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Virtual Product Placement:
Examining the Role of Involvement and Presence in Second Life

Introduction

Second Life is an internet-based, three-dimensional virtual world in which users create an online representation of themselves (an avatar) to play games and interact socially with thousands of people simultaneously. Essentially, these avatars are "residents" in a computer-generated environment that simulates the real world. Therefore, through their assumed identity, users can interact naturally with objects and other individuals in real-time, giving them an experience indistinguishable from normal reality (Bainbridge, 2007; Loomis, Blascovich and Beall, 1999).

Second Life is the largest adult freeform virtual world, home to 12 million avatars (IOWA State University, 2008) who make millions of US dollars in monthly transactions using the Linden Dollar (Second Life currency) (Boulos, Hetherington and Wheeler, 2007). It is estimated the virtual goods sector is worth more than $1.5 billion per year (Wu, 2007). Gartner (2007a, 2007b) predicts that by 2012, 80% of active Internet users will have some sort of "second life" in a virtual world and that the largest influence on all purchases in the next 10 years will be the virtual experience associated with them.

This growth has not gone unnoticed by marketing practitioners, who now use Second Life as a vehicle for promotional messages. Already in Second Life there are more than 100 real-life brands from a range of industries, including automotive, professional services, consumer goods and travel, among others (KZero, 2007; New Business Horizons, 2009). Further, there is evidence of reverse product placement (Edery, 2006), where products are being introduced initially in Second Life, before creation and launch in the physical world. Szymanski (2009) also notes the incidence of "brand precession", whereby a brand may exist and have commercial value in a virtual world, without ever existing in the real, physical world.

Despite these developments, little is known about the effectiveness of marketing messages in a virtual world context. It is claimed that these virtual worlds are potentially innovative channels for marketing content and products (Barnes, 2007), but empirical evidence of tangible outcomes for marketers is lacking. This research therefore explores the perceived effectiveness of product placement in Second Life, in terms of effects on product/ brand recall, purchase intentions and trial.

Literature Review

Marketers are incorporating products into Second Life (SL) using a strategy of product placement (PPL), defined as "a combination of advertising and publicity designed to influence the audience by unobtrusively inserting branded products in entertainment programs so that the viewer is unlikely to be aware of the persuasive intent" (Cowley and Barron, 2008, p.89). Studies of PPL have largely explored their use in film and television, generally finding that placements can positively influence brand awareness (e.g. Russell, 2002; Zimmer and DeLorme, 1997), attitudes (e.g. Russell and Stern, 2006) and purchase intention (e.g. Baker and Crawford, 1995; Morton and Friedman, 2002).

One of the most important dimensions that differentiates new media from traditional media is interactivity, defined as "the degree to which two or more communication parties can act on each other, on the communication medium, and on the message, and the degree to which such influences are synchronised" (Liu and Shrum, 2002, p.54). As a result of this interactivity, users can become more involved with a virtual environment, resulting in prolonged usage over weeks, months and even years. According to Hemp (2006), some users can spend upwards of 40 hours per week in virtual worlds. However, usage is not the only key indicator of involvement. Other factors include, personal relevance, which depends on needs and motivation (Nicovich, 2005), engagement (Laurent and Kapferer, 1985), and importance (Zaichowsky, 1985). Past research has shown that involvement is a significant factor in examining the effectiveness of advertising (Greenwald and Leavitt, 1984; Krugman, 1965; Ray, 1973). In fact, a high level of involvement can lead to a more positive attitude towards an advertisement and an advertised brand (Lee, Hu and Tou, 2000). In a study of video games, Nicovich (2005) reported that high involvement with a computer mediated communication (CMC) leads to a stronger evaluation of the communication. With regards to SL, the current study addresses the following research questions:

RQ1. How important is involvement in SL in affecting an individual's experience with PPL?

RQ2. What impact does PPL experience have on perceived PPL effectiveness?

Deep involvement with activities in SL is likely, considering that this is an interactive medium that demands cognitive and physical effort from users. Indeed, Prokopec and Goel (2009) found evidence that cognitive absorption in decision-making tasks within SL is possible and is positively influenced by social interactions and social awareness of others in the virtual world. Compared to traditional advertising media, interactive media can immerse users in the environment. As a result, they may facilitate presence, defined as "the subjective experience of being in one place or environment, even when one is physically situated in another" (Witmer and Singer, 1998, p.226). Nicovich (2005) found that, in video games, the greater the degree of felt presence, the stronger the evaluation of advertising experienced during the CMC event. The degree of experienced presence was also found to mediate the relationship between level of involvement and formed advertising judgment. The current study therefore addresses a third research question:

RQ3. Does presence play a role in affecting the relationship between PPL experience and perceived PPL effectiveness within SL?

Methodology

An exploratory study was performed using semi-structured interviews, conducted both face-to-face and online. This was considered an appropriate method for gaining various points of view concerning personal experience and involvement within SL (Stokes and Bergin, 2006; Strauss and Corbin, 1990). A purposive sample of 24 participants (12 males and 12 females) was chosen for the study. Half of the interviews were carried out online within the SL environment and half were conducted face-to-face, with the number of male and female participants kept consistent across the two groups. Comparison of the results showed that there was not any noticeable difference between online and face-to-face interviews. In order to capture a variety of data, the sample consisted of current, active users of SL within the age

group of 20-62 years and from a range of different occupations. All participants had an avatar in SL and had experience with some brands in that virtual environment.

Interviews ranged from 40 minutes to three and a half hours in length and were tape recorded with permission from the respondents. Interview data were fully transcribed and analysed based on a discovery-focused approach (Fossey *et al.*, 2002) with the help of NVivo computer software, as the combination of manual and computer based analysis provides more accurate and reliable results (Crowley, Harre and Tagg, 2002; Welsh, 2002).

Results and Discussion

The current study investigated the extent to which involvement with SL affects an individual's experience with a product/ brand placed in this environment. It also examined the impact of that experience on perceived effectiveness of PPL. Finally, the influence of presence on the relationship between PPL experience and perceived effectiveness was explored. The results are presented next.

The first research question considered the importance of SL involvement on PPL experience. Findings indicate that high involvement with SL leads to a more positive experience with real life brands, such as D&M Space Adventure, Jerry's Ice Cream, PADI and Coca-Cola, as well as SL brands like Galaxy Cruise. Those respondents who reported high involvement in SL also reported heightened PPL experience. The following highly involved respondents stated:

"SL has become quite addictive to me and I can spend the whole day in there. I'm amazed by some of the new stuff coming out, how authentic some of the visiting areas are. There is more interaction in terms of experiment stuff like wind surfing. About three weeks ago, my boyfriend and I found Galaxy where you could go and get a parachute from, and you go 700 meters up in virtual air. It was just like parachuting ourselves." [Female, 40]

"SL is important to me. I have been there about one and a half years. I log in once or twice a day and depending on the day sometimes I spend a significant amount of time there…Experience with D&M Space Adventure is fantastic, because it's as real as you can get. It's something that I can explore and experience via my avatar." [Female, 36]

In contrast, those respondents who demonstrated a lower level of involvement in SL indicated a less positive experience with PPL:

"I go in SL only for my teaching and I spend very little time there. I'm not very immersed in SL. I'm still aware what's happening around me. I'm not a fan of brands and I don't know their names…I can't see myself testing foods or drinks in there because if I try them I can't get the taste." [Male, 53]

This lower involvement in SL may be related to motivation for entering the virtual world. If an individual's purpose is utilitarian rather than hedonistic (i.e. they are goal directed rather than experiential users), then this appears to affect SL involvement and subsequent PPL experience. For example, one respondent who stated that she was not very consumed by SL, as it was part of a university subject, stated:

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"Although you can buy a Coke from a vending machine I don't think I would spend any Linden Dollars to get a drink because my avatar is not thirsty because it's not a real person." [Female, 20]

In relation to RQ2, the findings suggest that the more positive the PPL experience, the higher the perception of PPL effectiveness. Participants with positive PPL experience also showed higher perceived PPL effectiveness. For example:

"I had good experience with Credit Union Banking in SL… In total, I think PPL could be very effective, depending on what it is." [Female, 47]

In response to the third research question, it appears that presence has an effect on the relationship between PPL experience and perceived PPL effectiveness. Higher levels of presence seem to have a positive effect on this relationship. The following statements are indicative:

"There is enormous emotional atmosphere that is very real. Your avatar is a self representation of yourself. It's a very similar kind of simulated environment. The social interaction and social engagement that a company can provide and to facilitate that fun kind of engagement can make their campaign effective. Coca-cola has done that to some extent to penetrate the brand to consumer's mind. When you become engaged with the brand then you build a trust and you will purchase it…Overall, PPL is effective to me." [Male, 36]

"SL is an intriguing environment, I love the visuals of it in some areas, I spend some hours every week. One thing I've enjoyed is doing scuba diving through PADI. I used to love scuba diving but haven't had scuba diving for years…and I found some of the Sims in SL quite realistic, it's got the sound, the bubbles and the swimming is realistic." [Male, 59]

These respondent statements are typical of respondents who experienced high levels of presence and demonstrate how presence can heighten perceived PPL effectiveness in terms of recall, purchase and word of mouth.

Finally, the importance of individual factors should be noted. Earlier, motivation for entering SL was identified as an important factor that influences SL involvement. A further finding is that involvement and PPL experience may be influenced by the extent to which an individual is visual and possesses imagination in exploring the virtual world. For example, one respondent stated:

"I found SL very engaging and my emotion was wow this is whole new way of depicting an experience of a product or a taste or flavour or how a product could make you feel. And I think it was because of me being a very visual person with high imagination." [Female, 45].

We have developed a model that shows the relationships between key factors such as SL involvement, PPL experience, presence and PPL effectiveness, but we also incorporate individual differences as an antecedent variable. Based on this model, involvement with SL influences PPL experience, which in turn impacts perceived PPL effectiveness moderated by presence.

Figure 1: Model of the Perceived Effectiveness of Product Placement in Second Life
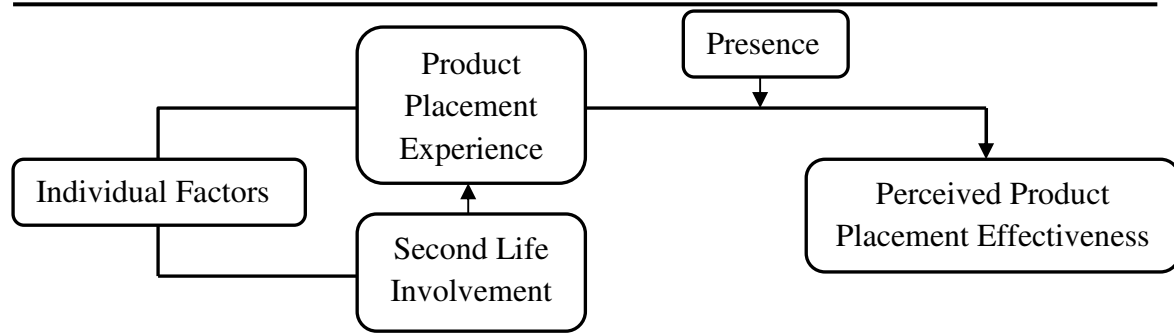
Source: Developed for this research based on Nicovich (2005)

Implications and Conclusion

Results from this exploratory research suggest that the extent to which users are involved in SL will have an effect on their experience with virtual PPL. In turn, this positive experience appears to influence their perception of the effectiveness of PPL, expressed by respondents in terms of brand awareness, purchase intention, purchase and positive word of mouth. Further, the study illustrates that presence is an important factor affecting the relationship between virtual PPL experience and perceived PPL effectiveness. A final contribution of this study is the identification of individual factors and their potential impact on the aforementioned relationships. These factors should be considered in future research.

The findings of the current study have important implications for marketing practitioners seeking to incorporate products and brands in virtual worlds. The results suggest that highly involved, experiential users should be a key target for PPL messages in SL, and that the environments and activities used for placements should be designed to facilitate high presence. Marketing managers must work hard to create positive experiences with their products and brands in this virtual environment, so that they may translate into positive consumer behaviour outcomes. It must be recognised, however, that this is an exploratory study. A contribution has been made to the PPL literature, with the development of a model of factors impacting on PPL effectiveness in SL. Also, it has employed an innovative methodology in using online avatars for interviews within an immersive environment. Further research is required to test the model and method for generalisability.

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