What Users Want - Branded and User-Generated Virtual Goods

Panel Participants:
- Amy Jo Kim - shufflebrain
- Lee Clancy - IMVU
- Brian Bellefour - Viximo
- Sean Ryan - Meez

- How to decide what goes into virtual items inventory
- Demographics: Statistics of purchases, who buy what
- Scarcity: Viximo's process is manual
- Lee Clancy: IMVU has 4000 items added per day, 20 million items in total
- Help for content creators: Tutorials
- Calendar: Key events like Halloween
- What does the advertiser want to see?
- Movies, brands, features that are coming out in the product
- User's ideas: What is currently in fashion

- Challenges of UGC:
  - Quality
  - Appropriateness
  - Copyright
  - Porn
  - Users flagging
  - Management issue: Legal, social, culture of what is wanted in this world
  - Ratings: Get rid of what violates your TOS, highlight what is good

- Statistics, social voting: Get rid of what violates your TOS, highlight what is good

- There.com had both UGC and branded content: UGC was much more popular
- Branded goods can be good for identity/role play

- Top UGC creators can become brands themselves: Need to be very, very clear on policies what's acceptable and what's not
- Peer review system helps to alleviate load

- 1/3 of revenue = actual items
- 1/3 of revenue = functionality (e.g., floating in a room)
- 1/3 of revenue = access (e.g., front row seat)
  - As you are 20 pixels high, those items really need to stand out to be visible
  - It's really about status & personalization

- Content creators very different from mainstream users: Management of UGC is challenging

- Misc:
  - Smilebox - Online scrapbooking
    - Sell templates, $30/year premium service
  - VGoods are a form of non-verbal communication: Viximo provides VGoods to e.g., dating sites
  - Consumer feedback: User body types added because of this
  - What do your users want to do?
    - Be themselves
    - Be a fantasy character
    - Something else, both, or?

- User demographics:
  - Meez has a lot of females in Ultimate, females led creation activities
  - IMVU: 60% female, 40% male, females lead creation activities

- Geographic:
  - Primarily English language product
  - 40% of revenues come from international

- Important to support buying for not just yourself: Gifting
  - Support group activities: E.g., Puzzle Pirates
  - Buy ship
  - Buy badge for every crew member

- Tools to support UGC: Sean Ryan: Ownership
  - Every product is derived from another product, ultimately from a core product created by IMVU
  - Whole chain of content creators is tracked
  - Everybody gets compensated for their work

- Process of getting products to the world: Good preview tools
- Partnership with big concert promoter: Meez
  - People get together around shared interest (e.g., Emomusic)
  - A mansion with artists that go on tours
  - Links to Itunes
  - Branded content to the site
  - Premium branded VGoods
  - Business is still small in US, more about promotion than selling those VGoods

- Subscription is not conflicting with microtransactions: Subscription = bunch credits for microtransactions & VIP features

- Community management: Banning etc.
- Financial:
  - If you allow cashout, your fraud goes immediately up
  - Games that give pay outs, might have hacks
  - Have great reporting tools (triggers, etc.)

- On-going battle:

- Economy:
  - Pricing:
    - Look at what others do: e.g., Korea
    - Teen, mainstream audience: Have tested $0.25 - 4
    - There's some price elasticity
    - Power users buy anything you have
    - VIP programs alienate some users, and powerup some others
    - Manual pricing: Typically $0.5 - 2.5

  - Profit based pricing: Recently introduced

  - UGC creators control their margins: 90% of IMVU's revenues is VGoods also VIP subscription
  - Monthly set of credits, other VIP perks
  - Combo of VGoods and ads is great business model

- Impact of real world economic downturn: Potential for revenues is a big driver for VGoods growth
- $1.5 bn VGoods revenue worldwide
- VGoods make it possible to drive revenue from international traffic: Lots of payment gateways needed
  - Faucet/drain economies: Monitor & tweak to get it right
  - Currency resellers are important part to provide liquidity to the market

- Fraud:
  - Community management: Banning etc.
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