

Brand Community as a Strategy for Conquering Virtual Worlds

Introduction

Since 2003 when Linden Labs launched Second Life (SL), corporate brands have been keen to harness the online, three dimensional and fully immersive 'virtual' environment for business purposes. This paper introduces the research being undertaken by the authors to identify how brand managers can enhance their chances of success when taking their brands into Virtual Worlds.

Enthusiastic corporations anticipated a range of benefits from conducting business in Virtual Worlds akin to the quantum leap made when the corporate sector embraced the World Wide Web. Virtual Worlds are seen by some as being the next 'face' of the web with 3-D technology adding proximity capabilities. Benefits range from enhancing the online customer experience, reducing the cost of staff meetings through to contributing to management and marketing sustainability objectives. "We conduct a lot of company meetings in Second Life. With us being able to hold virtual meetings, our carbon footprint is a lot lower. Every Friday, we have an internal staff meeting and about 60 to 80 people show up – people from all over the globe" (Kidman, 2007).

America Online, Coca Cola, BMW, Mercedes Benz, ABN Amro, The Starwood Hotel Chain, Adidas, and Dell were among the early adopter brands that established substantial operations in SL only to subsequently close them down because they failed to deliver on expectations. These and many other major brands found simply that "If you build it, they will not necessarily come" (Foth, 2008).

Laura Thomas, an e-business consultant at Dell explained that brand's decision to withdraw from SL: "...maintaining these areas requires a lot of resources, of course, if customers had followed, there would have been no problem, but there wasn't enough usage of the space to justify the resources needed to keep it dynamic." The same reasoning applied for dozens of other brands who also scrambled to staunch their bleeding SL budget line items (Cohen, 2008).

While many Real Life (RL) brands fail to attract significant 'traffic' in SL, there are many businesses that thrive and generate substantial 'traffic'. The authors reviewed five 'high profile' brand operations in SL and then five 'high-traffic' business operations in SL and apply Oldenburg's (1982) Theory of Third Place to structure their findings. Brand Communities emerge as the strategy most likely to succeed for brands looking to benefit from the unique set of technologies available to them in Virtual Worlds.

Second Life

SL is a Virtual World accessible via the Internet. A free client program enables users to interact with each other 'in-world' through "avatars". An avatar is a computer user's representation of themselves, or an alter ego, in the form of a three-dimensional model. It is an "object" representing the embodiment of the user (Jordan, 1999).

Linden's three dimensional modelling tool and scripting language allow users to build virtual objects and add functionality to them. Avatars explore, meet other avatars, socialize, participate in individual and group activities, and create and trade virtual property and services with one another.

SL has a functioning economy complete with its own currency, the Linden dollar (L\$), which can be used to buy, sell, rent or trade land, goods and services with other users. Linden dollars can be bought and sold with real currency on the “LindeX” exchange, operated by Linden Labs. Companies can also generate US dollar earnings from products and services sold in SL.

Three types of e-commerce are conducted in SL: virtual, real and a combination of the two. Virtual transactions involve purely ‘in-world’ business, such as the purchase of clothing to enhance the appearance of an avatar. Real transactions where companies use ‘in-world’ activities to facilitate business in the real world, such as Mercedes Benz using faithful renditions of their vehicles for “in-world” test drives, as part of a sales cycle leading to a real vehicle purchase. Combined transactions such as professional photography that is exhibited in SL galleries and when purchased, is transferred to the purchaser both as a computer image for use “in-world” and a hard copy framed picture mailed to the purchaser’s real-world address.

As a sample for preliminary investigation, the authors randomly selected five high profile corporate brands from a list of SL pioneer companies, and five businesses with high traffic scores. Each parcel of ‘land’ in SL has a daily published Traffic Score calculated by Linden Labs as a composite score based on the number of visitors to that parcel and the time each spends there. This measurement is considered by the authors as an acceptable, reliable, objective and quantifiable “measure of success”. The following table lists each operation’s Traffic Score at the time they were reviewed (July, 2009).

Brand	Traffic Score	Business	Traffic Score
Bigpond	4,043	The Rock Club	100,507
ABN Amro	1,567	Dance Island	78,666
Autodesk	90	Sexy Nude Beach	74,628
Wired Magazine	10	Inspire Space Park	36,658
Dell	5	The Blarney Stone	16,295

Noteworthy is that at the time of the search for the SL sites of three global brands, BMW, Adidas and Mercedes Benz, an “unable to locate” message was returned by the SL search engine

Successful SL Businesses

The methodology employed for data collection was a combination of observations, interviews with the site owners, and informal discussion with customers using a checklist based on Oldenburg’s “Nine attributes that constitute a Third Place”.

The Rock Club is a dance Club founded by (avatar) Deviant Zauber, an online radio entrepreneur. Avatars dance to the beat of music played by celebrity DJs and hosted by avatar hostesses whose role is to keep the customers dancing and socialising. Regulars are welcomed personally by the hostesses and dance together in synchronised animation. Conversation is conducted by text and real voice. When asked why the Traffic Score for The Rock consistently “top the charts”, Deviant replied “*We advertise, we generate strong word-of-mouth recommendations, and we have been around for nearly a year and at the top for six months. Once you reach high numbers, if you keep the crowd happy they stay.*”

The Blarney Stone, situated in Virtual Dublin, is an Irish themed bar. It claims to be “a gathering place for the world”, and a place in virtual reality which reduces the barriers to entry for people of different backgrounds to get to know each other. According to the owner,

Ham Rambler, three things make a great Irish Bar and gathering place: “1) *Friendly People* 2) *Great Events*, and 3) *Skilled Hostesses and Hosts to keep things moving along!*” Events are scheduled daily, weekly and monthly at The Blarney Stone. Social events and live DJ music are held daily. Live music concerts are held four times a week. Special festivals and live simulcasts from all over the world are held six times a month.

Sexy Nude Beach is an island where the entry sign reads “*Nude or swimwear please!*” A dance floor, bar and sun bathing lounge chairs are available. More active avatars can surf, scuba dive, swim and ride windsurfers. Equality is enhanced by the absence of clothing.

Inspire Space Park is a place to relax on one of the many hidden “poses” scattered about. Poses are small balls that when clicked, offer to animate the avatar in a range of movements. Orbit poses fly an avatar into space, then let the lights and sound take over their animation. Groups of avatars can regularly be observed in synchronised Tai Chi classes. Visitors are invited to visit two associated locations, the Inspire Space Emporium and the Beach “*down on the surface.*”

Dance Island offers live DJ artists & live music 24x7. Winner of the 2009 Best Dance Club in SL for their non-stop live acts. The owners boast that “*Here are always real people and festival Dee Jay events.*”

All the above venues are spectacular, colourful and active visual environments providing continuous sensory stimulation and plenty of activities. Each business generates an automatic invitation to join their group and members then receive regular messages advising them of activities, inviting them to events, and consistently giving compelling reasons for avatars to return. Whether they come to dance, gaze at the stars, drink, swim or check out other avatars, the main activity is conversation and socialisation. Avatars are accepted on their looks, treated as equal and actively included in the community. Each of the five selected ‘high-traffic’ businesses are ‘socially-focussed’ sites that provide a place where clients can escape the day-to-day realities of their homes and workplaces, making the Theory of Third Place an appropriate framework to apply in analysing the secrets of their success.

Theory of Third Place

The “third place” is the concept of community building introduced by Ray Oldenburg (1982). In his influential 1991 book “*The Great Good Place*”, he refers to the social surroundings separate from the two usual social environments of home and the workplace. Oldenburg proposed that stable communities are comprised of the first place of home, and those that one lives with. The second is the workplace — where people may actually spend most of their time. And, “third places”, which are the “anchors” of the individual-self with the community life. These three components make up the community and if one component is missing, it affects the stability of the community.

A third place is defined in terms of its function, which is to provide an informal public place where communication and dialogue are essential activities and is accessible to all members of a community. It facilitates and fosters creative interaction among its members. All societies have informal meeting places but what is new in modern times is the intentionality of seeking them out as vital to current societal needs. Third places exist outside the home and beyond the “work lots” of modern economic production. They are places where people gather primarily to enjoy each other’s company’ with such regularity that it’s often transformed into their

second home (Oldenburg 1982, 1991). Third places offer relief from the stressful demands of work and home and provide individuals with the feeling of inclusiveness and belonging associated with participating in the social activities of their chosen groups. For the community, third places strengthen the community ties through social interaction, and promotes security through interaction.

However, societies are in constant change. Due to the displacement of people from traditional communities, the vast suburban infrastructure, emergence of a consumption-oriented culture, and the increasing demands placed by home and work roles, individuals are increasingly lacking time, and places, outside their work or family-based communication contexts. Furthermore, individualization and the process of privatization of leisure time – fostered by forms of electronic entertainment such as television and the internet – have been alleged to speed up the decline of social capital in our society (Blanchard & Horan, 1998). Harrison and Stephen (1999) indicate that the new technology which enables free and easy global communication causes a distraction “from the social interaction we encounter in our geographical place of community” (p.221). The development of third places is being severely impeded and even those which exist often fail to meet many of the essential criteria of third places (Khermouch & Veronsky, 1995). In these modern types of locations, rarely do patrons engage others in lively, extended and informal interaction. Individuals lack the opportunity to interact in a third place such as a neighbourhood pub or coffee shop which creates a sense of loss of social cohesion in society. People long for these quickly disappearing public spaces because these ‘great good places’ or ‘third places’ are essential. In fact, Oldenburg suggests the lack of community poisons not only an individual’s sense of wellbeing but also grass roots democracy and civil society.

People on the Internet are after information but it seems they also want a sense of community. The question remains as to how people should recreate functional third places which satisfy the criteria as defined by Oldenburg. In particular, does new technology in the digital age offer possible solutions?

All five of the SL businesses reviewed generally meet the main criteria set by Oldenburg to qualify them as Third Places. They are outside the home, beyond the workplace, primarily to enjoy other’s company, inclusive & belonging, lively extended & informal, a social space, participating in social activities, playful and outside professional & familial roles.

Virtual Communities as Third Places

The rapid expansion of Internet technology provides opportunities to address the difficulties associated with time space fragmentation and the reduction of community by extending Oldenburg's third place concept to an online platform. New developments in technology have brought different ways of distributing information while still maintaining and preserving aspects of traditional communications (Postmes, Spears & Lea 2000).

Lori Kendall’s (2002) ethnographic study of a computer-mediated community helps to ‘prove the Internet can provide us with a virtual third place, which is the equivalent of one of Oldenburg’s third places where a community is formed, maintained and revitalized’. In fact, it is plausible that many computer-mediated environments cultivate the level of informal social interaction and community spirit as described by Oldenburg. In many respects, computer-mediated contexts and traditional third places share similar functions and characteristics. Much about connectedness and community online can be learned from the concept of third places and their importance in real life and cyberspace (Lawson 2004).

Some online communities resemble the types of social settings Oldenburg describes as “third places”. Functionally, both third places and some computer-mediated environments are essentially social spaces outside professional and familial roles for the purpose of informal social interaction. Online communities have become virtual Third Places – they are homes away from home where users can expand possibilities and playfulness.

While the Internet may enable the creation of community environments which fit the essential characteristics of a Third Place, it has not been able to simulate all aspects of a physical third place – until now. Virtual Worlds add a three-dimensional capability allowing developers to simulate proximity, an essential element of community whereby individuals can ‘bump into’ and initiate relationships with others they previously were not aware of. The selected SL businesses all achieve high Traffic Scores because they have successfully built virtual communities that provide a Third Place for their clientele. How can brand managers apply these findings to their strategic brand development plans? All indicators point to building brand communities in SL that offer a Third Place to their customers.

Brand Communities as Third Places

Early studies indicate that housewives turn to the marketplace to form “commercial friendships” with retail employees (Stone 1954; Price & Arnould 1999). Consumers are often driven to form commercial friendships with employees or other customers in commercial establishments to deal with loneliness or other social problems (Forman & Sriram, 1991, Goodwin, 1997; Rosenbaum, 2006).

These commercial establishments often fit the characteristics of Oldenburg’s “third places”. Their social supportive roles which translates into increased brand loyalty has been well documented. In a study conducted by Rosenbaum (2006), his data revealed that “as the frequency to which consumers obtain companionship and emotional support from their commercial friends (in “third places”) increases, so does their loyalty”. Rosenbaum found that “a key benefit that regular customers may receive from patronizing a commercial third place is consistent access to their commercial friendships” (Rosenbaum 2006).

The participation in a virtual commercial community also has a positive influence on consumer commitment to the brand around which the community is centred (Casalo 2008). Relationship marketing has been proposed to be the leading marketing strategy in the future to establish long-term oriented relationships with customers (Morgan & Hunt, 1994). Communication with consumers is one of the crucial aspects of relationship marketing (Andersen 2005) and the Internet has emerged as a favourite medium to communicate with consumers (Pitta & Fowler, 2005). Online relationships are creating online social groups referred to as “virtual brand communities” (Casalo 2008). Is there enough evidence that virtual brand communities serve as “third places” where customers spend much time to rely on the support of the community members and therefore increase their loyalty and involvement with the brand?

Implications for Brand Management

This paper found that the selected high Traffic Score sites in SL are virtual communities each providing the benefits offered to qualify as a Third Place. Brand managers can take the lessons learned by these successful in-world businesses and create and manage their own virtual communities based around their brand. Focus must be on creating Third Places and offering regular events, activities and communications with their users and consistently

providing unique experiences only accessible in their brand's Third Place. The Blarney Stone for example, employs a full time RL events manager to ensure it continually provides good reasons for customers to keep coming back.

Future Research

This paper introduces the first stage of research being undertaken by the authors to identify how brand managers can enhance their chances of success when taking their brands into Virtual Worlds. It is a pilot study with the second stage underway including a detailed quantitative analysis and including consumer managed brand communities, called SL Groups. Each group, formed and managed by individuals without corporate sanction, consists of members who are enthusiasts of a brand such as Apple, Harley Davidson, BMW, McDonalds, Nokia, Disney, Starbucks and Coke. It's anticipated that these informal communities will yield further insights for brand managers already dealing with consumers who are no longer passive recipients and are taking active roles in co-creating and modifying brands, products and services.

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*Wade S. Halvorson, Lulea University of Technology, University of Western Australia
wadeh@biz.uwa.edu.au*

Peter G. Steyn, Lulea University of Technology, petersteyn@gmail.com

Abstract

Brands that have successfully conquered the 'real-world' are having difficulty with operations in online 'virtual worlds'. Brand locations, shops, malls and other business operations in virtual-worlds can be desolate wastelands into which very few customers venture and even less return. At the same time there are many sites in Second Life that are attracting and sustaining large numbers of regular participants.

What keeps participants in Second Life coming back to some businesses and not others? Five successful Second Life sites are reviewed and Oldenburg's Theory of Third Place applied to gain insight into the reasons for success. The potential for Brand Communities in three dimensional, fully immersive virtual worlds is then discussed as a possible strategy for 'virtual' success.

Keywords: branding, community, relationship, virtual worlds, brand loyalty, digital/new media