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Course of Corporate Strategy

The Corporate Strategy of Meta and the Consequences of Web.3.0

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The Corporate Strategy of Meta and the consequences of the Web 3.0

Abstract

“This work shows how Meta has reinvented its brand to tackle the augmented reality market by setting corporate strategic decisions such as the reorganisation of the structure into two separate divisions : the family of apps (97% of the revenue) feeding the reality labs (mainly focused on R&D) as well as the acquisition of other brands and technology. This put forward the switch of mentality, now the brand is open to cooperate with different systems under the same roof. Hence, the progressive decentralisation of the internet through the construction of Web 3.0 will influence the way users will interact inside the metaverse, and to what extent they will respond to the universe proposed by the brand. To that extent, the organisation of the Metaverse will represent a crucial stake regarding the laws, norms and regulation implemented. The rise of individualism inside our society will force Meta to adapt its product to each individual personally through the development of its platform Horizon Wolrds. The question will be to set if whether or not Meta’s users feel ready to engage even more into the share of their personal spaces, identities, and intimacies, or if at some point, users will start to disengage and look for more genuine products of social interactions. In the end, the three main strategical axis Meta is likely to follow will be to keep on broadening its users base, continue even more the development of its technologies through R&D and increase its source of monetization ”

1. Introduction

"You have your way; I have my way. As for the right way, the correct way, and the only way, it does not exist".

Friedrich Wilhelm Nietzsche

a) Subject Outline

As Nietzsche suggests, for a specific goal to be reach, a specific task to be performed, there is not one only, correct, and universal way. Thus, the individual seeks its own most efficient manners to success. Furthermore, Machiavel used to say that the easiest path to manipulate people is to convince them that they are free to choose their own preferred options while being influenced by others.

To that extent, even if we behave freely inside societies, we are always driven and nudged by institutions, brands, marketing, and advertisement as a whole. What makes capitalism sustain is consumption and over-consuming further than our needs. Indeed, Maslow described this mechanism within its pyramid, and it seems that nowadays, the demand for higher needs and more targeted products is at its peak. Uber, Air BnB, Netflix, Revolut, Bolt, Gorillas, all of these firms that emerged over the market ten years ago are directly triggered to simplify and serve the life of the user.

On the other hand, the rise of individualism has blossomed through the emanation of social medias and applications, and to fit each individual's demand at best, data has become the most precious material on earth, beyond than oil(3). In 2020, Donald Trump signed executive orders to ban Tik Tok from the USA over spying concerns regarding the data shared by Tik Tok's users through the app(4).

Strategy could be describes as the link between the firm's goals, values, visions, resources and its overall environment (competitors, customers, suppliers ect..). To that extent, a successful strategy would rely on three major aspects : long term planning, profound understanding of the competitive environment and a relevant resources appraisal. As a consequence, it differs from mere planning as it oversees further than only short-term matters. Planning covers specific issues while strategy looks at the macro environment surrounding the firm, and how it should behave within. However, products are not always a response to a specific demand by the population. In fact, they are often targeting needs people did not have in the first place, creating a gap in the market. For instance, the launch of the Ipad in 2010 left

a lot of scepticism within the tech-consumer community. Indeed, it would seem too big for a phone and not powerful enough for a computer to much of the usual users. Nevertheless, Apple saw that a particular segment of users could really be interested in enjoying such an easy and intuitive tool (older customers with higher purchase power than young generations, more interested in the Iphone or other smartphones). In 2021, Apple generated about 31 billion of dollars in sales revenue from the Ipad, going from 2 bn$ in 2010 to 7bn$ in 2021(1). This led the firm to have a specific advantage over the tablet market against competition (Samsung, HP, LG,ect..), actually its market share formerly used to stand at 60% in 2011(2) . It now stands at around 20%(2) , showing the cycle of life of this market (decline stage). Corporate Strategy could be seen as the set of actions to gain a competitive advantage through the selection and the management of a business or a specific product. Consequently, there exists a tremendous stake to be the first one to enter a successful market (introduction/growth stage). Therefore, building the Metaverse represents the first step towards creating a new gap in the market, a new space where the public could consume, the introduction phase to this industry life cycle.

Meta Platforms Inc, previously known as Facebook, is an American conglomerate based in California founded in October 2021. It mainly regroups Facebook, Instagram, WhatsApp among other brands and features such as Oculus VR, Giphy or Mapillary. Following a period of uncertainty due to controversies over a whistle-blower leak by Frances Haugen, former member of the company, Facebook initiated a rebranding, incorporating the so-born company Meta. The leak stated that the company was fully aware of the damaging effects of Instagram on younger generations (depression, addiction, dysmorphia, eating disorders, ect…)(5) but failed to implement relevant actions in order to address this issue. As a result, Marc Zuckerberg, the CEO of the company chose to pivot the overall strategy of the group and direct it towards creating the tools and the products to build the Metaverse, a digital extension of reality. In order to drive the company to this goal, Meta relies on three main technologies:

- The oculus VR
- The Augmented Reality
- Nazare Glasses

The vision of the firm is to bring more people together, trying to connect each identity through a common platform in order to bring the world closer(6). As a result, the objective is to build a new generation of internet, the Web 3.0.

At first, Internet was a mere way to communicate within the military system in the 1990s, but it grew to the public so that between 1991 and 2004, the web was considered a "public" space rather than being only reserved for national purposes. Web 1.0 could therefore be summarized as a simple, one-dimensional object, showing data as static pages. This was a "read only" system where there were not any interactions between users nor logging in. In fact, at that time most of the websites could not be profitable through advertisements. Hence, the users could be considered mere "consumers" of the information without any space to act, react, comment, share or interact.

From 2004 until now, internet has evolved a lot. The main update was the possibility for people to use this source of data to exchange with others (Web 2.0). As a consequence, the user of the web also became an actor of the system rather than only consuming it. Thus, Internet is now made by people and for the people as the web pages start to get information from us through the emergence of Google, Facebook, Youtube ect… However, the crucial difference from Web 1.0 relies on the profitability of the system. Indeed, as it become adopted by more and more users, the main companies ruling the platform could offer a large set of data to advertisers in order to target their audience as precisely as possible. To that extent, as soon as the platform becomes universal, users need to abide by its rules. Internet remains a "free space", there is no obligation to give access to our own personal data to anyone. Nevertheless, as the system gets more and more accepted by everyone, peer pressure and the democratization of this process makes it more difficult for users to fight against the rules of the business. Actually, any tool given by Web 2.0 come at a price, a price that seems free to every user, their personal data. We live in a society where everything is monetized through currencies, and the value of a good is measured through its pecuniary appreciation. This makes it truly tough to weight how much data is actually worth when it does not require a monetary exchange to give it, only the consent of the user. Yet, according to many economists, data is the most precious material on earth beyond oil (3). To put it in a nutshell, Web 2.0 is the age of targeted advertising and he lack privacy for its users.

This created a new sense of reality as the data and the information we receive is shaped by our own personalities. Indeed, the content of the feed received through the application is a result of sorting data based on the information we gave. The fact is that it goes even further as the app is aware of things you did not share directly so that you are not fully aware of what you are actually giving. The access to the localisation of your phone gives then access to the place you go while the access to your camera renders it possible to target you even more. This is called "machine learning", the ability for the algorithm to update itself and become more

efficient on its own.

Web 3.0 now relies on blockchain technology and the tools of decentralization. In Web 2.0, the user was considered the product but in Web 3.0, it is believed that each individual will be the creator of its content, the one and only architect of its own system. Alongside Web 3.0, organisation would be run through their own decentralized autonomous organisation (DAO). This creates a new concept of targeting, less based upon the exploitation of the private data from the user, by which firms likely to enter Web 3.0 will need to adapt to. However, these are assumptions that could only be verified in the long run. For now, the targeting through data and machine learning is at its peak, and in order to create a possible transition from Web 2.0 to Web 3.0, Meta will need to attract a substantial amount of users to its system and the products it offers to build the Metaverse.

b) Main Hypothesis

My hypothesis for his thesis is that the rise of individualism within our society will force Meta to adapt its core strategy even more towards **fitting the customer's private identity** alongside the settlement of the metaverse and the development of its new products (Nazare Glasses, Oculus VR Quest 2). To perform this ambition, it will need to rely even more on the customization of its feeds and products which require huge data sources and computing capabilities. This assumption will be contrasted with the current challenges raised by the development of Web 3.0 and the Metaverse. In the end, I will draw the conclusion on the main trends Meta might need to take into consideration when implementing long term strategic decisions following the development of Web 3.0.

Firstly, I will describe the mechanism that led to the progress of individualism following Emile Durkheim's work on the organic solidarity. I will then present the overall vision and strategy of Meta beside the launch of its new flagships and its rebranding. Consequently, I will examine the flaws of the model and how the demand has responded to such announcements by the firm. Finally, I will describe what will be the main trends and strategic options to follow for Meta alongside the development of the Metaverse and and what will be the strategic options when triggering this new market.

2. Web 2.0 – the individualism

Before analysing the core vision of Meta, I would like to set a brief outline of the current environment surrounding Web 2.0 comparing it to the phenomenon of urbanisation. The two could be seen as process bringing people together while isolating them even more. Durkheim shows that with the evolution of society through the industrial revolution and urbanism, the population was brought together inside cities, but felt less connected with the rise of individualism and the loss of common values and references. On the other hand, Web 2.0 has become the market to connect with the whole world without borders, but it may have caused harm to its users with the need to comply with such "perfect and ideal" identity put forward by social networks (dysmorphia, eating disorders, depression, anxiety ect…)(5). In the end, by getting people to interact more and more, did the system has rendered us more alone ?

2.1 Mechanical Solidarity

a) Collective Conscience

Emile Durkheim is a French sociologist who studied how individuals behave together within society. Durkheim suggests that societies need to implement a sense of solidarity on order to create a common framework where each individual could behave its norms and rules. He shows that before urbanisation, populations lived in small cities but shared values, visions, and goals. This set of common thoughts constitutes a "collective conscience" that rules over every individual's mind and mentality. As a consequence, Durkheim thinks that just like molecules that stick together to form any material, humans are forced to cooperate under this system. Therefore, he refers to this physical phenomenon as the mechanical solidarity(7).

b) The old "putting out system"

Before the industrial revolution (1760-1840), most of the population lived in separate villages, cities across the regions of their country. Most of the activity was rural so that the division of labour was genuinely primitive, merely based upon the sex and the age of the worker. Indeed, the system of production was called domestic system or "putting out system". As a matter of fact, the whole value chain was spread across the home of the workers or their

workshops where the employers would “put out” material. As a result, the work would be contracted by an agent and then outsourced to the workers that will complete the task inside their own facilities (farm, workshops, home ect...). The invention of the sewing machine in 1846 has helped develop such a model, widely use in the UK and the US until the start of the first industrial revolution and the coming up of the laminage technique(8). This process offered some advantages that could benefit both workers and employers:

- Wide range of services
- Reasonable prices
- Experienced workers
- Customer support
- Complete disclosure

At that time, people lived in a society where they shared mechanical solidarity. As a consequence, the cohesiveness comes from the homogeneity of the population. Therefore, the connection between the members of society mainly comes from the institutions valued by society: school, church, and family. As a consequence, the sense of belonging to the community and the group was truly strong. Moreover, a strong social control made sure to capture individual inside this frame. To that extent, people were efficiently socialized so that they valued the greater good beyond individualism which was seen as deviant and dangerous.

2.2 The Industrial Revolution

a) The Laminage technique

With the beginning of the industrialization (1840s), the “putting-out” system declined, leading workers to work in the same workplaces, the factories. Indeed, with the invention of the laminage technique(8) (“rolling metalworking”), the production of the goods started to concentrate even more within the factories so that domestic work was no longer viable for the agent.

b) Economies of scale and know how

Hence, by economies of scale (reduction of the fixed costs as they are now spread across a larger scale of production), the job demand was mainly focused upon industrial work. This could mean a decline in the typical “know how” regarding the sewing, gun manufacture, or the

tailoring, but the real aim was profit at that time so with a larger concentration of workers, people started to gather around bigger cities and urbanism developed.

2.3 Organic Solidarity

a) Urbanisation

Durkheim studies how this phenomenon has led to a shift regarding how people behave together inside their cities and within society. Nevertheless, he questions whether it is the come up of the cities through the urbanisation that has led to the development of individualism and the loss of common values and shared opinions, or if it is this new paradigm that forced the process of urbanisation. Hence, he suggests that the society trends have shifted from the communities to the modern society-like interaction. For instance, the decrease in the number of weddings, has initiated a new vision on how love can be conceived by society members. In fact, individual do not feel the obligation to get married anymore. This is not bas per say, but this represents how the social link has faded through crumbling of shared values and norms.

b) Individualism

Actually, society shifted to an organic solidarity where the individuals cohere in society through their own beliefs, values, and norms. To that extent, with a greater division of work, individuals are forced to interact even more. As a result, the interdependence between individuals mainly comes from their place within society given by their job title. Within major and developed cities, with a strong population density, it becomes more difficult to find social integration and harmony. Now there exists a debate between sociologist regarding the impact on division of Labour. Simmel states that with a larger division of work, social interactions become even more crucial to cohere in the same workspace (with basic division of work, the employees only need to perform a specific task, whereas with a more complex one, the understanding between each member of the value chain becomes more complex, so it requires even more efforts to communicate). On the other hand, Durkheim thinks that it is because the society has evolved into a larger set of identities and beliefs that the division of work has developed into more complexity(14) (individualism has led people to follow their own vision

rather than the one promoted by the community, creating new jobs, and increasing the division of work within society).

This is a parallel to me regarding how social networks, Instagram, Facebook, and Meta can shape our own visions, goals and values. Facebook has brought so much people together, and Instagram offers everyone to share their own private life publicly. These are means to bring society together. Nevertheless, did people feel the need to connect, and so decided to use the tools and products given by Meta, or did social networks initiated the urge to share and open each life to the public ? To that extent, does the development of Web 3.0 will lead to more freedom on the user's side regarding their will to share or not their data, or is it just another step generated by social networks to open even more the users' intimacy publicly ?

2.4 Web 3.0 – the decentralisation

Web 3.0 is designed to be a step further into the creation of content and the consumption of data brought by the platforms. In fact, Web 3.0 represents the replacements of the older systems to more decentralisation towards the user considering the databases, the servers, the APIs, web browsers ect… Everything would be now targeted to fit each member of the public.

a) The Blockchain technology

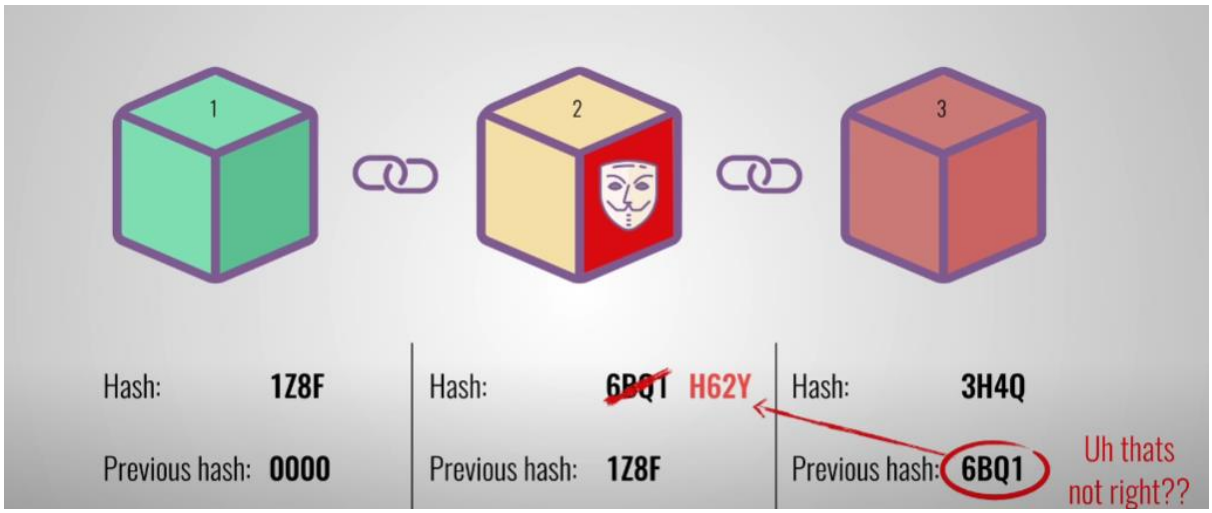
The Blockchain technology might be one the biggest tool of decentralizing the power of an entity to a whole community of people. Basically, the blockchain is merely a chain of separate boxes that contains heir own sources of data. In was first discovered and invented in 1991 by a group of researchers where the aim was to stamp some documents leaving an inerasable mark to assess their review by the community. In 2009, Satoshi Nakamoto used this same technology to create the first crypto currency ever, the Bitcoin.

Hence, the process is created to record, and hold data and information such that it is truly difficult to erase the content made before. As a consequence, each part of the chain contains :

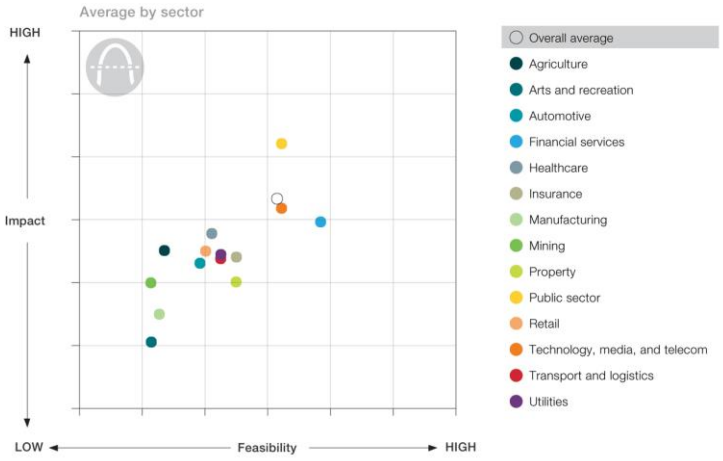
- The data
- The hash (id of the block)
- The hash of the previous block

The type of data contained in the blocks differs according to which blockchain is used. For instance, Bitcoin records transactions that have happened between several parties. As soon as a block is created, a hash is calculated, and once the data has been modified, the hash switches to another one. As said before, the last element of the block is the hash from the previous block. This in fact creates a chain of verification between every block.

Indeed, as soon as the content of a block is modified, its hash (id) is modified, but the next block still refer to the older hash of the previous block, so that it is aware that the system has been modified and that something wrong is happening.(24)



As a consequence, companies could use the blockchain technology if there exists value to be created from such a system. The banking and financial sector are already implementing this tool as well as the crypto currencies, however this might not be so useful for every brand.(25) To that extent, the firm needs to be clear about whether or not it has certain interest in targeting such a market.



McKinsey sets three main sources of creating value for the companies considering the blockchain technology(25) :

- It may be used for other purposes than solely decentralisation (security, mining ect…)
- The current value of the model relies on the cost saving efficiency before the switch to a full new system such as Web 3.0
- The process is not fully scalable to most of the companies

Hence, in order to face the potential advantages of targeting this technology, the firm needs to allow for these two points :

- Identify the creation of value by assessing if whether or not the technology could be efficiently implemented into the company's system
- Create a detailed strategic vision based on the sector's strength and vulnerability, and the potential advantages of the blockchain

b) The advantages of Web 3.0

The main advantages of a decentralized system are numerous, for instance :

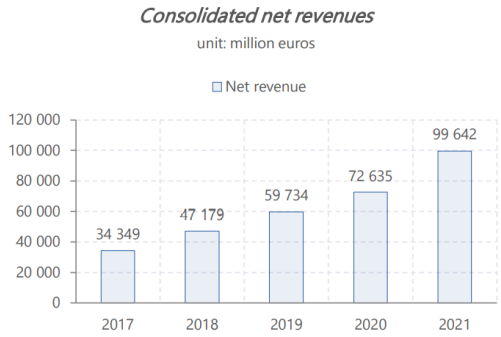
- Permissive systems : From the start of the implementation of Web 3.0, the users will not have to ask for the authorization to update the algorithms, the whole structure of he web will be independent from each individual. The coding sources are open and accessible to whoever, without the requirement of an enterprise, a website, or a government. This may lead to some issue regarding the boundaries put in place over free speech, but the notions of freedom and creativity are the main ideas following the development of Web 3.0
- Ownership of private data : For the first time ever, the user will benefit from the whole ownership of its private data. This might be a no brainer, but as soon as we started using the web, we gave access to our own and personal identities. This has created tremendous controversies (Cambridge Analytica scandal – the role played by a data marketing firm to influence voters into hating Hilary Clinton, Facebook prosecutions, TikTok ban ect…)
- Every user of the platforms can monetize its belonging to the platform via the allowance of tokens given to the members of the blockchain. The better the platform is doing, the more valuable the token is as more people will be interested in joining in.

- The governance across the system is shared democratically for the members of the blockchain instead of been subjected to one and only entity above the community

3. The vision of Meta – Connect beyond reality

Before carrying out the analysis of Meta's vision I would like to present a few figures to get a quick understanding of the brand's current situation.

Meta's share price has dropped by more than 50% since the beginning of the year while showing a net income 39,4 bn $ (29 bn $ in 2020). The cost of R&D (research and development) sits at 10,19 bn $ according to the Q4 earnings report(9) . The long-term plan to tackle competition directly aims at four different goals(18):



- Attract Tik Tok' audience through the setup of a new "reel" platform (short stories)
- Update the quality and upgrade the quality of the news feed to make it more liable
- Renew the monetization process to favour better the brands
- Broaden commerce efforts with Uber and Jiomart to integrate the booking of rides and groceries directly on the messenger application (horizontal integration)

The issue concerning the privacy concerns remains a crucial point to take into consideration. Mark Zuckerberg recently stated that the investments were made in order to improve the privacy of the users showing end to end encrypted backups (e2ee - method of secure communication to prevent anyone from accessing to the system)(10) and the ability to fully erase messages. This requires an upscale of the current computing power which is one of the components of the R&D expenses. Indeed, this will permit a better use and a redesign of the current data centres and AI (artificial intelligence) infrastructure.

Regarding the products, building the access to the Metaverse represents the overall is one of the main concerns. The release of the new virtual headset Oculus VR as well as the project Nazare (AR – augmented reality smart glasses) are currently at stake. Furthermore, the development of Horizon : Worlds (platform for developing the Metaverse) and the project of a new smartphone cross platform compatible also remain priorities. Actually, Meta is targeting the development of the Metaverse as a priority and will try to launch its product on the largest scale in order to attract its current users to adapt. To study the corporate strategy of Meta, I will firstly use the SWOT (micro-analysis), Porter's five forces and the PESTEL (macro-analysis) to assess the whole structure's identity and main components. Then, I will explain the whole rationale between the communication and the rebranding of the platform and the goal of such manners. Finally, I will analyse the components of Meta's strategic shifts and what are the causes of this new position.

3.1 Identity and values

To carry out an analysis of Meta, it is relevant to perform a SWOT analysis of the structure.

a) SWOT Analysis

- **Strengths :**

A strong brand : Meta was named the 15th most valued brand in 2021 by Interbrand(11). Its current brand value is estimated to be worth 36,2 bn $.

Complete diversification : the brand has multiplied the buyouts in the last years, acquiring WhatsApp, Instagram, Messenger, Oculus. Meta separates all its assets within 2 major families : the applications (98% of the revenue) generating most of the advertisement income and the reality laboratories (sell of software)

International occupation : Meta is present everywhere in the world particularly in the north America region (US and Canada – 44% of the overall revenue) but also in Europe (25% - 427 million of customers which represent 20$ for one user), and lastly comes Asia (23%).

Leadership on the business : Meta benefit from a number total of active user of 2,91 bn $ which is more than 25% of the current global population(12) (Statista, 2021).

Charismatic leader : the CEO of an organisation embodies the future and the vision of the brand. Meta benefits from one of the most renown executives globally.

Effective Ad system : the major source of income from Meta is generated through the monetization of the advertisements services within its platforms, mainly on Facebook and Instagram. In 2021, it showed almost 120 million of $ from turnover

One of the first GAFAM to enter the Metaverse market : the CEO stated that next to 10 bn $ will be put within the research and development section of Meat to shape and design the future Metaverse for the following decade.

- **Weaknesses :**

Shortcoming on the privacy issue : it is a fact that Meta has been prioritizing other matters than the privacy of its users for the last ten years. Edison research data has shown that the social network has lost more than ten million users since 2016.

Lack of income diversification : In fact, Meta's revenue mainly comes from the sale of advertisement spaces. This could create a weak spot if competitors succeed in attracting its customers

Controversies over the quality of the fees : The brand has often been accused of spreading fake news globally.

- **Opportunities :**

Broaden the sources of income : Through the several acquisition Meta has carried out, the opportunity to look for new sources of income becomes more obvious than only the remuneration through the ads system.

Vertical integration : Meta is already aiming at increasing its spectrum within its core business plan with the planned collaboration with Uber and Jiomart inside Messenger. Moreover, it could target other markets such as online streaming, video service, use of the metaverse ect…

Increase its market segmentation : With the increasing development of its platforms, Meta will target a larger audience maybe an older one using different means of consumptions.

Buy-outs : The acquisitions of Oculus VR and the development of project Nazare represent a foot in the door to pursue even more the development of the Metaverse alongside the buy-out of new technologies and firms.

Crypto-currencies and innovation : Meta is always expected to deliver its own currency "Libra". In a more decentralized environment, this could represent more market share (need to pay in Libra to use Meta's services)

- **Threats :**

More intense rivalry across the competitive framework : new entrants to the market have arrived and begin to gain a large share of the market (Tik Tok). Meta has already implemented a "reel system" to attract this portion of the competitive environment.

Stronger governance over the data sensitive issues : The scandal during the election of Donald Trump where Meta was used by Cambridge Analytica to favour this candidate has put some serious doubt over the power of machine learning and Facebook's ability to control its algorithm

Restriction on various areas: Facebook was banned from Russia following the declaration of war to Ukraine. China, Iran and North Korea have also decided to censor the brand. Regarding the democratic countries, the emphasis is put on how to control the spread of fae news across the media

Data leak : In 2019, Facebook was responsible for the loss of private users' data (267 000 000 cases) such as name, address, ID, passport ect…

Conclusion of the SWOT :

- *How can Meta use its strengths to seize the opportunities given out by the environment ?*

To capitalize on its large share of the market, Meta will need to use the development of the Metaverse to include the maximum number of its current users through the adoption of its new products (Oculus VR, AR Nazare Glasses, Horizon: Worlds). To that extent, it will

figure as a pioneer in Web 3.0 which will give the opportunity to develop even more technologies and carry out new acquisitions

- *How can Meta limit its weaknesses to protect itself from the potential threats ?*

On the other hand, Meta will need to be as transparent as possible regarding the use of the users' private data and the security of its algorithm. People are not as confident as they used to be when dealing with such sensitive material. As a consequence, the ability to create a safe and secure space inside the Metaverse is a key factor to the integration of Web 3.0 in the community. To that extent, the challenge will be to convince its current to users to deep even more into the sharing of their personal identities.

b) Porter's five forces

After having dealt with the SWOT analysis, I would like to carry out an analysis of the environment, firstly using Porter's five forces(13), and then by setting Meta's PESTEL.

Porter analyses the environment surrounding the firm by studying how the structure reacts to five forces inside the competition rivalry:

- The threats of substitute
- Bargaining power of the buyers
- Bargaining power of the suppliers
- Threats to new entrants
- Industry competition

Threats of substitutes :

A substitute is a product that could evenly fit a potential buyer's demand. Indeed, MySpace could formerly be regarded a potential Facebook's substitute before the blue network started to conquer the whole social network market.

- *How can Meta target the potential substitutes to the Metaverse market ?*

On the one hand, a tool to eliminate competition of the product would be to set strong boundaries surrounding the environment proposed by Meta to the customers. This is how Apple manages to keep its current user's basis strong, in fact the cost of switching to another device is so strong economically (need to purchase a new computer/phone/drive) but also emotionally (photos, applications, history captured in the cloud) that the consumer does not envy any other

product. On the other, Meta does not only propose mere products (Oculus VR, Augmented Reality, Nazare Glasses), it offers a whole system following the evolution of the Metaverse. Hence, the development of its own currency (Libra) and its own platform (Horizon Wolrds) will give it the space to eliminate any other products that could attract its current customers.

Bargaining power of the buyers :

Buyers are the targets of the firms' marketing and products. Nevertheless, following a rational economic point of view (Homo economicus), customers want the best option considering their purchasing powers. This is a threat for the firm as the structure would like to get the most revenues generating as little cost as possible. To find the right space between both visions, the bargaining power of the buyers is a relevant tool to analyse.

- *How can Meta tackle the bargaining power of its users ?*

The key to having a strong position considering the price of the product is to have a significant market share, that way, the more the customer use and pay the price for your product, the more it is likely to be democratized on a larger scale. The next price for the latest Iphone will be around 1,3K €, this is tremendous, it represents a monthly minimum wage. Nevertheless, stakeholders have integrated the price as normal so that the product is no longer seen as costly but luxurious. To that extent, the large share of the market has permitted the brand to bargaining a larger profit regarding the buyers. Regarding Meta, as soon as the Metaverse will be accessible mainly through Meta's products, it will be significantly tough for the users to make a choice regarding the price. Either you abide by the firm's rule, or you chose not to participate in the system. This represents a challenge for Meta to attract its current users to adapt to this new system, even if it requires a higher purchase price at the entry of the market. Hence, innovation is a key component and the launch and development of its flagships will be key to the adoption of the tools by the buyers.

Bargaining power of the suppliers :

Most of the firms operating further than the primary sector (production of raw material) need to rely on an external source on their supply chain. Vertical integration is a mean for the firm to limit the bargaining power of its suppliers, however it represents additional costs and risks, and therefore requires even more planning and detailed strategy. Indeed, the stronger the bargaining power is, the less profitable will be the product in the end.

- *How can Meta address the bargaining power of its suppliers ?*

Firstly, it needs to set a competitive environment considering how the firm will choose its suppliers. Indeed, by creating more rivalry across the top of the chain, Meta could bargain less expensive materials. Nevertheless, the geopolitical context is crucial to study, as shortage of products could initiate higher costs (embargo, wars, ect…). Meta could also diversify the products requirements so that the switch between several material becomes easier. Finally, it could implement partnerships with particular supplier to benefit from specific prices (Nike's strategy regarding power of the suppliers). It is also important to bear in mind that the source of the product represents an ethical and ecological worry that the users could be sensible to. Thus, Meta needs to carefully choose between fewer supplier costs and a larger detrimental image damage.

Threat to new entrants :

When you are looking at the life cycle of an industry, there exists a phase where the new market attracts other firms that will compete for the most market share within the industry among other enterprises (growth stage). If there exist strong barriers to entry, this might mitigate the threat. On the other hand, the easier it is to penetrate the market, the more likely the firm will face competitors across its path

- *How can Meta manage the threats to new entrants ?*

Innovation is key to drive forward the demand of the customer. Indeed, by setting new products that stand out from the competition, Meta forces its competitors to come up with new solutions that need to at least perform the same level of service. This means that the firms will need to spend a significant amount of its budget on R&D and marketing, but it seems that currently, Meta is leading the way with its new flagships (Oculus VR, Nazare Glasses, Augmented Reality). On the other by developing its own currency (Libra), Meta will force other firms that want to target the Metaverse market to either come up with their own means of payments or use their currency which would increase their power among the industry.

Competition rivalry :

The intensity of the competition within the industry is a key component regarding how the firm should behave in its environment. If it is is fierce, than the flexibility to increase its margin or launch risky product might seem irrelevant.

- *How can Meta behave within the competition ?*

Meta's genuine environment is not where it currently operates. In fact, Meta is designed to thrive inside the Metaverse. As a consequence, by developing its product and democratizing the access to Web 3.0, Meta will set new boundaries to the market, which will become even broader. Microsoft targets the Metaverse through the development of Teams. As a consequence, the approach is more corporate based whereas Meta desires to tackle its current users (Instagram and Facebook) to initiate the transition across the Metaverse.

Conclusion of the Porter analysis :

As soon as Meta initiates the transition to the Metaverse by launching its products on a large scale, it will redefine the whole environment and figure as a pioneer. Apple made the transition on the phone market with the development of the iPhone technology which gave it a tremendous market share by being the first one to innovate. To that extent, if Meta succeeds to deliver the products to its users, and carry out the transition to Web 3.0, it will stand out from the competition and figure as a leader of this industry

c) PESTEL

In order to get a full and complete understanding pf Meta's framework, a PESTEL analysis will showcase the main element to allow for when looking at Meta's environment.

- **Political** : The main issue regarding the development of Meta might be the control of its feed and the spread of fake news globally across its users. The world is more polarised than ever. The election of Bolsonaro, Trump, the Brexit, the Gilet Jaune crisis in France are events that embody a divide that becomes even more profound. Pizza gate is a fake news event that demonstrates how social networks can deliver actual consequences. A false rumour spread across Facebook stated that a pizzeria in Washington DC was the headquarter of child abuse perpetrated by the leaders of the democrat parties. This led to a huge wave of harassment facing restaurants in Washington DC. Moreover, the restriction on several countries could endanger Meta's potential market share. In fact, Iran, China, Russia, and North Korea have banned the platform which represents a substantial part of the global population.

- **Economic** : Nowadays, inflation is on the rise and it appears that it is there to stay. This means that the company could suffer additional costs regarding their suppliers, and this

could lead to a decrease in the profit margin if Meta is not able to translate the surge on its prices.

- **Social** : The use of the users' private data is a crucial element Meta needs to allow for. Indeed, there is a high scrutiny on what the firm collects and how it uses the whole database. The loss of personal data that happened in 2019 over Facebook is an example of bad press regarding the treatment of personal information. To that extent, Meta needs to be as transparent as possible considering the use of personal data for its products. Also, the company needs to bring the concerns regarding the side effects of its product as a priority. Hence, the whistle-blower leak showing that the company did effectively know all the potential consequences its products had (Instagram, WhatsApp, Facebook) on younger generations (dysmorphia, anxiety, depression, ect..), but decided to avoid looking at the problem. Even if Meta's motto is to bring people together into the same space, including everyone's identities to the whole scope, it needs to carefully treat its customers by providing the tools to fight against these damaging consequences.

- **Technological** : The cost of research and development of Meta is one of the biggest spots of expense looking at their financial statements(15). Consequently, the technological factor is a key component of the environment surrounding the firm.

- **Environmental** : The cost of managing such database is considered to be one of the most prominent causes of global warming, as a consequence, new means of stacking the data are expected to build a new sustainable system. It represents in fact 40% of all our energy expenses due to the cooling needed to keep the system cold and working(16).

- **Legal** : The recent prosecutions regarding Facebooks as well as the controversies regarding the treatment of the personal data could incite the regulator to implement decent boundaries considering the framework of each users' intimacy within the Metaverse. Meta has already stated that this was a priority to deliver a safe space for all people to connect, nevertheless, it is important to bear in mind that cyber security is a crucial threat and it needs to be taken seriously.

3.2 The Meta rebranding and The Metaverse

a) The Meta rebranding – Facebook decline

The reaction to the announcement of the Metaverse have been mixed. In fact, even if some users are genuinely interested in the development of the platform, the public still fears the potential consequences it may have and regards it as a sort of dystopia. In the movie High-Rise, Ben Wheatley imagines a society where all the population would be confined into one single building, , the richest at the top and the poorest at the bottom. Both societies would meet at the centre of the tower inside the supermarket. The rising tension within this film shows how a parallel uncontrolled universe could lead to damaging consequences in the reality. To some people, the Metaverse is only a way to forget about all the controversies regarding Facebook and Instagram, so that the rebranding would solely be based upon image. However, this may be incorrect as the image of Zuckerberg has been fully used to initiate the discovery of the Metaverse. If Facebook wanted to cut away from its past, it may have used another face than the one embodying all of its controversies.

This identity switch may have been caused by another topic. In fact, Facebook was already declining, and in order to avoid the same mistakes as its past competitors (Myspace, BlackBerry, Yahoo, eBay), it was time to inflow a new blood to the system. As a consequence, the whole rebranding might have been caused by the necessity to reinvent itself to sustain. Actually, Facebook was stuck between its competitor's business models. Apple and Samsung share a large part of the phone market, Microsoft have effectively been targeting the B2B sector as well as corporate life via Teams, Amazon provides the largest distribution channels and web services. Indeed, the most precious advantages of the platform are the effect of network (everyone uses Facebook, so this creates incentives for users to use the platform), and the free access to a large quantity of information. However, following the release of their Q4 report, Facebook announced for the first time ever than they were actually losing users. Hence, the platform is seen by younger generation as too old for them, and prefer interacting on TikTok and Snapchat, while the young adults see the content as uninteresting and unreliable due to the spread of fake news especially during the elections and covid.

Apple has already targeted Facebook's weaknesses by implementing a new privacy algorithm that uses pop ups to prevent apps from getting your data without any consent. According to CNBC this measure will cost Facebook around 1bn€ until 2022(20)

b) The Metaverse – a parallel reality

The main goal for the Meta is to develop the access to the Metaverse in order to attract as much users as possible. As said before during the SWOT analysis, the market share of Meta is one of its biggest strengths, so the main stake would be to determine if whether or not the structure is able to transfer a large portion of its actual users to its project.

Metaverse comes from the contraction of two words : meta and universe. As a consequence, it is a whole system parallel to the world we live in. The promise is to propose an alternative solution to social interactions we experience inside our daily lives so that the reality would be influenced by our behaviour on the platform. For instance, instead of actually moving to the grocery store in order to run errands, you could simply put on your virtual reality headset (the Quest 2 – Project Cambria). Actually, one could say that we already live in a state of "Metaverse". By purchasing a product on Amazon and having it deliver on the same day, we are in fact living in another reality than older generations.

The Metaverse is seen by Marc Zuckerberg as a borderless space where people can connect wherever they are situated, whoever they are, regardless of their identity. To that extent, Meta places itself as a genuine tool for more connection within the population, leading to more interactions inside our society. Most of the shortcomings of Web 2.0 comes from the fact that the user is only considered to be the consumer of the data proposed by the internet. It is impossible for us to manipulate the websites we are on, the application we use, indeed, we can only live by the rules of the systems. The Metaverse alongside with the Web 3.0 opposes itself to this vision, as the user will be the architect of its own world.

However, there exists some doubts about the genuine demand for such a platform. Economy is the law of two weights, supply, and demand, and if one of them is missing, then the business cannot be run properly.

It is true that through marketing and advertising, it is possible to initiate a demand that is not spontaneous. Cigarettes have been democratized by the huge advertisement campaigns of Philipp Morris to make smoking an elegant manner. Actually, the smell of smoke is repulsive, and it is genuinely not recommended for a good health, nevertheless, the marketing succeeded in promoting it as a stylish activity. The Metaverse and smoking are two very different things, however they seem quite close regarding their activities to our brain. The endorphins released by nicotine as well as when you interact on social medias could represents means of addiction.

In The Social Dilemma, Tristan Harris an engineer of Alphabet, claims how he has been personally addicted to emails and how the mechanism of the algorithm was pushing him to interact even more.

The difference between the two realities is also a point to question. We often see social medias and particularly Instagram as a distortion of reality, a place where only the good is shown and the bad is hidden. In The Social Dilemma, Justin Rosenstein, a former executive of twitter explains how machine learning impacts our vision of the actual world. The feed that is delivered to you is so much tailored to your character, that it begins to influence your own thoughts and beliefs. Just like a new aged Frankenstein, the beast is now alive, the student surpasses the master. In fact, it is proven that our political opinions have been more and more driven towards the extreme, as we are only given data that we agree with. With that been said, taking a step further into the meta, and connecting even more with machine learning, should we be afraid of seeing another reality even more distorted than what are we currently experiencing on social networks ?

c) The Flagships – a switch to Facebook's original strategy

When referring to the flagships, I mean the products put forward by Meta that will permit the access to the Metaverse (Oculus virtual headset – Project Cambria and the smart glasses – Project Nazare). Using Apple's former strategy, there has been a shift regarding Facebook's strategy that will shape the vision of Meta. Hence, the brand decided to sue Epic Games, the company who produced Fortnite. Nowadays, one of the most played game globally is not available anymore on the most used telephone. This opposition showing the attraction users can have following a product may have influenced the brand to change its corporate strategy towards the development of the Metaverse.

Within the launch of the communication following the rebranding, Zuckerberg stated that Facebook needed to be humble, and to start living by the rules of other systems. Thus, the acquisition of Quest 2 in 2014, was already a step towards sharing the knowledge between the brands and living under the same roof inside the new systems. Nowadays, the real talents are more triggering self-entrepreneurship than working inside the rules of tech-giants. To that extent, in order to keep on attracting the best engineers, capable of building the new platform, the change in the paradigm was needed.

3.3 Horizon : Worlds – the platform building the Metaverse

a) An income diversification tool

Horizon Worlds is the platform designed by Meta that will permit the users to customize their own home within the Metaverse, the space will therefore be used to play with friends, explore and create together. In order to have access to the space, it will be needed to access through an Oculus VR (virtual reality headset), the Project Cambria. Lat February, Meta announced that a total of 300 000 users were already enjoying the platform with a total of 10 000 worlds created. The firm has already stated that the minimum age to be registered on the platform was at least 18. For now, the platform can only be accesses within an exhaustive list of countries (France, Spain, USA, Canada), but it is looking to expand broadly as soon as the computing capabilities will be sufficient.

According to McKinsey, the leading position of Meta could represent a total of 5 000 bn€ until 2030. In fact, there will be new opportunities to increase the monetization of the universe. Meta is currently testing the sale of item directly into the Metaverse. Exclusible is a firm founded in 2022 that exclusively sells luxury items and non-fungible tokens (NFT) through the Metaverse. To that extent, new sources of income are likely to appear out of the platform. Hence, just like a video game, it will be possible for the users to purchase goods only available online through the system.

As said before, Web 3.0 is expected to be the age of the full power given to the user, full freedom on what the individual conceives. Meta is already testing a new outlet " Horizon Worlds : Creator Bonus "[17], which will enable creators to benefit from monthly remuneration in exchange of specific tasks within the Metaverse. For Meta this could represent a serious tool to diversify the monetization of its activity and its overall income. Indeed, if the user is not only motivated to join the Metaverse to have fun, but also expects to get a compensation from its activity, it could attract even more customer to join the Metaverse. Nevertheless, it is only accessible through the Quest 2, one of Meta's new products. As a consequence, by relying on the sale of genuine products rather than the only monetization of the advertisement system, the firm will broaden its source of income and intensify the barriers to entry for other competitors (cf SWOT and Porter analysis).

b) The response to a slowly dying yet lucrative business

When looking at the stages of an industry life cycle, there exists five steps :

- The introduction stage : low sales with strong costs delivering no profits
- The growth stage : sales increasing with diminishing costs showing parts of profits
- The maturity stage : consistent sales with low cost delivering high profits
- The decline stage : reducing sales with the same costs diminishing profits

The aim for the company is to survive through these five steps by correctly managing the crosscurrent of changes to set competitive advantages for the future. This is mainly done by adapting correctly to the new trends and anticipating the overall impact on the industry. Nevertheless, this represents a tremendous challenge, in fact, there happens a sort of inertia where the change in the industry mainly comes from the collapse of the older companies more than the come-up of the new-borns. Therefore, the structure may face a dilemma :

- Optimize for today
- Prepare for tomorrow

By harnessing the knowledge, the firm may be able to build new capabilities however, decisions need to be taken seriously on the long run to answer future trends. Hence, Mintzberg states the three fallacies of short-term strategy planning(21) :

- Fallacy of prediction : it is impossible to know what the future will deliver
- Fallacy of detachment : it is irrelevant to predict any measures without implementing them directly into the workspace
- Fallacy of formalization : the will to predict future trends may inhibit the spontaneous ideas and the learning by doing

As a consequence, the firm needs to be constantly linked to its environment in order to carry out decent corporate decisions, it needs to be elaborated through purposeful and rational long-term decision.

The main dilemma regarding Meta is that the activity already produces substantial income, but it is in fact driving towards the decline. Facebook faced two separate options : either distribute the profits to shareholders, waiting for the business to decline, or invest the future. The Metaverse and Horizon Words represent a high source of expense considering Meta's financial statements which would imply that the firm is triggering the redistribution of its

wealth towards future trends. This begin in 2014 when the firm carried out the acquisition of Oculus VR, from this point, just as the smartphone slowly replaced computers, Facebook and Zuckerberg decided to see virtual reality as the next wave.

3.4 The Conglomerate Strategy

As detailed before the Facebook brand, business model and image was declining, and driving into decline. The switch in its corporate strategy as well as the rebranding of the blue social networks has reinstated a new lighting on the firm among its competitors (Alphabet, Apple, Amazon, and Microsoft). Meta is now leading the trend for the future instead of lagging on.

a) A risky step into the future – the benefit of the innovation

With the new brand and communication campaign, Zuckerberg has already separated himself from usual tools used by corporations. Announcing that early what the projects are, and how he sees the Metaverse through his company Meta, is a strong bias taken by the leader. The strategy is to put Meta at the core of the Metaverse, and to initiate a distance from its competitors from the beginning.

According to Schumpeter's theory there exists four steps into the process of technical progress that could either lead to the imitation of a technique, or the adoption of the one who is already implemented :

- Basic knowledge
- Invention
- Innovation
- Diffusion

To that extent, there exists a debate on whether it is best to lead or to follow the innovation mechanism, in order to study the case of Meta, it is relevant to study John Wiley and Sons innovation model :

Require new business model	Disruptive	Architectural
Relies on old business model	Routine	Radical
	Use techniques known already	*Innovate towards new capabilities*

- The disruptive case shows an activity that needs a renewal considering its core business model while using the knowledge available at the time. For instance, Android is based on Google's operating system which is considered to be open source but use the technology and the level of knowledge of the firm
- The routine case is based on a business strictly using technologies known as well as a already running business model.
- The radical instead promotes new capabilities within old business models. This case is mostly focus on developing new technologies rather than implementing new processes of decision making and long-term planning
- Finally, the architectural section promotes new technologies within new business models such as Kodak's development into digital photography.

Following Wiley and Sons' analysis, Meta appears to be located within the radical section of the table. In fact, monetization through the ads, and the access to a system by the sale of some exclusive products is not a revolution. However, the system it proposes and the technologies require to put out such a platform are definitively improvements regarding the current states of social-digital interactions.

Now one may not agree with the proposition of Meta, but it true that Zuckerberg by assessing such promises within the launch of the brand has taken a step further than the competition. It may not be convincing everyone in the end, but the truth is that Meta has already established a clear and ambitious roadmap whereas its competitors might be working and developing in the dark. The sole fact that the Metaverse already embodies the company Meta via his name strongly suggest the obvious link between the platform and the firm. This means a significant advantage over its competitors as the brand is likely to conquer the largest share of the market if Meta can lead the run to the Metaverse. Apple brilliantly led the switch from computers to smartphones and now owns a prominent share of the market, this could also represent a future for Meta.

b) The attraction of the talents

The shortcoming of this strategy is that the result can easily be perceived as scary to most of the public. Imagine explaining the current state of the internet to our grand parents back in the days, they would probably be unsure about this reality or at least they would be scared by such changes. Nevertheless, the strategy of Zuckerberg is clear, attract the best talents to the development of the Metaverse.

Indeed, to the fanatics of innovation and the most passionate engineers, such a leap into the future is genuinely attractive. This is done on purpose, the run to innovations cannot sustain without talents and there exists a war to attract the most talented people in order to harness the current state of knowledge. In fact, this strategy has already been implemented by its competitor Alphabet.

According to Fabio Troiani, creating quality for a structure mainly comes three different variables(23):

- The people
- The value
- The technology

To that extent, what makes a brand stand out from the others is its ability to connect irreplicable value by talented people while been surrounded a growing technology. As a consequence, the run for talents is a crucial stake to ensure a large share of the Web 3.0 market.

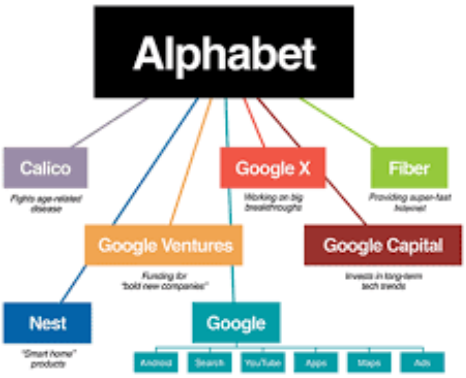
c) A new corporate identity

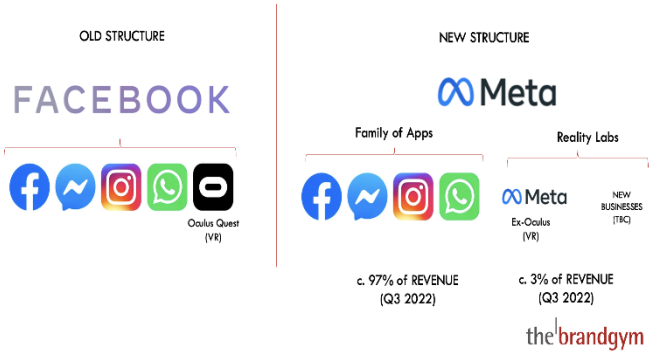
Google is now part of a full stack of other brands and technologies that form together the firm known as Alphabet. As a consequence, the brand has decided to step away from the first plan, in order to focus on developing new technologies and bringing in more talents to effectively get a return on the amounts spent on research and development. This is a true stake. Having the capability to inject dozens of millions of dollars quarterly to research and development is a thing but trying to be efficient with every dollar spent is another. Producing new technologies is genuinely tough and can only deliver decent result in the medium-long term, that is why having the most talented staff is also a gain of productivity. The business model is as follows:

- Having a company leader on the sector
- Acquiring new brands and firms with a high potential to grow
- Establishing a holding above all the structures to gather the identity's project
- Feeding the new acquired firms with the revenue coming from the main company

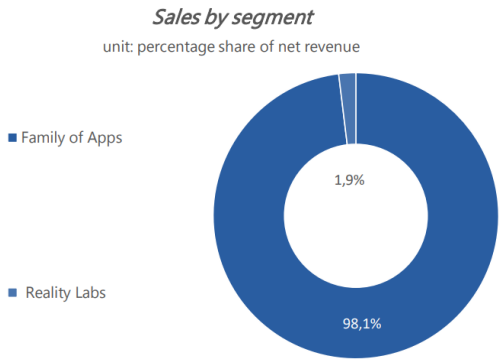
This division within Meta has been incorporated since the rebranding following two main families :

- The families of applications : Facebook, Instagram, Messenger, WhatsApp, Oculus
- The reality labs : Oculus VR, Project Nazare, Project Cambria





The applications represent in fact 97%(18) of the whole structure's revenue while most of this income is spent on the research and development of the brands inside the reality labs. To that extent, Meta targets the best talents on the market by stating ambitious development projects and use carefully the income generated by the applications to be the most efficient regarding the technology it proposes through its rebranding.



3.5 The Reality Labs

To benefit from a full understanding of Meta's strategy, I will now study the two biggest projects of the reality labs : Project Nazare (smart glasses) and Project Cambria (reality augmented technology). It only contributes to a small pat of the overall revenue from Meta (about 3%) and is triggered towards long term development of augmented reality and virtual reality. It is now operating with negative income.

- The augmented reality is based inside our tangible world and interfere by inserting holograms into our reality. This will be possible through the smart glasses offered by Meta through the development of Project Nazare
- The virtual reality only takes place within the Metaverse so that our own environment cannot be directly influenced through the process. The project Cambria is a high precision algorithm that aims at perfectly reflecting our most subtle facial expression as well as body movements. It will be accessible through the updated version of the Oculus Quest 2 which is a premium and targets a higher price range (about 1K€)(6)

a) Project Nazare

Project Nazare is the development of the smart glasses system that will be used to enter the Metaverse and interact with people on the platform directly into our daily lives. It comes from the city in Portugal where the waves are the biggest to surf. In fact, there is a significant difficulty in inserting such a technology within our space so the toughest difficulties is to fit all this computing capabilities inside a small 10mm wide branch of glasses.

In March 2022, Meta incorporated a partnership with Ray Ban to deliver smart glasses but also fashionable items through one of the most renown sunglass brands. This is only an early stage of development as they are not fully smart, it is only possible to take pictures, see stories and listen to music. However, this represents a first step towards the adoption of such a product within common life.

Nevertheless, the goal is to set itself as primary tool of augmented reality. To perform that, the brand will have to face a dozen of technological challenges :

- Development of the sensors
- Computation of the graphics

- Avatars
- Artificial intelligence
- Perceptual science

As a consequence, these difficulties may trigger some strategic weaknesses:

- Even if the project is still at an early stage, there might be a long way to go for the brand before releasing the first version of its product
- The market may not be responsive to such a tool, actually does the demand will satisfy that much income and time spent on research and development
- Competition have already tackled this product; Apple has announced to release a prototype that is expected to be launched in 2022 or 2023.(22)

b) Project Cambria

Project Cambria is the second leading development project that aims at designing a virtual reality tool that aims at perfectly imaging social interactions within the Metaverse. This will only be possible with the purchase of the last and premium version of the Oculus, which will be priced around a thousand euros. This represents a way for Meta to diversify its income source by the sale of a tangible product. In order to cope with Meta's vision of inclusion, the product will replicate our appearance to its best even if glasses, scarfs or beards could potentially hide the sensors.

4. Questions regarding the Metaverse

After having conducted the analysis over the rebranding of Meta as well as its core business value and corporate strategy, it is relevant for the analysis of the consequences of Web 3.0 over long-term strategic decisions to assess the reception of such measures.

4.1 A questionable demand

Even if the whole acceptance from the audience was not expected by Meta, the public did not largely agree to the proposition put forward by Zuckerberg.

a) A systemic challenge

Meta has truly insisted on the fact that the Metaverse was not supposed to be seen as a sort of video game but needs to be taken as a genuine universe parallel to ours. As a consequence, it will only be successful if enough users would be ready to make the transition just like when Facebook started to get attraction.

Indeed, the more people start to develop inside the system, the stronger it is just like a blockchain gaining more and more users. The fact is that nowadays, the public does not seem to be interested that much into this kind of technology.

According to Statista in 2020[27], only 5 million of Virtual Headset were sold whereas Nintendo sold more than 20 million of Switchs.

On the other hand, society is more polarized than before, and there exists a substantial part of the population that can simply not afford to dive into these activities. Indeed, in 2019, among the 10% less favoured, only 60% had access to a simple computer whereas for the 10% most favoured it rises to 99%[26]. Now dealing with market segmentation, it is a genuine strategy to target higher ends of the purchasing power spectrum. Nevertheless, when the ambition is to set a new system for every user to connect every individual, you cannot admit letting so much people behind.

However, it would be a mistake to bury definitively the market for VR and AR.

b) A rising trend

Actually, looking back at the computer market in the 1990s, the product was mainly designed for passionate users and only a few could enjoy the lust of having a computer at home. Nowadays, the product have been democratized to the whole population so that it has become systemic. Hence, within the workspace, the computer has slowly developed into a major tool for the company, so that the producers could expand their productions to a larger set creating economies of scale. Moreover, more applications offering diverse contents started to occur, so that the users could finally see a point in purchasing a computer. This is the main reason why Meta and Microsoft firstly target the corporate environment as a priority for the Metaverse through the use of videoconference. To that extent, it will be extremely easier to sell huge packs of virtual headset to corporate firms in order to give the equipment to their workers for remote work than targeting each individual.

In fact, there exists various points that could indicate a growing trend :

- The rise of remote work and the demand for corporate tools at home
- The VR product market is expected to grow significantly up until 2024[28]
- Rise of the video-game industry especially through e-sports

c) Creative destructions and innovation

After having analysed the firm's strategy and the environment, and the system it will behave in, I would like to study how the economy has reacted to the process of innovation, and what are the potential consequences for other firms alongside the development of the Metaverse and Web 3.0.

In order to carry out the analysis, I will develop the theory of creative destruction across the industries, and what it implies for the firms leading the market through innovation. Hence, creative destruction is the mechanism by which the oldest means of production are being replaced by the products of innovation. For instance, the invention of light bulbs by Thomas Edison has replaced the old lighting system by candles and has permitted the development of a whole new set of invention (LED, power switches, public lighting ect…). To that extent, the new should replace the old and the destruction of several means of production will initiate "grapes of innovation" as new products come hand in hand (smartphone/tablet, computer/internet)

However, the switch is not always that simple and it could actually mean significant losses for the older jobs. This is called "laddite fallacy", the false belief that even if innovation will cause several parts of the industry to disappear, new jobs and new demands will be created. Nevertheless, the automatization of work as well as the elitism regarding the high decision-making jobs question the smoothness of the process. Thus, there might exists some damages for certain types of jobs.

4.2 Issues regarding the platforms

a) An alleged dystopia

The main negative response towards the development of the Metaverse is the vision of dystopia. In fact, the term "Metaverse" comes from the novel Snowcrash from Neil Stephenson which is a genuine dystopic story. Inside the story, the Metaverse represents a haven outside of the real world where governments are ruling and dividing the populations. One of the main fears is the crumbling of the population's mind health through the abundance of virtual reality. Actually, the time spent in front of a screen has doubled since 2010 in the US (29).

This has a direct impact on the life as well as mental health of the population. Indeed, the less active a person is, the more likely its going to face cardiovascular issues. On the other hand, after having spent a few hours into an artificial world made of our own will, people will still need to face their daily routines, and the shock between both universes could lead to some traumas.

b) The Metaverse vs Web 3.0

Looking at the development of Meta's strategy as well as the evolution of Web 3.0, it could be compared to the early development of internet within the 1990s. Actually, no matter how much we debate on this topic, the revolution is coming and as soon as the platform becomes systemic, it will be difficult for us to live marginally.

Now as said before, Web 3.0 is the tool to decentralized data (blockchain technology) and get more ownership of our own information that is now been traded by the tech-firms. However, regarding the Metaverse, what will be the head of the organisation ? It is frankly scary to believe that Meta would be the only organ of regulation considering the platform and its users. Imagine the internet only run and controlled by a single entity. This would indeed look like a kind of dystopia. As a consequence, the Metaverse could follow the path given by Web 3.0 and offer tools of collegial decisions processes and decentralized organs of decisions.

There exists two main categories of risk linked to the possible centralization of the Metaverse :

- economic risk : Meta could be utterly to free to charge the price they want on the services delivered through the Metaverse without any counterpower (rule of the atomicity)
- political risk : the platform may be influenced by lobbying and governments to carry out censorship over the users

As a consequence, there exists two options regarding the future of the Metaverse :

- a decentralized approach where limits to free speech would be minimal so that the overall control over the ideas spread on the platform would be almost null.
- a centralized process where the power of information is given to a single entity responsible for cleaning the Metaverse of dangerous and fake data.

The blockchain approach represents a mixed between both visions : a decentralized decision-making process with a liberal status for the people. Indeed, the members of a blockchain are paid via tokens of the crypto currency which is valued through the law of supply and demand on the market. Therefore, there exists an incentive to behave in the interest of the community to sustain the blockchain and get more value for its tokens.

Zuckerberg has assessed in the launch of Meta, that the question of decentralization would be key to answer in order to make the system work on the long run. However, he stated that this would require significant work to reach such a goal. This goes further than merely technical difficulties, it is a real matter of rules, norms and how we behave together in society.

I started this work by making a parallel to the development of cities with urbanisation, and the result it generated over the people and how they connected inside society. I explained alongside the work of Durkheim that the population started to lose the sense of common values and norms through the rise of individualism. To that extent, the crumbling of the “collective conscience” led people to value more their own beliefs, norms, and behaviours. I believe that the same question applies to the Metaverse. It is true that there is still a long way to go regarding the improvements of science for developing the platform, but there is also substantial work to do about how we consider living together within a new system.

5. Web 3.0 - Strategical Outline for Meta

After having described Meta's corporate strategy and the response from the public as well as its potential shortcomings, I will now draw the main trends and strategic decision Meta will face according to the development of Web 3.0 and the Metaverse(18)

a) Keep on broadening the number of users through its "Family of App"

In order to keep on securing high margins, it is crucial for the brand to capitalize on the strength of its portfolio of applications. Thus, the need for updates and new features and capabilities is a required to keep on growing its number of users over Instagram and WhatsApp. The competition is gaining more market share, for instance, Telegram is slowly attracting Meta's users through its encrypted and more secure algorithm. This is a relevant comparison to the progressive switch to Web 3.0, showing more decentralisation and less reliance over the central organs.

To counter that, WhatsApp launched in April 2022 a set of updates :

- New community tool gathering different chat groups
- Higher capabilities regarding the sharing of the files
- New emojis
- More power given to admins to regulate the content shared

b) Sustain the research and development regarding Augmented/Virtual Reality

The real advantage Meta has over its competitors is the advance it has regarding the development of its products. This is truly precious and needs to be taken carefully. Moreover, the rebranding has implemented the will to establish the firm into the future of digital technologies and the next economy. Consequently, Meta believes that augmented reality as well as virtual reality will be the future of social interactions. Hence, the firm has launched the development of Horizon Worlds. On April 2022, the brand has announced the opening of a store dedicated to Meta's products in California.

c) Increase source of income through ad-revenue and diversification

The reorganisation of the firm has permitted an effective and efficient allocation of income from the family of apps to the reality labs. In June 2022, the firm has launched a global update on WhatsApp to make it more efficient and enjoyable to use through more custom displays in Europe, Africa, and America. Earlier this year, Meta has targeted the reel market in order to attract users from TikTok, one of its fiercest competitors. As a consequence, in February 2022, Facebook released the update over more than a hundred countries. On the other hand, TikTok aims at gaining ¼ of the whole social media market by 2024. Actually, Facebook is slowly declining, in fact it is losing members.

The fact is that the family of app is a truly lucrative activity through the advertisement revenue. In 2021, the annual revenue rose by 37% (99,6bn €). The main key performance factor was the growing prices regarding ad-pricing as well as the boom for e-commerce through the lockdowns and covid periods.

6. Conclusion

Meta is targeting the development of the Metaverse to answer the need to reinvent itself as a brand and open the new augmented reality market as a leader. Hence, the reorganisation of the firm following the rebranding permits the R&D section, reality labs, to benefit from the profitability of the brands to increase its capacities on research and development

The corporate trends alongside the development of Web 3.0 for Meta are the rise of the ad-pricing and the diversification of its income, the growth of users on the applications and the continuation of the research and developments efforts. The main strategy behind the communication so open is the target of talents in order to optimize the most the dozens of millions of dollars generated by the family of apps. Actually, work corporate market represents the feet in the door to start displaying Meta's products at a large scale

The rise of individualism through the emergence of social medias as well as the development of Web 3.0 incites the need to even more tailored products to fit each individual. Meta answers this trend by developing the tool to build the Metaverse for everyone with the Horizon World platform. This implies the need for higher computing capabilities regarding the database which questions the environmental and privacy issues. Hence, is it genuinely sustainable ? The decentralized context given by Web 3.0 will offer the balance needed regarding the freedom given to the user on the platforms, and the use of its personal data by the current brands that want to tackle the Web 3.0 market. Thus, the question will be to set if whether or not Meta's users feel ready to engage even more into the share of their personal spaces, identities, and intimacies, or if at some point, users will start to disengage and look for more genuine products of social interactions.

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10. Executive Summary

1. Introduction

Meta Platforms Inc, previously known as Facebook, is an American conglomerate based in California founded in October 2021. It mainly regroups Facebook, Instagram, WhatsApp among other brands and features such as Oculus VR, Giphy or Mapillary. Following a period of uncertainty due to controversies over a whistle-blower leak by Frances Haugen, former member of the company, Facebook initiated a rebranding, incorporating the so-born company Meta. The leak stated that the company was fully aware of the damaging effects of Instagram on younger generations (depression, addiction, dysmorphia, eating disorders, ect…)(5) but failed to implement relevant actions in order to address this issue. As a result, Marc Zuckerberg, the CEO of the company chose to pivot the overall strategy of the group and direct it towards creating the tools and the products to build the Metaverse, a digital extension of reality. In order to drive the company to this goal, Meta relies on three main technologies: the Quest 2 Oculus VR, Nazare Glasses and Horizon Worlds

The vision of the firm is to bring more people together, trying to connect each identity through a common platform in order to bring the world closer(6). As a result, the objective is to build a new generation of internet, the Web 3.0.It relies on blockchain technology and the tools of decentralization. In Web 2.0, the user was considered the product but in Web 3.0, it is believed that each individual will be the creator of its content, the one and only architect of its own system. Alongside Web 3.0, organisation would be run through their own decentralized autonomous organisation (DAO). This creates a new concept of targeting, less based upon the exploitation of the private data from the user, by which firms likely to enter Web 3.0 will need to adapt to. However, these are assumptions that could only be verified in the long run. For now, the targeting through data and machine learning is at its peak, and in order to create a possible transition from Web 2.0 to Web 3.0, Meta will need to attract a substantial amount of users to its system and the products it offers to build the Metaverse.

My hypothesis for his thesis is that the rise of individualism within our society will force Meta to adapt its core strategy even more towards **fitting the customer's private identity** alongside the settlement of the metaverse and the development of its new products (Nazare Glasses, Oculus VR Quest 2). To perform this ambition, it will need to rely even more on the

customization of its feeds and products which require huge data sources and computing capabilities. This assumption will be contrasted with the current challenges raised by the development of Web 3.0 and the Metaverse. In the end, I will draw the conclusion on the main trends Meta might need to take into consideration when implementing long term strategic decisions following the development of Web 3.0.

2. Web 2.0 – the individualism

Before analysing the core vision of Meta, I would like to set a brief outline of the current environment surrounding Web 2.0 comparing it to the phenomenon of urbanisation. The two could be seen as process bringing people together while isolating them even more. Durkheim shows that with the evolution of society through the industrial revolution and urbanism, the population was brought together inside cities, but felt less connected with the rise of individualism and the loss of common values and references. On the other hand, Web 2.0 has become the market to connect with the whole world without borders, but it may have caused harm to its users with the need to comply with such "perfect and ideal" identity put forward by social networks (dysmorphia, eating disorders, depression, anxiety ect…)(5). In the end, by getting people to interact more and more, did the system has rendered us more alone ?

2.1 Mechanical Solidarity

Emile Durkheim is a French sociologist who studied how individuals behave together within society. Durkheim suggests that societies need to implement a sense of solidarity on order to create a common framework where each individual could behave its norms and rules. He shows that before urbanisation, populations lived in small cities but shared values, visions, and goals. This set of common thoughts constitutes a "collective conscience" that rules over every individual's mind and mentality. As a consequence, Durkheim thinks that just like molecules that stick together to form any material, humans are forced to cooperate under this system. Therefore, he refers to this physical phenomenon as the mechanical solidarity(7).

Before the industrial revolution (1760-1840), most of the population lived in separate villages, cities across the regions of their country. Most of the activity was rural so that the division of labour was genuinely primitive, merely based upon the sex and the age of the worker. Indeed, the system of production was called domestic system or "putting out system". As a matter of fact, the whole value chain was spread across the home of the workers or their workshops where the employers would "put out" material. As a result, the work would be

contracted by an agent and then outsourced to the workers that will complete the task inside their own facilities (farm, workshops, home ect...). At that time, people lived in a society where they shared mechanical solidarity. As a consequence, the cohesiveness comes from the homogeneity of the population. Therefore, the connection between the members of society mainly comes from the institutions valued by society: school, church, and family. As a consequence, the sense of belonging to the community and the group was truly strong. Moreover, a strong social control made sure to capture individual inside this frame. To that extent, people were efficiently socialized so that they valued the greater good beyond individualism which was seen as deviant and dangerous.

2.2 Organic Solidarity

Durkheim studies how this phenomenon has led to a shift regarding how people behave together inside their cities and within society. Nevertheless, he questions whether it is the come up of the cities through the urbanisation that has led to the development of individualism and the loss of common values and shared opinions, or if it is this new paradigm that forced the process of urbanisation. Hence, he suggests that the society trends have shifted from the communities to the modern society-like interaction. For instance, the decrease in the number of weddings, has initiated a new vision on how love can be conceived by society members. In fact, individual do not feel the obligation to get married anymore. This is not bas per say, but this represents how the social link has faded through crumbling of shared values and norms.

Actually, society shifted to an organic solidarity where the individuals cohere in society through their own beliefs, values, and norms. To that extent, with a greater division of work, individuals are forced to interact even more. As a result, the interdependence between individuals mainly comes from their place within society given by their job title. Within major and developed cities, with a strong population density, it becomes more difficult to find social integration and harmony. This is a parallel to me regarding how social networks, Instagram, Facebook, and Meta can shape our own visions, goals and values. Facebook has brought so much people together, and Instagram offers everyone to share their own private life publicly. These are means to bring society together. Nevertheless, did people feel the need to connect, and so decided to use the tools and products given by Meta, or did social networks initiated the urge to share and open each life to the public ? To that extent, does the development of Web 3.0 will lead to more freedom on the user’s side regarding their will to share or not their data,

or is it just another step generated by social networks to open even more the users' intimacy publicly ?

2.1 Web 3.0 – the decentralisation

Web 3.0 is designed to be a step further into the creation of content and the consumption of data brought by the platforms. In fact, Web 3.0 represents the replacements of the older systems to more decentralisation towards the user considering the databases, the servers, the APIs, web browsers ect… Everything would be now targeted to fit each member of the public.

a) The Blockchain technology

The Blockchain technology might be one the biggest tool of decentralizing the power of an entity to a whole community of people. Basically, the blockchain is merely a chain of separate boxes that contains their own sources of data. Hence, the process is created to record, and hold data and information such that it is truly difficult to erase the content made before. As a consequence, each part of the chain contains : the data, the hash, and the hash (id of the block) of the previous block.

The type of data contained in the blocks differs according to which blockchain is used. For instance, Bitcoin records transactions that have happened between several parties. As soon as a block is created, a hash is calculated, and once the data has been modified, the hash switches to another one. As said before, the last element of the block is the hash from the previous block. This in fact creates a chain of verification between every block. Indeed, as soon as the content of a block is modified, its hash (id) is modified, but the next block still refer to the older hash of the previous block, so that it is aware that the system has been modified and that something wrong is happening.(24)As a consequence, companies could use the blockchain technology if there exists value to be created from such a system. The banking and financial sector are already implementing this tool as well as the crypto currencies, however this might not be so useful for every brand.(25) To that extent, the firm needs to be clear about whether or not it has certain interest in targeting such a market.

McKinsey sets three main sources of creating value for the companies considering the blockchain technology(25) :

- It may be used for other purposes than solely decentralisation (security, mining ect…)

- The current value of the model relies on the cost saving efficiency before the switch to a full new system such as Web 3.0
- The process is not fully scalable to most of the companies

Hence, in order to face the potential advantages of targeting this technology, the firm needs to allow for these two points : identify the creation of value and create a detailed strategic vision

b) The advantages of Web 3.0

The main advantages of a decentralized system are numerous, for instance :

- Permissive systems : From the start of the implementation of Web 3.0, the users will not have to ask for the authorization to update the algorithms, the whole structure of he web will be independent from each individual.
- Ownership of private data : For the first time ever, the user will benefit from the whole ownership of its private data.
- Every user of the platforms can monetize its belonging to the platform via the allowance of tokens given to the members of the blockchain.
- The governance across the system is shared democratically for the members of the blockchain instead of been subjected to one and only entity above the community

3 The vision of Meta – Connect beyond reality

Before carrying out the analysis of Meta's vision I would like to present a few figures to get a quick understanding of the brand's current situation. Meta's share price has dropped by more than 50% since the beginning of the year while showing a net income 39,4 bn $ (29 bn $ in 2020). The cost of R&D (research and development) sits at 10,19 bn $ according to the Q4 earnings report(9) .

The issue concerning the privacy concerns remains a crucial point to take into consideration. Mark Zuckerberg recently stated that the investments were made in order to improve the privacy of the users showing end to end encrypted backups (e2ee - method of secure communication to prevent anyone from accessing to the system)(10) and the ability to fully erase messages. This requires an upscale of the current computing power which is one of the components of the R&D expenses. Indeed, this will permit a better use and a redesign of the current data centres and AI (artificial intelligence) infrastructure. To study the corporate strategy of Meta, I will firstly use the SWOT (micro-analysis), Porter's five forces and the PESTEL (macro-analysis) to assess the whole structure's identity and main components. Then,

I will explain the whole rationale between the communication and the rebranding of the platform and the goal of such manners. Finally, I will analyse the components of Meta's strategic shifts and what are the causes of this new position.

3.1 Identity and values

a) SWOT Analysis

- **Strengths :**

A strong brand : Meta was named the 15th most valued brand in 2021 by Interbrand(11). Its current brand value is estimated to be worth 36,2 bn $.

Complete diversification : the brand has multiplied the buyouts in the last years, acquiring WhatsApp, Instagram, Messenger, Oculus. Meta separates all its assets within 2 major families : the applications (98% of the revenue) generating most of the advertisement income and the reality laboratories (sell of software)

International occupation : Meta is present everywhere in the world particularly in the north America region (US and Canada – 44% of the overall revenue) but also in Europe (25% - 427 million of customers which represent 20$ for one user), and lastly comes Asia (23%).

Leadership on the business : Meta benefit from a number total of active user of 2,91 bn $ which is more than 25% of the current global population(12) (Statista, 2021).

Charismatic leader : the CEO of an organisation embodies the future and the vision of the brand. Meta benefits from one of the most renown executives globally.

Effective Ad system : the major source of income from Meta is generated through the monetization of the advertisements services within its platforms, mainly on Facebook and Instagram. In 2021, it showed almost 120 million of $ from turnover

- **Weaknesses :**

Shortcoming on the privacy issue : it is a fact that Meta has been prioritizing other matters than the privacy of its users for the last ten years. Edison research data has shown that the social network has lost more than ten million users since 2016.

Lack of income diversification : In fact, Meta's revenue mainly comes from the sale of advertisement spaces. This could create a weak spot if competitors succeed in attracting its customers

Controversies over the quality of the fees : The brand has often been accused of spreading fake news globally.

- **Opportunities :**

Broaden the sources of income : Through the several acquisition Meta has carried out, the opportunity to look for new sources of income becomes more obvious than only the remuneration through the ads system.

Vertical integration : Meta is already aiming at increasing its spectrum within its core business plan with the planned collaboration with Uber and Jiomart inside Messenger. Moreover, it could target other markets such as online streaming, video service, use of the metaverse ect…

Increase its market segmentation : With the increasing development of its platforms, Meta will target a larger audience maybe an older one using different means of consumptions.

Buy-outs : The acquisitions of Oculus VR and the development of project Nazare represent a foot in the door to pursue even more the development of the Metaverse alongside the buy-out of new technologies and firms.

Crypto-currencies and innovation : Meta is always expected to deliver its own currency "Libra". In a more decentralized environment, this could represent more market share (need to pay in Libra to use Meta's services)

- **Threats :**

More intense rivalry across the competitive framework : new entrants to the market have arrived and begin to gain a large share of the market (Tik Tok). Meta has already implemented a "reel system" to attract this portion of the competitive environment.

Stronger governance over the data sensitive issues : The scandal during the election of Donald Trump where Meta was used by Cambridge Analytica to favour this candidate has put some serious doubt over the power of machine learning and Facebook's ability to control its algorithm

Restriction on various areas: Facebook was banned from Russia following the declaration of war to Ukraine. China, Iran and North Korea have also decided to censor the brand. Regarding the democratic countries, the emphasis is put on how to control the spread of fae news across the media

Conclusion of the SWOT :

- *How can Meta use its strengths to seize the opportunities given out by the environment ?*

To capitalize on its large share of the market, Meta will need to use the development of the Metaverse to include the maximum number of its current users through the adoption of its new products (Oculus VR, AR Nazare Glasses, Horizon: Worlds). To that extent, it will figure as a pioneer in Web 3.0 which will give the opportunity to develop even more technologies and carry out new acquisitions

- *How can Meta limit its weaknesses to protect itself from the potential threats ?*

On the other hand, Meta will need to be as transparent as possible regarding the use of the users' private data and the security of its algorithm. People are not as confident as they used to be when dealing with such sensitive material. As a consequence, the ability to create a safe and secure space inside the Metaverse is a key factor to the integration of Web 3.0 in the community. To that extent, the challenge will be to convince its current to users to deep even more into the sharing of their personal identities.

b) Porter's five forces

After having dealt with the SWOT analysis, I would like to carry out an analysis of the environment, firstly using Porter's five forces(13), and then by setting Meta's PESTEL.

Porter analyses the environment surrounding the firm by studying how the structure reacts to five forces inside the competition rivalry:

Threats of substitutes : *How can Meta target the potential substitutes to the Metaverse market ?*

On the one hand, a tool to eliminate competition of the product would be to set strong boundaries surrounding the environment proposed by Meta to the customers. This is how Apple manages to keep its current user's basis strong, in fact the cost of switching to another device is so strong economically (need to purchase a new computer/phone/drive) but also emotionally

(photos, applications, history captured in the cloud) that the consumer does not envy any other product. On the other, Meta does not only propose mere products (Oculus VR, Augmented Reality, Nazare Glasses), it offers a whole system following the evolution of the Metaverse. Hence, the development of its own currency (Libra) and its own platform (Horizon Wolrds) will give it the space to eliminate any other products that could attract its current customers.

Bargaining power of the buyers : *How can Meta tackle the bargaining power of its users ?*

The key to having a strong position considering the price of the product is to have a significant market share, that way, the more the customer use and pay the price for your product, the more it is likely to be democratized on a larger scale. The next price for the latest Iphone will be around 1,3K €, this is tremendous, it represents a monthly minimum wage. Nevertheless, stakeholders have integrated the price as normal so that the product is no longer seen as costly but luxurious. To that extent, the large share of the market has permitted the brand to bargaining a larger profit regarding the buyers. Regarding Meta, as soon as the Metaverse will be accessible mainly through Meta's products, it will be significantly tough for the users to make a choice regarding the price. Either you abide by the firm's rule, or you chose not to participate in the system. This represents a challenge for Meta to attract its current users to adapt to this new system, even if it requires a higher purchase price at the entry of the market. Hence, innovation is a key component and the launch and development of its flagships will be key to the adoption of the tools by the buyers.

Bargaining power of the suppliers : *How can Meta address the bargaining power of its suppliers ?*

Firstly, it needs to set a competitive environment considering how the firm will choose its suppliers. Indeed, by creating more rivalry across the top of the chain, Meta could bargain less expensive materials. Nevertheless, the geopolitical context is crucial to study, as shortage of products could initiate higher costs (embargo, wars, ect…). Meta could also diversify the products requirements so that the switch between several material becomes easier. Finally, it could implement partnerships with particular supplier to benefit from specific prices (Nike's strategy regarding power of the suppliers). It is also important to bear in mind that the source of the product represents an ethical and ecological worry that the users could be sensible to. Thus, Meta needs to carefully choose between fewer supplier costs and a larger detrimental image damage.

Threat to new entrants :*How can Meta manage the threats to new entrants ?*

Innovation is key to drive forward the demand of the customer. Indeed, by setting new products that stand out from the competition, Meta forces its competitors to come up with new solutions that need to at least perform the same level of service. This means that the firms will need to spend a significant amount of its budget on R&D and marketing, but it seems that currently, Meta is leading the way with its new flagships (Oculus VR, Nazare Glasses, Augmented Reality). On the other by developing its own currency (Libra), Meta will force other firms that want to target the Metaverse market to either come up with their own means of payments or use their currency which would increase their power among the industry.

Competition rivalry : *How can Meta behave within the competition ?*

Meta's genuine environment is not where it currently operates. In fact, Meta is designed to thrive inside the Metaverse. As a consequence, by developing its product and democratizing the access to Web 3.0, Meta will set new boundaries to the market, which will become even broader. Microsoft targets the Metaverse through the development of Teams. As a consequence, the approach is more corporate based whereas Meta desires to tackle its current users (Instagram and Facebook) to initiate the transition across the Metaverse.

c) PESTEL

In order to get a full and complete understanding pf Meta's framework, a PESTEL analysis will showcase the main element to allow for when looking at Meta's environment.

- **Political** : The main issue regarding the development of Meta might be the control of its feed and the spread of fake news globally across its users. The world is more polarised than ever. The election of Bolsonaro, Trump, the Brexit, the Gilet Jaune crisis in France are events that embody a divide that becomes even more profound.
- **Economic** : Nowadays, inflation is on the rise and it appears that it is there to stay. This means that the company could suffer additional costs regarding their suppliers, and this could lead to a decrease in the profit margin if Meta is not able to translate the surge on its prices.
- **Social** : The use of the users' private data is a crucial element Meta needs to allow for. Indeed, there is a high scrutiny on what the firm collects and how it uses the whole database. The loss of personal data that happened in 2019 over Facebook is an example of bad press regarding the treatment of personal information. To that extent, Meta needs to be as transparent as possible considering the use of personal data for its products.

Also, the company needs to bring the concerns regarding the side effects of its product as a priority.

- **Technological** : The cost of research and development of Meta is one of the biggest spots of expense looking at their financial statements(15). Consequently, the technological factor is a key component of the environment surrounding the firm.
- **Environmental** : The cost of managing such database is considered to be one of the most prominent causes of global warming, as a consequence, new means of stacking the data are expected to build a new sustainable system. It represents in fact 40% of all our energy expenses due to the cooling needed to keep the system cold and working(16).
- **Legal** : The recent prosecutions regarding Facebooks as well as the controversies regarding the treatment of the personal data could incite the regulator to implement decent boundaries considering the framework of each users' intimacy within the Metaverse. Meta has already stated that this was a priority to deliver a safe space for all people to connect, nevertheless, it is important to bear in mind that cyber security is a crucial threat and it needs to be taken seriously.

3.2 The Meta rebranding and The Metaverse

a) The Meta rebranding – Facebook decline

To some people, the Metaverse is only a way to forget about all the controversies regarding Facebook and Instagram, so that the rebranding would solely be based upon image. However, this may be incorrect as the image of Zuckerberg has been fully used to initiate the discovery of the Metaverse. If Facebook wanted to cut away from its past, it may have used another face than the one embodying all of its controversies. This identity switch may have been caused by another topic. In fact, Facebook was already declining, and in order to avoid the same mistakes as its past competitors (Myspace, BlackBerry, Yahoo, eBay), it was time to inflow a new blood to the system. As a consequence, the whole rebranding might have been caused by the necessity to reinvent itself to sustain. Actually, Facebook was stuck between its competitor's business models. Apple and Samsung share a large part of the phone market, Microsoft have effectively been targeting the B2B sector as well as corporate life via Teams, Amazon provides the largest distribution channels and web services. Indeed, the most precious advantages of the platform are the effect of network (everyone uses Facebook, so this creates incentives for users to use the platform), and the free access to a large quantity of information. However, following the release of their Q4 report, Facebook announced for the first time ever than they were actually losing users. Hence, the platform is seen by younger generation as too old for them, and prefer

interacting on TikTok and Snapchat, while the young adults see the content as uninteresting and unreliable due to the spread of fake news especially during the elections and covid. Apple has already targeted Facebook's weaknesses by implementing a new privacy algorithm that uses pop ups to prevent apps from getting your data without any consent. According to CNBC this measure will cost Facebook around 1bn€ until 2022(20)

b) The Metaverse – a parallel reality

Metaverse comes from the contraction of two words : meta and universe. As a consequence, it is a whole system parallel to the world we live in. The promise is to propose an alternative solution to social interactions we experience inside our daily lives so that the reality would be influenced by our behaviour on the platform. For instance, instead of actually moving to the grocery store in order to run errands, you could simply put on your virtual reality headset (the Quest 2 – Project Cambria). Actually, one could say that we already live in a state of "Metaverse". By purchasing a product on Amazon and having it deliver on the same day, we are in fact living in another reality than older generations.

The Metaverse is seen by Marc Zuckerberg as a borderless space where people can connect wherever they are situated, whoever they are, regardless of their identity. To that extent, Meta places itself as a genuine tool for more connection within the population, leading to more interactions inside our society. Most of the shortcomings of Web 2.0 comes from the fact that the user is only considered to be the consumer of the data proposed by the internet. It is impossible for us to manipulate the websites we are on, the application we use, indeed, we can only live by the rules of the systems. The Metaverse alongside with the Web 3.0 opposes itself to this vision, as the user will be the architect of its own world. However, there exists some doubts about the genuine demand for such a platform. It is true that through marketing and advertising, it is possible to initiate a demand that is not spontaneous. Cigarettes have been democratized by the huge advertisement campaigns of Philipp Morris to make smoking an elegant manner. Actually, the smell of smoke is repulsive, and it is genuinely not recommended for a good health, nevertheless, the marketing succeeded in promoting it as a stylish activity. The Metaverse and smoking are two very different things, however they seem quite close regarding their activities to our brain. The endorphins released by nicotine as well as when you interact on social medias could represents means of addiction. In The Social Dilemma, Tristan Harris an engineer of Alphabet, claims how he has been personally addicted to emails and how the mechanism of the algorithm was pushing him to interact even more. The difference between the two realities is also a point to question. We often see social medias and particularly

Instagram as a distortion of reality, a place where only the good is shown and the bad is hidden. In The Social Dilemma, Justin Rosenstein, a former executive of twitter explains how machine learning impacts our vision of the actual world. The feed that is delivered to you is so much tailored to your character, that it begins to influence your own thoughts and beliefs.

c) The Flagships – a switch to Facebook's original strategy

When referring to the flagships, I mean the products put forward by Meta that will permit the access to the Metaverse (Oculus virtual headset – Project Cambria and the smart glasses – Project Nazare). There has been a shift regarding Facebook's strategy that will shape the vision of Meta. Hence, the brand decided to sue Epic Games, the company who produced Fortnite. Nowadays, one of the most played games globally is not available anymore on the most used telephone. This opposition showing the attraction users can have following a product may have influenced the brand to change its corporate strategy towards the development of the Metaverse. Within the launch of the communication following the rebranding, Zuckerberg stated that Facebook needed to be humble, and to start living by the rules of other systems. Thus, the acquisition of Quest 2 in 2014, was already a step towards sharing the knowledge between the brands and living under the same roof inside the new systems. Nowadays, the real talents are more triggering self-entrepreneurship than working inside the rules of tech-giants. To that extent, in order to keep on attracting the best engineers, capable of building the new platform, the change in the paradigm was needed.

3.3 Horizon : Worlds – the platform building the Metaverse

a) An income diversification tool

Horizon Worlds is the platform designed by Meta that will permit the users to customize their own home within the Metaverse, the space will therefore be used to play with friends, explore and create together. In order to have access to the space, it will be needed to access through an Oculus VR (virtual reality headset), the Project Cambria. Lat February, Meta announced that a total of 300 000 users were already enjoying the platform with a total of 10 000 worlds created. The firm has already stated that the minimum age to be registered on the platform was at least 18. For now, the platform can only be accesses within an exhaustive list of countries (France, Spain, USA, Canada), but it is looking to expand broadly as soon as the computing capabilities will be sufficient. According to McKinsey, the leading position of Meta could represent a total of 5 000 bn€ until 2030. As said before, Web 3.0 is expected to be the age of the full power given to the user, full freedom on what the individual conceives. Meta is already testing a new outlet " Horizon Worlds : Creator Bonus "(17), which will enable creators

to benefit from monthly remuneration in exchange of specific tasks within the Metaverse. For Meta this could represent a serious tool to diversify the monetization of its activity and its overall income. Indeed, if the user is not only motivated to join the Metaverse to have fun, but also expects to get a compensation from its activity, it could attract even more customer to join the Metaverse. Nevertheless, it is only accessible through the Quest 2, one of Meta's new products. As a consequence, by relying on the sale of genuine products rather than the only monetization of the advertisement system, the firm will broaden its source of income and intensify the barriers to entry for other competitors (cf SWOT and Porter analysis).

b) The response to a slowly dying yet lucrative business

When looking at the stages of an industry life cycle, there exists five steps : the introduction stage, the growth, the maturity, and decline. The aim for the company is to survive through these five steps by correctly managing the crosscurrent of changes to set competitive advantages for the future. This is mainly done by adapting correctly to the new trends and anticipating the overall impact on the industry. Nevertheless, this represents a tremendous challenge, in fact, there happens a sort of inertia where the change in the industry mainly comes from the collapse of the older companies more than the come-up of the new-borns. Therefore, the structure may face a dilemma : either optimize for today or invest in tomorrow. By harnessing the knowledge, the firm may be able to build new capabilities however, decisions need to be taken seriously on the long run to answer future trends. Hence, Mintzberg states the three fallacies of short-term strategy planning(21) : fallacy of prediction, fallacy of detachment and fallacy of formalisation. As a consequence, the firm needs to be constantly linked to its environment in order to carry out decent corporate decisions, it needs to be elaborated through purposeful and rational long-term decision. The main dilemma regarding Meta is that the activity already produces substantial income, but it is in fact driving towards the decline. Facebook faced two separate options : either distribute the profits to shareholders, waiting for the business to decline, or invest the future. The Metaverse and Horizon Words represent a high source of expense considering Meta's financial statements which would imply that the firm is triggering the redistribution of its wealth towards future trends

3.4 The Conglomerate Strategy

a) A risky step into the future – the benefit of the innovation

With the new brand and communication campaign, Zuckerberg has already separated himself from usual tools used by corporations. Announcing that early what the projects are, and how he sees the Metaverse through his company Meta, is a strong bias taken by the leader. The strategy is to put Meta at the core of the Metaverse, and to initiate a distance from its competitors from the beginning. According to Schumpeter's theory there exists four steps into the process of technical progress that could either lead to the imitation of a technique, or the adoption of the one who is already implemented : basic knowledge, invention, innovation and diffusion. To that extent, there exists a debate on whether it is best to lead or to follow the innovation mechanism, in order to study the case of Meta, it is relevant to study John Wiley and Sons innovation model:

- The disruptive case shows an activity that needs a renewal considering its core business model while using the knowledge available at the time. For instance, Android is based on Google's operating system which is considered to be open source but use the technology and the level of knowledge of the firm
- The routine case is based on a business strictly using technologies known as well as a already running business model.
- The radical instead promotes new capabilities within old business models. This case is mostly focus on developing new technologies rather than implementing new processes of decision making and long-term planning
- Finally, the architectural section promotes new technologies within new business models such as Kodak's development into digital photography.

Following Wiley and Sons' analysis, Meta appears to be located within the radical section of the table. In fact, monetization through the ads, and the access to a system by the sale of some exclusive products is not a revolution. However, the system it proposes and the technologies require to put out such a platform are definitively improvements regarding the current states of social-digital interactions. Now one may not agree with the proposition of Meta, but it true that Zuckerberg by assessing such promises within the launch of the brand has taken a step further than the competition. It may not be convincing everyone in the end, but the truth is that Meta has already established a clear and ambitious roadmap whereas its competitors might be working and developing in the dark. The sole fact that the Metaverse already embodies the company Meta via his name strongly suggest the obvious link between the platform and the firm. This means a significant advantage over its competitors as the brand is likely to conquer the largest share of the market if Meta can lead the run to the

Metaverse. Apple brilliantly led the switch from computers to smartphones and now owns a prominent share of the market, this could also represent a future for Meta.

b) The attraction of the talents

The shortcoming of this strategy is that the result can easily be perceived as scary to most of the public. Imagine explaining the current state of the internet to our grandparents back in the days, they would probably be unsure about this reality or at least they would be scared by such changes. Nevertheless, the strategy of Zuckerberg is clear, attract the best talents to the development of the Metaverse. Indeed, to the fanatics of innovation and the most passionate engineers, such a leap into the future is genuinely attractive. This is done on purpose, the run to innovations cannot sustain without talents and there exists a war to attract the most talented people in order to harness the current state of knowledge. In fact, this strategy has already been implemented by its competitor Alphabet. Google is now part of a full stack of other brands and technologies that form together the firm known as Alphabet. As a consequence, the brand has decided to step away from the first plan, in order to focus on developing new technologies and bringing in more talents to effectively get a return on the amounts spent on research and development. This is a true stake. Having the capability to inject dozens of millions of dollars quarterly to research and development is a thing but trying to be efficient with every dollar spent is another. Producing new technologies is genuinely tough and can only deliver decent result in the medium-long term, that is why having the most talented staff is also a gain of productivity. The business model is as follows: having a company leader, acquiring new brands and firms with a high potential to grow, establishing a holding above all the structures to gather the identity's project and feeding the new acquired firms with the revenue coming from the main company. This division within Meta has been incorporated since the rebranding following two main families : the families of applications (Facebook, Instagram, Messenger, WhatsApp, Oculus), the reality labs : Oculus VR, Project Nazare, Project Cambria. The applications represent in fact 97% of the whole structure's revenue while most of this income is spent on the research and development of the brands inside the reality labs. To that extent, Meta targets the best talents on the market by stating ambitious development projects and use carefully the income generated by the applications to be the most efficient regarding the technology it proposes through its rebranding.

3.5 The Reality Labs

To benefit from a full understanding of Meta's strategy, I will now study the two biggest projects of the reality labs : Project Nazare (smart glasses) and Project Cambria (reality augmented technology). It only contributes to a small part of the overall revenue from Meta (about 3%) and is triggered towards long term development of augmented reality and virtual reality. It is now operating with negative income. The augmented reality is based inside our tangible world and interfere by inserting holograms into our reality. The virtual reality only takes place within the Metaverse so that our own environment cannot be directly influenced through the process. The project Cambria is a high precision algorithm that aims at perfectly reflecting our most subtle facial expression as well as body movements. It will be accessible through the updated version of the Oculus Quest 2 which is a premium and targets a higher price range (about 1K€)(6)

Project Nazare is the development of the smart glasses system that will be used to enter the Metaverse and interact with people on the platform directly into our daily lives. It comes from the city in Portugal where the waves are the biggest to surf. In fact, there is a significant difficulty in inserting such a technology within our space so the toughest difficulties is to fit all this computing capabilities inside a small 10mm wide branch of glasses. In March 2022, Meta incorporated a partnership with Ray Ban to deliver smart glasses but also fashionable items through one of the most renown sunglass brands. This is only an early stage of development as they are not fully smart, it is only possible to take pictures, see stories and listen to music. However, this represents a first step towards the adoption of such a product within common life. Nevertheless, the goal is to set itself as primary tool of augmented reality. To perform that, the brand will have to face a dozen of technological challenges. As a consequence, these difficulties may trigger some strategic weaknesses: there might be a long way to go for the brand before releasing the first version of its product, the market may not be responsive to such a tool, and competition have already tackled this product (Apple has announced to release a prototype that is expected to be launched in 2022 or 2023).(22) Project Cambria is the second leading development project that aims at designing a virtual reality tool that aims at perfectly imaging social interactions within the Metaverse. This will only be possible with the purchase of the last and premium version of the Oculus, which will be priced around a thousand euros. This represents a way for Meta to diversify its income source by the sale of a tangible product. In order to cope with Meta's vision of inclusion, the product will replicate our appearance to its best even if glasses, scarfs or beards could potentially hide the sensors.

4 Questions regarding the Metaverse

4.1 A questionable demand

a) A systemic challenge

Meta has truly insisted on the fact that the Metaverse was not supposed to be seen as a sort of video game but needs to be taken as a genuine universe parallel to ours. As a consequence, it will only be successful if enough users would be ready to make the transition just like when Facebook started to get attraction. Indeed, the more people start to develop inside the system, the stronger it is just like a blockchain gaining more and more users. The fact is that nowadays, the public does not seem to be interested that much into this kind of technology According to Statista in 2020(27), only 5 million of Virtual Headset were sold whereas Nintendo sold more than 20 million of Switchs. On the other hand, society is more polarized than before, and there exists a substantial part of the population that can simply not afford to dive into these activities. Indeed, in 2019, among the 10% less favoured, only 60% had access to a simple computer whereas for the 10% most favoured it rises to 99%(26). Now dealing with market segmentation, it is a genuine strategy to target higher ends of the purchasing power spectrum. Nevertheless, when the ambition is to set a new system for every user to connect every individual, you cannot admit letting so much people behind. However, it would be a mistake to bury definitively the market for VR and AR.

b) A rising trend

Actually, looking back at the computer market in the 1990s, the product was mainly designed for passionate users and only a few could enjoy the lust of having a computer at home. Nowadays, the product have been democratized to the whole population so that it has become systemic. Hence, within the workspace, the computer has slowly developed into a major tool for the company, so that the producers could expand their productions to a larger set creating economies of scale. Moreover, more applications offering diverse contents started to occur, so that the users could finally see a point in purchasing a computer. This is the main reason why Meta and Microsoft firstly target the corporate environment as a priority for the Metaverse through the use of videoconference. To that extent, it will be extremely easier to sell huge packs of virtual headset to corporate firms in order to give the equipment to their workers for remote work than targeting each individual. In fact, there exists various points that could indicate a growing trend : the rise of remote work, the VR product market is expected to grow

significantly up until 2024(28), and the rise of the video-game industry especially through e-sports

4.2 Issues regarding the platforms

c) An alleged dystopia

The main negative response towards the development of the Metaverse is the vision of dystopia. In fact, the term "Metaverse" comes from the novel Snowcrash from Neil Stephenson which is a genuine dystopic story. Inside the story, the Metaverse represents a haven outside of the real world where governments are ruling and dividing the populations. One of the main fears is the crumbling of the population's mind health through the abundance of virtual reality. Actually, the time spent in front of a screen has doubled since 2010 in the US (29). This has a direct impact on the life as well as mental health of the population. Indeed, the less active a person is, the more likely it is going to face cardiovascular issues. On the other hand, after having spent a few hours into an artificial world made of our own will, people will still need to face their daily routines, and the shock between both universes could lead to some traumas.

d) The Metaverse vs Web 3.0

Looking at the development of Meta's strategy as well as the evolution of Web 3.0, it could be compared to the early development of internet within the 1990s. Actually, no matter how much we debate on this topic, the revolution is coming and as soon as the platform becomes systemic, it will be difficult for us to live marginally.

Now as said before, Web 3.0 is the tool to decentralized data (blockchain technology) and get more ownership of our own information that is now been traded by the tech-firms. However, regarding the Metaverse, what will be the head of the organisation ? It is frankly scary to believe that Meta would be the only organ of regulation considering the platform and its users. Imagine the internet only run and controlled by a single entity. This would indeed look like a kind of dystopia. As a consequence, the Metaverse could follow the path given by Web 3.0 and offer tools of collegial decisions processes and decentralized organs of decisions. There exists two main categories of risk linked to the possible centralization of the Metaverse : the economic risk (Meta could be utterly to free to charge the price they want) and the political risk (the platform may be influenced by lobbying and governments to carry out censorship over the users). As a consequence, there exists two options regarding the future of the Metaverse : a decentralized approach where limits to free speech would be minimal so that the overall

control over the ideas spread on the platform would be almost null, and a centralized process where the power of information would be given to a single entity responsible for cleaning the Metaverse of dangerous and fake data. The blockchain approach represents a mixed between both visions : a decentralized decision-making process with a liberal status for the people. Indeed, the members of a blockchain are paid via tokens of the crypto currency which is valued through the law of supply and demand on the market. Therefore, there exists an incentive to behave in the interest of the community to sustain the blockchain and get more value for its tokens. Zuckerberg has assessed in the launch of Meta, that the question of decentralization would be key to answer in order to make the system work on the long run. However, he stated that this would require significant work to reach such a goal. This goes further than merely technical difficulties, it is a real matter of rules, norms and how we behave together in society.

I started this work by making a parallel to the development of cities with urbanisation, and the result it generated over the people and how they connected inside society. I explained alongside the work of Durkheim that the population started to lose the sense of common values and norms through the rise of individualism. To that extent, the crumbling of the "collective conscience" led people to value more their own beliefs, norms, and behaviours. I believe that the same question applies to the Metaverse. It is true that there is still a long way to go regarding the improvements of science for developing the platform, but there is also substantial work to do about how we consider living together within a new system.

5 Web 3.0 - Strategical Outline for Meta

a) Keep on broadening the number of users through its "Family of App"

In order to keep on securing high margins, it is crucial for the brand to capitalize on the strength of its portfolio of applications. Thus, the need for updates and new features and capabilities is a required to keep on growing its number of users over Instagram and WhatsApp. The competition is gaining more market share, for instance, Telegram is slowly attracting Meta's users through its encrypted and more secure algorithm. This is a relevant comparison to the progressive switch to Web 3.0, showing more decentralisation and less reliance over the central organs. To counter that, WhatsApp launched in April 2022 a set of updates.

b) Sustain the research and development regarding Augmented/Virtual Reality

The real advantage Meta has over its competitors is the advance it has regarding the development of its products. This is truly precious and needs to be taken carefully. Moreover,

the rebranding has implemented the will to establish the firm into the future of digital technologies and the next economy. Consequently, Meta believes that augmented reality as well as virtual reality will be the future of social interactions. Hence, the firm has launched the development of Horizon Worlds. On April 2022, the brand has announced the opening of a store dedicated to Meta's products in California.

c) Increase source of income through ad-revenue and diversification

The reorganisation of the firm has permitted an effective and efficient allocation of income from the family of apps to the reality labs. In June 2022, the firm has launched a global update on WhatsApp to make it more efficient and enjoyable to use through more custom displays in Europe, Africa, and America. Earlier this year, Meta has targeted the reel market in order to attract users from TikTok, one of its fiercest competitors. As a consequence, in February 2022, Facebook released the update over more than a hundred countries. On the other hand, TikTok aims at gaining ¼ of the whole social media market by 2024. Actually, Facebook is slowly declining, in fact it is losing members. The fact is that the family of app is a truly lucrative activity through the advertisement revenue. In 2021, the annual revenue rose by 37% (99,6bn €). The main key performance factor was the growing prices regarding ad-pricing as well as the boom for e-commerce through the lockdowns and covid periods.

6 Conclusion

Meta is targeting the development of the Metaverse to answer the need to reinvent itself as a brand and open the new augmented reality market as a leader. Hence, the reorganisation of the firm following the rebranding permits the R&D section, reality labs, to benefit from the profitability of the brands to increase its capacities on research and development. The corporate trends alongside the development of Web 3.0 for Meta are the rise of the ad-pricing and the diversification of its income, the growth of users on the applications and the continuation of the research and developments efforts. The main strategy behind the communication so open is the target of talents in order to optimize the most the dozens of millions of dollars generated by the family of apps. Actually, work corporate market represents the feet in the door to start displaying Meta's products at a large scale The rise of individualism through the emergence of social medias as well as the development of Web 3.0 incites the need to even more tailored products to fit each individual. Meta answers this trend by developing the tool to build the Metaverse for everyone with the Horizon World platform. This implies the need for higher computing capabilities regarding the database which questions the environmental and privacy

issues. Hence, is it genuinely sustainable ? The decentralized context given by Web 3.0 will offer the balance needed regarding the freedom given to the user on the platforms, and the use of its personal data by the current brands that want to tackle the Web 3.0 market. Thus, the question will be to set if whether or not Meta's users feel ready to engage even more into the share of their personal spaces, identities, and intimacies, or if at some point, users will start to disengage and look for more genuine products of social interactions.