

# POINT OF VIEW: SECOND LIFE

## INTRODUCTION

In the last two years, marketers have made a mass foray into virtual reality, via the online world Second Life. By 2006, major brands from Coca-Cola, MTV and Dell to even Wells Fargo Bank had boldly staked out their territories — and the question became not whether, but when, others would follow suit. The Second Life marketing bonanza has certainly received its share of fanfare, yet the hype has not yet yielded proportionate results. (One of the problems is that many who have heard of a particular company's venture into Second Life still have little idea as what Second Life actually is.)

Despite the uncertain future of corporate branding in Second Life, a few recruitment marketers have entered the world as well. What remains to be seen is if recruiters will attain an as-yet elusive success and make Second Life a new front in the War for Talent — or if they should even try.



## WHAT IS SECOND LIFE?

Second Life is a massively multiplayer online role-playing game (MMORPG) that was launched in 2003 by Linden Lab and has since developed into an online virtual world where users live out a 'second life.' Unlike most computer games, there is no real goal to a session of Second Life; instead, the game acts as a metaverse, i.e., a virtual representation of reality in an online world. Users socialize, work, dance and play in Second Life.

For much of its early development, Second Life grew primarily by word of mouth, slowly developing an audience over time. Because Linden Lab chose to allow users to develop content for the world, many early adopters were developers, programmers and people interested in experimenting with the Second Life world. (Recently, Linden Lab went so far as to make the user client software open source.) This open development also helped spur an economy within Second Life in which users sell things they have

developed to other users, including everything from property to clothing to custom animations for one's character that allow it to dance, walk differently, etc.

Second Life began generating enormous buzz in mid to late 2006 as marketers began to flock to the virtual world to stake out a presence. The open development, relatively low cost of entry and the prospect of reaching highly engaged consumers were all big draws; and because Linden Lab has few restrictions within the world, there were very few limitations on what marketers could do (though initially there was a strong user backlash, and even today some users are not happy with the marketing presence in the world). Many developed storefronts, built virtual offices and opened stores where users could purchase virtual goods.

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Some of the buzz generated in the marketing community has spilled over to consumers as well, and this has helped further build interest in Second Life. The continued buzz has created a snowball effect, and as of May 11, 2007, the Second Life homepage claimed 6.2M residents, with 1.7M users having logged on in the past 60 days, and about 35K-40K active users online at any given time. They also reported that nearly USD \$1.6M in transactions took place in Second Life in a 24-hour period; a typical day's trading in the metaverse.

While these numbers sound impressive, a recent comScore study<sup>1</sup> tracked the usage of Second Life though March 2007 to see what the actual traffic figures amounted to. They found that of the approximately 6M 'residents' of Second Life at the time, only 20.8 percent had logged in during the past 30 days (approximately 1.25M). It should also be noted that these figures are global — comScore reports that only 207,000 unique visitors accessed Second Life at least once from the U.S. in March.

The number of dedicated users who access the service multiple times per week is suspected to be far lower than that. According to Information Week<sup>2</sup>, Linden Lab

acknowledges that up to 90 percent of the accounts created on the site have been abandoned, meaning that up to 5.4M of the Second Life 'residents' are no longer participating. Linden Lab further admits that of the new accounts that are created on the site, less than 10 percent remain users after three months.

To complicate matters further, many users have 'alt' accounts, i.e., multiple accounts owned by a single human user. Linden Lab's own Key Metrics Report<sup>3</sup> shows that the number of actual humans who have registered accounts is less than 3.2M — far shy of the 6M 'residents' publicized on the homepage.

The Linden Lab Key Metrics Report also shows the number of Premium Residents (paid subscribers) to be just over 75K as of April 2007. Free accounts are also available, though with such high churn and poor retention rates, the total dedicated population of Second Life users might be around 200K to 400K worldwide, including paid and free accounts.

To put that into perspective, the immensely popular MMORPG 'World of Warcraft' has 7.5M paying subscribers — and no free accounts are available.

## ACCESSING SECOND LIFE

In order to enter the virtual world, one must sign up via the Second Life Web site, choose a nickname and an initial avatar (a graphical representation of the user), and provide some basic information. Once registration is complete, the user must download and install a 31 MB software client (65 MB for Mac); the Web site supports users, but the game is a separate application.

Second Life was developed as a 3D virtual world, and the technological requirements to enter the world reflect that. The minimum computer specifications for the game are relatively modest by gaming standards, though they may still be beyond the reach of some users with more utilitarian machines, such as a three-year-old business laptop. The recommended specs would demand a more powerful machine, though it is not out of the reach of the average user.

Game play requires that the user become familiar with the game's mechanics and controls. Second Life veterans estimate a minimum two-hour learning curve, with much more time needed to gain any real proficiency with the system. Experienced Second Lifers will often have invested hundreds of hours in the world.

While not exceptionally difficult to set up and use, Second Life would not be considered 'plug-and-play' for the average person. Most users would need to be quite committed to learn the interface and become experienced with the Second Life world.

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## MARKETING & ADVERTISING IN SECOND LIFE

Currently, marketing options in Second Life are varied, ranging from virtual outdoor ads such as billboards, to leasing space in an office building on the main grid, to leasing an 'island' (a parcel of Second Life land separate from the main grid) on which one can build out entire branded game areas.

Pricing is varied, and some restrictions do exist; but because the Second Life world is largely created by the game's residents and Linden Lab grants intellectual property rights to the content creators, much of the Second Life world is not directly controlled by Linden Lab. Because of this, advertising is executed mostly through third parties, such as JWT, that will charge to develop branded property in Second Life. This also

means there is no standard pricing to creating a presence within the world, as most virtual-property development is negotiated on a case-by-case basis.

Because the world is so new, there are many possibilities to advertising within the world that are not fully tested. To date, the dominant way that marketers enter the world is by building out islands or leasing space on the main grid to open storefronts or virtual offices. According to The Financial Times<sup>4</sup>, many marketers do not expect an immediate ROI to entering the world, and AdWeek<sup>5</sup> reports that some marketers seem simply to be staking out their claim within the world without investing the necessary time to develop a relationship with its users.

## THE FIRST MOVER ADVANTAGE? RECRUITMENT IN SECOND LIFE

While Second Life remains unproven in terms of both popularity and the value it provides to marketers, some companies are capitalizing on the hype surrounding Second Life by becoming early adopters. While these investments may have an unproven direct value, they have a definite PR value in that they make the company appear innovative — and some press outlets are eager to cover any Second Life-related business story.

In the recruitment space, Second Life is an experiment in its very early stages. IBM and Semper International actively recruit in the metaverse, and one recruitment agency has built offices on a leased island and rents out its space to clients to hold virtual career fairs. Though these recruitment tactics have garnered a fair amount

of media attention, not all the press has been positive. Indeed, some industry skeptics have clearly expressed their reservations, including David Manaster, the CEO of ERE Media<sup>6</sup>:

*We have a tendency in the recruiting profession to glamorize new technologies — mostly because the vendors in the space use new technologies to differentiate their services and prove that they “get it.” Just because a service is popular, doesn't mean that it is a great recruitment tool. Maybe Second Life will one day perform, but it's just not there yet.*

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JWT INSIDE likewise feels that the audience in Second Life is still too small to justify any extensive recruitment forays into this virtual world. While it might make some business sense for mass marketers to reach out to this audience of dedicated users and passers-by due to the relatively low cost of entry, recruitment marketing requires us to reach a highly targeted audience, often in a specific geographic area, and Second Life is not yet at a point where it can effectively reach such niche audiences.

For example, the Linden Lab Key Metrics Report<sup>3</sup> shows that 26.78 percent of users come from the U.S., which would put the current estimated U.S. dedicated user base at only 53K to 103K as of May 2007. Considering the wide variety of ages, professions, education levels and geographic spread of that population across the country, it would leave only very small groups of users for any given target audience in a specific area of the country.

Furthermore, the effectiveness of communication within Second Life is limited. Development of integrated voice chat in Second Life has, though, reached beta stages (and for savvy users it has been available through the use of third-party tools for some time); however, the world is still somewhat limited in its ability to allow users to engage in highly meaningful interaction. While it may be an oversimplification, the bulk of the interaction at this time will essentially consist of IM chat in a resource-heavy 3D world with a difficult learning curve.

We can assist our clients with entry into the world, with everything from virtual outdoor ads to fully branded island build outs; however, we feel they should enter Second Life with a focus on employer branding and/or the potential PR buzz that could be generated, as opposed to seeking a direct ROI.

## POV ADDENDUM: VIRTUAL WORLDS – IS THERE AN OPPORTUNITY?

Much is being made of Second Life and the concept of 3D virtual worlds; however, we feel that it will remain a relatively niche product and that growth will slow after the current wave of hype passes. Complex 3D virtual worlds that attempt to mimic reality in some form will always fall short of actual reality – at least for the foreseeable future – while simultaneously being overly complex relative to the value they provide the average user. Companies who offer a more streamlined, user-friendly experience will be far more appealing to the majority of people. This is supported by the fact that Second Life is simply not compelling enough to retain 90 percent of the users who try the product.

While we do believe that future virtual world products will gain widespread acceptance, these worlds will likely be more along the lines of social networks and

less like a 3D virtual reality product. For example, the Korean CyWorld can be thought of as a more feature-rich and easy-to-use MySpace. CyWorld requires only basic Web surfing skills to use, uses simple point-and-click customization, is 100 percent Web-based and incorporates a micropayment system via ‘acorns,’ which act as an in-world currency. Using these \$0.11 ‘acorns,’ users can purchase items to customize their page or buy gifts for other users.

To date, CyWorld claims that up to 40 percent of the entire population of South Korea are members. A whopping 96 percent of 20- to 29-year-olds report using the site ‘regularly,’ and with 100K video uploads per day, the site actually has more video upload traffic than YouTube<sup>7</sup>.

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Future iterations of these social networks will undoubtedly incorporate even more rich features and develop into highly immersive online worlds, allowing average users to easily express and represent themselves online in quite sophisticated ways while interacting with others. Without being encumbered by the need to install software, meet hardware requirements or learn in-game mechanics, these virtual worlds will allow users to easily access the world from any computer, at any time, regardless of their technical skill level.

In these worlds, recruiters will also have a far greater opportunity, allowing them to reach a wide range of candidates in highly creative ways. As they develop, these networks may allow highly interactive recruitment-focused pages to be developed; the ability to target users by demographics or geography could be robust; and, by being outside of a proprietary software program, users could simply click out to existing careers sites or ATS systems to apply or learn more about a company.

## Sources

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