



Global Counsel

Regulating the Metaverse

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Foreword

Facebook's rebranding to become Meta in October 2021 fired the starting gun on the debate around the regulation of the metaverse. The very fact that it was a large and often controversial company like Facebook that so publicly positioned itself as a metaverse company has inevitably brought with it immediate scrutiny. This has fallen not only on the newly constituted Meta corporation, but also the wider concept and burgeoning ecosystem of the metaverse and its underlying technologies, such as virtual reality. As this report shows, the rebranding has had a major impact on public attitudes towards the concept of a metaverse, as well on the policy community, including governments and regulators.

Amidst all the debate and media coverage which followed Meta's rebrand, one element was largely overlooked: Meta placed public policy considerations front and centre of its pitch. The launch stressed the importance of developing an ethical metaverse and announced that 10,000 jobs would be created in Europe, while also lauding the role that the European Union (EU) will play "in shaping the new rules of the internet".¹ That Meta did so was an acknowledgement that the metaverse will be developed in the full glare of political, media and regulatory scrutiny.

This contrasts markedly with the development of the internet that we know today. During the 1990s and 2000s regulatory interventions directed at the tech sector were rare and, where they did happen, often designed to encourage rather than regulate the development of the digital economy. Notable examples were the limited liability exemptions provided by the United States' (US) Section 230 and the EU's e-Commerce Directive. In the 2010s, the so-called 'techlash' began first in Europe and then spread across the world, as the sector found itself less lauded for its innovative potential and instead increasingly criticised on a range of issues, from taxation and antitrust to online safety and data protection. While early innovators in search, e-commerce and social media could develop their products and grow their user base largely in the absence of regulatory scrutiny, innovators in the metaverse will face a global patchwork of digital regulatory regimes and regulatory authorities with experience in scrutinising the tech sector. In sum, the regulatory cycle in tech policy has shortened.

At Global Counsel, we wanted to better understand the likely direction of regulatory intervention in the metaverse. We focused primarily on three core jurisdictions – the US as the world's largest economy and home of much of the global tech sector; the EU as the leading global standard setter for technology regulation; and the UK, which is developing distinct regulatory frameworks in areas such as the data protection of children and online safety.

We undertook twin-track research into the attitudes of the public and policymakers and policy influencers (who we define as 'opinion formers'). Ultimately, public policymaking is shaped by the interplay and feedback loops between public opinion and that of opinion formers. They are constantly leading and responding to each other. Our research looks to understand that dynamic.

Our report concludes that the regulatory cycle in tech has indeed shortened, and that political scrutiny will be applied to companies early in their product development – if not already. However, this is not a simple story of overmighty regulators and powerless corporates. The picture varies according to geography, with Europe again likely to move earlier in comprehensively applying regulation to the metaverse than the US. Even where existing regulatory regimes already appear to cover the metaverse, there is a major question over how they will be applied and enforced in practice.

At Global Counsel we will be following closely the evolution of regulation and policy in the metaverse. Indeed, we intend this to be the first in a series of reports to understand how views shift as the metaverse develops and the technology matures.

CONAN D'ARCY
SENIOR PRACTICE DIRECTOR
GLOBAL COUNSEL

Key findings

1 A definitive, shared understanding of the metaverse is yet to emerge. Public awareness of the metaverse is low and largely limited to associations with Facebook (Meta), social media and gaming. Meanwhile, there is disagreement between opinion formers as to how the metaverse should be defined, whether or not it already exists, and the extent to which it represents revolution or evolution.

Only 13% of the French public claim to know a lot or a fair amount about the metaverse.

2 Attitudes to the metaverse are divided - and can change significantly. While only a minority of the public have a favourable or unfavourable opinion, there are geographical differences, with Brits notably more cynical about the metaverse, technology and tech companies than in France and the US. In Europe, more left-wing voters tend to be more negative about the metaverse, while in the US Republican voters are significantly more negative than Democrats. There are also major shifts in sentiment as more is learned about the metaverse. Opinion formers also hold contrasting views of the metaverse and note that its success will depend on various factors, including hardware innovation, broadband infrastructure and public trust.

35% of Americans became more favourable about the metaverse after learning more about it.

3 Practical, workplace and retail use cases enabled by the metaverse resonate widely. After learning more about the metaverse, there is evidence that the public is more open to potential use cases including shopping, education and healthcare - and inclination to try out at least some experiences. Opinion formers, too, agree that professional and commercial applications will be important - though they disagree whether the metaverse will be a niche experience for specific communities (e.g. gamers) or become mainstream.

7 in 10 Americans would be likely to try shopping in the metaverse.

4 Despite recognition of the benefits, there is deep concern about a wide variety of risks related to the metaverse. The most common concerns from our public surveys - reflecting both mistrust in technology companies and existing concerns about social media - include online abuse, cybersecurity, social isolation, cyberaddiction and invasive collection of personal data. Opinion formers share these worries, but are also very concerned about the potential for larger companies to secure dominant market positions - and the need to introduce interoperability requirements to address this.

Only 7% of Brits think socialising and dating in the metaverse should be unregulated.

5

Regulation is regarded as necessary and inevitable, though enforcement is deemed challenging. Opinion formers do not expect metaverse-specific regulation in the short term, instead envisaging the application of existing frameworks (esp. in Europe); longer-term, there is support for technologically neutral, principles-based regulation. There is widespread – if latent – public demand for regulation in the UK, France and, to a lesser degree, the US, though both the public and opinion formers are sceptical about regulators' ability to effectively enforce the rules and hold technology companies to account.

7 in 10 of the French public think the government needs to heavily regulate the metaverse.

CONCLUSIONS

There is a major opportunity for companies to shape the debate on the regulation of the metaverse. Malleable public and opinion former attitudes indicate opportunities for businesses to shape perceptions and the policy prescriptions which follow. In the absence of a clear and coherent set of definitions, regulatory authorities and governments will struggle to produce clear and coherent strategies. Regulators are therefore likely to approach the metaverse on a case-by-case basis, monitoring how the technology evolves and focusing on early use cases, such as gaming and virtual reality (VR) social networks.

There is an open question as to whether companies promote their own vision of the metaverse or position themselves as VR and/or augmented reality (AR) providers. The association in the public mind between the metaverse and Meta presents challenges most obviously for Meta, which is likely to face significant scrutiny. It will also affect other companies which face the prospect of developing products and services as part of a concept inextricably associated with one of their competitors. The results of our polling suggest that positioning products and services as VR or AR rather than metaverse may be a more successful strategy.

Developing a clear position on interoperability should be a priority for businesses. This is the most urgent policy debate around the metaverse. In the first instance, this is likely to translate into a focus on the market power of larger technology companies and their role in shaping technical standards. Looking further ahead, it could comprise debate on the technical and regulatory interventions needed to allow for the portability of user data, digital assets and personal characteristics, such as avatars.

Companies will need to adapt to divergent international policy frameworks. In the US, pressure on tech companies is likely to remain primarily political and media-driven rather than legislative and regulatory. The courts are also set to play a major role, as they did in the development of the internet, most obviously on IP enforcement but also around liability issues and the future of Section 230. In the EU and UK, by contrast, it is clear that there will be no comparable period of self-regulation to that of the early growth of the internet. Regulators will look to enforce existing legislative frameworks, such as the Digital Markets Act (DMA), on metaverse services.

There remains uncertainty over how existing regulation will be applied in practice to the metaverse. The principles-based nature of most existing digital legislation, such as the General Data Protection Regulation (GDPR), mean there is a lack of clarity over how these will be applied in practice to the metaverse. There are also questions around the capacity of regulators to prioritise nascent metaverse platforms with low user numbers, given the additional need to regulate social media and other tech platforms with billions of users.

Approach

To explore perceptions of the metaverse, Global Counsel designed an ambitious programme of primary research, covering both public and opinion former audiences, three regions (UK, US and EU), and qualitative, quantitative and deliberative methodologies. All fieldwork was conducted between September and October 2022.





Public



CITIZENS' JURY

Deliberative workshop to explore public perceptions of the metaverse in depth and understand how views change as participants are exposed to new information and discuss implications.

A three-hour face-to-face session held in the UK (London).

12 members of the public participated, recruited to reflect a spread of ages, gender, ethnicity, socio-economic group, area of residence (inc. urban, suburban and rural), engagement with digital technology, and voting history.



SURVEY

Quantitative survey to understand incidences of different views among the public, enable robust comparison between and within countries, and facilitate tracking of perceptions in future.²

Online survey up to 15 minutes.

Nationally representative sample of n=1000 in each of France (as a major EU member state), US and UK (with a total sample of n=3000). Quotas applied for gender, age, region and other demographic variables.



Opinion Formers



INTERVIEWS

Qualitative interviews to explore views of experts and policy influencers in relation to the metaverse, as well as expectations of likely regulatory implications.

In-depth interviews, lasting 30-45 minutes, conducted either face-to-face or via Zoom.

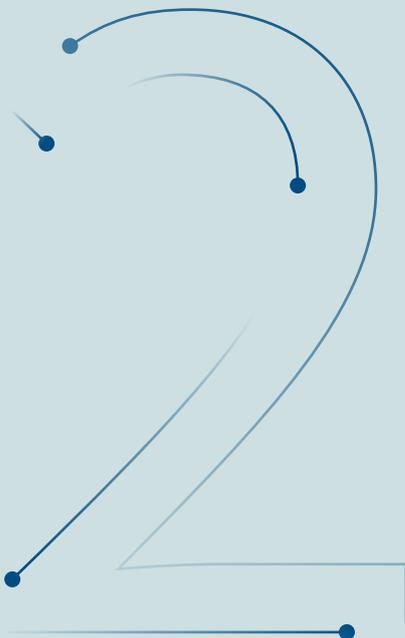
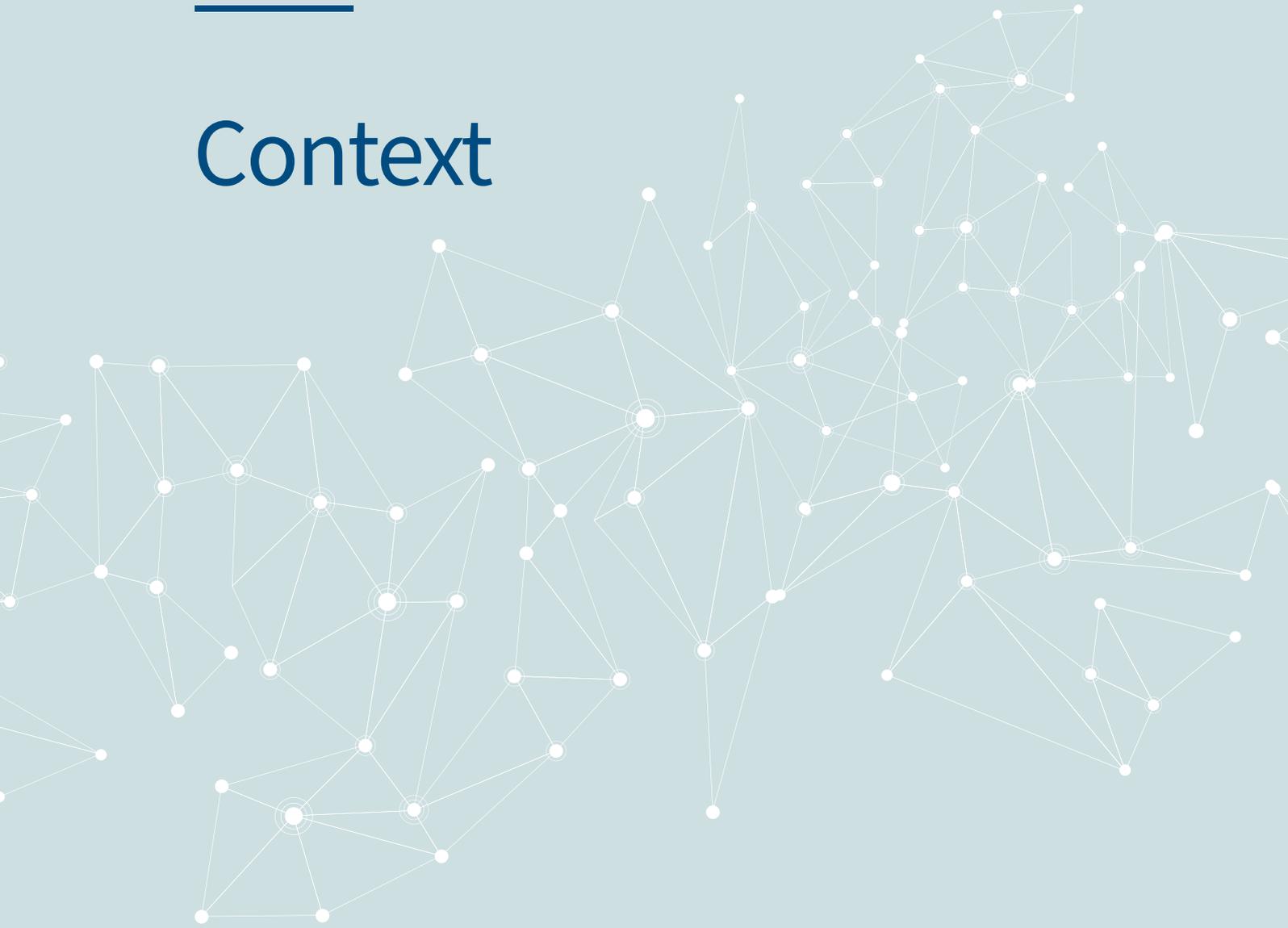
22 interviews completed with policymakers, regulators, academics, journalists, business leaders, and other opinion formers with relevant expertise in the technology sector across the UK, US and EU.

In the research with the public (and after initial, unprompted views had been sought), the following definition of the metaverse was used:



The metaverse is the concept of an immersive, interactive virtual world. It would be accessed by people using new digital technologies like virtual reality (VR) headsets and sensors. When people enter the metaverse, they would be able to interact with each other in different ways and take part in entertainment, social, professional and other experiences.'

Context



THE ORIGINS OF THE METAVERSE

The term 'metaverse' is broadly acknowledged to have been coined by American author Neal Stephenson in his 1992 novel *Snow Crash* as a portmanteau of 'meta' and 'universe'. Stephenson's metaverse was a dystopian urban landscape controlled by a single corporate interest but, beyond that, shares many of the characteristics commonly associated with contemporary understandings of the metaverse - access is gained through personal terminals (and some combination of hardware and software) enabling users to interact with a virtual world.

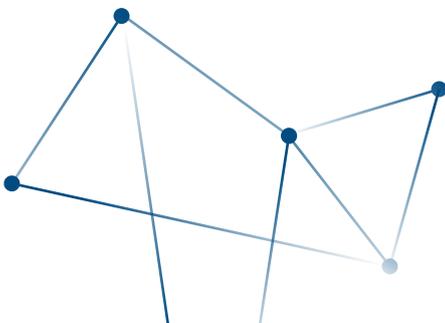
While Stephenson's metaverse was conceptualised within the realm of science fiction, the technology underpinning it had existed, albeit in primitive form, for some years. The first VR head-mounted display (HMD), using 3D visual models, was unveiled in 1968. A decade later, advancements in computer processing power and miniaturisation facilitated the use of computer-generated images responsive to movement in military pilot training. By the time Stephenson was writing, VR arcade machines allowed gamers to play popular multiplayer games in real time, and SEGA had announced it was working on a VR headset. But it was the success of *Second Life* in the 2000s which generated the sense that Stephenson's concept could become a reality, though its failure to gain mass take-up appeared to confirm that it would take decades for the technology to reach maturity and acquire true mass appeal.

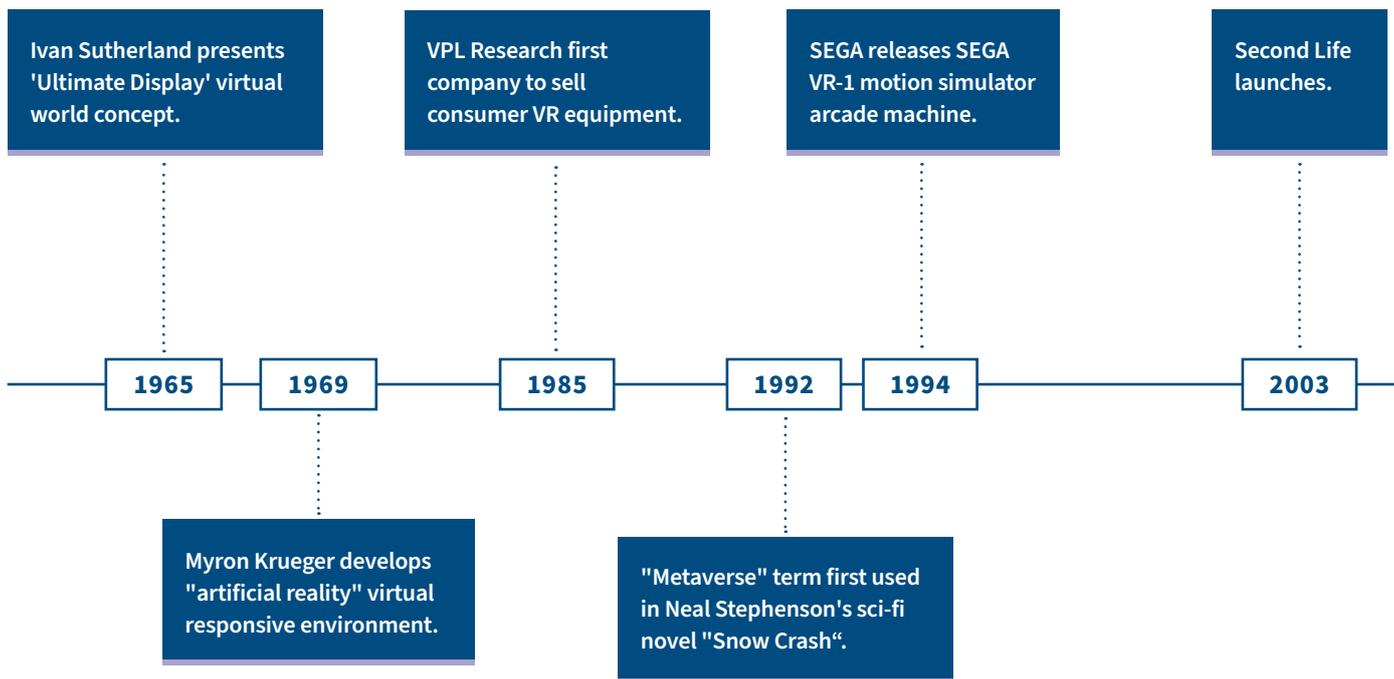
CASE STUDY SECOND LIFE

Philip Rosedale founded Linden Lab in 1999, with early work focusing on VR haptic hardware. LindenWorld was renamed *Second Life* in 2003, characterised as a virtual world in which users could assume avatar manifestations, buy, develop and sell virtual land, goods and services, and interact with one another in real time. The platform's business model was initially predicated on membership fees but soon shifted to commissions on land sales.

Second Life started to receive major public attention in the mid-2000s. For example, it featured on the front cover of *BusinessWeek* magazine in 2006, in a piece detailing the story of 'Anshe Chung'. Chung was the avatar of a user who built a profitable in-world property business, making her a real-life millionaire. That same year, *Second Life* registered its one millionth user. Over subsequent years, *Second Life* enjoyed rapid growth, recording 88,200 concurrent in-world users.

Growth, however, began to plateau in 2010, with Linden Lab announcing that it would lay off 30% of its workforce. Excitement around the company also began to abate. While *Second Life* is remembered as a pioneer, albeit a niche one, of the metaverse, it continues to enjoy popularity amongst its users, with a reported 64.7m active users in 2021.



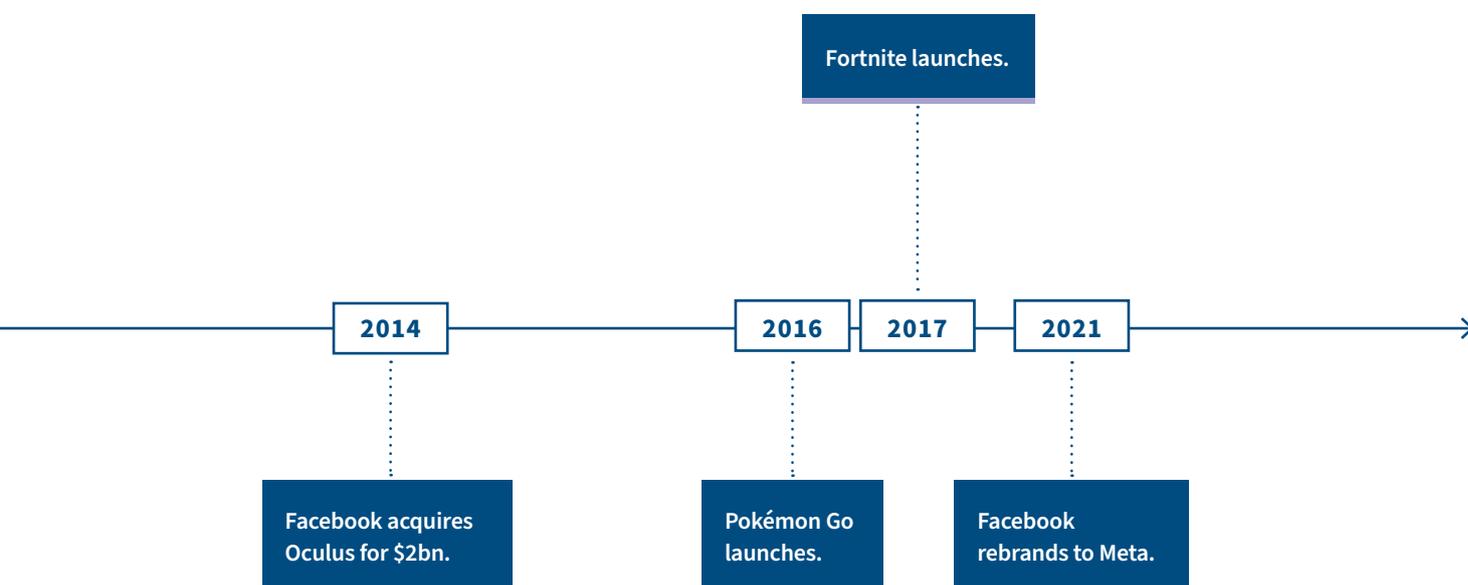


GROWTH OF VR AND VIRTUAL WORLDS

By 2014, technological advances in VR generated a fresh round of enthusiasm, with Sony, Google and Samsung all announcing development of headset hardware. It was Facebook's acquisition of Oculus VR for \$2 bn that same year, however, which caught the public's attention. By 2017, major tech companies including HTC, Valve, Apple, Amazon and Microsoft had joined the fray. Over the same period, tech companies began to invest seriously in augmented reality (AR) products and technologies, with Microsoft and Google as early pioneers. Pokémon Go was launched for mobile devices in 2016, enjoying enormous popularity worldwide.

Gaming companies, which shared many of the characteristics envisioned by Stephenson, also enjoyed significant growth, including Roblox, launched in 2006, Minecraft, launched in 2011, and Fortnite, launched by Epic Games in 2017. Over the years, these platforms have diversified the types of experiences and content that they offer. For example, an estimated 12.3m users logged onto Fortnite to watch a virtual concert by the American rapper Travis Scott in April 2020. Meanwhile, Roblox and Walmart have jointly developed 'immersive experiences'.

In recent years, large tech companies have increasingly prioritised the metaverse as part of their commercial strategies. Most notable was Facebook's rebranding to Meta in late 2021, which signalled a major repositioning from the world's biggest social media company. Instead of treating the metaverse as just one part of its broader portfolio of interests, it is now the centrepiece of the business and its ambitions. Microsoft is also investing in the metaverse through its evolving Teams workplace product, AR deployment through HoloLens and Mesh, and expansion of gaming portfolio, including through the planned acquisition of Activision Blizzard.



LOOKING AHEAD

With advances in technology and major investments from some of the world's largest companies, commercial research and analysis suggest that market maturity could be reached between 2030 and 2040.³ These predictions are reinforced by growing, though steady, sales of VR devices (see fig. 1). They also largely align with the views expressed by opinion formers interviewed as part of Global Counsel's research. While exact predictions of timeframes for market maturity varied, opinion formers generally mirror commercial analysts in citing a ten-to-twenty year time span.

Yet there is no consensus among commercial analysts over the future development of the metaverse, with some analysts suggesting its development will follow a linear path towards maturity⁴, and others outlining distinct scenarios for its development shaped by factors such as digital infrastructure and metaverse interoperability.⁵ As we will see in section three, a notable minority of opinion formers remain sceptical that metaverse applications will ever reach the penetration rates of smart phones or laptops. Moreover, as we explore in section four, a number of practical and policy challenges arise in relation to factors determining the speed, scale and timing of uptake of metaverse services.

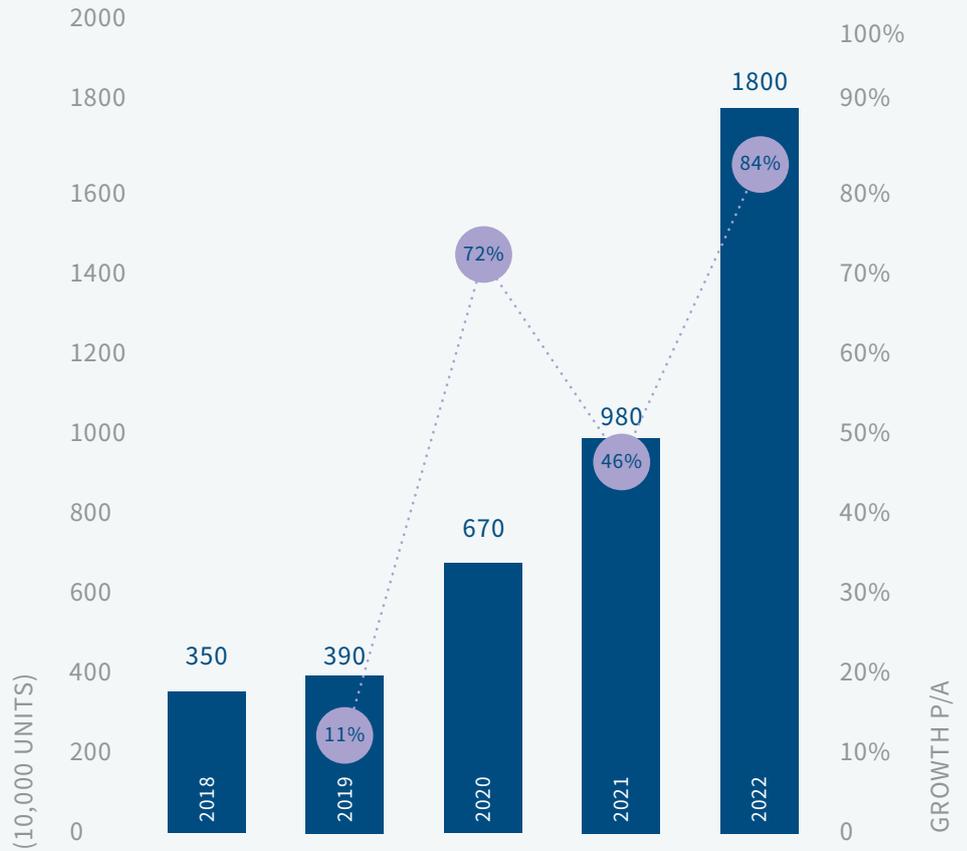
In terms of economic impact, while there is a distinct lack of certainty, estimates have been given for the total economic impact of the metaverse in the region of \$4 trn and \$5 trn, up from current levels of between £200 bn and \$300 bn³, underpinned by predictions of average internet users spending up to six hours per day in the metaverse by 2030 – socialising, shopping and working.³ One study predicts that more than half of live events could be held in the metaverse by 2030.³



The metaverse will reach maturity by 2040”

INDUSTRY REPRESENTATIVE

FIGURE 1: GLOBAL VR DEVICES SHIPPED



SOURCE: IDC, DELOITTE; 2022

REGULATORY CONTEXT

While there remains a lack of clarity about what the metaverse is or when it will reach maturity, initial regulatory scrutiny is already being exerted. To date this has manifested itself in a focus on antitrust and merger control. In the US, for example, the Federal Trade Commission (FTC) has been active, most notably in its decision to block Meta's acquisition of VR development studio Within Unlimited. Meanwhile, scrutiny is ongoing in both Europe and the US of Microsoft's acquisition of Activision Blizzard⁶ which, while ostensibly a merger in the gaming sector, is likely to have major implications for the development of the metaverse.

CASE STUDY

FTC DECISION TO BLOCK META'S ACQUISITION OF WITHIN UNLIMITED

In July 2022, the FTC intervened to stop Meta's attempt to "expand its virtual reality empire" by blocking its acquisition of VR development studio Within Unlimited ("Within").⁷ Within is known for Supernatural, a popular virtual reality application. In an assertive statement, the agency concluded that the acquisition is breaking antitrust laws, arguing that "Meta chose to buy market position instead of earning it on the merits". According to the FTC decision, Meta has the "required resources" to develop its own application to enter and compete in the dedicated fitness VR app market. The FTC argued that the potential acquisition would also undermine competition in the broader market for all virtual reality fitness apps.

Outside of merger control, governments and regulatory authorities have taken a more cautious approach. In the US, Congress remains focused on debates around a Federal privacy law, reform of Section 230 and potential rules to limit so-called gatekeeper positions of large technology firms, rather than the metaverse.

In Europe there has been greater attention on the regulatory implications of the metaverse, though the energies of regulators are largely being channelled towards investing in increased expertise in these emerging technologies. One of the most significant interventions is the expert report on the metaverse commissioned by the French government. The report made a series of recommendations including urging the French government to become active in standardisation bodies to influence negotiations on interoperability, as well as calling for targeted updates to EU legislation such as the GDPR.⁸

At the EU level, Internal Market Commissioner Thierry Breton recently stated that the metaverse "must embed European values from the outset" and that "we will not witness a new Wild West or new private monopolies".⁹ Building on Breton's comments, the European Commission has announced that it will publish an initiative next year on "open human-centric" virtual worlds.¹⁰ This is expected to explore potential industrial policy measures to support European companies developing metaverse technologies and services, with the aim of preventing non-European companies from dominating the technology.

Section seven explores in more detail how regulators and governments are looking to move forward with initiatives to regulate the metaverse.

TYPE OF INTERVENTION

EXAMPLES

STRATEGY

- WHITE PAPER

UK - May 2022: At its 'Metaverse Symposium', the Digital Regulation Cooperation Forum (DRCF) identifies key themes in metaverse regulation, including interoperability.¹¹

France - October 2022: The French government published an expert report to explore policy interventions in response to the development of the metaverse.

EU - Q2 2023: The European Commission is expected to publish an initiative on "open human-centric" virtual worlds.

ANTITRUST AND MERGER CONTROL

Germany - December 2020: The Bundeskartellamt launches an investigation into the "linkage" between Facebook and its Oculus VR products.¹²

US - July 2022: The FTC blocks Meta's acquisition of Within Unlimited.

REGULATORY OVERSIGHT

UK - January 2022: The Information Commissioner's Office (ICO) meets with Meta to ensure compliance of its VR headsets with the Age-Appropriate Design Code.¹³

Understanding of the metaverse

A definitive, shared understanding of the metaverse is yet to emerge. Public awareness of the metaverse is low and largely limited to associations with Facebook (Meta), social media and gaming. Meanwhile, there is disagreement between opinion formers as to how the metaverse should be defined, whether or not it already exists, and the extent to which it represents revolution or evolution.

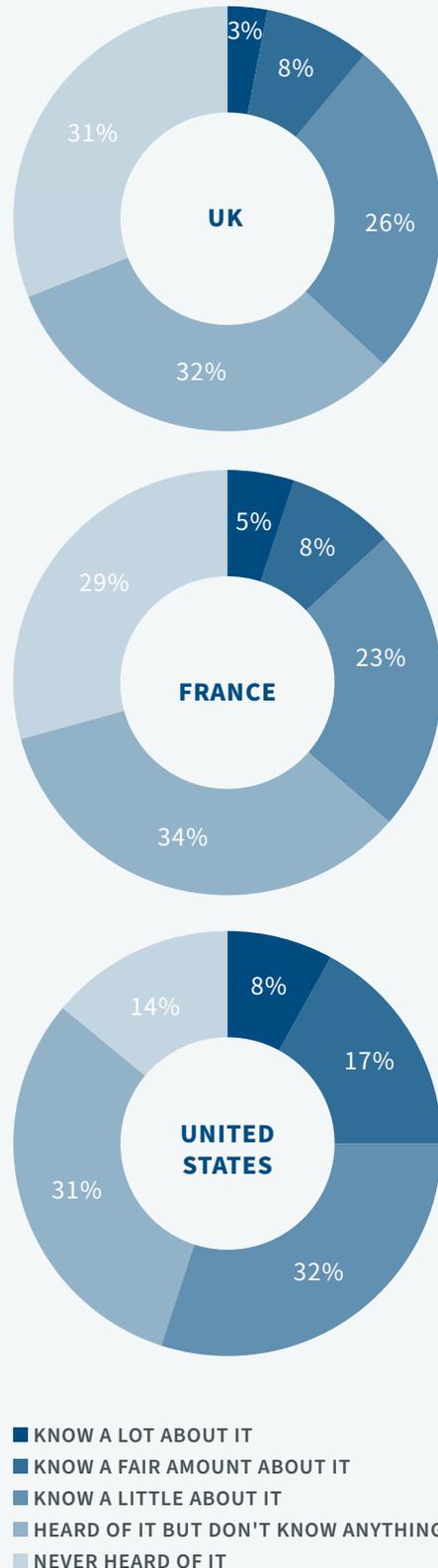


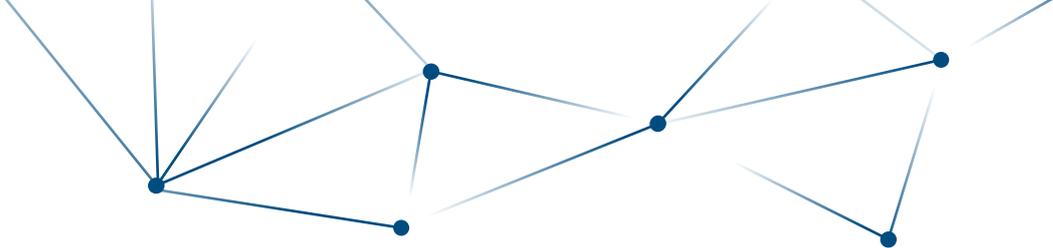
Public understanding of the metaverse is still very limited. Superficially, awareness of the metaverse is relatively widespread (fig. 2) but there appears to be little understanding of the concept, with fewer than 4 in 10 people in France and the UK claiming to know anything beyond the name. Indeed, familiarity with the metaverse is lower than for many other digital technologies (see fig. 6), including augmented reality and VR, two central enabling technologies for the metaverse.

Familiarity with the metaverse appears to be notably lower in the UK and France than in the US, where only 14% of the public say they have never heard of the concept before. In addition to this significant international difference, there are some consistent demographic differences within each country, with younger adults (aged 18-34), men, urban residents and the most affluent households typically more likely to claim familiarity with the metaverse.

As illustrated by the words that most commonly come to mind when thinking about the metaverse (fig. 3), there is a strong link in the UK public's mind between Facebook (Meta) and the metaverse – a connection which shapes attitudes to the latter (as explored in later sections). This association appears to be partly due to media coverage of Meta's investment in the metaverse (including on social media like Facebook and Twitter) and partly because of simple name recognition after Facebook's rebranding to Meta.

FIGURE 2:
FAMILIARITY WITH THE METAVERSE
% of adults in each market with different levels of claimed awareness





I heard about it on the news, some sort of announcement from Mark Zuckerberg.”

UK PUBLIC

Aside from the connection with Facebook (Meta), little appears to be known about the metaverse by the public beyond it being a virtual public space that would mainly be used by individuals for entertainment. Some associate the metaverse with socialising or social media, while others are most familiar with the concept of an interactive virtual space (and virtual reality technology) in the context of gaming.



I’ve not heard much about it. My partner uses a headset for gaming but I find that sort of thing boring.”

UK PUBLIC

Contrasting with relatively low levels of familiarity amongst the public, opinion formers in the UK, EU and US were more familiar with the concept of the metaverse and had more established views on its potential. Many opinion formers concurred with the view that the metaverse would be the next iteration of the internet and revolutionise how people spent time online and utilised technology. A vocal minority, however, argued that the metaverse could conceivably end up like gaming today - a popular but not ubiquitous technology.

Opinion formers were also split on the maturity of the technology and a likely timeline for its growth. Some argued that the metaverse is already in existence and will continue to develop incrementally out of games like Second Life and Fortnite. Others were more sceptical, with many arguing that it would take a ‘killer app’ to make the metaverse relevant to a broader audience.

Attitudes to the metaverse

Attitudes to the metaverse are divided - and can change significantly.

While only a minority of the public have a favourable or unfavourable opinion, there are geographical differences, with Brits notably more cynical about the metaverse, technology and tech companies than in France and the US. In Europe, more left-wing voters tend to be more negative about the metaverse, while in the US Republican voters are significantly more negative than Democrats. There are also major shifts in sentiment as more is learned about the metaverse. Opinion formers, too, hold contrasting views of the metaverse and note that its success will depend on various factors, including hardware innovation, broadband infrastructure and public trust.

Reflecting limited understanding of the metaverse, most members of the public surveyed are reserving judgement for now. A majority of the public in the UK (70%), France (63%) and the US (51%) do not feel either favourable or unfavourable toward the concept overall (fig. 4).

Of the minority of the public that has an opinion, attitudes to the metaverse are mixed. In France, 22% of the public feel 'very or somewhat favourable' and 15% feel 'very or somewhat unfavourable', leading to a 'net favourability' score of +6%. The US public is more positive while the UK public is the most sceptical overall. This difference may be due in part to greater

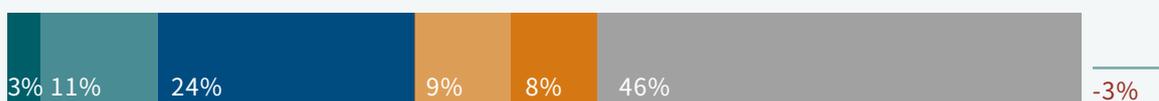
scepticism towards large private sector companies amongst the British public than appears to be the case in other countries (as explored in later sections).

There are also notable differences in attitudes within each country. Differences between demographic groups (fig. 5a) appear to correlate with familiarity. The regional divide is particularly marked in the US, where urban residents are significantly more favourable to the metaverse than rural residents, and where the area someone lives is a stronger predictor of attitudes than age or gender (and even voting history).

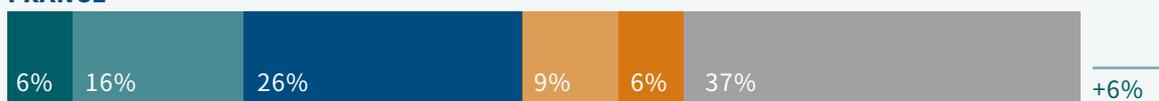
FIGURE 4: FAVOURABILITY TOWARD THE METAVERSE

% of adults in each market feeling favourable or unfavourable

UK



FRANCE



UNITED STATES



- VERY FAVOURABLE
- SOMEWHAT FAVOURABLE
- NEITHER FAVOURABLE NOR UNFAVOURABLE
- SOMEWHAT UNFAVOURABLE
- VERY UNFAVOURABLE
- DON'T KNOW

FIGURE 5A: DEMOGRAPHIC DIFFERENCES IN FAVOURABILITY TOWARD THE METAVERSE

% of each audience feeling favourable minus % feeling unfavourable

	AGE		GENDER		LOCATION	
	YOUNGER ADULTS (18-34)	OLDER ADULTS (18-34)	MEN	WOMEN	URBAN	RURAL
	+2%	-6%	-1%	-5%	0%	-5%
	+11%	-1%	+11%	+2%	+10%	+3%
	+18%	-2%	+22%	+8%	+32%	+4%

Breaking down favourability by political sentiment exposes some interesting divides (fig. 5b). In the UK, Labour voters (2019) tend to be less favourable about the metaverse than Conservative voters, while in France Melenchon voters (2022) are less favourable than Macron or Le Pen voters. This may reflect greater cynicism toward technology businesses (and big business more generally) among left-wing and left-leaning voters in Europe. However, this political trend is less clear in the US, where Biden voters (2020) are notably more favourable to the metaverse than Trump voters; this is possibly due to demographic factors (e.g., age, urban v rural) proving stronger drivers of attitudes, and may also reflect longstanding, though recently fraying, ties between leading Democrats and the US tech sector.

Compared to other digital technologies, the metaverse has a relatively poor reputation (fig. 6). Taking France as an example, only cryptocurrency and non-fungible tokens (NFTs) have lower net favourability scores than the metaverse. Strikingly, both AR and VR have significantly more positive reputations than the metaverse, despite their central role in the latter's development. This overall pattern is largely replicated in the US and UK.

FIGURE 5B: POLITICAL DIFFERENCES IN FAVOURABILITY TOWARD THE METAVERSE

% of each audience feeling favourable minus % feeling unfavourable

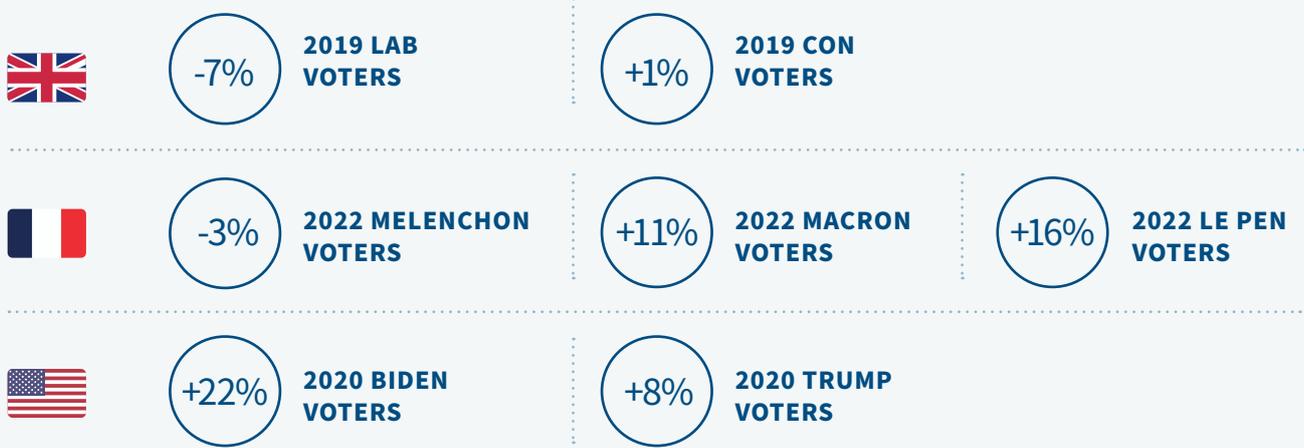
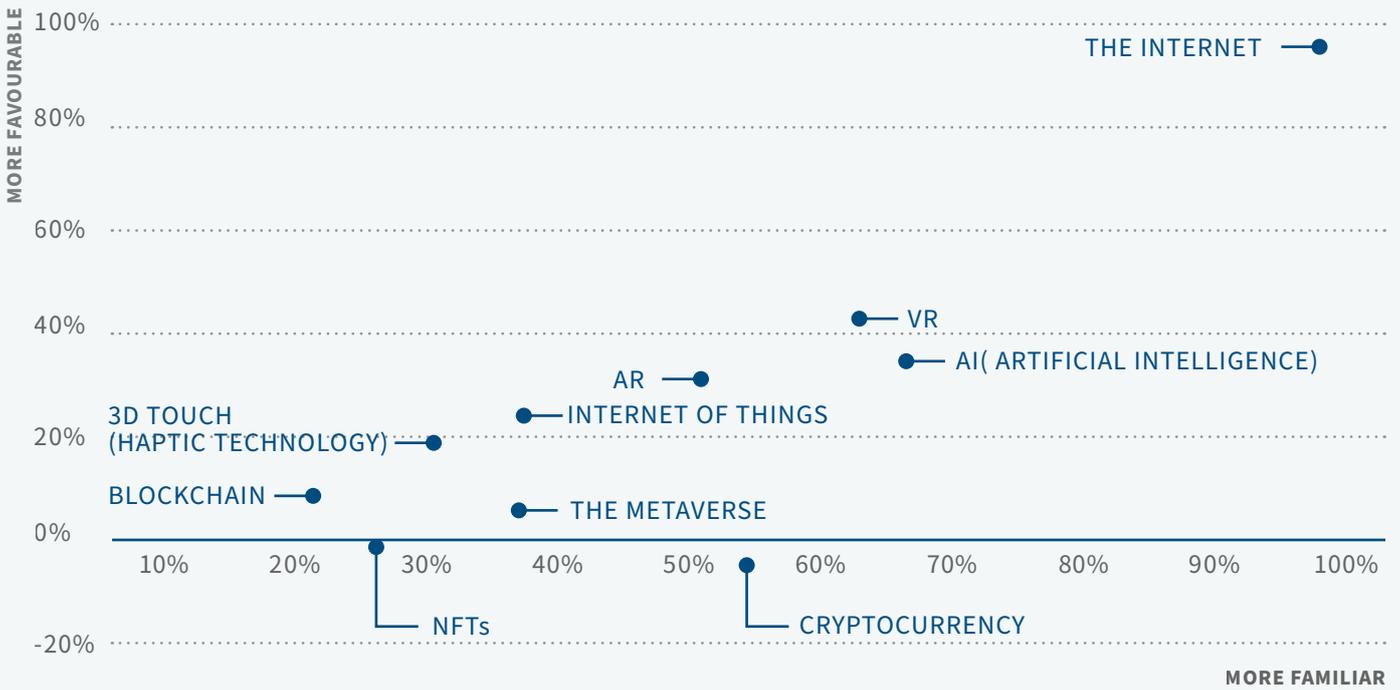


FIGURE 6: FAVOURABILITY AND FAMILIARITY TOWARD DIFFERENT DIGITAL TECHNOLOGIES (FRANCE)



It is not necessarily the case that the metaverse’s reputation will improve the more the public learn about it. This is hinted at by cryptocurrency’s negative favourability scores, despite it being one of the better-known digital technologies. It should be noted that this research was conducted before the collapse of crypto exchange FTX in November 2022.

This pattern is confirmed by longitudinal techniques used in the research: respondents were asked how favourably disposed they were to the metaverse at the beginning of our survey and again at the end. Strikingly, over half of respondents in each country changed their response, with many becoming more positive and others becoming more critical (fig. 7).



I didn’t realise that AR was part of the metaverse, I thought it was a separate thing... An addition to reality rather than virtual reality gives me more hope.”

UK PUBLIC

FIGURE 7: CHANGE IN ATTITUDES TOWARD METAVERSE

% of adults in each market feeling favourable or unfavourable

	NET FAVOURABILITY (START OF SURVEY)	NET FAVOURABILITY (END OF SURVEY)	CHANGE OF ATTITUDES BETWEEN START & END OF SURVEY	MORE FAVOURABLE AT END OF SURVEY	LESS FAVOURABLE AT END OF SURVEY
	-3%	-9%	55%	24%	32%
	+6%	+17%	56%	32%	24%
	+14%	+31%	54%	35%	19%

These stark swings in sentiment were also evident in the citizens’ jury, where views of the metaverse fluctuated and diverged significantly as participants reflected on factual briefings and debated potential opportunities and risks that they had not previously considered. Most participants became more enthusiastic over the course of the session as they reflected on possible use cases, while a minority became more apprehensive as they discussed potential concerns. Drivers of changing sentiment, both positive and negative, are explored more fully in sections five and six.

Views of opinion formers were similarly varied, with many identifying a range of beneficial and transformative use cases (explored in section five) while also highlighting concerns which could impede uptake of the metaverse. For example, a number of opinion formers warned that policy concerns, such as data and privacy risks, could themselves act as inhibitors in the development of metaverse technologies and limit initial uptake. These issues are explored further in section six.

“ *Initially I was quite excited about trying it [VR headset] but, after discussing it with everyone, I’ve become more hesitant”*

UK PUBLIC

“ *Hardware costs are an issue, which could restrict certain groups’ access to the 3D metaverse”*

REGULATOR

Many opinion formers also cited practical factors. Prominent in the minds of opinion formers were issues related to affordability, with many arguing that costs for VR and AR hardware would need to be significantly lower before the metaverse could enjoy mass appeal. Many opinion formers also speculated about how marginalised groups, such as the elderly or disabled, could access VR and AR technology, and what training and funding would need to be allocated for this purpose.

A further practical set of issues revolved around user experience. This related to both the need for VR and AR technology to improve in its visual, design, navigation and search aspects, but also to the quality of connectivity. Many opinion formers questioned when the requisite gigabit connectivity would be available to power VR and AR experiences. This again brought up the issue of digital divides, this time between urban and rural citizens, with the latter having had access to significantly worse broadband coverage than their urban counterparts in recent decades.

IMPLICATIONS FOR BUSINESSES

Malleable public and opinion former attitudes indicate opportunities for businesses to shape perceptions and the policy prescriptions which follow. The results of our polling suggest that positioning products and services as VR or AR rather than metaverse may be a more successful strategy. Widespread concerns among opinion formers around affordability and the digital divide suggest the need for metaverse companies to make a wider, more inclusive pitch on the merits of the sector's growth.

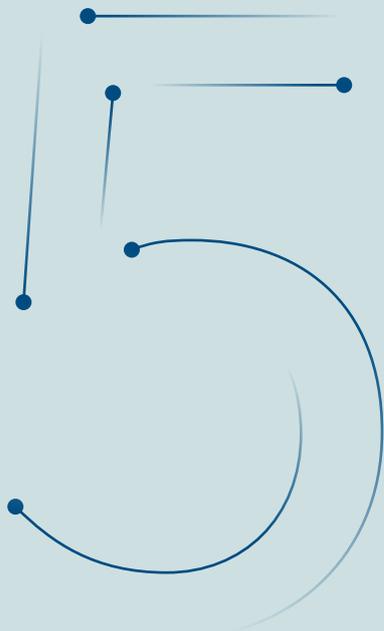


People don't trust technology right now. They are very cognisant about the privacy risks and don't want to feel like they are being watched in an immersive environment"

THINK TANK REPRESENTATIVE

Metaverse use cases

Practical, workplace and retail use cases enabled by the metaverse resonate widely. After learning more about the metaverse, there is evidence that the public is more open to potential use cases including shopping, education and healthcare – and more inclined to try out at least some experiences. Opinion formers, too, agree that professional and commercial applications will be important – though they disagree whether the metaverse will be a niche experience for specific communities (e.g. gamers) or become mainstream.



As outlined in section three, the public spontaneously associates the metaverse with social media and gaming in particular. Our research shows that wider potential metaverse use cases are less well-known but as they learn more about them, the public is both surprised and supportive of such activities.

Citizens' jury participants showed great interest in examples of healthcare workers – such as surgeons – and other professionals being trained in the metaverse. They also reacted positively to consumer-focused use cases, such as using the metaverse to visualise what new furniture might look like in their homes. These more practical applications were generally considered to be societally beneficial and – importantly – led to increased positivity toward the metaverse overall.

This is borne out to an extent in survey data illustrating the perceived importance of the metaverse's role in overcoming barriers and enabling new experiences (fig. 8). There appears to be relatively widespread public interest in personally trying out different metaverse experiences (fig. 9). A majority of the public in the US and France claim they would definitely or be likely to try a range of metaverse experiences. The British public is generally less inclined to try these experiences however, reflecting wider scepticism of the metaverse in the UK. The most popular experiences across all countries are visiting real or imagined locations, shopping for goods and products and participating in education or training.



There seem to be so many applications that are going to change the way we learn and educate. Virtual marketplaces and shopping will change things completely.”

UK PUBLIC



It'll be most useful for things like hospitals and doctors. The social element was the least useful to me.”

UK PUBLIC

FIGURE 8: MOST IMPORTANT PERCEIVED BENEFITS (UK)

% of UK adults selecting each benefit as one of three most important (showing top three only)

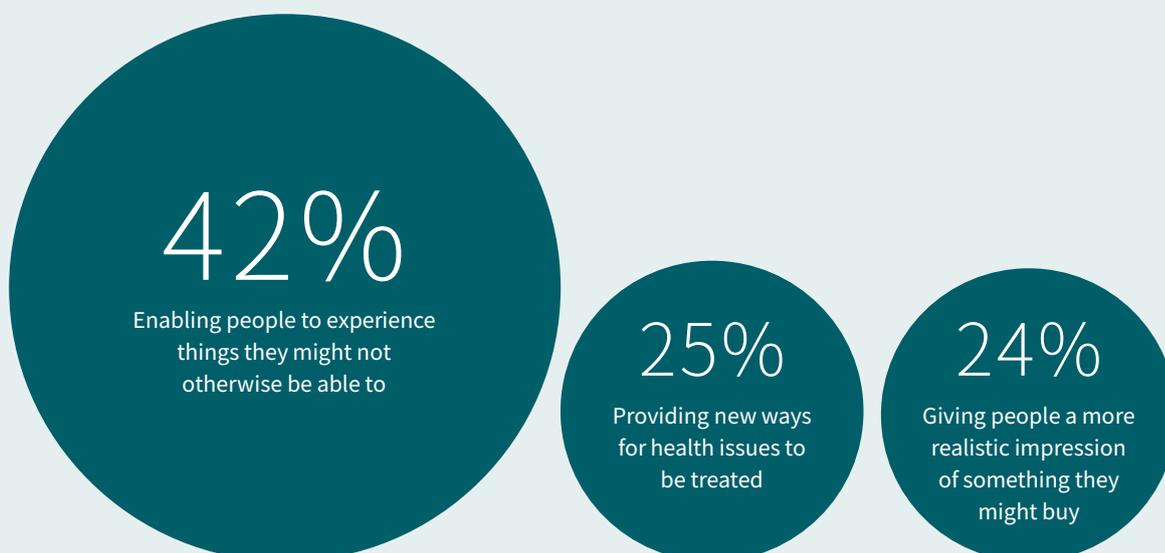


FIGURE 9: INCLINATION TO TRY DIFFERENT EXPERIENCES

% of all adults in each market saying they would definitely / be likely to try each experience on the metaverse

			
Visiting real or imagined locations	54%	77%	72%
Shopping for goods and products	47%	50%	70%
Participating in education or training	47%	63%	70%
Playing interactive videogames	37%	59%	61%
Receiving treatment for physical or mental health issues	36%	38%	57%
Completing practical tasks and activities at work	35%	52%	59%
Participating in virtual sports or fitness activity	35%	52%	58%
Conducting business meetings or networking	31%	47%	54%
Meeting new people to socialise or date	26%	44%	49%
Engaging in sexual or pornographic activity	14%	16%	27%

Attitudes of opinion formers towards metaverse use cases were strikingly consistent with those of the public. As was the case in the citizens' jury, opinion formers identified gaming and social interaction as early use cases, with the likes of Fortnite, Roblox and World of Warcraft already demonstrating the potential of shared online experiences. A handful of opinion formers also identified entertainment as an early use case, pointing to pioneering examples of virtual concerts and media screenings.

There was a consensus amongst opinion formers on the potential that VR and the metaverse presents in supporting training and education. Mental health support, healthcare and collaborative design were three areas in which opinion formers saw greater benefits and more compelling use cases than in entertainment, socialising and gaming.

One final point raised by opinion formers was the distinction between what would capture the imagination of the public, potentially in the form of a 'killer app', and what would actually be transformative for daily habits. One cited the example of video calls as a technology that had been widely available for several years, but with comparatively little excitement or take-up before suddenly becoming a universal workplace staple due to the pandemic.

IMPLICATIONS FOR BUSINESSES

In tandem with the accessibility issues highlighted in section four, an emphasis on practical, societal and commercial use cases will be important in developing a wider, more impactful political pitch for the metaverse.



The metaverse is more than just gaming already. Entertainment has really taken off"

INDUSTRY REPRESENTATIVE



We have seen promising results in healthcare – not only can you plan surgeries, but you can also conduct whole treatments."

THINK TANKER



People are not necessarily excited about what will end up being the biggest changes – people weren't excited about video calls but now they're everywhere."

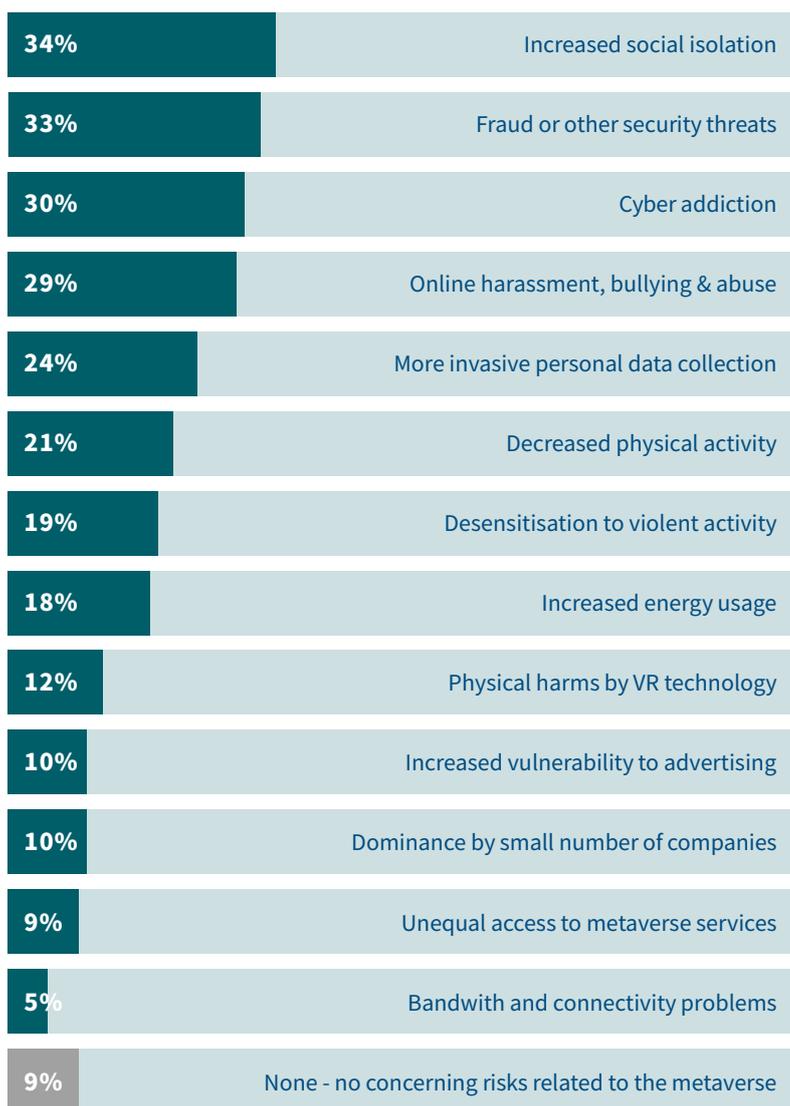
REGULATOR

Concerns about the metaverse

Despite recognition of the benefits, there is deep concern about a wide variety of risks related to the metaverse. The most common concerns from our public surveys – reflecting both mistrust in technology companies and existing concerns about social media – include online abuse, cybersecurity, social isolation, cyberaddiction and invasive collection of personal data. Opinion formers share these worries, but are also very concerned about the potential for larger companies to secure dominant market positions – and the need to introduce interoperability requirements to address this.

FIGURE 10: MOST CONCERNING RISKS OF THE METAVERSE (FRANCE)

% of FR adults selecting each risk (abbreviated) as one of three most concerning



Irrespective of how favourable the public is towards the metaverse overall, concern about potential risks is widespread. Only a tiny minority in the US (7%), France (9%) and the UK (14%) consider there to be no major risks related to the metaverse. It is interesting to note that there are no stand-out concerns; instead, a large and diverse set of risks worry the public (fig. 10).

Nevertheless, some concerns about the metaverse are more prominent. These typically echo existing anxieties around social media or – with regards to real-world social skills – gaming, which was referenced frequently by participants in the citizens' jury. There appear to be particularly strong fears about potential harms to children and young people, with parents in the citizens' jury often referring to their own experiences and worries in relation to their children's use of technology.

Public concerns also reflect a lack of trust in different actors and institutions involved in the metaverse (fig. 11). In all three countries, there is very little trust in other metaverse users with, for example, only half of the French public trusting other users even slightly.

Beyond that, there are some striking differences between the three countries. In the US, technology companies are among the most trusted institutions, with the public demonstrating much lower trust in government or independent regulators. In the UK by contrast, trust is highest in independent regulators while there is particularly low trust in technology companies, with only half of the public trusting large technology companies even slightly and far fewer trusting them moderately or completely. This scepticism of large technology companies is mirrored in other recent public surveys in the UK.¹⁴



I'm concerned about the decay of social skills, young people lacking the ability to interact with one another."

UK PUBLIC



How young will they be allowed? Will kids access porn? Violence? Will they get addicted? Will they carry out microtransactions with their parents' cards?"

UK PUBLIC

FIGURE 11: TRUST IN DIFFERENT INSTITUTIONS

% of all adults in each market saying they trust each institution at least slightly in relation to the metaverse

			
An independent regulator	70%	81%	62%
Charities	66%	70%	73%
Companies providing SafetyTech technology	65%	78%	75%
A relevant government department	63%	80%	62%
Specialist companies that focus on specific technology products and services	57%	78%	73%
Companies selling consumer goods through the metaverse	56%	76%	74%
The government	56%	71%	54%
Large companies providing a variety of different technology products and services	55%	78%	69%
Other users on the metaverse	37%	54%	53%

A lack of trust in technology companies may help to explain why the UK public feels less favourable toward the metaverse overall than the public in France and the US. It is not clear to what extent this difference is specific to the metaverse or the technology sector, though other research conducted by Global Counsel suggests that the British public tends to be more sceptical than that in other countries towards businesses across a wide range of industries and sectors. Global Counsel intends to conduct further research into this issue over the course of 2023.

For the most part, opinion formers aired similar concerns to those of the public. Concerns were raised about harmful behaviour online, with a majority of opinion formers arguing that the metaverse will compound existing challenges such as cyberbullying and hate speech. Some suggested that the metaverse will also lead to new forms of harm, such as the emergence of sexual assault in virtual worlds.



There will be a huge amount of data if you're recording movements. Who ultimately controls that data? I'm most concerned about Facebook and Google. They've all got more information than we believe."

UK PUBLIC



The metaverse is likely to exacerbate some problems we see right now, such as hate speech, cyberbullying, mental disorders and anxiety"

TECH COMMENTATOR

Privacy and data protection was another area of common anxiety between the public and opinion formers. While much of this was rooted in longstanding concerns over the practices of large technology companies, opinion formers feared that these could be exacerbated by the development of the metaverse. One widely cited example was the deployment of eye-tracking technologies in VR and AR hardware devices, introducing significant scope for mass collection and processing of biometric data. Several opinion formers speculated whether such technology could be abused to create far more intrusive, unsolicited and highly targeted advertising. For AR specifically, opinion formers questioned how data protection authorities would supervise an exponential increase in always-on cameras.

The one policy concern which was a greater preoccupation for opinion formers than the public was the issue of market power and interoperability. When asked to name the three words which they associated with the metaverse, the most common response was “interoperable” (fig. 12), with many adding that this was a key principle for the metaverse but one which they were not confident would be adhered to. Opinion formers were particularly exercised about this point because of an underlying fear about monopoly positions in emerging industries provoked by the recent experience of Web 2.0. The regulatory debate over interoperability is explored further in section seven.



From a policymaker's perspective, the biggest concern is the use of biometric data. Eye-tracking can reveal a lot of sensitive information or potentially even inferred information

INDUSTRY REPRESENTATIVE



We have questions about competition and interoperability. It's very early, and without definition, it is tough to work out what should be done”

INDUSTRY REPRESENTATIVE

IMPLICATIONS FOR BUSINESSES

The primary concerns of both the public and opinion formers – data protection, online safety and, in the case of opinion formers, market power – reflect the regulatory discussion today about Big Tech and Web 2.0. They underline how, in the initial period at least, such concerns will remain the primary prism through which regulation of the metaverse is judged. In the first instance, this is likely to translate into a focus on the market power of larger technology companies and their role in shaping technical standards. Looking further ahead, it could comprise debate on the technical and regulatory interventions needed to allow for the portability of user data, digital assets and personal characteristics, such as avatars.

FIGURE 12: WORDS THAT COME TO MIND WHEN THINKING ABOUT THE METAVERSE

Showing most commonly-selected words by opinion formers



The regulatory debate

Regulation is regarded as necessary and inevitable, though enforcement is deemed challenging. Opinion formers do not expect metaverse-specific regulation in the short-term, instead envisaging the application of existing frameworks (esp. in Europe); longer-term, there is support for technologically neutral, principles-based regulation. There is widespread – if latent – public demand for regulation in the UK, France and, to a lesser degree, the US, though both the public and opinion formers are sceptical about regulators’ ability to effectively enforce the rules and hold technology companies to account.

Reflecting public concern about potential risks relating to the metaverse, there is widespread support for government regulation. Indeed, a significant majority of the public in each market favours heavy government regulation, compared with only a small minority who believe companies can be trusted to self-regulate (fig. 13).

This demand for regulation is best described as latent: because of the relatively low awareness of the metaverse, it is unlikely that a majority of the public in the UK, France and the US is actively demanding regulation. But as the topic becomes more mainstream and people learn more about the opportunities and risks presented by the metaverse (as participants in our study did), public and political pressure for regulation could grow.

In all three countries, this desire for regulation applies to many different experiences in the metaverse (fig. 14). While only a minority of the public in each country want metaverse experiences banned entirely, there is a large majority in favour of some form of regulatory intervention. Demand for regulation is greatest in relation to sexual or pornographic activity, healthcare, and socialising and dating.



We need regulation in place before VR explodes. We can't control social media as it is"

UK PUBLIC

FIGURE 13: ATTITUDES TO REGULATION AND SELF-REGULATION

% of all adults in each market saying which statement comes closest to their view

- GOVERNMENT NEEDS TO HEAVILY REGULATE THE METAVERSE
- COMPANIES CAN BE TRUSTED WITHOUT HEAVY REGULATION
- DON'T KNOW

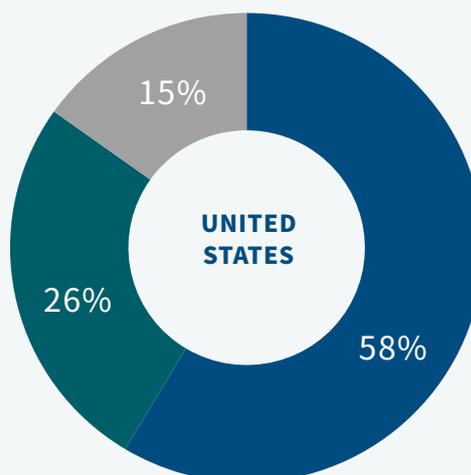
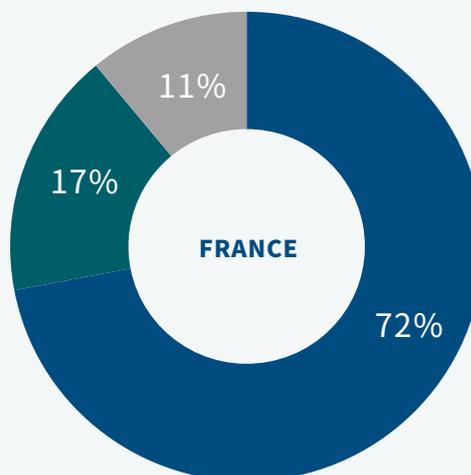
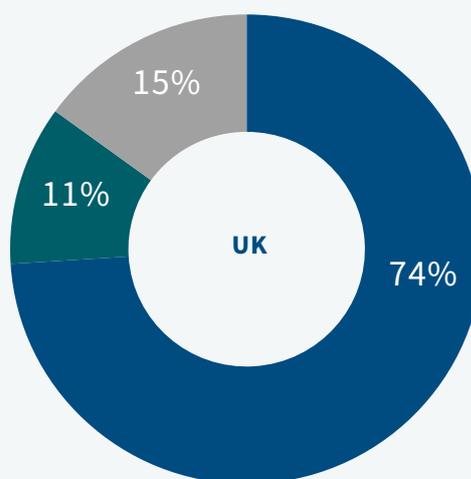
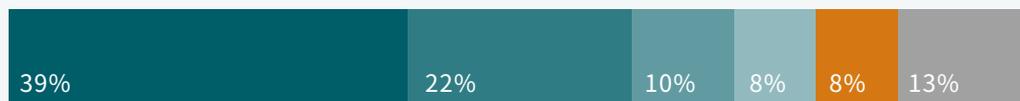
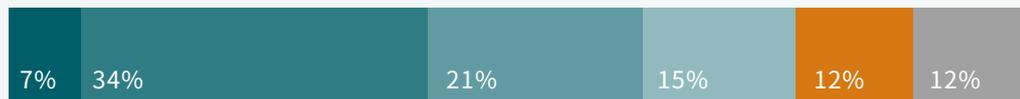


FIGURE 14: PREFERRED REGULATION OF DIFFERENT METAVERSE EXPERIENCES (US)
 % of US adults preferring how to regulate each experience

ENGAGING IN SEXUAL OR PORNOGRAPHIC ACTIVITY



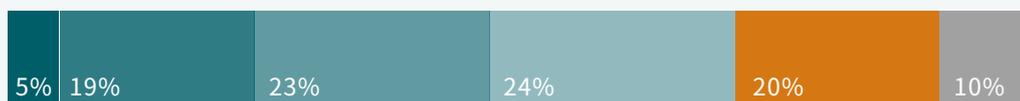
RECEIVING TREATMENT FOR PHYSICAL OR MENTAL HEALTH ISSUES



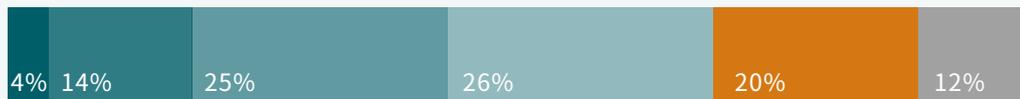
MEETING NEW PEOPLE TO SOCIALISE OR DATE



SHOPPING FOR GOODS AND PRODUCTS



PLAYING INTERACTIVE VIDEOGAMES



- BANNED COMPLETELY
- PERMITTED BUT HEAVILY REGULATED
- PERMITTED BUT MODERATELY REGULATED
- PERMITTED BUT LIGHTLY REGULATED
- PERMITTED AND UNREGULATED
- DON'T KNOW

Similarly, there is widespread support for a number of specific policy and regulatory interventions. The most popular interventions reflect the regulatory responses associated with social media and Web 2.0. These include rules which would require technology companies to protect children, and new data protection and security standards. Measures preventing monopolisation of the metaverse and interoperability requirements appear to be a lower priority for the public, in contrast to the sentiment of opinion formers (fig. 15).



The leverage and power of Apple is too great for the authorities to fight against.”

UK PUBLIC

The citizens’ jury hinted at some public pessimism – in the UK at least – about the ability of regulators to effectively enforce the rules. The prevailing sense among participants was that technology companies were too powerful and regulators lacking the ability or willpower to hold them to account.

In contrast to this pessimism, there was a sense of optimism and resolve among opinion formers about the regulation of the metaverse, at least in Europe. It was argued that existing legislation, such as the EU’s DMA, would apply to and be enforced on metaverse applications automatically, and that there would be no comparable period of self-regulation to that of the early growth of the internet.

FIGURE 15: SUPPORT FOR SELECTED POLICY INITIATIVES

% of all adults in each market saying they support each policy initiative (abbreviated)

			
Rules requiring technology companies to protect children	72%	81%	78%
New data protection and security standards	71%	80%	77%
New laws to ensure online safety	70%	80%	76%
New standards and requirements for manufacturers of metaverse hardware	65%	75%	70%
New measures to protect cryptocurrency payments	62%	76%	70%
New criminal offences for virtual crimes	61%	73%	67%
A mandatory requirement for users to provide identification	62%	74%	65%
Agreements between metaverse companies to ensure their technologies are compatible	59%	65%	64%
Obligations on metaverse companies to monitor user activity and private communications	59%	67%	62%
Rules that prevent a small number of companies from limiting access to the metaverse	56%	60%	62%

In the US, opinion formers were less confident due to the absence of digital regulatory frameworks in areas such as privacy, content moderation and ex-ante antitrust enforcement. Some cited the proposed American Data Privacy and Protection Act as the type of legislation which, while unlikely to become law, would be needed to ensure effective supervision of not only the current internet, but also the metaverse.

Opinion formers also voiced an expectation that court cases would unveil gaps in legislation which could be filled by legislative reforms, as happened with Section 230 in the US. They identified trademarks as one area of legal tension, given the potential for virtual representation of physical goods in the metaverse, as well as IP relating to music, film, locations, landmarks and personality rights.

Several opinion formers highlighted the potential role of the courts, referencing landmark cases in the late 1990s and early 2000s, such as *A&M Records, Inc. v. Napster, Inc.*¹⁵ and *LICRA c. Yahoo!*¹⁶ The former was a case brought by the music industry against the peer-to-peer sharing service Napster, where the verdict confirmed it could be held liable for intellectual property (IP) infringements. *LICRA c. Yahoo!* involved the sale of Nazi memorabilia on Yahoo!’s auction service, with the court ruling that despite the items being listed in the US, Yahoo! remained under a legal obligation to ensure they were not sold in France.

The consensus among opinion formers was that there will not be a rush to legislate and that we are unlikely to see - in the next five years at least - proposals for a comprehensive ‘metaverse act’ or similar initiatives. Instead, it was argued that the next five to ten years will predominantly be a case of enforcing existing principle-based frameworks in Europe (and to a lesser extent the US). Where legislative change can be anticipated, it is more likely to take the form of targeted changes to existing laws, as has been floated by the French government’s expert group on EU legislation.

While most opinion formers agreed that principles-based legislative frameworks are essential in keeping pace with innovation, it was acknowledged that they allow a significant degree of regulatory discretion in enforcement. One example given was the UK's advertising codes of conduct, which contains a core principle that adverts "must be obviously identifiable"¹⁷ or "obviously distinguishable from editorial content".¹⁸ In a newspaper or text-based social media feed, it is relatively simple to use labelling to make clear what is or is not an advert. However, this has already proven to be more complicated for formats such as short-form video and is likely to be exacerbated in a VR scenario.

Opinion formers warned that the emergence of the metaverse will put significant pressure on regulatory authorities when their resources, staffing capacity and levels of expertise are already dwarfed by the companies they are regulating. Some scepticism was aired that digital regulators would prioritise regulation of VR services when the number of users remains a fraction of those on conventional social media platforms. However, some European opinion formers pushed back on this argument, suggesting that a risk-based approach meant that VR services would be prioritised.

Question were also raised over whether current legislative frameworks are equipped to manage the unique policy challenges posed by VR and AR. Views were split on whether data protection frameworks, such as the GDPR, would need amending to reflect greater collection of biometric data, or whether the principles-based nature of such frameworks was sufficiently flexible to ensure rights would continue to be upheld – subject to small adjustments. On AR, opinion formers raised questions about the GDPR's ability to manage the exponential increase of cameras implied by mass deployment of AR, including protecting 'bystander privacy'.

Opinion formers raised similar questions around content moderation and limited liability rules. In the US, for example, it is not clear whether limited liability protections under Section 230 would be applicable, given they concern user content rather than user activity and conduct. In the UK, a similar but distinct debate is ongoing about whether the scope of the upcoming Online Safety Bill is sufficiently clear to apply content moderation rules to user activity on VR platforms.

One specific policy area where early regulatory intervention can be anticipated is interoperability. As noted in section six, this was the most pressing concern raised by opinion formers across Europe and the US. For the time being this is being addressed through industry standards initiatives, although some opinion formers raised scepticism about groups such as the Metaverse Standards Forum, albeit for varying reasons. Some argued that these bodies were overly geared towards representing the interests of the largest technology firms, while others identified the absence of large industry players as evidence that they are unlikely to be successful.

CASE STUDY

THE METAVERSE STANDARDS FORUM

In June 2022, a wide array of corporates and standards organisations launched the Metaverse Standards Forum with the intention of driving interoperability in the metaverse. Founding members from industry include Alibaba, Epic Games, Huawei, IKEA, Meta, Microsoft, NVIDIA, Qualcomm Technologies, Sony and the XR Association. Priority domains for standards development include: user generated content; avatars and identity management; financial transactions; and IoT and digital twins.



The sort of naivety that policymakers had in the first decade of the internet is over"

TECH COMMENTATOR



Enforcement of IP rights will be the starting point. Since money is at stake, rightsholders will move to ensure their IP is protected"

TECH COMMENTATOR



Extra services will be brought within scope when they meet the necessary thresholds – hence the value of having not just reach, but also risk as a determining factor"

REGULATOR

European opinion formers agreed that there is a strong chance the European Commission will look to intervene on interoperability in the absence of satisfactory industry rules, either through the powers of the DMA or other tools, such as antitrust investigations. Looking further ahead, opinion formers speculated whether the data portability provisions of the GDPR might be applied to support interoperability of personal data within the metaverse.

A final set of issues raised by opinion formers revolved around industrial policy and digital sovereignty, though these are distinct debates in the EU and the US. In Brussels, opinion formers highlighted the growing concern that the metaverse would follow the precedent of Web 2.0 whereby non-European companies dominate the European tech market. In the US, opinion formers were focused instead on the metaverse creating a new front in the competition between American and Chinese tech. In this context, it remains to be seen whether global standards for the metaverse can be agreed.

IMPLICATIONS FOR BUSINESSES

In the US, pressure on tech companies is likely to remain primarily political and media-driven rather than legislative and regulatory. The courts are also set to play a major role, as they did in the development of the internet, most obviously on IP enforcement but also around liability issues and the future of Section 230. In the EU and UK, by contrast, it is clear that there will be no comparable period of self-regulation to that of the early growth of the internet. The principles-based nature of most existing digital legislation, such as the General Data Protection Regulation (GDPR), mean there is a lack of clarity over how these will be applied in practice to the metaverse. There are also questions around the capacity of regulators to prioritise nascent metaverse platforms with low user numbers, given the need to also regulate social media and other tech platforms with billions of users.



There is a question of how legislation changes to reflect that data is being gathered and processed at a more individual level, but I don't think VR or AR will be captured in imminent legislative proposals"

REGULATOR

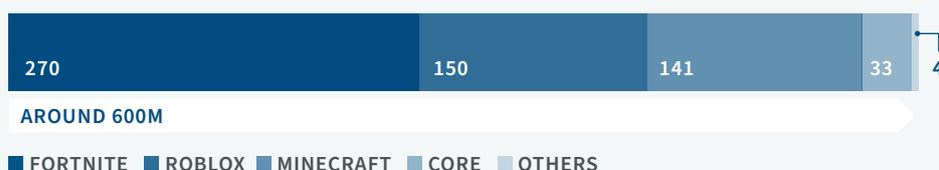


The Metaverse Standards Forum is working on technical standards on the metaverse and Apple is not part of it. If the industry does not come together spontaneously, the European Commission should intervene."

TECH COMMENTATOR

FIGURE 16

RACE FOR METAVERSE LEADERSHIP



SOURCE: FRANCE'S MINISTRY OF CULTURE REPORT ON METAVERSE; GC CALCULATIONS; NB: THE NUMBER OF MONTHLY ACTIVE USERS FOR METAVERSE PLATFORMS FROM MAINLAND CHINA IS NOT PUBLICLY AVAILABLE

Conclusions

Returning to the headline objective of this report, it is clear from both the public and opinion former research that there will indeed be no regulatory honeymoon for the metaverse.

However, beneath this core conclusion there is a richer and more nuanced picture. There is significant scope and opportunity for companies and other actors – such as regulators, politicians, the media and civil society – to shape perceptions of the metaverse and the regulatory solutions which follow. As participants and innovators in the metaverse consider how to pitch both their contributions and the wider concept, the ideal starting point would appear to be in emphasising their practical, societal and commercial use cases, such as healthcare, education and retail. Companies may also prefer to ditch the metaverse label altogether and brand their products and services instead as VR, AR and virtual worlds experiences.

When it comes to regulation, the question of how to deliver an interoperable metaverse looks set to dominate the regulatory debate on both sides of the Atlantic. It is not yet settled what level of interoperability needs to be achieved, and by when. More ambitious visions look to a future where digital identities, assets and characteristics can move seamlessly from one virtual world to another, but the case remains to be made as to whether this is feasible or even desirable. The initial focus will be on market power and, with larger tech platforms facing a major trust deficit vis-à-vis antitrust authorities, there will be a premium on businesses bringing forward creative and, most importantly, credible proposals to the table.

More generally, our research suggests that approaches will vary markedly between Europe and the US. In other words, we are unlikely to see regulatory convergence in the West in the short to medium term. This will no doubt disappoint advocates of a ‘Bretton Woods’ for data and digital regulation. The pattern of the past decade looks set to repeat itself, with Europe continuing in its self-allocated role as the de facto global digital regulator and the US lagging behind. To the displeasure of both, the maxim that “America innovates while Europe regulates” seem set to hold true for some time yet.

Endnotes

1. See Meta Newsroom (2021).
2. Note that percentage figures based on public survey data may not always add to 100% due to rounding.
3. For example, see McKinsey (2022).
4. For example, see Deloitte (2022).
5. For example, see BCG (2022).
6. See European Commission (2022) and CMA (2022).
7. See FTC (2022).
8. See Ministère de la Culture (2022).
9. See Thierry Breton LinkedIn (2022).
10. See European Commission (2022).
11. See CMA (2022).
12. See Bundeskartellamt (2020).
13. See ICO (2022).
14. See CDEI (2022).
15. See US Copyright Office (2001).
16. See Ordonnance du Tribunal de Grande Instance de Paris (2000).
17. See Advertising Standards Agency (2022).
18. See Advertising Standards Agency (2022).

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