

METaverse

Metaverse in Motion: Myth or Momentum?

by Andreas Kaplan and Michael Haenlein



Image Credit | Gorodenkoff

Interest in the Metaverse has once again waned. Is there potential for it to regain mass appeal in the future?

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Defined as a three-dimensional, immersive, and unified virtual world, the term Metaverse is a combination of “Meta” and “Universe.” It envisions a virtual realm where user-generated digital personas (avatars) interact with each other and seamlessly transition between different worlds, akin to how Internet users navigate webpages. In 2021, Mark

Zuckerberg's pledge to invest heavily in its development newly sparked excitement. Today, however, interest has waned, and we are left uncertain whether the Metaverse has future momentum or will stay a myth for all time.

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“To Be or Not to Be: Will Virtual Worlds and the Metaverse Gain Lasting Traction?”

by Andreas Kaplan and Michael Haenlein. California Management Review 66.4 (2024)

For older researchers like us, the recent decline in the “Metaverse hype cycle” evokes memories of a similar trend in the 2000s, when Second Life reached peak popularity. During that era, we studied virtual worlds, grouped them into social and game worlds, and analyzed virtual consumer behavior, especially in retail settings. The resurgence of interest prompted us to revisit our earlier work and curate a special issue for the 2024 Summer Edition of the California Management Review. While the technologies underpinning the virtual world have evolved over the past two decades, certain core elements remain unchanged, contributing to the decline in enthusiasm. This blog post delves into these enduring themes.

Metaverse's Missing Mass Mobilization

The decline in media attention given to the Metaverse can be attributed to the lack of a widely adopted killer use case. In a nutshell, there is no single reason (yet) that motivates users to switch towards the Metaverse. Today, virtual social worlds are important to a minority. Meta's Horizon Worlds falls short with fewer than 200,000 monthly users, prompting Meta to reduce its investment. Despite the absence of a standout killer application, several potential use cases demonstrate the business potential of virtual and augmented reality in fields as varied as virtual meetings, consumer experience management, education, negotiations, and fashion. Virtual meetings in the Metaverse could alleviate so-called ‘Zoom fatigue’ and allow avatars to engage more authentically

than via simple video calls bluntly staring at one's screen. Virtual environments could enhance customer experiences and support new product design and innovation. Education stands to benefit significantly, with immersive experiences enriching learning. Imagine a student interested in studying various negotiation techniques who is transported to a (virtual) oriental bazaar within the Metaverse and immerses themselves in a negotiation scenario between a merchant and a tourist. The fashion industry may have also tapped into a new market, designing and selling virtual clothes for stylish avatars. Although distinct from virtual social worlds, virtual game worlds like Fortnite and World of Warcraft have become meeting places for millions, transcending mere gaming.

Will Virtual Worlds and the Metaverse Gain Lasting Traction?



Metaverse's Deplorable Delay, not Doomed Decay

Understanding the future potential of the Metaverse involves examining its recent surge and subsequent decline. Late 2021 Mark Zuckerberg rebranded Facebook as Meta and announced an investment of \$10 billion in virtual world development. This move addressed Facebook's declining user base and reputational issues amid a competitive landscape. During the Covid-19 pandemic, virtual worlds offered social interaction amidst lockdowns, further fueling interest. However, the initial hype waned as reality set in. Media scrutiny intensified as economic challenges led to layoffs and reduced investments in

virtual reality ventures. Attention shifted to generative AI since that technique offered more immediate benefits than speculative Metaverse projects. Sustainability concerns also tempered enthusiasm due to the potential environmental impact of the significant energy consumption of metaverse servers. Despite setbacks, belief in the Metaverse persists, albeit with a tempered outlook. While the recent fading of the Metaverse's hype does not imply its permanent decay, its future potential remains uncertain. While the Metaverse's trajectory may have paused, its ultimate impact on society and business might yet unfold, and ongoing innovation and adaptation may rekindle its momentum.

Metaverse's Prospective Prohibitive to Predict

Predicting the future of the Metaverse and identifying its killer application is challenging. While some confine its potential to gaming, others foresee broader societal and business impacts. Our opinions vary even within the author team of this blog post and the editorial tandem of the previously mentioned CMR special issue. However, we agree on two fronts: First, harnessing the Metaverse requires creativity, not replicating real-world elements. This echoes the early days of the Internet when full adaptation was pivotal for success. The Metaverse demands a similarly innovative approach irrespective of its future significance. Second, the potential of the Metaverse and the risk of missing out are too significant to disregard. Researchers have an opportunity to lead, offering insights into the potential journey(s) the corporate world may take into virtual realms. Despite prevailing skepticism among corporations, being prepared is paramount and cultivating expertise today ensures being ready for tomorrow's landscape should virtual environments gain traction. In essence, it's better to be safe than sorry.



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