GAMIFICATION: BUILDING NEW, MEANINGFUL EXPERIENCES

Gamification is the go-to idea today for making consumers love brands, buy products, and stay loyal. We analyze this trend through one of the most resounding gamification success stories the world has ever witnessed — Pokémon Go.
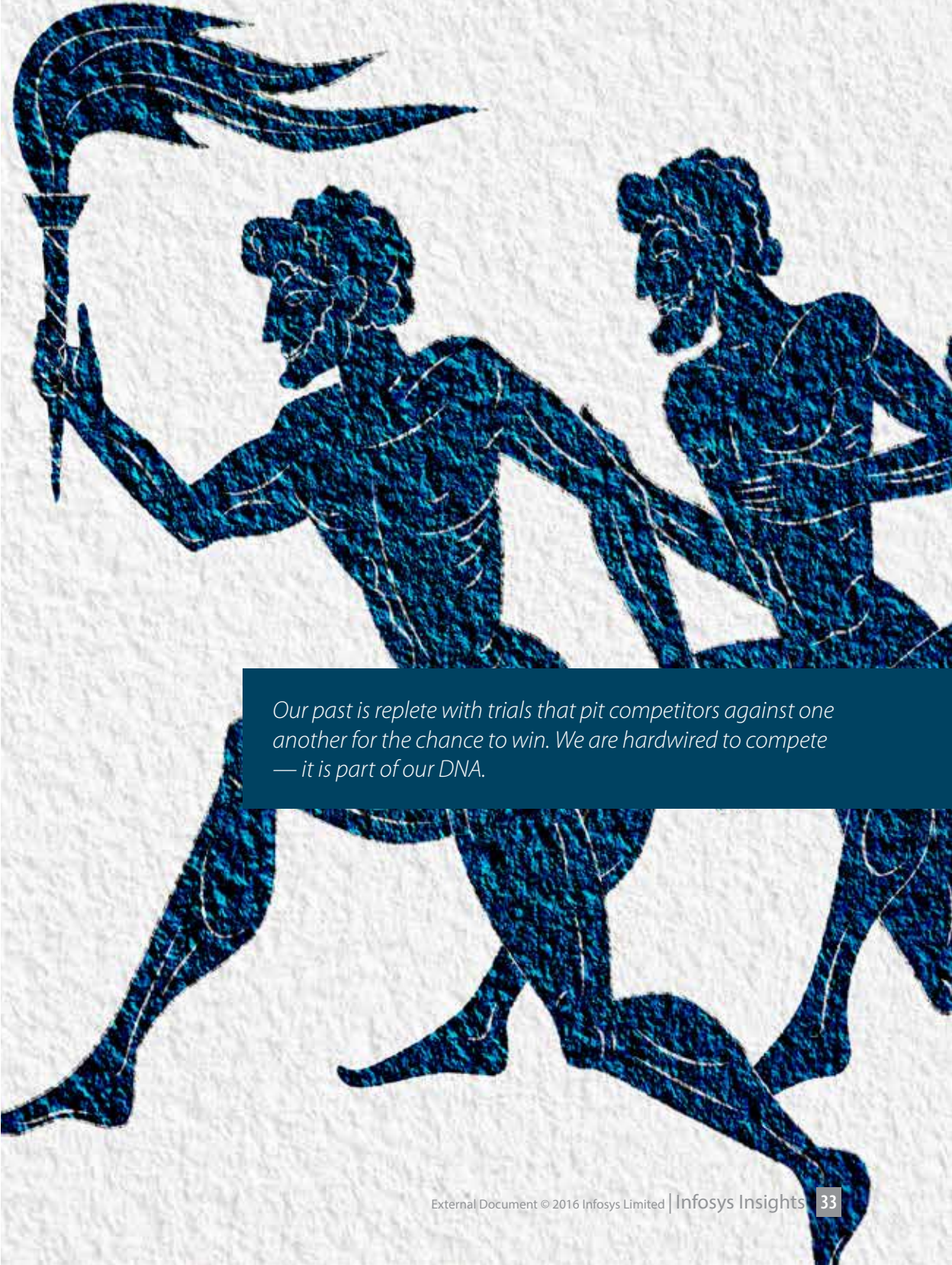
Gamification was around long before we had a name for it

Games have been around for over 7,000 years — Senet, Mancala, the Royal Game of Ur, and more dot our history. Our past is replete with trials that pit competitors against one another for the chance to win. We are hardwired to compete — it is part of our DNA.

The concept of 'gamification' too has been a part of our lives, even before there was a word to describe it. The British Parliament 'gamified' the development of a navigation device as far back as 1714 with the Longitude Prize. In fact, most people don't know that Charles Lindbergh braved the transatlantic flight because a hotel magnate named Raymond Orteig put up a prize incentive of US$20,000 in an attempt to catalyze the aviation industry. Brands have gamified the shopping industry since as far back as 1896, by selling S&H Green Stamps to retailers in order to reward loyal customers.

Since then, we have gamified just about everything we can; from 'choose your adventure' books and movie serials to TV shows and video games through massively multiplayer online games (MMOGs) and branded entertainment.

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Gamified brands push the boundaries

Brands have tried desperately to play in this arena, with mixed results. While they endeavor to employ game mechanics to drive brand engagement, many sacrifice a satisfying game experience by obsessing about the brand and their traditional return on investment. For every 'McDonald's plus Monopoly' or 'Starbucks Rewards' program, the marketing landscape is littered with failed attempts at creating emotional connections and tapping into the consumer's innate desire to compete and win.

'Nike+ Fuelband' broke new ground when it first arrived on the scene, gaining nearly 30 million users in just two years. What it offered was a way to not only gamify workouts by pitting users against each other to achieve their personal best, but it also connected them to a larger community that they could challenge and compete with to drive their fitness commitment to whole new levels. This social integration elevated a historically solitary, chore-like activity (working out) and turned it into a social experience that tapped into the human spirit of sharing, competition, and achievement. Once the wearable tracker market became cluttered, Nike pivoted away from hardware to focus on community and experience, with the more recent Apple Watch Nike+.

At its best, gamification creates memorable experiences; and at the end of the day, it is the experience that consumers remember.

It's about the experience, not the money

In the good old days, a brand could just launch a TV campaign, throw in some print and radio, and watch their business boom. Why go through the expense of creating 'experiences' when all you had to do was invest in a megaphone? Well, the times have changed.

Creating a memorable experience that surprises and delights customers pays exponential dividends in terms of brand loyalty – eventually leading to profits that are sticky. Think of it this way: You can give a customer a good deal today and they will tell their friends about it tomorrow. However, savings fade over time and give way to newer bargains and newer savings. It's fleeting, much like getting a raise at work. It's exciting when it first happens, but soon after you expand your lifestyle to fit your new salary, you're back where you started — in need of a new fix. A memorable experience, on the other hand, lasts a lifetime.

Pokémon Go is showing brands how it's done

Niantic built it. And they came. What we wound up with is a fun experience, and the money followed. An estimated US$1.7 million per day of in-app purchases is generated on Apple devices alone in the US, not including thousands of business location sponsorships. The magic of Pokémon Go is that, for the first time, brands have a variety of ways to leverage gamification that are endemic to the game. Hence, the headlines:

'Pokémon Go is driving insane amounts of sales at small local businesses'

'How to invest in the Pokémon Go and augmented-reality revolution'

'McDonald's sponsors 'Pokémon Go' in Japan'

By leveraging augmented reality (AR) technology to create real world gamification, Niantic has tapped into a player's desire for sharing and competition, while driving an 'electronic empathy' that connects them to the broader community. And now, they are taking it up a notch with the new 'Buddy System,' which will allow trainers to select specific Pokémon to 'bond' with. By making a Pokémon your 'buddy,' you can walk around with it and the game will reward you with candy. It's designed to deepen the experience by facilitating an emotional bond between the player and their virtual Pokémon.

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'Nike+ Fuelband' broke new ground in employing game mechanics to drive brand engagement, by offering a way to gamify workouts by pitting users against each other to achieve their personal best.

A business that has been designated a PokéStop or gym will attract foot traffic without even trying because players flock to them for rewards and battles. 'Lures' increase the rate of Pokémon generation in the area around a PokéStop.

How brands are playing the game

As Pokémon Go players search for creatures, local stores, restaurants, movie theaters, and other businesses are leveraging the opportunity to drive huge amounts of foot traffic, with both simple in-app purchases and creative marketing campaigns.

Revenue opportunities are either seamlessly integrated or completely invisible to players, which allows the game to be pure entertainment, doing what it does best — tapping into the human spirit of community and competition. Here's how some businesses are playing:

- **Gyms and PokéStops:** A business that has been designated a PokéStop or gym will attract foot traffic without even trying because players flock to them for rewards and battles

- **Virtual fishing leads to real sales:** 'Lures' increase the rate of Pokémon generation in the area around a PokéStop. For a little more than a dollar an hour, businesses can drive practically guaranteed traffic with an impressive ROI

- **Capitalizing on a location near a Pokémon gym:** Gyms generate self-perpetuating traffic. Users meet at gyms regularly to fight each other for control. Businesses near gyms can capitalize on this by employing creative marketing techniques, ranging from giveaways to discounts

- **Promoting local Pokémon on social media:** Businesses that are PokeStops, or near gyms, can also promote rare Pokémon in their area to drive traffic and create referral programs

Many brands are striking while the iron's still hot, finding ways to reap the benefits of increased traffic and relevance by inserting themselves into the game. McDonald's became the first official Pokémon sponsor in Japan by turning its restaurants into PokéStops and PokéGyms. T-Mobile created a promotion to exempt the game from data charges for a year, provide US$15 Lyft rides to key locations, and offer discounts on chargers and battery packs. Sprint's Boost Mobile stores are attracting Pokémon Go players with 'lures,' alongside providing on-site 'Pokémon Go experts' and free charging stations. Yelp has added a filter to their site that helps players find restaurants or stores that have nearby PokéStops. UK retailer, Marks and Spencer, has engaged in a lengthy Twitter exchange about a customer catching a 'Muk' in their Liverpool store. Australia's ME Bank, Oporto, and Australian Bananas have posted Pokémon sightings on social media and Chobani yoghurt used their actual product as a lure.

Why is it working?

While everyone is trying to understand the success of Pokémon Go, the data shows how the game has tapped into consumer behavior and how this 'experience-first' brand is expanding beyond its 20-year heritage. Here are a few key highlights of the brand:

- **Large fan base:** We can't ignore the fact that this is a 20-year old brand with a large fan base that is emotionally connected to these characters. Much like a Disney or a Warner Bros., a whole generation grew up with Pokémon

- **Mobile-only experience:** While limiting the 'anywhere, any screen' nature of what makes many digital experiences compelling, Pokémon Go is driving communities of gamers into the streets, making them travel from location to location and business to business, and encouraging them to engage with each other digitally as well as physically

- **Catalyst of good health and wellness:** While not a primary driver of the game, Pokémon Go is, unintentionally, driving health benefits that Nintendo Wii originally touted. On average, players are spending two to over four more hours outside than they previously did. Further, 43 percent of them have said that they lost weight while playing

- **Promotes social networking:** Gamers are comparing collections, competing with each other, meeting on the street, and congregating at gyms. It's bringing disparate people together because players are easy to spot and the outdoor and social aspects of the game are also being attributed to its appeal amongst women

- **News-making:** Record-breaking sales, unauthorized downloads, rumors of people falling off cliffs while playing, and the president of Israel posting a screenshot of a 'Meowth' in his office. Besides, having Justin Bieber, Demi Lovato, and Jimmy Fallon playing the game doesn't hurt either

Implications for the future

As 3D sensors and more sophisticated augmented reality and digital technologies evolve, their applications are limited only by our imagination. Advanced AR could allow brands to gamify activities to enhance otherwise ordinary marketing programs.

Digital marketers could hide their products in unlikely places, contextually place a car insurance offer at a car dealership, or even position their product next to a competitor's. When you think about it, the possibilities are endless because the game enhances everyday life experiences.

One thing is for certain — Pokémon Go is sure to teach us volumes about the potential of new technologies that drive gamified experiences to engage and delight consumers. Its current success provides further incentive to develop the technology to create what has yet to be imagined. Brands will be well-advised to prioritize the customer experience, journey, and engagement to connect with their customers on a more visceral and emotional level. Ultimately, the companies that will win are those that pay attention to these seismic shifts in order to capitalize on them when the time is right.

About the Author

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Scott leverages his experience to help companies navigate the complex technology landscape of mobile, social, search, and data, driving the evolution and strategic vision of brands in an increasingly digital world. Prior to joining Infosys, he was the Chief Strategy Officer at Publicis.Sapient / Razorfish. Scott has been a strategist and digital partner for senior-level executives at Fortune 100 companies for over 25 years. Providing actionable strategic guidance across the entire digital ecosystem, Scott brings a rare combination of CXO-level business strategy, technology, and marketing experience in a fast-changing global market.

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