

2007

Virtual worlds: A new paradigm for advertising?

Nigel Devenport
Edith Cowan University

Follow this and additional works at: https://ro.ecu.edu.au/theses_hons



Part of the [Communication Technology and New Media Commons](#), and the [Public Relations and Advertising Commons](#)

Recommended Citation

Devenport, N. (2007). *Virtual worlds: A new paradigm for advertising?*. https://ro.ecu.edu.au/theses_hons/1197

This Thesis is posted at Research Online.
https://ro.ecu.edu.au/theses_hons/1197

Virtual worlds: a new paradigm for advertising?

Nigel Devenport

This Thesis is submitted in Partial Fulfilment of the
Requirements for the Award of
Bachelor of Communications (Honours) Media Studies
At the Faculty of Education and Contemporary Arts,
Department of Media Studies,
Edith Cowan University
November 2007

Edith Cowan University

Copyright Warning

You may print or download ONE copy of this document for the purpose of your own research or study.

The University does not authorize you to copy, communicate or otherwise make available electronically to any other person any copyright material contained on this site.

You are reminded of the following:

- Copyright owners are entitled to take legal action against persons who infringe their copyright.
- A reproduction of material that is protected by copyright may be a copyright infringement. Where the reproduction of such material is done without attribution of authorship, with false attribution of authorship or the authorship is treated in a derogatory manner, this may be a breach of the author's moral rights contained in Part IX of the Copyright Act 1968 (Cth).
- Courts have the power to impose a wide range of civil and criminal sanctions for infringement of copyright, infringement of moral rights and other offences under the Copyright Act 1968 (Cth). Higher penalties may apply, and higher damages may be awarded, for offences and infringements involving the conversion of material into digital or electronic form.

USE OF THESIS

The Use of Thesis statement is not included in this version of the thesis.

Abstract

This thesis explores the new paradigms that are emerging as advertising encounters the Internet. The area that I explore is the convergence of corporate advertising and the online game, *Second Life*. The thesis takes as its starting point the economic and social/cultural history of advertising. I examine both Marxist and cultural theories of advertising, in order to properly understand the paradigm shifts of the past. I also investigate the effect that technological change has had on the practice of advertising. Having established an historical framework I then turn to the current state of the advertising market, as it is defined by modern technology.

The second and third parts of the thesis concentrate on the emergence of Massively Multiplayer Online Role Playing Games (MMORPGs) on the Internet and the effects that these virtual worlds are having on advertising. I focus on the paradigms that the industry employs in entering these worlds. I argue that *Second Life* has a number of distinct and distinguishing features that render it unique among MMORPGs and that these features have also attracted significant interest from major corporations and advertisers.

Finally the thesis investigates the practice of advertising in *Second Life*, through a comparative analysis of advertising originating inworld and a case study of a successful corporate campaign that embodies the new paradigm that has emerged to facilitate engaging with *Second Life* and its users.

Declaration

I certify that this thesis does not, to the best of my knowledge and belief:

- (i) Incorporate without acknowledgement any material previously submitted for a degree or diploma in any institution of higher education;
- (ii) Contain any material previously published or written by another person except where due reference is made in the text; or
- (iii) Contain any defamatory material.

Signed

Nigel Devenport

Date: 11/6/2008

Acknowledgements

I would like to thank my supervisor Dr. Debbie Rodan for her invaluable advice and assured guidance during the past year. Her critical eye and constructive criticism was of tremendous assistance when I was in need of advice and her encouragement when I felt I was working well was no less welcome.

I would also like to thank Dr. Mardie O'Sullivan for her support and encouragement. A further thank you must go to Andrew Lewis and John Rapsey of the WA Screen Academy who started me on this path and all my colleagues from the Academy and the Honours cohort who have made coming back to University such a pleasure.

Finally, thanks to my long-suffering family for their forbearance and understanding over the past year. I'll come out of the study now.

Contents

INTRODUCTION	7
METHODOLOGY	10
STRUCTURE	11
LIMITATIONS	13
CHAPTER ONE	14
HISTORY OF ADVERTISING	14
INTRODUCTION	14
COMMON GROUND- THE PRE-INDUSTRIAL ERA	15
CULTURAL AND SOCIAL MODELS OF ADVERTISING	18
AUDIENCE OR CONSUMERS?	21
TECHNOLOGY AND INTERACTIVITY	24
CHAPTER TWO	26
TECHNOLOGY AND NEW MEDIA	26
INTRODUCTION	26
NEW TECHNOLOGIES	27
ENGAGING WITH THE INTERNET	29
CHAPTER THREE	32
VIRTUAL WORLDS: WHY CHOOSE SECOND LIFE?	32
INTRODUCTION	32
VIRTUAL WORLDS: A DEFINITION	33
A BRIEF HISTORY OF MMORPGS	34
THE ECONOMICS OF MMORPGS	37
ADVERTISING AND VIRTUAL WORLDS	38
WHY <i>SECOND LIFE</i> ?	40
POPULATION	43
CHAPTER FOUR	45
ADVERTISING IN SECOND LIFE	45
INTRODUCTION	45
USER-GENERATED ADVERTISING AND BRANDS	46
PONTIAC AND MOTORATI ISLAND	51
CONCLUSION	56
REFERENCES	58

Introduction

As the Internet continues to grow in terms of advertising revenue it is inevitable that advertisers will be forced to confront new and challenging situations. In circumstances that have a close parallel to the advent of radio in the 1920s, the Internet is a technological development that demands radical new approaches to advertising. Like radio's early days entrepreneurs are struggling to find ways in which to monetise the new media. Advertisers are trying to come to terms with an unfamiliar syntax and make use of the new opportunities that the Internet offers.

A place where this struggle is being played out is the Massively Multiplayer Online Role Playing Game (MMORPG) *Second Life* (SL), an online virtual world that is claimed to have some 10 million residents. A number of large and powerful corporations have become involved in SL, both as inworld presences and as advertisers. This thesis examines the state of advertising in SL, from the point of view of SL residents and entrepreneurs as well as tracing the experience of one major corporation, Pontiac. The Pontiac campaign has produced evidence of a new paradigm for advertising in a virtual world, one that exchanges the old idea of exposure and replaces it with a meaningful form of engagement, one that acknowledges the cultural milieu that exists in SL.

Advertising has always sought to adapt to, and create, new forms as technology and economic circumstances have changed. Most advertising simply evolves existing paradigms across to the new media, but every now and then the newness of the media forces a new paradigm into existence (Radio/ TV/ Internet). The Internet has become the most rapidly adopted form of advertising in the past decade.

Most Internet advertising can be accurately targeted due to the effects of self-selecting demographics. This self-selection is a by-product of the ability of the Internet to provide for special interest groups and for them to then to organise themselves into communities. As Rheingold comments, that while you can't pick up a phone and ask to be connected with someone who wants to talk about Islamic art or Californian wine, you can join a newsgroup on any of those topics and then converse with people there, privately or publicly.

(Rheingold, 1993, p. 7). Similarly people with particular tastes and interests can join a number of virtual worlds online and sub-groups can congregate within those worlds.

Of all the virtual worlds that have attracted advertising, SL is the most interesting because of a number of unique and distinct attributes. The economic framework within the game is closely parallel to real world values, partly because the creators of inworld objects retain the Intellectual Property rights rather than the creators of the game as is the case with most other MMORPGs. This has led to a strong business orientation to the game that has attracted users which self-select for high-end demographics. This is reinforced by a strict adults only policy from Linden Labs, the game's originators. Finally the motto of the game 'Your life. Your imagination' reflects its open-ended narrative structure whereby the users create a world limited only by their creativity.

Linden Labs have also used the media to create a very high profile for SL. The advertisers within SL have a singular set of challenges to overcome to make effective use of the opportunities offered by SL. This thesis argues that this has occurred and that a paradigm shift is observable in SL.

In looking at the possibility of a change of paradigms, it is worthwhile considering a definition of 'paradigm'. The Oxford Reference Dictionary defines paradigm as "a representative example or pattern, esp. one underlying a theory or viewpoint" (2002). John Casti presents a more metaphorical definition, describing a paradigm as a series of maps gradually defining a previously unknown area. As the maps become more precise the explorers come to depend on and recognise that some map makers are more accurate than others and these become the preferred and indeed the only maps that can be relied upon to be accurate (1989, p. 41). The key point is that these maps, once generally agreed upon, are regarded as the only way to navigate this previously unknown territory until a new mapmaker appears and recasts the landscape in a new form. This is what Kuhn refers to as a paradigm shift (cited in Casti, 1989, p. 42). This thesis argues that a paradigm shift is what has occurred in relation to advertising and SL, in particular cases.

I shall argue that the paradigm shift is characterised by increased two-way interactivity, a change in emphasis in the methods of presenting products and a move towards new ways of

engaging with the audience. This is achieved by an increased prominence of the brand (as opposed to the product) and the willingness to abandon direct sales as a measure of success.

The past seven years have seen a massive increase in access to Internet broadband in Australia. Although Australia is only ranked 16th in the world in terms of subscribers per 100 inhabitants this still represents nearly 4 million users and in percentage terms we are only one place behind the country with the largest number of users (58 million), the United States of America (OECD, 2007).

According to OECD figures, the rate of broadband penetration in the Australian market in 2001 was 0.09%. Some five years later, in 2006, this had jumped to 19.2%. In the OECD in the year 2006 there was an increase in broadband subscriptions of 26% with total subscribers worldwide growing from 157 million to 197 million (OECD, 2007). A consequence of this increase in broadband access is a concomitant increase in the number of people using broadband to play online games. In the USA “51% of frequent game players say they play games online, up from 19% in 2000” (Entertainment Software Association, 2007, p. 9) and this is likely to reflect a similar number in Australia, given the close correlation of other statistics related to gaming between the two countries (Brand, 2007; Entertainment Software Association, 2007).

In terms of the sorts of games played online the third most popular are Persistent Multiplayer Universes that comprise some 13% of the total¹. The majority of these games can also be characterised as Massively Multiplayer Online Role Playing Games (MMORPGs) and the particular game that this paper examines is called *Second Life*. The factors that make *Second Life* (SL) different to other MMORPGs are elucidated above and further explored in Chapter Three.

The past two years have seen a great number of stories in the mainstream media concerning *Second Life* (SL). These stories have usually centred on either the popularity of SL, the fact that the economy of SL has real value in the real world or that a number of real life entities (Corporations, brands, political parties and educational institutions among others) have

¹ Puzzle/board/game show/trivia/card games are most popular at 50% followed by Action/Sports/Sports/Role-play at 15%(Entertainment Software Association, 2007, p. 9)

elected to participate in the SL world. According to the *Second Life* website, the number of stories in the media has been increasing yearly; from 8 in 2002, 19 in 2003, 24 in 2004, 96 in 2005 and 380 in 2006 (Linden Labs, 2007). As more media interest is developed more companies are led to become involved with SL, which then generates yet more media interest. This feedback loop has resulted in the interest in advertising in SL that this thesis explores.

Methodology

The currency of *Second Life* and the events occurring therein have made it difficult to source many peer-reviewed papers on the subject. As a consequence this paper has been researched using some non-traditional sources. The main approach has been virtual ethnography, which can be defined as “an ethnography that treats cyberspace as the ethnographic reality” (Mason, 1996, p. 4) or more precisely:

An ethnography of, in, and through the Internet can be conceived of as an adaptive and wholeheartedly partial approach which draws on connection rather than location in defining its object. (Hine, 2000, p. 10)

This emphasis on connection rather than location reflects the geographical dispersion of participants in Internet culture that is rendered unimportant by the connections shared through Internet usage of shared environments, such as virtual worlds like SL.

However, Hine also points out that the resultant ethnography is “almost but not quite like the real thing: a virtual ethnography” (Hine, 2000, p. 10). As a result the methodology attached can be considered ethnography, but not in the strictest sense, although in this case my role on the *Second Life* site was that of a participant observer.

I have investigated SL at first hand as the avatar *Nigel Dayafter* for over 3 months. This experience gave me a feel for the world of SL although I did not find it overly compelling. After joining SL I was teleported to Orientation Island where all new avatars are given lessons in moving around SL, constructing objects and participating in the trading economy of SL. After gaining a minimal competency I explored, over a period of weeks, places in SL that I had encountered in researching this thesis. I visited a number of corporate islands as well as sampling non-commercial sites. The quality of the experience of SL is strongly

mediated by the user's broadband connection and computer hardware. It is not uncommon for users to report having to upgrade their computers for a satisfactory experience (McKeon & Wyche, 2005, p. 2).

I have drawn from many weblogs, often maintained by established figures in the field, such as Henry Jenkins and Beth Coleman (both of MIT), Clay Shirky (adjunct professor in NYU's graduate Interactive Telecommunications Program) and Axel Bruns, facilitator and contributor to Fibreculture.²

I have been fortunate to obtain interviews with both Adam Frisby and Dr Peter Ling, Frisby is a your //L entrepreneur who has been involved with virtual worlds for some 10 years and an /ve SL participant for the past 4 years who is resident in Perth and generously gave me access to his knowledge and opinions. Dr. Peter Ling is a lecturer in Communications at Edith Cowan University and has a wealth of practical experience in the advertising world in Asia. He has a background in journalism, public relations, retail advertising, marketing communications, advertising agency management, and team creativity consulting. He is the author of *Insights: Learning from marketing successes and failures*, co-author of *Dream to innovate*, and editor of *Communications towards Asia's 21st Century: A question of answers*.

Research into the historical and theoretical aspects of advertising and the Internet was more routinely accomplished by means of a literature search, the results of which appear in Chapters One and Two.

Structure

The inspiration for this thesis has sprung from the last of these three types of stories, the attraction that SL has had for corporate and business enterprises based in the real world. The aforementioned cycle of publicity and corporate interest has meant that SL has attracted a large number of corporations to it. These corporations have employed a number of different approaches to advertising in SL. This variety of approaches employs a number of different

² Fibreculture is online at <http://www.fibreculture.org/about.html>

paradigms of advertising. I have focussed on the possibilities of a new paradigm for advertising arising out of this exploration of a genuinely new medium.

In order to explore this idea the first chapter of the thesis deals with a history of advertising, and its relationship with both the economic and social spheres of human activity. The chapter explores the Marxist view as espoused by Raymond Williams, Lyn Gorman and David MacLean and Louis Ahtusser and later refined by the Frankfurt School. As a complementary view the chapter also presents the cultural and social interpretation as articulated by Jackson Sears, Stephen Fox, Michael Schudson and Roland Marchland. This view is further developed by Joseph Turow, and discussed in terms of the concept of 'image tribes'. The fragmentation of the audience into groups defined by product choices and areas of special interest is discussed and the role of media audiences is considered in light of the work of Ien Ang, among others. Finally the effect of technology on the forms and paradigms of advertising is introduced.

The second chapter deals with the current state of technological change as it relates to advertising and its implementation. The first part looks at the historical analogies between such technological shifts as the introduction of radio and television and the introduction of digital and broadband technologies in the present era. It draws a line of differentiation between 'evolved paradigms' and new paradigms, arguing that in many cases what appears to be new is in fact an old idea dressed up in new clothing. The second part considers the Internet and argues that, like the introduction of radio, this is in fact a genuinely new phenomenon and engenders new paradigms. This is most apparent in the development of virtual worlds with many users (as a consequence of broadband accessibility) and MMORPGs in particular.

Chapter Three contains a brief overview of the history of MMORPGs in general, before taking a closer look at *Second Life*. There are a number of factors that separate SL from other MMORPGs and these are examined in detail. The work of Edward Castronova on virtual world economies and their relationship to real world values is drawn upon here, as is the work of Cory Ondreyka, Clay Shirky, Henry Jenkins and others, in order to grasp why it is that SL, out of all the virtual worlds and MMORPGs, has attracted so much corporate attention. These unique attributes include the coherence and consistency of SL's economic framework, the decision by Linden Labs (the creators of SL) that objects created by users

will remain the intellectual property of the users, the adult nature of the users' demographic and the high media profile of the SL brand.

The fourth chapter moves on to examine the actual practice of advertising in SL. It firstly compares case studies of two successful SL entrepreneurs and finds gross parallels with real world advertising but with a particular SL flavour to it. The cultures of SL users and corporate bodies are at fundamental variance and result in misunderstandings and alienation between SL users and external advertisers. A second part of this chapter compares these failures with the undeniable success of the Pontiac/Motorati Island campaign. It is in this campaign that a new paradigm can be discerned, that of the genuine, culturally appropriate and entertaining engagement of the audience. This has become the paramount concern in SL advertising, as opposed to the older paradigms of brand-recognition and sales results. This is discussed further in the conclusion to the paper.

Limitations

There is a huge temptation, when researching topics as vast and fascinating as the Internet, virtual worlds and advertising, to follow up every interesting tangent that presents itself. I have attempted to limit my investigations to the topic at hand: the search for new paradigms of advertising in SL. Thus I have not dealt with any of the many questions that the creation and adoption of avatars raise concerning identity, gender or race. Similarly, questions concerning the internal politics of SL are ignored in order to keep the topic manageable. The discussion of advertising is limited to its evolution and development in western, liberal democracies. The wider questions concerning the role of the Internet, globalisation, the democratic (or not) nature of online communities and many other related matters are not part of this investigation and hence have not been considered in this paper. The important area of fast-moving developments in marketing communication of branding is not discussed, but is an area that requires further research in relation to *Second Life*.

Chapter one

History of Advertising

Introduction

In order to answer the question of whether the advent of a new technology such as *Second Life* is going to create or trigger a new paradigm in advertising it is imperative to gain an overview of the current state of advertising. In addition an understanding of the effects that past technological change have had on the evolution of the relationship between media and audience is an essential element of the story. It is therefore important to grasp the historical journey of advertising from its relatively humble beginnings to its now central role on everyday life.

While there is general agreement among scholars on the chronology of the rise of advertising and the important turning points in the technological sophistication of the delivery methods available, the arguments concerning the nature and influences of advertising are far from over. These arguments revolve around two main perspectives. The first is whether advertising is the driving force of modern capitalism, creating and perpetuating the consumerist society; or whether advertising is a reactive force, a reflection of the needs and wants of consumers in a competitive market place in which advertising serves as a means of informing and identifying products to a discerning public. The second position is the separate question of the role of the audience. Does advertising act upon a passive, accepting audience or does the audience actively and critically interact with the advertising?

In this chapter I shall present arguments to respond to the major positions in both these questions, and also investigate a third perspective, that of the technological history of advertising and the effects that changing technologies have had on the central paradigms active in advertising. The chapter examines the Marxist view of advertising and later refinements of this position developed by the Frankfurt School. It then turns its attention to the social and cultural analysis as proposed by Jackson Lears, Michael Schudson and others.

This analysis traces the development of advertising and the paradigms that grew within its evolution. The initial paradigms of advertising were simple and direct, promises of miracle cures from exotic potions as the travelling merchants pulled into town, bringing with them "a mix of the miraculous and the carnivalesque" (Lears, 1994, p. 184).

Common Ground- the pre-industrial era

Virtually all the commentators referred to in this thesis, Raymond Williams, Jackson Lears, Michael Schudson, Stephen Fox, Roland Marchand and others are in agreement about the early pre-cursors to the modern advertising industry. Advertising has its roots in the early days of trade and the emergence of the travelling peddler or merchant. These travellers, unlike their more prosaic brothers the shopkeepers who sold the needful but everyday needs of life and farm, would come into town offering exotic goods and wonderful potions. These glittering goods from faraway lands and made from unusual and unheard of ingredients promised much and often delivered little. The peddlers, having made their sales, would move on, often leaving disappointed and outraged customers behind. These somewhat louche beginnings to the industry have meant that the public has "continued to fuse images of the modern advertising man with recollections of carnival barkers, snake oil salesmen, and such celebrated promoters of ballyhoo and humbug as P.T. Barnum" (Marchand, 1985, p. 8). This morally ambiguous beginning has haunted advertising ever since, despite its best attempts to become respectable and mainstream.

Williams has traced a history of advertising in more economic and political terms. Williams talks of how it is possible to trace the history of advertising back to glyphs carved on stone in Pompeii, but he chooses to follow the modern history of advertising from the inception of newspapers in the eighteenth century. This was the beginning of the widespread distribution of advertising by printed media and provoked some dyspeptic reactions:

Advertisements are now so numerous that they are very negligently perused, and it has therefore become necessary to gain attention by magnificence of promises, and by eloquence sometimes sublime and sometimes pathetic. Promise, large promise, is the soul of an advertisement. I remember a washball that had a quality truly wonderful – it gave *an exquisite edge to the razor!* The trade of advertising is now so near to perfection that it is not easy to propose any improvement. (Dr. Samuel Johnson 1759, cited in Eldridge, Coome, & Kitzinger, 1997; Williams, 1980)

This well-known quote from Dr. Samuel Johnson, writing in 1759 serves to remind us of how deceptively simple and straight-forward the study of advertising has appeared to be

over the years and how easily even the most perceptive among us can be totally wrong about this phenomenon. Indeed, as Williams makes clear, it has only been since the First World War that advertising has become the driving social and economic force that it is now recognised to be. In his chapter Advertising: The magic system (1962) Williams talks of the need to

trace the development from processes of specific attention and information to an institutionalised system of commercial information and persuasion; to relate this to changes in society and the economy; and to trace changes in method in context of changing organizations and intentions (p. 171).

In pursuing this objective Williams takes us through the gradual increase in the ubiquity of advertising through the nineteenth century (dealing primarily with Great Britain). He makes the point that during this period the primary social concerns about advertising centred on matters of taste and advertising's tendency to overstep these social bounds (1980, p. 177) as opposed to a concern that would later surface about the societal and economic impact of advertising.

The increase in the availability and range of domestic goods as a result of the overhaul of the systems of production in the nineteenth century created a new world for advertisers. Williams points out "the great bulk of products of the early stages of the factory system had been sold without extensive advertising, which had grown up mainly in relation to fringe products and novelties" (1980, p. 177). Despite the lack of participation of advertising, the Industrial Revolution was an economic powerhouse that eventually came to a crashing halt with the Great Depression of 1875-1890. Williams claims that this was a formative influence in the reorganisation of the capitalist system and helped to define a new role for advertising. He asserts that there was "a marked tendency to reorganize industrial ownership into larger units and combinations, and a growing desire, by different methods, to organize and where possible, control the market" (1980, p. 177). It is this area that he sees the major change in the role of advertising. Gorman and McLean agree:

Periods of depression between the mid-1870s and mid-1890s highlighted the new problem of overproduction, which industrialists began to define as one of underconsumption. To minimise their risks, they sought to control the market, partly by advertising to ensure demand for their products. (2003, p. 65)

The need to control the market implies having the means to control demand so that supply is efficiently utilised. It is this role that Williams and Gorman and McLean see advertising being recruited to fill.

This newly created role for advertising lead inevitably to a greater degree of complexity in the functions and forms of the advertising industry. From 1900 onwards there is a rapid growth in the sophistication and organization of advertising. Professional organizations such as the Incorporated Society of British Advertisers came into existence in 1917. The gradual metamorphosis of advertising agents as brokers of advertising space into advertising agencies that created the advertisements for their clients (with their own professional organization) began. At the same time newspapers were transforming into advertising-dependent entities; they were complete with audited sales figures to attract the advertising pound (Williams, 1980, p. 179).

Williams argues that the advent of the First World War brought about a change in the tone and methodology of advertising. He says "now not a market but a nation had to be controlled and organized... that new kinds of persuasion were developed and applied" (Williams, 1980, p. 181). The new methods, grown out of war and new sciences such as 'psychological warfare' were applied in peacetime to the needs of the market. This new and aggressive advertising industry was brash and shameless and provoked much discussion about its methods on both sides of the Atlantic (Fox, 1984).

However, Williams claims that "we shall not understand advertising if we keep the argument at the levels of taste and decency" (1980, p. 180). Instead advertising must be understood as an integral part of the late-capitalist system, at the centre of the economy and no longer a peripheral entity. This view derives from Williams' insistence that the need to control and organize the market is mediated through advertising. It is hard to argue against this point of view. The need for an ever-expanding market almost dictates that there must be a mechanism for ensuring a corresponding permanent and ideally insatiable demand. The advertising of products in order to stimulate consumption stands central to this.

Another Marxist analysis comes from Althusser in *Ideology and the State* (1971). Althusser sees the State as both a repressive State Apparatus, protected by State power and also an Ideological State Apparatus (ISA) comprising eight cultural institutions. Of particular interest to this thesis is the Communications ISA (Press, Radio and Television) in that the interpellation of consumers by the Communications ISA leads to subconscious choices and acceptance of the dominant cultural paradigm.

Althusser's system of analysis is similar to Williams in terms of the role of the media (who are part of the Communications ISA). The media is seen as an integral part of the overall system of the late-capitalist world and forms part of the means of repression of the working class. In Althusserian terms this produces "the reproduction of the relations of production i.e. of capitalist relations of exploitation" (1971, p. 154). The media is one of the means by which this reproduction takes place and advertising forms a central part of this activity. Thus the role of advertising is central to the survival of the capitalist system.

This idea was refined by the Frankfurt School, which included Theodor Adorno, Max Horkheimer, and Herbert Marcuse, which developed a version of applied Marxism in which "mass media had encouraged the working class to be passive, thereby diminishing the likelihood of proletarian revolution to overthrow capitalism...the mass media made people passive recipients of the dominant ideology" (Gorman & McLean, 2003, p. 3). This casts advertising not only in the role of an economic driver but also as a means of oppressing the consuming classes.

From this perspective advertising is characterised as a fundamental economic and ideological tool in the late-capitalist state. However there is an alternative view that is worth examining.

Cultural and social models of advertising

Historians such as Lears and Fox see advertising in a very different light. For them advertising is a reflection of the needs and wants of the society in which it operates; it is reactive rather than active in its practice. Fox, in *The Mirror Makers* quotes 'legendary' adman Carl Ally as saying, "Advertising doesn't manipulate society... Society manipulates advertising. Advertising responds to social trends. Agencies respond to advertisers. It's that simple" (cited in Fox, 1984, p. 329). For Fox the overriding metaphor for advertising is that of the mirror to society.

Lears, in tracing advertising back to its carnivalesque roots, takes a more thought-provoking view. In *Fables of Abundance* (1994) he makes a case that advertising is part of the way in which modern society has dealt with "the impact of the industrial and market revolutions on

ideas and symbols of wealth” (p. 12). This emphasis on the symbolism of advertising is markedly different to Williams’ economic view. Lears argues that the tradition of the “peddlers and pitchmen of the patent medicine era...presented moral problems to many advertisers, but also preserved certain forms of aesthetic vitality” (p. 12). This view sees advertising as an extension of an ongoing tradition that goes back to its origins in the carnivals and market fairs of the middle ages. The market fairs brought exotic goods and dreams of abundance to the quotidian world of the local inhabitants and were “the cutting edge of the commercial revolution, and peddlers were its point men” (p. 24). The historical framing I have outlined gives a new perspective on the social role of advertising by placing it within the context of the cultural traditions from which it came originally.

The rise of consumerism as a part of the Industrial revolution is paired with the increased mobility of the population. These two phenomena are characterised as destabilising and unsettling social forces in the late 19th century in Schudson’s analysis (Schudson, 1984, pp. 147-153). Traditional identities dissolved as the population moved from rural villages (with their established social structures) to the industrial centres. In these centres vast concentrations of people had to develop new social patterns and signals. This resulted in a “mobile, urban class society in which social mobility became a real possibility and a powerful ideology” (p. 153). According to Schudson, this social mobility led to a need for a new set of status identifiers and so “consumer goods begin to be an index and a language that place a person in society and relate the person in symbolically significant ways to the national culture” (p. 156). In a world where one was surrounded by strangers, the primary identifiers of status and identity were provided through consumption by the images and words of advertisements.

In both Lear’s and Schudson’s (1984) history advertising is the response to a social need. This places advertising in a reflective, passive mode rather than as an active instigator of behaviour. Schudson concludes:

The development of advertising did not happen accidentally but nor was it a self-conscious business scheme to turn workers into consumers...Twentieth century advertising and twentieth century consumer culture have roots in the changing nature of the market in the late nineteenth century which developed along with changes in the modes of transportation and communication, urban growth and a cultural climate for and social fact of social and geographic mobility. In addition, changes in the manufacturing processes in various industries and the capacity to increase output without substantial increase in product costs encouraged a new emphasis in business on marketing and distribution; the growing independent

influence on business of the media and advertising agencies also stimulated the development of advertising. (pp. 176-177)

The argument that advertising merely reflects the needs and wants of consumers is not without its own problems. It is arguable that the role of advertising is not that of a "true mirror but a *Zerrspiegel*, a distorting mirror that would enhance certain images" (Marchand, 1985, p. xvii) and it is this distortion that causes the outrage of critics. Schudson refers to this distorted reality as "capitalist realism" (1984, p. 214). This is a term deliberately chosen to highlight the contrast with the more familiar socialist realism of the Soviet Union. As socialist realism was charged with the task of presenting an idealised representation of the virtues of socialism, so too capitalist realism may be said to simplify and idealise the virtues of consumerism and capitalism.

Capitalist realism, as Schudson says:

Does not claim to picture reality as it is but reality as it should be - life and lives worth emulating. It is always photography or drama or discourse with a message - rarely picturing individuals, it shows people only as incarnations of larger social categories. It always assumes that there is progress. It is thoroughly optimistic, providing for any troubles that it identifies a solution in a particular product or style of life. It focuses, of course, on the new, and if it shows some signs of respect for tradition, this is only to help in the assimilation of some new commercial creation. (1984, p. 215)

Not just the images of capitalism were singled out for criticism, but the very consumerist basis of the paradigm came under criticism from other cultural commentators.

In the United States of America some Republican critiques were concerned about the new 'consumer society'. As the West and, in particular America, came out of the gloom of the Great Depression and the austerity of the Second World War a great surplus of productive industrial capacity that had been created by the demands of the Second World War became available for domestic use. This gave rise to an explosion in the standard of living and a new definition of the 'American dream' (Sivulka, 1998, p. 241). The new consumer society caused considerable alarm among the more puritanical academics of the time such as Thorstein Veblen and Ralph Waldo Emerson. Advertising was seen as a continuation of the travelling salesman/snakeoil peddling huckster of the nineteenth century; advertisers were seen to be gulling the masses into a mindless frenzy of meaningless consumption. This view reflected the thoughts of Thorstein Veblen and John Kenneth Galbraith and as Jackson Lears comments in the introduction to *Fables of Abundance*:

their critique derives from Protestant commitments to plain speech and plain living, as well as from Republican fears of conspiracy against the individual self. Critics in this tradition derided advertising for employing strategies against a passive, hapless audience and promoting the cancerous growth of a wasteful consumer society (1994, p.3).

It is interesting that these two opposing political views, the Marxist Frankfurt School and the Protestant Republicans, reflect the same view about the ability of the 'masses' to make informed and active choices. Both sides characterise the 'masses' as passive and biddable in the face of advertising.

Such criticisms of advertising tend to attack the idea of consumerism and as a result, ignore the cultural importance that humans have attached to possessions and objects throughout history. Even though modern production and distribution methods have made the owning and display of objects an industrialised process there is still an underlying deep cultural importance to objects and their manufacturing. As Schudson puts it "Goods have always served symbolic as well as utilitarian purposes and advertisers' efforts to associate silverware with status or cars with sex were but a recent and well-organised example of a wide-spread cultural practice" (1981). This raises the possibility that consumers consume not only because they are persuaded to by the mechanisms of advertising, but also because there is a pre-existing cultural imperative to do so. The social importance of goods and wealth is a common theme in western culture. The desire for material comfort is a fundamental human drive and the accumulation of wealth is a generally recognised as a sign of success. Advertising taps into this drive but is not necessarily the sole motivating force in the business of consumption.

Are the people who are the targets of advertising hapless dupes or is there a more critical sensibility at play? While the conversation between consumer and advertiser remained one-way this was a moot point, but with the advent of the Internet and the possibility of true two-way conversations this becomes a central concern for advertisers.

Audience or consumers?

The reaction of the audience or the consumers to advertising is a source of fierce debate among different schools of thought. Even the choice of either 'consumer' or 'audience' to

describe individuals reflects a point-of-view concerning the level of reactivity and passivity in the face of the onslaught of advertising in the modern world. 'Consumer' reflects a passive acceptance of the material that the media presents, whereas 'audience' carries a more active and discriminatory tone. As Livingstone remarks, "audiences are no longer thought of...as homogenous, passive and uncritical or vulnerable to the direct influence of meanings transmitted, and perhaps manipulated by, the mass media" (Livingstone, 2003, p. 11). This consumer/audience dichotomy is important in the understanding of the interaction between the public and the advertising industry. In particular I want to examine the role of advertising in the functioning of Habermas' public sphere. There are two areas in particular that need examination, one is the public sphere as it is affected by modern technology and the other concerns the concept of the 'mass' audience.

In his article, Habermas' heritage: The future of the public sphere in the network society, Pieter Boeder examines the concept of the public sphere in the light of modern digital technology. The relevance to my central theme lies in the way in which the public sphere has been colonised by the media to the point where it is arguable that they are inseparable. Indeed Habermas says "the world fashioned by the mass media is a public sphere in appearance only" (cited in Broeder, 2005). The importance of advertising in late-capitalist society is such that it saturates the media and thus the public sphere. The ubiquity of advertising in the modern world is enhanced through the use of new technologies. These new technologies are creating circumstances where new paradigms can emerge as the advertising industry adapts to the requirements of a rapidly evolving world.

Joseph Turow, writing in *Breaking up America* (1997), surveys the trends in US advertising over the past thirty years. He also emphasises the centrality of the media to the modern world saying "the media is the quintessential vehicle for portraying the life of society to society" (1997, p. 8). His central argument is that over the past thirty years there has been a segmentation of the audience driven by better theoretical tools such as market research and data collection as well a conscious attempt by advertisers to better target their audiences. This has led to a construction of society into "image tribes" by advertising (Turow, 1997, p. 184) whereby people are defined, to some extent, by the products they purchase and consume. This is a new development which Turow contends has been actively worked for by both the media and advertisers since the 1970s (1997, p. 184). The ability for consumers to seek out sub-cultures and interest groups that particularly attracts them on the Internet

means that this fragmentation translates into Internet 'tribes' that can be usefully targeted in the same way as the image 'tribes' are.

Another aspect of the relationship between advertising and its audience is the extent to which the audience is regarded as simply passive receivers of the messages of the advertisers. In Marxist theory there is a tendency to regard the masses as passive and malleable to the messages of advertising, not only from the existing capitalist system but also by State propaganda within communist states. This is tied to the conception of the audience as "mass" audiences. As Ien Ang comments in *The nature of the audience*:

media audiences are not 'masses' – anonymous and passive aggregates of people without identity. Nor are they merely 'markets' – the target groups of the media industries. Media audiences are active in the ways they use, interpret, and take pleasure in media products. (1990, p. 165).

The concept of the audience as active and thus selective is central to the trend to target specific audience segments; it implies an ability to discriminate between different tribal messages and actively seek the appropriate media channel.

As a counterpoint to this view, in an interview with Jim Moser the Managing Director for advertising agency Cleminger BBDO, Sydney (Moser, 2003) he raises the point that, for some very successful practitioners, the concept of a mass audience is still very much their *modus operandi*. Moser claims that he sees "mass-market advertising, continuing to grow year on year" (2003, p. 152) despite all the talk of the Internet changing "in terms of consumption and mass-market advertising...that didn't happen" (2003, p. 152). As a practitioner it seems that Moser is happy to continue with the older paradigms of advertising and it is possible that his clients are equally happy.

However even the advent of concepts such as 'mass-market advertising' as mentioned above are the product of a series of technological and technical advances that have radically increased the influence and pervasiveness of advertising in the past one hundred years. The developments in technology have profoundly shaped the way that advertising is delivered to the public over the past century and this next section is a brief examination of those changes.

Technology and interactivity

Any cursory survey of the past century will immediately reveal four major technological landmarks in what might be termed media technology: improved printing techniques in the nineteenth century, the commercial application of radio in the post world war one period, the establishment of television in the 1950s and the development of new media/digital media /internet in the present day. Each of these changes has had profound effects on the way in which media, and consequently advertising, has been delivered to the public.

In looking for a new paradigm for advertising in the colonisation³ of *Second Life* by major corporations I am implicitly suggesting that technological change allows the possibility for new paradigms to develop whenever advertising is confronted with new delivery opportunities. The history of advertising and its interactions with new technologies is supportive of this thesis. This can be seen in the changing forms that advertising has used to adapt to each new media as they have arisen. However it would be simplistic to argue that the technology alone is responsible for these paradigm shifts. As Williams argues in *Television: Technology and cultural form* the concept of technological determinism is deeply inadequate and the place of the technology within the social, economic and political framework that surrounds it must be considered (1974, pp. 132-133).

Indeed often the existing economic structure will attempt to mould the new technology into the existing paradigm structure creating almost a form of cultural inertia whereby the momentum of the status quo continues to follow its original path while the impetus from new technological gradually modifies the cultural direction of the new media formulation. An example of this would be the “Northcliffe revolution”, where the advances in printing technology were harnessed to expand the range and visual appeal of advertising while still cleaving to the old model of newspaper production for the initial period of the use of the technology (Williams, 1980, p. 176). Eventually this technology would lead to the proliferation of magazines that marked the start of the fragmentation of the audience as it is

³ Many SL users have resented the infiltration of commercial interests into SL.

seen today. The magazines targeted niche markets rather than seeking to appeal to the mass audience thus starting the process of “segmenting the market” (Turow, 1997, p. 89).

The invention of radio has a more complex genesis and one perhaps more appropriate to the situation that confronts us today. Radio, as a technology, came into existence during World War One and, partly as a byproduct of excess production capacity. Radio became available to the public in the immediate post-war years. Indeed radio broadcasting was not created by consumer demand, but more “as a by-product of a decision by major American electronics corporations to create a market for the merchandising of wireless receiving sets” (Counihan, cited in Given, 2003b, p. 22). It is well documented that for a period of some years the new industry searched for a viable commercial and business model (Given, 2003). Various schemes were tried and tested until the broadcast model, supported by paid advertising, that we are familiar with today was arrived at. Indeed Marchand comments that “radio was the most tantalizing, yet most perplexing, new media ever to confront advertisers” (1985, p. 88). There was no easy or straightforward model to follow as radio represented a truly new technology and the business community and government organisations struggled to come to terms with it. There are strong parallels between this period and the current experience of the Internet and “new media”. Indeed as Jock Given comments:

Anyone who followed Internet, digital media and electronic business magazines from 1995-2000, as they proclaimed the ever-changing fashions in Internet business models, would know exactly what it felt like to be part of radio in the 1920s (2003, p. 23).

The parallels between the advent of radio with all of its paradigm shifts and uncertainties and the current situation regarding the Internet are clear and unmistakable. The question now is: what effects will the new media have on the existing paradigms of advertising?

This chapter has shown how Marxist theory places advertising at the centre of the economic machinery of capitalism. The social and cultural analysis has emphasised the importance of advertising as part of the social fabric, showing advertising as a mirror that reflects an idealised consumerist view of the world back to us through the available forms of media. Those media forms have also changed the nature of advertising as technology has allowed new paradigms to evolve with the advent of new ways of reaching the audience. In the next chapter I will look at what constitutes the new media and how advertising is adapting to these new challenges and opportunities.

Chapter Two

Technology and new media

Introduction

The previous chapter examined a number of ways of looking at the history of advertising: from an economic point of view, from a social/cultural point of view and also from perspective of technological determinism (Williams, 2003, pp. 194-195). This chapter explores the impact of technology on advertising as it is occurring now and may continue into the future. The first part looks at historical similarities between such technological shifts as the introduction of radio and television and the introduction of digital and broadband technologies in the present era. The chapter draws a line of differentiation between 'evolved paradigms' and new paradigms, arguing that in many cases what appears to be new is in fact an old idea dressed up in new clothing.

In doing so I will be making distinctions between new media (which is of course a product of technology) and new technologies themselves. Furthermore I will be examining the tendency to "equate 'newness' with what has been most recently developed" (Flew, 2002, p. 9) whereby there can often be a confusion between that which appears to be new and that which is, in fact, genuinely original and unique. Many of the apparent innovations that are touted (particularly by the media) as new and exciting developments are in fact evolved variations on existing themes. This tendency is demonstrated in news stories highlighting the 'time-shifting' potential of Digital Video Recorders (DVRs) as a new phenomenon (Storey, 2007), which ignores the fact that this 'time-shifting' has been a factor since the advent of domestic Video Cassette Recorders (VCRs) some thirty years ago.

In discussing new media it is worthwhile attempting to define the concept more precisely. Flew posits the following:

The Internet is considered a new media technology in contrast to television, which is considered an old media form... the Internet is seen as new when compared with television because it is networked, interactive, enables two-way communication and allows its users to be both producers as well as consumers of content. (2002, p. 3)

This definition makes clear the elements of new media that separate it from the old by emphasising the increased potential for meaningful two-way communication that the new media represents.

The second part considers the Internet and argues that, like the introduction of radio, this is in fact a genuinely new phenomenon and engenders new paradigms. The evolution of 'viral marketing' is one such new paradigm that has arisen from the Internet. I will argue that one such area with the potential for new paradigms lies in the development of virtual worlds. These virtual worlds incorporate many users (as a consequence of broadband accessibility), MMORPGs in particular, and the involvement of corporations in those worlds is growing steadily.

New technologies

As each new development in delivery technology has occurred there has been a response from the advertising industry as it reacts to new challenges and opportunities. The advent of radio in the 1920s brought advertising into peoples' homes and cars in a way that was unprecedented in its ubiquity. This universality was part of what made the new media so attractive to advertisers; it represented a new level in the weaving of advertising into everyday life. The linking of products to particular styles of programmes and programming gave rise to neologisms such as "Soap Opera", so called because the principal sponsors of early radio serials were soap companies (Thurber, 1948)

The introduction of television to Australia in 1956 brought a new intensity to advertising in the way that the visual was now linked to the aural. Advertisers were quick to take advantage of the new medium and began what were to become a series of now-iconic campaigns, such as 'happy little Vegemites', 'Holden cars' and 'Viscount cigarettes'. These have come to be symbolic of the national identity and cultural landscape, as reflections in the mirror of our shared cultural perception of ourselves⁴. The introduction of colour television has expanded the options available to advertisers in the never-ending quest to capture the attention of the public. There has been an ever-increasing sophistication in the presentation of advertisements as the technology available has evolved. However it is

⁴ This is part of the 'capitalist realism' mentioned by Schudson and discussed in Chapter one.

attention of the viewer while fast-forwarding, and that other researchers have found that the first and last ads in a given ad break are most likely to be watched (Storey, 2007, p. 3). The challenge is therefore still the same: find ways of making your ad stand out from the crowd and deliver for the advertiser.

The apparent innovations that are occurring at present in technology can be regarded as evolved variations on existing themes. However there are genuinely new innovations that are presenting themselves as new opportunities for advertising. The Internet is the most obvious of these new media that deserves closer examination.

Engaging with the Internet

The Internet was the obvious place to start looking for new ways of reaching out to potential customers. In 1996 Hotmail appended a tag on the end of all hotmail messages inviting the receiver to join up free and as a result “they managed to exceed 10 million users in seven months. In comparison radio and television took 20 and 10 years respectively to gain the same number of users” (Porter & Golan, 2006, p. 1). Although this comparison is slightly unfair in that radio and television were dealing with local, geographically bounded markets. The magnitude of the numbers and the short time frame still mark the Hotmail campaign as remarkable. The Hotmail campaign’s spectacular success led to a number of similar campaigns; all of which used the Internet as their primary medium. These have become collectively known as ‘viral marketing’; which can be defined as “unpaid peer-to-peer communication of provocative content originating from an identified sponsor using the Internet to persuade or influence an audience to pass on the content to others” (Porter & Golan, 2006, p. 3).

Porter and Golan studied the origin and content of 501 advertisements, 235 television commercials and 266 viral advertisements. They found that Fortune 500 companies⁵ tended to produce television ads and non-Fortune 500 companies were more likely to use viral advertising (Porter & Golan, 2006, p. 5). The skew towards newer and smaller companies as users of viral marketing perhaps reflects a willingness to adopt new techniques on the part of the later companies; a willingness that is lacking in larger and older companies. In their paper *The 21st Century consumer: A new model of thinking*, Virginia Valentine from

⁵ Fortune 500 companies are the 500 biggest corporations in the US as listed by Fortune Magazine. They generally represent older and more established companies.

important to distinguish between a genuinely new innovation and the evolution of an existing technology.

Television is a good example of the evolved variation. Although it was a different form of communication, involving both words and pictures, the regulators and market dealt with it in the same way that they had dealt with radio. Regulators chose to use the existing frames of legislation to deal with the new medium, as Given notes "Australia followed the United Kingdom and United States in replicating its sound-only broadcasting structure for television" (Given, 2003, p. 35). Similarly, in all three countries, the ownership of broadcasting stations remained a tightly closed shop of old media players from radio and newspapers. Thus, although the medium was new and different, the structures that delivered the pictures and sound were firmly part of the old guard. As Flew comments in his discussion of the programming models of multichannel television:

they have not dramatically changed the experience of television to its viewers. Whether TV viewers have access to five, 50 or 500 channels, TV has remained a medium where someone other than the viewer determines the available menu of content options at any given time (2002, p. 9).

Here technology has not given us something new but just a bigger and brighter version of something that already existed. In looking at new media it is important to bear this distinction in mind as often what appears new is merely the old in newer and more colourful mufti.

The much-heralded TiVo or Personal Video Recorder (PVR) represents a more sophisticated version of the VCR and with it comes the threat of 'time shifting' so that the advertisements can be ignored, jumped or miss their intended demographic target. The ability of viewers to watch television programs at their own discretion, rather than in the time-slots allocated by broadcasters, undermines the ability of advertisers to target specific audiences on the basis of the timeslot that a certain program is televised. The opportunity for viewers to skip advertisements altogether during playback (usually by fast-forwarding through them) is a further problem for advertisers. Intriguingly recent research has shown that a significant number of users of PVRs are still viewing the ads in spite of the possibility of ignoring or fast-forwarding through them (Storey, 2007, p. 1). This has led to an intensive research campaign by the advertising industry and practitioners to find out exactly what strategies can be put in place to take advantage of this unexpected behaviour by viewers. Storey reports that advertisers like Visa are using highly coloured ads to draw the

Semiotic Solutions and Wendy Gordon from the Fourth Room define this willingness to engage with new ideas as the essence of the 21st century company. Valentine and Gordon compare the qualities they define respectively as “goodbye 20th century” and “hello 21st century” in a table reproduced below (Valentine & Gordon, 2000, p. 5). In spite of the excessive optimism that this table reflects it does draw a marked comparison in outlook and strategy for companies in this new century.

Attitude and behavioural differences between this century and the next

Say goodbye 20th century	Say hello 21st century
Stable and predictable	Ever changing
Large and expensive	Quick and responsive
Command and control	Leadership and empowerment
Rigid organization	Flexible and virtual organization
Control by rules and hierarchy	Guided by vision and values
Information fortress	Information sharing
Rational, quantitative analysis	Imagination, creativity and intuition
Need for certainty	Tolerance of ambiguity
Reactive and riskaverse	Proactive and entrepreneurial
Processed Endeavour	Solution seeking exploration
Corporate independence	Interdependence and alliances
Vertical integration	Virtual integration
Internal organisational focus	Focus on the market
Consensus	Constructive contention
Competitive advantage	Collaborative advantage
Competing for today's markets	Creating tomorrow's markets

(Valentine & Gordon, 2000, p. 5)

This new model of company with an emphasis on “creating tomorrow’s markets” will seek out advertising companies which have developed new models of approaching these new markets. This implies a rethinking of the approaches to advertising that may lead to new paradigms and forms. It can be argued that viral marketing is simply word-of-mouth advertising in a new technological guise; in the same way that spam can be seen as an evolved paradigm, that is, a high-tech form of a direct mail campaign. However this perspective misses the point of the Internet’s interconnectedness, versatility and volatility.

The one-to-many connections that are possible through social networks ensure a rapid transmission of any viral message, far more than the one-to-one mode of word-of-mouth. Similarly the message can be in many forms, such as audio, video or graphical, and the volatility of the web can ensure extraordinary rapidity of propagation. This is one example of a new paradigm coming into existence in response to a technological shift.

The changes in technology that have produced paradigm shifts are generally a product of what might be called 'serendipitous change'. Radio came into existence due to an over-supply of radios from World War One and it took sometime for the new media players to understand and learn how to exploit the new media. In a similar way the Internet was not designed to be a new media and has been the cause of considerable financial and commercial angst in the process of its exploitation⁶. However the elements of interactivity, networking and two-way communication embodied in the new media of the Internet have created conditions where new paradigms can flourish. Viral advertising is only one such paradigm. The next chapter will investigate another part of the Internet and examine the phenomena of virtual worlds and the paradigms that are in use there.

⁶ Think for example of the 'Dot Com' crash of the late 1990s.

Chapter Three

Virtual worlds: why choose Second Life?

Introduction

With an appreciation of the historical and social roles of advertising and the relationship between technology and advertising paradigms, it is now time to turn to the phenomenon of virtual worlds or Shared Virtual Environments (Yee, 2006). This chapter will focus on the particular world *Second Life* (SL). The aim of this chapter is to elucidate the points of difference that separate SL from other similar games and that have resulted in the intense interest that SL has attracted in the real world as a place to advertise (Hobson, 2007; Myhren, 2007; Ondrejka, 2005). These points of difference are fundamental to understanding the new paradigm that will be discussed in Chapter Four.

SL has a number of unique features that make it different to other virtual worlds. It is open ended in nature rather than bound to an objective or quest (Ondrejka, 2006). The internal economics of the game are more closely related to the real world than other games (Castronova, 2006). The demographic of people playing the game is adult⁷ and these adults tend to be tech-savvy early adopters. The Intellectual Property Rights within SL lie with the users, as opposed to other games where these rights remain with the game creators (Herman, Coombe, & Kaye, 2006). It has a very high media profile that has created a particular 'buzz' about SL in the real world. The cumulative effect of these features result in a game environment that is highly commercial, in the sense that trading and exchanging goods is at the heart of SL. This is what makes SL so attractive to outside, corporate advertisers and hence such a good place to locate new paradigms of advertising. These points will be examined in detail in the second part of this chapter.

The first part of this chapter covers a brief history of what are properly called Massively Multi-user Online Role Playing Games or MMORPGs of which SL is an example. As mentioned the second part of this chapter will examine the points of difference that make SL unique among other games. The third part examines some of the claims made about the

⁷ All Slers are 18 or over. Under 18s have their own world 'SL for teens'

user-base of SL in terms of the actual numbers involved in the game as opposed to the numbers claimed in the press and by Linden Labs.

Virtual Worlds: a definition

The advent of virtual worlds in the Internet is a relatively recent occurrence. The technology that allows potentially millions of people to interact in the same online space is relatively new as the necessary bandwidth to make the experience enjoyable has only become available in the past ten or so years.

The *World of Warcraft* is perhaps the most successful of these MMORPGs with some 8 million participants. The *World of Warcraft* is a virtual world or “metaverse” (Morrissey, 2006, p. 1) which participants can enter from their home computers and interact with a designed world and other players via an avatar that is created to their specifications. *World of Warcraft* as the name suggests is a place of conflict and carnage, and it owes a creative debt to the Dungeons and Dragons genre out of which it has grown. *Second Life* is a variant of the MMORPG. *Second Life*, like *World of Warcraft*, has attracted a large number of users, which of course has also attracted the interest of the advertising community. The sheer numbers of participants have made participation in these worlds an interesting proposition to advertisers.

Massively Multiplayer Online Games (MMOGs) come in many different types and flavours. In this dissertation, I am contemplating only one of many virtual worlds all of which are superficially different in look and presentation, however MMOGs of which *Second Life* is considered to be an example by both Castronova (2003) and Herman, Coombe and Kaye (2006) have certain distinguishing and identifying elements in common:

MMOGs are sociologically distinctive as ‘persistent worlds’. Their virtual reality is not dependent upon the active engagement of any one player at any one time, but continues as players take breaks, go on vacations, and new players are introduced and socialized. In other words, they function as ongoing social systems replete with their own forms of governance and moral practice...MMOGs are not merely a discrete and categorically identifiable class of gameplay, but also, significantly, a variable set of legally structured and contractually bounded computing practices (2006, p. 191).

The key point of this definition is that the game has a definite relationship to the real world. It is this relationship that makes it an appropriate object for study as it makes the point of advertising in a virtual world practical.

A brief history of MMORPGs

Raph Koster has created a timeline that deals with the history and development of online worlds at his website; it is located at the eponymous Raph Koster's Website (Koster, 2000). This timeline takes its starting point with the publication of *The Hobbit* by J.R.R. Tolkien which established the fantasy genre of Sword and Sorcery. It is this narrative which inspired for the early versions of MMORPGs. He traces the conceptual developments that shaped the computer age as we know it. In the late 1940s, Vannevar Bush made the groundbreaking formulations of the internet, hypertext, and virtual spaces. This was followed by Baer's early conceptualisation of the videogame in 1966. These were the developments that would eventually work together to become the familiar modern world of gaming. An essential step in this development in terms of MMORPGs lies in the concept of groups of people playing games together, as opposed to playing against a machine. This grouping of people would eventually lead to the large numbers of players that now attract advertisers to these virtual worlds.

The publication of the first Dungeons and Dragons (D'n'D) game in 1973 marked a major shift in the way people played games, because it created an imaginary world in which players interacted while playing self-selected roles in a moderated environment. The original game consisted of "typewritten rule sets" (Koster, 2000) and "swept the game cultures" (Turkle, n.d.). The rules were administered by the Dungeon Master, and dice used to create the outcomes and results of the players' interactions within the game. The worlds of these games derived from the fantasy genre 'swords and sorcery'. This text-based gameplay lent itself to transference to the recently developed fledgling computer networks that had come into existence with the advent of ARPANet (the forerunner of the Internet) in 1969 (Koster, 2000). These games were the forerunners of the modern MMORPG.

The new computer-based games were known as MUDs (Multi-user Domains) according to Yee (2006) or Multi-user Dungeons (Reid, 1994; Turkle, n.d.). The first MUD was created in 1979 by Trubshaw and Bartle (Reid, 1994). The game was text-based but it allowed several players to play together, either co-operatively or antagonistically in a shared

environment. The computer processing power available at the time was a limitation on the number of players. While the number of people who played Bartle and Trubshaw's MUD was small, many of them went on to design the systems that followed (Reid, 1994). The relationship between Role Playing Games (RPGs) and MUDs is such that even though:

It is commonly thought that MUDs descended from table-top role-playing games (TTRPGs) such as Dungeons and Dragons, the two genres emerged about the same time and co-evolved beginning in the early '70s and became popular during the '80s...Game play typically revolved around a combination of interactive storytelling and logistical optimisations under the guise of slaying monsters and attaining higher levels and skills. In RPGs, a designated Game Master controlled the outcome of events based on dice-rolls and references to tables and charts. In MUDs, this was controlled by the server" (Yee, 2006, p. 189).

The removal or automation of the role of Game Master by the server is the first step to the creation of a completely open-ended user controlled game.

While MUDs gained popularity in the networked gaming world, computer games and game consoles were gaining in popularity in the consumer world. The integration of computer game consoles into the everyday home environment has led to an acceptance of computers and video games as a part of quotidian life. By 2006 79% of Australian households had a device for playing computer and video games and of these 95% have an internet connection, of which 80% are broadband (Brand, 2007, pp. 4,14). This broadband access has been an essential part of the development and proliferation of MMORPGs as it has allowed the involvement of large numbers of players to participate in these games across the Internet and the globe.

A common descriptor of these role-playing games is "immersive" and it is used in the sense that the game-player immerses themselves in the world of the game through visual and aural inputs (Brown & Cairns, 2005; Ermi & Mayra, 2005). This is not to be confused with the more formal use of the word by media theorists as a way of discussing the all-pervading nature of mass media. The former is a voluntary surrender to the world of the game, whereas the latter is an enforced participation in the world of technologically enhanced mass media, where there is no escape from the "culture industry" as Adorno and Horkheimer characterise it (1979, p. 125). The Frankfurt School who theorised about the immersion into 'new' mass media technologies in the earlier part of the twentieth century viewed immersion in a

'negative sense' Walter Benjamin refers for example to the "increasing atrophy of experience" (1970, p. 155) as a result of mass culture.

The commonly-agreed-upon first modern MMORPG was Meridian 59 (M59) begun in 1995 by Andrew and Chris Kirmse (Castronova, 2001, p. 6). The game designers created a town and an open field in which your avatar, a graphical representation of yourself, could be guided around, encountering and interacting with objects and other players. Among the objects that you encountered were biots (also called mobile objects or MOBs) that were computer-generated beings that would either attack your avatar or attempt to trade or communicate with it. The events in the game were presented graphically on the user's screen and communication occurred through text boxes. It was possible to form alliances with other players in order to kill powerful monsters (biots). If a player left the game and returned later the avatar returned to the last place that the player had been in the game and with the same possessions and points. M59 survived until competitive pressure from a new generation of larger games forced its closure in August 2000 (Castronova, 2001, p. 7). This was the beginning of the 'persistent virtual world' where things continued to occur even in the absence of a particular user. This is again a characteristic of SL that allows advertisers to maintain a constant presence in the virtual world.

The first of this generation of MMORPGs was *Ultima Online*, launched in 1997 and providing a "persistent, graphical, online environment that allowed thousands of users to be logged on at the same time" (Yee, 2006, p. 189). This ability to support large numbers of simultaneous users distinguished *Ultima Online* from existing MUDs. *EverQuest*, the second MMORPG, had a sustained user base of 400,000 soon after its establishment and within a few years at least ten other MMORPGs had emerged (Yee, 2006). *EverQuest* is still popular but *World of Warcraft* is the pre-eminent MMORPG; it was launched in 2004, attracting 240,000 subscribers in less than 24 hours (Ducheneaut, Yee, Nickell, & Moore, 2006a, p. 407) and reaching 6 million by 2006 (Ducheneaut, Yee, Nickell, & Moore, 2006b, p. 281). This growth has attracted the interest of both the media and academia. The numbers of users of MMORPGs is now in the millions (SL claims 10 million on its own and *World of Warcraft* is credited in the media with 8 million plus). These sorts of numbers inevitably attract the attention of advertisers and corporations keen to exploit the potential audiences inhabiting these virtual worlds.

The economics of MMORPGs

In 2001 Edward Castronova, an economist at the Department of Economics, California State University, Fullerton, became interested in the phenomena of virtual worlds and decided to investigate *EverQuest*. He gathered data in *Norrath* (a particular world in the *EverQuest* universe) for some 6 months (April to September 2001) (Castronova, 2001, p. 1). He had noticed news articles in January 2000 referring to the actions of Sony, the corporation that owned *EverQuest*, in pressuring Ebay and Yahoo to close down any *Norrath*-related auctions on their sites. This evidence of virtual goods attracting real world money piqued his interest and so he decided to undertake an investigation of the economics of virtual worlds (Castronova, 2001, p. 19). This initial research has led to the establishment of an entire field of study and has also attracted the interest of real world businesses, which sense an opportunity to expand their business into the virtual world.

One of his conclusions was that *Norrath* had a gross national product of \$US 135 million, making it, according to World Bank GNP data, the 77th richest country in the world. He proposed two other methods of calculating GNP, the lowest of which still put *Norrath* on a par with Bulgaria (Castronova, 2001, p. 33). At first glance the idea that an object created in a fantasy world can attract a real money value seems absurd but as Castronova notes:

“Economics does not recognise any distinction between the ‘realness’ or ‘fantasy’ of a good when analysing its equilibrium price in a market. All that matters is that the good is alienable, excludable, rivalrous and so on...Economics sees value wherever humans decide that some construct of theirs has utility but is scarce. Synthetic world goods have utility and are scarce: thus they have value that can be measured in terms of real dollars” (2006, p. 52).

It was these Real Money Trades (RMT) that had caused Sony to attempt to stop Ebay and Yahoo in the first place, on the grounds that the virtual objects created within the games belonged not to the players but to the creators of the game. At the same time that Castronova was revealing the hidden economics of virtual worlds the real world economics of the gaming industry was attracting the interest of corporations and advertisers. The fact that the economic system of SL is particularly close to the real world has not been lost on these businesses. Here was a new, if virtual, world that had a similar economic system to the real world and was thus far untouched by advertising. It was an opportunity to be grasped with both hands.

Advertising and Virtual worlds

In 2001, according to figures released by the US-based Entertainment Software Association (ESA), the video and computer game market in the USA totalled \$US6.1 billion. By 2006 this had grown to \$US7.4 billion (Entertainment Software Association, 2007, p. 11). This compares to the total of movie ticket sales in the USA of \$US8.57 billion (Monica, 2006, p. 1) in 2006. Another telling figure comes from international media forecaster ZenithOptimedia⁸, which predicts that internet advertising globally will overtake radio as the fourth most popular media by 'adspend'⁹ in 2008. Furthermore, by 2009, the internet will be the fastest growing sector in the global 'adspend' total (ZenithOptimedia, 2007b). Although gaming was not yet as big as the movies it was certainly comparable and consequently the advertising industry was starting to investigate ways of exploiting this new avenue. However this was not the first time that advertising had flirted with video games. There is a history of advertising and gaming that goes back to the early 1980s¹⁰

In the early 1980s advertisers had collaborated with video arcade game manufacturers to exploit that particular fad. McDonald's, Budweiser and Kool-Aid all had experiments with themed games (Vedrashko, 2006, pp. 42-43) with varied degrees of success. By the 1990s a number of companies offering expertise in placing advertisements in gaming environments had sprung up only to perish in the dotcom collapse of 2000. However by 2004 JupiterResearch, an independent Internet consultancy company, had identified four predominant in-game advertising techniques:

- **Advergames.** These are advertiser-sponsored development projects that infuse stand-alone games with branding messages.
- **Product placement.** Like in films, there are many examples of product placement in console and PC games: Electronic Arts's multimillion dollar deals with Intel and McDonald's in *The Sims Online* as well as Activision's deal with Nokia in *Kelly Slater's Pro Surfer*. Video game technology has drastically improved the quality of simulation in the past decade. Game characters no longer wear obscure and formless garments. They instead sport the latest athletic shoes, carry the latest gadgets, and drive the latest cars.
- **Real-world analogs (sic).** Just as banners offer analogous advertising vehicles in online content, 3-D environments provide space for ads with real-world analogs. Such vehicles include in-game billboards, sports banners on stadiums, and radio

⁸ ZenithOptimedia is part of a world-wide media group owned by Publicis Group. They have over 175 offices in 69 countries (ZenithOptimedia, 2007a)

⁹ Adspend-jargon for amount spent on advertising.

¹⁰ I am indebted to Ilya Vedrashko for his excellent Masters thesis that provides a comprehensive history and background to this story.

spots, these ads serve a dual role by both enriching the virtual world with reality and providing direct advertising opportunities.

- **Cross-promotion.** There are innumerable opportunities for cross-promotion in video games. Media tie-ins as well as consumer product promotions with discounts, coupons, and rewards offer the most obvious strategies. There are also creative applications such as Capcom's promotion with the clothing company Diesel through its *Devil May Cry* franchise. (cited in Vedrashko, 2006, p. 45)

All the advertising techniques listed above are from real world models, that is they are variations on existing techniques and as such are evolved developments as opposed to genuinely new paradigms. They are all applicable to MMORPGs to greater or lesser extents, and of course to SL.

Many brands have set up their own virtual worlds on the Internet: Coke has *Coke Studios*, Disney has two; *Virtual Magic Kingdom* and *Toontown* and DaimlerChrysler has *Mokitown*¹¹. These virtual worlds function in the same way as the advergimes mentioned above. Communication is text-based and mediated, interactivity is game-based and children have opportunities to earn in-game points that can be redeemed at real world venues. For example Disney's *Virtual Magic Kingdom* allows children to gain points to be used at the actual real world theme park. Other brands have decided to invest in populating existing virtual worlds, including SL, although this is not without risk.

While it would be disruptive and incongruent to put a Coke vending machine in the middle of an enchanted forest in *World of Warcraft* it is fine to place one in the urban environment of *Grand Theft Auto*. This issue of appropriate placement of advertising inside virtual worlds is crucial to the success or failure of the advertising campaign. Placing posters for upcoming events in the context of a game set in the future causes considerable angst and consternation among the users of the game. This occurred in 2005 when posters for the premiere of movie *Deuce Bigelow: European Gigolo* appeared in the extraterrestrial game *Planetside*. This event caused a storm of protest from game users due to the disruption of the suspension of disbelief that is central to such games (Vedrashko, 2006, p. 49).

This issue of appropriate marketing is reflected in the choice of world that the advertiser makes in targeting their campaign. Somewhat akin to choosing the right demographic by

¹¹ *Mokitown* is a cartoon-like world built for children ages 8-12. Sponsored by DaimlerChrysler, *Mokitown's* goal is to educate its young members (called "mokis" - short for "mobile kids") about road and traffic safety through this shared social experience (Virtual Worlds Review, 2007).

television programme or timeslot, or choosing the most effective niche magazine to carry one's message, the choice of which virtual world to advertise in is equally critical. It is apparent from the list of corporations involved in SL that an increasing number have chosen SL as their preferred platform.

Why *Second Life*?

Second Life was invented by Linden Laboratories in San Francisco. *Second Life* does not abound with witches, warlocks and monsters. Instead it is a hybrid of "video games, social networks and instant messaging" in a "graphics-heavy digital environment" (Morrissey, 2006). In this world avatars interact socially, economically and even politically (Murphy, 2007, p. 2) as opposed to the primarily conflict-based activities of most other MMORPGs, for instance *World of Warcraft* and *EverQuest*. The SL world is one where transactions and trading are an important part of the ongoing business of the world. This is obviously an attraction for advertisers as the virtual world has a superficial resemblance to the real world wherein advertisers already operate. However, as will be discussed in Chapter Four, this superficial resemblance can be deceiving and require a new paradigm to overcome.

While *Second Life* is classed as a Massively Multi-user On-line Role Playing Game, it is the last word that is problematic. SL is not technically a game (Vedrashko, 2006, p. 60) as it lacks an over-arching objective and is potentially completely open-ended. The game exists on the servers of Linden Lab, the game's developers. Unlike most MMORPGs, where the user chooses a particular server (that is, a cluster of computers) which is set up as a self-contained place in the overall game universe (a shard), SL's users can see all the SL world and interact with all other players in-world simultaneously, which allows for more open-ended and unrestricted activity on the part of users and advertisers.

Players are encouraged to use the in game scripting tools and building software to create domiciles on 'land' (in reality, space on a server) purchased from the games creators. Players are also encouraged to acquire goods created by other users and create goods and artefacts for other users to acquire in turn. Players can collaborate in ventures that can be as diverse as building a tribute to the band *Pink Floyd* or creating a virtual shopping mall. SL "avoids the solitary, task-orientated, level-advancing gameplay characteristic of MMORPGs such as *EverQuest*." (Herman, Coombe, & Kaye, 2006, p. 196) and models its internal

economy to reflect the real economy as closely as possible. This is reflected in the LindenX currency exchange that allows L\$ to be exchanged with US\$ at a market-based rate (at present US\$1=L\$266) (Linden Lab, 2007b). This economic fidelity is a unique feature of SL.

A further point of difference to other online games is that SL has created a separate environment for young players, *Second Life for Teens*, which is completely self-contained within the SL world. While other MMORPGs encourage a wide mix of players across all ages SL is designed for and played specifically by adults. This age separation is a distinguishing feature of SL as it creates a very distinct demographic which advertisers can target with confidence.

SL is unique in that in November 2003, some months after the launch of the game, Linden Lab, the developers of SL, announced that “they were prepared to recognise the value of the creative contributions that gameplayers made...all players of the game would be granted intellectual property rights in their creations both within the game and in “real life” (Herman, Coombe, & Kaye, 2006, p. 185). This was a radical departure from the established practice of the online gaming industry.

Linden Lab, based in San Francisco, has an extraordinary roster of investors, many of who are established performers in the volatile world of internet investment. They include Jeffery P. Bezos, founder of Amazon.com, Mitchell D. Kapor, software pioneer and co-founder of eBay, Pierre Omidyar (Siklos, 2006, p. 2). These are people who are clearly capable of thinking of the Internet in new and unexpected ways. The decision to allocate Intellectual Property Rights (IP) to SL users has had a profound effect on the inworld economy, as it has facilitated the creation of inworld businesses and allowed economically meaningful trading to take place. As a consequence SL has advertising that is native to its own world. Selling virtual products to avatars is big business in SL and has even resulted in virtual advertising agencies such as Metaverse becoming part of the SL landscape. The resulting paradigms are further explored in Chapter Four.

SL has a number of built-in tools to facilitate user-created content. The use of these tools is taught within the game and is advertised to be ‘simple and fun to use’ but in reality they are still (to this user’s sensibility anyway) very much based on CAD-type protocols and are a

little user-unfriendly (SL website). Indeed, as Wagner James Au, who spent three years as SL's embedded journalist is quoted as saying "It's just a weird cross between a 3D development platform and a chat program, AutoCAD meets *the Sims*" (Au cited in Vedralshko, 2006, p. 60). However the users of SL have utilised these building tools and created huge numbers of artefacts within the SL world. By October 2003 users had created over a quarter of a million objects, in particular 75,000 objects with scripted behaviours and 300,000 articles of clothing (Ondrejka, 2005, p. 10) The consequence of the Linden Lab decision to allow IP to reside with the users legitimised the existing trading of virtual goods outside the game environment. SL sales on eBay almost matched the total combined number of virtual game goods from all other online games (p. 11).

In most MMORPGs the overall narrative of the game is shaped by the game designers. They provide the worlds, the villains, and the tasks that have to be achieved in order to 'win' the game. This limits the possibilities of the game and, in at least one case, a game has been compromised by the unintended death of a supposedly invincible super-villain. This occurred in November 2003 when some 150-170 players cooperated to bring about the downfall of 'the Sleeper' a supposedly invincible monster in the MMORPG *EverQuest*. The game designers were forced to create a new and more powerful monster to replace the failed one (Ondrejka, 2005; Phelps, 2003). SL does not suffer from this limitation; the game is open-ended and reliant on user-content and creativity for its development. This encourages the users to create and trade goods and commodities without limitation and engenders a vital and animated environment in which advertisers can flourish.

Another key difference lies in the usual MMORPG system of advancing the skills and 'level' of your avatar. Levelling relies on a complex system of skills and progressions which allow the player to advance further into the game world and become more powerful within the game. In most games a key way of levelling is 'crafting'. Crafting is the repetitive generation of game objects. The objects are chosen from within the game design and may be used by the player, sold to other players or sold to non-player characters (NPCs), which are added to the game by the designers "solely to act as buyers. These automated buyers are important because user levelling produces large quantities of items that are not useful or desired, so the NPCs are required to drain the unwanted items from the system" (Ondrejka, 2005, p. 13). This is clearly an artificial construct in economic terms. SL differs to other online games in that the objects that are created by the users are either utilised by the

creators, or sold to others in a way that more closely models economic reality. Advancement within SL relies on either economic success, within the game or a willingness to spend real money in exchange for 'Linden dollars' (L\$) to spend inworld.

Attracted by both the increasing numbers and a strong undercurrent of media interest a growing number of companies have entered Second Life such as Dell, BBC, Nissan, Adidas, IBM, Reuters, SonyBMG, General Motors, Toyota and ABNAMro (Hobson, 2007, p. 1). Second Life lays claim to some remarkable figures, in terms of numbers of users, and this is one of the main elements that the media have emphasised in their coverage of the SL story. It is common to see estimates of several million users in media stories and indeed the SL statistics page claims (as at 2 November, 2007) the following numbers:

Population

Residents Logged-In During Last 7 Days	554,765
Residents Logged-In During Last 14 Days	717,496
Residents Logged-In During Last 30 Days	999,667
Residents Logged-In During Last 60 Days	1,500,194
Total Residents ¹	10,656,013

¹ A Resident is a uniquely named avatar with the right to log into Second Life, trade Linden Dollars and visit the Community pages.

Figure 1. SL Population Numbers (Linden Lab, 2007a)

There are, however, doubts as to how the figures of participation are derived. Clay Shirky [a New York University Lecturer] draws a distinction between Linden Labs figures for "residents" as opposed to "unique users" (cited in Metz, 2007, p. 6). He argues that the figures for actual visitors are significantly lower than generally accepted:

Looking at the real user base...about 1.42 million unique users tried Second life in 2006. Calculations based on Linden Lab's latest numbers and the method I've outlined show that only 135,899 came back in January of 2007...[it] is like making a sculpture out of dust. It's a gorgeous vision, but if you touch it, the whole thing crumbles. (cited in Metz, 2007, p. 6)

Shirky is, however, a minority voice and as the roll call of companies investing time and money in Second Life expands, the influence and importance of the site increases. This is partly a product of the publicity that Linden Labs have generated about *Second Life* and partly a product of the fascination that the media have developed with it. Googling *Second*

Life returns a staggering 577 million hits (22 May 2007), which by itself is an indication of intense interest in the topic.

Cory Ondrejka, Vice President of Product Development, Linden Research has written a number of articles in which he articulates the uniqueness of SL. Even allowing for his vested interest the points he makes have some validity as he is presenting an insider's view. He argues that the development of SL has been heavily influenced by academic feedback, which was "critical to several important decisions during Second Life's development cycle" (Lessig, 2003; Ondrejka, 2006, p. 113). One particular crucial decision was to grant users Intellectual Property (IP) rights over their creations in SL (Lessig, 2003).

Second Life presents a number of unique qualities that distinguish it from other virtual worlds. The open-ended nature of the gameplay, a dedicated adult audience, an internal economy functioning at a close approximation of the real world and a committed and passionate user base make for a unique opportunity to play with new ideas and paradigms. Advertisers have been attracted to SL by these qualities and have made numerous attempts to exploit the potential that SL offers in terms of numbers of users and the demographic appeal. As the next chapter will show, some of these attempts are successful and some are not. There are lessons that can be drawn from these examples and a new paradigm to be discerned.

Chapter Four

Advertising in Second Life

Introduction

The previous chapters have examined the social and economic nature of advertising, the impact of technology and the particular nature of *Second Life*. This chapter investigates the actual practice of advertising in SL, in order to demonstrate the existence of new paradigms being created by advertisers in SL. These new paradigms revolve around the concepts of engagement and are emerging as advertisers come to understand and respect the particular culture and values of SL. Pontiac and their Motorati Island initiative are an example of this.

The paradigm shift that Pontiac achieved lies in their realisation of the importance of respecting the culture and sensibilities of SL users, and seizing on the interests and proclivities that are reflected in that culture in order to create a meaningful relationship with those users. This is a step beyond the simple paradigm of exposure of the product and moves to a strategy of engagement. As Duane Varan puts it, “the future is fundamentally about a shift from exposure to engagement” (quoted in Funnell, 2007) and Pontiac have embraced this concept in their presence in SL.

In this chapter, the investigation of SL as a new paradigm focuses on two separate and distinct areas. The first area of interest is the evolution of advertising in SL as SL users practise it. The commercial nature of SL, as demonstrated in the previous chapter, has led to a plethora of inworld businesses, most of which are advertised and promoted by their creators within SL. The methods and approaches of these advertisers are examined in terms of both the similarities and differences in approach compared to the real world norms of advertising. This chapter draws on case studies of existing SL businesses and their

marketing strategies, as well as an interview with Adam Frisby, a young SL entrepreneur, in order to provide an understanding of the current state of advertising in SL.

The second area of investigation in this chapter is a case study of what is arguably the best example of a new paradigm for advertising in SL, that is the Pontiac/ Motorati Island initiative. This case study draws on a briefing given by Tor Myhren, the executive in charge of implementing the campaign, which gives an invaluable insight into how Pontiac approached the problems of advertising in SL.

User-generated advertising and brands

The world of *Second Life* is centred on commerce. The L\$ is used to purchase clothing for your avatar, places to live, cars to drive, parachutes to skydive, even the means to create artworks. Everything must be purchased. There are two ways of obtaining L\$. One way is by purchasing them with real life money (usually \$US), and the other is by engaging in commerce with other avatars inworld. This commerce consists, as it does in the real world, of exchanging money (L\$) for desired goods, which has “resulted in the creation of countless member owned business[es], many of which have evolved into brands” (Book, 2005, p. 9). The concept of the brand is both a very traditional advertising thought, with the concept linking back to Schudson’s formulation of brands providing social signals in a newly urbanised population (see Chapter One), but it is also a new buzz word relating to the way in which ‘image tribes’ are formed and defined (an idea posited by Turow I outlined in Chapter One). As Betsy Book comments:

...the concept of branding has become so pervasive and the results of good branding are so effective that other types of organizations including educational institutions, charities, and even governments are engaged in the process of developing brand identities (2005, p. 3)

It is not surprising, therefore, that SL advertisers have, despite that the vast majority of them having no formal background or training in advertising, used the brand as a starting point for their marketing (Book, 2005, p. 4). Indeed it is arguable that the very act of creating an avatar to represent oneself to the rest of the SL world is an act of self-branding in itself. The choices that one makes as to the appearance, gender, skin colour and even species when one

is creating an avatar are surely consciously, or at times unconsciously, designed to project an image and a perception that is almost a mini-brand of oneself.

Betsy Book is Director of Product Management at Makena Technologies, creators of the virtual world *There*. In her paper *Virtual World Business brands: Entrepreneurship and identity in Massively Multiplayer Online Gaming environments*, Book examines two SL brands: one, *PREEN*, is a fashion label run by Aimee Weber and the second, the eponymous Cubey Terra, creates vehicles for use inworld. Both these brands have a high profile in SL. She concludes that both these brands have independently followed the precepts of brand-building as it is practised in the real world. This is despite the fact that Aimee Webber *PREEN*'s founder has "no previous graphic design or business training" and Cubey Terra is similarly untrained in marketing, having a background as a theatre major and technical writer (Book, 2005, p. 25). Both have, however, created professional looking "logos, signature color (sic) palettes, brand names, positioning statements, descriptive product copy, branded web sites, and inworld branded environments to communicate their brand's message to customers" (p. 5). In fact Cubey Terra has even set up a franchising system which is available to other vendors from his website¹² and functions on a commission basis. The undeniable similarities between real world and SL advertising paradigms seems at first to militate against the argument that SL is engendering a new paradigm, however on closer examination some subtle differences start to appear.

These two SL entrepreneurs have reinvented the basics of brand marketing for use in SL, but with a typically SL irreverence and cleverness. The leading * in *PREEN* automatically means that it is at the top of any alphabetical listing in SL: Cubey Terra's vending machine carries the slogan "It doesn't suck". Both Aimee and Cubey, in interviews with Betsy Book, stress that they participate in SL commerce for fun and recreation, and the pleasure of seeing their various creations being used and enjoyed (Book, 2005, p. 23). This is a typical description of SL attitudes as it is important to remember that SL is first and foremost a recreational activity. The concern with enjoyment and personal gratification is at odds with the primarily commercial nature of real world advertising. It creates a playfulness and sense of place that is rarely found in real world advertising. An example of this is Cubey Terra's references to 'penguin-content standards' in his advertising copy, which is one of a

¹² See www.cubeyterra.com/vendors/

number of SL in-jokes he employs to locate his copy firmly within the SL framework (Book, 2005, pp. 17-18).

The advertising strategies that Cubey Terra and Aimee Weber employ are, despite their lack of formal training, very similar to existing strategies in the real world. This fact implies that the old paradigms of advertising are still in use in SL. This is not surprising as the transactions being parlayed within SL are of the same type as the transactions that occur in the real world. In other words the transactions are modelled closely on real world parallels where goods are exchanged for money. The transactions are not crossing the boundaries of SL and the real world. Individuals are buying clothes from Aimee Weber to wear on their avatar, not to go out to dinner tonight in the real world; the hovercraft that you bought from Cubey Terra will not get you to your real life job in the morning; these transactions are entirely contained within the virtual world. The job facing advertisers coming into SL in order to effects sales in the real world is subtly different as it involves SL participants taking the marketing message with them from SL to the real world and then acting upon it. This involves the corporate advertisers learning what it is that SL users seek from their virtual experience and incorporating that sensibility into their advertising in order to engage with their audience.

The contrast between the desires of SL users and corporate advertisers is stark. The priorities of SL users are “in order of preference...to visit virtual places, to learn, to play, to meet people, and to change identity” (Bruns, 2007). Bruns was reporting on the proceedings of the Association of Internet Researchers in Vancouver 2007 and goes on to make the point that corporate culture is “about control and management, about efficiency, about managing brand impression”. This is fundamentally at odds with the SL set of priorities and creates a real challenge for corporate entities entering SL. The conflict lies in the priorities of SL users that are primarily about experiences, self-expression and development as opposed to the hierarchical and controlling agenda of the corporate structure. In order to bridge this cultural divide a new understanding of advertising and its role in SL had to be developed. Perceiving a niche in the economic world, a group of companies began offering consultation and similar services to corporate customers to help them overcome this problem.

These companies are called 'Solution providers' and have burgeoned in the past four years. The SL website lists several hundred of them. The solution providers provide companies with the tools to perform in SL and with services ranging from complete building and design of corporate presences to simple consultation¹³ about SL. In the course of this investigation I was able to secure an interview with a freelance solution provider based in Perth. In talking to Adam Frisby I was able to obtain some valuable insights into the workings of SL as well as getting an insiders view regarding the state of advertising and the paradigm shift that is occurring in some parts of the advertising industry.

Frisby has been involved in virtual worlds since 1998 and came to *Second Life* in January 2004, attracted by its "technology that allows things to happen in parallel, so [that when] one person does something the other person can see what's happened". When Linden Labs announced the changes to IP rights in 2005, Frisby and his associates saw an opportunity and began several business ventures in and around SL. These included an index to facilitate purchases from different regions of SL and a virtual property development called Azure Islands that encompasses some 400 regions¹⁴; which has proven to be very profitable and successful. As a part of the Azure Islands project the team offered to help with building and developing new projects on the sub-divided land. As a result of that experience Frisby became involved in consulting, building and developing of projects and sites for various corporate clients. These have included Live Nation (2007) (whose website proclaims it to be the world's biggest live music company), the Hearst Corporation and a Swedish telecom called Tele Two. I asked him about his impression of corporate advertising in SL, he responded:

I would say 30% are doing it properly and 60-70% are completely bad at it and again this comes down to that we're trying to apply real world marketing techniques into a virtual world and not really picking up on the sheer entertainment factor.
(Frisby, 2006)

¹³ This strategy of using solution providers can backfire. A classic example of this is the experience of advertising agency BBH Unlimited that announced with some fanfare the establishment of a 'virtual agency' in SL in 2006, only to be ridiculed for the fact that they "hired a 'London based virtual world design agency' to create the environment and avatars for their staff- which when you think about it, is a pretty final statement of their total inability to deal with anything even remotely new media" (Hayward, 2006, p. 23).

¹⁴ This is a large amount of virtual property. A region costs \$US 1700 to buy and has an ongoing cost of \$US 300/month to maintain. This represents a capital outlay of \$US680000 plus costs of \$US 120000/month. The money is recouped by selling small blocks of the regions at a profit and charging a monthly fee. Given the discounts from Linden Labs for large purchases this appears to be a profitable business and Azure islands is set to expand later this year.

Frisby went on to say that a lot of inworld advertising pays lip service to the idea of interactivity, but is not particularly inviting in terms of engagement for the users. He cited the Dell SL presence as an example. Dell have provided a way of interacting with SL users that actually does engage them through customising their Dell computer systems although “there was certainly a lot of interest in that to begin with but at the same time it hasn’t really attracted people in there” (Frisby, 2006). This battle to engage with SL users lies at the heart of any new paradigm. Putting up virtual billboards or merely providing places for users to go does not create a true sense of interactivity or exploit the potential of SL for two-way interaction, and a new paradigm must aim to achieve at least that.

Another example of clever use of SL that Frisby mentioned was the market research that the Loft Hotel Corporation undertook.

They actually built the virtual hotel and they hired a team to basically clone the blueprints of [the] upcoming hotel and then they hired another team to come on and decorate it, so they put in the decorations of what they were thinking, had people wander through, make comments...they actually sold some of the furniture and they actually used the results from that to determine what people liked...used the final comments to determine the interiors of their new hotel. (Frisby, 2006)

This example shows a different way of interacting with SL users, asking for feedback and even using sales of furniture to gain feedback on the décor of a proposed real life hotel. The level of engagement demonstrates one of the strengths of SL in that a response to stimulus is built into the SL world. If you like a piece of furniture in the hotel room then the action of purchasing it immediately gives feedback to the interested parties. There is no need for forms or questionnaires to gauge a reaction; it is apparent and seamlessly integrated into the SL framework. In this case the potential for interactivity has been achieved in a seamless and user-friendly manner.

The “key part”, as Frisby sees it, to successful advertising in *Second Life* is entertainment. However, according to Frisby, plainly a lot of companies setting up in SL have not taken this onboard. One of the companies that have is Pontiac and their presence in SL at Motorati Island. Although Frisby has not visited the island he has had discussions with the people responsible for the building and operation of the site. The strategy on the site is that by engaging with users on a level of “running races and competitions... the idea is that people will play the game but also ...reinforce the brand” (Frisby, 2006). This strategy is an example of how a new paradigm in advertising works in *Second Life*.

Pontiac and Motorati Island

The Pontiac campaign is an example of where the new paradigm is being developed and explored. This paradigm rests on engaging with SL users on their terms and creating meaningful interactions in SL terms not just advertising terms. At the Virtual World Spring Conference, held in New York City in March 2007, Tor Myhren, Creative Director at Leo Burnett Detroit, presented a case study on the Pontiac campaign. This case study explicates the process by which Pontiac decided to come into SL and how this has been different from the vast majority of corporate ventures. Leo Burnett Detroit was the advertising agency that Pontiac had commissioned to launch a new car, the Solstice GXP. The address was recorded and podcast¹⁵. What follows draws heavily on this one-hour podcast and provides a valuable insight into the processes that advertisers are observing in engaging with SL.

The Solstice GXP is a sports car designed to be faster than a Porsche but some \$US20,000 cheaper. The angle that the agency took was that it represented a “democratisation of speed” (Myhren, 2007) and that the line would be ‘power to the people’. At this time (June 2006) *Second Life* was starting to get a lot of media attention (Coleman, 2007) and the strongly democratic feeling of a place created by the users made it appear to be the place for the ‘democratic’ Solstice GXP to be launched. The high media profile mentioned in Chapter Three was a contributing factor in the decision to try a campaign in SL.

Myhren admits that he took some persuading that SL offered enough potential for the campaign to work, but he was eventually won over by the solution providers Campfire¹⁶ who were involved in SL already. One of the reasons he was persuaded him to go with SL was the dismal state of the Pontiac brand at the time. As Beth Coleman comments, three things made this right for Pontiac: the media buzz about SL was just beginning, it was the right form for the right brand and Pontiac had nothing to lose and “the brand was not afraid of users abusing their name- they were afraid of becoming obsolete” (Coleman, 2007). Myhren puts it differently. He defines SL as an opportunity to create a new image and feel for the Pontiac brand, which was moribund at the time, and allow people to “think about Pontiac in a different way than they did before” (Myhren, 2007) This recognition that SL represents a change of direction for Pontiac is important in the development of a new paradigm in that it recognises the need to reinvent that brand in a new way which suits the SL environment.

¹⁵ available at <http://www.reznation.com/?p=122>

¹⁶ Campfire is run by the same people who produced “The Blair Witch Project”

The initial thought from Pontiac was “let’s be the first big advertiser in *Second Life*, this will be so cool and we can do big press releases” (Myhren, 2007) but American Apparel usurped this position by becoming the first major corporate identity in SL. As it happened Myhren regards this as blessing in disguise as it allowed Pontiac to sit back and watch other companies trying to gain traction in the unfamiliar world of SL. This in fact worked for Pontiac as they began to absorb the culture and practises of SL and refine their approach to the project.

While Pontiac bided its time, they watched as another car firm entered SL and started to give away cars to residents resulting in “a huge backlash” as residents who had been building and trading their own cars suddenly found “corporate America comes in and starts giving cars away and it screws up the economy” (Myhren, 2007). This demonstrated to Pontiac that the internal economy of SL was not to be taken for granted and that SL users valued the economic stability and practises of SL highly. This was to inform their eventual strategy. Another lesson came from American Apparel’s attempts to sell real items in SL, while SL residents were primarily interested in clothing for their avatars. These examples, as well as consultations with another solution provider Millions Of Us, Linden Labs and extensive sampling of the SL blogosphere lead Pontiac to approach SL from a unique and original perspective. This perspective was informed by the knowledge of SL culture that Pontiac had developed, so that when they finally entered SL it was with an understanding of what SL users wanted and expected. This is integral to the new paradigm that Pontiac were developing, a sense of cultural sensibility towards the SL residents.

Pontiac’s approach was to purchase a 96 acre island in SL, call it Motorati Island, build a racetrack and a dealership (Showroom/sales) and then offer the rest of the land free of charge to interested SL users. Myhren explains this when he says:

We basically gave away all the land on the island and said if you have a really cool idea for something car, or car culture, related come bring us a proposal, send us a proposal we will look at your proposal if we think it is really cool we will let you build it on our land, you don’t have to buy the land, the land is already bought, you do have to pay to get your thing built, and you’ve got to design it and all that. (2007).

This was the first time that a corporate advertiser had entered SL with a full understanding of the important and cultural significance of land in SL. The idea was for the island to

become the centre of car culture in SL. Research had shown Pontiac that there were over 100,000 car clubs on My Space so logically there had to be some interest in cars on the web. Furthermore the idea was based on a very SL sensibility, that is encouraging creativity and participation, engendering the idea of co-creation and ownership of the results. In SL terms the results have been good: Motorati Island is the most visited corporate site in SL (Au, 2007); all the land on Motorati Island is occupied; some 30 businesses have been established there; and more land will be released soon. There have been some 2.1 million visits from 30,000 unique visitors and Pontiac have sold some 1200 Solstices in SL (Myhren, 2007). Proceeds from the sale of cars is donated to the Electronic Frontier Foundation, a digital rights defence organization and favourite charity of SL users. This again is in line with the sensibilities of *Second Life*. It is this sensibility that underlies the new paradigm that Pontiac has employed.

Pontiac have approached SL with two things in mind: firstly, a desire to engage meaningfully with the SL users in a real two-way conversation that is based on SL precepts; and secondly with a desire to build their brand slowly and in a sustainable way, They have not been concerned with immediate sales or “counting the clicks” to determine its success. As Myhren says “ does it sell cars tomorrow? No. Does it sell cars a week from now, a month from now, a year from now? I think so” (2007).

In the real world the benefits of the Pontiac venture have ranged from publicity generated just from engaging with SL with stories in *USA Today*, *Fortune* and the *Wall Street Journal*, to a revitalisation of a flagging and dated brand. Pontiac had been on the verge of closure some years earlier and the adventurous nature of the move to SL did much to reinvigorate a moribund brand (Coleman, 2007; Myhren, 2007). The question of brand is one that Myhren discusses at length. SL was

right for our brand. The demographic was just absolutely on target; I mean 33 years old, 60/40 male/female split, adults, progressive, a little bit cutting edge, these are the people we're trying to talk to...this is not direct marketing, its not retail marketing, this is brand marketing and in a sense this is old school branding...in a sort of new school environment. It creates an emotional connection with the people that engage with it like any sort of good branding. (2007)

From the point of view of looking for a new paradigm Myhren's perspective here is a little disingenuous. The key difference is that SL and virtual worlds in general allow for a true two-way dialogue to occur between customer and advertiser. The nature of self-selecting

demographics creates a ready market of receptive people, respect for the rules and culture of the virtual world allow a real interaction to take place on the customers' terms and, finally and most importantly, the means to respond are readily at hand. Unlike other interactive techniques the user does not have to disengage from the experience to make a phone call or fill out a coupon. The means of interaction are inherent in the experience, which is built into the game. The user can test-drive the car, customise it, buy it, and all within the reality of the in-game experience. This is a new paradigm. Later in his speech Myhren acknowledges this fact:

I think for a long time advertising was such a one way sort of monologue, we were, advertisers were telling you the way it is and telling you what's cool. I think those days are long gone and it's much more a two way conversation now and I think one way is to think about communicating with customers is...as an advertiser or as a company, is a conversation rather than a mandate. (2007)

Part of this conversation involves the advertising companies listening to consumers and being able to respond to customer input in a meaningful way.

The experience of Pontiac has defined a new paradigm, that of entertainment over exposure, of connecting with SL residents in terms that respect and value the inworld culture, of cooperating with residents to create shared environments. This is in contrast to the old paradigms followed by many other companies that have entered SL, which is passive and non-participatory in nature. The advertising that takes place inside SL and that is generated by residents in order to promote trade within SL is closely modelled on precepts that come from real world paradigms. It is only when outside advertisers and corporation attempt to promote real world goods in the SL environment that a new paradigm becomes necessary, in order to be accepted in the SL world.

Pontiac, in realising the importance of the SL culture, employed techniques that conform to SL mores and became an active participant in the life of SL This participation has resulted in a successful venture that engenders interaction and acceptance by the users of SL. As Ling comments "Interaction, engagement, continuous engagement, that's the whole process" (Ling, 2007).

This paradigm has evolved from the traditional web marketing model which involves creating rich marketing environments that will hopefully attract users (Verdino, 2006) and

has resulted in empty 'brand islands' all across SL. Wagner James Au, reporting in May 2007 has Pontiac as the most visited corporate site with 6,454 visitors in the previous week. This is followed by the island of a TV show "The L-Word" (4687) and IBM (4826). However companies that have entered SL with much media fanfare such as Sears, Sun Microsystems, Dell, Coca Cola, Reebok, Coldwell Banker and Calvin Klein have attracted less than 500. The most popular site in SL in that period was 'Phat Cat's Jazzy Blue Lounge' a ballroom for avatars that had 31,248 unique visitors in the same period (Au, 2007). Plainly even the most successful commercial site is still well behind the native SL sites in terms of popularity.

Conclusion

This thesis has sought to show that advertising online is undergoing a paradigm shift as a result of its interaction with virtual worlds and more specifically Second Life. In doing so it I have sought to place advertising in an historical and social perspective, with emphasis on the changing role that it has fulfilled as society has evolved. The historical perspective shows that advertising is constantly adapting to new social and cultural conditions by developing new paradigms. A further examination of the changes that new technologies have caused to the means of delivery and the associated paradigms reveals that advertising has always sought to maximise the potential of any new technology and seeks to reinvent itself at every turn. In examining the relationship between advertising and Second Life, I have sought to define the points of difference between SL and other virtual worlds that have made SL such an attractive but challenging space for advertisers. Finally I have examined a SL advertising campaign that exemplifies the new paradigms that I have been seeking to examine.

The historical development of new paradigms for advertising as both social circumstances and delivery technologies change is clear, as are the effects of new media. It is apparent that major shifts in media, such as the advent of radio and the evolution of the Internet create greater challenges for advertisers and often result in paradigm shifts as the advertisers struggle to understand and adapt to the new media.

This paradigm shift has been observable in the virtual online worlds and in particular Second Life, which has a number of unique and distinct features that make it particularly attractive to advertisers. The features that delineate SL from other virtual worlds lie in the structure of SL's economic system with its strong relationship to the real world (Castronova, 2003; Linden Lab, 2007a; Ondrejka, 2005) , the specific demographics that SL boasts (Coleman, 2007; Myhren, 2007), the unique Intellectual Property Rights that allow users to retain ownership of their inworld creations (Herman, Coombe, & Kaye, 2006; Ondrejka, 2005) and the open-ended nature of the SL world (Lessig, 2003; Vedrashko, 2006). The SL slogan "Your world. Your imagination" makes the user-owned and controlled nature of SL plain. The Pontiac/Motorati Island campaign produced clear and abundant evidence of a new paradigm, one that employs and understands the culture of Second Life.

However in a larger sense this may be beside the point, SL is very much a niche market. It attracts numbers that, in Clay Shirky's memorable phrase, "in a billion person internet...amount to a rounding error" however it also represents what Henry Jenkins calls " a particular model of participatory culture", one that may yet prove to be a model for future Internet uses. He predicts that "some significant portion of the people who are currently using the web will have used some form of 3d environment for purposes other than playing games within the next decade" (Jenkins, 2007).

What happens in SL in one sense can be dismissed as a strange sub-cultural event that happens only in an online environment inhabited by privileged, mainly white computer 'nerds' with too much time on their hands. As Peter Ling comments, the users of SL are "those who have the time, have the money and...are into technology" (Interview 2007). So it is very much a small and unrepresentative demographic that uses and interacts in MMORPGs in general. Does this mean that the new paradigms are simply a trivial and unimportant phenomenon? Have the corporations been taken in by Linden Labs publicity?

If the arguments of the Internet proponents like Rheingold, Shirky and Jenkins are correct, then the answer is no. The Internet is growing both not only as a place to advertise but also as a place to interact, communicate, take political and cultural positions and generally participate in the world. At present it is primarily a Western, First World phenomenon but as the web becomes increasingly truly world-wide this will change and the lessons being learnt now will be applied more generally. The paradigm that Pontiac have adopted shows that the way in which advertisers interact with their audience has to be a two-way communication that is based on awareness of the cultural rules and sensibilities that the users respect in their online experience. A failure to respect these cultural sensibilities will only result in more deserted corporate sites and elaborate but ultimately futile exercises that fail to connect with the users.

As virtual worlds such as SL grow or change into the next form I propose that advertisers will be a part of that evolution and that new paradigms will continue to emerge as the advertisers learn the new rules that control these worlds.

References

- Adorno, T., & Horkheimer, M. (1979). *Dialectic of enlightenment* (J. Cumming, Trans. third ed.). London: Verso.
- Althusser, L. (1971). *Lenin and philosophy and other essays* (B. Brewster, Trans.). New York: Monthly Review Press.
- Ang, I. (1990). The nature of the audience. In A. Mohammadi & A. Sreberny-Mohammadi (Eds.), *Questioning the media: a critical introduction* (pp. 155-165). Newbury Park: Sage.
- Au, W. J. (2007). Virtual world marketing: Lots of companies, few visitors (so far). Retrieved 24 October 2007, from <http://gigaom.com/2007/05/24/virtualworldmarketing>
- Benjamin, W. (1970). *Illuminations* (S. Verlag, Trans.). London: Fontana.
- Book, B. (2005). Virtual world business brands: Entrepreneurship and identity in Massively Multiplayer Online Gaming environments [Electronic Version]. Retrieved 15 September, 2007 from <http://ssrn.com/abstract=736823>.
- Brand, J. (2007). Interactive Australia 2007: Facts about the Australian computer and video game industry. Retrieved 20 September, 2007 from <http://epublications.bond.au/hss.pubs/95>
- Broeder, P. (2005). Habermas' heritage: The future of the public sphere in the network society [Electronic Version]. *firstmonday.org*, 10. Retrieved 29 March 2007 from http://www.firstmonday.org/issues/issue10_9/boeder/ondex.html.
- Brown, E., & Cairns, P. (2005). A grounded investigation of game immersion. *Conference on human Factors in Computing Systems*, from <http://portal.acm.org/citation.cfm?doid=986048>
- Bruns, A. (2007). Uses for Second Life. Retrieved 23 October 2007, from <http://snurb.info.com/node/736>
- Casti, J. L. (1989). *Paradigms lost*. London: Abacus.

- Castronova, E. (2001). Virtual worlds: A first-hand account of market and society on the cyberian frontier. *CESifo Working Papers No.618* Retrieved 12 August 2007, 2007, from <http://papers.ssrn.com/abstract=294828>
- Castronova, E. (2003). On virtual economies [Electronic Version]. *Game Studies: The International Journal of Computer Game Research*, 3, 1-21. Retrieved 22 May 2007 from <http://www.gamestudies.org/0302/castronova/>.
- Castronova, E. (2006). A cost-benefit analysis of real-money trade in the products of synthetic economies. *info*, 8(6), 51-68.
- Coleman, B. (2007). Virtual worlds conference II: ROI and virtual worlds ports to TV. Retrieved 24 August 2007, from <http://www.projectgoodluck.com/blog/2007/04/virtual-worlds-conference-roi/>
- Ducheneaut, N., Yee, N., Nickell, E., & Moore, R. (2006a). "*Alone together*": *Exploring the social dynamics of Massively Multiplayer Online Games*. Paper presented at the Conference on human factors in computing systems, Quebec, Canada.
- Ducheneaut, N., Yee, N., Nickell, E., & Moore, R. (2006b). Building an MMO with mass appeal: A look at gameplay in World of Warcraft [Electronic Version]. *Games and Culture*, 1, 281. Retrieved 1 October 2007 from <http://gac.sagepub.com/cgi/content/abstract/1/4/281>.
- Eldridge, J., Coome, R., & Kitzinger, J. (1997). *The mass media and power in modern Britain*. Oxford: Oxford University Press.
- Entertainment Software Association. (2007). *Essential facts about the computer and video game industry*: Entertainment Software Association.
- Ermi, L., & Mayra, F. (2005). Fundamental components of the gameplay experience:Analysing immersion [Electronic Version]. Retrieved 24 April 2008 from http://www.uta.fi/~tlilma/gameplay_experience.pdf.
- Flew, T. (2002). *New media: An introduction*. South Melbourne, Victoria: Oxford University Press.
- Fox, S. (1984). *The mirror makers*. New York, NY: William Morris and Company.
- Frisby, A. (2006). Interview with N. Devenport. October 2007

- Funnell, A. (2007). The future of advertising online. *Media report* Retrieved 11 October 2007, from <http://www.abc.net.au/rn/mediareport/2007/2055036.htm>
- Given, J. (2003). *Turning off the television: Broadcasting's uncertain future*. Sydney: University of New South Wales Press.
- Gorman, L., & McLean, D. (2003). *Media and society in the Twentieth century*. Oxford: Blackwell.
- Hayward, T. (2006). Can the ad industry really learn the latest new media moves? , 12 October 2006 *New Media Age*, p.16.
- Herman, A., Coombe, R. J., & Kaye, L. (2006). Your second life? [Electronic Version]. *Cultural Studies*, 20, 184-210. Retrieved 29 March 2007 from <http://dx.doi.org/10.1080/09502380500495684>.
- Hine, C. (2000). *Virtual ethnography*. London: Sage.
- Hobson, N. (2007). Should businesses get a Second Life? [Electronic Version]. *Knowledge Management Review*, 10, 5. Retrieved 20 April 2007 from <http://0-proquest.umi.com.ecu.edu.au/pqdweb?did=1239038001&sid=1&Fmt=4&clientId=7582&RQT=309&VName=pdq>.
- Jenkins, H. (2007). Second Life (Round Three). Retrieved 30 October 2007, from http://www.henryjenkins.org/2007/02/second_life_round_three_nuff_s.html
- Koster, R. (2000). Online world timeline. Retrieved 25 September 2007 from <http://www.raphkoster.com/gaming/mudtimeline.shtml>
- Lears, J. (1994). *Fables of abundance: a cultural history of advertising in America*. New York, NY: BasicBooks.
- Lessig, L. (2003). Creators in Second life. Retrieved 12 October 2007, from http://lessig.org/blog/2003/11/creators_in_secondlife.html
- Linden Lab. (2007a). Economic Statistics. Retrieved 2 November 2007, from http://secondlife.com/whatis/economy_stats.php
- Linden Lab. (2007b). LindenX Market Data. Retrieved 17 October 2007, from <http://secondlife.com/whatis/economy-market.php>

- Linden Labs. (2007). Second life in the media. Retrieved 15 October 2007, from <http://secondlife.com/news>
- Livingstone, S. (2003). The changing nature of audiences: From the mass audience to the interactive media user. In A. Valdivia (Ed.), *Companion to media studies* (pp. 337-359). Oxford: Blackwell.
- Marchand, R. (1985). *Advertising the American dream: Making way for modernity, 1920-1940*. Berkeley: University of California Press.
- Mason, B. (1996). Moving towards virtual ethnography. *American Folklore Society News*, 25(2), 4-6.
- McKeon, M., & Wyche, S. (2005). Life across boundaries: Design, identity and gender in SL [Electronic Version]. Retrieved 6 November 2007 from <http://www.mattmckeon.com/portfolio/secondlife.pdf>.
- Metz, C. (2007). The Emperor's new web. [Electronic Version]. *PC Magazine*, 26, 1. Retrieved 24 April, 2007 from <http://0-proquest.umi.com.ecu.edu.au/pqdweb?did=1248291101&sid=3&Fmt=3&clientId=7582&RQT=309&VName=PDQ>.
- Monica, P. L. (2006). Hooray for Hollywood! [Electronic Version]. *CNNMoney.com*. Retrieved 7 October 2007 from <http://money.cnn.com/2006/12/08/news/companies/movies/index.htm>.
- Morrissey, B. (2006). Let advertisers mingle [Electronic Version]. *Adweek*, 47, 10. Retrieved 15 May, 2006 from <http://0-proquest.umi.com.ecu.edu.au/pqdweb?did=1043602531&sid=1&Fmt=4&clientId=7582&RQT=309&VName=PDQ>.
- Moser, J. (2003). Pitching to the 'Tribes': New ad techniques. In C. Lumby & E. Probyn (Eds.), *Remote control: New media, new ethics* (pp. 152-158). Cambridge: Cambridge University Press.
- Murphy, S. (2007). Pst, have you heard? *Chain Store Age*, 83.
- Myhren, T. (2007, 29 March 2007). Pontiac and Second Life-a case study. *Virtual Worlds Spring Conference*, Retrieved 10 September, 2007 from <http://www.reznation.com/?p=122>
- OECD. (2007). OECD broadband statistics to December 2006. Retrieved 1 November 2007, from <http://www.oecd.org/sti/ict/broadband>

- Ondrejka, C. (2005). Escaping the gilded cage: User created content and building the metaverse [Electronic Version]. *New York School Law Review*. Retrieved 22 September 2007 from <http://ssm.com/abstract=53862>.
- Ondrejka, C. (2006). Finding common ground in new worlds [Electronic Version]. *Games and Culture*, 2006, 111-115. Retrieved 23 August 2007 from <http://gac.sagepub.com/cgi/content/abstract/1/1/111>.
- Pearsall, J., & Trumble, B. (2002). *The Oxford reference dictionary*. Oxford: Oxford University Press.
- Phelps, A. (2003). I saw god and I killed it. Retrieved 11 October 2007, from <http://gotgame.corante.com/archives20031101.html>
- Porter, L., & Golan, G. J. (2006). From Subservient Chickens to Brawny Men: A Comparison of Viral Advertising to Television Advertising [Electronic Version]. *Journal of Interactive Advertising*, 6. Retrieved 13 April 2007 from www.jiad.org.
- Reid, E. (1994). *Cultural formations in text-based virtual realities*. Melbourne: University of Melbourne.
- Rheingold, H. (1993). *The virtual community*. Massachusetts: Addison-Wesley
- Schudson, M. (1981). Criticizing the critics of advertising: towards a sociological view of marketing. *Media, Culture and Society*, 3(January), 3-12.
- Schudson, M. (1984). *Advertising: The uneasy persuasion*. London: Routledge.
- Siklos, R. (2006, 19 October 2006). A virtual world but real money. *New York Times*. Retrieved 3 August 2007 from <http://www.nytimes.com>
- Sivulka, J. (1998). *Soap, sex and cigarettes: a cultural history of advertising*. Belmont, California: Wadsworth.
- Storey, L. (2007, 16 February 2007). Viewers fast-forwarding past ads? Not always. *New York Times*. Retrieved 23 April 2007 from <http://www.nytimes.com>
- Thurber, J. (1948). Soapland. *The New Yorker*. retrieved 13 March 2007 from <http://www.newyorker.com>

- Turkle, S. (n.d.). Constructions and reconstructions of self in virtual reality: Playing in the MUDs. Retrieved 30 September 2007, from <http://web.mit.edu/sturkle/www/constructions.html>
- Turow, J. (1997). *Breaking up America : Advertisers and the new media world / Joseph Turow*. Chicago : University of Chicago Press.
- Valentine, V., & Gordon, W. (2000). The 21st Century Consumer: A New Model of Thinking [Electronic Version]. *International Journal of Market Research*, 42, Retrieved 14 April 2007 from <http://www.ijmr.com>.
- Vedrashko, I. (2006). *Advertising in computer games*. Massachusetts Institute of Technology.
- Verdino, G. (2006). Welcome to Second Life, marketers. *Marketingprofs* Retrieved 24 October 2007, from <http://www.marketingprofs.com/print.asp?source=/6/verdino.asp>
- Virtual Worlds Review. (2007). Mokitown. Retrieved 11 October 2007, from <http://www.virtualworldsreview.com/mokitown/>
- Williams, R. (1974). *Television*. London: Routledge.
- Williams, R. (1980). Advertising: the Magic System. In R. Williams (Ed.), *Problems in Materialism and Culture* (pp. 170-195). London: Verso Editions and NLB.
- Yee, N. (2006). The psychology of MMORPGs: Emotional investment, motivations, relationship formation and problematic usage. In R. Schroder & A. Axelsson (Eds.), *Avatars at work and play: Colaboration and interaction in shared virtual environments* (pp. 187-207). London: Springer-Veriag.
- ZenithOptimedia. (2007a). About us. Retrieved 8 November 2007, from <http://www.zenithoptimedia.com/about/>
- ZenithOptimedia. (2007b). *Rocketing internet advertising to overtake radio a year early.*: ZenithOptimedia.