

Business

Real money spent in virtual world

Weblo.com visitors can buy people, places and things

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With 60,000 square feet of retail and warehouse space, Sierra Snowboard is as real a bricks-and-mortar business as you can get. And like many businesses, the sports equipment store in Sacramento, Calif., also has a website (sierrasnowboard.com) to augment sales.

Nothing special there.

But as co-owner and vice-president of marketing Erik Christiansen explains, Sierra is pursuing a third business strategy that's pure fantasy -- buying up virtual property in a make-believe world that he says is paying real-world dividends.

Weblo.com does not exist on any National Geographic map but its inhabitants nonetheless can own or manage everything from hot real estate and popular Web domains to consumer brands and celebrities. Weblonians, as participants are called, pay real cash to buy a virtual property such as the Air Canada Centre or the Banff Springs Hotel, and then make money through advertising, membership fees and reselling the property.

Virtual worlds have drawn a lot of interest from big corporations. Sites such as Second Life and MySpace.com have attracted multinationals such as Wendy's International Inc., Honda Motor Co. Ltd. and IBM Corp., which have created profiles, built animated characters called avatars and have launched or promoted events in cyberspace.

Weblo is still small time compared with Second Life and MySpace.com, but it is generating interest. When Montreal-based founder Rocky Mirza launched the site in September, he did so with \$2.5-million (U.S.) in startup capital from several investors, including Richard Rosenblatt, former chairman of MySpace.com, Matt Hill, founder of eForce Media, and William Woodward, founder and managing director of Anthem Venture Partners.

"There's revenue being generated and it's really going excellently," Mr. Mirza says. "We're getting ready to host a presidential election to parallel the U.S. election, and we're

in talks with some advertisers to monetize the site in other ways and evaluating other proposals. So things are moving quickly."

Unlike the 3D world of Second Life, Weblo.com is a low-tech network of Web pages that profile people or places or things. There are no vast virtual cities to explore or other digital characters to bump into.

But, says Mr. Mirza, "in Second Life, it's just fantasy. In Weblo, you can drive around [in the real world] and point to the CN Tower and say, 'Hey, I own that on Weblo.' "

In the six months since its launch, Weblo.com has generated about 10,000 registered users and has recorded more than two million page views. One of those is Christian Gingras of Toronto, a network marketing entrepreneur who runs ActiveTeam.com, a Web-based business that sells food supplements.

Mr. Gingras paid \$16,500 (U.S.) in November to become "Governor of Ontario," and has since collected more than \$700 in virtual taxes from registered users who live in Ontario. He has a long way to go to recoup his initial investment, but the prospects for greater revenue are tied to the number of real-life Ontarians who sign up.

"It's growing well and I'm still positive about it," Mr. Gingras says. "It is going to take a while and that's okay."

Providing the social network continues to grow in popularity, Mr. Gingras could also sell his title for a higher price.

Mr. Christiansen of Sierra Snowboard hopes to parlay his Weblo audience into sales. He has bought the rights to sierrasnowboard.com, along with Austrian ski maker Atomic, the mountain town of Truckee, Nev. -- a location famous for its extreme sports -- and is the mayor of Sausalito, Calif. He also manages the domain of celebrity snowboarder Shaun White.

"There are two reasons we're on Weblo.com: One is to talk to consumers and the other is to drag traffic to sierrasnowboard.com," he said, noting the company's Web strategy also includes having a MySpace profile. And so far, he's thrilled. "Truckee has pretty well paid for itself," he says.

Success, however, may be elusive. Some critics contend Weblo's future may not be all that bright, suggesting the site and its users may one day be targeted by copyright and trademark infringement lawsuits. As Weblo.com's profile grows in the real world, they say, companies and celebrities whose brands and names are being bartered in Weblo's virtual environs may take umbrage.

"There are some danger zones," says John Kettle, a copyright and trademark professor at Rutgers Law School. "I see the potential for claims when someone without authorization is trading on the likeness of a person or property."

And, if the social network begins to retract and lose clients, those who have spent real money on a make-believe property may lose out. "There is that potential," Prof. Kettle says.

In the interim, Weblo continues to attract clients who don't want to miss out on potentially the next big thing in social networking. That's what drove Corey Pomkoski, a Montreal man who sells outdoors equipment through his website nesswilder.com, to Weblo.

"As far as Weblo goes, I don't really see any risk," Mr. Pomkoski says. "The only problem is finding time to be prepared when it really takes off."

WEBLO.COM

5,228: The number of cities worldwide that have been sold online.

1,576: The number of celebrities, including Angelina Jolie, Maria Sharapova and Derek Jeter, that fans have registered on the site.

\$53,000: The price paid in U.S. dollars to purchase California, the top price paid for a state so far.