

Abstract. *This paper is centered upon the application of gamification in an affiliate network present on the Romanian market. The first part covers the definition of gamification and basic theoretical aspects related, such as gamification elements and the pyramid, the D6 Design Framework, as well as possible environments where gamification can be applied and the design process behind it. The research focuses on the case study of 2Parale.ro, the affiliate network which has developed gamified campaigns and had outstanding results. There were employed game elements to boost both the affiliates and the advertisers' engagement, to generate more leads and increase sales. Three campaigns are analyzed by taking into account the game elements introduced in each campaign, assessing the value that the newly introduced elements had and how they affected the reaction and engagement of the affiliates, the last campaign managing to sell in one day more than the first two combined. Finally, there are presented the elements from the gamification pyramid employed, the results obtained and some conclusions are drawn based on which we offer some recommendations for future development of gamification applied in the selected business.*

Keywords: gamification, affiliate marketing, gamification elements, D6 gamification design framework, 2Parale challenges.

GAMIFICATION APPLIED IN AFFILIATE MARKETING. CASE STUDY OF 2PARALE

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1. Short introduction to gamification

In recent years we have seen a rapid propagation of mass-market consumer software that takes inspiration from video games. Usually referred to as 'gamification', this trend refers to multiple existing concepts and research in game studies and human-computer interaction, such as serious games, alternate reality games, or playful design. Until recently however, it was not clear how gamification relates to these, and how it is defined.

It is not obvious from the start what gamification is. When one hears the term 'gamification', one first thinks about games, of course. There are many types of games: video games like Angry Birds, Call of Duty, or World of Warcraft; social and Facebook games like Farmville; board games like Monopoly and sports games like football or the Olympics.

Gamification is a new concept and in many ways it is misunderstood. First we need to understand what gamification is and what it is not, as well as some of the history, and some of the context for this emerging business practice. It is also important to understand how gamification can be used and why it might be effective in business contexts. Gamification is a powerful tool, but it is very important to have some measure of skepticism, to realize that gamification is not suited for every problem the company may face.

Deterding et al. (2011a, p. 9) defined gamification as "*the use of game elements and game design techniques in non-game context*". This definition has three important parts: game elements, game design techniques, and non-game contexts. The *game elements* are the "toolbox" of gamification, the pieces you work with to create a service that uses bits and pieces to build a game. Not the game itself, but the regular design patterns that make up the games, common across games as well as gamified services. These elements may include: points, quests, levels, progression, social graphs, badges, avatars and/or resource collections (Huotari and Hamari, 2012).

Games are not just a jumble of elements that have been stuck together, they are things that are designed systematically, thoughtfully, and artistically for the purpose of being fun. What game designers do is not just a matter of pure engineering. There is an artistic experiential side to game design that involves thinking about problems in a certain way. This involves taking an approach that uses concepts that are common to all forms of design, as well as some concepts that are novel and specific to designing games. Some examples of gamification are focused on the elements and some on game design modality, while some have both. *Game design techniques* involve a way of thinking, they are not just a collection of practices, but a way to approach the challenges encountered (Ahn and Dabbish, 2008).

Anything other than the game for its own sake is a *non-game context*. The rationale for the experience is something besides the game – the game serves a purpose, validity, or an intention that is independent of the experience of the game. This refers to some other objective than success in the game. The actions done may be game-like, but they have a purpose and intention independently of the experience of

the game. A non-game context is anything where the objective is outside of the game. Circumstances where something involves some combination of game elements and game design that is for a purpose other than playing the game is gamification (Deterding et. al, 2011b).

1.1. Understanding gamification

Werbach and Hunter (2012) consider the study of gamification to be fruitful because:

- gamification is a significant and emerging business practice which the world's top companies are already using in various contexts. Gartner.com (2012) predicts that over 70% of the Global 2000 organizations will have at least one gamified application by 2014, and that more than 50% of the organizations that manage innovation processes will gamify those processes by 2015 (Gartner.com, 2011).
- games are experiences for pure enjoyment. They are engaging, and support sophisticated thinking and learning techniques.
- lessons from psychology, design, strategy, technology can be learned from games. They can help people understand certain underlying principles of business.
- gamification is harder than it appears. It must be ethical and fit within the business objectives. It requires strategy and has to be understood within a broader context.

Some companies are already using gamification, such as: Microsoft, Nike, SAP, American Express, MLB, Salesforce.com, AXA, Deloitte, Samsung, Foursquare, USA Networks, LiveOps, Dell, Foot Locker, eBay, Cisco, Siemens, Yelp etc. "Suddenly, gamification is the hot new business concept, with many of the world's most admired companies signing on" (Fortune, 2011). They range from small, very technology focused start-ups, to big, consumer products focused, established bricks and mortar companies. "Striving to make everyday business tasks more engaging, a growing number of firms...are incorporating elements of videogames into the workplace" (WSJ, 2011).

The goals of gamification are to *achieve higher levels of engagement, change behaviors and stimulate innovation*. The opportunities for businesses are great – from having more engaged customers, to crowdsourcing innovation or improving employee performance.

According to Werbach (2012), there are three main *types of categories* where gamification can add value: in an external environment, in an internal environment, and in behavior changing. The *external gamification* is applied outside the organization or company. Gamification is applied to customers, for the purpose of marketing, sales, and customer engagement. The *internal gamification* refers to the applications of gamification to employees, or people within the company. Gamification can provide the motivation for HR, productivity enhancement, or crowdsourcing (Silverman, 2011). *Behavior change gamification* is applied when an individual needs motivation

to do something he/she appreciates the value of. Motivation through gamification may have a social impact in this respect, because it is something people want to do (Suits, 2005).

In order to be able to further understand gamification, we must first understand what it is not. Therefore, *gamification is not* about: making everything into a game; playing games in the workplace; using games in a business context; serious games; something used purely for marketing or engagement; points, badges or leaderboards; or game theory. Gamification is the recognition that games are powerful, listening to what games can teach us, learning from game design and fields like psychology, economics or marketing, and appreciating the value of fun (Zichermann and Cunningham, 2011).

It is difficult to describe what makes something a game. However, in order to understand how to create things that are actually game-like, it is essential to define a “game”. The concept of a *game* is unbounded, though many games share similarities, there is not one binding characteristic that applies to every kind of game (Callois, 2001). Huizinga postulated that in a game, there is a physical/virtual boundary that divides the world of the game from the real world, called the magic circle (1971). The magic circle separates the game world from real world (ex: soccer field), and while in the circle, the game rules matter, not the rules of the real world. The challenge and the opportunity for gamification is how far into the circle the player voluntarily goes. If the player feels that the constraints in the circle are realistic, he/she will be motivated to play.

It is important to differentiate the concept of “game” from the concept of “play”, although both are important towards the understanding of gamification. Callois (2001) described “play” as being the expenditure of exuberant energy, whatever is done spontaneously and for its own sake, and free movement within a more rigid structure. Play can be understood as “a type of human experience regardless of the particular activity the individual is engaged in, and not a form of distinct human activity with clear boundaries” (Cantaragiu and Hadad, 2013, p. 835). The gamified sense of play seeks to create a zone of fun and exuberant energy for the player within a contained environment.

Fullerton et al. (2004, p. 5) consider the *game* as being “a closed formal system that engages players in a structured environment and resolves in an unequal outcome”. It contains a series of meaningful choices and a domain of contrived contingency that generates interpretable outcomes. It is a problem solving activity, approached with a playful attitude. A game is a set of choices, which lead to certain outcomes. The path chosen to lead to the outcome involves an element of freedom – play.

Gamification, especially in its enterprise applications, requires a different sort of thinking than traditional management. In order to be successful at gamifying, one must think like a game designer, which is not an easy thing to do. In turn, a game designer must think like the player or different types of players for whom he/she is designing the games (Xu, 2012). So, in order to gamify, one must think as a game

designer, as a player and as a manager, because otherwise he/she might risk concentrating too much on the game and forgetting about the real goals and objectives of gamification; or too much on the objectives of the business and forget about the fun and core elements of gamification (Schell, 2008).

1.2. Gamification elements

Games are a combination of elements and experiences. There are several kinds of game elements that make up a game, which actually constitute the "toolbox" of gamification.

The best games are not the ones that incorporate most of the elements, but those games which use the elements most effectively. The game elements do not constitute the game alone, but combined with experience or aesthetics, they complete a game. Werbach (2012) proposes a pyramid of gamification elements as presented in Figure 1.



Source: Werbach (2012).

Figure 1. Gamification elements pyramid

Dynamics are the highest level game elements in the game design system. They are the “grammar” or the hidden structure that makes games coherent and draws the big picture. They are different from the rules of the game. They are the implicit structure, which includes more conceptual elements that provide the framing for the game (Werbach, 2012):

- *constraints*: limitations in the game;
- *emotions*: the emotions that the game attempts to harness;
- *narrative*: the structure that pulls together the pieces of the game into a coherent storyline;

- *progression*: a sense of having something to achieve – giving the game clear objectives;
- *relationships*: the interactivity and social dynamics that are important to the game experience.

Mechanics are the “verbs” of a game, the elements that move the action forward:

- *challenges*: objectives and obstacles;
- *chance*: a sense of uncertainty;
- *competition/cooperation*: the interactive design of a game;
- *feedback*: real time progress report;
- *resource acquisition*: ability to acquire tools to progress in the game;
- *rewards*: benefits for some kind of achievement in the game;
- *transactions*: exchanging with other players;
- *turns*: sequences of activity;
- *win state*: the final victory.

Components are the components of games that are closest to the surface level; the simplest things to get people to progress in the game. They are specific instantiations of mechanics and dynamics, the “nouns”, such as: achievements, avatars, badges, boss fights, collections, combat, content unlocking, gifting, leaderboards, levels, points, quests, social graph, teams or virtual goods (Konrad, 2011).

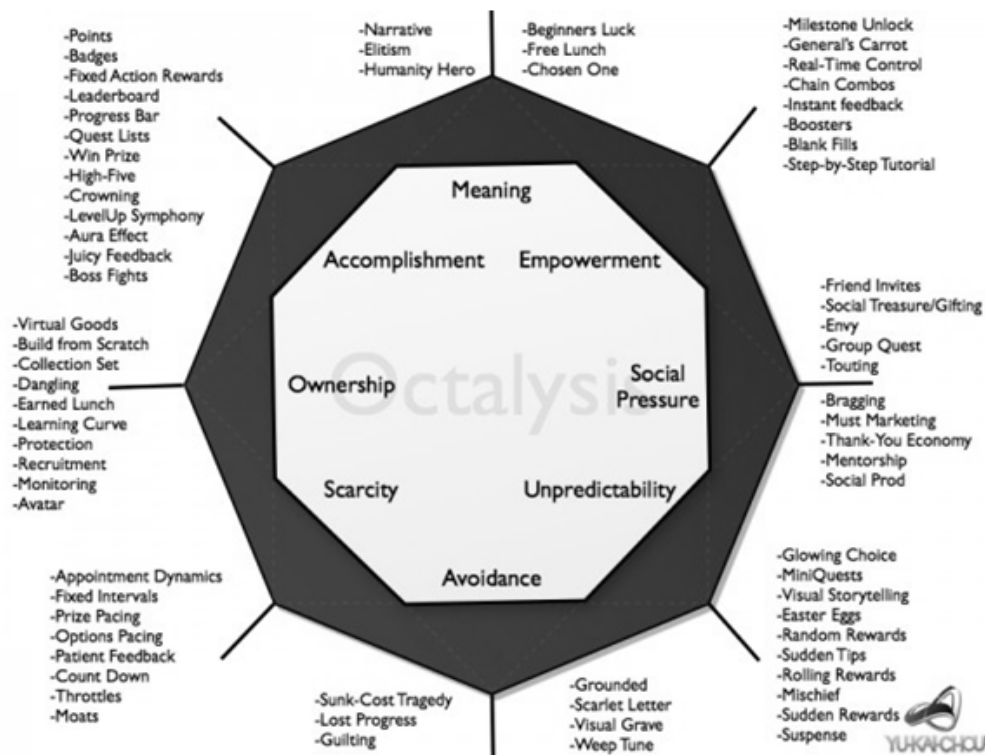
The pyramid shows that there are a variety of game elements that can be used to enhance the game experience. Lower level concepts tend to implement one or more higher level concepts. There are some elements of games that are more widely used than others. The most common of these are points, badges, and leaderboards, the so called PBL triad. While they are important, gamification should not be restricted to these elements. *Points* are a way of determining how well someone is doing in the game. They can be used to determine win states. They can connect to rewards, display progress, provide feedback for the player and provide data for the game designer. Points are all equal and can be used to represent anything. *Badges* are representation of achievements. They are flexible, being just a token for the game designer to reward the player. Badges designate the things that are significant in the game and function as credentials. They can support collections and encourage players to keep collecting them. They convey a certain status or social display. *Leaderboards* are rankings and feedback on the competition. They encourage the player to achieve a higher score. Besides the PBL triad, other elements like challenges, puzzles, mastery and community are equally important.

Using elements effectively is almost as important as the elements themselves. The game must be a balance of elements and experience. It is not enough just to throw elements onto a business process and hope that it magically makes something game-like, fun and engaging (Ferrara, 2012). What makes the game successful is the way that all the elements are tied together. Often that involves recourses some of the higher level concepts like the dynamics. Points, badges and leaderboards all exist at the base

of the pyramid, as they are service level components. Elements themselves do not tell if the experience is fun and engaging. Rewards are not the same thing as fun. Fun can be about interacting with friends, it can be about blowing off steam, and it can be about solving problems or about exploration.

1.3. Gamification design framework

There are several gamification design frameworks available, the most complex and complete one being Octalysis. It was translated into seven languages and has become the classic teaching literature regarding gamification (Figure 2).



Source: Chou (2013).

Figure 2. Octalysis gamification framework

The *D6 Framework* is a simpler one and easier to understand and it is recommended by Werbach and Hunter in their book “For the Win” (2012), where they explain how game thinking can revolutionize a business. It is called D6 Framework, as it consists of six steps, each of them starting with a D:

1D. Defining Business Objectives

This is the first step and it consists of setting the goals that the gamification system needs to accomplish. This does not include the steps or tools of gamification –

but the actual motive behind gamification. Some examples of business objectives can be social sharing or influencer marketing. However, they are not the same with the objectives of the company or its mission statement. In order to define the business objectives, one should: list and rank business objectives, being as concrete as possible; eliminate means to ends by cutting out the ones that are stepping stones and not real objectives; last but not least, justify the business objectives.

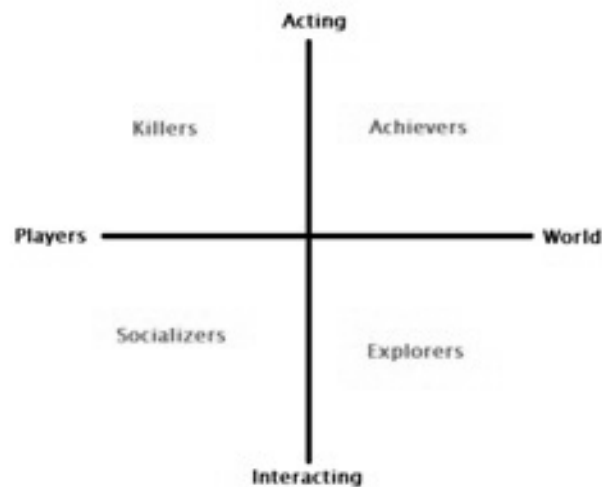
2D. Delineating target behaviors

The second step involves determining what the organization wants the user to do. With respect to this, there are certain points to remember: the definition of the specific outcomes; determination of the success metrics for achieving the gamification objectives; set up the analytics, the ways of measuring success towards the win states. There are several common kinds of analytics (daily average users, monthly average users, virality, and volume of activity).

3D. Describing the players

For the third step it is important to know the players in order to design an effective gamification system. This does not only include demographics, but psychographics as well and it is important to fulfill the different needs of different subsets of people. The most important part of knowing the players is knowing what motivates them, since motivation is one of the main essences of gamification.

The most common model of defining player types is Bartle's (1996) MMOG Player Type model, which defines four broad types of players, as shown in Figure 3.



Source: Bartle (1996).

Figure 3. Types of players

The players can be: *achievers* want to reach some goal and get recognition for it; *explorers* want to see what is possible within the scope of the game, just because it is there; *socializers* care about interaction, teams, and being part of a community, the

social experience is more important than the objective of the game; and the *killers* are those who do not just want to win the game, but want to vanquish other players, they want to impose themselves on other people. However, this model is merely a framework and does not mean that everyone fits in a particular quadrant. People tend to lean towards one quadrant, but have elements from the other quadrants in them.

4D. Devising Activity Loops

Core game play elements in a gamified system can be thought of as a loop. A game has loops, or structures that are repetitive and cursive, but which ultimately end up in different outcomes. There are two main kinds of loops: *engagement loops* and *progression loops*. The constant process of motivators appearing, leading to action, and then to feedback is known as an *engagement loop*.



Source: Werbach (2012).

Figure 4. Player progression

The feedback becomes a form of motivation, which leads into another cycle of the loop. If the motivation fails to produce an action, it leads to a dead loop. *Progression loops* define the way the game goes from start to finish. The progress loop, as illustrated in Figure 4, has to lead the player towards mastery through a series of obstacles. This represents the player journey, his/her evolution from novice to master. It is generally a climbing process, with a series of sub-obstacles under one main objective.

5D. Do not forget the fun

One must not lose sight of fun – one of the most important elements of gamification. With all the objectives, structures, etc. it is easy to forget that ultimately, gamification has to be fun and engaging. Fun has to be relevant for a large number of players, and must appeal to the user. Fun may not be something deep and intensive – it can just be light and motivating enough to keep the player engaged. Gamification is game-like and people get into it because it is enjoyable.

6D. Deploy the appropriate tools

Using the right tools to design the game is also important. The tools must lend themselves to the richness of the game experience. This refers to selecting the appropriate game components, mechanics and dynamics and building the gamified

system using the skeleton created in the first five steps. It also refers to other resources needed in order to do this, be it financial or human resources.

2. 2Parale applied gamification on the Romanian market

According to Prussakov (2011, p. 4), *affiliate marketing* is a "performance based marketing, whereby a product or service get remunerated for every sale, visit or subscription sent to the merchant", an *affiliate marketing program* being the "business arrangement whereby one party (the merchant or advertiser) agrees to pay another party (the affiliate or publisher) a referral fee, bounty or commission for every occurrence of a desirable (to the advertiser) action" (such as leads or sales).

2Parale is the first and largest affiliate marketing network in Romania and Bulgaria, which is now also active on the markets of Serbia, Iraq and Cyprus. Since 2008, the company facilitated equitable and result-oriented collaborations between advertisers and affiliates. Aside from being the largest affiliate marketing network, they also offer PPC marketing services through Google AdWords and/or Facebook Ads, they are one of the top Google AdWords agencies from Romania based on the budget they are managing.

The company was established in 2008 and in December 2013 the affiliate marketing network had over 305 advertisers and 29.668 affiliates that have taken advantage of collaborate opportunities provided by 2Parale. It has generated sales of over 76.2 million RON and delivered over 96 million clicks, more than 540 sales and 440 leads.

2Parale covers market niches that range from IT&C, electronics and entertainment to financial, tourism, books, fashion and insurance, and they hold monthly seminars that teach about profitable affiliate marketing strategies on their blog, website, or on various social media like Facebook or Google+.

2Parale is active in three domains, namely affiliate marketing, affiliate management and PPC marketing. All of these fields are lesser known than most marketing techniques, they are not yet taught in universities and have only a small number of specialists. However, the competition is increasing rapidly as online marketing and ecommerce sees an increase of 35 to 40% every year. Users who already have internet access start buying more and more from the internet, and new people connect to the internet every day, making them potential customers for the hundreds of online stores.

Analyzing the Romanian market, it can be concluded that there is only room left for affiliate programs and networks that are niched. It would be hard for a new general affiliate network to enter the market, but easier for one who specializes in a certain niche.

As stated in their corporate values, 2Parale is an innovative company that is not afraid of trying new things. 2Parale has jumped on the gamification bandwagon in 2012, in an effort to increase the value of the commissions and the user engagement (number of logins and applied campaigns, etc.). Since then, they have had three

challenges that were empowered by the use of gamification. The first was Fashion Affiliate Challenge, the second was Summer Affiliate Challenge and the third was iChallenge.

2.1. 2Parale's D6 gamification design framework

Taking into consideration Werbach and Hunter's (2012) D6 gamification design framework, next we analyze whether external gamification was appropriately be used by 2Parale.

1D. Define business objectives

For effective gamification, it is critical to have a well-developed understanding of the goals of the company. While this may be obvious, it is often overlooked. These goals are not the same as the overall organization goals, which could be expressed in terms of profitability, shareholder value or mission statement. They must be performance goals set specifically for the gamified system, such as increasing customer loyalty, building brand loyalty. 2Parale had two main objectives: to increase the value of commissions and the number of sales and to increase user engagement with the platform 2Parale.ro. Increasing user engagement targeted things like the number of logins and the number of affiliate programs they applied to, increasing the time spent on the website, the number of affiliate links created towards different products and in general increasing the user interaction rate.

2D. Delineate target behaviors

Target behaviors have to be created in order to ultimately promote the defined business objectives. At this stage, after deciding what the players should do, the success metrics and win states should be convened on. 2Parale wanted to increase the number of sales and leads, as well as the number of logins and affiliation programs the users applied to. The target behaviors were the same as the success metrics. The win states were further defined. In order to win the challenge, one had to get as many commissions approved and paid by the advertisers as possible.

3D. Describing the players

This is a type of segmentation and seeing to whom the gamified system appeals. As presented above, there are four different types of players. The challenges created by 2Parale are most likely to appeal to achievers and socializers. The design was created in such a way that there were many obstacles and challenges that the players had to overcome. The first to get to a sales threshold for example would receive an added cash bonus, and so on. But it also appealed to socializers, as the activity in the forums increased and at some point there was a team challenge. So the players wanted to compete and overcome obstacles, as well as socialize and have fun.

4D. Devise activity loops

Player actions result from motivation and in turn produce feedback in the form of responses from the system, like awarding points. The feedback motivates the user to take further action, and so on. This activity cycle leads the player through some progression steps. In a game, these could be Levels, and they have to be increasingly

difficult. Getting from Level 1 to Level 2 is a lot easier and requires less experience points than getting from Level 44 to Level 45. Difficulty and the number of points required are in a direct relationship with a player's level. In 2Parale's case, everything in the platform is real-time, so players could see their actions, as well as others' actions as they happened. The sales threshold players had to reach could be considered levels or a form of progression nonetheless. This is a good thing, but there is more that could be done at this stage.

5D. Do not forget the fun

The last thing to do before implementing a gamified system is to make sure it is fun. Gamification done right is serious business, but it should not be forgotten that the main reason people play games is for fun, and that is a huge aspect of anything that involves games or game elements. There is a big risk with fun and there is no guarantee that it will be fun. It is easy to get lost in other elements and forget about fun. Even professional game developers tend to fail at this chapter. There are records of million-dollar games created that just do not sell and fail because they are not fun. The fun in 2Parale's challenges was brought by the unique way of approaching this sort of contest, by various bonuses, surprise rewards and interactivity. Users were especially pleased with this campaign as it was a win-win situation for everyone. A particular affiliate even printed a shirt with his avatar from the challenge.

6D. Deploy the appropriate tools

This is the last and the most important step. It is the implementation stage with everything that it implies: creating the system, choosing game elements, mechanics and components and coding them into the system. Ideally, it should be based on the skeleton created in the previous steps. 2Parale needed design and programming resources for creating the landing pages and implementing the system, as well as a budget to be offered as prizes and rewards. The challenges were improved with new elements and tweaks being added to and each one performed better than the last. In the end, they have done a great job and had extraordinary results. The number of sales increased with up to 400%.

From this framework and the results they had, it can be concluded that gamification was a good idea to begin with and that it was properly implemented.

2.2. The challenges

Next, we will present and analyze each challenge designed by 2Parale by showing the gamification elements used, how the system was designed and how the users interacted with it.

2.2.1 Fashion affiliate challenge

The first challenge took place in May-June 2012 and targeted only fashion affiliate programs. The players had to simply follow the leaderboard and try to be on top. The first affiliate who could reach the imposed sales threshold could instantly win

Gamification applied in affiliate marketing. Case study of 2Parale

between 100 and 1000 Euros. The first who could get 100 leads would win 100 Euros, and the first who would get to 200 leads would win 200 Euros, and so on.

In addition to these rewards, certain online stores that were participating in the challenge had their own bonuses. A company offered the big prize of 1000 Euros, as well as an increase in the value of commissions. Other stores offered vouchers for the affiliate that would have the most approved commissions by the end of the campaign. The value of the vouchers varied from 50 Euros to 300 Euros and value of some of the commissions was even doubled.

The rewards were for the first three finishers, in order, that on June 30, 2012, 23:59:59 had the highest number of approved commissions in the Fashion category.

- 1stPrize: 1.000 € + 20% net fees valid for 3 months;
- 2ndPrize: 500 € + 15% of net fees valid for 3 months;
- 3rdPrize: 250€ + 10% net fee valid for 3 months.

There were multiple types of rewards offered, the first one being continuous. *Continuous rewards* are given every time an activity is performed, in this case, a sale. It comes in the form of a commission fee. There were also bonuses like vouchers and increased commission fees, and some other variable rewards. During the event, there were two happy Fridays, which offered double rewards on all sales and made players more engaged. These variable rewards came as a surprise and were very effective, as the human brain is genetically designed to be most engaged when surprised. Of course, there were certain conditions that had to be fulfilled in order to qualify for these bonuses, one of them requiring a minimum of three sales in that day, and the other one requiring the presence in the top 10 of the leaderboard. The last one could be considered a bad move, as it encourages the leaders and discourages everyone else.

They used part of the *PBL Triad* (points, badges and leaderboards), excluding the badges. The generated and approved commissions both represent points; however they had two ways of measuring progress, which could have been confusing. They used some simple *avatars*, which are another game element.

The sales thresholds form of secondary objectives and could be considered as quests, something that would offer bonus points. They are something a player must get to in order to further his/her progress and win the game.

The rewards from sales were also variable, as the affiliates had no control over the fee they received and it differed from each object sold. In Figure 5 it is presented the leaderboard with the winners of the challenge. Here it is very easy to see which gamification elements were used.

Top 10 Afiliati			
		Update-uri la 10 minute! Ultimul: 25.06.2013, ora 18:43	
		Categorie: Fashion	
1	 Numar comisioane generate 462	Numar comisioane aprobate 410	1000 €  + Bonus 20% 
2	 Numar comisioane generate 393	Numar comisioane aprobate 341	500 €  + Bonus 15%
3	 Numar comisioane generate 243	Numar comisioane aprobate 225	250 €  + Bonus 10%
4	 Numar comisioane generate 212	Numar comisioane aprobate 174	
5	 Numar comisioane generate 157	Numar comisioane aprobate 134	

Source: www.2parale.ro

Figure 5. Fashion challenge leaderboard

At the top it can be constantly seen when the last update was made, and somewhere further down there was the time of the last approved commission and its value. These tools that offer feedback are indispensable for a gamified system.

However, even if they used a lot of game elements, they overlooked the ones that could have greatly improved the experience. The introduction of *achievements* and *badges* would have further motivated players to engage and would have given them a greater sense of accomplishment and pride. Those achievements would then remain in their profile, along with what else they have accomplished. There could be achievements for the number of sales recorded, number of record sales recorded in a given timetable, reaching a certain place on the leaderboard and so on. The introduction of a *progress bar* and creation of some *level* could have also increased the engagement. Each user would see how much progress he/she has made and what he/she needs to do further to advance in the system.

The campaign ran for 31 days and aside from the three winners, the first challenge has brought them the following *results*:

- 690 000 RON generated in sales;
- 2062 sales generated by the first 10 affiliates in the leaderboard;
- 397 commissions approved for the affiliate ranked 1 in the leaderboard;
- 3 sales thresholds that went to two affiliates and had a value of 600 euros;
- 1500 euros for the grand winner, not counting the commissions and the 20% bonus for the next three months;
- 6 advertisers who were directly involved in the competition;
- 161 sales generated in one day, on 22nd of May.

Overall the system was designed so that everyone could win more than they would usually win, with the players who got more involved getting larger prizes. Therefore it was a good system and the results showed it.

2.2.2. Summer affiliate challenge












Two weeks after the Fashion affiliate challenge has ended, the next challenge started. It was named Summer affiliate challenge and it brought many changes compared to the previous one. Encouraged by the results they had with the first gamification attempt, the team from 2Parale decided to dive even deeper and bring new things to the table. The changes in the second challenge were the following:

- it was the first challenge across the whole network, having all 140 advertisers involved;
- the competition was split in three categories, having three leaderboards: number of sales across the whole network, number of sales on collective discounts and number of leads generated;
- each of the categories had their own rewards and prizes;
- mini-challenges have been introduced.

The main rewards were extended to even the 4th and 5th places on the leaderboard. In this way, the fourth place won 150 Euro and the fifth place won 100 Euro.

The bonus rewards have returned this time as well and in greater numbers. The commission fees have been increased, a company offered 2000 Ron worth of vouchers for the first three winners, and advertisers in the tourism category even offered vacations for the affiliates that brought them the most sales. Happy Fridays have also returned. They have also published more feedback on the blog, giving weekly updates and information about the current state of the competition.

Analyzing the leaderboard (Figure 6), not much seems changed here, except the fact that there were five winners instead of three and that two of the competitors withdrew. However, an important element to notice here is the little *icon* to the right of the affiliate avatar. This is a representation of wealth and status, something players often seek. People tend to chase after status, even though after a point it becomes less motivating, since certain levels of status may be unattainable for most people. This is why rewarding only the top players may not have been such a good idea. This idea of status could have been developed further.

Top 10		Updates every 5 minutes! Last update: 16.08.2012, ora 00:00		Category: Summer
1	 Generated commissions 791	Approved commissions 698	Prize 1000 € 	
2	 Generated commissions 524	Approved commissions 459	Prize 500 € T!NAR	
	 Generated commissions 446	Approved commissions 429	Withdrew	
3	 Generated commissions 377	Approved commissions 338	Prize 250 € 	
4	 Generated commissions 200	Approved commissions 200	Prize 150 € 	
	 Generated commissions 191	Approved commissions 174	Withdrew	
5	 Generated commissions 183	Approved commissions 158	Prize 100 € 	

Source: www.2parale.ro

Figure 6. Summer challenge leaderboard

There have been two *mini-challenges*, which in a game world would be bonus objectives. The first one offered two nights of accommodation at a hotel for the affiliate who would have the highest conversion rate on the 6th of July. The second mini-challenge offered a business lunch opportunity with Dorin Boerescu, the CEO of 2Parale. In order to win this unique opportunity, affiliates had to have at least one generated sale in as many campaigns as possible, on the 12th of July.

While the first challenge had real-time updates, this time it was introduced a major *game-changer*. In the affiliate's account there was a new section which displayed detailed feedback regarding his/her own progression and that of others (Figure 7).

Information regarding the next mini-challenge was available, the position occupied by the affiliate in terms of points and his/her place on the three leaderboards. The feedback area, however, does good and bad things, as it can be seen. Information on the number one affiliate was also provided information, in direct comparison to the current affiliate. This was a good idea because it gave some insight on how each player was doing, but it could also be less motivating. This is the case of many games in which a player sees that in order to reach the top 10 or the top position on a leaderboard he/she has to invest a lot more time and resources than he/she has or is willing to give. He/she will probably become less motivated at the thought that he will never catch up with the first places. There have also been some discussions on the challenge's forum about this, seeing that some affiliates manage to generate sales extremely fast.



Source: www.2parale.ro

Figure 7. Summer challenge feedback section

There are several solutions to this problem. First of all, the system can suggest what the player needs to do in order to overtake the person directly above him. For example, if he/she is number 17 on the leaderboard, only show him/her what he/she needs to do in order to advance to the 16th position. Social games like the ones on Facebook often come up with a nice workaround by showing the leaderboard of the player and his/her friends, which are likely to have close scores. This also makes the game more personal and increases engagement.

Another solution can be to split the leaderboard into categories. Looking only at the first five positions it can be seen that there is a pretty big gap between the first and the fifth place. The number of sales generated by the first place is 791, while the fifth is 183. This is more than 4 times the difference. It is now clear that those who do not manage to enter the top 10 have no chance at winning or at reaching the fifth position. All they can do is benefit from the increased commissions, if only they qualify for those as well.

The affiliates that use 2Parale fall into several categories. There are, roughly, affiliates who make a living out of this and have a business centered on affiliate marketing, affiliates who use affiliation as a secondary income or a bonus income along their core business, and there are affiliates who are just trying to enter this area of marketing and monetize their website or business. These three types of affiliates cannot compete in the same category and be in the same leaderboard, because it is not fair. The competition should only be between the ones whose core business is centered on affiliate marketing and who get most of the winnings.

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It would be a good idea if the affiliates would be split into categories such as:

- super affiliates – affiliates that have affiliation at the core of their business; the rewards for these category should be the biggest, for instance 1000 Euro for the first place;

- affiliates – those who use affiliation in helping their business and as a bonus income; the rewards could be about 500 Euro for the first place;

- junior affiliates – those affiliates who have just joined the network or who have a very small business; rewards could start at 250 Euro for the first place and go downwards.

For this would benefit the affiliates and advertisers, as well as 2Parale in the following manner:

- there could only be one prize per category instead of three or five, which would lead to fierce competition in each category, especially in the heavyweight one;

- there would be increased competition in all categories, players would be motivated by the fact that their competitors don not have a competitive advantage in terms of experience;

- more people would be encouraged to try affiliate marketing.

These categories could be automatically created by the system by looking at the last leads generated in the last 30 days for each account. It would then put everyone in one of the categories based on some predefined criteria.

The *results* for the second gamified challenge created by 2Parale were the following:

- 1,85 million RON generated in sales;
- 3438 sales generated by the first 10 affiliates in the leaderboard;
- 698 commissions approved for the affiliate ranked 1 in the leaderboard;
- 1000 Euros for the grand winner, not counting the commissions;
- 24 advertisers who were directly involved in the competition by offering bonus rewards.

This challenge performed three times better than the first one and the main reason for this might have been the fact that it was across all categories, not only fashion. The sales thresholds that were present in the first challenge have been eliminated, but it looks like it did not have much of an effect, as it made up with more bonuses from all advertisers and more rewards, across three categories.

2.2.3. Challenge

The third challenge was the most complex one and with the most interesting prizes. This challenged actually consisted in 5 separate challenges, 4 of them took place over a week and the last one over 2 weeks. In total there were seven leaderboards, and 2Parale has offered 7 iPhone 5's as rewards for the first place in each of them. The second and third had prizes of 200 Euro and 100 Euro respectively. The main criterion for winning was the number and value of performance fees recorded.

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The first iPhone was a prize in a drawing in which all of the affiliates who have recorded a minimum of 10 commissions in the campaign period were automatically entered. The remaining challenges were the following:

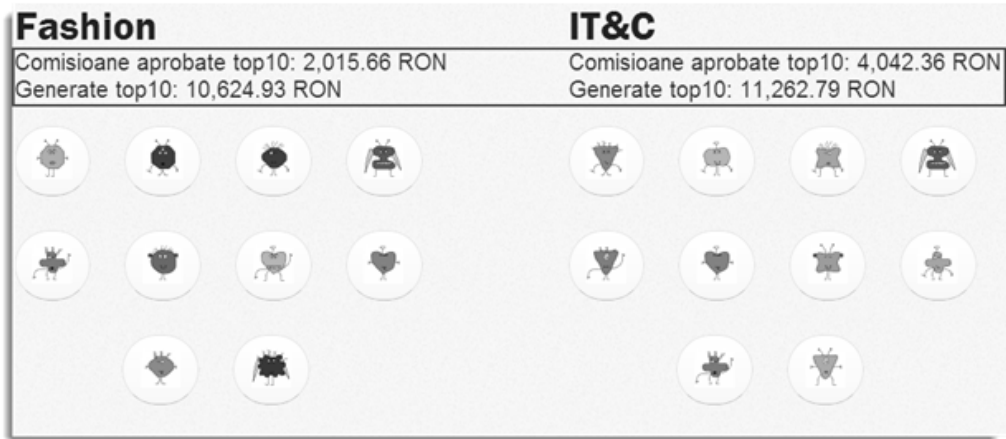
- *Generated leads challenge* – the affiliate who generates the most leads wins;
- *Fashion challenge* – the affiliate who generates the most sales in the fashion category wins;
- *IT&C challenge* - the affiliate who generates the most sales in the IT&C category wins;
- *IT&C versus fashion challenge* – the added commissions from the top 10 of each category go toe to toe in this challenge. The winner is then randomly selected from the winning category. The chances of winning were weighted with regards to the amount of commissions each affiliate had. This was the first team challenge, where communication was encouraged on the forums, to the delight of the socializer player type;
- *Super affiliate and Affiliate challenge* – The last two weeks were dedicated to two challenges, one for the bigger affiliates and one for the smaller ones. This was a very good thing, now the smaller affiliates have had a chance of winning and competing. The categories could be further divided, but this was a very good move.

As usual, advertisers had increased commissions and offers and so were blog updates with tips and tricks and feedback regarding the current state of the campaign.

Also, it was interesting the fact that they announced the 6 challenges before the actual campaign started without saying the order that they will be in, thus adding a degree of uncertainty and excitement to the table.

Real-time chat has also been introduced on the leaderboard page. This was achieved using the Facebook Chat plug-in and it made the game a lot more socially oriented. Players could chat and respond to one another without entering the forums, all while looking at the latest activity in the challenge.

Another major new element was the Fashion vs. IT&C Challenge. It was a *team challenge* where the Top 10 affiliates from both categories went toe to toe in order to get the most sales (Figure 8).



Source: www.2parale.ro

Figure 8. Fashion vs. IT&C team challenge

The *results* for this last campaign have not been aggregated because of the complexity and number of actual challenges, so the data is not available to public. However it was considered to have performed a number of times better than the first two by the company's representatives. The IT&C Challenge comprised Black Friday 2012, which has led to an increase of 1400% when compared to a usual Friday.



Source: www.2parale.ro

Figure 9. Black Friday 2012 IT&C sales

This one day was so active, that affiliates managed to sell more than all of the first two campaigns combined. The results obtained for Black Friday were the following:

- 3,2 million RON in generated sales;
- 9.477 generated leads;
- 156.000 RON worth of commissions registered by the affiliates;
- 1.13 million clicks delivered to advertisers.

The improvements made in using gamification were shown in the results obtained.

3. Conclusions and recommendations

2Parale has taken a risk by being among the first to apply gamification in Romania, and this has paid off extremely well. Each campaign has improved upon the last one, has introduced new game components and mechanics and removed the ones that were unnecessary or did not perform well, overall increasing the results by an incredible amount. They have managed to prove that indeed gamification is an effective business practice and that it can revolutionize businesses. The use of gamification in these online marketing campaigns has increased customer engagement, customer loyalty, the brand awareness and reputation, has attracted both new advertisers and new affiliates and has greatly increased their revenue and number of commissions

However, even though they have done a very good job, everything can be improved. It is sure to say that there will be more usage of gamification and that their experience accumulated during this period will prove to be very valuable in the further fructification of this emerging business practice. Gamification is merely at its beginning and there are many other things to try and experiment, many more contexts to use it in and many more ways to change behaviors and get results, all while having fun.

Looking back at the pyramid of gamification elements there can be drawn some conclusions related to:

- *Components* – 2Parale has used avatars, leaderboards, points and quests that offered bonus points. This is a good packet for a basic start, however much improvement can be done. They could have used levels in order to show the progress of the affiliates and achievements or badges to show status and further improve the immersiveness of the game.

- *Mechanics* – 2Parale has used more mechanics than components. Challenges, chance, competition and cooperation, feedback, rewards and win states were all part of the game. There are not many more things that could be introduced here; they should focus on improving the existing ones and adding new elements to them. Player transactions could be introduced, as well as some sort of virtual goods to trade with. These could be for example random discount coupons that one would receive after a number of generated leads and that it can trade with other players, thus improving the social aspect of the game.

- *Dynamics* – 2Parale has managed to create a sense of progression and relationships between the affiliates that were competing, however there can be more to

do. The emotions the game is trying to give the players should be increased and it would be a good idea to add a story to the game, thus creating a narrative.

2Parale has already created the basics of gamification and it had great results. However things can be developed by involving more the player, by making the game more personal and immersive, creating more powerful emotions and even a story as Lazzaro (2004) suggests. They could give players a common goal to achieve, for example: the prizes and commissions increase when the number of sales, across the whole network, gets to a certain number. This will motivate everyone to compete and showing a progress bar with the information towards the next step will further increase their motivation. They could even use this method to create a story and require a certain number of leads or sales to get towards the next chapter.

Future campaigns and gamification attempts should focus on making each player unique in the game world. It should provide them an online identity that will be different from others, creating a personal experience. Customization of the avatar is one way to do so. Creating an affiliate profile page where the badges and achievements of each affiliate is shown, along with a few words about himself and other elements that will make him proud of his accomplishments and his page unique. Levels should be introduced to show how good that affiliate is and to further divide them into categories (Kleinberg, 2011). They should also focus on the social aspect of the game. Introduce trade and chat functions to further boost the interaction between players. Finally, these changes and further implementations should be network wide and not only for a campaign. There should be leaderboards that are split by categories, accessible anytime and that reset each month.

Gamification exploits the way humans are genetically designed to collect things, to desire social status and socialize, to compete and cooperate and this is why it works. Even if this may seem weird, it is a new approach to non-game situations and so far it has proven to be very successful in an incredibly large number of cases. People like statistics, they like feedback, they like to receive rewards for doing what they do (even if they are virtual and can mean nothing) and they like to boost with their achievements. They like to compete against other people while cooperating and socializing with others. This is part of what makes games so fun, addicting and competitive and it can be used in other situations in order to bring the same feelings, engagement and excitement.

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