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Virtual advertising profitable if done properly

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It's possible to run a profitable business in Second Life, a 3-D virtual world where users can socialize with each other through avatars. That's the conclusion of a Simon Fraser University case study.

SFU business professors Leyland Pitt and Michael Parent, and PhD students Anjali Bal (SFU Business) and Wade Halvorson (Lulea University of Technology, Sweden) have won an award from the Academy of Marketing for their investigation of Second Life's business and marketing practices.

'Cashing in on the Green Dots: Marketing Ireland in Second Life' earned them the Pearson Education prize for best case study paper at the Academy of Marketing Conference in England. The conference is the largest of its kind in the United Kingdom.

The 2010 Pearson Education Prize marks the third year in succession that the best case study honour has gone to SFU's Faculty of Business Administration. This year's winner concerns Virtual Dublin, a successful online business in Second Life, where people can create and trade virtual property, travel, and participate in activities.

Virtual Dublin was created by Irish developer John Mahon, whose e-marketing campaign was built around sponsoring a range of events and activities in a digital replica of the real-world Dublin. The business model took full advantage of Second Life's immersive environment to offer real-world advertisers the opportunity to replicate and extend their advertising campaigns into the virtual world.

The SFU Business case study demonstrated the viability of a moderately profitable enterprise on Second Life - one that included advertising that, unlike traditional ads, was 'imbued into the fabric of the experience... residents had an ambient awareness of them.'

The business idea, say the researchers, 'combined the virtual and the real-world models, but not by selling the same good or service in real and virtual worlds, but by bringing real-world advertisers into the virtual world.'

Parent says virtual ads can have a greater impact than real ones.

'In the first place, you are attracting real people to the site who already have a predisposition to being there, and a relationship with the brand - in this case, Dublin - being represented. Compare this to a billboard or a newspaper ad, which most people don't even see, and you can see the power of virtual advertising - when it's done properly,' he says.

'Most companies and advertisers don't 'get' virtual worlds, Web 2.0, social media, and all of these new applications that are flooding society. Our study shows them how a company can take advantage of an existing market, and draw attention from willing, interested and motivated users.'

Business cases are often used as part of the case teaching method, an experiential learning approach that is popular with some business schools, and one made well known by Harvard Business School. 'Cashing in on the Green Dots: Marketing Ireland in Second Life' is already being taught to business students on two continents.

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