Business in Virtual Worlds

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In this presentation

- What are virtual worlds?
- Where did they come from?
- What kinds of virtual worlds are there?
- How are businesses using them?
- What should you think about if your business wants to use them, too?
Definitions
Virtual worlds are:

- Online
- Spatial
- Shared
- Persistent
ONLINE
PLAYERS IN THE SIMS ONLINE PRETENDING TO MAKE GARDEN GNOMES
EVERQUEST WENT TO GREAT EFFORT TO CREATE A SENSE OF PLACE-NESS
A CHRISTMAS PARTY IN ULTIMA ONLINE
PERSISTENT

WORLD OF WARCRAFT IS STILL “THERE” EVEN IF YOU’RE NOT LOGGED IN
AVATARS

AVATARS IN VARIOUS VIRTUAL WORLDS (TOP CENTER: JUDGE RICHARD POSNER)
“VIRTUAL REALITY” ≠ “VIRTUAL WORLD”
Virtual reality:

“THE COMPUTER-GENERATED SIMULATION OF A THREE-DIMENSIONAL IMAGE OR ENVIRONMENT THAT CAN BE INTERACTED WITH IN A SEEMINGLY REAL OR PHYSICAL WAY BY A PERSON USING SPECIAL ELECTRONIC EQUIPMENT, SUCH AS A HELMET WITH A SCREEN INSIDE OR GLOVES FITTED WITH SENSORS”
History
Happy Halloween!!

You are invited to check out Section 9, our discussion forum for MUD players.

Please direct your browser to:

**************************************************************************
* MUD2.COM is where you’ll find the next generation *
* version of MUD1/British Legends. Another creation *
* of Richard Bartle, MUD2 offers many extras, *
* including smart mobiles, new areas, and more. *
* Why not open a trial account today? *
**************************************************************************


Welcome! By what name shall I call you?
"LAMBDA MOO IS A NEW KIND OF SOCIETY"

CA. 1990: SOCIAL, CREATIVE WORLDS
LAMBDA MOO
CA. 1992: GRAPHICAL WORLDS

NEVERWINTER NIGHTS (AOL)
CA. 1996: THREE-DIMENSIONAL WORLDS
MERIDIAN 59
1997: MASS-MARKET SUCCESS
ULTIMA ONLINE
TODAY: HUGE MARKET, HUGE PROFITS

WORLD OF WARCRAFT
Kinds of worlds
COMPETITIVE GAMES

EVE ONLINE
SOCIAL (LIFELIKE)

THERE.COM
SOCIAL (FANCIFUL)
EDUCATIONAL (PROFESSIONAL TRAINING)

FORterra-Produced Worlds for Medical and Military Teams
EDUCATIONAL (ACADEMIC)

REBECCA NESSON TEACHES A HARVARD EXTENSION CLASS IN SECOND LIFE
CIVIC (TRADITIONAL)

VIRTUAL HOUSE OF REPRESENTATIVES HOSTS EVENTS IN SECOND LIFE
CIVIC (EXPERIMENTAL)

NYLS’S “DEMOCRACY ISLAND” IN SECOND LIFE USED TO PLAN A PARK LAYOUT
CREATIVE
ABBOTT’S AERODROME (USER-CREATED) IN SECOND LIFE
3.2 YOU RETAIN COPYRIGHT AND OTHER INTELLECTUAL PROPERTY RIGHTS WITH RESPECT TO CONTENT YOU CREATE IN SECOND LIFE...
INTELLECTUAL PROPERTY EXPORTS

"TRINGO" CREATED IN SECOND LIFE, LICENSED FOR GAME BOY ADVANCE AND PC
INTELLECTUAL PROPERTY IMPORTS
ADIDAS STORE IN SECOND LIFE
Business Opportunities
1) MAKING VIRTUAL WORLDS
TOTAL SUBSCRIPTIONS PASSED 10 MILLION IN 2005
1A) SELLING SUBSCRIPTIONS TO CONSUMERS

*WORLD OF WARCRAFT* HAS MORE THAN 8,000,000 SUBSCRIBERS AT $15/MONTH
1B) SELLING ANCILLARY MERCHANDISE

WORLD OF WARCRAFT LICENSED CLOTHING, NOVELS, FIGURES, ETC.
2) ADVERTISING

URL SPELLED OUT IN DEAD DWARF CHARACTERS IN WORLD OF WARCRAFT
2A) PLAYERS AS MARKETING DEMOGRAPHIC

FARMERS’ INSURANCE ADVERTISEMENT
2B) TRADITIONAL ADVERTISING IN-WORLD?

CASTROL AD IN NEED FOR SPEED
IN-WORLD BILLBOARD ADVERTISING = SPAM
BILLBOARD IN SECOND LIFE
2C) WORLD-SPECIFIC PROMOTIONAL CONTENT

SUN MICROSYSTEMS PAVILION IN SECOND LIFE
“VIRTUAL CSI:NY” CRIME LAB IN SECOND LIFE TIED TO EPISODE OF TV PROGRAM
2E) INTERACTIVE OPPORTUNITIES FOR FEEDBACK

STARWOOD’S “ALOFT” PROTOTYPE HOTEL IN SECOND LIFE
2F) FIRST-MOVER ADVANTAGE
IBM WELCOME CENTER IN SECOND LIFE
3) SELLING VIRTUAL GOODS AND SERVICES

ALLIN GRAEF/ANSHE CHUNG: VIRTUAL WORLD ENTREPRENEUR; REAL-LIFE MILLIONAIRE
### Huge Market in Virtual-Item Sales

Estimates compiled by Tuukka Lehtiniemi and Vili Lehdonvirta in 2007

<table>
<thead>
<tr>
<th>Source</th>
<th>Year</th>
<th>Volume (US$)</th>
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<tr>
<td>Castronova</td>
<td>2001</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Castronova</td>
<td>2004</td>
<td>100,000,000</td>
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<tr>
<td>Salyer</td>
<td>2004</td>
<td>880,000,000</td>
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<tr>
<td>Korean gov’t</td>
<td>2006</td>
<td>830,000,000</td>
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<tr>
<td>Chinese gov’t</td>
<td>2006</td>
<td>901,000,000</td>
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3A) CONTENT SCREENED BY WORLD COMPANY
NIKE SHOES AND CLOTHES FOR SALE IN THERE.COM
3B) USER-GENERATED CONTENT

BECKY’S WOODSHOP, A USER-CREATED STORE IN SECOND LIFE
3C) CONTENT IMPORTED FROM REAL LIFE

AMERICAN APPAREL STORE IN SECOND LIFE SOLD VERSIONS OF REAL-LIFE CLOTHES
3D) IN-WORLD VERSIONS OF REAL-LIFE SERVICES
COLDWELL BANKER (VIRTUAL) REAL ESTATE OFFICE IN SECOND LIFE
4) INTERNAL-USE VIRTUAL WORLDS

IBM’S BUSINESS CENTER IN SECOND LIFE
4A) TRAINING
VIRTUAL WORLD PRODUCED BY FORTERRA FOR THE U.S. ARMY
4B) CONFERENCING
LINDEN LABS, MAKERS OF SECOND LIFE, HAVE UI DESIGN MEETING IN-WORLD.
4C) COLLABORATIVE DESIGN
THE "PLAN IMPORT" TOOL IN SECOND LIFE
Business Risks
VIRTUAL WORLDS

≈

UNSTABLE COUNTRIES
1) GOING IT ALONE CAN BE HARD
VIRTUAL-WORLD CONSULTANTS AND BUILDERS HAVE VALUABLE EXPERTISE
YOU UNDERSTAND AND AGREE THAT LINDEN LAB HAS THE RIGHT, BUT NOT THE OBLIGATION, TO REMOVE ANY CONTENT (INCLUDING YOUR CONTENT) IN WHOLE OR IN PART AT ANY TIME FOR ANY REASON OR NO REASON, WITH OR WITHOUT NOTICE AND WITH NO LIABILITY OF ANY KIND.
3) DISRUPTIONS AND PROTESTS ARE COMMON

“NAKED DWARF” PROTEST MARCH IN WORLD OF WARCRAFT
POLITICAL PROTEST
PROTEST AGAINST LE PEN IN SECOND LIFE
VIRTUAL PROTESTS CAN BE ANTI-CORPORATE

TOYOTA'S *SECOND LIFE* SHOWROOM IS BESET BY MISSILES MAKING LOUD NOISES
VANDALISM IS FREQUENT

JOHN EDWARDS’S SECOND LIFE HEADQUARTERS DEFACED BY VANDALS
VIRTUAL PROTESTS CAN BE HIGHLY DISRUPTIVE

HILLARY CLINTON’S SECOND LIFE HEADQUARTERS OVERRUN BY PAPER MARIO
4) SOME BUSINESS MODELS DON’T FIT IN WELL

SCIONS IN SECOND LIFE (WHERE EVERYONE CAN FLY) USEFUL ONLY FOR HORSEPLAY
SOME BUSINESS MODELS DO FIT IN WELL
THE REUTERS SECOND LIFE BUREAU DOES REAL JOURNALISM
5) INAPPROPRIATE BRAND EXPOSURE

“AMSTERDAM” IN SECOND LIFE INCLUDES A RED-LIGHT DISTRICT
Final Thoughts
A few pieces of advice

- In-world ventures should fit both your business and the world.
- Most of the publicity comes in the initial splash.
- If you plan on staying, make your presence active.
- Different virtual worlds have very different cultures.
- Treat all your customers, virtual and real, with respect.
Good luck!