MOONSHOT!

Web 3.0: Ready for lift-off?

Hopes and fears for Web 3.0

Depending on who you ask, Web 3.0, aka Web3, is either an elaborate con or a radically better future for the internet. Journalists, thought leaders, and major players in the tech industry have publicly shared both of those opinions and everything in between.

But we wanted to know **what consumers think.**

Here is what we found: They like the idea of a new version of the internet where they have greater ownership over their own media and personal data. Right now, 7 in 10 don't feel in control of how websites use their data.

And yet, they don't know much about Web 3.0. Only 13% think they know what the term means. They mainly see cryptocurrency as an investment vehicle, like stocks. And just 22% know what "NFT" stands for.

This report provides an in-depth look at consumer buy-in for Web 3.0 technologies, and how brands can help them navigate this new world. It covers:

1 **How consumers feel** about the state of the internet today

2 **What they most want** out of the transition to Web 3.0

3 **How they've started to engage** with the nascent Web 3.0 economy

at a glance
THREE KEY TAKEAWAYS

Internet users have a deep-rooted dissatisfaction with the state of the modern web; many of us simply don't feel in control of our digital personas. Consumers are most likely to engage with Web 3.0-related technologies if they see them as a way of taking power away from tech giants and putting it back in the hands of individuals.

However, it's still early days. **Despite widespread media coverage of Web 3.0-related topics over the past few months, most people have never even heard the term**—and have little to no understanding of the relevant underlying technologies. Right now, this lack of information is currently the single biggest barrier to the growth of the Web 3.0 economy.

The growing popularity and accessibility of crypto exchanges and NFT marketplaces has created a strong foundation for realizing the ambitions of Web 3.0. However, **most consumers still see cryptocurrencies and NFTs as speculative asset classes, not objects with their own inherent value**. Until this changes, it is unlikely that Web 3.0 will have much of an impact on the life of the average internet user.

Q: *What does Web 3.0 mean to you?*

Creative · Next generation · **Virtual** · Scary · **Interesting** · Modern · Smart · **Easy to use** · **Decentralized** · **Metaverse** · Ownership · Excellent · **Advanced** · **Innovation** · Better · **Amazing** · **Good** · Money · Quality · Intriguing · Progressive · Safe · Diverse · Different · **Fast** · **Cryptocurrency** · **Exciting** · Cool · **Futuristic** · **Blockchain** · Centralized · **New** · **Technology** · Brilliant · Connectivity · Great

Consumers have mixed feelings about the impact that Web 2.0 has had on their lives

In many ways, the internet of today is a much richer, more vibrant, and more accessible place than the internet of the early 2000s. However, users feel that the flourishing of creativity enabled by the rise of the social internet (or Web 2.0) has come at a steep cost.

Consumers think that the internet is becoming overly commercialized, with power concentrated in the hands of a small number of tech companies. And they're increasingly worried about the addictiveness of modern social media platforms, and the ways in which these platforms can encourage cruel and divisive behavior.

Many people no longer feel in control of their own online experiences. There's a real and persistent sense among consumers that the social internet has taken agency away from them:

7 in 10 consumers *don't currently feel in control* of how websites use their personal data.

53% are *worried about their rights and freedoms being eroded* by technology over the coming decade.

Almost **half** of Americans (48%) think that *big tech companies have too much power* and need to be broken up.

These feelings cut across demographics. It's rare these days to find anything that unites the internet, but it seems that this nebulous sense of a loss of control is shared by Americans regardless of gender, race, income, or politics (although it's particularly pronounced among older consumers).

As a result, many of the major changes consumers want to see made to the internet revolve around the idea of reclaiming some of this lost agency. **Consumers want to see an internet that is less commercialized, where they have more direct control over their data, and where it's easier to protect their personal information.**
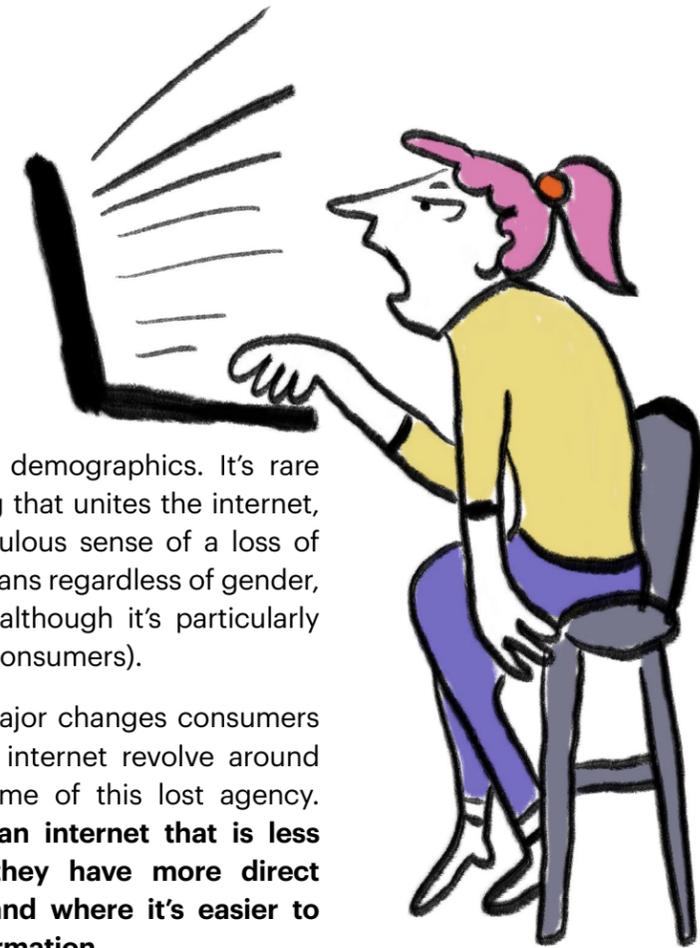
Q: *What are the changes you would **most** like to see to the internet?**

Make it easier for me to protect my privacy online 44%
Reduce the number of ads I have to see online 38%
Give me more control over how my data is used 35%
Make it easier for me to find content I'm looking for 28%
Make websites and online services load faster 24%

*Consumers were asked to select the top three changes they would like to see

Q: *How has the internet changed over the past 5 years?*

FOR THE BETTER

More **ACCESSIBLE** 79%
More **ESSENTIAL** to our lives 78%
Easier to **NAVIGATE** 72%
More **CREATIVE** 70%
More **INTERESTING** 68%
More **FUN** 61%
More **CENTRALIZED** 58%
More **CRUEL** 69%
More **DANGEROUS** 70%
More **DIVISIVE** 73%
More **COMMERCIALIZED** 80%
More **ADDICTIVE** 79%

FOR THE WORSE

4 5
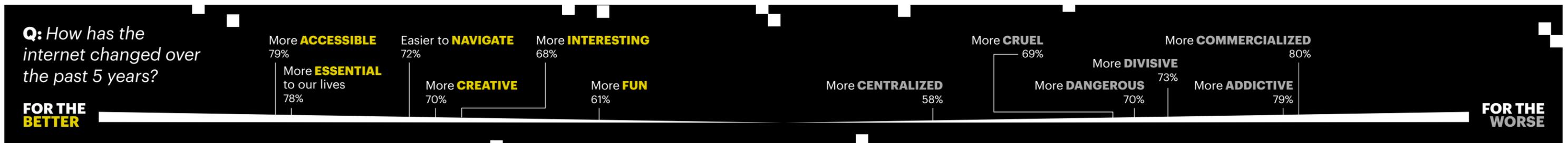
Web 3.0 offers to put consumers back in control of their digital lives

At first glance, Web 3.0 seems like the perfect antidote to the problems consumers have identified with the modern internet. The theory behind it is that blockchain—in tandem with other emerging technologies such as immersive AR/VR and more sophisticated artificial intelligence—will allow for the creation of a more decentralized digital world. The goal is a new version of the web in which more consumers have a personal stake; a world where users have more control over their data and where digital real estate is owned and managed by individuals rather than large platforms.

Although consumers are keen on the idea of a more decentralized, user-centric version of the internet, most of them don't yet understand how Web 3.0 can help bring that about. Only 13% of consumers think they know what Web 3.0 means—and over half (54%) have never heard the term at all. Among those who have heard of Web 3.0, however, 83% think it will improve their happiness and wellbeing, while just 10% think it will make their lives worse.

That said, consumers still have some big reservations about the social impact of this new technology. In particular, many of them worry that the inherently decentralized nature of Web 3.0 will make life a lot easier for scammers, cybercriminals, terrorists, and other bad actors.

To mitigate the risks of a decentralized internet, consumers want the government to take a hands-on approach to Web 3.0. **43% think Web 3.0 should be more heavily regulated than the internet of today, while only 16% think it should be less regulated.** Democrats are particularly likely to see the value in government intervention, with 51% believing that Web 3.0 will need to be more heavily regulated—compared to 36% of Republicans.

Q: *What are your worries & concerns about Web 3.0?*

Scams and cybercrime will become more common 33%

My old devices will become obsolete 31%

It will make the internet even more addictive 27%

It will be harder for me to protect my privacy online 25%

There will be even more ads on the internet 24%

It will make it easier for criminals and terrorists to comunicate with each other 21%

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at a glance
THE DREAM OF WEB 3.0

WEB 2.0

- Centralized
- Power held by a small number of tech companies
- Engagement prioritized over quality of content
- Users access media through on-demand platforms
- Creators rely on platforms for revenue streams

WEB 3.0

- **Decentralized**
- Power held by **individuals**
- **Quality of content** prioritized over engagement
- Users **own** their own media
- Creators can **manage their own** revenue streams

Q: *Who has a responsibility to ensure that Web 3.0 has a positive social impact?*

Tech companies
51%

Web developers & engineers
50%

Politicians & regulators
32%

Ordinary internet users
31%

Media & entertainment companies
28%

News media & tech journalists
23%

Academic researchers
18%

While the government has a role to play, most consumers agree that tech companies—and individual developers and engineers—bear the primary responsibility for ensuring that Web 3.0 has a positive impact on society. In other words, consumers want big tech to act responsibly in building new products and services using Web 3.0 technologies, but they also want politicians and regulators to put a clear legal framework in place to ensure that they do so.

That's one of the central paradoxes of Web 3.0: while many consumers like the idea of a more decentralized internet in theory, they still think it will require some degree of centralized legal and technological infrastructure. For Web 3.0 to flourish, there will need to be collaboration between the public and private sectors to ensure that decentralization doesn't create new and unmanageable risks for consumers.

The mainstreaming of cryptocurrency has created a strong foundation for the growth of the Web 3.0 economy

Cryptocurrencies are the lifeblood of Web 3.0. They're the mechanism that allows users to buy and sell digital assets, to own fractional shares of expensive real-world goods, and participate in decentralized communities. Indeed, for many consumers, crypto has been their first taste of Web 3.0. In total, **57% of Americans say they have bought cryptocurrency or have considered doing so.**

As crypto has gone mainstream, Americans have stopped thinking of it as a risky technological novelty. Instead, most view it as just another investment vehicle, with its own set of pros and cons. **Only 28% of consumers think that crypto is a bubble that is likely to burst soon, compared to 41% who expect it to stick around for the long-term and continue to have a significant impact on the world economy.**

For most consumers, crypto still means Bitcoin. No other coin has above 50% consumer awareness. Notably, Dogecoin—one of the so-called "meme coins"—is the second most recognizable cryptocurrency, making it more well-known than coins like Ether, Tether and SOL which have been widely touted as important building blocks of Web 3.0.

Hype has clearly played a major role in driving crypto investment, with many consumers saying they bought in primarily to see what all the excitement was about. **Despite the volatility of many popular cryptocurrencies, most investors say they weren't looking to get rich quick.** 38% saw it as a strong long-term investment opportunity, while 37% bought because they thought crypto could have a positive impact on society.

MOST RECOGNIZABLE CRYPTOCURRENCIES

Bitcoin
57% aware

Dogecoin
39%

Ether
33%

Litecoin
24%

Binance Coin 20%

at a glance
WHAT DOES A CRYPTO INVESTOR LOOK LIKE?

Men are significantly more likely to own crypto than women, with 70% of investors being male.

Gen Xers and older millennials with large amounts of disposable income are crypto's core demographic. 47% of crypto investors are aged 35-54, while 44% are between 18 and 34, and just 9% are older than 55.


57% of crypto investors have children, and parents are almost twice as likely to be interested in buying crypto as non-parents. Increasingly, it seems that Americans are looking at crypto as a way to provide long-term financial stability not just for themselves, but for their families as well.

Crypto investors have a racial mix that closely matches the wider U.S. population. 57% are white, 15% are Black, and 20% are Hispanic.

More than anything else, **lack of information is the biggest barrier to the continued growth of the market for crypto.** Among Americans who haven't purchased crypto yet, 41% say that they don't know enough about the technology to feel confident in investing. For the Web 3.0 economy to grow in a sustainable way, it will have to become more accessible to low-information consumers.

> **My friends were investing in crypto** 32%

> **I believe crypto can have a positive impact on the world** 37%

> **I wanted to see what all the excitement was about** 38%

> **I can make money faster with crypto than with other investment vehicles** 34%

> **I think it's a good long-term investment vehicle** 38%
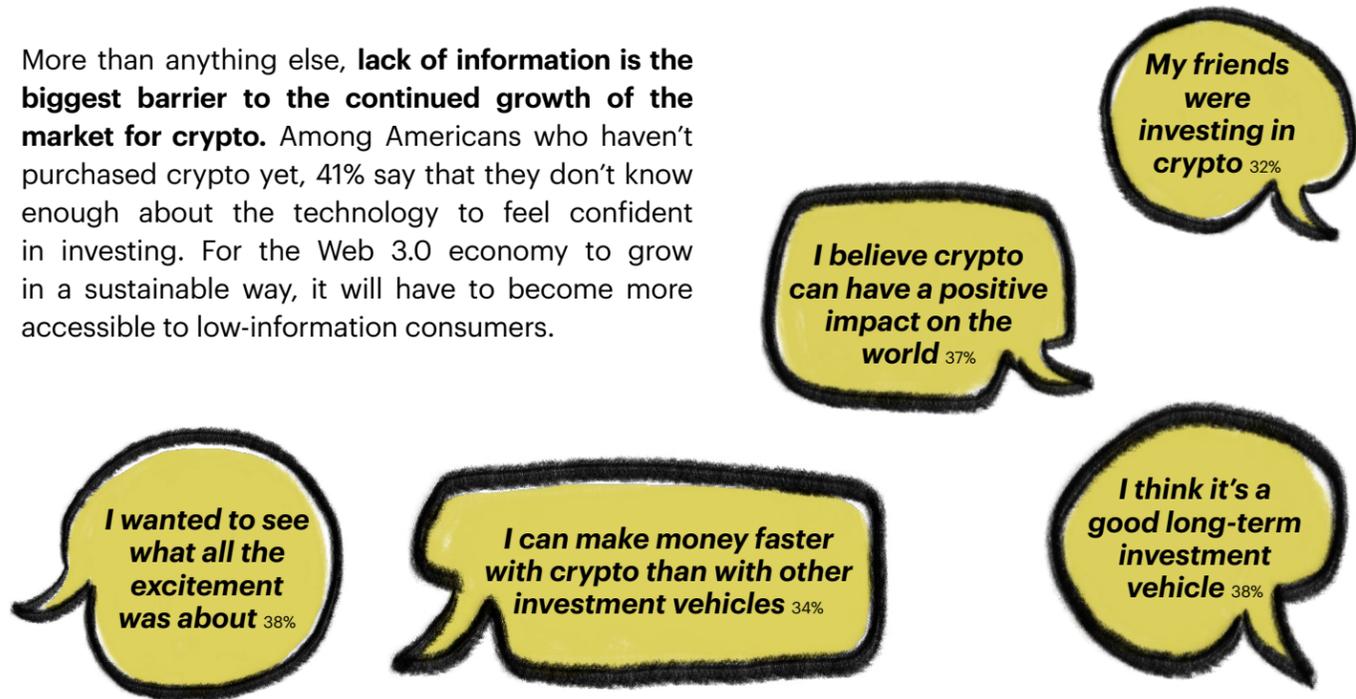
MOST COMMON REASONS FOR BUYING OR *NOT* BUYING CRYPTO

> **I don't have enough disposable income** 28%

> **The price of crypto is too volatile** 26%

> **I'm worried about the security of cryptocurrency** 33%

> **I don't know enough about how it works** 41%

> **I think crypto is a scam or a bubble** 23%

Commodity, currency, or security?

Ever since the dawn of crypto, economists have argued about exactly how to categorize it. Here's what consumers think:

39% think cryptocurrencies are most similar to securities like *stocks and shares*

18% think they're most similar to *physical currencies* like dollars, pounds or yen

15% think they're most similar to commodities like *gold, silver or oil*

Consumers who actually own crypto are even more likely to treat it as an investment vehicle comparable to stocks and shares. Almost half of them (49%) think of crypto as a type of security, while 25% see it as a currency and 22% as a commodity.

The way we categorize crypto has some important repercussions for how it should be regulated. Given that so many consumers see cryptocurrencies as a type of security, it makes sense that governments are increasingly changing tax laws to bring crypto gains into line with those generated by comparable investment vehicles.

On a more fundamental level, however, the way consumers think about crypto can tell us a lot about its future. **For Web 3.0 to become a reality, crypto needs to be more than just an investment vehicle.** In the vision laid out by Web 3.0 evangelists, cryptocurrencies were supposed to be the means of exchange that grease the wheels of a better internet. But while Satoshi Nakamoto may have originally envisioned Bitcoin as a new form of currency for the digital age, it's clear that most consumers don't see it that way—not yet, at least.

It's certainly a positive sign for Web 3.0 that most crypto investors are in it for the long-haul and not just hoping to make a quick buck. But until consumers start to see the usefulness of crypto as a currency, cryptocurrencies will continue to lack value beyond what investors and speculators are willing to pay. If crypto is going to be the backbone of a new digital economy, coins will need to have inherent value as a means of exchange. For that to be the case, there will need to be a change in attitudes among both crypto owners and the wider public.

at a glance
THE LIFE CYCLE OF CRYPTO?

Consumers treat crypto as a speculative asset, taking advantage of its high volatility to generate rapid returns on investment

PHASE 1: SPECULATION

Consumers treat crypto as an established asset class, seeing it as a normal component of a diversified investment portfolio

PHASE 2: DIVERSIFICATION

Consumers treat crypto as a currency to facilitate the buying and selling of goods and services

PHASE 3: TRANSACTION

The *average consumer* is currently making this jump from Phase 1 to Phase 2

The hypothesized benefits of Web 3.0 are unlikely to come to fruition until consumers get to Phase 3

Consumers are cautiously optimistic about the potential of NFTs—even if they don't yet fully understand them

NFTs are, arguably, even more important to the long-term development of Web 3.0 than cryptocurrencies. While crypto may be the mode of commerce for the next generation of the internet, NFTs are the technology that could enable the true transfer of ownership of digital spaces from corporations to users.

In recent months, both digital and legacy media have been saturated with NFT coverage. **45% of consumers see stories in the press about NFTs on a weekly basis or more often**, and 63% see NFT-related stories at least once per month. 29% of consumers say that the overall tone of stories they read about NFTs in the press is positive, 36% say the tone is mixed, and 11% say the tone is negative.

Thanks to that media saturation, 71% of consumers have now heard of NFTs. Only 26%, however, believe they have a good sense of what the term means, and

just 22% can correctly identify what 'NFT' stands for.

Many consumers—even those who don't fully understand the technology—are keen to see what all the hype is about. In total, 40% of U.S. internet users say they have bought or would consider buying an NFT. Much like crypto, it's a heavily male-dominated space—with 68% of buyers being men. Compared to the crypto community as a whole, NFT buyers are younger and more racially diverse:

49% are under the age of 35, and almost half (48%) are people of color.

Moreover, the rise of NFTs has already started to change our understanding of ownership. 49% of consumers agree that *it's possible to own digital assets in the same way one can own physical assets*, compared to only 29% who think it isn't. Among consumers who are familiar with the concept of NFTs, that percentage jumps to 64%.

47%
of consumers would prefer to buy a physical piece of artwork rather than an NFT for the same price.
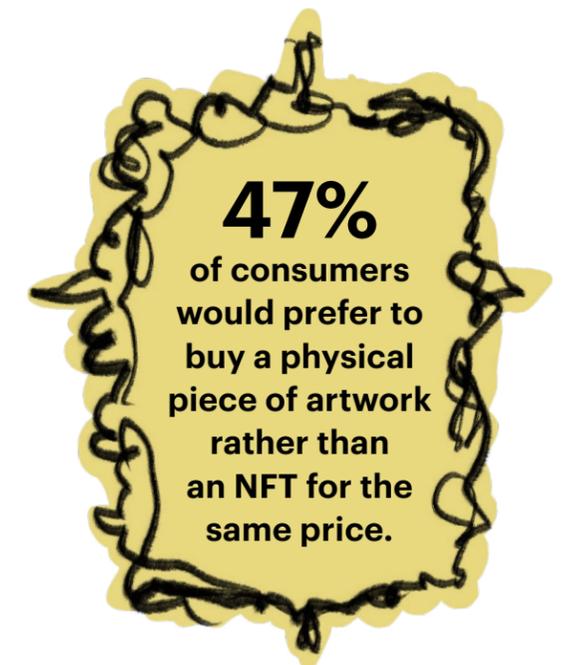
This doesn't mean, however, that they think physical and digital assets should be priced the same. Given a choice between purchasing a physical piece of artwork or an NFT of the same piece for the same price, 47% of consumers would prefer to buy the physical copy, compared to just 16% who would pick the NFT.

Q: *Who are you willing to purchase NFTs from?*

I WOULD BE EXCITED OR OPEN TO PURCHASING NFTs FROM...

LARGE MEDIA BRANDS 41%/35%

BANDS & MUSIC ARTISTS 39%/37%

VISUAL ARTISTS 36%/37%
SPORTS TEAMS & FRANCHISES 36%/39%
VIDEO GAME COMPANIES 36%/38%

AUTHORS 34%/39%

FILMMAKERS & DIRECTORS 33%/41%

ACTORS 32%/42%

ONLINE INFLUENCERS 29%/46%

I WOULD NOT BE OPEN TO PURCHASING NFTs FROM...

Large media brands (such as Disney and Marvel) top the list of organizations that consumers would be willing to purchase NFTs from—but only just. When it comes to specific franchises, consumers show particular interest in purchasing NFTs of properties with strong nostalgia appeal (such as *He-Man* or *Stranger Things*) or that have their roots in gaming (like *Fortnite* and *Mortal Kombat*). But it's still early days. **The NFT landscape is highly fluid, and most consumers are still trying to figure out what sorts of vendors they should trust, and what sorts of NFTs are likely to hold their value in the long-term.**

Unlike the world of crypto, where Bitcoin enjoys considerably higher name recognition than any of its competitors, the NFT ecosystem is a lot more fragmented. **Bored Ape Yacht Club has emerged as the most recognizable NFT collection**, due in part to the fact that celebrities from Justin Bieber and Paris Hilton to Shaquille O'Neal and Jimmy Fallon have all made high-profile purchases. But there's not much difference between consumer awareness of BAYC and that of other leading NFT collections.

Brands looking to claim a slice of this market should learn from NBA Top Shot, which is currently the second most widely recognized NFT collection in the U.S. To an extent, the NBA's success can be explained by the fact that it was one of the first major brands to move in on the NFT trend, launching its Top Shot store all the way back in October 2020. But the NBA also made several smart design decisions with Top Shot. Making it easy for customers to pay in dollars meant that people who didn't own crypto could still buy in. And by modeling the tokens after physical basketball cards, the NBA was able to sell the concept to fans using an idea they were already familiar with.

MOST RECOGNIZABLE NFT PROJECTS & COLLECTIONS

NBA Top Shot
19%
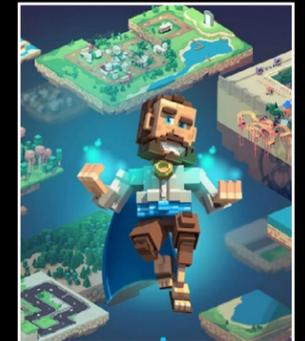
The Sandbox
18%

Bored Ape Yacht Club
20% aware

CryptoPunks
18%

Decentraland
16%

So far, NFTs mainly appeal to speculators and investors, not collectors or art fans: 37% of NFT owners are in it primarily to make money, while only 22% bought their NFTs because they liked the aesthetics of them. And while speculation may be a useful tool for driving hype and awareness, it won't be sustainable in the long-run. **In order for the dream of Web 3.0 to be fully realized, NFTs will need to become attractive to customers who see them as desirable objects in their own right—not just assets they can flip as soon as they find a willing buyer.**

31% of buyers were motivated by a desire to be part of the NFT community. Spend any time on NFT Discord servers or subreddits, and it quickly becomes apparent that these communities are tightly bound by shared values and memes. And the data suggests that **this sense of camaraderie plays an important role in raising awareness of Web 3.0 technologies and bringing new buyers into the fold.**

One of the major risks for the NFT market, moving forward, is the possibility that this strong sense of community might slip away as the technology becomes more popular. New NFT collections launch every day, fragmenting an already diverse and disparate community. Moreover, as early-adopters are joined by "normies" who aren't as

deeply embedded in internet culture (and crypto culture specifically), the nature of the community will inevitably have to change. The key question is: *Can NFT culture successfully make the jump from online niche to the consumer mainstream? Or will it ultimately be a victim of its own success?*

Celebrity endorsements have also played a major role in driving the growth of the market for NFTs, with a quarter of NFT owners saying that such endorsements were a significant factor in convincing them to buy. Despite the social media backlash that sometimes follows these endorsements, celebrities probably shouldn't worry too much about taking a hit to their reputations. **Among consumers who have heard of NFTs, 34% would be excited if a celebrity they respected started endorsing or selling NFTs, while 13% would be disappointed.** Almost half (48%) say they would have no strong feelings either way.

While they might not be buying them for their aesthetic value, **90% of NFT owners still plan to display their NFTs in at least one location**—with almost 4 in 10 planning to use existing devices like tablets or TV screens in their home to do so. Later this year, Samsung plans to ship its first wave of NFT-compatible TVs, and it's possible that more electronics manufacturers will start to incorporate NFT functionality into their products to take advantage of this trend.

at a glance
HOW OWNERS PLAN TO DISPLAY THEIR NFTs

On social media, as a profile picture
30%

As printed copies in their home
23%

On social media, NOT as a profile picture 36%

On TV screens or tablets in their home
38%

In a dedicated online NFT gallery or marketplace
35%

On their own website
22%

In a metaverse game or platform
24%

In specialized digital art frames in their home
26%
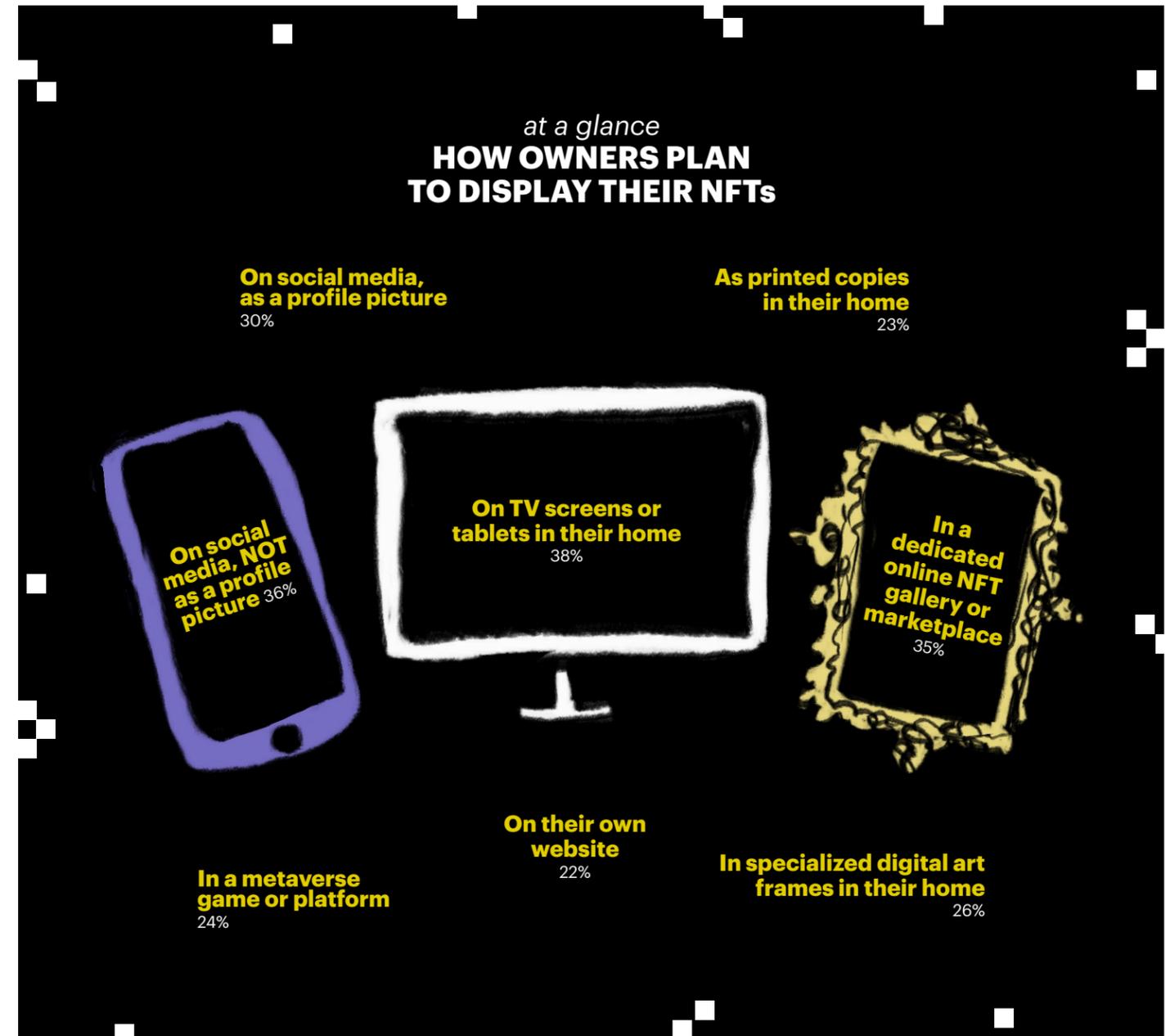
Q: *What celebrities do you associate with NFTs and cryptocurrency?*

1	2	3	4	5	6	7	8	9	10
Elon Musk	**Snoop Dogg**	**Tom Brady**	**Matt Damon**	**Paris Hilton**	**Logan Paul**	**Mark Cuban**	**Eminem**	**Bill Gates**	**Kanye West**

Much like crypto, the growth of NFTs is being held back by a lack of widespread consumer understanding. More than a third of consumers who haven't purchased an NFT cite an inability to understand the technology as a primary reason, while 22% say that they simply wouldn't know where to get started. As big brands continue to move into this space, they will need to assume some of the responsibility for educating potential customers if they want to maximize the market for their NFTs.

Despite widespread media coverage of the negative environmental impacts of NFTs (due to the heavy power consumption of most proof of work blockchains), this isn't an issue that seems to be actively driving people away from the technology.

Only 6% of consumers cited environmental concerns as a factor that had prevented them from purchasing any NFTs.

Most consumers are ambivalent about the idea of NFTs being incorporated into existing digital products and services. 22% would be more likely to use a product or service that incorporated NFTs, while 15% would be less likely to use such a service. However, building NFTs into your products can be a powerful way of attracting those who have already bought into the Web 3.0 dream; **64% of NFT owners say that they would be more likely to use a product or service that incorporated NFT functionality in some way.**

> **I want to display NFTs online** 24%

> **Public figures or celebrities I respect were promoting NFTs** 25%

> **I want to invest and make money** 37%

> **I like the culture and community surrounding NFTs** 31%

> **My friends were buying NFTs** 29%

MOST COMMON REASONS FOR BUYING OR *NOT* BUYING NFTs

> **I don't understand the technology** 34%

> **I don't know where to get started buying one** 22%

> **I don't think it's a good investment** 17%

> **I wouldn't know what to do with it after I bought it** 24%

> **I think NFTs are a scam** 17%
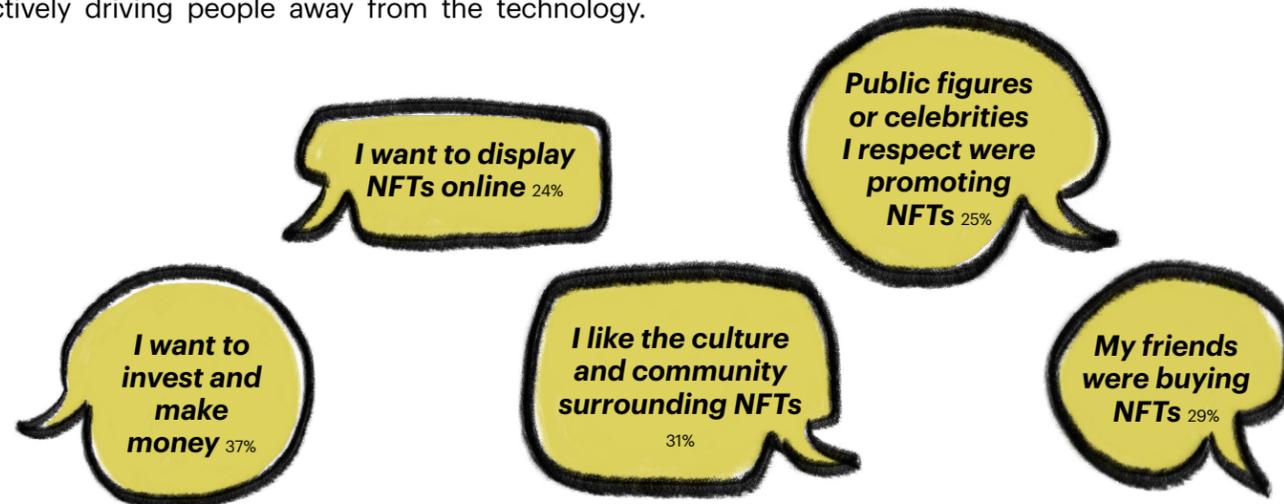
at a glance
HOW YOUR BRAND CAN MAKE EFFECTIVE USE OF NFTs

Before deciding to launch your own NFT collection, **make sure you understand the demographics of your existing customers**, and whether they know enough about the technology to feel confident buying in.

If you are launching your own NFT collection, then be prepared to **take your customers on an educational journey**. Focus on reducing the barriers to entry as much as possible, and on replicating the experiences and brand touchpoints they're already familiar with.

Remember that most NFT owners will want to **display their pieces** somewhere in their home. Explore opportunities to collaborate with hardware manufacturers to make this as easy as possible for them.

As visually stunning as your NFTs might be, they're unlikely to take off unless they have a strong community behind them. **Hire developers and marketers who are firmly embedded in crypto culture**, and offer your customers unique community perks as part of the overall package.

Don't expect that building NFT functionality into your existing products and services is going to excite your existing customers—but do consider doing it if your goal is to bring in the crypto crowd.

Consumers want what Web 3.0 has to offer them—but many don't know enough yet to feel confident diving in

The interest amassing behind the concept of Web 3.0 speaks to serious frustrations that many consumers feel towards the modern internet. While they appreciate the benefits of the social internet, consumers feel that it's become overly centralized and commercialized, and has put them in a position where a small number of tech companies have too much control over their digital experiences. There's a real and measurable desire out there for a new version of the internet that pushes the pendulum the other way, putting power back in the hands of consumers.

However, the average consumer has, at best, only a cursory understanding of how Web 3.0 technologies can help achieve this goal. Most consumers—even those who see the appeal of owning their own digital assets—aren't going to take the plunge and start buying NFTs and trading crypto until they feel they have a better understanding of these new technologies. And the people that are already engaging with the nascent Web 3.0 economy are doing so primarily because they see it as an opportunity to accumulate wealth, not because they believe strongly in the inherent value or utility of digital assets.

The dream of Web 3.0 wasn't just to create a cyberspace replica of the stock market; it was to build a new digital ecosystem that would radically transform the way we do business, interact with one another, and consume media. Yes, the gradual mainstreaming of crypto and the explosive growth of the market for NFTs has laid the groundwork for that transformation. But before Web 3.0 can live up to its full potential, there will need to be a significant mindset shift among consumers.

at a glance
THREE WAYS TO BUILD CONSUMER TRUST IN WEB 3.0 TECH

As businesses look to create new Web 3.0 business models, they should establish clear governance frameworks and charters that outline how they will ensure consumers benefit from these new technologies. And they should keep in mind that most of their customers don't understand Web 3.0. Even if a project is wildly innovative, using it should feel as familiar as possible. As such, businesses need to **make the benefits of the technology crystal clear**—and explain how they're mitigating potential risks.

Media brands should **invest in creating NFTs that will provide long-term value** and lasting benefits to the owner—not ones that will only be of interest to speculators. This can be achieved by partnering with metaverse platforms and hardware manufacturers to provide buyers with more options to use and display their purchases, or through perks and exclusive content offered to NFT-holders. Brands could even consider launching NFT collections that give fans fractional ownership of the IP rights for new characters or properties.

Large tech companies should **be proactive about sponsoring academic research into the risks and opportunities of Web 3.0 technologies**, and should publicly work with regulators, politicians and non-profits to shape the emerging regulatory infrastructure and the ethical norms of this new internet.

National Research Group

National Research Group: A leading global insights and strategy firm at the intersection of content, culture and technology. The world's most powerful marketers turn to us for insights into growth and strategy for any content, anywhere, on any device.

METHODOLOGY
This report is based on a study of 1,500 consumers ages 18-64 in the United States, conducted in January 2022, with additional data from a study of 2,500 consumers conducted in December 2021.

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