

# Chapter 74

## Review of the Virtual World Community

**Reza Y. Azeharie**

*Nanyang Technological University, Singapore*

### ABSTRACT

*This chapter provides a discussion and an analysis on the virtual world community from the economic and commercial angle to explore further its financial potential. A prominent virtual world called Second Life has been chosen as a proxy of the review. A background section is provided for readers unfamiliar with the concepts and colloquialisms of Second Life, and it is followed by an in-depth discussion of virtual economy and commerce. Understanding the essence of virtual world consumption is seen as necessary to realize the financial potential. It concludes with the need to abide by DRM rights and understand the line between fantasy fulfillment and entertainment when participating in the virtual world.*

### INTRODUCTION

Within the field of the Interactive Digital Media (IDM) Marketplace, the economic activities that happen within Virtual Worlds have been a topic that meets little attention in the current literature with Castronova (2002), Freedman (2008), Terdiman (2008), and Arts (2009) being some of the notable exceptions. As the name implies, the Virtual World is where experiences are felt and stay in the mind. Within the Virtual Marketplace, goods and services exist and wealth is created in

an unusual manner where most of the consumption may be a mere experience that would only stay in the Virtual World. Sometimes, these become profitable endeavors. For example Terdiman (2008) has noted that in Second Life, a former Chinese language school teacher, Ailin Graef, known as the avatar Anshe Chung has stakes in Real Estate and other businesses with an aggregate value of more than USD 1 million. This new way of creating wealth with knowledge therefore deserves a deeper exploration and analysis.

Second Life (SL), developed and operated by Linden Lab Inc. (LL), is perhaps one of the most popular and controversial virtual world plat-

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form today as it is a "...3D online digital world imagined, created, and owned by its residents" (Rymaszewski et al., 2007, p.3). According to Rymaszewski et al (2007), SL residents, in the form of avatar (Av), are able to create content within SL using built-in primitives or prims (moldable 3D building blocks), or imported 3D shapes converted into prims. The basic process of content creation covers the manipulation and combination of prims, importing/purchasing media that can be applied on to prims, and/or the behavioral manipulation of prims through the use of Linden Scripting Language (LSL) (Terdiman, 2008). Using these skills, SL residents are able to create and customize their SL experience to one that they have conceptualized in plan or through serendipitous discovery.

The intent of this review is to discuss and analyze the potential of the virtual world as a platform for IDM Marketplace using Second Life, one of the most thriving virtual worlds, as a proxy. The following questions have been constructed: (1) What is a virtual world?; (2) How does Second Life Work?; (3) How does the economy inside the virtual world work?; (4) What are the main business sectors in Second Life?; and (5) What are the essences of virtual world consumption? The first question shall explore the virtual world on a general level. The next two questions shall explore the general setting and economy Second Life respectively. Finally, the last two questions shall explore deeper into the commerce and consumption rationales. This virtual world was one of the first to be created and since 2003 the developer has altered its business models to suit the changing online gaming landscape. Hence a wide range of literature is available for this investigation to take place (Rymaszewski et al., 2007). Moreover Linden Lab's monthly survey has recorded an average of 216 businesses owned by residents whose profits equal to or greater than USD 5,000 from January to April 2009 (Linden Research, Inc., 2009).

## **BACKGROUND**

In this section conception of the virtual world shall be described and defined in order to maintain coherence in the further analysis and discussion. It will be followed by a description and explanation of Second Life to help reader imagine and understand the specific concepts that are given in the two closing sub-sections namely Virtual World Lands and Virtual World Identities.

### **The Virtual World**

The membership of Second Life is identified to be on a booming trend that grew by 39% in the second quarter of 2009 to around 579 million members, mostly coming from children (Keegan, 2009). Arts (2009) in his paper *The Current State and Future Potential of Virtual Worlds* has provided quite a concise and effective definition of a Virtual World. It is an environment implemented by a computer or network of computers where some (if not all) the entities in the environment act under the direct control of individual people. In this case, the world, in Art's term, can be said to be shared or multi user, and may continue to exist and develop internally without the interactions of its people. Hence this may create the potential for a highly user-generated content albeit this potential is also affected by the developer's attitudes and policies to openness in the virtual world.

Art (2009) has provided three types of virtual worlds namely (1) Game World, (2) The Socializing World, and (3) The Platform World. Game World refers to the virtual world where the players have a predefined goals and rewards defined by the developers such as in the case of the currently popular World of Warcraft. It is possible for the objects created within the virtual worlds to be traded among players whether through a formal or informal market where the latter develops as players interact with each other. The Socializing World refers to those that enable players to develop their own social dynamics which comes

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