

# Whatever happened to the Metaverse?

April 12 2023, by Parmy Olson

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When you first glide into Horizon Worlds, the virtual reality app from Meta Platforms Inc., you're greeted with a vivid cityscape and portals into worlds with labels like "adventure" and "comedy." On a recent visit to the "adventure" world, I zoomed around a town in the Wild West toting a Colt single-action army revolver and occasionally trading shots

with three other avatars dashing between a saloon and a bank. The avatars sported sun glasses and multicolored hair, but were sans legs, a limitation Meta doesn't appear to have solved yet.

There were at least a dozen of these cartoon torsos floating around the Soapstone Comedy Club, whose welcome sign said it was created by unemployed-alcoholic. This zone felt more active, with avatars standing in groups and making [small talk](#) about their kids or life in the real world.

"I woke up at one, and then ate something, and then took another nap at two," one woman told a man just outside the club.

In the midst of another group, a man named Momsmasher69 shouted at one of the assembled, "You ain't got no legs!" and cackled. There was no comedy show on that day—they're typically held on weekend evenings, eastern standard time—and most of these people didn't know each other, but they seemed to be having fun all the same. A handful of kids and teens were zooming around wildly and then disappearing.

"I'm four months away from being old enough to be here," one of them mumbled to me after explaining that he was just checking the place out. "Shhh."

The [metaverse](#), an immersive, 3D environment where people interact via avatars, looks a little crisper and more vibrant than it did more than a year ago. Visitors to Horizon Worlds are generally well behaved, and such apps have even been a source of emotional support for many.

But this also, still, feels like a niche hobby. Few are talking about their metaverse experiences on social media platforms like Twitter or TikTok. Anecdotally, several people who have bought Meta's Quest 2 headsets, which are necessary for visiting the company's metaverse apps, tell me they rarely put them on anymore. The headsets take time to adjust and

load up, and isolate you from others you may be living with. Motion sickness also affects many users, myself included.

Following a great deal of hype last year, companies now seem to be reining back their investments in the metaverse. Walt Disney Co. has terminated its efforts in the space and Microsoft Corp. shut down its metaverse app for socializing, called AltSpaceVR, earlier this year.

Investor enthusiasm is also fading. Funding for metaverse startups has dropped in the past year while venture capitalists have poured money into generative AI companies. The median sale price for virtual land in Decentraland has declined 90% from about \$9,000 in April 2022 to \$1,240 this month, according to WeMeta, an analytics site that tracks land sales in the metaverse.

In the Gartner Hype Cycle, a graphical representation of market enthusiasm for emerging tech, the metaverse seems to be deep in the "trough of disillusionment," which is also where 3D printing and the Internet of Things (IoT) languished for a while. The difference is that both 3D printing and IoT went on to find use cases in manufacturing environments. Zuckerberg is gunning for mainstream appeal, calling the metaverse the "next chapter for the internet." (Having spent an estimated \$36 billion on the metaverse since 2019, he may also be committed to a sunk-cost fallacy.)

Yet while places like Horizon Worlds do feel a lot like the early days of AOL chatrooms, the metaverse's slow progress is causing patience to wear thin among Meta's investors—and Zuckerberg can't keep stalling with share buybacks.

The CEO also looks misguided in his big push to sell headsets to corporate users for virtual meetings with the more expensive Quest Pro, costing \$1,000,(1) instead of focusing on gamers, a cohort more willing

to embrace virtual reality.

Accenture Plc, a British consulting firm that Facebook pays to help weed out toxic content, bought 60,000 Quest headsets in 2021, but the company declined to say if it has purchased any more since then.

Meta also declined to name any companies that had bought the Quest or were using Horizon Workrooms, Meta's virtual conference room app, for meetings. A spokeswoman for Meta said the company was "committed to the vision we set out for the metaverse. We were clear this is a long-term investment, and we continue to advance the metaverse through a variety of areas, including Quest, mixed reality and the next generation of social experiences."

Ironically, Meta's slow progress on the metaverse could also be a problem for Apple Inc., which is launching its mixed-reality headset in June.

Apple is known for invigorating new markets with a better-designed product. It entered the smartphone business when other touch-screen phones from Nokia and Sony Ericsson were barely getting traction. Its AirPods and Apple Watch have also redefined standards for those devices.

But right now it's not clear how and why people should visit the metaverse at all. Headsets are still too clunky and uncomfortable to be a viable alternative to Zoom. And socializing there is, oddly enough, still an isolating experience. Those issues could be ironed out in the next two years if Meta can release more lightweight, faster headsets that make entering the virtual world more quick and seamless, which is something it appears to be working on.

But Zuckerberg should probably drop his overtures to enterprise users

and focus on making the metaverse fun for socializing and gaming, areas where he seems to have made a decent start. Chasing too many strategies will slow things further, and investors may just lose their patience.

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Citation: Whatever happened to the Metaverse? (2023, April 12) retrieved 24 April 2024 from <https://techxplore.com/news/2023-04-metaverse.html>

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