The Metaverse Has Definitely Lost Steam — But Is It Dead?

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The Metaverse: an immersive virtual world where we can interact with each other using smartphones, PCs, special glasses or VR headsets. A digital world that up until recently enjoyed huge buzz and excitement surrounding the opportunities it might have presented for businesses and consumers alike.

The Metaverse arrived with a variety of investment and money-making opportunities, where users could purchase a wide variety of digital goods and services for their avatars and their own virtual experiences. Ranging from brand-name accessories to cars in virtual stores and even being able to buy virtual land. The NBA's Brooklyn Nets made sports history as the first pro sports team to broadcast a game in the metaverse, which they coined the "Netaverse."

Big early bets have been made on the Metaverse, too. Meta has spent eye-watering levels of money on its metaverse play. Reality Labs, the division inside Meta that houses Metaverse projects, recorded cumulative losses of nearly $24 billion across 2021 and 2022.

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Not as popular as expected

But, as fast as the hype built around the Metaverse though (much the same time as Mark Zuckerberg made huge announcements about Facebook's future being connected to an immersive 3D

world and rebranding the company to Meta), interest equally waned. Evidence of this can be seen by looking at Google search traffic for the Metaverse, which dwindled significantly over recent months, taking it back to pre-announcement levels.

Over the span of a few years, tech and entertainment giants invested heavily in building this virtual world, only to discover that most of us haven't got much of an appetite for the Metaverse. It looks like we are much more attached to reality than tech leaders first thought. Statistics across retail and air travel confirm we are moving back into the real world following Covid-19 lockdowns. Most people still don't yet understand what the Metaverse is, how it works or what it means for them, which could be categorized as a fairly significant failure considering the huge investments and media coverage this space has received.

Meta has been actively slimming down its virtual world operations. Disney and Microsoft are both closing their Metaverse departments. Apple looks to have all but given up on its virtual reality headset, while Tinder has announced that it will abandon its plans for virtual world dating.

What was once a potentially exciting business and investment opportunity has become a terribly expensive gamble that looks to have all but failed so far. The Metaverse is looking to be turning into a great corporate collapse, at least in the immediate term, with billions of dollars of investment at risk and reputations being impacted.

Tech innovators and leaders tend to think in terms of the hype cycle: the roller coaster journey from concept to widespread adoption. For now, it looks like huge sums of investor money have been spent on a technology whose potential has yet to be realized – and may never be.

More recently, Mark Zuckerberg made an announcement to the market about Meta's renewed focus on AI, which could likely be

a sign that he's silently killing off the Metaverse project and walking away from the vast investments he's made in this tech. And while Zuckerberg has pointed out that the Metaverse is a long-term investment for Meta – and he has promised to dial down the Metaverse rhetoric – this gamble is looking more and more like an example of corporate hubris.

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The metaverse is out and AI is in

Generative AI has stolen the Metaverse's thunder. The real-world application of OpenAI's ChatGPT is hard to compete with at the moment, and rightly so. It has immediate and very real and meaningful uses that can be hugely helpful to individuals and to businesses. It's having a meaningful impact on bottom lines across the world and isn't speculative like the Metaverse.

AI also goes well beyond ChatGPT. It can be categorized into four areas at the moment:

1. **Automated intelligence**: Automates manual routine and non-routine tasks.
2. **Assisted intelligence**: Assists people to perform particular tasks faster and sometimes better.
3. **Augmented intelligence**: Helps people make better decisions.
4. **Autonomous intelligence**: Automates decision-making processes without the need for human input.

Whether it be machine learning, smart applications and appliances, digital assistants or autonomous vehicles, AI has very real scope across the global economy right now and also into the future, helping it avoid the tag of being a fad. As a result, it's viewed as a safer and less risky investment bet.

What needs to change for the Metaverse to recover?

For the Metaverse to have any chance of success at some point in the future, consumer education must be front and center. Dissolve the mystery surrounding the virtual world and its applications to both consumers and businesses.

The enormity of the challenge must not be underestimated. At its best, from a user experience perspective, the Metaverse requires hyper-realistic 3D display technology that would be offered through a normal pair of glasses. This virtual world is quite simply too early in its journey right now to have any real impact, hence it's viewed as a dangerously speculative and risky investment at present.

The Metaverse is not about to simply die on the vine overnight. With time, we will stop being asked to spend our time in virtual worlds using kooky avatars to simply chat with friends or hang out on some digital land we purchased. Virtual spaces will become far more natural and realistic – with time. And that's the critical ingredient: time.

I think that with its evolution, we will see it more broadly adopted, perhaps in a more narrow and focused manner – likely for short bursts, i.e. truly immersive experiences such as product launches, concerts, meetings, education and training, socializing and much more, rather than the inaccurate or unrealistic concept that we will somehow spend much of our waking days inside a virtual world.

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Is the Metaverse dead?

An investment in the Metaverse is only as valuable as the demand for the technologies involved. When the hype was at its

peak, there was an argument to be made about the value of an investment (albeit a risky one) in the virtual world, but when that hype dries up and the punters leave, that investment fast becomes worthless.

While Meta has confirmed that it remains a long-term focus, and big corporates such as Siemans, Proctor and Gamble and others are using Metaverse technology for various applications related to their businesses, no one has yet brought that magical application or experience to the table as yet, probably because the hardware devices required to achieve this don’t yet exist.

So is the Metaverse dead? I don’t think so. Not yet anyway. It’s too early to make that call. It’s not that the real world is back and the online world is in the past, but rather that the two will run in parallel. It is not that the online universe is going to disappear, but rather that it may have reached its limit – for now. If you have an appetite for significant risk-based investing, a passion for bleeding edge technology and making bets that are wildly speculative, then there’s probably an angle for you to explore in the Metaverse, but get advice and tread very carefully.

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