

Vol. 1. No. 2.
ISSN: 1941-8477
“Consumer Behavior in Virtual Worlds”
November 2008

**The “New” Virtual Consumer:
*Exploring the Experiences of New Users***

By Lyle R. Wetsch, Memorial University of Newfoundland, Faculty of Business Administration,
St. John's, Newfoundland, Canada.

Abstract

The development of virtual worlds began long before the invention of computers; the minds of children at play would create fantasy or virtual worlds in which to explore or interact. However, the development of the computer provided an opportunity for these worlds to expand from within an individual's mind to fixed video game environments and shared, interactive communities co-created by the users. The high growth of various virtual worlds globally that has occurred in recent years has prompted a number of Fortune 2000 companies to either enter the virtual space, or at least monitor the development and potential of avatar-based marketing.

Although the current number of participants in virtual worlds is growing, in comparison to the overall consumer population, these numbers still represent just a very small percentage. To maximize the value that can be achieved and enhance the return on investment in a virtual world presence, organizations need to not only successfully market to the existing members of the virtual world, but they also need to effectively recruit real world consumers into the virtual world and retain them through positive interactions.

Following the experiences of 40 undergraduate business students and 10 MBA graduate students as they enter the virtual world of Second Life for the first time, their 12 week journey is documented through weekly personal blog entries, online discussion groups, and exit interviews. The students' comments and discussions provide insight into the mind of the new entrant to the virtual world. These insights guide suggestions for improving the experience of new virtual consumers in order to create long-term consumer relationships with an organization's virtual presence.

Keywords: virtual consumption; new entrants; Second Life; virtual customer relationships.

The “New” Virtual Consumer: *Exploring the Experiences of New Users*

By Lyle R. Wetsch, Memorial University of Newfoundland, Faculty of Business Administration, St. John’s, Newfoundland, Canada.

Virtual worlds have been defined as “persistent virtual environments in which people experience others as being there with them – and where they can interact with them” (Schroeder, 2008). The increase in computer technology and consumer awareness has created an ideal environment for the growth of these environments. In 2006 it was predicted that there were 20 to 30 million people involved in virtual world environments (Balkin & Noveck, 2006). Since that time, the numbers have continued to grow with virtual worlds like Habbo reaching 8.6 million unique visitors per month (Kuusikko, 2008), CyWorld in Korea continually registering the average of 20 million visitors per month (Tae-gyu, 2007), Gaia Online attracting 2 million unique visitors per month with 300,000 users logging in daily (Au, 2007), and the virtual world Second Life currently has almost 15 million registered users worldwide (Second Life Economic Statistics, 2008).

There are a wide variety of virtual worlds targeted to every different age demographic and social environment. Some of these worlds are designed to operate more as gaming environments (NeoPets), others are more of a social environment (CyWorld), and some attempt to straddle several functions including business opportunities (Second Life). It is the business aspect of Second Life that allows its users to also be consumers. The actions and behaviours of these users/consumers need to be understood if virtual worlds are to provide an effective channel for consumer interactions with businesses.

Second Life

Second Life (SL) is a 3D virtual world whose foundation was designed by Linden Labs and opened up to the public in 2003. At the time it was unique in allowing all of the content to be user generated and the users retained their intellectual property rights. During 2006 and 2007, extremely high growth rates were experienced (averaging upwards of 20% per month) and, although these rates are no longer being sustained, it continues to grow in both size and the number of users. The amount of land mass being utilized in Second Life grew by over 44% in the second quarter of 2008, over 500,000 users are heavy users, the peak concurrent users reached 67,000, and, despite a slowdown in the real world economy, there was a 9% growth in the number of profitable businesses in Second Life (Linden, 2008).

Second Life has been a starting ground for many real-life companies to explore the opportunities for virtual business and marketing; General Motors, Dell, Sony, IBM, and Wells Fargo all staked their claim to online real estate in computer mediated environments (CMEs) like Second Life. Companies have experimented in Second Life with activities ranging from research and design (Starwood Hotels and Resorts), sports simulcasts (Major League Baseball), press briefing and staff training (Sun Microsystems), education (Harvard University), news (Reuters), and the in-world sales of virtual product (Adidas, Toyota). A survey of 100 CEOs from Fortune 2000 companies found that 76% of senior executives are experimenting with alternative media such as blogs, Second Life, and social networking. The study commissioned by Weber

Shandwick (KRC Research, 2007) found that 69% of those surveyed currently use social networking in their marketing efforts, while 37% plan to use it more over the next five years. Avatar-based marketing (such as in Second Life) came last in the list of 20 media tools the senior executives planned to use over the next five years, but researchers believe that this will increase as more companies learn how to utilize these worlds more effectively (Senior Execs Big on New Media, 2007). The actual growth potential for virtual worlds is still speculative but some believe that it may be as important as the Internet to companies within the next five years (Driver, Jackson, Moore, & Schooley, 2008).



Figure 1: Business Usage of Second Life
Mouse over image to active flash movie controls to view movie

Research Problem

Despite the growth of virtual world participants and an increased interest of organizations into the virtual world, most of the forays are experimental in nature without a sound basis for understanding how real-world consumer behaviour translates into virtual world behaviour. The information that does exist about Second Life users as virtual world consumers are typically based on experienced users who were early entrants, may have an online gaming background, and were likely to have entered Second Life prior to its commercialization by real-world companies. Because of this, these individuals may be resistant to the efforts of real-world businesses as they expand into the virtual world. Many companies such as American Apparel have experienced this resistance first hand and, because of less than expected success, many have abandoned their initial foray into the virtual world. Despite a number of companies exiting Second Life, McKinsey and Company continue to suggest that virtual worlds will become an indispensable business tool and be vital for organizations to reach the video game generation. Organizations that choose to ignore Second Life should do so at their own peril (Richards, 2008).

Compared to the overall consumer population, the current growth in the number of participants in virtual worlds still represents just a very small percentage. To maximize the value that can be achieved and enhance the return on investment from an organizations virtual world presence, it is essential to not only market successfully to existing members of the virtual world, but real-world consumers also need to be effectively recruited into the virtual world and retained through positive interactions. Current churn rates (the number of users who abandon the world shortly after joining) are estimated to range from 60% to 85% (Shirky, 2006), so increasing our understanding of the experiences of these new users is important for continued business growth in virtual worlds.

Theoretical Framework

Consumer research has moved away from simply viewing consumers as information processors to consumers as socially conceptualized beings. This stage of consumer marketing research was identified as the 'new consumer behaviour' (Belk, 1995). The Internet has enabled a new type of social conceptualization where users can connect across disparate locations (Jones, 1999) with representations that are created through their own imagination, perhaps through online communities such as Second Life (Kozinets, 2002).

However, specific academic research into Second Life consumer behaviour is limited. There is a significant body of work that provides a theoretical framework from which to build our understanding of the virtual world. While Second Life is much more interactive and three dimensional than any other environment previously designed, research has been completed on the social construction of virtual communities (e.g., Baym, 2000; Sveningsson, 2001) in a text based environment such as chat rooms and discussion groups. These elements are present in Second Life but the addition of a visual presentation creates unknown adaptations. The ways in which an individual's identity is modified when interacting through a technological intermediary (e.g., Markham, 1998; Sondheim, 1996), or while interacting in online groups (e.g., Eichkorn, 2001), has been researched in the text environment, but the ability to create a unique persona through a customer-designed avatar that can represent either a person's actual self or their ideal self takes these interactions to a new level and produces many unknown factors. The increasing detail that is available in the virtual environment is leading scholars to call for increased attention to how the online and offline worlds intersect, specifically with consumer behaviour (Baym, Zhang, & Lin, 2002).

Methodology

This research study utilized a multi-method approach including survey methodology, netnography, and personal interviews. Netnography, or online ethnography is a methodology that has emerged within the past decade as an important means of studying and understanding virtual communities (Fox & Roberts, 1999; Kozinets, 1997, 1998).

To understand the experiences of new users to the virtual world, it was necessary to follow a controlled sample of participants during their introduction and socialization into Second Life. Business students from a mid-size North American university enrolled in an Internet Marketing course served as the subject pool for this study. In order to facilitate as wide a range of demographics as possible, two classes were involved in this study, one undergraduate class consisting of 40 students and one MBA class consisting of 10 students.

The 12 week journey of the participants began with students completing a short questionnaire at the beginning of the term to identify their internet-based comfort and specific experience that they may have had within virtual worlds such as Second Life. These surveys confirmed that the majority of students had no experience with Second Life or any other virtual world (three students had just begun exploring Second Life in preparation for the course), although several had experience with online gaming. In order to provide an introduction to Second Life and to encourage interest, all students completed an orientation session in the

computer lab to assist them at the beginning of their Second Life experiences¹. Once the topic of Second Life was introduced in class, students created their own avatars to represent themselves in Second Life and began their own interactions, recording their experiences in their weekly blog entry (public entries were visible to other students in the class and private entries were limited to the course instructor and the student) and through the online class discussion group². The author was also immersed within Second Life over the duration of the term to observe the participants as they interacted in Second Life, consistent with netnographic procedures established by Kozinets (1997, 1998).

The course utilized a virtual classroom on a private island to serve as a central meeting point for students, a lecture environment, online meeting rooms, and a social center. This provided the student groups with a place to meet and discuss projects and a staging point to connect with fellow students prior to their exploration of the virtual world, allowing for a social consumption experience.

Following the course completion, students were asked to allow their blog entries to be utilized for research purposes and whether they would be willing to participate in an exit interview to discuss their experience and comments in more detail. The student comments and discussions provided insight into the mind of the new entrant to the virtual world in real-time as they experienced it, commenting on their blogs at the time the incidents occurred to enhance the accurate recall of events.

Findings

Throughout the 12 week virtual experience that the students shared, the majority of participants experienced similar highs and lows, positive and negative interactions, as well as a series of emotions including frustration, excitement, anxiety, and loneliness. The following section outlines some of the main findings about the students’ initial experience in Second Life.

Technical requirements.

The technical requirements to operate Second Life to its maximum potential on your computer are quite high. Whether it is the system requirements required for your computer (especially the graphics card) or the high speed network requirements, many of the students, even those with relatively new computers, experienced frustration.

“I have been logging on from my laptop, which although being only three months old, apparently doesn’t have a very good video card, causing long rendering times and significant lag when there are more than a few avatars in an area. This made the experience fairly choppy at times, to the point where I had to leave some areas.”

¹This is noted by the author to be different than a typical entrant into the virtual world who would not have access to an orientation session other than those available online. As class participants may not have any interest in the virtual world (unlike other new entrants) this orientation was important to develop some level of interest in the activity.

² Blog is a short form for weblog, a frequent and chronological publication of comments and thoughts on the web. www.epolotix.com

"I find it too chaotic and the whole high end graphics thing really ruins it for me. I get very frustrated with the loading times and the 'choppiness' and this is probably the biggest factor for why my interests have been greatly reduced."

"If I had to choose one critical area of improvement for Second Life I would have to say the technical resources required to run the program. Even with a computer that is only 7 or 8 months old, I am having a few problems with refresh rates within the world. Maybe you need both an ultra fast computer and an ultra fast Internet connection."

Graphics.

While the technical requirements are significant and did cause many frustrations among the participants, for those that entered the virtual world with a system that met the optimum specifications the results were very positive. The visual experience that the participants experienced surprised many.

"I didn't think I could find a place of relaxation on the internet.... I struggle to find a place of pure relaxation in real life. But Venice changed my entire view of why people get so involved in programs like SL. It was breathtaking, as far as a virtual world could be. I sat on this glass ridge which overlooked the water and with the sound of the waves and wind, it almost felt like I was really there."

"The vegetation and art was just amazing. I thought it was unbelievable how a virtual world can be so intricate with details."

"It was very exciting seeing images from the real world on the Island including houses, castles and all sorts of decoration."

"The architecture here is amazing and is an absolute virtual marvel."

Avatar control.

Individuals who were new to virtual worlds or online gaming experienced a significant learning curve in becoming familiar with how to control their avatar and how everything worked. Those with gaming experience found the controls less than intuitive and contrary to those that they were used to. Many participants experienced difficulty with the interface and basic actions, even after completing the orientations.

"For the first number of days I tried to spend at least an hour on Second Life trying to get familiar with the site, however this didn't seem to be an adequate amount of time to get a good feel for how everything worked."

"I soon got bored when I could not control my avatar easily in terms of movement."

"It takes a tremendous amount of time and understanding to properly immerse into the virtual world."



Figure 2: Orientation Island Challenge
Mouse over image to active flash movie controls to view movie

The initial frustrations that were experienced with control tended to be alleviated as the term progressed and the participants gained more experience with their avatar and the Second Life interface.

“However, after going through the initial stages and learning some of the basic actions, I found Second Life more interesting and easier to manage over time.”

Griefers.

Griefing is a term that originated in the 1990s when it described ‘willfully antisocial behaviour’ in multiplayer online games. For some individuals, griefing has developed into a full-fledged culture and Second Life has provided them with a veritable playground where they can subject unsuspecting individuals to any manner of virtual trauma (Dibbell, 2008). This is one of the many reasons why universities have private islands in Second Life allowing them to limit the access to avatars that are actual students enrolled in the class. However, once the students began exploring the mainland, they became fair game for griefers, as would any new entrant to the virtual world. Despite the negative interactions identified below, griefing was experienced by less than 10% of the students.

“Perhaps I was eager, perhaps I was lonely, but I made the mistake of accepting a friendship request from an avatar named Felipe 12. After I did this something happened to my avatar. I have no idea what it was, but it was a disfigurement and I had no idea how to fix it. Honestly, my body parts are all over the place, like someone tore apart Barbie, juggled her and threw the pieces together....The next time I log in expecting to be fully dismembered and prepared to create a new account, to my surprise, I am normal again. I don’t know why or how, but I am thankful that I get to keep my avatar.”

“The unfortunate thing for these organizations is that there are people who go around and create an unwanted presence that could more or less deter people from ever visiting the island again. This creates a very rocky playing ground for new entrant SL businesses who are grasping at straws when it comes to legitimizing their business.”

Variety of experiences.

Second Life provided the students with a wide variety of locations and experiences, both positive and negative. One of their biggest challenges however was trying to identify appropriate locations as difficulty was noted with the search function within Second Life.

“Over the past little while of using Second Life I am completely amazed with all of the things to see and do.”

“I did notice a lot of traffic on mysterious or liberal islands, such as the Red Light District. An analogy can be drawn to the earlier days of the Internet when a lot of the activity surrounded the pornographic world. Additionally, because everyone has an alias in Second Life, there could be a sense of security when visiting these areas.”

“The search function in Second Life seems to be inefficient as well. Whenever I looked for a particular place or island, the search results would be inaccurate or misleading. The unfair disadvantage is that I performed searches with a ‘Google’ mindset, expecting immediate matches. However, I do expect that these things will eventually tighten up and become more effective.”



Figure 3: Fun Experiences

Mouse over image to active flash movie controls to view movie

Lack of people/interactions.

One of the biggest complaints that the new participants had when visiting Second Life was the lack of other people/avatars and the accompanying loneliness and disconnection that this led to. Many of the students resorted to pairing up with others in the class as they did not enjoy exploring the virtual world on their own. When they did locate individuals, in many cases they were not encouraged to interact, although some of the students did manage to make new friends in the virtual world.

“My avatar must be ugly or smell or something, no one wants to talk to me!”

“There’s a campfire with some people around, but they’re not a very talkative bunch. Maybe my avatar needs a bath or something, they left as soon as I got here.”

“I explained that I was new to SL and I really needed help ... with the certain aspects of SL that I was unable to grasp. She explained to me different things ... I am starting to understand how the economy of Second Life exists ... I feel that I have only grazed the surface of this fascinating world.”

Building is not enough.

Simply having a presence in Second Life is not enough. It is not a case of “if you build it they will come.” You need to have a purpose that provides some value to the consumers. The effort that you put into your location in the virtual world is recognized by the users, but so is the lack of effort.

“When exploring Second Life, most of the time I see islands and regions that sometimes have great flow, and a great overall feeling, but most of the time I see areas that seem to have been slapped together for the sake of having a presence in Second Life.”

“If you cannot offer any added value in your virtual world presence, don’t bother being there. If you can offer a better experience through traditional web pages, focus your efforts there.”

“A location lacking content is pointless.”

“This company allows you to play with virtual features that represent real life features. Personally, I grew affectionate for this company ... This is a company I will buy from in real life. Guaranteed.”

Conclusions and Implications

There are many lessons that can be learned from the experiences of the students as they began their exploration of the virtual world:

1-Make sure that the technical requirements match the user capabilities. Much like in the early days of the Internet when a large number of users still had dial-up service. Designing your website with highly interactive graphics would create an unsatisfactory experience, but make sure you are maximizing what you can deliver to the user.

2-Make it easy for new entrants to learn how to explore your site. Many companies and locations in Second Life (such as CSI-NY) are designing their own ‘orientation island’ and interface for their real-world consumers that they are directing to their virtual world presence. This can give you control over some of the frustrations that new users experience.

3-Create a positive experience that is interactive – both with the site and with other avatars. The high churn rate of virtual worlds means that organizations will have a limited time period to show consumers the value. Their first experience must be a great one; they need to be involved and brought into the group quickly.

Remembering the definition of a virtual world, the key is the INTERACTION. Without the interaction, there are better channels to present the information.

One of the participants began to ask friends and colleagues about their potential to explore virtual worlds to see what kind of reaction they would have.

“The people that I questioned represented most age categories ranging from 10 to 66 years of age. The responses were fairly consistent as most were aware at some level that virtual worlds exist but very few indicated that they had ever actively participated in any such worlds. A common response was that life was hectic enough in the real world and that there is no time for a second life! Many indicated that they use social networking sites such as Facebook, email, texting and instant messaging primarily to save time and it was commented that virtual worlds could not offer such a benefit and would actually require more of a time commitment.”

So, while the potential does exist for the virtual world environments, the suggestions mentioned above are important to address to reduce the churn of new entrants once they decide to explore the virtual environment, but, as with any new channel, before they will even begin their explorations there has to be an advantage to them, especially with respect to time. Keep the following in mind:

“What value is this providing to the consumer?”

If you do not know – how can you expect them to?”

Bibliography

- Au, W. J. (2007). *Move over MySpace, Gaia Online is here*. Retrieved April 22, 2007, from <http://gigaom.com/2007/04/22/move-over-myspace-gaia-online-is-here/>.
- Balkin, J. M., & Noveck, B. S. (Eds.). (2006). *The state of play: Law, games and virtual worlds*. New York: New York University.
- Baym, N. (2000). *Tune in, log on: Soaps, fandom, and online community*. Thousand Oaks, CA: Sage.
- Baym, N., Zhang, Y. B., & Lin, M. (2002). *The Internet in college social life*. Paper presented at the The Annual Conference of the Association of Internet Researchers, Maastricht, NL, October 2002.
- Belk, R. W. (1995). Studies in the new consumer behaviour. In D. Miller (Ed.), *Acknowledging consumption* (pp. 58-95). London: Routledge.
- Dibbell, J. (2008). Mutilated furies, flying phalluses: Put the blame on griefers, the sociopaths of the virtual world. *Wired*, 16-2. Retrieved March 28, 2008, from http://www.wired.com/gaming/virtualworlds/magazine/16-02/mf_goons?currentPage=all.
- Driver, E., Jackson, P., Moore, C., & Schooley, C. (2008). *Getting real work done in virtual worlds*: Forrester Research. Retrieved July 18, 2008, from <http://www.forrester.com/Research/Document/Excerpt/0,7211,43450,00.html>.
- Eichkorn, K. (2001). Sites unseen: Ethnographic research in a textual community. *International Journal of Qualitative Studies in Education*, 14(4), 565-578.
- Fox, N., & Roberts, C. (1999). GP's in cyberspace: The sociology of a virtual community. *The Sociological Review*, 47(4), 643-667.
- Jones, S. (Ed.). (1999). *Doing Internet research: Critical issues and methods for examining the net*. Thousand Oaks, CA: Sage.
- Kozinets, R. V. (1997). I want to believe: A netnography of the X-Philes. *Advanced in Consumer Research*, 25, 470-475.
- Kozinets, R. V. (1998). On netnography: Initial reflections on consumer research, investigations of cyberculture. *Advanced in Consumer Research*, 25, 366-371.
- Kozinets, R. V. (2002). The field behind the screen: Using netnography for marketing research in online communities. *Journal of Marketing Research*, 39(1), 61-72.
- KRC Research. (2007). *The changing face of marketing and communications in today's creativity economy*. Retrieved September 30, 2007 from http://www.proto.pl/PR/Pdf/EXECUTIVE_SUMMARY-FINAL.pdf.
- Kuusikko, E. (2008). *Global Habbo youth survey to launch in April*. Retrieved September 1, 2008, from http://www.sulake.com/blog/entries/2008-03-17-Global_Habbo_Youth_Survey_to_launch_in_April.html.
- Linden, Z. (2008). Second Life Virtual World expands 44% in Q2. Retrieved September 1, 2008 from <http://blog.secondlife.com/2008/07/08/second-life-virtual-world-expands-35-in-q2/>.
- Markham, A. (1998). *Life online: Researching real experience in virtual space*. Walnut Creek, CA: AltaMira.

- Richards, J. (2008). McKinsey: Ignore Second Life at your peril. *Times Online*. Retrieved September 1, 2008, from http://technology.timesonline.co.uk/tol/news/tech_and_web/article3803056.ece.
- Schroeder, R. (2008). Defining virtual worlds and virtual environments. *Journal of Virtual Worlds Research*, 1(1).
- Second Life Economic Statistics (2008). Retrieved September 1, 2008, from http://secondlife.com/whatis/economy_stats.php.
- Senior Execs Big on New Media (2007). *Strategic Communications Management*, 11(2), 9.
- Shirky, C. (2006). Second Life: What are the real numbers? Retrieved from http://many.corante.com/archives/2006/12/12/second_life_what_are_the_real_numbers.php.
- Sondheim, A. (Ed.). (1996). *Being online: Net subjectivity*. New York: Lusitania Press.
- Sveningsson, M. (2001). *Creating a sense of community: Experiences from a Swedish web chat*. The TEMA Institute, Linköping, Sweden. Retrieved September 1, 2008 from <http://www.bibl.liu.se/liupubl/disp/disp2001/arts233s.pdf>.
- Tae-gyu, K. (2007). Korea: Cyworld fever cools. *The Korea Times*. Retrieved September 10, 2008 from <http://koreja.blog.hr/2007/03/1622271561/news-from-korea.html>.