

Using game theory in retailing

It may sound strange that Deloitte is advising retailers to start playing games, but it sees great opportunities for retailers to engage with consumers using elements of game theory (gamification).

Shopping habits are changing and social media is playing a major role in this change. Shoppers are using channels other than the traditional to interact with brands and help them make informed purchasing decisions. Andre Hugo, director of Deloitte Digital says, "Consumers are attracted to fun content and will remain loyal if their shopping process is exciting and engaging. We believe it is time for retailers to start playing games to benefit from the digital retail wave set for our shores."

"We believe the opportunity to do this lies in using gamification. By effectively merging mobile & digital technology with existing brick & mortar stores, retailers have a unique opportunity to span the virtual and the physical worlds to ensure their customers are given a shopping experience that encompasses the 'best of both worlds'."

Converting users to players

Gamification.org describes gamification as typically involving the application of game design thinking to non-game applications to make them more fun and engaging. Gamification has been called one of the most important trends in technology by several industry experts and can potentially be applied to most industries and a large percentage of business processes, creating a fun and engaging experience, converting users into players and ultimately consumers.

"As internet infrastructure, download speeds and general access to the internet improves, shopping online is becoming easier for South African consumers. Although the shift has been subtle, taking into account the size of the South African population, more people are choosing to buy goods online. In a recent study by Arthur Goldstuck from World Wide Worx, it was highlighted that ecommerce is growing at around 30% per year in South Africa and the total internet economy, inclusive of infrastructure spend, contributes around 2% of GDP and is rising by 0.1% per year or R59 billion," says Hugo.

Digital factors

He points out that there are three factors influencing the move from traditional retail shopping towards a more digital bias.

1. **Brand awareness** - there is an increase in brand awareness due to the introduction of new digital platforms and channels that advertisers can advertise on. These range from banner adverts, SMS, MMS, mobisites, Web, apps and the unique African "please call me" campaigns. These platforms allow consumers to engage with the brand directly, a phenomenon that was previously unheard of. As a result, brand advocates or detractors are on the increase, engaging with individual brands and products and providing unique direct consumer insights. It allows new start-up brands to raise their awareness relatively quickly and inexpensively.
2. **Price sensitivity** - the ability for the consumer to shop around and compare prices online before going to a physical store.

into a brick and mortar shop has resulted in a generation of more price savvy shoppers - a great South Africa example is www.pricecheck.co.za. Retailers are being forced to compete with competitors directly at a margin level and this trend has effectively shifted the power to the consumer. Decision-making relating to dynamic pricing, traditionally a function of the head office of major retail chains, is now down to the discretion of the store manager.

3. **"Space or Function"** - Traditional retail outlets are being challenged to define what their role is or should be in this evolving retail landscape. Brick and mortar outlets will not disappear as their sole function extends beyond purely the sale of goods or services and is still seen as a "destination for engagement." With increased pressure from the digital realm, management, through data analytics and social profiling, will have to evolve the physical footprint of the retail outlets to offer a service that supports both the digital and physical shopping environments. Having the ability to identify with your customer when they are in store and, more importantly, before they get to the point of purchase is a key differentiator for those retailers that plan to own digital retail.

Different retail landscape

In South Africa, the retail landscape is very different to that seen elsewhere in the world. While international patterns show that one in three white goods is purchased online, South Africans tend to do online price comparisons before physically going into a store to purchase the items. This behavior alone allows retailers to engage and entice consumers directly whilst they are in store.

Successful activations of:

- **QR codes:** nearly every retail store you walk into has a QR displayed at the entrance highlighting specials or promotions on offer or price comparisons in-store,
- **SMS lines:** for customer service like those used at Airports Company South Africa security check in lines
- **Augmented reality:** the recent Rolling Stones cover is an example of the tools being trialed in South Africa with great success
- **SMS Mobile couponing:** in-store electronic voucher redemption is a great example of this and is already being rolled out in South Africa by Mobilitrix with their Kuawei and Vida Café solutions
- **Person to Person:** takes the form of a promotional initiative that engages a customer directly in a store, where the customer is encouraged to play a quiz game on a tablet. Once completed, a photo is taken of the customer with the product in hand and uploaded to the store's Facebook page. The customer is then entered into the draw to win a prize.

Innovation is key

"We find consumers are being spoiled for choice. They are becoming more tech savvy and, there is a great reliance on mobile phones and social media networks for everyday interactions. As many consumers prefer to communicate electronically, retailers must find innovative ways to engage directly with their target market. Gamification provides the solution by delivering the required content in a fun, engaging way and encouraging consumers to interact directly with a brand," says Hugo.

He cites the Exclusive Books 'Stickers' programme, rolled out earlier this year, as a great example of gamification that helped build brand loyalty. The programme is a fun new way for customers to find and share their favourite products via their Facebook, Twitter or LinkedIn pages, earn discounts through their

activity and team up with friends to trigger deals on books, e-books, games, DVDs and music.

"As the Exclusive Books example shows, consumers are attracted to fun content and will remain loyal if the shopping process is exciting and engaging. We believe it is time for retailers to start playing games to benefit from the digital retail wave set for our shores," he concludes.

For more on how to apply Gamification in business, look out for the Gamification chapter in the 2013 Deloitte Technology Trends to be released in the new year or review the recent Gamification debate on Deloitte resources <http://bit.ly/M8sT8a>.

For more, visit: <https://www.bizcommunity.com>