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Gamification:
Winning Hearts, Minds
and Loyalty Online

Table of Contents

"Gamification": Winning Hearts, Minds and Loyalty Online

Who doesn't like to play games?

Want to learn how to use gamification to create stickier content? Our Internet marketing white paper shares how to use gamification to improve critical heuristic measures such as bounce rates, time on site and pages viewed, while encouraging people to visit your website multiple times. These critical Search Engine Optimization (SEO) benefits help change the customer conversation from "lowest price" to "best value" or "most fun".

What is Gamification?

Gamification uses games to build relationships, increase conversions and develop strong loyalty bonds online. Gamification, done well, positively impacts a website's Key Performance Indicators (KPIs) such as time on site, pages viewed, inbound links and website conversions. Games create sticky content that promotes repeat visits, brand advocacy and social shares.

This Atlantic Business Technologies white paper provides "how to" tips on using gamification to increase return on investment (ROI) for web development and Internet marketing. We begin with more background on gamification itself, then we analyze different ways that gamification can be used for marketing, and we conclude by walking through a fictional case study in which gamification improves the bottom line of an otherwise unexciting local business.

Taking Games Seriously

The business world is getting interested in the power of gamification , thanks to facts such as the following:[1]

+ 3 billion hours a week are invested around the world in online social "massively multiplayer games" (MMP) such as Farmville and World of Warcraft.
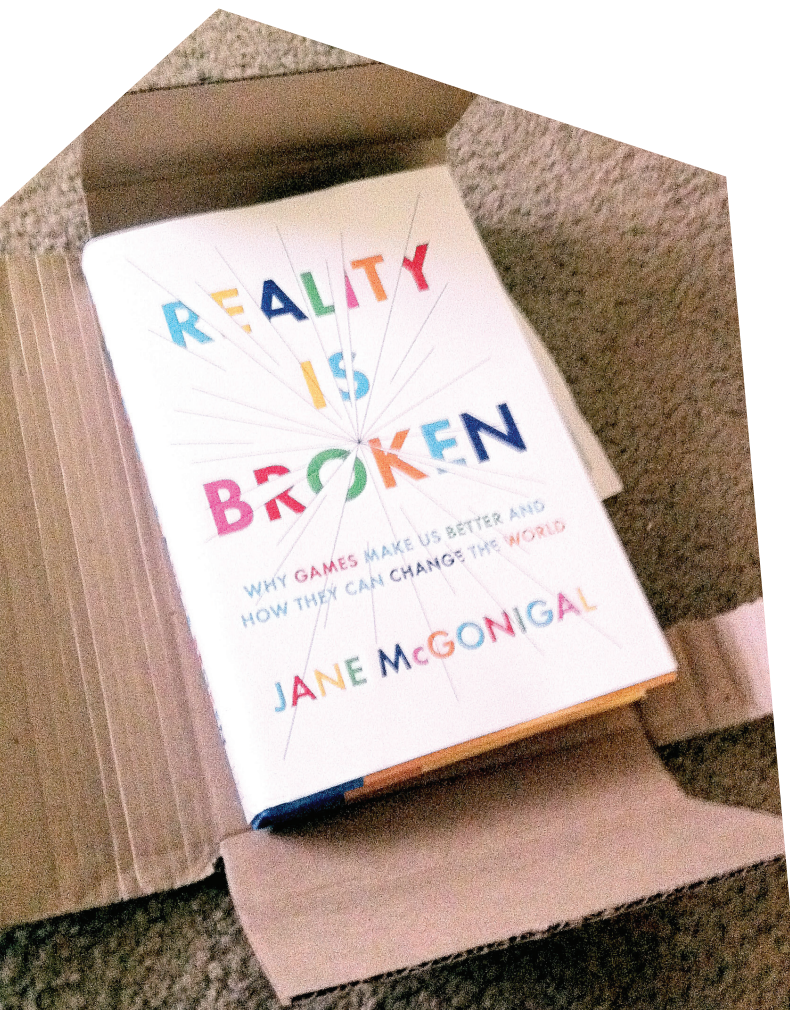
+ By 2016, 70% of Global 2,000 companies will have a gamified app.
+ 77% of American households own video games.
+ 55% of gamers play on mobile devices.
+ The average age of video gamers is 37.

Everything Bad Is Good For You, a book by tech journalist Steven Johnson, argues that video games and other "bad for you" things are actually good, because they teach skills for our information age. Johnson believes that video game problem solving, data parsing and game logic are important pillars in a world powered by Google, Facebook and Twitter.

Jane McGonigal, a "visionary" game designer, goes further in her book *Reality Is Broken*. She believes games and gaming theory can save the world. She presented her ideas at SAP's TechEd 2011, an event reported by *Forbes Magazine* as "Gamification Gets Down To Business" (September, 2011): [2]

After wowing the audience with a few eye-opening facts, McGonigal introduced a special guest who set a world record as the top winner in massively multiplayer thumb wrestling. The TechEd crowd was then coaxed to its feet to participate in its own game of massively multiplayer thumb wrestling. By doing so, McGonigal proved that this game (the one being played real time) hit upon the key emotions of games like pride, joy and contentment. Judging from the lively Twitter reactions the crowd at TechEd had fun playing possibly their first massively multiplayer game.

As SAP Senior Vice President Mark Yolton pointed out at the event, even the SAP community is a form of gamification. McGonigal concluded by addressing the consequences for businesses, indicating that change due to gamification will be rapid and related to incentives that affect human behavior.

Gamification, Conversion and The New SEO

Changes to Google's search engine have made games and gamification more important to web development and Internet marketing. The search engine's latest "Panda" algorithm updates prize web page content's relevance, frequency and social shares. Games and gamification excel at creating "Panda-friendly" content that is frequently updated and shared across social networks.

Beyond the massive communities and huge social benefits to games, Google's algorithm changes increase gamification's value because:

+ Panda's "over-optimization" penalties are changing the practice of search engine optimization (SEO).
+ Games help catch inbound links from popular sites, the most important SEO metric.
+ "Social/Search" prioritizes content capable of consistently driving high value frequent traffic.
+ Games improve site heuristics such as time on site, bounce rate, and pages viewed, which arekeyto SEO and search engine marketing (SEM).

Games vs. Gamification

Distinguishing between games and gamification can be confusing. Web design blogger Daniels Mekss explains:[3]

> Gamification brings together game mechanics and marketing to create engagement and solve problems. What do we understand about game mechanics from a web standpoint? Well, that online gamification doesn't necessarily have to be traditional online games. Gamification relates to things like points, badges, activity levels, leaderboards, challenges etc.
>
> Gamification is an excellent way to help shape user behavior and influence them to take specific actions. There are already lots of successful companies who've implemented gamification mechanics into their services and sites. Foursquare and Farmville are only two brilliant examples of efficient use of game mechanics.

Games and gamification are moving closer together. Lines are blurring quickly among the many gamification elements, such as:

+ Traditional video games
+ Gamification for marketing
+ Badges/rewards as new social currencies
+ Contests and sweepstakes
+ Social, Local and Mobile (SoLoMo) competitions such as FourSquare's "Mayor of" restaurants and famous landmarks

D.I.Y. - Do It Yourself

Technology is throwing fuel on the DIY megatrend that has been burning since the 1960s. Creating a new concept or "meshing" a new business together today from pieces of Other People's Platforms (OPP) is easier than ever, as Lisa Gansky notes in her book *The Mesh: Why the future of business is sharing.* Entrepreneurs take advantage of scaled networks (Google, Facebook, Twitter) with Application Program Interfaces (APIs) to create a new generation of DIY tools helping consumers DIY everything from home improvement, where the trend started in the sixties, to video editing. We are at the beginning of a new period of technical innovation as new tools such as Scoop. it, Hunch.com and Pinterest continue to add fuel to the powerful DIY trend.

In this paper, we examine how gamification can most effectively be used for marketing and then provide real-world gamification examples.

We discuss each of these megatrends in more depth below, then we end with a real-world gamification example.

Gamification For Marketing

Marketing is the ultimate game. Marketing in a post Moore's Law,[4] Google-enabled and long tail of everything[5] world plays to hearts and minds. Gone are the manipulative advertising days of Mad Men's Don Draper character. A flat, connected world moving at ever-increasing technological speed means Internet marketers are only as strong as their weakest social and Internet enabled link.

Moore's law states that the power of integrated circuits doubles every two years even as costs dramatically decline. The increasing power and aggressive price declines of integrated circuits made Google, Facebook, and ever more elaborate online games possible. Now, gamification in the service of marketing and nonprofit "save the world" goals is creating a "new marketing". Traditional "push" campaigns such as print advertising, television commercials and infomercials are becoming less effective. New marketing is a battle for hearts, minds and advocacy. A number of megatrends have marketers searching for new market-making ideas such as:

+ DIY culture exploding thanks to the Internet.

+ Active consumption via social networks, a desire to be involved.

+ Death of Push Advertising.

+ Internet marketing's 4 Cs

+ Creating Loyalty with gamification.

Playing for Hearts & Minds

Active Consumption

The need to win hearts and minds as well as the DIY culture are changing consumption patterns, as David Edleman noted in his *Harvard Business Review* article, "Branding In the Digital Age: You're Spending Your Money In All The Wrong Places"(Dec, 2010).[6] Edleman analyzes a more interactive and less linear conversion funnel:[7]

The New Conversion Funnel
David Edleman HBR Dec, 2010

Consumers are active participants in this new funnel. Word-of-mouth, fueled by reviews of anything and everything thanks to sites such as Yelp, epinions, and Facebook's ubiquitous thumbs up icon, makes advocacy and discontent easy and global. The ultimate prize of active consumption is customer advocacy. Customer advocacy ensures completion of the word-of-mouth cycle.

Generating word-of-mouth (WOM) is both easier and harder today. It has become easier in that most customers have easy access to social networks and micro-blogging tools such as Tumblr, Twitter, Pinterest. Yet it has also become harder, because the sheer amount of marketing and brand noise, also thanks to these same tools, has become deafening. Eric Schmidt pointed this out at the 2010 Techonomy Conference:[8]

> "Every 2 days now we create as much information as we did from the dawn of civilization up until 2003. The real issue is user-generated content."

Death of Push Advertising

Companies late to marketing's "hearts and minds" competition find traditional strategies losing effectiveness, which places entire business models at risk. Even leading newspapers such as the New York Times struggle with how to create relevancy in a DIY time dominated by "pull" social advocacy instead of a "push" advertising model. In a push advertising world, winning was often just a matter of buying more advertising.

Marketers are finding it increasingly difficult to win hearts and minds with traditional advertising, no matter how large the budget. Crowdsourcing, viral internet campaigns, email marketing with segmentation and personas, product placement, dynamic website designs, and social media marketing are the new tools of a marketing revolution. According to Seethu Seetharaman, the W. Patrick McGinnis Professor of Marketing at the Olin Business School: [9]

> Traditional expensive advertising is no longer effective given all the clutter, as well as the emergence of ad blocking technologies such as digital video recorders blocking ads from view much less being absorbed or acted upon.

Internet Marketing's 4 Cs: Content, Community, Campaigns and Conversion

Internet marketing, at its best, helps wins customer hearts, minds and advocacy. Credit the Google search algorithm's insistence on content, not just commerce, for creating the last block in the revolutionary idea of the "new marketing". Tactics once reserved for online strategies, such as near real time customer behavioral segmentation with personas, are becoming common to every aspect of brand marketing.

Google's "pay to play" model with rules and guidelines based on user experience, quality, speed, relevancy and frequency has changed marketing. Google's insistence on the 4 Cs: Content, Community, Campaigns and Conversion now rule more than Internet marketing. Content, Community, Campaigns and Conversions become essential ingredients to "win hearts and minds" and create social brand advocates.

Internet Marketing's 4 Cs and Gamification

Creating engaging games impacts every one of the 4 Cs: Content, Community, Campaigns and Conversion. Statistics from gamification site Badgeville.com show the kinds of benefits from gamification Internet marketers want:

+ 15% gain in conversions

+ 75% improvement in engagement metrics

+ 200% increase in social shares

These powerful metrics support direct and indirect financial gains. Increasing social shares, especially from Facebook, benefits search engine optimization (SEO) and may start the holy grail of the new Internet marketing model: more and more, faster and faster, better and better. The more and more, faster and faster, better and better Internet marketing cycle is analogous to a snowball rolling down a hill, picking up volume and mass with each roll. This marketing idea applies to all Internet marketing including:

+ Content and content creation

+ Sales

+ Awareness especially via social networks

+ Advocacy

Creating Loyalty With Gamification

Using gamification techniques to promote loyalty requires understanding the similarities and differences between games and loyalty program gamification. There are subtle differences between games such as Farmville and gamification, games created to promote loyalty, as summarized by the Games and Loyalty Programs Comparison chart below.

Games start with a contingency, which is a problem to be overcome by the player or players. Loyalty programs (or loyalty games) establish eligibility as the first step to "game play" or contribution. If you live in the right place, are the right age and meet other "eligibility requirements", you may "play" a loyalty program such as airline

frequent flyer miles, a free lunch after so many punches on a card or free coffee at Starbucks.

Games ask players to use tools and the game environment to solve problems. Solving one problem usually leads to a new contingency after the initial reward is earned. Loyalty programs ask eligible members to respond to offers in defined and qualified ways, such as contributing content, voting in a poll or recruiting votes across social networks.

Games and loyalty programs share a common end goal: more game or loyalty play leading to brand advocacy and conversions. Solving puzzles is part of human DNA, so games may have a small upper hand in extending game play. Loyalty programs, on the other hand, must provide significant rewards often to prevent "players" becoming bored and leaving the game. [10]
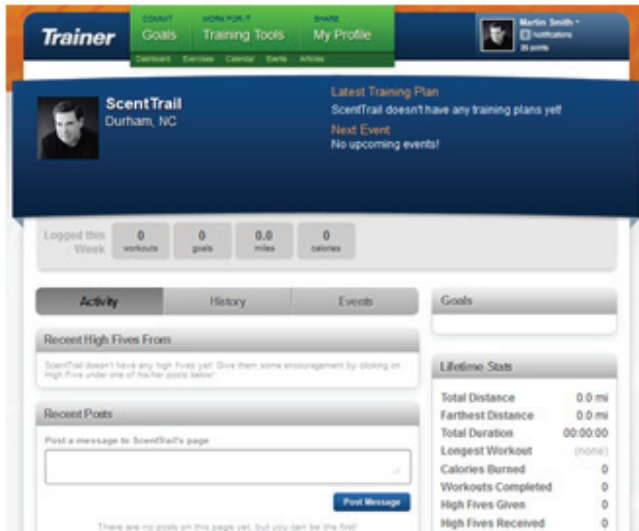
Loyalty Games and the "Game Within The Game" Concept

ActiveTrain.com is a great example of an engaging marketing loyalty platform. Trainer.Active.com is a sophisticated loyalty game demonstrating every aspect of a successful loyalty platforms including:

1. Personal and public profile controlled by security settings (example below)
2. Building a following can become a game within a game, as Twitter demonstrates
3. Sharing popular goals with member counts: "lose weight 8,883" shows there are almost nine thousand members in ActiveTrain.com's "lose weight" group.
4. Monthly featured plan or member: Rewarding community members with "features" builds loyalty and drives social links.
5. Game within the game: The Presidential Challenge is one of ActiveTrain's games within a game for those who want even more.
6. Social recognition badges: Badges and positive feedback are "earned" in a stimulus generates response way.
7. Leaderboards create competition by publically sharing leaders helping players to up their games to catch up or understand the effort needed to maintain a leading position.

Games & Loyalty Programs Comparison

Games	Loyalty Program
Contingency — Problem to be overcome	**Eligibility** — Focus on a targeted group
Response — How to bridge or solve contingency	**Offer** — Give to get
Reinforcement — How will I be rewarded	**Qualification** — Action game players take
	Reward — Recognition, badges, social status, money or other rewards

Trainer.Active.com Public Profile Example (note Lifetime
Stats and Badges on right below "goals")[11]

Importance of Leaderboards

Leaderboards create competition for the main game or the "game within a game". Even hinting at how many players have achieved a goal may create competition, spurring others to up their game and increase engagement. Airlines will let you know how close to "elite" status you are and share how many members are already in the club, stirring your competitive nature.

The online curation tool Scoop.it had a great user profile and leaderboard before their July, 2012 redesign. The Scoop.it below for Atlantic BT Marketing Director Martin ("Marty") Smith summarizes every aspect of their "game". Scoop.it's "game" is to help curate content into beautiful online magazines. User profiles reinforce the game by showing:

+ What's New: Feedback on recent "scoops"
+ My Curated Topics: Content members curate within topics such as Business Intelligence
+ My Stats: A great chart showing curation effort (the blue bars) and visitors (the white line)
+ My Followed Topics: Links into scoops from members you follow.

A. Scoop.it The Game (Martin Marty Smith on Scoop.it)
GAME: Get followers and likes.

Scoop.it's user profile created a full expression of their brand promise. It was easy to see Scoop.it's positive impact, the white line on the My Stats chart. Scoop.it's user profile created an excellent content, community, campaign and conversion summary.

Scoop.it's Leaderboard and the Scoop.it Game Within A Game

Clicking on the line of profile pictures of fellow curators above "My Stats" produced a leaderboard (example below). Scoop.it's first leaderboard showed every curator in their system organized with the most popular curator, Robin Good, at the top. This meant the leaderboard was dominated by professional curators. Robin has hundreds of thousands of followers, so his viewer numbers tower over beginners, creating a disincentive to play the game.

Soon after launch, Scoop.it changed their leaderboard. After the change, players only saw curators immediately above and below them. The example below shows Atlantic BT Marketing Director Martin ("Marty") Smith's viewer numbers. Marty can look up to Stefano Bossi to see the distance and so judge the effort required to overtake him. He can also see the line of his progress (the white line). This kind of leaderboard creates a "carrot" type of incentive for the game. The carrot is always just out of reach, so players continue to believe in the game's currency, the possibility of a payoff.
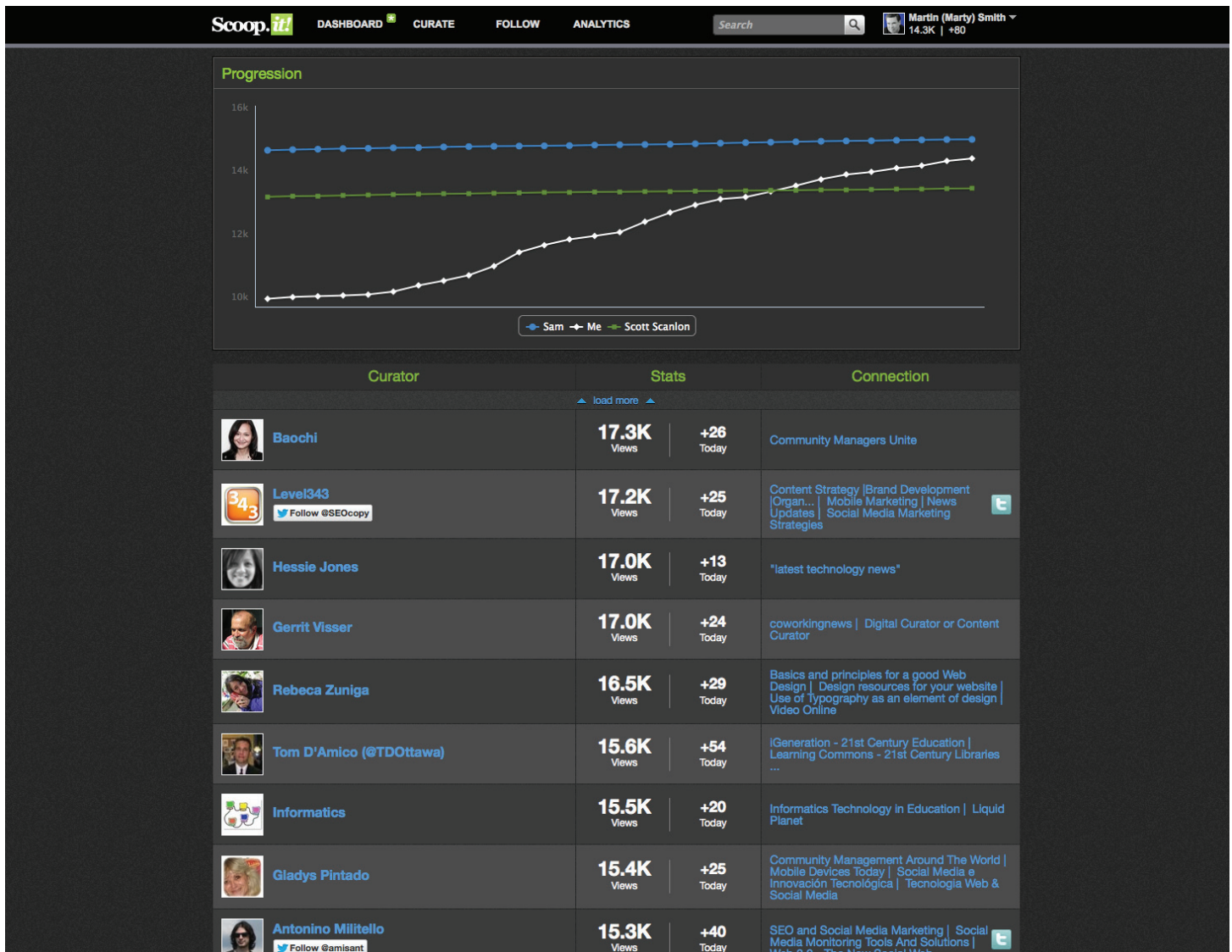
B. Scoop.it's Game Within A Game (competition among
immediate peers; must login to see)

Gamifying Atlantic Carpet Cleaning

Creating A Gamification Strategy: A Hypothetical Carpet Cleaning Company

Gamification is all well and good for "fun" industries, but what if your company does something as run-of-the mill as carpet cleaning? The good news is that gamification's principles work for any business, and gamification works even better when there is a surprise for both customers and competitors.

Fictional Customer:
Atlantic Carpet Cleaners

Key Business Objectives:
Double business and customer advocacy from repeat customers over six months as measured by three Key Performance Indicators (KPIs): (1) Increased website traffic, (2) email subscriber list growth, and (3) new paying customers who reference the Carpet Pet Game code.

Atlantic's Carpet Cleaning Gamification Strategy:
Create the Carpet Pet Game

+ Create Facebook Badges and "What Kind Of Carpet Pet Are You?" quiz.
+ Tie Carpet Cleaning to the game (elimination of "pet

killers" such as the "grunge gang" or the "dandy pet dander gang")
+ Use outputs from the game to start the drip campaign to sell Atlantic's twice a year subscription service
+ After each cleaning, and with permission, push a social reward badge to a customer's Facebook wall, and update each profile on Atlantic Carpet's website with the date of the next battle for life, liberty, justice and clean carpets.
+ Social Share Wall – include a "leaderboard" rewarding WOM (word of mouth) and social shares about Atlantic (make WOM referrals the game within the game).

## Atlantic Carpet Pets Game & The 4 Cs

Content:
Games need a context, a story. Carpet threads can become caked with all manner of unsavory dirt, dander and grime. Instead of lecturing about the ruination of expensive carpet by time, use and lack of care, create a game in which evil forces, or

gangs, are vanquished by the super hero carpet cleaners from Atlantic Carpet. Also include content on the site about how cleaning prevents carpet decay and helps maintain a home's value. In other words, don't ignore the first C, Content, in the 4 Cs just because you've included gamification.

Community:

Atlantic Carpet will need to support the Carpet Pet Game with customer profiles. Atlantic Carpet won't need profiles as complex as GetGlue's,[12] but Martin Smith's GetGlue customer profile (example below) provides an example of every community element, including: picture (establishes ownership and makes customer a star), following and followers, badges earned (stickers tab), recent activity, and an account summary (6 check-ins, 254 likes, 6 stickers). Followers often cross over among different social networks.
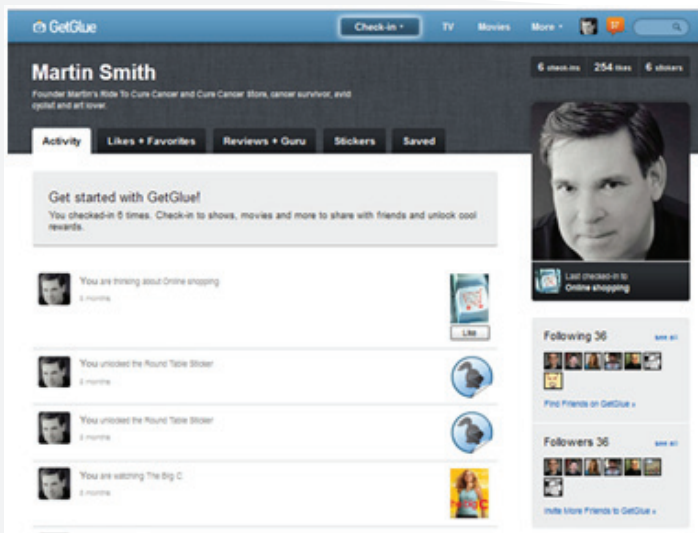
Example: Great Social Profile Example from GetGlue.com
(note following and badges on right)

Our local carpet cleaning company will need to take advantage of existing social networks. It may even make sense to build the Carpet Pet Game inside of Facebook. When using OPP (Other People's Platforms), make sure there are outbound links to move players, traffic and search engine "juice" to "owned" websites or blogs.

Campaigns:

Advertising is transformed by gamification. Atlantic Carpet has many new viral campaign ideas from their new Carpet Pet Game:

+ Create a new campaign around their Super Hero Carpet Cleaners.
+ Develop contests for a children's book author for their Carpet Pet story book.
+ Ask for User Generated Content (UGC) from children describing their favorite carpet pet.
+ Share badges with players for game play such as completing a profile or sharing a comment.
+ Creative "drip campaign" warning of invading carpet killers a week before a customer's next appointment.
+ Create a Call to Action (CTA) to make an appointment.
+ Offer a special (could be % off or a number of badges to collect in order to earn a free cleaning or some other prize).

Email open rates with subject lines such as "Critical Levels of Dangerous Dandy Dander, Super Hero Appointment And Offer Confirmation" could be close to 100%. These are not "blast" emails but relevant, tailored communication done in an entertaining and fun way.

Don't Forget "Evergreen" Content
Many companies campaign or develop valuable content meant to live over time, called "evergreen content". Don't put all of your website's eggs in a single gamification basket. Build out products, offers and content, such as a "House Sellers' Protection" program or a "House Sellers' Deep Cleaning Special", in addition to the Carpet Pet gamification.

The Carpet Pet Game as part of a content and gamification strategy generates creative USPs (unique selling propositions) and moves conversations away from price to service and value. Gamification's ability to move a conversation from money and deals to value and relationship may be the most important benefit of any Atlantic Carpet Cleaners gamification strategy. But gamification is not all-inclusive, and it is not an end unto itself. Make sure you have the evergreen content your game-playing customers will want when they are ready to place an order for carpet cleaning.

Projected Results:
Gamification changes Atlantic Carpet Cleaners in many ways, such as:

+ Atlantic Carpet's Site with gamification is now aligned with Internet marketing best practices.
+ Atlantic Carpet Cleaners receives many more free mentions and word-of-mouth than before gamification.
+ Website traffic more than doubles, and gains are sustainable.
+ Users help generate cool content and social shares.
+ Atlantic Carpet doesn't have to create as much content now, since UGC (user generated content) is so rich.

+ Customer Conversion Conversation moves from price to value.
+ Conversions from returning customers more than double without breaking the bank.
+ New customers more than double from friends telling friends about the Atlantic Carpet Pet Game (tracked via a special "Friends Tell Friends About Carpet Pets" code).

Meeting Gains Without Breaking the Bank:
Adding Content, Community, Campaigns and gamification to sites is becoming less and less expensive. The "meshing" trend, well documented by Lisa Gansky's book *The Mesh*, shares the importance of taking full advantage of OPP (Other People's Platforms).

Atlantic BT, the Raleigh, North Carolina web development and Internet marketing company (not the fictional carpet cleaners), creates web sites and Internet marketing based on return on investment (ROI). Thinking of Internet marketing's returns instead of its costs puts emphasis in the most productive place: How much return can an idea generate?

Gamification as part of a well-conceived and executed web development and Internet marketing plan won't break the bank, but it will move your customer conversation from price to value, help any brand feel more relevant and fun and provide low-cost customer loyalty.

Testing:
Developing a "testing culture" is important to creating sustainable Internet marketing gains. Every aspect of Internet marketing should be tested. Our example of Atlantic Carpet Cleaners

Carpet Pet Gamification should be accompanied by a defined testing strategy. The Atlantic Carpet Cleaning company is more likely to be successful if they think like an Internet marketer and test critical design, copy, offers and other campaign elements. Testing and creating campaigns makes the Atlantic Carpet Cleaning Company into Internet marketers rather than just a carpet cleaning company that happens to have a website.

Is Gamification the Next Big Thing?

Gamification guru Jane McGonigal's[13] most telling statistic may be that 70% of the biggest global 2,000 companies will have a gamification app by 2016.[14] It's not hard to understand why. Gamification is designed for highly interactive environments and plays well with search engines. Humans naturally seek connection, fun and validation, so gamification is perfect for the web and the more advanced mobile web that's on the way. Once smartphone penetration is greater than 50%, as it is now in the US,[15] mobile gamification becomes a sustainable reality.

What does it cost to add gamification to your marketing mix?

It may be more important to ask what it costs your business to NOT add fun, engagement and conversions to your website. If you are a Do-It-Yourselfer, we hope our thoughts on gamification help you add an effective gamification strategy to your Internet marketing.

If you would like assistance creating gamification and the next generation of Internet marketing, visit Atlanticbt.com, come by the Atlantic BT Center in Raleigh, or give us a call at 919.518.0670. Mention "gamification" for a special offer.

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END NOTES

1. http://enterprise-gamification.com/index.php/en/facts

2. http://www.forbes.com/sites/sap/2011/09/15/gamification-gets-down-to-business/

3. http://www.1stwebdesigner.com/wordpress/effective-tools-reader-engagement/

4. Moore's Law was named after Intel co-founder Gordon E. Moore, who noted in a 1965 paper (http://download.intel.com/museum/Moores_Law/Articles-Press_Releases/Gordon_Moore_1965_Article.pdf) that the number of components in integrated circuits had doubled every year since invention in 1958. He predicted the trend would continue for "at least ten years". He later revised the time horizon to "about two years", and this trend has continued for more than fifty years.

5. "The Long Tail" is a 2004 article (which became a book) by Chris Anderson. It relates the pareto distribution "80/20 rule" to the digital age, where digital inventory costs little and may generate considerable return for carrying many products that have low individual popularity.

6. http://hbr.org/2010/12/branding-in-the-digital-age-youre-spending-your-money-in-all-the-wrong-places/ar/1 *Conversion funnel* is a common marketing expression describing how customers move through an ever-tightening funnel from first contact to conversion.

7. http://technorati.com/technology/article/schmidt-at-techonomy-conference-ready-for/

8. http://news.wustl.edu/news/Pages/23134.aspx

9. See *The Loyalty Effect* by Reichheld.

10. http://trainer.active.com/

11. http://getglue.com/martin_smith

12. http://janemcgonigal.com/

13. http://mygamification.com/2011/09/

14. http://blog.nielsen.com/nielsenwire/online_mobile/two-thirds-of-new-mobile-buyers-now-opting-for-smartphones/