

# Building Brand Value Through the Metaverse: A Case Study of Alo Yoga's Metaverse Marketing Practices

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**Abstract.** With the rapid development of immersive technologies, the metaverse has gradually become an emerging space for brand communication that differs from conventional digital platforms. For fashion brands, the metaverse offers an interactive environment. And this environment provides new ways to express brand value beyond static information from the traditional digital market. And Alo Yoga could be an example of explore the metaverse during the early stages of the development of the metaverse. This study uses a case study approach to analyze Alo Yoga's metaverse initiatives. Moreover, it applies the SPICE framework to explore the reasons and intentions behind these practices. And this analysis indicates that Alo's metaverse marketing merge it healthy lifestyle brand value into the visual world. Using the immersion and interactive experience of the metaverse raise brand awareness and spread the wellness value. However, there are challenges too. The uncertain returns on the investment, incomplete legislation framework, and ongoing problems with the digital market now are the existing issue for the metaverse market. As the result, suggestions like using gamification designs, virtual influencers, and BNFTs are make.

**Keywords:** Metaverse marketing, Alo Yoga, brand value, immersive experience.

## 1. Introduction

The metaverse is a hyper-connected digital universe, which merges physical and virtual world [1]. Surprisingly, the concept of the metaverse has exist for more than three decades, it was first appeared in Snow Crash written by Stephenson [2]. And this concept has been shifted in three ways: first, it grows broader into multiple worlds which are interconnected, second, it turned into a blended reality perspective and a gathering of many technologies, third, it highlights the immersive and socially interactive in its environment [1].

From the aspect of commerce, the metaverse market holds a significant economic potential, and it could present a \$13 Trillion revenue opportunity by 2030 [3]. Compared to the traditional digital platforms, the metaverse market fosters boundless social environment through its immersive experience to cultivate consumption [1,4]. Besides, the metaverse offers brands a chance to connect with Generation Z, a group that is hard to reach through conventional market but active in the metaverse [5]. As the develop of the metaverse, and brands are raced to engage in this visual world. As the result, the metaverse marketing could become a crucial strategy for future band growth and connecting with consumers.

The metaverse has immense potential for future marketing. Therefore, firms and researchers are analyzing its concept, improving its technology, and developing theories to explain its business framework. Significant research has given meticulous work understanding metaverse developed to a more board, interact, immersive, and socially concept [1]. This is a foundational work to explaining how metaverse reshapes marketing [6].

In technology level, studies stressed the role of building blocks like blockchain, AI, and 3D modeling in enabling metaverse experiences, and techniques like NFTs and BNFTs are raising opportunities for uniqueness and brand engagement [7]. To the consumer-centered research, it focuses on how immersion, sense of presence, and interactions influence brand loyalty, satisfaction, and purchase intentions, particularly among younger generations [8, 9]. For instance, the Gucci Town, a cooperation with Roblox, indicated metaverse's potential to reach and engage Gen Z, while

Chipotle's Burrito Builder game illustrated how gamification bridges virtual and physical consumption [6,9].

From the perspective of firms, researchers have applied marketing frameworks like the 4Ps and 5Cs to invest metaverse, identifying strategies for brand awareness, users' experience, and profit [6, 8]. However, challenges such as ambiguous regulation, problem of privacy, and the gap between virtual and physical ROI have also aroused attentions [1, 6].

Despite these advancements, existing research remains fragments too. Most studies are either focus on theoretical frameworks or a broad industry, making it be lack of in-depth case analyses for specific brand. This study fills the gap by focusing on Alo's attempts, providing actionable approaches for sport and leisure brands and enriching evidence for metaverse marketing in specialized section.

This study examines Alo Yoga's metaverse initiatives, including the Alo sanctuary, digital wearables and virtual events, to understand how the brand translates its wellness value into immersive experiences. The research combining a systematic literature review, a case-study (CAS) approach, and the SPICE framework to evaluate the case. The objectives are to clarify Alo's strategic goals and practices in the metaverse, assess the outcomes and implications for brand equity and commercial potential, and provide feasible recommendations for the future metaverse strategy.

## **2. Overview of Alo Yoga's Metaverse Practices**

### **2.1. Alo's Attempts to the Metaverse**

Alo has taken some steps in the metaverse. The main activities include the launch of Alo Sanctuary on Roblox in 2022, which marked the brand's first formal step into the metaverse, experiments with VR-based virtual stores, with releasing NFTs with MoonPay, and participation in Metaverse Fashion Week on Decentraland. To sum up, these initiatives can be divided into three aspects: immersive experiences, interactive virtual shopping, and digital wearable products.

From the first started in 2022, Alo has continuously expanded its digital exploration in the metaverse. In the March of 2023, following the launch of Alo's exclusive digital wearables collection in The Sandbox, the industry media seen it as a mark the Alo will continuously explore the metaverse [10].

### **2.2. The Brand: Alo Yoga**

In 2007, Alo Yoga was launched in Los Angeles by Danny Harris and Marco De George as a premium lifestyle brand focused on luxury sportswear. It aims to spread mindful movement, inspire wellness and create community.

From the establishment of the Alo Sanctuary on Roblox to the participate in the Metaverse Fashion Week, Alo fulfills the idea of overall well-being -- from mental wellness to physical health, from personal to community all along. Although there is no specific turnover made by those combinations between the brand and the metaverse, they have substantially increased Alo's exposure and user engagement. At the same time, Alo spread the brand's message and reinforce its image.

### **2.3. Alo Sanctuary**

On February 10th, 2022, Alo Yoga and Roblox jointly announced the appeared of the "Alo Sanctuary", an immersive environment on the Roblox designed as a wellness space for yoga and meditation [11, 12]. This sanctuary aims to raise people's awareness of well-being, which strongly resonate with Alo's brand image as a promotor of wellness for the whole body, especially mentally.

The view of the sanctuary is consisting of air, land, and ocean, and the capital characters make up the brand's name Alo. Users would explore this place in avatars, which they designed in their own way. And they will gain a digital yoga mat at the first place. Moreover, by participating the meditation and the yoga tutor, they can unlock a five-piece digital clothing collection in the store of this virtual world to decorate their avatar. Besides that, when users complete their mindful movement mission in Alo Sanctuary, a donation will made through Alo Gives, Alo's nonprofit foundation.

And by the end of 2025, the number of accesses has reach to 120 million, indicating a significant engagement and attention.

### **3. Analysis of Alo Yoga's Metaverse Marketing Strategy**

#### **3.1. The Reason for Alo's Entry into the Metaverse**

This action of Alo entering the metaverse is a strategy of the company, and some possible reasons promotes it.

Firstly, a key consideration could be keeping up with the development of the industry. Recently, when metaverse become more and more popular, many sportswear and luxury brands have entered the metaverse. They made this exploration by corporation with game companies, like Nike's Nikeland and Gucci's Gucci Town, they are all on Roblox, or introducing virtual reality headset like Disney and Red Bul. For Alo, participating in the metaverse is following the trend of the develop of the metaverse market.

Secondly, metaverse is an approach to expend the consumer base. The users of metaverse are mostly Generation Z, and it means a huge potential market [9]. Besides, according to the Citi, the metaverse presents over \$10 Trillion revenue opportunity in 4 years from now [3]. As a result, entering the metaverse not only allows Alo foster the future or larger consumers, but also have chance to reach to a highly potential market.

Thirdly, the metaverse can strongly connected with Alo's brand values. The immersive and experiential character of the visual world can closely correspond with the main point of meditation and yoga. And by using metaverse, users can be more focus and concentrate at that time. This technology truly turns Alo's brand image of wellness to people's healthy activities.

#### **3.2. The Design in Alo's Metaverse Initiatives**

The main feature that makes up the metaverse can be described using the seamlessness, presence, interoperability, concurrence, and economic flow (SPICE) model [13]. And the SPICE model will be applied to analyze Alo's initiative in exploring the metaverse.

Seamlessness is related to an uninterrupted and interconnected environment within the metaverse, which enable users fluently switch between activities and scenes without feeling disrupted [14]. And the sense of presence comes from the authenticity spatially and temporally, which made the users think they are in a true world, even no body contact is allowed [13]. These two feature was realized by Roblox, the cooperative brand within Alo Sanctuary. Making users have not only a smoothy experience, but also a sense of being there. The technique support it translate to immersion experience where users can do meditation and other physical activities more focus. And this helped spread the wellness value by immersive training of certain healthy movements.

The concept of interoperability is about the connecting and exchangeable between the information of the metaverse and the physical world, and it means the information that users obtained on the metaverse are linking to the real world [13, 14]. In Alo's metaverse world interoperability lies in the virtual tutor and the real movements of the users. And being more clearly, when purchasing from the new collection of Alo, consumers will receive the authenticated NFT to exclusive benefit.

For concurrency, is a capacity to have quantity users in the same time and to make users can experienced more than one scene [14]. To be specific, Alo Sanctuary enables globally participation. Besides, there are multiple experience produce by different location in the metaverse world, like the place to do meditation and the place to shop.

As for a result, users can trade freely in the platform, and this is the economy flow of the metaverse [13]. Alo had already involved in crypto coin, and it can be applied to the brand's virtual store, with services as digital styling, wellness tutorials.

### **3.3. The Benefits of Metaverse Engagement for Alo**

Alo's attempts in the metaverse enhance users' engagement and promote the construction of healthy community. Although the company data is undisclosed, it is surely that metaverse helps Alo reaches out to Gen Z, and expand the user base [9]. Additionally, the authentic experience and interaction of the metaverse strengthen the brand's persuasion and influence on the consumer, and will cultivate connection and trust [15].

The brand position was expressed vividly through this immersive experience. Rather than traditional one-way communication, metaverse marketing leverages users' immersive engagement turning brand value into tangible yoga movements and meditation tasks, solidifying users' perception of Alo as a professional wellness lifestyle brand [1, 4, 8] To be specific, Brands are remembered through experiences like participating in the Alo Sanctuary. Rather than messages, and the memory forms the brand's position in the user's mind [16].

The metaverse has enabled Alo to create new business paths and revenue streams. With direct purchases via its immersive virtual store and NFT assets that Unlock real-world benefits or virtual items. The virtual-real integrated transactions have become a feasible model, proven by lots of brands [9]. It realizes diversified monetization through virtual goods sales and subscriptions [17]. Breaking traditional business boundaries, Alo made the consumption or exchange in the experience, the unremitting events reduce purchase path and turn consume into a part of experience [4].

However, besides these opportunities, the adoption of metaverse marketing also have a range of challenges and risks. Broadly summarized into three problems, the uncertainty of marketing outcomes, the immaturity of regulatory frameworks, and the persistence of unresolved problems inherited from traditional digital marketing.

Firstly, the association of brand with the metaverse is in its early stages. Consequently, there are only limited data being available to evaluate. The effect to certain aspect like the rate of consumers' satisfaction, the proportion transformed into product sales, or it to long term loyalty is uncountable [6]. And this uncertainty makes it difficult for firms to assess their return on metaverse investment accurately, influencing their decisions.

Secondly, due to the complete system of law for the metaverse has yet to be established, firms may come across problems which are hard to define in the legal system. Particularly, when firms collecting personal data to enhance consumers' experiences in the metaverse, it may the issue of data protection regulation [6]. Furthermore, when using the metaverse to market to younger adults, firms could face difficulties in ethical and regulatory [6].

Lastly, problems that have already present in digital marketing will still exist in the metaverse marketing. Such as the decrease of the trust caused by misinformation, or finding an appropriate and positive influencer.

## **4. Suggestion**

### **4.1. Introduce Gamification Design and Reward Mechanism**

To enhance users' engagement and loyalty, Alo should align gamified experience with its wellness value. Gamification not only increase consumers' engagement and retention, but also foster social interactions and cultivate followers of the brand which are more significant in a social environment like metaverse [18]. Alo has already cooperated with Roblox to create a vibrant ecosystem and attract users. Additionally, a dual-incentive model with both virtual and physical rewards could be used as a part of the game. In the metaverse, users get virtual rewards like mats, avatar wearables, background music, to complete their world, and receive discounts or gifts.

### **4.2. Leveraging Virtual Influencers**

Alo should develop healthy and vibrant virtual influencers to describe their core value of wellness. Apart from physical influencers, brands have full control over the meta-influencers, avoiding

unpredictable scandals or uncontrollable negative impacts [19]. And Gulan et al. imply anthropomorphism and quality communication enhance brand fidelity [20]. To be specific, Alo could design a virtual mentor to tailor to the demands of users, to engage in high-quality communication, and to attach in deeper connections. Besides, the positive and personalized virtual figures could be a solution to the underage safety problem. The human-like interactions with virtual influencers will resonate with teens and help them to shape a value of vigor and peace.

### **4.3. Expand the Use of the Branded Non-Fungible Tokens (BNFTs)**

Branded non-fungible tokens (BNFTs) are different from normal NFTs by integrating brand elements like logos and values while backed by blockchain technique, which, similarly to cryptocurrencies, ensures uniqueness and transparent transactions [7]. Blockchain technology is the basis of the immersive world; it protects users' property to a great extent. And contrary to NFTs, BNFTs work in link with brand identity and cultivate trust [7].

Although Alo has already explored NFTs in a virtual store with services such as digital styling, beauty and wellness tutorials and online exercise classes, it lacks of high quality interaction with the consumers. To build on this, Alo could leverage BNFTs not only as a ticket to entry, but also to foster an immersive and interactive experience. For instance, BNFTs could unlock exclusive virtual yoga tutor, customized classes or other communing activities to raising users' mental wellness and physical health.

## **5. Conclusion**

By reviewing Alo Yoga's attempts and intention, this paper discuss it exploration of the metaverse market. Alo's attempts ranging from associate with Roblox, which is builds a visual world, to release NCT with MoonPay. There are several possible reasons. One reason is to keep up with industry trends. Another reason is to attract young consumers, especially Gen Z, who are the main users of the metaverse. In addition, the brand aims to spread its image of physical and mental health in the immersive experience of the metavers. From the perspective of the SPICE framework, Alo's metaverse exploration makes full use of the metaverse's features. And the brand image as a promotor of wellness has clearly demonstrated in Alo's visual world.

Besides these advantages, the metaverse market could face several challenges. Since the metaverse marketing represents a change in the digital marketing, firms and brands may encounter with the lack of systematic theories, legislation framework, and consumers' trust. And based on these analyses, this paper has suggested some future movements for Alo to strengthen consumers' loyalty. Including involving gamification design, using virtual influencers, and integrating brand elements into NFTs, which is BNFTs.

This study enriches the research against the metaverse marketing by adding a case study into it. And the study offers several feasible choices for sportswear brands to perfect their movements in the metaverse marketing. However, due to the limitation of detailed financial reports, the study is short of quantify verification. As the result, future research could overcome this imperfection by intake data from the brands. And it should also focus on the consumer behavior outcome lead by the metaverse marketing.

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