A PRIMER ON GAMIFICATION FOR BUSINESS

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Step into any typical American living room on a weekend night and you’ll likely see youngsters crowded around a television playing a popular game on a Nintendo Wii console.

In the kitchen, their parents are gaming too. They’re likely on their smart phones playing Angry Birds or playing FarmVille on a tablet device.

At the university down the street, you’ll see much of the same as freshman students hunch over their laptops playing the massively multiplayer game, World of Warcraft. More students sit in front of a television playing the latest iteration of the Halo or Call of Duty console series.

Times have changed.

No longer do we think of gamers merely as a subculture of Mountain Dew-drinking, Doritos-eating teenagers. Gamers are everywhere. If you were born after 1970, you’re likely one of them.

We play games for many reasons. We play to be entertained, to socialize with our friends, to be transported to a different reality. Sometimes we just play because we’re bored.

In recent years, people have played games for other reasons, too. They’ve played them to motivate themselves to exercise more or eat less. They’ve played them to reach their sales goals or to save more for retirement. They’ve played them to get know their co-workers better.

These games are all part of an emerging business strategy called gamification.

While gamifying business processes isn’t anything new, most agree the term “gamification” really took hold at the D.I.C.E. Summit (Design, Innovate, Communicate, Entertain) in 2010.

Since then, gamifying business processes has grown dramatically. Big companies like Microsoft, Nike, eBay, Samsung and Verizon are already using gamification with other companies following suit to rapidly launch their own gamified systems.

Gartner predicts that by 2014, more than 70 percent of Global 2000 organizations will have at least one gamified application. By 2015, more than 50 percent of organizations will gamify innovation processes (Pettey 2011). By 2016, M2 Research estimates that spending on gamification projects will be $2.8 Billion (Pham 2011).

To support the demand for gamified systems, companies like Rypple and Badgeville are creating sophisticated gamification software. Agencies are sprouting up to help businesses implement solutions. There’s even an industry conference where gamification experts can share their knowledge (“Why Attend”). It’s clear that gamification’s future is more than a fad.

The goal of this whitepaper is to provide a foundation of gamification for business theory through its history, examples and methodologies.

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Defining Gamification

In understanding the practice of gamification, it’s helpful to first outline a few of the most accepted definitions.

Richard Bartle, one of the earliest explorers in the field, first defined gamification as “turning something not a game into a game.” (Werbach and Hunter, 2012, p. 25)
David Helgason, developer of the 3D game development company, Unity Technologies, defines gamification as “the adoption of game technology and game design methods outside the games industry” (Helgason, 2010).

Werbach and Hunter (2012), co-authors of For the Win, the first book on gamification for business, offer this definition: “The use of game elements and game-design techniques in non-game contexts” (p. 26).

In short, gamification is taking the elements that make games fun and reverse engineering them to solve business problems.

Rooted in Games

Humans like playing games. From the earliest games like Mancala to sophisticated and graphically intense computerized games like Halo, games have been an important part of culture for a very long time.

We enjoy playing games because they’re fun. They’re able to capitalize on our human desires to be challenged, cooperate (or, sometimes, to be competitive), think critically and appreciate achievement.

Games vs. Gamification

While gamification attempts to replicate many of the same characteristics as games, it’s important to understand they are two different beasts.

Games like Monopoly, Pong and Call of Duty (and everything in between) are about having fun and being entertained.

Gamification isn’t play. While it may contain some elements of play (entertainment, engagement, enjoyment, pleasure, etc.), gamification is fundamentally different (Deterding, Dixon, Khaled, & Nacke, 2011).

So, what’s the special ingredient that distinguishes a game from gamification? It’s actually something that doesn’t relate to the game at all: business objectives.

Business Objectives

At the core of all successful gamified systems are specific business objectives.

Creating a gamified system by randomly assigning game elements to a set of ambiguous goals will almost always end in failure. The importance of outlining a set of distinct business goals cannot be stated enough.

Phil Dearson, head of digital at the agency that created the hugely successful game of McDonald’s Monopoly, underscores the importance of identifying business objectives first.

“Gamification is not a substitute for a marketing strategy. It’s a tactic. It can be a very effective tactic but only once identified as being so after an analysis of business objectives and the role it might have in the lives of the people we’re interested in” (2012).

Werbach and Hunter (2012) also caution against creating business objectives that are too closely related to the game. Having players get to the top of a leaderboard or earn a specific number of badges isn’t enough reason for gamification. Each business objective should be created outside the game (p. 88).
Two Types of Gamification

Most business objectives can be categorized into one of two groups: internal or external.

**Internal**
Internal gamification is exactly what it sounds like - gamification that’s focused on the internal processes of a company. Examples of internal gamification could be to motivate salespeople to meet monthly goals or crowdsourcing a company’s workforce to complete a task too large for one team. Acculturation, training or other human resources activities are also commonly gamified internal processes.

**External**
External gamification efforts revolve around products or services. Examples might include a health application that encourages a clinic’s patients to make healthy lifestyle choices or a sports team that supports team spirit by giving fans rewards for attending games, answering trivia questions or posting about the team on social media.

Examples of Gamification

**Nike+**
It’s unsurprising that Nike’s brilliant marketing machine led the company to become one of the earliest adopters of gamification with Nike+ in 2006. The system works with certain Nike tennis shoes that are outfitted with a small electronic transmitter that relays workout information to the player’s iPhone or iPod.

Data is uploaded to the Nike+ online community, where players can track many different analytics about their workouts. They can also meet other athletes, challenge friends and interact with others on the online messaging boards. Through these interactions, players become more engaged and motivated to achieve their fitness goals (and of course, buy more Nike athletic shoes). (http://www.nikeplus.nike.com)
Foursquare

Players check-in to locations with smartphones to earn badges and compete against others for “mayorships,” which are given to the person who checks into a particular location the most. Players can also receive coupons, specials or other incentives when they check into participating businesses. The gamified social network motivates players to engage with a variety of Foursquare-enabled locations. (http://www.foursquare.com)
Mint.com
Managing money and budgeting for future life expenses is enough to make just about anybody tune out. Mint.com makes the experience more fun with gamification. Players receive points for smart money decisions and lose points for bad ones. You can set savings goals - for instance saving for a downpayment on a house - and track your progress using an interactive web interface. (http://www.mint.com)

Mint.com mobile application.
Zappos Face Game

Acculturation - the practice of integrating new employees into a company’s culture - is often a tough process. Zappos believes the first step to successful acculturation is knowing the names of your coworkers. The company has deployed a gamified system that accomplishes exactly that. Each time employees login to the company’s intranet, they’re presented with a picture of a coworker and a set of names to choose from. After the player selects their answer, a short biography from the correct person is displayed. This internal game is one of the ways the company maintains its strong culture. (http://zappified.com/face/index.html)

More Than Elements

Monopoly isn’t fun because you get $200 every time you pass “Go” and Call of Duty isn’t dramatically more fun if you’re at the top of the leaderboard - games are more than the sum of their parts. This is true when it comes to gamification, too.

Well-designed experiences - not elements - are what separate a good game from a great one.

According to Werbach, the most engaging aspects of games are usually less engineering and more art (2012).

It’s the journey, characters and story that make games engaging. A holistic understanding of how players experience the game from start to end is crucial to effective game design.

Jon Radoff, founder of the social game company, Disruptor Bean, reinforces this idea.

“It’s the experience of games - the story of the player” (2011).

Simply taking a set of game elements and applying them to a business objective won’t likely create a thoughtful, engaging experience for the players you hope will play your game. Although it’s a widely used cliche within the gamification community, a good game has to be more than just “putting lipstick on the pig” (Mullany, 2012).

Zappos Face Game Elements

So what makes up these gamified systems? Much of the understanding of gamification revolves around a list of distinctive elements. A list of some of them is below:

- **Points**: After certain tasks are completed, players receive points, which are usually based on the difficulty of the task completed.
- **Levels**: Players are more motivated when a larger mission is broken up into smaller tasks, often called levels.
- **Avatars**: A graphical representation of a player’s character within the game.
- **Rewards**: Certain items that can be earned by completing a set of objectives.
- **Badges**: A graphical representation showing a certain achievement.
- **Leaderboards**: A display showing how each player is ranked compared to other players.
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Engagement

By completing tasks inside a gamified system - like quests, challenges and levels - the hope is that players complete a set of goals modeled from your business objectives outside the game.

Through these well-designed experiences, gamification should make your customers want to have a better relationship with your company and its products and services. Much like social media, many current games are designed to build brand awareness and harvest new brand champions.

In her 2010 TED Talk, McGonigal argues that game engagement is built around trust. Playing a game with other people builds a bond of trust and cooperation. In an environment where two-way engagement is the Holy Grail of marketing, trust is incredibly important (2010).

Ultimately, the goal of any game is to motivate its players to do something. Whether you want your players to buy your product, use your services, learn more about your company or complete a job-related task, your end goal is always the same: to encourage players to act.

Just Another Tool

Not unlike the advent of social media in the last decade, there will be many businesses attempting gamification just for its own sake, not because it’s the best way to accomplish a particular goal of the business.

It’s important to realize that the core purpose of gamification isn’t applicable to all business situations. It’s merely another tool in a marketer’s toolbox.

Werbach and Hunter (2012) offer the following core questions to help you determine if gamification is right for your organization:

1. **Motivation**: Where would you derive value from encouraging behavior?
2. **Meaningful Choices**: Are your target activities (the things your players do) sufficiently interesting?
3. **Structure**: Can the desired behaviors be modeled through a set of algorithms? (In short: Can your gamified system offer useful rewards for playing?)
4. **Potential Conflicts**: Can the game avoid conflicts with existing motivational structures? (Are there already ways in which customers are being rewarded - if so, how will a gamified system work with - or break down - this existing system?)
A Word of Caution

Games are powerful. They can motivate people to do tasks that they wouldn’t otherwise do; they can make people feel a sense of accomplishment or the frustrations of failure; they create an alternate world that can often be indistinguishable from real life.

Considering the power of gamification, Ian Bogost, a game designer and strong opponent of gamification, argues “exploitationware” is a better term for gamification (2011).

While Bogost’s position isn’t widely accepted, he argues a valid point - gamification is powerful. If used the wrong way, it can be used to motivate people to do something that’s mentally or physically harmful to your players.

Gamification should become a means to engage, motivate and create a generally meaningful and fun experience for those who play.

Conclusion

Gamification can be an important marketing tool.

Built from the foundation of games, gamification aims to add fun where traditional marketing efforts have failed. While traditional marketing creates one-way communication, gamification creates interaction.

Gamified systems build powerful engagement, motivate players to act and create authentic fun. It creates experiences that players crave and connections that marketers value.

We’ve only scratched the surface - there are limitless possibilities of where gamification can go. Companies around the globe are designing new ways to engage using game principles, all the while gamification’s reputation is strengthening.

Are you ready to play?
References


McGonigal, Jane. (Feb. 2010). Gaming can make a better world. TED. Lecture conducted from Longbeach, California: http://www.ted.com/talks/jane_mgonigal_gaming_can_make_a_better_world.html


