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Abstract

Brand Strategies And Consumers' Willingness to Pay in the
Metaverse

by

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The Metaverse is gaining popularity among people, especially for virtual fashion. A lot of new digital-only and established real-life brands are entering the Metaverse. However, few empirical studies have examined people's shopping choices and brand preferences in the Metaverse environment. Although some recent conceptual works have emphasized the need to examine the best business strategies for these brands in the Metaverse environment, the empirical work in this domain is limited. Therefore, we conduct empirical studies to examine these emerging pressing questions in this research. These findings of this research provide theoretical and practical insights revealing that consumers perceive more emotional value from a brand with a business strategy of offering a combination of digital and physical items compared to a brand offering only digital items in a Metaverse environment. Moreover, we showcase that this higher perceived emotional value thus leads to a higher willingness to pay for brands' digital items in the Metaverse. Based on the empirical findings of this research, marketers of real-life brands should try to establish their presence in Metaverse and provide consumers with a phygital (both physical and digital) experience. Moreover, brands that only cater to digital items in Metaverse can increase people's willingness to pay by providing a combination of digital and physical items. This research also establishes shopping knowledge as a boundary condition, highlighting that people with high shopping knowledge prefer phygital brands. Thus, the findings of this research have crucial practical implications for the brands. The brands providing phygital experience in Metaverse should specifically target people with higher shopping knowledge since they perceive more emotional value from such brands and are thus willing to pay more. Additionally, the findings of this research provide a good foundation for future research.

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