

Meta moves to monetize its metaverse via creator-sold virtual goods, taking a new stance

Article

The news: Meta announced it is testing means for creators to sell virtual goods and experiences within its **Horizon Worlds** metaverse platform, as well as a creator bonus

program.

- The moves are a significant step toward forming the building blocks for Meta's metaverse concept, where creators can get paid for their assets, and Meta takes a (significant) cut in the process.
- Creators will be able to sell virtual accessories as part of a fashion world or provide paid access to a new portion of existing worlds, the company said in offering examples.
- The program is launching with a "handful" of creators, Meta said, to collect feedback and improve the offering.
- Purchasing is presently limited to users 18 years old and up in the US and Canada.

More on this: Meta charges a 30% platform fee for any sales on its VR system, Meta Quest. Horizon Worlds will charge a 25% fee for goods and experiences sold on top of that. This would leave creators with just 52.5% of the sale price, with Meta taking the other 47.5%.

- Ironically, Meta has been critical of **Apple's** 30% take of App Store purchases, but **Vivek Sharma**, **Horizon** vice president, is describing the Horizon Worlds fees as "competitive."
- As Insider Intelligence principal analyst **Debra Aho Williamson** notes, the monetization scheme does seem to go against the spirit of a post last June from Meta (then **Facebook**) CEO **Mark Zuckerberg**, who wrote that "to help more creators make a living on our platforms, we're going to keep paid online events, fan subscriptions, badges, and our upcoming independent news products free for creators until 2023. And when we do introduce a revenue share, it will be less than the 30% that Apple and others take."
- But Decentraland, the most popular blockchain-based metaverse, charges a flat fee amounting to \$2.16 as of this writing, notes PYMNTS. That fee is to mint an entire collection of a specific virtual good that could be sold many times over, plus a 2.5% fee for selling goods on Decentraland's marketplace (translation: way cheaper than Horizon's pricing scheme).

Bonus round: The bonus program pays creators if they meet certain engagement metrics. In its current limited scope, creators will be rewarded solely based on building worlds that attract the most time spent, which gives an insight into Meta's current metaverse priorities. Creator goals are all but certain to evolve as the platform does.

- The bonus program, currently only available in the US, expands on the \$10 million Horizon Creators Fund introduced last October.

- The announcement of the bonus program comes as payouts for **Instagram** creators producing short-form Reels have been cut by as much as 70% with monetization standards raised aggressively, calling into question how friendly Meta is to creators as a company.

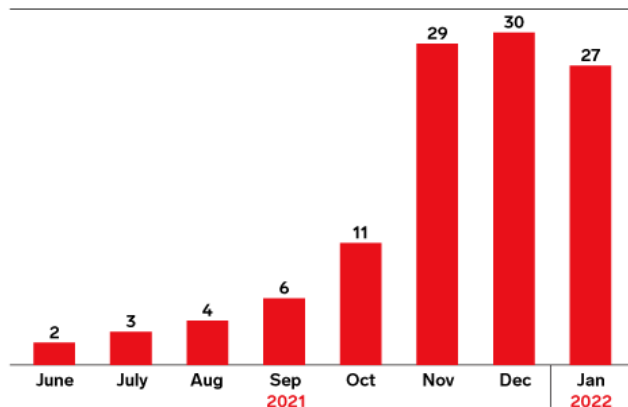
Will it work? Well, it's already working—for the competition.

- **Roblox** is one platform that has let creators sell virtual goods for some time now. Its creators earned over half a billion dollars on the platform in 2021. Pop star **Zara Larsson** had surpassed \$1 million in Roblox earnings by last November.
- Other nascent players have taken advantage of this trend as well, including Rec Room.
- It's unknown what percentage breakdown Meta is looking for between creator fees and advertising. Horizon recently announced **Wendy's** as its first advertiser.

The big takeaway: Meta sees its nascent metaverse delivering greater revenues as time passes. The question remains how long until it can account for a not-insignificant percentage of revenues. It's going to take time, but multiple revenue streams—including these microtransactions—can only help shorten the transition period.

- Of course, that assumes Meta is entirely successful, which shouldn't be a foregone conclusion. Metaverse environments, like social media, have network effects—but that doesn't mean a social media provider will figure this space out first. There are plenty of players seeking to carve out a niche in the metaverse—and Meta is just one of them.

Number of Mobile Apps Worldwide Adding "Metaverse" to Their Name or Description, June 2021-Jan 2022



Note: including Apple App Store and Google Play
Source: Sensor Tower as cited in company blog, Feb 7, 2022

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