

# Even in a Virtual World, 'Stuff' Matters

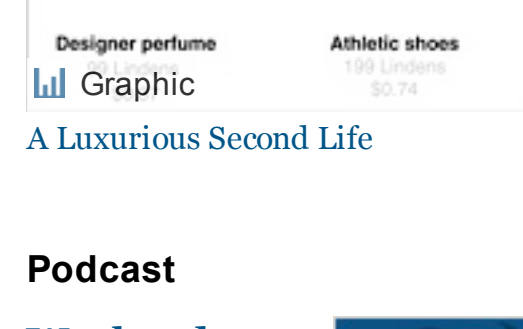


Janine Hawkins with her Second Life avatar Iris Ophelia. In the virtual world, Ms. Hawkins earns Linden dollars and spends them freely.

By SHIRA BOSS  
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IT'S payday for Janine Hawkins. Not in the real world, where she is a student at Nipissing University in Ontario, but in the online world of Second Life, where she is managing editor of the fashion magazine Second Style.

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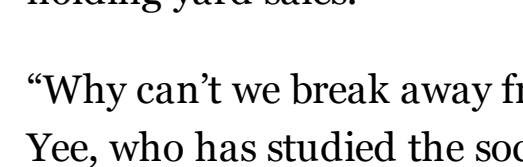
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Linden Lab  
The fashion-conscious female avatars in Second Life often shop for a provocative look.

holding yard sales.

"Why can't we break away from a consumerist, appearance-oriented culture?" said Nick Yee, who has studied the sociology of virtual worlds and recently received a doctorate in communication from Stanford. "What does Second Life say about us, that we trade our consumerist-oriented culture for one that's even worse?"

Second Life, a three-dimensional world built by hundreds of thousands of users over the Internet, is also being used for education, meetings, marketing and more obvious game playing. It's a wide world with a lot going on, in multiple languages, and it can be real-life enhancing for populations who are isolated for physical, mental, or geographic reasons. But as a petri dish for examining what makes many of us tick, Second Life reveals just how deep-seated the drive is to fit in, look good and get ahead in a material world.

Many residents have lived the American dream in Second Life, and built Linden-dollar fortunes through entrepreneurship. In what could have been an ideal world, however, or one where anyone could be a Harry Potter, Second Life has an up-and-down economy, mortgage payments, risky investments, land barons, evictions, designer rip-offs, scams and squatters. Not to mention peer pressure.

"Second Life is about getting the better clothes and the bigger build and the reputation as a better builder," said Julian Dibbell, author of "Play Money," which chronicles his year of trying to make a living by trading virtual goods in online games. "The basic activity is still the keeping up with the Joneses, or getting ahead of the Joneses, rat race game."

TO have a Second Life, one needs a computer, the Second Life software, and a high-speed Internet connection. You use a credit card to buy Lindens, and Lindens earned during the game can be converted back into dollars via online currency exchanges. Players start by choosing one of the standard characters, called an avatar, and can roam the world by flying or "teleporting" (click and go). Nobody can go hungry, there is no actual need for warmer clothes or shelter, and there is much to do without buying Lindens.

But walking around in a standard avatar, when there are so many ways to buy a better appearance, is like showing up for the first day of school dressed differently than all the other kids. You stick out as different, as an SL "newbie."

"It's hard not to fall into that," Mr. Yee said. "There are shops everywhere, so it's easy to say, 'Oh, O.K., I guess I'll get a better pair of jeans.'"

Second Life was started in 2003 by a Silicon Valley techie inspired by a sci-fi novel, "Snow Crash." It is owned by a private company called Linden Lab. The original idea of the game was to unleash creativity. Residents don't have to wear the latest fashions; they don't have to look — or act — human at all. They can take any animal, robotic, or inanimate form they want.

And while there is a minority population of animal characters, and wearing butterfly wings is currently in vogue for humans, for the most part the population is young women bursting from their blouses and young men bulging with muscle. (Underneath the clothes are cyber genitalia, sold separately. Mark Wallace, a blogger who writes about Second Life, explained that the parts are not fashion accessories but rather "a functional appliance" for, ahem, entertainment purposes.)

While a frequent criticism of Second Life is that spaces are often empty and that there's "nothing to do," a crowd can be found at the mall, just as it can in suburbia. For example, the Xcite! store, which sells body parts, is "always crawling with avatars," said Mr. Wallace, co-author of a forthcoming book, "The Second Life Herald." Fashion is big business in Second Life, along with entertainment and land development.

Big corporations like Toyota have set up islands in Second Life for marketing. Calvin Klein came up with a virtual perfume. Kraft set up a grocery store featuring its new products. But those destinations are not popular.

"These brands that have this real-world cachet are meaningless in Second Life, so most are ignored," said Wagner James Au, who blogs and writes books about Second Life. "Just showing up and announcing 'We're Calvin Klein' isn't going to get you anywhere." American Apparel closed its virtual clothing shop, and Wells Fargo abandoned the island it had set up to teach about personal finance.

Second Life exclusives do exist: A magic wand was a hot item at one point, and the sex bed is currently in demand. ("If you lie on it with more than one avatar, it's like you're in a porn movie," Mr. Au explained.)

But the more mundane items are what really drive the economy: clothes, gadgetry, night life, real estate. "People buy these huge McMansions in Second Life that are just as ugly as any McMansions in real life, because to them that is what's status-y," Mr. Wallace said. "It's not as easy as we think to let our imaginations run wild, in Second Life or in real life."

Mitch Ratcliffe, an entrepreneur and blogger, was an early resident of Second Life and built a house with a lake. But he was soon disillusioned with the upkeep involved with owning the property. "I don't see why I would want my second life to be about the same striving and profit that my first is," Mr. Ratcliffe wrote in a blog entry about his Second Life adventures. He eventually reincarnated himself as Homeless Hermes.

"People come by, see the user name and tell me how sorry they are that I don't have a home. Why?" he wrote. "It's very middle class, very staid in the way economic stigma is attached to a failure to get to work." In the meantime, Homeless Hermes took up buying and selling virtual land and has pocketed the equivalent of \$800.

Land is the biggest-ticket item in Second Life, with Linden Lab selling islands for \$1,675, plus a \$295-a-month maintenance charge.) Catherine A. Fitzpatrick, a Russian translator in New York who in Second Life is a landlord known as Prokofy Neva, got into the game three years ago and now owns hundreds of apartment buildings, houses and stores that she rents out to about 1,500 tenants who pay from \$1.50 a month to \$150 a month. She takes several hundred dollars a month out of the game to pay real-world bills. Prokofy Neva herself does not have a house. "If I did, I would rent it out," she said. "Why not make money from it?"

She has, however, turned over virtual acreage for a land preserve and public use. She and an architect friend were initially entranced by the idea of creating artistic homes that could defy gravity, but they discovered that there wasn't demand for that in Second Life.

"The average person wants a ranch house or a beach house," she said. "They don't want even Frank Lloyd Wright." (She added, "These people are my customers, so I respect that.")

Some residents do wear grunge clothing — itself a status symbol in Second Life because of the difficulty of replicating ripped and stained clothing digitally. But the largest slice of the population follows the crowd, and the crowd is not dressing up as dragons.

"The money is in the real-looking stuff: making skins with red lips and smoky eyes, and stiletto boots," said Ms. Hawkins, the Second Life fashion writer. First comes something popular, then the knockoffs. Soon everyone has one. "People go for similar looks and similar things," she said.

In Ms. Hawkins's online closet is let her move avatar to let her move avatar as a rubber duck or as a fruit salad encased in gelatin. But those identities are novelty items that usually stay on the shelf. When she goes out in virtual public, Ms. Hawkins usually takes the form of Ms. Ophelia, who has more than 250 pairs of shoes.

Items are real-world cheap — an outfit usually costs \$2 to \$5 — but they can add up quickly. "It's so easy to buy something, you don't realize how much you're spending," said Carrie Mandel, a homemaker and mother in Chicago who spends two work days a week as well as evenings and weekends on her Second Life business, selling pets.

One coveted status symbol in Second Life is a souped-up muscle car called the Dominus Shadow. It currently costs 2,368 Linden dollars, about \$9 at the current rate of 268 Linden per dollar. Many players pay that much every month for premium membership that lets them own land, and all are sitting at computers with high-speed Internet access. So why don't more people treat themselves to the prized possession of a Dominus?

"It's expensive in-world," said Daniel Terdiman, author of the forthcoming book "Entrepreneur's Guide to Second Life." "You don't think of how much things cost in real dollars; you think in Linden dollars. When something is expensive, even though it comes out to a few dollars, a lot of people don't want to spend that much money."

Although Linden dollars can be bought with a credit card, there is evidence that the in-world economy is self-sustaining, with many players compelled to earn a living in-world and live on a budget.

Surprisingly, many take on low-paying jobs. They work as nightclub bouncers, hostesses, sales clerks and exotic dancers for typical wages of 50 to 150 Linden dollars an hour, the equivalent of 19 to 56 cents. A recent classified ad stated: "I am looking for a good job in SL. I am sick of working off just tips." This job seeker listed potential occupations as landscaper, personal assistant, actor, waitress and talent scout.

Second Life players are evidently discovering what inheritors have struggled with for generations: It's not as much fun to spend money you haven't earned. Apparently, despite the common lottery-winning fantasies, all play and no work is a dull game, after all.

"People don't take jobs just for the money," said Dan Siciliano, who teaches finance at Stanford Law School and has studied the economies of virtual worlds. "They do it to feel important and be rewarded."

And to buy more things. "A lot of exotic dancers want to become models, so they can earn more money to buy more clothes," Ms. Hawkins said.

It's not just vanity that drives people to dress up in Second Life. It's also seen as good for business. Ms. Fitzpatrick, the landlady, says she doesn't really care about how her avatar looks. But she cares about what prospective tenants think. "I felt I had to go, finally, and buy the hair and the suit," she said, "or my customers might think I'm too weird."

Appearances count in Second Life's financial world, too. Banks and stock exchanges are housed in huge, formal structures draped in marble and glass. "People in the banking industry wear shiny silver suits and are absurdly tall and have hired a couple people to walk behind them in black suits with ear bugs and shoulder holsters," said Benjamin Duranske, a lawyer who blogs about legal issues related to the virtual world.

THE stock exchanges and banks in SL are imposing, but they are unregulated and unmonitored. Investors fed Linden dollars into savings accounts at Ginko Financial bank, hoping to earn the promised double-digit interest. Some did, but in July there was a run on the bank and panic spread as Ginko A.T.M.'s eventually stopped giving depositors their money back. The bank has since vanished. With no official law and order in Second Life, investors have little recourse.

Robert J. Bloomfield, a behavioral economist at Cornell University, studies investor behavior in the real world and recently became interested in how investors behave similarly in Second Life. "We know the little guy makes lots of dumb mistakes," Professor Bloomfield said. "They tend to be overly impressed by the trappings of success. We see that magnified in Second Life."

Some Second Life residents are calling for in-world regulatory agencies — the user-run Second Life Exchange Commission has just begun operating — and some expect real-world institutions to become involved as the Second Life population and economy expands. "It's a horse race as to whether the I.R.S. or S.E.C. will start noticing first," Mr. Duranske said.

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