Consumers, Companies and Virtual Social Worlds: a Qualitative Analysis of Second Life

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In recent months, the virtual social world “Second Life” has received considerable interest in both the popular and the business press. Based on a series of 29 qualitative in-depth interviews we investigate which type of behavior consumers show within this environment and what business opportunities it offers for companies. Our results indicate that users do not consider Second Life as a mere computer game, but as an extension of their Real Life. This has implications for how marketing managers can use this online application that go beyond those known from traditional computer or online games.

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When a company wishes to receive press coverage these days, a fairly safe bet is to announce corporate activities within the online application “Second Life”. Second Life (SL) is a three-dimensional virtual social world that opened to the public in 2003 and in which users can interact with others in real time using personalized avatars. SL residents can explore their environment, meet and speak with each other and buy a wide variety of virtual products. The currency in SL is the Linden Dollar, which can either be obtained by exchanging US$ via the SL Exchange or by searching for a job for the avatar. More interestingly, Linden Dollars can also be re-exchanged into US$, making it possible to earn Real Life (RL) money by selling virtual products and services within SL.

SL is part of a group of Internet applications that can be subsumed under the term “virtual social worlds” and which can be considered as specific forms of virtual hyperrealities. Hyperrealities are one of the five conditions of postmodernism (e.g., Firat, Sherry, and Venkatesh 1994; Firat and Venkatesh 1993; Venkatesh, Sherry, and Firat 1993) and have previously been discussed in consumer research in the context of tourist attractions (e.g. Grayson and Martinez 2004) and media products (e.g., Rose and Wood 2005). We hypothesize that virtual social worlds offer unique benefits compared to traditional hyperrealities in the areas of marketing research and advertising. With respect to marketing research, we refer to Kozinets (2002) and his concept of netnography within online communities. Regarding advertising, we draw on previous literature showing that product placements in online games (e.g. Lee and Faber 2007; Nelson 2002) and virtual worlds (e.g. Schlosser 2003, 2006) positively impact brand attitudes and purchase intentions. However, despite these potential business benefits, few researchers have until now investigated consumer behavior within virtual social worlds.

Our analysis of SL is based on a series of 29 qualitative in-depth interviews with SL residents which we summarize in one integrated conceptual framework (e.g., Spiggle 1994). In the center of this framework is the SL resident, who appears in form of an avatar that can be considered as the virtual representation of an associated RL user. Similar to the RL user, who maintains a RL social network and RL exchange relationships with RL companies, the SL resident interacts as part of a SL social network and consumes products and services provided by SL stores. Such stores can either be set up and run by other SL residents (SL resident-owned stores) or be the virtual representations of RL companies within SL (SL flagship stores). This SL experience is connected to RL in two different ways: First, there is a potential connection between the SL resident and RL company if the latter uses Second Life for functions such as marketing research or the distribution of RL products (virtual commerce). Second, there can a connection between the RL user and the SL flagship store, for example if brand exposure within SL impacts RL purchase decisions similar to the effect of traditional or banner advertising.

Based on our conversations, we identify four key motivations for using SL: 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 sought from traditional mass media consumption (e.g. McQuail, Blumler, and Brown 1972), while the last one appears to be specific to SL. In line with previous findings in the context of personal webpages (Schau and Gilly 2003) there is a close resemblance between their RL personality and their SL avatar for some users, while for others there tends to be a substantial difference. The key social reference group for SL residents is their virtual friends within SL, while their RL friends are often unaware of their SL usage. Regarding purchase behavior, 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. SL users generally expect that the products available in SL flagship stores closely mirror the ones offered by the company in RL. This does not, however, imply that such products cannot be adapted to the specific conditions of SL. Our interviews provided mixed support for ideas raised in the business press (e.g. Enright 2007) that companies could use their SL flagship stores to improve RL brand awareness, mainly because respondents stated to only rarely visit such stores. However, the idea of considering SL flagship stores as an extension of traditional e-Commerce activities and use them to distribute RL products generally seems to evoke positive reactions among SL users. Especially categories such as music, computers and books were named as prime examples for this form of distribution.

Overall, our analysis shows that users do not consider SL as a mere computer game, but as an extension of their RL. At some point (most likely with increasing usage intensity or consumption frequency), SL users seem to start engaging in activities that span beyond the single usage occasion so that the planning horizon that underlies SL usage goes beyond the actual time spent within the virtual social world. Regarding the business potential of this new medium, we find mixed support regarding SL’s ability to influence RL brand attitudes and purchase intent. Simply setting up a flagship 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 in order to maintain its attractiveness and attract a sufficient number of SL users. However, SL flagship stores could be used for the distribution of RL products and potentially help to overcome some of the drawbacks still associated with electronic mass customization (Kaplan and Haenlein 2006) and e-Commerce in certain product categories, such as the lack of physical product contact in the context of fashion items (Keeney 1999).

References