

ANA

101

VIRTUAL WORLDS

1. The Lowdown.

The growth of the Internet has led to a parallel growth in virtual worlds, where real people take on personas, or digital characters, commonly called 'avatars'. There are many different types of virtual worlds, but by 2008 two became hugely popular, and thus of interest to all marketers.

The first is Second Life, an Internet-based virtual world set up by a company called Linden Labs in 2003. It was inhabited and created by 'Residents' with no purpose other than to hang out and, perhaps, make some money. The second is actually a computer game called World of Warcraft. Although there are many virtual world games or massively multiplayer online games (known as MMOs or MMOGs) World of Warcraft (often abbreviated to WoW) is the market leader with 50% share. Currently these two worlds are the most popular so this article will focus on them; however, the basic principles could largely be applied to other worlds as they launch or become popular. Google is planning a competitor to Second Life. Sony Playstation will launch its version, 'Home,' sometime in 2008.

Second Life is accessed solely through computers. Users download a piece of software that then connects to Linden Labs' servers. Users become residents, they create a look for their digital persona, their 'avatar,' and a name. They are then free to walk, fly, or teleport around the world. The world is made up of islands. Most are public, some are private. All are user created rather than made by Linden Labs. Brands have made forays into making buildings or islands. There is a currency, Linden Dollars, which can be used to purchase things in Second Life, the most common being clothes for avatars or real estate. There are examples of Second Life Millionaires who have converted Linden Dollars into real US Dollars. There is a real exchange rate that is set by Linden Labs.



MMO games are video games capable of supporting hundreds or thousands of players simultaneously. They can be played on personal computers, or on most of the newer game consoles (PS3, PSP, Xbox, Wii, etc.). They tend to have goals, and successful players are rewarded with money, fame, and access to more levels. Like Second Life, World of Warcraft has a thriving economy. Players can, in some cases, buy their way into harder levels or buy new skills for their characters. This has become a business in its own sense with gamers, often from Asia, playing games for days and then selling their virtual currency or skills to other players who don't have the time or skill to progress in these complicated games. This trend is called 'Gold Farming' and, although frowned upon by 'real' players, it is still common.

2. Who and How Many?

Virtual worlds are, unsurprisingly, inhabited by the sort of people who first used the Internet. There is a skew toward those interested in sci-fi, videogames, celebrities, and sex. Second Life residents also tend to be from creative industries: architects, musicians and students attending virtual classrooms are prevalent. There is a notion that those people for whom real life presents barriers, (whether they be physical or geographical) also see virtual worlds as a chance to live an alternative, perhaps more successful, life.

The number of people who are actually active in Second Life is a source of constant debate. Over 20 million accounts have been registered although many became inactive very quickly so the real numbers are much less. A rough estimate would indicate 550,000 active monthly users with around 150,000 avid residents. Some people have multiple accounts but this is not common. In 2007, it was common for 10-15,000 residents to be online at any one time. By early 2008 this figure had increased to 45,000. Linden Labs' main priority is to increase the number of residents capable of using Second Life to 100,000 and provide positive experience with top-notch performance, even during peak times.

World of Warcraft numbers are more impressive and much more accurate. There are 10-11 million monthly subscribers worldwide, making it by far the most popular MMO in the western world. A typical monthly fee is around \$15; not all MMO's have subscription fees. While Second Life is free to join, residents must pay to upgrade their avatars.

Virtual worlds are a rapidly growing market. It is estimated that roughly 80% of all active Internet users will participate in an online world by 2011, including 53% of all youths on the net taking part in an MMO.

3. Real world versus Virtual World

For most marketers, the interesting point about virtual worlds is their relation to the real world and real brands. Aside from the obvious economic overlaps, there are many more interesting examples of this trend. Real-world scientists have used World of Warcraft to help gain an understanding of real-world epidemics. When there was a 'corrupted blood plague' in the game the reaction of players was thought to be far more accurate than any previously real-world epidemic model. In Second Life, many architects have used the detailed software available to create models of buildings, and then analyze how they fit into landscapes. Starwood Inns first made their new 'aloft' hotels in Second Life a whole year before real-world building began in order to see how people move through the space, what furniture they walk towards or ignore. For something as expensive as building a new hotel or as complex as an epidemic model, virtual worlds would seem to be quite a cost-effective means of research.



Marketing in virtual worlds.

Starwood is not the only brand to have made substantial marketing efforts in Second Life. Companies as diverse as HP, American Apparel, and Comcast have experimented in Second Life in varying ways with differing success. American Apparel opened a virtual shop for residents to buy clothes for their avatars. After a brief flurry of activity, including a protest by residents opposed to the brand the shop has been largely empty. Comcast and HP have fared a little better. HP has used Second Life quite effectively for driving recruitment while Comcast created a more consumer-facing property. Cable television, Internet, and phone providers created an island called the 'Comcastic Island,' a theme park that neatly integrated with the 'Comcastic' brand campaign seen in the real world. On the island users could own fun racing cars, jet skis and jet packs while enjoying performances and exhibits.

There has been a flurry of music performances in Second Life and film releases. There is also an advertising agency, Crayon (Crayonville in Second Life), that looks into opportunities in virtual worlds and within other social media such as blogs.

World of Warcraft is not a media vehicle. There are no opportunities to buy space in WoW, probably because the game is financially successful on its own, and players would almost certainly react very strongly against advertiser intrusion. However, there have been instances where World of Warcraft references were used in TV ads and TV shows. Toyota made an ad for their Tacoma truck in which the truck appeared in WoW. One user is overheard saying, 'There are no trucks in World of Warcraft.' The authenticity of this dialogue and the game play meant that the ad was generally well received. An episode of South Park called 'Make Love Not Warcraft' where the principle characters appear in the game was also hugely popular, winning an Emmy. It is not inconceivable that WoW will have ads in the future or possibly sponsorship deals like 'Home' from PS3. Brands featuring console games are nothing new and the trend will continue as games prove more popular and make more money than most movies.

4. The thing to remember is.....

Virtual worlds are still in infancy. Despite the great number of virtual world users, its early adopters are of a certain demographic and eventually it is anticipated to become mainstream. Some think Second Life will become a 3-D version of the Internet and residents will communicate through online chat rather than email, or use a real-world phone. The fact that some of the backers of Linden Labs (Second Life's creators) helped set-up hugely successful Internet companies such as Ebay and Amazon lends credence to this thought.

There is no way of knowing for certain whether Virtual Worlds will take over Web sites and email as the primary form of digital communication, but for some savvy marketers, the best strategy is to keep tabs on the trend and experiment a little. These experiments have been most successful when a brand has immersed itself in the medium and has taken time to understand how people behave in virtual worlds rather than merely replicating real-world communications. For many people, living in virtual worlds is a break from the real world, so the last thing they want is to be bombarded by advertising.