

Second Life and E-Marketing in an Online Social Network: The Implementation in China Marketing

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Second Life (SL) is leading three-dimensional (3D) virtual worlds working in an electronic environment. The residents have freedom to socialize, explore, meet people and build products and services. The purpose of this paper is to investigate the significance of communication and e-marketing opportunities in the SL virtual world. The theoretical background used in this study was communication theory and social system and media richness theory. Online conversations were performed with SL users to explore their communication behaviors and experiences to conduct marketing activities in Second Life. The findings show that initial capital investment, time engagement and quality of products were equally important in SL as in the real world. Moreover, advertising, customer relations, after sales service and consumer traffic are mandatory for e-marketing promotion. SL was found to be favorable for technological development, brand promotion, resource management, business strategy and prototyping. The synchronous communication is highly effective for managers and business practitioners in the real world. SL has a significant impact on individual Chinese users and the growth of China's internal market.

INTRODUCTION

Second Life (SL) is one of the fastest growing and leading 3D virtual worlds and latest innovations of information communication technology. The residents have freedom to socialize, create, explore, and meet other residents and build products and services and create an online marketing environment. Communication is vital to perform social and marketing activities. The virtual business has greatly affected the real world economy (Castranova, 2003). SL has the potentiality of business communication, information dissemination and innovation. Due to this, SL is a powerful option for real-world companies. The concept of virtual reality is important in

communication research. Virtual reality is the interface between humans and computers in a 3D world interacting directly with virtual objects. It has a number of practical applications on human computer interaction activities. Communication research is the interdisciplinary field of information systems. The synchronicity of communication media in SL has made it a social environment.

Virtual business or v-business refers to a business inside a virtual environment. A business is defined as a process to provide products or services in order to generate revenue as an objective of making profit (Rappa, 2008). The products are virtual, but real revenue can be earned in a virtual world. Most people think of virtual worlds as just a game, but they are evolving toward a society in which social and economic interactions are the main drivers (Zimmer, 2007). Residents can run a global business in real time. Virtual worlds are inspiring both organizations and individuals to make revenue. Real-world companies such as Nissan, IBM and Cisco have been designing and testing new products and services concepts in SL. ABN Amro and Meta Bank have been facilitating opening accounts, making deposits and withdrawing virtual funds. Some universities have been providing online lectures. Residents are running shops, clubs and recreation sites. Some of them are working as a programmer and designer. There is a huge opportunity for education and training, meeting and collaboration, marketing and product testing.

Consumer learning is very important in SL, which bears the concept of word-of-mouth communication. The better the relationship with a consumer, the better the market one can establish. Commutation plays a pivotal role in generating e-marketing opportunities. Advertisement and brand promotion are the key factors of e-marketing in SL (Hemp, 2006). Moreover, modern communication technologies have made distant participants to come closer. They can conduct educational seminars and meetings in a virtual environment. SL is a suitable place for business, academic and non-profit organizations to present their messages to the users. Qualified builders, programmers and artists are found to promote commercial activities. In this connection, SL is known for its recreational and marketing platform. It provides a great deal for real-life businesses to provide an opportunity to engage with customers, suppliers and business partners. SL has strong economic connectivity to the real world.

The purpose of the current study is to learn communication behavior of residents in SL and its scope to create online marketing value. SL is a web-based, computer-simulated virtual environment. So, it has brought a number of opportunities in the e-marketing field. Effective communication is essential for online business. Due to this SL offers numerous trading and learning opportunities through communication. SL is a wide platform for social networking. Besides SL, there are other social networking websites such as Facebook, Myspace, Twitter and YouTube. SL takes high social responsibility and transparency comparing to other social networks. The anonymity of the people is guaranteed that enables residents a much more freedom to perform social and business activities. A further purpose of this study is to learn human communication behavior, interpersonal communication and cognition in a multi-user virtual environment.

The research question of the current study is “What are the opportunities of e-marketing in SL and how important is the communication in SL for online marketing?” The importance of the research is that SL is a suitable place for marketing promotion, social interaction, and sharing cultures and ideas among different people residing at different parts of the world and motivating them to enter in this virtual environment. The link between online communication and e-marketing is that communication has interactivity features and has a crucial role in the virtual world to perform social and marketing activities. Educational seminars, conferences and meetings are the outcome of communication. SL facilitates distant participants to come up in one

place through this communication medium, thus lowering the cost of learning. It has embraced strong economic and legal connections to the real world. Some of the communication facilities are instant messaging, voice, local chat and blogs. The synchronicity of communication has media richness, which helps to get immediate feedback and facilitate decision making. Richness factors are body language, verbal contents (voice level, volume) and non-verbal contents (appearance, clothing and behavior). SL has broad use of virtual reality which bears the concept of presence and telepresence. Due to the emerging broadband internet access, the internet speed is becoming faster. Thus, virtual worlds are rapidly emerging as an alternative means to the real world for communicating, collaborating and organizing marketing activities.

LITERATURE REVIEW

China has the largest online population in the world (David, 2004). The marketers and companies are understanding the importance of having an online presence. China is going to be the second largest advertising market in the world, after the US. Also, the economy is growing 8% to 9% a year (David, 2004). People's disposable incomes are growing quickly. The demographics of the Internet user in China are quite different from other countries (China Online Marketing, 2011). People who are more affluent are the internet users and residing in the larger cities. The Internet, for marketers and advertisers, is a great channel to have access to social networking services by the general public. A majority of Chinese companies have presence in SL for online marketing and brand promotion. The key advantage to working in SL is that it offers much more potential for customers to interact with new products and services.

Chinese online marketing provides a reasonable opportunity for small, medium and large companies in China. Anderson (2009) stated that online platforms decrease distribution costs, including reduced spending on physical stores, rents and shelf space. The number of items sold online can be further extended for a long time. Baidu, the Chinese leading search engine which surpasses Google and controls 76.9% of the Chinese online search market, has moved into the online C2C shopping market in October 2008 and focus at the tempting B2C market (Baidu, 2009). In this prosperous market of high competition and low entry barriers, only the companies that are able to understand and satisfy local customers can utilize the opportunity. Renowned international companies with outstanding technology can easily collapse if consumers are incorrectly approached. The Online and information industry is chosen in China as one of the prioritized industries for governmental assistance (Xinhua, 2009). The Chinese economy is still in a rapid development phase compared to other countries. According to IResearch (2009), high standardized products, like books and CDs, have been some of the most online sold products in China. As online customers gain more experience with online transactions and the convenience of online shopping, online purchases will not be limited to standardized products, but will contain a broader product range for personalized needs.

Virtual Worlds and Second Life

Virtual worlds enable new ways of collaboration and coordination through communication in a 3D environment by Voice Over Internet Protocol (VOIP) (Fetscherin and Lattersmann, 2008). People interact with each other through web 2.0 applications such as voice, instant messaging and video conferencing. SL has become an interactive, collaborative and commercial platform for users, marketers and researchers (Stuart and Brand, 2008). Hence, it offers a huge opportunity to perform e-marketing. The virtual worlds provide flexibility in brand building,

advertisement and new product development (Vedrashko, 2006). SL is also a platform to play online games. Enjoyment is one of the important reasons for gaming behavior (Wu, et al., 2008). The games are creating a huge business, and millions of users are motivated to engage in them. People play online games to engage in challenges, make friends, spend time but the basic reason is to enjoy (Davis, *et al.*, 2005; Kim, *et al.*, 2002). Such web-based technologies are useful to create new e-commerce for income generation and consumers' participation (Holsapple, *et al.*, 2005). SL has a scripting tool for monitoring and controlling all communication systems. The podcast is an important communication media to communicate from SL to real life (Lyn, 2008).

SL offers a place for online laboratories to develop and test new products and services (Bainbridge, 2007). It offers scripting and graphic tools for designing, creating and customizing virtual objects and services. Since the virtual market is stable, there is a low amount of investment (Wei and Williams, 2007). Virtual worlds are the hot resource for communication, socialization, collaboration and participation in different activities. A virtual environment is an effective, emotional and simulating environment for users. The customer participation may be active or passive and environmental relationships may be immersive and absorptive. The virtual world is becoming a target place for marketing (Hemp, 2006). SL is a popular and leading online social networking virtual environment. Other social networking web 2.0 applications such as Facebook, Myspace and YouTube are also in operation, but these are limited on their scope for communication, collaboration and coordination (O'Reilly, 2005). The longer the people remain in SL, the more interesting it will be for users. They could learn a number of new activities, make new friends, participate in social activities, conduct business and have interaction with many people around the globe. It helps them to build strong relationships with others, encouraging them to remain in this fantastic world for a long period of time (Castranova, 2001). Voice communication is more important than text as it carries emotional data (Birdwhistell, 1970). Birdwhistell further stated that 65% of information takes place through facial expressions and the remaining 35% through spoken words.

SL has becoming an important place for marketing and brand promotion of real-life products and services. Hemp (2006) stated that virtual worlds have future importance for marketers. They become interactive, collaborative and commercial platforms for all. In this connection there is a huge opportunity for virtual e-commerce. SLs provide flexibility in brand building, new product development, testing and advertisement (Vedrashko, 2006). Virtual presence of organizations may be advertisement or product placement and business-sponsored virtual activities. SL is the computer-mediated shared place for interacting among people (Bray and Konsynski, 2007). SL communication, such as voice, is synchronous. Due to synchronicity immediate response and feedback can be received. This is called "media richness theory." Face-to-face communication in real life has high richness features. Media richness is defined as "the ability of media to overcome different frames of reference or clarify ambiguous issues to change understanding in a timely manner" (Markus 1994, p. 147). The richness characteristic consists of multiple information channels such as voice, gestures, immediate feedback and personal focus. Managers in real life prefer rich media for face-to-face communication, for immediate interaction and decision. Leaner media, such as written media, including e-mail, have low response rates. Therefore, managers prefer face-to-face communication for immediate decision making rather than telephone, written memo and email. Interactivity is the key variable in communication research. A majority of people prefer to socialize and participate in social activities. The virtual environment has audio and video contents and different communication media such as instant

messaging, text chat and blogs, based on web 2.0 technologies. Communication is preferred for socializing and content sharing (Messinger, *et al.*, 2009).

The inhabitants are responsible for all the contents created in SL (Ondrejka, 2006). Some real life companies such as Toyota, Dell, Adidas and IBM have opened virtual stores in SL for brand awareness. Other companies perform promotional activities of their products and some users are engaged in social activities. Virtual worlds play a vital role to create online social networking and a friendly environment (Hillary, 2007). SL plays a pivotal role in sharing ideas which is essential in information economy (Peter, *et al.*, 2008). Face-to-face meeting in virtual environment is used for knowledge transfer. Facial expressions and body language are shown in graphical form. So, computer-mediated non-verbal communication takes place in SL. People automatically resort to human-to-human interaction but directly to online computer network (Nass and Moon, 2000; Sundar and Nass, 2000). Some people found that virtual life is more attractive than real life (Talamasca, 2006) and avatars could establish networks with other avatars (Bennett and Beith, 2007). Many organizations enter virtual worlds to establish business and generate revenue. The firms design, produce and distribute products. Consumers, on the other hand, purchase goods and services as per their budgetary limitations. Such communication establishes collaboration between producers and consumers. Thus, word-of-mouth communication is highly used in consumer learning. The formation of relationships through interaction in virtual environments is a dynamic process (Ballard and Weigel, 1999). SL bears the concept of presence and telepresence, which is called virtual reality. Presence means being in the environment physically. The avatar represents the virtual presence of a real person whereas telepresence is being in virtual environment by means of communication media (Reeves and Nass, 1996). The virtual reality effect on consumer learning in terms of cognitive, affective and conative dimensions is based on observations made by Li, Daugherty and Biocca (2003). Bandura (1997) stated that individual behavior is the product of the social network through the close social interactions and individuals are able to increase the depth, breath and efficiency of mutual knowledge transformation.

With rich features of social networking and user freedom, users are increasing everyday in large numbers and high numbers of business transactions. Communication has a pivotal role in virtual world to perform social and marketing activities. The development of the internet has raised the use of virtual games. The players develop communities for social interaction and business. Customer relationships and feedback are as important in the virtual world as in the real world. The more we know about the consumer, the more effectively we can communicate and engage in marketing. This is the social aspect of SL. The synchronicity feature of communication in SL is highly effective to perform business activities in a virtual environment. Due to the growing number of users, SL has been facing the problem of system instability that affects online business events. Some other limitations are lack of web interfaces and powerful programming language. SL bears a high social and communication responsibility comparing to other social networking sites such as Facebook, Myspace, Twitter and YouTube.

Communication Theory and Social Systems

Communication is defined as the exchange of information from one place to another. It is an exchange of understanding. SL is an online social network and without communication no activities take place. In this connection, communication research in SL has a broad scope to study human behavior. Communication theory has applications for information systems, psychology, sociology, linguistics and advertising. Many authors and researchers divide

communication by 'context' or 'levels' and human users are 'symbol users' or symbol makers. Interpersonal communication tends to focus on dyadic communication, communication involving face-to-face interaction, or communication as a function of developing relationships. The interpersonal communication theory typically focuses on the development, maintenance, and dissolution of relationships. The virtual world has become a strong communication medium allowing distant participants to interact with the real world to enhance collaboration (Leimster, et al., 2004). The development of web 2.0 technology helps policy makers, information system experts and researchers to better understand communication theory (Hsinchun, et al., 2008). Voice communication is more important than text. Birdwhistell (1970) stated that 65% of information takes place through facial expression and the remaining 35% through spoken words. Interactivity is an important characteristic of communication and has great concern to researchers (Norman, 1998). The important factors that contribute to interactivity are speed, range and mapping.

The term "social system" is widely used in sociological systems theory. Social systems are self-referential systems based on meaningful communication. They use communication to constitute and interconnect the events or actions which build up the systems. The environment of social systems includes other social systems, (the environment of a family includes, for example, other families, the political system, the economic system, the medical system, and so on) (Lowry, et al., 2006). Therefore communications between social systems is possible and social systems should have internal and external communication. The basic requirement in a social system is that there should be an interaction between at least two people. Barbara and Gloria (1997) suggested that the collaborative virtual environment can be regarded as a social system. The place is globally shared for communication, interaction and to perform different activities (Messinger, et al., 2009). Communication plays a vital role in SL social systems. The virtual community is globally shared and becoming an online destination of choice for big companies looking to test and sell new products and promote their brands (Messinger, et al., 2009). There are different methods of measuring participation within social systems such as reach, engagement and frequency of participation. All social systems have commonalities. We can assume SL as a place for social networking.

Media Richness Theory

Media richness theory falls under rational theories of media choice (Donabedian, 2006). Media richness theory (Davis, et al., 1989, Kahai and Cooper, 2003) explains the difference between rich and lean media. The richness characteristics include multiple cues, including the use of multiple information channels, such as voice inflection and body gestures incorporated with the verbal message: immediate feedback, which allows for rapid bidirectional communication and quick reinterpretation and clarification of messages; personal focus, which allows for the combination of personal feelings and emotions, as well as the tailoring of messages to the needs and current situation of the receiver; and language variety, which refers to the range of meanings that can be conveyed by the available group of symbols in a language. Previous studies (Carlson, 1993; Ferry, et al., 2001) indicate that the media fall in the same richness order, whether they are arranged by media richness with face to face as the richest medium and electronic media as a lean medium.

RESEARCH METHODOLOGY

Research Design and Development

The research method is mainly categorized into two parts: qualitative and quantitative. Quality defines the character of something whereas quantity determines the amount of something. Qualitative methods help to identify components of a subject whereas quantitative methods determine the number of components. The current study is a qualitative study based on a case study approach that investigates virtual business opportunities in SL. Yin (2003) states that case study is a good choice when the investigator has little control over events or cannot manipulate relevant behaviors. On the other hand, in our research, we had no effect or control on virtual business events during their whole processes. We investigated the phenomenon without disturbing respective individuals or companies. Case study is preferred in examining contemporary events within real life. The strength of case study is its ability to integrate a full variety of evidence, including interviews, documents, and observations (Yin, 2003).

We used interview and observation as methods for data collection. We choose SL as the single case to study as it is one of the most common virtual worlds where the characteristics are most appropriate for e-marketing and the results can be applied to virtual worlds with similar characteristics. The single case design is justifiable when the case represents a critical test of existing theory, a rare or unique circumstance, a representative or typical case, or the case serves a revelatory or longitudinal purpose (Yin, 2003). SL, as our study, is representative as well as typical because of the following reasons:

- Rich communication and business environment: 3D world, community based, creative and potential of e-commerce opportunities.
- Popular among companies. Big brand companies such as IBM, Dell, Toyota and Reuters use it.
- Popular among players. More than 21 million active players.

About a half-million residents regularly visit SL and millions of dollars are spent each month (Second Life, 2010). A majority of people are trying to make money in SL and they are successful. Its popularity among companies and individuals makes SL able to provide plenty of business events with regard to different industries to investigate a wide research scope. In conclusion, the single case study method using SL as the case is suitable to our investigation.

Data Collection: Online Interviews

In the first-step online interview was performed with 30 SL residents in May 2011 for a period of three weeks to study their communication behavior and business experiences. Out of them the best responses of 15 residents with experience of more than two years in SL were taken for analysis. The category of residents included SL players, experienced business practitioners and company representatives. They were selected studying their profile visiting different business places. The profile information was received by clicking the avatar (resident) name. The original interview of users was recorded first and then edited. In the second part of the study, the success history of real world companies was provided based upon the information received from a company representative, SL website, SL online business articles and relevant literature. The qualitative data is received from interview. The qualitative research interview is a construction site of knowledge and leads to specific explanations for the interview results (Kvale, 1996). It can help to understand the virtual worlds from the subjects point of view and makes use of

participants' experiences to analyze virtual business phenomena. As a result, the interview was used as one of the qualitative research methods. The semi-structured interview was used as this provides interviewees' flexibility in asking and answering questions, thus lead to the freedom to explore the phenomena in more details. The objective of the interview is to get a better understanding of how communication is important in SL and its effectiveness in generating revenue. The interview is internet based and not face to face. The interpretation and explanation of the result are based on linking between theories and data to find some pattern matching or common phenomenon. The conversation was performed with SL players, land owners, island owners and business practitioners. Customer benefits in virtual world include scope of product, quality, convenience, ease to access and customer service.

Some observations in SL include watching particular types of events, focus communication related activities and marketing possibilities. Different places were visited to find out how often the products and services exist in SL. Also observed how a resident can find his competitor in SL. Mode of advertising and customer services provided by companies were investigated to learn possible ways of revenue generation. Major coverage of the study in the form of open questionnaires included the following:

- How effective do you find communicating in SL?
- Do you have experience in making real money in SL? How?
- What are the popular products in SL in your opinion?
- How successful are the real-world companies in marketing in SL?
- How effective are virtual events for e-marketing promotion?
- What is the future of SL marketing?
- Do you think communication plays a vital role for marketing promotion in SL?
- What are the problems and challenges for marketing in SL?

Additional information has been collected from the SL website, business articles and relevant literature to make the study more supportive.

Validity and Reliability

Different sources of evidence can be used to the strength of the case study. Yin (2003) formulated the triangulation method to collect multiple resources of the same phenomenon (Oates, 2006; Yin, 2003). There are different types of triangulation method such as strategy triangulation, time triangulation, space triangulation, investigator triangulation, and theoretical triangulation (Oates, 2006). For this study, some kinds of triangulation are adopted such as method triangulation, by using more than one data generation method which are interview and observation to establish the construct validity and reliability of the evidence. Also used was theoretical triangulation by drawing on more than one theoretical perspective from many authors.

About the validity of participants' answers, it was checked whether they really exist in SL and are currently doing business there. Their existence was checked by using the people search function according to their avatar's name. To check whether they are currently doing business in SL, properties of products or lands were checked whether they really owned them. To minimize the errors and biases in the study, not only successful companies but also unsuccessful ones were considered. For website references, for example, SL website and SL wiki were used to describe issues or events that occurred within SL.

RESULTS AND ANALYSIS

Online Conversation with SL Residents

Virtual worlds offer plain text, voice, gestures and emotion for communication. SL has become an interactive, collaborative and commercial platform for users, marketers and researchers (Stuart and Brand, 2008). In this connection, there is a huge opportunity to perform virtual e-marketing. The virtual worlds provide flexibility in brand building, advertising and new product development (Vedrashko, 2006).

Mr. Crank, one of the respondents has been in SL more than two years. According to him, the communication in SL is highly effective to perform marketing activities. People can create products and sell them to make money. But creativity is needed to make products. He says that advertising in SL is useful to promote brands. The negative points are that SL is highly addictive. Thus people do forget their real life. People of all categories gather in SL such as the mentally ill and hackers. In this connection, SL is bigger than real life to perform social and marketing activities. Mr. Creator Byron is an experienced SL user. He finds that SL is useful for global communication. He creates avatars and different body parts. Sometimes he sells them to make money. According to him, the popular business in SL is land sale and body parts such as skin and houses. He says that “Real world companies are successful to promote their products through online events such as meetings and conferences. The problems are slow browsing, copybotthers and a new SL viewer (Beta 2) which is not user friendly”.

The SL platform has less technical and social problems. Due to this, a large number of people have been joining SL. The communication system is synchronous. Therefore immediate response and feedback can be received. This will be helpful for decision making and engaging in marketing behaviors and increasing social networking. Hence, SL platform follows the theory of communication and social systems.

Mr. Herry Maltz has been working as an active consultant on SL since 2006. According to him “Voice in SL is efficient and easier, and one could not compare SL voice with Skype. Communication in SL cuts the real world cost. Teleconference and email are popular media. Communication is required to conduct business and have interaction. SL is a suitable platform to perform e-marketing and profitable to real-life companies. The problem is competition and fluctuation of land prices. Linden Lab helps to resolve business-related problems”. Other challenges in SL as per Mr. Herry are finding qualified persons for public relations and sales, and establishing trust. In his opinion, people are detachable and they frequently change their jobs.

Ms. Precious Ruby has been in SL for two years. She creates things such as flowers and clothes. She argues that real world designers have success in SL. Communication is needed to offer products. According to Ms. Ruby, conference and meetings are highly informative. SL has great potential for designers and business practitioners. The environment is technical, so sometimes it encounters problems.

Mr. Asterion Coen has been in SL for more than three years. He has been working as a solution provider for IBM. He provided information that IBM is exploiting maximum benefit from SL. The company is using SL to test products and services. Moreover, this environment is useful for scripting 3D objects and prototyping. SL reduces real-world costs for meetings and conferences. Thus, SL can be used as a communication tool and real world laboratory. According to Mr. Coen, virtual worlds are the future of the web. The limitation of SL is that the number of avatars gathering in one place is 100. So, he suggests Linden Lab make this more flexible. He further opined that instant messaging (IM) within SL can be used when people are

not in the same grid. The IM has secured communication so that no one can know about the conversation. Local chat is open for all and everyone can read the conversations. People prefer voice communication for immediate response. The major social problems in SL are annoyances, harassment and misconduct. The SL virtual world is open to all and has much more freedom.

Mr. Trixie Maddox argues that communication is needed to offer creations and customer relations. He sells avatar body parts such as hair and skin. He has the skill of scripting and 3D designing. He has two islands and provides some space to friends free of cost. Mr. Maddox is satisfied with his revenue. He does advertising to enhance the brands and it is now well established. Moreover, he wants to improve the existing brand as users seek new brands. He has the policy of providing refunds on products customers do not like and sometimes exchanges with other products. Some amount of initial investment is required to open business in SL. The challenging issues are competition, innovation and creativity. He took part in conferences and thinks that a virtual conference saves both time and cost.

The opinions and experiences of Spike Zimmerman are that “communication is needed to contact with each other, socialize, run business and conduct online events”. He runs a real estate business. Moreover, he is engaged with business consultation, market surveys, advertising and customer-experience projects. He says “we build houses, real estate design, product making, avatar design etc. Other services are exhibitions, video production and customer support. We have an expert team of individuals to perform marketing activities”. He buys and sells the land because it is easy to operate. He puts a company’s product information on the website so that real world people can visit the site and get information. The challenging issues are time, customer satisfaction and market growth. One must be good in programming, 3D scripting and ought to know the customer’s interest. Advertising and communication are vital for brand promotion. He uses word-of-mouth and blogging to secure advertisement of the products. The SL platform is very important to conduct online marketing events. The sustainability of SL cannot be imagined without communication.

Timothy Hoxley expressed his experience as follows: SL is popular and convenient communication software to conduct online events. He sells clothes, accessories, bags and shoes etc. He has focused on women’s products because “women want to dress up”. This set of products is easy to sell as people want to buy shoes and socks together. Scripting and building skill are required. Mr. Hoxley believes that product quality is as important in SL as in real life. The higher the traffic the higher the sales volume. Customer service is also required in the virtual world as in the real world. He creates advertisements for the products and sometimes provides free products. So he is satisfied with his revenue. Other challenging issues are competition, design, quality and communication skills. Initial investment is required to rent a virtual land and one should pay a land maintenance fee every month.

Mr. Nguway Firelight builds objects in SL. He thinks that communication is required to locate market stuff and advertisement. Moreover, communication is needed to talk with people. Online events are very successful in SL. His girl friend makes money from SL. She is a teacher in real life. He joined SL for recreation and so has no experience of making money.

Deirdre Hyun from Netherlands joined SL in March 9, 2007. In her opinion people make revenue from selling and buying land and from leasing lands and houses and shops. She did modeling in the past in SL and able to generate money. The SL is the best place for making friends, participating in social activities and having fun and entertainment. She found that the nature of people is same in the real and virtual life. SL has more freedom than real life, so people

do not follow the rules and regulations strictly. According to Deirdre, SL is time consuming and she joins SL only during weekends.

Erin Dawodu from USA found that people in SL are helpful and cooperative. He found SL as a place of fun and entertainment and prefers exploring from one grid to another. He prefers to join clubs as it will be more interesting to spend time there and make new friends. The SL is highly social and people participate in numerous social activities. He frequently purchases clothes and body parts.

Liliana Chrome from the USA joined SL in October 12, 2009. The purpose of joining SL is to wander and have fun. She creates clothes and sells them to make money. According to Liliana the SL has an excellent communication system. She frequently uses instant messaging and rarely uses voice. It was learnt that the ultimate goal of people is to achieve entertainment from social activities with effective communication. Communication is useful to conduct online meetings and conferences to offer products and services of companies.

According to Paul Steinberg, an engineer with the Intel software network, E-marketing in SL is a big understanding, exactly mirroring the steps and processes of business in the real world, with manufacturing, distribution, sales etc. Being a successful business in SL might indicate that the person should have experience running a company. Modern web 2.0 communication technologies are highly effective in virtual world.

Table 1 shows the summary of findings on communication in SL. SL is an electronic environment and without communication no activities take place. Advertising is a form of communication which is helpful for brand promotion. Online events are highly interactive and informative. Communication is essential for social networking, collaboration and consumer growth. Voice is preferred best as it has a media richness feature. The richness factors include personal focus, immediate feedback and multiple cues. Virtual communication reduces real world cost and time. Furthermore, communication plays pivotal role for customer relationship and locate market. Word of mouth and blogs are means of business communication. SL is the future of the web and has sustainability through communication. Virtual worlds enable new ways of collaboration and coordination through communication in 3D environment by Voice over Internet Protocol (Fetscherin and Lattersmann, 2008). SL is the hot resource for communication, socialization, collaboration and participation in different activities. The virtual environment has audio and video contents and different communication media such as instant messaging, text chat and blogs, based on web 2.0 technologies. Communication is preferred to conduct business, socializing and content sharing (Messinger, *et al.*, 2009).

TABLE 1: SUMMARY OF FINDINGS ON COMMUNICATION IN SL

Participant 1: Communication is highly effective to perform marketing activities. Advertising is also a form of communication.
Participant 2: SL is useful for global communication. Online events such as meeting and conferences are reliable source of communication for marketing promotion.
Participant 3: Voice communication is highly effective and cannot be compared with Skype. Communication helps to reduce real world cost and is needed for business interaction. Teleconferencing and email are more popular than other virtual worlds.
Participant 4: Communication is helpful in offering products and services. Conferences and meetings are highly informative.
Participant 5: SL is a Communication tool. Communication reduces real world costs through

online meeting and conferences. SL is the future of the web.
Participant 6: Communication is required to maintain customer relationship and offers creations. Virtual conferences save both time and cost.
Participant 7: SL is a popular and convenient communication software and highly reliable to conduct online events. Good communication skills are needed for customer relationships.
Participant 8: Communication is needed to contact people, socialize and run business. Online events are a form of communication and are successful. Advertising and communication are required for brand promotion by using word-of-mouth and blogging. SL has its sustainability through communication.
Participant 9: Communication is required to locate market and for advertisement. Moreover, it is needed for interaction. Online events are highly successful and reduce real world cost.
Participant 10: SL is the place for social networking and communication behavior of people in virtual world is same as in real world.
Participant 11: SL is highly social and a platform for fun and entertainment.
Participant 12: IM is effective to communicate. Communication helps to establish social networking. Online meetings and conferences are useful for products and service offering.
Participant 13: Communication is essential for collaboration and consumer growth.
Participant 14: Web 2.0 communication technologies are highly effective in a virtual world.
Participant 15: Rich media such as voice is crucial for immediate communication.

Table 2 presents the summary of findings on e-marketing opportunities in SL. Creativity, quality and communication are vital for customer relations and market promotion. The higher the number of people the higher the sales potential. Popular markets in SL are land, home and body parts. Real world companies are successful in promoting brands through advertising and online events. SL is highly effective for 3D scripting and prototyping. Skilled manpower is needed to conduct business activities. Some challenging issues are competition, innovation and customer support. Real estate businesses are also successful in SL. Some residents have creativity talents. However, some are addicted to the SL environment. Market surveys are very important in SL. The designing cost and time is low so users have creative freedom. SL has become an important place for marketing and brand promotion of real life products and services. Hemp (2006) stated that virtual worlds have future importance for marketers. They become an interactive, collaborative and commercial platform for all. The Virtual world is stable so there is low risk of investment. In this connection, there is a huge opportunity of v-commerce or virtual commerce. Most of the virtual worlds have their own currency. SL provides flexibility in brand building, new product development and advertising (Vedrashko, 2006). Virtual worlds are designed not only for entertainment and business opportunities but for achieving experiences. So a virtual environment is an effective, emotional and simulating environment for users. Virtual presence may be through advertisements or product development and business-sponsored virtual activities. The real identity of a person is hidden so the behavior of the virtual avatars differs from the real world to some extent (Clemons, 2009). Online games in a virtual world are able to generate a good amount of money in real life. Owing to this reason, virtual worlds are an important source of emotional and material benefit (Castronova, 2001). They bear the future scope for the development of e-marketing and internet.

TABLE 2: SUMMARY OF FINDINGS ON E-MARKETING OPPORTUNITIES IN SL

Participant 1: Creativity is needed to create products and sell them. Advertising is important to promote brand of the products. SL has the wide potential of marketing opportunities as in real life. The challenges are that SL is highly addictive. Some users are grievers and they break peace of the environment.
Participant 2: He creates avatars and body parts to make revenue. The popular market is land sale, skin and home. Real world companies are promoting their products and services through online events and they are successful. The problems are slow browsing, copyboters and new SL viewer (Beta 2) which is not user friendly.
Participant 3: SL is a suitable platform to perform e-marketing and profitable to real world companies. The problem is competition and fluctuation of land prices. As in real life qualified manpower for sales and public relation is required. Sometimes technical problems prevail in SL.
Participant 4: Working as a solution provider for IBM. IBM is using SL to test products and services. The real world meeting cost of the company has been reduced. SL is useful for scripting 3D objects and prototyping. The environment is useful as a communication tool and real world laboratory. The limitation is that the number of users gathering in one place is restricted to 100 which should be extended.
Participant 5: He creates and sells hair, skin and other body parts. He has two islands. He advertises his products and develops new brands. Customer support and refund policy is important as in real life. Some initial investment is required to initiate business. Virtual conference is useful and it saves both time and cost. The challenges are competition, innovation and creativity.
Participant 6: He does real estate business including market survey, advertising and customer experience projects. Moreover, he builds houses, designs avatars, produce videos and supplies customer support. Buying and selling land is easy to operate. Keeping product information on the website helps people to know about the products. A team of professional people are responsible for marketing opportunities.
Participant 7: He has focused on selling ladies products and prefers to offer a set of products such as socks and shoes. Scripting knowledge is required to create products. Quality and customer service are important as in real life. The higher the traffic the higher the sales volume. Advertisement and offering free products are necessary to attract customers. The business challenges are initial investment, competition, design, quality and communication skill. He has satisfaction with the revenue generated from SL.
Participant 8: Joined SL for recreation and has no experience in making revenue. However, his girlfriend makes money. Online events are helpful for marketing promotion.
Participant 9: SL is useful for the growth in the real world economy. Professional people are highly benefited as they do not need a full-time job in real life. Some residents have part-time jobs in SL. Creativity and networking are important for offering products.
Participant 10: Modeling experience. Users have creativity freedom but it's time consuming.
Participant 11: Purchases clothes and body parts. He also has creativity skills.
Participant 12: Creation of clothes and sell them. He thinks that marketing in SL is time consuming.
Participant 13: Users should understand the current market. SL is relatively inexpensive but time consuming.
Participant 14: Marketing in SL is similar to that of real world. An experienced person is required to run business.
Participant 15: Designing cost and time is lower and it provides a clear visualization to customers.

Second Life among Chinese Users

Chinese Second Life called HiPiHi attracted attention in the blogosphere. HiPiHi is already in the beta stage, but it lacks the resources of China's biggest massively multiplayer online role playing company. The graphics look somewhat dated by today's standards, although so do

Second Life's (Vili, 2007). The Swedish virtual world Entropia Universe announced that it was teaming up with Beijing municipality, to build a virtual universe that is able to handle 7 million users at any one moment. David Liu, chief executive of Entropia Universe, claimed that virtual worlds would generate about 10,000 jobs in China (Vic, 2007). He added: "An important aspect for this project is also the positive effects on our environment that we foresee. People will actually be able to work from home inside Entropia Universe as many people do today, even from rural areas, thereby decreasing the amount of pollution generated by travel." He further says "Entropia beat other bidders, including SL, for this venture. Even SL, with a claimed 7 million members, rarely has more than 40,000 on simultaneously, which means that the Chinese venture, if it succeeds, would have a population greater than all but the biggest countries. This raises the prospect that such ventures could become major economies in their own right with no allegiance to any particular administration. These could generate the kind of conditions which lead to massive growth, even, it is sometimes argued, to the emergence of new economic sectors comparable to agriculture or manufacturing - unless China gets there first".

The opinion of one of the Chinese SL users Mr. Gang is that "SL is quite interesting. It contains news, finance, tutorial, tips, map of game, game script, exchange center and so on. SL obviously looks young, but what it does matter here is that the SL has already landed in China. I remember there was a debate when I introduced the new jargon Web3.d to Idea Factory China (invited only Google group where you can find quite a lot Chinese web 2.0 enthusiasm) and asked for opinion about whether the Chinese can accept the SL model. They said World of Warcraft (WoW) was so popular in China and SL might find a way to make Chinese gamers engaged for a long time. Another fact I have to mention here is –the first SL's millionaire is Chinese".

DISCUSSION

Communication

SL bears the concept of virtual reality in which human computer interaction takes place through communication. Presence and telepresence are inseparable parts of communication. Communication in SL is feasible for games, social networking and e-marketing. Companies use SL for marketing and communication as a tool for engaging with residents. SL has a whole culture and economy within itself. It saves time and money and increases productivity. Computer- based communication is not as effective as face-to-face communication as it misses emotional cues and lacks body language. Voice is equally important in SL as in real life. SL is a place for building community, getting information and buying products and services. Thus SL is becoming a reliable communication channel. Games are helpful to generate real revenue. In this connection, virtual worlds are also called Massively Multiplayer Online Role Playing Games (MMORPG), digital worlds or simulated worlds. The significance of communication in SL is thus categorized into a representative business environment, popular among both real-world companies and players.

Communication plays an important role for establishing collaboration between producers and consumers to generate marketing value and it reduces real-world costs. Communication is required to receive product feedback, build community, engage consumers and raise funds. Moreover, the significance of communication is in brand promotion, organizational information and in providing training and learning skills. Thus SL has been supplementing traditional advertising. Web-based technologies such as SL are useful for creating new e-marketing for

income generation and customer interaction and participation. Word-of-mouth communication in this connection is beneficial for consumer learning. The better the relationship with consumers, the better the marketing effort. So virtual communication provides advantages to customers, suppliers, business partners, managers and researchers. Managers prefer rich media such as face-to-face communication for interaction. SL provides synchronous communication for prompt decision making. Communication in virtual world removes geographical constraints and brings people to one place. SL, being a strong communication technology, takes higher social responsibility and transparency than other social networking sites such as Facebook, Myspace, Twitter and YouTube. However, some limitations of SL communication are related to the communication server, speed of the internet, computer systems and viewer software. A computer with standard hardware and software greatly influences the stability of SL and new SL viewer software version 2.0 should be made user friendly.

E-Marketing Opportunities

For e-marketing opportunities in SL there are two segments: market segment and the individual segment.

- *Market segments.* Selling of virtual goods, virtual services such as 3D designs, scripting and exhibition, real estate of virtual islands including selling, develop and renting of lands and consulting services on advertising, marketing and other business projects in virtual world.
- *Customer Segments.* This is divided into individual customers and real world companies. Both of them have clear definitions of competitors as they can use powerful search engine to observe and participate.

Individuals and companies have multiple product categories. Some companies focus on single product categories to set up a unique brand name. Quality of product is also important in virtual worlds, similar to real world. Customer attraction strategies are advertising inside and outside SL. Customer traffic is important to increase the business volume. For this some companies provide free products in SL. Sales channels in virtual world as well as on website can be used. Customer service is vital in virtual world to improve and extend market. Skill is required for building, scripting and developing virtual lands. Initial investment is required to open business. Some of the business sources are retail stores, services, real estate, universities, insurance companies and media. Some of the virtual business problems are viewer sessions crashing, low viewer frame rates, limited server capacity, griefers and language.

The biggest business in SL is avatar parts (skins, faces, bodies and hairstyle), avatar accessories (rings, glasses and jewelry) and clothes. Some of the real products are books, music and clothes for which SL provides a website to purchase these products. Thus SL acts as a bridge to real world business. The service provided is 3D designing, building and land development and scripting. Moreover, some real estate marketing involves selling and renting land, houses, apartments and consultation services. SL is limited by virtual experience as there is no sense of smell, taste and touch. SL has no boundary of physical location. Business owners can provide business consultations, market surveys, virtual office design and buildings. Like the real world, SL has competition among products and services. Residents can visit a competitor's location to evaluate quality of the products. The customer benefit focuses on quality, which includes design, beauty and user-friendliness. Many companies provide free products to increase customer traffic. Like traditional business, customer service such as getting feedback, satisfaction guarantees, and

refunds for damaged products is important in SL. Advertising is beneficial both inside and outside the virtual world. The outside world includes website and blogs. Important factors regarding market promotion are traffic volume, advertising, demonstration of products and customer surveys after purchase. There are two sales channels in SL: stores in SL and third party purchase. Customers can use both of these channels. The need of multiple contact points, 3D modeling and customer accessibility should be considered. Virtual market effects real world economy. SL communication is thus a powerful option for real world companies, business representatives and players.

The social side in SL is interesting but it's the marketing side that takes a lot of effort and time. Some companies have dropped their projects in SL due to lack of investment and they consider SL as a place for experiment. For some companies and individuals it is a new way of business to reach customers. It has a direct effect on real life and has security and privacy threats.

Theoretical Implication and Managerial Implementation

This study shows that SL is an appropriate place for communication, social networking and e-marketing promotion. The popularity of SL has been increasing every day. A range of trading activities such as buying and selling land, leasing and other services such as scripting, architecture and advertising take place in this virtual environment. There is both a real and virtual economy. Moreover, SL has education as well as training opportunities through effective communication. SL offers several marketing opportunities for real-world products and services. SL marketers are able to generate sustained consumer engagement with a brand. SL is emerging as a test place for new ideas, where real world products can be released at low cost with direct feedback from users. There are many opportunities for innovation and profit making in SL and various business opportunities. A number of residents are generating part or all of their real life income from SL businesses. SL real estate market provides opportunities for residents to establish their own communities and business locations.

This study tests the theory of communication and social system and media richness theory. Communication helps to establish social relations. The outcome of these theories is communication, public distribution and networking. Media richness is linked with communication, which has importance for making prompt decisions in real world practice. Moreover, synchronous communication is needed for organizations, managers and policy makers for decision making. The current study is motivated by a need to understand the roles of effective communication in marketing. The research has key implications for practice. First, the findings suggest that SL bears a higher social and business responsibility than other social networking websites. Hence it helps companies and individuals to make decisions for real life implication of their creation. Secondly, this study shows that communication is a key part that confers eminence and existence of virtual worlds.

The findings and conclusion of our study endeavors contributing to China's expanding internet marketing potential. China has the highest online population in the world. As China's Internet market develops, so does China's Internet marketing. As per the high population of China, the number of Internet users is really growing at a very quick rate, and broadband access is growing rapidly, facilitating interactive marketing growth. Marketers and companies are understanding the importance of having an online presence. China is going to be the second largest advertising market in the world, after the US, overtaking Japan in the next few years. Also, the economy is growing by 8% to 9% a year. People's disposable incomes are growing quickly too, though from a low base. The demographics of the Internet user in China are

somewhat different than that of other countries. The people who are better off are in the larger cities (China Online Marketing, 2011). The Internet, for marketers and advertisers, is a great channel to get to these new services by general public.

A majority of Chinese users have presence in SL for e-marketing promotion. SL has been generating more than 10,000 jobs for Chinese users (Nick, 2007). Increasingly, tech-savvy businesses are using virtual worlds to design, create and test product concepts before they launch in the real world. The crucial advantage to working in virtual worlds is that they offer much more potential for customers to interact with new products. In this connection, China having the largest population and number of internet users in the world, has been using Second Life to grow its market both on online and offline environments.

CONCLUSIONS

A number of Chinese users and organizations have been using SL for online marketing promotion. A number of Chinese companies have opened separate places in SL for brand promotion. SL has become a platform for collaboration and e-marketing that removes geographic constraints through effective communication. SL has the responsibility to act as a communication medium to bring real world or distant participants in one place to make collaboration through communication. SL is technologically feasible and highly reliable for e-marketing. Like the real world or the web, many residents play with creation, using the virtual world as a medium for communication and expression. People and organizations building businesses are successful to run their activities. SL communication is synchronous, so it facilitates effective communication among residents. SL is a part of the solution to communication and organizational challenges. With its VOIP capabilities, SL has proven to be an excellent tool in building and maintaining cultures within an organizational team. In this connection, SL has become a regular tool for maintaining trust and connections among residents. The creation of trust and culture at a distance is an advantage over conventional outsourcing and communication technology.

Individual and big companies use virtual worlds as a bridge to their real world business, drawing much attention of both managers and researchers. Their marketing concept and strategies in virtual worlds are worth investigating. This study focuses on professionals and companies rising from web 2.0 communication technologies. Being the largest population of internet users in the world China has been using SL as a social and communication media for e-marketing. A similar study should be performed through empirical data analysis in the form of online surveys from SL residents to investigate the communication behavior and e-marketing opportunities in SL.

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