

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	

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