
Consumer Use and Business Potential of Virtual Worlds: The Case of “Second Life”

Andreas M. Kaplan and Michael Haenlein
ESCP Europe, Paris

Abstract *Several months ago, the virtual social world “Second Life” (SL) received considerable interest in both the popular and business press. Based on a series of 29 qualitative, in-depth interviews, this article investigates what types of behaviors consumers show within this environment and what business opportunities it offers for companies. The results indicate that users do not consider SL as a mere computer game but as an extension of their real lives. This has implications for how marketing managers can use this online application that go beyond those known from traditional computer or online games.*

When a company wanted to receive press coverage some months ago, a fairly safe bet was to announce corporate activities within the virtual hyperreality “Second Life” (SL). No day has passed during these months without at least one article in this spirit appearing in newspapers or business journals. By now, the hype around virtual worlds has come to an end. Nevertheless, the market research company, Gartner, estimates that by 2012, 70% of all organizations will have established their own private, virtual world. However, even with such bright expectations about the future potential of virtual worlds, there is only limited understanding about the way consumers use this new medium and the benefits it can bring to companies. Although some academic research exists in the related areas of online communities (e.g., Bagozzi & Dholakia, 2002; Kozinets, 2002), virtual reality applications (e.g., Schlosser, 2003, 2006; Suh & Lee, 2005), online gaming (e.g., Lee & Faber, 2007; Nelson, 2002), and virtual worlds (e.g., Schroeder, Huxor, & Smith, 2001), articles in a similar spirit covering SL are still scarce (e.g., Kaplan & Haenlein, 2009). This is particularly surprising, as SL offers some unique differences compared to these applications that are likely to result in specific opportunities for marketing managers.

Virtual worlds are part of a larger group of Internet-based applications called “social media,” which build on the ideological and technological foundations of Web 2.0 and allow the creation and exchange of user-generated

content (Kaplan & Haenlein, 2010). Other applications in that area include blogs, collaborative projects (e.g., Wikipedia), content communities (e.g., YouTube), as well as social networking sites (e.g., Facebook). SL, certainly the most popular among the virtual worlds, is a three-dimensional, virtual environment that opened to the public in 2003 and is maintained by U.S.-based Linden Research, Inc. (San Francisco, CA). By entering it via a downloadable client program, users (who are called “residents”) can interact using virtual representations in the form of personalized *avatars* (for a more detailed discussion of avatars, see Holzwarth, Janiszewski, & Neumann, 2006). Residents can meet and speak with each other and buy a wide variety of virtual products, ranging from shoes to cars and houses. The currency in SL is the Linden dollar, which can either be obtained by exchanging U.S. dollars via the SL Exchange or by searching for a job for the avatar that pays for his or her living. More interesting, Linden dollars can also be re-exchanged into U.S. dollars, making it possible to earn real-life (RL) money by selling virtual products and services within SL. This two-way exchange possibility for Linden dollars has resulted in the fact that SL, which may initially have started as nothing more than just another virtual world, has evolved toward a virtual economy (see Table 1).

SL is part of a group of Internet applications that can be subsumed under the term “virtual hyperrealities” or “virtual worlds” and that have become very popular in recent years. Hyperrealities are one of the five conditions of postmodernism (Firat & Venkatesh, 1993) and based on “the idea that reality is constructed, and therefore it is possible to construct things that are more real than real”

Address correspondence to Andreas M. Kaplan, Department of Marketing, ESCP Europe, 79 Avenue de la République, F-75011, Paris, France. E-mail: mail@andreaskaplan.eu

Table I. Second Life Virtual Economy Key Metrics

Variable	January 2005	January 2006	January 2007	January 2008	Annual Growth Rate 2007–2008
Total hours used by all residents (in millions)	0.67	2.41	10.82	28.27	161%
Running residents' registrations (in millions)	0.02	0.12	3.14	12.24	290%
Premium residents	5,273	13,403	57,661	92,096	60%
Resident owned mainland (km ²)			103	183	78%
Resident owned islands (km ²)			258	820	218%
Total land size (km ²)			361	1,003	178%
Linden virtual currency exchange summary (Linden dollars exchanged, in millions)			1,341.27	2,210.11	65%
Linden virtual currency exchange summary (U.S. dollars exchanged, in millions)			4.99	8.23	65%
Linden resident balance (in millions)			1,418.35	4,183.57	195%

Note. Source: Linden Labs, San Francisco, CA, USA.

(Venkatesh, Sherry, & Firat, 1993, p. 221). They are a key reflection of the postmodern philosophy, as they do not assume that everyone shares the same reality but instead simulate an alternative reality in which users can perform activities they would be unable or unwilling to do in RL. Hyperrealities have long been discussed in marketing in the context of tourist attractions (e.g., the Sherlock Holmes museum; Grayson & Martinec, 2004) and media products (e.g., reality television; Rose & Wood, 2005) or as tools to improve the pre-purchase service experience (e.g., IKEA experience rooms; Edvardsson, Enquist, & Johnston, 2005). Especially in recent years, they have started to become even more important due to the creation of their virtual equivalents in the online world.

Our analysis of SL is based on a series of 29 qualitative, in-depth interviews, with an average duration of 50 min each. Based on our conversations, we show that the key reasons that motivate RL users to enter SL are the search for diversion, the desire to build personal relationships, the need to learn, and the wish to earn (real-life) money. The key social reference group for SL residents is their virtual friends within the virtual hyperreality, but their RL friends are often unaware of their SL usage. Regarding the exchange relation between SL residents and SL stores, we observe impulse, as well as planned, purchases. This implies that, at least for some part of their purchases, SL users “plan ahead” before buying specific items, which closely mirrors behavior that can be observed in RL settings. Overall, we find substantial evidence that users consider SL less as a mere computer game and more as an extension of their real life, and that they tend to engage in activities that span beyond the single usage occasion. With respect to potential spillover effects from SL stores to RL users and, hence, the business potential of this new medium, we receive mixed support on whether activities within SL positively influence RL brand attitudes and purchase intents. However, most users are favorable to

the idea of using SL as a tool to distribute RL products (v-commerce), similar to the concept of e-commerce in classical Internet-based applications. Hence, SL stores could potentially help to overcome some of the drawbacks still associated with e-commerce in certain product categories, such as the lack of physical product contact in the context of fashion items (Keeney, 1999).

Conceptual Framework

We now discuss the differences in consumer behavior that we expected between SL and RL, as well as the ways in which companies can make use of virtual social worlds, paying specific attention to potential spillover effects between the virtual and real environments. This discussion, which is summarized in the conceptual framework shown in Figure 1, also forms the foundation of our subsequent qualitative analysis. Within our conceptual framework, we illustrate the different relationships that exist between SL residents and their corresponding RL users, as well as SL residents and SL stores.

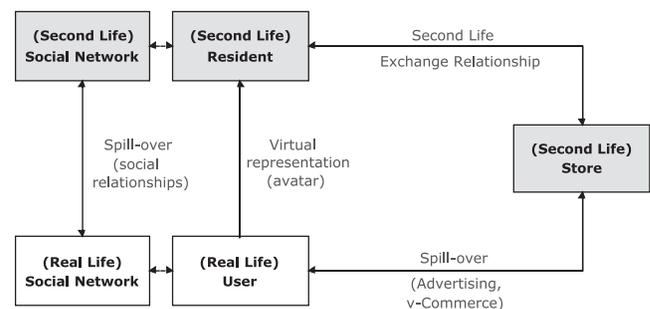


Figure 1. Conceptual framework.

RL User Versus SL Resident (Virtual Avatar Representation)

To interact within SL, RL users need to define one or several avatars (i.e., three-dimensional virtual representations of themselves) within the online environment. Avatars have previously been discussed in the marketing literature (e.g., Holzwarth et al., 2006; Wang, Baker, Wagner, & Wakefield, 2007), but the focus of these analyses has mainly been on their function as sales agents in business-to-consumer relations. Although avatars may also fulfill such a role within SL (e.g., when working as sales clerks in virtual stores), their purpose here is to provide a form of self-presentation within the virtual environment. In line with consumer culture theory (Arnould & Thompson, 2005), SL, therefore, provides users with the possibility of constructing an alternative identity, similar to what has been discussed in the context of users' motivations to create personal Web sites (Schau & Gilly, 2003).

RL Social Network Versus SL Social Network (Spillover of Social Relationships)

Although avatars can interact with each other, SL is inherently an anonymous experience, as residents have no means of verifying the identity of other avatars or tracing them back to their corresponding RL users. This is likely to result in a weaker impact of social networks on SL behavior than can be observed in RL settings. Such lack of influence may be caused by the fact that SL residents are either not part of any network within SL or that they deliberately try to avoid such pressure. Nevertheless, social processes are not absent in digital settings. As discussed by Dwyer (2007) and Mathwick, Wiertz, and de Ruyter (2008), RL concepts, such as social capital creation, can equally be applied to virtual communities. This makes it possible that friendships formed in virtual social worlds could subsequently spill over to RL.

SL Store Versus SL Resident (SL Exchange Relation)

In RL settings, cost considerations and manufacturing complexities usually limit (mass) customization to the combination of different predefined options or modules (Kaplan & Haenlein, 2006; Kaplan, Schoder, & Haenlein, 2007). The absence of such constraints within the virtual environment provides the opportunity for truly customized, one-to-one relationships within SL. Although this interactivity may appear similar to the personalization of messages and Web pages in the context of e-customization (Ansari & Mela, 2003), it goes beyond this idea as it refers to the actual product (e.g., the virtual car to be purchased

by the SL resident) and not just to the communication or product presentation or shopping front end. For many residents, interactivity and customization are an integrative part of their SL experience, and we assume that the possibility of resident-product interaction is a key factor driving purchase behavior within SL.

SL Store Versus RL User (Spillover of Advertising and v-Commerce)

It has often been mentioned that one key reason for which RL companies enter SL is the wish to increase RL brand equity (Enright, 2007). Being present within SL can be assumed to improve brand awareness and brand image, which subsequently contributes to improvements in brand knowledge and customer-based brand equity (Keller, 1993). Another motivation that has been regularly highlighted is the use of SL as a sales channel for RL products. The possibility of experiencing products virtually prior to their purchase is likely to lead to more favorable attitudes and higher purchase intentions due to higher object interactivity (Schlosser, 2003, 2006). Such virtual commerce could, therefore, overcome some of the disadvantages associated with traditional e-commerce, like the lack of appropriate product presentation (e.g., fashion items; Keeney, 1999) or insufficient social interaction (Wang et al., 2007).

Research Methodology

As highlighted earlier, research in the area of virtual hyperrealities, in general, and SL, in particular, is still in its initial stages, and little is known about the consumer use and business potential of this new medium. This is why we decided for a qualitative (vs. quantitative) research design—specifically, a series of in-depth interviews. In total, we conducted 29 qualitative, in-depth interviews with SL residents, with an average duration of 50 min each. To select our interview partners, we entered SL at different moments of the day and teleported to popular locations. Within each location, potential interview partners were randomly approached and asked whether they would be willing to participate in an academic research project. Once respondents agreed to participate, interviews were conducted using a semi-structured interview guide (see Table 2), within which we focused on the four relations discussed within our conceptual framework. In the first part, we analyzed the virtual avatar representation focusing on the user's motivation for using SL, the type of avatar representation chosen, and the extensiveness of usage. In the second part, we concentrated on the spillover of social relationships, especially the reaction of RL social networks toward SL and the

Table 2. Interview Guide for In-Depth Interviews

Part	Description
1	Real Life user versus Second Life resident (virtual avatar representation) <ul style="list-style-type: none"> ■ What are the key motivations for using Second Life? ■ Do users create different personalities within Second Life? ■ How extensive is their Second Life usage?
2	Real Life social network versus Second Life social network (spillover of social relationships) <ul style="list-style-type: none"> ■ What is the reaction of Real Life social networks to Second Life usage? ■ How do social networks in Real and Second Life differ? ■ Do Second Life friendships carry over to Real Life?
3	Second Life store versus Second Life resident (Second Life exchange relation) <ul style="list-style-type: none"> ■ Why do Second Life users purchase goods in Second Life? ■ Which type of purchase behaviors can be observed in Second Life? ■ Which types of goods are likely to sell best in Second Life?
4	Second Life store versus Real Life user (spillover of advertising and v-commerce) <ul style="list-style-type: none"> ■ Which products should Real Life companies sell in Second Life stores? ■ Can Real Life companies use Second Life to improve brand awareness? ■ Would Second Life users be willing to purchase Real Life products on Second Life?

linkages between RL and SL social networks. In the third part, we discussed the SL exchange relation—specifically, the types of items purchased and purchase behaviors shown. Finally, in the fourth part, we covered the potential of SL in terms of advertising and virtual commerce. All interviews terminated with a series of demographic questions.

Table 3 shows the profile of our informants. As can be seen, our interview partners were largely male (72%), on average 35 years old, and originating from 11 different countries. To test the extent to which the demographic profile of our sample corresponds to the general SL population, we compared these informant characteristics to the general SL user statistics provided by Linden Labs (San Francisco, CA, USA). Based on official SL usage data, SL users are 65% male, on average 33.5 years old, and stem from 99 different countries, with the top four being the United States, Germany, France, and the United Kingdom. All these values correspond very closely to the corresponding averages in our sample, leading to the assumption that the demographic profile of the participants seems to correspond with the SL population.

The 29 interviews resulted in a total of 150 pages of interview transcripts (i.e., roughly 5 pages per interview). Using this data as a starting point, we followed the six-step approach usually recommended for the analysis of qualitative data (e.g., LeCompte, 2000; Spiggle, 1994): categorization, abstraction, comparison, dimensionalization, integration, and iteration. Interviews were first cataloged, labeled, and reviewed along the four dimensions of our conceptual framework. Subsequently, we categorized them on the individual level to identify passages or themes that described the same general phenomenon. Finally, we grouped these empirically observed categories into more general conceptual classes, which we compared across different interviews. This process was iterated and the framework adapted to reflect all findings from the 29 interviews, until no further modifications were necessary.

Consumer Use of SL¹

With respect to the virtual avatar representation and key reasons that motivate RL users to enter SL, the feedback we received from our informants reveals four main motivations: the search for diversion, the desire to build personal relationships, the need to learn, and the wish to earn money. The first three motivations are similar to the gratifications that users seek while using traditional mass media (e.g., McQuail, Blumler, & Brown, 1972), whereas the last one appears to be specific to SL. Regarding diversion, many users claimed to use SL to distract themselves from RL problems. Mathieu said, “I think the objective of SL is to make us forget our monotonous lives,” and Joseph mentioned, “It’s like having a different life where you can do things you couldn’t do in RL.” An equally large group highlighted that SL helps them to create new personal relationships, sometimes with a sexual component: “I’m here to have fun with my friends” (Maximilian), and “I like it to have a chat with good looking women” (Paul).

Yet, this sexual element appears to be largely limited to the male population of SL. Whereas Chloé and Samantha both stated that they are not interested in sexual relationships with other avatars, Thomas and Daniel clearly highlighted the importance such activities play in their SL experience. For some, this even results in long-term commitments to other avatars reflected in marriage: “Part of my SL experience is sex. This is why I’m married here” (Daniel). A smaller group of users sees SL as an environment in which to learn: “Life is an experience, an opportunity to learn. This is what Second Life is for me” (Nicholas). Finally, there is also a group of users that considers SL as a way to earn RL money. Samantha told us, “I have very bad eyesight and cannot work in RL. But I feel the need to work, so I work here,” Jacob shared

Table 3. Profile of Informants

No.	Pseudonym	Gender	Age	Occupation	Country of Origin
1	Elizabeth	Female	23	Bank employee	Preferred not to say
2	Chloé	Female	37	Travel agent	France
3	Jack	Male	36	Preferred not to say	United Kingdom
4	Thomas	Male	19	College student (information technology)	United Kingdom
5	Guillaume	Male	Preferred not to say	Financial advisor	France
6	Maximilian	Male	28	Blue-collar worker	Germany
7	Florian	Male	40	Car manufacturer employee	Austria
8	Samantha	Female	40–60	Unemployed (retired)	United States
9	Jing	Male	42	Educational information technology research	Preferred not to say
10	Benjamin	Male	40	Government employee	Australia
11	Jacob	Male	46	Retired	United States
12	Matthew	Male	30	Restaurant manager	United States
13	Hannah	Female	37	Professor of internal medicine	United States
14	Sven	Male	33	Computer technician	Sweden
15	Daichi	Male	38	Information technology company salesman	Japan
16	Luke	Male	35	Diesel fitter	Australia
17	Emily	Female	>30	Preferred not to say	United Kingdom
18	Christopher	Male	36	Construction worker	United States
19	Mathieu	Male	40	Entrepreneur (computer retailer)	France
20	Nicholas	Male	51	Instrument and controls technician	United States
21	Alejandro	Male	33	Graphics designer	Spain
22	Marie	Female	37	Pub owner	Germany
23	Robin	Male	28	Finance manager	Belgium
24	Joseph	Male	33	Lawyer	United States
25	Léa	Female	Preferred not to say	Jewelry employee	France
26	Daniel	Male	55	Marketing consultant	United States
27	Jurgis	Male	19	College student (information technology)	Latvia
28	Sophie	Female	25	Bank employee	Germany
29	Paul	Male	Mid-30s	Locksmith	Germany

with us his wish “to make a million Lindens by the end of my second anniversary,” and Daniel said that he regularly acted as an SL game show host.

Given this diverse range of motivations, it is not surprising that, for some users, there is a close resemblance between their real personality and their SL avatar; whereas, for others, there tends to be a difference between them. Whereas Daichi said, “I am the same person in both lives,” we learned from Benjamin that “I definitely have a different personality here than in RL. Anonymity is a powerful tool. It makes you brave beyond moral men.” Also, Emily mentioned, “I don’t want reality here. This is a land where anything is possible.” It is interesting to note that some users even decided to create multiple avatars for different purposes. Samantha, for example, explained: “I want to separate work and relaxation. So I work on SL with one avatar and take another one to relax under.” Taken together, this strong involvement results in significant time commitments for SL usage. The average informant in our sample stated that they used SL for roughly 4 hr per day, with a median of 2.8 hr per day. However, for some, such as Thomas or Jacob, usage can even exceed 16 hr per day: “I am very addicted to this game” (Thomas), and “Oh yes, I’m addicted. Sad but true” (Emily).

Regarding social networks in RL and SL, one would expect that such high usage intensity leads to time substitution that negatively affects the RL social networks of SL residents. However, to our surprise, RL friends were largely unaware of this usage. Elizabeth said, “Not many people actually know I even play SL,” and Marie mentioned that SL “has never been subject of discussion,” not even with her closest family. Others confessed to hiding their usage because they expected negative reactions: “I don’t tell them anymore. If you don’t know the game, others think you are mad” (Florian). This results in the fact that the main social reference groups for SL residents are their virtual friends, who play an essential part in their SL experience. As Daniel puts it, “The SL experience is communal. Although you can experience so much alone or as an individual, you need support, conversations, attention and affection to LIVE.” For some users, these friends closely mirror their RL ones, whereas others highlighted that their contacts in SL are more open (“They are more upfront here because it’s not a face-to-face thing” [Luke]) or more diverse (“There are so many different friends and from different countries” [Sven]). Three of our interview partners even said that they became RL friends with people they first met in SL. Daichi, for example, told us that he met a girl in SL with

whom he regularly communicates using Skype™. They never saw each other personally, but “two of her friends came to Japan and I showed them around Tokyo in Real Life.” Similarly, Matthew and Robin said that they regularly chat with SL friends outside the virtual hyperreality. Alejandro, on the other hand, told us to actively avoid such social spillover effects. Although he fell in love in SL, he did not have any intentions to contact the girl in RL: “It’s the perfect relation, you know. For example, she is not angry if I come back home drunk at night.”

Besides creating and maintaining social contacts, a key activity for many SL residents is the exchange relation with SL stores (i.e., the purchasing of virtual products). The reasons for such behaviors are numerous. Most users claim to buy items to improve the appearance of their SL avatar. As Jack put it, “I like to look and act like I dream of.” Others purchase for fun or to be able to perform sexual activities with other avatars (“I recently bought an Xcite X2 Starter Pack. Very convenient for having sex” [Thomas]). Finally, users also spend money and buy items to support their friends or to perform group activities. Nicolas said, “I have some friends who are dancers and I tip them to be polite,” and Chloé told us that “Last week me and my friends wanted to go for a bike tour and so I had to purchase a bike.” Regarding their purchase behaviors, some users state that they make most of their purchases in an impulsive manner (“I buy whenever I see something I like” [Guillaume]). However, the majority of our informants told us they conduct at least some part of their purchases in a planned and considered way. Elizabeth, for example, said, “I usually plan ahead when buying furniture items and know what I’m looking for,” and Samantha mentioned, “Although I do impulse buying occasionally, most of the time it’s planned purchasing.” The items that appear to sell best in SL are clothing and other fashion items, in line with the aforementioned desire to improve avatar appearance. Less popular products include cars (“I would never buy a car. They are for show mostly” [Samantha]) and real estate (“I already spend too much time in SL anyway, so I wouldn’t want to have an apartment here” [Chloé]).

Business Use of SL

Finally, we looked at the spillover effects between SL stores and RL users or, to put it differently, the benefits of maintaining virtual stores within SL. Our analysis reveals that users generally expect that the products available in SL stores closely mirror those offered by the company in RL. Jing said that he would “expect them to offer real stuff,” and Elizabeth observed that “products that are identical to RL ones become popular fast.” This does not, however, imply that such products cannot be mildly

adapted to the specific conditions of SL, for example, by adding “jet packs to Nike shoes” (Benjamin). Only a few users seemed to prefer a completely different offering. Alejandro, for example, mentioned that, “People are tired of their RL and that’s why they fake a parallel life here where everything is possible. So why not buy products here that may be useless in RL?”

Regarding a potential impact of SL stores on RL brand awareness, our interviews provide mixed support for such an advertising effect. On the one hand, users said that, “it would be cool if Ford gave away free cars” (Benjamin), named Playboy Island as a fancy place (Matthew), or listed Pontiac’s Motorati Island as one of their favorite spots (Joseph). Generally, our interviews provided a tentative indication that male residents tend to be more aware of the presences of RL brands within SL than female ones. On the other hand, most informants claimed that they rarely visited SL stores (“I bet if we go to the Nike place in SL right now, it’d be empty” [Hannah]) and that seeing a company in SL did not impact their RL brand evaluation. However, users also stated that even a badly designed store could not lead to a negative impression (“Often their shops and islands are not interesting enough. But that does not have a negative impact on my image. I just figured they haven’t learned it yet” [Jacob]).

Finally, users strongly supported the idea of considering SL stores as an extension of traditional e-commerce activities and using them to distribute RL products. This strategy, which is already implemented by companies such as Circuit City and Amazon, generally seems to have evoked positive reactions among SL users. Elizabeth said, “I think this is a good business idea,” and Chloé mentioned, “This is a great idea! One can already do shopping over the Internet, so why not do the same in SL?” Especially categories such as music, computers, and books were named as prime examples for this form of distribution. In contrast to what one might expect, most users did not consider the resulting connection between RL and SL as something negative, as they already see both as being closely linked (“It is difficult to completely separate the two” [Chloé]). There is only a small segment that prefers to keep both worlds unrelated, such as Florian, who stated, “I will not mix up Second and Real Life. It is just a game and nothing but a game,” or Robin, who wrote, “If you can buy RL stuff in SL, where’s the magic?” The majority of our interview partners did, however, express serious concerns regarding trust, security, and user friendliness, which would negatively impact their willingness to buy products on SL. Examples were Thomas, who said, “I wouldn’t buy any RL products here personally because I don’t feel SL is safe enough for such tasks,” and Jacob, who mentioned, “The overhead of rendering and the slowness and errors by the Lindens make it unlikely it would be as good as on the Web.” Given

these issues, some users said they would only be willing to purchase on SL if companies offered them a discount for doing so (“If Amazon added an extra 10% SL discount, that might make a difference” [Jacob]).²

Discussion

Summarizing, our analysis of differences in consumer behavior between SL and RL shows that users do not consider SL as a mere computer game but as an extension of their RL. In classical traditional computer games, users may be highly involved in the gaming activity, but this involvement tends to ebb quickly once attention is turned to something else. Within SL, this appears to be different. At some point (most likely with sufficient experience or usage intensity), SL users start engaging in activities that span beyond the single usage occasion so that the planning horizon that underlies SL usage starts to go beyond the actual time spent within the virtual hyperreality. This is reflected in the RL user–SL resident relationship and main usage motivations, which include the desire to build personal relationships and the wish to earn money, next to the more obvious reasons of searching for diversion. It can also be seen when looking at differences in social networks between SL and RL—specifically, the way that SL users create and maintain social contacts to other avatars and in the importance these relationships have for them. Also, the SL exchange relation between the SL resident and SL store, with its relatively large share of considered (vs. impulse) purchases, shows that SL users think about their actions within the virtual hyperreality, even when they are outside of SL.

Regarding potential spillover effects between SL stores and RL users, we find mixed support for SL’s ability to serve as an advertising or sales channel and to influence RL brand attitudes and purchase intent. On the one hand, our informants showed a strong desire to find elements from their RL within the SL exchange relation. This can be seen in their preference for virtual products that mirror RL ones or the positive reactions they showed toward the ability to purchase RL products through SL stores. On the other hand, they often considered the presences of RL companies within SL as boring and not worth a visit. Hence, simply setting up a store within the virtual world is unlikely to be a promising advertising strategy. Instead, companies may need to supplement their virtual SL presence by regular events that complement their RL advertising activities to maintain its attractiveness and attract a sufficient number of SL users. There are some examples where companies have followed this strategy in a successful way. For example, in August 2007, Coca-Cola® invited 100 selected SL residents to the Coke® cinema in SL for the premiere of “Happiness Factory—The Movie”—a virtual complement to the launch of Coke’s

new “Happiness Factor” campaign in RL. In a similar spirit, the personal computer company, Dell™, used its island in January 2008 to host a launch party for its Crystal monitor, mirroring the RL event during the Consumer Electronics Show in Las Vegas. We think that such types of activities are necessary to maintain the advertising impact of SL stores over time, in a similar spirit to classical advertising that relies on different copies to circumvent wear-out effects.

Obviously, our study can only be seen as a first step toward a better understanding of SL, and there are several areas of future research that merit deeper investigation. A logical extension of our work would be to conduct a quantitative study based on a larger sample of SL users that provides a better understanding of some of the points we identified. One could, for example, focus on the SL exchange relation and analyze the reasons for which residents conduct planned and impulse purchases within SL (i.e., make their avatar pay to receive virtual products and services). Alternatively, the focus of such a study could be on potential spillover effects between SL stores and RL users to analyze how virtual stores contribute to RL brand awareness and purchase intent. In this context, it would also be interesting to investigate how usage intensity and consumption frequency moderate these processes to better understand how novice and expert users differ in their SL behavior. Alternatively, future studies could also focus on relations between SL and RL that are not reflected in our conceptual framework. Similar to the relationship between the RL user and SL resident (virtual avatar representation), some SL stores can be considered as virtual representations of RL companies. Such stores can engage in a variety of activities (e.g., sponsor events of public interest, provide digital versions of the company’s RL product or service offering), and it would be worthwhile to compare the relative benefits of such alternative actions. Other studies could focus on potential competitive advantages that SL stores owned by RL companies might have over outlets that are managed by other SL residents. Another relation worth investigating is the potential spillover effect between SL residents and RL companies in terms of marketing research. Firms such as American Apparel and Starwood Hotels & Resorts, among others, have reported using SL as a virtual test market to assess the likely success of RL product innovations. At first sight, this appears to be an attractive option, as it combines the ability to forecast new product success using test market data (Narasimhan & Sen, 1983) with the benefits of a virtual environment (e.g., shorter lead times, no need to manufacture costly physical prototypes). Future research could investigate the extent to which differences in consumer behavior between SL and RL might limit the extent to which lessons learned from observing SL residents can be transferred to RL decisions.

About 10 years ago, management journals were full of articles published about one main topic: the rise of a new medium that was, at that time, forecasted to change everything and to mark the beginning of a new way of doing business. Market research companies were founded to investigate how consumers behaved within this new medium, and consulting companies regularly highlighted that making commercial use of it would be a strategic necessity. At this point, the medium was the World Wide Web, and the unwise decisions that companies made in this regard led to probably the most significant speculative bubble in modern stock market history. Looking at the way that the same journals speak about SL these days (e.g., Hemp, 2006a) seems to bring back such distant memories. Based on our research, we think that virtual social worlds, in general, and SL, in particular, are likely to be associated with a set of specific characteristics that offer unique challenges and business opportunities. Combined, this makes SL a new marketing and contact channel that companies should consider using and a “virtually unexplored marketing territory” (Hemp, 2006b, p. 61).

Notes

1. To preserve anonymity of our informants, we replaced their Second Life avatar names with pseudonyms.
2. For more details about how businesses should behave in virtual worlds, the interested reader is referred to Kaplan and Haenlein (2009).

References

- Ansari, A., & Mela, C. F. (2003). E- customization. *Journal of Marketing Research*, 40, 131–145.
- Arnould, E. J., & Thompson, C. J. (2005). Consumer Culture Theory (CCT): Twenty years of research. *Journal of Consumer Research*, 31, 868–882.
- Bagozzi, R. P., & Dholakia, U. M. (2002). Intentional social action in virtual communities. *Journal of Interactive Marketing*, 16(2), 2–21.
- Dwyer, P. (2007). Measuring the value of electronic word-of-mouth and its impact in consumer communities. *Journal of Interactive Marketing*, 21(2), 63–79.
- Edvardsson, B., Enquist, B., & Johnston, R. (2005). Cocreating customer value through hyperreality in the prepurchase service experience. *Journal of Service Research*, 8, 149–161.
- Enright, A. (2007). How the second half lives. *Marketing News*, 41(3), 12–14.
- Firat, A. F., & Venkatesh, A. (1993). Postmodernity: The age of marketing. *International Journal of Research in Marketing*, 10, 227–249.
- Grayson, K., & Martinec, R. (2004). Consumer perceptions of iconicity and indexicality and their influence on assessments of authentic market offerings. *Journal of Consumer Research*, 31, 296–312.
- Hemp, P. (2006a). Avatar-based marketing. *Harvard Business Review*, 84(6), 48–57.
- Hemp, P. (2006b). The HBR List—Breakthrough ideas for 2006: The avatar as consumer. *Harvard Business Review*, 84(2), 60–61.
- Holzwarth, M., Janiszewski, C., & Neumann, M. M. (2006). The influence of avatars on online consumer shopping behavior. *Journal of Marketing*, 70(4), 19–36.
- Kaplan, A. M., & Haenlein, M. (2006). Toward a parsimonious definition of traditional and electronic mass customization. *Journal of Product Innovation Management*, 23, 168–182.
- Kaplan, A. M., & Haenlein, M. (2009). Consumers, companies and virtual social worlds: A qualitative analysis of Second Life. *Advances in Consumer Research*, 36(1), 873–874.
- Kaplan, A. M., & Haenlein, M. (2009). The fairyland of Second Life: About virtual social worlds and how to use them. *Business Horizons*, 52(6).
- Kaplan, A. M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of social media. *Business Horizons*, forthcoming.
- Kaplan, A. M., Schoder, D., & Haenlein, M. (2007). Factors influencing the adoption of mass customization: The impact of base category consumption frequency and need satisfaction. *Journal of Product Innovation Management*, 24, 101–116.
- Keeney, R. L. (1999). The value of Internet commerce to the customer. *Management Science*, 45, 533–542.
- Keller, K. L. (1993). Conceptualizing, measuring and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1–22.
- Kozinets, R. V. (2002). The field behind the screen: Using netnography for marketing research in online communities. *Journal of Marketing Research*, 39, 61–72.
- LeCompte, M. D. (2000). Analyzing qualitative data. *Theory Into Practice*, 39, 146–154.
- Lee, M., & Faber, R. J. (2007). Effects of product placement in on-line games on brand memory. *Journal of Advertising*, 36(4), 75–90.
- Mathwick, C., Wiertz, C., & de Ruyter, K. (2008). Social capital production in a virtual P3 community. *Journal of Consumer Research*, 34, 832–849.
- McQuail, D., Blumler, J. G., & Brown, J. R. (1972). The television audience: A revised perspective. In D. McQuail (Ed.), *Sociology of mass communication* (pp. 135–165). Baltimore, MD: Penguin Books Inc.
- Narasimhan, C., & Sen, S. K. (1983). New product models for test market data. *Journal of Marketing*, 47(1), 11–24.
- Nelson, M. R. (2002). Recall of brand placements in computer/video games. *Journal of Advertising Research*, 42(2), 80–92.
- Rose, R. L., & Wood, S. L. (2005). Paradox and the consumption of authenticity through reality television. *Journal of Consumer Research*, 32, 284–296.
- Schau, H. J., & Gilly, M. C. (2003). We are what we post? Self-presentation in personal Web space. *Journal of Consumer Research*, 30, 385–404.
- Schlosser, A. E. (2003). Experiencing products in the virtual world: The role of goal and imagery in influencing attitudes versus purchase intentions. *Journal of Consumer Research*, 30, 184–198.
- Schlosser, A. E. (2006). Learning through virtual product experience: The role of imagery on true versus false memories. *Journal of Consumer Research*, 33, 377–383.
- Schroeder, R., Huxor, A., & Smith, A. (2001). Activeworlds: Geography and social interaction in virtual reality. *Futures*, 33, 569–587.

- Spiggle, S. (1994). Analysis and interpretation of qualitative data in consumer research. *Journal of Consumer Research*, 21, 491-503.
- Suh, K.-S., & Lee, Y. E. (2005). The effects of virtual reality on consumer learning: An empirical investigation. *MIS Quarterly*, 29, 673-697.
- Venkatesh, A., Sherry, J. F. J., & Firat, A. F. (1993). Postmodernism and the marketing imaginary. *International Journal of Research in Marketing*, 10, 215-223.
- Wang, L. C., Baker, J., Wagner, J. A., & Wakefield, K. (2007). Can a retail Web site be social? *Journal of Marketing*, 71(3), 143-157.