

# Japan is the next battleground for competing VR metaverses

Article

**The news:** Meta is getting some competition from Japan-based **Sony** and China-based **ByteDance**, each of which just announced next-gen VR headsets at the Tokyo Game Show, [per](#)

Nikkei Asia.

**Multiple metaverses:** We're starting to see the arrival of new VR headsets marking the first real challengers to Meta's consumer metaverse. Competition will drum up general interest in VR but lead to fragmentation or segmentation of ecosystems.

- ByteDance, which owns social video app **TikTok**, acquired Chinese VR headset manufacturer **Pico Interactive** last year and now sells the **Neo3 Link** for 49,280 yen (\$344) in Japan.
- Sony similarly showed off its **PSVR2** headset, which attaches to the **PlayStation 5** and is slated for a 2023 launch.
- The VR headset market has been dominated by Meta, which recently **raised prices** on its **Meta Quest 2** model and is preparing to launch a prosumer headset next month.
- Interest in VR has extended beyond gaming and into the realm of virtual workspaces for remote work.

**More on this:** As hardware is the **key** to VR adoption, it remains to be seen if supporting software ecosystems can help ByteDance and Sony gain traction. **For Meta, this could be a good time to pivot toward VR collaboration and productivity.**

- Meta has a **90% share in the VR headset market**, followed by Pico at 4.5%, **per** IDC.
- ByteDance's Neo3 Link is cheaper than the Meta Quest 2, and there are 100 titles available through its online store. Aside from games, ByteDance is adding video content like movies to its VR lineup.
- Sony's PSVR2 will focus on gaming and still needs to be tethered to a PlayStation 5 console, making it the more expensive option. PS5 consoles are still in short supply and recently went up in price.

**What's next?** Meta needs to find ways to compete in terms of content and variety of VR experiences. While the battleground is currently in Japan, it could soon expand to the US and Canada, where Meta is currently the dominant player.

- **Meta will have a hard time competing with Sony on VR gaming and ByteDance on video-focused content.** Therefore, it needs to start **building** a competitive advantage in remote work and collaboration ecosystems.

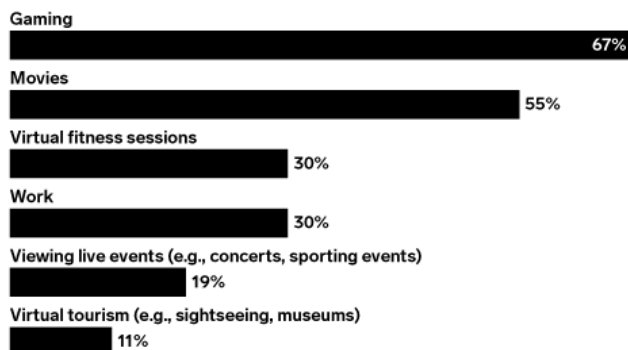
- Remote meeting VR tools don't require the buy-in of developers and content creators since they are mostly work-related tools. **If Meta can guarantee strong security and privacy, it could generate interest from enterprise users.**

**The key takeaway:** Meta's time as the dominant player in consumer VR is limited. Companies like ByteDance and Sony can compete in headset price as well as in vast content libraries in games and entertainment that would cost Meta billions of dollars to catch up with.

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### Activities Conducted via VR According to US VR Headset Owners, Feb 2022

% of respondents



Note: ages 18+

Source: KPMG, "Consumer Pulse Survey: Spring 2022," April 2022

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