

Meta's Reality Labs faces \$60 billion in losses as mixed-reality competition heats up

Article

The news: Meta's Reality Labs, which consists of its mixed-reality **Quest** headsets and **Ray-Ban** smart glasses, posted a **\$5 billion loss in Q4 2024**, pushing total losses past \$60 billion

since 2020. Revenues grew 1% YoY to \$1.08 billion, but expenses hit \$6 billion, per [CNBC](#).

As Reality Labs losses pile on, competition in the mixed-reality industry is slowly growing, with **Apple's Vision Pro** and now [Google, HTC, and Samsung](#) collaborating on competing products.

Why it's worth watching: Reality Labs maintains a substantial 73% global share of VR/mixed-reality headset shipments, per TrendForce, so it could take time for competitors to catch up.

[Consumers prefer lighter, affordable smart glasses](#) over bulky VR goggles, showing interest in devices like [Orion](#) or Ray-Ban Meta Smart Glasses.

In [Meta's most recent earnings call](#), chief financial officer **Susan Li** said Reality Labs is a “strategic long-term priority,” indicating that the company plans to hold course despite mounting losses.

Meanwhile, competition is taking shape: Google and Samsung's mixed-reality consortium can spin up viable competing wearables within the year.

- **Unlike Meta, both companies have smartphones, mobile apps, and an [Android XR developer ecosystem](#) they can lean on to accelerate adoption.**
- The ubiquity of smartphones makes AR experiences widely accessible through built-in cameras and screens. It's a potential jumping-off point for mixed-reality headsets and glasses.

Key stat: We [forecast](#) that by 2028, AR users in the US will reach 116.0 million, and VR users will reach 91.3 million.

Our take: Reality Labs could maintain its lead until cheaper variants of Orion come to market, but competing ecosystems might shift the balance as consumer interest in other offerings gains momentum.

Investors might balk at Meta's continued spending on a losing business, especially since emerging segments like AI are yielding profits faster.

Virtual/Mixed Reality Headset Shipment Share Worldwide, by Brand, 2024

% of total



Source: TrendForce as cited in press release, Dec 19, 2024

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