

Editorial

Ecommerce in virtual worlds – a ‘just do it’ approach?

For the corporate world, virtual worlds (VWs) are still an unexplored land of opportunities. The fact that some big companies such as IBM and Sun Microsystems have devoted considerable funds and talent to taming the new territory has convinced others to step in. However and by the same token, the spectacular falls of some of these VWs ‘projects’ made other corporations hesitant or at least lukewarm about developing their own VW presence agenda.

As a result of this uncertainty on the real value that expanding a presence in VWs may add to their business, some companies adopted what seemed to be a cautious strategy to go about embracing a new Ecommerce channel: they replicated in VWs the successful - real life - formulas for product launching campaigns, and branding boosting. Hence, they filled their expensive VW real estate with billboards and spread downloadable pamphlets at key locations in the VW of their choice. A few weeks or months later, most of the companies that opted for this conservative approach realized in dismay that the (costly) infrastructure designed and built often by third party consultants failed to attract visitors. In the absence of the anticipated flocks of potential customers, some companies disappeared. If the announcement of these corporate VW presences had met media coverage and fanfare, their failure sent shock waves across the virtual platform, as well as outside in the online (and mainstream) media to other companies starting or considering a VW strategy.

In spite of this grim scenario, some reports have positive projections for the near future and suggest that early adopters of VWs in work environments are now seeing business value in their initial investment [3].

The success of business in VWs is straightly related to the proliferation of the client base on these virtual platforms. Studies show that the number of people in virtual worlds is increasing – 15% every month - and this trend seems to be steady [1]. The same source projects that by 2011, 80 percent of active Internet users will have a ‘second life’, which is used here metaphorically as any metaverse and not literally as a Second Life (SL). These projections translate into 50-60 million of Internet active users will be members of at least one virtual world by 2011.

As far as corporations in VWs, more than 40% of respondents in a ThinkBalm study saw a positive total economic benefit from investments in those technologies in 2008 and in the first quarter of 2009, and more than 50% of those surveyed expect to obtain a positive total economic benefit in 2009. The study included surveys of 66 Immersive Internet practitioners and 15 in-depth interviews and had the Linden Labs as one of the sponsors. Though there could be some risk of conflict of interests in the case of studies who have the companies that created some of the VW platforms as sponsors, this specific study includes a good insight on the spectrum of uses VWs – or, rather, immersive technologies as this is the topic of the study - yield for the respondents, with learning and training, as well as internal and external meetings being the most common uses. The authors also make the interesting observation that quantifying success may be difficult in the case of government, non-profits and even some non traditional corporations that promote non-financial benefits. In fact, the study found that “many who have been implementing immersive technology in the workplace did not even expect to achieve a return on their investment” [3].

The case of IBM

IBM pursued initiatives for both internal and external audiences running SL behind its firewalls and promoting a culture of ‘getting to know the SL community’ among its employees. In a personal interview with Craig Becker, an IBM Master Inventor and tech lead for IBM virtual space events, he suggested that the initial difficulty was to be taken seriously as VWs are usually equated with games, and hence play. Besides stimulating the ‘non-blue suit’ avatar among the staff members engaged in IBM’s VW strategy, IBM engaged external audiences through SL destinations such as the IBM Public Sandbox, frequently visited by well known Second Life artists such as AM Radio, Tezcatlipoca Bisiani, and Bryn Oh. This, again, proves IBM’s conscious choice of ‘getting to know the SL community’ and meeting its interests and wishes instead of creating a situation where the residents are expected to meet IBM’s commercial interests.

The social media and the VW strategies

Just as CEOs and CIOs were struggling to understand how Facebook and Twitter can add value to their businesses, virtual worlds joined this already complex social media space. The year 2006 arguably marked the climax of the corporate interest in the metaverse as a new channel for ecommerce, as well as the embracement of web 2.0 technologies by the corporate world, upon the recognition that customer opinion was becoming more influenced by other customers’ opinion than by the ‘power of the brand’ or - the trend seemed to be - mainstream advertising [10].

Today we are at a mere 4 year period after that hype but an eternity away, when we think of the life of an emerging technology. Companies painstakingly learned their lessons regarding the implementation of their VW presence. Today, companies spanning across products and services, and market segments acknowledge the need for having a "social media strategy". Within the latter, though, the 'virtual worlds strategy' is still largely a black box, missing a clear roadmap and an unanimous support within the company and often also outside, by the client base. The social media strategist (a rising career in countries such as the US) is still at a loss when making a case for a social media or a VWs 'strategy' next to CEOs for whom, typically, campaigns' success is measured more by ROI and less by the impact of 'word of mouth' through blogs and fandom circles created through tools such as Twitter.

Metrics

Quantifiers that were well known to traditional (webpage) Ecommerce such as average time per visit or average time per page are being revised to provide marketers conducting social media based campaigns with actionable items that may inform their strategies. Parameters such as page views per visit are being replaced by other, more "imprecise" terms such as 'engagement with the brand'; The new parameters and this new lingo - necessarily more 'imprecise' as it describes social interactions around products and services, need not be less actionable though. A metrics for social media can and should provide insight as to best practices and ways to re-strategize social media driven campaigns, for example.

Other notions that have been the object of study in marketing-related areas need to be revisited under the new web 2.0 landscape [7]. The construct of "involvement", for example, and though it has been extensively studied in advertising and consumer research, has received little consensus on how to define it, with some researchers conceptualizing it as a process (e.g.: [4]), others as a state (e.g.: [2]) and yet others driving a definition from the antecedents or consequences of involvement (e.g.: [6]).

Constructs such as "involvement" and more specifically ROE (return on engagement) need to be revisited in the case of ecommerce in virtual worlds. The idea of involvement as engagement is core to branding in virtual worlds where companies have painstakingly learned that erecting billboards replicating those in the real world are not enough to attract potential customers. The team in charge of the dynamics of the VW corporate site needs to have a deep understanding of the possibilities offered by the metaverse and proactively conceive and design a true space for interaction where potential customers are engaged because they are active in the space, either by communicating, visiting or shopping.

Virtual worlds add embodiment to this already complex equation, which in turn carries new parameters from interpersonal distance between avatars to approximation (distance between avatar and object). Even parameters that had already been studied in videogames – such as the placement of products – deserve a re-examination of context in the case of virtual worlds [5].

Final considerations

An important number of case studies documenting the added value that VWs may yield to businesses is being distributed through reports that are sponsored by some of these virtual platforms. This creates a situation of conflict of interests and suggests to academics some caution in the interpretation of the discussion and conclusions of such studies and a heightened alertness to over-simplifications and over-generalizations. We suggest the direct contact with the authors of the reports with inquiries on collection of data and selection of respondents' base. This may provide a first selection of material to report on academic studies. We also strongly recommend informing readers of the nature of the sponsorship, should it represent any possible conflict of interests. Last but not least we are not against the inclusion in academic studies on ecommerce in VWs, of results made available by marketing agencies and companies with a VW presence – quite the contrary.

Social media marketing strategists need to make a case whether as consultants or in-house staff, that campaigns conducted in virtual worlds have a positive impact on ROI - Return on Investment - but also and arguably more importantly given the nature of the VW environment, on ROE – Return on Engagement. Companies 'tunneling' clients from VWs to real websites have painstakingly realized that the members of the community they are reaching out to are first and foremost the Second Life community, the There community, or the Entropia community to name a few. They are a hybrid of the VW community base and the X brand client base. Hence, they may not appreciate being driven out of their community of choice, only to visit a standard Ecommerce webpage, where they are expected to shop. After all, that webpage elicits far less activity and is technologically much less sophisticated than the 3D space they departed from. The logical reaction then is to close the Web browser and return to the VW of departure [8].

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