

Gamification as a Tool for Influencing Customers' Behaviour

B. Zatwarnicka-Madura

Abstract—The objective of the article was to identify the impacts of gamification on customers' behaviour. The most important applications of games in marketing and mechanisms of gamification are presented in the article. A detailed analysis of the influence of gamification on customers using two brands, Foursquare and Nike, was also presented. Research studies using auditory survey methods were carried out among 176 young respondents, who are potential targets of gamification. The studies confirmed a huge participation of young people in customer loyalty programs with relatively low participation in other gamification-based marketing activities. The research findings clearly indicate that gamification mechanisms are the most attractive.

Keywords—Customer loyalty, games, gamification, social aspects.

I. INTRODUCTION

LOTS of companies are seeking new ways of reaching customers. Game mechanisms that are capable of influencing customers' behaviour are increasingly becoming popular. Such mechanisms, adopted from the computer games industry can be skillfully introduced into marketing. In their simplest forms, they come as loyalty programs for rewarding multiple purchases. They can also be in forms of extensive applications in which the customer, like a player, performs tasks and even becomes a part of a social community. Gamification fits within the specificities of games as it is rooted in typically game related components.

The study findings imply that scholars believe gamification is worthy of serious study as the network of scholars studying gamification is increasing [1]. Gamification is a growing phenomenon of interest to both practitioners and researchers [2].

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II. APPLICATION OF GAMES IN MARKETING

Ever since game theory was formalized by Von Neumann and Morganstern in 1944, its applications to marketing situations have seemed a natural fit, especially in the area of competitive behaviour and negotiations [3].

The scope of gaming components that is being used in modern marketing is extensive. It involves the use of varied mechanisms hither known from the gaming world. The emphasis, however, is on those commonly applied in the

design of computer games. The mere use of game mechanisms does not, however, indicate gamification as it is a more extensive concept. The application of game components can be observed both in the designing of loyalty programs as well as in situations when the purchase of a product involves being rewarded with a free product. The use of game mechanisms relies on the use of one or few features of games [4]. Each of them is characterized by the following features namely, chances of winning, a goal that is achieved in course of playing a game, activities, which ought to be undertaken by a player and which ought to be disrupted by varied obstacles as well as rules which make each game specific [5].

Game components that are applicable in modern marketing strengthen ties between a brand and the customer. The intensification of interests in these methods has been due to the observable multiplication of profits by companies and the sustenance of durable ties with customers by using game components.

III. GAMIFICATION - COMPONENTS AND MECHANISMS

Gamification can be defined as the application of typical elements of game playing (e.g. point scoring, competition with others, rules of play) to other areas of activity, typically as an online marketing technique to encourage engagement with a product or service [6], [7]. Gamification is aimed at arousing engagement of users which translates into establishing ties between the brand and the consumer [8]. Gamification is the process of engaging audiences by leveraging the best of loyalty programs, game design, and behavioral economics [9].

Game mechanisms were initially applied in military and economic simulations. However, the fastest growth in gamification was noted in modern marketing and in employee motivating systems. Developments in gamification are manifestations of the existence of socio-cultural trends that encourage effective adaptation of game mechanisms. They have become components of education, brand development, human resources management and are being developed in business for employee motivation. Gamification in weaving mechanisms and structures applicable in games into marketing activities is aimed at gaining and sustaining customer loyalty. This terminology was voted the Trend of the year for 2010 in USA by the New York Times [10].

Game mechanisms consist of several components. It is a set of tools whose task is to sustain players at a given level of engagement. The mechanisms of games involve the player encountering motivators that are both internal and external. Internal motivators include the feeling of belonging, achieved status while specific rewards and punishments are regarded as

B. Zatwarnicka-Madura is with the Department of Marketing, Faculty of Management, Rzeszow University of Technology, Rzeszow, Poland (phone: +48 17 865 13 83; e-mail: bezat@prz.edu.pl).

external. G. Zichermann and C. Cunningham [11] provide that of the four types of prizes namely, status, access, power and material possession that constitute the reward system the first is the most desired while the last is least. It is worthy of note that they are ranked from the cheapest to the most expensive. Status is a customer's position in relation to others in a given ranking system in which there exist possibilities of changing positions. Its primary features are badges, which must be visible to other players. Levels and table of results can also serve as features. Access could mean the availability of on-line shops to a limited few even for several minutes earlier than other shoppers. Such actions are not uncommon in exclusive fashion houses. Thus, the best customers are honoured, while the brand is not exposed to costs. Power means offering the customer limited authority. This involves granting him the status of forum moderator or any other responsible function. Prizes in the form of free products, whose roles cease to be valid the moment they are handed over to the customer are least of the features. An interesting phenomenon is the fact that since the value of status and access is difficult to determine in comparison with gift items, customers tend to exaggerate their values. The illusion of winning is indispensable in motivating players [11].

The use of game mechanisms and discovery of gamification by users is a procedure aimed at guiding players to total commitment and concentration on a given task. Such a state is termed flow. This is a situation where the player is concentrated on task accomplishment, while remaining out of touch with the real world, but with the feeling of applying own potentials and his exploits being rewarded with satisfaction. The inherent difficulty lies in the designing of varied possibilities of involvement to make them attractive to persons representing varying lifestyles. Awareness of clear rules impacts on states of satisfaction through which a player knows he is treated fairly. The applied mechanisms ought to correspond to skills, neither being too difficult nor too easy. Feedbacks on success or failure must be immediate and comprehensible. The consumer should by means of trial and error accomplish his plan which culminates in the success promised. Other factors responsible for the so-called state of flow include the player's ability to define his objectives, the loss of self-awareness and of time. This, being the outcome of full concentration on the game, entirely engulfs the player [5].

The application of gamification should be preceded by thorough preparation. This does not only involve the need to define business objectives to be achieved through the implementation of gamification, but also to identify target groups. The identification of customers' current behaviours will enable us to clearly outline paths of expected modifications as well as to prepare appropriate material and intangible resources needed for the accomplishment of set objectives.

IV. EXAMPLES OF GAMIFICATION'S IMPACT ON CUSTOMERS

Gamification is used as a marketing tool in Internet research [12], [13]. Challenging consumers in form of entertainment, and rewarding them is a great tactic to generate engagement

[14]. There exist research studies that confirm impacts of gamification on customers, for example [15], [16].

To illustrate this impact two spectacular examples of where rivalry was applied by brands in recent times have been selected. An example of a successful adaptation of game mechanisms in its business activities is Foursquare. Foursquare (also known as 4SQ) is based on the geolocation of an influential social network. The service was created and launched in 2009 by Dennis Crowley and Naveen Selvadurai. It is designed primarily for users of mobile devices such as smart phones, tablets etc.

The mechanism by which the application has gained 50 million users has been in existence right from the on-set. Its primary function was enabling check-ins, in places like bars, restaurants, pubs or hotels. As a result, customers were able to gain specific privileges. The person, who most frequently checked-in at a destination within a month, gained the title of a major. A major was awarded badges and was subsequently rewarded. Lesser frequency of check-ins entitled customers to points as well as less prestigious badges. They were classified into standard, special types for being the bests in a given category and affiliate types from sponsoring firms. In addition to its primary role that translated into prestige among peers, the check-in function offers opportunities for rivalry among checking-in customers, who are freely rewarded. This could be in the form of free coffee, discounts while checking-in at specific times.

The research results revealed that users logged in to the application chiefly for two reasons. The first motive was social namely, finding friends and informing them of one's location, while the second was the desire to explore new places. The company thus, decided to split the application. The changes in Foursquare lead to the increasing role of the discovery of new places, which can be ensured through developments in personalization and in advisory roles. It will no more offer opportunities to check-in at specific locations. The service shall itself determine the user's activeness, noting his presence with the help of the geolocation function. Entrepreneurs, participants in Foursquare reward their customers regularly by creating promotional offers.

One can find, on the business dedicated website of Foursquare, many examples of when participating in Foursquare ended in success [17]. The essence of Foursquare is to develop relationships between customers using tools that attract users to gamification. The data provided point to the significant increase in profits of companies that participated in the project thus confirming the strength of gamification as a tool for influencing customers.

Another example of applying rivalry is provided by the Sports wear and accessories company Nike. It created the Nike+ Apps that took benefit of customers increasing interest in healthy lifestyles to develop a related social network that offers entertainment opportunities. To become a member, it is enough to have a smart phone with suitable application, open an account on Nikeplus.com and collect Nike's gadgets used to ascertain their physical activity. The Apps is an advanced pedometer with a stopwatch and offers the runner a series of

contests to enable him compete with himself as well as with other runners. The users are encouraged to link up to Facebook to post their results on personal tables. Nike's application is developed to meet two objectives. The first is to intensify ties with customers, while the second is the sale of more sports equipment. The continuous improvement of the Apps and sports equipment seem to suggest that the company strives to meet all expectations of their potential customer group [11, pp. 94-96].

Nike also created an App especially for women. It offers variety of training programs including information about products, hints and ideas. It is therefore, a very good platform to present latest collections and to advertise own products. The Apps has garnered the largest female community interested in fitness which is an indication of how the application of game activities can be potential tools in influencing people.

The Nike+ social network platform is the recipient of lots of information generated by the brand. These include, first and foremost, presentation of new products, hints and advices given by known sports personalities and motivation. The community has become its ambassadors presenting their results to friends via Facebook, using gadgets while at the same time tracking and approving latest trends. The brand continues to work on strengthening relations with its users through common trainings, activities and contests for community members. Similar actions meet the needs for belonging, and attract customers to participate in sports related games. Nike has managed to create a unique system relying on interactions with the global community of persons interested in developing their physical fitness. Thanks to its attractive mechanisms, gamification has created a platform for people wanting to make use of modern technologies.

V. RESEARCH METHODOLOGY AND FINDINGS

The objective of the study was to identify the impacts of gamification related mechanisms on customer behaviour. Simple game mechanisms served as the subject of research as they are also being applied in customer loyalty programs.

The research hypothesis was based on the following questions, namely:

1. If young people partake in customer loyalty programs.
2. What motivates them, the most, to partake in customer loyalty programs.
3. If young people participate in marketing activities of companies that employ game components and gamification.
4. Which of gamification's mechanisms is most engaging for customers.

The research was conducted among 176 young respondents, who are students from the University of Technology, Rzeszów, Poland in October 2014. The auditory survey method was applied for the study. Young people were chosen as the object of research due to the fact that they most often make use of modern communication tools and are open to novelties. The students (respondents), aged 21-22 had to complete a questionnaire that consisted of 14 questions. Females constituted 67% of the respondents. Almost 70% of

the respondents have taken part or are actively participating in customer loyalty programs. Some of the reasons the respondents mentioned for participating in such programs include immediate discounts (89%), cash for subsequent purchases (75%), discount coupons (70%) and tangible prizes (49%). Considerably less proportion of the respondents gave the following reasons, i.e., cost-free participation, easy to follow rules, and feeling of belonging to an elite club. Majority of respondents that confirmed their participation in customer loyalty programs agree that such programs do influence their purchase decisions. Hence, companies can, to a certain degree, influence what products are chosen by their customers.

Only 24% of respondents indicated that they took part or are actually participating in the marketing activities of companies that apply game components and gamification. Majority of these (60%) are males. One reason for the low interest in gamification could be that from its little popularity, awareness of its existence in Poland is yet meagre. The most attractive mechanisms in gamification for respondents include entertainment, rivalry and interesting application mechanisms (Fig. 1). The opportunity to boast one's achievements amongst peers as well as the access to monitor one's own progress were least important reasons.

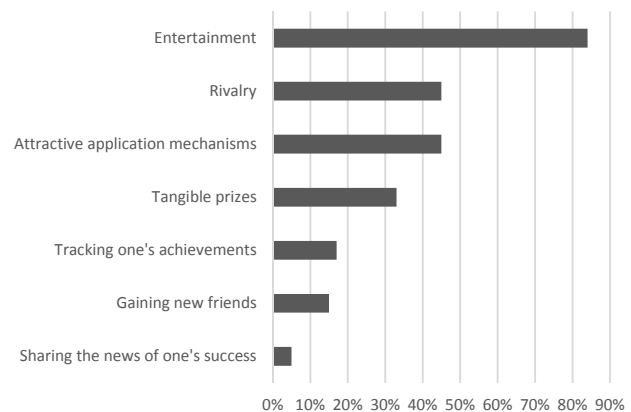


Fig. 1 Most attractive mechanisms of gamification for respondents

The results indicate the indisputable significance of the entertainment component as a key factor in the design of Apps containing game mechanisms. Producers should also, in their activities, pay attention to the attractiveness of Apps mechanisms, the creation of possibilities for rivalry as well as the opportunities to win tangible prizes.

VI. CONCLUSIONS

Current corporate objectives are aimed at creating strong ties with their customers. The achievement of these objectives requires the application of mechanisms that ensure the commitment and loyalty of customers. Developments in modern technologies have enabled the application of game mechanisms to enhance involvement of customers. Service providers that offer Apps design solutions as well as customer

involvement solutions have surfaced in the market. These activities referred to as gamification have undoubtedly influence on customer behaviour. They however, demand extensive research studies based on psychological knowledge and in-depth analysis of global brands, which by using mechanisms of gamification have garnered around themselves entire communities of enthusiasts.

The community of young and educated people constitutes contemporary customers that are most susceptible to involvement via game mechanisms. They are well-oriented about trends in modern technologies. Equipped with smart phones, they expect among other things possibilities of entertainment, rivalry and interesting Apps mechanisms. As the study was conducted on a small sample and trends are continuously changing, it is desirable that further detailed studies be carried out.

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