify how to leverage the transformative opportunities offered by the metaverse to enhance brand management and brand development, ultimately advancing the understanding of the metaverse's impact on marketing and value creation (Dwivedi et al., 2022b; Firmansyah & Umar, 2023; Peukert et al., 2024). Hence, this study aims to contribute to bridging the significant gap in the current literature and practice by providing an interpretive framework of the organizational and learning mechanisms through which companies approach the metaverse and align its transformative impact with their branding strategies. Accordingly, the following research questions guided our investigation:

- What branding objectives drive companies to engage in metaverse initiatives?
- What organizational roles are designated to lead metaverse ventures, and how do these roles influence the success and strategic alignment of such initiatives?
- How do exploratory and exploitative learning approaches shape metaverse-based branding outcomes?

A multiple case study approach was adopted to address these questions (Yin, 2009). The case studies were analyzed through semi-structured interviews with senior managers from 16 different companies. The sample for this study encompasses a wide range of well-established, international companies from diverse sectors, including durable goods, services, and fast-moving consumer goods, offering a comprehensive perspective on metaverse-based case studies (Mancuso et al., 2023). Interviews were conducted with managers responsible for their company's venture in the metaverse. The methodology integrates informant- and theory-centered approaches to generate insights grounded in empirical evidence and theoretical relevance (Gioia, 2021). The interpretation of the multiple case studies was cross-validated in three workshops organized within a scientific hub managed by the authors. These workshops were attended by industry experts, practitioners, and academics.

The study identifies four distinct approaches companies take when venturing into the metaverse for branding. These approaches are as follows: champions of exploitation, exploitative appointees, champions of exploration, and strategic exploratory appointees. These approaches differ in their emphasis on knowledge sharing, strategic alignment, and the number of successful branding activation events in the metaverse. Companies that initially adopt an exploitative approach often encounter difficulties maintaining strategic consistency. Conversely, those who embrace an exploratory approach achieve greater success by fostering collaboration and integrating metaverse initiatives into their long-term strategies. Moreover, when a company appoints a venture champion, this individual must be able to oversee project implementation and educate, instruct, and disseminate information regarding the potential benefits and viability of the metaverse within the company.

After introducing the founding elements of this study, Section "Theoretical background" delves into the theoretical underpinnings guiding our empirical investigation. Section "Method" provides methodological details on how multiple case studies were analyzed. Section "Results" focuses on articulating the insights gleaned from our empirical analysis, culminating in developing our interpretive framework. Section "Discussion" discusses the theoretical and managerial contributions of the study, whereas Section "Limitations and future research" outlines its limitations and potential avenues for future research.

Theoretical background

The evolution of brand digitalization

Digital transformation requires firms to rework their market strategy

and value proposition and alter organizational processes and structures, eventually calling for innovation in their business model. This process involves a wide range of internal and external stakeholders to streamline supply chains, enhance customer interactions, and ultimately gain a competitive advantage (Mostaghel et al., 2022; Verhoef et al., 2021). Efficient communication with stakeholders underlies this advantage, since digital marketing enables cost-effective, targeted communication and improved customer engagement (Melović et al., 2020). As increasingly complex technologies emerge, digital transformation has become a focal point in academic research and practical discussions, making it a highly relevant and widely debated topic (Pascucci et al., 2023). According to Verhoef et al. (2021), three primary external factors drive the need for digital transformation. First, the proliferation of technologies has significantly boosted the need to reshape business operations. Such innovations represent a massive opportunity for businesses to optimize costs, enhance logistics, and replace manual processes with automated solutions. Second, digital technologies have transformed competitive dynamics, eventually enabling global competition and favoring data-driven firms. Third, consumers increasingly rely on digital channels, using tools such as social media, mobile apps, AI-powered devices, and immersive experiences to shop, customize products, and engage in value co-creation. Companies are therefore shifting their focus from internal resources to acquiring external ones through cooperation, emphasizing creativity, collaboration, and intellectual capital (Melović et al., 2020). This shift demands that firms adapt to digital touchpoints to remain relevant, as failing to leverage these technologies risks obsolescence in a rapidly changing marketplace. Historical trends show that firms willing to adopt innovative technologies and realign their business models are better positioned for long-term success (Pascucci et al., 2023). Over time, companies have transitioned from traditional advertising to data-driven approaches tailored to enhance consumer experiences. A range of tools has been adopted, such as search engine optimization (SEO), content marketing, email marketing, social media marketing, display advertising, and marketing automation, to attract and engage audiences effectively while optimizing marketing efforts across multiple digital channels (Zhou & Yang, 2024). Much like previous technological advances, the current wave of innovation demands a hybrid approach that combines physical and virtual elements (Hoyer et al., 2020).

Brand digitalization is key in marketing because it connects firms with changing market needs. The use of digital technologies supports the development of personalized, data-driven marketing approaches, enhances operational efficiency, and opens pathways to innovative business models. Tools such as CRM systems, artificial intelligence, and data analytics enable companies to gain deeper insight into customer preferences and promptly respond to their needs. Furthermore, digital transformation fosters the implementation of omnichannel strategies, significantly improving the overall customer experience (Pascucci et al., 2023). As Zhou and Yang (2024) argued, the emergence of social media platforms has revolutionized how companies engage with their audiences. These platforms allow businesses to interact directly with consumers and enhance brand engagement. Innovative technologies such as IoT, AR/VR/MR, and AI are reshaping the shopping experience by providing tailored interactions, advanced engagement solutions such as virtual assistants and smart mirrors, as well as greater convenience with features such as automated checkout. Blending digital tools with physical spaces shows their ability to redefine the customer journey across multiple points of contact. Using these advancements for personalized offerings, real-time data utilization, and enriched customer interactions, companies can enhance loyalty, generate added brand value, and improve overall shopping experience (Hoyer et al., 2020). In parallel, applying big data analytics has enabled organizations to uncover valuable insights into market dynamics and consumer behavior. By leveraging these insights, companies can achieve precise market segmentation, develop highly targeted marketing initiatives, and deliver personalized products and services (Zhou & Yang, 2024).

While digital transformation offers numerous opportunities, it also presents a twofold risk for businesses. On the one hand, it brings significant challenges, such as increasing customer expectations and the need for companies to swiftly adapt to evolving market conditions. This dynamic environment requires strategic realignment, increased investments, and careful navigation of ethical and privacy concerns associated with digital interactions (Melović et al., 2020). On the other hand, companies often encounter barriers that prevent them from effectively adapting to emerging technologies. This phenomenon, called the "digitalization paradox," highlights how firms may invest heavily in digital transformation but fail to achieve the anticipated revenue growth. Contributing factors include gaps in digital skills, rigid organizational structures, and the underuse of big data. Moreover, businesses frequently grapple with challenges such as data security, privacy issues, and the complexity of managing interconnected digital ecosystems (Pascucci et al., 2023). As more devices become interconnected, the likelihood of data misuse or breaches increases. The potential for inadvertently linking to disparate pieces of private information or uncovering previously unknown data features can create substantial privacy risks, undermining consumer trust and confidence in technology (Hoyer et al., 2020). Given their sensory-based nature and the complexity of the interactions they enable, immersive technologies bring additional concerns about privacy and user safety. While automation and AI-driven systems can enhance efficiency, they also carry the risk of reducing human interaction. This reliance on technology may lead to impersonal customer experiences, potentially alienating specific customer segments that value direct human engagement (Hoyer et al., 2020). Brands therefore face challenges in integrating emerging technologies effectively, as there is no clear roadmap for maximizing their potential (Mostaghel et al., 2022).

In light of the ongoing digitalization of business, and marketing in particular, the metaverse represents significant progress across various research areas, including but not limited to retailing (Bourlakis et al., 2009; Dwivedi et al., 2022; Rauschnabel et al., 2022a; Yoo et al., 2023), consumer behavior (Hong & Cho, 2024; Jafar et al., 2023), and destination promotion (Buhalis et al., 2023; Di Paolo et al., 2025). From a practical standpoint, the infrastructure required to support immersive experiences remains in the developmental phase, posing significant challenges for companies. Many organizations lack the resources or expertise to implement these technologies effectively. Additionally, integrating these advanced technologies with existing systems can be complex. Resistance may also arise from consumers unfamiliar with virtual environments and businesses hesitant to adopt untested innovations (Hoyer et al., 2020). Nonetheless, a growing body of literature suggests that the metaverse is poised to influence the global economy and reshape social interactions significantly, much like the transformative role of social media at the dawn of the Internet era (Jauhiainen et al., 2022). This transformation echoes the earlier shift driven by e-commerce, which redefined traditional brick-and-mortar retail. The metaverse is expected to further revolutionize customer engagement by seamlessly blending physical and digital experiences, paving the way for new forms of brand interaction (Hoyer et al., 2020).

Branding in the metaverse

We define the metaverse as "*a technology-mediated virtual environment characterized by varying degrees of environmental fidelity and sociability, in which the access device provides the user experience with different levels of immersion*" (Di Paolo et al., 2025). This definition highlights the founding elements of the metaverse. First, it encompasses a virtual layer that provides a sense of spatiality (i.e., a virtual environment). Second, it highlights the variety of virtual experiences that can exist with or without the presence of other users (i.e., sociability), as well as the extent to which the content types mirror real-world scenarios (i.e., environmental fidelity). Third, it remarks on the role of user immersion, which is contingent on the specific technology employed to access the

environment (e.g., personal computer, augmented reality, virtual reality). Immersive technologies such as augmented (AR) and virtual reality (VR) are distinguished by their capacity to elicit enhanced emotional responses, psychological engagement, and behavioral involvement (Di Dalmazi et al., 2024; Flavián et al., 2021), ultimately fostering experiential consumption. In anticipation of the increased market penetration of AR/VR headsets, proto-metaverses are paving the way for evolution in experiential marketing. (Giang Barrera & Shah, 2023)

One of the components of the metaverse is the level of immersion provided to consumers. Immersive technologies enable users to perceive, feel, and interact in virtual environments by facilitating psychological and physiological immersion (Buhalis et al., 2023; Chen & Yao, 2022). In this context, high user immersion is achieved when the five senses are stimulated in a simulated environment to create the perception of actually being there, defined as the sense of presence (Slater & Wilbur, 1997). Nonetheless, while the extensive adoption of immersive technologies is still an emerging trend, proto-metaverses accessible via personal computers allow millions of users to engage within metaverse-branded experiences and pursue various activities, including live performances, events, mini-games, social gatherings, interactive advertisements, virtual product discovery, and commerce. According to Shen et al. (2021), instances focused on virtual commerce facilitate numerous enhancements over existing e-commerce, such as presenting products more realistically and interactively and providing a better product experience. Furthermore, Rauschnabel et al. showed that combining utilitarian and hedonic benefits with high-quality augmentation enhances customer inspiration, positively influencing brand attitudes. The potential for immersive technology to impact all stages of the customer journey—from communication and advertising to sales and post-consumption—generates gaps regarding both management and research, thereby introducing further investigations on effectively enhancing brand-customer relationships (Wedel et al., 2020).

Although strategic thinking for a brand should remain consistent across different digital and physical channels, the metaverse is expected to influence how companies engage with consumers (Morgan-Thomas et al., 2020) and how consumers interact with the digital world. This convergence between supply and demand is rooted in the distinctive attributes of the metaverse (i.e., spatiality, immersion, environmental fidelity, sociability), allowing brands to develop more complex and captivating experiences while simultaneously enabling consumers to interact with one another and unlock profound engagement mechanisms (Dwivedi et al., 2022; Breidbach & Brodie, 2017). The engagement construct comprises three dimensions: immersion, passion, and activation (Hollebeek, 2011). Immersion refers to an individual sense of being fully engrossed in one's role as a customer; passion is the strong, positive effect of a target brand; and activation can be defined as the degree of customer energy spent on a brand during an interaction (Hollebeek, 2011). Building on these three main pillars, Payal et al. (2024) define brand active engagement in the metaverse as the behavioral component of brand engagement, emphasizing the time, energy, and effort consumers invest in brand-related activities within the metaverse. In the metaverse, brand active engagement encompasses many activities, including customers' passionate participation in virtual events, exploration of brand-created experiences, gamified experiences, acquisition of rewards, contribution to experiences through co-creation, and feedback. Notably, the existing literature emphasizes the importance of studying brand engagement in virtual environments for researchers and marketers alike (Arya et al., 2024; de Regt et al., 2021). Indeed, as argued by Yoo et al. (2023), virtual environments enable users to create more profound and reciprocal relationships, much like those in the real world or on social media. Forming such relationships enables longer, more intense interactions within branded environments, thereby increasing the probability of grasping co-creation mechanisms (Yoo et al., 2023), such as community branding (Black & Veloutsou, 2017). The mediation of digital personas within the metaverse encourages

communities to expand their creativity, eventually creating a stronger bond with brands (Yoo et al., 2023). Moreover, as digital personas navigate self-guided virtual environments, the seamless integration and anthropomorphic representation of brands may suggest original routes for developing more effective consumer-brand relationships (Dwivedi et al., 2022). Spatiality combined with varying levels mirroring real-world scenarios enables brands to convey more complex signals to consumers, potentially resulting in enhanced brand awareness and consideration (Rauschnabel et al., 2022b). At the same time, product creation, product delivery, and product spillover are three critical areas of opportunity generated by amplifying the user experience provided by the metaverse (Yoo et al., 2023).

Chevtchouk et al. (2021) defined brand experience as "a combination of memorable, subjective esoteric impressions varying in polarity and amplitude triggered by brand interactions, which occur at various stages of contact with a brand." As the metaverse influences multiple stages of the customer journey, it becomes clear that it can enhance the overall brand experience. These virtual environments offer novel and varied depths of emotional engagement to consumers, ultimately fostering positive consumer-brand relationships leading to increased brand advocacy and loyalty (de Regt et al., 2021). The metaverse also enables users to create and share their virtual experiences and customize products, which can be effective instruments for brand advocacy and word-of-mouth promotion. For instance, in the automotive industry, BMW launched the new iX2 model on Fortnite, allowing users to customize the vehicle. Similarly, Lamborghini introduced a customizable version of the new Lanzador model on Roblox. The capacity of virtual communities within the metaverse to facilitate brand collaborations and co-creation with customers fosters a sense of brand ownership and loyalty. On top of that, by analyzing user interactions in virtual environments, companies can gain a deeper understanding of their target audience, enabling the implementation of more targeted and personalized brand experiences.

Evidence from the existing literature suggests that the metaverse provides companies with novel and distinctive methods for engaging with potential and existing customers across various stages of their interaction with the brand. Marketing managers must therefore leverage metaverse technology in their programs, including promotion, customer relationship management, and brand engagement. Researchers should also strive to understand the impact of the metaverse on businesses and marketing (Firmansyah & Umar, 2023). Despite the significant potential of the metaverse to impact branding strategies in different ways, there is a limited understanding of the factors driving firms to incorporate the metaverse in their branding strategies. This study relies on empirical analysis to demonstrate how the metaverse can catalyze companies to explore new avenues for brand value creation.

Strategizing in the metaverse

The advent of digital innovation has driven significant revisions to managerial agendas, inducing firms to embrace these developments and manage brand engagement within the evolving digital landscape (Morgan-Thomas et al., 2020). The introduction of the metaverse, with its immersive and interactive features, now allows firms to enhance brand engagement and improve their interaction with the market. For instance, virtual environments can be created to showcase products, provide virtual tours, simulate real-life scenarios, or create new forms of entertainment. Such brand activation events also enable firms to create new value sources eventually aligned with their strategic objectives. To integrate digital innovation within ongoing strategic plans, organizations typically strive for organizational ambidexterity, which is defined as the "ability to be aligned and efficient in its management of today's business demands while simultaneously being adaptive to changes in the environment" (Raisch & Birkinshaw, 2008, p. 375). Organizational ambidexterity is achieved through a dynamic combination of exploitative and exploratory learning (Kranz et al., 2016). Dynamic

ambidexterity requires firms to be prepared and committed to reconfiguring resources in response to environmental demands (Teece et al., 1997). March (1991) argued that exploratory learning generates new possibilities for companies, including research, risk-taking, experimentation, and discoveries. Organizations focused on exploration invest heavily in experimentation, often without significant short-term benefits. The tangible and intangible returns from exploration are typically less certain, more distant in time, and more remote from the immediate context of action and adaptation. Conversely, exploitative learning prioritizes greater certainty and more straightforward activities. Exploitation is also associated with explicit knowledge, where incorporating new competencies and skills can enhance the rewards for both staff and the organization. Furthermore, the probability of internal interactions is improved, thereby fostering a culture of continuous improvement and efficiency (March, 1991). To identify the best moment for integrating technology into the current business model, it is crucial to integrate and balance heterogeneous knowledge and gain a comprehensive understanding of the target consumer (Kranz et al., 2016). In periods of evolution, Kranz et al. (2016) advise prioritizing exploration. Therefore, given the nascent, transformative context surrounding the rise of the metaverse, we assume that companies will approach this innovation with an exploratory and experimental mindset.

Exploratory innovation investigates new technologies, ideas, and business models to discover new opportunities and create competitive advantages. Combining business models and exploratory innovation can benefit organizations seeking to develop, deliver, and capture new sources of value (Jansen et al., 2006). To remain competitive in an ever-changing technological and market landscape, firms must continuously adapt, either by modifying existing business models or by introducing new ones (Mezger, 2014). In this light, the metaverse challenges business models by presenting an opportunity to enhance both current and future systems of value creation, delivery, and capture. To achieve this goal in a fragmented and evolutionary technological context, we assume that fostering the development of dynamic capabilities within a firm is essential. Bucherer et al. (2012) confirmed that business models are dynamic systems requiring constant adjustments to internal and external changes, applicable not only to start-ups, but also and more intriguingly, to incumbents. Building on prior literature (Mezger, 2014), the development of dynamic capabilities involves three main stages: sensing, seizing, and reconfiguring. Our study focuses on the sensing stage, which is based on interpreting the technological possibilities of the metaverse and aligning them with new business models. The seizing and reconfiguring stages focus on innovation aimed at systematically advancing the business model and identifying the core competencies fundamental to effecting a profound change in value creation mechanisms (Mezger, 2014). Instead, given the developing nature of the metaverse and its inherent semantic ambiguity, we claim that the stages of seizing and reconfiguring must be grounded in an experimental approach aimed at consolidating the acquired knowledge and reducing uncertainties (Khanagha et al., 2014), namely converging towards exploratory innovation. Consequently, given the environmental complexity of the metaverse, the sensing stage serves as fundamental input for exploratory innovation.

Prior literature has investigated integrating new technologies within existing business models (Euchner & Ganguly, 2014; Tesch et al., 2017). Euchner and Ganguly (2014) proposed a sequential approach to aligning emerging technologies with a firm's value proposition. They emphasize that the key to value creation lies in ensuring a clear understanding of the new value that a given innovation will create for customers. The authors posit that if the development of a business model is attempted while simultaneously creating new value propositions, the focus may shift away from the customer and toward value capture, which could result in a business model that sells something that customers do not want. The risk is exceptionally high in the case of the metaverse, as evidenced by a fair amount of unsuccessful branded virtual experiences launched between 2022 and 2023. We therefore concur that the initial stage of the innovation process introduced by the metaverse should be a clear understanding and demonstration of how innovation can lead to value creation. This process of assimilating and capitalizing on knowledge is also known as absorptive capacity (Cohen & Levinthal, 1990; Zahra & George, 2002). Where the challenge lies in aligning targeting objectives with selecting appropriate technology, Kranz et al. (2016) contended that achieving a balance between market-related and technology-related absorptive capacities is paramount in crafting a contemporary value proposition. Venturing into the metaverse represents an attempt to achieve a sustainable competitive advantage through market learning and responsiveness to customer needs. For instance, younger generations exhibit heightened interest in using virtual environments and have begun exploring proto-metaverses for gaming, attending events, working, or studying.

Method

The distinctive nature of the metaverse offers avenues for investigating phenomena that have already been explored in the current literature, albeit in distinct settings. Consistent with the nascent, complex nature of this phenomenon, our interpretative framework was based on a multiple case study analysis using primary data (Gioia, 2021; Yin, 2009; Stake, 1995). Data was collected for each case study based on semi-structured interviews conducted via videoconference. This method is appropriate for investigating research questions such as ours that seek to ascertain contemporary phenomena underlying mechanisms or causal factors (Yin, 2009). A multiple case study was selected over a single case study to develop a more generalizable theory by comparing and replicating findings across different cases (Yin, 2009). Theoretical sampling was used to select case studies (see Table 1). It was chosen because it identifies critical cases essential for theory building, as opposed to random sampling, which is more commonly used for theory testing (Yin, 2009). The selection of 16 case studies followed three criteria. First, the sample encompassed various sectors, including durable goods, services, and fast-moving consumer goods. This ensured a comprehensive and unbiased understanding of metaverse-based case studies (Mancuso et al., 2023). Second, we selected well-established, international companies to concentrate our analysis on organizations with higher organizational complexity and their reputation for exerting considerable influence within and beyond their respective industries. This criterion aligns with the goal of the study, enhancing the reliability of the interpretative framework. Third, interviews were conducted with managers of large companies that have ventured into the metaverse for branding purposes and are directly involved in managing their companies' digital innovation. It was imperative to collect pertinent data from the actors with the most comprehensive understanding of their respective brand strategies for entering the metaverse. This third criterion led to the inclusion of various job roles in the sample, ranging from marketing, innovation, and IT to digital experience and content management. Given the nascent nature of the metaverse, companies rely on different competencies to drive their ventures. However, the variety of roles reflects how the metaverse paradigm requires crossing multiple disciplines and skill sets, ultimately highlighting the complexity of the underlying organizational environment. This is consistent with the research goal of identifying the organizational mechanisms that lead companies to venture into the metaverse for branding purposes. This approach also allowed us to triangulate data from multiple perspectives, increasing the robustness and depth of our analysis.

As detailed in Appendix B, the sampling procedure involved identifying geographical locations of the companies participating in the study, with a distinction made between headquarters and branches. The rationale for including both was based on the distinct yet complementary roles they play within the organizational structure of a brand. Headquarters are typically responsible for providing strategic direction and corporate governance, while branches offer insights grounded in local contexts and operational settings. By analyzing both, we seek to

gain a more comprehensive understanding of different organizational dynamics, thereby enhancing the validity of our findings across a range of contexts (Eisenhardt & Graebner, 2007; Hunziker & Blankenagel, 2021).

The semi-structured interviews were conducted to obtain more detailed information from the survey respondents. The interviews focused on the respondents' organizational approaches, challenges, and outcomes of their metaverse integration efforts. Specifically, the semi-structured interview protocols were designed to investigate five key areas: the way brand strategy evolves in the metaverse (Wedel et al., 2020; Dwivedi et al., 2022); the way in which exploring new technologies can lead to business model innovation (Bucherer et al., 2012; Euchner & Ganguly, 2014; Jansen et al., 2006); the way strategic alignment can be achieved by dynamically managing internal capabilities (Kranz et al., 2016; Mezger, 2014); the way that managers translate cognitions into firm-level strategies (Andreini et al., 2022); and the way in which knowledge-sharing processes and experimentation are managed (Berends et al., 2016; Fiol & Lyles, 1985; March, 1991; Nonaka, 1994). Specifically, Wedel et al. (2020), Dwivedi et al. (2022) provided foundational insights into how virtual environments transform brand strategy, making them relevant for examining how businesses approach the metaverse. Research conducted by Bucherer et al. (2012), Euchner and Ganguly (2014), Jansen et al. (2006) emphasized the significance of technological exploration in propelling business model innovation, a pivotal domain that we sought to investigate through our interviews. Finally, the work of Kranz et al. (2016), Mezger (2014) underscored the significance of strategic alignment in dynamic and evolving environments. In investigating knowledge-sharing processes, our semi-structured interview protocol drew on various studies deemed particularly relevant to the topic. The literature review by Andreini et al. (2022) offered insights into the way that respondents interpreted the potential of the metaverse for their brands and translated this into action. Accordingly, we investigated the function of knowledge-building and innovative idea generation (Berends et al., 2016), which occur primarily in teams (Fiol & Lyles, 1985; March, 1991), as well as in departments and divisions (Nonaka, 1994). This theoretical architecture informed our focus on how firms manage organizational learning mechanisms to incorporate the metaverse in their branding strategies. These studies were selected based on their capacity to bring theoretical concepts to tangible and contemporary business challenges, ensuring that the interviews yielded meaningful, context-specific data. The interview protocol is provided in Appendix A.

The interpretations provided by informants were then used to construct the meaning of their experiences and complete the initial theoretical framework, thereby offering a comprehensive understanding of the phenomenon (Gioia, 2021). To provide further insight, the findings from the interviews were cross-validated in three workshops organized within a scientific hub managed by the authors. The primary objective of the scientific hub is to disseminate knowledge about the impact of virtual environments on marketing theory and practice through dedicated workshops. The workshop participants were Italian managers from incumbent companies, industry experts, and scholars in digital innovation. The hub works with various companies to test and integrate the metaverse in existing marketing and business practices. It also partners with developers who design branded virtual environments in private form and public proto-metaverses.

Following Gioia (2021), the methodology employed in this study was informed by a combination of informant-centered and theory-centered approaches, yielding empirically and theoretically grounded findings. However, the combination of these two perspectives offers a multifaceted view contingent upon the informant's experience. This approach is well-suited to generating a grounded theory that articulates concepts and their interrelationships, thereby describing or explaining emerging phenomena employing interpretative frameworks.

Results

The results were coded to delineate the characteristics of each case study and classify them according to three key variables: the branding objective, the respondent's role in the company's venture, and the organizational approach to aligning the metaverse within the company's branding strategy (Table 2). The analysis of the way companies from various industries ventured into the metaverse revealed critical insights into how firms can manage organizational learning mechanisms to integrate the metaverse in their branding strategies.

From a branding perspective, the results show that companies tend to venture into the metaverse to enhance the perception of their brands, while fostering younger customer engagement and positioning their brand as a leader in a quickly evolving competitive landscape. These objectives are consistent with evolving consumer values and the experiential characteristics of virtual environments because they facilitate the development of more complex methods for fostering brand engagement. In this light, the results show that brands are focused on enhancing brand perception by implementing immersive experiences and innovative storytelling techniques. For instance, Company A's virtual product showcase allows consumers to communicate the high quality of the brand, whereas Company F pursues the development of sustainability-related experiences in the metaverse. Company D and Company E explicitly emphasize long-term engagement with Generation Z and Alpha to expand their audience base.

The respondent's role varies significantly across companies, impacting the way that each firm approaches its venture in the metaverse. In the case of Companies A, B, C, G, and H, the respondents are responsible for driving internal collaboration and strategic direction, thereby fostering a culture of learning and innovation. To illustrate, respondents from Company G spearhead workshops and initiatives designed to bolster community engagement, whereas those from Company H oversee cross-departmental collaborations. In contrast, the respondents from Companies P and Q assume more transactional roles, primarily focusing on short-term objectives, such as product launches, rather than engaging in extensive exploratory learning.

When a company designates a metaverse venture champion, it is crucial that this individual not only manages the project execution but also educates, informs, and shares knowledge about the potential and feasibility of the metaverse within the organization. The efficacy of the venture is contingent on the respondent's role rather than competencies. Champions are more likely to drive collaboration and innovation, while more transactional roles may be constrained in their capacity for exploratory learning.

Including headquarters and subsidiaries in the sample sheds light on the varied organizational dynamics that can influence the efficacy of a venture in the metaverse. Headquarters tend to possess a more expansive strategic perspective and have greater access to resources, whereas subsidiaries typically prioritize local market requirements or operate with constrained budgets. Such discrepancies result in varying levels of effort required to initiate a venture in the metaverse, which eventually leads to actual and potential misalignment between the strategic direction of the brand and the venture champion. Our results show that respondents from local branches often have more freedom to explore the metaverse without needing to be formally appointed by the company. This flexibility allows them to experiment with metaverse initiatives on a smaller scale, potentially uncovering innovative uses that can later be scaled across the organization. Conversely, respondents from headquarters have less flexibility from an individual perspective, but are given more specific goals and objectives to align the metaverse with the company's broader strategic vision. It thus falls upon the venture champions to bridge these gaps by fostering collaboration and structured knowledge-sharing across different organizational levels, thereby enabling the pursuit of investments in brand activation aligned with the brand's strategic direction. Nonetheless, this organizational uncertainty, often featuring unclear direction, external pressure, and limited budgets,

mirrors the decreasing hype surrounding the metaverse. Such uncertainty may give rise to confusion and hesitancy within firms, thereby reducing their willingness to fully commit to metaverse ventures.

The way firms align the metaverse with their branding strategies exhibits considerable variation, reflecting differing levels of commitment to innovation and knowledge-sharing. In their approach to the metaverse, companies E, F, G, and M emphasize cross-departmental collaboration, integrating marketing, IT, and innovation teams. Firms exhibiting cross-departmental collaboration tend to foster a culture of continuous learning and adaptation, whereas those with segmented approaches may miss opportunities for integrated branding strategies. At the same time, strategic collaboration with global partners exhibits a coordinated approach to metaverse pilot projects, facilitating knowledge sharing. Companies C, E, H, and K illustrate a commitment to pilot projects that allow for real-time feedback and iterative improvements. This proactive approach allows firms to continuously assess the efficacy of their metaverse initiatives. In contrast, companies D, I, J, K, and O adopt a more fragmented approach, treating metaverse initiatives as standalone projects. This approach may result in a lack of organizational learning, as these companies may fail to recognize the full potential of virtual environments for continuous branding innovation.

A detailed representation of the findings of the interviews is included in Appendix C. The results suggest the identification of four distinct approaches to metaverse ventures for branding purposes:

Cluster 1: champions of exploitation

Champions of exploitation are typically driven by a spontaneous interest in the metaverse, often influenced by external sources outside the workplace. This external enthusiasm motivates them to explore potential applications of metaverse-related technologies within their own companies. They aim to identify internal needs that could be addressed through a metaverse venture, often focusing on specific short-term goals or gaps in the company's existing strategies. However, such initiatives usually lack the company's comprehensive strategic vision, making it challenging for the champion to gather organizational support. To make the venture feasible, the champion must present a set of key performance indicators (KPIs) to measure the impact of the initiative and justify its potential value. Establishing these KPIs is crucial, as it lends the project legitimacy and enables the creation of a proof of concept within the organization. In most cases, even if the proof of concept is achieved, the metaverse initiative fails to progress beyond this stage. The primary reason for such stagnation is the lack of effective knowledge-sharing and broader strategic alignment within the company. Without sufficient organizational buy-in and a clear understanding of the metaverse's long-term potential, the initiative remains isolated and does not evolve into full-scale implementation. This cluster is characterized by isolated efforts led by passionate individuals who face substantial barriers due to the absence of a collective vision.

Cluster 2: exploitative appointees

While similar to the champions of exploitation in many ways, exploitative appointees differ fundamentally in that the company formally appoints them to lead metaverse ventures. This key difference unlocks the transition from mere proof of concept to actual implementation. Recognizing the potential of the metaverse for its business objectives, the company appoints a champion to explore how metaverse technologies can be integrated in the company's branding strategy. Through company appointment, the champion has access to a limited budget, allowing for more concrete experimentation compared to the more spontaneous efforts seen in Cluster 1. However, the strictly exploitative and pragmatic nature of this approach leads the champion to focus on immediate business needs, often neglecting broader possibilities in the metaverse. The company's narrow mandate, focused on short-term objectives, restricts the exploration of innovative or future-

oriented opportunities, typically resulting in selecting one or two isolated, often public relations-oriented initiatives that are not well-structured or aligned with the company's overall branding strategy. These pragmatic and short-term ventures lack organizational and structural support to become part of a more integrated or long-term strategy. As such, while these initiatives may succeed in creating a presence in the metaverse, they are rarely part of a coherent or sustained branding effort.

Cluster 3: champions of exploration

Similar to Cluster 1, the champions of exploration are also driven by individual initiative rather than corporate direction. These champions take it upon themselves to explore the potential of the metaverse, driven by personal interest and curiosity. However, their purely exploratory approach sets this group apart and contributes to higher success in metaverse ventures. Unlike the more constrained or exploitative approaches seen in the other clusters, these champions engage in extensive exploratory research, not only within their industry but also by examining the applications of the metaverse in other sectors. The primary goal is to fully understand the potential of the metaverse without the immediate pressure to deliver short-term returns for the company. Such open-ended exploration allows for deeper insight into how the metaverse can be aligned with the company's long-term branding strategy. The organization, in turn, responds positively to the champion's efforts, granting the freedom to form internal interest groups to facilitate knowledge-sharing and brainstorm potential metaverse initiatives. This exploratory approach often results in conceptualizing preliminary ideas for metaverse ventures, which can lead to early-stage experimental projects within the company. The company's openness to knowledge-sharing and exploratory learning encourages the formation of a dedicated team around the champion, supporting the development and execution of pilot projects. These projects serve as a testing ground for potential branding activation in the metaverse, allowing the company to assess its value and feasibility without the burden of immediate financial returns. While budget allocation for these pilot projects tends to remain modest, developing a single metaverse branding activation event is typically sufficient. Despite the limited scope of this approach, it lays a strong foundation for the company's gradual expansion into the metaverse, positioning it for more substantial involvement in the medium to long term. This exploratory mindset encourages continuous learning and experimentation, making it a valuable pathway for integrating metaverse initiatives in the company's broader strategic vision.

Cluster 4: strategic exploratory appointees

Cluster 4 represents the most comprehensive and potentially practical approach to venturing into the metaverse for branding purposes. This conclusion is supported by the significant number of publicized initiatives by companies within this cluster and the complexity of their metaverse content, which is well aligned with the brands' strategic direction. These successful outcomes stem from a structured, systematic investigation of the metaverse and its possibilities. As with Cluster 2, the starting point in Cluster 4 is a corporate mandate given to an internal figure tasked with leading the metaverse venture. However, unlike Cluster 2, the champion operates without the immediate pressure of demonstrating short-term returns from the metaverse investment. Instead, the mandate is focused on exploring the underlying metaverse technologies to identify branding solutions that align strategically with the company's long-term vision. The company actively supports these champions by surrounding them with a cross-departmental team, providing broader organizational buy-in and collaboration across different units. Dedicated workshops within the team foster a higher level of commitment than Cluster 3, enabling the team to work more cohesively and focus more on conceptualizing structured initiatives. This deeper commitment leads to testing of these initiatives through

specialized sessions facilitated by the early involvement of an external technology provider. The role of the external provider is crucial, as it helps bridge gaps in technical knowledge, which is necessary for operating in the metaverse. The provider's expertise enhances the tangibility and practicality of the proposed initiatives, allowing the team to more accurately assess the viability of the metaverse venture for branding. This collaboration also broadens the company's understanding of what is possible, and it introduces professional rigor in the testing phase, helping to refine potential initiatives. The process ends with the selection of one or more initiatives strategically aligned with the goals of the brand. These initiatives are supported by a structured, pre-allocated budget, allowing for the proper development and scaling of metaverse branding activation. This methodical approach, supported by internal and external resources, leads to highly successful outcomes, positioning companies in this cluster as metaverse pioneers within their respective industries.

In sum, companies that adopt an exploitative approach when beginning to venture into the metaverse tend to exhibit deficiencies in strategic alignment and the complexity of branding activation. This mainly occurs when an individual in the company spearheads the venture. Conversely, those who adopt an exploratory approach initially tend to perform well but must subsequently transition to exploitation. This is corroborated by the evidence presented in the most successful cases, which show a higher number and complexity of initiatives, higher levels of strategic alignment, and more extensive investments in the metaverse. Fig. 1 provides a summary of the study findings.
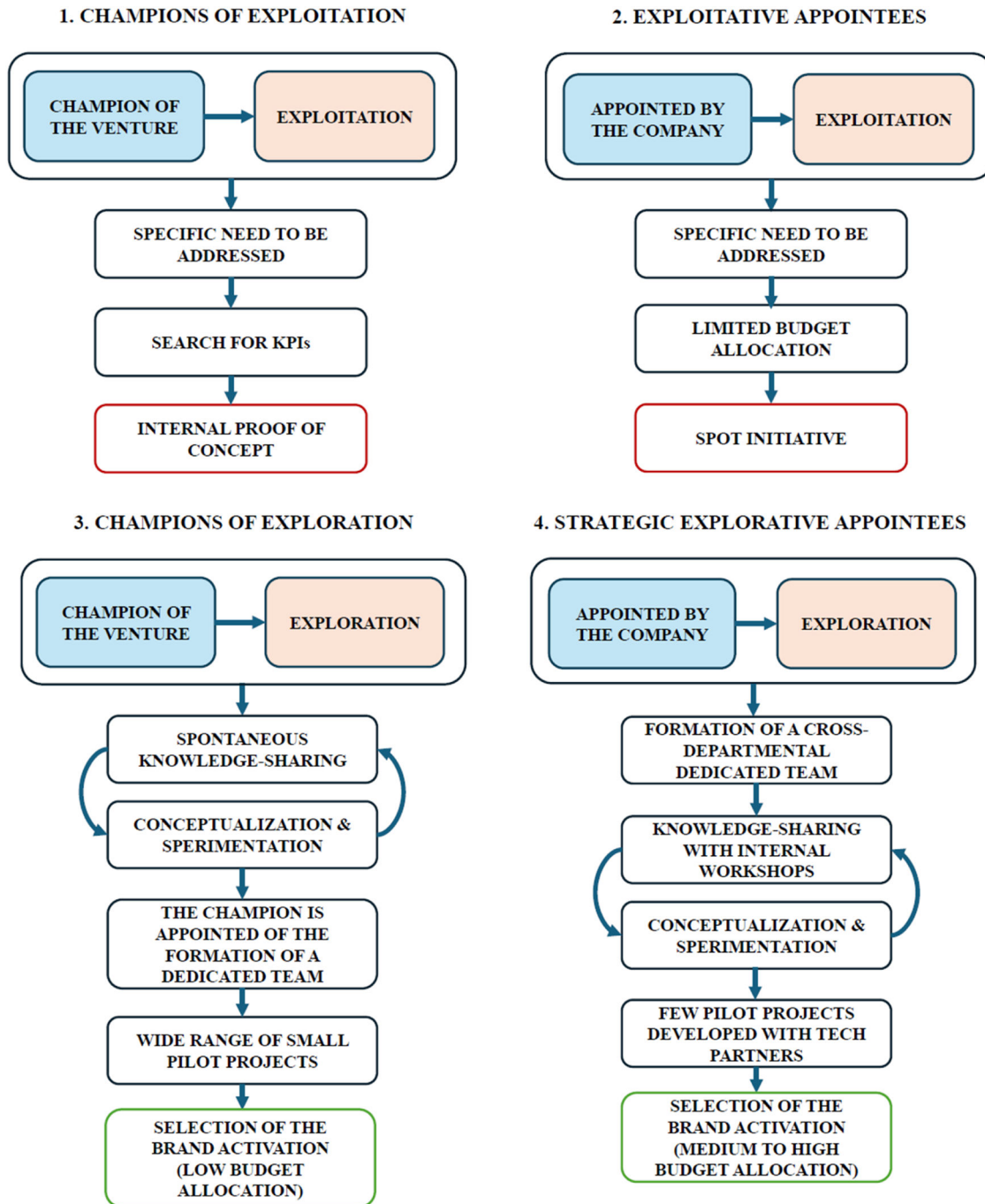

Fig. 1. Synthesis of the results
SOURCE: Prepared by the authors.

Discussion

This study examined how companies integrate the metaverse in their branding strategies, focusing on three core aspects: the branding objectives driving firms to engage in metaverse initiatives, the organizational roles designated to lead such ventures and their influence on strategic alignment, and the balance between exploratory and exploitative learning approaches in shaping branding outcomes. This article aims to advance the managerial and academic debate on incorporating the metaverse in corporate branding strategies. In doing so, it seeks to support practitioners in developing organizational learning approaches to effectively align the metaverse with their branding goals.

The findings from our interviews with 16 companies reveal a diverse range of branding objectives driving engagement with the metaverse. The most prominent goals emerging from the analysis include brand perception, positioning, targeting, and engagement. These results align with the existing literature, emphasizing the potential of the metaverse to enhance brand awareness, foster emotional connections, and redefine brand-customer interactions (Dwivedi et al., 2022). Specifically, the emphasis on brand perception and engagement resonates with the notion that immersive environments elicit enhanced emotional responses, fostering deeper and more reciprocal brand relationships (Flavián et al., 2021; Yoo et al., 2023). However, while the literature often highlights brand co-creation and community building as pivotal in metaverse branding (Payal et al., 2024; Arya et al., 2024), the companies in our study emphasized these aspects less explicitly. This difference suggests that many organizations are still navigating the potential of the metaverse, prioritizing immediate strategic goals such as reaching new audiences or making their brand stand out. However, brand co-creation and community building appear as potential emerging objectives after achieving targeting and differentiation. Additionally, the repeated focus on brand positioning and targeting highlights the role of the metaverse in enabling more personalized and immersive marketing strategies. This aligns with the argument that virtual environments can facilitate more tailored and impactful brand experiences (Rauschnabel et al., 2022). Furthermore, the findings highlight four distinct approaches brands use to venture into the metaverse, each defined by the role of the individual leading the initiative and the company's organizational approach. The present study employs a multiple case study analysis to construct a theoretical interpretation of the processes involved in venturing into the metaverse, intending to provide a relevant framework for managers and academics.

Cluster 1 consists of champions of exploitation, marked by a spontaneous interest in the metaverse. In most cases, however, they struggle to advance metaverse initiatives beyond the proof-of-concept stage. Along these lines, the extant literature indicates that spontaneous champions often encounter resistance without broader organizational support, mainly when introducing significant innovations (Howell & Higgins, 1990). Furthermore, the absence of adequate knowledge sharing indicates the challenges identified in the literature on the diffusion of innovation (Rogers, 2003). As Jansen et al. (2006) explained, exploitative endeavors typically encounter impediments. These obstacles are consistent with the difficulties observed in sharing knowledge and the challenges associated with KPIs in this cluster. Those who champion exploitation face challenges related to the absence of organizational antecedents to their venture into the metaverse, hindering the achievement of short-term objectives (Bucherer et al., 2012).

Cluster 2 comprises exploitative appointees formally designated by the company to lead metaverse initiatives with limited budgets, focusing on pragmatic, short-term goals. While these efforts often succeed in creating isolated metaverse activation events, they lack alignment with broader, long-term branding strategies. The theoretical underpinnings of the process followed by respondents from this cluster are informed by insights from the literature on organizational learning. This group frequently encounters challenges due to restricted financial resources and a deficiency in strategic alignment. Their primary objective is to

disseminate innovative concepts rather than comprehensively integrate metaverse ventures in their branding strategy. These elements are consistent with March's (1991) theory of organizational ambidexterity, which suggests that firms may prioritize short-term gains by leveraging existing knowledge over long-term exploration. In this case, the focus is on symbolic rather than substantive innovation, as illustrated by Westphal and Zajac (1998) concept of symbolic management, whereby companies signal innovation externally without substantive internal change. Initiatives launched within the process followed by respondents in this cluster reflect exploitative innovation oriented around immediate, incremental outcomes rather than radical new opportunities (He & Wong, 2004). The absence of integration with the company's overarching strategy also exemplifies the disconnect frequently observed in symbolic innovations that seek to signal market leadership without integrating more profound organizational learning processes. As Euchner et al. (2014) outlined, this approach results in the implementation of isolated initiatives oriented around public relations rather than integrated with the branding strategy.

The respondents in Cluster 3 exemplify the role of champions who prioritize exploratory learning within their organizations. The emphasis on knowledge sharing makes it easier to overcome barriers that inhibit implementation, enabling companies to identify and select metaverse activation events that align with their branding strategy. This is consistent with the framework of organizational learning proposed by Crossan et al. (1999), which emphasizes the significance of knowledge dissemination in fostering organizational support for innovation. Furthermore, Argote and Ingram (2000) posit that effective knowledge transfer confers a competitive advantage, allowing organizations to experiment with new technologies such as the metaverse and pilot initiatives. The success reported by these companies is consistent with the existing literature on the facilitation of innovation through exploratory strategies. Companies can align their initiatives with broader branding goals by disseminating knowledge across teams. Tushman and O'Reilly (1996) emphasize the importance of fostering an exploratory culture to balance experimentation with eventual exploitation. Mezger (2014) underscores the significance of exploration in business model innovations, establishing a foundation for proponents of exploration who prioritize knowledge sharing and pilot initiatives. The emphasis on exploratory capabilities is consistent with the strategies employed by companies in Cluster 3 to overcome limitations by sharing knowledge and developing pilot projects. Kranz et al. (2016) highlight the function of ambidexterity and absorptive capacity in evolving business models, providing substantial corroboration for exploration proponents who prioritize exploration and knowledge sharing. These processes have been shown to be effective when bolstered by integrating immersive technologies as an integral component of their knowledge sharing and pilot strategies (Wedel et al., 2020).

Finally, the respondents in Cluster 4 primarily engage in exploratory activities, employing the company's strategic vision to inform their metaverse ventures. In light of the company's guidance in forming dedicated teams to venture into the metaverse, this approach also relies on exploiting existing resources. This is consistent with the findings of Tushman and O'Reilly (1996) regarding ambidextrous organizations, which indicate that firms must simultaneously explore new opportunities and exploit existing resources. With the independence to form dedicated teams and collaborate internally and externally, these respondents exemplify the ambidexterity required for sustained innovation (Gibson & Birkinshaw, 2004). Such companies can transition smoothly from pilot initiatives to broader metaverse applications by initiating knowledge-sharing workshops and creating partnerships. This alignment with the company's long-term goals also reflects the strategic alignment model proposed by Henderson and Venkatraman (1993), which emphasizes the importance of linking IT innovations such as the metaverse to broader corporate strategies. The iterative approach, marked by expanding pilot initiatives and strengthening partnerships, exemplifies the successful integration of exploration and exploitation in

branding ventures. The approach taken by companies in this cluster is firmly grounded in dynamic capabilities, particularly during the sensing stage, which is paramount in identifying and assessing new technological opportunities. Firms leverage these dynamic capabilities to investigate the possibilities of the metaverse and align these technologies with innovative business models (Mezger, 2014). This process is driven by the need to adapt to rapid technological changes and evolving consumer expectations, as evidenced by the findings of Jansen et al. (2006), Bucherer et al. (2012). By effectively leveraging their sensing capabilities, firms in Cluster 4 can explore the potential of the metaverse more strategically and comprehensively.

Managerial implications

The findings of this study offer insights into how companies can navigate the complexities of integrating the metaverse into their branding strategies. Each identified strategy highlights different levels of organizational alignment, knowledge-sharing, and resource allocation. The resulting framework gives managers warnings and guidance when planning a brand's metaverse venture.

The first strategy, in which an individual in the company attempts to leverage the metaverse to meet short-term organizational needs, is often impeded by limited internal knowledge-sharing. This generates a disconnect between metaverse initiatives and the company's broader strategic goals. The absence of support from senior management and the premature need to define KPIs pose significant barriers. This underscores the importance of aligning metaverse initiatives with long-term organizational goals rather than focusing on short-term, isolated experiments. For managers, this suggests the need to foster stronger cross-role collaboration early in the process, ensuring that metaverse initiatives are not confined to isolated proof-of-concept stages but are integrated in the company's strategic framework.

The second strategy, wherein companies appoint an internal champion to lead the metaverse venture, secures some resources. However, such initiatives are often limited to public relations and detached from a cohesive branding strategy. This reflects the inherent risk of focusing too narrowly on exploitative, short-term objectives rather than exploring the full potential of the metaverse. From a managerial perspective, this suggests that firms should not only allocate resources but also ensure that their metaverse efforts align with broader branding strategies to prevent the isolation of such initiatives.

The third strategy, which features a champion-driven exploratory approach, shows that successful metaverse ventures often begin with an internal push for knowledge-sharing and experimentation. This process allows companies to generate initial pilot projects that align with strategic goals, though the scope and budget of these projects remain limited. The study shows that managers should encourage exploratory initiatives focusing on disseminating knowledge within the organization, as this helps secure commitments from senior management and cross-departmental teams. While this approach can lead to promising pilot projects, managers must be cautious about relying solely on internal resources. They should consider external partnerships to enhance the effectiveness of their initiatives.

Finally, the fourth strategy represents the most effective approach for integrating the metaverse in branding efforts, as it is driven by a structured exploration and exploitation process. Here, the appointed champion is supported by a cross-departmental team and external partnerships, enabling the creation of complex and strategically aligned metaverse activation projects. The findings of the study show that the last approach fosters comprehensive knowledge-sharing and commitment, leveraging dynamic capabilities during the sensing stage to align technological exploration with business objectives (Mezger, 2014; Jansen et al., 2006). Managers can learn from this approach by ensuring that their metaverse strategies are well-resourced and supported by external expertise, allowing for seamless integration of the metaverse in their long-term branding goals. By emphasizing the importance of

exploration and exploitation in metaverse ventures, this paper contributes practical insights for managers seeking to leverage the metaverse in strategically aligned, resource-optimized, and technologically informed ways. Through the examples provided, firms can better understand how to balance internal innovation with external collaborations to maximize the value of their metaverse investments.

Theoretical implications

From a theoretical standpoint, this study contributes to the evolving literature on branding in the metaverse by offering a detailed analysis of four distinct organizational approaches to metaverse integration. These strategies provide new insights into the organizational logic, outcomes, and critical factors of success associated with ventures into this emerging technological domain. In doing so, this research enhances the understanding of how companies engage with the metaverse, particularly in the context of branding, and how these initiatives interact with broader organizational learning and dynamic capability frameworks.

While much of the existing literature (e.g., Buhalis et al., 2023; Chen & Yao, 2022) focuses on the potential of immersive technologies to enhance brand engagement through enriched user experiences, this study delves deeper into how organizations integrate the metaverse to create new sources of brand value. In this respect, the first strategy shows that individual-driven efforts, though enthusiastic, often face barriers such as a lack of strategic alignment and organizational buy-in. This reinforces existing theories on the challenges for spontaneous innovation champions in environments that do not support exploratory ventures (Howell & Higgins, 1990; Rogers, 2003). It also highlights the critical role of KPIs and internal knowledge-sharing as necessary components for sustaining innovation (Firmansyah & Umar, 2023).

The second strategy provides theoretical insight into the limitations of formal appointments focused on exploitative, short-term goals. It aligns with theories of organizational ambidexterity (March, 1991) and symbolic management (Westphal & Zajac, 1998), showing that initiatives driven by immediate business needs can lead to symbolic rather than substantive innovation. This cluster emphasizes the difficulties of integrating metaverse projects in long-term strategies when the focus remains on short-term results (He & Wong, 2004). Our findings indicate that firms adopting an exploratory approach—where champions are appointed to investigate the potential of the metaverse—are more likely to succeed in aligning these initiatives with long-term branding strategies. This approach echoes Yoo et al. (2023), Payal et al. (2024), who argue that the metaverse facilitates unique reciprocal relationships that enhance brand and employer engagement.

The third strategy illustrates the benefits of exploratory learning, in which individuals take an open-ended approach to metaverse technologies. The theoretical contribution here aligns with organizational learning theories (Crossan et al., 1999; March, 1991) and emphasizes the role of knowledge-sharing in overcoming innovation barriers (Argote & Ingram, 2000). This cluster also supports theories on exploratory innovation (Tushman & O'Reilly, 1996), underscoring the importance of a culture that fosters continuous learning and pilot initiatives in branding strategies (Mezger, 2014). Using pilot projects to explore these relationships, firms can better understand how the metaverse aligns with their strategic vision, offering a more concrete theoretical framework for future metaverse-related branding studies. By leveraging pilot projects, companies can gain insights into consumer preferences and behaviors, enabling the development of more personalized brand strategies (Firmansyah & Umar, 2023). Our findings show that early-stage exploration is essential in the metaverse, with exploitation following, once the optimal type of brand activation has been identified. This aligns with March's (1991) assertion that exploration and exploitation are critical in navigating uncertain and rapidly evolving technological landscapes.

The fourth strategy represents the most advanced and effective approach, refining our understanding of organizational ambidexterity in

the context of emerging technologies. While scholars such as Raisch and Birkinshaw (2008), Kranz et al. (2016) have emphasized the importance of balancing exploitative and exploratory strategies, our research specifies how companies apply these strategies within the metaverse. This cluster emphasizes the integration of exploration and exploitation (Tushman & O'Reilly, 1996) and highlights the importance of cross-departmental teams and external partnerships in fostering innovation. The theoretical contribution also aligns with the strategic alignment model (Henderson & Venkatraman, 1993) by illustrating how metaverse ventures can be tied to broader corporate strategies. Moreover, this strategy sheds light on the theory of dynamic capabilities (Mezger, 2014), showing how structured exploration can result in successful metaverse ventures. In particular, firms effectively use dynamic capabilities during the sensing stage to investigate technological possibilities and align them with innovative business models, as highlighted by Mezger (2014), Jansen et al. (2006), Bucherer et al. (2012). This study deepens the theoretical understanding of how absorptive capacity (Cohen & Levinthal, 1990; Zahra & George, 2002) plays a crucial role in the metaverse. By fostering internal knowledge-sharing and collaboration across departments, firms can more effectively assimilate and capitalize on new knowledge, leading to the development of well-structured pilot projects. These findings underscore the importance of a systematic approach to knowledge-sharing, where creative experimentation is coupled with structured processes, aligning with Kranz et al.'s (2016) argument that firms should combine exploratory efforts with disciplined knowledge management to maximize value creation and maintain a competitive advantage.

Finally, this study positions the metaverse as a catalyst for brand value creation, a topic that has been relatively unexplored in prior research. While studies such as those by Rauschnabel et al. (2022), de Regt et al. (2021) have examined the potential of the metaverse to enhance brand experiences, our findings provide empirical evidence on how firms strategically harness the metaverse to drive long-term brand value. This study therefore adds to the theoretical discourse by elucidating how firms can integrate the metaverse into their branding strategies, fostering new avenues of value creation and strengthening consumer-brand relationships.

Limitations and future research

Our study is a theory-building exercise that starts by observing the relatively few relevant cases in Italy. As such, it is subject to the dual limitation of sample size and origin, which can be overcome over time and with cross-market studies. In addition, the study presents a cross-section and as such, it cannot observe the extent to which the four models may evolve over time. This limitation suggests a longitudinal analysis of the initiatives to understand how they may evolve and the way organizational learning may impact variables such as timeliness and success of the evolution.

Besides such limitations, our work also suggests areas for future research. First, our study suggests that fostering a culture of open communication and collaboration within the organization can mitigate many challenges faced by champions in the initial stages of metaverse adoption. Moreover, the degree of strategic alignment with the company's goals significantly impacts the scalability and effectiveness of metaverse ventures. These elements suggest that a strong commitment from senior management may be key for the success of initiatives, as it may motivate learning and favor continuous effort following POC or exploratory initiatives. We therefore encourage research on the impact of strategic imprinting on the outcomes of metaverse-related branding initiatives.

Finally, we encourage further research on the spread of metaverse initiatives within companies undertaking branding initiatives in the metaverse. Many of the cases observed here have a largely exploratory approach aimed at better grasping the potential of immersive environments in business applications. This suggests that, especially in companies where knowledge sharing among different departments is particularly encouraged, the spread of experiences or solidifying initiatives through POCs or similar products may encourage "blending" or adaptation in other areas of the company, such as learning, customer service, or research and development. Analyzing why, when, and how this occurs is potentially an exciting research avenue.

CRediT authorship contribution statement

Francesco Di Paolo: Writing – review & editing, Writing – original draft, Validation, Project administration, Methodology, Formal analysis, Data curation, Conceptualization. **Michele Di Dalmazi:** Writing – review & editing, Validation, Methodology, Formal analysis, Conceptualization. **Lucio Lamberti:** Writing – review & editing, Writing – original draft, Validation, Supervision, Methodology, Conceptualization.

Declaration of competing interest

None.

Acknowledgments

Appendix A

Translating the managers' cognitions into firm-level strategies (Andreini et al., 2022):

- Can you describe your current job role and responsibilities?
- When did your company first begin discussing the concept of the metaverse?
- Were you specifically assigned to oversee or contribute to your brand's involvement in the metaverse? If so, can you explain how this role was assigned to you?
- How was the idea of adopting the metaverse received by other managers and the executive team?

Brand strategy in the metaverse (Wedel et al., 2020; Dwivedi et al., 2022):

- How has your brand strategy evolved since integrating the metaverse?
- What specific metaverse technologies have you used for branding, and what outcomes have you seen (if any)?
- How do you intend to leverage the metaverse to influence your consumer engagement?

Business model innovation through technology exploration (Bucherer et al., 2012; Euchner & Ganguly, 2014; Jansen et al., 2006):

- In what ways has the metaverse led to innovation in your business model?
- How did your company initially approach the metaverse? Was it more of an exploratory initiative to understand its potential, or did you have specific short-term goals to capitalize on it?
- What are the most significant challenges and opportunities your organization has encountered during this process?

Strategic alignment and internal capabilities (Kranz et al., 2016; Mezger, 2014):

- How do you think the metaverse and its associated technologies align with your company's current business model? What potential impacts do you foresee from adopting the metaverse on this model?
- What internal capabilities or skills have been crucial for your organization to integrate and leverage the metaverse effectively?
- How do you manage the dynamic adjustments needed to support metaverse-related strategic goals?

Knowledge-sharing and experimentation (Fiol & Lyles, 1985; March, 1991; Nonaka, 1994; Berends et al., 2016):

- What was the initial reaction from various teams and departments when the metaverse was first introduced within the company?
- Which teams or departments were involved in generating ideas for using the metaverse? Were any dedicated teams created? How did they operate?
- How were other resources within the company involved to support the venture into the metaverse? Did you encounter any barriers during the adoption of the metaverse? If so, how did you address or manage them?
- After reviewing the initial results, did you reconsider your view of the metaverse or adjust your strategies for adopting it?
- Do you plan to continue experimenting with the metaverse, or do you feel that the results so far have been sufficient?

Appendix B

Table 1
Sample description.

Company	Industry	Job Title	Location
A	Fashion	Country Manager	Central Europe branch
B	Fashion	Head of IT	Headquarter
C	Fashion	Creative & Content Manager	Headquarter
D	Automotive	Metaverse, NFT & eSports Manager	Headquarter
E	Automotive	Web3 Studio Lead	Italian branch
F	Banking	Marketing Director	Italian branch
G	Insurance	Innovation Lead	Headquarter
H	Insurance	Marketing Director	Headquarter
I	Entertainment	Marketing and Digital Lead	Headquarter
L	Transportation	Digital Direct Manager	Southern Europe branch
M	Food & Beverage	Consumer Connections Director	Europe branch
N	Food & Beverage	Global Consumer Engagement Director	Headquarter
O	Food & Beverage	Digital and Data Director	Italian branch
P	Food & Beverage	Marketing Manager	Italian branch
Q	Food & Beverage	Marketing Director	Headquarter
R	Personal Care	Digital Experience Manager & Gaming/Web3 Lead	Headquarter

Appendix C

Table 2
Results of the multiple case study analysis.

Company	Description of the company's venture into the metaverse	Main goal	Role of the respondent	Organizational approach
A	The company decided to venture into the metaverse based on a decision made by the respondent, who conducted a test for a virtual product showcase. This initiative allowed consumers to explore and learn about the products and brand quality in a virtual environment. The project primarily involved collaboration between IT, marketing, and product departments to create and manage the virtual content.	Brand perception	Champion of the venture	Exploitation
B	The company ventured into the metaverse after analyzing communication opportunities and audience demographics in various proto-metaverses. Their approach includes creating immersive virtual commerce experiences that allow users to visualize and purchase products, alongside exploring collaborative virtual environments for internal training and brand positioning. This initiative aligns with the company's vision for the future, focusing on brand awareness, sustainability, and enhancing customer product selection processes.	Brand positioning and targeting	Champion of the venture → Appointed by the company	Exploration

Table 2 (*continued*)

Company	Description of the company's venture into the metaverse	Main goal	Role of the respondent	Organizational approach
C	The company strategically explores the metaverse by conducting research and technological development to identify potential value for B2B and B2C audiences. This initiative focuses on immersive experiences, storytelling, and digital product passports, emphasizing consumer engagement and brand storytelling through AR/VR technologies. While there are ongoing pilot projects, the company is monitoring the evolution of metaverse technologies, blockchain, and Web3 to align with a medium-to-long-term strategic vision guided by a specialized team and in collaboration with its vast portfolio of brands.	Brand engagement	Champion of the venture → Appointed by the company	Exploration
D	The company's venture into the metaverse focuses on targeting new generations and expanding its audience by showcasing new products and aligning with the evolving market. The company aims to inspire and engage younger consumers through innovative virtual experiences while exploring internal applications for enhanced collaboration and product visualization, reducing the need for physical transfers and improving scalability.	Brand positioning and targeting	Appointed by the company	Exploration → Exploitation
E	The company's venture into the metaverse starts by fostering internal education and future readiness rather than immediate revenue generation. With an emphasis on preparing for long-term engagement with Gen Z and Gen Alpha, the initiative aims to explore new digital channels like the metaverse and NFTs for active community interaction and co-creation. This strategic approach, supported by top management, involves cross-departmental collaboration, positioning the company to leverage upcoming technological advancements and maintain competitive relevance as the digital landscape evolves.	Brand positioning and targeting	Appointed by the company	Exploration → Exploitation
F	The respondent drove the company's approach to the metaverse. He presented a project addressing an internal challenge to build sustainability-related services. Initially driven by the sustainability sector, the project gained support from top management to explore metaverse potential for customer engagement and innovation. The company has conducted small events and pilots to familiarize employees with the metaverse, intending to integrate these experiences into its long-term strategy.	Brand perception	Champion of the venture	Exploitative
G	The company's venture into the metaverse reflects its strategic commitment to integrating virtual environments to enhance customer engagement and explore innovative business opportunities. Recognizing the limitations of traditional social media for meaningful interaction, the company saw the metaverse as a dynamic channel for direct engagement, co-creation, and community-building with its audience. They have conducted internal workshops, piloted immersive training and onboarding programs, and explored the development of insurance products tailored for virtual environments. These initiatives are aligned with the company's broader branding goals of positioning itself as an innovative leader in technology adoption, forging connections with younger generations, and emphasizing sustainability and responsibility.	Brand values and perception	Champion of the venture → Appointed by the company	Exploration
H	The company's venture into the metaverse began with an initiative to explore digital creators as a foundational step. This aligns with the company's branding goal of integrating the creative economy into future metaverse projects. The respondent played a key role by being accounted for in creating a cross-departmental working group involving IT, Communication, Innovation, and Training teams to ensure a coordinated approach. Despite waning enthusiasm as the metaverse hype settled, the company plans to use 2024 as an experimental year to evaluate the potential business models and incorporate successful ventures into the next industrial plan.	Brand engagement	Champion of the venture → Appointed by the company	Exploration
I	The metaverse initiative has been part of a broader branding goal of positioning at the forefront of technological experimentation and audience engagement. By launching different initiatives, the company has aimed to reinforce its image as a leader in digital innovation. The respondent's role in this venture involved overseeing the development and execution of these initiatives. The company's ventures into virtual reality and the metaverse were not driven by commercial goals but rather by a desire to explore and understand new technologies and how they can enhance cinematic experiences. The main goal was to reach new, tech-savvy audiences.	Brand positioning and targeting	Appointed by the company	Exploration → Exploitation
L	The respondent oversees and leads digital marketing efforts for several countries in Europe. The strategic aim is to capture a larger market share by encouraging customers to book directly through our digital platforms. The company has embarked on an innovative project integrating the metaverse to enhance the customer experience. The project has a dedicated team working alongside external partners to define the graphics and technical aspects. The future vision is to enable direct bookings within the metaverse, where users can complete transactions like in a real-world scenario. This move aligns with our broader strategy to digitize and innovate in an industry known for being traditional and slow to adopt new technologies. The initiative also benefits our B2B partners.	Brand engagement	Appointed by the company	Exploration → Exploitation
M	The company has appointed the respondent to engage younger audiences and foster a stronger connection with consumers. The primary goal of entering the metaverse is to create innovative experiences that align with the brand's vision and appeal to a tech-savvy demographic, enhancing consumer interaction and building brand loyalty. The organizational approach to this venture is highly strategic and collaborative. We work closely with global partners, utilizing their platforms to launch pilot projects. Our initiatives are carefully planned and executed, beginning with niche market testing and scaling as the technology proves its potential. After some pilot projects, a dedicated global team has been established. The team's task is to ensure the metaverse	Brand positioning and targeting	Appointed by the company	Exploration → Exploitation

Table 2 (*continued*)

Company	Description of the company's venture into the metaverse	Main goal	Role of the respondent	Organizational approach
	fits the overall brand strategy and assess risks to maintain brand integrity. The respondent's role locally involves adapting these global strategies to suit specific regional markets.			
N	The respondent is in charge of exploring the potential of the metaverse and how it can be integrated into marketing strategies. The venture's primary goal is to bridge digital innovation and physical sociability at the heart of the brand's identity. This includes a series of pilot initiatives to enhance the interactions with consumers. The company's current focus is not primarily on immediate economic returns but on learning, experimentation, and gradually integrating these technologies into marketing strategies. The company curates a team of freelancers who are experts in virtual technology. This allows the company to stay agile and responsive to rapid technological changes while ensuring pilot projects align with brand values and consumer expectations.	Brand engagement	Appointed by the company	Exploration → Exploitation
O	The company wants to leverage the metaverse as a unique opportunity to enhance its branding and consumer engagement strategies. The primary branding goal is to leverage virtual environments to communicate the benefits of their products in more engaging and interactive ways. Organizationally, the company integrates its digital and e-commerce teams into a steering committee responsible for digital transformation. This structure has ensured that initiatives in the metaverse align with the company's corporate goals while fostering collaboration between departments such as marketing, communications, and data analytics. By prioritizing a test-and-learn approach, the company aims to experiment with new models in the metaverse without the immediate pressure of ROI, allowing for continuous innovation and adaptation.	Brand engagement	Appointed by the company	Exploration → Exploitation
P	The respondent is responsible for creating innovative marketing strategies to engage with Generation Z. The company adopted a short-term approach to utilizing the metaverse, focusing on communication and reach as key objectives rather than exploratory experimentation. The activation in the metaverse featured the launch of a new product aimed to showcase the company as a trendsetting and relevant brand in the market. The company has no immediate plans to re-engage with the metaverse. However, the metaverse is still valuable for reaching young consumers who increasingly socialize in virtual environments.	Brand perception	Appointed by the company	Exploitation
Q	The interviewee drives the venture into the metaverse as an innovative way to enhance brand perception and consumer engagement. The primary goal of the venture is to leverage the metaverse as a new communication channel to engage with younger generations and rejuvenate the brand's image by connecting it with contemporary cultural experiences. Initially, the focus is on exploiting existing opportunities rather than conducting exploratory experiments. The company aims to achieve early adoption to gain a competitive advantage, carefully assessing the potential return on investment before committing significant resources.	Brand perception and targeting	Champion of the venture	Exploitation
R	The venture's primary objective is to establish the brand as a trendsetter in the metaverse, fostering consumer engagement within a virtual space that evokes associations with the arts. The company leveraged the metaverse as a source of inspiration and innovation for other brands. The initiative involved the entire digital experience team, which was tasked with selecting the most suitable proto-metaverse and negotiating collaborations with external providers to develop the branded virtual environment.	Brand perception	Appointed by the company	Exploitation

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