

Breaking down Facebook's Meta rebrand and the monumental task of convincing billions of social network users to join in

Article

The news: Facebook announced last week that it is rebranding to **Meta** to better serve its future as a hardware and VR and AR platform—setting the foundation for its metaverse. This strategic shift comes amid slower ad sales in Q3 and plummeting public trust in the Facebook brand, as well as the mounting threat of government regulation.

Why this matters: Facebook was built as a web-first social networking product and evolved into a source for news, messaging, ecommerce, and online advertising. It remains the most popular social media platform, with 2.8 billion active users, despite mounting criticism on how it operates its business.

- The company is pivoting to a metaverse, an immersive VR version of the internet that serves as an escape from a dystopian world, as depicted in Ernest Cline’s novel “Ready Player One.”
- Focusing on the metaverse allows Meta to create the rules of its own virtual-reality internet.
- The metaverse, and its video-game-like dynamic, has the potential to entice an increasingly sought after younger demographic. Currently, the largest demographic group of Facebook users are between the ages of 25 and 35 years old, per Hootsuite. Teen time spent on Facebook has also declined **16% YoY**, per internal Facebook documents obtained by Bloomberg.

Breaking down the pivot to Meta

- **Meta** becomes the parent company overseeing metaverse products and services. Facebook remains the legacy social network product. Mark Zuckerberg remains at the helm as Meta’s CEO.
- Meta is retiring the **Oculus** brand. Facebook acquired the VR headset and software maker in 2014 for \$2 billion and has since dominated the consumer VR space. The move to Meta unifies the brand’s hardware lines: **Meta Quest** is the name of the VR headset while **Meta Portal** focuses on video-conferencing cameras and smart displays.
- **Horizon** is Meta’s play for the future of work. It’s a VR social platform where people can participate in immersive experiences with others. Think of it as **Zoom** but with 3D avatars instead of faces. Apps like **Slack**, **Dropbox**, **Facebook**, and **Instagram** will soon work in VR as 2D panel apps in **Horizon Home**.

- The focus on hardware is expected to surge. Facebook already has VR headsets, **Ray Ban connected glasses**, and Portal communication devices, and is potentially developing its own **smart watch**.

Zuck built it; will they come? Facebook is narrowing its vision for the future in the metaverse, but its biggest challenge will be enticing its global social media base to buy into this new virtual reality.

- The transition isn't likely to be seamless since it requires investing in hardware to access Meta's Horizon services. In context, the latest Oculus Quest headset starts at \$300.
- This also marks a major shift away from web browsers and smartphone apps, which are how most of the world consumes the internet.