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news

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By Christine Gordon

In 1995 virtual reality entertainment Web sites rushed to hoist cyber flags on several imaginary landscapes. Two years later, user dialog -- once peppered with words like avatars and electronic communities -- faded out of the popular Internet vocabulary. One reason was the rampant abuse of uploaded porn, which spooked big community players like AOL away from the 3-dimensional space. Another, users still adjusting to tags were ill prepared for the burgeoning technology, which changed monthly and required lots of end-user tweaking to make it work. Now, Alley entertainment portal Worlds.com is convinced that users are over the technological hump and ready to enter imaginary worlds with innovative advertising initiatives.

Worlds was originally created in 1994 as a spin-off of Bill Gross' Knowledge Adventure. In its early days, it was a 3D toolkit company that contracted work for clients like Steven Spielberg and the StarBright Foundation, Sony, AT&T and IBM. Thom Kidrin, chief executive officer of Worlds.com, said his company pioneered 3D virtual environments with the launch of its first 3D online community in 1995, called Worlds Chat. Before it split with Knowledge Adventure the company had 150 employees. Currently the company is staffed by 22 full-time employees and 12 contractors. And it's now pushing a 7.3MB download that allows users a rich, Web-based experience.

Nearly every online entertainment player has been twisting its hands trying to figure out how to make money on the Internet, and Worlds.com thinks it has found the solution. This Saturday the company intends to roll out several advertising models along with a host of celebrity driven e-commerce offerings by enabling users to visit a pre-taped Hanson concert using custom built digital avatars. Each person can virtually dance and sidle up to band members and shoot questions to the trio through a Worlds.com moderator. Later, after the bubble gum looses its flavor, a user can transport, explore and shop 33 other celebrity stores that range from David Bowie to Public Enemy to a generous selection of urban outfit gear. As part of the arrangement with its, affiliates, Worlds.com cuts its partners a 15-percent commission check for every product sold by way of a banner ad hit.

The company buys inventory from merchants authorized to distribute music group products, like N'Sync and the Backstreet Boys merchandise. Some deals like the one with Hanson are refined through several negotiations, and the resulting revenue split is determined on a case-by-case basis.

HansonWorld is available from the Worlds.com Web site. As part of a marketing initiative, Worlds.com also packaged HansonWorld installation software as a part of the group's new CD, which is scheduled for release on May 9th. The entertainment portal also mailed out about 150,000 fan club magazines with the

uploadable software. So far, the company estimates that the install rate has been 38 percent. Teen Magazine also intends to ship out 2.6 million CD's containing HansonWorld in its July issue. As a part of the deal,

Hanson will receive an undisclosed amount from the revenues reaped by the CD uploads, including money generated by VIP users who chose to interact using customizable avatars. As with future celebrity chats the company will profit from voice to voice telephony, VIP only access areas and advertising revenue. The band and Worlds.com will each take an undisclosed amount from e-commerce proceeds generated from Hanson branded merchandise. The group intends to make regular 3D appearances that include event chats and pre-recorded concerts.

The content the company offers is based on an avatar gallery where users can design personas from several different palettes and travel through a network of music, sports and bars. While strolling, an avatar can engage in voice-to-voice chat, pass items between each other and make purchases from its e-commerce partners. Users can also play games or choose to enter a world inspired by the advertiser. For instance, clicking on a Coke machine might transport a user through a distressed Coke portal that looks like an acid brown wash and resembles the Coke color onto a beach filled with Coke umbrellas and cans. As part of the company's e-commerce plan, every time a user purchases an item from a vendor, Worlds.com takes an undisclosed proceed of the sale.

The company also makes money through the frequency of a user's visits and advertising hits. The current Worlds.com rooms are brimming with advertisements that range from rotating brand name shoes to branded avatar clothing. Advertising pushing is a big risk -- people are already steeped in over-abundance of advertising stimulus online and off and the lure of virtual reality is the escape from reality. However, Worlds.com smoothes the ruffled feathers of users who are tired of commercialism by encouraging and rewarding participation in the advertising deluge.

For example, every time a user's avatar chooses to wear a piece of clothing sold by an e-commerce partner they accrue a certain number of points from the advertiser which ultimately convert to free online time in a VIP room. Currently, the company bills a user between $1 to $1.50 per month to enter the exclusive room where a 90 Mhz. Pentium processor is the only necessary tool a user needs to flesh out their avatar. The terms of the e-commerce agreements and partnerships are undisclosed.

According to Steven Chrust, the chairman of Worlds.com and co-founder of broadband services company Winstar, the company is in discussions with several companies regarding advertising packages. Although the company is in a quiet period with regard to partnerships Chrust said Worlds.com intends to sample a broad range of the marketplace.

"Companies ranging from apparel manufacturers to soft drinks to record companies can benefit from our type of content and interactive technology," said Chrust. "3D, combined with our user base and entertainment-oriented content, makes 3D advertising (and promotional activities) on Worlds.com an attractive advertising outlet."

Chrust said a recent deal with FreeServe had enabled Worlds.com to sell some advertising on its Web site. As part of the deal both parties takes a revenue share per banner hit and sale.

Recently, Worlds.com secured a deal to provide 3D content and technology for RoadRunner, the joint broadband venture owned by Time Warner, Media One, Microsoft, Compaq and Advance/Newhouse. It built a customized 3D space called "Hang," where user/ avatars can discuss music, sample eight music genres, view streaming video and listen to streaming audio. Financial terms of the contract extension were not disclosed. Road Runner has 550,000 subscribers.

Besides cutting marketing deals, Chrust said his company's main challenge is initiating and expanding new media content.   "When television was invented it was just a camera placed in front of a radio show," said Chrust. "We're figuring out how to create the content for this new media. Television is passive, but in here you can impact the content you watch --bars, needless to say, have low alcohol content."

Worlds.com has designed applications for clients such as AT&T, IBM, PC Magazine, Sony Pictures, and Visa. The company believes it can beat competitors with its Java based infrastructure and C++ protocol. Two companies based in California, ThePalace.com, now owned by Communities.com, and blaxxun interactive write programs using virtual mark-up language, a method Kidrin finds lacking.

"They have two dimensional paste-up characters," said Thom Kidrin, chief executive officer of Worlds.com. "You draw a bubble over its head."

While blaxxun interactive opted not to comment, the former chief executive officer of ThePalace.com, Mark Jeffrey, said he was excited about Worlds.com's re-entry into the 3D space.   "We thought Worlds had gone away," said Jeffrey, a virtual communities evangelist now heading up a new West Coast start-up, SuperSig, a messaging company. "Then two months ago it took out two large bulletin boards advertising its services. They're coming out with guns blazing."

There's a healthy respect and competition among the main players in the space partly born from the rocky road each has shared. In the last few months, Worlds.com has spent much of its latest $4 million private placement round on offline advertising lead by Ignition Inc. The campaign includes billboard spreads and bus kiosk advertisements, four radio commercials and print placements targeted to the New York, San Francisco and Boston metropolitan areas. One ad reads: "This may be the only chance you have to dance with a Swedish girl."

ThePalace.com is countering Worlds.com's marketing initiatives with two big deals of its own, one a partnership with CBS and the other a deal with the World Wrestling Federation. The company has over 1.5 hard-core users who spend between three to three and a half hours a month inside Palace rooms. Worlds.com said its users initially spend about three hours and ten minutes on a first visit. As a comparison, Ebay has clocked user time at about three hours and ten minutes per visit. The conclusion: judging by the stickiness ratio this is a ripe time for Worlds.com and others to make their mark.

Software firm blaxxun interactive (whose name is a derivation of Black Sun, a software company in the science fiction virtual reality story Snow Crash) writes programs that enable users to create town halls, elect officials and debate in digital societies. One virtual community is Cybertown.com where users shop, attend meetings and visit virtual universities. Interactive investment firm CMGI owns 48 percent of blaxxun.

"Blaxxun isn't focused on mass market entertainment appeal," said Kidrin. "They have an interesting design, but we offer a richer, visual experience."

Recently, big players like Microsoft have re-entered the 3D foray. The company offers its own virtual chat software that differs from Worlds.com in a number of ways.   "The environments in Worlds are visually rich with textures, 3D objects and perspective depth," said Kidrin. "Microsoft uses black backgrounds with one dimensional characters (avatars) that do not articulate and have no back or sides. V-chat is not entertainment focused, rather it is more of a general chat space. They do not have any customizable avatar or object capabilities. There is no e-commerce, voice telephony or multimedia integrated into their platform."

In the future, Worlds.com intends to bump up its content in several ways. First, it intends to use freelancers to write Webisodes, scripts designed for user interaction. It also intends to license film animation characters for marketing and e-commerce initiatives. A room featuring an ant from the animation film Ants would interact with users and at the same time promotes an upcoming sequel. In the meantime, Worlds.com intends to build-out its brand and user base, through events like the Hanson concert and chat. Chrust said he expects to concentrate on building out the Webisodes later this year.

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The company has a lot to look forward too, not only an eager audience -- Chrust said that since the start of the company's advertising campaign on March 20 weekly unique visitors has grown by 39 percent -- but also a bright future through broadband.

In the future, Kidrin said the company would take advantage of the speedy connection offered through broadband.

"Worlds future enhancements will consist of intelligent avatars that will speak to users through voice synthesis about topics of specific interest based upon database analysis," said Kidrin. "Users will have avatars that look like themselves called Vanatars. Body movement sequences will be customizable to the unique user and facial expressions will be a highly emotive."

Is this really the beginning of a new Internet age, first glimpsed almost five years ago? The company said it's only a matter of a few years before users generate multiple plot lines and write the scripts that drive the stories.

"As broadband becomes more pervasive the ability to gather as a family from around the world and all sit together in a virtual living room and watch entertainment while talking together or taking a virtual exploration in the ruins of Machu Picu will be commonplace," said Kidrin.

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