



Solution Brief

Gamification for Customer Loyalty

Improve Customer Loyalty by Combining Motivation, Big Data and Gamification

Analysts generally agree that customer acquisition now costs 4-6 times more than customer retention — and that difference is bound to grow even wider in the years ahead. After all, we live in a crowded, 24/7, global marketplace, where customers are barraged with more distractions, offers and media noise competing for their attention than ever before. To be successful, today's marketers desperately need to engage customers, retain their interest and drive true loyalty. But unfortunately, significant challenges stand in their way.

For example, consumers are growing tired of traditional loyalty and marketing programs. (How much more time can they devote to wading through "targeted" emails? How many more tags can fit on a keychain?) In many respects, old-fashioned loyalty programs are giving way to online word-of-mouth and referral — which, remarkably, may now command more of your customers' mindshare than your marketing campaigns. But social media and customer voice are proving difficult to influence, and the competition to get noticed on an ever-expanding array of social platforms adds increasing levels of complexity.

Use gamification to:

Increase revenue through customer retention and satisfaction

- Drive up total lifetime value of your customer
- Gather better information on what motivates your customers to action
- Identify and respond to trends in customer behavior
- Inspire community collaboration
- Improve ad inventory and revenue by increasing site stickiness and page views

Only one thing is clear: It's time for marketers to update their strategies and push forward to a new generation of loyalty. Technological advances have enabled Loyalty 3.0, a way to drive deeper, ongoing relationships with your customers. Loyalty 3.0 requires three essential components: motivation, big data and gamification. By combining these three components, companies can nurture customer relationships, reward high-value interactions and ultimately, drive more revenue for the business.

How does gamification fit into the equation? Gamification leverages interactive design, big data analytics and new research about universal human motivators to influence customers, drive brand affinity and nurture loyalty. It applies the same principles that inspire people to play games — achievements, status and rewards — and motivates them to accomplish high-value actions for your company. As a result, gamification can lead to real, measurable improvements to a wide range of customer initiatives, including:

- Customer community
- Fan engagement
- Loyalty
- Trial conversion
- Marketing
- Co-innovation
- E-Commerce

1. How do you measure the effectiveness of your current customer loyalty program? The number of members enrolled in your loyalty program is not an accurate measure how well it's working. Consider this: Recent research found that the average family belongs to 22 loyalty programs¹, but participates in less than half. Why is involvement so low? For starters, consumers are showing loyalty-program fatigue. Plus, it's becoming more and more difficult to differentiate one program from the next. Perhaps the biggest problem of all

Influence customer word-of-mouth and referral

- Amplify your brand reach by encouraging and rewarding customer interactions on social media
- Grow customer satisfaction and willingness to promote your brand

Increase customer share-of-mind to drive brand affinity and loyalty

- Motivate ongoing, meaningful interaction with your brand to help customers recognize the value of your offering
- Provide non-monetary rewards to incent certain actions, such as early or exclusive access, status, power and recognition

¹ The 2013 COLLOQUY Loyalty Census

is that traditional loyalty programs just don't work to drive true loyalty; instead, they only drive loyalty to the next best deal. In order to build true loyalty, you need ongoing engagement — the kind that gamification can provide. Adding gamification to your current system can motivate consistent, meaningful interactions with your brand to help customers recognize the value it offers. As a result, you nurture the kind of community that translates into revenue growth.

2. How well do you know your customers? Do you know what motivates them to buy, watch or subscribe?

Most organizations claim to “know” their customers. But all these organizations really know is what their customers buy. Whether your company is B2B or B2C, you need to fully appreciate that your customers are much more than their transactions. For instance, it's important to know how frequently a customer visits your website (even if only to browse). In addition, you need to identify your customers' buying behaviors and preferences and where they are most active. (For most brands, that place is now social media.) Once you better understand your customers, you can begin to influence their online conversations and shape the behaviors you care about. How? By using gamification to reward the behaviors that drive business value for you.

3. Are you ready for Loyalty 3.0? We're all familiar with old-fashioned Loyalty 1.0 programs like cash-back credit cards, “buy 10 get one free” punch cards and frequent flier programs. In the early 1990s, data took a bigger role in these initiatives, ushering in the era of Loyalty 2.0. Now—finally! — all the pieces have come together to enable Loyalty 3.0. To drive deeper, ongoing relationships with your customers, you need three essential components: motivation, big data and gamification. By leveraging these three components, you can nurture customer relationships, reward high-value interactions and ultimately, drive more revenue for your business.

Find out more at: <http://www.bunchball.com/solutions/customer-loyalty>



I was able to look at what the lift was for the same kinds of data, for the same audience in two different places. Not surprisingly, the lift was 200% more in terms of people sharing the content or watching the videos (in the gamified environment)”

Pamela Radford,
Sr. Director Global
Engagement Marketing,
Electronic Arts



About Bunchball

Bunchball is the leader and innovator of engagement technology powered by gamification. Purpose-built for the enterprise, Bunchball's proven engagement solutions motivate employee, partner and customer behaviors while delivering the performance intelligence needed to drive business results. An early visionary, Bunchball wrote the book on gamification with the 2013 best seller *Loyalty 3.0*, and is widely credited for numerous market innovations, including a patent for *Gamification as a Service*. More than 400 enterprise customers rely upon Bunchball for the company's expertise, innovations and proprietary analytics that deliver proven business results, and Bunchball is the partner of choice to industry leaders including Jive, SAP, Salesforce.com and NICE Systems. Bunchball's investors include Parallax Capital Fund, Granite Ventures, Northport Investments and Correlation Ventures. For more information, visit www.bunchball.com, read the blog at www.gamification.com, or follow @bunchball on Twitter.