

# Chinese firms face obstacles to entering the metaverse

Article

**The news:** Sunday's **Super Bowl** ads marked the metaverse's first all-out attempt to breach the cultural mainstream as investment in the space reaches a fever pitch. Meanwhile, companies in China, which are just beginning to explore opportunities in the virtual realm face a minefield of tightening regulations, [per](#) CNBC.

**The metaverse goes mainstream:** If the **\$7 million price tag** for a 30-second spot at the Super Bowl tells you anything, it's that US tech companies are bullish on making the metaverse work.

- Companies like **Meta** and crypto exchange **FTX** spent big to **promote their platforms** and attempt to give the abstract concepts a relatable spin. Meta's ad framed the metaverse as a place where characters and iconography from childhood can find a second life, yet it hosted a virtual concert with the Foo Fighters that ultimately **failed to stick its landing**.
- Not every ad was enthusiastic about the metaverse—**Salesforce** openly criticized the concept and called for investment in the “real” world—but the millions spent on that back-and-forth is still a sign that the metaverse is beginning to permeate US culture.

**China lags behind:** Industry leaders in China have expressed interest in the metaverse, and existing products position them well to transition into the virtual world. But growing regulations against tech at home are casting even more uncertainty over if and how the metaverse could shape up.

- The market for the metaverse in China is believed to be substantial. Just last month, **Morgan Stanley** published a **note** claiming the metaverse could be worth as much as **\$8 trillion** in the country, and some firms are already making moves.
- Gaming and tech conglomerate **Tencent**, which also owns messaging app WeChat, has pointed to the metaverse as an opportunity to expand its gaming business, **per** TechCrunch.
- **TikTok** owner **Bytedance** has followed in Meta and **Microsoft's** footsteps and acquired VR headset company **Pico**, and **Alibaba** has plans to release AR glasses. Other firms, like **Baidu** and **NetEase**, have also started testing products or launching metaverse development projects.

But a strong regulatory response could dampen plans to launch metaverse products. The metaverse's early successes have been in gaming, but China's increasingly strict **playtime regulations for minors** could prevent efforts from getting off the ground. Opportunities for advertising are also limited by China's new personal data protection laws.

**What this means:** It's already likely that individual companies' metaverse products will be **highly siloed**, but the regulatory issues facing Chinese firms could cause their offerings to be even more so.

- Still, missing out on the first metaverse wave could be beneficial to Chinese tech firms, who can learn from the early errors of US rivals.
- Sunday's crypto and metaverse ad deluge also [drew comparisons](#) to 2000's "Dot-Com Bowl," when internet companies flooded the airwaves. If the metaverse turns out to be a bust, Chinese firms could save themselves from their US counterparts' considerable sunk costs.