BRAND PROMOTION THROUGH COMPUTER GAMES ON THE EXAMPLE OF SECOND LIFE

Summary: The in-game advertising has become a popular marketing communication channel. Especially, the online MMORPG game is Second Life that has received particular interest in recent years. In this chapter we take a close look on attributes which make this game very close to the real world and thus more attractive to users. Secondly, we identified promotion tools that brands use to promote inside of the virtual world. Furthermore, we decided to adopt the perspective of Second Life gamers and explore their attitude and reactions to promotion of companies through the game. The results of our research suggests that the majority of users we interviewed did not notice in-game brand promotion inside of Second Life. The remaining players have positively perceived such promotion activities as: different types of public relations and sponsorship, however they admitted that they have no influence on their purchasing decisions.

Keywords: promotion, product placement, advergaming, Second Life.

Introduction

The rapidly changing environment of modern business, especially technological and socio-cultural spheres, drives modern companies to actively seek new channels for reaching consumers. One such modern channels are computer games, therefore this article is dedicated to the promotion of brands with the use of this medium. This chapter is based on a case study of Second Life, which has the characteristics that distinguish it from most of the games on the market. The game creates a very conducive environment for brand promotion. However,
some cases of unsuccessful campaigns prove that conducting promotional activities in-game requires adequate knowledge and careful preparation.

The first part of this chapter presents the characteristic of the advergaming and shows the importance of this concept from the perspective of business practice and research in academia. This is followed by the case study of Second Life, where we paid special attention to the aspects of the virtual world in which players operate, including specific communication channels between users and the system of commodity-cash transactions. This study provides the context for the next part of the chapter, in which we discussed the examples of promotional tools that are used inside of Second Life by companies that operate both on a global scale as well as those existing on the Polish market. Subsequently, the results of the few studies that were devoted to the attitudes of the users towards promotional activities in Second Life were reviewed. The chapter ends with a summary, which can provide a reference point for companies interested in advergaming, in particular through Second Life.

1. The nature and the significance of advergaming

Advergaming, the use of computer games as a marketing communication channel, is a relatively young but rapidly growing area of business practice and academic research in the field of marketing [Mitrega, 2012]. Similarly to other marketing strategies and concepts, e.g. customer relationship management [Mitrega, 2006], advergaming is being treated nowadays as the promising tool of achieving competitive advantage when some traditional tools became less effective. In terms of value, the advertising market in computer games is so far relatively small part of the advertising market, but many experts forecast the dynamic growth of this market in the coming years. The report on computer players in Poland indicates that 75% of Poles have played so far in some games1. Women spend less time playing than men and do not play so willingly in console games. However, more often they play in games on mobile and smart phones as well as in games on social networking sites2. Furthermore, the results of the research indicates that in relation to the so-called advertising in traditional media (TV, cell phones), on-line in-game advertising, does not cause a strong aversion among customers, but on the contrary in some cases it may even increase the

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1 According to the report PriceWaterhouseCoopers in-game advertising market in the U.S. in 2006 was worth $ 80 million (50 million in 2005). According to the same report, its value in 2011 is estimated at $ 950 million [www 12].

pleasure from a computer game [Mitrega, 2012]. All this facts allow us to accept the thesis that computer games have become an attractive communication channel for today's advertisers.

Among the academics the phenomenon of in-game advertising has begun to arouse the interest from the beginning of the XXI century. So far, several studies concerning different aspects of advertising in computer games have been conducted, for example on such phenomena as: the relative effectiveness of brand positioning in computer games [Chaney et al., 2004], the relationship between interactivity of the in-game promotion and its memorability [Grigorovici & Constantin, 2004], the perceived realism of the brand placement in the game content and the level of acceptance of advertising [Nelson, Keum, Yanos, 2004; Chang et al., 2010], the influence of gender on attitude towards in-game advertising (Lewis and Porter, 2010) and the influence of the advertising visibility on brand remembering [Cauberghe and de Pelsmacker, 2010 by Chang et al., 2010]. Studies on the use of games as an advertising channel are in the initial stage as the majority of questions remain unanswered. However, it has been noted that the interest in this subject is constantly growing among academia. The perfect illustration for this statement, was the release of a special issue of the prestigious “Journal of Advertising” that was entirely dedicated to the issues of advertising in computer games\(^3\).

2. The nature and the popularity of Second Life

Second Life is a computer game and a virtual world in 3D technology at the same time. It is available for users on the Internet [www 19]. In 1991 the company Linden Lab began to work on launching Second Life. The public beta testing of the game had begun in November 2002. Its official version, has been made live on 23\(^{rd}\) of March 2003 [Rymaszewski et al., 2009]. From the perspective of the player, the world of Second Life is a diverse space that has been divided into regions – geographical and administratively units that different from each other in terms of terrain, urban plan and applicable laws. The access to some areas is restricted due to user characteristics (e.g., age in the case of islands with content is intended only for adults). Researchers who investigate the specificity of the Second Life have noticed that this game can play two roles in the life of the user. First, it can provide an entertainment. Secondly, it may complement and enhance the real world that surrounds the player [Castronova, 2004]. Depending on which function is considered as a dominant, the Second Life is

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Described either as an advanced social networking game or as a complex virtual world. On the one hand, Second Life is therefore classified as a particular type of MMORPGs (Massively Multiplayer Online Role Playing Game) [www 14]. Many Internet users participate in the game simultaneously. They communicate and direct the activities of self-created fictional characters. The most important features that distinguish this type of a game are: flexibility in creating characteristics and behaviour of characters, as well as the lack of a defined goal of the game [Parmentier & Rolland, 2009]. Second Life is very close to the real world. Players create their virtual representatives, establish and maintain relationships, work, buy and consume virtual goods [Lin 2008]. The fact that the Second Life has specific social and economic system allows us to identify it as a ‘metaworld’ (or ‘metaverse’) [Papagiannidis, Baurlakis, Li, 2008]. Such a way of defining Second Life, emphasises its ties to the real world and allows for better understanding of the reasons why it is perceived as an attractive environment for companies who wish to promote their products and services.

One of the reasons for the undoubted popularity of Second Life is the low cost of participation in the virtual world. Basic account is free and it allows players to use all features of the game apart from buying and holding the land [www 19]. During the registration process a user creates an avatar who acts as his immortal representation in the virtual world. Each new player defines the basic characteristics concerning the appearance and the presence of his character such as: name, gender, shape, skin and hair, accessories and animations. Second Life provides players with a wide range of possibilities for enhancing the appearance of an avatar with numerous extras. The most popular are virtual clothes that Second Life residents can purchase in virtual boutiques or design on their own using your computer and graphic skills. The player can also ‘equip’ his character with some unique behavioural features such as gestures, facial expressions, reactions and elements that will differentiate it from other Second Life residents. The challenge for all new players lies in developing avatar personality and mastering skills such as teleportation, flying, jumping, dancing, communication, and buying and consuming goods [www 5].

Second Life has gained publicity in 2006 due to A. Chung, who was announced the first millionaire with a fortune build in the virtual world [www 4]. Chung drew the attention of the business world to new possibilities that Second Life offers. The number of companies that wish to be present in the virtual space has begun to rapidly increase. Many companies started to consider Second Life as an innovative channel for marketing communication and the ability to conduct online business [www 7], as well as tool to assist the recruitment process [Athavaley, 2007]. Politicians has begun to exploit the virtual world to conduct
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Second Life has quickly gained the popularity among the citizens of the United States, the developed countries of Western Europe (Germany, UK, France, Netherlands, Italy), and Japan. A crucial role in popularizing the virtual world among the inhabitants of these regions has been played by factors such as: the advanced state of infrastructure, broadband Internet access and the increasing amount of free time. Second Life attracts mostly young Internet users. The average age of players is 33 years, and as many as 40% of the inhabitants of the virtual world are aged between 23-34. Users of Second Life are both women and men [www 24].

Second Life has now 33 million registered users [www 19]. The monthly number of visitors reaches from 800,000 to over a million users. During the day 10-20 thousands of players log in to the virtual world [www 21]. The vast majority of users make purchases in the virtual world, while 25% also plays the role of vendors and service providers [www 20]. Despite the declining interest in virtual worlds and recession in the global economy, in 2009 the total number of transactions has increased by 65% in comparison to 2008 and has reached $ 567 million [www 8].

3. Communication and groups in Second Life

Second Life is a platform that enables communication between users, as well as between companies and consumers [Stuart & Brand, 2008]. Communication in the virtual world is done with the help of such technical solutions as text messages (private response message, chat or group messages, blogs), as well as voice calls and video conferencing. Private message, also known as IM (instant message) is a message directed to the selected avatar, not accessible to other users. This method of communication can be used not only to contact with people from the friends list, but also to chat with the newly met people. In contrary, e-mail messages are sent to players at a specific address, along with the identification number of the sender. This communication channel is also used by the management platform to inform players about the news in the world of Second Life. The conference is a private conversation held by two or more users. The player determines who is to take part in the conference by selecting friends from the list. In addition to private conversations, users can use group chat feature which allows them to have a discussion with several people at the same time.
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Group members communicate using group. A special feature of this form of communication is the ability to add attachments such as facilities, location points, textures and clothes. Moreover, after connecting a computer to microphone, players can carry on real-time conversations with other inhabitants of the virtual world [Lindner & Gillespie, 2007].

An important phenomenon in the world of Second Life is the formation of user groups. The membership in a group allows residents to establish and maintain relationships, as well as achieving personal goals such as gaining access to valuable information [Lindner & Gillespie, 2007]. Table 1 presents some examples of categories of groups in Second Life.

<table>
<thead>
<tr>
<th>Types of groups</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping centers’s groups</td>
<td>Usually created by the mall owner. The group purpose is to limit the number of player who can sell good in the shopping center</td>
</tr>
<tr>
<td>Role-playing games groups</td>
<td>Members perform certain functions and special tasks for the group</td>
</tr>
<tr>
<td>Fan’s groups</td>
<td>Members are focused around a specific artist and create his fan club. Group is a channel of communication between the artist and his fans. It provides information about events such as concerts and exhibitions</td>
</tr>
</tbody>
</table>

Source: Based on [Lindner & Gillespie, 2007, pp. 88-89].

4. The market system of Second Life

Second Life has its own economic system with the virtual market that is based on the laws of supply and demand, and commodity-monetary exchange. The basic measure of the Second Life’s economy is the gross domestic product. In 2007, the GDP of Second Life was around $ 60 million [Rymaszewski et al., 2008]. All commodity-monetary transactions in Second Life are held by Linden Dollars (LS) that are exchangeable to some national currencies in the real world. The exchange rate depends on the supply of money and the ratio between the number of active users and the number of premium accounts [www 13; www 2]. The Table 2 shows an example of Linden Dollar’s exchange rates.

<table>
<thead>
<tr>
<th>Currency</th>
<th>Sell (1000 LS)</th>
<th>Buy (1000 LS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>3,30</td>
<td>3,40</td>
</tr>
<tr>
<td>USD</td>
<td>4,30</td>
<td>3,20</td>
</tr>
<tr>
<td>PLN</td>
<td>14,00</td>
<td>10,00</td>
</tr>
<tr>
<td>GBP</td>
<td>2,64</td>
<td>2,00</td>
</tr>
</tbody>
</table>

Source: Based on [www 16].
There are basically two ways to obtain Linden Dollars. The first one is by exchange of real currency via the Lindex exchange office. Exchange operations can be carried out using PayPal and SMS, as well as credit cards [MacKenzie, Buckby, Irvine, 2013]. The second possibility is to earn Linden Dollars inside the virtual world by: taking up work, running your own virtual business, turning virtual property, participating in special games, etc. [Lindner & Gillespie, 2007].

Starting your own business in Second Life is free from formalities. The player can, for example, create and sell virtual products [Papagiannidis, Baurlakis, Li, 2008]. A resident of the virtual world can also buy and sell real estate, as well as lease them to individuals or businesses [Barnes & Mattsson, 2011]. Another method of gaining money in the game is ‘camping’, that consists in performing a specific activity (standing, sitting, or dancing) in a designated place and for a specified period of time. On the other hand, entrepreneurs use camping to drive traffic to the new restaurants and shops. Having a sufficiently large sum of Linden Dollars, allows residents to freely modify the avatar’s appearance and the virtual environment through the purchase of virtual goods. Second Life users can buy items in department stores inside the virtual world, as well as through the on-line shop – Second Life Marketplace [Guo & Barnes, 2007; Shelton, 2010].

5. Promotional activities carried out by companies in Second Life

Due to its characteristics Second Life is an attractive space for companies and organisations of various types to conduct promotional activities [Kleeberger, 2002; Barnes, 2007]. First of all, the platform supports both mass and direct communication with potential customers [Bray & Konsynski, 2007] through multimedia message that combines text, images, and music. Furthermore, the existence of groups and communities in the Second Life helps companies to simultaneously reach many players who share the same or similar values, characteristics or needs [Lindner & Gillespie, 2007]. Secondly, the virtual world allows users not only to express themselves, but also to create an alter ego on the Internet [Hemp, 2006]. Avatars represent dreams and aspiration of players, while brands and products serve as the attributes of their identity. Therefore, the real bond between the consumer and the brand can be developed [Cyran & Piotrowski, 2007].

Promotion of a product or company inside Second Life is a goal-oriented action. Among the objectives of promotion in the virtual world are the following: building a image of the brand/company, product positioning, raising awareness of the company and its offer, increasing sales, and boosting word-of-mouth communication [Lindner & Gillespie, 2007; www 11]. Second Life offers entre-
preneurs a wide range of promotion tools. Due to the realism of the virtual world, these instruments can be assigned to four categories: advertising, sales promotion, public relations and direct marketing [Kotler, 1994]. The most common forms of advertising in Second Life are billboards, banners, screens and neon lights on virtual buildings. Sometimes companies decide to create a branded vehicles or to use virtual mass media (e.g. they post advertisements in newspapers or on Second Life radio). Advertisers can use paid ads in location search engine. Another instrument is sales promotion that can be carried out by sampling real products or offering deals and coupons for shopping in reality. Enterprises operating in the virtual world often use the tools of public relations and sponsorship. First of all, companies establish contacts with the representatives of Second Life’s media, collaborate with local communities and interest groups. In addition, they try to draw the attention of consumers by organising exhibitions, cultural and sporting events, lectures and talks, as well as by reconstructing cities from popular movies or creating branded islands serving as entertainment centers. Furthermore, some businesses decide to conduct activities in the field of direct marketing. For example, they establish company headquarters in Second Life or get involved in group discussions [Cyran & Piotrowski, 2007; www 22; Barnes & Mattsson, 2008; Rymaszewski et al., 2008; www 23].

Moreover, the relatively commonly used method is viral marketing. It involves the use of all available methods of communication (e.g. e-mail, instant messaging and chat rooms) in order to transmit a controversial, attractive promotional message from one user to another. ‘Virus’ is an interesting or shocking idea, game, animation, video, image, spot, song, poem or message that Internet users share with each other [Chaffey et al., 2006; Ho & Dempsey, 2010]. A popular form of conducting activities in the field of viral marketing is to make use of avatars who are opinion leaders in their communities. In addition, many companies try to create and distribute interesting video content, actively participate in the Second Life forum and take care of the regular appearance of a brand on blogs.

Since the beginning of the Second Life enterprises from various industries perceived this platform as an opportunity to promote their products. Figure 1 shows a gradual entry of well-known companies into the virtual marketplace.
A common practice is to organise special events in the virtual world to promote new products. In August 2007, Penguin Books and Rivers Run Red prepared a virtual meeting with William Gibson, the author of *Spook Country*. Similarly acted Bantam Books publishing house while promoting the book *The Good Boy* by Dean Koontz [Kelly & Rhind, 2007]. Whereas, the producer of the film *Harry Potter* organised the world premiere of the first part of the adventures of the young wizard on a virtual screen IMAX [www 3]. Another example of such activity was a music festival, sponsored by the British newspaper “The Guardian” in collaboration with Intel [Kaplan & Haenlein, 2009].

Some of the well-known companies have decided to invest in Second Life and buy their own locations inside the game. ‘Branded island’ is a place where residents of the virtual world relax, play, purchase virtual products, and, above all, create a community that is strongly associated with the brand. We can find here for example ‘Playboy Island’, as well as islands owned by: Sony Ericsson, Mazda, Sony BMG and Reebok [Barnes & Mattsson, 2011]. The total cost of creating a branded island can reach U.S. $ 200 000 [Kaplan & Haenlein, 2009].

As the popularity of Second Life was growing, the number of companies that wanted to setting up shops in the virtual world was increasing. American Apparel, Lacoste, Adidas and Reebok were the first firms that started to sell virtual products in their own virtual stores. One of the major projects was shop-
ping mall Sears Virtual Home that was created as a result of cooperation between Sears and IBM. The center had several floors and digital exhibition halls. It provided such products as home appliances, electronics, furnishings and lot more [Rymaszewski et al., 2009]. Another example comes from Kraft Foods. This company opened a supermarket ‘Phil's Supermarket’, together with the famous nutritionist Phi Limpert [www 9].

Another way to promote in Second Life is to organise competitions. L'Oreal Paris, with the support of a virtual modeling agency Aspire!, organised the competition for the face of ‘L'Oréal Paris Glamour Fashion Show’. The winner, Isabella Sampaio, received a year's supply of L'Oreal Paris cosmetics and a photo session. The photos of her avatar were published on L'Oreal Paris website. The same tactics applied Coca Cola. The participants of the ‘Coca-Cola: the Virtual Thirst’ was to create a project of virtual machines for beverages [Kelly & Rhind, 2007].

Despite the lower interest of Second Life in Poland, compared with the United States or Germany [www 23], also some Polish companies and organisations have decided to take advantage of the promotional opportunities that the games offers. Elektrociepłownia Wybrzeże had a virtual office and provides Second Life residents with heaters. The owners of Gratka.pl – an on-line classified ads service, also had promoted their services inside the game. The company created a network of virtual offices. The inhabitants of the virtual world could post classified ads and use information boards free of charge [www 10]. Another example of a company that entered the virtual world was Play. The mobile phone operator created a music club ‘Play’ and a showroom [www 1]. Furthermore, even some political parties tied to include Second Life based promotion into their marketing communications plan. Sojusz Lewicy Demokratycznej wanted to refresh its image by creating a virtual parliamentary office [www 17]. Furthermore, the virtual replica of Standion Narodowy in Warsaw was build. Stadium Eurofun 2012 i the largest sport facility in Second Life. So far, two events were held here. The first one was a virtual concert of Aga Zaryan. The second event was a conference with politicians and football players [www 6].

It can be assumed that Second Life is an attractive and innovative marketing communication channel. However, the platform has some important limitations, which include mainly the inability to reach out all age groups and people who do not have the access to the Internet. Moreover, promotion activities inside the game are difficult to measure thus we are unable to evaluate campaign effectiveness.
6. Players attitudes towards promotion in Second Life

Although many well-known companies have decided to use Second Life as a marketing communication channel, there are relatively few publications on this subject, in particular on the players attitudes towards promotion in Second Life [Barnes & Mattson, 2008; Barnes & Mattsson, 2011].

The results of a survey conducted by The Brand Science Institute among 200 users of Second Life shows that 42% of players did not notice any promotional activities performed by companies listed in the questionnaire, while 72% of the players who did were disappointed with their promotion in the virtual world [www 15]. The exploratory research, that was conducted by the co-author of this chapter, confirmed this trend. The study was performed in 2012 among users of Second Life with the use of an on-line survey.

The results of the study indicated that nearly one-third of respondents did not notice promotional activities of companies in Second Life. The remaining players had difficulties with an indication of the specific promotion examples they remember form the virtual world. The surveyed players pointed out names of several companies that are present in Second Life: Nike, Durex and Coca-Cola. Polish respondents noted also Gratka.pl and Play. According to respondent’s opinions, the most commonly used tools for business promotion in Second Life are banners, screens, billboards and posters and virtual products.

Nearly half of respondents identified their attitude towards promotion in Second Life as a positive. Players prefer when firms use different types of public relations and sponsorship, such as film reconstructions, virtual cities and islands, as well as all kinds of special events. Furthermore, positive emotions are aroused by virtual stores, corporate offices, virtual products that complement Second Life with the elements from the real world. It has been observed that all above-mentioned forms of promotion were also evaluated by respondents for the best match for the graphic design and characteristic of the game. The results suggest that the most negatively perceived actions by members of the Second Life community is viral marketing, that was rated for the least suited to the game environment.

Most of the surveyed users of the virtual world have never made a purchase under promotion through Second Life. Of those who made such purchases at least once, the largest group of users were aged between 25 and 35 years old and was residenting in a virtual world a few hours a day. The results of the survey shows that respondents most often made purchase under the influence of sales promotion tools, especially virtual products. Public relations and sponsoring played a secondary role. It was noticed that the most commonly used by businesses promotion tools (like: banners, screens, billboards and posters) do not
belong to the most highly rated by users and the best adapted to the specificities of Second Life (like: film reconstructions, virtual island, cultural and sports events). This discrepancy may significantly reduce the effectiveness of promotion tools used inside the game. The survey, as well as direct interviews with residents of the virtual world, has indicate that that promotion in the virtual world requires companies to better understand the game, and characteristics and preferences of users. This conclusion is consistent with the results of a study conducted by S. Barnes and J. Mattsson [2011] on a sample of 211 users of Second Life, on factors that determine the match between the real brand and the virtual world. These researchers found that brand value perceived by the players is determined by two elements. The first one is a ‘category fit’ – a fit between the industry of the brand and the virtual world. It is defined by the similarity between real and virtual category of company products, as well as the ability to use resources owned by the company to introduce the brand into Second Life. The second factor is an adjustment of the real brand to the game in terms of emotion, practices and logic (called ‘channel extension fit’). It determines whether the brand fits into the context of the virtual world [Barnes & Mattsson 2011].

Conclusions

Even large and well-known companies should carefully prepare promotion campaigns inside computer games. It is necessary for marketing managers to track results of research on the attitudes of Internet users towards advergaming. Previous studies were mostly exploratory, however, we expect a dynamic increase in research in this area in the coming years. Lack of understanding Second Life characteristic leads to unsuccessful campaigns, as in case of AOL, American Apparel and Reebok. These companies need to decide to withdraw from the virtual world. It can be assumed that their activity in Second Life has brought more disadvantages than advantages.

Despite the danger of failure, which is an immanent feature of entrepreneurship, computer games are interesting and flexible alternative to so-called traditional media in terms of marketing communication. Computer players, as opposed to television or mobile phone users, are still quite positive about brands positioning inside games worlds. Games are today more advanced and better addresses the real world, thus the presence of real brands in these games can be seen by the players as the game producers striving to increase the realism of the game. While the game Second Life has become a brand itself and now we even talk about ‘games alike Second Life’, advertisers should take into not only the promotion in Second Life, but also in other games of this type (e.g. SIMS series).
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Słowa kluczowe: promocja, plasowanie produktu, advergaming, Second Life.