

## **The Economics of the Metaverse**

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### **Motivation:**

Prominent players in the tech industry, such as Meta (Facebook), Microsoft, Nvidia and Epic Games, invest heavily into what they envision to be the next generation of the Internet – the Metaverse. The Metaverse is often described as the evolution of the 2D-Internet into a persistent 3D-world. One could think of a virtual world accessed with an avatar and populated by other real individuals and businesses. It will most likely allow close to real-life interaction, economic trade and diverse experiences such as games which are interoperable and connected by an overarching system. It is still hotly debated what such a future Internet will look like. However, many building blocks and small examples already exist. For example, virtual reality goggles already allow high-quality rendering of virtual worlds without needing an external computer and the possibility to transmit facial expressions to a virtual avatar in real time. Also, existing virtual worlds such as Fortnite and Roblox are developing into platforms that host experiences and interactions that are not limited to pure gaming but extend to virtual concerts and gatherings.

While it is still very unclear what the Metaverse will look like, concepts of it, such as persistent virtual worlds, are not new. Examples are the social simulation Second Life, which created a huge buzz after its start in 2003, and massive online-multiplayer games such as World of Warcraft. Therefore, it will be very instructive to analyze what is scientifically known about those virtual environments and apply it to the Metaverse as it is envisioned.

### **Goal:**

The goal of this thesis is to give an overview of what is already known about the Metaverse and to highlight important current developments. Given the significant investments made by private firms, it is apparent that the Metaverse might have fundamental economic implications for digital markets. A particular emphasis should therefore be put on what these developments mean for the economic development of digital markets. Building on the scientific literature on related phenomena such as Second Life or massive online-multiplayer games, the thesis should identify potential facilitators of and barriers to the success of the Metaverse and identify potential problems and benefits from an economic standpoint and the standpoint of society at large.

### **References and Related Literature:**

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