

Chapter 20

Consumption and Marketing in A 3D Virtual Space: The Second Life Experience

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ABSTRACT

Second Life (SL) established itself in 2003 as a virtual world where people can create an alternate life as an avatar (www.secondlife.com). It provides a fertile ground for real-world businesses to market their products to a tech-savvy and brand-conscious group of potential consumers. The goal of this exploratory chapter is to gain an understanding about the SL experience for these consumers and provide examples of some of the marketing practices. The authors conclude that while SL does provide an alternative for businesses for building, maintaining, and extending their real world brand presence, it remains primarily as a 3-dimension (3-D) virtual social space for people to connect and communicate with like-minded others.

SECOND LIFE AS A COMMERCIAL SPACE

Users of SL are free to make their *second life* whatever they want it to be and the only real limitation is their creativity. As residents in SL, avatars can own homes, lead a life of luxury and even pick and choose what they want their physical features to look like. The term avatar refers to the users' virtually constructed onscreen graphic characters. Some tech-savvy users can learn how

to build their own items in SL or trade goods with other users. Others may opt to purchase real world brands using the SL currency, Linden dollars, which can be exchanged for real-world currency through the exchange service provided by Linden Labs, the creators of SL. The exchange rate offered for Linden dollars allows SL to hover on the cusp between the virtual and real worlds. News agencies like Reuters are taking this new economy seriously and have created an in-world news center (<http://reuters.secondlife.com>) to “contribute objective financial news and data to help a growing economy, and to experiment with

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an important new medium” (Harris, 2007, p.1). SL’s currency exchange puts real-world monetary value on user-created virtual products that may or may not exist in the real world. In fact, SL introduces a whole new twist to lifestyle marketing.

According to the constantly updated statistics on the SL website (<http://blog.secondlife.com>), as of January 2008, the population of SL is more than 12 million. The majority of the (active) residents (38%) are from the US although there are inhabitants from more than a hundred other countries. Among these avatars, 41% of them are female and 59% male. The total number of hours spent online has increased drastically since SL’s introduction in 2003. These inhabitants spend a good portion of their day in SL (more than 20 hours a week). Furthermore, Table 1 shows the numbers and distribution of active users by age in January 2008. The average resident is 33 years old. Big crowds in SL also result in increasing money exchanges. Accordingly, Lindex virtual currency exchange has reached \$744,564.

According to a non-profit Dutch think-tank EPN, the possibility of earning money is not the main motivation for the majority of inhabitants although remains as a motive for some (de Nood and Attema, 2006). EPN found that the main motivations to enter into SL are to have fun, to

make friends, or to experience things which are difficult or impossible in real life (de Nood and Attema, 2006).

Not only consumers, but also companies, various organizations, and even government institutions started to show great interest in this alternative public space. Starbucks has coffee stores, Swedish Embassy has a branch, Harvard University offers lessons, and numerous brands are part of the virtual malls of SL. Since SL is a virtual reality, its residents can create whatever lifestyle they want to experience—this can serve huge advantage to clever marketers who are able to unwrap the desires, feelings, and imagery that might be motivating this new breed of consumers, often referred to as “Consumer 2.0.” However, these clever marketers might be surprised to find that their new breed of consumers isn’t so new after all. They are the same consumers that existed before SL; this space is just a new medium with which to connect to them. In other words, SL communities are “formed primarily around personal interests and activities” and “for this reason, the best entry point for outside companies is often through brands and products that already attract Second Life users” (Au 2008, p.1).

It may be true that real-world brand and product preferences carry over into SL, but it does not reveal much about *which* brands and products are associated with the different in-world communities or *how* these brands and products are being consumed in the virtual space. After all, SL has been around for about five years and has received mixed reviews on the potential opportunities it offers to the real world. After a rush to the virtual world of Second Life, marketers followed the crowd without knowing what to do when they arrived (von Hoffman, 2007). Unable to experience the visibility and strategic benefits they had originally hoped for, many have since shutdown or abandoned their in-world efforts.

However, there are still some who have not counted the virtual space out as a potential marketing channel. In fact, Mark Kingdon (former

Table 1. Monthly active users by age category for January 2008 (Source: <http://blog.secondlife.com>)

Age	%Avatar Count	Total Hours	%Total Hours
13-17 (Teen Grid)	0.96%	129,992.02	0.46%
18-24	24.50%	4,559,714.15	16.20%
25-34	35.43%	9,735,769.83	34.59%
35-44	23.35%	7,915,295.92	28.12%
45 plus	15.25%	5,676,036.23	20.17%
Unknown	0.51%	126,910.58	0.45%
		Total: 28,143,718.73	

CEO of Organic Omnicom), recently took over the Linden Labs. He believes that “despite the fact that Madison Avenue went and left, Second Life is thriving” because “it is the only social media property where the business model is central to the user experience” (Hansell, 2008, p. 5). This might mean those who attempted to advertise and market within SL without understanding the dynamics of this space may have failed because they did not consider the nuances of the virtual world platform and how it is held together by its communities of consumers. Are users interested in the same products, services, and experiences in the virtual world as they are in the real world? Should companies consider SL as a new marketing channel and platform through which they can increase their market share and brand awareness? In order to answer these questions and more, companies should evaluate SL with the same discipline they use when considering any other integrated marketing communications tool to understand whether or not their target audience is represented and within reach.

STARTING A SECOND LIFE

An exploratory virtual ethnography can help companies understand consumption and marketing dynamics in this virtual environment. Observational data can be collected using a cyberethnographic (Sayre, 2001) or netnographic (Kozinets, 2002) approach to gain an understanding of the research field and to identify and analyze business practices and community dynamics in SL. Netnography is an adaptation of ethnographic methods used in cultural anthropology applied to the study of online and cyberspace communities (Kozinets 1997, 1998, 2002; Nelson and Otnes, 2005).

As part of our own efforts to understand the opportunities SL has to offer, we, the authors, created online characters (avatars) and stepped into SL. We spent considerable time in SL observing and recording interactions among other avatars, captur-

ing personal experiences, and noting the practices of companies with virtual branches within the SL community. In order to embed ourselves in this virtual world and its cyberculture, our avatars moved through SL first as residents and then as the owners of an in-world market research firm within this virtual community. With the latter, we aimed to attract SL avatars and to understand their perspectives on the SL experience. We also actively followed the blogs of the SL residents. By living in and interacting with the community, we were able to make observations in order to learn more about in-world and real world consumption practices. We wanted to understand and explore marketing opportunities in SL and if so, how marketers can improve their efforts to reach this unique virtual audience.

In the next section, we will provide an overview of the SL experience. Then we will describe avatar experiences in this virtual world and provide examples of business practices that are uniquely relevant to the SL environment followed by their implications on marketing and consumption.

THE SECOND LIFE ENVIRONMENT

The first challenge for businesses considering entry into SL is to identify how they will utilize the platform. Potential uses include provision of meeting places, e-commerce, advertising, and product and brand placement. A company may also aim simply to build organizational experience that will help them determine the best way to connect with consumers via this new medium.

After registering for a free account at the website, users choose their avatar’s name and download the free program to their computer. This program is very robust and as such, requires a considerable amount of memory and a strong graphics card in order to run properly. In fact, the cost of the required needed hardware might dissuade some consumers from downloading and running the program. Marketers should be aware

of how the program's technical constraints might shape user characteristics within the virtual space. From the outset, marketers might assume the users have fairly current computer systems and are willing to commit a good portion of their system's memory to using SL.

SL is a dynamic and a changing world where users literally build the space as they go. Although the virtual world's appearance and concept is similar to a massive multi-player online role-playing game (MMORPG), it should not be mistaken for one. Actually, it would be too much of a stretch to call what is going on in Second Life as a game. Researchers have noted that SL players tend to use the world more as an elaborately designed chat room (Townsend, 2008, p.28). However, the rich graphics that bring the world to life require robust computer systems, similar to those required for MMORPG gaming environments. This makes it easier and more likely for "gamers," who already have their computers set-up to SL specifications, to join. Given that they are also already familiar with what to expect from a virtual environment, gamers are likely to make the shift to SL and could make up a substantial group for marketers to consider. It is important to note that for the users who typically have their computer for day-to-day Internet browsing and word processing, joining the SL community might not come so easily.

User Interface

SL residents can and does create a world that mimics their "first" life—the real world. Running streams are accompanied by the sounds of rushing fresh water, and birds chirping; squirrels even run through parks unannounced. Anything is possible in this world; the only major limitation is the user's own technical skills. However, once in SL, users may struggle to navigate through the virtual environment (beyond using basic arrow strokes) and may require additional instructions. For example, users might not initially be aware that they can choose to explore the world through their avatar's eyes or from a more voyeuristic perspective by placing the camera view directly behind their avatar. Instead, they might stumble around at first until they discover the camera angle feature. This is just one example of some of the navigation issues that Claus Nehmzow, a noted virtual world consultant, might have been referring to as "some of the nitty-gritty idiosyncratic details of SL we have to overlook to some degree because it's not as good as it could be" (Donahue 2007, p. 10). Although the user interface offers plenty of menu options, most are technically sophisticated, with names that are not intuitive, like "recompile scripts in selection" and "show HUD attachments" (see Figure 1).

Figure 1. User interface with sophisticated menu options



While these cues might make more sense after a visit to the help menu or an online message board, new users may find it difficult to fully understand what to do and how to manipulate the display. The user interface could be a hurdle that companies (and SL itself) will need to address in order to keep their virtual doors open for business. Consumers who are uncomfortable with the interface or cannot customize it to add value to their experience might become disinterested, representing a lost opportunity for SL and its marketers.

Orientation and Help Islands

Linden Labs seems to be aware of the difficulties new users face and has crafted a solution for them. The company requires all new avatars to visit “Orientation Island” when they connect to SL for the first time. The island provides several stations for avatars to learn how to perform tasks like picking up items, chatting, and changing their appearance. The island is also a good place to meet other new users. Although helpful, visiting the island can be time-consuming and new users should expect to spend considerable time visiting the required learning stations before being allowed to dive into their own SL experience. Although it is a helpful feature; however, SL allows users to visit the island only once. The reason for this rule is unclear; perhaps the rule is in place to encourage users to reach out to the SL community to ask for help or to minimize traffic volume on the island. Luckily, there are several Help Islands residents can visit as much as they want after they’ve left the safety of Orientation Island. The Help Island is a great resource for new SL residents because they have access to self-appointed SL mentors. These mentors are simply other avatars who make themselves available to newer or less knowledgeable residents in order to welcome them and serve as a resource for essentially anything they might need in-world. The island is also a helpful place to visit if residents need a “refresher course” for getting around SL.

Communities

The amount and variety of communities available for residents to explore are endless. If they are not able to find something they are interested in, they can create a forum and build whatever it is they want. Within these communities, there are some accepted and implied standards of behavior set by their members. In fact, some communities are private and access can be denied by red and transparent walls that say “Do Not Enter.” Some in-world homeowners put this type of security system around the homes they’ve created so others do not have access to their land.

There are plenty of virtual public places to explore—many of which resemble their real world counterparts. For example, there are clubs, beaches, and shopping malls, each with different themes and personalities. The rules of each community are usually posted as reminders, but even if they aren’t, the avatars will politely remind people who are breaking the rules to abide or leave. These in-world communities are similar to those of chat rooms and the same type of rules and behaviors are expected. Annoying advertisers, obscenities, and hateful subject matter are typically not acceptable in these communities, just as they are not usually welcome in chat rooms. SL very much operates like a 3-D chat room and residents can expect the conduct within such communities to be consistent with what they are used to experiencing in regular online chat rooms.

However, one area within SL is very different from anything found in an online chat room. These are “sandboxes,” or creative spaces where avatars can go to practice building objects, such as homes, boats, vending machines, and shoes (see Figure 2). The sandboxes offer an open building space to meet other avatars and learn the skill that is most valued within this virtual world—building. Building is a useful skill in SL because it allows avatars to contribute to the creation of the surrounding virtual world. Avatars that can build can usually sell their goods to other avatars that lack building

skills. Given the importance of building within SL, the sandboxes serve as one of the most important places within the virtual world. Even if a resident cannot build or is not interested in building anything, he or she can go to the sandboxes to meet people and get help with acquiring or developing almost any item. Sandboxes serve as one of the main hubs of SL and it is no surprise in-world advertisers and freelance builders have caught on and have begun to place billboards in them.

THE SECOND LIFE EXPERIENCE

To get a true sense of the SL experience and how it might apply to a company's specific use of the tool, marketers might try forming their experience within this virtual world around the target consumer they seek to understand. Our observations and conversations with other avatars within SL provided insight into understanding the potential this platform can have for both consumers and marketers. For example, one of our avatars was named "Michelle." Michelle was attractive, down to earth, and approachable. She wore jeans and a simple black top. Michelle had brown hair and brown eyes and appeared to be in her 20s. Michelle was a regular resident in SL, who was interested in shopping, meeting people in the different social venues, and exploring everything the virtual world had to offer. Michelle also identified herself as a

graduate student interested in consumer behavior and business practices within SL while interviewing other avatars to get a sense of their virtual consumer experiences. Avatars were generally accepting and for the most part helpful in showing her around and even bringing her with them to different in-world events.

Companies can rest easier knowing that beyond socializing, avatars are also heavily involved in shopping. Similar to the real world, SL has both malls and stand-alone stores. To find out what kinds of products are available in SL, users can search for malls and explore several different places. However, one major difference that is noticeable right away is that unlike real malls, SL's shopping areas are lacking a major component: people.

There are several possible explanations for the lack of "visible" consumers. First, purchases are made by pointing at a desired product and then by clicking the "buy" prompt. It's a fairly easy and quick process that does not require a long physical presence in commercial areas. The ease of the process also benefits those who wish to sell products—simply develop a script for the item and post a picture of it for customers to click on. A second possible reason for the lack of customer volume is the sheer quantity of malls and places to purchase goods. This also makes it difficult for users to identify the best places to purchase specific items. Searches conducted with the SL user interface pull up the most popular places that

Figure 2. Advertising at SL sandboxes



match the search, based on reported traffic. If there is no traffic in a particular shopping area, it will rank very low on the search list, regardless of the quality of the stores, and decrease the number of new visitors. Simply put, businesses need people in order to bring in more people (Surowiecki, 2005). Lastly, many people purchase items, like sandboxes, from friends or people they meet in SL. Most people still use SL primarily as a social networking tool and either visit stores recommended by their SL friends or buy directly from the people they meet. Rather than congregating in malls, people frequent other popular social areas within SL—bars, dance clubs, public courtyards, help islands, and beaches.

ESTABLISHING A BUSINESS IN SECOND LIFE

The consumer experience in a virtual world is much different compared to the kind of market implications businesses might face. Although the motivations and desires between the two experiences might be mutually aligned, it is important to recognize the unique challenges businesses face in this virtual environment in terms of their consumer base.

To get a sense of the types of challenges businesses face in-world and to embed ourselves in our field site more, we established a virtual market research firm. First, we started thinking about what kind of image we wanted our company to have in SL. We wanted our market research firm to be professional, accessible, and comfortable for visitors; not stiff and corporate. We started exploring business districts to see if we could find suitable office space, but we didn't see anything that we believed would get traffic. We considered that if we were in a standard office building, passersby would not be able to see our office from the street; they would have to enter the building first. Instead, we decided we wanted to lease office space in an upscale, trendy area surrounded by boutique

shops with retail storefronts. Although it was not our intent to sell anything, we wanted to establish a corporate presence as much as possible.

Unsure of how to find a space that matched our preferences, we began speaking with people in the malls we were visiting and asking them if they knew of such a place in SL. People were more than willing to help us. It seemed as if the avatars in SL were always available and approachable. We had the sense they were roaming around SL because they really didn't have anything else to do—almost as if they were so bored, they were happy to be tasked with helping us set-up our market research office and were proud to give referrals to their friends who are in-world real estate agents and developers.

We kept our office design simple and only put up a sign that said “Participate in Market Research.” During the one month we were there, we rarely saw any other avatars in the mall vicinity and when we asked people we met in other places to stop by or join us at our place of business, the common response was a lack of interest in leaving their friends where they were already hanging out, especially because they were unfamiliar with where our office was located.

When considering a presence in SL, it is important for businesses to recognize a point they often take into consideration in the real world: Location is still a priority for success. However, in SL, the best place for businesses to have a presence is wherever their target consumers spend most of their time. In other words, to succeed in SL, businesses need to go out of their way to bring their products or services directly to their consumers. That's the focus of the next section.

LOCATING VIRTUAL CONSUMERS

As a pure function of its existence, SL's landscape is constantly changing. This isn't much unlike the environment businesses encounter in the real world, but it certainly does offer unique

challenges to companies trying to identify and collect research about their consumers in SL. Our own efforts to obtain a variety of consumer perspectives within the virtual world brought us to several different places in search of avatars willing to have a conversation about their life and consumption practices in SL. The examples below represent the diverse range of consumers that can be found in SL. Avatar names have been removed to maintain privacy.

Avatar A: Splurger in SL

Whether it's a virtual campus or a meeting place for online courses, universities have a strong presence within SL. Similar to the real world, we can rely on these institutions and the communities they support for uninhibited interest and participation in consumer research. Finding the virtual university communities in SL is as easy as conducting a quick in-world search for the keyword "university."

Our search brought us to the Princeton University SL campus. The campus was welcoming and had an immediate sense of an old ivy-league university. We were impressed by how the builders were able to convey the prestige and tradition that Princeton's real campus has to the virtual space. There were even squirrels snacking on nuts on the virtual grass lawn. We found it interesting that our real world imagery of the school matched what we saw as we moved through the SL campus.

While exploring the campus, we met a 45-year-old male from Arizona. In the real world, he is an Instructional Technology Specialist for a community college. He shared that he was in SL to research how he could get his school involved with in-world classroom instruction. He currently teaches classes online and is involved in distance education as an instructor, so he is looking into the possibility of creating virtual classrooms that can help to engage his distance learners more by having them participate in a classroom setting.

He is very active in SL for his work and has in-world friends who are also technology instructors. Beyond education, he and his friends call themselves "techies" and they enjoy hanging out in SL, because they live far away in real life. They meet in SL to teach each other how to build things and they also enjoy chatting over beers at virtual pubs. Sometimes, he said, they go to dance clubs for a "guys' night out" and will try to meet women on SL, even though he is married with a family in real life.

To prepare for these dance nights, they purchase dance animations, clothing, shoes, and hairstyles on a fairly regular basis. Rather than going to the virtual mall or stand-alone stores, he gets almost everything he buys from his friends or their friends. He likes to stay within his network because he knows he can trust the script and he knows he can get items for free or at a very low cost. If he does go to stores, he was proud to share that he is very loyal and will only go to stores that sponsor the in-world classes he participates in when he does choose to spend money in SL. He attends free SL technology classes on a regular basis and wishes to support their continued sponsorship.

Compared to the real world, he considers himself someone who allows his avatar to splurge. In real life, he rarely purchases new shoes or clothing and doesn't get expensive haircuts. However, in SL, because the prices are so cheap and things are so easy to build or find for free, he finds that he really enjoys being fashionable because he can afford to do so, whereas in the real world, he considers himself to be a "penny pincher."

He has also participated on the business side of SL by building furniture and selling it to other avatars. It's an enjoyable hobby for him, so after hearing from avatars in the sandboxes liked his work, he decided he would sell it for a small fee. His intent was to make money he could use for purchasing the fun items, like clothes, that he likes to buy. He indicated that most of his business and learning transactions take place in the sandboxes. Avatar A's consumer behavior in SL is different

from his real-world consumption because he feels he can afford to do more in the virtual world. This consumer example demonstrates how SL offers people more than the pure value of the product. Consumers are also gleaming satisfaction from being involved in their experience by receiving notoriety from other consumers for the items they can build and sell. Furthermore, compared to the real world, these types of consumers believe they have much more buying power to essentially live what they consider to be a comfortable second life.

Avatar B: The Entrepreneur

Another type of consumer thriving in SL is a testament to the old adage, “build your own destiny.” Quite literally, these consumers are creating a satisfying virtual experience by building SL. They are the consumers who are technically savvy and interested in using the virtual world as a place to fine tune their programming skills and make a profit while doing it. We met one such individual on one of our visits to the public sandboxes where we found her practicing building large, colorful objects and transforming them into different shapes. We soon learned that in real life, she is an older female, over 50, living in Central Canada. Along with her partner, she owns a business that develops SL experiences for companies trying to make a presence in SL. She is also a professor at a university and is in the process of implementing SL at her school.

She typically buys clothes, shoes, furniture, building supplies and textures in SL. She enjoys buying expensive brand names for her shoes because she never buys them in real life. However, for her clothing and furniture, she tries to buy the same styles in-world that she buys in real-life because she enjoys them and finds her taste to be consistent. She doesn't think of her virtual experience as a place where she can be someone else, but rather, she sees it as her extended self (Belk, 1988). Our observation from interacting with her is that her real life is so embedded in SL,

the two worlds have in fact become blended for her, which has allowed her to maintain consistent consumption choices in both worlds.

Since she enjoys the same brands in-world as she does in the real world, we asked her whether or not she's able to find all of the same brands in here that she can in real life. For the most part, whether the places are legitimate or not (*i.e.*, if it's the real business or a SL posing as the real business), she has been able to find the same brands. She thinks it's great because the brand name represents quality to her, so she likes her avatar to stick to the same quality that she enjoys in real life. She mentioned the only negative thing she's seen from real-life stores coming to SL is that their “sims” (stores) remain empty and without any traffic—not even employees nor service customers present.

Overwhelmingly, the lack of personal presence by companies is the most common criticism of SL. In fact, more than 70 percent of SL residents are disappointed in the presence that marketers have established in SL and they view that presence as simple “extensions of existing, traditional advertising efforts and not something that taps into the world's unique power” (von Hoffman, 2007, p.1). The SL entrepreneur's insight on why she believes traditional advertising can't work in SL is due to the social aspect of the community within the SL platform. People do not want to leave their friends and go outside of their community to learn about a new product, they want to be able to interact with the product and integrate it into their communities. Her perception was consistent with what we found in our own experience and the experiences of the other avatars we met in SL.

Her experience with the virtual event hosted by a building company was positive because the builder was able to target a network of avatars that are connected by their mutual interests in construction and owning virtual real estate. This type of consumer experience reinforces how important it is in SL for businesses to bring their brand, their products, and their reputation directly to their target market and how doing so can connect them

to entire networks of users via the community's primary virtual space.

Avatars C and D: A Virtual Valentine and A Virtual Bride

In addition to shopping, romance is another motivator for people to become involved with the virtual world. Although online romance is not unique to virtual reality, the ability to bring a 3-D experience to these relationships does provide those with an SL romance an added sense of reality. For businesses that profit from supporting romance, this means there's plenty of opportunity within the virtual world.

We spoke with avatars who purchased or received extravagant luxury items from their in-world significant others. The luxury items they referred to were consistent with the typical courting artifacts that are exchanged in the real world. A particular consumer, Avatar C, noted he has both a first life girlfriend and a SL girlfriend, but only receives jewelry from his SL partner.

Just as in the real-world, people exchange expensive gifts in SL to impress a potential mate (Sherry, 1983). However, SL allows most avatars access to a luxurious lifestyle they are not able to afford in the real world. Most of the people we spoke with mentioned they would never be able to give these expensive gifts in real life and said it felt good to be able to live the "good life" in SL and see what it's like to be seen as a successful, wealthy individual. Courting rituals from the real world crossed over and maintained their place SL relationships. So, it would seem the virtual world provided these users with a real-world sense of satisfaction and accomplishment in being able to provide for their partners. Marketers should pay attention to a consumer reaction this strong.

One visit to any mall within SL and users will notice just how heavily romance is being marketed to consumers. Bridal gowns, honeymoons, event coordinators—everything an avatar would need to get married is just one click away. One such ex-

ample is of an 18-year-old woman from Sweden, Avatar D. We met her in a jewelry store looking at wedding bands in one of the popular malls in SL. We soon found out she was finalizing the last minute to-do items on her list in preparation for her virtual wedding, which was to occur at the end of that week.

To our surprise, she and her real-life fiancé met in SL and were now living together. Because their shared network of friends were for the most part online, they wanted to share their special day with their SL life friends before tying the knot in real life. They also saw SL as an opportunity to see what it would be like to be virtually married before making it official in real life. She shared that because both she and her fiancé had committed so much of their time and life to the community within SL, they almost held more value in the virtual nuptials than they expected to hold to the real-life nuptials. There was also a sense of commitment they felt to the network of friends they had established together online to bring their relationship to the next level in-world.

Although the cost of her virtual wedding was far less than she was planning to spend in real life, she still felt she was trying to stay within a set budget while planning the wedding of her dreams. She booked caterers, a venue, a DJ, and was planning on wearing the dress of a lifetime that she was having built by an in-world designer. She considered every detail one would arrange for a real-life wedding during her virtual "big day," even the same level of stress. Although she was trying to stay within a set budget, she shared that if it came down to getting something she likes and staying within her budget, she would get what she wants.

Romance is a major component of life in SL, where "reality and unreality brush up against one another uncomfortably" and even though "the site essentially revolves around users adopting an identity and an avatar that may, or may not, bear some relationship to who they are in real life" (Stanage, 2007, p.1; see also Schau and Gilly,

2003), one thing seems to be true—consumption is as much a part of online courtship as it is offline.

ADVERTISING PRACTICES

The presence of advertising billboards and note card spamming is common in SL. Land owners are free to ban such activities, but in order to lease space and make the most of the land they have, most owners allow advertisements. Still, a lot of ad spaces are unsold (see Figure 3). We asked a few business owners why they thought this was the case. For the most part, business owners do not spend money on renting ad space because they do not believe enough traffic pays attention to the ads.

According to one informant we spoke with, Avatar E, the business owners are right. In-world consumers do not want to have to stop what they're doing in order to pay attention to advertisements. The dilemma is two-pronged. First, walking or flying by a billboard keeps the consumer mobile and they're likely to ignore the ad if it is non-engaging. Second, if the billboard ad is engaging, it will likely have a link that teleports the avatar to the advertiser's location. Avatar E indicated his dislike of these links because, teleporting away from his location distracts him from what he was doing.

Avatar E's story is consistent with a lot of criticism surrounding SL. Residents want to be engaged, but they do not want to be taken away from what they're doing in their preferred community in order to view a marketing campaign. They would rather stay with their SL life friends and learn from other people about the products and services they are using than to venture out on their own.

Business owners reported the same phenomenon indicated by Avatar E. Most of their business comes from word-of-mouth referrals from their friends. Some of them have friends who are SL mentors and have passed along their names to the new users that come to the mentors for help as they try to set up their SL avatar, home, or business.

Again, this follows the trend that social networking is the driving force behind how business is conducted in SL.

One intriguing finding is that real-life businesses may benefit from virtual brand loyalty without even realizing it. In most dance clubs, malls, and pubs within SL, avatars are regularly exposed to real world brand names and products (see Figure 4). In some cases, companies have paid to place their products in SL, but more frequently, SL users who are fans of particular products, like Guinness and Abercrombie and Fitch, have incorporated brand images into their virtual space. Some businesses have raised legal

Figure 3. Unused advertising space in SL



issues with these practices because they have not given explicit permission for their brand images to be reproduced in SL, but it does stand to reason that the companies might be

gaining brand awareness within these pockets of the virtual world without a single penny of investment. On the other hand, companies like Ben and Jerry's and Reuters have invested considerable assets into their SL Sims, and because they have not found a way to bring their product into the SL communities, it is unlikely they are increasing their brand awareness. Again, the best way to connect with the SL community is to inject products and services into the communities, rather than build a highly sophisticated virtual space that fails because it does not receive any traffic. Once access to brands is made easier, then people enact relationships with brands (Fournier, 1998) through their avatars since becoming a resident of SL is a heavily consumption oriented phenomenon.

EXAMPLES OF SOME COMPANIES IN SL

American Apparel

While exploring SL, we were continually told how popular American Apparel's SL presence once was in the virtual world. When we tried to go check out the store, the doors were locked. It's not clear why

it failed, but it is temporarily shut down. We found a link that took us to a website with the following information:

"Needless to say, it's been quite a year. We've had thousands of visitors from all over the world and made a ton of new friends, seen some interesting things from furry folks to virtual terrorism, caused a bit of a clamor, and sold some virtual t-shirts and it's been great. But we feel like our time is up here. So we're closing our doors on Lerappa Island for now. This doesn't mean we're finished with the virtual world. Stay tuned to see what we do next."

BMW

We did not find a lot of interest or interaction on the BMW island. The island's theme was "clean energy," and in support of this, BMW had posted information about sustainable energy in addition to creating a futuristic design. They have built a theatre where avatars can sit, but there is nothing to watch—the view is simply two clean energy cars, which avatars can also sit in. The island is at least maintained; when we visited it had an advertisement (in March 2008) mentioning that BMW will be at the Geneva International Motor Show. Nonetheless, the site seems to have been abandoned, as there are no visitors, no upcoming events, and nothing to become involved with.

Figure 4. A non-affiliated pub proudly displaying the Guinness logo



Cisco

When we visited Cisco's Island, there were no avatars present. A "Cisco home" shows how all of Cisco's products can be used in a personal residence and prompts invite users to explore each room. Every mouse click opens a link to Cisco's web page. There isn't much interaction—most of it is like a museum in that you can look but can't really touch. The site appears to be deserted and doesn't seem up to date. There's a sign advertising their "Connected Life Contest" but it's dated October 30, 2007 (about two years old).

Dell

The computer company Dell created a fairly complex island featuring places of interest such as the Dell Museum, Michael Dell's dorm room (most likely modeled after the company's original headquarters), a travel center, and city corridors available for avatars to explore. The company clearly attempted to create an "experience" as it is designed to be somewhat of an attraction—complete with souvenir and coffee shops to relax in after looking around. It seems as though Dell is struggling to attract visitors to its island, however, since there were no avatars present when we visited. Part of the problem is that although the island features areas to explore, it still does not offer much interaction with the consumer. There were few items to click on and not much direction to guide the user through the island. The items we found that were clickable teleported us to different areas of the island. We quickly became lost and couldn't find our way back. As a result, we were forced to teleport back to Dell's entry point landmark just to start over—a frustrating experience that does not encourage visitors to stay. There were no signs of any recent activity, which led us to believe the company is not actively using the island anymore. Like an abandoned ghost town, no events or activities were posted and nothing connects consumers to the Dell products.

Microsoft

Although one might assume a computer company would be more in tune with the virtual consumer, Microsoft's island was empty and unimpressive. Like most of the other commercial sites we visited, the island had no avatar traffic, no current events posted, and very little connection offered to the consumer.

Geek Squad

Among all these high-tech companies, only Geek Squad had an active presence. Geek Squad had an online avatar that was solely responsible for the company in SL. He told us he has 10-20 avatar customers per day. Geek Squad believes their approach provides more interaction, which they believe has been successful. They are planning to provide training seminars in SL, in which they believe they have a chance to network with people all around the world. They believe that they have to be an active community participant to survive long term in SL. The Geek Squad avatar explained the company's view that "developments that are well under way will make this a suitable business platform over the next few years." The avatar told us about the importance of getting a feel for what people in SL want. He says that lack of research is one of the most important reasons why businesses just dive in and fail shortly afterwards in SL. "Most people who've been in SL as long as I have tend to have a strong sense of community," he said, emphasizing the importance of the community dynamics.

Domino's Pizza

Domino's Pizza announced it would implement a long-term strategy to use SL as a platform to reach its 18-35 year old target audience by "opening multiple franchises across SL and increasing its online branding presence" by offering "money-off codes and coupons through its Second Life stores,

to be redeemed online and in-store” according to Marketing Week (October 2007, p. 14). We did a quick search to find its in-world franchises, with hopes of stopping by to see how its long-term strategy for virtual expansion is coming along. Unfortunately, we were only able to find one franchise in-world and as we half expected, it was completely empty. The in-world store offers very little interaction with avatars. It resembles its real-world storefronts and once inside, there are only two things for avatars to do: click on the pizza to get a free SL pizza that goes straight into the avatar’s inventory (no customization of toppings or size) or click on the link to the Domino’s website to place an online order for a real pizza. Domino’s likely halted the long-term strategy it announced in October due to lackluster results from its in-world store. The company failed to recognize that real-world marketing strategies and business models can’t be implemented in the exact same way in SL. Their fizzled in-world franchise strategy is another example of why marketers need to involve the audience to create a quality experience and develop imaginative ways to drive traffic, increase interaction and provide fresh, regularly updated content in order to integrate their consumers’ experiences in both the real and virtual worlds.

SECOND CHANCE IN SECOND LIFE

The initial rush to SL was led by innovators and early-adopter marketers who were anxious to establish a presence in the virtual world. In their haste to gain visibility within this new platform, they may have made some assumptions about how their business would achieve success within virtual reality (Laroche, Yang, McDougall, and Bergeron, 2005). Many seem to have quite literally taken the name “Second Life” to heart and simply replicated what they knew was successful in the real world to their efforts in the virtual world. However, as we’ve observed, many of

these companies struggled to recognize one very important fact about SL: It’s not for everyone.

Out of the seven companies we discussed earlier, what was Geek Squad able to identify about SL as a business platform that large, high-tech companies like Cisco, Microsoft, and Dell missed? Rather than jumping into SL with the intention of replicating their real-world marketing plan or setting up a virtual storefront, Geek Squad invested time into researching the virtual space in order to gain a better understanding of how SL could add value to their business. Based on their research, they created a virtual space where there is always a company representative in-world who attends community events and serves as a resource to those who need help navigating SL. They learned that SL was driven by (1) community, and (2) interaction, and (3) involvement as our consumer data also suggested. Next, we will discuss these aspects as they relate to consumption.

Consumption Communities

It is well-known that alternative forms of communities such as those that are not geographically bound but rather centered around forms of consumption such as brands (Muniz and O’Guinn, 2001; Muniz and O’Guinn, 1996) have changed the marketing landscape. These take the form of brand communities, subcultures of consumption (Schouten and McAlexander, 1995; Wheaton, 2003), tribes (Cova and Cova, 2002; Maffesoli, 1996), marginal subcultures (Hebdige, 1979) and include geographically concentrated (Holt, 1995) or dispersed communities (Boorstin, 1974), which include Internet and various virtual communities (Fischer, Bristor, and Gainer, 1996; Rheingold 1993; Tambyah, 1996) and have been of interest to consumer researchers and marketers. Through this exploratory study, we add to this existing body of research that with the growth of Web 2.0 and the advent of businesses dabbling in the virtual space, there is one point that will determine a business’s success in SL. That is the extent to which

the company realizes SL is a social networking tool and adopts a strategy that works with users' expectations and habits. The people who live in this virtual world are first and foremost there to socialize and, are interested in maintaining their sense of connectedness within this virtual community. Even if they are moving through SL alone, they are still interested in connecting with people wherever they go to explore, build items, or meet people.

Geek Squad's story is a precise example of how research can be a competitive advantage for a company considering a presence in the virtual world. Although it serves as somewhat of a virtual role model for success in SL, the company's virtual success is relative to its intended use of the platform. The company isn't trying to make a quick profit in SL. Instead, they're building connections within communities of unique consumers, through which they rely on word-of-mouth to undoubtedly increase brand awareness and brand loyalty. They're also likely to be obtaining a great deal of direct consumer learning, which they otherwise would need to the help of a third party to collect.

Similar to our example above, other companies looking to establish a presence in SL should consider doing some baseline research of their own (see the 2008 special issue of *Journal of Virtual Worlds* on consumer behavior in virtual worlds). The very first question a company should investigate is whether or not their target consumers are present within the virtual world. Because SL is primarily driven by its community, it's necessary to understand if there is an established community within the world that has a consumption need the company can satisfy. Although it's exciting for marketers to create consumption needs for potential consumers by tapping into their emotions and motivations, the infinite nature of virtual reality demands that companies involve their consumers with their products or messages quickly (avatars can teleport away with a quick click) and directly.

Consumer Involvement

In addition to exploring community dynamics, understanding consumer involvement is the key (Greenwald and Leawitt, 1984; Celsi and Olson, 1998; Zaichkowsky, 1985). There are various antecedents that trigger involvement which can be personal, object-related, or situation-specific (Zaichkowsky, 1985). Consumer involvement is a motivational construct, in other words it reflects how motivated consumers are to process information. It can range from simple processing, where one considers only the basic features of a message all the way to elaboration where she links this information to her preexisting knowledge system (Greenwald and Leawitt, 1984). In our context, preexisting knowledge system may comprise real-life consumption experiences that are now carried over to SL.

When consumers are truly involved, they enter a flow state (Csikszentmihalyi, 1991). Flow is an optimal experience with characteristics such as a sense of playfulness; a feeling of being in control, concentration and highly focused attention. There are two important antecedents for flow experience to occur. One, the activity has to be challenging. Second, consumers have to have necessary skills to be able to engage in it. In other words, they must perceive a balance between their skills and the challenges of the interaction. If the activity is not sophisticated and consumer is over-skilled, s/he would be bored. In the opposite situation where the activity is super challenging and consumer has no skills at all, s/he would feel anxiety (Csikszentmihalyi, 1991). Flow is especially a useful construct in the context of SL. As Hoffman and Novak (1996) notes, in hypermedia environments such as SL, the key consequences of the flow experience for consumers are increased learning, exploratory and participatory behaviors, positive subjective experiences, and a perceived sense of control over their interactions.

Interaction

The pure basis of SL requires not only a high level of involvement and but also interaction from the consumers. One might also remember the earlier discussion about the highly technical SL user interface. These two factors can be barriers to entry for some consumers, which may indirectly create a tech-savvy consumer environment. This means the avatars within SL are likely to be comfortable with, and expect, a highly interactive experience that is closely tied to their specific desires and interests within the comforts of their own community.

Traditional communication models have long been modified to include interaction between company and consumer and also interaction among consumers. Consumers today have many more choices available to them and greater control over which messages they choose to process. Unlike most commercial virtual worlds such as World of Warcraft and EverQuest, SL is mostly user created and managed. Consumers are also becoming co-producers in the communication process (Vargo and Lusch, 2004, 2006; Arnould and Thompson, 2005). The idea of co-production is directly related to the concept of customer experience. It suggests that consumers can't be seen as passive audiences anymore. They instead need to be regarded as collaborators in co-producing the consumption and/or service experience and co-creating the value for their brands (Lusch, Vargo, and O'Brien, 2005, Bendapudi and Leone, 2003; Prahalad and Ramaswamy, 2004). Co-production of value occurs as a consequence of extending the range and depth of communicative interaction (Ballantyne and Varey 2006), in our case, into virtual worlds.

DISCUSSION

Technology and the Web 2.0 craze have quickly changed the way business is conducted across the

globe. The scope of competition has long been shifted from being local or even regional, it is now global. In fact, whether a business is service-based or manufactures a physical product no longer matters—technology makes it possible for every business to compete around the world by the click of a mouse. In order to be successful, businesses not only need to be prepared to compete globally, they need to position themselves to compete in what lies beyond the global economy and understand that no matter how much technology advances, at the core of business lies the fundamental need for people to connect and socialize in order to communicate effectively. Businesses looking to be involved with SL or other 3D social spaces need to understand that even as opportunities for business grow; even as this virtual environment can be better manipulated to give real-world businesses a competitive advantage; it is still a social network at its core.

Most businesses moving to the virtual setting are interested in setting up a storefront because they see it as a cost-saving opportunity compared to the real world. All of the sales can be transacted by the point and click of the consumer 24 hours a day. Though this business model works in the online world of Amazon and eBay, it is a proven failure on SL. For success on SL, the business should consider a strategy using a customer service avatar or other features that will engage the consumers when they visit the sim or the store. Without an avatar on site, the store is less likely come up in search results, so the business will not receive any traffic. Additionally, avatars that visit stores are looking for something other than a simple business transaction. Providing customer service or some other form of interaction that taps into the visitors' SL experience will keep them from going to another competitor and will increase future business by establishing a loyalty base. Thus, to be successful in the virtual world, businesses need to have avatars present in their sims to not only generate traffic, but to service those visitors that do come.

Businesses looking to market on SL should also be prepared to go to the customers. As we found, avatars like to stay with their social group and will seldom stray to explore without their friends. Therefore, companies need to consider other ways to reach these avatars. They need to create or sponsor events that provide visibility to the consumers. Once the community becomes familiar with what the business is about or sees that the business supports an event they're interested in, they're more likely to develop an interest in the company's brand or product.

For some, understanding what SL consumers really want can be challenging for a couple reasons. First, most avatars are capable of building whatever objects they want in their world. If they don't know how to build it, they likely know someone who does or can reach out to their network to acquire what they need. Second, the virtual world makes it possible for anyone to have the life they've dreamed of living. For some, this means sitting in a lecture at the Princeton sims to feel the prestige of an Ivy League education. For others, this means owning a mansion in the clouds with plenty of waterfalls to create a zen-like escape. In SL, understanding the intangible factors that might motivate avatars' consumption is more challenging because these factors could potentially be rooted in the real world or the virtual world. Recognizing the added complexity virtual reality introduces to traditional consumer behavior models is essential to understand this new era of consumption.

Whether a company is interested in using SL for a lead generation tool, virtual retail storefront, or simply a way to generate brand presence, one thing is certain—the consumers in this virtual world exist to create (whether it be a house or an identity), explore, and most of all, socialize. Second Life is still a social network and for businesses to succeed in this virtual community, they will need to focus their communication strategies on bridging social experiences to their products and brands.

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