

Advertising in the Imagination

Social Virtual Networks and the “Vlobalization” of Brands

In this chapter, we continue our discussion of social-media marketing. Recall that social-media marketing refers to a genre of online marketing based in and around social communities. Here, our focus will be marketing in virtual worlds. Nick Wilson offers this definition of a social virtual world on his blog, *Metaversed*, “A social virtual world has game-like immersion and social-media functionality without narrative-driven goals. At its core is a sense of presence with others at the same time and place.”¹ In just a few years, numerous virtual worlds have emerged, collectively making up what could be thought of as a virtual globe, or vlobe, including *Second Life*, *There*, and *Kaneva*, among others. Some brands have focused on a single market, at least for now, while others have pursued a multi-market strategy, with entries that complement each other, developed for different virtual worlds. Estimates suggest that by 2011, 80% of Internet users will be active in one or more virtual worlds, which are already growing steadily in popularity.² Marketers are taking notice of consumer interest, and the potential for branding. Janet Meiners reports, based on figures from Parks Associates, advertising in virtual world will reach \$150 million by 2012 (ten times the current estimate).³

Before we move forward, take a moment to consider the realm of social-media marketing, particularly as it relates to virtual worlds. Frequently, we tend to think of social-media marketing as a form of online advertising, but that is not always the case. There is no doubt that social-media marketing can be an effective and efficient form of online promotion—enabling marketers to communicate a brand’s benefits, value proposition, and personality to its target audience. In many social-media scenarios, it would be more accurate to call this approach social-media advertising.

But when it comes to virtual worlds, the term marketing is apropos. Why? Marketing encompasses the development and implementation of pricing, promotion, and distribution of products to create exchanges that meet the goals of the parties involved. For commercial brands like Sony, IBM, and Coke, virtual worlds are mostly about branding—an aspect of the promotion component of marketing. Consumer-produced media, consumed online, is the soul of social-media marketing, again leading to an emphasis on communication over other marketing considerations. Still, it is worth noting that in virtual worlds, brands (entrepreneurial and “big brands”) are doing more than just advertising.

Take, for example, Adidas. Adidas hosts a virtual retail store to distribute its branded virtual shoes (sold at a value price point for the budget yet fashion-conscious avatar) and promotes the brand in world with events and signage. There is probably a Tracy McGrady avatar shooting hoops in world, decked out in Adidas brand merchandise. Adidas is *marketing* in world—it has products developed for a target audience of avatars (integrated with its product line for real-life customers); the products are priced competitively given the brand’s value proposition (and using a different pricing strategy than that used in real life); the products are distributed using a channel of virtual manufacturers and a virtual retail storefront; and the products are promoted in world using a combination of advertising and public relations tactics.

Adidas benefits from many aspects of its virtual-marketing strategy. It builds awareness through the publicity garnered from media outlets writing about business innovations in virtual worlds. It inspires word-of-mouth (and mouse) communication from brand enthusiasts and virtual enthusiasts. The strategy sells virtual shoes and can also serve as a direct response device for sales of real Adidas shoes. Thus, it serves to support an internal and external (the real-world) market. It drives traffic to the Adidas Web site. It promotes the brand as an innovative, tech-savvy brand. It differentiates the brand from other athletic and street wear brands slower to experiment with social media. It extends the opportunities for customers to interact with the Adidas brand and

maintains exposure to the brand's message. Adidas' virtual-marketing strategy can be executed at a cost far below that required to launch a broadcast-intensive ad campaign.

We'll come back to the Adidas example shortly. The brand, along with others, can offer valuable lessons for applying social-media marketing to virtual-world communities. First, let's revisit the meaning and types of virtual worlds, and consider some of the most prominent options for marketing in metaverses. From there, we'll consider the virtual-market entry strategies brands might pursue and the stages they represent. Lastly, we'll view examples of virtual campaigns and the lessons to be learned from them.

■ Social Virtual Worlds

Virtual worlds, also known as "metaverses," refer to 3D communities that mimic the real world without its physical limitations. The concept was proposed by Neil Stephenson's (1992) book, *Snow Crash*, which went on to inspire Phillip Rosedale's creation of *Second Life*, arguably the most prominent of virtual worlds.⁴ Virtual worlds include both social worlds and game worlds. Social worlds are game-like but lack the goal orientation of virtual games. Social virtual worlds offer opportunities for learning, entertainment, shopping, working and doing business, and socializing, but there are no objectives intrinsic to the community. Throughout the chapter, the focus is on social virtual worlds.

Virtual worlds are rich with possibility for brand engagement, sales, market research, facility utilization, and entertainment, but they are communities above all else. Participants interact with others using avatars as in-world representatives. Many forms of communication are possible (this varies depending upon the specific world), including text chat, voice chat, instant messaging, and electronic mail). Activities are seemingly endless. One can shop, work, tour an art gallery, take a class, drive (or fly) a car, meet with friends, exercise, and date. Involvement runs the gamut from those who poke around out of curiosity to those who purchase homes, decorate them, and spend time volunteering in their virtual neighborhoods.

■ Motives for Participation in Virtual Worlds

There are many contributing factors. For one, as a society, much time each day is spent with a screen, particularly a computer screen. Virtual worlds combine a sense of community and socialization to our screen time. They also enable "acting out" of fantasies, far-fetched and otherwise. In so doing, they build upon our imaginations and provide a more

actionable form of daydreaming and computer-based entertainment. As we will discuss more below, virtual worlds provide a great deal of control over our in-world situation and environments starting with one's choices for the visual representation of one's avatar through the places we spend time, the visual construction of spaces in world, and our interactions there. Even our perception of self as we interact in world can be controlled in some cases in that perception of the environment can take place from the stance of first or third person. The context of a virtual world is rich with detail and encourages immersion by integrating sensory cues like depth, texture, sound, color, lighting, and movement.

In the best cases, the worlds feel like active, living communities with functional, experiential, and symbolic benefits. Functional benefits mean that participation in the world can serve some purpose in life such as being used to attend a distance education class, meeting with colleagues or clients who are geographically distant, or learning a skill through in-world simulation. Experiential benefits refer to the value of activity, of participation, of involvement in something that might be meaningful, memorable, or just plain fun. Symbolic benefits refer to the value of expressing ourselves, using the world and the way we construct that world (including the visual identities of avatars) as tools to express our thoughts, feelings, ideals, fears, and perceptions of self and the world around us. Before we delve into more on virtual-world branding, let's consider the relevance of the avatar in the virtual experience and the related brand opportunities.

■ **Me, Myself, and I: Avatars as Self, a Virtual Dream Market**

The phrase avatar refers to a god's physical manifestation on Earth. Now, the phrase also references one's digital self, a virtual alter ego. Virtual worlds offer an intoxicating amount of control to residents, and this sense of control and self-determination begins with the development of one's avatar. Virtual worlds typically offer a "stock" avatar to get new residents started, but customization of one's avatar is a cultural norm in virtual worlds. There is powerful normative pressure for new members, referred to as newbies, to develop a unique look for their avatars.

This cultural norm for avatar development creates a basis for marketing potential in world. Many of the brands we feature in this chapter serve, in world, as brand engagement tactics for real-life marketing objectives. Some, however, will seek out or simply leverage the trend of playing "dress up" with our avatars. These brands will offer hair styles,

clothing, accessories like jewelry and electronic devices, cars, and even cosmetic enhancements for avatars. Internal product offerings may be linked to real-world products, too. Further, this market can easily grow as existing members create multiple renditions of their self-identities. Many residents in virtual worlds have more than one active avatar. Books like *Alter Egos: Avatars and their Creators* highlight the relationship between our “selves” and the avatars we create.⁵ Individuals have actual selves that may or may not be reflected in their avatar, but many do develop avatars that are slightly more perfect representations of their real selves.⁶ What does that mean for the avatars? Typically, avatars similar in visual identity to their real-life creators have physical augmentations. They might be taller, slimmer, more curvaceous. If the real-life individual is balding, the avatar may have a full head of hair. Overall, though, the visual identity is akin to that of the real person.

Others, however, develop entirely different visual identities for their avatars, switching genders or even delving into pure fantasy with a nonhuman identity. Residents do not even have to choose whether to augment or internalize their identity. Virtual worlds do not limit the number of avatars one can maintain, so there can be the like-me avatar, totally not-like-me avatar, fantasy avatar, dating avatar, working-stiff avatar, and so on. All of these avatar identities are likely to be constructed using products purchased or built within the virtual environment. Avatars are not limited by reality. They can be anything they choose to be. My personal favorite was a near-perfect rendition of Snoopy I met when visiting a virtual bank in Second Life. Truly, avatars can be anything from a rubber duck to a spoon, a giant, a couch, or something pretty human.

Further, avatars can have most anything they want to have. Even a luxury sports car that might be financially out of reach for the real person may be had for just a few dollars in the virtual world. The norms of status and hierarchy exist in virtual worlds, too. This suggests that even in virtual worlds, unrestricted by established norms, our accepted tools for promoting identity and status in the real world are brought to play in the virtual world. Brands, as a primary method of building and displaying identity and status, have the potential to thrive here.

In the article “Even in a Virtual World, ‘Stuff’ Matters,” Shira Boss describes the fanaticism with which active avatars treat fashion and design and their enthusiasm for virtual material possessions.⁷ Chronicling the consumption dreams and experiences of several Second Life residents, Boss makes it clear that the desire for status and popularity is prevalent in virtual life as well as in real life. Status symbols abound, but they are not necessarily real-life luxury brands like Hermes or Cartier.

Status symbols often reflect the design or programming complexity as in the case of virtual grunge clothing, difficult to create because of the programming required to offer ripped and stained attire. Second Life and other virtual worlds are built on a respect for aesthetics and style.

■ Marketing Potential In World

Consider again the view of virtual worlds as outlets for functional, experiential, and symbolic benefits. Companies have an opportunity to offer products in world that meet the functional needs of a target audience. For example, a Web-programming company could develop a line of virtual conference rooms to be leased by companies that periodically need virtual meeting and presentation space but do not wish to own and develop private conferencing facilities. There is more business promise in virtual worlds than just marketing and promotion. There are also training and education, communications (holding conference calls, conducting interviews with geographically dispersed job candidates), and more. For instance, Rivers Run Red, a marketing agency, uses a virtual facility in Second Life to meet with clients and partners around the world in real time.⁸ Meeting in a virtual world saves time and travel expense.

Companies can also meet the experiential needs of consumers by offering brand-related experiences in world. This is a core tactic for leveraging the virtual environment for branding. Offering activities, games, concerts and events, and other interactive devices in a branded space serves to meet the consumers' experiential needs while reinforcing a brand's message. Lastly, brands can meet the symbolic needs of avatars and their real-life alter egos by providing merchandise with which identity can be constructed in world. All in all, the virtual world is filled with marketing opportunity.

■ The Vlobe

How can we categorize virtual worlds in a way that will help to simplify the branding opportunities that exist within this form of social-media marketing? There are several competitors in the field of virtual worlds already and, most assuredly, there will be more. As explained earlier, virtual worlds can be thought of as open or closed. They also tend to either target adults exclusively or children. The competitors in the kid-targeted virtual-world arena, though they meet the definition of a closed (or branded) virtual world, are so different from those targeting adults that they will be

discussed in a separate chapter. Some “vertical” or category-specific worlds are beginning to emerge, like Football Superstores, which target people with a specific interest or hobby.

The open virtual worlds are hosted and managed by organizations whose mission is to provide an environment for members. An open world is branded (e.g., Second Life and There), but it is not exclusively sponsored financially by a consumer products brand as closed worlds are (e.g., MyCoke.com and Stagecoach Island). Brands that wish to market products (real or virtual) in world have a range of possible tactics available in open worlds. Closed worlds are developed, managed, and funded by a specific organization, and the offering is tied to the company’s marketing objectives. For instance, Wells Fargo hosts Stagecoach Island, which is a virtual world open by registration at no cost to members, where residents can learn about personal finance and banking. Wells Fargo might selectively co-brand with other organizations, but it entirely controls what brands are affiliated with its world, if any. Because brands have more control over the environment, they narrowcast the offer to its target audience; also, given concerns for security, as well as the successes of closed worlds tied to toys targeted at children, we can expect to see an increase in the number of closed worlds.

■ Virtual-Market Entry Strategies

Social-media marketers can benefit from the insights gained as businesses expand into new global markets. It is conceded that entering a new virtual world is considerably less risky than entering a new global market. There are fewer barriers to entry for companies to contend with when entering virtual markets than when entering new country markets, though barriers do exist. However, the methods companies can use for entry are similar. Companies can follow an exporting model, distributing products manufactured domestically to the market in question. Likewise, brands that wish to enter softly into virtual worlds may do so by offering branded virtual products through an in-world retailer. Exporting might also refer to companies that offer services and products for use in world without actually developing their own in-world presence. This is a possible entry strategy for services like those provided by Web developers, programmers, and marketing consultants. Companies may pursue internationalization through joint ventures and strategic alliances, and this is possible in virtual worlds, too. One example is Coke’s Virtual Thirst campaign which was designed, hosted, and managed as part of an alliance with Coke’s virtual ad agency, Crayon. For the most committed of brands,

there is the wholly owned subsidiary. In virtual worlds, these are the brands that have bought land, designed and developed infrastructure, staffed their facilities, and continued to invest in developing the brand's business opportunities. Examples of brands following this global market entry strategy include Reuters, Sony, Toyota, and Dell, among others. The most advanced point on this continuum is represented by virtual-world branding that is entirely developed for the brand in question. MTV's Virtual Laguna Beach exhibits this degree of commitment to virtual branding.

Each of these strategies can be thought of as residing along a continuum much like that proposed by S. Tamer Cavusgil in his Innovation-Related Internationalization Model, also known as international stage theory.⁹ In that work, Cavusgil proposed that there are five stages to internationalization. Stage 1 is limited to conducting business in a domestic market with no international markets. Stage 2 is the pre-export stage. Stage 3 is export involvement. It is with stages 4 and 5, active involvement and committed involvement, respectively, that companies invest heavily with a commitment to endure in the international markets in question. Likewise, we can easily apply this commitment continuum to brand involvement in virtual worlds. There are those that do not, and will not, pursue social-media strategies, particularly strategies involving virtual worlds. There are those who are weighing their options and studying the landscape. There are those already working peripherally with virtual worlds and related others. And then there are brands that have invested in the market with land, builds, staff, exchange opportunities, and experience-driven benefits for avatars and their real-life alter egos.

Importantly, a brand can reach stage 5 and own and operate a wholly owned subsidiary in one world—if a single virtual world seems sufficiently profitable and appropriate. However, this is unlikely. For now, there are brands with a presence in one world, and most commonly that world is Second Life. But brands explore new international markets to generate new demand for its product, leverage assets that are applicable across borders and cultures, and gain access to scarce resources. Brands benefit further by identifying several such markets. In that same spirit, brands with an entry in one virtual world are likely to develop facilities in others.

■ Virtual Worlds

There are many players in the arena of virtual worlds. The Virtual Worlds Review Web site (www.virtualworldsreview.com) lists many virtual worlds, categorized by the primary target audience of the world.

It is clear that this is already a highly competitive landscape with numerous offerings for multiple target audiences. The field is ripe for consolidation or some form of integration given that participants may want portability that makes it easy to participate in multiple worlds. New worlds are also likely as organizations continue to learn of the benefits of virtual environments. Sun Microsystems will surely play a role in the growth of virtual environments for business and personal use. Its Project Wonderland initiative enables organizations to build their own 3D virtual worlds. Its Web site explains that the mission of Project Wonderland is extensibility noting, "Developers and graphic artists can extend the functionality to create entire new worlds, new features in existing worlds, or new behaviors for objects and avatars. The art path for Wonderland is also open. The eventual goal is to support content creation within the world, but in the shorter term, the goal is to support importing art from open source 3D content creation tools as well as professional 3D modeling and animation applications."¹⁰ Sun Microsystems seeks to provide organizations using its tools a virtual world that is secure, scalable, reliable, and functional. Aside from the degree of innovation and technological superiority offered by Sun's tools, why is this considered a revolutionary project in the realm of virtual worlds? Project Wonderland is an open source, and free.

There are many developed virtual worlds, too many to highlight individually here, although there are two featured in this chapter: Second Life and MTV's Worlds.

Second Life

A virtual world launched in 2003 and hosted by Linden Labs (but developed by residents), Second Life is the most recognized of all virtual worlds. A Google search of "Second Life" results in more than 75 million hits! Stories about Second Life have graced the covers of *BusinessWeek* and *Inc.* magazines with features in other major media outlets, including the *New York Times*, *Financial Times*, and *Wired* among others. Basic membership is free, but there is also a premium membership. Second Life has a thriving economy with its own currency of exchange (Linden dollars). Linden Labs does not sell products or buildings in world, but it does offer "land" space. All residents have the tools available to create places and things, and this has resulted in a culture of user-generated innovation. Not all residents have the time or skills to design and create, which has fed demand. Entrepreneurs fostered a consumer culture, offering most anything that can be bought and sold in real life, from custom buildings

and facilities to transportation devices to services to manufactured (virtual) consumer goods.

It is by far the largest world in terms of total population. It boasts just shy of 12,000,000 residents as this is written. This figure is inflated because many users have multiple avatars. Second Life's State of the Virtual World Key Metrics site estimates that 63% of its total population are unique users (currently about 7.5 million). The total population figure also includes avatars that were created (presumably out of curiosity) and since abandoned. Second Life's statistics count those with more than forty logged hours as active; 10% of its unique users. Thus, while the 12 million sounds impressive, the market of Second Life is more like 750,000. All worlds do suffer from attrition, but given the prevalence of Second Life in the media and its name recognition, the rate of attrition in Second Life is probably above that for other worlds. Branding in Second Life features prominently in this chapter.

It is not hard to understand why brands would be interested in Second Life. Its sheer size warrants attention, and it has received enormous media attention ranging from mainstream media to blog postings (at one point, Second Life was averaging 175 blog post mentions a day). Linden Labs does not restrict organizational activity in world, and there are no fees for organizations to be there, other than the fees associated with the purchase or rent of land. There is a segment of residents who are actively engaged in the site, with frequent and relatively long visits, suggesting that there is a substantial, measurable, reachable market in world. In addition to the age-old practice of marketing to people where they are, Second Life also plays host to a materialistic set of avatars with a zest for branded virtual goods. For example, residents can travel anywhere in Second Life by flight, arriving instantaneously at another geographic location. Yet, many residents do own cars. Toyota, Mercedes, and Pontiac have responded to the avatar need for virtual transportation. Likewise, residents do not need to sleep in Second Life, and so presumably do not need shelter. Still, many residents own property and have built lavish homes. Avatars do not need food to sustain themselves, yet there are popular restaurants in world so busy that reservations must be made far in advance.

Virtual worlds offer many business opportunities, and nowhere is this more clear than in Second Life. These opportunities include sales, brand engagement, market research, publicity generation, and facility utilization and management. Market Truths, a Second Life-based market research firm, developed a Second Life Brand Impact Metric to quantify the value of brand presence in Second Life.¹¹ The metric encompasses two key variables: the number of people who are aware of the brand's

Second Life activities and the influence of the Second Life presence on overall brand attitudes. The company concludes that most brands have benefited from Second Life involvement but the brands that benefit most are those that make the brand relevant to the Second Life community. How can brands enhance relevance? Brands do this by matching marketing strategy to virtual-world culture, offering interactivity, and providing customization options. For example, Toyota not only sells virtual Scions in Second Life—and the Scion is customizable—but even teaches residents how to “pimp their virtual rides.”

How Are Brands Utilizing the Second Life World?

Second Life features both business-to-consumer brands and business-to-business brands. Bartle, Bogle, and Hegarty (BB&H) staffs a virtual advertising agency, realizing that, to include metaverse campaign components in client campaigns, it needs to truly understand the space and the behavior of residents. BB&H developed a Second Life brand presence for a client, Vodaphone. *Marketing Week* reported that BB&H developed an interactive island for Vodaphone.¹² Visitors to the island can become immersed in the brand experience by participating in “intense sensory experiences such as butterfly flights and a sound garden.” Vodaphone’s Second Life strategy is consistent with its real-life brand strategy: “Make the most of now.” In a truly inspired example of linking innovative brand placements like this one with other brand touch points, Vodaphone offers virtual mobile phones, which Second Life residents can use to call each other but which can also reach contacts outside Second Life.

Others are pursuing the metaverse from a sales channel approach. This is the case with Dell, which not only offers engagement devices but also provides a direct sales link for real-world computers. Dell has developed a virtual personal computer factory in Second Life. Residents can buy virtual and real versions and arrange for the real computer to be shipped to the workplace or home. Visitors can tour the interior of a virtual computer as well as the factory. Importantly, Dell maximized relevance by offering avatars lessons on how to better operate their avatars. In so doing, Dell transferred one of the primary principles of sponsorship marketing to its social-media marketing strategy. When a brand offers something of value and relevance to people, they are more receptive to the brand message.

Businesses are using virtual space as conference facilities. Employee avatars can meet at a virtual conference table, while their human life forms type in chat conversation from physical office locations dispersed

around the globe. Crowne Plaza offers free conference space to those who need in-world meeting space. Some media exist in world, like the newspaper for Second Life residents called “The AvaStar” developed and sold by Bild. T-Online, the largest entertainment portal in Europe.¹³

Starwood Hotels opened a hotel, Aloft, in Second Life. The hotel chain used the virtual construction and experience to gather consumer feedback for use in designing the real-world version of Aloft.¹⁴ While Starwood was motivated primarily by a quest for consumer insight, its brand managers surely hoped that residents who visited the hotel in Second Life would be drawn to experience the hotel in the real world. The use of the world as a feedback and product development tool was an inspiration, but apparently the Second Life investment did not accomplish Starwood’s marketing objectives. Recent reports indicate that the Aloft hotel will be closed and Starwood will no longer participate in Second Life.

The Coca-Cola Company was one of the early entrants in the virtual-world arena, offering MyCoke.com, a branded virtual world, years ago. MyCoke.com still exists (and reportedly boasts about the same number of registered users as Second Life) but has since developed a partnership for a virtual space within There.¹⁵ This space is known as CC Metro. Coke utilized a cross-world strategy with a Virtual Thirst campaign in Second Life. Coke’s alliance with There suggests a continued commitment to social-media marketing in virtual space, but it highlights the negative business experiences found in Second Life. Walt Disney is another early Second Life brand, which has gone on to focus on its own universe of virtual worlds, tailored to Disney properties. Wells Fargo set up the first Stagecoach Island within Second Life. Later it closed its Second Life island and developed its own virtual world, which is also named Stagecoach Island.

It was not long ago that Pontiac would have been hailed as an example of great branding in Second Life. One of the earliest big brands to commit to virtual-world promotion, Pontiac offered a customizable Solstice model for avatars (at a very affordable price). The campaign sought to aid in the launch of the new Solstice and to find a creative, tech-savvy way to position the Solstice as an affordable sports car with speeds akin to those of a Porsche. As the campaign developed, Pontiac dreamed of creating an entire “car culture” in Second Life by introducing car clothing, auto mechanic shops, drive-in theaters, and other car-enthusiast amenities.¹⁶

Prima facie, Pontiac seemed the perfect brand to fully examine Second Life’s branding potential. Pontiac is one of a few brands on the forefront of social-media marketing, having also developed its own social-networking

site, Pontiac Underground. In Second Life, like its other social-networking executions, Pontiac sought to reach a more youthful yet affluent market than it has traditionally.¹⁷ Motorati Island, as it was known, resided on 96 acres of “land” in world. Pontiac challenged residents to a contest centered around its goal of developing a car culture. It offered free land for small businesses that contributed to Motorati Island’s car culture. Early bets on Pontiac’s success or failure tilted to Pontiac’s favor. At the time the brand entered Second Life, \$6 million in exchanges took place every month. Pontiac sold over 1,200 virtual Solstices (earning a revenue of about \$3,000), won more than 30,000 unique visitors to Motorati Island, and many of those visitors returned.¹⁸ There was no device in place to track real-world sales of the Solstice to the Second Life campaign, but measuring direct response is not what social-media marketing is about. The brand closed Motorati Island on December 31, 2007.

Why? It could be as innocuous as a planned end to the Solstice online campaign. Or it is possible that Pontiac simply decided that other online tactics offered a better return on investment. Second Life was not Pontiac’s only social-media marketing tactic. As noted, it hosts a popular branded social-networking site. It has also used tie-ins to other products, including the recent Halo 3 game and online events, reportedly increasing traffic to the Pontiac Web site by 20% and to the Pontiac G6 site by 55%.¹⁹ But, despite claims of Pontiac’s success, Pontiac may have suffered a common fate in world. Was Motorati Island a virtual ghost town? The phenomenon of islands as ghost towns is ubiquitous in world.

No matter that Motorati Island is no more, Pontiac offers a case study of what’s possible in world. Aside from sales objectives, branding in Second Life is a means of differentiating a brand from other less-innovative brands. Pontiac used Second Life and its other online advertising tactics to point to its differential advantage and build its brand image in the minds of its target audience. It also generated enormous media impressions for the minimal amount it cost to launch and manage its in-world campaign.

How Can Brands Optimize Their Marketing Efforts in Second Life and Other Virtual Worlds?

As noted, brands need to offer an engaging, innovative opportunity for brand-consumer interaction. The offer should be relevant. The brand’s event and/or facilities should be well staffed and responsive. In addition to those best practices, brands need to think about how consumers find the brand in the context of the virtual world. Just as Web users will turn to

search engines to find Web sites of interest, virtual-world residents will use the search function in world to find branded locations. Thus, there is a need for virtual-world optimization, which mirrors the goals of SEO for virtual worlds. SEO is the process of improving the volume and quality of traffic to a Web site from search engines like Google and Yahoo! through organic (those that are not purchased) search results for targeted key words.

The white paper “The Virtual Brand Footprint,” written jointly by DMD, Combined Story, and Market Truths, identifies several tips for virtual-world optimization.²⁰ These tips include the use of title tags, the addition of key-word descriptors, the use of link optimization strategies, and advertising on in-world ad networks. To make good use of title tags, the title of the virtual location should include important key words. For example, the WWF’s Conservation Island could be named WWF’s Green Training Ground. The idea is to offer a title in the search listings that will allow the location to get a search ranking even if the brand name is not mentioned. Toyota’s site might be labeled Toyota Scion custom cars so that searches for cars result in a link to Toyota’s in-world location. Key-word descriptors act like descriptions and meta tags for Web sites. If American Apparel’s store in Second Life includes a description like “clothing for young, hip avatars specializing in jeans, jackets, and t-shirts,” then a search for jeans will include the American Apparel site. Link optimization in world means offering transport options directly to other sites, possibly affiliate sites or co-branded sites. Of course, traditional advertising in world, primarily limited to virtual billboard space, can also promote site traffic.

What Are the Limitations of Second Life for Businesses?

Some brands, like Pontiac, seek to differentiate themselves, and some are simply exploring the possibilities. Many of the brands brave enough to enter are leaving. Those yet to act are wondering whether to consider social-media marketing in virtual worlds. There are definitely reasons to be in this space. There are also reasons to forgo virtual-world promotions or to limit those promotions to worlds with high levels of control and other desirable commercial benefits.

Second Life has its benefits and drawbacks, and other worlds share some but not all of them. Consider some of the reasons, despite the potential for marketing, Second Life specifically may not be the right channel for your brand’s social-media marketing strategy.

- Second Life is complex and user unfriendly. *Time* magazine called it a case of Fortune 500 companies’ trying too hard to be hip. A recent report from

Forrester suggests that marketing in virtual worlds is still too complex for broad adoption as a business strategy but that this is likely to change in the next five years. Complexity is an issue, not only from the marketer's perspective but also from the consumer perspective. Complexity is one of the primary characteristics that can slow the rate of adoption for innovations. Some virtual worlds are easier to learn than others; Second Life is likely the most difficult to learn.

- Second Life, and some other virtual worlds, requires users to install its software. Software installation could be a deterrent to growth beyond the innovators and early adopters already a part of the virtual-world phenomenon.
- Second Life does not have the reach that other online advertising venues garner. Despite the claim of millions of residents (with continual growth), under a million are active and engaged.
- Residents are known to dislike and distrust big brand promotion. "Griefing," vandalizing and harassing in world, is a common problem for brands. Linden Labs takes a hands-off approach to managing griefer attacks, relying instead on resident governance. How bad is the griefing? A helicopter crashed into a Nissan building, starting a fire that left a couple of dead bodies, and American Apparel customers were attacked by members of the Second Life Liberation Army who were armed with virtual guns.
- Related to the above, Second Life offers publicity and the value of free media impressions as social and other media cover new developments. However, when the media report attacks on customers, the publicity does not build brand equity.
- Aside from the security from griefers, Second Life has struggled to provide security to the real-life people behind the avatars. In 2006, hackers obtained credit card information for some residents.
- Second Life's infrastructure limits the capacity at some events. Your brand might do a phenomenal job of planning and executing a relevant brand experience with an outpouring of enthusiasm only to find the system crashes when more than seventy avatars are present at a time.
- Of course, you will only have the problem of too many people at an event if things go very well. Spend some time walking or flying around Second Life. It is filled with exquisitely detailed representations of real and fantasy locations. Yet, seeing other avatars is rare, unless one is spending time earning free Linden dollars (the currency of Second Life) at Money Island.
- Some brands have sold digital versions of their products. Toyota, Reebok, Adidas, and Dell are all examples. No brand has yet announced success at using the in-world branding site as a direct response tool for real-world sales. Bob Tedeschi, in his article entitled "Awaiting Real Sales from Virtual Shoppers," explains that brands experience little measurable influence on real-world sales that can be tracked to virtual branding efforts.²¹

- There are still a limited number of media outlets and advertising opportunities (beyond supporting retail space, experiential facilities, and events). NPR and Reuters are there, along with the AvaStar newspaper, but for brands accustomed to buying ad space in hundreds of television networks, consumer and trade magazines, and national, regional, and local newspapers, this is not a rich media landscape. Ad inventory will develop over time. A “MetaAdverse” network has been established to provide in-world billboard advertising.²²
- It is difficult to gain economies of scale in branding initiatives. One cannot lower the average costs of products by making mass amounts of products and there are no huge media buys to lower the costs of advertising.
- There are expenses to brand building in Second Life. Linden Labs sells land and then requires ongoing maintenance fees. Those are minimal compared to the design expenses brands encounter. Alex Veiga points out that brand building requires artists, designers, writers, and marketers to develop all aspects of the brand’s identity in Second Life.²³ Scion City, a Toyota initiative, took about ten weeks and probably cost about \$100,000. Importantly, brands that enter Second Life must be committed to operating there. It does no good (and in fact could harm a brand) to have a presence there that is not manned, managed, and leveraged toward accomplishing the brand’s objectives.

In open worlds, economies are free markets. Brands are welcome to compete, and the spoils go to the brands with the best strategy, the best targeting, and the best engagement propositions for their target audiences (mindful, of course, to ensure the strategy is suitable for the virtual culture in question). The brands with the wherewithal to strategically plan a social-media marketing campaign will also know that they must commit to the campaign and provide ample time for the strategy to work prior to making judgments of success or failure and redirecting resources to other marketing executions.

MTV’s Virtual Worlds

Second Life is a behemoth among virtual worlds, but much can be learned from one of the closed virtual worlds, MTV’s Virtual Worlds. In fact, MTV’s offering is not so much a single world as its own universe of individual worlds, each one tied to an MTV program. MTV’s Virtual Worlds include the following unique worlds: Virtual Laguna Beach (the first venture), The Virtual Hills, Virtual Kaya, The Virtual Real World, Virtual Newport Harbor, Virtual Pimp My Ride, and Virtual Skate Park. There is even an avatar model search, sponsored by Mariah Carey and the Ford model agency, and a virtual MTV video music awards. MTV began its foray

into virtual-world branding with Second Life but recognized the value of maintaining total control over its brand and its fan interaction. Consequently, MTV created a virtual world for its popular program, Laguna Beach. Since then it has developed virtual worlds for several of its programs, as noted above. Daniel Terdiman, a staff writer for CNET News.com, explains that MTV is pursuing a cross-platform strategy, known at MTV as “4D.”²⁴ The concept focuses on overlapping content from the television programs with the 3D experiences possible in virtual worlds.

MTV’s concept benefits from consumer interest in celebrities and their lifestyles. In the MTV virtual worlds, members can interact with the program’s characters, celebrity avatars, and even experience virtually the life of a celebrity. Virtual Laguna Beach boasted impressive registration figures within one month of launch, and registrations have continued at a quick clip. MTV’s Virtual Worlds offers two enormous branding benefits for the MTV brand and the specific branded programs featured in the worlds. First, the world is filled with branded content. The MTV brand and the specific program brand are ubiquitous in world. Second, the nature of the interaction ensures that participants are engaged in the brand message throughout each and every visit. A virtual Laguna Beach in Second Life would be wasted on many residents who would not fit the target audience for the program. Even for those who do fit the target, MTV would face the challenge of making the residents aware of the site in world and encouraging visits and brand interaction. Whether in an open world or in its own closed world, MTV must develop and maintain virtual facilities and programming so the challenges across worlds are quite similar for resources required. By developing and managing its own worlds, MTV maintains control over the brand message, prevents potential equity damage from associations with other brands, and benefits from the collection of user data.

MTV made an impressive strategic move by developing its own series of worlds. That is not all the company did well. It also created numerous benefits that result in high levels of involvement, stickiness (a site is sticky when site content results in an increase in the length of time spent per visit), and return visits among its user base. What did MTV do? Membership is free, but premium memberships can be had for a fee. This makes the world easily accessible while still producing revenue. The sites offer many features important to those who interact with social media: personal profiles, avatar representation, shopping, member groups, video, and music. The worlds feast on celebrity interest by bringing cast members to life as avatars. Cast avatars interact with viewer avatars, appealing to those who dream of meeting a favored celebrity. It recognized that while there is some duplication in the viewership for its shows, there

are also viewers who watch only a specific show or a specific set of shows, but not all shows. For this reason, MTV's Worlds include specific worlds geared for its most popular shows. To accommodate those who do view multiple shows, avatars can teleport from world to world with a single click. If an avatar is participating in Virtual Laguna Beach but then wants to visit a location in Virtual Hills, teleporting is as simple as it would be to stay in a single world. The worlds feature virtual locations that mirror those on the television shows. Residents can do all the things in an MTV world as in other virtual worlds.

Wired magazine, reporting on the launch of the first MTV world, noted that MTV needed a strategy to rejuvenate its position as a cutting-edge entertainment property.²⁵ Registration figures suggest that its target audience is responsive to the offering. Within one month, MTV's Virtual Laguna Beach had more unique users than Second Life did in its first three years! Further, the award of an Emmy suggests MTV is doing just that. "Virtual Laguna Beach" virtual world won the National Academy of Television Arts & Sciences' Technology & Engineering Emmy Award for Outstanding Achievement in Advanced Media Technology for Creation of Nontraditional Programs or Platforms. It is the first major entertainment company to earn an Emmy for a virtual property.²⁶

Clearly, MTV has designed a series of worlds with great appeal to its core target audience for each show. The design, interactivity, and relevance all add to MTV's success in developing virtual worlds that are effective brand engagement devices. Importantly, MTV also incorporated other components that make its virtual worlds revenue generating or, at a minimum, a good return on investment. Richard Siklos, author of the *New York Times* article entitled "Not in the Real World Anymore," pointed out that MTV wisely aligned advertising into its virtual-world model.²⁷

As in Second Life, avatars in Virtual Laguna Beach crave fashionable attire and other virtual products. They can earn the currency for these consumer wants by watching an infomercial in world. Avatars can also purchase real-world versions of the digital products they buy. Finally, even though MTV is a closed world created to maintain brand control, MTV hosts relationships with other brands. Current brand partners include Pepsi, Secret, and Paramount Pictures. These partner relationships provide a source of revenue and enable the brand to plan events and activities that can benefit from the expertise associated with other brand messages. For example, Secret invited Laguna Beach users to submit "secrets" in a co-branded contest. This is an ideal example of co-branding in a closed world. The campaign was interactive and intriguing. The activity matched the image of the show, Laguna Beach,

and that of the virtual world—a space where secrets are prevalent. It encouraged participation and linked well to the sponsoring product's brand name—Secret. Closed worlds solve many of the problems associated with virtual worlds like Second Life while maintaining a high degree of flexibility.

■ Branding in Virtual Worlds: Final Thoughts

Brands considering either a closed or an open virtual world for branding should first consider these questions:

- Does the virtual world of interest offer access to a primary target audience and a branding opportunity not available elsewhere?
- How will the virtual campaign contribute to accomplishing real-world marketing objectives?
- What is the competition doing?
- Can the brand commit for the long term?
- How can the brand make itself relevant in the virtual worlds in which it chooses to participate?
- How can, and how will, success be measured?

Answering these questions will enable brand managers to ensure that virtual-world marketing is the right approach for the brand.

Social-media marketing is still early in its development cycle. Social virtual worlds as branding opportunities are even newer. This chapter reveals some of the possibilities for brands in virtual environments and also warns of the limitations and challenges. Brands, at a minimum, can establish a social-media presence to differentiate themselves and to reach consumers in yet another environment. What is yet to be seen is whether brands can use these platforms to truly engage consumers on a wide-scale basis. Participation in social virtual worlds has not yet reached the “tipping point” for consumer involvement. In any case, it will be interesting to see how brands will initiate a digital dialogue with consumers using these innovative environments.