

EXECUTIVE SUMMARY

The retail industry is one of the largest contributors to Indonesia's Gross Domestic Product (GDP) contributing 10% within the year 2011 to 2021. The modern retail industry in Indonesia is mainly attributable to the increase of internet users which subsequently leads to the increased number of online shoppers especially through e-commerce and social media. Customer experience is one of the most important aspects within the context of online shopping and to be able to manage it could lead to a firm's success in maintaining competitive advantages. The current problem faced by luxury brand marketers is how to offer an extensive online shopping experience without sacrificing any physical elements of traditional offline shopping.

The metaverse technology could bring online seamless customer experience realizable. Aiming to recreate real life interaction digitally with the use of avatar systems to interact within a 3D virtual space, the metaverse as a platform can provide access to online shopping experience that resembles offline shopping experience, with the addition of lifelike interactions more immersive than any shoppers have ever experienced. This raises an opportunity for businesses to implement metaverse technology into the retail industry. Moreover, the retail industry is known to have a high potential in the future due to the continuous growth especially in terms of online sales.

The product created by implementing metaverse technology into the retail industry is a metaverse based virtual mall by the name of Re:Verse Virtual Mall. Re:Verse Virtual Mall adopts Focus Differentiation strategy to aim for tenants from mass market fashion and beauty brands and shoppers from Generation Z impulse shopper segment. Re:Verse's revenue would flow from rental, add-on services, and advertisement incomes from retail brands as well as transaction fee income from shoppers. Re:Verse targets to reach 65 brands who join as a tenant and 182.997 monthly active users during the first year of business and aims to eventually reach 135 brands and 900.000 monthly active users over 5 years. This would be achieved by various online and offline marketing activities such as online and social media marketing, advertising, public relations and publicity, events, sales promotion, influencer/expert collaboration, and direct marketing.

Re:Verse will be working together with a number of partners especially tech partner as the most important for the mall's development and operations. There are 7 development phases of the virtual mall, namely planning, pre-production, production, testing, pre-launch, launch, and post launch phases with additional quality management systems to ensure quality to be up to par. Re:Verse is supported by an internal core technology team consisting of a metaverse/unity developer, UI/UX designer, AR/VR software engineer, digital mall operation

executive, and digital strategy director. Re:Verse Virtual Mall is planned to launch in the year 1 first quarter with the total of development cost for year 0 of Rp15,695,208,000.

Re:Verse integrates human resource management activities to get the best talent to support Re:Verse's generic competitive strategy. Re:Verse prioritizes creativity and innovation in addition to skills during employee selection, uses rituals as culture cultivation, holds training and development activities to increase employees' competence and collaboration, as well as giving out direct compensation such as salaries, allowances, incentives, and overtime; and indirect compensations such as private health insurance, paid leave, and 10 additional off days on the end of periods; as a form of reward to motivate employees.

With Rp53,000,000,000 capital investment sourcing from founders and venture capitalists, Re:Verse Virtual Mall is projected to reach positive Rp10,015,212,249 NPV with an IRR of 37%, greater than the cost of equity of 35%. Re:Verse's payback period is projected in the year 8 first quarter on 28.31 profitability index. According to scenario analysis, Re:Verse Virtual Mall business has a relatively high risk. This is also supported by sensitivity analysis where there are three variables that have the most effect on NPV, which are the rate of technological development, marketing costs, and capital expenditure. Re:Verse has identified the risks of the changes of the three variables to the business' NPV and developed a mitigation plan and strategy to assist in mitigating the identified risks.