

Chapter 12

Does *Second Life* Mark the Beginning of a New Era of Online Shopping?

Exploring the Avatar–Based Shopping Experience in Virtual Worlds

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ABSTRACT

In this chapter, the authors explore the unique social dimension of shopping in virtual worlds, namely Second Life, by examining the role of avatar-based interactions in determining consumer shopping experience. To this end, an overview of Second Life, and other similar virtual worlds, is provided. This chapter then introduces the concept of social presence and offers a conceptual discussion of how avatar-based shopping in virtual environments is distinctive from shopping in other Web environments. Next, the authors present the preliminary findings of the ongoing research study investigating how consumers' interactions with salespersons and peer consumers via avatars influence their shopping experience in Second Life. This chapter concludes with a future prospect of virtual worlds and directions for future research.

INTRODUCTION

One of the most recent internet trends are virtual worlds. Just like the hugely successful web-based

social networking sites, such as MySpace and Facebook, virtual worlds have emerged as “the next big thing” (Olga, 2007). Following the vast popularity of *Second Life*, a number of other virtual worlds have been created, and currently attract a wide range of people from around the

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world. According to a market research study by Kzero (2008), over 70 virtual worlds, including beta-test versions, are currently accessible. Many multinational corporations including Google, IBM, McDonalds, and Disney have leaped on the virtual world bandwagon and created virtual worlds of their own. Gartner, a technology analytical firm, predicts that 80 percent of the active internet users and Fortune 500 companies will participate in some type of virtual world by the end of 2011 (Gartner, 2007).

The mounting popularity of virtual worlds opens up new doors for marketers, and numerous real life companies, such as Coca-Cola, Dell, Nike, and NBC, have established their presence to appeal to their current and potential customers in the various virtual worlds. Moving beyond their initial attempt to create a mere presence through billboards and kiosks, marketers have begun more proactive efforts to explore the full potential of virtual worlds as a venue for marketing communications and interactions with consumers. Another promising business application of virtual worlds reflects the fast-growing number of consumers engaging in e-commerce in these virtual environments. For example, e-commerce transactions taking place in *Second Life* currently numbers in the thousands and generates significant real world revenue. Transactions involve numerous virtual items tailored for avatars, ranging from clothing to real estate.

From a consumer's standpoint, virtual worlds provide a unique online shopping experience. In virtual stores, consumers are able to obtain detailed product information, as well as try the 3D products. Real-time interactions with salespersons and other shoppers enhance the realism and social sense of the shopping experience. Most distinctive of shopping in a virtual world is that the avatar is the consumer. Avatars serve as a surrogate for consumers in virtual worlds. For this reason, it is expected that consumer behavior in virtual worlds is different from that in the brick-and-mortar real world or the traditional online shopping environ-

ments. Nevertheless, little is known about the unique characteristics of consumer behavior in virtual settings and the potential of the virtual worlds as an effective e-commerce venue.

The purpose of this chapter is, therefore, to explore the unique dimension of marketing and e-commerce in the virtual world, namely *Second Life* (SL), with an emphasis on the role of avatar-based social interactions in determining the consumer shopping experience. First, we present an overview of virtual worlds as an emerging marketing and shopping venue. In doing so, we discuss two notable marketing cases to illustrate the potential of virtual worlds in engaging consumers to shop and consume. Second, we introduce the concept of social presence and provide a conceptual discussion of how avatar-based shopping in multi-user virtual environments is distinctive from shopping in other Web environments, or the offline world. Next, we report our preliminary findings of ongoing research that investigates how consumer interactions with salespersons and peer consumers via avatars influence their shopping experience in SL. This chapter concludes with a future prospect of shopping in virtual worlds and directions for future research.

MARKETING IN VIRTUAL WORLDS

There are two primary types of virtual worlds. The first type is called the Massively Multi-player Online Role-Playing Games (MMORPGs). MMORPGs include games such as Lineage, World of Warcraft, and EverQuest. MMORPG is essentially a genre of computer role-playing games in which a multiple number of players simultaneously control their own game characters in a virtual fantasy world. The second type of virtual world consists of non-game virtual environments such as SL, There, Kaneva, and vSide. The latter tends to include game-like elements, but virtual environments in this category primarily offer a cyber hangout place for many people, wherein

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