

# VIRTUAL ECONOMIES

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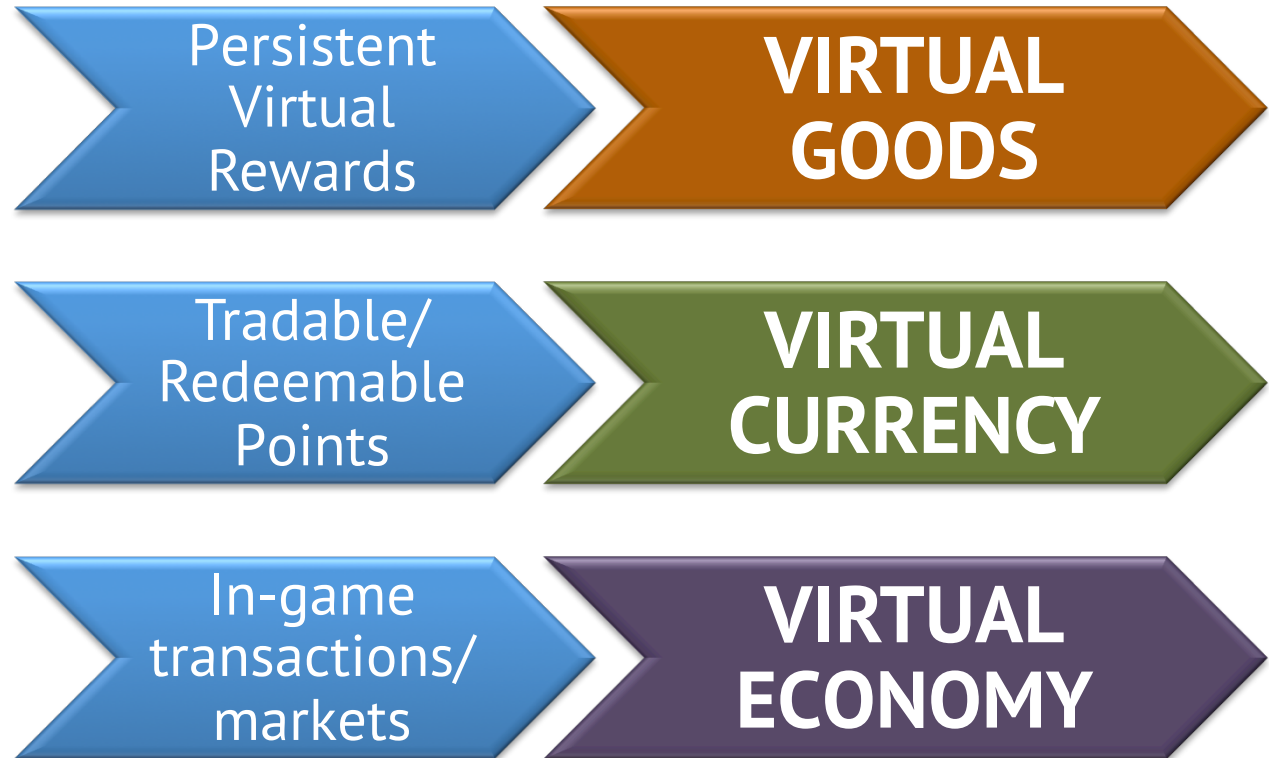
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- **Worldwide virtual asset market:**
  - \$7 billion in 2010 (In-Stat)
  - Nearly \$13 billion in 2016 (Strategy Analytics).



- **Loyalty programs as virtual currency**

# Balance



- **Economics still works**
  - Dynamics driven by scarcity, not money
  - Castranova on virtual worlds
- **Faucets & Drains**
  - Remember “passing Go” in Monopoly?



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# Danger!

- **Real money costs real money**
- **Remember the hedonic treadmill and crowding-out effect**
- **Intrinsic value from rarity and surprise**