

TIME

Style & Design

The Luxury Index

A Complete Guide to the Best Products, People and Places of 2008



Imaginary Trends

Want to buy a cyber-BMW or an Armani dress made of pixels? In the virtual world at least, luxury loot is flying off shelves

By Carolyn Sayre

Online shopping Fashion hounds, below, in *Second Life*, where the economy is still sound; modern design, above, in *Second Life*



KIM MACKENZIE BOUGHT HERSELF 45 sports cars last year. That may seem excessive for a 43-year-old mental-health professional working in East Troy, Wis., but there was one catch to her glamorous purchases: The cars weren't real. They were virtual vehicles that exist only online in a simulated world called *There.com*. MacKenzie has spent nearly \$10,000 since 2006 buying cars, boats and homes—all made up of mere pixels on a computer screen—for her digital persona, or avatar, Juliae dans. "It is my place to live out my fantasies," she says. "I could never afford that many Mercedes-Benz in real life. But in the virtual world, I can buy just about anything."

MacKenzie has caught on to the virtual universe's latest craze: the buying and selling of imaginary luxury goods. Just as one would purchase clothing or furniture in real life, avatars travel to in-world stores and buy everything from designer handbags to Italian villas. According to industry analysts, more than \$1.5 billion was spent on virtual goods last year. "It is unbelievable," says Reuben Steiger, founder and CEO of Millions of Us, a virtual-world branding and advertising agency. "People are spending more and more money on items that aren't real."

In fact, so much money changes hands in virtual worlds that some of these worlds have

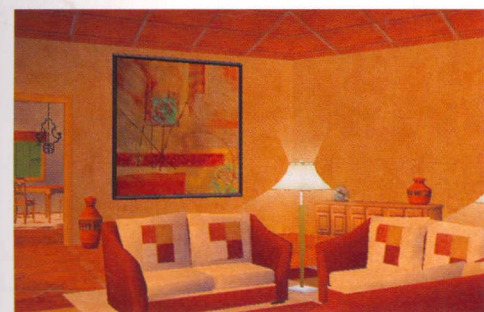
internal economies that fluctuate with the daily ebb and flow of cash among users. In Second Life, a large and very sophisticated world, more than 15 million residents—most of whom are between the ages of 25 and 44—are able to fly to faraway destinations, meet friends with similar interests and exchange real money—via credit card or PayPal account—for a virtual currency known as the Linden dollar (the current exchange rate is about 260 Linden to 1 U.S. dollar). Purchases can include anything from a pair of boots to an island.

In-world items are typically more affordable than their real-life counterparts. Luxury cars by Scion cost \$75 to \$278 in There.com, and the going rate for a crystal house with a waterfall on its own island is just \$416 in Second Life. “You don’t need to have a fat wallet to experience luxury anymore,” says Tim Stevens, CEO of Doppelganger Studios, which produces vSide, a small party world with more than 800,000 visitors (average age: 18). In vSide, where users can own a posh yacht for just \$25, spending has increased more than 20% so far this year.

But not everything is marked down as much as you might expect. A special-edition Dominus



Digital design Avatars in Second Life congregate—and shop for stylish sofas—at the furniture store CORN



The virtual life From top: Terra Cotta mansion in There.com; store owner Peiffer’s custom-designed home interior; one of Second Life’s hip cliques

Cars and real estate are big moneymakers, but many residents also spend virtual bucks on items to improve their avatar’s appearance

Shadow, a coveted version of a ’60s car, sold last year for \$2,000—the highest known price ever paid for a virtual item in Second Life. “Everyone wants to be rich and powerful in the real world,” says Dmitri Williams, an assistant professor of communications at the University of Southern California. “That doesn’t disappear when we go online.” And just as in real life, many users revel in the glamour and status that certain high-priced purchases bring. Stylish hoodies by Freak Brothers, a cult-clothing designer in There.com, sell for \$139, and a retro dinosaur sculpture costs an astounding \$226 in Second Life. “It’s all about exclusivity,” says Michael Wilson, CEO of There.com, where the average user is 22. “People want to have the newest and coolest thing.” Meanwhile, the ZMW, a mock BMW, has customized models that are released on occasion and sell for just over \$30.

Cars and real estate are big moneymakers in-world, but many residents also spend virtual bucks on items to improve their avatar’s appearance. Clothes, hairstyles and even movements—like funky dance moves you might break out in a club—are among the most popular purchases. “Humans are humans, whether they are in real life or the virtual world. Everyone wants to look good. Everyone wants to be unique, and they will pay for it,” says Jeska Dzwigalski, the community and product developer at Second Life’s

Linden Lab, who notes that she has spent less on real-life dresses than what many virtual ones sell for.

Some worlds even have their own fashion magazines and blogs that keep residents apprised of the latest and greatest trends. A 34-year-old Second Life fashion blogger who uses the screen name Celebrity Trollop says users spend a lot of time and energy researching their avatar’s clothes. “Just like in real life, you don’t want to show up to a party wearing some other girl’s dress,” she says.

Brands like Armani and Bebe have stores in Second Life for marketing purposes, but the majority of in-world goods are designed and sold by the residents. As a result, many users are making money off the virtual world. More than 62,000 users picked up extra cash on Second Life in September 2007. Maria Peiffer, 44, who owns the clothing store Ciao Bella Designs in There.com, says that some treat virtual commerce as a part-time job, making thousands of dollars each month—income that can offset the high cost of buying such luxuries.

Even MacKenzie admits that \$10,000 is a lot to spend on things that exist only online. But that won’t stop her. “I love it,” she says. “Some people spend money going to dinner and a movie. I spend it on virtual luxuries.”

FROM TOP: COURTESY OF LINDEN LAB; COURTESY OF MAKENA TECHNOLOGIES—THERE.COM; COURTESY OF MARIA PEIFFER; COURTESY OF LINDEN LAB