The Consumer Ethics of the Virtual Environment: An Aetiology

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INTRODUCTION

Free-form, massive multiplayer online games have resulted in the migration of many real world activities to virtual worlds and environments. These often exceed what is possible in the 'real' physical world, but in most cases are still just reflections of it. In this paper we will focus on the commercial applications that virtual worlds can host and more specifically on the potential ethical issues that arise when trading in virtual environments. We will present the case of *Second Life* and illustrate some of the key consumer-related ethical issues that arise from this virtual environment.

The next section examines important key attributes of the virtual environment of Second Life and illustrates its popularity and usage. This is followed by an analysis of consumer ethics within the game, whilst a separate section outlines a number of key recommendations. The last section concludes our analysis.

WHEN PLAYING IS LIVING

"Online games" mostly refer to games that are played over the Internet using PCs and game consoles. Such games are often based on existing stand-alone games that have been extended to support a small number of players or may even involve thousands of players simultaneously. Massively Multiplayer Online Role Playing Games (MMORPG) usually evolve around a theme that defines the goals of the game or encourage a free-form style of playing, leaving this up to the participants.

One of the most popular MMORPGs is Second Life, which according to its web site (www.secondlife.com) on the 1st of October 2006 had more than 800,000 users, 343,000 of whom had logged in the system within the previous 60 days, and had spent around $382,000 in the preceding 24 hours. The popularity of Second Life is not only due to the fact that participating is inexpensive, as creating a basic account is free (premium accounts cost around $72/year), but mainly due to the opportunity it provides the participants with to make anything they want out of the game. In Second Life users create the game, develop characters, objects and so on, and developers mainly manage the game and provide creative tools (Working Party on the Information Economy, 2005). To participate in Second Life a user needs only to download and install the required software. The user can then connect to the grid and customise the avatar, i.e. the virtual character that will be representing him or her in the virtual world, when exploring the grid, and interact with other users and the various in-world (i.e. within the virtual world) objects and buildings.

As the game has its own in-world currency that can be exchanged for real world currency, it is not surprising to find that many businesses in and out of Second Life have been established to cater for the in-world needs. Architects, fashion designers, automotive manufacturers, realtors and night club owners are a few among the growing number of entrepreneurs who provide their products and services in-world.

In a presentation in March 2006, Philip Rosedale and Cory Ondrejka (2006) of Linden Labs, the company developing and managing Second Life, provided an array of interesting statistics that illustrates the penetration and economic potential of the game:

- 25% of Second Life's users were from outside the USA, with the UK being the second-largest country of origin.
- The average age of users was 32, and the median age of users was 36.
- 43% of users were female, 50% were female 'by use'.
- There were $5 million USD in virtual transactions per month conducted between users.

- 180,000 distinct objects were sold in a 30-day period roughly spanning February, 2006.
- 75% of users were buyers, 25% were sellers. Among the sellers 'low hundreds' of them identified Second Life as their full-time job.

Perhaps more important than the above demographics about Second Life users is the reference of Ondrejka, the vice-president of product development at Linden Labs, to the '1% rule' (Arthur, 2006) that 60% of their users create their own content compared to less than 1% of readers of the online encyclopaedia, Wikipedia (Keegan, 2006). This suggests that more than half of the users can potentially assume a selling role in-world.

As no licence is required, establishing an in-world business is relatively straight forward. In fact, if the business does not require retail space (e.g. if one selects to become a bodyguard or dancer or a private detective) then one is already in business by simply connecting to the grid. On the other hand, if it does require space (e.g. if someone decides to become a casino operator or a vacation resort owner), one may need to first buy land in order to develop a property on it or alternatively rent space from someone else. Trading also takes place on the web and many in-world entrepreneurs and companies maintain web sites that promote and sell their products and services.

The next section will discuss the implications of in-world consumer behaviour focusing on the ethical-related issues arising, in other words focusing on the computer ethics emanating from the consumer presence in Second Life (for computer ethics see for example Spinello and Tavani, 2001).

CONSUMER BEHAVIOUR & ETHICS OF THE VIRTUAL ENVIRONMENT

Before addressing the consumer-related ethics within the virtual environment, it is appropriate to illustrate the key stages of the computer ethics revolution. In the 1940s and 1950s, the seminal work by Wiener (1950) provided the concrete foundations of computer ethics research and analysis, followed by further work in the 1960s and 1970s by Parker (1968) and by Weizenbaum (1976) and Maner (1980) respectively. The above researchers were pioneers in the evolving field and were located in the US. Nevertheless, by the 1990s, that field attracted large interest from other continents, especially from Europe. In terms of providing a definition of the computer ethics phenomenon, Bynum (2001, p.16) indicates its overarching and broad dimensions by noting that: "computer ethics identifies and analyses the impacts of information technology on social and human values like health, wealth, work, opportunity, freedom, democracy, knowledge, privacy, security, self-fulfilment, etc".

Moor (1985) also argued that the information technology (IT) revolution would be a two-stage process; the first one focusing on the technical development and use of IT whilst the second stage aiming to bring together the technical and social aspects by blending the IT systems and processes with the human and social interactions concerned. We could argue that Second Life is part of the second stage considering its strong human, social and consumer element, even though all these aspects are evolving at a very fast pace.

As far as the consumer element is concerned, which is the purpose of this section, the virtual environment that games like Second Life create and in particular the avatars, behind which one could hide, may change the perceptions and behaviour of consumers. For example, in real life one may not want to be seen in a specific setting (e.g. purchasing appealing lingerie at a retail store), but would not mind going to that retail store in the form of an avatar. Avatars may provide a stronger

sense of protection as they wrap a protective privacy layer around the real user. However, as the user is immersed in the game and spends more time developing a character and relationships and links with other ones, this may result in changes in the avatar's behaviour. One may not have to 'worry' about the implications of being seen by real people in an in-world shop, but this may also apply to an avatar seen in a retail store by other avatars. Hence, we are witnessing the emergence of two types of consumer behaviour (one real and one virtual) with distinctive ethical repercussions.

Similarly, Johnson (2001) notes the three key characteristics emanating from the Internet technology in relation to ethical concerns. The first one is scope, due to its global reach and interactive nature; secondly, the anonymity as was pointed out earlier and the reproducibility of information via that technology. Accordingly, in Second Life, one can earn money by undertaking various in-world activities. However the ability to exchange real money for in-world money suggests that those privileged in the real world can become privileged in the virtual world too. Supporting a virtual lifestyle could be equally as expensive as the real one. The user's spending power can determine to a great extent their decision making when it comes to spending. Still, as many real-world needs simply do not exist or at least could be 'avoided', users may decide to prioritise their needs based on different criteria (Foxall et al., 1998). These could be more influenced by the latest in-world trends, which may be completely different from the real-world ones. More interestingly, at the consumer level, there may exist two completely different sets of rules when it comes to spending decision-making, as a virtual character may represent a persona which is completely different from the real one.

In addition, in-world consumers are as open to manipulation as happens in the real world (see for example, Crisp, 1987), although one should emphasise two important points. The first is that although the social, educational and economic barriers to entering a virtual world are virtually non-existent, virtual worlds are often populated by well-defined types of users. What differentiates these users is not their real-world attributes and characteristics, but their in-world ones, which they can use to manipulate others. This is especially true in cases where more experienced users take advantage of 'newbies', i.e. inexperienced users. On the other hand, avatars are controlled at the end of the day by real people and how quickly experience is gained and how this is applied to protect oneself or manipulate someone else depends on the individual. Therefore, one could argue that avatars are equally prone to being manipulated.

It is worth mentioning that all users have to behave and act according to the defined sets of rules that owners and developers of the game, i.e. Linden Lab for Second Life in this case, have set. These are appropriate for the theme of each world and ensure not only that there is a framework within which avatars need to operate, but also that real world users are protected too. For example privacy and harassment issues are always taken very seriously. Enforcing these is a non-trivial task. In fact, in many cases it may not be possible actually to do so. Consequently great emphasis is put on peer monitoring, with users reporting behaviours that do not meet the set standards. The organisers are then called to investigate each case and decide whether there has been a violation and what action needs to be taken. In addition to the organiser's rules, other sets of rules adopted by the communities themselves may also apply. These could be simple etiquette rules or even terms and conditions which an avatar has to comply with, if access to a product or service or location is to be granted.

Another important issue when considering consumer ethics in a virtual world is to examine which code of 'ethics' actually applies. Is it the one that applies in the real world or is it a new code of ethics that arises from the very nature of the world in which the users operate? For example, the nature of the products and services traded can cause deviations from real-world ethical standards. The above raises the question whether any real life consumer segments are applicable in the virtual environment and whether some of those lose their importance. Are we dealing with a different set of consumer segments in the virtual world and overall, which are the key real-world attributes (lifestyle, age, gender, class, occupation, income, etc) that influence and contribute to the virtual world behaviour?

Finally, other themed MMORPGs may encourage 'unethical' behaviour according to real-world behaviour in order for the user to achieve the desired aim. Within some MMORPG worlds, killing or stealing may be actions that should be taken, as otherwise there will be little point in participating. An example with commercial focus would be that of the pyramid scheme in Eve Online, which allowed a user to net 700 billion ISK (game currency), which could be converted to more than $119,000 if sold on Ebay (Spamer, 2006). This example illustrates how manipulation is possible, even when it comes to well-known real-world exploitation schemes. Considered within the games boundaries one could argue that profiting from such a scheme would not have been unethical or illegal. On the other hand, the ability to convert in-world currency to real currency does raise questions about what indirect impacts on the real world such cases may have. Virtual worlds are not isolated artificial spaces anymore, but vibrant, highly-interactive and quickly evolving places that can reach the real world in numerous direct and indirect ways.

RECOMMENDATIONS

The previous section highlighted many ethical issues and raised a range of questions. There is an urgent need for the development of appropriate frameworks (although this in itself raises the issue of who decides what is 'appropriate' or not) that will guide the commercial development of MMORPGs and other interactive virtual environments, especially when in-world currencies could be converted to real world money. There are currently no specific policies or regulatory frameworks in relation to commercial activities in virtual environments, notwithstanding the fact that the virtual environment represents a very recent phenomenon.

Taking into account the global use of virtual environments, an important question is whether the introduction of a global advisory or event regulatory body could have a universal appeal and influence, or whether different countries, organisations or communities might introduce separate legislative codes. The former requires the development, introduction and conformance to the same set of standards of conduct and, at the same time, consideration of the country-specific similarities and differences such as consumers' income inequalities, the divide between information rich and information poor citizens and the existing country legislative procedures to name but a few. In light of this, Spinello (2000) considered some options for possible internet governance and provided three top-down models: first, direct government-state intervention, secondly, coordinated international intervention and thirdly, self-internet governance. Spinello (2000) illustrates the major costs and benefits of adopting each model. For example, the first model (direct government – state intervention) could be abused by consumers who look around for more relaxed country environments and, overall, it entails a strong enforcement difficulty. The second model (coordinated international intervention) could potentially address the shortcomings of the first model due to the global nature of virtual environments as it would be possible to transcend geographical boundaries, although at the same time, it could become cumbersome due to implementation and bureaucracy problems. The third model (self-internet governance) is the favourite choice for the US government, but nevertheless it has some key problems related to accountability and management of politics between the stakeholders involved.

Still, it could be the basis of the introduction of community advisory or regulatory bodies at a game-level, so that the unique attributes and characteristics of each game and community are taken into consideration. Their members could represent all major stakeholder groups and especially the gamers. Although initially this could be perceived by game developers as giving away significant control power it would help build trust and confidence in the game's platform, ensuring its longer term prosperity. Also, the opportunity for all stakeholders to take part in the decision making process would ensure that the development of the game is directly influenced by those that matter the most: i.e. the users. Allowing stakeholders to be actively involved could make them feel more valuable, which would further build the feeling of trust among the members of the community. For example, such bodies could act as a barrier for possible manipulation of consumers' privacy and guarantee the continuous protection of consumer interests, while for the firms involved an open democratic forum could help increase the credibility and legitimacy of trading. Such community bodies could then collectively interface with real-world bodies like consumer associations or policy makers.

Another issue to consider is whether all consumers / citizens were given the chance to participate in that environment and, therefore, try to maximise possible social inclusion. In light of this, we need to examine the financial implications and especially the cost of acquiring virtual objects and property and the resultant transactions between buyers and sellers. For example, who is going to monitor such transactions and who will authenticate and validate them? What about overcharging and possible avoidance of opportunistic behaviour, which is commonplace in the UK physical property market? Will any legal documents be issued, such as the virtual property equivalent of deeds? Questions such as these are often addressed by the terms and conditions of each game, which are drawn up by the

company developing the game. In many cases this could lead to controversy. For example in Second Life the terms and conditions state that Linden Lab has the absolute right to manage, regulate, control, modify and/or eliminate the in-world currency as it sees fit at its sole discretion, without any liability to the users. This highlights the implicit risks that a growing number of entrepreneurs take when trading in such emerging markets.

To address ethical consumer and business issues such as these we would suggest three overarching levels: firstly, the micro level, where we are encountering consumer-specific issues; secondly, the meso level, where we are encountering the firms and the resultant IT systems used; thirdly, the macro level, where we are dealing with governments, regulatory bodies and other stakeholders which will be responsible for setting the agenda for the ethical use of these systems by all participants involved. To maximise the effect of these upon issues of consumer ethics, ongoing discussion between participants of these three levels is needed. We suggest the immediate introduction of standards of conduct for both the users – consumers and firms involved. The participating firms will have to consider the corporate social responsibility dimensions and it is our suggestion that a corporate ethical responsibility matrix (and indices) could be further developed and refined based on an ongoing dialogue. In addition, a stakeholder analysis could also be co-employed, especially at the macro-level of the proposed framework, which could maximise an analysis of social responsibility matters by highlighting to firms their key ethical responsibilities. According to Spinello (2000), some of the key stakeholders to be included in that analysis are the individual users and households, consumer associations, firms, non-profit organisations, software and other IT vendors, internet service providers, regulatory agencies and organisations, interest groups, national and local governments and media.

This generates a number of interesting challenges for marketers who do not necessarily know to whom they are marketing and how the decision making process actually takes place. The key emerging question is who decides on what to spend when in a virtual world? Is it the avatar or the real user behind it and which one is mainly expressed? In Second Life, where there is no defined goal for the users to achieve, other than what they feel is of interest for them, the activities that take place are more often similar to the activities undertaken in real life. As a result, one would expect that the ethics sets would be comparable in most cases. This argument could be extended to consumer ethics as well, as most of the transactions undertaken are based on real transacting models and the in-world currency is linked to real world currency. Second Life itself has a defined set of Community Standards, but these are mostly behavioural guidelines rather than an attempt to provide a consumer or business behaviour framework.

In fact, it is questionable whether the developers of a world such as that of Second Life could and would actually try to enforce regulatory frameworks, as it was demonstrated in the CopyBot case. CopyBot started as an attempt to reverse engineer Second Life, but was then used to copy other users' content. This caused the community to protest against those using CopyBot and as a result Linden Labs had to proclaim the use of such software as a violation of their terms and conditions (Linden, 2006). Still, in the short term, without the tools to protect assets and monitor any copying they could only act on users' abuse reports. Not surprisingly this has serious implications for those in-world entrepreneurs that were trying to make a profit who felt threatened and many of them participated in an anti-CopyBot boycott (Neva, 2006). Many other users felt threatened too. As Wagner James Au (2006a) pointed out: "in a world where everyone by definition can, with a few clicks, become a content-creating entrepreneur, the debate has become egalitarian, pitting creator against creator, each with their own personal view of what constitutes theft and fair use, and the degree of faith they place in having their IP rights kept sacrosanct in Second Life". A few days later it seemed that the users' worst fears had not materialised (Au, 2006b), but nevertheless this example demonstrates the potential implications and challenges of adopting and enforcing regulatory frameworks.

The above indirectly challenges a fundamental aspect of MMORPGs, that of gaming. MMORPGs such as Second Life should not be seen just as games, but as highly complex communities. Only then does the real significance of the issues discussed above become clear and potential solutions could be sought. The degree of applicability of the recommendations made will depend on the nature of virtual worlds and more specifically on their various themes. The theme will probably dictate potential approaches to regulating the environment and equally importantly the degree of regulation that is needed.

CONCLUSIONS

During the past few years, we have witnessed the evolution and development of the phenomenon of massively multiplayer online role playing games and the vast majority of indications predict that its popularity will soar. The focus of this exploratory paper was on the consumer ethics that such environments may raise and their potential implications. We have also provided recommendations that can be taken up by policy makers, firms, consumer associations and other stakeholders.

We hope that the current paper has shed some light on the consumer-related ethical issues of virtual environments and other similar 'spaces' in general, in their present state, and highlighted their broad and overarching nature. Future research could consider an interdisciplinary research approach by bringing social scientists and natural scientists together, including consumer marketing researchers, psychologists, computer engineers and lawyers to name but a few. It could also consider both qualitative and quantitative approaches which could result in models to test the strength of relationships between the variables of interest.

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