Chapter 7
Gamification Impact on Customer Relationship Development in Virtual Environment

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ABSTRACT
The chapter analyzes gamification conception presenting different perspective towards gamification. Game elements, game mechanics and game dynamics are discussed within the chapter as a main component gamification. Customer relations development stages are presented analyzing acquisition, retention and enchantment stages. The proposed conceptual model describes game elements impact on customer relations development and perceived value. The proposed model empirical validation results in Lithuania market are discussed.

INTRODUCTION
Intensifying competition demands from companies to find new ways to create value and develop relations with customers. Since 2010 the new gamification conception started gaining popularity between companies. The main idea of the conception was to use same principles which are embedded in games development for companies’ services and activities oriented towards customers design. This conception is gaining popularity and according Gartner (2011) “by 2014, more than 70 percent of Global 2000 organizations will have at least one “gamified” application”. However gamification is still new phenomena and has more practical evidences. Meanwhile, Boer, Geerts and Adriani (2013) estimate that the current market of gamification is worth $10 billion worldwide and forecast that within 5 years it could exceed

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the entertainment game market which is estimated at $70 billion. TechNavio (2014) report forecast the global gamification market to grow 68.4% over the next four years (from 2013 to 2018).

Following the growing popularity of gamification approach various companies developed different platforms and software providing new opportunities to deploy gamification in enterprises activities. The most popular platform is Badgeville claiming to be “the #1 gamification platforms for enterprise”. Other important gamification platforms providers are Comarch, 500Friends, Dopamine and Gigya. The growing number of platforms offering gamification services demonstrate the importance of this phenomena.

Although this is a relatively new concept, many authors trying to define gamification concept emphasize similar features of this process. Taking into account various researchers perspectives we define gamification as the process when the game mechanics, elements and dynamics is applied in everyday situations (Zichermann and Linder, 2010), which are not directly related to the games (Bunchball, 2010) and occurs in a non-game context (Deterding, Dixon, Khaled and Nacke, 2011). Gamification is used to create an engagement process, which allows users to obtain higher perceived value from the company. Companies apply gamification in order facilitate consumers engagement, participation and motivation (Bunchball, 2010).

Typically gamification is associated with companies marketing activities with the ultimate goal to deliver greater value to customers. Companies deploy gamification in various marketing activities such as advertising, new products development, marketing research. Customers relationship management is also an area there gamification can be successfully deployed. Looking from consumer relationship management perspective gamification in particular drives consumers’ engagement. Gamification brings brands and companies close to consumer. Many companies such as Coca-Cola, Nike, Starbuck deploy gamification in their activities.

Burke (2014) outline the importance of cloud solutions, mobile technologies, socialization, and information as future forces which will have huge impact on gamification in the future. The gamification will be intensively used by companies, by educational institutions, by public organizations in the future. With the growing penetration of smart devices gamification based activities will be accessible any time for consumers.

Taking this into consideration within this chapter we aim to analyze gamification conception, to describe main conceptual construct of gamification, to underline gamification and customer relations development connection and propose gamification impact on customer relations development model.

**GAMIFICATION AND CUSTOMER RELATIONS DEVELOPMENT**

**Gamification Conception**

Gamification is a new conception and the term gamification was started to be used from 2010, though Meloni Gruener (2012) claims that gamification and elements have been asserted in corporate marketing activities. In fact, authors argue that since 2010 had been started exploration of gamification and the first attempts to explain gamification in enterprise’s activities. The researchers and practitioners had been started to explain how gamification can be used in not related game activities and what impact this concept could have to formation of relationship with consumers.