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# Mark Zuckerberg Just Buried His Metaverse Dreams

Shiny object syndrome at its finest



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“People will look back a decade from now and talk about the importance of the work being done here.”

Forget a decade; we didn’t even make it six months.

That statement was the rallying cry Mark Zuckerberg told investors in Meta’s Q3 earnings call late last year. It was justification in the face of a changing tide. His shareholders disagreed. Some almost begged Zuckerberg to steer away from the Metaverse and focus on the core products. In an open letter to Meta, one investor asked with “serious conviction” that the company streamline, focus its path forward and drastically cut spending on the Metaverse.

The investor wrote this zinger which summed up the recent struggles:

*“Meta has drifted into the land of excess — too many people, too many ideas, too little urgency. This lack of focus and fitness is obscured when growth is easy but deadly when growth slows and technology changes.”*

The “excess” has been spectacular. In 2021 and 2022, Reality Labs, the division housing metaverse projects, recorded a cumulative loss of nearly \$24 *billion*, including \$13.7 billion last year alone. That’s an insane overspend for very little to show for it.

Unless you count this as a solid return:



I thought not.

Despite the company's investors panicking, Zuckerberg insisted that he was doubling down — and the costs would continue rising. In that fateful earnings call, he admitted, “We do anticipate that Reality Labs operating losses in 2023 will grow significantly year-over-year.” I’m sure that was met with a standing ovation. When the earnings results made the news, the stock shock was immediate. And it was savage. The company’s stocks fell 18% in after-hours trading, leaving it hovering precariously above the \$100 mark. For context, only 13 months earlier, the stock was trading at over \$360 a share in September 2021.

While the stock has steadily recovered, it’s important to point out the obvious elephant in the room. It hasn’t recovered because the Metaverse is finally becoming a (virtual) reality and living up to the hype. It’s not because the entry-point devices — some of which cost an eye-watering \$1500 — have been widely adopted and well received. No, the stock has recovered because Meta fired a lot of employees and branded 2023 as a “year of efficiency.” And that efficiency also marks the end of Zuckerberg’s delusional optimism surrounding the Metaverse.

It won’t come with a press release, flashy statement, or another rebranding effort — because that would involve admitting failure — but it appears Zuckerberg has put his Metaverse dreams on ice.

And he’s already ready to pivot from the pivot and capitalize on the newest shiny object.

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## **Meta joins the A.I. gift shift**

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*“I believe that we are working on some of the most transformative technology our industry has ever seen. Our single largest investment is in advancing AI and building it into every one of our products.”*

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Those were the words of Zuckerberg in a recent update on Meta’s year of efficiency. In a *completely* shocking move, Meta is reverting to the Copy-Acquire-Kill playbook, abandoning any form of innovation in pursuit of the current popular thing. Which,

of course, is all things A.I., and stuffing them into as many products and services as possible.

It appears Meta has been busy playing catchup. The company debuted LLaMA, an A.I. large language model, in early March. What it can do isn't entirely clear because Zuckerberg didn't offer many details in his announcement post. How it stacks up against competitors is even less clear. Shortly after came the announcement that the company was developing A.I. personas and considering other ways to implement artificial intelligence into its suite of products.

What I think we'll see is the company looking to use A.I. to improve ad targeting, something that has been hampered by Apple and the economic pullback. They will likely dabble in adding it into its content management and moderation systems, which still proves to be a stumbling block. I also think this might prove disastrous. With the company's history on that front and the huge issues A.I. models face with accuracy and guardrails, incorporating a poorly trained or thought-out A.I. model into moderation could make things even worse.

Yet, the cynic in me thinks it's not about any of that. It's not about innovating, or improving products, or because the company holds true beliefs in A.I. I think it's more reasonable to assume it's more of a P.R. maneuver. Simply put, the Metaverse has lost its shine, and the cool kids have moved onto A.I. Talking it up, and the fanciful ways it can be integrated into WhatsApp, Facebook and Instagram gives the company some breathing room and helps them stay relevant.

Whether anything useful comes from it all? Who knows. My guess? Very little.

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## **Meta(re)versal**

When Zuckerberg announced the surprising rebrand to Meta and the pivot to all things Metaverse, he was gambling his entire company on a single vision of how he thought the future of our digital world would look.

And... nobody cared. Nothing anybody released was able to undo the sense of underwhelm. Each snapshot into the latest project or concept failed to answer the biggest question: *why do we, the consumer, need this?*

The Metaverse is soulless, legless, empty and barely functioning. Decentraland and The Sandbox, the most popular worlds, have had vast numbers of users engaging in them. By vast, I mean 38 and 522 daily active users, respectively. Decentraland recently held its second fashion week event, and a grand total of 26,000 checked in, with barely more than 1,000 people online simultaneously. As Dan Olson summarised in his brilliant video, *The Future is a Dead Mall*, “In practice it’s a bad video game made up of smaller, worse video games wrapped in real-estate scheme cosplaying as The Matrix.”

As it stands, billions of dollars have been spent and wasted trying to shift the public perception and get people excited about the prospect of spending their work and social lives trapped in a digital environment void of practicality, purpose and, most of all, fun.

Regardless, the company is continuing to invest in its hardware, and the Metaverse will rumble on in the background. Despite the so-called efficiency, its Q1 2023 earnings call is predicted to show losses by the Reality Labs division increasing by 15%. Nick Clegg — untrustworthy politician turned untrustworthy Meta spine doctor — was wheeled out a few weeks ago to cheerlead the Metaverse concept, boldly claiming that “something like this will be the heart of the new computing platform.” He also admitted that “it’s going to take a while.”

No shit.

But how long can it continue? With exponential losses, a weakening ad model, lack of public excitement, layoffs galore, the new shiny object that is A.I., and the projected timeline being a *decade or longer*, Zuckerberg has realized his Metaverse could not only fail to change the world; it could be the death knell for his company.

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