Music biz seeks Second Life via virtual real estate

By Antony Bruno

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SAN FRANCISCO (Billboard) - Every year, a new online service seems to creep out of nowhere to capture the public's imagination, causing at once havoc and opportunity for the entertainment industry.

Two years ago it was MySpace. This year it was YouTube.

For next year, the music biz seems to be betting on Second Life.

Simply put, Second Life -- created by San Francisco tech company Linden Labs -- is a virtual world where members navigate through 3-D environments using digital replicas of themselves called avatars. Members chat, play various types of virtual games and spend real money to buy fake goods such as clothes, weapons and houses.

Its popularity is skyrocketing -- growing from 100,000 members at the beginning of 2005 to 400,000 earlier this year to more than 1.5 million members now, with an average of 10,000 members online at any given time. The growth rate now stands at 10 percent-12 percent a month, but analysts predict Second Life could explode to 9 million members by next June.

And then there is the virtual economy. Second Life members spend an average of $350,000 a day buying and selling goods and services using a virtual currency known as Linden Dollars, which can be exchanged for real cash at the rate of about 271 Linden dollars to one U.S. dollar. In the month of October, $9 million of real money was spent within the game.

VIRTUAL EVOLUTION

Put it all together and Second Life holds great potential to become the next evolution of the social networking/user-generated content. Brands like Adidas, American Apparel, Dell Computer, Toyota and others already have established a presence within the virtual world, and the music industry is close behind -- creating branded destinations, live concerts, merchandise stores and even recording facilities.
“Second Life’s combination of social networking, strong sense of community and creativity makes it a very appealing destination,” an EMI spokesman says. “If we’re smart about it, we can help residents of Second Life connect with their favorite artists and discover new ones.”

Buying a presence in Second Life is like registering a Web domain. Interested companies can either rent space on an existing island or simply buy their own. It costs about $5,000 to buy the largest island the world has to offer, with about $300 a month in maintenance fees.

Then there’s development costs needed to "build" whatever 3-D environment the brand wants on its "land," which can cost more than $10,000 depending on the sophistication of the experience, in addition to monthly maintenance fees.

Sony BMG has planted the biggest flag to date, buying an entire island within the Second Life world called the Sony Music Media Island. It features several "artist’s lounges" that fans can visit to stream tracks and watch video from acts like Audioslave, DMX, OutKast and Justin Timberlake. Lounges also include a photo gallery, artist bio and links to each artist's Web site.

There is also a virtual shop, where members can buy label-branded clothing for their avatars and tracks that they can play and broadcast to others only in the Second Life world. Additional links in the store direct users to various Sony Music Web sites to buy real-world items, such as albums, merchandise and mobile content.

**BEAMING LIVE**

The Media Island went live October 19 with a live chat and album preview by Ben Folds. During the event, Folds appeared in avatar form, answered questions and streamed tracks from the new album before chugging a can of Duff beer and attacking the audience with a light saber and laser beams shooting out of his eyes.

The Media Island is still in somewhat of a "quiet" mode, with Sony doing little to promote the location as it continues to develop the complex with additional content and features. Still, the location has received about 3,000 visitors since going live.

Other labels have experimented on a much smaller scale. Warner Bros. Records built individual brownstone lofts on rented land for artists Talib Kweli and Regina Spektor. Fans can play pool and chat there while listening to their respective tracks.

On August 3, Suzanne Vega became the first major recording artist to perform live in avatar form as part of a simulcast on the public radio station Infinite Mind. Duran Duran is preparing a live Second Life concert as well.

Like MySpace, Second Life is also a haven for unsigned bands and indie artists. Several virtual nightclubs, bars and other venues book live performances and stream recorded music from acts hungry to gain an audience. Second Life even has a dedicated "live music" category in its live event directory, with several performances scheduled daily.

Currently, this activity is strictly promotional. Like Web sites, popular Second Life destinations can sell advertising space for other Second Life services as well as for real-world Web sites in the form of virtual posters or billboards, and organizers could conceivably charge for live events.
But performing in Second Life does have its limitations. Too many members in one spot can cause a lag in the time it takes for the graphics to load, which commonly results in avatars walking around with no clothes. As such, live events are restricted to only a few hundred members at a time.

Today the biggest benefit of holding events in Second Life is the press they receive. Once that buzz factor wears off, further activity in the space will require more concrete results, and no one has determined how to measure that just yet.

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