

# GameTech and the metaverse

## Exploring new frontiers



The COVID-19 pandemic has revealed that e-sports is a significant economic moat. Currently, with a growth rate of around 18%,<sup>1</sup> gaming is one of the fastest-growing media industries. With the commercialisation of gaming, the industry has grown to a value of USD 155.89 billion in 2020. According to a study, mobile gaming revenue is expected to reach USD 29.6 billion in 2025 from USD 18.25 billion in 2020.<sup>2</sup> The number of mobile video game users is now higher than ever.

As a result of its rapid expansion, the gaming industry has begun to explore new platforms for hosting games, such as the metaverse, as well as related technologies such as virtual reality (VR), crypto-enabled payments, and non-fungible tokens (NFTs). The use of blockchain technology has broadened the scope of the metaverse as a platform. With the use of the metaverse and blockchain, exchanging collectibles in a game has become significantly easier and smoother. Moreover, the goal of the metaverse is to captivate people and immerse them completely in VR, which can only be accomplished when the best technologies are combined.

## The commercialisation of gaming

During the wave of megatrends in digital technology from 2014 to 2016, multiple hardware and software companies entered the augmented reality (AR)/VR space, introducing VR video games and headgear. However, these were only the initial steps in the development of the metaverse. With the use of VR headsets, 3D visuals and full-screen displays, gaming platforms have managed to simulate realistic experiences. As a result, there is huge potential to develop and monetise gaming solutions. VR is slowly transforming gaming into a 3D platform that allows players to interact in a virtual environment that is as real as reality. The metaverse has aided in this endeavour by combining focus, sensus, and locus. Owing to such technologies and experiential devices, gaming has the potential to become a significant economic moat.

1 <https://www.statista.com/statistics/516754/gaming-video-content-viewer-number-global/>

2 [statista.com/statistics/455655/digital-game-revenue-category-digital-market-outlook-usa/](https://www.statista.com/statistics/455655/digital-game-revenue-category-digital-market-outlook-usa/)

Metaverse platforms are expected to drive the acquisition of new players and greater fan engagement in the gaming and e-sports ecosystem. The metaverse experience is immersive and intuitive – rather than focusing on a 2D screen, users adapt to their surroundings – which explains its popularity. Moreover, it acts as a platform to communicate, play games or attend events using digital avatars, where these avatars may interact, trade and exchange artefacts in real time within a virtual world.

## The gaming experience and heterotopia

Streaming services are currently the most popular way to watch e-sports players battle against one another. However, it is not quite as exciting to watch these events on a screen as it is to see them live. For the e-sports sector, a metaverse ecosystem will prove to be a game changer. As a member of a virtual audience, a person is able to sense the energy of the audience and engage with other gamers – all in a virtual environment.

When it comes to gaming or e-sports, fan engagement becomes a critical aspect in defining revenue. The key to increasing brand loyalty and income is to engage superfans or super-subscribers. Such subscribers not only have an emotional attachment to the brand, but they also actively engage in open dialogue by sharing blogs and tweets. This gives them the ability to make a brand valuable. These followers are willing to opt for premium services, resulting in a steady stream of money over time. An example of this is companies that have enticed clients into purchasing an item endorsed by their favourite actors or sportspersons over the years.

Pro gamers who experiment with new ways of interacting with fans will open up new opportunities and allow businesses to recreate what they have done in the real world. The virtual gaming world would become a 'heterotopia', a concept developed by the French philosopher Michel Foucault, which refers to worlds within worlds. These virtual worlds both mirror and are significantly different from the real world. Thus, it would be like having two streams of income from the same business in two separate worlds.

## Building social connections

During the pandemic, many people who had never picked up a controller before turned to gaming as a source of entertainment and interaction. According to a survey conducted in the United States, four out of every five respondents<sup>3</sup> had played games or e-sports during June–November in 2020. Contrary to the popular belief that gamers tend to be unsociable, communicating with other players was considered to be the most enjoyable aspect of a game. A large number of gamers choose role-playing games that allow them to connect with other players on the platforms extensively. Virtual communities and relationships are being formed through gaming, such as LGBTQ and armed-forces gamer groups. Though gaming has been around for a long time, it has recently become a mainstream concept for a large number of individuals.

## Digital currencies and rewards

With the increasing popularity of VR gaming, NFTs are gaining more general acceptance. When we talk about metaverse gaming, we need to consider games that involve cryptocurrencies and the ownership of unique and virtual NFTs. Instead of digital wallets, cryptocurrencies can be used to purchase game-related items such as tanks, skins, armour and weaponry. Players can earn crypto coins by fulfilling tasks such as completing a survey and watching video ads. Apart from this, referring a friend, signing up with a referral code and other methods have emerged as new ways for gamers to earn cryptocurrency.

NFTs are an important part of the growing metaverse, whose viability primarily relies on asset tokenisation. In a blockchain, NFTs assist in providing full digital asset ownership and powering interoperable games. Their feasibility in blockchain games is the main reason for their popularity. In the metaverse, they also play an important function in granting users access to their digital avatars. To confirm ownership of the characters, each avatar is tokenised. NFTs are also used to distribute tickets to the desired audiences in metaverse-based music performances and live events. Trading collectibles are purchased and sold using NFTs to transfer ownership in secondary markets.

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3 <https://www.bbc.com/worklife/article/20201215-how-online-gaming-has-become-a-social-lifeline>

NFTs are also used in play-to-earn games to allow players to earn money. These games feature the acquisition of gameplay assets such as collectibles and land and properties through intermediaries such as guilds. Guilds are also in charge of providing financial assistance to players who have run out of money. This asset exchange serves as a transparent and fair means for users to earn property and assets in play-to-earn games, allowing them to make money even if they start off without any.

## Emergence of new virtual markets and business models

In a popular play-to-earn game that is hosted in the metaverse, users can play poker, blackjack, slots and roulette and earn tokens. Moreover, this platform offers a mode of free play wherein one completes daily check-ins, awards wearables to other players for a passive revenue share, collects wearables, and mints new NFT wearables and trades them in the market.

Many decentralised gaming platforms have created a list of avatars that gamers may keep as pets. Players can use their avatars to fight against opponents, breed animals, gather food, and raise and establish kingdoms. This gaming arena contains a player-driven economy, which allows users to own, buy, trade and sell their gaming materials obtained through gameplay. Many of these games have social networking capabilities and blockchain-based rewards that players can earn.

**Case study:** A large corporation, the creator of a popular gaming platform, has announced plans to increase its monthly active users from 60 million to 1 billion. The company also hopes to take advantage of 3D graphics content development technologies to provide an immersive and real-time experience to users. Moreover, it is actively working with VR eyewear designers and manufacturers to develop a market for real-time gaming. This case study shows that gaming companies are coming up with better gadgets and evolving their platforms to provide gamers with an immersive experience.

Hence, the metaverse enables players to establish connections, build relationships and have 3D-level interactions from the comfort of their home. It elevates VR to a point where the virtual and real begin to merge.



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