

Your Competitors’ Secret Weapon Isn’t Advertising, It’s Play

Why Smart Marketers Are Turning Loyalty Programs into Addictive Games

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The Failure of Traditional Loyalty Programs

“Every day I woke up, I was worried about our traditional loyalty program that failed to generate excitement. Despite the growth in our consumer base, only **12%** of clients actively engaged with our digital reward system. Most forgot to log in, didn’t track their points, or simply didn’t find the accumulation of ‘bones’ motivating enough.”

– Louise, Owner of Furever Pet Care

Traditional Loyalty Program at Furever Pet Care

AC

Thelma

Furever Pet Care

You have 175 Bones

25

Treats

50

Toy

150

Grooming

200

Premium Food

400

Deluxe Bed

Available Rewards

25

Gourmet Dog Treats

50

Squeaky Toy

100

Nail Trimming

200

Premium Dog Food

300

Full Grooming

400

Deluxe Pet Bed

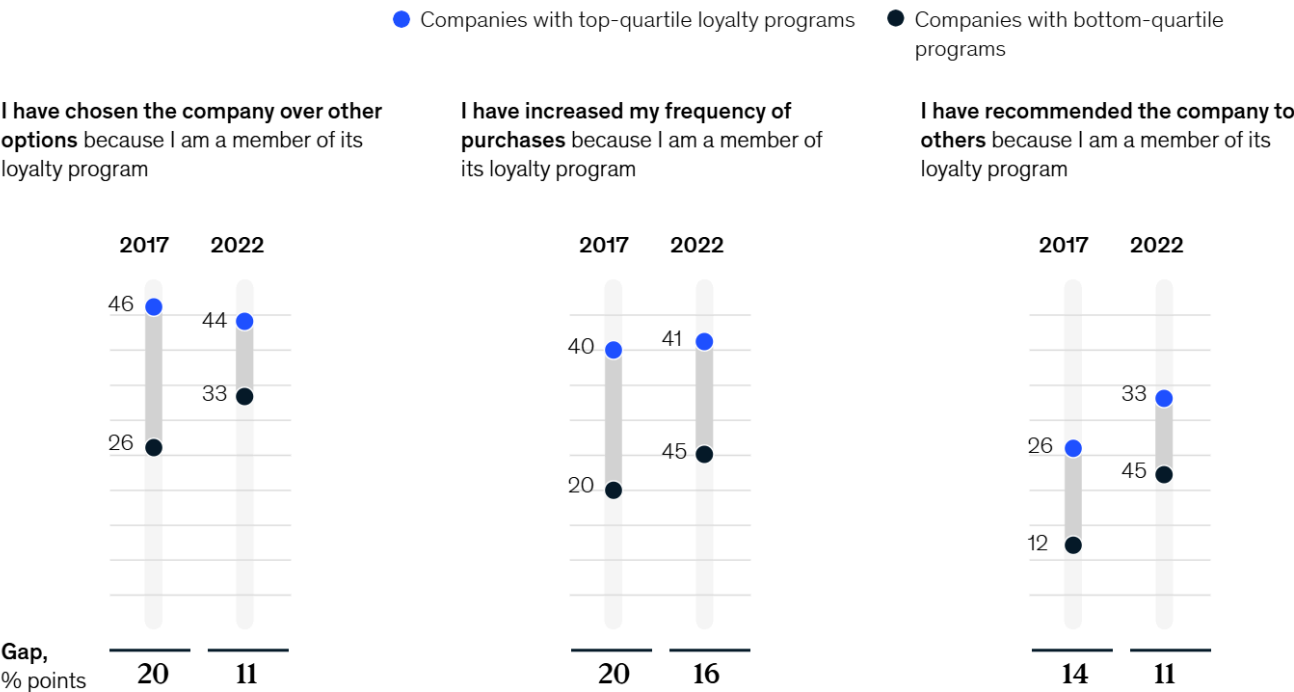
Bone History

Redeem Bones

Providing rewards through customer loyalty programs is important to retain customers and encourage them to return. However, the traditional loyalty programs are becoming less effective, making companies more difficult to differentiate themselves from competitors. As McKinsey (2021) showed, the loyalty program gap is much narrower than it used to be, revealing the diminishing effectiveness of traditional loyalty programs.

Loyalty Program Gap Among Companies

Behaviors changed due to loyalty-program membership, % of respondents



Source: McKinsey & Company Loyalty Survey, McKinsey, 2021

Gamification as the Solution: Research Says

So the question is, what should marketers do to make their loyalty programs more effective? A research by Hwang and Choi (2020) suggests that the conventional point-only-system is less motivated. Instead, gamification on loyalty programs is a promising solution.

Gamification is the use of game design elements (e.g., points, tasks, stories) in non-game contexts to enhance user engagement and motivation. By incorporating game-like features (such as Bingo) into loyalty programs, companies can enhance the playfulness to create a more engaging and enjoyable experience for their customers, leading to increased participation and loyalty.

Gamification Elements for Loyalty Programs

Core Elements of Gamification



Points-based system



Levels and progression



Challenges and missions



Badges and trophies



Spin-to-win games



Punch cards



Milestones



Leaderboards

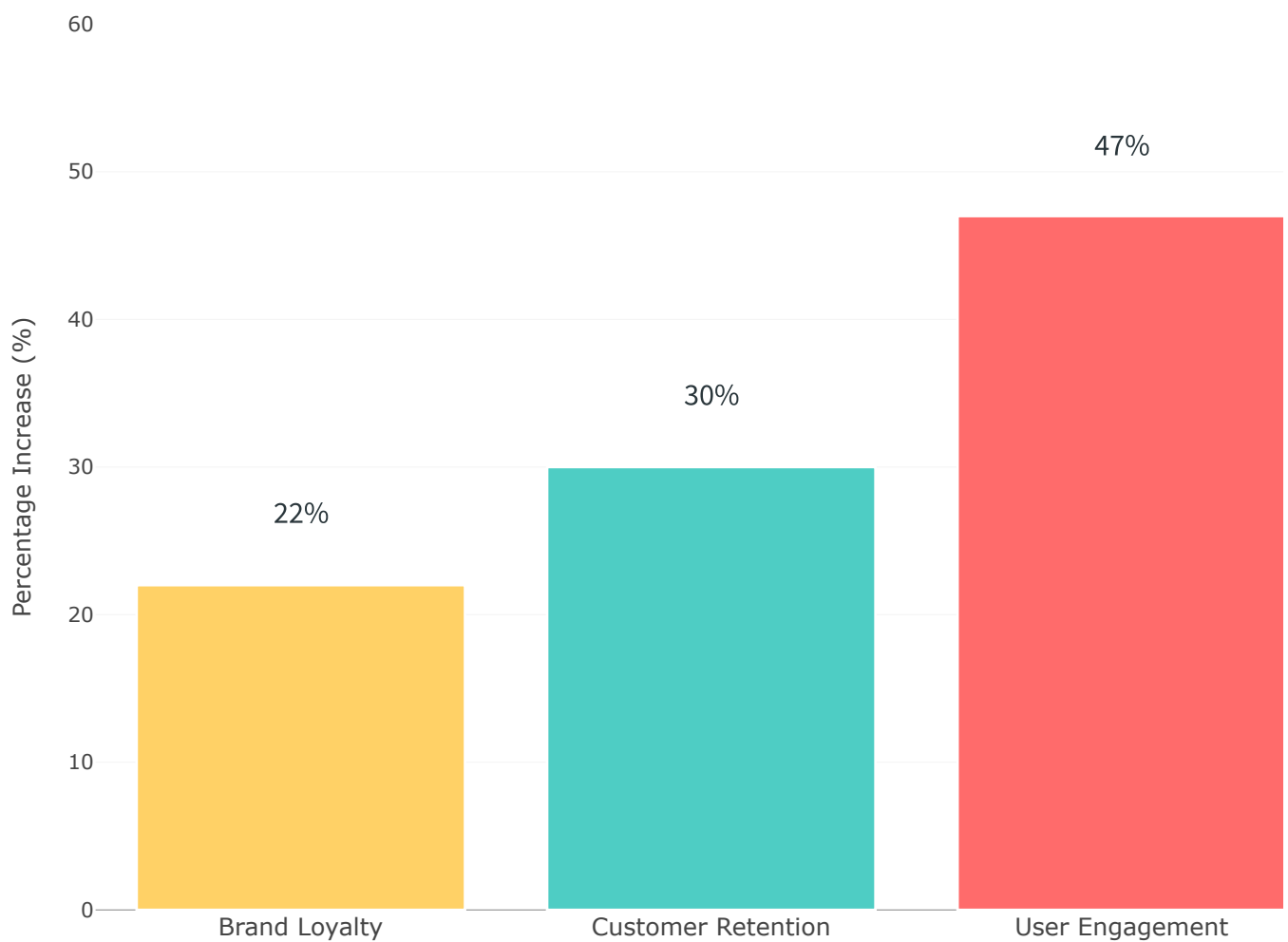


Quizzes

GROWAVE

Source: [GROWAVE](#), 2025

Benefits of Gamified Loyalty Programs

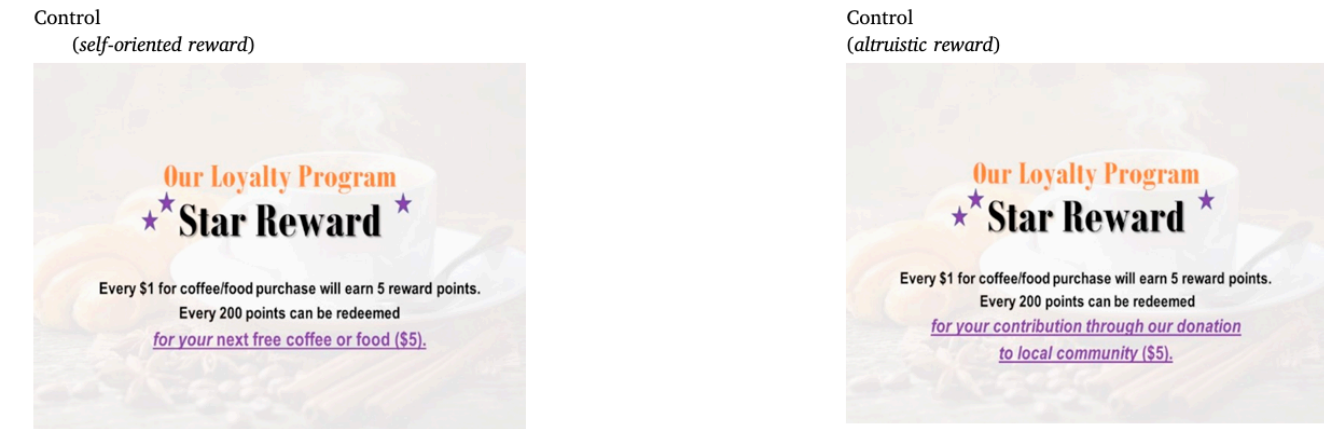


Source: [GROWAVE](#), 2025

In their study, the researchers wanted to see whether gamification makes people stick with loyalty programs, so they created a simple test. They showed 191 shoppers four different types of loyalty programs. Some people got the regular “spend money, earn points” type of program – you know, the kind where you get 5 points for every dollar you spend. Others tried a more fun, game-like program where you complete bingo challenges to earn points. They also wanted to see how the self-benefit reward may have different effects compared to altruistic rewards: some people could earn \$5 off their next purchase (something for themselves), while others could earn a \$5 donation to their local community (helping others).

Traditional Loyalty Programs Used in the Study

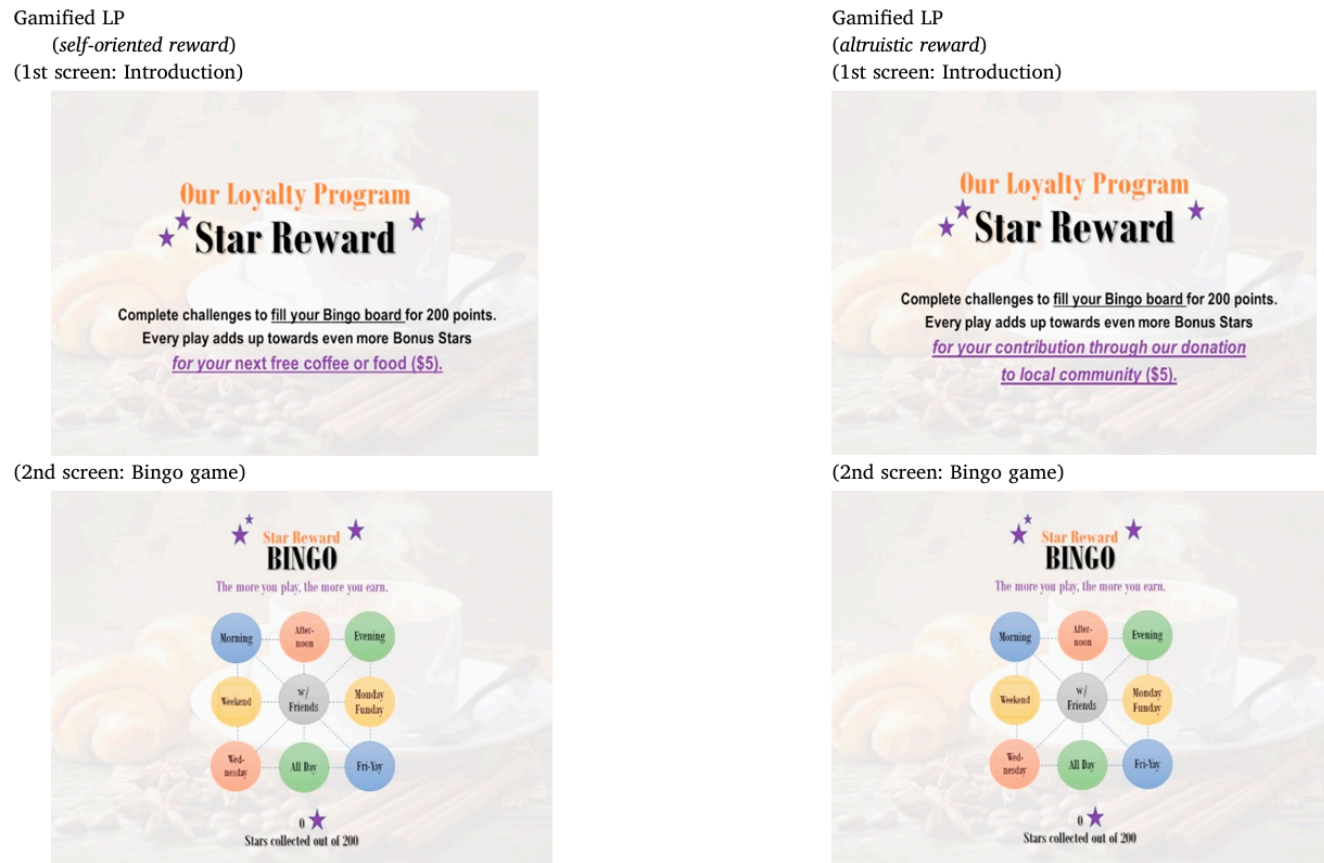
(Left: Self-benefit rewards, right: Altruistic rewards)



Source: Hwang & Choi, 2020

Gamified Loyalty Programs Used in the Study

(Left: Self-benefit rewards, right: Altruistic rewards)



Source: Hwang & Choi, 2020

What did they find? They discovered something pretty exciting: making loyalty programs feel more like games boosted customer loyalty by 13.2% compared to traditional points programs. And that's just in their study! In the real world, where companies can create even more engaging game elements and run programs for longer periods of time, the positive effects might be even bigger.

The study also shows when customers become more loyal, they're also more likely to take action. People who saw the gamified programs were much more willing to actually sign up for the loyalty program and download the company's app on their phone. The game elements seem to give people that extra push to move from thinking "this brand is nice" to taking concrete steps like installing an app or joining a program, further retain consumer loyalty and drive sales.

Up to this point, you may wonder why gamified loyalty programs work better than traditional ones. Here's the simple truth: we all decide whether loyalty programs are worth our money by comparing what we get versus what we have to spend. With regular points programs, people often track their spending over time and do the math—"I've spent \$100 so far and only earned \$5 back? That's just 5%!" This ongoing calculation can actually make customers more focused on prices or even quit the program when they realize they're not getting much value.

But when there are bingo challenges or other playful elements, customers start enjoying the process itself, not just focusing on the dollars and cents. Even better, gamification creates multiple types of rewards—not just the final \$5 discount, but also the satisfaction of completing challenges, unlocking achievements, or reaching new levels along the way. The gamification may also become daily rituals, like checking in to see if they can complete a new bingo challenge or earn a new badge, motivating them to keep engaging.

So...What Should Marketers Do?

1. Adopt gamification! Now!

Want to stand out from your competitors? Add game elements like bingo challenges to your loyalty program. The research clearly shows that gamified programs can create more engaged customers who enjoy the experience and develop stronger positive feelings toward your brand. This engagement translates directly into higher loyalty and increased willingness to download your app and actively participate in your program. The fun and interactive gamified programs provide a refreshing differentiation from the sea of similar points-based programs that customers encounter everywhere.

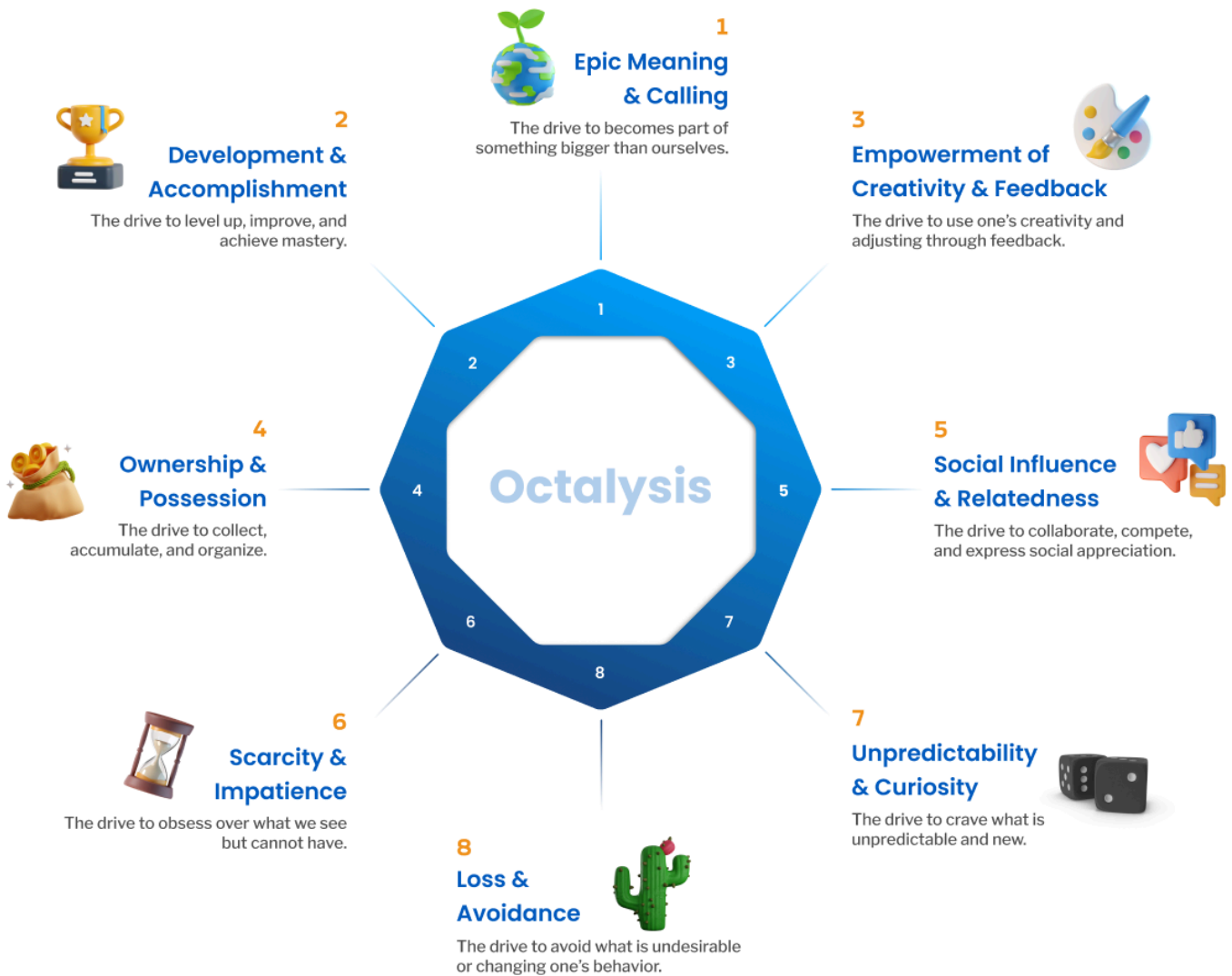
2. Focus first on the self-benefit rewards

When designing your gamified loyalty program, focus first on rewards that benefit the customers' self-interests (like discounts or free products). The findings show that while both self-benefit and altruistic rewards work better in gamified formats, self-oriented rewards consistently outperformed altruistic rewards that donated to the community. This aligns with what behavioral science tells us: people are primarily motivated by activities that bring them personal satisfaction and pleasure. However, if your brand values include community support, don't abandon altruistic rewards entirely! Just make sure to present them with a gamified experience rather than a conventional loyalty program. The game elements help compensate for the reduced personal benefit, making socially-responsible programs more effective than they would be in traditional formats.

3. Don't know where to start? Here are some useful tips!

Plan your game elements. Check out the [Octalysis Framework](#), which breaks down the 8 ways games motivate people. It helps you pick the right gamification directions based on your marketing strategy and guide the gamification element selection that will excite your specific customers to create added brand values.

Octalysis Framework



Source: The Octalysis Group, 2025

Find easy-to-use tools. You don't need to build everything from scratch. Platforms like [Antavo](#) and [Talon.One](#) let you easily add game features to your loyalty program without hiring a development team. You just need to type the rewards and rules, and wait for that gamified program to be launched!

Learn from success stories. Look at what's working for others. [Fitbit](#) uses collectible badges, while [Duolingo](#) uses streaks and leaderboards to make language learning addictive. These real examples show how different industries make gamification work for their customers.

End of the Story

Today, Louise's **"Pawsome Bingo"** has transformed her pet care loyalty program. Clients enthusiastically complete challenges like "Meet New Friend" and "Pet Massage". Participation in the program has jumped from 12% to 47%, and app downloads have increased by 38% in just three months.


























"The difference is night and day," Louise shares. "Customers who never paid attention to our point systems now eagerly check in to see new bingo challenges. They're not just calculating dollar value anymore, they're having fun while building a relationship with us. One client told me she chose our daycare over a slightly cheaper competitor specifically because of our **'addictive little bingo game'**. That's when I knew we'd created something special."

The lesson? Don't just reward loyalty—make loyalty rewarding.

Gamified Loyalty Program: Pawsome Bingo

You have 175 Bones

PAWSOME BINGO

<div> Pet Massage</div> <div>1</div>	<div> Agility Training</div> <div>2</div>	<div> New Collar</div> <div>1</div>	<div> Healthy Treat</div> <div>5</div>	<div> Meet New Friend</div> <div>1</div>
<div> Tooth Brushing</div> <div>1</div>	<div> Water Play</div> <div>1</div>	<div> Visit the Vet</div> <div>2</div>	<div> Fur Brushing</div> <div>1</div>	<div> Flea Treatment</div> <div>1</div>
<div> Nail Trimming</div> <div>1</div>	<div> Cuddle Time</div> <div>5</div>	<div> FREE SPACE</div> <div></div>	<div> Dog Park Visit</div> <div>1</div>	<div> Hide & Seek</div> <div>1</div>
<div> Car Ride</div> <div>1</div>	<div> Play Date</div> <div>1</div>	<div> New Toy</div> <div>2</div>	<div> Trick Learning</div> <div>2</div>	<div> Training Session</div> <div>1</div>
<div> Long Walk</div> <div>1</div>	<div> Fetch Game</div> <div>1</div>	<div> Photo Session</div> <div>5</div>	<div> Paw Cleaning</div> <div>5</div>	<div> Bath Time Fun</div> <div>1</div>

Your Bingo Progress

1

0

0

Completed Rows Bones Earned

How to Play

Complete pet care activities to mark off squares on your Bingo card. Complete a row (horizontal, vertical, or diagonal) to earn bones! Each activity you complete also earns you the bones shown in the top right of the square.

Psst... the center square is a free space!

[Reset Bingo Card](#)

Bone History

Redeem Bones

Source Paper

Hwang, J., & Choi, L. (2020). Having fun while receiving rewards?: Exploration of gamification in loyalty programs for consumer loyalty. *Journal of Business Research*, 106, 365-376. <https://doi.org/10.1016/j.jbusres.2019.01.031>

This article summarizes research findings and provides practical applications for business professionals. For the complete methodology and detailed results, please refer to the original research paper.