

How Microsoft's Activision Blizzard takeover will drive metaverse gaming into the mass market

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Microsoft was positioning itself as one of the pioneers of the metaverse even before its US\$75 billion deal to buy online gaming giant Activision Blizzard. In the days after Mark Zuckerberg rebranded Facebook last October as Meta with his near movie-length [promotional film](#) about the potential for virtual worlds, [Microsoft announced](#) that users of its Teams online meetings app would be able to turn themselves into avatars—in a first step towards getting users used to virtual interaction.

If that was an incremental move, the Activision deal is something very different. Assuming it is permitted by the competition authorities, it will mean that the Xbox giant controls many of the best known virtual worlds that already exist online, including Call of Duty, World of Warcraft and Starcraft—adding to the two it has already, Minecraft and Altspace VR.

It is the latest example of a land grab for space by

some of the world's biggest companies in the coming 3D version of the internet. So what is this going to look like, and how will this deal affect it?

The age of acceleration

We are living at a time where the speed, scale and scope of technologies around the corner is unprecedented. Sometimes referred to as the age of acceleration, we're soon going to have mature versions of virtual reality, blockchain online ledgers, nanotech, artificial intelligence and haptics (interacting with computers through touch sensors) – not to mention quantum computing and brain to computer interfaces.

Like a techno tsunami, when these are integrated they will challenge and change not only how we work, learn and live but our conception of reality and what it is to be human. The [metaverse](#) is likely to be at the heart of this shift.

Yet although Zuckerberg talks about how we will be able to use virtual reality (VR) headsets and augmented-reality (AR) glasses to [work](#), [entertain](#) and [educate](#) in this new immersive online space, defining the metaverse is difficult. It's difficult to define something that is neither full nor will ever be finished.

The best way to see this coming environment is as the deepest form of extended reality where our physical bodies are digitally cloned, our senses saturated and our conception of the "real" blurred. Having said that, Zuckerberg and others have made clear that it will also include using AR and even smartphones to enhance our reality with Pokemon Go-style online additions—a computer screen and keyboard that we only see through AR glasses, for instance.

Admittedly we are still some way off reproducing VR cultural touchstones like Free Guy, Ready Player One or The Matrix. During the pandemic, I joined Microsoft's VR-hosted virtual version of the Burning Man music festival on Altspace, and it showed me that the amount of people being together at once still reaches a limit before individuals are diverted to other parallel environments.

The opportunity

The best intimations that we already have of the more fully immersive metaverse is virtual worlds like Roblox, Sandbox, Animal Crossing and Fortnite, where the singer [Ariana Grande](#) has toured and rapper [Travis Scott](#) held a concert that attracted over [12 million attendees](#).

Audiences are already being groomed via performances like these to comfortably transition and embody a deeper metaverse. Undoubtedly this makes the metaverse controversial. Where some see interconnected worlds of never-ending experience and freedom, others fear a digital dystopia where we are seduced, stupefied and puppeteered in the glass cages of a new, subtle and seductive form of capitalism.

Regardless, just as the metaverse reboots our conception of "reality", it opens new routes to monetise and reimagine consumerism. Companies like Microsoft see the scale of the transition and recognize its potential strategic worth.

Others leading the same charge include Epic Games, which owns Fortnite, whose Unreal Engine is a platform for others to build virtual worlds free of charge. CEO Tim Sweeney [recently talked about](#) working with automotive makers to enable potential customers to test drive vehicles, and having film companies shoot content there.

[Meanwhile, Nike](#) is one of numerous clothing companies to have staked a claim to the metaverse, having bought virtual footwear maker RTKFT. And Disney is [talking about](#) "storytelling without boundaries in our own Disney metaverse".

As for the Activision takeover, most of its biggest

titles are multiplayer and already focused on esports (competing online). Call of Duty, World of Warcraft, Hearthstone, Starcraft, and Overwatch are all linked competitive platforms. Yet these are still broadly played via 2D screens rather than VR; the prize would be for users to shift seamlessly between VR versions of these games within a Microsoft metaverse.

To understand the financial opportunity, World of Warcraft provided an early example. This is a game where you have an avatar, a daily to-do list, and you can mine resources to manufacture in-game items to sell for gold. Long before bitcoin, the makers devised a way to establish an exchange rate to real money, and gamers were able sell items and gold online for cash via PayPal purchases.

Those transactions still involved an element of trust, but technologies like cryptocurrencies and NFTs (non-fungible tokens) overcome that issue. Games like [Axie Infinity](#) (which is not owned by Activision) have already shown the potential for buying and selling many in-game items as NFTs, and other major gaming companies like [Square Enix and Sega](#) are moving in the same direction.

Imagine each vanity item in Call of Duty or World of Warcraft converted to an NFT, perhaps with Microsoft taking a cut of transactions—that's an enormous opportunity, and in-game advertising in immersive worlds is another. With such huge potential for monetisation in gaming, Microsoft's Activision takeover looks set to put the company at the heart of it.

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