

METaverse & YACHTING: THE DIGITAL WORLD



ANYONE HAS AT LEAST HEARD OF THE METAVERSE AND ITS POTENTIAL APPLICATIONS IN VARIOUS AREAS OF THE ENTERTAINMENT SECTOR. WHAT OPPORTUNITIES DOES IT OFFER TO THE YACHTING INDUSTRY?

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Lorenzo Montagna, CEO of technologies companies in Italy for over 20 years, quoted: "The Metaverse is a digital world, made up of open and shared spaces in which we move physically, in first person or represented by avatars, to meet and interact with other people, with objects and the surrounding environments. It is a world we access through PCs, smartphones, glasses, visors. It is a world that extends our physical experiences by taking us into new contexts where the real and the digital intersect, dialogue, or replace each other, creating new personal, social, and contextual experiences of meaning where economic transactions take

place through platforms, wallets and virtual currencies that create new markets."

EXAMPLES OF METAVERSE

The metaverse is the evolution of the Internet, based on 3D web and aimed at making the digital paradigm evolve from a content exchange, as in the case of web and social networks, to an experience exchange, in which - thanks to the immersiveness of virtual, augmented, and extended reality - the users do not only testify and share, but actually experience a slice of reality. An app that puts a piece of furniture in the image of a room taken by a smartphone camera, a 3D world in which users move, interact, create their own mini-



games and monetize from the other players using it, or the representation of a distant environment where the user who can interact with virtual objects moving their hands, are all shades of metaverse, and already reach over 800 million people worldwide.

DIGITIZATION AND VIRTUALIZATION

The ideas of the Metaverse have recently shifted from science fiction and patents to the forefront of consumer and enterprise technologies. These experiences' limits lie in human imagination rather than technical limitations.

It is a widely held view that the digitization phase that took place from 2000 to 2020 is now being overlaid by virtualization, a blending of the real and the digital that is creating new scenarios where the digital leaves the screens to be a physical overlay (Augmented Reality) or even the whole context in which we find ourselves (Virtual Reality: a single, shared, immersive, persistent, 3D virtual space where people experience life in ways they could not in the physical world).



The digital twins of physical yachts can be extraordinarily useful tools for boating practice and stress testing of the products in extreme conditions

[Above]
Lorenzo Montagna,
founder of second stAR VR

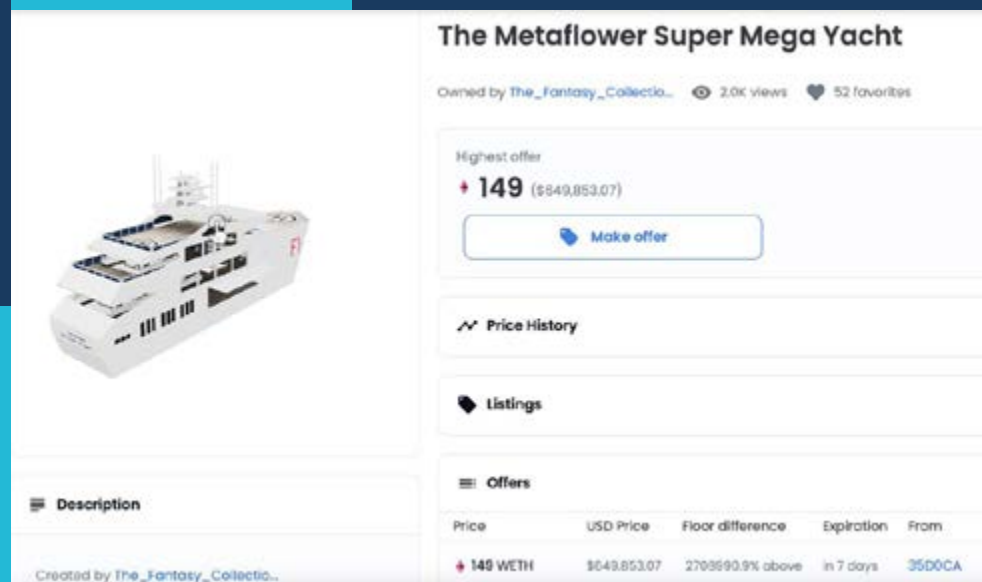


We access the Metaverse digital world through PCs, smartphones, glasses, visors

A NEW SALES CHANNEL IN YACHTING

Despite recent turbulences, typical of the early phases of technology innovation, there is quite a general consensus that the Metaverse may be a next, and significant, sales channel in the luxury goods sector, including yachts. Last year, direct-to-avatar purchases (i.e. virtual products and services, NFTs, etc.) in all the industries amounted to some 54 billion dollars: merchant banks and many financial analysts believe that, within a few years, this amount could represent the value of the luxury purchases only. Web 3.0 will indeed enable disintermediation between shipyards and yacht owners, as well as letting the parties meet in a virtual and equally experiential showroom, allowing the customer to experience the boat and the boatyard as if they were there, thanks to digital transformation. This would be a convenient way to reach new markets and followers, even in regions further away from the production center. It is a business volume of enormous proportions that could reach USD 800 billion by 2024, and even USD 13 trillion by 2030

In February 2022, a Metaverse player bought the "Metaflower Super Mega Yacht" in NFT for 149 Ethereum (ETH) (about USD 650.000.00)



according to Fortune: a year in which the metaverse economy will account for 10% of the global economy, according to Citibank.

ISSUES TO BE CONSIDERED

Of course, these figures are mere estimations; plenty of possible factors may modify the essence and the size of the market. Still, there are some issues that cannot be neglected and suggest how luxury and yachting metaverse business cases can exist:

1. first, the purchase process of yachting is complex and often limited in terms of pleasantness, sometimes even limited in terms of actual purchases by the fact that customers often buy on paper. 3D modelling and virtual reality, in this perspective, may represent fundamental levers to give the projects a tangibility: it would make it possible for prospect customers to "see" and "experience" their yacht before purchasing it, making decisions about interior design and getting a rendering of the final result earlier and more effectively;
2. second, the digital twins of yachts, i.e. virtual reality copies of the physical yachts can be extraordinarily useful tools for boating practice, stress testing of the products in extreme conditions;
3. third, the digital twins may even become virtual products with a defendable

intellectual property right. Renderings and VR model may be sold through NFTs, and put by a customer in an island owned in a sandbox, meaning a decentralized social metaverse platform: similarly to what several fashion brands already do, launching special capsules with physical products and their digital twins available for avatars. They may even be rented to third parties (e.g., for virtual events) and hence monetized beyond trading. While this last business case may be seen as less relevant, it may be a fundamental collector of creativity in design and may give origin to even radical innovations: as demonstrated by the fact that some luxury and fashion brands, such as Ralph Lauren, have begun launching virtual products before physical ones, being inspired by 3D videogames like Fortnite or Roblox;

4. metaverse technologies have an impact on design and production processes. This makes it possible to have engineers and architects from all over the worlds working simultaneously on the same 3D model, stress-testing, sharing innovation, shortening the development phase, translating more quickly the ideas into requisite for shipyards. Shipyards which, in turns, may benefit of virtualization to show their excellence in manufacturing presenting it to (potential) customers from all over the world.

POSSIBLE CONCERNS

In the past it was unusual to imagine a world with online purchasing of yachts. Interactive booking systems, information on demand, Virtual reality would have seemed totally unsuitable to present to a potential customer the experience of buying a yacht. In fact, the yacht was (and often still is) considered to be an emotional asset par excellence where the contact with the vessel, the feeling with the shipyard, the adherence to brand values and the magnificence of the vessel seemed to have to be touched and tangible in order to be totally welcomed and purchased by the new owner.

ADVANTAGES

The main criticism from the yachting culture is that the metaverse, being decentralized and far from the shipyard center, can jeopardize the connection with the yachting environment and local stakeholders. On the other hand, the tools made available by technology can have a number of benefits of no small importance: thanks to the immersive experience, the customer can express their needs and preferences at a higher level, up to a degree of customization of the real vessel thanks to



development work on renderings and virtual models before the vessel is built. With constant interaction with the vendor, its designers, its materials and furniture suppliers, all around a virtual and interactive boardroom, the customer (and the manufacturer) would save costs and travel time in defining the vessel to be built. In such a scenario, it is worth noting that part of the industry has already stepped ahead to adopt and adapt the metaverse to its positioning strategy.

THE LANDING OF METAVERSE

In September 2022, at the Genova Boat Show, Luca D'Ambrosio presented an application of the metaverse in the yachting industry: YACHTING METAVERSE. It is an app specifically designed to provide customers and enthusiasts with numerous experiences related to the nautical world: virtual boat tours, virtual spaces where to host events or boat shows that are accessible to everyone all year round. The project has already been exported to the United Arab Emirates, where the Dubai International Boat Show dedicated part of its March 2023 edition to technological progress and the opportunities offered by the

metaverse to study, design, virtually test and purchase yachts and new boats. On the shipyard side, Mario Gornati, Global Chief Marketing Officer of Azimut Benetti Group, recently stated that it is as important to talk about the metaverse now, as it was to talk about social media ten years ago. The yacht industry is monitoring it and opportunities have already been investigated in order to be ready to oversee or to participate.

METAVERSE & NEW CUSTOMERS

For the nautical industry, the metaverse is a powerful means to get in touch with a new cluster of potential customers such as young people who have achieved significant success, especially thanks to the new economy, venture capital and innovative startups. Basically, customers who live on technological innovation and spend much of their time online or connected to technological devices. Some analysts and industry experts rightly believe that yacht marketing remains naturally linked to a personal and emotional experience that cannot be sustained by any artificial presentation: however, the metaverse will increasingly become an indispensable marketing and communication tool to target new tribes of potential young enthusiasts.

DIGITAL & CRAFTSMANSHIP

The metaverse will make it possible to see, test, adapt, customize, and choose the vessel; it will shorten the distance between manufacturer and consumer and make the excitement

Transom bulkheads deployed - Indah's sunpads are composed of light sectionals easy to set up

When Indah's beach club transom is fully deployed it allows for accessing water and unobstructed views from much larger deck space. Uniquely designed openings in the bulkheads serve as tender access. In this configuration tenders remain out of sight but readily accessible when required



of entering the yard or boarding the yacht accessible even to those who, miles away, would not be able to otherwise. The metaverse will be an important piece in the nautical marketing mix to position the product, to communicate brand values and to capture the attention of the end customer. Still, in the end, it will always be the quality of the product and the hand of the craftsman who made it that will make the real difference.

NFTS IN DETAIL

Technically, Non-Fungible Tokens (NFTs) are assets that have been tokenized via a blockchain, and they have unique



Metaverse in yachting will enable disintermediation between shipyards and yacht owners, allowing the customer to experience the boat and the shipyard as if they were there. These technologies could establish a stronger aspirational link with GenZ and young, hard to target generations

identification codes and metadata that distinguish them from other tokens. Thus, NFTs represent a certificate that guarantees unique and unambiguous ownership of a unique digital object that cannot be reproduced nor counterfeited, and whose ownership can be transferred. NFTs can be traded and exchanged for money, cryptocurrencies, or other NFTs: all depending on the value that the market and owners place on them. They play a key role in the metaverse and exponentially expand the possibilities of this digital multiverse, as they represent unique – or at least rare – commodities characterized by limited availability.

TWO EXAMPLES OF CYBERYACHTS

In February 2022, a Metaverse player bought a yacht in NFT for 149 Ethereum (ETH) (about USD 650,000.00). The 'Metaflower Super Mega Yacht' had become the most expensive of the virtual objects on The Sandbox, Republic Realm's digital platform, but there



are increasingly stratospheric purchases in the various Metaverse. The yacht's design is more reminiscent of a Minecraft construction than an elegant boat paraded on the Costa Smeralda. However, the digital specifications are just as luxurious as those of a real yacht. For example, the Metaflower has no less than four floors, relaxation areas with Jacuzzi, a DJ station and even two helipads. This yacht is part of the 'Fantasy Island Collection,' which includes boats and accessories for virtual sunbathing on 100 NFT islands. There are speedboats, jet skis and private clubs that you can set up on your own island. The NFT version of a Caribbean archipelago where you cannot swim, but you can spend hundreds of thousands of euros on boats. In April 2022, on the other hand, metaverse yacht company Cyber Yachts announced the world's most expensive NFT (born from a collaboration with yacht designer Lukasz Opalinski of Opalinski Design House): a 120m megayacht named 'Indah', that costs 400,000 USD and can be purchased in Ethereum (ETH), Bitcoin (BTC) and Bitcoin Latinum (LTNM). In addition to the NFT, the buyer will also receive the real megayacht based on the same design.

WHAT'S NEXT?

Unlike the physical world, the metaverse knows no boundaries, and we are all excited to see how an industry as rich in tradition as yachting will adapt (or respond) to it. However, for the metaverse and yachting cruise to be pleasant and fruitful,

some questions are to be addressed:

1. content creation and storytelling on the metaverse are expensive financially and organizationally (new skills, new partners, etc.). This implies the need for the companies to associate metaverse solutions to real business problems and customer needs, in order to have a proper payback;
2. there is a growing concern about the environmental impact and energy consumption of some metaverse-related technologies such as the blockchain and NFTs. Given the growing environmental awareness of the industry, a significant attention is to be put on the matter;
3. a number of legal issues will also need to be addressed, most notably the protection of intellectual property, data, and privacy, which are key issues for yacht owners.

CONCLUSIONS

Nonetheless, these challenges should not discourage the exploration, because the advantages in terms of customer experience, manufacturing, innovation, new revenue streams, and also long-term profitability (considering how these technologies could establish a stronger aspirational link with GenZ and young, hard to target generations) are potentially conspicuous. In the end, if yachting and sailing have taught something to mankind, it is that being able to target an objective, hold course, going with the flow and working with the crew are the best ways to turn the virtually impossible into virtually possible.