

Chapter 1

Gamifi-wha? Introducing Gamification

In This Chapter

- ▶ Defining gamification and seeing what it does
 - ▶ Answering the question: Does gamification work?
 - ▶ Checking out who uses gamification
 - ▶ Developing a gamification program
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Gamification. Say the word, and chances are the response will be, “Gamifi-wha?” It’s not even in the dictionary — meaning, ironically, that you can’t use it in a game of *Words with Friends*.

The fact is, the term just hasn’t made it to the mainstream vernacular — although we’re confident it soon will. Before August 2010, almost no one searched for the term *gamification* on Google. Starting in January 2011, however, searches have spiked. And according to Gartner, Inc., by 2014, more than 70 percent of Global 2000 organizations will have at least one gamified application. Some experts project that the gamification market will grow to \$2.8 billion by 2016!

In this chapter, you’ll find out what gamification is, how it works, and who’s using it. You’ll also discover the basic steps involved in launching a gamification program.



Although the word *gamification* may be new, games themselves are not. Far from it! Indeed, games have been played for millennia. Witness the 3,000-year-old set of dice unearthed at an archaeological site in Iran, and the fact that people in China have been playing Go since about the same time. Games are an integral part of all societies the world over.

Paging Mr. Webster: Defining Gamification

So what does gamification mean? Simply put, *gamification* refers to the use of game mechanics and rewards in a non-game setting to increase user engagement and drive desired user behaviors. (You'll learn all about rewards in Chapter 5, and game mechanics in Chapter 6.) You can use gamification to increase such things as stickiness, sharing, content creation, purchases, and so on.

Best behavior

In part, the idea behind gamification is to tap into people's innate desire to play games to influence how they behave and what they do. (This innate desire explains why games are big business. In 2010 alone, digital games generated \$25 billion in sales.) It's about making things fun — something that game makers have known for decades, but that the rest of us are just figuring out.

More than that, though, gamification is about tapping into what really motivates people and then using a variety of techniques (discussed throughout the book) to inspire them to perform desired behaviors. As an added bonus, with gamification, the desired behaviors that users perform are recordable — and when you have data, you have an opportunity to act on it.

Sound creepy? Fair point well made. Yes, gamification can certainly be used to promote behaviors in which people might not otherwise engage. But the best gamification programs operate by rewarding people for behaviors they are already inclined to perform or are required to perform, increasing their engagement and enjoyment. In other words, gamification makes things more fun.

If you're feeling skeptical, consider this: If you've tucked a frequent shopper card in your wallet in the hopes of someday getting one free sub, purchased a plane ticket using airline miles, been Employee of the Month, or earned your black belt in karate, you've already seen the effects of gamification. All those are real-world examples of gamification in action. Honestly, if you think about it, this type of gamification is everywhere — and it has been for a while. What's new is that gamification is now being applied to websites and software applications. That's the kind we focus on in this book.



This book strives to teach you to apply gamification techniques to every facet of your business, to help you meet your business goals.

To be clear, gamification isn't about creating a game. Don't get us wrong — games are great. But slapping a game on your site probably won't help you attract more users. Rather, with gamification, you use game mechanics to enliven an existing experience — say, a community-based website, an employee training program, or a weight-loss program — making it more fun and engaging.

Real-world gamification examples



Want to see some other examples of real-world gamification? Visit www.thefuntheory.com. An initiative of Volkswagen, the site is dedicated to changing people's behavior for the better by, well, making things more fun. Examples include a seat belt that's fun to use; a bottle bank arcade machine to boost recycling efforts; a speed camera lottery that enters drivers who are obeying the speed limit into a lottery, funded by fines collected from speeders; a "piano staircase," which lights up and plays sounds to encourage people to bypass the escalator; and the "world's deepest bin," a trash can that uses sound effects to create the illusion that the bin is insanely deep, to encourage people not to litter.

Volkswagen isn't the only organization trying to solve problems by making things more fun. Another great example comes from the University of Washington, where researchers have developed Foldit, an online puzzle that enables people — anyone, including you — to contribute to important science research simply by playing. Has it been successful? Well, if you call gamers discovering in 10 days how a key protein may help cure HIV— something scientists had been researching for 15 years — successful, then yes, the game has been successful. (See *Time's* website for a nifty article on this amazing result: <http://techland.time.com/2011/09/19/foldit-gamers-solve-aids-puzzle-that-baffled-scientists-for-decade>.)

Similar movements, called *serious game* movements, are percolating in other areas, too: military training, corporate training, first-responder training, civilization simulations, ecology simulations, public-policy campaigns, and more. All these serve as further examples of gamification.

What Gamification Does

Does your organization have low retention or dismal conversion rates? Are your customer communities ghost towns? Is your loyalty program stagnant? Have customers forgotten your brand altogether?

Or maybe your problems are on the employee side of the equation. It could be that your onboarding process for getting new employees set up is slow. Or maybe your people just don't collaborate, share knowledge, or keep records the way they should. Maybe you have a high employee churn rate.

All these problems stem from a single cause: lack of engagement. The fact is, lack of engagement — whether among customers or employees — can really do a number on your organization.

Here are two ways lack of engagement can hurt:

- ✔ **Customers aren't loyal.** The Internet has leveled the playing field, inundating customers with choices. Thanks to this ample choice, they often flee to competitors.
- ✔ **Employees under perform.** Under utilizing the technology you provide, employees fail to optimize business processes.

In response, most organizations have simply invested in more technology — lots of it. Like, \$1 trillion (that's *trillion*, with a *t*) between 2007 and 2012 alone. Even so, here's the stubborn reality:

- ✔ 54 percent of customers are inactive in loyalty programs.
- ✔ 69 percent of customers don't use online communities.
- ✔ 50 percent of employees don't adopt enterprise software.
- ✔ 88 percent of employees don't use social software.

What's missing? Simple. Your ability to measure and influence behaviors that matter to you. Enter gamification.



Gamification enables you to drive, measure, and reward high-value behaviors by customers or employees. Game mechanics leverage design and behavioral psychology principles inherent in today's social games to drive and reward specific user behaviors in business environments. Smart gamification elements — such as points, achievements, levels, leaderboards, missions, and contests — can be employed to drive desired behaviors on virtually any website or enterprise application (see Figure 1-1).

Your customers and employees, like anyone, crave attention, recognition, approval, and rewards. With gamification, you feed this craving and in the process convert customers into loyal fans and employees into highly effective collaborators and advocates.

Gamification: The intersection of psychology and technology

One way to think of gamification is as the intersection of psychology and technology. Most successful gamification programs rely to some degree on behavioral psychology — understanding what motivates someone to engage with certain elements on a website, app, or what have you.

In the past, the people who designed websites and software applications were concerned with simply developing technology — say, to automate a business process or to make it more streamlined. They weren't so worried about making sure people would actually *use*

it. Nowadays, it's about humanizing the technology and applying psychological and behavioral concepts to increase the likelihood that the technology will be used and used properly.

It's a little like ergonomics. Sure, there were hammers before. But when someone thought to shape the handle so it was easier to grasp, and to add rubber to make the handle grippy, so it wouldn't slip, suddenly the hammer became easier and more pleasurable to use. Similarly, technology designed with psychological and behavioral concepts in mind is simply more delicious.

Figure 1-1: With gamification, you can drive desired behaviors across your technology investments to get the value you wanted.

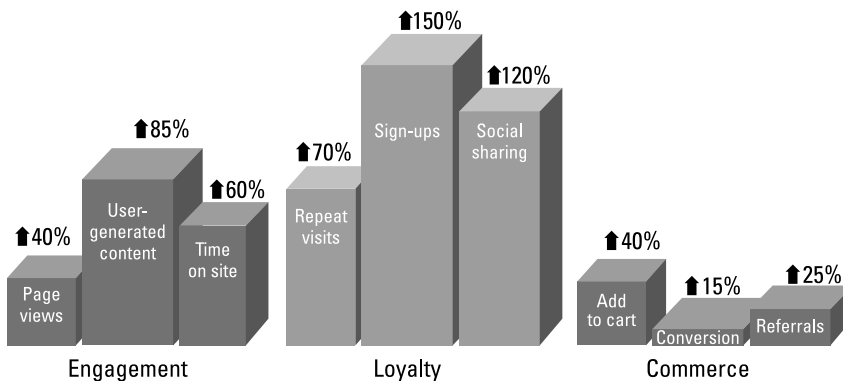


Illustration by Wiley, Composition Services Graphics



People *really* crave recognition, and their reputations are important to them. Gamification enables you to tap into those motivating forces. When done correctly, it's amazingly effective.

Proof Positive: Does Gamification Work?

Yes, gamification works. Next question.

Oh — you want evidence. Fair enough. Here are a few specific examples:

- ✔ **Beat the GMAT (BTG):** The world's largest social network for MBA applicants, BTG launched a social network called MBA Watch as part of its effort to build a high-quality community of MBA candidates. In an attempt to motivate and influence users to share insights and knowledge techniques in solving problems, BTG used various gamification techniques, including badges and leaderboards. The results: A 195 percent increase in pages visited, a 370 percent increase on time spent on site, and 50,000 activities performed by 8,000 users.
- ✔ **Sneakpeek:** This purveyor of up-and-coming style, home, and living brands sought to redefine the way people shop by gamifying its website. As users explore the site, they are awarded points for performing various specific behaviors, including sharing on Facebook or Twitter, *peeking* at a product page to see a special price, and *loving* products. Top users at the end of each shopping day are rewarded with site credit, which they can redeem at any Sneakpeek store. The results: a 70 percent month-over-month lift in *peeks*, a 590 percent lift in social shares, a 935 percent lift in loves, and a 3,000 percent lift in buy clicks.
- ✔ **Interscope Records:** This American record label, which manages dozens of artists and bands, sought to encourage people who visited its websites to post, comment, watch videos, share content, and perform other high-value behaviors. By applying smart gamification, Interscope enabled a 40 percent increase in comments, an 18 percent increase in shares, and a whopping 650 percent increase in engagement.
- ✔ **MuchMusic.com:** MuchMusic, the Canadian equivalent to MTV, received millions of visitors each year on its website, MuchMusic.com. But Much needed a way to foster more repeat visits. Enter gamification. Using game mechanics, Much began rewarding visitors for performing such actions as signing up, leaving a comment, uploading content, voting on polls, and so on. The company also devised various missions to generate engagement with specific shows and campaigns. The results: In the first month, more than 23,000 users created accounts on the site — a 21 percent increase, with nearly one in three returning on a daily basis. In addition, more than 325,000 behaviors were rewarded, and nearly 120,000 achievements unlocked.

All that being said, gamification is not necessarily a panacea. If your business or product is lousy, or if you're at the bottom of a dying industry, gamification alone can't save you. It's a little like the lipstick-on-a-pig analogy. No

matter how much lipstick you put on a pig, it's still a pig in lipstick. At the end of the day, people look for value. If your value proposition sucks, gamification can't make it suck less.



Remember the old slogan of BASF, the German chemical company? “At BASF, we don’t make a lot of the products you buy. We make a lot of the products you buy better.” That’s kind of what gamification does. It doesn’t make your offering; it makes your offering *better*.

Who’s on First: Who’s Using Gamification?

So what are some of the industries that are already using gamification? Here are just a few:

- ✓ Retail and e-commerce
- ✓ Politics
- ✓ Healthcare
- ✓ Nonprofit
- ✓ Human resources

World-class retailers, e-commerce communities, and consumer brands — including Footlocker, Samsung, Bluefly, Barnes & Noble, General Mills, and Dannon — rely on gamification to meet key business objectives.

Gamification in politics

In an attempt to engage constituents of varying age groups, some political campaigns have begun to tap into gamification. For example, during the 2012 presidential campaign, Barack Obama’s campaign website (www.barackobama.com) ran a contest— the prize: dinner with the president and First Lady — to persuade site visitors to donate. Perhaps an even more overt example was the Obama campaign’s G.O.P. Debate Watch site (www.gopdebatewatch.com), where Democratic supporters could play a game in which they pledged to donate each time a Republican candidate used a word from a pre-designated “hot list” during the debate (think *Obamacare*, *flat tax*, *socialism*, and so on). Gamification is also used by political campaigns to foster competition among canvassers — in a fun way.

North Carolina Governor Beverly Perdue took gamification of politics to a whole new level with the launch of her Balance the Budget Challenge, a game, complete with a friendly dog character, in which players must find the right mix of choices to get the state's deficit to zero (see Figure 1-2). Numbers are based on real data, and the proposals included in the game — which pertain to education, social services, public safety, general government, jobs, and more — are the very same proposals the governor herself had to entertain when preparing her own budget.

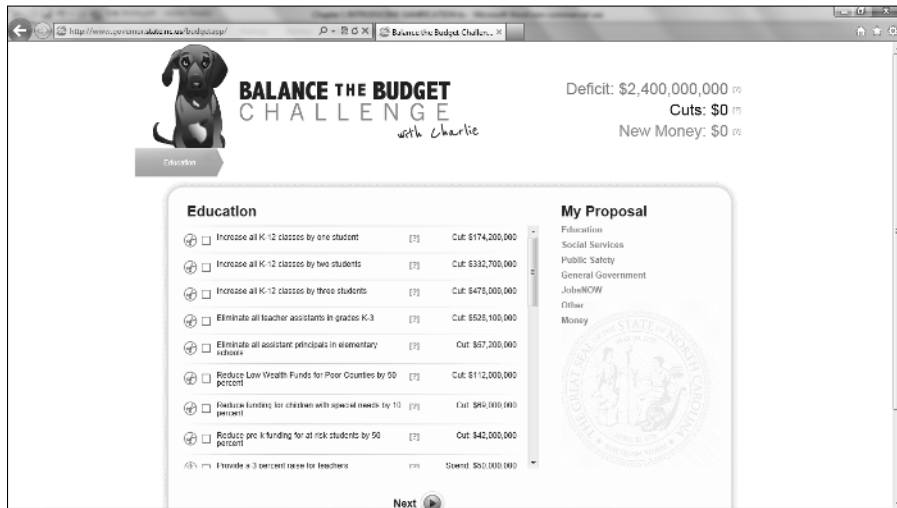


Figure 1-2:
North
Carolina's
Balance
the Budget
Challenge.

Image courtesy of the State of North Carolina

Gamification in healthcare

Healthcare is one area where gamification has really taken off. Indeed, loads of health insurers, including UnitedHealth Group, BlueCross BlueShield, and Aetna, have launched initiatives to gamify their offerings. For example, Aetna's online social game, Mindbloom, helps members improve health and wellness and lead a more balanced life.

In addition, several startups have emerged, using gamification in an attempt to make fitness more fun. Here are just a few:

- ✓ Nike+ (<http://nikeplus.nike.com/plus>) enables members to track activities, compare results, set goals, and improve performance — as well as receive training tips and tricks from world-class coaches. Games, challenges, and virtual competitions with friends help users stay inspired.

- ✔ With Fitocracy's free iPhone app (downloadable from www.fitocracy.com), users can log their workouts and receive points for them. As they do, they earn achievements and badges, as well as take on new challenges. Engagement is further promoted through the use of social tools. For example, users can add friends, join groups, follow others, chat, comment, and compare results.
- ✔ GymPact (www.gym-pact.com) helps members stick to their workouts by rewarding them with cash when they do — paid for by members who fail to work out as promised.
- ✔ With HealthRally (www.heathrally.com), members can reward friends or family members for meeting fitness goals, or ask friends and family members to reward them.
- ✔ A service called EveryMove (www.everymove.org), currently in beta, will enable members to earn rewards such as discounts on health insurance by achieving health goals.

Gamification in nonprofit

The nonprofit world has used gamification to great effect to build awareness of critical causes and increase engagement.

Movember, an organization that promotes awareness of prostate cancer and other male-related cancers, is perhaps best known for its annual mustache-based fundraising challenge in November of each year. Movember motivates its 'stache-growers by issuing clever challenges and offering big rewards, including the highly coveted International Man of Movember.

Gamification in HR

Human resources officials in several organizations have begun to use gamification to recruit and motivate employees. For example, in an effort to motivate senior executives to complete its leadership development program, Deloitte has gamified its Deloitte Leadership Academy, a program that delivers lessons from world-renowned business schools (such as Harvard, Stanford, and so on). As participants complete programs, contribute, and share knowledge, they earn badges and other rewards — which are portable to sites like LinkedIn and Twitter.

A more extreme example might be Marriott, which went so far as to develop a FarmVille-style, Facebook-based game called My Marriott Hotel in which players juggle the duties of a hotel kitchen manager. The idea is to acquaint young workers with the industry in the hopes of recruiting them. This goes beyond mere gamification to the creation of an actual game.

Developing a Gamification Program

Interested in applying gamification to *your* business? If so, the first thing you need to recognize is that just as losing weight involves a lifestyle change, not just a diet, gamification is a program, not just a project.



You can't just apply gamification for three months and call it a day; you need to invest in the strategy for the long term.

The next sections discuss the steps involved in developing a gamification program. These steps are as follows:

- ✓ Pinpointing your business objectives
- ✓ Identifying the user behaviors that will drive your business objectives
- ✓ Choosing rewards
- ✓ Selecting game mechanics
- ✓ Choosing a framework
- ✓ Deciding whether to build or buy your gamification system and choosing a provider
- ✓ Assembling your gamification team
- ✓ Configuring and deploying your gamification program
- ✓ Using analytics to track your progress

Pinpointing your business objectives

Yes, it's tempting to just slap some game mechanics on your company's website and call it a day. But gamifying your business is, unfortunately, a bit more complicated. For your gamification efforts to be successful, you must first pinpoint your business objectives — what, exactly, you want to achieve.

Maybe you want to increase customer engagement. Maybe you want to build a community around your website. Or perhaps you want to improve employee performance. After you've identified what, exactly, you want to

achieve, you can design a gamification program that helps you meet that goal. You'll learn more about defining your business objectives in Chapter 3.

Identifying desired behaviors

Next you have to determine which user behaviors will drive the objectives you identified. Put simply, behaviors are the foundation of all gamification programs. Once key behaviors are identified, you can determine which game mechanics are most likely to drive those behaviors and reward users for performing those behaviors — that's what gamification is all about. For more on identifying key behaviors, see Chapter 4.

Choosing rewards

Even the mere *hope* of receiving a reward — even a really lousy one — can motivate a player to perform a desired behavior. It makes sense, then, that successful gamification hinges on the use of rewards (preferably good ones). Rewards can be divided into three categories: recognition (in the form of reputation or status), privileges (for example, early access to products or site features, moderation powers, or stronger votes), and monetary rewards (think discounts, free shipping, prizes, or redemptions). For help deciding which type of reward is right for your program, read Chapter 5.

Selecting game mechanics

Game mechanics describes the components of a game — the tools employed by game designers to generate and reward activity among players (or, in the case of a gamification program, customers, employees, or other users). Most gamification programs leverage game mechanics in one way or another. When it comes to game mechanics, various tools are available to you, each designed to elicit a specific reaction from players. These tools, which can be combined in infinite ways to create a broad spectrum of responses and experiences, include points, leaderboards (see Figure 1-3), levels, missions, challenges, quests, achievements, rewards, and feedback. You'll learn more about all these game mechanics in Chapter 6.

Figure 1-3: Leaderboards are one example of effective game mechanics.

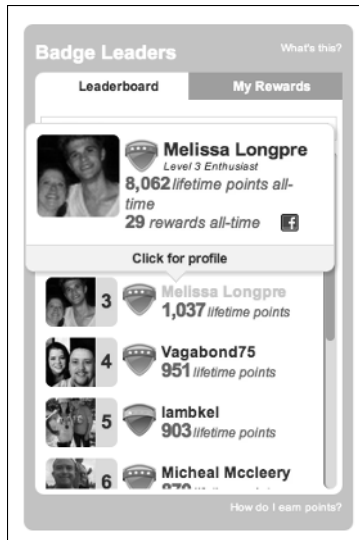


Image courtesy of Badgeville

Choosing a framework

A *gamification framework* is a holistic program designed to achieve a specific business objective. The framework you use depends on the outcome you want to achieve. Each framework — we've identified six of them — is designed to tackle a specific business need.

Some of these frameworks address an internal (*employee-facing*) need, while others are designed for external (*customer-facing*) use. Some frameworks work best in solo environments (for an individual); others are ideal for collaborative settings (for example, a community); and still others speak to competitive arenas (say, a gaming site).

The six gamification frameworks we've identified are as follows:

- ✔ **Social loyalty:** This framework is for customer-facing experiences that occur in non-social environments, such as a traditional e-commerce experience. It focuses on rewards.
- ✔ **Community expert:** This framework is for customer-facing experiences that rely on quality user-generated content and contributions. It focuses on reputation.

- ✔ **Competitive pyramid:** This framework is for customer-facing communities that seek to motivate competitive behavior. It focuses on status and score.
- ✔ **Gentle guide:** This framework guides employees through a process. It focuses on ensuring completion and compliance.
- ✔ **Company collaborator:** This framework is designed to increase contributions by employees, developers, and partners in internal communities.
- ✔ **Company challenge:** This framework is designed to challenge your staff to compete on teams to encourage various behaviors, which are tracked in internal business systems.

The chapters in Part II cover all six of these frameworks in detail.

Deciding to build or buy, and choosing a provider

Should you attempt to build your gamification program in house from the ground up? Or should you buy a gamification system from a company that specializes in that sort of thing? That's a decision you'll need to make as you develop your gamification program. For guidance, see Chapter 10.

Assembling your gamification team

Regardless of whether you build your gamification program in house or partner with a gamification provider, you'll want to assemble a top-notch team to see it through. Some team members might be employees in your organization. Others could be external — say, consultants from a gamification provider or other third party. Broadly speaking, these team members will include business champions, nerds, and creative types. For more, see Chapter 11.

Configuring and deploying your gamification program

It probably goes without saying that gamification programs can be quite complex. But don't freak out! When you break it down, it really consists of just four simple stages:

1. Design
2. Development
3. Testing
4. Migration

You'll read about the ins and outs of each of these stages in Chapter 12.

Using analytics to track your progress

How do you know that the gamification program you put in place is actually driving the behaviors you need to occur in order to meet your business objectives? Analytics. Using analytics, you can assess the success (or lack thereof) of any business operation. With analytics, you can pinpoint where the problems with your program lie — Is the design off somehow? Did you use the wrong platform? — and determine how to correct them. In today's high-tech world, it's all about optimization, and that's exactly what analytics allows you to do. For more on analytics, see Chapter 13.