

CHALLENGE
series

Can business

win with

Gamification?

“ **Gamification:** When the ‘mechanics’ engineered to make games fun are used to alter non-game structures and business processes. Through positive mental stimulation, the functional everyday processes, can be transitioned from the monotonous into the deeply engaging.

Pomegranate, 2012

What's this issue all about?

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Marketers and sales directors have seen trends and ideas come and go. And they can be forgiven if a degree of scepticism colours their view of the latest marketing communications tools and new killer methods. Duncan Thomas, founder and M.D. of Pomegranate, explains why gamification is more than tricks and gimmicks.



The rise of digital media has seen a proliferation of ideas, channels and business models. Tactics have emerged that have worked for some brands, whilst leaving others bewildered, out of pocket, and with some explaining to do when they have not got the results they anticipated. We have seen the rise of some new marketing memes: Content Marketing, User Generated Content, Mobile Websites (WAP), Brand Theatre, and Branded Content. Then came 'Freemium' – and of course, the rise and rise of social media.

Gamification, is another of these terms, being hailed by some as a game changer. The typical definition is 'the use of techniques and mechanics derived from the understanding of games and game play to enhance the

interaction of people within non game contexts'

Before we go any further it is important to clarify, gamification is not 'game theory,' nor 'game design', these are both very different fields as research will inform you. Additionally, you will see me use the term 'player' more often than user or viewer, as this helps promote the difference in thinking around this subject. Finally, I am not a fan of the term of gamification as I will explain later. However, for universal understanding we will use it today.

Gamification is a methodology established from the in-depth analysis of human psychology, in relation to gameplay and game environments. Numerous studies have concluded that games trigger or intensify specific emotions, behaviours and actions, not synonymous with any other activities. With the categorisation of the 'game mechanics' (which activities in a game, influence which emotions), people are able to look at positive ways of harnessing the effect for applications outside of games. Marketing has been toying with various pieces for a while, only businesses are now realising the potential impacts too.

How successful is the games industry?

Including hardware and software, the global computer games business is now worth in

excess of US\$25 Billion (NPD Group / Social Media Today, 2012), and in 2012 it is predicted that social games alone – those played within sites such as Facebook, will generate more than \$6.2 Billion of revenue (TechCrunch, 2012). The UK computer games business is now the single biggest sector of the entire entertainment industry. How big? With annual sales of £1.9 Billion it is just under double the size of the UK music business (Entertainment Retailers Association, 2012).

From free to play games such as Rovio's Angry Birds and Zynga's infamous Farmville generating multi-millions through advertising and micro payments, to huge blockbuster releases such as Call of Duty Modern Warfare (which sold 6 million units in its first 24 hours of release) - there is no denying the success of the gaming world at grabbing attention and making consumers part with their cash.

However, what unites people from anthropologists and HR directors to marketers is a deeper understanding of the unique human emotions and characteristics that are activated by game play. For example, repetition, why does a player return five times a day to religiously carry out the same task, such as spraying fields in Farmville, and what stimulates a person to spend 140 hours a month collecting virtual objects, like swords and gems in Warhammer?

Things start to get really interesting when those questions are transferred out of games worlds into business contexts. But what does gamification mean for businesses? A renowned statistic is Gartner's prediction that by 2015 over 50% of Global 2000 organisations would be using gamification within their innovation processes, and that over 70% will use games mechanics and processes within their general marketing and retention efforts.

Clearly business leaders need to take notice. How can games methods and thinking be built into brand plans? Can you believe the hype? And how can you win with gamification?



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So can you really win using Gamification?

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Recently, marketing & collaboration consultant Andrew Armour of Benchtone and business advisor & leadership coach, Steve Hemmings of Realpoint Consulting met with Duncan Thomas of Pomegranate and asked him 'how can business win with gamification?'



Andrew Armour_ Duncan, how did you get started in this whole area of gamification?

Duncan Thomas_ We got started when we were commissioned to investigate the success factors behind 'social gaming' – this resulted in us spending about six months running some deep research studies using a range of methods (quantitative, qualitative and ethnographic) to dig deeper into the factors that created both commercial success for the game makers, and high levels of user engagement.

The research presented some powerful insights,

from determining patterns of what attracts and repels players, new archetype profiles and ultimately enabled us to model the life of a social game.

AA_ So it was a pure commercial product development?

DT_ Essentially, that is how it all started. We wanted to understand 'how did Zinga make £60 Million + out of Farmville?:' 'why did people get addicted to it? What attracts spend on virtual goods? We looked at the psychology and the social behaviour, assessing a broad spectrum of resources like social conversations, user data, activity workshops and focus groups. To validate our findings we also cross-referenced current research from areas like console and PC games.

AA_ OK. So, is the use of games mechanics another way of engaging the consumer?

DT_ I won't be purest but Gamification is not really about retail and consumerism, it is about motivating people, enhancing engagement; in essence its about introducing fun into areas typically devoid of it!

However there is of course an extensive list of consumer marketing executions that testify to using gamification. Most of us will have been hit with some form of gamed-up marketing campaign, with loyalty generating systems that range from British Airways' Avios points, to simply stamping your Starbucks loyalty cards to get your free Latte.

Unfortunately to date, the majority of consumer cases citing the use of gamification amount to using little more than the basic points, badges, rewards and leaderboard devices. It is these primitive and often naïve applications of 'game mechanics' that influence people to dismiss gamification as a fad or gimmick.

AA_ What is proving gamification's case for business?

DT_ In the hands of skilled people like software engineers, product designers and user experience architects, gamification is emerging as a powerful methodology with ever increasing applications for business. When you have companies like IBM, Accenture, Samsung, Pepsi and even the US Government using gamified techniques, you know you have to take notice.

Look at it this way, if you could make your work as exciting as when you are in 'play', whether its sports, console games etc, how much more fun would life be? Play and fun are words not associated with many work environments, until now. Systems and process designers are exploring a diverse range of applications, initially focusing on the environments where monotony is a big risk, for example in call centres and data processing.

Game mechanics are also being extensively introduced within the training and learning development areas of large organisations.



Starbucks loyalty card (johnwise.com)

More advanced applications reward 'players' for increased engagement, through i.e. sharing or frequency of returns, examples such as Xboxes reward scheme (See link bit.ly/fBGeGK), or Swagbucks.com where you earn cash for your reviewing brands' content. Away from loyalty schemes, innovations such as Dennis Crowley 's Foursquare, are evolving to provide a whole new way to promote leisure and hospitality locations; check in when you get there and build your status to being the mayor, which In turn gains you rewards from that establishment.

Various department types are actively testing approaches from Secondlife and IBM's 3D virtual worlds, to the US Military's serious games and Flip Learnings role-based scenarios. The pharmaceutical and medical worlds particularly are closely looking at studies that use game mechanics in internal knowledge share platforms to promote collaboration and better team approaches to problem solving.

We have seen pioneers like Jane McGonigal take the fusing of motivational techniques into virtual environments to a whole new level. Jane has run test scenarios over long durations to really get under the skin of how far reaching the impacts on behaviour can be.

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We haven't 'done a Darwin' and uncovered a unique facet of man's behavioural evolution. We have simply created a neat wrapper for the bundle of human instincts that have been ingrained in us for 1000's of years.

Jane's studies show that practical learning can be absorbed more deeply when using game mechanics. McGonigal's renowned example was used to promote social responsibility around the use of energy efficient living (bit.ly/aDmAYR).

AA_ Are you confident this practice is sustainable then?

DT_ In short, yes! Because there is nothing new in gamification; we haven't 'done a Darwin' and uncovered a unique facet of man's behavioural evolution. We have simply created a neat wrapper for the bundle of human instincts that have been ingrained in us for 1000's of years. The primary human behaviours we are now engaging in haven't changed massively; moreover they get provoked in new and increasingly acute ways. Take jealousy, it can occur simply because a colleague has achieved 'Power networker' status in Linked In, my aggression can be riled just because my profile is not as complete, or I can't show as many followers for my Twitter crowd. These are basic examples of how our emotions are constantly being provoked, and one of reasons why systems designed to harness and nurture behaviour states, can impact widely in the work place.

This clearly demonstrates that it is not our behaviours and emotions that have changed, just the ways in which we express them.

To me this proves that the need to apply gamification methods will only increase. We need to provide people with channels for the different emotions being evoked, and with well designed interactions, the right emotions can be harnessed to help motivate and self discipline, whilst reducing the arousal of detrimental emotions such as sabotage, jealousy and boredom.

AA_ Would you describe gamifying something akin to a creative treatment or design tactic, or is it deeper than that?

DT_ It is way deeper, it is a methodology and framework, and something I believe, for safety's sake, should be implemented by authorised practitioners . The issue is still the misuse of the title and therefore the practice. Many high profile case studies state the use of gamification, when it actually is a game.

If you say 'we got people to challenge each other in to order to see who could comment the most on our company social channel, then earn points and gain a position on a leaderboard for a prize – here you are essentially describing a game

If however you say 'we developed a strategy that encourages employees to maintain their company profiles, share responses regarding information releases, and actively support our

social innovation channel,' then you are starting to talk gamification.



Classic leaderboard (underneaththeirrobes.blogspot.com)

The difference is about behaviour change. The first example is short-lived and purely tactical, whereas the second example establishes a change in the mindset and even the culture. Employees actively provide feedback; they can see their input, as can others. This develops a long-term path that can be built on.

We cannot dismiss the importance of the design treatment as it does play a key part in creating the constructive environment. Processes that build on a gamified structure, must still pay respect to things like information design, semiotics, wayfinding and visual interface design. These areas ensure that the theory and architecture come to life and inspire a person or 'player' to want to engage.

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As more successful instances of gamification are unveiled, I feel marketers will need to look quite differently at how consumer and brand relationships are first established, then how they are maintained.

AA_ How do you measure the effectiveness of gamification?

DT_ Assessment is fundamental to successful application. Motivation is driven by the ability to see how you have progressed, and what you have achieved. A lot of the successful design using game mechanics rests on how the feedback cycle is integrated within the system.

It is important that the objectives and KPI's of the program are clearly defined upfront so the whole plan is designed with a practical analytics model, from testing through development cycles.

Gauging the true impact of gamified applications means talking to people. Evaluating whether or not people are more enthused, feeling more involved, or have gained more loyalty to the business are the penetrative, emotive things that require careful access.

AA_ I can see how the gamification is touching many business and social areas, but do you see there being a better use for consumer marketing?

DT_ For sure, B2C marketing is highly innovative and often very sophisticated in constantly deploying new ideas. With competition in most sectors only increasing, emotional engagement with the customer is more highly prized than ever. The methodology of gamification is, as we have touched on, developed around doing exactly that; creating a psychological engagement with the 'players' that is deeper and longer lasting than conventional marketing techniques.

In business and social landscapes we can already see game mechanics being applied to motivate sophisticated behaviour change and human interaction. As more successful instances of gamification are unveiled, I feel marketers will need to look quite differently at how consumer and brand relationships are first established, then how they are maintained. Examples like Nike+ and Nike Fuel Bands I think show an understanding of this new vision. Nike has created a fully sensory, cross device / platform experience, that promotes health through fun, and generates ultimate brand awareness, all whilst establishing a profoundly unique customer relationship.

In the consumer world, the success stories

will derive from the marketers, like the team at Nike+, who get that gamification offers so much more than superficial badges and leaderboards; to marketers it will be quite simply game changing.

It will be exciting to see how loyalty schemes in particular, view the wider opportunities presented through gamification. With the ever more acute targeting of audience segments, gamification already contains detailed profiling insight to ensure the efficacy. The use of profiles during the planning process provides clear direction for crucial areas such as gender, demographic and cultural variances.



Nike+ and Fuel Bands (nkfuelband.com)

AA_ I should bring in Steve on this point. As someone who runs training and coaching workshops, do you think games can be a more effective way to get people engaged in training and changing their behaviours?

Steve Hemmings_ It has been well recognised that people learn differently; some people use auditory, some people are more visual, and some learn kinetically. So, if you can get people to engage with all these different senses – you can get people to learn a lot better, so in principle, yes, in training environment, it can be very effective.

AA_ So, is working out how to win the game, part of the reward?

DT_ Certain team members or players will definitely consider winning the objective, but the cleverer ones will realise that it is not so much about rewards and more about the process being rewarding. Winning can happen in many ways and well-designed systems will even allow winning to be personal. Players will understand the value in strategy, in how greater personal gain is made by evolving an immersive attitude to working in or with a system. Collect, share, feedback, collaborate and so on, all feed into the richer experience and transition the mundane tasks into a world of choices, challenges, achievements and collaborations.

In certain processes winning can prohibit continuous ambition, for example if my job requires that I maintain a very monotonous role but task achievement and challenges have been applied and enthuse me, if I win where is my incentive for the next month?

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The title ‘gamification’ – I hope that will not be around for very long. For many it is seen as a fad because of the numerous examples that continue to apply only the superficial elements.

SH_ What about the critics of gamification? Some say it will not be around and it’s a bit of a buzzword. As a marketing approach, is it going to last do you think?

DT_ Well, firstly the title ‘gamification’ – I hope that will not be around for very long. For many it is still seen as a fad because of the numerous examples that continue to apply only the superficial elements i.e. the points, badges and leader boards, without understanding the bigger picture. Really the technique of gamifying has been around for ages. For example - look back to the Blue Peter appeals, frequent flyer points, nectar cards and the host of various attempts to engage and influence us. The fact is as humans we like challenges, quests and being able to share our achievements and that is unlikely to change, so realistically there should always be a need to acknowledge and nurture that.

SH_ How well do you think businesses are responding to the opportunity at the moment?

DT_ As we touched on businesses, organisations, public bodies etc. are all taking the opportunity quite seriously. It gets really interesting when you look at the successes from some of the challenging areas, like the Department of Work and Pensions. They adopted gamification to help with collaborative internal team thinking, and it has generated more than 6,500 innovation ideas from their staff over the past 12 months using a gamified idea submission process.

SH_ So how did that work?

DT_ They used status and rewards mechanics but more interestingly they introduced If your idea is good, it gets you through to the next level. It is about giving people recognition and tapping into that massive status thing. It has been highly successful.

AA_ So, which gamification tactics offer the most opportunity for marketers?

DT_ That is a tough one because it depends on many variables; age, gender, objectives, environment all come in to play. At Pomegranate we have been exploring amongst other things, the world of credit cards. We have been looking at how the game mechanics can be structured to change an often distressful relationship between customer and card, into one of value, trust and meaning.

Credit Cards have often used a small degree of game mechanics, such as status - move from gold to platinum, collect reward points or cashback, and of course spend more = increase your limit.

We have focused on how to create a culture and a responsible community where both brand and customer benefit. By putting a lens to the different, challenging areas, we have been able to devise a new architecture around how the loyalty and achievement is responded to by the brand. When you introduce key concepts like collection, combined with sharing or in this case gifting, we have opened up a whole new world of experiences for card users, that will reduce their need to promiscuously jump from card to card.

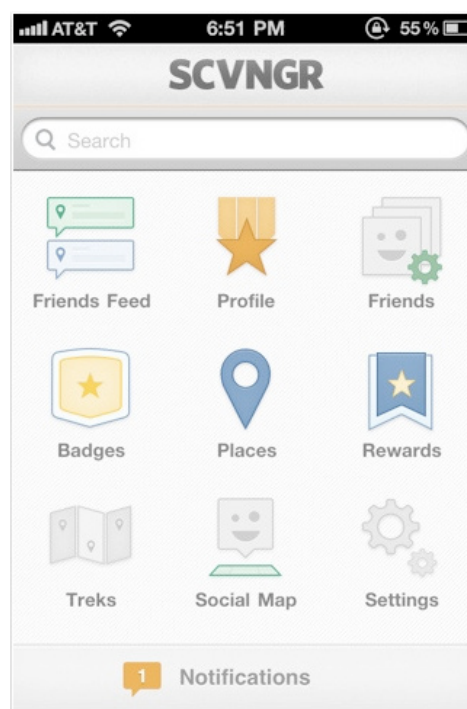
AA_ That touches on other big topics at the moment though; social media, social networks and the rise of local and mobile platforms etc. Where is gamification going, regarding the rise of social media and especially, these kinds of technology trends?

DT_ The great thing about mobile is that it opens up a huge swathe of different activations. There is a great new platform called Scvngr, and they are using gamification techniques combined with location-based activities. So for example, different activities and offers tracked via different locations and supported by

augmented reality in your mobile, to get certain rewards etc.

AA_ So, you're seeing business, technology, social media, advertising, loyalty schemes, all using gamification?

DT_ Potentially. As I said the ethos behind the title is for use in non-game contexts, however that is so broad. If the 'gamifiers' have a comprehensive understanding of how to use game mechanics positively, not for short-term gain, then why should there be a boundary? Examples like Swag bucks get users to interact, review and share content to gain redeemable 'bucks'. This is non-game, continuous, and rewards progress and achievement.



SCVNGR app (itunes.apple.com)

AA_ So what do marketers need to consider before they look at gamification projects?

DT_One: the audience. Who are they?

Two: what is the behaviour/s you are trying to ignite or harness? And three: what kind of longevity are you after?

To do it properly, this should be seen as a long-term, not short-term activity. And finally, you must determine the feedback process: what are the success factors and how will they be monitored? It is crucial that everyone from an HR and Sales Director to a marketer understands the measures and metrics needed. For example, we have recently worked on a gamification platform for a sales team, and through the metrics used we discovered that the sales team actually really loved sharing stuff, which was a surprise. That could have a big effect on how they run and reward their sales teams. It is a great insight, so next it is important to understand how the client takes this information, and uses it to build on their internal framework.

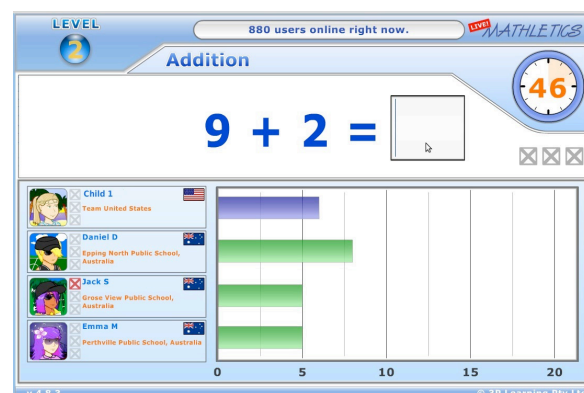
SH_ Where do you see gamification going over the next 12 months?

Well Gartner interviewed the global 2000 (top companies in the world), and over 74% of them have said that they will be using gamification techniques within the core business by 2015. By 2018 it is estimated that gamification will be a

£20 Billion industry, which is great news for us. But what really excites me, is how this can have an impact on education.

SH_ In universities and schools?

DT_ Yes, exactly. In situations where education might not be fully engaging, how can we use games to help that? One bank we worked with showed a massive failure rate in their internal training exams. How can we bring simple gamification processes in to help that? We brought in simple, regular game type questions, and made it into a competition.



Mathletics contest (homeschoolmath.net)

In another project we have seen them use 'mathletics' - bringing games methods into the maths class. They don't even know they are doing maths - they just want to win their silver certificate! And to solve some of the puzzles - what they've seen is that people need to work together and collaborate to solve the problem. The understanding that you cannot do it all

by yourself and that you need work with other people. That's another exciting future – for gamification. And I know that's something we're going to talk about with you next.

AA_ What a brilliant place to end. So, on that note, we will do. Thanks Duncan. 🗣️

IN SUMMARY

Gamification continues to be a contentious topic; its value and effect will be debated for a long while to come. Whether or not this methodology retains its current title, the fact remains that games have been around since early man, and through increasingly sophisticated sciences, games continue to evolve and attract players at exponential rates. As games further infiltrate our daily lives, the distinction between game play and disciplined, functional activities, does risk becoming blurred.

Without some form of policing and even possibly licensing of practitioners, there is a real danger of abuse.

In short, gamification presents organisations large and small with a new lens with which to view how they motivate their people. With clear objectives and experiences designed with people at the heart, there is the potential to see significant financial gains.



Duncan Thomas

Pomegranate Group

Duncan Thomas is the founder and M.D. of Pomegranate Group, a leading agency that start every engagement project with the people, the audience the community and the culture. The objective is always to build experiences that attract, inspire and evoke meaningful interactions. Today Pomegranate sees Gamification as a methodology with powerful benefits to enhancing the practice of engagement and motivational design, focusing on three key areas: innovation in marketing engagement, motivation through business applications and evolution in the socially impactful applications.

For more on how the latest digital technologies can be used in your next campaign get in touch via email: Duncan@pomegranate.co.uk or call **0207 336 7322**



Andrew Armour

Benchstone

Andrew Armour is the Founder of Benchstone Limited, a marketing consultant and a specialist advisor and trainer in the areas of collaboration, partnerships and innovation. He has held senior marketing and innovation roles with Yell.com, Walt Disney and Television New Zealand. He writes about modern issues of marketing in his blog www.andrewarmour.com. If you would like to discuss how collaboration can give your marketing efforts an edge, email Andrew: Andrew@benchstone.co.uk or call **07971 231 025**



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Realpoint Consulting

Steve Hemmings, the founder of Realpoint Consulting is a business consultant, coach and trainer specialising in the areas of strategic sales, relationship building, and collaborative leadership. He is also the co-producer of the CollaborativeEdge and CollaborationCafe training programme. Prior to launching Realpoint, Steve had a thirty year career in technology, telecoms and media, with senior UK and international sales & marketing positions at Cisco, Lucent Technology and VeriSign.

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EXAMPLES OF GAMIFICATION IN ACTION

<http://www.games4rehab.org/BDBlueMarble/blog/258/>

<http://www.gamesforhealthurope.org/>

(Healthcare Marketing Exchange) bit.ly/L5eER0

(7 Examples: Put Gamification To Work) bit.ly/JqEziU

Accenture uses gamification bit.ly/ncAGIH

FINANCIAL

Investing in gaming bit.ly/rfnqRG

REFERENCES, ADDITIONAL READING AND RESEARCH:

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Total Engagement: Byron Reeves

Theory of Fun: Raph Koster

Gamestorming: Dave Gray

Rules of Play: Katie Salen

<http://gamification-research.org/>

DIGITAL AND WEB RESOURCES:

Bartle, Professor Richard – ‘Multiplayer Design’ and ‘The Future of Games’. See www.mud.co.uk

Chang, Tim – ‘Gamification Insights And Emerging Trends’, Tech Crunch, 2012

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Sebastian Deterding – ‘ Experts split, holds various opinions’ March 2012 - bit.ly/Kykg1R

LINKS:

<http://virtualgoodsinsider.com/>

<http://gamification-research.org>

http://www.rtbot.net/Dr._Richard_Bartle - Gamification and its shortcomings with Dr Richard Bartle

<http://www.xeodesign.com>

<http://www.8kindsoffun.com>

<http://www.openbadges.org>



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