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The Metaverse

A view from inside

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Introduction

"**Metaverse**" has become the buzzword of 2022.

But what exactly *is* the metaverse?

While we're not here to define it (that's really for those
already living in it) **we *are* here to share a glimpse
of what the metaverse looks like through
the user's eyes and experiences.**

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Why It Matters

Gen Z is growing up in the metaverse.

It's not a foreign or futuristic concept for them – it's their reality. Through virtual events, AR, gaming, and other immersive experiences, the metaverse is impacting the way Gen Z thinks, acts, socializes, and spends money every day.

Our intent was to understand the promise of the metaverse (and its world) through the lens of gaming because it is one of the most developed parts of the metaverse, and hints at what's to come.

In this study, we dive into the metaverse's impact on identity, social interactions, and commerce to understand how Gen Z blends experiences across online and offline worlds, and what this means for brands.

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Study Limitations

The metaverse – a philosophical future vision
of the internet, steeped in ideas of synchronous 3D
immersive worlds where we also live – isn't here yet.
But we do have gaming as an indicative set of behaviors
and interactions that signal what to expect as the
metaverse, or Web3, develops.

While brands are dipping their toes into different aspects
of these emerging spaces, gaming is a unique area to
focus on due to the scale of community interactions
between real people in this space. This study analyzes
gaming behaviors and expressions of self as a window
into the attitudes, behaviors, and identities we expect will
continue to motivate people to enter into these
metaverse community experiences.

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Research Objective

To understand meaningful metaverse experiences and how they will influence culture at large.

Key Questions

Who or what is in the metaverse?

What impact does the metaverse have on identity?

What is the quality of connections created within the space?

How is the metaverse similar or different from the real world?

What role do Gen Zers believe the metaverse plays in their mental health?

What is Gen Z's perception of data privacy?

What is Gen Z willing to spend money on?

What is or isn't a brand's role in the Metaverse?

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Our Approach & Methodology

To better understand the metaverse, we zeroed in on a key space where Gen Z is already deeply engaged: gaming.

Phase 1:
DIGITAL ETHNOGRAPHIES

OBSERVE

We shadowed 12 Gen Z gamers during a 1-hour video gaming experience, using probes to understand why they chose certain avatars, and how they interact with other players, brands, and the environment.

12 Gamers*
*Play immersive video games (e.g. Animal Crossing, Fortnite, GTA, etc.) at least monthly, and engage in interactive in-game experiences (e.g. create avatars, build worlds, buy things, attend in-game events, etc.)
100% Gen Z, 50% Female, 50% Male, USA

Phase 2:
FOLLOW UP IN-DEPTH INTERVIEWS (IDI)

INQUIRE

We then hosted follow-up IDIs with each gamer to dive deeper into their gaming experience and understand "who they "are" when they play.

Phase 3:
ONLINE SURVEY

QUANTIFY

We quantified learnings using an online survey to 1,000 youth gamers across the US, noting where Gen Z differs from other generations.

1,000 Gamers*
*Play immersive video games (e.g. Animal Crossing, Fortnite, GTA, etc.)
Fielding dates: 1/20/22 - 2/8/22
37% Gen Z, 49% Millennial, 14% Gen X
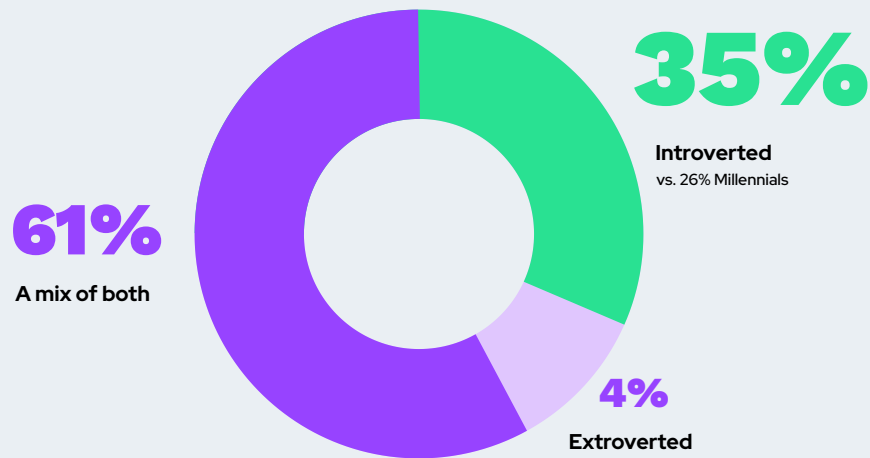51% Female, 45% Male, 4% Nonbinary USA

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The metaverse makes space for self-exploration.

Gen Z is an introverted generation.

Q: HOW WOULD YOU DESCRIBE YOUR OVERALL PERSONALITY?

35%

Introverted
vs. 26% Millennials

61%

A mix of both

4%

Extroverted

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INSIGHT ONE: The metaverse makes space for self-exploration.

Gen Z is the first generation to feel more like "themselves" in the metaverse than IRL.

Q: IN GENERAL, WHERE DO YOU FEEL MOST ABLE TO BE COMPLETELY YOURSELF?

In–game vs. in–person

52%
GEN Z
in–game

41%
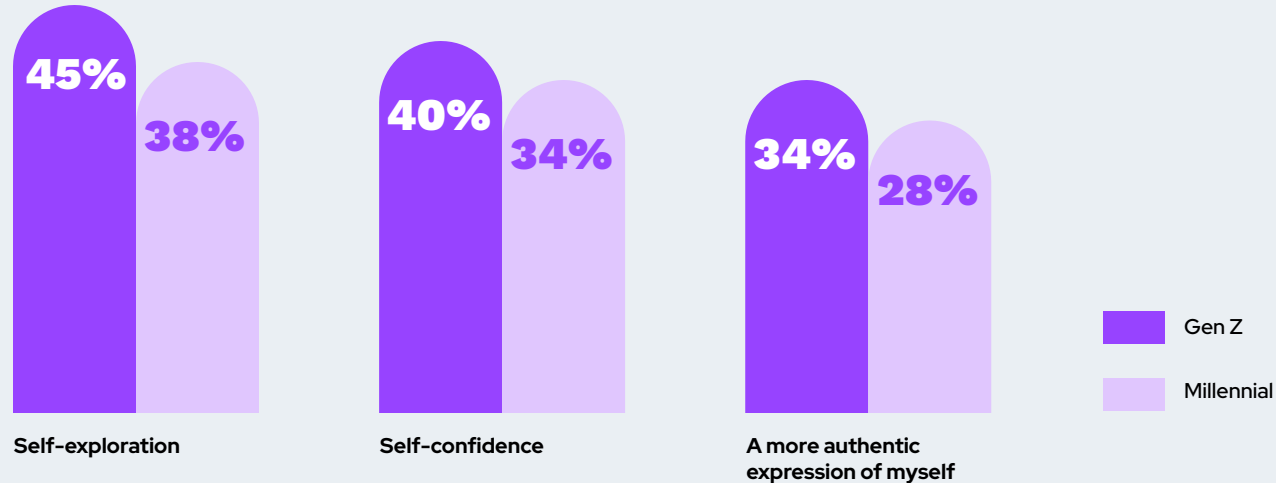**MILLENNIAL**
in–game

24%
GEN X
in–game

"

In real life, as a transmasculine person, I don't pass whatsoever. **In games I can present the exact same as IRL and still pass.** My long hair and love for cute things will never make someone I'm playing with or an NPC* misgender me.

– Gen Z, Nonbinary
*(non-character player)

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INSIGHT ONE: The metaverse makes space for self-exploration.

The metaverse frees them to explore who they truly are.

Q: WHAT DO YOU GAIN FROM GAMING (BESIDES GENERAL ENTERTAINMENT)?

45% **38%**

40% **34%**

34% **28%**

Self-exploration

Self-confidence

A more authentic expression of myself

■ Gen Z

■ Millennial

> "
> An avatar is a truer version of who you are because you have very little anxiety compared to real life, you can do and say things you would not normally do.
> **For example, I met my current girlfriend of nine years on a video game called Little Big Planet, and had I met her in real life, I probably would have never approached her.**
>
> *- Gen Z, Male*

INSIGHT ONE: The metaverse makes space for self-exploration.

Exploring who they are online helps them express who they are offline.

40% **51%**

Feel like who they are online influences who they are in the real world.

29% **42%**

Use their avatar to try out looks they might implement in the real world.

Gen Z

Millennial

Having an online persona increases my confidence and makes me more willing to express myself in person and take social risks that I would typically not take. Talking to people online makes people, as a whole, seem more approachable. The way I express myself online is very well spoken, outgoing, and upfront. These traits tend to bleed into my daily life and help me to forge better connections in the real world.

– Gen Z, Nonbinary

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INSIGHT ONE: The metaverse makes space for self-exploration.

BIPOC* Gen Z are even more likely to "be" themselves in a game.

*Black, Indigenous, and people of color

56% of Gen Z say:
"MY AVATAR IS ME."

61%
BIPOC

50%
WHITE

45% of Gen Z say:
"I FEEL LIKE MY IDENTITY IN A GAME IS A TRUER EXPRESSION OF WHO I AM."

1 IN 2 BIPOC

2 IN 5 WHITE

"

My avatar is a truer version of who I am because it shows what I'm truly made of and **what I have inside me and the potential I have.**

- Gen Z, Male,
Asian-identifying

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INSIGHT ONE: The metaverse makes space for self-exploration.

Gaming allows Gen Z to co-create a more inclusive & representative world.

2x

BIPOC Gen Z are nearly 2x more likely than White-identifying Gen Z to design their avatars to look like them.

"I FEEL PERSONALLY REPRESENTED IN VIDEO GAMES."

58%
BLACK/AA

57%
LATINX*

Low sample size, use directionally

48%
WHITE

"
The reason I picked my avatar is because **he's in dreadlocks. I used to be in dreadlocks. He's dark skinned like myself.** He's quite a lot more light skinned than I am, but his dark skin is a Black American. So basically that's why I chose the avatar. **Someone that kind of represents me.**

- Gen Z, Male, Black-identifying

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INSIGHT ONE: The metaverse makes space for self-exploration.

The metaverse cultivates connection.

Gen Z spends twice as much time hanging out with friends in the metaverse than in real life.

AVERAGE TIME SPENT PER WEEK IN A GAME VS. IRL:

12.2 HRS

Playing video games

6.6 HRS

Hanging out with friends in person

TOP THREE PLACES GEN Z SPENDS TIME WITH FRIENDS:

#1. Playing video games

#2. At each other's homes

#3. On social media

"

If I'm playing The Sims, and I have a task to go to a neighbor's town in the game, then I usually just go to Bethany's. I like to look around her house and stuff, it's always fun.

– Gen Z, Female

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INSIGHT TWO: The metaverse cultivates connection.

Connections are forged and fortified in the metaverse.

RELATIONSHIP STATEMENTS GEN Z AGREES WITH:

65%   I have **developed new relationships** through gaming.

64%   I have **strengthened existing relationship**s through gaming.

60%   **I enjoy hanging out** with friends through gaming just as much as in real life.

57%   I'm **able to express myself** more openly to people in a game than I do in real life.

52%   It's **easier to make new friends** through gaming than in real life.

"

Being able to meet different people keeps the game more alive, it keeps it more interesting. **We're not in this world by ourselves. We all have each other, so it makes it more fun.**

– Gen Z, Female

INSIGHT TWO: The metaverse cultivates connection.

Gen Z's online relationships are just as meaningful as their offline relationships.

Q: SOCIAL INTERACTIONS IN A GAME ARE ____ AS THOSE IN REAL LIFE.

14%
Less meaningful

65%
Just as meaningful

21% ————
More meaningful

1 in 5 Gen Z says their interactions in a game are even *more* meaningful than in real life.

> **With my internet friends, I had never met them in real life, but I've told them my deepest, darkest secrets.** But like, with my real person friends, we won't get there till like three, four or five years down the friendship.
>
> *– Gen Z, Female*

65%
Of Gen Z have **developed new relationships** through gaming.

64%
Of Gen Z have **strengthened existing relationships** through gaming.

INSIGHT TWO: The metaverse cultivates connection.

INSIGHT THREE

Gen Z feels gaming improves their mental health.

Gen Z believes gaming helps (vs. hinders) their mental health.

" There's good music, there's lovely scenery that really helps me kind of feel like I'm like the main character in the video game. [...] **Things in the past or even things in the future, don't really matter, it's just me being present.**

– Gen Z, Female

Q: WHAT DO YOU GAIN FROM GAMING (BESIDES GENERAL ENTERTAINMENT)?

1 in 2 Gen Z says gaming **improved mental health.**

77% Of Gen Z say they play video games to **release stress and anxiety.**

INSIGHT THREE: Gen Z feels gaming improves their mental health.

The metaverse allows Gen Z to dream and create a world they want to live in.

"

I love exploring a world and just being able to sit there for a really long time and feel like I'm a part of it. I feel like it kind of makes me forget about everyday life, even if everyday life is going fine, like it's still a nice mental vacation, it's like socially acceptable daydreaming.

– Gen Z, Female

1 in 3 Gen Z says they play video games to **build a more idealized version of the world.**

56%

Of Gen Z say: **"Gaming is an escape from real world issues."**

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INSIGHT THREE: Gen Z feels gaming improves their mental health.

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INSIGHT FOUR

The metaverse extends their reality.

The metaverse is not only an escape, but an extension of Gen Z's reality.

THINGS GEN Z WANTS TO EXPERIENCE IN A GAME OR OTHER METAVERSE WORLD:

1. Making money (52%)
2. Meeting new people (47%) vs. 43% Millennials
3. Bonding with friends/family (39%)
4. Traveling to a new place (37%)
5. Learning about another culture (36%)
6. Building a career (33%) vs. 27% Millennials
7. Creating a personal identity (31%)
8. Browsing products (29%)
9. Gaining an education (27%)
10. Buying virtual goods (26%) vs. 23% Millennials
11. Going out on a date (21%)
12. Raising a family (17%)
13. Getting married (11%)

"

I just **want to do something that I haven't done in the regular world** and I may not be able to do in the regular world.

– Gen Z, Male

"

I feel like I'm part of the game. Sometimes when I get snuck up on, I get scared, even though I know it's a game. There's rush, there's happiness, there's feelings of being upset. **There's real feelings just as in real life.**

– Gen Z, Female

"Success" is attainable in the metaverse.

1 in 3 Gen Z says:
"Success in the metaverse is the same as success in real life."

1 in 2 Gen Z would like to experience **"making money"** in a game or other metaverse world.

1 in 3 Gen Z would like to experience **"building a career"** in a game or other metaverse world.

"
One thing is called "my career" where **you have your own career. You start from the bottom and work your way up.** In career mode you can get partnerships kind of, and then you'd be signed to that shoe brand and they release your own shoe.

– Gen Z, Male

INSIGHT FOUR: The metaverse extends their reality.

Gen Z buys virtual goods for their virtual experiences.

Over the next five years, 1/5 of Gen Z's "fun budget" will go to the metaverse.

15%

Percent of total "fun budget" today.
Current average (median) spend on
in-game purchases: **$50/year**

20%

Percent of total "fun budget" five years from now.

"
When you see real brands in the game, you want to indulge in them. And when you do, you feel like even if you haven't indulged in real life, you know you've had a bit of a real life experience and you may get to understand how it feels. Let's say, for someone that hasn't really been in a Lamborghini or something, or that hasn't really been in some sort of club before, you would have that experience while in the game, and it would be lovely.

– Gen Z, Male

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INSIGHT FIVE: Gen Z buys virtual goods for their virtual experiences.

25

Metaverse entertainment is a major motive for spending.

#1

Thing Gen Z spends money on in a game:
Things that provide entertainment.

"

In Fortnite, they've had like actual concerts in the game. Marshmello, Travis Scott. **A lot of people tune into it and people watch livestreams of it, and they're really hyped and really entertaining, too.**

– Gen Z, Male

"

I must say, Megan Thee Stallion [is what has stood out the most], because Fortnite has a lot of songs by her. I don't even know if they have her like as a skins but **I hear a lot of people always playing her music in the background** or like whenever I like, turn.

– Gen Z, Female

INSIGHT FIVE: Gen Z buys virtual goods for their virtual experiences.

Gen Z buys virtual goods that give them a distinct identity.

TOP PRODUCTS/EXPERIENCES GEN Z SPENDS MONEY ON IN A GAME:

#1 Things that help me express myself

#2 Things that help me learn

#3 Things that help me one-up other players

#4 Things that align with my values

#5 Things that help others understand me

    (29% more likely than Millennials)

#6 Things that make me part of a community

#7 Things no one else has

    (31% more likely than Millennials)

"

Just the fact that it's unique makes you feel more special. In games like Fortnite, a lot of people didn't play season one, so if you got the Battle Pass they gave you these skins. And they're really, really rare now, so it just shows that you've been playing since day one and people recognize those skins and are like, holy crap, that's an old skin. **It kind of gains a respect for you, too.**

– Gen Z, Male

"

I like to customize my avatar, **I don't want to be bland.** I love to be more enthusiastic, be out there. I just enjoy being expressive and seeing the different emotions that the person in the skin can have as well.

– Gen Z, Female

INSIGHT FIVE: Gen Z buys virtual goods for their virtual experiences.

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Gen Z's virtual goods are just as important as the things they own IRL.

2 in 5

Gen Z say:
"My virtual possessions are just as important to me as my real-life possessions."

INSIGHT FIVE: Gen Z buys virtual goods for their virtual experiences.

INSIGHT SIX

Gen Z welcomes brands in the metaverse.

Brands make the metaverse feel real.

"

Brands add to the experience. I wish they had more like kitchen appliances, like if you could buy a KitchenAid refrigerator and brand name appliances instead of just weird random names, I feel like that would add to the experience. It would feel like you're getting like a higher end appliance.

– Gen Z, Female

"

Brands don't interfere with the game at all. **I think it's actually pretty cool when real brands are in games.**

– Gen Z, Male

"

When it comes to brands in a game, it honestly just depends on the brand and what it is. **If it feels like it belongs in the game and it's gotten the vibe right, it can really enhance it.**

– Gen Z, Female

INSIGHT SIX: Gen Z welcomes brands in the metaverse.

Gen Z wants places to shop and buy products from brands.

1 in 3 Gen Z would like to see:

Virtual stores for browsing/buying products

Brands selling skins/apparel for avatars

Q: WHICH OF THE FOLLOWING WOULD YOU LIKE TO SEE FROM BRANDS IN GAMES OR OTHER METAVERSE EXPERIENCES?

46% Free products/experiences

36% Providing experiences

23% Creating branded digital worlds

18% Advertising (virtual billboards)

Only

19%

of Gen Z say:
"I don't believe brands belong in games/other metaverse experiences."

INSIGHT SIX: Gen Z welcomes brands in the metaverse.

INSIGHT SEVEN

Data privacy is a persistent concern.

While slightly less than previous generations, data privacy is still a critical concern for Gen Z.

Q: HOW CONCERNED ARE YOU ABOUT DATA PRIVACY IN VIDEO GAMES AND THE METAVERSE?

63%
GEN Z

66%
MILLENIAL

70%
GEN X

INSIGHT SEVEN: Data privacy is a persistent concern.

Insights Summary

INSIGHT ONE: The metaverse makes space for self-exploration.

INSIGHT TWO: The metaverse cultivates connection.

INSIGHT THREE: Gen Z feels gaming improves their mental health.

INSIGHT FOUR: The metaverse extends their reality.

INSIGHT FIVE: Gen Z buys virtual goods for their virtual experiences.

INSIGHT SIX: Gen Z welcomes brands in the metaverse.

INSIGHT SEVEN: Data privacy is a persistent concern.

Thanks.

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