CASE 2

ROBLOX

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Executive Summary

Roblox, a visionary to create a shared experiences platform for gaming is now trying to move into the metaverse dating space. This move will be guided and influenced by various factors and market considerations which we aim to address through this report. The report provides an analysis of the social, technological, economic, environmental, and political factors, addresses the critical uncertainties, and draws a strategic plan of action for Roblox's bold move.

Roblox already has the resources and capabilities to head into the metaverse dating space. However, it has tough competition from Nevermet and Flirtual who are already ahead of Roblox in the metaverse dating offerings. Before, Roblox ventures into it, it must address all the safety and data security concerns that have been surfacing around the industry to build a trusted, reputed brand. In the meantime, Roblox can focus on building a robust metaverse dating model.

Further, Roblox should strategically bring its dating platform to the market which will be trusted, moderated, and inclusive. The offerings of Roblox would be wider than its counterparts because Roblox will be building on its existing capabilities of creating shared experiences and gaming. In addition to this, Roblox should also shape the future industry by developing its own VR infrastructure, thus offering a complete service to its users.

In a nutshell, Roblox has existing strengths and advantages in this space. It will face threats from known and unknown competition, and the ambiguity around the metaverse dating issues will keep lingering until resolved. However, with AI, Roblox will emerge with a safe cybersecurity network in terms of educating its public through challenges, building a Cyberchat software, and expanding its Bug Bounty Program. Furthermore, narrowing the competitive landscape through partnerships is crucial to leverage each other's strengths towards an enhanced final service to the players or "daters," while making customers' experiences memorable through cultural-crossing and customizable avatars. To finally add, Roblox has to design its own VR devices to become a self-sufficient entity, with a strong market position.

1. *Metaverse Dating – Evolving norms, safety, technological, legal & and social challenges.*

Social

Changing Social Norms: The acceptance of online dating and virtual relationships is increasing, particularly among younger generations.
Safety Concerns: Concerns about online safety and protecting young users in a dating environment are significant social factors to consider.
Age Demographics: The age distribution of Roblox users and potential Metaverse daters is a key social factor in determining market demand.

Technological

Metaverse Technology: The advancement of Metaverse technology, including VR and spatial audio, enables immersive dating experiences.
User-Generated Content: Roblox's robust user-generated content platform gives it a technological advantage in creating unique dating experiences.
Security and Scams: Developing technology to ensure user safety and prevent scams is essential.

Environmental

Digital Footprint: The environmental impact of increased virtual interactions and data storage should be considered.
Sustainability: Roblox's sustainability efforts in data centres and energy consumption may become more relevant as user activity increases.
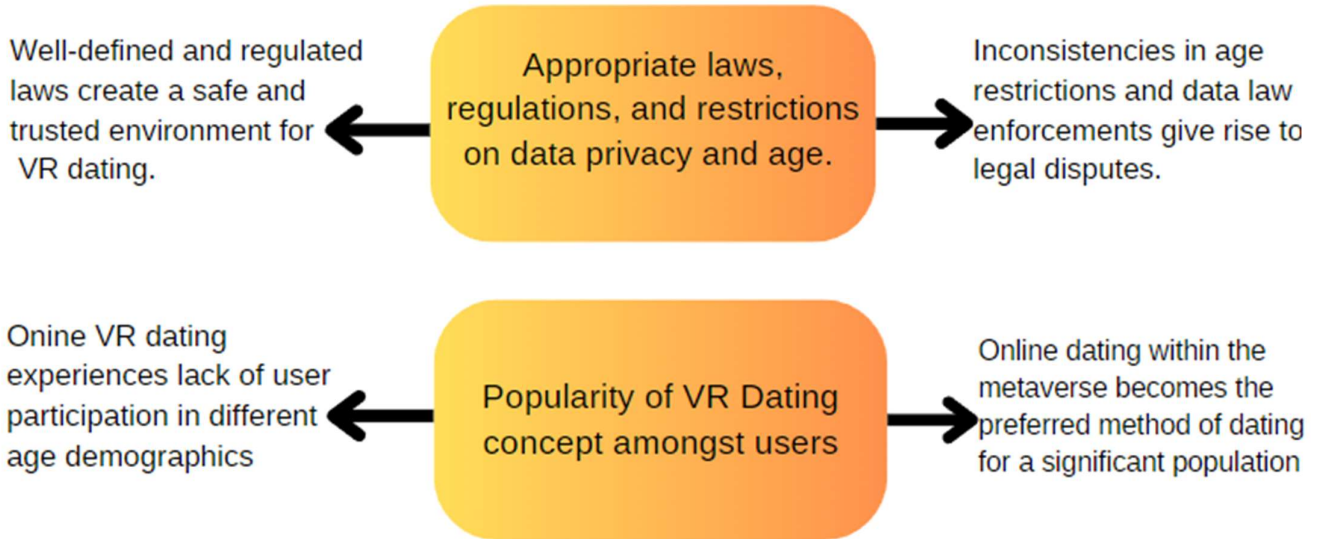
Economic

Market Potential: The Metaverse dating market is projected to be worth billions, representing a significant economic opportunity.
Monetization Strategies: Roblox will need to develop effective revenue streams within the dating platform to ensure economic viability.
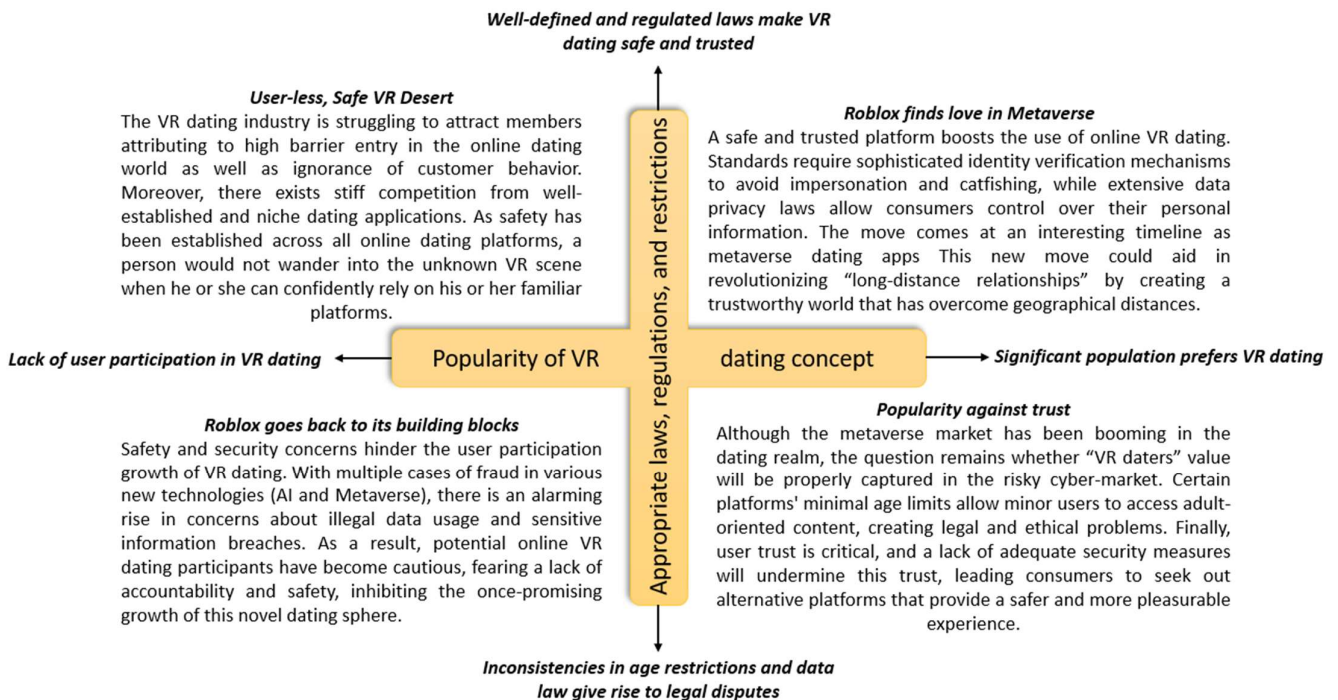
Political

Data Privacy Laws: Compliance with data privacy regulations and protecting user data is a critical legal consideration.
Age Restrictions: Roblox's age restriction policies may need to align with or surpass industry standards for dating platforms.
Content Moderation: Legal obligations regarding content moderation and user safety will be significant.

2. _Social and Political factors are the most important factors in determining the success of metaverse dating._

Well-defined and regulated laws create a safe and trusted environment for VR dating.

← **Appropriate laws, regulations, and restrictions on data privacy and age.** →

Inconsistencies in age restrictions and data law enforcements give rise to legal disputes.

Onine VR dating experiences lack of user participation in different age demographics

← **Popularity of VR Dating concept amongst users** →

Online dating within the metaverse becomes the preferred method of dating for a significant population

3. _Scenario Mapping_

Well-defined and regulated laws make VR dating safe and trusted

User-less, Safe VR Desert
The VR dating industry is struggling to attract members attributing to high barrier entry in the online dating world as well as ignorance of customer behavior. Moreover, there exists stiff competition from well-established and niche dating applications. As safety has been established across all online dating platforms, a person would not wander into the unknown VR scene when he or she can confidently rely on his or her familiar platforms.

Roblox finds love in Metaverse
A safe and trusted platform boosts the use of online VR dating. Standards require sophisticated identity verification mechanisms to avoid impersonation and catfishing, while extensive data privacy laws allow consumers control over their personal information. The move comes at an interesting timeline as metaverse dating apps This new move could aid in revolutionizing "long-distance relationships" by creating a trustworthy world that has overcome geographical distances.

Appropriate laws, regulations, and restrictions

Lack of user participation in VR dating ← Popularity of VR | dating concept → **Significant population prefers VR dating**

Roblox goes back to its building blocks
Safety and security concerns hinder the user participation growth of VR dating. With multiple cases of fraud in various new technologies (AI and Metaverse), there is an alarming rise in concerns about illegal data usage and sensitive information breaches. As a result, potential online VR dating participants have become cautious, fearing a lack of accountability and safety, inhibiting the once-promising growth of this novel dating sphere.

Popularity against trust
Although the metaverse market has been booming in the dating realm, the question remains whether "VR daters" value will be properly captured in the risky cyber-market. Certain platforms' minimal age limits allow minor users to access adult-oriented content, creating legal and ethical problems. Finally, user trust is critical, and a lack of adequate security measures will undermine this trust, leading consumers to seek out alternative platforms that provide a safer and more pleasurable experience.

Inconsistencies in age restrictions and data law give rise to legal disputes

4. *Threats and Opportunities*

I. *Drivers*

Government and legal regulations.

Social factors such as safety, privacy, age restrictions, and the impact of online dating.

II. *Opportunities*

Expanding Customer User Base: Roblox has to seize the opportunity to expand its user base by attracting new players of all ages and entering new customer segments.

Monetization in Meta: Strong tailwinds in the virtual gaming industry indicate higher in-game purchases. Advertising in the metaverse in dating platforms to users opens new revenue streams.

Inclusivity: This allows the metaverse to be accessible to all individuals, whether they belong to the LGBTQ community or if they have a disability that prevents them from undergoing certain types of dates.

III. Threats

Risk of Brand Loyalty Loss: Because Roblox is a popular "hangout spot" for young individuals below the age of 17, the brand might face the risk of identity loss in the market. Indeed, children between the ages of 9 to 16 years account for 42% of the consumer base, while the age group between 17- and 24-year-olds correspond to merely 16% [2].

Heavy Regulations: Roblox confronts legal and regulatory challenges as it expands globally. These include copyright infringement risks from user-generated content, ensuring user safety and privacy compliance, navigating diverse international regulations, addressing emerging rules for virtual economies, and managing potential litigation.

Intense competition: Roblox faces fierce competition from various sources, including traditional gaming platforms, emerging metaverse concepts, social media apps, and educational tools.

Cybersecurity Issues: According to Deloitte's report, cyber is considered an imperative factor in the next 5 years for the digital transformation market, counting 32% for the metaverse [3].

IV. Strategic Response
1. Leverage AI for privacy.
2. Establish partnerships with competitors to reduce the competitiveness of the market landscape.
3. Strengthen metaverse IT infrastructure.
4. Provide customers with a customizable experience.

## 5. _Competitive Analysis: Roblox needs to fight hard to win over users._

Roblox, which is trying to venture into the online dating services arena will have to face competition from existing players in the market. Online dating app giants Tinder and Bumble are well-established and hold a vast share of the online dating market. The incumbents - Tinder and Bumble hold 29% and 26% of the market respectively. Tinder's move with premium selects and Bumble's boost and premium offerings are creating a niche audience who prefer the best features, reach, and security. Tinder has recorded 75M active users while Bumble has recorded 50M active users monthly. Tinder was also venturing into providing Tinder coins but received an underwhelming response. Both Bumble and Tinder are heading into the metaverse to shape Web 3.0. This is a massive competition for Roblox which is primarily focused on the metaverse.

The next set of competitors are the insurgents – Hinge, Badoo, and Tanatan who have already entered the online dating market and are trying to position themselves in the competitive landscape. Hinge has recorded 6M active users with an 18% market share. Badoo is a direct competitor of Roblox. It started as a quiz and games app and transitioned itself toward online dating. However, its market share is 5.21%.
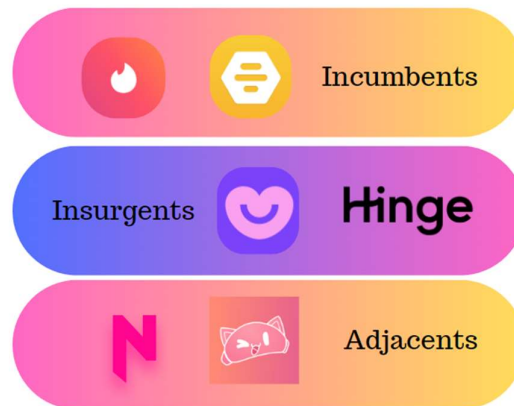
Nevermet and Flirtual are adjacents to Roblox that are focusing on creating Virtual Reality dating apps, connecting users to avatars and shared experiences. Both Nevermet and Flirtual are trying to create shared experiences beyond online dating. Other adjacents like Plant Theta, VRChat, and VTime XR are also following the same inspiration of creating a VR-based platform for sharing experiences and dating. With various competitors moving along the same lines, Roblox will have to make strategic choices and moves that give it a competitive advantage.

6. *Roblox's transition from visionary to adaptive – understanding the strategy palette.*
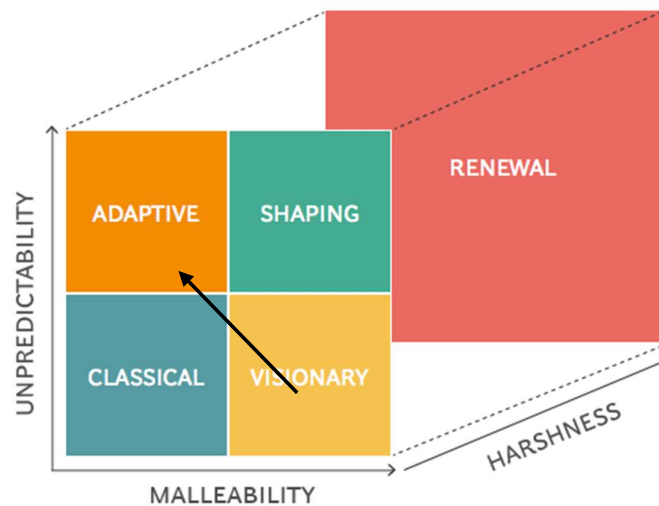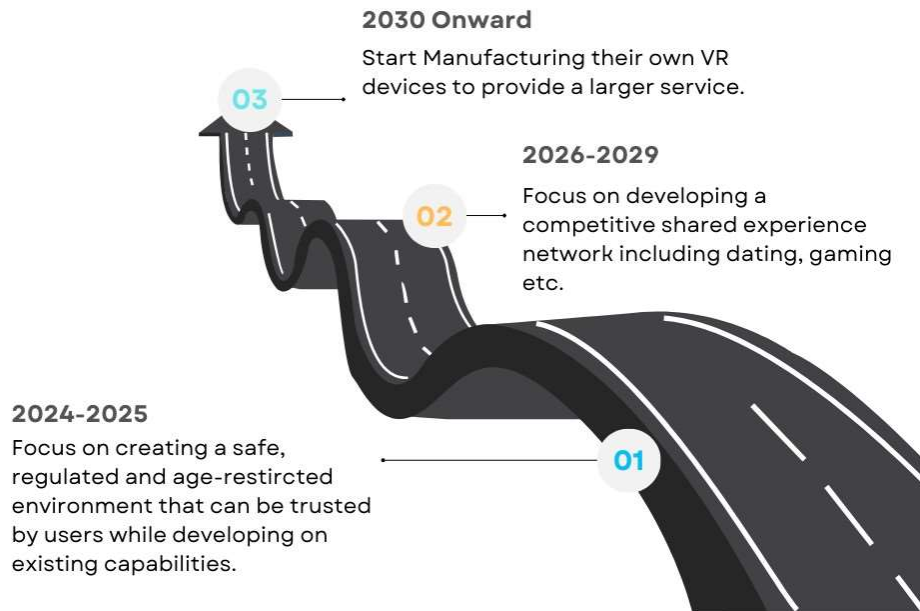

Roblox began its journey with a **Visionary** strategy. The visionary approach of creating a human-co-experience platform that allowed users to design, program, and play their own games. Roblox aimed to provide a unique blend of gaming, entertainment, and social interaction.

As Roblox evolved, it adopted the **Adaptive** strategy. It responded to market trends and user behaviors, which led to its significant growth, largely accelerated by the COVID-19 pandemic. During this period, it adapted by expanding its customer base and enhancing its platform's overall experience.

Leading to Horizon 2 with Metaverse dating, Roblox needs to adopt a **Shaping** strategy. This means adaptively shaping and guiding the future of the Metaverse dating market. Roblox's move into this "Blue Ocean" represents a strategic shift from its core gaming business model to a diversified model, and so it must proactively shape its presence in a new market to expand.

Roblox must use its existing strengths, such as user-generated content and social features, to shape the Metaverse dating experience uniquely. Additionally, it needs to address safety concerns and set industry standards for safety and moderation in the Metaverse dating space. In this way, Roblox can position itself as a main player in shaping the future of the Metaverse dating market while still leveraging its Visionary roots and Adaptive capabilities in Horizon 2.

7. *Building trust, expanding offerings and embracing VR – A three-pronged strategy of growth.*

2030 Onward
Start Manufacturing their own VR devices to provide a larger service.

2026-2029
Focus on developing a competitive shared experience network including dating, gaming etc.

2024-2025
Focus on creating a safe, regulated and age-restircted environment that can be trusted by users while developing on existing capabilities.

Horizon 1: 2024 – 2025

Focus on creating a safe, regulated, and trusted online environment while building on the existing capabilities.

The How:

- Creating interactive cybersecurity challenges through which players are taught safety precautions and solutions before surfing their way into the metaverse. Accordingly, players win "safety coins" as they navigate up the levels to reach the game interface.
- Establishing a solid AI-Cyberchat software through which players can search for the "player" who is contacting them and check whether this individual is legitimate or not.
- Working on a Bug Bounty Program through which security engineering freelancers can check for vulnerabilities that reside within Roblox's core and report them in return for rewards and prizes.

Rationale:

- The current adjacents to Roblox in the VR dating industry – Nevermet and Flirtual – have already developed robust VR dating models and have already tested the waters of this market.
- According to cyberthreat protection company Kaspersky's SecureList that studied the sandbox game platform and various other sources, Roblox malware contributes to 9.6% of all gaming-related cyberthreats, making it rank third in this arena [1]. For this, Roblox must create a data and privacy-safe, secure, regulated, and trusted environment before they launch their VR dating platform.
- Popular among younger demographics who have now grown up and looking to meet people, will stay true to the brand loyalty of Roblox.
- Roblox already has the means and resources to develop the VR dating platform and should continue the development while addressing safety concerns.
- With their abilities in VR and robust environment, Roblox will be able to market themselves as the safest and most advanced VR dating platform, building a sustainable competitive advantage.

Horizon 2: 2026 – 2029

Releasing the VR dating platform and going through continuous iterations and additions to appeal to different generations.

The How:

- Solidifying a partnership with Instagram in an attempt to target a wider consumer base of appropriate age, while offering "slide into DMs" individuals the opportunity to take their chosen individual into a proper virtual date.
- Developing different settings corresponding to all countries all over the world, which enables individuals to surpass geographical barriers and allows them to share journeys together as part of their cost-friendly travel itinerary.
- Establishing customizable avatars that match the individual's physical appearance and personality, which can be achieved using AI's facial recognition.

Rationale:

- Having strengthened its VR dating platform, Roblox should make it available to the users.
- Different generations will need experience. Roblox should focus on iterating its model to suit various needs. Indeed, Roblox will need to explore sources for the desired new market segment. Because social media platforms represent indirect players in the dating market, it is a well-rounded opportunity for a partnership to leverage the existing customer base.
- As AI has become a key player in the cyber world, it is crucial to use it as a means of differentiation.
- It is also the period for collaborations and expanding their inclusivity with the LGBTQ community. Consequently, it is vital to allow users to personify their avatars.

Horizon 3: 2030 Onward

Start Manufacturing their own VR devices to provide a larger service.

The How:

- Designing and manufacturing their own VR devices that support special features of their online platforms.
- Partnering with other new and emerging providers to become market leaders in providing a complete experience.

Rationale:

- Depending on a competitor's tools for customers to use your platform in a highly competitive industry can be disastrous for Roblox.
- Instead building its own VR devices and haptic suits can attract a huge segment of the market and retain the customers in an ecosystem.
- This would also open to customization of specific features for customers inside the metaverse and propel the company to be a market leader and shape the future of the industry.

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