

Chapter 4

Advertising in Virtual Worlds: Facilitating a Hierarchy of Engagement

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ABSTRACT

This chapter describes how virtual worlds can be used for advertising and other communications to consumers. To help conceptualize how virtual worlds enable enhanced forms of communications to consumers, the authors introduce a conceptual framework which they call a hierarchy of engagement in advertising communications. They argue that virtual worlds facilitate deeper levels of engagement in this hierarchy. The authors then describe, from a practical standpoint, how to manage the traditional elements of advertising campaigns—message, media, timing, intensity, and budget—in the context of virtual worlds to help achieve deeper levels of engagement, which they argue lead to greater brand recall and loyalty. To put these points in context, they begin with a short history of gaming and social computing. To assist with selection of virtual worlds in which to conduct communication campaigns, the authors present a typology of virtual worlds and provide a description of some extant virtual worlds using this typology. The chapter concludes with a description of needed future work to harness virtual worlds for customer engagement.

INTRODUCTION

Virtual worlds constitute an increasingly prominent communications and entertainment medium in the lives of many adults, teens, and children. As such, virtual worlds constitute an important new vehicle for advertising and customer communica-

tions. According to one estimate, 20 to 30 million people regularly participated in virtual worlds in 2006, spending an average of almost twenty-two hours per week within these spaces (Balkin & Noveck, 2006). For those who participate in them, the names of these worlds are household words, including adult worlds, such as SecondLife, World of Warcraft, Kaneva, and Entropia Universe; children's worlds, such as Webkinz, Neopets,

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Club Penguin, Habbo, Whyville, TyGirlz, and RuneScape; community-specific worlds, such as Cyworld and HiPiHi; media-focused worlds, such as vSide; and educational worlds, such as ActiveWorlds, there.com, and Forterra Systems. The challenge for businesses and other organizations is to learn to harness this new communications medium.

A key distinguishing feature of virtual worlds is that people interact with each other through digital 3D anthropomorphic characters called avatars. In any given virtual world, thousands of people can interact simultaneously within the same three-dimensional environment. Through their avatars, people can play, explore, communicate, join group activities, design objects, write code to animate objects, trade things, make money, and take classes. Indeed, virtual worlds are believed to have implications that go beyond how we play, to also include how we buy, work, and learn (Bartle, 2006; Balkin & Noveck, 2006). According to a research firm Gartner, Inc., “by the end of 2011, 80 percent of active Internet users (and Fortune 500 enterprises) will have a ‘second life’” (i.e., an avatar or presence in a virtual community like Second Life; Gartner, 2007). And generally, since participation is inherently characterized by rich, multifaceted interaction (through avatars) with other people and organizations, virtual worlds afford the possibility of communicating with consumers by interacting with them. Consumers can learn about a company and its products through a process of learning-by-doing and relationship building, rather than through mere exposure to traditional advertising messages in non-interactive media.

Sensing the emergence of a new interactive medium, companies have started to harness virtual worlds for various marketing activities including running in-world virtual stores, promoting virtual and real products, and fostering customer communities. Examples of the early corporate entrants in virtual worlds include Honda, Coca-

Cola, Starwood Hotels, and the NBA. In fact, some authors even suggest that virtual worlds and the 3D Internet will become as important to companies in five years as the Web is now (Driver et al., 2008).

Purpose of this Chapter

Given the rapid development and significant potential of virtual worlds as a venue for targeted, interactive marketing communications, companies need to learn to avail themselves of the new communication opportunities that virtual worlds offer. Yet, because of their newness, the study and application of the medium of virtual worlds for advertising and communications is still in its infancy. The purpose of this chapter is to inform media professionals and scholars of the potentialities of virtual worlds to disseminate communications to a target audience, to glean consumer feedback, to enhance audience engagement, and to create consumer value and experiences. In particular, we discuss how companies can use virtual worlds to better achieve the following communications objectives:

- Advertising—pertaining to disseminating traditional communications to customer segments about products or services.
- Customer feedback—pertaining to receiving communications from customers (this includes formal market research).
- Customer engagement with a company’s services—pertaining to consumers utilizing a company’s products or services in-world (typically on an on-going basis).
- Creation of customer communities—pertaining to fostering rich interactions among groups of customers around particular leisure, learning, or work activities through avatar interaction.

Along these lines, this chapter contains two intended contributions.

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