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Awaiting Real Sales From Virtual Shoppers

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THE seven million or so inhabitants of Second Life, the three-dimensional online world, have spent millions of dollars on digital makeovers, clothing and other goods and services for their avatars.

But will the game's players buy anything for themselves?

Retailers and manufacturers like Reebok, Adidas, American Apparel and 1-800Flowers.com are setting up shop in Second Life, hoping that users will steer their avatars to these stores and buy goods to deliver to their real world addresses. So far, retailers say they have low expectations for their efforts, but some believe that the experiments could yield important lessons on how people might operate in the online realm.

"What we're doing reminds me of the early days of the online world," said Christopher G. McCann, president of 1-800-Flowers.com. "The first site we launched in 1995 was in 3-D, because I said people wouldn't want just two-dimensional photos. Here we are, 12 years later, back into this virtual world."

The company's Second Life initiative, which rolled out last week, is in a brick greenhouse bearing the company logo. There, users may browse various plants and cut flowers, including a collection of "Happy Hour" bouquets arranged to resemble cocktails. Avatars may take a free floral arrangement, or users may also click from the game's 1-800-Flowers.com store to the company's Web site to buy one directly.

Mr. McCann said that he expected to distribute more virtual bouquets than real ones. "This is more about relationship

building for us right now, and exposing our brand," he said.

The opening of virtual stores in Second Life raises interesting questions as virtual worlds mesh elements of both e-commerce and bricks-and-mortar retailing. How, for instance, does a company market itself?

As with many companies that opened stores in Second Life, 1-800-Flowers.com contracted an outside vendor. That developer, This Second Marketing, which is based in San Francisco, created avatars wearing 1-800-Flowers.com T-shirts. The team trolled popular areas of Second Life handing out virtual fliers about the greenhouse.

The team interacted with about 1,600 people in 60 hours, according to Joni West, president of This Second Marketing. In the first three days the greenhouse was open, it had more than 900 visitors, she said.

Joseph Laszlo an analyst with the online consulting firm Jupiter Research, said that building a store on Second Life will not come easily to many online merchants. "You actually have to think more like a bricks-and-mortar retailer than a virtual retailer," he said.

Mr. Laszlo said retailers must still consider such things as store layout, shelf space and ways to help users find an item.

Location can also matter, but not as much as in the physical world. Rather than walk aimlessly through Second Life, people tend to navigate the realm by searching for specific services or landmarks in the search box and transporting themselves directly there.

One of the more successful commercial applications within Second Life has been Reebok's virtual store, where users may create custom versions of Reebok shoes for their avatars, and for themselves.

According to Benjamin James, who leads the San Francisco office of Rivers Run Red, the agency that created Reebok's Second Life store, the site distributed more than 27,000 pairs of digital shoes in its first 10 weeks.

Mr. James said he did not know how many of those people clicked through to Reebok's Web site to buy physical reproductions of their avatars' shoes, but he said the effort, which began in October, was indeed helping to sell the real items. "This allowed people to get comfortable with their product in the virtual world," he said.

Other Second Life retailers said they had not seen results in their stores.

"I'm not really sold on it yet," said Raz Schionning, who oversaw American Apparel's entry into Second Life last year. Mr. Schionning said the store, allows people to buy digital versions of the company's clothes, and also click over to AmericanApparel.net to buy the real items.

Mr. Schionning said he could not comment on the level of sales that have come from the company's Second Life store, but he indicated that the numbers were quite small.

"The user interface is not particularly intuitive," he said. "It took me a while to figure out how to buy something."

One problem with selling on Second Life, Mr. Schionning said, is that it is so

new that retailers have not come to a consensus on how to do it. As a result, buyers are not sure how to approach a transaction. "We've all become accustomed to how an e-commerce site works," he said, "but on Second Life, those conventions haven't really been established."

"It's not unlike the way it was on the Web initially," Mr. Schionning added. "So there might actually be an advantage to waiting and watching to see what happens."

Either way, the sudden popularity of three-dimensional virtual spaces online suggests that consumers are ready for that sort of experience even if retailers are not. Mr. Schionning, for one, says they will have to be ready soon.

"There's a gap between the current online shopping experience and the next generation," he said. "A virtual world can at least bring you closer to the store experience without actually bringing you there. I'm not convinced Second Life is that answer, but it is a step along the path."

In the meantime, Linden Lab, the privately held San Francisco developer of Second Life, is enjoying the increased attention from businesses.

The company does not earn a commission on sales made on the site, but it charges rent to developers who want to create customized spaces on the service. Companies can lease a 65,000-square-meter parcel for \$200 a month. But to develop that land, businesses typically pay technology companies between \$100,000 and \$5 million, industry executives said.

According to Christopher Mahoney, Linden Lab's business development manager, the company has in recent months experienced a spike in interest from software developers. Those developers, he predicted, will be able to deliver photo-realistic renderings of offline stores and merchandise in the next five years.

"Imagine taking an avatar and walking around a house, painting the walls dynamically and furnishing it with products from Pottery Barn or Ikea," he said. "There'll be a point when a 3-D Internet solves problems in your real world."