

# Probing reality and myth in the metaverse

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Despite some skepticism, our recent insights show that Americans of all ages are ready to embrace the metaverse.

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**T**he metaverse—like many innovations—is shrouded in mysticism and skepticism. Proponents believe that the metaverse will be revolutionary and fully transform the way we work, shop, socialize, and play. Others are more skeptical and see a hype-fueled fad that appeals to gamers and celebrities.

We were curious to learn what typical American consumers think and how their views could shape how brands may venture into this new space. To find out, we queried over 1,000 consumers aged 13 to 70, as well as spoke directly to advocates and early adopters, to understand current sentiment about the metaverse.

What we found surprised us. A majority of consumers know and engage with some form of the metaverse, and many expect it to become a significant part of their lives. In fact, we debunked six myths about the metaverse and now see that consumers across age cohorts will shape its purpose and prosperity.

## Myth #1: No one knows what the metaverse is

In recent months, it has become clear that there is no single definition of the metaverse. Well-known experts refer to it as “the internet of the future” or point to immersive devices to demonstrate various platforms and user experiences.

We wanted to see if the same held true for consumers. They were also unable to give a precise definition, but they were familiar enough with the metaverse to be able to describe it. When it came to awareness, 55 percent of our survey respondents said they had heard of at least one existing metaverse platform, such as *Roblox*, *Fortnite*, or *Decentraland*. Interestingly, nearly 30 percent said they had used or played at least one metaverse game.

To probe deeper, we spoke to early adopters who had recent experiences using one or more metaverse platforms. Three-quarters of this group could define the metaverse in fairly accurate terms (Exhibit 1):

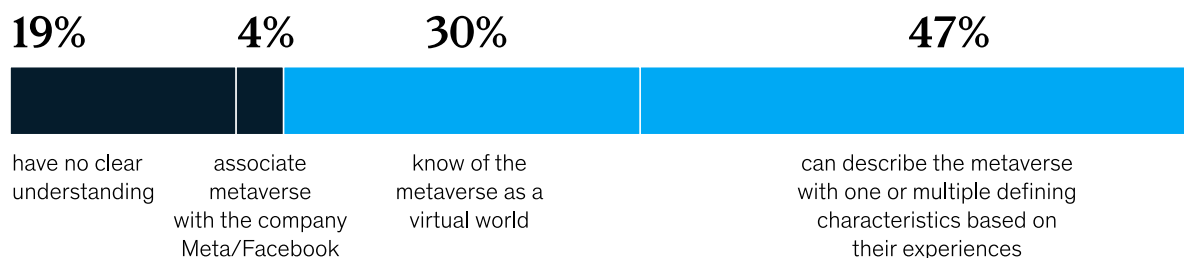
- Forty-seven percent described the metaverse with vibrant clarity, using terms such as “immersive,” “interactive,” or a “scaled network.” One of the most articulate descriptions came from a teenager who described the metaverse as “a scaled and interoperable network of real-time, 3-D virtual worlds.”

- Nearly one-third of early adopters had a basic understanding of the metaverse as “a digital world beyond anything a person can imagine” but lacked a clear view of how it works.
- The remaining early adopters of the metaverse couldn’t actually describe it clearly in their own words, despite being a user or player in one of the digital worlds. Four percent associated “metaverse” with the new name of Facebook’s parent company, Meta, while an additional 19 percent had simply no clear understanding.

Exhibit 1

### Three-quarters of metaverse early adopters can define the metaverse in fairly accurate terms.

US consumer understanding of the metaverse,<sup>1</sup> share of respondents<sup>2</sup>



<sup>1</sup>Question: How would you define metaverse in your own words?

<sup>2</sup>Digital focus group of early adopters who had recent experiences using one or more metaverse platforms.  
Source: McKinsey Virtual World Adopters and Consumers Survey (Feb 2022)

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## Myth #2: The metaverse is a fad

At the heart of many debates is whether the metaverse is a fad or the future. Even among those who are fluent in the metaverse, there are skeptics who believe it will be fleeting. Reid Hoffman, the founder of LinkedIn and a venture capitalist, recently said in a [Yahoo! Finance](#)

podcast, “I don’t see the signs yet that tell me that the metaverse is going to happen.”

LVMH’s chief executive, Bernard Arnault, also proclaimed that he is cautious of the metaverse “bubble.”

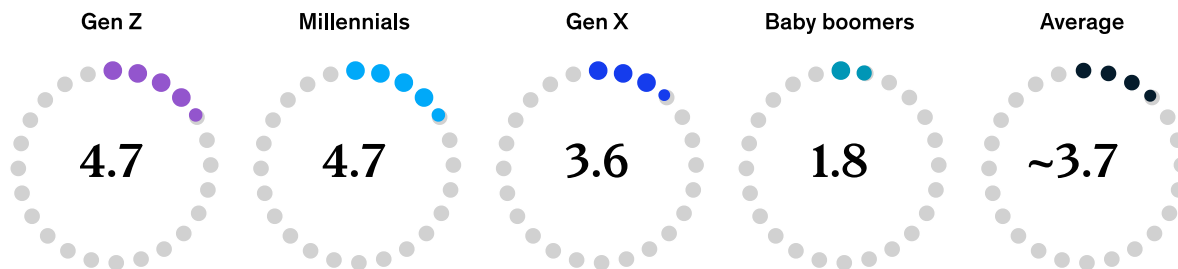
Again, we wondered what consumers think and how they act, and we found that the transition from online to immersive to metaverse is already happening. To start, more than 20 percent of the population, on a net basis,<sup>[1]</sup> say they will spend more time online exercising, working, reading, and shopping in the future. Furthermore, people’s interest in immersive digital activities and experiences is growing. In fact, roughly 10 percent of the population has already tried augmented reality (AR) or metaverse dating, and a majority enjoyed it more than the real-life alternative.

Moreover, consumers told us that they expect the metaverse to be a *significant* part of their everyday lives, spending four hours a day in the metaverse within the next five years. Generation Z and millennials expect to spend close to five hours per day, but older generations also expect to spend several hours in the metaverse each day (Exhibit 2). This expected shift is driven by a desire for greater convenience, connectivity, and entertainment. Along with recent fanfare and strong medium-term interest from consumers, we believe that the metaverse is the future, not a fad.

## Exhibit 2

**US consumers expect to spend almost four hours per day in the metaverse in five years.**

Expectations of time spent in metaverse in 5 years, by generation,<sup>1</sup> hours per day



<sup>1</sup>Question: In 5 years, approximately how many hours per day do you think you'll spend in the metaverse on an average day?  
Source: McKinsey Metaverse Consumer Survey (Feb 2022)

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## Myth #3: The metaverse is for gamers

Today, when people talk about the metaverse, they often describe gaming platforms like *Roblox*, *Minecraft*, and *Animal Crossing* as examples. The gaming industry is at the forefront of the metaverse, so it is no surprise that metaverse users today *do* overindex as gamers. Those familiar with the metaverse spend 1.5 more hours per week playing video games compared with those who are unfamiliar with the metaverse.

While gaming remains one of the leading experiences, consumers are increasingly looking for entertainment and shopping in the virtual world. One in five metaverse users has attended virtual live events such as concerts and film festivals.

We also asked consumers what immersive digital activities might be of interest to them in the future. Forty percent said they were interested in playing social games with others in virtual reality (VR) or AR—this ranked ninth on a list of future activities (Exhibit 3). More

popular interests include immersive shopping, booking, learning, traveling, and socializing. Our analysis also shows that approximately one in four consumers will be metaverse “superusers” who leverage virtual worlds for a variety of purposes.

Exhibit 3

**Future US consumer interest in the metaverse spans a range of other digital activities.**

**Interest in immersive digital activity or experience in the next 5 years,<sup>1</sup> % of respondents**



<sup>1</sup>Question: How interested are you in participating in the following immersive digital activities or experiences in the next 5 years? Percent of respondents who are “very interested” or “somewhat interested” are shown.  
Source: McKinsey Metaverse Consumer Survey (Feb 2022)



**Myth #4: The metaverse is geared to Gen Z**

Generation Z is enthusiastic about the metaverse; one example is that two-thirds of *Roblox*'s 50 million daily users are under the age of 16. Luxury and mainstream brands like Gucci and Vans are ramping up their metaverse strategy with a focus on attracting younger consumers. Both brands are experimenting on multiple platforms to determine where and how to recruit lifetime customers.

What we see is that Gen Z is not the only generation that wants to take advantage of the metaverse. Our research shows broad awareness and interest in the metaverse across a wide age range. In fact, millennials showed the greatest awareness of the metaverse, with two-thirds saying they had previously heard of it and half expressing excitement about it. Gen Z and Gen X trail closely behind, and surprisingly, nearly half of baby boomers are aware of the metaverse (Exhibit 4).

Exhibit 4

Interest and excitement about the metaverse is highest among Gen Z and millennials, who have the strongest digital identities and personal beliefs.

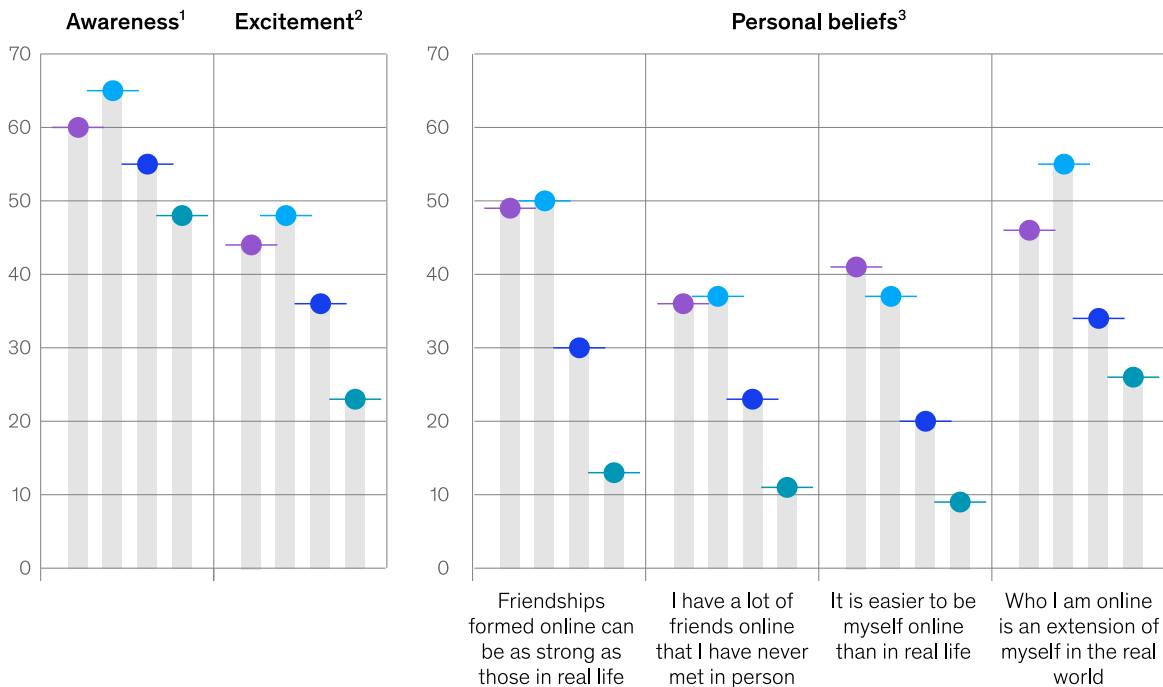
Metaverse awareness, excitement, and personal beliefs, by generation, % of respondents

● Gen Z

● Millennials

● Gen X

● Baby boomers



<sup>1</sup>Question: The metaverse is a digital world that allows people to interact with each other in digital spaces. Before taking this survey, had you heard of the metaverse?  
<sup>2</sup>Question: Based on what you currently know, how excited are you for what the future of the metaverse looks like?  
<sup>3</sup>Question: Please indicate how strongly you agree or disagree with each of the following statements. Percent of respondents who “agree” or “strongly agree” are shown.  
Source: McKinsey Metaverse Consumer Survey (Feb 2022)



When we dig into why some consumers are more driven than others to participate in the metaverse, we see some differences in generational motivations, with younger consumers saying that it reinforces their sense of self-identification and individuality. When it comes to being online, 46 percent of our Gen Z survey respondents and 55 percent of millennials see their virtual identity as an extension of themselves in the physical world. About half of both



groups believe friendships formed online can be as strong as friendships formed in real life. Forty-one percent of Gen Z and 37 percent of millennials believe it is easier to be themselves online than in real life.

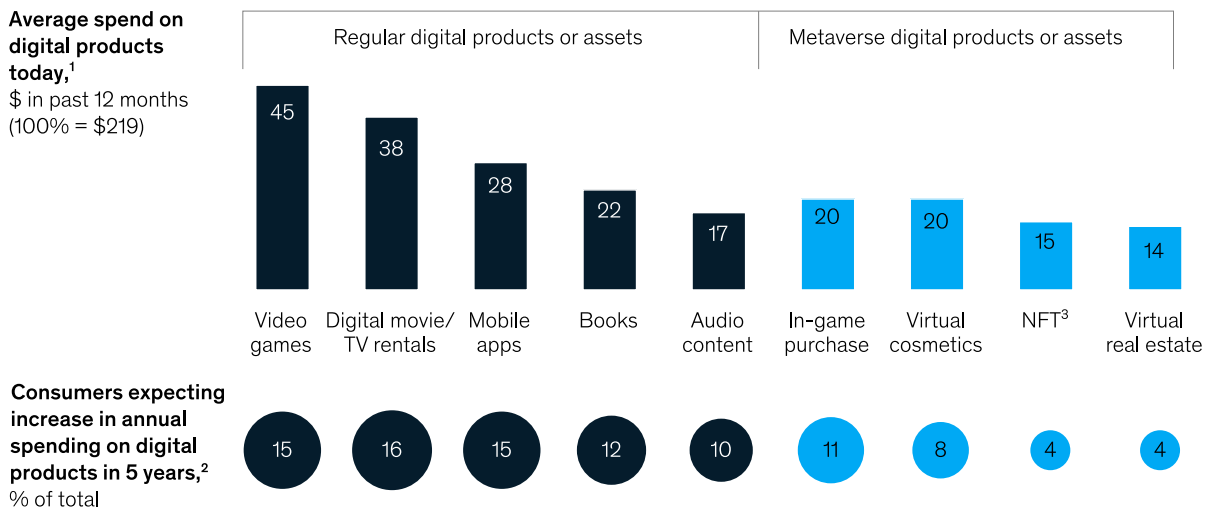
## **Myth #5: You can't make money in the metaverse**

Although many brands have [experimented with the metaverse](#), it has been challenging to get data on the return on investment. Some companies are diving in, and many are still debating whether there is a payoff in investing in the metaverse.

Our consumer research suggests that commercial value is already scattered across different digital products and services for companies to capture. Consumers, on average, spend \$219 annually on digital assets, of which more than 30 percent is on metaverse-related assets such as in-game purchases, virtual enhancements and real estate, and nonfungible tokens (NFTs). Consumers expect their spend on metaverse-related digital assets to increase in the next five years, with 11 percent looking to spend more on in-game purchases (Exhibit 5).

## Exhibit 5

## US consumer spending on digital products and assets is expected to grow in the coming years.



<sup>1</sup>Question: Approximately how much money have you personally spent on the following digital products/services in the past 12 months?

<sup>2</sup>Question: How do you expect the amount of money you spend on the following digital products/services to change in the next 5 years?

<sup>3</sup>Nonfungible token.

Source: McKinsey Metaverse Consumer Survey (Feb 2022, n = 1,011)

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We also expect spending habits in the metaverse to shift over time, as Gen Z gets older and gains more earning power. Currently, millennials are the highest spenders on metaverse-related digital assets, with \$151 on average spent in the past year. Our Gen Z respondents' spending shows a split: overall, they spend \$47 per year, but older, employed Gen Z consumers spend \$107 on average on metaverse-related assets.

## Myth #6: The speed of technology will set the pace for adoption

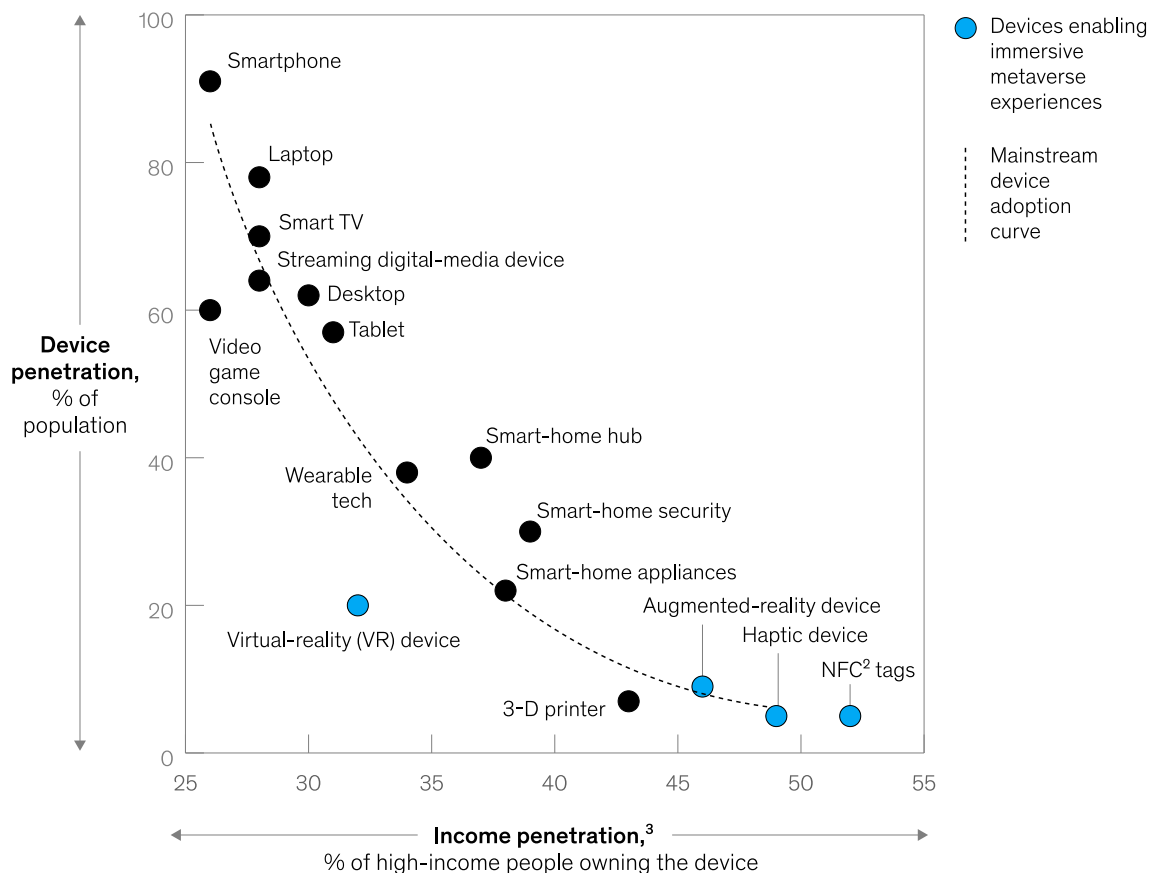
Many people believe that the broad adoption of the metaverse is hindered because technology is not keeping pace. There remains low penetration of immersive devices among consumers, and there are infrastructure barriers in the way of a truly scaled, immersive metaverse future. At *Decentraland's* Metaverse Fashion Week in March, many people complained of glitches, crashes, and clunky graphics.<sup>[2]</sup> Close to one-third of metaverse users see technology as severely limiting their dream experience.

It is true that devices with 3-D immersive experiences have low penetration today. VR is the most accessible technology at just 20 percent penetration, yet the adoption curve to date follows the trajectory of other technologies that became widely available over time. Penetration for recent breakthroughs such as smartphones, tablets, and social media grew from 20 percent to 50 percent in only a handful of years. Lower cost, increasing content, and improved usability are driving adoption (Exhibit 6). The average price of a VR headset dropped from \$500 in 2016 to \$300 in 2021. Oculus Quest 2 supports more than 200 games today, doubling the number from five years ago.

## Exhibit 6

## Devices enabling immersive experiences in the metaverse have low penetration today, but they are following mainstream device adoption curves.

### Device penetration by income<sup>1</sup>



<sup>1</sup>Question: Have you personally ever purchased any of the following devices?

<sup>2</sup>Near-field communication tags.

<sup>3</sup>Income >\$100,000.

Source: McKinsey Metaverse Consumer Survey (Feb 2022)

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Such growing consumer demand is motivating further investment by technology companies. Apple bought VR company NextVR in 2020 and plans to launch its first VR/AR headset in 2022. Consumers are asking for better usability and are inspiring tech companies to

innovate and create a race between device and platform companies to level up the metaverse.

Our analysis of existing platforms indicates that there is a high correlation between users expecting a realistic experience and frequency of use. That pushes companies to build more immersive experiences.

Finally, consumer expectations regarding data will challenge companies to develop creative solutions. Sixty-two percent of consumers expect full control over their data, but nearly half will give that up for a personalized internet experience and device interconnectivity (for example, PC, mobile, console).

## Implications for brands entering the metaverse

Our research shows that consumers are excited about brands entering the metaverse. Two-thirds of respondents indicate they would be excited to engage in a digital experience with their favorite brands. Over half of people who attend virtual lifestyle and luxury events report a positive shift in brand perception.

It is clear that we are only at the beginning of the metaverse as we know it today. As experimentation broadens, there will be an explosion of creative, commercially viable ideas that will transform the way we work, play, connect, and engage. Brands will need to define their metaverse strategy—and the decision on which path to take will depend on what they believe about adoption, opportunity, and investment required (Exhibit 7).

## Exhibit 7

**For brands entering the metaverse, the decision on which path to take depends on what they believe about adoption, opportunity, and investment.**

**Brand archetypes based on views of the metaverse potential**

	Waiter ●	Fast mover ● ●	Shaper ● ● ●
<b>Adoption</b>	The metaverse is not imminent, and it is unclear that branded experiences are valuable to the consumer in the metaverse	The metaverse is imminent and accelerating, but the exact path is still uncertain with adoption of current platforms/ecosystems, AR, <sup>1</sup> VR, <sup>2</sup> and technologies yet to come	The metaverse is imminent, accelerating faster than prior adoption curves, and there is clarity on the path of adoption/platforms that will win
<b>Opportunity</b>	<p>The metaverse will not create stronger brand affinity than any other channels</p> <p>There is minimal opportunity cost of waiting, since there will be more certainty on where to play over time</p>	<p>The immersive medium of the metaverse will create stronger brand love and provide new ways of engaging and interacting with consumers, increasing business opportunities</p> <p>Testing and learning would put the brand ahead</p>	<p>The immersive medium of the metaverse will create a step change in brand love</p> <p>There is a first-mover advantage to getting the best assets and real estate</p>
<b>Investment</b>	There is an investment in technology that is yet to be proven worthy of that investment	Investing in creators, technical experts, and partnerships will pay dividends in deeper consumer engagement and opening new business models	Deep investment will open up new business models and growth trajectory

<sup>1</sup>Augmented reality.  
<sup>2</sup>Virtual reality.

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One thing is certain: whatever shape the metaverse will take, consumers will be the driving force behind the evolution.

1. Calculated as the difference between percent expecting an increase and those expecting a decrease in time spent.
2. Isabel Cameron, "Metaverse Fashion Week: The good, the bad and the glitches," *Charged*, April 8, 2022; Luke Leitch, "Glitches, glamour, and graphics cards: Notes from Decentraland's first Metaverse Fashion Week," *Vogue*, March 29, 2022.

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