

Gamification as a Marketing Strategy

By Andrew Giles

Andrew Giles graduates in 2016 from Smith School of Business at Queen's University with a specialization in marketing. Andrew has held marketing and operational roles with a number of organizations across a range of industry sectors, including financial management, retail, healthcare, and not-for-profit. Andrew has a strong interest in brand management and the application of gamification to marketing strategies. In his spare time, Andrew enjoys playing video games.

THE RECENTLY IDENTIFIED CONCEPT OF GAMIFICATION IS AN IMPORTANT NEW and valuable tool that a business should consider when developing and implementing its marketing strategy. Gamification can be used to successfully attract a customer's attention, to increase the degree of customer loyalty and engagement, to enhance the customer's overall value creation, and to personalize the customer's experience. While a marketing strategy based on gamification offers tremendous opportunities, it requires a good understanding of the company's customer base and what motivates those customers to behave in the manner desired by the company.

Gamification is showing up in a growing number of marketing strategies. EngineYard, a cloud orchestration platform, predicts that by the end of 2016, 70 percent of the Fortune 2000 organizations will have at least one gamified application. M2 Research predicts that business spending on gamification will increase from approximately US\$242 million in 2012 to US\$2.8 billion in 2016.

Examples of gamification used by marketers include the My Starbucks Reward program to boost Starbucks coffee sales, PNC Bank's virtual wallet that encourages people to bank online with PNC Bank, and the Virtual Army Experience that is used as a recruiting tool by the United States Army. Although gamification as a marketing strategy is in its infancy, the number and diversity of gamified marketing strategies continues to grow.

There are a number of working definitions of gamification in the academic literature. For purposes of this paper, gamification is defined as the incorporation of game-like elements in a non-game environment in order to create a "gameful" experience in connection with a product or service. According to research conducted by Dan Hunter and Kevin Werbach for their book, *For the Win: How Game Thinking Can Revolutionize Your Business*, the vast majority of gamification implementations start with the same three game elements: points, badges, and leaderboards. If used effectively, these game design elements can be employed by marketers to incentivize user behaviour, encourage users to increase their engagement levels, and deepen the bonds of loyalty to the brand.

Points are frequently used to motivate a person to act in a particular way. But points serve other purposes as well. Hunter and Werbach identify the following six uses for points in gamification: to effectively keep score; to determine the win state of a gamified process (assuming that it has one); to create a connection between progression in the game and extrinsic rewards; to provide feedback; to be an external display of progress; and to provide

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data for the game designer. Many loyalty programs, such as the Air Miles reward program, are examples of gamification that use the collection of points and the achievement of rewards to motivate customers to tailor their purchasing activities in the manner designed and promoted by the organization.

Badges are a game design element that is similar to points, but can provide for greater flexibility. The concept behind a badge is essentially a visual representation of an achievement within the gamified process. Badges have a number of motivational characteristics, but they can also signal what a user cares about or operate as virtual status symbols or tribal markers. A good example of the use of badges can be found on the Jillian Michaels fitness website. These fitness programs include a number of fitness challenges and each challenge uses its own set of gamification techniques, such as badges, contests, and prizes.

A **leaderboard** allows a user to know where he or she stands relative to his or her peers. Used in the right context, leaderboards reinforce positive behaviours and ensure consumers are immediately engaged. But they can also be demotivating. If they convince users that they will never be able to achieve the same level as the leaders, that person may decide to simply stop trying. Depending upon the marketing strategy adopted by a business, the leaderboard may be an effective method of tracking certain features that the organization wants to emphasize. A leaderboard many are familiar with is the one used by Cineplex that displays the names and scores of the top audience members that participate in the contests held before movies are shown.

Playing to Player Types

Any successful marketing strategy that is based on gamification must be based on an understanding of the customer demographics and what motivates customers to engage with, and invest in, the company's products or services. For this purpose, it is useful to look to research conducted by Richard Bartle in 1996 to determine the motivations that drive people to play multiplayer online games. While Bartle's research was not conducted in a marketing context, his findings are relevant to understanding the optimal target audience or audiences for a game-based marketing strategy.

Based on what people most enjoy about the multiplayer online gaming experience, Bartle identified four main player types: achievers, explorers, socializers, and killers. (It is important to note that a person may fall into one or more of these categories.)

Achievers are people who most enjoy the achievements that they can experience within the game context. They are driven principally by a desire to accumulate points and to achieve game-related goals and prestige. The social component of the game is important to achievers, as "they require an audience to appreciate their accomplishments."

Explorers focus on learning about, and mapping out, their environment. "An explorer is far more apt to prize random puzzles, side stories, and the environment of the game above opportunities to win points or badges," Bartle pointed out.

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Audiences for a game-based marketing strategy include achievers, explorers, socializers, and killers

Socializers use a game's communication features and play games in order to connect with other players. They are less competitive and more cooperative than the other types of players, and they often "derive greater satisfaction from helping a better, more established player gain points, status, or rewards than from seeking out prizes on their own."

And killers like to win. They enjoy competition and prefer a social game environment to games where they play against a computer or themselves.

Gabe Zichermann, a marketing executive and video game innovator, suggests that, in the context of game-based marketing, a fifth type of player exists. Zichermann refers to this player type as the naïve player, someone who essentially plays the game by accident. He says, "These players may type in a frequent flyer number every time they fly but never so much as add up their points. They may have a rewards card from their bank, but they don't know anything about the game in play."

With the advent and growth of social media, the concept of player types has been transposed from the gaming environment to users of social media. Amy Jo Kim of Shufflebrain identifies the four ways that users participate in social media, which is strikingly similar to Bartle's four player types. She suggests that the four social media user types, and the verbs that can be used to describe each such group of users, are as follows:

competition – win, beat, brag, taunt, challenge, pass, and fight
cooperation – join, share, help, gift, greet, exchange, and trade
exploration – view, read, search, collect, complete, and curate
expression – choose, customize, layout, design, and dress-up

Kim argues that these labels and verbs describe a specific group of users that are targeted by a company's social media campaign. In the context of gamification as part of a social media campaign, Cameron Graham, Editorial Coordinator at TechnologyAdvice, states that: "By integrating these different types of social media participants into their campaign, companies can tailor their games to each user type."

Once a business understands the types and characteristics of game players, whether it uses the classifications developed by Bartle or those suggested by Kim, it is better positioned to analyze the members of its target consumer market to determine the category or categories of players that they are targeting primarily. This information allows the company to select the game design elements and develop its gamification marketing initiatives in a manner that is aligned with its primary consumer base.

The Nike+ marketing campaign is a good example of a gamification marketing strategy that is primarily aimed at consumers who are achievers and/or killers, based on Bartle's categorizations, both of which are very similar to the competition user type identified by Kim. The Nike+ Running application uses GPS to track a person's distance, pace, time, and calories burnt. In order to appeal to the achiever/killer mindset, the application also includes a competitive aspect, as it allows users to compare their run statistics, such as distance and elevation, with those of their friends and peers. Along with competition, the Nike application appeals to the audience requirement of the achiever by including elements of athletic motivation, including messages from Nike's top athletes. In addition, the competition user's desire to brag is satisfied through the real-time cheers that a runner

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receives for every “like” or comment that he or she posts. The game mechanics that cater to the competitive nature of the achiever/killer and that allow users to post their runs to Facebook actually serve to market the product to other potential customers.

The Business Case for Gamification

The successful use of gamification for marketing purposes by a company should attract customer attention, increase the degree of customer loyalty and engagement, enhance the customer’s overall value creation and/or customize the customer’s experience. These customer engagement goals are increasingly the focus of any company’s strategic plans.

Gamification is clearly an important tool for marketers, as customers expect to be engaged and involved in the marketing process. Bryan Pearson, president and CEO of LoyaltyOne, writes that, “Marketers are focusing intently on the customer, but these remarkable environmental shifts require company-wide, systemic change that reaches far beyond brand and communications to include every touch point of the customer experience.”

It is difficult to quantify the cost of launching a gamified marketing strategy, as the labour, technology, and other costs vary significantly depending upon the scale of the strategies used by a business. Nevertheless, there is anecdotal evidence showing that the use of gamification as a marketing strategy has a positive impact on corporate profitability. For example, the gamified Domino’s Pizza app, which includes a pizza slot machine feature that selects a pizza for those customers who cannot decide what to order, has been credited with boosting sales by 30 percent in the United States. Consider too the partnership between a small potato chips business, Popchips, and a smartphone app company. The app includes virtual coupons that are redeemable for free bags of Popchips. Through this gamified marketing strategy, Popchips’ sales increased by 40 percent in one year, which, in turn, increased its market share in its highly competitive market segment.

Yet another example of gamification that resulted in a significant return on investment is the use by Moosejaw, an outdoor clothing retailer, of a discounted gift card through Quikly, a business that gamifies e-commerce. As reported by PRWeb, in less than 15 minutes, Quikly sold more than 500 \$10 Moosejaw gift cards, which consumers then used to make average purchases of \$66, a 560 percent return on investment. Perhaps more importantly, 76% of those customers that purchased the gift card shared their achievement over social media, which resulted in the campaign creating more than 245,000 social media impressions for Moosejaw.

These examples demonstrate that a game-based marketing strategy can increase the overall profitability of a company by targeting, directly or indirectly, one or more of the four components of profitability: premium pricing, cost reduction, market share, and market size. In the case of Popchips, its gamification marketing strategy resulted in the company significantly increasing its market share of the potato chip market in a very short period of time. For Moosejaw, the use of a cost-reduction offer as part of a gamified marketing campaign resulted in a substantial return on investment over the course of a single weekend.

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A gamification strategy requires an understanding of your customers' motivations, clear objectives, and the right game elements

Even though the use of gamification by businesses is increasing, each business needs to determine whether a gamified-marketing strategy is appropriate. There are certain businesses where game-based marketing strategies are not a viable option. A marketing initiative based on gamification does not make sense in the context of business-to-business marketing. Even for businesses that deal directly with the consumer, there are certain industries — the funeral home business is one example — where gamification should not be used.

For most businesses that market directly to the end consumer, however, gamification can play an important role. In this case, the marketers first need to have a solid understanding of the organization's customers and the factors that motivate them. Many companies have plenty of customer data to help with this process. The second step is to establish a clear objective for the gamified marketing campaign. This entails identifying the target customers or groups and defining the behaviour that the marketing strategy desires to achieve from that group. Following these determinations, the marketers then need to select the game elements that they believe will appeal most to the identified target customer group, and will be most likely to lead to the desired consumer behaviour. The information that the marketers have already analyzed regarding the company's customer types and their perceived wants and needs will help to customize the gamified marketing campaign to its target audience.

Existing anecdotal evidence strongly suggests that the use of game-based marketing strategies increases the profitability of the organization. As the use of gamification for marketing purposes becomes increasingly common, the contribution of gamification to the profitability of organizations will be more easily quantifiable. But companies should not wait until the statistical evidence is more compelling to embrace gamification. Marketers must adopt a more customer-based focus, and gamification is an important tool that will help them to create a compelling and valued experience for an organization's customers.

Framing the Case for Gamification

Strategic Questions

- Is it appropriate to create a gameful experience for your customers in connection with the product or service offered by your business?
- Are certain aspects of your business better suited to gamification than others?
- What do you want to achieve through your gamification marketing strategy? Is your primary goal to enhance customer loyalty within your existing customer base, attract new customers, increase brand awareness, or some combination of these objectives? Are there other strategic goals?

Tactical Questions

- What are the demographics of your target market? Are they achievers, explorers, socializers, or killers, or some combination? Do

*How will
gamification
interact with your
other marketing
endeavours?*

they value competition, cooperation, exploration, or expression?
What will motivate your target market to engage in gamification?

- What are your competitors doing in the gamification space?
- How will the gamification piece of your marketing interact with your other marketing endeavours?
- What metrics can you build into your strategy that will allow you to monitor the use of the gamification marketing campaign and to track its effectiveness on the financial results of your business?

Technical Questions

- What game elements are most compatible with your target market and the strategic goals you have identified?
- What is the budget for your gamification marketing strategy?
- Which form of media do you want to use to deploy your gamification strategy? Will it be introduced to your customers through your website, on Facebook, through Twitter, or some other means?
- Which elements of your gameful marketing strategy do you need to outsource? Do you have in-house game design expertise? What internal resources can you leverage?