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Making Sense of Gamification in Loyalty Programs

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✸ **Spark Series**

What is gamification in loyalty programs?

Want to play? Brands worldwide are adding gamification to their offerings.

Everyone loves a good game, and brands are no exception. Companies are adopting gamification—the application of game-playing features to nongame environments—as a way of maintaining engagement with customers. Additionally, gamification encourages a positive emotional connection between the member and brand within a program.

In loyalty programs, game interaction helps drive participation and motivates customers to take direct action, such as writing reviews and completing surveys. The data collected from these activities gives brands insights into customer behaviors and preferences.

This guide will help you learn how to use gamification to engage your audience in a new way and encourage them to have some fun.

Why it matters today

Customers are willing to give you insights for a personal touch.

Gamification is becoming a priority in loyalty program design because the average consumer belongs to many loyalty programs but is active in only a few. Formation reports that "81% of consumers are willing to share basic personal information in exchange for a more personalized experience."[1]

While that percentage is eye-opening, it's important to stress that gamification is something you have to get right. There isn't enough time to win back customers once they've had a less-than-ideal experience. Here are some benefits to creating a smart, functional gamification strategy now.

Get it right from the beginning and reap the benefits

For your team: When a successful gamification campaign is running, you can reach loyalty program performance goals more quickly via a robust, real-time stream of insights. The data collected in a loyalty program helps your team better understand your customers' motivations

and preferences, create personalized experiences, and keep your program content fresh and interesting.

For your business: In an already crowded marketplace, your business wins any time it can establish an edge with custom content. After all, games are fun, and fun loyalty programs increase member engagement and enhance a brand's view of a customer through zero-party data, or data that customers intentionally and proactively share with a brand.

All this leads to the customer having a memorable, premium experience and coming back to engage with the business. You get a decrease in churn while obtaining a real-time pulse on your customers' engagement—and the increased sales and frequency that go with it.

For your members: Extraordinary experiences incentivize customers to repeatedly engage with brands and redeem rewards, but they also create an emotional connection between the brand and the experience. Users will engage more frequently with enjoyable content that gamifies potential deals and savings.

The basics

Gamification is taking over brand marketing, and the options for harnessing it are endless.

There's a tremendous variety across games within brand campaigns, but all successful applications share critical traits.

A. Achievement: Recognizing members' game milestones elevates their emotional connection to the brand while building toward future engagement.

B. Status: Recognizing members for performance relative to other members sparks competition, provides motivation, and creates natural segmentation.

C. Chance: Adding the element of chance with limited cost and liability can create opportunities for members to potentially win big prizes. It also provides the flexibility to change games seamlessly.

D. Constraints: Time constraints create fear of missing out, which motivates members to re-engage quickly and often.

E. Interaction: Businesses can collect real-time data when members interact with their loyalty program. This insight helps brands to personalize downstream content and program experience.

F. Sensory: Sensory and physical cues highly augment consumer experiences by creating an absorbing and encouraging atmosphere.

G. Multidimensional: Engagement programs with distinct branding (e.g., microsites and apps) offer exclusivity and personalized brand initiatives directly to consumers.

Once you've established your gamified program, pay attention to these metrics as indicators of your program's success.

- Completed engagement tasks within the game
- Purchase frequency—online and in store
- Average order value and total annual spend
- Number of website visits
- Referrals
- Social media activity

What's next?

While gamification is becoming increasingly popular, it must be done in an impeccable way.

Gamification is not a one-size-fits-all solution. New technologies like AI and automation will increase the potential and the complexity of gamified buying apps.

72%
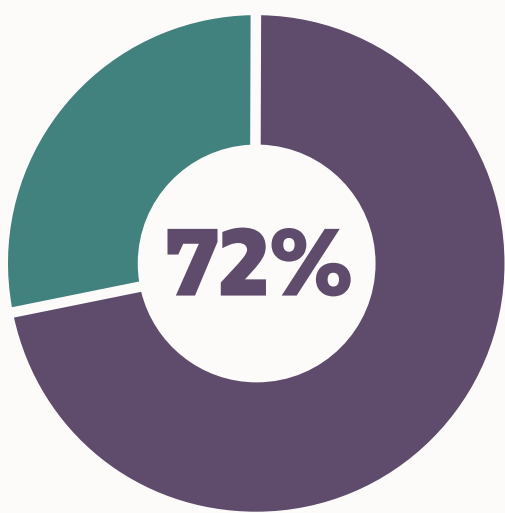
In 2020, mobile games accounted for 72% of app store spending and surpassed $100 billion across all app stores.[2,3]

Following those trends, gamification in the future looks to integrate custom gamified journeys with specific targeted behavior. Variability will also be key, since when you reach a customer is as important as how you reach them.

Beyond tech innovation, gamification partnerships look to elevate the experience of all customers involved. That trajectory should see complementary brand extensions and game augmentation strategies only increase.

A view toward practical solutions

Now that you have a background on what gamification can do, how do you get started?

This GAME (Goals, Actions and Achievements, Mechanics, Evaluation) plan will help you gamify programs that deliver ongoing success and keep your end user in mind.

1. **Goals:** Ensure your brand's use of gamification adds to the customer experience. Keep it authentic to your brand by putting yourself in your customers' shoes and asking if customers expect this feature from your brand

2. **Actions and achievements:** Analyze your high-value customers' statistically relevant behaviors and test gamification within that group. From there, decide what specific actions to incentivize and how to reward members.

3. **Mechanics:** Determine which gamification categories and mechanics most align to your CX and deserve the largest promotional pushes to keep members fully engaged.

4. Evaluation: Measure success by starting with a realistic baseline measurement that gauges your program's impact and success by specifically looking at penetration and frequency rates among highly engaged members.

While gamification is an exciting project to undertake, it is not a plug-and-play solution.

The specific goals, achievement thresholds, and targeted behaviors you're trying to generate won't happen on their own. Reaching a customer with a method that puts them at the center of the experience is essential to making gamification work.

Make the most of automation, AI, and person-alization to help with this. Deploying gamification on a 1:1 level is critical to engender engagement and loyalty. When gamification works, the benefits follow—as does the fun.

To the experience-maker who's always moving forward

At Oracle, we know great experiences come from great inspiration, and we're providing the spark for your next idea. Packed with powerful info, the Spark Series will get you up to speed on core CX concepts—such as gamification in loyalty programs—quickly.

Think of it as a way to hone your understanding before turning your eyes toward a new strategy. Because if anyone's going to create CX gold, it's you.

What will you discover next?

- eBook: Essential Strategies for Customer Loyalty Marketing

- Blog Post: 3 Ways to Gamify Your Loyalty Program with Oracle CrowdTwist

- Product Tour: Oracle CrowdTwist Loyalty and Engagement

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Sources

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2. Elad Natanson, "Play To Pay: Gamification Is The Future Of Retail Apps," Forbes, June 1, 2021

3. Annual Report, "The State of Mobile 2020," AppAnnie.com, 2020

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