

## Resident Perceptions of Corporate Interest in Second Life



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## **Resident Perceptions of Corporate Interest in Second Life**

Second Life is an online 3-D virtual environment where users, known as “residents”, are empowered to build, organize and govern their own communities. Because members are represented in-world as customizable characters, or avatars, Second Life has been considered by some to be an online role-playing game. However many Second Life residents would argue that it is not a game at all – there are no points, no levels, and no way to win or lose. The primary activities in Second Life are socializing with other residents; building, buying and selling in-world objects; and attending events and group activities.

Based on Neal Stephenson’s cyberpunk literary novel *Snow Crash*, Second Life was envisioned by Philip Rosedale beginning in the early 1990’s. The public version of Second Life, built by Linden Lab, went live online in 2003 with approximately 1000 users. In-world economy has been a key component Second Life from the early days – as witnessed by a citizens’ protest against a building tax which has since been eliminated.

Residency in Second Life has continued to steadily grow since those early days, with a radical population increase over the last 6 months. According to wikipedia, the population of Second Life has quadrupled since October of 2006:

- \* October 18, 2006 — 1 million registered accounts.
- \* December 14, 2006 — 2 million registered accounts.
- \* December 29, 2006 — First occurrence of 20,000 concurrent Residents.
- \* January 28, 2007 — 3 million registered accounts.
- \* February 1, 2007 — First occurrence of 30,000 concurrent Residents.
- \* February 25, 2007 — 4 million registered accounts.

This exponential growth in Second Life over the past few months has caused Corporate America to stand up and take notice. Corporate “sims” (simulations) and advertising campaigns from apparel, entertainment, technology and automotive industries have recently appeared throughout the metaverse. This upsurge in corporate interest in Second

Life is being increasingly chronicled in the popular press -- who had previously portrayed Second Life as a mechanism for partaking in virtual sex, drugs, and rock n' roll.

This new business-based phenomenon is the focus of our research interest in Second Life. Our team has aspired to discover the primary business objectives of those companies building a presence in-world and also what the resident reaction is to that presence. For example, do companies have a well-conceived notion of what it means to be successful in Second Life? How do community members feel about marketing and branding efforts in their alternative life? Are marketing-driven areas becoming gathering places for members? Are companies adding previously unavailable features to the world? Do companies "get it"? Do they understand the platform and use it effectively or not? In what ways are residents using these areas, if at all? This paper aims to answer such questions.

## **COMMUNITY ANALYSIS**

In order to fully grasp the impact of business interest in Second Life, it is important to first understand this community as a whole. Based on Amy Jo Kim's "Nine Principles of Online Communities" (2000), we follow with descriptions of the key characteristics of the Second Life metaverse.

### **Purpose**

***Audience:*** As opposed to more specialized online communities, the residents of Second Life are a widely diverse group, drawn in-world for a variety of reasons. Some are interested in the social aspect of an alternative universe and tend to stay in a somewhat small in-world geographic region where they recognize other members. Some are creative and enjoy the ease of building objects and architecture of the virtual community in which they spend time. Some enjoy teleporting from place to place to see what's happening at events and group

gatherings. And some like to go in-world to stir up trouble. These four types of residents represent Bartle's player type classifications of Socializer, Achiever, Explorer, and Killer (1996). Generally speaking, those attracted to Second Life are technically-inclined and familiar with computer-mediated communication. A large contingent of Second Lifers are either physically or admittedly "socially disabled" in real life, and they enjoy the perceived level playing field of a digital environment. Many residents also explore new or alternative identities, be that gender or species swapping. The immersive nature of Second Life allows residents to pretend to be someone else, allowing themselves to expand their sense of what makes them comfortable (Turkle, 1995).

**Mission:** Second Life is a user-generated world of general use and, as such, its mission may be somewhat broad; however, self-expression, creativity and ownership are important factors. Members are encouraged to visit with one another, communicate, interact, play, build, buy and sell objects and services, and own and develop virtual land.

As stated on the Official Linden Lab blog, "our mission is that we are working to create an online world having the exceptional property that it advances the capabilities of the many people that use it, and by doing so affects and transforms them in a positive way...Largest among the new capabilities we seek to create through this simulation are: Improvements to our ability to communicate quickly and accurately with each other, and the ability to rapidly express our thoughts or intentions as shared artifacts within this new world. This mission is both a great business and a great cause. If we empower people by our efforts, we can expect a fraction of the value of those improvements in return for having built the infrastructure to enable them."

**Visual Design:** The 3D visual design reinforces the purpose of the community by allowing residents to create new objects. When built with visual appeal and technical finesse,

the objects create an environment that balances reality and fantasy. For example, objects in a garden take on realistic characteristics, like leaves and branches that sway gently in the wind. When one is walking on the rolling terrain surrounded by flora, accompanied by birds that peck at the ground, the experience in the garden can feel magical. Such experiences motivate residents to build objects that fit and match the existing visual design. Residents who build objects that are beautiful as well functional are much admired. They understand their creations must delight but also serve a purpose. Contrary to Novak's objects, one without the other is useless in this immersive world (Novak, 1991).

***Backstory:*** As mentioned previously, Second Life is one of several virtual worlds that have been inspired by the cyberpunk literary movement, and particularly by Neal Stephenson's novel Snow Crash. The stated goal of Linden Lab is to create a world like the Metaverse described by Stephenson, a user-defined world of general use in which people can interact, play, build, do business, and otherwise communicate. This connection to cyberpunk literature may not necessarily be something that all residents are aware of.

## **Gathering Places**

One of the most important aspects of Second Life is the large number of open public spaces in which to gather. The world is constructed to allow for the number of gathering spaces to increase as people buy land and construct new areas for social interaction. While some areas are restricted for private use, any number of public areas is open to those who wander in. All residents can access a variety of shops, open public squares, galleries, clubs and entertainment venues.

Much like Oldenburg's theory of Third Places (1999), certain niche areas are also defined by residents with similar interests or activities. For example, several thriving art communities have developed in Second Life, allowing artists to display virtual works of art

and sell them to other residents to decorate their virtual homes. Some of these communities are also investigating ways to use Second Life as a means to showcase art that could then be bought, sold and delivered in real life. Custom-built objects are also demonstrated at various “show and tell” events that are widely attended by residents looking to generate ideas or buy interesting items. These events reinforce creativity and technical finesse.

The Second Life interface allows residents to see the lay of the land through a comprehensive map. The map allows users to search for friends, special landmarks, or events and then teleport directly to them. The map also represents other avatars currently in the selected area, so users can quickly see if other people are around.

### **Membership and Profiles**

Basic membership in Second Life is free and allows users to create a custom avatar, meet and interact with people, go to events, and build objects. A Premium membership allows users to own land and collect a weekly stipend of 300 Linden Dollars. There is some debate among members about the importance of owning land via the Premium membership. For some members, owning land is integral to the purpose of participating in Second Life, i.e., having control over a piece of the world in which they can create their own sub-universe. To others, owning land is unnecessary: “I don’t see why a free account member cannot have the same experience that a Premium account member does, aside from owning land. Do you really need a house? Are you actually going to sleep in Second Life?” (Rymanszewski, 2007)

Residents can update their profile at any time in Second Life. Aside from customizing an avatar’s physical characteristics, each character has a profile that can be accessed by clicking on the avatar. Profiles contain multiple sections including avatar name, avatar photo, ratings, groups, about, etc. Lengthy profile descriptions serve to develop the persona and character of the resident’s avatar. Erving Goffman states, “Once a particular role is initiated,

the task is simplified to that of reacting within character,” (1956). Members can also post information about their first life, but we found this to be somewhat rare. Profiles also allow members to advertise what they like to do in-world and what skills they have, e.g., build, groups, meet, explore, buy, sell, make textures, modeling, architecture, etc. The profile section also allows a user to make private notes about someone that cannot be detected by anyone other than the writer.

Profiles can indicate the history of the avatar by displaying the day they were “born”, also known as their Rez Day. Other indications of an avatar’s history are the complexity of their skins, builds, animations, clothing and appearance, i.e., wearing standard newbie clothing is a dead giveaway that a resident has not been around very long. Residents’ abilities, behavior and appearance can also be rated by others through their profile.

## **Leadership**

Leadership in Second Life can be bestowed in a number of ways, although there are no formal criteria for becoming a leader. Members have the ability to create groups and the group creator or “owner” can then bequeath leadership roles to the other members of the group. In some instances this is no more than assigning the role to a friend. In other cases, members must apply and interview for a leadership position. In the case of newbie areas, such as New Citizens Island, group leaders are promoted up through the ranks based on knowledge, helpfulness and willingness to teach. Officially anointed Linden Lab hosts and representatives are only seen in groups where a Linden official is the owner. The residents govern all other groups and land as they see fit.

## Code of Conduct

The “Big Six” make up the code of conduct, which can be found in the Community Standards section of the Second Life website. While encouraging fun and creativity, Second Life prohibits the following six behaviors, which can result in expulsion from the community: Intolerance, Harassment, Assault, Disclosure, Indecency, and Disturbing the Peace. Enforcement of the Big Six is clearly outlined in the Policing and Policy section of Community Standards. Residents are encouraged to report abuse using an in-world tool.

Linden Lab offers several ways to report and handle resident misbehavior. Members can mute annoying bystanders, file an AR (Abuse Report) to be investigated, or eject someone from privately owned land. “Griefing”, the Second Life equivalent of spamming or general obnoxiousness, can range from mere annoyance to a system-wide crash. The lack of authentication in the free membership process allows for griefing without consequences because the avatar’s identity cannot be traced to a valid name (via a credit card or PayPal account). The high level of risk tolerance in Second Life allows griefing that cannot be easily controlled. There are two types of griefing attacks:

1. *Particle attack*: For example, a CNET sponsored interview with Anshe Chung, Second Life real-estate tycoon, was bombarded by flying genitalia (Hutcheon, 2006). She eventually teleported out of the interview because CNET was unable to control the phalluses. This type of griefing is more annoying than destructive, and can easily be combated by preventing scripts from running in certain areas.
2. *Self-replicating objects*: Objects that multiply repeatedly (usually of a vulgar nature) until the system eventually crashes. In the Christmas Attack, genitalia invaded regions all over the grid and replicated uncontrollably until Second Life crashed for several hours (Nino, 2006).



Linden Lab has decided to take a centralized technical approach to griefing, one of four approaches used to manage deviant behavior in virtual communities (Bruckman, Curtis, Figallo, and Laurel, 1994). According to the Official Linden Blog, Second Life will enforce “technical options which will allow only ‘trusted’ residents to fully utilize the Linden Scripting Language across the grid,” (Robin, 2006). This approach has not been well received by residents because they do not see the solution as a means to hold people accountable for their behavior.

### **Cyclic Events**

*Events:* Second Life has hundreds of events every day. Anyone may post an event, and these events are browsable via the Search function within Second Life. Events take many forms and can serve many purposes (e.g., entertainment, education). Many of these events are recurring and many mirror traditional real life events and celebrations. For example, every year Second Life hosts the Winter Holiday Celebration, which includes a Grid-Wide Snowball Fight and winter-themed events held by residents, such as sleigh rides, skating, and a winter ball. More personal celebrations include a resident’s Rez Day party.

*Newsletter:* Second Life has a newsletter, the Second Opinion, but because it is published monthly, it is not a good indicator of upcoming events. Within Second Life, one can mark events and choose to get reminders when those events are coming up. The Second Life website has an events page and a blog that also highlights events. Additionally, there are a number of non-official sources that publicize upcoming events, including the Second Life Insider and multiple Second Life blogs.

## **Roles**

**Visitors:** Visitors who have not registered for an account do not have access to the Second Life world. The community is not accessible to visitors and they cannot interact in the space. Visitors can, however, get an idea about the community from the periphery—by taking a features tour, reading about events via the Second Life website, or reading official and unofficial news blogs.

**Novices:** Once someone has activated an account and become a resident, he or she has many in-world capabilities, such as avatar customization, navigation within the world, interaction with other residents, and object creation. There are specific areas for new residents to familiarize themselves with the controls and capabilities of the environment, such as Orientation Island or New Citizens Plaza. Branded areas that recruit their existing audience into Second Life, such as the Showtime television series “The L Word”, often have their own branded orientation areas. Even after going through orientation, new residents must navigate some amount of time in the world to become adept at it.

**Regulars:** A regular is a resident who has become familiar with the Second Life environment and spends a consistent amount of time there. Regulars often buy and sell objects or own and build on land (by paying a monthly fee), although these behaviors are by no means required. Regulars usually have a more customized appearance, have more sophisticated gesturing and animation, and associate themselves with multiple groups.

**Leaders:** There are many forms of leaders in Second Life, such as greeters, hosts, tutorial leaders, and group leaders. Typically, a resident’s reputation as a skillful builder or scripter will lead to becoming a tutorial leader for free Second Life classes. Greeters and hosts are often chosen based on reputation as helpful residents. Anyone may create and, by default, become the leader of a group which then gives them administrative rights over the group.

**Owners:** The true owner of Second Life is Linden Lab, spearheaded by founder and CEO Philip Rosedale. However, one of the most unique properties of Second Life is that all members retain ownership rights to the objects and structures they create. Once a resident has created an object, he or she has intellectual property rights over it and may sell as many copies of it as he or she chooses. The owner also delegates the amount of power the object's buyer has over it (whether he or she may copy it or sell it again).

## **Groups**

**Infrastructure:** Any resident, even a basic member, can create a group and decide on features such as permissions, optional joining fee, open enrollment, inclusion in the Search list, and publication to the web. Once the group is created, there are many support features such as group IM and bulletins to announce events. Groups can also choose to own land together in order to have a persistent gathering place. Group land ownership is especially important when access control is preferred. While many groups allow all visitors, others restrict access to group land and objects on the land.

**Publicity:** Because Second Life is comprised of thousands of specialized groups, there is no formal mechanism for publicizing them to the entire community. However, when a resident joins a group, the group name appears as a tag above their avatar names. The group image and profile are displayed in the Search tool. Being written about in an in-world publication like Second Life Insider is another informal way to publicize a group.

## **Real World**

*Meeting in real life:* Real life and Second Life intersect little, as residents generally prefer to keep them separated. Even though there is a tab in the user profile called “First Life” where one can add real life details, most residents choose to leave it empty. “I definitely keep my real life and Second Life entirely separate; mostly because of the amazing number of freaks out there...People know I'm from Houston, and that I'm starting a business. That's all, I think, and that's enough,” says Tom Silver.

*Shared Events:* Shared events usually occur only in-world and are generally group-related. For an hour every Wednesday, the medieval group goes horseback riding together. This event reinforces community identity within the group, and once in a while, real life activity intersects with Second Life. The same medieval group avatars committed to walking in-world during the Susan B. Komen Breast Cancer fundraiser, Relay for Life, which was held concurrently in Second Life and in the real world. The group raised more than \$500 US. The members were proud of their participation in the event as a community, and that it resulted in real dollar donations.

*Personal Events:* Celebrating personal events in Second Life means celebrating the avatar's personal events, not those in real life. One such celebration is Rez Day, an avatar's “date of birth”. One of our interview participants, Tom Silver, gave a necklace he made to one of our researchers on his Rez Day -- a gift giving tradition he upholds on his avatar's birthday.

## GETTING IMMERSED



Figure 1: The Happy Researchers Group (left to right): Vanessa, Annie, and Addy

### First Impressions of Second Life

The members of our research group had never entered Second Life before beginning this project. For each of us, getting used to the environment and the interface controls was somewhat daunting. During our first few visits, the world seemed considerably random and we had trouble understanding how and why to go somewhere.

Our first impressions of Second Life were varied, but each of us was surprised at the friendliness of nearly all the residents. Although we were notably awkward in terms of walking and appearance, most residents were eager to help us get around, show us how to do things, and advise us on how to spruce up our avatars. Two of us were even given small amounts of Linden Dollars by perfect strangers so that we could buy items to improve our

avatar's appearance! The willingness to share funds and take the newbies shopping clarified very quickly that commerce is of key importance to many Second Lifers.

The representational power of avatars was also immediately clear to all the members of our group. Many residents take great care to create an amazing avatar, even some residents who may be relatively new to the world. Often newbies will spend a fair amount of time and money on their avatar, so a great looking character does not necessarily correspond to a seasoned resident. Alternately, though, you will never see a seasoned resident with a poorly-represented avatar.

Another immediate impression for our group was how quickly communication and friendship can become intimate. Within seconds, one can be having a quite emotional conversation with someone about a particular topic of concern. Or within just a minute or so, you might be traveling off to a strange area with a new-found friend.

The importance of profiles was also apparent quite quickly. Several times residents would walk up to one of us asking about our research, which they had previously read about through our profile descriptions. In return, we accelerated our use of profiles to glean information about someone – to get an immediate sense of who they were and whether they might be a recruitment possibility.

### **First Impressions of Corporate Locations**

Our predominant first impression upon arriving to most corporate locations was “where is everybody?” Many places were desolate and had no residents, no greeters, and no corporate representatives. For all the press we had seen concerning different locations, there was very little traffic. On the other end of the spectrum, when we attended special events hosted by corporations, it became clear that many could not handle the influx of people. Either people were left hovering around a block of land because it was full, or sims crashed

because of the number of people in the same location. Many locations had interesting features, but often not any more interesting than what you might find at an individual resident’s location. There seemed to be a lot of potential that was not being realized.



Figure 2: Where is everybody? Sears and Sun Microsystems locations

**Places We Visited**

**Automotive**

- BMW
- Mercedes-Benz
- Nissan
- Pontiac
- Toyota

**Entertainment & Leisure**

- Aloft – Starwood Hotels
- MLB – Yankee Stadium
- Showtime – “The L Word”
- Sony BMG
- Sundance

**Media & News**

- AOL Pointe
- iVillage
- NPR/The Infinite Mind
- Reuters
- Think Geek
- WIRED Magazine

**Non-Profit & Government**

- National Oceanic & Atmospheric Administration

**Retail**

- Adidas
- American Apparel
- Circuit City (on IBM island)
- Reebok
- Sears (on IBM island)

**Technology**

- Cisco
- DELL
- IBM
- Sun Microsystems

## **OUR STUDY**

### **Methodology**

Our research group hired a tutor to get us up to speed for navigating the world and client software quickly. We wanted to fully understand features and functionality in order to appear legitimate and knowledgeable once our in-world participant recruitment started.

Using a similar research strategy as McKeon and Wyche, we created avatars that visually represented researchers (McKeon & Wyche, 2005). As avatars Emmie Bonne, Eliza Lamont, and Annie Bright, we wore white lab coats in an attempt to portray as much professionalism and seriousness as we could in the virtual world. As mentioned, we clearly stated our objectives and reason for being in Second Life in our profiles.

Each researcher conducted three semi-structured interviews with Second Life residents, for a total of nine interviews that were audio recorded. Our participants included residents (see Appendix A for interview guide) as well as business representatives (see Appendix B for interview guide). Participants were from the United States, Germany, and India. Ages ranged from 19 to 52 and have been members for more than three months.

### **Participants**

We found it rather difficult to obtain phone interviews for a number of reasons but primarily because Second Life is a world that is centered around the concept of alternate identity. Gender- and even species-swapping is common among residents. People separate their Second Life identities with their real life identities and are very reluctant to cross the line between the two. Additionally, the world is currently populated with many



researchers and journalists who are interested in this hot new topic. The following are the residents we interviewed:

1. *Otto Munchen* is Head of Brand Relations and Cooperations at an international luxury car-maker. Otto spearheaded the company's Second Life presence and can often be found answering questions on the company's island.
2. *Karen Clerk* works in web development for a major American clothing manufacturer in real life and also works in-world at the company's Second Life boutique store.
3. *Logan27 Light* is a Second Life power user, logging over 5 hours a day in-world. His/her favorite activities include hanging around New Citizen's Island, answering questions from newbies, socializing, and building and selling objects.
4. *Tom Silver* is a seasoned Second Life resident who is an active member of a historical group that practices period appropriate etiquette and pastimes, such as going on weekly horseback rides. He enjoys building objects on his land and plans to open his own store soon.
5. *Branch Obama* is a recent resident who joined in order to have an interview with a prospective employer in Second Life. He spends his time exploring and socializing.
6. *Dominique Public* is addicted to shopping in Second Life. She is a premiere member who spends her entire stipend on clothes, shoes, and accessories.
7. *Marcel Birch* is a real world employee of a media company in Second Life who enjoys talking with visitors at his company's virtual location.
8. *Neil Foster* is a multi-year Second Life member who enjoys talking with people in Second Life and is not impressed by brands coming into the world.
9. *Nitro Delphin* is a contractor for an in-world developer of Second Life locations for branded companies.



**Figure 3: Two different avatar skins for one of our participants**

(screenshots used with permission)

## **FINDINGS**

### **Business Strategy: Why Are Companies Coming to Second Life?**

While many businesses may freely admit that they have not built a business case around their Second Life presence, some do have ideas for how the metaverse could boost brand recognition or help create customer loyalty. We interviewed representatives from both the automotive and apparel industries who are each responsible for their company's in-world presence. The automotive group had more highly defined concepts for how Second Life could align with core business objectives, whereas the apparel company did not. Based on our literature reviews and interviews, we found that some of the core reasons that companies come into Second Life are:

- Second Life is considered an emerging medium. Those companies whose image and brand identity is closely tied to innovation find it important to be seen as pioneers in these kinds of emerging platforms. Otto Munchen describes this

importance, “It would not do for us to go around saying we are innovative and then stick to old habits.”

- The 2005 infusion of venture capital into Second Life validated it as a legitimate place for businesses to invest time, effort and money.
- Second Life’s account registry recently reached 4 million accounts. Companies would like to connect with the user population of Second Life, particularly if they are seen as the same demographic market for their products or services. Residents of Second Life are considered to be a very desirable, young, and technically-savvy population, often called the “early adopter” or the “creative class” by marketers. Marcel Birch stated, “ we wanted to get more exposure to the end customer, so we thought a good way to do that was to get into Second Life.” Interestingly enough, the average age of Second Life users is 32, perhaps not as young as some companies might think. Teenagers and college students are not the primary user demographic. (Walsh, 2006)
- Recent marketing trends are moving toward “engagement” rather than “interruption” model of reaching audiences. This trend follows changes in customer media usage and evolving marketing tools to more closely match user expectation. This type of marketing methodology has been defined by articles and books, such as *The Long Tail* by Chris Anderson (2006), and has been well received by larger corporate marketing departments. Second Life is seen by these types of agencies as aligning well with this new philosophy of reaching customers.
- Companies often look at Second Life as an additional channel to drive customers to purchase, through an in-world commercial component that allows for the sale

and purchase products in real life. This may be manifested in objects that link outside of Second Life to ecommerce web sites or other points of purchase, such as on Dell Island where residents can link directly to their website for real life purchase.

- Marketers see Second Life as an extension of broader interactive marketing strategies. One example of this is the Mercedes-Benz mixed tape series promotion that allows users to download music deemed proper for driving. Mercedes has now integrated this capability to their Second Life island and their grand opening event featured a live concert by one of the artists in the collection.
- New branding opportunities abound in Second Life. The scale of landmass allows many opportunities for new or more traditional messaging and advertising, e.g., virtual billboards in heavily populated areas.
- Many companies are using the Second Life metaverse as a place to meet with residents and test new ideas through panel discussions and focus groups. Because residents have been classified as a desirable audience to reach, marketers can use the platform to speak to interesting target groups and discuss concept ideas in-world.
- Some larger initiatives are looking to Second Life for new potentials in business structures, human resources, simulation processes, R&D and development. Companies like Starwood Hotels have built prototype hotels for users to tour and give feedback. This allows the company to iterate the design of the prototype based on resident feedback.
- Often companies who don't fully understand the potential of Second Life will pilot a test case to try and understand the medium more fully. In these cases, the

business strategy is unclear, but the company feels the need to make an effort at having a presence. As Otto Munchen states, “Any company who says they have it all figured out in SL, would not be telling you the truth. We are still in the scouting phase, still doing our homework. We have no expectation of ROI [Return on Investment] yet – we are not in a position to grasp the scope of this.”

- The traditional media attention for branching out into Second Life has been tremendously beneficial to some pioneering companies. While they may not have put forth an effort to understand the best ways to utilize the interactivity of Second Life for marketing or branding efforts, the public attention for entering the space has given them a lot of mileage in and of itself. American Apparel was one of the first recognized corporate sims and they are continuously mentioned in articles about other corporate areas, even when they are completely unrelated.

While many companies are dipping their virtual toes in the Second Life pool, they often have no way of measuring success. Some rely on monitoring blog activity as an indicator of resident reaction to corporate areas. Some rely on panel discussion or user groups to ask residents what they like, dislike, or expect. Other companies have almost no interaction with the residents of Second Life and have no idea how to gauge reaction to their sim. We found that residents have many opinions about corporate interest in the metaverse and are happy to share them.

## **RESIDENT REACTION TO CORPORATE AREAS IN SECOND LIFE**

Business activity in Second Life is not new. For the last three years, residents have

been creating and selling merchandise from their own Second Life stores. What *is* relatively new is the entrance of real world corporate businesses in Second Life.

American Apparel is credited to be the first corporate clothing store to enter Second Life in 2006. Built by Aimee Weber, a well known content creator, American Apparel's launch in Second Life received much mainstream media attention. Many companies soon followed, such as Adidas, Nike, Circuit City, Dell, Toyota, BMW, Amazon, Reuters, BBC, and Showtime. At times, a real world company will begin building in Second Life, but not hold a grand opening event until it understands the environment better. BMW has chosen to take this "soft launch" approach and allow residents to slowly find their island and spread the word without holding a major press conference. It is during advertised launch events, however, that companies receive media attention from the mainstream press and from the in-world news sources such as the Second Life Herald, Second Life Insider, New World Notes, or the official Linden Blog.

The reasons that residents may visit a corporate area vary in nature. Residents may be purely curious about the new sim, especially if it is designed by a well known content creator. They want to explore the virtual space as well as the products and services. Logan27 Light says he visited the Dell site because he, "wanted to see how their sim/buildings/in-game computers compared to non-corporate [Second Life] ones."

Entertainment and social interaction are other reasons to attend new launch events, which are often accompanied by music from DJs or from real life performers. Contests are also part of the appeal which residents enjoy for the friendly competition and for the reward of Linden dollars. Freebie objects and take-aways are generally welcomed as long as they are useful or fun. Lastly, a gathering is always a good opportunity to socialize and check out other avatars. Residents who have several avatars may appear in

their most creative or unusual skin, eliciting compliments and comments. Because of these factors, grand openings in Second Life are fairly well-attended.

“Commercialization is global, so I wouldn’t expect anything different in Second Life, but real life companies get boring quick after the party,” Dominique Public said about the Mercedes Benz event she attended in February 2007. She summarizes the opinion of the residents in our study, in that she does not mind companies coming into Second Life, but finds they leave no lasting impact after one splashy launch event. The following sections describe the residents’ sentiments about real life companies in Second Life, attending launch events, and why they may not be returning anytime soon.

### **Companies are Just Here for the Hype**

Every week, real world companies enter Second Life accompanied by plenty of media attention. When asked what he thinks of this rapid influx of real world companies, Tom Silver responded, “I was a dotcom person in the 90's. I think it's the same thing we saw back then. Everyone knew they had to get on the web. Nobody knew really what that meant.”

Corporate entities still have much to learn about conducting business in the metaverse because the concept is still so new. “Today, virtual worlds are where video and VCRs were in the early 1980s, or where the Web was in 1993,” says Irving Wladawsky-Berger, vice president for technical strategy at IBM (Laplante, 2007). Companies are still trying to figure out what it means to be in Second Life. They are excited about having an early presence in the virtual world, but how that translates into real business value is unclear.

Branch Obama was disappointed in the Mercedes Benz event as well. “I went there

to drive a car, but they didn't have any cars to test drive. I walked away with a driving suit & crash helmet. Big deal. What good is a crash helmet without a car to drive it with? 'Look at how cool we are because we are here,' is not a good enough reason to be in Second Life," he said. The company's move into Second Life has been well-documented in German press: "Here in Germany, it was everywhere. It was in all the major magazines and news sites and everything," Neil Foster says. However, the Mercedes Benz Island today has almost no activity.



**Figure 4: Mercedes Island Grand Opening on 2/20/07 (left), Mercedes Island on 3/05/07 (right)**

### **Give Us a Reason to be Here**

Establishing a presence without first understanding how residents want to interact with their offerings result in abandoned areas once the party is over. It is a lonely experience going to an empty store. "It's kind of funny, they [real world companies] do these great big build outs, then after the grand opening, they disappear, and you end up coming to a ghost town, essentially," said Tom Silver. After the initial event of music, contests, and freebies, companies need to give residents a reason to return.

Some companies are making a more concerted effort to maintain contact with audiences. Media companies such as Reuters, Showtime and the BBC have regularly



scheduled events and classes that are displayed on the Second Life event calendar. Residents develop affinity to certain areas or events because they can socialize with others who share the same interest. For example, Showtime's "The L Word" area attracts fans of the show who come to the space to interact with each other, participate in events, and talk about issues that refer back to the show. In this case, Showtime provides a reason for residents to gather and interact. Second Life is about having shared experiences, and companies that provide the environment to do so are viewed more positively.

Good business practices in the real world, such as having rotating inventory and staff to greet customers, are also applicable in Second Life but are often forgotten. "It's an interesting problem that is faced by the real world stores in-world, which is how to keep people interested. The attention span in Second Life is very, very short. The answer seems to be you need to continuously generate new content. For example, with American Apparel, when they first came in, they had a bunch of clothes everyone can buy. They haven't come up with new clothes since. So once everyone has bought everything they want from the store, there's no point in going back," Tom Silver said.

Logan27 Light noted there was nothing fun to do on Dell Island to attract people. Having "on-area customer support, someone to greet you, show you around, to sell you stuff, or at least engage in dialogue," might bring visitors to the island. He saw no customers during his brief visit and left before he even saw their products. He has not been back.

### **I Want Things in Second Life I Can't Get in Real Life**

Real life businesses "need to realize traditional business models do not work" in

Second Life, says Logan27 Light. For example, having a kitchen showroom where one can customize a kitchen with new appliances is not interesting in Second Life. Residents want to indulge in fantasies, not decide between a stainless steel and an olive green refrigerator (Laplante, 2007).

Tom Silver test drove a Toyota Scion. He wants something more in a Second Life car. “I haven't bought anything from a real world store because the stuff people make in Second Life is more fantastical. I don't mean more awesome, but the real world stuff that's sold in Second Life is the exact same stuff you can get in the real world, like a Toyota Scion. It's a car. It drives on land. It doesn't drive on water or fly through air. And it could, with minimal effort. A car that drives on roads is OK, but how about flies or rides on water to enhance the way people travel in Second Life?” Similarly, desirable features in the real world are not necessarily desirable in-world because the metaverse does not have real world constraints. BMW would like to promote their energy efficient cars on their island. However, Logan27 Light is not interested. “Fuel efficient cars? Who gives a rat's arse? There is no fossil fuel in Second Life!”

### **Help Me Have a Better Experience in Second Life**

Logan27 Light says, “I don't care how much people say this is not a game, it's meant to be fun. If the corporations can aid in that, then good. If they can't, they can bugger off.” He wants companies to contribute to the fun factor in Second Life. For example, Branch Obama liked the leather sofa in the Mercedes Benz showroom. When he sat on it, the attached script prompted his avatar to relax and sink back deeply into the chair. “It was seat-inspired gesturing. He [avatar] was feeling the leather and admiring it. I thought it was good of Mercedes. I was amused.” Because one expects to sit in a chair

and not much else, the unexpected relax pose enhanced Branch Obama's experience with it.

Not all interactions with real world businesses are positive. Interacting with their products often directs residents to the company's external website. "I'm not leaving here to go to your website. It ends up crashing my computer anyways and I'm mad at you. This is my world for the next hour or ten hours or whatever. Do something for me right here, right now," says Dominique Public. Residents feel companies do not yet understand the how to meet their social, emotional, and everyday needs. They are still focused on real world outcomes and not in-world ones. Companies have the resources to help make Second Life a better community. Figuring out how to do that will change residents' perceptions of corporate interest on the grid.

## **IMPLICATIONS FOR DESIGN**

Through analysis of branding in Second Life and community reaction to it, we have gathered design principles to help create a successful area for the brand and, more importantly, the residents. These principles include having a constant and consistent presence, understanding the affordances and constraints of the platform, and providing a positive impact on the Second Life experience.

### **Have a Constant and Consistent Presence**

Many real world companies have been known to enter Second Life with a bang by having splashy grand openings for the media attention and then quickly falling into oblivion because of their lack of visibility in the world. The key to retaining visibility in

the world is maintaining a presence through representatives, content, and events.

A dedicated avatar representative for a brand spends his or her time on the brand's land and welcomes guests to the area, shows them around, and answers questions. A brand may consider using their own employees to be representatives or hiring members of Second Life who are already established. For example, Showtime staffs its island for "The L Word" with Second Life members (and pays them in Linden dollars). These representatives not only provide a constant source of help in regards to navigating the space and answering technical questions; they also serve as brand spokespeople who can provide information about the company and in turn gather valuable feedback from visitors. Overall, area representatives add a needed human presence to the identity of a brand.

Another aspect of maintaining a viable presence in Second Life is continually showcasing and creating new content. Second Life is seen as an ever-expanding world that is dynamic and changing. New content—such as new products or new features—can bring people back to an area if the content is compelling enough and added or updated regularly. Residents are quickly bored with content that remains static over time.

Perhaps the most important component of building a presence in Second Life is the consistent hosting of events. While a grand opening may attract attention for a short time, it will not hold the attention of the community. Other events can range from seminars to concerts to community games. Regular events serve to bring people to a location as well as build a brand's reputation as a facilitator of entertainment, dialogue, and education. These events do not necessarily have to be tied to the brand; the area can simply serve as a venue.

## Understand the Platform's Affordances and Constraints

Second Life is a world that gives all members the same opportunity to create objects. Companies should understand that the advantages they have in the real world to promote their image and sell their products (such as resources and expertise) do not necessarily translate into Second Life. Commodities are not limited, as Logan27 Light describes, “in a world where supply can always meet demand, the only thing that is *in* demand is innovation, because there is a short supply of it.” Objects in Second Life need not conform to the constraints of the real world. Second Life members are used to interactive objects and rich digital media content (audio, video, ebooks) as opposed to static objects.

Designers in Second Life must also understand the constraints of the world, where there is a very important tradeoff between efficiency and design—similar to Vitruvius’ architectural principles of soundness, commodity, and delight (1931). Second Life performance can be hindered greatly by complicated designs that use a lot of prims (three-dimensional building blocks used to create in-world objects). An example of the design vs. efficiency tradeoff is Reebok’s custom configurable avatar sneakers. The result is beautiful yet prim-heavy shoes, which often lead to lags and crashes for the shoe-wearers. “They came in and made this product that looked great but didn’t work,” says Tom Silver. Although there are many possibilities when designing in Second Life, trying to leverage too many of them at once can result in usability issues.



**Figure 5: Reebok Sneaker Customization**

Not only does poor design cause problems on the user end, it also affects the landowner. Owners are given a prim allotment per piece of land, and if they use up all their prims, they will need to buy more land, which is not only inefficient but also translates into real-life costs. Residents with building experience in Second Life can easily spot inefficiencies in building and it annoys them to see a company not take measures to design something properly. Logan27 Light criticizes the architecture of a corporate island: “Textures can do what [the company] is doing with prims, and look better, and save money in the long run.” For these reasons, it is advisable for companies to hire seasoned Second Life residents for the planning and building of their locations. Not only do they have the experience to competently build, they are also already a part of the community and understand its needs. Nitro Delphin, a developer within Second Life, acknowledges that it is in his best interest to enhance the community because his business is dependent on the success of the world.

## **Provide a Positive Impact on the Second Life Experience**

Our interviews have revealed that Second Life members currently find little value in most branded interests within the world because those companies do not understand the medium—particularly the community aspect. Neil Foster says “I can’t say anything against them, they don’t take space away because there is an unlimited amount of space, but I don’t think they give anything back to the community either.” In order to be respected, a company must give back. This can be done in a variety of ways, including:

- Sponsor classes in Second Life skills such as scripting or building. These classes promote in-world education and perpetuate creation and the economy.
- Sponsor discussion groups, panels, and events about issues in which people want to engage. Some of the most respected places are those that bring people together for interactive dialogue.
- Contribute to the success of Second Life builders and vendors by sponsoring their stores or products, promoting them, or providing land for their stores. In turn, the company is associated with quality in-world products.
- Sponsor cleanliness or beauty. A company that sponsors a park or beautiful piece of architecture could be seen as promoting the aesthetic of Second Life.
- Contribute to the Second Life community by hiring residents to work in the company’s in-world location. Hiring residents as greeters and hosts automatically creates a set of regulars that are more likely to spend time in the area.
- Bring something new to the world. Corporations have the resources to contribute software or tools to optimize Second Life as a whole.

Logan27 Light advises that companies “realize that there is that symbiotic relationship here in Second Life” and “give back.” Only with this key component can a company be seen as a positive influence. And with the development of a consistent presence in the world and sound design for the medium, a company can be seen as enhancing the Second Life community.

## **CONCLUSION**

With this research, we sought to explore the phenomenon of business interest in Second Life and the community’s reaction to it. By examining the world firsthand and analyzing it in terms of Amy Jo Kim’s online community principles, we were able to better understand the nature of the community. Our interviews with business representatives revealed that they see Second Life as an emerging, mysterious, and possibly powerful venue for branding and sales opportunities. But interviews with residents clarified their displeasure with corporations entering the world without a true sense of the medium. We discovered it is not only crucial for companies to design for the platform, but even more importantly, the residents of the community. This can be done by giving back to the community and integrating residents into the process as much as possible. Second Life is a vibrant, self-sufficient community, and companies will be successful there only once they understand its affordances and values.



## **WHAT WE DID**

Fueled by a desire to grasp the metaverse and interact with residents in a natural way, we each spent about 40-50 hours in Second Life. As novices, we often met and traveled as a group to different places and events. We used external sources such as blogs or news articles to find corporate locations and events and attended as many as possible. When we traveled alone, we often messaged each other about our findings.

We kept a running list of places we visited and documented them with Second Life snapshots. We held conversations with event attendees and location visitors as well as corporate representatives. We each interviewed members of business entities as well as Second Life residents. As Eliza Lamont, Vanessa interviewed Otto Munchen, Karen Clerk, and Logan27 Light. As Emmie Bonne, Addy interviewed Tom Silver, Branch Obama, and Dominique Public. And as Annie Bright, Annie interviewed Marcel Birch, Neil Foster, and Nitro Delphin. After discussing our findings we did the majority of the writing together and equally split the remaining parts.

## **APPENDIX A:**

### **Semi-structured interview questions for residents**

#### **General Demographic Information**

- 1) Age, Gender, etc...
- 2) How long have you been using SL?
- 3) Any other MMO's you play?
- 4) Age, Gender, etc of character

#### **Information about SL use**

1. How much time do you spend in SL?
2. What's your membership level?
3. What are your primary activities in world? What do you most like to do there?
4. What do you like about it? What do you dislike about it?
5. Have you purchased anything in SL? If so, what?
6. Have you sold anything in SL? If so, what?
7. How do you participate in the economy? If so, how? If not, why?
8. How much money have you spent in SL? How much do you spend per month?
9. What do you spend it on?

#### **Brand/Store/Event specific information**

1. How did you hear about this store/event?
2. What made you interested in coming here?\*
3. Do you know if there is a sponsor? If so, what does that mean to you? Do you care? Would you be more or less inclined to attend if there was not a sponsor?
4. Why did you come to store/event at store/place?\*
5. Have you been here before?
6. Do you think you will come back?
7. Do you think you will tell other people to check this out?
8. Are there any other specific spaces you hang out in SL that are sponsored areas, i.e., marketing-driven area, like a store or sponsored area?

9. Did you bring anyone with you? Did you plan to meet up with someone here?
10. What is your overall impression of this [brand/product] in SL?
11. IYO, are these types of places valuable to the community and how?
12. What is your overall impression of corporate interest in SL?
13. What do you think it means for SL?
14. Is your experience of SL being enhanced by [brand/store]?
15. Did you purchase anything here for you SL character?
16. Based on your experience with [brand] in SL, have you or would you purchase anything from this vendor for yourself in RL?

**Other Store/Event specific information**

1. Other than this one, have you been to other sponsored/branded areas of SL?
2. If so, [repeat questions from previous section – Brand/Store/Event specific info]

## **APPENDIX B:**

### **Semi-structured interview questions for business representatives**

1. Tell me a about your role at YOUR COMPANY.
2. Tell me a little history of how YOUR COMPANY decided to go into Second Life?
3. What was the reason for coming into Second Life? Whose idea was it? Who needed to be convinced?
4. What is the business strategy of YOUR COMPANYs efforts in Second Life?
5. How does SL help YOUR COMPANY sell more of your product?
6. How does it fit in with other COMPANY marketing efforts?
7. What is the percentage of YOUR COMPANY's marketing budget being spent here?
8. What is the expected outcome? ROI?
9. Are you trying to reach a specific audience?
10. How did you decide what to build? Did you do user/resident research to help determine this?
11. What has been built?
12. How did you go about building? Hire in world? Out of world?
13. What can people do at your island?
14. Do you hold events? What do people do at events? What is the attendance like? Is it considered successful?
15. Do people come when there is nothing going on?
16. Do you have a way to tally how many people visit the island when there is not an event or a rep here?
17. How are you measuring success?
18. What is the long-term strategy in SL over time?
19. Is the idea to get traditional media attention for pioneering in this new platform?
20. What are the things that make this kind of marketing different than traditional marketing?
21. What has been the response thus far from residents? from the press? from YOUR COMPANY folks?
22. What are you planning next?

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