

YOUR BUSINESS

Gamification: Playing games can help your business strategy

BY LIISA ATVA | JULY 25, 2018



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Earth has been ravaged by a devastating storm. The world's population has been decimated. The 100 remaining survivors scramble to find resources to build fortifications, and weapons to fight each other to be the last one standing.

If you're a video gamer you'll know that I'm not talking about the latest sci-fi movie to hit the theatres, but about Fortnite, the biggest game of 2018. According to developer Epic Games, the play-for-free version, launched in September

2017, now has 125 million users. And even though it's free to play, according to game sales tracker Super Data, Fortnite generated over \$300 million in revenue in a single month (April 2018).

It's not just kids and teenagers that are playing. According to the Entertainment Software Association of Canada, the average age of Canadian gamers is 36-years-old, and 52 percent of Canadians surveyed have played a video or computer game in the past four weeks. There's no doubt that the gaming industry is big business – adding \$3.7 billion to Canada's GDP in 2017.

What organization, in any industry, wouldn't want to achieve such tremendous growth in customer base, product awareness, and revenue? Businesses have traditionally used game-like experiences such as frequent flyer programs, reward cards, and sales competitions to increase loyalty and engagement. However, the term "gamification," which pulls concepts from the game experience, and implements them into business strategies, emerged around 2010.

What is gamification?

Gamification is not about creating games, but learning why games are so engaging, and applying the psychology and behaviour behind this to business processes and strategies. And the use of gamification by businesses is growing steadily. According to a team of researchers led by Dr. Ian McCarthy, a professor at Simon Fraser University's Beedie School of Business, this trend can be attributed to several developments.¹

First, the growth of the computer game industry has contributed to a better understanding of what motivates individuals to play and makes games successful. Secondly, the pervasiveness of social media, and web-based and

mobile technologies has expanded the ways in which individuals and organizations can participate in an experience.

McCarthy suggested that for gamification to be successfully adopted by businesses it needed to be broken down into simpler steps. One of the early stages of the SFU research was to develop a conceptual framework of the gamification process. McCarthy and his team identified three principles that they tagged with the acronym MDE: the mechanics, or set-up and rules; the dynamics, or player behaviour; and the emotions. If you get the MDE right, noted McCarthy, you get powerful games where people are motivated to spend lots of time engaging.

MDE in action

I'm in the minority of Canadians and not a gamer. Intrigued as to why Fortnite is so popular, and how this could be applied to business, I arranged for a demonstration with my in-house expert – my son.

When I asked him why he enjoys playing Fortnite so much, he described the game as easy to play, but challenging to win. He also explained that the adrenaline rush of “a win” against 100 real people playing at the same time, as opposed to against the computer, adds an unbelievable thrill. With millions of players worldwide, there is a new game starting every few seconds. Players can go solo, or they can share the experience and play as a duo, or as a squad of four.



Fortnite appears to have gotten the MDE just right; the game mechanics are easy to learn, the dynamics or player behaviour that emerges keeps players motivated, and the emotions triggered – the goal achievement and the thrill of a win – keep players coming back.

My son also added, “Everyone’s talking about it, and there’s huge social media buzz – Drake and other celebrity players post their wins. Why wouldn’t you try it since it’s free?”

So how does Epic make money on a play-for-free platform? Once onboard, players can opt to buy gear to outfit their game character. Doing so doesn’t provide a competitive advantage, but “You look cooler,” my son insists. With 125 million players, it doesn’t take long before these small purchases add up to millions in revenue.

How can gamification apply to other industries?

Businesses that are not video game developers have used gamification primarily for marketing, sales, and human resources strategies. Examples include:

- Improving the effectiveness of networking events with badge-style wearable technology for event attendees that awards points for booth visits and session attendance.
- Customer applications on websites with a game element to encourage repeat visits.
- Employee training webinars with interactive methods that reinforce policies and culture through quizzes and rewards for adherence to workplace policies.
- As a recruitment tool to spark interest in the Chinese and Indian hospitality markets, Marriott Hotels created an online game similar to Farmville. “The game introduced players to the world of hospitality by

enabling them to run their own virtual hotel. It was particularly popular with 17 to 24 year olds – the precise demographic the company was looking to attract to staff its real-world hotels,” notes Dynamic Business.

- Fitbit helps users reach their goals with progress notifications and achievement badges.
- A promotion for the Winter Olympics in Sochi that provided commuters with a free ride on the subway if they did 30 squats.
- Energy companies that provide customers with sensors, such as Oracle Utilities Opower Energy Efficiency Cloud Service, to help customers compare their energy usage and savings with their neighbours.

Businesses don't have to be large to benefit from gamification. According to GetApp Lab, “In 2018, gamification will begin shaping small businesses' customer experience strategies more than ever before, as they try to stay both relevant and competitive. This shift will occur as both customers and employees, especially millennials, seek unique and personalized experiences that engage them on an emotional level, as well as transactional.”

With the stratospheric customer growth and revenue numbers that Fortnite, and other games, have been able to achieve, gamification as a business strategy is worth exploring.

Liisa Atva is the author of The Ask: How Much Is a Small Business Worth? A CPA, CA, and Chartered Business Valuator, Liisa's work has appeared in The Globe and Mail, Postmedia publications, Huffington Post, and The Journal of Business Valuation.

Liisa will be presenting "Small Business and Entrepreneurs: Preparing the next generation – succession planning and demystifying the process" at CPA Canada's Mastering Money Conference 2018. This annual financial literacy conference will be in held November 22-23, 2018 in Vancouver, BC. Register today.

¹ Beedie School research team also included Jan Kietzmann, Leyland Pitt, Karen Robson, and Kirk Plangger. McCarthy's full presentation on gamification can be accessed here.