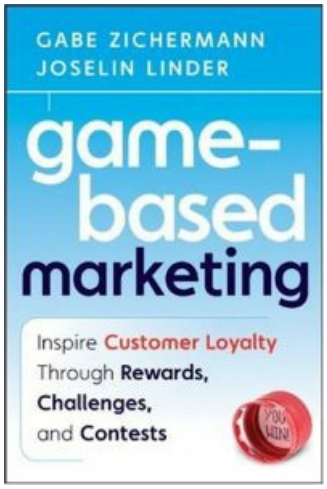

Book Game-Based Marketing

Inspire Customer Loyalty Through Rewards, Challenges, and Contests

Gabe Zichermann and Joselin Linder
Wiley, 2010

Recommendation

People play games – online, on phones, on game consoles – everywhere. Industry expert Gabe Zichermann, in collaboration with pop culture writer Joselin Linder, tells you how to engage your customers through interactive game play and take advantage of this growing trend. While Zichermann's book gives readers a head start on exploring game-related marketing, the author refers to Frequent Flyer Programs, *World of Warcraft* and even Webkinz, but unfortunately doesn't explain how they work. Zichermann details the growth of gaming and explores the use of "Funware" – the word he coined for using games in a business context. *BooksInShort* finds that this invitation to the playground is an appropriate opening move for those interested in adding gaming elements to their marketing mix.

Take-Aways

- Games are a proven, effective and ever-more pervasive marketing tool.
- Adding games to your marketing mix will garner loyalty, boost sales and differentiate your brand.
- People engage in competition daily, even if they don't view such behavior as game play.
- "Funware" is the use of games to influence customer behavior and achieve business objectives.
- Game designers employ "game mechanics" to initiate and facilitate play.
- Gaming elements include "status and levels, points, rules and demonstrability."
- Frequent Flyer Programs (FFPs) have become a successful marriage between gaming and marketing.
- Airlines are experts at offering "status on display."
- "Generation G," the 20 million Americans born between 1998 and 2000, are growing up with mobile and social technologies.
- Use games and gaming techniques to motivate and reward employees.

Summary

Why Play?

Traditional advertising is losing effectiveness as competition for consumer attention grows by leaps and bounds. Today's consumers decide what to listen to and watch by making full use of mute buttons, social networks and pretaping systems. While once-effective advertising methods do not work as well as they used to, game playing is on the rise and vying for your customers' attention. "To compete with games, marketing must become a game." By adding gaming elements to your marketing mix, you can harness the power of play to boost your sales.

> "The future of marketing is games, and it starts today."

Since the 1920s, NBC News has amassed an extensive video library. Rather than let those news clips gather dust, TV producer Chris Tiné created a software application called iCue that high schools use to teach history. NBC followed up with *What's Your iCue?*, a Facebook trivia game. *What's Your iCue?* quickly became a hit, garnering more than 100,000 users each month and becoming a revenue builder for the network. The successful game achieved several objectives for NBC: It created a positive brand image, engendered long-term loyalty and generated revenue.

"People are intrinsically competitive."

NBC's trivia game also produced a "sticky" user experience. Stickiness is an Internet metric of loyalty that measures the relationship between the span of time a person spends on a site and the number of his or her annual visits. Social networking sites and multiplayer games enjoy the highest levels of stickiness. With sophisticated application of game play, you can ratchet up your customer engagement and enjoy the benefits NBC experienced with *What's Your iCue?*

"All the world's a game, and savvy marketers can – and do – leverage this fact to create lasting engagement and positive brand connections."

Frequent Flyer Programs (FFPs) and other loyalty systems prove that gaming and marketing create a happy marriage. Modern FFPs use a number of gaming elements to engender loyalty, including point accumulation, level climbing, rewards and challenges.

People engage in competition on a daily basis, even if they don't view it as game play. Consider how passengers jockey for position when a train pulls into the station or how some people cut in to grab their order at Starbucks. Marketers use these indicators of human behavior to construct effective games. Some components are essential to all types of play:

- **"Status and levels"** – A way to demonstrate success or climb to new challenges.
- **"Points"** – A method of keeping track of who is leading.
- **"Rules"** – The game structure.
- **"Demonstrability"** – The social aspect of indicating who is winning.

"Game Mechanics"

Interactive marketing is on the rise with social media at the forefront. Combining game tactics with social media creates a powerful amalgamation. "Funware," a marketing term that author Gabe Zichermann coined, is the art of using games and gaming devices to influence customer behavior and achieve expressed business objectives. People enjoy competing, playing games and winning. They also revel in watching other people compete, as demonstrated by the popularity of television game shows. People relish the process of participating in a game, even if the prizes are small, symbolic or virtual. They like to compete against themselves when they're when not vying against others.

"As products become commoditized, it is loyalty…that keeps people buying."

Game mechanics are the elements of games that designers use to initiate and facilitate play, such as a scratch card. A "leaderboard" is a game mechanic that posts the names of players and their position within a game, or that tracks the progress of a game. It can spark the desire to participate in or follow a game in a cost-effective way. The "friend count" on an individual's Facebook profile is an example of a leaderboard, although Facebook doesn't offer a competitive gaming element to the acquisition of friends.

"The future of Funware and game design in business is breathtaking."

An example of a simple leaderboard is a sign at a construction site that boasts, "190 Days Since Our Last Accident." An example of a leaderboard that encourages positive behavior is a gym that posts the names of participants in a weight-loss program and awards points for pounds or percentage of weight loss reduced.

"Social networking…is both marketing's sickness – and its cure."

S&H Green Stamps was one of the first and longest-lasting loyalty programs in the United States and a great example of a "point system" in operation. People received stamps when making a purchase, and the stamps were redeemable for merchandise available at Green Stamp stores or by catalog.

"Funware has the power to change employee motivation."

The points in loyalty programs go by different names such as "coins" or "gold," but they serve an identical purpose. All point systems have an "earning component" and a "redemption component." However, you don't have to offer real-world, physical prizes to make the programs effective. "Virtual currency" can be just as powerful as a motivator. People trade the virtual gold offered by *World of Warcraft*. Virtual rewards make any point redemption system more cost effective.

"A well-designed game can produce substantial psychological rewards."

Badges, such as the merit badges that Boy Scouts earn, are a visual display of game achievement. Online, people enjoy competing for and displaying badges on social networking sites such as Facebook. Marketers can influence consumer behavior by using badges to engage players and reward their participation. Marketers also can use the game mechanics of levels and status to influence consumers' actions. Big, impressive prizes garner media attention, while smaller or virtual prizes engender long-term customer loyalty.

"Games are competing with advertising for consumer attention, and simply placing ads inside popular titles won't regain your customers' lost affections."

Some games require skill to win, while others, like lotteries, rely on chance and luck. Most games of chance require participants to complete a simple act, such as buying a ticket or filling out a form, to qualify for a draw or some similar event at which the organizers choose the winner at random. Slot machines do not require skill and offer payouts at arbitrary cycles. Psychologists call players' addiction to these types of games "operant conditioning." People like to win prizes, and marketers can use this premise to reward certain behavior. Game designers have to combat people trying to get around the system.

Frequent Flyer Programs

American Airlines launched the first FFP in 1981, and its overwhelming success inspired other airlines to follow suit quickly. FFPs award points per mile flown, which participants can redeem for airplane tickets or vacations. Users who reach certain travel milestones also receive rewards in the form of travel perquisites such as priority

boarding, seat upgrades, discounted hotel rooms and car rentals, and mileage bonuses. Some participants are so enamored with the program and so committed to reaching its milestones that they fly solely to accumulate points. FFPs are a successful tool marketers can use to increase loyalty, influence behavior and differentiate a brand from its competition.

> "It's clear in the world around us that status is a powerful motivator."

United Airlines offers 1,500 points for first class, business class and full-fare economy class tickets, while discount economy class fares earn only 1,000 points. United thusly structures its reward system because the overwhelming majority of people fly discount economy. By encouraging passengers to pay for just one additional level of points, the airline receives a large revenue increase.

> "People have always been obsessed with winning."

Participants invested in FFPs will exchange their points for the opportunity to earn additional points rather than trading them in for prizes. Many people never get around to cashing in their points. In 2007, close to 10 trillion miles sat unredeemed in FFP accounts. Some participants value status more than actual rewards. Airlines have become experts in offering "status on display." A look at United's San Francisco operation bears this out. It features:

- "A Premier lobby for Elite customers."
- "Priority check-in desks and automated kiosks."
- "Priority security checkpoints."
- "Extra-priority security line 'jump' for Global Services Members."
- "Red carpet boarding lane for Elite members."
- "Boarding announcements made by status order."

> "Only games can cut through the clutter of a crowded brand marketplace and socially networked environment to attract, retain and monetize consumers."

One concern for marketers was what to do when participants reached the highest level of the FFP, such as becoming a 100,000-mile member. Airlines resolved this by offering new levels, such as "million mile" status, that come with lifetime rewards and benefits.

Types of Players

Richard Bartle, a professor and behaviorist, researched and identified four types of game players:

1. **"Achievers"** – These players like to acquire points and earn status. They enjoy the process of playing and want to play well. They like working with others and sharing the joys and defeats of the game.
2. **"Socializers"** – These players enjoy the social component of playing games, such as interacting, forming alliances and collaborating.
3. **"Explorers"** – These players take pleasure in game playing activities and elements, such as accumulating points or badges, uncovering shortcuts or figuring out puzzles.
4. **"Killers"** – These players thrive on competition and have a win-at-all-costs mentality.

> "The power of games is growing."

In addition to Bartle's four player types, the gaming field also includes the "naïve" players, players who participate unintentionally. They earn frequent flyers points but don't use them, or accumulate bank rewards that they never redeem. Such players slow game play down unless marketers can capture their attention and convert them into active participants.

"Generation G"

Forget baby boomers and Gen Xers; make way for the 20 million children born between 1998 and 2000; that is, Generation G, the "greatest game playing demographic in history." This generation is growing up with technology and social networks that previous generations never experienced. Its members interact on social networks and use mobile phones to communicate and play games. Many love Webkinz, a hybrid toy and online game. More than half of these children play video games every day, and some engage for more than 16 hours per week. Girls account for 40% of Gen G game players. "Not since the time of the Vietnam War has such a profound generation gap existed in contemporary society."

Generation G will not be as open to or susceptible to traditional advertising messages as its predecessors. Its members will demand more interaction and more fun. The brands that use the power of games will make the biggest impression on this tech-savvy generation. Two emerging advertising techniques will grab Gen G's attention: "advergames," which promote a specific product, and "in-game advertising," which is product placement within a game.

Game Incentives

Use games to motivate and reward employees. For example, the highest sellers of Mary Kay products earn the direct marketing firm's ultimate prize, the pink Cadillac. Mary Kay rewards salespeople using many game-based techniques, such as levels and badges. Companies also can use games to encourage other desired behaviors. For example, a city bus driver may strive to earn and display a "safe driver" badge. Florida's Medicaid Reform Program uses a credit system to encourage clients to get flu vaccines. People earn points by getting a shot or visiting a doctor, and they redeem their points for health care items. Some districts have achieved 80% participation with these game-based incentive programs.

About the Authors

Gabe Zichermann is CEO of beamME. **Joselin Linder** wrote *The Purity Test* and *Fake a Death in the Library*.