Gamification 3.0: The Power of Personalization

To more effectively engage employees and customers, organizations must apply tried and true principles of behavioral science to the big data they accumulate. By doing so, they can deliver richer, contextually relevant “gamified” experiences that help build and sustain stronger, long-term relationships.
Executive Summary

Gamification employs game mechanics and the principles of conventional games in a non-game context. It has traditionally been associated with game-playing, motivational activities, behavior modification – the goal being to provide an enjoyable experience for users. Today, it is applied in virtually every industry and in a variety of settings – from the classroom to the workplace, and in sectors as diverse as insurance and retail. Yet in spite of its widespread use, gamification in business remains remarkably unsophisticated. Why?

Many gamification initiatives use points, badges and leaderboards as a way to motivate and incent participants to alter their behavior. These activities often stress the importance of a social community, and rely heavily on analytics to measure and monitor users’ actions. Depending on the activity and desired outcome, this approach can engage people to a point, but fails to keep them involved over the long term.

To address this issue, and to capture individuals’ interest longer, more effectively and in the right context, organizations must view the entire
gamification process from a highly personalized perspective. In essence, gamification techniques should seek to understand people within the context of their personality, emotions, habits and activities. Throughout the gamification experience, every trigger, message, response or intervention should relate to each participant’s situation and timed appropriately.

To get the most out of gamification initiatives, organizations should segment their participant base into groups – the goal being to offer an experience that is unique to each and ensures a deeper connection with every individual.

In this white paper, we examine today’s typical gamification approaches, highlight some transformative factors that should be considered when developing gamification initiatives, and introduce the core tenets of Gamification 3.0 – the next level of gamification that combines the power of big data, behavioral insights and elements of psychology and neurosciences. We will also discuss how Gamification 3.0 techniques can be applied to provide a superior end-user experience.
Successful Gamification Implementations

The majority of today’s gamification engagements rely on incentive-laden challenges to trigger behavior changes. These inducements typically include a combination of points, badges, leaderboards, levels, communities, compelling game-play, etc. For example, Samsung Nation is one initiative that rewards users for engaging with the brand, knowing and reviewing products, watching videos, etc. Users also get a chance to enter a sweepstakes to win Samsung products. Samsung’s approach, according to news reports, has been effective in promoting brand loyalty and better engaging customers.

Mint, a free, Web-based personal financial management service, makes the mundane task of managing one’s finances easy and engaging by using gamification techniques to track goals, understand spending habits and make budget allocations. Mint also presents easy-to-interpret charts to help individuals plan secure financial futures. This is a classic case of leveraging simple gamification constructs to make an existing, routine and often painful process easier, enjoyable and engaging.

Gamification also finds many applications in the learning, training and recruitment space. The U.S. Army uses games to attract new recruits and promote awareness of the U.S. armed forces. Initiated in 1999 (although the first version wasn’t released until 2002), “America’s Army” employs dynamic game-play techniques to help users experience firsthand the work of the armed forces.

Gamification has also been used successfully to increase environmental awareness. Virginia-based OPower, a publicly held software-as-a-Service (SaaS) company, provides cloud-based software to the utility industry. It has used gamification to make people more socially responsible by reducing their energy consumption. With the simple tactic of making people more mindful of their energy usage and how that compares with their neighbors’, OPower was able to save one Terawatt hour of energy in a year by incenting customers to consume 2% less energy on average.

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Most of these initiatives have succeeded by applying simple game elements (strategy, goals, rules, scoring, levels, etc.). In our experience, successful gamification does not always depend on the complexity of the game play (the way players interact with a game); the key is forging deeper connections with the players. Conversely, the lack of an optimized design is one of the primary factors that contribute to the failure of many gamification initiatives. Thus, it becomes critically important to consider various aspects of gamification that together will help your organization successfully relate to each participant.
Factors to Drive the Right Behavior Change

Gartner has held on to its prediction that by year-end 2014, 80% of current gamified applications will fail to meet business objectives, primarily due to poor design.1 Organizations that have successfully implemented gamification techniques design experiences that motivate and engage users to advance their personal and business goals.

From a behavior-change perspective, organizations need to consider the following factors (apart from an appealing strategy, theme and play method):

• **Ability.** The first focus is always on the user’s ability to complete a given task; it is considered one of the crucial factors in determining the success of a gamification initiative. Users must be given training to help them improve their level of awareness and their skills, and help them competently execute tasks on time.

• **Time frame.** A longer-term engagement requires regular checkpoints to ensure that the experience is seamless and continually effective, rather than short-term, where the focus is primarily on maximizing gains. These checkpoints help re-focus users’ priorities, and reset goals and motivations based on the data obtained and analyzed.

• **Activity.** A recurring activity should offer different kinds of rewards and motivators, whereas a one-time activity can have a simple reward associated with its completion. The goals, motivations, rewards, etc., depend on the type of activity that is gamified.

• **Motivation.** If the activity is a one-time occurrence, a difficult step in a bigger sequence of activities, or leads to greater gains if successfully navigated, then it is a good candidate for extrinsic motivation (behavior driven by external rewards). All other activities require careful thought in terms of the intrinsic motivators used to induce behavior change.

• **Rewards.** Concrete incentives should be used sparingly — and only when the situation is associated with a one-time or extrinsic motivation-driven behavior. In some cases, using tangible rewards can defeat the very purpose of gamification, particularly when the rewards are either meaningless or obstruct personal fulfillment. An emphasis on intangible rewards (i.e., bragging rights, recognition, special privileges) is important for longer-term initiatives.

• **Pain points.** Gamification also helps individuals tackle tougher tasks — breaking them down into simple, manageable chunks that users can more easily handle. This is critical to ensuring that all barriers (i.e., inability, skills shortage) to desirable behavior are effectively eliminated.

• **Other factors.** Apart from the above, there are other factors that can determine whether gamification will deliver the expected outcomes. These include the user’s literacy level, access to technology, relevance of the content and their willingness to engage.

Each of the above contributes to the type of technique an organization uses to get the most out of gamification, and can be combined to develop the right approach. But for certain scenarios, a one-size-fits-all tactic does not apply; a different treatment that delves into big data, behavioral design principles and micro-level personalization is needed. These elements form the basis of Gamification 3.0.
Gamification 3.0: The Next Level

Gamification 2.0 gained prominence as data analytics came of age. The goal was to more precisely monitor users’ activities and measure the impact of gamification on personal and business objectives by testing various hypotheses.4

Fulfilling a Need

While points, badges and leaderboards can provide useful results if they are properly applied, social media and analytics have become increasingly important to the success of other types of gamification engagements (see Figure 1). Still, these elements are insufficient in and of themselves. To succeed with gamification, organizations must get closer to users to attain a deeper understanding of their roles, behaviors and motivations. This requires looking beyond basic gamification design components such as game mechanics and dynamics.

Gamification initiatives that focus on behavior change are typically engagement-driven – based on intrinsic motivation, and involving recurrent and long-term activities with multiple pain points. These efforts also seek to connect with users with different personalities and mindsets. This type of gamification requires a firm grounding in the principles of psychology and sound decision making, and the ability to take advantage of the power of big data.

Gamification 3.0 Defined

We have coined the term “Gamification 3.0” to refer to the ecosystem that provides an intimate, personalized experience to users who are part of a behavior-change initiative. In our view, Gamification 3.0 is the next level of gamification – combining the power of big data, behavioral insights, plus elements of psychology and neurosciences to understand a user’s activities, behavior and frame of mind. This helps create a contextual, highly personalized experience for individuals taking part in a long-term, recurring behavior-change exercise based on intrinsic motivation.

Gamification 3.0 directly targets the behavior and emotions of the user, correlated to a particular role and circumstance. The human decision-making process and emotional responses to certain triggers are also tapped to provide an incentive for users to adopt desired habits over the long term.
The Layers of Gamification 3.0

Gamification 3.0 consists of numerous layers (see Figure 2). When used alone, they have their limitations. Only with an appropriate behavioral framework or design can gamification deliver a compelling experience that makes good on its promise. This involves:

- **Activity tracking.** In most gamification exercises, all user activities are tracked. For example, in a financial planning app, activities such as money spent, areas where it has been spent, financial goals, number of times the app has been accessed, sections where the most time is spent, etc., are closely monitored.

- **Personality types.** There are multiple ways of classifying users based on their personality types. Bartle's player types are one example. This classification scheme offers a good indication of how a player behaves in a game environment and the distinct elements of the player's psychology. It can also help reveal user motivations, how his or her desires are expressed, and the outcomes they will yield.

- **Big data analytics.** For those gamification initiatives that attempt to induce behavioral change in a major way (e.g., self-management of chronic conditions), an understanding of the user becomes the focal point. This is made possible with all the data that is collected about the user, both within and outside an app. Another way to look at this would be with Code Halos, which offer valuable insights into what appeals most to individuals by distilling attributes from the digital information that accumulates around people, processes, organizations and devices. By applying Code Halo thinking and analyzing this metadata for insights into individuals' lives — including their likes and dislikes — organizations can create a mass-customized gamification initiative.

- **Behavioral frameworks.** Along with the above, it is imperative to understand users' emotions, motivations and mindsets. For example, in a self-management health app, there could be many reasons why a message to a participant is not acted upon; they may not have opened the app, might be busy with work or family, or may have temporarily lost interest in their health. Timely interventions in the form of a virtual “buddy” can lead to higher engagement levels, and establish trust and loyalty over the long term.

Implementing Gamification 3.0

To implement Gamification 3.0, your organization should start by delineating the different attributes that define its end users' personas and individual journeys. This provides the canvas for designing the best experience for the participants. Next, implement measures that can be used to collect information (via big data analytics) on users' behavior. If working in a particular market segment, bring in industry flavors by employing an appropriate behavior-change model. Your team can also create its own customized approach. Together, these measures form the core of all the game play, triggers, goals, interventions, etc., in your business's gamified activities (see Figure 3 on the next page).
The techniques described focus on:

- **Static and dynamic user attributes.** Understanding individuals’ age, sex, geography, education, etc., is critical. Your team will also need to glean insights into whether users understand the importance of assigned tasks. Gamified surveys are one of the more effective ways to obtain this information and increase the engagement quotient. For example, the response of a 35-year-old female patient with Type-2 diabetes would be different from that of a 56-year-old male patient with the same condition. Each needs need to be treated differently. Similarly, a person who comes from an affluent family might have a different attitude about savings than someone from an underprivileged family. These traits help in gaining a deeper understanding of individuals’ behaviors, and in hyper-personalizing the gamification experience. Furthermore, with Code Halo thinking, organizations can define and measure users’ distinctive characteristics, and more fully comprehend the behaviors of two people of different ages, with different conditions, who come from different backgrounds. In this way, the experience can be tailored to their digitally-expressed preferences.

- **Observable user behavior.** It is vital to comprehend users’ reactions to your application, product or service. Measure and monitor their behavior to understand how they perceive your brand and their efforts to engage. For example, in a disease-management app, try to keep tabs on patients’ medication compliance, their progress in education-related tasks, their appointment adherence, their biometrics (with connected medical devices), and their diet and exercise regime. This information gives an indication of how committed individuals are and wheth-
er they are making progress in reaching their goals. It also helps in measuring
the effectiveness of your gamification exercise, and whether your organization
needs to revisit its objectives and their alignment with those of your users.

• **Behavioral determinants.** Healthcare is one industry that applies standard
models for measuring user behavior. An industry-specific behavior-change mod-
el such as the Transtheoretical Model (otherwise known as Stages of Change)
can be utilized to assess a person's readiness to change. Other psychological
aspects – motivations, mental blocks, emotions, etc., can likewise be measured.
This helps to effectively remove obstacles and realize the best outcomes. For
example, a 32-year-old single mother's priority may not be to adopt good eating
habits. It is therefore important to tailor an approach that works for her, instead
of relying on a generic technique for encouraging a change in her diet.

To leverage the various personas and elements of behavioral design in your
company's gamified experience, segment your users based on each of the afore-
mentioned elements. Segmentation leads to an understanding of pre-defined user
behaviors, which can help your organization better utilize targeted content. For
example, content can be tagged as specific to a patient who is over 40 years of age,
suffers from a mild form of diabetes, is compliant in taking her medication, and is
an extensive user of your business's application. This type of micro-level segmen-
tion delivers maximum value in terms of personalizing the gamification experience;
companies must view a single user as the smallest market segment – with the goal
of establishing a deep connection with every person. To learn more about this topic,
please refer to “Rethinking Enterprise Mobility Strategies.”

**Looking Forward**

Today, most products and services are seen as commodities. What used to give
companies a competitive edge is rarely sufficient. Not surprisingly, there is a
growing need to engage employees and customers in ways that are unique,
effective and sustainable over the long term.

As discussed, gamification has moved beyond just points, badges and leaderboards.
Although these elements are key pillars on which advanced gamification initiatives
can be built, it is time for organizations to look at gamification from a different
vantage point.

With all the digital data that surrounds us, today's users – "born digital" or
otherwise – expect a highly personalized, fully satisfying experience. This relies
heavily on meaningful data and insights derived from Code Halo thinking. It also
requires the right kind of technologies and techniques – the most important being
big data analytics and behavioral science. If properly approached and implement-
ed, Gamification 3.0 can help organizations strengthen their brand, refine their
competitive edge, and enable employees and customers to achieve their personal
and professional goals in 2015 and beyond. Just as SMAC Stack™ technologies
(social, mobile, analytics and cloud) are driving business transformation, gamifica-
tion has the potential to break new ground and open new doors for companies
across industries.
Footnotes

2 http://work.com/blog/2014/01/gamification-energy-conservation/.
4 Different experts have defined Gamification 2.0 in different ways. This paper attempts to generalize the definition of what Gamification 2.0 is to help the reader, but does not contradict the views of other experts.

References


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