
Virtual Worlds dying – but slowly

By Miklos Sarvary

Out of curiosity I have done some online search about virtual worlds. I have also visited INSEAD's Second Life (SL) location and while there, I was wondering around SL's mainland, something I have not done for 3 years now (!). To my astonishment there was more life on Second Life than I expected. I had a particularly interesting time in a rock club where the music was exceptionally good and the DJ had a great line.... The club had a good dozen people dancing, quite some turnover and good looking avatars and all of this at around 9 am EST on a Tuesday. The SL mainland was certainly more active than 3-4 years ago when the virtual world fell off the Internet publicity cliff and sunk into the unknown.

Today, virtual worlds are dwarfed by more successful social media companies such as Twitter, Facebook and other sites having hundreds of millions of users. The odd article that you find about some of the early players that haven't shut down, like the one below on IMVU are misleading (and this can be gauged by one of the – only 3 – comments to the article): <http://venturebeat.com/2012/08/20/imvu-social-world-crosses-100m-registered-users/>.

But, despite this lost popularity to the masses virtual worlds are still alive and attract a small but devoted community. Who these people are is hard to figure out but my hypothesis is that they tend to be 'introverts' who appreciate the anonymity of virtual worlds and the idea that they can create their own realities. This group has always been the core of the user base – even when SL was on the top of the hype. Note that there still is tremendous creativity one can observe on SL: people create incredible things there. I vividly recommend an informal tour – if you have some time.....

Because the user group is small, I guess revenues are small too (the above article mentions \$50 million for IMVU, which is insignificant compared to the billions that – say – Facebook gets). As a result the infrastructure is clunky,

which in today's world means that only the real fans will join. This closes the loop: the community remains small and appeals to people who like small communities who don't mind the clunky infrastructure that much (in fact, they appreciate the tech barrier that keeps the crowds out). Revenues and resources are thin so massive improvements are difficult to pull off (SL, for example, hasn't really changed its UI in the last 4-5 years).

What is interesting though is that virtual worlds do not disappear. They survive. We don't hear about them, we have few friends who even know about them. Yet they generate enough revenue not to shut down. Can this lead to a renaissance? Not if the above loop is closed. But is it? One of the clear barrier to the masses is technology. It doesn't work well enough. However, MORPEG technology is improving fast in a related and extremely successful industry: gaming. Billions are being invested in high-bandwidth 3D interactivity by the gaming industry. While virtual worlds are experimenting with the concept their underlying infrastructure technology is rapidly improved by a neighboring industry, exploiting the latest innovations in software, hardware and networking gear. Bottom line: the loop might not be entirely closed and a renaissance is possible. After all, the history of the World Wide Web is very similar (obscure for decades, only used by scientists and suddenly, with Netscape, breaking into the mainstream)...

Find article at

<https://knowledge.insead.edu/marketing/virtual-worlds-dying-slowly>

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