Gamification is the key to mobile customer engagement

February 2015
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Abstract

Mobile offers Brand Marketers the perfect platform to engage with their consumers and cut through the noise made by traditional channels. With over 3 billion smartphones shipped in 2014 and 1.4 billion expected in 2015 (IDC, 2014), mobile is fast becoming the digital hub that can deliver exceptional engagement and brand loyalty. With such a valuable asset at the disposal of Brands it’s surprising that it is mainly being utilised as a tool to deliver non-personalised and untargeted advertising that does not drive genuine engagement or give consumers what they want, a value exchange in return for their engagement. What’s worse is that these broad brush mobile tactics are forecast to account for more than 50 per cent of worldwide digital advertising spend in 2017 and advertisers will spend $64.3billion (£41billion) on mobile advertising in 2015 (eMarketer, 2014).

This paper explores how Brands can enhance engagement with consumers to maximise the effectiveness of the mobile channel, drive brand loyalty and incremental improvements to customer lifetime value, whilst still maximising the effectiveness of their marketing spend. We discover certain tasks and activities that people prefer doing on their mobiles and recommend marrying these activities together through the use of gamification to deliver Brand interactions that are exciting, fun and rewarding and give consumers what they want – a value exchange.

The paper examines the science behind driving engagement and how marketers can leverage gamification, insight, proximity marketing and social to mobilise consumers to undertake positive actions, such as visiting stores, purchasing products, viewing or sharing content to their peer networks and the importance of aligning these outcomes to Brand objectives.

It also brings to life examples of how brands have leveraged these techniques beyond mobile to build a gamification ecosystem that includes Web, Email and Social, highlighting some of the challenges that brands face and providing recommendations on solutions to implement and measuring their success.
What is gamification?

Gamification, like Big Data, is a term you will hear frequently these days but what does it mean?

Take a look online and you will see gamification referred to as the “use of game mechanics in non-gaming contexts” (Deterding, 2011). Practically it can be defined as “the phenomenon of creating gameful experiences” (Jonna Koivisto, 2014) or “the process of making activities more game-like” (Werbach, 2014). Gamification is being applied to many different processes and tasks to enhance the enjoyment of the people involved in doing them. Enjoyment is created by making tasks more engaging, fun and interesting to complete, which in turn increases people’s motivation to complete them.

The widespread interest that gamification has attracted lies in its potential to strengthen engagement, change behaviours and support innovation (Gartner) and the gamification industry is expected to grow to over $2 billion in the U.S. alone in 2015 (M2 Research).

Gamification can be applied to virtually any vertical and to address any business goal. In one example, Extraco Bank leveraged educational gamification when removing free checking accounts in 2011. By using an online gamified application Extraco were able to explain their new proposition to customers, walking them through the key reasons and benefits of the account changes with conversion rates jumping from 2% to 14% as a result. Gamification gives us a framework to practically apply existing knowledge from theories including those of behavioural economics, motivational psychology, self-determination theory, persuasive design and learning and development.

Of particular interest for us is Self-Determination Theory that proposes two overarching types of motivation: intrinsic and extrinsic. Intrinsic motivation is defined as the doing of an activity for its inherent satisfaction rather than for some separable consequence. When intrinsically motivated a person is moved to act for the fun or challenge entailed rather than because of external pressures, or rewards (Deci E. L., Intrinsic motivation and self-determination in human behavior, 1985) (Deci E. L., The “what” and “why” of goal pursuits: Human needs and the self-determination of behavior, 2000). A classic example of this is when adults choose to take up pottery classes or learn a new language ‘just for fun’.

In comparison, extrinsic motivation refers to engaging in an activity as a means to an end and not for its own sake. Thus, when individuals are extrinsically motivated they are not participating in an activity for the inherent pleasure they may experience while performing it, but rather in order to receive something positive or to avoid something negative that is separate from the activity (Deci E. L., 1975).

In games, players who play to obtain in-game awards, such as rare items, virtual currency, or experience points or to gain admiration and recognition from other players, represent individuals that are extrinsically motivated (Marc-André K. Lafrenière, 2012).
A practical way to implement intrinsic behaviours is by deploying the following three step cycle:

1. **Challenge** – tailoring a challenge to your audience will encourage voluntary and well-motivated take up.

2. **Achieve** – provide feedback about user progress quickly and often, then signal the completion of the challenge (preferably with something your audience can share to show off their achievement).

3. **Reward** – users get a good feeling for completing the challenge (which is its own intrinsic reward) and may in turn ‘unlock’ a subsequent challenge (also a reward type) that sets the cycle in motion again.

One real-world example of this recurring ‘Challenge, Achieve, Reward’ cycle can be found in the Stockholm Sounds campaign. Stockholm Sounds is a gamified tour-guide app that encourages visitors to seek out and discover the sights and sounds of Stockholm. As visitors progress they have to complete challenges such as quizzes and riddles to unlock the next destinations (Stockholm Sounds).

How can gamification mechanics assist with marketing?

Before you can begin to choose the right gamification techniques for your audience you need to be clear about the business objectives you are trying to achieve. The tactics used to acquire more customers are likely to be subtly different to those selected to increase loyalty among existing customers.

Once you have your business objectives prioritised and agreed, think about what behaviours you wish to encourage within your audience. Are you trying to increase direct sales? Are you trying to encourage your users to spread the word about your product? Or are you focusing on increasing footfall into your bricks and mortar stores?

The following is an example of how we can use gamification to affect behaviour. From our data we know that 96% of smartphone users research products on their phone and people are naturally curious. So it would make good business sense to make it easy for your customers to engage with information about your products via their phone.

A gamified way to achieve this would be to ask them to watch a short video about your product that unlocks a quiz for them to play with a chance to enter a prize draw or obtain other...
Did you know that mobile coupons receive 10x higher redemption rates than print coupons? (Conner). By applying gamification in this way we’ve made the research fun and engaging and we’ve kept consumers within our website or app, hence reducing the likelihood that they will browse to a competitor’s site and research alternative products.

Now your users know about your product you should make it easy for them to share your content, particularly as mobile users are 66% more likely to re-tweet than desktop users (unifiedsocial.com). Shareable content could originate from the quiz they have completed, the prize draw they have entered or simply just a comment about how good your product is now that they know about it.

A mechanic that games use well is that of a virtual currency. A virtual currency can be the method to motivate your users to navigate through different aspects of your app. Perhaps your users need coins to enter a competition and can only gain these coins by viewing content about your products, by sharing branded content on social media or by visiting your site multiple times.

If we want to increase footfall in physical stores and locations we should take advantage of the hyper-local data we can get from smartphones. Whether we get this data from GPS or iBeacons we can now encourage customers to visit locations or explore different zones within stores which may trigger highly relevant and personalised offers or unlock clues that form part of an on-going puzzle or game.

This link between the physical world and the virtual world is key in keeping customers engaged. I would recommend taking this form of engagement a step further by using augmented reality or QR/barcode scanning to incentivise and reward consumers with content or offers in return for viewing or scanning specific products or adverts.

Once customers have discovered the ease with which items can be scanned or iBeacon check-ins obtained you’ve got them started on the next game mechanic, that of ‘collecting’. When consumers know there is a set of items to collect they typically become motivated to complete the set. This opens up the opportunity to help customers learn about less well-known and
perhaps more profitable products or to discover more of your physical outlets.

Next we would recommend building in ways for customers to be imaginative and creative, preferably with your brand and products. This can be as simple as rewarding consumers for uploading photos or videos of themselves with your product, potentially taken in different locations, or sharing what they have built or achieved by using your brand. If they have created something, they are likely to be proud of what they have achieved and so keen to share it across social channels.

Something else that falls within this creative category is enabling and encouraging customers to leave feedback about products and brands or future products and services they’d like to use. Opening up such a route of direct communication typically makes brands appear in touch with their consumers and provides incredibly useful insights.

In order to optimise this form of customer experience, and so build loyalty, brands have to do three things: make customers feel valued, resolve customers’ issues or problems quickly and talk to customers in plain language (Forrester).

An important motivation often missed out of gamification strategies is that of socialising.

Frequently gamification focuses on individuals when customers are also interested in:

- **Socialising** — taking an interest in helping and chatting with other players
- **Relationships** — the desire to form long-term meaningful relationships with others
- **Teamwork** — deriving satisfaction from being part of a group effort (Yee, 2006)

So brands should also aim to find ways to put people into teams, to enable existing consumers to mentor new ‘players’ and provide mechanisms, such as forums, that enable consumers to chat to each other. If you can expose some of the resulting activity as a newsfeed that also results in users feeling more valued.

With consumers divided into teams organisations can then use mechanics such as team challenges. These challenges pit teams against each other to collect all available badges or post the best results. This latter type of challenge is ideal for gyms and health clubs, where teams from different locations can compete against each other to achieve the highest position on a ladder or leader-board. Where team quizzes are employed one great tip is to reward the first member of a team that solves something with a new clue that is unlocked and available for all the other members of the team.

Though not strictly gamification, due to their popularity and engaging nature, I would also recommend adding some fun video games into your engagement strategy. Games should be exciting to play, relevant to your brand or campaign theme and should be integrated into the other aspects of your gamification program. For example, virtual coins obtained by completing other gamified tasks may enable you to upgrade your character or accessories within the game or unlock hidden levels.
Data and analysis: a gamified future

People really enjoy playing games. In the United States alone more than 200 million hours are spent each day playing computer and video games (McGonigal, 2010). Video games are able to motivate, to compel us, to transfix us, like nothing else we’ve ever invented has quite done before (Chatfield, 2010).

We need to learn from the things games do well to motivate and engage us and apply these findings to our marketing by leveraging gamification. Proof of the power of games can be seen in the size of the games industry. Globally games revenue in 2014 totalled $81.5Bn (of which $21.7Bn, or 27%, related to mobile gaming). Games revenue is predicted to rise by 2017 to $102.9Bn (of which $35.4Bn, or 34%, an increasing percentage is from mobile gaming).

The next trend we can learn from in the games industry is that these games are increasingly being played on mobile devices. 51% of the UK online population already play mobile games (Newzoo, 2014) and there are 12 billion video gamers worldwide of which 966 million or 78% also play mobile games (www.bigfishgames.com, 2014). Indeed games make up 70-80% of all app downloads (www.mobilefomo.com).

Mobile gaming revenue as a whole increased by about 70% between the second quarter of 2013 and the second quarter of 2014, but gaming on dedicated handheld devices, like a Nintendo 3DS, dropped by 28% (www.androidauthority.com).

The size of the smartphone market in 2014 was $383 billion and predicted to increase to $452 billion by 2018 (IDC, 2014). Patterns of internet usage are changing to reflect the popularity of mobile devices too. Mobile now accounts for 25% of all internet usage, up from 14% just a year ago (Smart Insights).

We can see from this we need to be engaging with people on their mobile devices and that they are most engaged by games currently. If we can move the intrinsic motivators and other game mechanics into our marketing and deliver this across mobile platforms then we create a very powerful way to reach and maintain dialogue with consumers.
What are people currently using their smartphones for?

Listed below (IDC and Facebook, 2013) are the most popular activities on smartphones. It is worth noting that this list does not show the amount of time spent on each activity type, indeed time spent on mobile devices is largely dominated by online games (49 percent) (Gartner).

Most popular activities on smartphones:

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Top 10 Uses of Smartphones - from IDC and Facebook. Always Connected, August 2013.

Patterns of internet usage are changing to reflect the popularity of mobile devices too. Mobile now accounts for 25% of all internet usage, up from 14% just a year ago.
Why a mobile future?

Increasingly we are placing smartphones at the centre of our interactions with technology – they are rarely out of our reach.

Already we control other devices from our mobiles. Consumers are synchronising their smartphones with their FitBit wristbands to report on their physical activity and health goals, they watch Netflix cast from their phones to their TVs; in their homes they listen to music streamed from Spotify or iTunes via Bluetooth to music docks; they turn the heating on an hour before they get home using Nest; and they shop using the Amazon app rather than boot up their laptops. Consumers are increasingly controlling all the key services in their lives from their mobile devices, people are doing their banking; sharing their news with friends and family through social media like Twitter & Facebook; storing all their documents and info in apps like Evernote; checking the weather; even learning new skills, such as languages, through Duolingo.

In so many situations your smartphone is now your first port of call for answers and information. To increase your chances of engaging with consumers the primary channel of communication now needs to be mobile.

The downside of modern technology is the weight of information and communications that come our way, the sheer number of distractions and noise we have to clear before we can get relevant information and make simple decisions. As marketers we need to provide highly relevant and timely information to help our customers. The good news is that we can now achieve this through contextual relevance. We have data about our customers’ interests, about their social networks, about their macro location through GPS and their hyper-local location through devices such as iBeacons (http://en.wikipedia.org/wiki/iBeacon, 2014).

What does this mean to you as a retail customer? It means that you can now expect when walking past a store to receive a personalised notification on your device with details of a special offer or competition in that store that is likely to be of interest to you.

If you enter the store you can now expect to receive a notification alerting you that you’ve never checked out the products on the second floor of the store, with a promise of a reward if you go and check them out now.

Once on the second floor if you see a product you’re interested in, you should be able to wave your smartphone at the product to display further information about the product contextualised for you, such as product reviews.
written by friends or a list of those that have one, perhaps it even shows an image of you wearing the item.

If you then share that image on social media it should be feasible to get feedback from your friends on whether to buy that item. Buying the item with a click of a button should result in an app sending you another offer, something to go with it, again personalised based on what the brand knows about your likes and preferences.

What does this mean to you for managing your life? It means that you should expect to be rewarded for managing your bank account better, to expect feedback and advice about achieving your health and fitness goals, that completing necessary tasks such as completing your tax return should be more fun and rewarding, perhaps unlocking a nice badge indicating you are an ‘Early Filer’ that you can share with your friends, that you should expect to be automatically informed about new experiences and events that are relevant to your lifestyle along with invites sent to friends with similar interests to join you there.

Measuring engagement and choosing good metrics

How do we measure the success of our gamified marketing approach? We should choose to measure behaviours that directly or indirectly relate to our business objectives. For example, your goal might be to increase brand awareness, but your target behaviour could be for more customers to ‘like’ your Facebook page.

Key metrics to use to measure engagement are:

- Revenue (particularly if you can buy products from within an app)
- Downloads of an app
- Likes of a page
- Physical footfall (check-ins)
- Content views per user
- Time spent in an app or website
- Frequency of visits to an app or website (loyalty), daily active users, monthly active users
- Participation in games, forums, competitions
- Volumes of user generated and shared content
- Total social media mentions and invites
- Numbers of social media followers

The award winning Dell Engage SG app from 3radical (3radical) included games as part of a wider mobile gamification platform: thousands of Singaporeans downloaded the app and played tens of thousands of games (heavily branded as Dell and Intel), consumers made thousands of visits to Dell’s website, stores and Facebook page and read about Dell’s new products. Half a million impressions of peer shared content were delivered by consumers sharing news about the Dell Engage app, Dell’s new products and even photographs of themselves using Dell products.
The perceived usefulness, enjoyment and playfulness of gamification is known to diminish over time. The younger the user the faster they will get bored (Jonna Koivisto, 2014). It is therefore important to be able to refresh gamification content on a regular basis.

One of the key successes of the Dell Engage campaign has been the brand’s ability to re-skin the application to tie in with key sporting events. Initially the look and feel of the app centred on the 2014 Football World Cup. Since then it has been completely redesigned to reflect Formula 1.

For a deeper look at how engaging your gamification program is take a look at the Gaming Motivation Scale (GAMS) which is a tool designed to assess intrinsic and extrinsic motivations in line with Self-Determination Theory (Marc-André K. Lafrenière, 2012).

**Conclusions**

The aim of this report is to help Brands visualise how they can achieve unprecedented engagement through a gamified ‘mobile first’ approach. Such an approach is proven to cut through the noise and give consumers what they want, fun, rewarding and challenging interactions with Brands! But beware gamification isn’t about placing a game on your website and crossing your fingers! Success will only be achieved if marketers ensure their gamified mobile strategy has:

- Agreed and prioritized business objectives and ensured that campaigns and gamified tactics are aligned to these goals;
- Understood consumer needs, wants and behaviours to ensure gamified communications are relevant and timely and draw on a broad range of techniques that will motivate, surprise and delight;
- Incorporated the Challenge, Achieve, Reward cycle to develop intrinsic motivators for long-term engagement and extrinsic rewards for on-boarding and short-term campaigns;
- Adopted a process of continuous improvement, leveraging test and learn principles, measuring success and refreshing campaigns regularly to ensure activities always include an element of suspense and excitement.

In summary, to be successful brands need to understand consumer interests and desires then keep pleasantly surprising consumers with relevant and timely offers, games, competitions and information, that align to the Brands objectives, so that consumers keep listening, engaging and forming an emotional attachment with the Brand. Only then will consumers engage more, buy more, recommend products more frequently to their friends and family and, ultimately, become Brand loyal.
References


Yesmail (2013). Email Compass: The Mobile Effect.
Further reading

For the Win: How Game Thinking Can Revolutionize Your Business - Kevin Werbach & Dan Hunter

Gamestorming: A Playbook for Innovators - Rulebreakers, and Changemakers - Dave Gray, Sunni Brown & James Macanufo

Reality is Broken: Why Games Make Us Better and How They Can Change the World - Jane McGonigal

Enterprise Gamification - Mario Herger

The Little Book of Gamification – 3radical [http://www.3radical.com/resources/](http://www.3radical.com/resources/)
About us

3radical have built the first cloud based gamified mobile engagement platform – Voco.

It allows brands to truly engage consumers by delivering a ‘gamified’ experience including individually targeted challenges such as treasure hunts, photo sharing competitions, quizzes and purchase offers. When consumers engage in these challenges they can be rewarded with discounts, competition entries and level-ups in mobile phone games. Every consumer receives individual tactics based on their profile, behaviour and location, and the Brand gets rich information to analyse and optimise their communication across the business.

The experience is mobile first, and is delivered using apps, websites and other channels and integrates with brands’ existing marketing activity, making it even more effective.

In recent surveys across Singapore, Australia and the UK, more than 80% of consumers said that brands needed to give them something back in return for engaging with their marketing. More than 50% said this had become more important in the last year. In addition, more than 80% of consumers reported owning a smartphone. 3radical Voco addresses these trends and has achieved consumer engagement rates of 40% by delivering a fun and rewarding mobile experience.

With offices in Singapore, Australia and the UK, 3radical works with major brands such as DELL, DBS Bank Asia and Anytime Fitness to drive exceptional consumer engagement using the award winning 3radical Voco platform.
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