How should brand measure ROI in the metaverse?

Metaverse originates from gaming platforms. However, its scalability has brought many brands interested in engaging with metaverse users. This should not, however, changed its core value from being user oriented to brands'. On the other hand, the mountain of commercialization seen in metaverse today attested to its scalability and capacity to attract people across locations. This has equally lead to many joining metaverse without knowing what to do there; this is not bad – it reiterates why metaverse is a home for experimentation. Therefore, brands will be in metaverse to gain loyalty and sell to users – we have seen Coca Cola, Nike, Meta, and other giant brands pitting their tent in the metaverse. However, a problem abounds, apart from direct sales in the metaverse, how do brands know that their metaverse campaign is successful, what are the ROI in the metaverse, or is measuring hours of engagement enough? These are questions about metaverse metrics and KPIs that begs for immediate response.

The first process for brands is understanding their target audience before heading into the metaverse as engaging campaigns to a wrong audience will amount to nothing. Understanding if your target audience are part of early adopters of metaverse is crucial to know if metaverse is worth banking on. For instance, brands have found a gem and can harness the opportunities in metaverse swiftly if their target audience includes gaming enthusiasts and people interested in emerging technologies and new investment channels. This is because these set of people are likely to explore the metaverse more than anyone else. After understanding the targeted audience and ready to create immersive and exciting campaigns, what metrics should now be measured to determine the success of a campaign?

ROI in the metaverse –the metrics

Metaverse is relatively new and there are not enough metrics to determine the success of a campaign. However, a brand's ROI in the metaverse depends on the outcome of the campaign. For instance a brand auctioning NFTs release and able to sell all on a certain days have had a successful campaign; this is the position of Zoe Chen, strategy director for APAC at Virtue. Therefore, ROI of a campaign could be the hours of engagement, number of signups, views, time spent on the website, and number of sales to round it up.

Now a question that may pop up is how brands like Coca-Cola will measure the ROI of its campaign in Fortnite that include collecting and discovering treasures, pixels, and mini-games. But this is not difficult as it seems because the brands have number of QR code scanned, hours of engagement in the virtual world, and number of participants that returns – these offer more metrics beyond clicks and views on paid media.

How to measure success in the metaverse

As we mentioned, the goals of a metaverse campaign will determine what to measure as metrics, which will be different across brands and industries. For instance, a beverage industry will be interested in metrics that help translate engagements to more consumers, while a brand offering UGC will measure different metrics. So while a brand is measuring a dwell time and memory retention rate, another brand will be measuring rate of conversion of visitors and revenue generated from virtual items.

Metaverse metrics to measure

Having understand the need of knowing your targeted audience and when to jump into metaverse, listed below are some metrics to measure in the metaverse.

- Number of visitors: The number of people on your Roblox or Minecraft home can be measured to know how popular your key events or brand is among people. An example of such is Decentraland that hosted above one hundred thousand people during the metaverse fashion week. However, this may not mean much to a successful campaign.
- Conversion rate: conversion rate is a better metric than number of visitors because it shows how people rate your campaign and what it means to them. A person is converted when he enters a virtual world and buys a virtual item or the physical twin of that asset. This metric is simple to calculate by knowing the number of visitors and the number of people that purchase on-site. Conversion rate is important to highlight what a brand should focus on and what to improve on.
- Time spent on an experience: a customer staying and engaging in the metaverse for hours must have had positive and immersive experience with a brand campaign. Unlike social media ads that people skip once the option pops up or how swiftly people skim through content, dwell time is a crucial insights to how interesting an engaging an experience is.

- Engagement: one of the important metric is engagement as it helps to know if a gaming experience or campaign is designed with retention in mind. Therefore, this is related to dwell time and conversion rate as someone who enjoys immersive and engaging experience will spend more time and more likely to buy a product. However, playlearn creates new ways of measuring engagement, which is regarded as 7 level of engagement.

Measuring ROI in the metaverse – the take home message

Creating a metaverse experience is expensive. However, the success some brands have achieved makes it appealing to try. Taking risks on innovation and building experiences for customers' engagement and loyalty worth it. Additionally, it is a process to keep learning from over time. Brands like Nike that created Nikeland has 21 million visitors in a year and created a web3 platform – pointing out to the success of capturing and engaging new users. However, many others have failed in this quest. So measuring ROI to determine the success of a campaign comes from measuring the goals of the campaign. If it involves selling a product, the number of merchandize sale from the campaign is another metric. By evaluating the cost of creating a campaign and the return, we can calculate the ROI of a campaign.

Therefore, no metaverse quest will be successful without ironing out the goals right from inception, then understanding the audience, and creating an experience that are tailored for the end users.