

Research Paper

Metaverse and the Evolution of Brand Identity Concepts: Revisiting Brand-Consumer Relationships in the Virtual World

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Keywords:
Metaverse, Brand, Brand
Identity, Consumer, Virtual
World

Received:
February 15, 2025
Accepted:
August 15, 2025
Available online:
October 20, 2025

Abstract

In recent years, efforts to conceptualize phenomena have undergone significant transformation with the emergence of the internet, the formation of digital networks, and electronic platforms, leading to the rise of new realities such as digital reality, virtual reality, and more specifically, the metaverse. In today's era, traditional marketing methods are no longer sufficient. Marketing approaches are evolving and must adapt to the new digital world. One of the growing areas in the virtual development of brands is the increasing use of virtual social networks in this domain. With the expanding presence of these networks in various aspects of life, marketers have the opportunity to connect with consumers by understanding the components of these networks. Given that a large number of people currently engage with social media, brand presence in these networks can enhance public familiarity and awareness of the brand. This study aims to review theoretical sources and documents to examine the concept of the metaverse and explore its role, significance, and impact on brands, businesses, and brand identity. Furthermore, it investigates the relationship between brands and consumers in the virtual world. Based on the research findings, the connection between the metaverse, virtual space, brand identity, and brand-consumer relationships is explained through two fundamental criteria: the development of digital brand marketing and the branding-consumer relationship, each of which includes multiple indicators

1. Introduction

The expansion of virtual space, following the transition from the agricultural and industrial eras, has led to profound transformations, opening a gateway to the postmodern era and reshaping all aspects of individual and social life worldwide, ultimately contributing to the emergence of a new civilization (Mohammadi, 2020). The ongoing efforts to conceptualize phenomena have encountered significant changes with the advent of the internet and the formation of digital networks and electronic platforms, leading to the emergence of new realities under various titles such as digital reality, virtual reality, augmented reality, extended reality, mixed reality, and similar concepts. In other words, continuous efforts to create meaning for phenomena have resulted in the emergence of semantic phenomena. Today, discussions about cyberspace, virtual space,

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digital space, internet space, and electronic space have become commonplace and represent an undeniable reality.

The widespread adoption of the metaverse concept, although accentuated by the transformation of a commercial brand, extends far beyond a single brand into a vast and deeply immersive virtual reality space (Hassanzadeh, 2022, 4). In the modern era, traditional marketing methods are no longer sufficient. Marketing strategies are evolving and must adapt to the new digital landscape. The most important lesson that brands and retailers worldwide learned during the COVID-19 pandemic was that establishing a digital presence for brands can no longer be ignored. As the pandemic led to a global shutdown, businesses rushed to create digital versions of their enterprises since physical operations were no longer accessible. Metaverse marketing provides businesses and brands with the opportunity to enter the global market. Some of the world's largest brands have already begun integrating and strengthening their digital presence in the metaverse. The metaverse represents a shift away from traditional advertising toward interactive brand experiences that are more engaging and immersive while being less intrusive than the digital advertisements commonly seen today (Agha Seyed Hosseini, 2021).

One of the growing areas in the virtual development of brands is the increasing use of virtual social networks in this domain. With the expanding presence of these networks in various aspects of life, marketers have gained an opportunity to connect with consumers by understanding the components of these platforms. Given that a large number of people actively engage with social media, a brand's presence on these platforms can enhance public awareness and familiarity with the brand (Tsimonis & Dimitriadis, 2013) .

Fundamentally, with the advancement of technology and the widespread use of social media, businesses and companies strive to establish an effective presence in this emerging space to foster greater interaction with their customers and consumers. On the other hand, users and customers experience various interactions within social media, known as social experiences, which can influence their attitudes and, ultimately, their purchase intentions (Traver & Laudon, 2017) .

To gain a larger market share in selling products and services, businesses engage in various activities, one of which is branding. In branding efforts, marketing teams aim to create positive customer experiences with their brand, ultimately ensuring that the brand becomes associated with positive memories in the minds of consumers. Therefore, considering the advancement of technology, the internet, and social media, it is essential to identify the key concepts influencing brand identity and the factors affecting the brand-consumer relationship. Utilizing this emerging concept can contribute to improving the overall performance of businesses (Karbekandi, 2020).

Given the aforementioned points, this study aims to examine the concept of the metaverse and explore its role, position, and significance in the areas of brands, businesses, and brand identity. It will also investigate the relationship between brands, consumers, and customers in the virtual world. Ultimately, a conceptual model will be developed to analyze the relationship between the concepts of brand, brand identity, consumer, and the virtual world. The methodology of this study is a systematic literature review, relying on the review and analysis of relevant texts. The data collection method is based on documentary and library studies within the research domain.

2. Literature Review

In recent years, extensive research has been conducted in the areas of the metaverse, the development of virtual worlds, brand transformation, and changes in brand identity in virtual spaces. Additionally, new advertising and marketing strategies for brands in their interactions with customers and consumers have emerged. Each of these studies has approached the topic from a

specific angle and has yielded different results. The following provides a review of some of the studies conducted in this domain and highlights the most important related findings.

Golchehreh (1403) in an article titled "How to Use the Metaverse for Personal Branding and Digital Interactions of Makeup Artists" points out that one of the biggest opportunities the metaverse provides for makeup artists is the ability to hold virtual exhibitions and workshops. Makeup artists can use this platform to create personalized experiences for their clients.

Danesh Noghrekar (1402) in an article titled "Brand and Branding in the Metaverse" emphasizes that a brand has two essential roles for the consumer (audience) at its core: first, as a source of value for building trust, and second, as a means of self-expression, self-presentation, or self-signaling. He concludes that the signaling power of a brand is the exact meaning and personal interpretation that an individual has of the brand. This power will grow exponentially when a brand is digitally displayed. Similar to the mental shift that occurred when marketers transitioned from paper catalogs to e-commerce and ultimately to omnichannel commerce, branding in the metaverse requires a fundamental change in their approach.

Mohammad Hasani (1402) in an article titled "An Examination of the Architecture, Standards, Benefits, and Challenges of the Metaverse Domain" explores the architecture of the metaverse, the technologies used, and the existing standards in this field. He examines the benefits the metaverse offers to individuals, organizations, and governments, along with the associated challenges and risks, as well as the necessary countermeasures. He concludes that the comprehensive nature of the metaverse, running parallel to the real world, is one of the key factors that will play an important role in the future of the metaverse.

Haddadi (1401) in an article titled "Women and Employment in the Virtual World (Metaverse)" points out that following the negative effects of COVID-19 on employment, the shift toward the metaverse and virtual spaces holds the promise of witnessing remarkable growth and development in women's employment through the use of this technology.

Mohammad Baqeri and Seyed Baqeri (1401) in an article titled "Fast Fashion in the Material World and the Metaverse" highlight the widespread entry of the fashion industry into a space known as the metaverse. They conclude that through clear and specific legislation, the harmful effects of the expansion and development of the fashion and apparel industry in virtual worlds and the metaverse can be reduced.

Moradi Beryan (1401) in an article titled "An Introduction to the Consequences and Legal Challenges of the Metaverse" concludes that the most prominent legal issues of the metaverse should be examined in terms of the relationship between the ownership claims of user-content creators and platform service providers, privacy protection, data storage and processing responsibility, and determining the applicable law. Additionally, the possibility of predicting legal personality and responsibility for avatars should also be considered. Furthermore, the metaverse and its foundation, blockchain, with its decentralized structure, have introduced serious risks by challenging traditional governance features such as the monopoly of legislation and money production.

Mahmoudi and Sadeghi (1401) in an article titled "The Metaverse and Its Impact on Lifestyle" explore both the positive and negative effects of the metaverse on human lifestyle, as well as the management and governance within the metaverse. They emphasize the importance of ensuring cybersecurity and privacy, identifying potential risks within the metaverse, strengthening governance with a balance between security and freedom, and raising awareness and educating the public through media for the proper use of the metaverse.

Goodarzi and et al. (1399) in an article titled "Why Do Consumers Not Join Brand Virtual Communities?" conclude that the most significant factors preventing virtual communication between companies and their customers include: consumers' negative attitudes toward virtual social networks, the type of product, prioritizing company benefits over consumer benefits, consumers' lack of awareness about the company's presence on social media networks, and the unfavorable mental image of brand virtual communities.

Metaverse

The term "Metaverse" is a combination of two distinct words, "Meta" and "Verse." "Meta" refers to virtual, and "Verse" is related to the universe. In summary, it means a virtual world. The metaverse is a digital environment that anyone can enter. It offers interactive and engaging experiences that are not possible in the real world (Wang et al., 2022). The metaverse (or hypiverse) is a post-reality world; a permanent and persistent multi-functional environment that blends physical reality with digital virtual reality (Mystakidis, 2022). The metaverse is built on existing internet infrastructure and employs emerging technologies such as blockchain, cryptocurrencies, and non-fungible tokens (NFTs) (Rasel, 2022). The three-dimensional world of the metaverse, with tools such as virtual reality headsets, frees users from the constraints of time and space in the real world, transporting them into the hypiverse, where they create a virtual identity separate from their physical existence (Moradi Beryan, 2022). In the metaverse, individuals, organizations, algorithms, and artificial intelligence interact in a vast space. Users engage in education, gaming, entertainment, and buy and sell goods and services from the real world in the metaverse, encountering legal challenges and consequences just as individuals and organizations do in real life (Murray, 2022).

The metaverse develops in two directions:

From the real world to the virtual world; meaning that the virtual world follows the real world, and the digital experience of real life is facilitated through deep digital experiences. This represents the digital realization of real experiences and is considered an enhancement of the real world's experience and efficiency.

From the virtual world to the real world; meaning the actualization of the digital experience and the creation of the real world based on the virtual space. This process involves finding new products and uses.

Brand

A brand, as the cornerstone of today's competitive game, is an element that must be carefully defined, created, and managed so that industries and organizations can leverage it to achieve greater profitability and competitiveness. Brands are increasingly seeking ways to communicate their core values. From another perspective, brands connect valuation systems with value systems, which may include religious beliefs, norms, and ideologies (Liu & Minton, 2018).

The American Marketing Association (1960) defines a brand as: "A name, term, symbol, design, or a combination of these, intended to identify the goods or services of a seller or a group of sellers and to distinguish them from competitors."

According to Aaker (1991), a brand is a distinct name or symbol used to identify the goods or services of a seller, setting them apart from competitors. However, some early perspectives on how brands create value for consumers and their classification as tangible assets have certain

shortcomings. Additionally, a brand is a perceptual entity—rooted in reality but reflecting consumer perceptions and perhaps even individual characteristics (Hosseini, 2021).

Brand Identity

Gardner and Levy (1955) were the first to introduce the concept of brand identity. They believed that products have diverse characteristics, including physiological and social aspects. Brand identity is the set of perceptions that exist in the user's mind (Shirkvand et al., 2017), and it can be defined as the consumer's thoughts and feelings about a brand (Sallam, 2018). A brand's identity is the mental image that audiences hold of a company. Consumer reactions and perceptions of a brand depend on their trust and relationship with it, which leads to brand association and a perceived superiority over competing brands (Lee, 2017).

In general, brand image determines how the end consumer perceives a brand. In other words, brand identity can be represented through a logo, slogan, or style, while brand image reflects the core perception and beliefs of existing and potential customers about the brand (Surbhi, 2018).

Brand Identity in the Virtual World and Metaverse

While marketers have emphasized the importance of brand reputation in company performance and consumer decision-making, recent research suggests that the online environment may reduce the role of brands. This is due to the increased variety of products available online and the lower search costs for discovering non-original products (Mohajer & Khan Sanami, 2021).

Consumer Attitude and Experience

Harvard Business Review (2016) defines customer experience as the sum of all interactions a customer has with an organization—from the initial discovery of a product/service to its purchase, usage, and engagement with the company's social media accounts. These interactions collectively create key moments that shape the customer's perception of the organization.

The attitudinal approach includes consumers' perceptions of a product based on perceived value and their willingness to recommend it to others. A loyal customer not only makes repeat purchases but also acts as an advocate, recommending the brand's products and services to others. This word-of-mouth promotion plays a crucial role in increasing profitability (Chen et al., 2012).

Consumer Commitment to a Brand

In today's business market, significant attention has been given to the concept of relationships between service providers and consumers. The term "relationship" lacks a clear definition in both practical and theoretical aspects. Essentially, a relationship may exist in an applied context when it is formed through ongoing interactions between the service provider and the consumer. For a relationship to be established, at least two intervening factors are necessary, and both parties must mutually recognize the relationship. Additionally, the relationship must be characterized by a specific condition (Wong & Sohal, 2002).

Customer commitment is defined as the psychological attachment to a brand and is considered an accurate predictor of behavioral loyalty. Since commitment is regarded as a multidimensional construct, it includes:

1. Continuous commitment – Based on personal benefits and the perceived costs of ending the relationship.
2. Emotional commitment – Reflects the consumer's affection and emotional attachment toward the brand.

There are different perspectives on the relationship between commitment and brand loyalty. Some studies consider commitment as a component of loyalty, while others treat commitment as an independent variable influencing loyalty. In contrast, some research views commitment as a dependent variable influenced by loyalty (Fathi et al., 2021).

3. Research Methodology

The present study is based on a systematic literature review of relevant texts, documents, and research related to the metaverse, brand, brand identity, and the relationship between brands and consumers. To achieve this, we conducted an extensive search for various articles in this field. For article selection, we used the keywords "metaverse," "brand identity," "brand," "consumer," and "customer" in databases such as Google Scholar, Civilica, and SID. This search initially yielded 125 articles related to the chosen keywords. However, many of these articles were not directly relevant to our research scope. To refine the selection, we applied a two-step filtering process to eliminate unrelated studies. As a result, 21 final articles were chosen for in-depth textual analysis, including 10 relevant English articles and 11 relevant Persian articles.

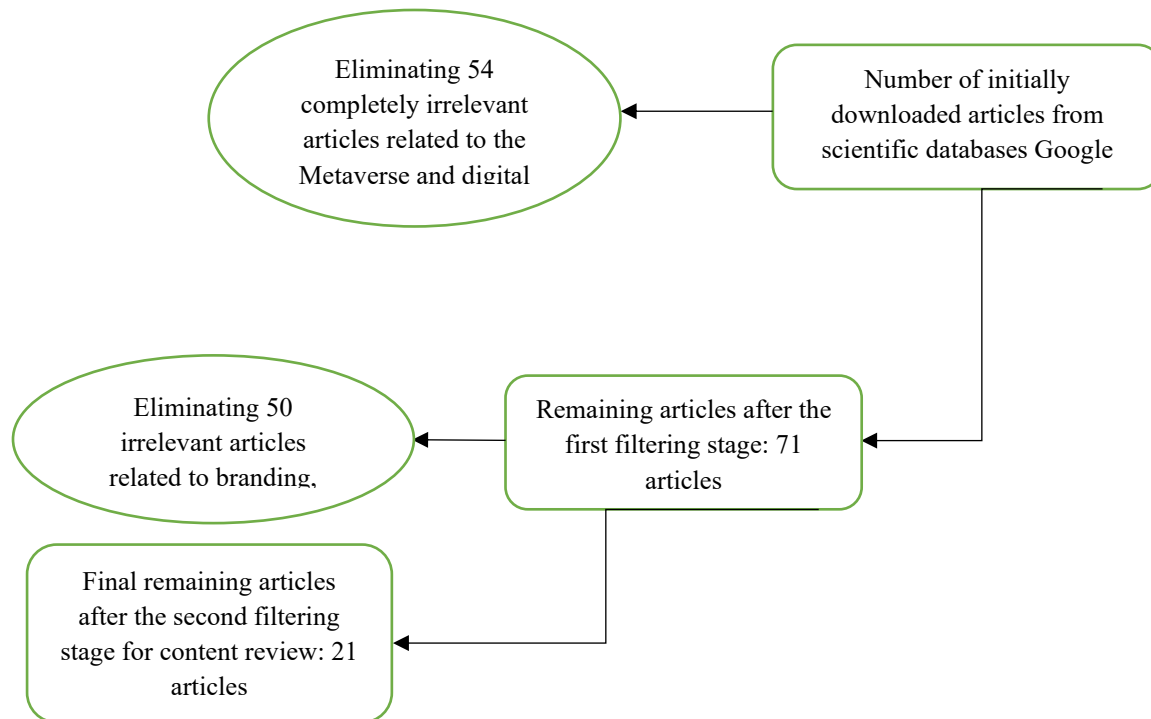


Figure 1: The Filtering Process and Extraction of Relevant Scientific Sources for Research

4. Research Findings

Based on the extracted articles in this study, which have addressed some of the most important dimensions, aspects, and research findings in the literature review section, the conceptual framework and research model will be developed and formulated based on the criteria and indicators examined in previous studies.

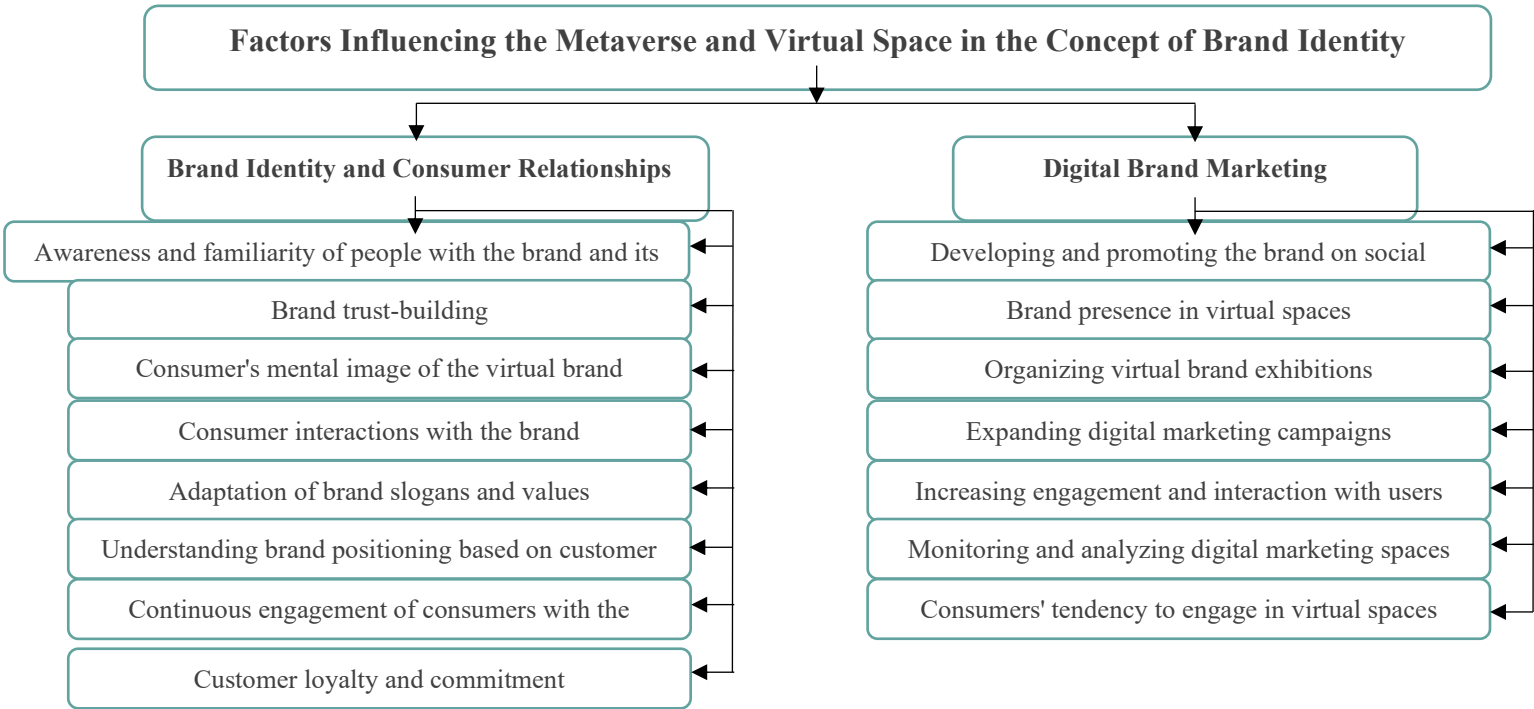


Figure 2: Conceptual Model of the Research

Based on the conceptual model of the research, the most important factors influencing the concept of brand identity in the Metaverse and virtual space are defined through two fundamental criteria: brand digital marketing development and brand identity and consumer relationships.

The key indicators of brand digital marketing development, based on research findings, include:

- Brand development and promotion in virtual networks
- Brand presence in the Metaverse
- Immersive brand advertising in virtual space
- Hosting virtual product exhibitions
- Expanding employment and sales in the virtual space
- Legal oversight of digital marketing
- Consumer perception of virtual space

Additionally, the key indicators of brand identity and consumer relationships, based on research findings, include:

- Consumer awareness and familiarity with the brand, its products, and services
- Brand trust-building
- Consumer's mental image of brand virtual communities
- Consumer interactions with the brand

- Alignment between brand slogans and beliefs
- Brand's understanding of customer needs
- Continuity of consumer use of brand products and services
- Consumer loyalty and commitment to the brand

5. Discussion

Today, the world has become more interconnected, and brands play this vital role by expanding business beyond borders. The signaling power of a brand is precisely the personal and unique meaning and perception an individual has of that brand. This power will exponentially grow when a brand is digitally showcased. Similar to the mental shift that occurred when marketers transitioned from paper catalogs to e-commerce, and eventually to omnichannel commerce, branding and brand-building in the metaverse requires a fundamental change in their approach. Like any new medium, there are always new opportunities for bad actors, and reports of harassment in the metaverse have already emerged. It is crucial for brands to adapt and build new platforms that create an environment where people feel empowered, engaged, and secure. To reduce bias in the metaverse, brands must gather a diverse team of developers and technologists from the outset to create a more inclusive experience.

With the expansion and development of the metaverse, marketing and advertising channels are evolving. New-age digital media are taking hold of electronic media, such as smart devices, through updated internet connections. This creates numerous opportunities for the marketing sector to showcase creativity and innovation in their own ways. It is an ideal time to leverage the new digital and interactive space to capture customers' attention. The metaverse includes restaurants, gaming lounges, fashion shows, events, parties, and many other areas to focus on advertising and marketing strategies. Marketers can also host large product launches where digital avatars can interact with each other and introduce some marketing ideas into the advanced digital world. The seller's marketing capacity and brand reputation play a key role in brand performance and customer behavior. However, there is little knowledge about the significance of these two aspects in the critical and ever-growing realm of e-commerce platforms, where a variety of sellers exist, challenging brand reputation. Additionally, connecting and engaging consumers with virtual brand communities means that brand managers can capitalize on the potential opportunities arising from widespread interactions and strong emotional relationships between companies, brands, and customers. In general, it can be said that an organization or company that can build a strong, successful, and authentic brand in the virtual space will perform more successfully in its market.

Based on the objective of the present study, which is to examine the concept of the metaverse and explore its role, position, and importance in the domains of brands, businesses, and brand identity, this research employs a systematic literature review methodology. It relies on the collection of documents, studies, and articles related to the research topic from scientific databases such as Google Scholar, Civilica, and Sid. The study aims to define the most important criteria and indicators of the metaverse and virtual space in exploring the concept of brand identity and clarifies their key characteristics.

According to the conceptual model derived from the research, the relationship between the metaverse and virtual space, brand identity, and the brand-consumer relationship is explained through two fundamental criteria: digital brand marketing development and brand identity and consumer relations. The most important indicators of digital marketing development, based on the research findings, include: brand development and introduction on social media, brand presence in the metaverse, comprehensive brand advertising in the virtual space, virtual product exhibitions, brand employment and sales development in virtual spaces, legal oversight of digital marketing spaces, and consumer attitudes toward the virtual space. Furthermore, the most important indicators of brand identity and consumer relations, based on the research findings, include: public awareness of the brand and its products and services, brand trust-building, consumer perception of the brand's virtual communities, consumer interactions with the brand, alignment of the brand's slogan and beliefs, brand understanding of customer needs, continued use of brand products and services by customers, and customer loyalty and commitment to the brand.

Funding

There is no funding support.

Authors' Contribution

Authors contributed equally to the conceptualization and writing of the article. All of the authors approved the content of the manuscript and agreed on all aspects of the work

Conflict of Interest

Authors declared no conflict of interest.

Acknowledgments

We are grateful to all the persons for scientific consulting in this paper.

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