


Chapter 5


Gamification Strategies for Enhancing Customer Engagement and Loyalty

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ABSTRACT

With the growing impact of mobile and internet on business and commerce, companies explored new ways to gain consumer access and attention. Research suggests that the gamification market has been consistently growing and gamification is widely used in contemporary marketing due to its ability to engage and motivate individuals. With the use of game elements, companies and marketers involved and engaged customers in an organized form of play, governed by rules and structures, that provided enjoyment and accomplishment with measurable outcomes. The avenues of enhancing customer engagement through use of gamification to improve customer relations is encouraging, particularly considering the current advancements in areas like augmented reality and virtual reality, which are expected to greatly enhance the potential for gamified experiences. In the light of above scenario, the chapter focuses on the use of gamification strategies for augmenting customer engagement and loyalty by discussing the success stories of few industry players like Duolingo, Starbucks and Snapchat.

DOI: 10.4018/979-8-3693-8886-0.ch005

INTRODUCTION

Technological advancements have had a lasting impact on how companies do business and attract customers. As businesses turn to online platforms, there is an increased need to attract, engage and retain customers. With the advent of smartphones, companies gained easy access to stay connected with their customers and involve them in the value co-creation processes (Kennedy & Guzmán, 2016). As brands continue to explore novel methods to connect with customers, from offline to online to omnichannel presence, there is a noteworthy improvement in customer engagement and customer experiences. (Eigenraam et al., 2018; Kumar et al., 2019). Research suggests that since the beginning of this century, the gamification market has been consistently growing and is poised to reach USD 38.42 million by 2026 (Mordor Intelligence, 2020). Gamification is a key strategy in contemporary marketing due to its ability to engage and motivate individuals. Gamification strategies are used by companies and marketers to involve and engage customers in an organized form of play, governed by rules and structures, that not only provide enjoyment but also a sense of accomplishment with measurable outcomes. (Seaborn & Fels, 2015). This customer engagement is beneficial to companies in more than one ways. First, gamification adds value by motivating customers to adopt behaviours linked to gamified applications, and their interactions generate data that companies can leverage to gain better insights into their customers (Eisingerich et al., 2019). Additionally, when customers share their game outcomes with friends, it amplifies the impact of social network influence also (Kumar & Pansari, 2016). The chapter discusses the elements of gamification and its importance in influencing customers through enhanced engagement and brand loyalty to drive purchase intentions. Through case analysis of strategies employed by marketers such as Starbucks, Duolingo, and Snapchat, the potential of gamification as a potent tool that can impact the entire customer journey in today's marketing landscape is highlighted.

BENEFITS OF GAMIFICATION

The strategy of gamification has emerged as one of the most effective tools for influencing individuals' behaviour. These techniques offer a multitude of advantages. Below are some of the primary benefits and justifications for why businesses may consider incorporating gamification into their marketing efforts:

- **Build Brand Awareness**

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