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Computer-generated gifts are hot, but some wonder if they're a rip-off

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CHICAGO - You don't wrap these presents in a box. You can't wear them, play with them or show them off, at least not in the real world.

Even so, virtual gifts - computer-generated items given and displayed online - are quickly becoming must-haves. And increasingly, people are willing to pay cold, hard, real-life cash to purchase them for friends, family and co-workers.

"For the person who gets the gift, it is like a badge of honor," says Dave Coffey, who tracks online trends for Sapiient, a Florida-based marketing company. Coffey's gotten into the act himself, buying a few \$1 gifts on Facebook, a social networking Web site. He purchased a pair of virtual shoes for his wife for her birthday, a can of "whoop-ass" for a friend who got a new job, and a virtual beer to pay a bet he lost to his boss.

They are nothing more than cutesy icons posted in a "gifts" section on a person's profile page, the smiley faces of the 21st century. And like that 1970s icon, they have mass appeal.

Since they were introduced in February, Facebook says its users have purchased more than 24 million of these dollar items, which are sold in limited editions to generate more interest.

Avatar 'bling'

Elsewhere online, including virtual world sites such as Second Life, Utherverso and Stardoll, people can give gift certificates so their friends' avatars, or online personalities, can shop at "malls" on the sites.

Just like the real world, appearance matters in the virtual world. Gifts of digital clothing, accessories, makeup and even digital furnishings for an avatar's virtual home are especially popular. A pair of virtual boots, for instance, might cost \$2 or \$3 in a world where one could pay \$20 or \$30 for an intricately designed "skin," an avatar's outer layer.

Jeff Roberts, a New Yorker who is one of about 11 million Second Life "residents," has given SL gift certificates, worth real money, to friends and co-workers.

Their avatars "come back from stores' with all sorts of clothing, bling, and new hair styles," says Roberts, who heads a radio station in Second Life, known as the Virtual World Radio Network.

First wave

The ease of giving a virtual gift is definitely part of the attraction, he says.

"A few clicks and it's done," Roberts says.

"No worries about FedEx or the post office getting it there on time." Kel Kelly, a businesswoman in suburban Boston, figures she's spent just under \$100 on virtual gifts on Facebook. The presents are hip - things like icons of champagne bottles that clients can post on their pages.

"Anyone can send an e-mail that says, 'Congratulations on your recent partnership' or whatever," says Kelly, a marketing executive and college lecturer. "It's just a really cool way to stand out."

In a sense, these gifts are supplanting electronic cards, greetings that are waning in popularity, according to Internet watchers. People are becoming more willing to pay for something you can't hold in your hand.

While \$1 is the going rate on Facebook, Kelly says she'd be willing to spend as much as \$5 to \$10 on a unique, funny virtual gift.

"A buck is like, Eh, it's only a buck," she says. "They're getting you addicted to the experience by giving it to you on the cheap. Then I think prices will rise."

'Money to be made'

The novelty is driving the market for virtual gifts and goods. So is the frenzy to gain status on social networking and virtual-world sites, says Robbie Blinkoff, an anthropologist who studies online trends.

"There's a lot of money to be made," says Blinkoff, managing director of Context-Based Research Group in Baltimore.

In the first two weeks of November, the company that created Second Life says there were almost 3 million digital objects sold on its site, though it's not possible to tell which of those were given as gifts.

Even so, Blinkoff predicts that the limitations of virtual gifts also will become more apparent. Simply put "giving takes work," he says.

"If you're sending virtual gifts and the person is two blocks away, it's kind of like e-mailing the person in the cubicle next to you," he adds.

Others call virtual gifts a waste of money - a way of "pouring millions down the virtual drain," says Michael Bugeja, director of Iowa State University's journalism school.

This holiday season, he's challenging people to give money they planned to spend on virtual gifts to charity instead..