



KPMG 2022 Media Consumer Survey

Metaverse rising, as streaming skips a beat

KPMG survey results indicate consumers are discovering the possibilities of the metaverse, while rising fees and inflation are testing their loyalty to streaming services.

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Evolving priorities

KPMG conducted a survey of consumers to get a better understanding of their attitudes toward the metaverse, NFTs, and streaming services.

For many, the metaverse is still a vague concept—something having to do with computer-generated alternative realities. Nevertheless, interest in the metaverse is growing, and more and more people are dipping in their toes, be it by donning an AV/VR headset, playing a game, or attending a metaverse concert or fashion show.

Likewise, non-fungible tokens (NFTs) are still seen by some as a part of the volatile and unchecked cryptocurrency world. Yet the possibility of hefty monetary returns is causing others to take a closer look at this new path for digital commerce.

While consumers may still be developing their opinions about the metaverse and NFTs, they have become quite comfortable with streaming video services as their go-to home entertainment. The options for streaming entertainment continue to expand, with dozens of channels catering to a variety of interests: crime, comedy, travel, science, and history. The downside is that each channel requires a monthly fee—and those fees can add up. Today, with inflation putting the squeeze on most consumers' pocketbooks, many are reevaluating their streaming spending.

Key Findings:

Metaverse



Roughly half of respondents interested in the metaverse indicated their primary interest

45%

Want to get rich quick was to make money.

Generation gap: Gen Z is not only the most knowledgeable around the metaverse, but they are also ready to build it. Across all generations, roughly 13 percent of respondents were planning to build a career in the metaverse, compared with nearly 21 percent of Gen Z respondents.

NFTs



Shifting focus to NFTs: Despite the recent decline in trading volume and value of NFTs, 22 percent of respondents still plan to buy/mint/sell NFTs in the next year. An additional 23 percent of respondents were unsure about their involvement but didn't rule out engaging in NFTs.

Streaming



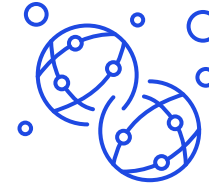
Entertainment isn't recession proof after all: 20 percent of consumers have already canceled at least one service due to inflation, and another 37 percent would cancel if prices of other goods continue to rise.



Streaming remains (somewhat) sticky: Consumers aren't shaken by potential crackdown on password sharing. Among respondents, 83 percent (who engage in password sharing) indicated they would pay for their own accounts if they no longer had access to someone else's.

Loyal audience still invested: 31 percent don't plan to change subscriptions and predict their monthly spend will stay the same. Conversely, 27 percent believe subscriptions prices will go up, while a quarter indicated that they plan to subscribe to additional services.

Metaverse: the sky's the limit



The metaverse is an evolving term, but it will most likely affect everyone's life in ways that can't even be imagined.

For this survey, the metaverse refers to participation in connected virtual activities, such as video games, blockchain (trading and investing in cryptocurrencies and NFTs), and most any digital, online experience where users can work or play.

Today, people already have augmented reality apps on their phones and computers, and others participate in immersive games or fantasy worlds. But it's still early days for the metaverse. Looking ahead, the possibilities are limitless. More immersive 3D experiences have the potential to redefine many aspects of human endeavors: education, healthcare, entertainment, the arts, and social and civic activities.

Our survey found that the metaverse is becoming more well known, even among older generations who might not yet be too deeply involved in augmented or virtual reality. Most see it as a place to make money, while younger respondents plan on pursuing a job doing metaverse-related work.

The question is, what will be the tipping point for wider acceptance of the metaverse—and when?

Destination metaverse

A significant number of people will be spending more time in the metaverse in the coming months.

Among all respondents, 56 percent indicated that they know about the metaverse, while 36 percent said they were unfamiliar with it. Broken down by generation, the results are as follows: Gen Z, 66 percent; Millennials, 65 percent; Gen X, 53 percent; and Boomers, 41 percent.

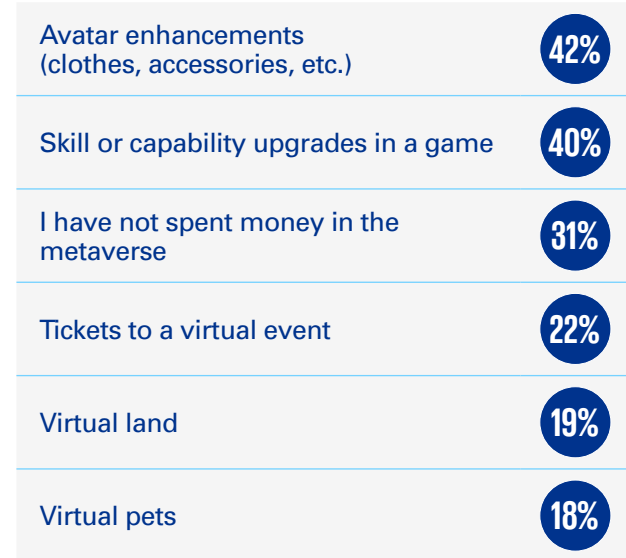
However, only a mere 8 percent said they have actually participated in the metaverse. Of those, 50 percent said their first experience was playing a game; 19 percent said wearing an AR/VR headset; and 18 percent said attending a metaverse event, like a concert, fashion show, or gallery. These respondents have also started to spend money within the metaverse, with 42 percent indicating they have paid for avatar enhancements, like clothes or accessories; 40 percent saying a skill or capacity upgrade in a game; and 22 percent saying they purchased tickets to a virtual event.

Although boomers were last among the generational cohorts in their awareness of the metaverse, it is significant that 41 percent said they know about the metaverse. However, only 2 percent of boomers have actually participated (as compared to 12 percent for Gen Z, 11 percent for Millennials, and 5 percent for Gen X). Of those who have participated in the metaverse, 50 percent said they've played a game, and 18 percent said they've attended an event in the metaverse.

The survey also suggests that interest in the metaverse is growing, and a significant number of people will be spending more time in the metaverse in the coming months. And the biggest draw? Making money.

Overall, 43 percent of respondents said they were likely to participate in the metaverse in the next 12 months. And 45 percent said they are interested in the metaverse because of the potential to make money.

What, if anything, have you spent money on in the metaverse?



Source: KPMG 2022 Media Consumer Survey. Asked among those who have participated in the metaverse (n=78). Multiple responses allowed; percentages do not sum to 100%.

“The surprisingly high percentage of respondents willing to participate is strong evidence of consumer excitement about the metaverse. There is definitely a tailwind behind metaverse adoption that will likely not only continue but also intensify.”

— Mark Gibson, Technology, Media, and Telecommunications national sector leader for KPMG in the U.S.

Destination metaverse *(continued)*

Younger respondents also look to the metaverse as a career opportunity. Twenty-one percent of Gen Z and 15 percent of Millennial respondents said they plan to build a career in the metaverse in the next five years.

Looking ahead, respondents were across the board about how they envisioned spending their time in the metaverse. The wide-ranging results suggest that no

potential use for the metaverse should be ruled out. And businesses appear to be following these trends, with more companies participating and investing into the metaverse with market size projected to increase from ~\$48 billion in 2022 to ~\$1 trillion in 2030.¹

¹ Fortune.com, JPMorgan bets metaverse is a \$1 trillion yearly opportunity as it becomes first bank to open in virtual world, Yvonne Lau (February 16, 2022)

Today

What interests you about the metaverse?

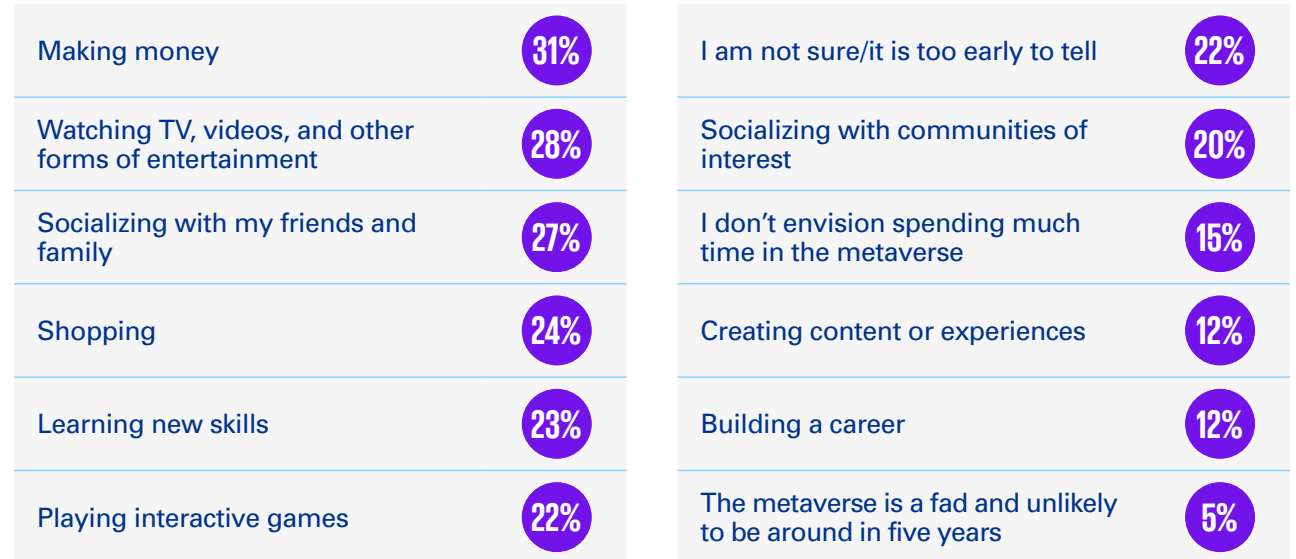
(Select all that apply)



Source: KPMG 2022 Media Consumer Survey. Asked among those who are likely to participate in the Metaverse in the next 12 months (n=438).

Five years from now

How do you envision spending time in the metaverse?



Source: KPMG 2022 Media Consumer Survey (n=1,026)



In June, KPMG in the U.S. and KPMG in Canada announced the opening of the first KPMG metaverse collaboration hub, where employees, clients, and communities will connect, engage, and explore opportunities for growth across industries and sectors. The collaboration hub is the next step in both firms' journeys to lead their people and clients into Web 3.0.

What consumers do in the metaverse

Outside of making money, survey respondents showed a wide variety of interests within the metaverse.

Shopping in the metaverse has huge potential. Already, 76 percent of U.S. adults shop online,² and it's a natural progression to move to the metaverse. In our survey, 24 percent of respondents said that they are interested in shopping in the metaverse—be it for clothes, groceries, or even homes—and that interest is likely to increase. As retail companies begin to move into the metaverse space, it will change the way consumers view shopping in-store. Many fashion brands are already looking for ways

to get involved in the metaverse to offer real-time interactive experiences.

Respondents expressed other interests in the metaverse, with some already spending money on virtual events, as well as in-game options such as avatar enhancements, virtual pets, and virtual land. Others are more interested in the potential for social interactions.

² Cloudwards.net, Online Shopping Statistics Facts & Trends in 2022, Robin Barber (March 18, 2022)



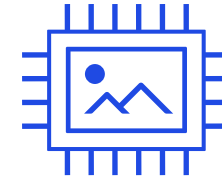
24%

of respondents said that they are interested in shopping in the metaverse

“The growing use of the metaverse for shopping and other consumers activities is an emerging, yet vast opportunity for advertisers. The metaverse offers infinite space for advertising and branding. There will be banner ads and storefronts and brand-sponsored events. We’re already seeing it.”

— Scott Purdy, National Media Industry Leader for KPMG in the U.S.

Non-fungible tokens: a growing market



A new wave in digital commerce, non-fungible tokens (NFTs) represent digital or actual assets—like art, music, in-game items, and videos—that can be bought or sold online in a blockchain and often with cryptocurrency.

NFTs first appeared in 2014 and have grown in popularity. The market for NFTs was worth a staggering \$41 billion in 2021 alone, an amount that is approaching the total value of the entire global fine art market.³

Nevertheless, the NFT market has faced some challenges of late. Following a sharp uptick in 2021, NFT trading has cooled, and prices are down significantly in 2022.⁴ At the same time, NFT marketplaces have become victims of fraud and hackers.⁵

Our survey found that respondents were interested in NFTs, but mostly among those already familiar with digital currency. And while NFTs are recognized as an exciting new investment opportunity, they are still seen as a risky bet by most.

³ Forbes Advisor, What Is an NFT? Non-Fungible Tokens Explained, Robyn Conti and John Schmidt (April 8, 2022)

⁴ Nonfungible.com Market-Tracker (July 2022)

⁵ Source: Nytimes.com, Thefts, Fraud and Lawsuits at the World's Biggest NFT Marketplace, David Yaffe-Bellany.. (June 6, 2022)

NFTs: still a specialized investment

Despite the value of their market, NFTs mainly remain the province of those already involved in blockchain and crypto.

Half of the respondents said that they know about NFTs, while 44 percent they were unfamiliar with them. A mere 6 percent said they actually own one. Of these, 73 percent said they purchased their NFT in a marketplace, as opposed to a peer-to-peer transaction or minting the token themselves.

The world of NFTs can be opaque to the uninitiated, and some remain skeptical about investing in them. As for our respondents, they appear to hold mostly favorable views, with 48 percent calling NFTs a legitimate investment similar to real estate, stocks, or bonds. And that view was even more enthusiastic among Gen Z (56 percent) and Millennials (58 percent). Only 6 percent considered them a bad investment with little or no chance of making any profit.

That being said, NFTs can be risky. But a significant number of respondents said they are interested in NFTs despite the recent crash. Twenty-three percent of those surveyed aren't sure if they will buy, mint, or sell NFTs in next 12 months. On the other hand, 22 percent said they are likely to engage in NFT activity. These results reflect the lingering curiosity people have about NFTs and the desire to get involved.

Much like interest in the metaverse, the reasons for what draws people to NFT are varied. Topping the list were the potential to make money; potential use for game play; potential to collect art; and the desire to be an early adopter of technology.

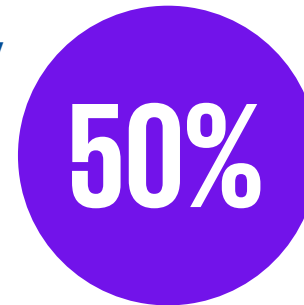
What interests you about NFTs? *(Select all that apply)*



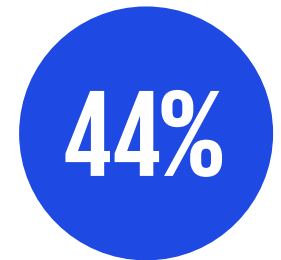
What is your level of familiarity with NFTs?



I own/have owned an NFT



I am aware of NFTs

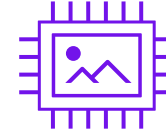


I'm unfamiliar with NFTs

Source: KPMG 2022 Media Consumer Survey (n=1,026). Multiple responses allowed on upper chart; percentages do not sum to 100%.

The metaverse and NFTs

Our survey found that respondents were more aware of the metaverse than NFTs.



Metaverse	vs.	NFTs
58% know about the metaverse	Awareness	53% know about NFTs
43% likely to participate in the next 12 months	Willingness to Participate	23% likely to participate in the next 12 months 22% unsure but not unlikely
8% have participated in the metaverse	Usage Experience	7% own/have owned an NFT
43% likely to spend time in the metaverse in the next 12 months	Fast Forward	22% likely to mint, buy, or sell an NFT in the next 12 months

Consumers are keeping a close eye on streaming costs



Streaming has become an entertainment mainstay for most families.

But with ever-increasing streaming options, how much is the typical family willing to pay for on-demand entertainment, particularly in light of rising subscription fees as well as inflation? At the same time, we are starting to see a shift in advertising models, with some streaming services using ads to expand how they monetize.

Our survey found that generally, people will keep their current services but are keeping an eye on rising prices and will consider jettisoning subscriptions if prices become too high. Password sharing is a popular way to get around paying subscription fees. But if service providers were to crack down on the practice, most consumers would likely reach into their own pocket to pay the difference.

Inflation

Spending on streaming services has typically been considered recession proof. But our survey found that rising prices and inflation may cause some consumers to reconsider their streaming choices.

In our survey, one in five respondents indicated that they have already canceled a service, while 37 percent plan on canceling if inflation continues. These viewers are unlikely to move this money into cable or studios, which suggests a shrinkage in entertainment, an industry that has been historically “recession proof.”

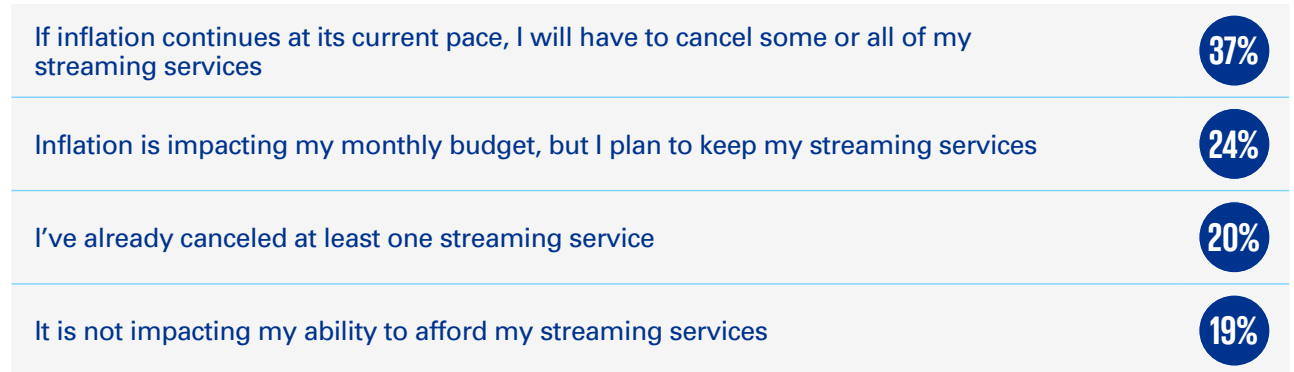
Meanwhile, only 24 percent say they plan on keeping their streaming services even though inflation is impacting their monthly budget. Just 19 percent said inflation isn’t impacting their ability to afford their streaming services.

The question for streaming providers is what level of inflation will prompt more consumers to begin canceling their subscriptions and what actions they can take to retain their customers.

In another indication that consumers are taking a second look at their entertainment spending, 37 percent of respondents said that if they could change one thing about their services it would be price.

20% of respondents said that they had already canceled at least one streaming service.

With inflation—for example rising prices for food, gas, and other goods—where does streaming fit with your other monthly expenses?



Source: KPMG 2022 Media Consumer Survey. Asked among those who have access to a streaming service (n=929).

“With persistent inflation combined with rising streaming fees, consumer loyalty will be put to the test. Providers should be thinking outside of content and how they can make their services ‘stickier,’ for example, offering bundles or tie-ins.”

— Scott Purdy, National Media Industry Leader for KPMG in the U.S.

Rising streaming fees

Streaming services typically raise their fees periodically. However, our survey found that customers believe the cost for their streaming service will remain the same for the time being. Nevertheless, they don't plan on adding any in streaming services in the near term.

Perhaps the reason is that consumers spend a relatively small—between \$20 and \$30 per month—on video streaming services and aren't too concerned about nominal increases. That attitude may change as inflation continues.⁶

Overall, 31 percent of those surveyed don't plan to change subscriptions and predict their monthly spend will stay the same. Conversely, 27 percent said they believe subscription prices will go up, while a quarter indicated that they plan to subscribe to additional services. The survey did find some generational differences, however. Younger respondents—Gen Z and Millennials—were more likely to plan to subscribe to additional services than older respondents—Gen X and Boomers.

Password sharing

Password sharing with family and friends is a popular way for consumers to expand their streaming options without increasing their spending.

However, our survey found few respondents, around 15 percent, admitting to password sharing, while 89 percent said someone in their own household pays for their streaming subscriptions. The responses possibly reflect the fear of admitting to doing something unethical. Nevertheless, it's believed that more than 100 million global households use a shared password, with more than 30 million in North America.⁷

⁶ Fool.com—The Motley Fool, How Much Will Consumers Pay for Streaming Video, Adam Levy (April 15, 2022)

⁷ CNBC.com, Netflix is finally going after password sharing. Here's how it's likely to work, Alex Sherman (April 27, 2022)

Do you think your monthly spend on streaming services will go up in 2022? Please select the top reason.

No, I don't plan to change subscriptions and my monthly spend is likely to stay about the same	31%
Yes, I believe the subscription price on my existing services will go up	27%
Yes, I plan to subscribe to additional services	25%
I am not sure	7%
No, I plan to change or drop at least one current service to decrease my monthly spend	6%
Yes, I plan to purchase more premium content from existing services	5%

Source: KPMG 2022 Media Consumer Survey. Asked among those who have access to a streaming service (n=929).

Some major platforms are considering charging a monthly fee to account holders for each outside household using the account, as streaming services consider changes to password policies.

In any case, our survey found that password-sharing fees might not have much effect on customer retention. Forty-seven percent said that they would pay for all the services where they are currently using someone else's password. This sentiment was even higher among Gen Z (63 percent) and Millennials (51 percent), and much lower among Gen X (21 percent) and Boomers (10 percent).


Price still top of mind for subscribers

If you could change one thing about your streaming service(s), it would be:

Price (lower cost for the same service)	37%
Fewer subscriptions to manage (bundling options)	14%
Shorter wait times between seasons of my favorite original series	10%
New movie releases (available to rent/buy same time as in theaters)	9%
Ad-based options to lower subscription cost(s)	7%
Option for live sports	7%
Better recommendation engines	5%
Option for live news	4%
More alternative entertainment options (e.g., games)	4%

Source: KPMG 2022 Media Consumer Survey. Asked among those who have access to a streaming service (n=929).

37%
of respondents
said that they
would like to see a lower cost
for the same service.



Final thoughts

The media universe is truly dynamic, and consumer preferences are ever changing.

With this survey, we have collected evidence pointing to the upcoming excitement around the metaverse, as well as the saturation of the streaming services market. Both markets present vast opportunities. But keeping the consumer in focus is key for companies to develop and execute a winning strategy.

How KPMG can help

Depending on whether you are starting your growth journey or looking to optimize, KPMG can support your organization with a flexible and scalable approach to reaping the rewards and opportunities offered by the ever-changing media landscape.

We'll collaborate with your teams to provide strategic advice and technology design support to help you optimize:

Business model strategy
Operating model and supporting team and processes
Strategy services
Transaction assistance
Technology strategy and partnerships
Risk and controls framework
Tax, regulatory, and compliance considerations

Our experienced professionals create practical approaches designed to help clients achieve their business ambitions while navigating the challenges and addressing the risks inherent in designing and implementing strategies. With fully integrated, cross-functional teams, we are committed to providing meaningful insights to clients about the opportunities and challenges across the media landscape.

Methodology

- Online survey conducted in June 2022
- More than 1,000 people in the U.S. provided responses on topics related to streaming, the metaverse, and NFTs.
- Respondents were age 18–76 with about 250 respondents each from the following generation groups: Gen Z, Millennial, Gen X, and Boomer.

Special Thanks

Special thanks to KPMG professionals James Brennan, Connor Cantrell, and Elizabeth Wills for their contributions to the paper.

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