

# Using Gamification to Improve Engagement

# Let's play: Using gamification to improve engagement

When you hear the word 'gamification' what comes to mind? Whatever it makes you think about, you may not associate it with corporate strategy and process improvement. Yet, according to a study by the Gartner Group, by 2015, more than half of organisations that manage innovation processes will use gamification. And within the next year, a gamified service for consumer goods marketing and customer retention will become as important as Facebook, eBay or Amazon. By the end of 2014, research shows that more than 70% of Global 2000 organisations will have at least one gamified application.<sup>1</sup> So, if you still think gamification is a passing trend or something that your kids do at the weekend, think again. It's not just the new thing, it's the thing.

Believe it or not, gamification is not a new concept. But what is gamification? The term was coined back in 2002 but refers to basic marketing concepts designed to engage users and solve problems. It uses game thinking and game mechanics in non-game contexts, and is used in applications and processes to improve user engagement, return on investment, data quality, timeliness, and learning.<sup>2</sup>

A practical example might help. Picture yourself in a car, speeding along the motorway. You know you shouldn't speed, so you slow down. Suddenly, out of nowhere, a flashing sign ahead says you are entered into a prize draw because you are obeying the speed limit. A picture of your car registration number is entered into a random draw, and thanks to simply obeying the speed limit and driving safely, you could win a prize.



Would that motivate you to drive slower in the future? Maybe. And that is what gamification is all about, trying to find more engaging ways to change behaviour.

Still a little skeptical? Actually, the speeding example is real. It's the brainchild of Kevin Richardson and was sponsored by the Swedish National Society for Road Safety in Stockholm and Volkswagen. Implemented in 2010, the 'Speed Camera Lottery' was part of a safe driving programme in Sweden. Strategically located cameras took snapshots of vehicles as they drove past, while showing a sign that indicated their speed and whether or not they would be eligible for the safe driving lottery. To generate cash for the lottery, every time a car was caught speeding, the resulting fine that was collected was sent to the lottery. Winners were chosen and received a winning cheque! The idea was simple: Drive legally

<sup>1</sup> "Gartner Says By 2015, More Than 50 Percent of Organizations That Manage Innovation Processes Will Gamify Those Processes." 12 Apr. 2011. Web. 23 Feb 2014. <<http://www.gartner.com/newsroom/id/1629214>>.

<sup>2</sup> "Gamification." Wikipedia. Web. 23 Feb 2014. <<http://en.wikipedia.org/wiki/Gamification>>.

and earn money. The programme was a huge success and within the first week after launching, it reduced driver speed by 22%.<sup>3</sup>

According to Gabe Zichermann, author of the book 'Game-Based Marketing' and the CEO of Gamification Co, almost anything can be gamified, even cancer.<sup>4</sup> While he recognises that cancer is frightening and life threatening, he says gamification can be used in a positive way to enhance the patient experience: "We have data to show that when we give cancer patients gamified experiences to help them manage their drug prescriptions and manage chemotherapy, they improve their emotional state and also adhere to their protocol."

Others find that gamification has some limitations. SCVNGR founder Seth Priebatsch, for example, believes that "game mechanics can fix lots of problems and do lots of great things, but they are not a good fit for everything. Just like 'social' is super powerful, but not a great fit for everything ... everything has limitations and the beauty of both of these mega-trends is that they're a great fit for more situations than not."<sup>5</sup>

But experts agree on the fundamentals, gamification is here to stay and it is becoming increasingly popular thanks to the generations that grew up with video gaming. In fact, M2 Research Inc., a U.S based consulting and business intelligence firm, predicts that companies will spend upwards of \$2 billion on gamification services by 2015.<sup>6</sup> Brian Burke from the Gartner Group summarised it well when he said: "... gamification will play a key role in innovation management, both internal and external to organisations, by engaging a target audience and leveraging the collective intelligence of the crowd to solicit ideas, develop those ideas and predict success using prediction market mechanisms."<sup>7</sup>

Part of the reason gamification is so popular is because it's effective for multiple industries and demographics, and when it comes to innovation and engagement it leads to significant savings and opportunities. In other words, it's more than just a fun thing to do, it's a cost effective strategy. In this Blue Paper, we'll review the types of gamification strategies and how organisations are using them to improve and transform. We will examine how to determine if gamification is right for your



<sup>3</sup> "Sweden Tests Speed Camera Lottery." Daily Crowdsourc. Web. 23 Feb 2014. <<http://dailycrowdsourc.com/content/crowdsourcing/312-sweden-tests-speed-camera-lottery>>.

<sup>4</sup> Jennifer Van Grove. "Gamification: How Competition Is Reinventing Business, Marketing & Everyday Life." Mashable. 28 July 2011. Web. 23 Feb 2014. <<http://mashable.com/2011/07/28/gamification/>>.

<sup>5</sup> Jennifer Van Grove. "Gamification: How Competition Is Reinventing Business, Marketing & Everyday Life." Mashable. 28 July 2011. Web. 23 Feb 2014. <<http://mashable.com/2011/07/28/gamification/>>.

<sup>6</sup> Gabe Zicherman. "Beyond the Hype: 5 Ways That Big Companies Are Using Gamification." 27 Jan. 2013. Web. 23 Feb 2014. <<http://gigaom.com/2013/01/27/beyond-the-hype-5-ways-that-big-companies-are-using-gamification/>>.

<sup>7</sup> "Gamification 2020: What Is the Future of Gamification? Gartner. Web. 23 Feb 2014. <[http://www.gartner.com/DisplayDocument?doc\\_cd=237457](http://www.gartner.com/DisplayDocument?doc_cd=237457)>.

organisation and provide some tips on how to get started.

So, get ready to play. If you're lucky, you'll earn valuable points that can be applied in your organisation.

*Gamification: a modern business strategy that leverages principles from games to influence favourable customer behaviour on the Web in order to improve customer loyalty, engagement, and retention. Gamification can be used by any department in a company (HR, Sales, Marketing, Engineering, Support, etc.), for any Web-based experience (mobile, website, retail, community, etc.).*

*Business Gamification For Dummies*<sup>8</sup>

## Gamification: How it works

*"Games are the most elevated form of investigation."  
- Albert Einstein*

Sometimes people need a little extra motivation to do things that don't have immediate consequences or are stressful to contemplate. Things like buying life insurance, saving for retirement, eating well and exercising are easily set aside to make room for the fun things in life. This is where gamification comes into play. Game playing is something that is perceived as fun and provides immediate feedback and reward. It's one way to make things like exercising and healthy eating enjoyable, and makes it easier to participate. Think of customer loyalty programmes, points programmes and competition-based play to promote innovation and brand recognition.

Every gamification strategy is different and the range of variation is wide. Some companies include a simple counter or status bar to track participation, while others provide fully-fledged games with roles, rules and winners.

Experts say that the trend is not restricted by company size or industry. Customers and employees of all levels, races and genders participate in gaming, as these 2014 statistics from the Internet Advertising Bureau UK (IABUK) show<sup>9</sup>:

- 32.9 million people across the UK play games

<sup>8</sup> *Business Gamification for Dummies*. Hoboken: John Wiley & Sons, 2013. Print.

<sup>9</sup> "33 Million UK Game Players" Internet Advertising Bureau UK. Web 23 Feb 2014. <<http://www.iabuk.net/news/33-million-uk-game-players#vDH5By4HcgjVzj7v.99/>>



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- 82% of the eight to 65 year old online population are defined as game players: 51% male to 49% female
- 25 to 45 year olds are identified as having the most number of players (44%) compared with 45 to 65 year olds (33%) and 16 to 24 year olds (23%) with the least amount
- 49% of all respondents play puzzles and quiz games - the most popular type of game
- 30% of respondents favour social networking games - the second most popular type of game
- 81% of games console players have played with friends or family in person
- 54% of social networking players have played with friends or family online or over a network
- 41% of internet browser game players have played with unknown people online or across a network
- 31% of game players said it was impossible to do anything else while gaming - compared with 14% for browsing the internet, 10% watching TV and 2% listening to the radio



Here's a practical example: electronics giant Samsung worked with the vendor Badgeville, a company known for implementing successful gaming strategies, to improve employee and customer engagement. Visitors to the Samsung website earn points and badges depending on their level of social engagement. For example, users who 'like' the Samsung Facebook page earn 200 points. Submit comments and reviews and you can earn 300 points or register your product to earn 500 points. Earn enough points and you will win a 'badge' or reward for your activities. Some of the rewards are Samsung products or discounts. A leaderboard displays users with the highest number of points to encourage you to keep playing and winning. The results are impressive. Samsung saw 66% more users submitting 447% more product answers on its global website. It also increased sales. User-generated content prompted 34% of users to put 224% more items in their virtual shopping carts.<sup>10</sup> Indeed, gaming has the potential for significant bottom-line impact, and that's why it's become one of the fastest

<sup>10</sup> Kelly Liyakasa. "Game On: Gamification Strategies Motivate Customer and Employee Behaviors - CRM Magazine." May 2012. Web. 23 Feb 2014. <<http://www.destinationcrm.com/Articles/Editorial/Magazine-Features/Game-On-Gamification-Strategies-Motivate-Customer-and-Employee-Behaviors-81866.aspx>>.

growing corporate strategies.

There's no set approach to gamification, and the choices and opportunities are endless. But the goal is the same: increase customer or employee participation, loyalty and engagement using fun and interactive games. The popularity of gamification is increasing because it works. But there's a lot to learn, starting with the basic structure and elements of gamification.

## Achievement badges, contests and leaderboards

In general, enterprise gamification strategies include awards, prizes, rankings, leaderboards, points, contests, challenges and badges. A scoring structure is fundamental to almost all gaming strategies. And most provide a way for participants to earn points in exchange for certain actions or behaviour. But how exactly are they used?

Badges are used in popular social networking applications like Foursquare to show progress in the 'game'. You can get badges for completing tasks, meeting activity thresholds, winning challenges and so on. Sometimes, badges represent a participant's overall standing. In Foursquare, for example, users 'check in' at restaurants or retail stores, earning points and badges that translate into online status symbols. Visit your favourite local coffee shop often enough and Foursquare will name you 'Mayor'. There is always another level to reach to further drive user engagement, and the collection of badges is almost infinite.

Some gamification strategies include contests and challenges. These typically have limited time spans - they might run for an hour, a week or a month - and encourage users to complete specific tasks or actions. Challenges and contests often create a set of missions and reward those who finish most quickly or effectively with access to products, discounts or corporate privileges.

For example, the global consulting firm Bluewolf uses gamification to encourage employees to use social media to build their personal and professional brand online. Bluewolf runs regular contests such as the 'Spread the Word' challenge to encourage employees to share content links to the corporate website using social media channels. An employee who generates 50 clicks back to the corporate website receives a badge for winning the challenge along with a \$25 gift card.<sup>11</sup>

Rankings and leaderboards visually display the cumulative result of the points, badges or challenges participants win. They are implemented on sites to show



<sup>11</sup> "B2B Social Media: Gamification Effort Increases Web Traffic 100%, Employee Collaboration 57%." Marketing Sherpa. 2 May 2012. Web. Web. 23 Feb 2014. <<http://www.marketingsherpa.com/article/case-study/gamification-effort-increases-web-traffic>>.

which players have unlocked the most achievements. In some organisations, the desire to appear on the leaderboard drives players to earn more achievements, thus fueling the motivation to participate.

In addition to points, badges and leaderboards, many gamification platforms include social components that encourage employees to publicise accomplishments such as earning a new badge or moving up on the leaderboard. For example, Deloitte Leadership Academy urges employees to share the badges they earn for completing online leadership development courses on their LinkedIn profiles as a way to broadcast the skills they are developing to their broader professional network.<sup>12</sup> To encourage interaction, some systems award points for providing 'social feedback', such as rating or commenting on a colleague's contribution or congratulating them for achieving a certain status level.



An effective gaming strategy may use one or more of the above elements, in any combination. The idea is to promote a fun, interactive game that keeps players engaged for sustainable periods of time. There's no secret ingredient to success, but it's important to find the right combination for your brand and audience.

## What can you gamify?

In the business environment, games can target employees, suppliers or customers. Common applications are in the areas of employee performance, innovation management, education, personal development and customer engagement.

According to gamification expert and author Gabe Zichermann, big companies are using gamification strategies in five key areas.<sup>13</sup> His most recent book, 'The Gamification Revolution' looks at how leading companies have successfully leveraged gamification to find efficiencies and gain competitive advantages. He identified the top five areas where companies use gamification:

- Recruitment
- Employee training and development
- Employee feedback
- Health and wellness at work
- Creating new profit centres

<sup>12</sup> "How Deloitte Made Learning a Game." Harvard Business Review. 2 Jan 2013. Web. 23 Feb 2014. <<http://blogs.hbr.org/2013/01/how-deloitte-made-learning-a-g/>>.

<sup>13</sup> Gabe Zicherman. "Beyond the Hype: 5 Ways That Big Companies Are Using Gamification." 27 Jan. 2013. Web. 23 Feb 2014. <<http://qigaom.com/2013/01/27/beyond-the-hype-5-ways-that-big-companies-are-using-gamification/>>.

If you need to recruit new staff, consider gamification. Gaming strategies can be effective ways to attract future employees. Take an example from the hospitality industry. Marriott International Inc. developed a hotel-themed game for players to get a simulated experience of the role of a hotel kitchen manager. Users (and potential candidates) play the online game My Marriott Hotel on Facebook. Facebook was chosen to due to its popularity with those aged 18 - 27 years who Marriott wanted to attract.<sup>14</sup>



Training and development is another area where gamification appears to be a good fit. It's perhaps sometimes the case that employees dread training sessions as they are seen as boring or too long. That's no longer the case if you infuse gamification into the mix. Sun Microsystems, for example, took its induction programme to a new level by introducing gaming strategies. The games were designed to teach new recruits about the organisation while making them feel welcome and integrated into the Sun Microsystems culture.<sup>15</sup> The organisation wanted to communicate that Sun was a cool, fun place to work. They therefore developed two adventure games that made learning about the company enjoyable and exciting. Sun was able to reduce training costs and increase engagement by as much as 50%.<sup>16</sup>

Giving and receiving employee feedback is a known challenge for many organisations. Yet gamification could make it easier. Why? It's easier to give feedback in real-time instead of once a year during an annual performance review. In fact, some experts believe gamification is a natural fit for employee reviews and may eliminate the need for annual reviews altogether.<sup>17</sup>

Gaming, feedback loops and 'hyper feedback' give employees an opportunity to publically acknowledge successes and accomplishments. An employee can give another person a public 'recognition' and award them points. Essentially, gamification makes it easier to give colleagues a pat on the back. Instead of sending a private thank-you via email, everyone in the company can see the gesture. Employees can get badges on a leaderboard and be rewarded for daily behaviour. It's a motivator for employees to receive a constant stream of feedback, and when done correctly, instead of using annual reviews, organisations can check leaderboards for an annual performance recap.

14 "Why Top Companies are using Gamification for IT Recruiting." Recruiting Division. Web 23 Feb 2014. <<http://info.recruitingdivision.com/blog/bid/341595/Why-Top-Companies-are-using-Gamification-for-IT/>>

15 "Future Making Serious Games." Sun New Hires: Serious Games As Part Of The Onboarding Process. Web. 23 Feb 2014. <<http://elianealhadeff.blogspot.com/2007/12/sun-new-hires-serious-games-as-part-of.html>>

16 Gabe Zicherman. "Beyond the Hype: 5 Ways That Big Companies Are Using Gamification." 27 Jan. 2013. Web. 23 Feb 2014. <<http://gigaom.com/2013/01/27/beyond-the-hype-5-ways-that-big-companies-are-using-gamification/>>

17 "Kill Your Awful Annual Reviews-It's Time To Give Employees 'Hyperfeedback'" Business Insider. 06 Feb. 2013. Web. 23 Feb 2014. <<http://www.businessinsider.com/annual-review-gamification-hyperfeedback-2013-1>>

There are a number of online resources available to help, like Work.com and DueProps. Both are peer recognition games for workplaces. As DueProps states on its website, "When people feel appreciated, they're happier, more engaged and more productive."<sup>18</sup> According to Forbes, social recognition and rewards are the hottest new area for software development, not just because it's fun, but because it works.<sup>19</sup> Organisations that use gamification-based recognition systems have over 95% of employees engaged on an opt-in basis.<sup>20</sup>

Health and wellness is also an area where gamification appears to work. Organisations know that improving an employee's health and wellness increases productivity and reduces absenteeism and realise that health and wellness efforts make sense for both employees and the business, and that's why gamification strategies are popular in this area. Gamification makes it cool to be healthy and stick to an exercise regime. NextJump, for example, is a small New York-based company that is known for its approach to encouraging employee fitness. Charlie Kim, CEO of NextJump, was motivated by research that showed people who exercised regularly and ate healthily had more energy and higher job performance. So, not only did Kim install corporate gyms, but he also created a game that provided team-based incentives for working out and peer support. As a result of giving points and a cash reward for each kilo of weight loss, over 85% of employees now work out three times a week.<sup>21</sup>

Gamification is also used to create new profit opportunities. Early adopters of gamification, like IBM, developed gamification tools that significantly grow the business. INNOV8<sup>22</sup>, for example, is an IBM Business Process Management (BPM) simulation game that helps IT and business professionals understand how BPM impacts the company. As the application grew in popularity, IBM introduced even more business-to-business products, including the game called 'City Manager' for municipal executives. Today, the INNOV8 platform is used by over 1,000 organisations and is IBM's number-one lead generator.

The value and benefits of gamification are clear, but how do you decide if it's the right step for your company? Next we'll explore some of the key questions you should ask before you start gaming.

<sup>18</sup> DueProps Website. <<https://dueprops.com/>>. Web. 23 Feb 2014.

<sup>19</sup> Josh Bersin. "Work.com Redefines What HR Software Is." *Forbes Magazine*, 21 Sept. 2012. Web. 23 Feb 2014. <<http://www.forbes.com/sites/joshbersin/2012/09/21/work-com-redefines-what-hr-software-is/>>.

<sup>20</sup> Gabe Zicherman. "Beyond the Hype: 5 Ways That Big Companies Are Using Gamification." 27 Jan. 2013. Web. 23 Feb 2014. <<http://gigaom.com/2013/01/27/beyond-the-hype-5-ways-that-big-companies-are-using-gamification/>>.

<sup>21</sup> "What's Gamification, and How Can It Make You Happier in Life and Work?" *LAPTOP Magazine*. 29 Feb. 2012. Web. 23 Feb 2014. <<http://blog.laptopmag.com/gamification-how-it-can-help-you>>.

<sup>22</sup> IBM Innov8 BPM Simulation Game. Web. 23 Feb 2014. <[https://www14.software.ibm.com/webapp/iwm/web/signup.do?lang=en\\_US&source=swg-innov8&S\\_TACT=109J601W&S\\_CMP=web\\_ibm\\_ws\\_bpm\\_bd\\_innov8/](https://www14.software.ibm.com/webapp/iwm/web/signup.do?lang=en_US&source=swg-innov8&S_TACT=109J601W&S_CMP=web_ibm_ws_bpm_bd_innov8/)>. Web. 23 Feb 2014.



## Are you ready to play?

While gamification may sound appealing, you need to do your homework before you invest time and money in the effort. Dustin DiTommaso, an experienced Design Director from Mad\*Pow, says that companies should think seriously about why they're interested in gamification and how it could help them meet their business goals.<sup>23</sup> Before gamifying, he claims a business should be able to answer these six questions with confidence:

1. What is the reason for gamifying your product or service?
2. How does it benefit users?
3. Will they enjoy it?
4. What are your business goals?
5. How do you get users to fulfill those business goals?
6. What actions do you want users to take?

According to DiTommaso, if you can provide concrete answers to all the questions then gamification might be an effective route.

Other resources, like the Social Media Examiner, list elements to consider if you're deploying a gamification strategy. There are 26 elements on the list - for example, should you use challenges, badges, gifts or incentives?<sup>24</sup> The list reviews different applications and provides links to other resources for your consideration. Other items, like demographics, goals and measurable outcomes are also on the site. There's also a helpful list of organisations that effectively use gamification that you might want to research if you're thinking about moving forward.

Once you've decided to pursue gamification, the next step is to determine if you want to create the platform independently or use one of the many creators that provide ready-made gamification tools. There are literally hundreds of gamification providers to choose from, and some of the top 20 for 2013 are listed as Badgeville, Bunchbal, Lithium Technologies, Gamisfaction, Spigit, BigDoor, PunchTab and Gigya, to name a few.<sup>25</sup> Vendors provide tools for different gamification strategies and business areas, so you can narrow down your selection depending on your goals.

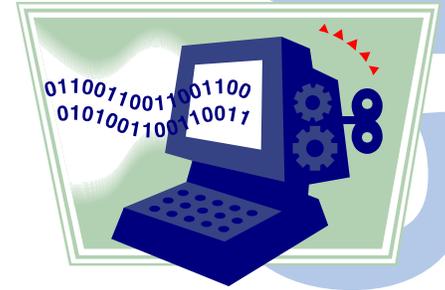


<sup>23</sup> Erika Swallow. "How Three Businesses Scored Big with Gamification." *Entrepreneur.com*. 6 Mar. 2012. Web. 23 Feb 2014. <<http://www.entrepreneur.com/article/223039>>.

<sup>24</sup> "26 Elements of a Gamification Marketing Strategy." *Social Media Examiner*. 05 Apr. 2012. Web. Web. 23 Feb 2014. <<http://www.socialmediaexaminer.com/26-elements-of-a-gamification-marketing-strategy/>>.

<sup>25</sup> "The Top 20 Most Influential Gamification Platform Vendors 2013." *Gamification of Work*. 3 June 2013. Web. 23 Feb 2014. <<http://gamificationofwork.com/2013/06/the-top-20-most-influential-gamification-platform-vendors-2013/>>.

Developing gamification internally requires another level of resources and talent. Gamification is still relatively new, and unless you're well-versed in coding, it's probably not something that is easily done in-house. You might want to hire an independent developer, but this can be costly. Experts suggest that your best bet is to enlist the help of a business specialising in gamification, which can provide a toolkit, as well as guidance and support, while getting started.



## Ready, set, gamify

There isn't a one-size-fits-all approach to gamification but there is certainly an engaged audience as Jack Wallington the IAB's head of industry programmes says: "The Gaming Britain report proves that playing video games is a mainstream activity enjoyed by over half of the UK population. Demonstrating incredibly high levels of engagement compared to other media. It's a premium opportunity for brands to reach consumers when they are at their most focused. Gaming's widespread popularity, the proliferation of new platforms, and more precise segmentation, will ultimately help brands sift through the many opportunities presented by games media."<sup>26</sup>

The key is to identify the behaviour you want gamification to elicit. According to Badgeville the US gamification software vendor, there are three mechanics to consider before you get started:<sup>27</sup>

1. **Game mechanics** - elements such as points or badges that provide participants with feedback on their progress within the game
2. **Replication mechanics** - elements such as leaderboards that publicise the status or performance level of each participant
3. **Social mechanics** - elements such as peer ratings and comments that help participants network and build relationships in the context of the game

According to Patrick Salyer, CEO of gamification platform Gigya, there are two critical success factors to gamification. The first is to make sure that all gamified elements are inherently social: "That is, don't restrict engagement to the internal site community. Award points for activities that reach users' social [networks] to

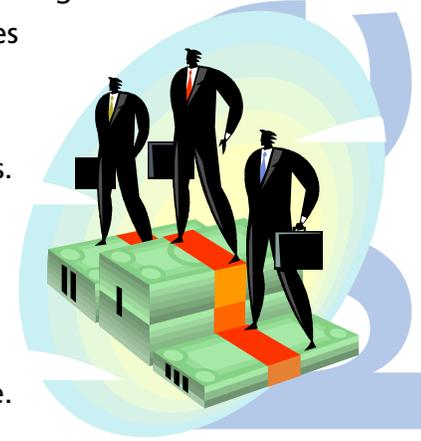
<sup>26</sup> "33 Million UK Game Players" Internet Advertising Bureau UK. Web 24 Feb 2014. <<http://www.iabuk.net/news/33-million-uk-game-players#vDH5By4HcgjVzj7v.99/>>.

<sup>27</sup> "Behavior Platform Overview" Badgeville.com Website. Web 24 Feb 2014. <<http://badgeville.com/products/behavior-platform/>>.

bring in referral traffic.”<sup>28</sup>

Secondly, Salyer advises organisations to focus on rewarding activities that create value for your businesses: “For example, award points and badges for behaviors like subscribing to your company’s newsletter, checking into your store or sending coupons to friends ... gamification is not about haphazardly throwing badges across your site.”<sup>29</sup>

Best practices to gamify your business can be found on a number of websites. Mashable, for example, has a blog that captures advice from successful entrepreneurs on how to successfully gamify a brand.<sup>30</sup> Some of these tips are summarized below:



- Check your budget, and stick to it. Gamification can get expensive.
- Appeal to your customers’ competitive drive. Think of ways in which you can create an optimum environment for users to express their innate competitive spirit.
- Promote the prize. Make sure rewards and prizes have value to the demographic you are trying to reach.
- Small, quick rewards work best. Sometimes, small and frequent is more effective because it helps an organisation to stay top-of-mind with the consumer, plus engagement is sustained when someone is always winning a prize.
- Create a community. Identify ways to celebrate users with gamification to make your community stronger and more engaging.
- Encourage social sharing. You can elevate the ‘gaming’ experience by allowing users to embed badges and/or widgets on their websites and social media channels.
- Create a sequence of badges and bonuses. This type of sequencing promotes a sense of accomplishment and pride when advancing to the next level in a game. Completion badges and unlocked bonuses encourage engagement and growth.

<sup>28</sup> Erika Swallow. “How Three Businesses Scored Big with Gamification.” *Entrepreneur.com*. 6 Mar. 2012. Web. 23 Feb 2014. <<http://www.entrepreneur.com/article/223039/>>.

<sup>29</sup> Erika Swallow. “How Three Businesses Scored Big with Gamification.” *Entrepreneur.com*. 6 Mar. 2012. Web. 23 Feb 2014. <<http://www.entrepreneur.com/article/223039/>>.

<sup>30</sup> Scott Gerber. “9 Strategies to Gamify Your Startup” *Mashable*. 2 Nov 2012. Web. 23 Feb 2014. <<http://mashable.com/2012/11/02/startup-gamification/>>.

Other research says that making games personal, focusing on user engagement and turning visitors into brand ambassadors is also key to success. Check out Entrepreneur.com for case studies on how Samsung, Verizon and Club Psych effectively used gamification to achieve real results.<sup>31</sup>

It's clear that a defined strategy that is fully vetted is critical. While estimates show that more than 70% of Global 2000 organisations will employ gamification techniques by 2014, the same research notes that 80% of those projects will fail unless they are designed thoughtfully.<sup>32</sup> It's imperative to do your research and create a well-defined approach before you gamify.

## The downside of gamification

Despite the proven benefits and popularity, gamification is not without its challenges and critics. While it's clearly effective short-term, some experts say that gamification is not a sustainable, long-term strategy simply because no game lasts forever. It's basic human nature; people lose interest and move on. So ideally, gamification strategies must be ready to adapt to changing behaviour and evolve in order to maintain user interest and engagement.

Other critics argue that gamification cheapens and distracts from a learner's experience.<sup>33</sup> In addition, some believe that earning badges and achievement levels doesn't necessarily equate to corporate engagement or translate into increased sales. Forbes author Elizabeth Corcoran said gamification is about using age-old tactics to change user behaviour. She said, "[Gamification] uses the oldest tricks in the book: providing instantaneous feedback, egging on the competition and rewarding even tiny steps of progress. Gaming assumes that the player isn't especially motivated - at least in the beginning - and then provides barrels of incentives to ramp up that motivation."<sup>34</sup>

Some caution against a gamification backlash from the use of extrinsic rewards. Analytics scientist Michael Wu, Ph.D. (voted as the 2010 Influential Leader by CRM Magazine), observed the following:

*A gamification backlash is often caused by the blind use of points and*

31 Erika Swallow. "How Three Businesses Scored Big with Gamification." Entrepreneur.com. 6 Mar. 2012. Web. 23 Feb 2014. <<http://www.entrepreneur.com/article/223039/>>.

32 "Beyond the Hype: 5 Ways That Big Companies Are Using Gamification - Tech News and Analysis." GigaOM. Web. 23 Feb 2014. <<http://gigaom.com/2013/01/27/beyond-the-hype-5-ways-that-big-companies-are-using-gamification/>>.

33 Kristen Bourgault. "Gamification in Education: Epic Win, or Epic Fail?" Digital Pedagogy. Web. 23 Feb 2014. <<http://www.digitalpedagog.org/?p=1416/>>.

34 Kristen Bourgault. "Gamification in Education: Epic Win, or Epic Fail?" Digital Pedagogy. Web. 23 Feb 2014. <<http://www.digitalpedagog.org/?p=1416/>>.



*badges, which are extrinsic rewards. Since extrinsic incentives will ultimately decrease a person's intrinsic motivation for the gamified behavior (a phenomenon known as over-justification). When extrinsic rewards can't keep up, you get the backlash. Although there are gamification techniques that leverage intrinsic motivation, most commercial applications use extrinsic incentives. These include perks, special privileges and cash prizes, which are only feasible up to a certain scale; then there are points and badges, which are virtual and scalable to the entire social web. Nevertheless, these are all extrinsic rewards, and as such, they are NOT sustainable.*<sup>35</sup>



In his blog, Wu discusses the dangers of over-justification and what he terms, “the moral hazard” of game play. People become too focused in the actual game rather than the activity. Players may develop an insatiable expectation for external rewards that decrease motivation in the long term. When players start playing only for the extrinsic rewards, the gamified behaviour you are trying to achieve is lost in the process, and your company becomes the ultimate loser in the game.

Gamification strategies should incorporate long lasting value in order to shift the focus from extrinsic rewards to intrinsic rewards. In other words, if a game demonstrates long lasting value to the player, extrinsic rewards become less important and expand the influence of your gaming strategy. Even so, research shows that many people find low intrinsic value in many of the commonly used game tactics and only 21% of users are motivated by intrinsic play.<sup>36</sup>

Even if gamification is not a long-term strategy, there are still benefits to its application. The key, says Wu, is to accept that gamification doesn't have to work long-term in order to create sustainable value. “[Gamification] has to work long enough for some other processes to take over as the primary driver of value. Subsequently, gamification will become a secondary reinforcement system that facilitates the primary value drivers.”<sup>37</sup>

The lack of qualified people presents another challenge to gamification. An entirely new pool of professionals needs to be developed to accommodate the 70% of organisations that will adopt gaming strategies. To meet the demand, estimates show that in the United States there will be a need for 5,000 certified

<sup>35</sup> Michael Wu. “The Gamification Backlash.” Web log post. Lithosphere. N.p., 13 Oct. 2011. Web. 23 Feb 2014. <<http://lithosphere.lithium.com/t5/science-of-social-blog/The-Gamification-Backlash-Two-Long-Term-Business-Strategies/ba-p/30891>>.

<sup>36</sup> “Gamification Value : A Practical Use at Immediate Feedback.” Explain Technology. Web. 23 Feb 2014. <<http://explaintechnology.wordpress.com/2012/07/18/gamification-value/>>.

<sup>37</sup> Michael Wu. “The Gamification Backlash.” Web log post. Lithosphere. N.p., 13 Oct. 2011. Web. 23 Feb 2014. <<http://lithosphere.lithium.com/t5/science-of-social-blog/The-Gamification-Backlash-Two-Long-Term-Business-Strategies/ba-p/30891>>.

gamification designers over the next three years, so the potential resource gap is real.<sup>38</sup>

## And the winner is ... gamification

Despite the challenges, there's ample evidence to suggest that gamification works and produces results. Companies that effectively implement a gamification strategy engage employees and customers on an entirely different level. In addition, companies use it to increase sales, customer satisfaction and brand exposure. Simply put, gaming isn't just for fun, it's for profit, too. If you still aren't sure, here's a snapshot of some of the ways companies benefit from gaming:

- Once it added gaming to its website, **EMC2** increased the amount of feedback it received by 41%.<sup>39</sup>
- **Bell Media** increased customer retention by 33% by incorporating 'social loyalty rewards on its website.<sup>40</sup>
- **Engine Yard** increased the response rate for its customer service representatives by 40% after posting response-time leaders for employees to see.<sup>41</sup>
- Thanks to the loyalty programme '**Samsung Nation**', Samsung saw an increase of 66% more users submitting 447 more product answers on its global website. In addition, 34% of users put 224% more items in their shopping carts.<sup>42</sup>
- **Verizon Wireless** created the community hub Verizon Insider to let users earn points and rewards for participating in contests, posting comments and promoting events. Post launch, users now spend over 30% more time on-site with social login versus site login, and the site increased page views by 15%.<sup>43</sup>



Organisations gamify because it introduces a level of fun into what could be

<sup>38</sup> Gabe Zicherman. "Beyond the Hype: 5 Ways That Big Companies Are Using Gamification." 27 Jan. 2013. Web. 23 Feb 2014. <<http://gigaom.com/2013/01/27/beyond-the-hype-5-ways-that-big-companies-are-using-gamification/>>.

<sup>39</sup> Pete Wolfinger. "Game On: How Gamification Is Changing Business." 12 Feb. 2013. Web. 23 Feb 2014. <<http://www.shrm.org/hrdisciplines/technology/Articles/Pages/Playing-Games-At-Work.aspx>>.

<sup>40</sup> Pete Wolfinger. "Game On: How Gamification Is Changing Business." 12 Feb. 2013. Web. 23 Feb 2014. <<http://www.shrm.org/hrdisciplines/technology/Articles/Pages/Playing-Games-At-Work.aspx>>.

<sup>41</sup> Pete Wolfinger. "Game On: How Gamification Is Changing Business." 12 Feb. 2013. Web. 23 Feb 2014. <<http://www.shrm.org/hrdisciplines/technology/Articles/Pages/Playing-Games-At-Work.aspx>>.

<sup>42</sup> Kelly Liyakasa. "Game On: Gamification Strategies Motivate Customer and Employee Behaviors - CRM Magazine." May 2012. Web. 06 June 2013 <<http://www.destinationcrm.com/Articles/Editorial/Magazine-Features/Game-On-Gamification-Strategies-Motivate-Customer-and-Employee-Behaviors-81866.aspx>>.

<sup>43</sup> Erika Swallow. "How Three Businesses Scored Big with Gamification." Entrepreneur.com. 6 Mar. 2012. Web. 23 Feb 2014. <<http://www.entrepreneur.com/article/223039/>>.

mundane. Contemplate taking the 'work hard, play hard' philosophy to a new level across your organisation. As noted by CRM Magazine:

*If you want better results from employees and customers, let them play. Using game mechanics to influence behaviours has emerged as a viable means for companies to achieve desired results. For companies that want more attention, participation, and, of course, business, it's an innovative way to engage customers.<sup>44</sup>*

Game on? Use gamification to engage customers and boost sales. When gaming is implemented effectively, customers and employees have fun while they increase sales and profits for your organisation. Who knows, maybe your company will hit the jackpot.



<sup>44</sup> Kelly Liyakasa. "Game On: Gamification Strategies Motivate Customer and Employee Behaviors - CRM Magazine." May 2012. Web. 23 Feb 2014. <<http://www.destinationcrm.com/Articles/Editorial/Magazine-Features/Game-On-Gamification-Strategies-Motivate-Customer-and-Employee-Behaviors-81866.aspx>>.

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