



# Understanding consumption in social virtual worlds: A sensemaking perspective on the consumption of virtual goods<sup>☆</sup>



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## ABSTRACT

Virtual consumption involves consuming virtual goods in cyberspace. Virtual consumption activities are evolving into an essential activity in social virtual worlds. Despite the growing importance of this activity, little research examines this phenomenon. The current study investigates the fundamental question of how users understand the consumption of virtual goods. Using the theory of social representations and core-periphery analysis, this study elicits and analyzes the social representation of virtual consumption. Study participants are 154 Second Life users. Results identify 32 concepts and relationships representing the collective perceptions of virtual consumption in this social virtual world. Social representation map interpretations point to several key themes that provide a foundation for future investigations of virtual economy consumption behavior.

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## 1. Introduction

Virtual worlds (VWs), computer-simulated spatial environments supporting communications among avatars, have become immensely popular, with 1.4 billion registered users worldwide in 2011 (K-Zero Worldwide, Q2, 2011). A large contributor to this growth is the class of VWs that stresses social interactions and user empowerment, called social virtual worlds (SVWs) (e.g., *Second Life*, *Habbo Hotel*). This study examines user sensemaking about one of the key activities in SVWs—the consumption of virtual goods. Unlike gaming virtual worlds (e.g., *World of Warcraft*) where users follow pre-defined themes, SVWs allow users to create their own experiences. As in the real world, SVW users personalize their virtual life and engage in diverse activities such as socialization, role-playing or taking a course. (See Fig. 1.)

One common SVW activity involves consuming virtual goods, called virtual consumption. SVW platform operators allow users to create and to sell custom virtual objects (e.g., seasonal evening gown, Caribbean pirate ship). Virtual goods production and consumption creates burgeoning economies within SVWs. Estimations of global virtual consumption exceed \$3 B (BBC News, 2011). Real money and increasing transaction volumes add to SVW complexity and issues such as security and taxation regulation concerns (Bray & Konsynski, 2007).

Despite SVW's importance, a paucity of knowledge exists concerning various virtual consumption aspects. Extant research focuses primarily on legal issues (e.g., tax issues) (Lastowka & Hunter, 2004) and macro-economic analysis (Castronova, 2004). Marketing studies primarily investigate digital consumption (e.g., book digitization) (see Chen & Granitz, 2011), and few studies examining consumption behavior in virtual worlds (Siddiqui & Turley, 2006). No research investigates how users understand, or make sense of, virtual consumption. Identifying perceptions and aspects most salient to the consumers of virtual goods is necessary to provide groundwork for future research. The current study explores SVW users' common understandings of virtual consumption using a social cognition approach, through social representations theory (Moscovici, 1984) and core-periphery analysis (Abric, 1976).

## 2. Literature review

### 2.1. Virtual economies

SVWs typically involve interaction and exchange replicating the real-world economy. Called a virtual economy, SVWs allow users to define and to pursue their own goals through economic activities (Bloomfield & Rennekamp, 2009). The spatial-metaphorical SVW characteristics offer a platform to accept virtual goods (e.g., land, houses, and clothes) as intended objects rather than the underlying programming codes/scripts. SVW operators or users produce virtual goods and trade using virtual currency (e.g., *Second Life's* (SL) Linden dollars), allowing operator sanctions and user exchanges for real money. For example, users visit shopping malls and even try on virtual clothing. Support for

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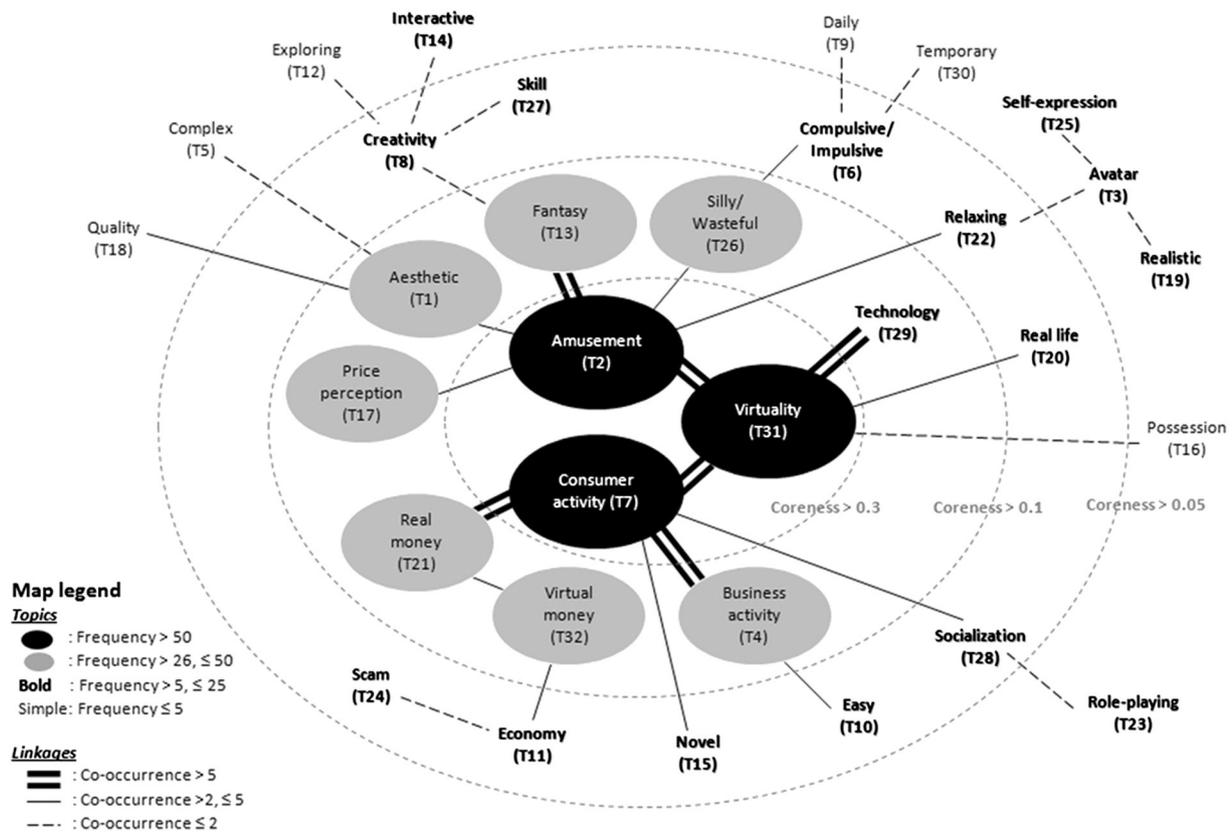


Fig. 1. Social representations map of virtual consumption.

user-to-user trading of virtual goods inside virtual markets positively affects consumption's rapid rise and the virtual economy's expansion.

In-world economies evolve through users' collective input of virtual goods' production. LSL (Linden Scripting Language) allows users to create virtual objects. SVW providers endow their customers with intellectual property (IP) rights for these creations. At one point, 30% of the users conducted business in SL (Market Truths, 2007). Their creative labors' financial reward results in an overwhelming array of virtual goods. Some users generate substantial financial profits (e.g., Anshe Chung, SL's first millionaire) (Sloan, 2005).

While the current study concerns virtual goods' consumption, real-world companies also launch e-marketing initiatives for advertising, brand promotion and new product development in SL (Hemp, 2006; Vedrashko, 2006). Interactive avatars communicate marketing messages and real-time product or service information serving as recommendation agents or virtual interlocutors (Bélisle & Bodur, 2010). VWs initially were over-hyped, followed by a period of disillusionment and retrenchment by some organizations. Lessons learned, however, set the stage for a resurgence and significant long-term impact of these sites for e-marketing and other enterprise activities (Jennings C, 2008).

2.2. Prior user motivations research in SVWs

Initial SVW research focuses on legal aspects and economic analysis. One issue concerns whether or not user-to-user trading in SVWs are legal transactions (Lastowka & Hunter, 2004). Other studies analyze the virtual economy using economic concepts such as demand curves, price flexibility, or macroeconomic indicators (Castronova, 2004).

Recently, a few studies examine users who compose the core SVW participants, creators, consumers, and entrepreneurs. Those studies examine user adoption of SVWs. Study results suggest that both utilitarian and hedonic factors affect adoption (e.g., Barnes, 2011). Social factors also affect adoption (e.g., Eisenbeiss, Blechschmidt, Backhaus, & Freund, 2012). These findings confirm that utilitarian,

hedonic, and social factors serve as primary motivations for participation as well as identify a wide range of sub-motivations.

While adoption remains a key issue, understanding varied user behavior types is important. To date little research on virtual consumption behavior exists. The few confirmatory studies investigating virtual consumption examine factors affecting purchase intention (e.g., Animesh, Pinsonneault, Yang, & Oh, 2011). Consumption perceptions and behaviors largely are unknown and this study's exploratory research fills a void.

3. Social representations approach

This study employs a social representations approach to reveal key elements of SVW users' collective sensemaking about virtual consumption. Social representations theory proposes that individuals in a social setting collectively share common references or representational fields (Doise, Clemence, & Lorenzi-Cioldi, 1993). This approach develops a common map or cognitive organization of the SL users' collective sensemaking.

Social representations become the stock of common knowledge which community members share about the social world (Augoustinos & Walker, 1995); they serve as reconstructions rather than reflections of reality. When people confront an unfamiliar social object, social representations offer a referential framework to categorize and interpret the unfamiliar one (Moscovici, 1984). A multidisciplinary, theoretical approach typically guides investigations on novel or unfamiliar social object or phenomenon (e.g., biotechnology, Wagner, Kronberger, & Seifert, 2002; digital economy, Alexandra, 2001). Thus, the theory provides useful lenses to investigate users' collective knowledge of the new practices such as virtual consumption.

Social representations consist of information, beliefs, and opinions about a given object (Abric, 2001). An important aspect of social representations is the structure, which includes a central core and peripheral elements (Abric, 1976). The core-peripheral view stems

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