Chapter 18
Virtual Worlds:
Good Enough Substitute?

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ABSTRACT

Christensen (2002) describes that new technologies and solutions replace established goods and services as a result of being “good enough” replacements. That is, the value of functions provided by a new solution outweighs any further incremental improvements to the entrenched product. The new value could be in terms of size, convenience, cost or other dimensions pertinent to many consumers. These attributes might be traded off for capacity or performance or other factors which are deemed less important than the new benefits. Virtual worlds are providing new value in many areas of commerce, business, health and recreation. They are not a fad. They are part of an ongoing change. Virtual worlds are in an opportunistic position to supplant many existing solutions and may be only one or two breakthroughs away from displacing more.

INTRODUCTION

This chapter examines the many aspects of virtual worlds and the solutions they offer in light of Christensen’s concept of good enough replacements. A number of solutions currently provided by virtual worlds will be described and evaluated in their present state in comparison to real world equivalents. Dimensions such as cost, usability and functionality are all subject to an initial analysis, followed by thoughts on what paths could be taken for virtual world solutions to evolve further and provide more advantages. As Peter Drucker says in his book “Managing in the Next Society”

How do you turn transition to an advantage? By looking at every change, looking out every window, and asking “Could this be an opportunity? Is the new thing a genuine change or simply a fad?” And the difference is very simple: A change is something people do and a fad is something people talk about. (Drucker, 2002, p. 47)
Throughout this chapter, the following questions will be addressed:

- Where are we on a trajectory from local stores to online goods and services with a richer virtual shopping experience?
- What enabling technologies are required to drive a significant shift to virtual goods?
- What role can shopping and informational portals play in virtual world commerce?
- What types of virtual goods are currently being purchased and for what purpose?
- What goods and services are likely to become part of the next wave of virtual purchases and ownership?

FROM LOCAL STORES TO ONLINE GOODS

Traditional Retailers

Online retailers continue to have success and growth in the current economy, with sales projected to rise 11% to $156 billion in 2009, and accounting for 7% of overall retail revenue (Legatt, 2009). In case you thought Amazon is just a book purchasing site, they also have significant business in sales of music, food, electronics, household supplies, cosmetics and many other types of products. In 2004, electronics sales overtook their book sales (Ouchi, 2004) and their profit from electronics sales doubled in 2008 (“Amazon Profit Doubles,” 2008). Online-only discounts, ease of pay, and inexpensive or free shipping also minimize the disadvantages and create an online incentive.

Amazon’s online shopping experience has also been able to accomplish their success due to a number of explicit advantages over brick and mortar shopping. First, many sites provide shoppers with “social” features such as peer reviews of products, search capabilities, and recommendations for similar or related items. Amazon.com provides personal lists you can maintain on their site such as a Wish List, Shopping List and Wedding Registry. They also have a number of programs to inject human beings into the shopping and discovery process. The Amazon Vine™ program is an invitation-only program that identifies respected reviewers based on their review history. Amazon also indicates Top Customer Reviewers based on how quickly they review items once they become available and how popular those items become. The degree to which “real people” are obviously involved in the shopping experience through recommendations and lists and so on does much to remove the inhuman aspects of shopping online.

3D Worlds

Recently, virtual shopping has developed into an experience that can be successfully integrated into an interactive 3D virtual world. For example, many people are familiar with the acquisition and purchasing of clothing imbued with special powers for their online avatars in game worlds such as Final Fantasy Online and World of Warcraft. But did you know the casual online world of Zwinky.com claims to have sold a total 46 million virtual clothing items, and was expecting an estimated $1.5 billion dollars in real cash to be spent on such items in 2008 (Shropshire, 2008)? As part of a further blending of the virtual and real, Zwinky’s “Zbucks” currency is also available through pre-paid cards at Target and 7-11, who also host virtual cash for other popular online worlds such as Habbo Hotel and Kaneva (“Zwinky Adds Pre-Paid,” 2008).

While all your virtual world clothing purchases fit, you can’t take it with you as the saying goes. Or can you? In 2008, Gaia Online™ began selling real world clothing items through their storefront web page (“Pullover Gnome Sweatshirt,” 2009). By entering a code you receive with the real world item, an identical virtual item will be sent to your online avatar to wear in the virtual world.