

The rise and fall of virtual reality retailing in Second Life: an avatar's perspective

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ABSTRACT

Electronic retailing (e-tailing) constitutes the use of the Internet for selling retail goods to consumers. Virtual reality uses cyber technology to simulate physical presence in an artificial environment. Virtual reality retailing (VRR) uses technology to sell both real and imaginary retail goods in an artificial environment, usually through consumers utilizing avatars to interact and consume online. To our knowledge there has been very little research conducted that examines the presence of real-life corporate retailers in virtual worlds, such as Second Life; and little or no business or marketing research conducted through avatar interaction and observation.

This paper, in its exploratory nature, sets out to understand both the past and present relationships that existed, or still exist, between retailing and virtual reality. Although the total landscape of VRR appears to be growing significantly, the largest virtual world, Second Life, has flat-lined and fewer retailers are doing business through this medium. This research will uncover the reality of the present day Second Life retail environment and describe what appears to be a decline in retailers and active consumers. In addition to analyzing past and present retailers and an obvious flight from Second Life as a retailing marketplace, this research uniquely explores the virtual consumption process through avatar observation as well as depth interviews “of avatars by avatars.” This cutting-edge qualitative data collection technique creates a unique research process, and uncovers heretofore unknown motives for users of VRR.

Keywords: virtual retailing, virtual reality retailing, e-tailing, virtual consumption, avatars, depth-interviews, Second Life, qualitative research, VRR, shopping

INTRODUCTION & PURPOSE

The human cognitive process may eventually be changed by information technology and the collaborative potential of the Internet (Haeckel, 1998) and through the resulting interactivity, even reshape marketing (Webster, 1998). Related marketing and consumer behavior theories and models that have been with us for decades may need to be adjusted to fit a new world where shopping and purchases are no longer standardized behaviors. As technologies become more complex (ie. virtual worlds) and pervasive (ie. mobile technology), the way consumers gather information, make choices, and ultimately purchase and pay for goods will never quite be the same.

One area of this new technology universe that appears underexplored by marketing and retailing researchers is virtual reality retailing (VRR). Once the darling of technology enthusiasts, electronic gaming fan-boys, and cutting edge companies and universities (Matulich, Papp, Kuntze; 2010), VRR caught the attention of major firms such as Google and Apple. Dominated by Second Life (an online community and virtual economy) and Worlds of Warcraft (an online gaming site) in the early 2000s, the VRR landscape has grown significantly in the last few years through additional and more interactive gaming sites, application software, and social networks, and is now purported to be greater than a \$2 billion marketplace (Forbes, 2010).

For many years, Second Life was the largest single entity in the VRR marketplace, and still boasts over a half billion dollars (U.S.) in its virtual economy (Linden, 2011). Facebook is now considered the largest firm by many; however, splitting out the virtual purchase (ie. Farmville, etc.) dollars from its revenue streams is not easily done (Bingham, 2012).

The advent of virtual reality worlds on the Internet has created an alternative medium and lucrative shopping channel in the context of multichannel retailing which broadens interactive marketing opportunities for all players involved (i.e. consumers, retailers, and suppliers). Researchers report that presently the multichannel shopper comprises a large and mainstream segment which calls for further examination of alternative retail channels from a consumer point-of-view (Vrechopoulos, Apostolou, and Koutsouris, 2009).

Virtual reality retailing (VRR) research is in its infancy stages, generally confined to the high-tech literature, online and popular press. Academics in the business sciences, particularly marketing and retailing, have been loath to study this burgeoning phenomenon, perhaps because there is a belief that it may simply be a fad. The size, growth, and unique aspects of this medium, however, lead us as researchers to take a closer, more academic look at VRR.

The purpose of this paper is to explore the past and present relationships between real-life corporate retailers and the virtual world of Second Life, placing particular emphasis on the present day existence of corporations and brands in Second Life and why some have exited the marketplace. The paper endeavors to update the literature in this burgeoning field, discuss marketing and retailing applications from an academic standpoint, and finally explore the medium “from inside” through depth interviews and observation. This research is unique in that the research method involves several of the researchers “going native,” and through the use of avatars, to observe and perform depth interviews in Second Life.

VIRTUAL WORLDS & VRR

In 2007, Gartner Research predicted that 80 percent of active Internet users and Fortune 500 firms would play a role in virtual worlds by the end of 2011. The intentions of retailers were to utilize virtual worlds for advertising, selling products, introducing new products, testing products, and idea generation. While closely related to the concept of e-tailing, VRR encompasses more unique elements of a B2C environment. The VRR environment allows firms to more actively engage customers in the sales process. Furthermore, this active role allows the customer to personalize the consumption process by co-creating and modifying products and services. VRR appeared poised to become a significant marketing, research, and new technology channel as the first decade of the new millennium approached with hundreds of businesses dipping their proverbial “feet in the waters” of virtual reality.

Virtual reality is defined as any experience in which the user is effectively immersed in a responsive virtual world (Brooks, 1999). Kim and Forsythe (2008) report that virtual reality applications enabling consumers to interact and get involved with the product, like online apparel stores, enhance the entertainment value of the shopping experience. While few studies have been completed on virtual reality retailing, there is evidence to support that store layout does not affect customers’ online shopping behavior (Vrechopoulos, Apostolou, and Koutsouris, 2009, p. 479). However, the same study found that people active in virtual worlds have common preferences and behaviors. Avatars were found to favor virtual reality retailers that promoted social customer aspects, hobby and entertainment dimensions, transaction security, and variety of goods sold. Branding and image is also very popular with Second Life residents. For retailers, VRR provides a vast market presence, inexpensive advertising and marketing, and customer feedback outlets. Additionally, the natural progression of the Internet has led to consumers spending more time online, which equates to the need for VRR to mix advertisement with entertainment.

Despite heady growth in VRR in the first decade of the 2000s, there appears to be a significant downturn in activity on Second Life and some other avatar-based virtual worlds (Au, 2011). Due to a proliferation of online competition such as social networks (Facebook, LinkedIn, Tumblr), gaming interactive sites (Zynga, Pogo), corporate consumer web-presences with customer blogs and interactive co-creation platforms (ie. Starbucks, Nike+) as well as easier to use technologies (Twitter; blogging; Mobile-Commerce), this research has uncovered a recent decline in both consumers and companies participating in more complex virtual worlds like Second Life. Perhaps the complexity of building an avatar to interact in the virtual worlds and rising costs (both time and money) in these worlds has added to the decline in consumer and corporate traffic in VRR. Consumers may be getting their virtual escapist fix through more easy to navigate alternative universes such as Farmville and The Sims Online, or simply beginning to tire of the medium. It should be noted that the decline appears more prevalent in corporate investments than in raw numbers of users (Sherman, 2009).

SECOND LIFE

In 1999, Philip Rosedale founded Linden Lab. Linden Lab was responsible for creating “The Rig,” a haptic hardware prototype. Merriam-Webster defines the word haptic as relating to or based on the sense of touch. Haptic technology allows for the creation of virtual objects that exist within a computer simulation. It took some convincing before Linden World would

eventually catch the eye of investors; however, in 2002 Linden World morphed into a commercial product and appeared on the Conan O'Brien show. In 2003 the name of the platform was then changed to Second Life and released to the public. Second Life is essentially a third dimensional (3D) virtual world with avatar users called residents.

Second Life is not a video game; rather, Second Life is a place where residents live, explore, meet, socialize, work, participate in activities, and create, buy, and sell products and services to one another. In Second Life, purchase and consumption patterns are very similar to the real world. This fully integrated economy provides an ideal place to study market strategies and consumption behavior activities. Second Life even has its own currency called Linden Dollars (L\$), which can be obtained with real world currency. Linden Lab generates revenue by trading currency, leasing land, and charging resident landowners monthly property maintenance fees (Lin, 2008). For many years, the Linden dollar increased in value, however, over the past 12-18 months, the overall value of the L\$ has dipped, and is at an average exchange rate of L\$252.3, down from L\$263.7 the previous year (Second Life Economy in Double-Dip Recession, 2011).

From 2005 to 2007, many companies could be found investing heavily in creating communities in Second Life to promote their products. One of those companies, Toyota Motor Corporation, utilized Second Life to advertise its new Scion line to young buyers. In Second Life, Toyota built a futuristic urban island which sold cars and allowed avatars to virtually test drive vehicles. In 2006, an article from the *New York Times* reported that \$500,000 changes hands each day in Second Life and that the figure was growing as much as 15 percent per month (Siklos, 2006). By 2007, reports showed seven million virtual inhabitants of the Second Life community; however, not all inhabitants were active and engaged Residents (Tedeschi, 2007).

Among the many firms in Second Life were retailers like Reebok, American Apparel, 1-800-Flowers.com, and Adidas. 1-800-Flowers.com allowed avatars to browse various plants and cut flowers. In Second Life, avatars could take free floral arrangements or click on the 1-800-Flowers.com store front, which linked to the company's website, to purchase and send real flowers. In addition to retailers, companies like Second Marketing existed to help retailers market their products in Second Life. Second Marketing created avatar marketers that wear t-shirts and troll popular areas of Second Life handing out virtual fliers. The firm reported interacting with 1,600 people in 60 hours for one marketing campaign (Tedeschi, 2007).

One of the more successful B2C examples was Reebok's Second Life virtual store, which allowed residents to create custom versions of Reebok shoes for both their avatars and their real-world selves. The firm reported distributing more than 27,000 pairs of digital shoes in its first 10 weeks (Tedeschi, 2007). Starwood Hotels utilized Second Life as a channel to launch their Aloft hotel project. This project was directed to help the company with building the 2008 Starwood W Hotel brand. The project allowed Starwood to capture prospective guest feedback regarding room designs. Sony BMG was another firm to see potential in Second Life. The firm saw Second Life as an outlet for music fans. Sony BMG allowed music fans to listen to music and watch videos at its Second Life location.

RESEARCH METHODOLOGY

This study sets out to gain an understanding of the present day B2C retail environment using the virtual reality landscape of Second Life. For this study, researchers first reviewed the environment of retailing in Second Life. Then the researchers created avatars and became residents of Second Life. The resident researchers collected information for the study both by random exploration in Second Life and by ethnographic participant observation. Ethnographic observation is the recommended method in studies of online environmental experiences (Berthon, Pitt, Halvoron, Ewing, Crittenden, 2010, p.199). Residents targeted for the study were done so outside virtual reality retail stores. This technique allowed for the researchers to ensure adequate traffic for sample size and participant knowledge of the virtual consumption process.

In an effort to understand the virtual consumption patterns of Second Life residents, researchers used ethnographic participant observation to engage in a virtual exchange of urban cooperative inquiry. Berthon et al (2010) suggests that being connected as a participant in cyberspace research allows the researcher to better operate within the culture of the participants. Researchers approached 55 Second Life residents for this study. Of these, 22 residents agreed to participate in further in-depth interviews. From these 22 interviews, 10 representative residents were selected (and agreed) to continue in a more extensive interview. Those not included for further analysis were dropped from the study. The results of the interviews with Second Life residents presented insights into the motives for residents' third space existence via consumption behaviors. To the best of our knowledge, this is the first academic article (at least in the business literature) to analyze protocols "of avatars, by avatars" and represents a novel approach to qualitative data gathering.

SAMPLING: CORPORATE RETAILERS AND MAJOR BRANDS

The first indication that there might be a decline in corporate retailers on Second Life (or that the participation rate of major companies might have been exaggerated by Linden Labs and tech blogs) came in attempting to develop a sampling of retailers and major brands. A list of 100 of the largest corporate retailers was originally considered for this study, but only one of those retailers was found to have an active presence in 2010-2011 (2010 Top Retailers, 2011). Of the Top 100 Retailers, only Dell Computers had an active storefront on Second Life.

In 2006, Dell kicked off its entry into Second Life with an introduction to "Dell Island." Dell had intended to sell virtual PCs to residents and also allow them to place real PC orders. Second Life residents were able to examine Dell products in an interactive manner and also configure their real and/or virtual PCs by visiting Dell Island. Residents could visit the virtual replica of the Dell factory and a computer museum. At launch, Dell Island was also staffed with personnel that would answer any product related questions.

Five years later, researchers found that Dell Island is deserted of residents and is in a state of dismal virtual emptiness. Residents no longer have the capability of interacting with Dell products or configuring their PCs and there appears to be no Dell staff available to answer questions at their platform. Although the researchers could find no explanation as to why Dell continues to inhabit space on Second Life, it may be that "Second Life is (still) considered an emerging medium. Those companies whose image and brand identity is closely tied to innovation find it important to be seen as pioneers in these kinds of emerging platforms" (Lee, Lausier, and Rood, 2007, p. 18). Matt Furman of Northrop Grumman said virtual reality "is not a

fly-by-night technology. It's not a passing fad" (Morrison, 2009, p. A27). In the past, firms have also been known to use Second Life "as a place to meet with residents and test new ideas through panel discussions and focus groups" (Lee, Lausier, and Rood, 2007, p. 20). One source revealed an IBM cost savings of approximately US\$350,000 by hosting a conference in Second Life (Morrison, 2009, p. A27).

Retailer Exodus

The next step was to review business publications and press releases to determine if retailers had a presence in Second Life in the past, but no longer had a presence as of the time of this research. The search results indicated that many major retailers had exited Second Life by 2008, including Toyota, 1-800Flowers, American Apparel, Adidas, Reebok, Starwood Hotels & Resorts, Sony BMG, Sears, and Circuit City. One element of this study was to determine why these retailers have exited Second Life. However, researchers could not find many retailers who were willing to explain what contributed to the lack of return they saw on their Second Life marketing investment. Most retailers exited Second Life very quietly (or, in the case of Circuit City, went out of business).

Besides lackluster sales figures, researchers speculate two main reasons why retailers exited Second Life: lack of preparation and high and increasing barriers to entry. Many retailers assumed that their brand's real world equity would translate into the Second Life virtual world; however, the surrealism that exists in Second Life translates into retailers using nontraditional marketing techniques to promote their brands. Despite the large number of Second Life inhabitants, the reality is that most of those inhabitants were not active users. The number of Second Life active users was actually quite small at the time. With a limited amount of consumer reach, retailers should have been focusing more on customer engagement and brand awareness instead of real-life brand status and traditional marketing techniques. Retailers did not create compelling reasons for residents to visit their Second Life location, nor did they create experiences for them to return. Basically, retailers were not prepared for the marketing differences that would exist in Second Life and they were not willing to try and understand the Second Life consumer or how they interact with brands. Second Life retailing called for innovation and experimentation beyond a brand's normal boundaries.

Retailers also faced high barriers to entry in Second Life. One main barrier to entry was that Second Life was not user friendly. At the time, Second Life had limited server space and many locations could only handle a certain amount of residents at a time. Other barriers to entry that retailers faced were customs, language, and currency. Second Life was essentially another world and retailers were not equipped to handle many of the challenges they would face with entry into this other world. Furthermore, retailers were faced with the marketing challenges of appealing to a global audience and managing different time zones. With regards to Second Life, many retailers were frustrated, disappointed, and didn't see worthwhile sales so they decided to cut their losses. Further, over the years Second Life continued to significantly increase rents and retail space costs. Initial low costs to enter were quickly eliminated after honeymoon periods—and full- and high- price options were only available for those companies in their third and fourth year on Second Life (Au, 2011).

Because only one of the targeted top-100 retail firms continued to occupy space on Second Life in the year of this study, a secondary sample was taken. The sample was comprised purely at random and took into account geographic dispersion of other real life corporate brands.

Researchers searched Second Life for 150 RL brands that existed anywhere in the world (see Exhibit 1 in the Appendix for the list of brands). Of the entire sample, only three brands were found to still exist in Second Life, despite having heard and read that several companies had been on Second Life in the past. During the time of this study, the brands that were found in Second Life included: Advanced Micro Devices (AMD), British Broadcasting Corporation (BBC), and Metanomics.

AMD

AMD is a leading semiconductor company that designs a plethora of computer related technologies ranging from graphics processors to motherboard chipsets. In 2007, AMD announced the launch of AMD Developer Central Pavilion in Second Life. The objective was to get software developers to stop by and immerse themselves in a 3D experience with AMD's developer tools, resources, Tech Chats, Tech Mixers, and best practices resources. When stopping by the Pavilion residents could visit the AMD Panorama Video Dome and watch a selection of AMD and ATI videos on multiple screens. The Pavilion also offered Second Life residents leisurely rides on AMD's monorail system or gondola. However, when researchers visited the Pavilion for the purposes of this study it was in the same position as Dell Island. The beautiful Pavilion surrounded by deep blue water, flaming tiki torches, and a docked sailboat remains virtually lifeless.

BBC

BBC is a public service broadcaster serving mostly the United Kingdom. BBC reports and broadcasts on a variety of topics on television, radio, and Web channels. BBC started utilizing Second Life in 2008 to broadcast its popular radio show, The Naked Scientists, live every Sunday. The Naked Scientists have an island in Second Life called SciLands where residents can sit outside on cozy lawn chairs and listen to the show with other science enthusiasts while they admire an attractive mansion.

Metanomics

Metanomics is a company that examines and facilitates discussions on ways to utilize virtual worlds seriously. They are highly aligned with technological evolution and strive to find innovative ways to utilize virtual worlds for enterprise, education, content development, research, and policy-making. Metanomics hosts video shows and blogs that provide an in-depth view and insight regarding the transformative potential of virtual world technology. Metanomics hosts shows via Second Life where residents can attend shows as part of a virtual studio audience.

RESIDENT INTERVIEWS

Resident interviews are considered the second part of this research study. Researchers set out to understand the reality of virtual consumption in Second Life. In order to collect the necessary data, researchers engaged in virtual interviews with Second Life residents. The 10 residents that represent the sample were granted anonymity for purposes of security; therefore, sample residents will be referred to as residents 1 through 10 (R1-R10). Each resident

interviewed was asked a set of research questions to guide the framework for understanding virtual consumption in Second Life:

VC1: What are the top items your resident shops for in Second Life?

VC2: What motives guide your resident’s shopping patterns in Second Life?

VC3: Do you spend real-life currency to support virtual consumption? If no, please explain how you acquire goods and/or services via Second Life. If yes, do you mind telling us an average expenditure per month?

Virtual consumption question one resulted in 11 different answers from residents (see Exhibit 1). Of the 11 items, 80 percent of the resident sample indicated they shop for clothing, 40 percent of residents said they shop for hair, shoes, and land.

Exhibit 1: Top Virtual Retail Items Purchased

| | Clothi | Hai | Shoe | Lan | Skin | Tatto | Gun | Hous | Gift | Veheil | Animatio |
|----|--------|-----|------|-----|------|-------|-----|------|------|--------|----------|
| R1 | X | | X | X | | | | | X | | X |
| R2 | X | | | X | | X | | | | | |
| R3 | X | X | X | X | | | | X | | | |
| R4 | X | X | | | | | | | | | |
| R5 | X | | | | | | | | | | |
| R6 | | | X | | | | | | | | |
| R7 | | X | | | X | | | | | | |
| R8 | X | | | X | | | X | | | X | |
| R9 | X | | | | X | | | | | | |
| R1 | X | X | X | | | | | | | | |
| % | 80% | 40 | 40% | 40% | 20% | 10% | 10% | 10% | 10 | 10% | 10% |

Virtual consumption question two resulted in seven different answers from residents (see Exhibit 2). Of the seven items, 70 percent of the resident sample indicated that customization was their motivation for consuming virtual goods in Second Life. 60 percent of the resident sample said that socialization was their motive behind virtual shopping habits and 30 percent of the sample purchase products for fantasy reasons.

Virtual consumption question three resulted in 60 percent of participants answering that they did not spend RL currency in their second lives. The participants that do not spend RL money in their Second Life do not do so because they are virtually employed by Second Life businesses or they own their own businesses. Most of participants are virtually employed by a job that allows them to use their virtual employment as an artistic outlet, like a musician or writer (see Exhibit 3). Other residents in the sample that did not spend RL money indicated they look for freebies (i.e. treasure hunts and giveaways). On the contrary, the 40 percent of participants that do spend RL currency in Second Life are spending an average of \$100 to \$300 per month each.

Exhibit 2: Resident Motives

| | Customiza | Socializat | Fanta | Entertainm | Belongi | Explorat | Relatio |
|----|-----------|------------|-------|------------|---------|----------|---------|
| R1 | | X | X | X | | X | |
| R2 | | | | | X | | X |

| | | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|-----|
| R3 | X | X | | | | | |
| R4 | X | | | | | | |
| R5 | X | | | | | | |
| R6 | X | | | | | | |
| R7 | X | X | | | | | |
| R8 | | X | X | | | | |
| R9 | X | X | | | | | |
| R1 | X | X | X | X | X | X | |
| % | 70% | 60% | 30% | 20% | 20% | 20% | 10% |

Exhibit 3: Resident Expenditures and Employment

| | Yes | No | Explanation |
|------------|-----|----|---|
| R1 | X | | \$100-\$300 per month |
| R2 | | X | Part of a brotherhood (i.e. vampire) |
| R3 | | X | Employed (i.e. model) |
| R4 | X | | \$100-\$300 per month |
| R5 | | X | Looks for free stuff |
| R6 | | X | Looks for free stuff, but has had a job (i.e. musician) |
| R7 | X | | \$100-\$300 per month |
| R8 | X | | \$100-\$300 per month |
| R9 | | X | Employed (i.e. dancer) |
| R10 | | X | Employed (i.e. writer) |

ADDITIONAL FINDINGS

During the participant interviews researchers discovered that many residents interviewed use Second Life as an artistic outlet through customization, which translates into a virtual and actual revenue stream within and outside of Second Life. Six of the ten residents interviewed said they either play music, write books, write for a Second Life paper, or manufacture goods (i.e. clothing).

In the world of Second Life VRR is not dead; however there does appear to be a decline in corporate sponsors and interest. Consumers still gravitate to the site and purchase goods and services. In 2010, Second Life reported a 104 percent increase in web merchandise sales volumes relative to 2009 (Linden, 2011). It does appear that the consumer to consumer marketplace on Second Life is alive and well. Thousands of real-life entrepreneurs can be found selling goods and services in Second Life. Real life entrepreneurs are taking full advantage of this virtual world as another revenue channel for their businesses. In 2009, user-to-user transactions equated to a total of US\$567 million in actual currency and a total of US\$55 million was earned by Second Life residents (Rosenwald, 2010). This equated to more than 50 Second Life businesses earning more than US\$100,000 each in 2009 (Rosenwald, 2010). On one end there are residents with small businesses just making a few hundred dollars per year selling niche products and on the other end there are full-time businesses selling thousands of dollars per year in merchandise (i.e. high-end shoes).

Residents like Von Johin, a blues artist, can be found performing music at virtual venues in Second Life. Von Johin is the alter-ego of musician Mike Lawson who has unassailable musical credentials in the real world. Johin's sold out Second Life performances have earned him a worldwide audience and the first RL record deal offered to an avatar (Gordon, 2008). Grace Buford, a 37-year-old mother of two, is another virtual world musician who joined Second Life in 2006 to promote her RL music career. By 2009, Buford's audience had extended into Australia and Europe and she grossed around US\$10,000 of RL profits that same year (Sutter, 2009). The US\$10,000 of RL profits earned by Buford includes CD sales to Second Life fans and CDs sold through a link from Second Life to her website. Finally, researchers discovered the process of buying and selling of Second Life real estate. 40 percent of residents interviewed for this study said they enjoyed shopping for land and/or leased plots to other residents for businesses or homes. In 2006, Anshe Chung became the first avatar to achieve a net worth exceeding US\$1 million from profits earned in her second life (Anshe, 2006). Chung, really Ailin Graef in the real world, created her fortune by buying and developing virtual real estate inside Second Life from an initial US\$9.95 investment.

CONCLUSIONS

An examination of corporate retailers and brands in the virtual world of Second Life found that most no longer existed. The retailers that pulled out of Second Life did so because of waning sales, lack of preparation, and high barriers to entry. Of the retailers and corporate brands that do exist in Second Life, they do so for reasons other than selling goods and services. Specifically, firms utilize Second Life as a place for education, training, communication, collaboration, testing, and internal company affairs (i.e. meetings and training). Sun Microsystems hosted a 12-hour corporate event in Second Life in 2008 that left senior executive and employees hobnobbing over live jazz music and Alpine skiing (Semuels, 2008). Besides other benefits, Second Life provides RL companies a way to save money on business travel and pricey conference locations. This study was a preliminary step to a more complete understanding of VRR.

It was found that VRR commerce is very much alive in Second Life and can translate into real life profits; but the winners tend to be entrepreneurs and niche players. There is a crossover that exists between the Second Life economy and the real world. VRR and virtual worlds do affect the real world economy simply because they are part of the continuum of what occurs in the real world (Chambers, 2011). Interestingly, the demand for virtual goods and services in Second Life does not extend to a demand for real goods and services via the virtual channel. Residents of Second Life have real motivations for virtual consumption so they entertain virtual jobs in order to satisfy their virtual needs. For some people, Second Life provides a bridge between business and pleasure. Not only are people utilizing virtual spaces like Second Life to consume virtual products and services, but they are also using it to generate actual income from virtual businesses and for social engagement reasons. The use of Second Life as a "Third Place" (Oldenburg; 1989) to socialize as well as conduct business needs further exploration.

LIMITATIONS

This research has several limitations, including most of the conventional limitations of interpretive inquiry. There have been very few studies to utilize avatars in a marketing context;

however, this study sought to gather a deeper understanding of the presence of retail in Second Life and avatar consumption motives. Therefore, the research design for this study had to forego the possible precision of experimental design (Berthon, Pitt, Halvoron, Ewing, Cirttenden, 2010, p.206). This study may have also been limited by researcher biases. For example, researchers may have been biased in the avatar participant selection process. More specifically, researchers' biases towards avatar participant appearance, clothing, features, gender, and skin type may have occurred during the selection process. These same biases of course can be found outside of the virtual universe where it has been demonstrated that the race of an interviewer can introduce respondent bias (Hendrix, 2002) and that numerous other interviewer and focus group moderator effects can have an effect on response (McDonald, 1993). Last, the relationship between the researcher and resident participant respondent was based on trust (Berthon, Pitt, Halvoron, Ewing, Cirttenden, 2010, p.206). The participants trusted that the researchers were conducting a legitimate research study and the researchers trusted that the participants were offering accurate data about their representative avatars. This type of trust can be compared to the collection process of anonymous demographic data where researchers trust that the data collected is an accurate reflection of income, ethnicity, education, and gender (Berthon, Pitt, Halvoron, Ewing, Cirttenden, 2010, p.206).

FUTURE RESEARCH

Future research will focus on how younger and more highly technologically advanced consumers are using virtual worlds like Second Life as their "third place" (home being the first place, work being the second, and 'community' being the third- Oldenburg, 1989). In early 2009, there were over 200 virtual worlds targeting the youth segment (Virtual Worlds Management, 2009). Social scientists (and marketers in particular) should be exploring virtual worlds as platforms of social engagement and community creation.

Interactionist theory of place attachment (ITPA) suggests that space is transitioned to a place as a user engages in an interactional process. Goel, Johnson, Junglas, and Ives (2011) "define a place in a virtual world as a mediated space that evolves from users' sensory perceptions, awareness, and the meaningful interactions that can occur in the virtual world. Thus a place is such that some users' experiences are tied to it." Such factors should be considered in future research focused on users' experiences in third places. Although sociologists (Soukup; 2006) and tech and computer writers have identified the role of this channel, marketers have not been as quick to research the area.

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