



Gamification and Mobile Marketing Effectiveness

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Abstract

A variety of business sectors have been buffeted by the diffusion of mobile technology, a trend that presents a variety of difficult challenges but interesting opportunities to marketers. One such opportunity is gamification, which, one hopes, will enhance appeal to mobile consumers. Our sense from both personal experience and the literature is that the gamified mobile apps currently offered by firms mostly miss the mark. We provide a systematic overview of game design and note how principles derived from that field are highly applicable to gamification in mobile marketing settings. We are aided by the work of Schell (2008), whose Elemental Game Tetrad Model allows us to offer a coherent look at how gamification should affect mobile marketing outcomes.

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Introduction

Mobile marketing, defined as, “the two-way or multi-way communication and promotion of an offer between a firm and its customers using a mobile medium, device, or technology,” (Shankar and Balasubramanian 2009, p. 118) is quickly becoming a mainstream activity. Industry analysts point to an increase in all categories of mobile marketing spending with eMarketer (2013) claiming a 10-fold overall increase between 2010 and 2015. It is estimated that 20% of Google’s search revenue can now be attributed to mobile (Sterling 2015). Twitter has reported that 86% of its advertising revenue now comes from mobile (Sullivan 2015). U.S. mobile advertising expenditures are expected to grow from \$29 billion (49% of

digital ad spending) in 2015 to \$66 billion (72% of digital ad expenditures) by 2019 (eMarketer 2015a). Mobile coupons are thought to be used by more than 40% of US companies with more than 100 employees as of 2015 (eMarketer 2015b).

There is no reason to expect the above-cited growth in mobile marketing to slow down. In fact, we observe a further proliferation of mobile devices, particularly in the developed world. Devices now span form factors from basic feature phones to smart phones, through “phablets” to tablets. Wearables figure to add complexity to the mobile marketing mix as the smartwatch market alone is expected to reach \$32.9 globally by 2020 (Kohli 2015). Emerging technologies such as beacons (Martin 2014) will likely shift marketing spending even further toward mobile if they prove effective.

Many businesses are therefore affected by the mobile marketing and mobile technology trends discussed above but perhaps none more than retailing (Shankar et al. 2010). Annual global mobile retail purchases are expected to surpass \$700 billion and account for 30% of online purchases by 2018 (Juniper Research 2014). The portability of mobile devices

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means that the customer has a device with her near to and within the retailer's space. Traditionally, customers enter the retailer's space, but with mobile devices, retailers can invert the paradigm and enter the customer's personal environment. In fact, the location-centric services enabled by mobile platforms change the nature of the primary source of competitive advantage in retailing, namely location (Shankar et al. 2010).

In parallel with the growth of mobile marketing is a nascent but growing interest in gamification (Marchand and Hennig-Thurau 2013; Terlutter and Capella 2013). In this article, we focus on the use of gamification on mobile platforms to enhance marketing effectiveness in consumer markets. Consistent with the literature (Blohm and Leimeister 2013; Groh 2012; Huotari and Hamari 2012), we define gamification as the use of game design elements to enhance *non-game* goods and services by increasing customer value and encouraging value-creating behaviors such as increased consumption, greater loyalty, engagement, or product advocacy (Blohm and Leimeister 2013; Zichermann and Cunningham 2011). For example, users of My Starbucks Rewards earn gold stars for using the mobile app to pay and are granted status levels and benefits at different star levels. As another example, Daily Challenge from MeYou Health sends its users a challenge to engage in a healthy action every 24 hours. Users earn points for each challenge completed and are encouraged to share their success with their connections who, in turn, are encouraged to provide supportive posts. Note that the non-game use of game-like elements is not new (Blohm and Leimeister 2013). For example, many loyalty programs include points (e.g., miles) and status (e.g., platinum or gold). However, gamification may be distinguished from traditional loyalty programs by providing added social and motivational benefits through product usage rather than only expenditures (Blohm and Leimeister 2013; Huotari and Hamari 2012).

The ubiquity and other aspects of mobile technology make it particularly well suited to gamification, a strategy that has already become an important component of many mobile service offerings as firms seek to enhance consumer enjoyment, engagement, and retention. Millennials in particular are heavy users of both game technology and mobile phones (Zickuhr 2011). Mobile gamification is especially useful to reach consumers in phone-centric parts of the world.

Gamification executed on the mobile platform has the potential to affect an important set of retailing outcomes, to entertain customers, to accelerate repurchase, to retain customers, and to contribute to in-store engagement. In fact, its effect might be felt throughout the consumer decision process. Additional optimism might be justified from what we know about video games, which have been shown to enhance arousal (Poels et al. 2012); increase perceptions of self-efficacy, competence, relatedness, and autonomy (Przybylski, Rigby, and Ryan 2010; Ryan, Rigby, and Przybylski 2006); and facilitate social interactions that enhance learning and encourage teaching (Albuquerque and Nevskaya 2015).

Despite the promise, our own academic intuition, based on interactions with gamified interfaces offered by a wide variety of service firms and backed up by what game design practitioners are saying (Deterding 2012; Ferrara 2013), is that extant research on

gamification and current implementations of gamification in mobile consumer settings fail to live up to its possibilities. Both the literature and practice tend to focus on points and awards, neglecting other game design elements that can be used to create a more game-like experience including challenges and narratives, social connections, and visual design (Conaway and Garay 2014). To this list, we can also add mystery, surprise, and discovery (Schell 2008). Many of these other elements are particularly suited for mobile platforms. For example, HelloLocal is used by shopping mall operators to engage consumers in treasure hunts in which beacon technology provides clues to complete a treasure map (Cameron 2015). One of the goals in this work is to more fully identify and organize different game design elements to expose the full theoretical and practical range of mobile gamification. A second goal is to carefully work through our organizational scheme and investigate each gamification element, offering appropriate theoretical background for how elements may be used, identifying their potential pitfalls, and identifying open research questions.

To achieve these goals, we draw on the ideas of Schell (2008), whose Elemental Game Tetrad Model provides a coherent and logical means of examining how designers can encourage positive marketing outcomes of gamification. We use this model as the basis for posing a series of research questions about the effect of gamification on mobile marketing effectiveness in consumer markets. Thus, we hope to help the field to develop a fundamental understanding of how gamification can enhance mobile marketing, including mobile advertising (Grewal et al. 2016), mobile promotion (Andrews et al. 2016), and mobile shopper marketing (Shankar et al. 2016).

We start by discussing the four tetrad elements and their effect on marketing outcomes. From there we will discuss product-side moderators of the effect of the tetrad elements on marketing outcomes, followed by consumer-side moderators of the tetrad–outcome relationship. Thus, our conceptual model and the flow of this paper correspond to Fig. 1.

Tetrad Gamification Elements

A widely acknowledged framework for designing games is the Elemental Tetrad Model proposed by Schell (2008). The model consists of four elemental design characteristics that interrelate and create a cognitive and affective ecosystem around the theme of a game — for example, competition, skill development, or enjoyment. We propose that these four elements are applicable to gamification. In Schell's view, all four elements must be carefully aligned to create player immersion and engagement. The first element, *story*, or the narrative format, provides context to a game and adds meaning to the consumption experience. *Mechanics*, the second element, refers to rules and structural aspects of games and is concerned with how success is recognized by reward, incentive structures, and game levels. Game mechanics enable players to know how to maneuver through the game and to form an impression of what is expected and rewarded at hierarchical game levels. The mechanics enable a game dynamic that in turn creates a specific

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