Mark Zuckerberg's metaverse vision is over. Can Apple save it?

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In Meta's quarterly earnings call in April, chief executive Mark Zuckerberg was on the defensive. The metaverse, the vision of a globe-spanning virtual reality that he had literally bet his multibillion-dollar empire on creating, had been usurped as the new hot thing by the growing hype around artificial intelligence (AI). Critics had even noticed Meta itself changing its tune, highlighting the difference between a November statement from Zuckerberg, in which he described the project as a "high-priority growth area" and a March note that instead focused on how "advancing AI" was the company's "single largest investment". Not so, said the world's richest millennial. "A narrative has developed that we're somehow moving away from focusing on the metaverse vision, so I just want to say upfront that that's not accurate. "We've been focusing on AI and the metaverse for years now, and we will continue to focus on both … Building the metaverse is a long-term project, but the rationale for it remains the same and we remain committed to it." But more than 18 months after Facebook changed its name to Meta – demonstrating Zuckerberg's firm belief that "the metaverse will be the successor of the mobile internet" – the future he promised seems no closer to existence than it did back then. Reams of concept art, tech demos and prototype devices have given way to little meaningful progress. The company has even struggled to actually define what it is hoping to build: in a lengthy blogpost published last May, Nick Clegg, the former UK deputy prime minister who is now Meta's president of global affairs, described the ambition only in vague terms, despite elaborating across 8,000 words how it would nonetheless change the world. "The metaverse is a logical evolution. It's the next generation of the internet – a more immersive, 3D experience. Its defining quality will be a feeling of presence, like you are right there with another person or in another place," he said. "Early versions of it already exist in the virtual worlds of games like Roblox, Minecraft and Fortnite. It incorporates technologies like virtual reality (VR) and augmented reality (AR) that, while still young, have been in use for some time." But, Clegg insisted, the concept was not limited to niche gadgets that may or may not catch on: it already exists today. "The metaverse isn't just about the detached worlds of VR, where we don headsets that take us out of our environment in the physical world and transport us somewhere new. VR is one end of a spectrum. It stretches from using avatars or accessing metaverse spaces on your phone, through AR glasses that project computer-generated images onto the world around us, to mixed reality experiences that blend both physical and virtual environments." Such an expansive definition – simply setting up a Memoji on your iPhone or logging into Fortnite could count as "using the metaverse" – helps Meta dodge criticism that the dream the company promised looks no closer to fruition now than it did 18 months ago. It also helps to make the prospect of actually building the damn thing look more appealing. In a piece of research commissioned by Meta this month, the Deloitte consultancy said that the metaverse could contribute “between £40bn and £75bn in additional GDP [gross domestic product]” to the UK alone by 2035. The 25-page report – one of nine commissioned for every large market Meta operates in, from “the metaverse and its potential for the United States” to “Enabling the metaverse in sub-Saharan Africa” – argues optimistically that “there is a large opportunity for the UK as a metaverse leader” and concludes that the benefits could reach as high as 2.4% of GDP. To reach those figures, Deloitte applied much the same vague definition as Clegg, but stretched the net even further, pulling in the entirety of the cryptocurrency space as a side benefit. “The metaverse will also likely necessitate the use of new verification technologies based on ledgers of permanent entries – blockchains, broadly referred to as ‘Web3’ – to support its decentralised nature,” the report argued. Some challengers for Meta’s claim to the metaverse are more like blockchains with rudimentary 3D engines attached: virtual worlds such as Decentraland and the Sandbox trade “land” and “objects” for real-world money but attract few active users otherwise. “Economic value will be created by new markets, business models, skills development and better ways of working in the UK,” said Deloitte. What new markets? Well, Liverpool football club launched an NFT (non-fungible token) collection in March 2022 “and generated revenue of £1.13m, even though 95% of the digital collection did not sell”. A few months later, Liverpool spent £85m on Benfica striker Darwin Núñez, so it is fair to guess that the NFT collection did not have a huge impact on the club’s bottom line for the year. “You see a lot of poorly reported or badly written articles referring to the metaverse as ‘3D worlds such as the Sandbox, Decentraland and Roblox’. The frustrating thing is, two of those are terrible website experiences that serve hundreds of people and one of them is a video game platform that serves 66 million active users per day,” said James Whatley, the chief strategy officer at creative agency Diva. He added: “Beware of the consultant that promises you metaverse numbers but then delivers a Web3 website experience. If you’re a serious player in this space, you want to speak to hundreds of millions of people – and those people play video games. Not crap 3D websites.” Education could also be booted, Deloitte insisted. “The metaverse could help transform classroom settings while allowing students to avoid the costs of moving to and living in the UK. This could be a boon for the approximately 600,000 international students currently attending UK universities.” So could healthcare, industry, live entertainment – and even just plain old office jobs. It is not just outsiders Meta needs to convince. Even its own shareholders are starting to revolt. The company lost $13.7bn on its “reality labs” unit, which handles research into virtual reality and augmented reality tech, in the last year alone. In a December 2022 blogpost from the unit’s head, Andrew Bosworth, he predicted that a full fifth of the company’s expenditure this year would land with the unit. But despite the years of investment, there is still only one real area where the underlying technology is actually paying off: video games. Meta’s Quest 2 headset, a £400 standalone device, is the market leader, capable of handling some of the most popular VR games on the market, including the Meta-owned rhythm game Beat Saber, and VR exercise title Supernatural. Connect it to a powerful gaming PC and it can play even more, including the critically acclaimed Half-Life Alyx, a sequel to 2004’s Half-Life 2. (For non-gamers, imagine if Doctor Who had returned from its 1996 to 2005 hiatus in the form of a Sarah Jane Smith-focused spin-off series that was exclusive to 3D TVs. And then won a best drama Bafta.) “Meta has done a huge amount of backpedalling about what it thinks is and is not the metaverse,” said Whatley. “I’ve seen Meta presentations that say augmented reality filters on Instagram count as the metaverse. But then I’ve also seen them say that we are all building the metaverse together. It’s quite telling that 100% of the top 38 bestselling experiences for the Quest 2 are all video games. The 39th is a ‘walk the plank’ experience.” And in that world, Meta is hardly unchallenged. Half-Life Alyx was made for a rival PC platform, the £919 Valve Index, which serves the needs of diehard VR gamers with its “room scale” approach, while Sony’s £529 PlayStation VR2 offers a similar high-fidelity approach for console gamers with a PlayStation 5 in the living room. And then there is the elephant in the room – and the reason why it may still be too early to fully write off Meta’s metaverse ambitions altogether. On 5 June, Apple is set to lift the lid on the worst kept secret in tech: its own virtual reality headset. Piecing together leaks from the supply chain, reports from California and the groundwork the company has laid with developers, it is clear that the iPhone maker is planning to take a radically different approach from its rival, with a price tag in the thousands of dollars and a long-term goal to create a device that people do not feel the need to take off when they want to speak to people in the same room as them. Like so much in the metaverse space, it is a vision that makes sense when you are planning for a decade’s time: with a refined version of these headsets that bundles the same technology in a pair of glasses, it could even be an appealing prospect to speak to the avatar of a work colleague floating in virtual space if the alternative is staring at yet another Zoom window. But getting from here to there is going to be a hard and thankless slog – and even Zuckerberg cannot burn $10bn a year for ever.