How Virtual Should the Metaverse Be? How Visibility of the Physical Reality During Virtual Experiences Affects Consumers' Perceptions and Responses

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We develop a conceptual model exploring how physical-reality visibility (PRV) in virtual experiences affects users' satisfaction and recommendation propensity, proposing opposing effects of PRV via spatial presence and autonomy. Using a within-subjects design, 220 participants engaged in a virtual sports activity across three PRV levels: low (full blocking of physical reality by using a virtual reality (VR) headset with 'light blockers'), medium (partial blocking of physical reality by using VR headset, but no 'light blockers'), and high (no blocking of physical reality by using an augmented-reality headset). Results show that blocking physical reality enhances spatial presence but hampers autonomy. Our findings highlight the appeal of virtual environments but suggest that greater immersion may undermine motivation, making augmented physical environments potentially superior to highly immersive settings. These findings offer valuable insights for headset developers and game designers.

Keywords: *Virtual reality, Augmented reality, Spatial presence*

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