

Gamification in Retail Brand Loyalty Mobile Applications

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### Abstract

Games are a fun way for humans to spend hours effortlessly motivated to complete tasks and achieve goals. Gamification, the process of applying game features to non-game contexts, produces the enjoyable motivation of games outside of games. According to social exchange theory, gamification motivates by adding value to a user's experience, which inspires action. Companies can use gamification to build relationships with clients and increase sales.

Onboarding, fast feedback, points, levels, badges, and community are particularly effective game features for a brand loyalty program within a mobile application (app). Gamification, informed by social exchange theory, can effectively build brand loyalty over a mobile app; the purpose of this paper is to propose such an app, which can be tested through further research.

*Keywords:* gamification, brand loyalty, loyalty program, mobile app, social exchange theory, retail

## Gamification in Retail Brand Loyalty Mobile Applications

### **Introduction**

From card games and board games to video games and immersive gaming, humans have enjoyed games for centuries. In fact, the video game market is predicted to be worth over \$90 billion by the end of 2020 (Dobrilova, 2020). That being said, video games themselves are changing rapidly. The growth of console games is slowing, and over half of the gaming industry is now made up of mobile games (Dobrilova, 2020). Smartphone games have captured the attention of users of all ages for their fun and sometimes addicting gameplay, and companies have begun pursuing a way to recreate the level of engagement and motivation that games provide. This pursuit has led to the rise in popularity of gamification or the use of game mechanics outside of games (Deterding, 2012).

Although some initially considered gamification to be just another trend, gamification has actually appeared in many forms throughout history. The Division of Rare and Manuscript Collections in the Cornell University Library (2017) exhibits trade cards, one such early form of gamification. Between the 1870s and 1900, businesses included colorful, collectable, illustrated cards within their product packaging as a bonus to consumers. These trade cards were immensely popular and could be included with a wide range of products from coffee to stoves to medicine. The cards added game elements, such as collaboration when trading with others and the feeling of achievement when completing and displaying a set, to the purchasing process. Gamification has undergone many changes since its use in trade cards, and it has only grown more effective over time.

Today, modern technology and innovative usage are proving that gamification can be a lasting benefit to the companies that use it (Walz & Deterding, 2014). From early trade cards to modern mobile applications (apps), gamification has a versatility that makes it valuable. This study examines gamification through the lens of social exchange theory to reveal the core causes for its success in motivation. The study will then examine mobile apps and their role in connecting retail brands with customers using loyalty programs and gamification. This research will inform the plan for a retail brand loyalty app that takes advantage of the best practices of gamification for motivating customers. Further research is recommended to measure the effectiveness of this proposed app. Retailers can benefit from knowledge and proper use of gamification to create successful brand loyalty mobile apps that motivate customers to take action.

### **Literature Review**

Examining each separate element of the proposed mobile application is necessary to understanding how and why it will function. Gamification, social exchange theory, brand loyalty mobile applications, and gamification within brand loyalty apps are the areas of research most pertinent to the app.

#### **Gamification**

Gamification is defined as the “use of elements of game design in non-game contexts” (Deterding, 2012, p. 14). “Elements of game design” can be defined as both specific game aspects as well as broader concepts common to games (Deterding, 2012, p.14). For example, points, badges, leaderboards, and leveling up are all features specific to games, whereas fast feedback, collaboration, and competition are not game specific, but can be considered

gamification when used to make an experience more playable, enjoyable, and overall game-like (Paharia, 2013).

The second half of the definition, “non-game contexts,” states that gamification does not exist simply to entertain as a game would, but rather can be applied to a variety of potential usages (Deterding, 2012, p. 14; Sailera et al., 2017). In fact, one of the primary reasons for the popularity of gamification is its versatility. Gamification is based on various game mechanics that can be adapted to a multitude of situations and contexts. Within a company, gamification is often used to motivate employees (Press, 2013), build teams (Zhang et al., 2018), recruit, and train (Coene, 2019). Gamification can also be used effectively externally to teach students in the field of education (Buckley & Doyle, 2006), and to monitor and improve a user’s health (Schepke, 2018). One of the most successful ways companies have used gamification is within loyalty programs where virtual reality, contests, points, and other game aspects are being used to enhance customers’ experience with the company (Burnett, 2019). Gamification is a data-driven technique used by companies, organizations, or even individuals to motivate users across situations, fields, and types of content (Bunchball, 2020).

One common misconception of gamification is that it oversimplifies motivation and relies too heavily on digital gimmicks like points and status. If this were the case, gamification would be inefficient as there is nothing inherently compelling about a reward that only exists digitally. Rather, gamification takes the tools games use to engage their players and applies those tools strategically to engage their audience (Werbach & Hunter, 2012). Just as it is ineffective to use a hammer to cut wood, game mechanics can be ineffective if used in the wrong contexts or

with the wrong audience. Like any tools, game features need to be used at the right time in the right way.

One of the primary reasons that gamification is effective is because it creates internal motivation. Werbach and Hunter (2012) note that autonomy, competence, and relatedness are the three qualities found in activities that are considered fun and engaging, and it is these qualities that make an activity intrinsically motivating. Gamification applies these three qualities in order to create internal motivation in activities that may not otherwise be fun or engaging.

In gamification, the first quality, autonomy, takes the form of choice. Autonomy is at the core of gamification as the participant's decision of which goals to pursue and how to pursue them shapes the entire experience (Paharia, 2013). The next quality, competence, is achieved through mastery of the game or program and the user's feeling of progress as goals are completed and new goals arise (Werbach & Hunter, 2012). The final quality, relatedness, refers to the inclusion of social interaction. When done well, gamification promotes social interaction by infusing the context with competition and collaboration where participants either work alongside or compete against other participants to achieve their goal (Paharia, 2013).

Gamification motivates and engages users to participate in an activity by adding the three factors that make an activity intrinsically motivating.

An example of the above three factors at work in gamification is the onboarding program of accounting organization Deloitte (Coene, 2019). Employee training is not naturally enjoyable or fun, but Deloitte decided to change that perception by completely digitalizing and gamifying the experience. In the program, new employees navigate a digital office with autonomy in their choice of how to answer the questions and scenarios posed to them. These scenarios include

usual employee training questions of privacy, ethics, and online procedures; however, rather than simply being told the information, employees work through activities and earn scores for learning the material. This program allows employees to measure and take pride in their competency of the material. Finally, the entire program is completed in teams that collaborate to agree on a final answer. By making social interaction the core of their gamified onboarding program, Deloitte allows new employees to feel like they belong. Gamification uses autonomy, competence, and relatedness to entertain and engage participants in a way that intrinsically motivates them to action.

### **Social Exchange Theory**

Social exchange theory is one of the primary theories used to explain human motivation and, therefore, can be an effective lens through which to better understand gamification.

According to Homans (1961), social exchange is defined as the exchange of activity, either tangible or intangible, between two or more parties. All activity has an associated cost that may include time, money, or an alternate activity. Therefore, all activity is a result of parties determining that a given action is worth the perceived cost of that action.

Blau (as cited in Cook et al., 2013), another main contributor to social exchange theory, elaborated that parties also tend to act in order to maximize anticipated reward. Early theories of social exchange were simplified and focused on the micro level of exchange between two parties. Blau began studying the work of social exchange at the macro level and added that power structures, such as the relationship between a boss and employee, can have an influence on the perceived expectations, costs, and benefits of an exchange. Because of the complexities of human relationships, social exchange theory is not as simple as exchanging one action for an



equal action. The level of power each person in the exchange has, the personal value of the action being exchanged, and the social structure surrounding the exchange are all factors that can massively impact a social exchange. The relationship between a retail establishment and a loyalty program member is an example of a complex relationship with regards to social exchange theory.

For years, companies have used social exchange theory within loyalty programs to increase the value of a company's offer to customers. Loyalty programs are defined as "coordinated, membership-based marketing activities designed to enhance the building of continued marketing exchanges among pre-identified customers toward a sponsoring brand or firm" (Lacey & Sneath, 2006, p. 459). Loyalty programs are long-term activities that focus on retaining customers and increasing the frequency of purchases, which is a key difference between loyalty programs and other promotions.

Throughout their history, loyalty programs have been built on the principles of social exchange theory. These principles can be seen in American Airlines' frequent flyer program that was launched in 1981. Customers who joined this program received an increased reward, such as better seating and a free checked bag, in exchange for an increase in sales, in the form of more distance flown (Paharia, 2013). The frequent flyer program demonstrates how loyalty programs in recent history have relied heavily on external motivation through the use of social exchange theory.

Another example would be the common practice of offering one product, such as a cup of coffee, for free after customers purchase a specific number, such as 10, of that product. The offer relies on customers being motivated to buy the first 10 coffees by the reward of the eleventh

coffee (Paharia, 2013). This use of external motivation can be effective up to a point, but external motivation always runs the risk of “crowding out” internal motivations (Werbach & Hunter, 2012, p. 60). When a person is offered external motivation, such as rewards or money, for an action they would otherwise do for personal enjoyment, they are more likely to see that action as an obligation and less likely to desire to do it.

Adding gamification to a loyalty program can combat the previous dependency on external motivation with the addition of internal motivation (Werbach & Hunter, 2012). By motivating customers through autonomy, competence, and relatedness, gamification allows companies to give customers intangible benefits as well as immediate rewards for their actions. Gamification adds benefits to loyalty programs that are not only beneficial but also necessary. Traditional loyalty programs are currently in decline, but the experiential and attitudinal nature of gamification has been shown to be a necessary evolution for loyalty programs to continue to engage their customers (Hwang & Choi, 2020). As customers cease to be impressed with the transactional nature of early loyalty programs, gamification is the key to companies’ need to recapture the attention and loyalty of their customer base. Additionally, because these benefits to customers are intangible, companies using gamification are often able to decrease the financial cost of their loyalty program. Within social exchange theory, gamification uses game mechanics to motivate customers by increasing their perceived value of an action by giving customers additional, intangible benefits to reward them for taking that action (Warnock & Gantz, 2017).

### **Brand Loyalty Mobile Applications**

A brand loyalty app is a primary platform for companies to merge gamification and social exchange theory in order to motivate and connect with their consumers. In 2014, the use of

shopping apps among US consumers grew 174%, which immediately drew attention to shopping apps as a way to augment and even compete with traditional brick and mortar stores (Newman et al., 2018). As usage and research spread, it became clear that in addition to being a shopping app, brand loyalty apps could also be a crucial new touchpoint between customers and the company. According to Lee and Jin (2019), brand apps can be defined as “software that is downloadable to a mobile device and that prominently displays a brand identity, often via the name of the app and the appearance of a brand logo or icon, throughout the user experience” (para. 7). The success of brand loyalty program apps has been noted by Baek and Yoo (2018) who recorded a positive correlation between customers who used a brand’s app and customers who continually use the brand’s products and refer the brand to others. As technology has increased, the capabilities of loyalty programs have also increased (Lacey & Sneath, 2006) and the popularity and success of brand mobile apps is an example of this technology driven change. Additionally, new technology has also enabled the rise of mobile purchases through brand apps. In 2019, the chain Chick-fil-A processed 20% of its sales through its mobile app and other digital channels (Taylor, 2019).

Brand apps are increasing in popularity due to several unique features. The most necessary aspect of the brand app experience is the ease of use. An easy-to-use brand app has been shown to have a positive impact on whether customers plan to make a purchase through the app or recommend the app to others (Newman et al., 2018). Unsurprisingly, a difficult-to-use app experience has been shown to negatively affect customers’ intention to make a purchase through the app. This finding is in line with social exchange theory. The time, thought, and energy required to navigate a difficult user interface is a cost that may deter customers from using the app despite the perceived rewards of the app. Ease of use can be a beneficial feature of a brand

app, but it is far from the only necessary feature. Shukla and Nigam (2018) predicted that apps will be the primary tool for retailers using mobile in the coming decade. However, they also agree that these apps cannot just exist to process conversions, but rather to provide a full shopping experience. After all, customers who use a general search engine could be directed to any number of competitors' products, but customers using a brand app are guaranteed to be directed to that company's products. A well-designed brand loyalty app can give a business crucial direct connection to customers, which can be a powerful tool; however, this tool is only available if customers actually use the app.

In addition to the general challenges faced by a brand app, retail apps have their own unique challenges. An obvious but particularly difficult struggle for retail apps is compelling customers to actually engage with the app in the first place. Indian retail company Craftsvilla noted that 65% of users uninstalled the Craftsvilla app after making a purchase (Shukla & Nigam, 2018). Rather than focusing solely on compelling customers to install the app, retailers need to focus on engaging customers in order to keep them from ignoring or uninstalling the brand app. Because customers' shopping experiences have become increasingly diffused, retail apps may end up competing for customers' attention not only with other companies, but with their own company over various platforms. With current technology, customers have the ability to interact with a company over a variety of different channels, such as social media, email, apps, and websites (Wang, 2020). Therefore, in order to make the most of these touchpoints, companies must ensure each platform offers a complementary experience that is uniquely engaging, while still being representative of the brand.

A brand loyalty app can also be an effective way for a company to build brand salience, which is an increase in the likelihood that customers will think of that brand when making a purchasing decision (Baek & Yoo, 2018). Inside customers' mobile phones, brand apps have an opportunity to connect with their customers far more often than they would ever be able to as just a brick and mortar store. This is especially beneficial for brands selling products that have long periods between repeat purchases. For example, smart-mattress company Sleep Number developed a SleepIQ app that provides benefits such as sleep tracking and controlling the bed to drive customer engagement long after the purchase (Bustos, 2020). This allows Sleep Number to retain its relationship with customers through the app. The Sleep Number app also demonstrates the app's ability to create a far more personal link with customers than they could have done otherwise. A 2018 survey suggests that customers will spend more time in a retailer app, and consequently more time with the brand, if the app includes personalized features such as remembering identification and shopping information and allowing customers to customize their preferences (Newman et al., 2018). Ultimately, brand apps allow for a unique level of hyper personalization where the company can tailor their communication with each individual client based on what the client has bought, browsed, clicked, or shared (Shukla & Nigam, 2018).

### **Gamification Within Brand Loyalty Apps**

Although retail brand loyalty apps have been shown to be successful, they can be further improved with the addition of gamification. When informed by social exchange theory, gamification can be used to successfully build a positive relationship with customers and ultimately encourage purchases (Hwang & Choi, 2020). In order to effectively integrate gamification into an app, it is important to understand the objective of the app and the game

mechanics that would best support these objectives. Ultimately, the goal of brand loyalty apps is to increase sales for the company; however, this is an indirect, long-term goal. In the short term, brand apps are offered for free because they aim to foster customer engagement, build a relationship with customers, and grow customer loyalty all of which lead to sales eventually and indirectly (Wang, 2020). Adding game features purposefully and strategically to a brand app can be an effective way to achieve the immediate goal of engagement, while supporting the ultimate goal of sales (Thom et al., 2012). Gamification uses entertaining elements to engage and motivate users into doing more, which generally results in customers spending more time in the brand app more frequently. The amount of time customers spend in a retail app has been shown to be positively linked with the likelihood that they will make a purchase in the app (Newman et al., 2018). In this way, gamification supports the primary goal of increasing sales.

A successful loyalty app can benefit from the inclusion of many game mechanics; however, adding features without a purposeful plan will create a system that is confusing and overcomplicated. As Shukla and Nigam (2018) state, “Shoppers want better, not more, tools” (p. 137). The game mechanics best suited for the proposed retail brand loyalty app are onboarding, fast feedback, points, levels, badges, and community, because these mechanics create brand loyalty through customer engagement and motivation.

The first game mechanic, onboarding, teaches users a system from within the system itself (Paharia, 2013). In employee training, this can come in the form of a digital program that challenges new employees to complete tasks and navigate situations similar to the ones they would see on the job (Coene, 2019). Onboarding is an interactive way to experience hands-on learning without fear of failure. In the brand loyalty app, onboarding comes in the form of

engaging, helpful guidance through the app during the first use. Although it may seem unnecessary, especially with an easy-to-use app, onboarding is crucial because difficult or confusing user interfaces can make customers stop participating in the loyalty program before it even begins. In terms of social exchange theory, customers may view the rewards of the loyalty program not worth the frustration of attempting to learn a new program or navigate an app. Onboarding solves this problem by making the learning process as engaging and hands-on as the rest of the program so as to be perceived as a value to customers rather than a cost.

Fast feedback is a game mechanic that instantly rewards customers for behavior that is beneficial to the company, such as instantly receiving points when a purchase is made (Catalyst Global, 2019). According to social exchange theory, this instant reward uses positive reinforcement to encourage consumers to act similarly in the future with the expectation that they will be rewarded for it. Conversely, hinderances to fast feedback such as delays may cause the user to experience frustration and a drop in motivation to use the app (Paharia, 2013). If points earned or levels achieved take days or even hours to update, customers may deem the loyalty program confusing and unhelpful. Real-time communication is already a core aspect of mobile phone technology, so apps are already equipped with the technology necessary to provide fast feedback for purchases or other positive behavior. Unlike most game mechanics, which are merely beneficial, fast feedback is completely necessary to developing a positive customer experience.

Unlike fast feedback, which is a common feature outside of games, points are almost exclusively a mechanic of games. In loyalty programs, points often serve as external motivation because they are accrued and exchanged for product. That being said, points can also be used for

intrinsic motivation when customers are given the autonomy to choose how and where those points will be spent. Starbucks did both in its 2016 loyalty program that offered customers two points, called “stars,” for every \$1 spent (Lucas, 2019, para. 8). These points could then be exchanged for drinks or food items. The Starbucks loyalty program externally motivated customers by offering them points for their purchase and also internally motivated them by giving them a choice of how and when the points are spent. When deciding whether to make a purchase, loyalty program points can help tip the scale in favor of a purchase by offering the additional value of points to the value of the product. Points increase what customers receive in their social exchange with the company. Although points have been shown to have a desired effect of motivating customers to action, points must be used carefully as they can run the risk of becoming an expectation rather than a reward if used too frequently (Thom et al., 2012). Points can also be used to measure how much money customers have spent with the company over time which can be expressed through ranks such as levels.

The concept of leveling up is a key game feature that has been a foundation of loyalty programs throughout their history. For example, the early frequent flyer programs operated on the premise that spending more money with the company increased customers’ level which in turn increased the perks customers received such as free checked bags, early boarding, or better seating (Paharia, 2013). Levels serve as a simple way to display the time, money, and/or effort customers have put into their relationship with a brand. To encourage customers to continue putting in that time, money, and effort, loyalty programs give benefits that increase with the level. Levels function under a simple form of motivation by social exchange theory. Customers are motivated to spend more money with a company when they know they will receive a reward



in exchange. Levels motivate customers to spend the money in order to get to the next level with the promise that they will gain more rewards in exchange. It is worth noting that many retail companies, rather than having a series of progressing levels in their loyalty program, will simply have one standard level that all customers begin on and a second level for customers with a store credit card (Irby, 2019). This system offers customers status and exclusive benefits for signing up for and using a store card, which can be a beneficial option for companies with the goal of increasing the use of their store credit cards. Not all companies offer a credit card, but all companies do have the potential to integrate point-based levels.

Badges are a unique aspect of gamification that can be used to promote community and friendly competition as well provide satisfaction for an accomplishment (Paharia, 2013). Unlike points, which are generally linked to a monetary value, badges tend to be designed for more intrinsic motivation and intangible rewards. Points deal exclusively in monetary value. Customers receive points when they put money into the company through purchases, and customers receive a monetary value when they exchange their points for coupons. Badges, on the other hand, are rarely connected to a monetary value if ever. Instead, customers receive badges when they complete an activity such as leaving a review or completing the onboarding program. In return, they receive some form of digital perk or virtual prize. An example of this system can be seen in Warner Bros. Insider Rewards program that utilized both forms of currency (Paharia, 2013). Points were earned on purchases and could be used on purchases. Credits, however, were earned through activity—such as watching trailers, sharing on social media, and sharing opinions—and could be redeemed for digital content such as videos. Within a gamified brand

loyalty app, badges would act similarly to credits in that they would be earned through activity and would only be beneficial to display digitally.

Finally, community is a key gamification mechanic that develops intrinsic motivation through relatedness, or social interaction. Social interactions, such as teams working together to achieve a goal, are a central part of most gamified contexts (Paharia, 2013). Features such as community discussion boards or news feeds can help users feel part of something larger than themselves. This sentiment is especially true in circumstances where the team is working toward a charitable goal. Hwang and Choi (2020) reported that customers felt more positively about brands that showed social responsibility and offered socially beneficial rewards in their loyalty program. For years, companies have chosen to align themselves with specific charities, so it should not be difficult to set clear goals for charitable donations and invite customers to come alongside the company to fulfil those goals (Smith, 1994). Companies have been known to ask customers to contribute to a cause through standard donations, rounding up their total, and offering recognition for donating; however, the experience becomes more motivational when customers can see their role in reaching the overall goal and can connect with others who share that goal.

When developing a brand app, loyalty program, or any system that utilizes gamification, it is important to keep customers' desires and needs at the forefront of the process. Game elements and systems can be motivational; but, ultimately, different customers will be motivated differently, and it is the responsibility of the company to be informed about the feelings of their customer base. After all, customers' feelings about the brand experience is what will shape their feelings about the brand as a whole. Gamification is not a simple formula for motivation, but

rather a well-planned method of personally and strategically engaging with customers (Werbach & Hunter, 2012).

### **Proposed Mobile Application**

The proposed app will enhance the current retail brand app and its successful features by adding the element of gamification for a uniquely effective customer loyalty experience.

#### **App Overview**

The first step of creating a gamified loyalty program app is deciding the objective of the app and determining what exactly the app will to motivate the audience to do (Werbach & Hunter, 2012). For this retail app, the goal is to increase brand loyalty that can be measured through increasing brand salience, repeat purchases, and positive feelings toward the brand. In pursuit of these goals, the app will aim to motivate customers to increase purchases, increase the time they spend shopping either in store or online, and engage with the brand and its other customers in a positive way. It is important to note that, of these goals, increasing purchases is of the highest priority, and the other goals exist in order to support that primary goal.

As previously noted, prominent display of the brand identity, including the retailer's name and logo, is a definitive aspect of a brand loyalty app (Lee & Jin, 2019). For this reason, the app design will need to clearly display this identifying information. The app will further maintain cohesion with the brand by adhering to the retailer's style guide with regards to design elements such as colors, typefaces, and images. These design choices will help cement the app as one of the brand's touchpoints for a consistent omni-channel experience across various platforms (Shukla & Nigam, 2018). Additionally, including the elements of gamification alongside strong branding can support brand salience or make the brand more memorable through repetition. The

layout of the app will be simple and streamlined with ease of use as the highest priority. Every time customers log into the app, it will greet them by name and display the home screen that contains the customer's level, point count, and how close they are to earning their next reward. Clicking on each of these elements will reveal more detailed information, and clicking on the customer's name at the top will allow the customer to change their settings and preferences. At the bottom, customers will have four buttons with icons to navigate between the home, shopping, community, and badge gallery pages. Each page will be easy to navigate with clear logic and purpose.

The effectiveness of gamification relies on game mechanics increasing customers' perceived value of an action; therefore, the game mechanics used must be carefully chosen to ensure the value will actually increase. It is not uncommon to see companies adding points, badges, and leaderboards to an existing loyalty program, but an effective program needs a detailed understanding of customers' desires in order to truly engage them (Deterding, 2012; Werbach & Hunter, 2012). Therefore, in order to create an effective retail brand loyalty app, it is necessary to understand the expected audience of the app. Generally, major retail chains, such as Walmart, Kohl's, ALDI, and Target, serve approximately the same target audience which is Caucasian women ages 40 to 60 (Peterson, 2016). This will be the target audience of the retail brand loyalty app in order to best represent the target audience across the industry.

### **Usage of Game Mechanics within the App**

Onboarding is the first experience many users will have within the app, so it needs to be enjoyable and easy to use. The target audience encompasses a wide variety of technological capabilities, so the onboarding options will not only be present, but will also be optional to meet

the variety of needs. Upon the first time opening the app, a dialogue box will appear saying “Welcome! Can I show you around?” If the customer accepts, another dialogue box will appear in order to explain the elements of the home page and what can be done from that page. It will then prompt the customer to click to the next button at the bottom of the app and take the customer through a brief tour of the three other pages. Throughout the onboarding process, a bar at the bottom will fill to show users how close they are to completing the program and, upon completion of the brief program, users will receive a badge. The goal of onboarding is to make learning seamless and enjoyable so customers will not be overwhelmed by the features of the app, but rather prepared to use the software with confidence. For this reason, customers will be able to exit the tutorial at any time once they feel confident in their ability to navigate the app. Onboarding is a gamification tool that creates a better overall experience for customers, and prevents customers from becoming unmotivated so they can focus on the rewarding aspects of the app.

Another game mechanic that is necessary to an enjoyable customer experience and seamless motivation is fast feedback. The app will track purchases made whether in store, online, or through the app itself to update rewards and benefits in real time. In addition to up-to-date rewards information, the app will also include the ability for users to save their personal information for future use and will automatically log in the user to his or her account using information saved from the first login to the app. Each of these features have been demonstrated to strengthen app connections among users and positively influence customers’ desire to make a purchase through the app and recommend the app to friends (Newman et al., 2018). By saving personal information, such as credit cards and billing information, the purchasing process

becomes faster and more convenient for users. Additionally, by making the login process automatic, customers can immediately do what they intended to do within the app instead of having to first cross an identification hurdle. It is vitally important that every time users open their app the information is accurate and up-to-date, because each of those factors affects customers' enjoyment of the app and desire to continue using it. If fast feedback is present, it will make it possible for customers to smoothly experience all other game mechanics and aspects of the app.

The first game specific feature of the app is points. The app will reward customers with a set number of points for each dollar spent, and allow them to redeem those points in a variety of ways to maximize feelings of autonomy. Customers begin by earning two points for every \$1 they spend, and then have the option of redeeming those points either for a small dollar amount off a next purchase or special offer specific to that month. For example, customers with 300 points can choose to use their points to get \$5 off their next purchase, or they may choose to spend those 300 points on the monthly point offer of a coupon for a 30% discount. Monthly point offers can vary in value and cost in order to give customers variety and prevent points from becoming too expected and no longer enjoyable (Werbach & Hunter, 2012). Customers' current point count toward a reward will be displayed on the home screen with a simple graphic. Once the customer has enough points to redeem them, the graphic will appear as full and green. At that point, the customer can click on the points section to choose whether to spend those points on the \$5 off coupon or on the monthly points offer. Customers can continue to earn points while they have points available to redeem; however, points will expire after 12 months to ensure they are effectively increasing purchases and are not simply collecting virtual dust.

For this brand loyalty app, points are used as a method to track money spent through purchases, and adding levels can enhance the existing motivation of receiving benefits for spending money with the company. In addition to tracking the points as they are spent, the app will also keep track of the total amount of points earned by customers for the entire duration of their participation in the loyalty program. This total number of points will determine the customer's level. There will be three levels with 10,000 points between each of them in order to maintain simplicity. Customers begin on level 1 and will begin to receive two monthly point offers to choose from instead of one once they advance to level 2. When they reach level 3, the customer will earn 3 points per dollar instead of the previous 2 points per dollar. On the home screen, the app will visually show the points the customer has earned and how many points away he or she is from the next level to create a sense of progress and feed into that intrinsic motivation that comes with competence (Paharia, 2013). This display of progress is important because while points increase with every purchase, levels are more long-term goals and customers will not receive the payoff nearly as quickly as they will with points. Properly creating a sense of progress will require a bit of trial and frequent communication with customers to gauge whether the progress is moving at an appropriate speed. Customers may find the levels are demotivating because it takes too long to reach the next one, so the company may need to switch to 5 levels with 6,000 points between them to make earning points more achievable. If the opposite is true and reaching the next level is too easy to be an enjoyable challenge, the company can increase the number of points needed to progress between levels. While reaching level 2 may only have taken 10,000 points, reaching level 3 will require 15,000 or even 20,000 points. Levels can be effective, versatile motivational tools as long as customers are the focus.

For the retail brand loyalty app, badges can encourage the app's lesser goals of increased engagement and community involvement without harming the primary goal by increasing costs. For example, customers could receive badges for connecting the app to Facebook, visiting the online store twice in one day, and leaving an online product review for a recently-purchased product. This system ensures the badges will not be responsible for losing the company money, but customers will still receive a reward to commemorate their time, energy, and effort. Because the badges are designed to be intrinsically motivating, it is important that their primary purpose is to mark an accomplishment. Internal motivation to collect, display, and earn badges comes from the desire to demonstrate competency through mastery (Paharia, 2013). The badge collection in the brand app will appear as a gallery of simple mosaics with each badge as a single piece of a 4-to-10-piece mosaic. Each time customers earn a badge another colored piece of the mosaic is placed until they have a completed set and a finished picture. The finished mosaics will be privately digitally displayed for customers in the gallery page on the app, and they will have the ability select a completed mosaic from their gallery to serve as their profile picture. Additionally, the app will offer customers the option to share their completed mosaics on relevant social media platforms, such as Facebook, and provide prewritten post options to encourage interaction and discussion about the app over outside digital platforms. Badges will allow customers to display and share their achievements in a unique and personal way.

The badges feature offers a small taste of social interaction, but in order to be effectively motivating, the proposed app will also include the development of community. By clicking on the community icon at the bottom of the app, customers will be taken to the community page that features a graphic that displays how close the community is to reaching a specific, numerable



charitable goal. Clicking on the goal will reveal more information about the charity and how the money will help the cause. There will be a small feed that regularly updates with the names of the users who have donated most recently, and social media links for customers to share a post that invites others to donate towards the charitable goal through the brand app. Customers also have the option to use a prewritten post for convenience just as they did when sharing badge posts. Scrolling down the community page will reveal a heavily monitored discussion feed where customers can connect with one another and encourage each other toward the charitable goal. Allowing customers to interact with and see one another while they work toward an impactful shared goal will create a sense of community among the customers and, ideally, with the brand (Paharia, 2013).

Each of these game mechanics serves to increase either the autonomy, competence, or relatedness that customers feel in order to stir up intrinsic motivation to continue using the app. The app layout supports these qualities by making the features easy to navigate and use.

### **Further Research**

Further research is necessary to determine the effectiveness of the proposed retail brand loyalty app. Creating and testing the effectiveness of the mobile app over time compared to other apps or loyalty programs would be highly beneficial to measuring the success of gamification in a retail brand loyalty app and discovering unforeseen results of the app. As previously stated, customer response is a crucial aspect of gamification and collecting data directly from those in the target audience can deliver crucial insights about how to best engage that audience (Werbach & Hunter, 2012). Therefore, the next step for this proposed brand loyalty app is editing and refining it based on the needs and desires of the target audience.

Another area for further study would be whether these aspects of gamification are more or less effective in different industries. This study focused on developing an app for retail, but referenced loyalty programs in various other fields. It may be beneficial to compare the effectiveness of game mechanics used in this app to the effectiveness of game mechanics in different contexts. Comparing the success of gamification across various industries may reveal insights regarding how gamification can be used most effectively overall.

### **Conclusion**

Gamification has been a key point of study due its versatility across numerous contexts (Hwang & Choi, 2020). The ability of gamification to motivate users allows it to support various areas of study including social exchange theory, loyalty programs, mobile applications, and within brand loyalty apps. This study examines research from across these areas to inform a retail brand loyalty app that best uses these features. The app design proposes a selection of easy-to-use game mechanics to maximize customer engagement and loyalty. The research performed in this study can be continued by producing the proposed app and testing the effectiveness of its features on brand loyalty. With careful selection of proper game mechanics and knowledge of customer motivation, gamification can also be a powerful tool to increase customer loyalty through a brand app.

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