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Are virtual gifts worth it?

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CHICAGO - You don't wrap these presents in a box. You can't wear them, play with them or show them off, at least not in the real world.

Even so, virtual gifts - computer-generated items given and displayed online - are quickly becoming must-haves. And increasingly, people are willing to pay cold, hard, real-life cash to purchase them for friends, family and co-workers.

"For the person who gets the gift, it is like a badge of honor," says Dave Coffey, who tracks online trends for Sapient, a Florida-based marketing company.

Coffey's gotten into the act himself, buying a few \$1 gifts on Facebook, a social networking Web site. He purchased a pair of virtual shoes for his wife for her birthday, a can of "whoop-ass" for a friend who got a new job, and a virtual beer to pay a bet he lost to his boss.

They are nothing more than cutesy icons posted in a "gifts" section on a person's profile page, the smiley faces of the 21st century. And like that 1970s icon, they have mass appeal.

Since they were introduced in February, Facebook says its users have purchased more than 24 million of these dollar items, which are sold in limited editions to generate more interest.

Elsewhere online, including virtual world sites such as Second Life, Uthervers and Stardoll, people can give gift certificates so their friends' avatars, or online personalities, can shop at "malls" on the sites.

Just like the real world, appearance matters in the virtual world. Gifts of digital clothing, accessories, makeup and even digital furnishings for an avatar's virtual home are especially popular. A pair of virtual boots, for instance, might cost \$2 or \$3 in a world where one could pay \$20 or \$30 for an intricately designed "skin," an avatar's outer layer.

Jeff Roberts, a New Yorker who is one of about 11 million Second Life "residents," has given SL gift certificates, worth real money, to friends and co-workers.

Their avatars "come back from 'stores' with all sorts of clothing, bling, and new hair styles," says Roberts, who heads a commercial radio station in Second Life, known as the Virtual World Radio Network (VWRN).

The ease of giving a virtual gift is definitely part of the attraction, he says.

"A few clicks and it's done. No worries about FedEx or the post office getting it there on time," Roberts says.

Kel Kelly, a businesswoman in suburban Boston, figures she's spent just under \$100 on virtual gifts on Facebook. The presents are hip - things like icons of champagne bottles that clients can post on their pages.

"Anyone can send an e-mail that says 'Congratulations on your recent partnership' or whatever," says Kelly, a marketing executive and college lecturer. "It's just a really cool way to stand out."

In a sense, these gifts are supplanting electronic cards, online greetings that are waning in popularity, according to Internet watchers. People are becoming more willing to pay for something you can't touch or hold in your hand.

While \$1 is the going rate on Facebook, Kelly says she'd be willing to spend as much as \$5 to \$10 on a really unique, funny virtual gift.

"A buck is like, 'Eh, it's only a buck,'" she says. "They're getting you addicted to the experience by giving it to you on the cheap. Then I think prices will rise."

The novelty is driving the market for virtual gifts and goods. So is the frenzy to gain status on social networking and virtual world sites, says Robbie Blinkoff, an anthropologist who studies online trends.

"There's a lot of money to be made," says Blinkoff, managing director of Context-Based Research Group in Baltimore.

In the first two weeks of November alone, the company that created Second Life says there were almost 3 million digital objects sold on its site, though it's not possible to tell which of those were given as gifts.

Even so, Blinkoff predicts that the limitations of virtual gifts also will become more apparent. Simply put "giving takes work," he says.

"If you're sending virtual gifts and the person is two blocks away, it's kind of like e-mailing the person in the cubicle next to you," he adds.

Others call virtual gifts a waste of money - a way of "pouring millions down the virtual drain," says Michael Bugeja, the director of Iowa State University's journalism school.

He's been a vocal critic of the resources universities and students are dedicating to virtual worlds. This holiday season, he's challenging people to give money they planned to spend on virtual gifts to charity instead.

"That would send a message appropriate for the season that is far more humanitarian than a new avatar outfit or Facebook icon," Bugeja says.

Still, some think people are too quick to downplay the value virtual gifts and goods can have.

"It's easy to get caught up in thinking that it's not real because it's digital. But we have plenty of digital items that have value," says Jeska Dzwigalski, who works in community and product development for Linden Lab, the creators of Second Life. "Have you ever bought a song on iTunes? Have you ever paid for software?"

Steve Auerbach, a dad in the Los Angeles area, says he's realized that the virtual world isn't something to fear. Nor is the idea of giving virtual gifts, which his 10-year-old daughter does on Stardoll, a virtual world for girls.

"So much of our world is intangible now. (Giving a virtual gift) is still about the act of giving and receiving," says Auerbach, who figures that his daughter spends \$30 a month on Stardoll items for herself and others.

"I'd rather she paint or play a classical instrument," he says of her online hobby. "But that's a tough sell these days."