

# Key takeaways from the Future of Meta report

Article

**The download:** Facebook's [transition](#) to Meta a year ago opened an opportunity for consumers and businesses to reimagine an immersive new platform as the possible future of the internet. Insider Intelligence analysts look at what the future holds for Meta's VR hardware and software.

**VR hardware:** The Meta Quest 2 headset has captured at least two-thirds of the VR headset market each quarter since its release in late 2020, per [Counterpoint](#).

- **Quest 2 headsets have given Meta a head start despite a \$100 price increase in August.** The company can increase engagement and adoption by adding apps and experiences to retain current users.
- **Meta's dominance in VR headsets will erode, despite some high-profile releases.** In addition to the high-end Quest Pro VR and mixed reality headset that was released in October for professionals and hardcore gamers, Meta plans to release three more VR headsets by 2024.
- **Meta's days of 70% market share will likely end** with the launch of devices from big competitors over the next year, including **ByteDance's Pico 4 Pro**, **Sony's PSVR 2**, and **Apple's** long-rumored VR and mixed reality headset.

**VR software:** Meta's various VR and AR software initiatives are a foundational step toward achieving its metaverse vision. But the company is still in the experimentation stage and was forced to merge two of its metaverse apps due to low engagement.

- Meta is pushing for a business metaverse, but the reality is that there are very few productivity apps available. Recent software partnerships simply replicate 2D apps and services in 3D environments.
- **Horizon Worlds' current form is a stepping stone to Meta's metaverse goals, but it still has a long way to go.** Horizon Worlds has less than 300,000 monthly users, according to The Wall Street Journal, far behind indirect competitors **Second Life** (close to 1 million monthly users) and **Roblox** (over 45 million daily active users).
- **Meta's AR/VR software products are positioned for the long term.** The company will continue to take short-term losses in the interest of pushing its metaverse vision. Meta's recent losses could impede its long-term profitability.

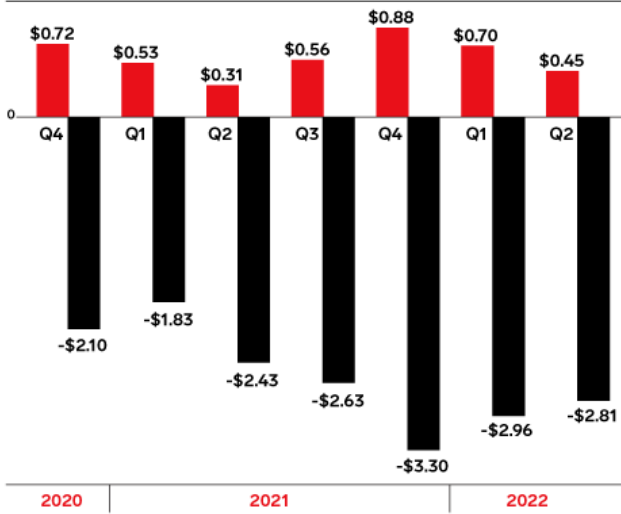
**The bigger picture:** Meta is relying on three platforms—Horizon Worlds, Spark AR Studio, and Presence Platform—to capture the creator economy while building out metaverse worlds. The strategy is efficient but clunky—Horizon Worlds relies on the creator economy, which is still nascent.

- Meta's plan to take nearly half of revenues from the sale of digital assets could deter creators from engaging.
- Keeping existing users engaged through gaming and social experiences in VR is the best short-term solution for Meta while it builds its more expensive and ambitious business VR model.

**Dive deeper:** Read Insider Intelligence's [Future of Meta](#) forecast, which covers opportunities in advertising, creators, social commerce, payments, virtual currency, and the metaverse.

**Revenues and Operating Losses for Meta's Reality Labs Division, Q4 2020-Q2 2022**

billions



■ Reality Labs revenues ■ Reality Labs operating losses

Note: Reality Labs is Meta's AR/VR division, including Oculus VR, Spark AR, and Portal video devices

Source: Meta, "Meta Earnings Presentation Q2 2022," July 27, 2022

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