CHAPTER ONE

INTRODUCTION

Background of the Study

Virtual communication is a way of people communicate with each other without facing each other (Pojuner) and according to Merriam Webster 'virtual means being onor simulated on a computer or computer network' (Virtual). By using computer as a mediator, it means this type of communication does not require any physical contact at all. It is believed that internet connection is essential in doing virtual communication and it heavily relies on gadgets or technological devices such as laptops and cell phones. The virtual communications have several benefits. According to Liimatainen the benefits of virtual communication are it can increase productivity by not wasting time in commuting and it can save cost because people do not have to spend money to commute for the meeting (pars. 8). The examples of applications that support virtual communications are instant messaging applications such as Whatsapp and iMessage, video conferencing softwares such as Nextiva and Cospace, Social Media applications like Facebook and Twitter, Email clients, and Phone calls (Dinardi). Similar

applications keep emerging every year in the last decade because of the rapid development and the use of the internet.

As applications for virtual communication have become more numerous in the markets, some companies also provided applications that allow users to create 3D avatars to make the chatting experience feel more immersive. An avatar is 'a picture of a person or an animal that represents a particular computer user, on a computer screen, especially in a computer game or on social media' ("Avatar"). People in the 3D chat rooms can hold a public or private meeting with other avatars in a chat room. The examples of the social media applications that provide 3D avatars are Second Life, IMVU and Wolf3D. My research object in this thesis is the IMVU application that many people use to interact with their friends in the chat room or to make new friends from around the world.

IMVU is a virtual social network founded and launched in 2003 by Danica Dumont as the founder and Eric Reis was the CEO of the IMVU Inc (Smith). The purpose of the founder in creating this application is 'to fulfill the promise of online socializing and creativity' (IMVU Information, sc. 2). IMVU's official website is www.imvu.com and IMVU's headquarter is located in Redwood City, California (Smith). In April 2020, Smith informed that the number of registered users of IMVU is 200 million registered users. As a virtual chat application, IMVU provides one 3D avatar to each user as a vessel of the user's identity and as a tool in communication between users in this application from many countries with many languages on the public or private chat rooms. The users can interact with each other in the chat rooms that have been made by the users that have bought the chat room feature. Signing up on IMVU is completely free and the application provides many free virtual items like

clothing and accessories as a starter pack. The free virtual items are intended for the users to customize their avatars. However, if the users want to have more advanced stuff such as Avatar Upgrade Features and IMVU Credits as the currency for shopping to dress up their avatar, the users have to buy them by using credit cards or purchasing them via authorized IMVU reseller. IMVU authorized resellers can be found on Facebook or e- commerce applications such Shopee and Tokopedia.

The problem that I noticed in this application is that many IMVU users spent their real money on virtual items and upgrade like Name Registration. The users bought virtual items with IMVU Credits that they can earn for free with certain conditions or it can be bought with their real money. The prices of IMVU Credits are based on how many credits the users want to buy. The Name Registration upgrade only has one benefit or feature for the buyers which is to remove the 'Guest_' label on the avatar's name. The company always fluctuates the price based on the events and seasons. The current price of the upgrade on the IMVU official website is Rp.269.499-. Such practice creates several questions. The first question is about the reason why the users of this application are willing to pay such a high amount of the real money only to remove the guest label even though it does not give them other benefits. The second is what ideologies that the IMVU users as the consumers have behind the consumption process of virtual items and Name Registration Upgrade. In order to find out the IMVU users' ideologies behind their consumption process, I will use Stuart Hall's encoding and decoding theory. The object of my research is the Indonesian consumers of a desktop and mobile application IMVU. The reason why I choose Indonesian people as the object of my research because I am familiar with their behavior since I became an IMVU user in more than four years ago and I often interacted with them so I was

able to observe the interactions and the problems inside the Indonesian community.

According to Abugu, Stuart Hall's Encoding and Decoding theory described as "the meaning is encoded by the sender and decoded by the receiver and that these encoded meanings may be decoded to mean something else" (2). Abugu also writes that "this theory was developed by Hall in order to challenge the long-held assumptions on how media messages are produced, circulated and consumed" (1). This theory will support my analysis in revealing the ideologies behind the consumption process of IMVU consumers in this research. IMVU.Inc as the company that produced the virtual items and Name Registration upgrade has absolute control in determining the price of their products. The company's purpose on launching such products is to amass as much profit as possible from the users by the products capitalization that obviously represent Capitalism ideology indicated by their strive to gain maximum profit from the users as the consumer of the application. Capitalism is defined as "an economic system that produces goods and services that are owned and operated privately with the aim of making a profit" (Amadeo). The company launched the advertisement and promotions as campaigns for their virtual products in order to attract the users to buy their products. Whereas, the users as the consumers can decide to buy into their campaigns or not. In Hall's theory, the consumers as the decoders belong to three categories. The categories are the Dominated, the Oppositional and the Negotiated. Using this theory in my research will help me to find out the consumers' ideologies behind their consumption process of IMVU virtual items and Name Registration upgrade.

Statement of the Problem

The problems I am going to discuss are:

1. Why do the users spend their money on Virtual Items and Name Registration Upgrades in IMVU?

2. What are the users' ideologies behind the consumption process of Virtual Itemsand Name Registration Upgrades in IMVU?

Purpose of the Study

Based on the problems above, the purposes of the study are:

1. To show why the users spend their money on Virtual Items and Name RegistrationUpgrades in IMVU;

2. To show the users' ideologies behind the consumption process of Virtual Items andName Registration Upgrades in IMVU.

Method of Research

In doing this research I will use the qualitative method that I have chosen by initiatingthe distribution of the questionnaires to the *IMVU* user community on the Facebook group. I will conduct online interviews with some respondents who have finished answering the questionnaire in order to follow up their answers. The reason why I chosequalitative methods in this study is to get more thorough information on finding the meaning behind the consumption process of virtual items and Name Registration upgrade that have been done by the IMVU users as the consumers. According to Aspers, 'qualitative research centers on understanding processes, experiences, and the meanings people assign to things' (Aspers, sec. 4).

The reason why I chose IMVU NEED Facebook group as the source of the data I analyzed is because I am still a member of the group and it has more than 11.900 members which opened the possibilities of many respondents participating in my research. I also did some internet research for gathering the information to enrich my research. At the end of this research, I would like to figure out the reasons why the users spend their money on virtual items and Name Registration upgrade in IMVU and the ideologies behind the consumption process of IMVU users on virtual items and Name Registration upgrade using Stuart Hall's Encoding and Decoding Theory.

Organization of the Thesis

The thesis containing three chapters, started by the Acknowledgment, Table of Contents, and Abstract. Chapter one is the Introduction, which consists of Background of the Study, Statement of the Problem, Purpose of the Study, Method of Research, and the Organization of the Thesis. Chapter Two is the Analysis of the Ideologies Behind the Consumption Process on IMVU Virtual Items and Name Registration Upgrade Through Stuart Hall's Encoding and Decoding Theory. Chapter Three is the Conclusion and the end of the thesis consist of the Bibliography and the Appendices.

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