Meta Case Study

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- Strategic Profile and Case Analysis Purpose
  - The purpose for this case analysis is to examine Meta and their competitive landscape; using the findings to formulate a business strategy for Meta considering the current state of the metaverse industry.
- Situation Analysis
  - General Environmental Analysis
    - As a business, Meta currently has an interesting set of advantages and disadvantages due to their scale. Meta is one of the largest technological companies in the industry, which allows them to seek out projects and opportunities other companies aren't able to even consider. However, due to the firm's impressive size, the ability for the Meta to experience any more significant growth is very unlikely, according to the text. Due to the intense difficulty of growth, Meta has decided instead to shift their scope; changing their focus from hosting social media platforms to creating a massive virtual reality metaverse for users to enter and interact with each other and escape reality.
  - Industry and Competitor Analysis
    - In terms of metaverses, the industry has seen a massive amount of growth, and there is likely to be a great deal more growth in the future. Meta, Epic Games, and Roblox are currently among the leading firms in the industry. Epic Games' Fortnite and Roblox have each made very profitable metaverse models, as well as being able to reach a younger demographic. Fortnite and Roblox have been able to make substantial profits from selling cosmetic items and emotes, with a wide variety of other opportunities for profit available. A major advantage Fortnite and Roblox have over Meta is that they are able to easily reach a younger demographic. According to the text, Roblox specifically has two thirds of its user base consisting of users of youth age 15 or younger.
  - Internal Analysis
    - One of the greatest advantages Meta currently has regarding the development of their metaverse is control. Although Mark Zuckerberg has a minority of stock in Meta compared to the total amount of total shares in the company, he possesses the majority of private Class B shares. While Class B Shares make up a small percentage of Meta's total shares, they have significantly more voting power than publicly traded Class A shares, which allows Mark Zuckerberg to essentially unilaterally control his company with 58% of votes, according to the text. However, control is a

possible point of issue for Zuckerberg's metaverse as well. With Meta creating their metaverse, the company has full control over what is allowed on their platform. In Meta's case, this control is concerning for consumers, especially since Zuckerberg can singlehandedly override any decisions made by the company. Many of Meta's consumers find themselves asking what measures are being put in place to ensure that the company's metaverse is being fairly moderated and what content is being presented on the platform for users, especially children.

- Identification of Environmental Opportunities, Threats, Firm Strengths, and Weaknesses (SWOT Analysis)
    - Strengths
        - Meta is a massive company with the ability to invest billions of dollars into their metaverse, with the text stating that "they will be investing an enormous amount of capital, at least $10 billion in the first year and more in subsequent years, to build the technology."
        - Meta has the ability to firmly maintain control over their company as well as their metaverse. The Meta's CEO Mark Zuckerberg holds a substantial amount of private Class B Stock in the company, which grants him 58% of total voting rights for the company and the ability to essentially make unilateral decisions for the firm without the threat of hostile takeover or loss of control.
    - Weaknesses
        - In regard to their metaverse, Meta's greatest weakness is public perception. Many consumers are concerned about the kind of content and interactions Meta will allow on their platform, with some fearing that the platform will "… connect pedophiles to children and hate-filled people to toxic streams of disinformation." Consumers are also worried that Meta's metaverse will substantially worsen the epidemic of addiction to video games and the internet, with countries like China already placing heavy restrictions on screen time and gaming use for citizens under 18 years old, claiming that "Protecting the physical and mental health of minors is related to the people's vital interests, and relates to the cultivation of the younger generation in the era of national rejuvenation."
    - Opportunities
        - Through their metaverse, Meta has a blue ocean opportunity to form a digital economy, allowing online businesses to connect and do business with potential customers in brand new ways. Meta is also able to use their platform to advertise to users in new ways, but advertising in the metaverse is currently standing on a fine line in terms of public perception and user privacy.

- Threats
    - Companies like Epic Games and Roblox are currently able to reach a younger demographic, unlike Meta. Epic Games and Roblox are able to reach children by making their metaverses out of games such as Fortnite and Roblox respectively.
- Strategy Formulation
  - Strategic Alternatives
    - A possible strategy for Meta concerning their metaverse could be to shift their focus towards making their platform more like a game to draw in a younger demographic.
    - Another possible strategy for Meta would be to organize their metaverse to better suit businesses and educational institutions.
  - Alternative Evaluation
    - Shifting their metaverse into more of a game format would allow for Meta to reach a younger demographic. Other companies such as Epic Games and Roblox have been using this method to great success, so a game model for Meta's metaverse could be beneficial.
    - Having Meta reorganize their metaverse to better fit business and education users would allow the company to expand their product in an area that others have not done before at this scale. Organizing their metaverse in this way would give Meta the opportunity to develop groundbreaking technology to help students with learning in a digital environment, as well as making courses more accessible for students and educators alike. This strategy would also allow for Meta to develop systems for markets to conduct business on a global scale significantly easier.
  - Alternative Choice
    - I believe that the better strategic option for Meta would be to reorganize their metaverse to better suit businesses and educational institutions.
- Strategic Alternative Implementation
  - Action Items
    - Meta would need to reorganize their metaverse and develop technologies to better suit a business/educational demographic.
    - Meta would need to partner with global businesses and educational institutions to help promote the metaverse.
  - Action Plans
    - Firstly, Meta would need to work on developing new technologies for their metaverse that better suits businesses and educators.

        - After these new technologies are developed, Meta would need to implement them into their metaverse as well as overhauling their platform to better fit their new demographic.
        - Once their metaverse is ready for their demographic, Meta would need to enter negotiations with global businesses and educational institutions regarding distribution, product awareness, and possible partnerships.
        - When the negotiations are settled, Meta would then to formulate a plan to market and distribute their product.
- Post-Summary Questions
    - Is Meta's metaverse on track to offer a leap in value to users, or is it more akin to technology innovation that advances without delivering a compelling leap in value for users? Explain your thinking.
        - Currently, I feel that Meta's metaverse is not generating value in the same scale that they are developing their technological advancements. While there have been major technological enhancements for Meta's metaverse, such as the Interaction SDK that allows for more realistic interactions with hands, these advancements do little to settle the public's unease regarding safety, privacy, and online addiction.
    - Meta's vision has social, economic, and environmental implications. Describe what you see as the strengths and weaknesses of its metaverse across these dimensions and propose how to minimize some of the weaknesses or concerns to better link Meta's technology to create a leap in value.
        - Currently, the greatest strength for Meta's metaverse is its opportunities. Meta has the capability to use their platform to create a whole new digital ecosystem unlike anyone has ever seen. However, Meta's greatest weakness regarding their metaverse is public perception. Many consumers feel that the metaverse will not be safe for certain users, especially children. I feel the best way for Meta to address these concerns would be to partner with governments to implement policies and systems dedicated to the safety and privacy of users and surrender control of the metaverse so governments can better protect their citizens. From a business perspective, this plan is absolutely horrible, but it would likely be the best decision in terms of ethics.
    - If Meta realizes its intention of creating one enormous metaverse, it will yield even greater political, social, and economic power for the business. Are there risks related to one business holding this much control? How could these risks be mitigated?
        - There is definitely a significant amount of risk for Meta to create such a large and open platform. With Meta controlling their metaverse, the company would be able to implement whatever policies they want with

little input from consumers. Meta would of course still be required to adhere to the law when making policy regarding their metaverse, but considering current legislation pertaining to online business and social media, I feel there is still a great amount of unethical, profitable decisions Meta can exploit.

- Matthew Ball argues that developers will control the metaverse, the digital creators who will build what Meta hopes to be a blue ocean, a new market space that is a win for society and customers. Do you agree? Why or why not?
  - I agree with Matthew Ball's argument. When looking at online economies such as the Steam Marketplace, there is a lot of freedom for both buyers and sellers, and I feel that Meta's metaverse would provide an opportunity for similar digital markets to appear at a far greater scale.
- If Meta is committed to using less data for targeted advertising, as it claims, what might be its business model?
  - Considering Meta's current approach for advertising on their social media platforms, it is intriguing to see them claim a commitment to using less personal data for targeting advertising. If Meta proceeds with this approach for advertising in their metaverse, a possible way for the company to still make targeted advertisements for users could be to utilize an algorithm that selects advertisements for users based on what they are doing in the metaverse. For example, users that use the metaverse primarily for playing games could receive ads for other games or gaming accessories, and users that use the metaverse for meeting with friends could receive advertisements for social media platforms.