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GAMIFICATION FOR CPG

The Power of Simple Games and Rewards



SUMMARY

In an age of information overload, the CPG industry is constantly looking for innovative strategies to capture consumer attention. One viable approach is the integration of game elements and prizes into marketing, product, or packaging designs. Gamification can emotionally engage consumers through leveraging the intense emotions of rivalry and accomplishment. CPG brands that wish to stay relevant can incorporate games with rewards into their campaigns from time to time, and are likely to see success if implemented properly.

AR/VR, NFTs, and the metaverse are some of the trending technologies that CPG brands have been eager to adopt. However, they are often costly and require a high level of technology literacy. Is digital the only solution? What are consumers looking for in branded games and rewards? These are some of the questions that we will answer in this white paper.

We hypothesized that simple games and direct rewards would enhance consumer engagement and loyalty for CPG brands.

STUDY GOALS & METHODOLOGY

Our goals included:

1. Understanding the reasons to leverage gamification
2. Discussing the barriers and how they can be overcome
3. Determining consumer preferences for different game elements and rewards
4. Analyzing how gamification impacts purchasing behavior, satisfaction, loyalty, and advocacy

A mixed-methods approach was adopted in this study. First, a case study analysis of existing gamification in the global CPG industry was conducted. Then, CPG marketers, academics, and a media professional based in North America were interviewed. Finally, an online survey was conducted with 600 consumers across Canada and the US.

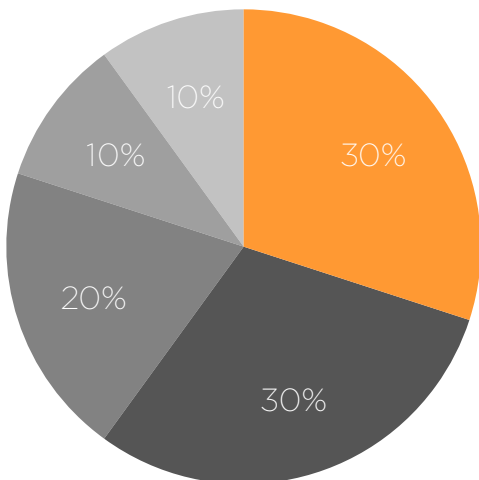


Demographics

The online consumer survey featured a broad representation of consumers in North America (n=600), including an equal split between Canadians and Americans.

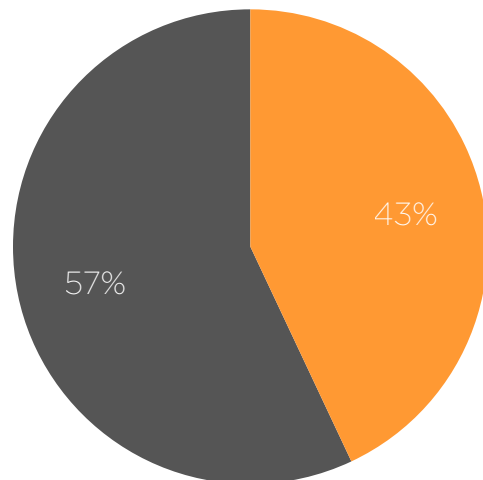
Respondents By Age

- 18-24
- 25-34
- 35-44
- 45-54
- > 54



Respondents By Gender

- Male
- Female





The Current State Of Gamification

Gamification For CPG

There are various reasons for CPG brands to develop games: brand awareness, customer retention, and data gathering, for example. From our case study analysis, several major approaches were identified. Technology based tactics (such as video games and NFTs) have been the focus of many companies in recent years. The major approaches we found are:

- Lottery
- Collectibles
- Scavenger hunt
- Puzzle-solving
- Technologies, e.g. AR/VR, NFT
- Toys
- Blind box
- Advent calendar

Our research found that consumers view “CPG games” and ordinary video/board games differently. The former is “branded,” meaning that consumers are not mainly looking for leisure or entertainment, and getting the rewards is their major goal.

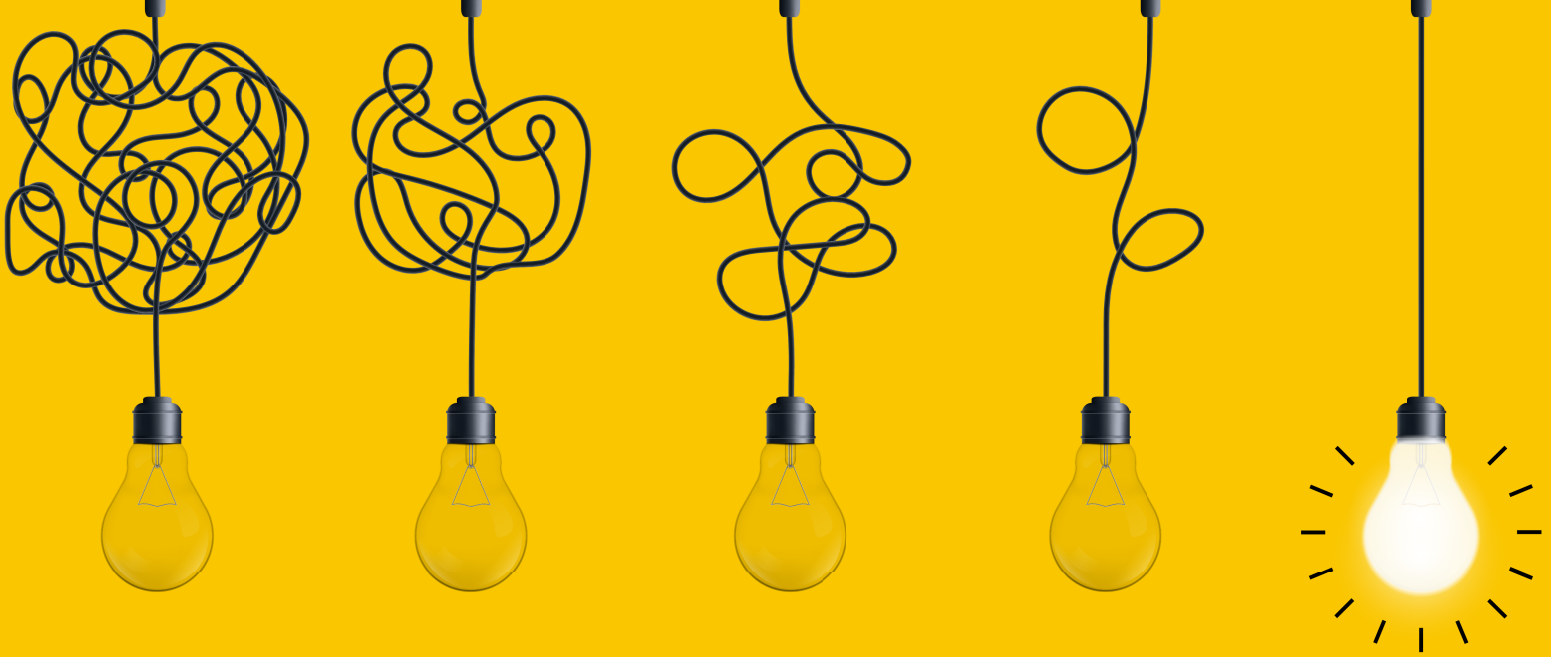
Marketer Challenges

During our interviews with CPG marketers, some suggested that they were hesitant to leverage games as they worried about the high cost with unclear outcomes. While AR/VR, NFTs, and the metaverse have become hot topics, CPG brands are still grappling with how to leverage such technologies effectively.

Despite these obstacles and uncertainty, most CPG marketers are still interested in gamification. Successful implementation can have a huge impact on consumer loyalty and happiness. How can CPG brands reach their target audience? What are the most effective gamification strategies? Our research offers ideas for CPG brands to consider as they manage gamification.

“Maybe because of the entry barrier, you just don’t want to spend too much time and effort for and engaging with CPG games.”

- Linda Casey, Editor-in-Chief, Packaging Impressions



**Simple Games,
Direct Rewards**

Simple & Classic Games Prevail

Our research shows that consumers prefer simple and classic games when it comes to CPGs. *Puzzle-solving* is one of the most favored games across all age groups, with **59%** of respondents indicating this as their top choice. This result is consistent with the popularity of timeless, brain-stimulating games like Rubik's Cube, crossword puzzles, sudoku, and so on, especially among adults. The popularity of "Wordle" in early 2022 is a great example of easy gameplay with almost no entry barriers, with only a web browser required.

Playing the lottery (**59%**) is the second most popular game. It is not surprising that the lottery is appealing to many different groups: you can try your luck with no long-term commitment to the game, making its simple nature an easy choice for consumers.

What has made puzzle-solving and the lottery fascinating for decades is that they are both simple and classic. Unlike the lowest ranked games, *leaderboards* (**34%**) and *interacting/socializing with others* (**36%**), consumers don't need to devote much time and effort to learn the rules and play repeatedly. With the lives of consumers busier than ever, they won't commit to complicated branded games. Easy gameplay with instant gratification is key, as consumers are impatient.

Natural & Seamless Integration Is Key

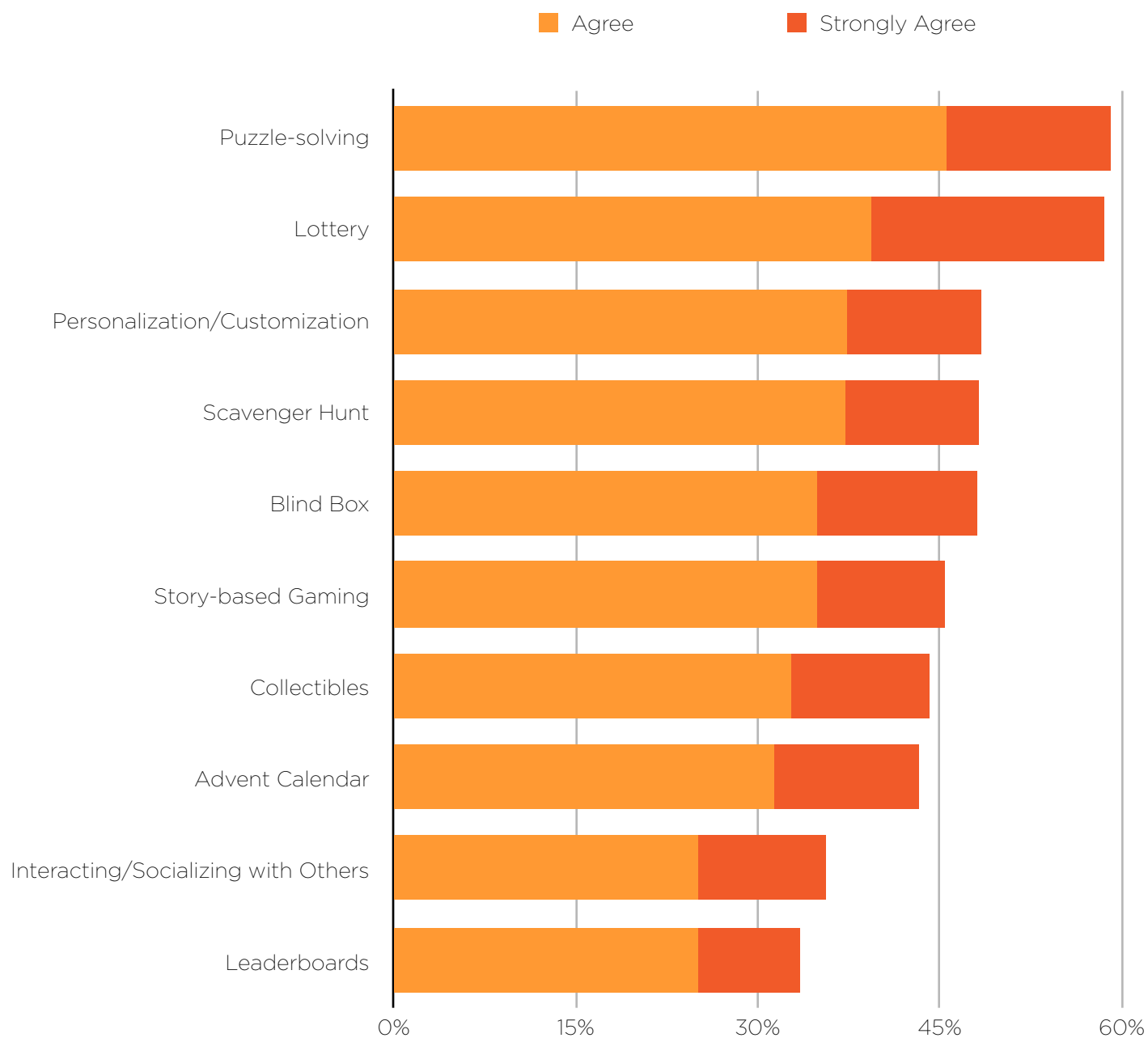
Puzzle-solving is about "effort" and "logic," whereas the lottery is about "luck" and "randomness", with both representing life at two different extremes. When designing marketing tactics with game elements, CPG brands don't always have to incorporate the most advanced technologies. Instead, easy and traditional games that are seamlessly integrated with the products may appeal to a wider audience.

CPG brands may gain insights from the consistent popularity of Tim Hortons' Roll Up The Rim. The simplicity and seamlessness of rolling up the cup rim after finishing a coffee is part of the reason why Tim Hortons continues to see so much success with the campaign. It integrates the existing customer experience (buying a cup of coffee) with the game. It promises instant gratification and has a catchy, playful name. "Roll Up the Rim To Win" is a phrase very familiar to Canadians, driving awareness and loyalty.

"[Roll Up The Rim] is accessible and easy. There's nothing extra that you need to do apart from just rolling up your cup."

***- Sara Grimes, Professor,
University of Toronto***

The Most Enjoyed Game Elements


















Q: Do you enjoy the following gamification elements? (top 2 boxes)

Gen Z Has Unique Preferences

For all age groups other than Gen Z, *lottery* (**64%**) and *puzzle-solving* (**61%**) are the most popular. However, looking at different age segments, puzzle-solving and the lottery aren't always the top two choices. For those aged 18-24, *story-based gaming* (**50%**) ranked second after *puzzle-solving* (**54%**). *Lottery* ranked eighth (**46%**), whereas *collectibles*, *personalization/customization*, *advent calendars*, *scavenger hunts*, and *blind boxes* all ranked higher. Brands that develop games targeting this demographic should avoid lottery-based games and should consider how to leverage storytelling for maximum appeal.

Puzzle-solving Is The Common Ground

If the goal is to target a wider audience, *puzzle-solving* is the most popular choice. It is in the top two games ranked by consumers, regardless of country, age, or gender, creating an option that appeals to almost everyone.

Age	Top Most Enjoyed	Second Most Enjoyed	Third Most Enjoyed
18-24	Puzzle-solving 	Story-based Gaming 	Collectibles 
25-34	Lottery 	Puzzle-solving 	Personalization/Customization 
35-44	Lottery 	Puzzle-solving 	Blind Box 
45-54	Lottery 	Puzzle-solving 	Scavenger Hunt 
>55	Puzzle-solving 	Lottery 	Blind Box 

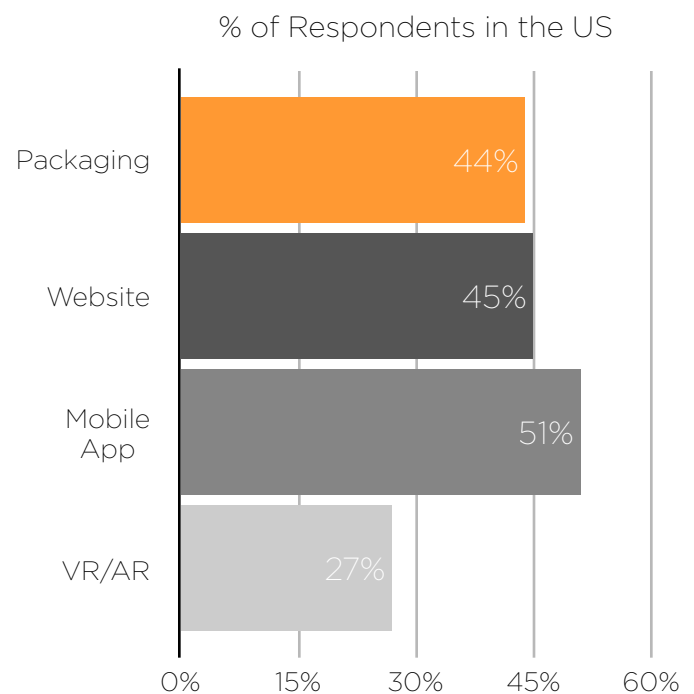
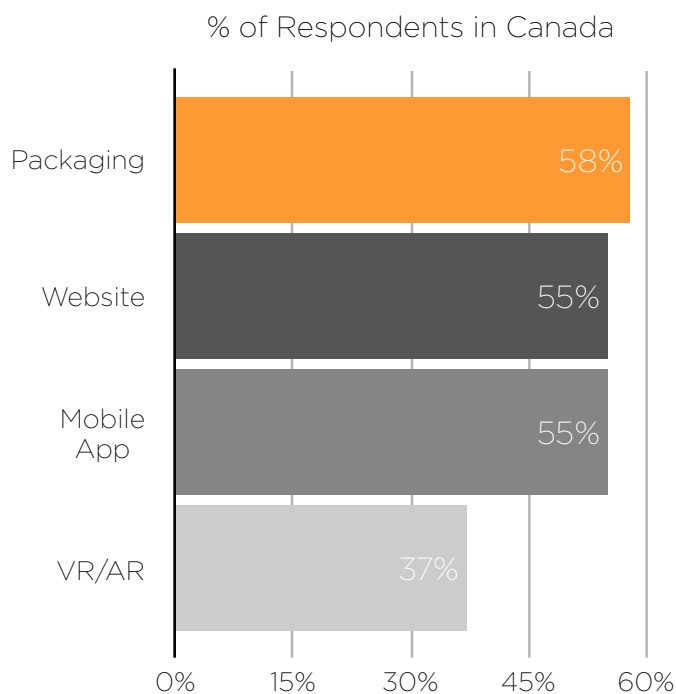
Technology Isn't Always Wanted

For Canadian CPG consumers, games associated with *packaging* (**58%**) are more attractive than those with *mobile app/website* (**55%**), while *VR/AR* (**37%**) is the least preferred. Regardless of country, *VR/AR* ranks in last place among these mediums.

Although extended reality can be exciting, when it comes to CPG games, consumers believe “less is more.” Technology should be adopted with caution, as not all consumers are tech-savvy and others simply do not want to put in the effort or time required.

“Sometimes there are challenges: technology, instructions too complicated... and consumers just don’t want to participate.”

- Brand Manager from a Multinational FMCG Company



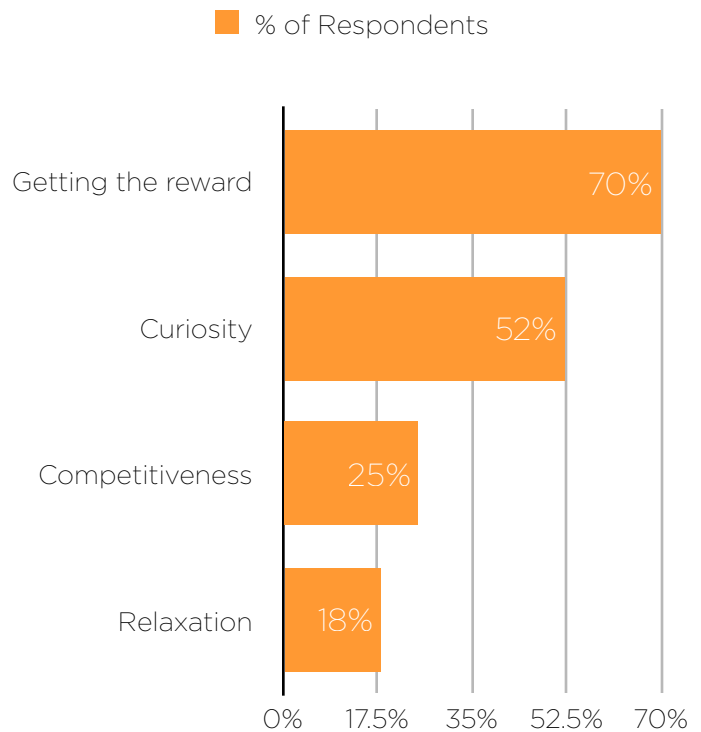
Q: I would like to engage with gamification elements of consumer-packaged goods (CPGs) if they are integrated with: (top 2 boxes)

Rewards Need To Be Instant And Easy

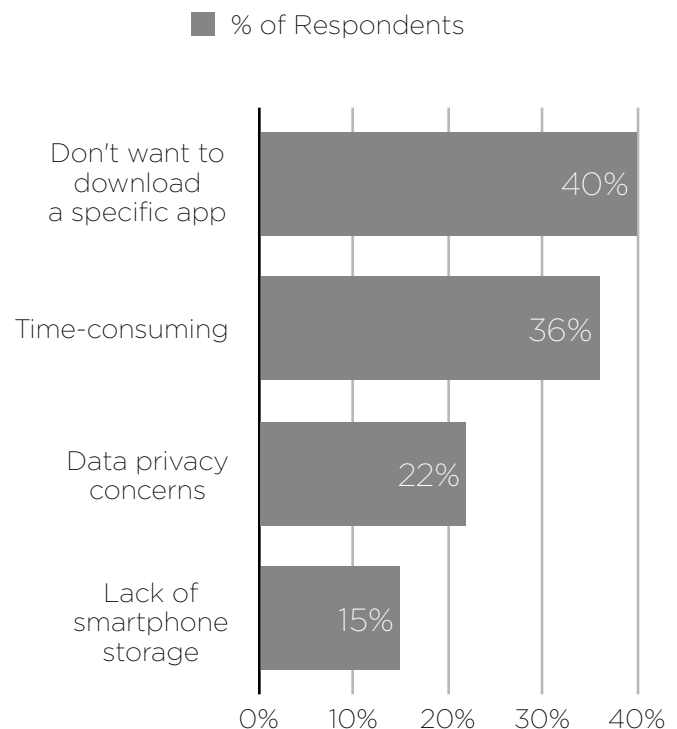
Regardless of demographics, the main reason why consumers participate in branded games is *to get the reward* (**70%**), with Canadians (**75%**) indicating this reason more often than Americans (**61%**). The second most popular reason is *out of curiosity or to try something new* (**52%**). Consumers are more satisfied when it takes less time and effort to play in order to get the rewards.

Out of all the reasons why customers haven't participated, **40%** suggested that they *don't want to download a specific app*, while **36%** found it *too time-consuming*. To engage a wider audience, CPG games should be accessible and easy with instant gratification and direct rewards. It isn't necessary for brands to invest heavily in developing a standalone app for a single marketing tactic, when similar or better results can be achieved through simple games with direct rewards.

70%
of respondents participate
in branded games with an
aim to **GETTING THE
AWARD**



Q: Why do you participate in branded games?



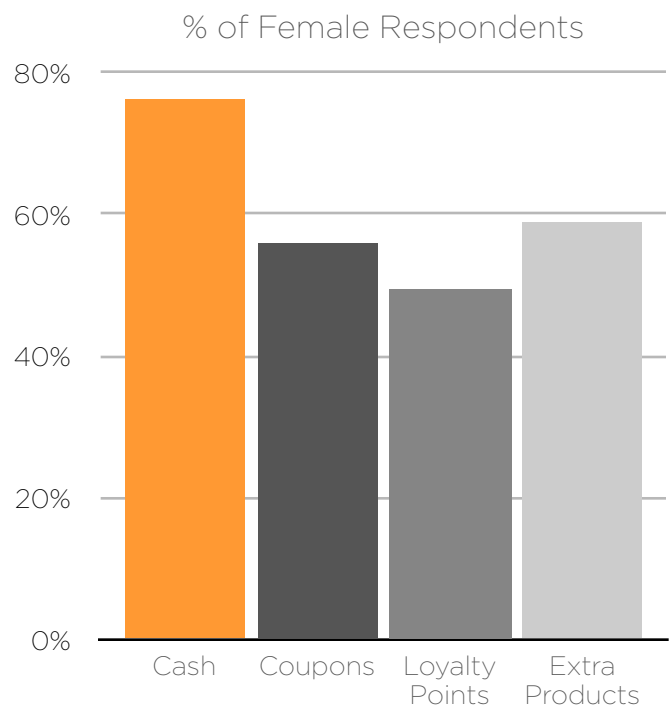
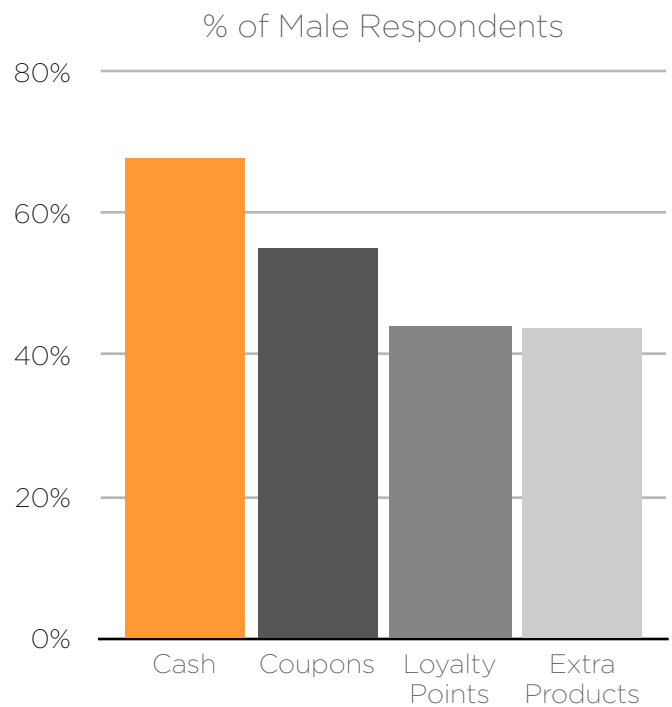
Q: Why have you never participated in branded games?

Practical Rewards Preferred

For reward types offered by branded games, the most popular is *cash* (**73%**), followed by *coupons* (**56%**), *extra products* (**52%**), and *loyalty points* (**47%**). On the contrary, *personalized products*, *exclusive content*, *toys*, *collectibles*, and *badge/status on an app* rank significantly lower (**5% to 20%**).

Interestingly, a slight difference is noticed across genders. Although *cash* is unanimously the top choice, it seems to appeal to females (**76%**) more than males (**68%**). Female respondents also prefer *extra products* significantly more than men (**59%** vs. **44%**). This could be a reason why the cosmetics industry gives out more sample products with purchases than any other industry.

The top four choices remain the same across gender, age, and country, implying that consumers prefer direct rewards from CPGs. Both coupons and loyalty points can be converted to products, while cash can be directly used to purchase whatever they desire. CPG brands don't always have to make rewards complicated, as consumer preferences are straightforward and simple.

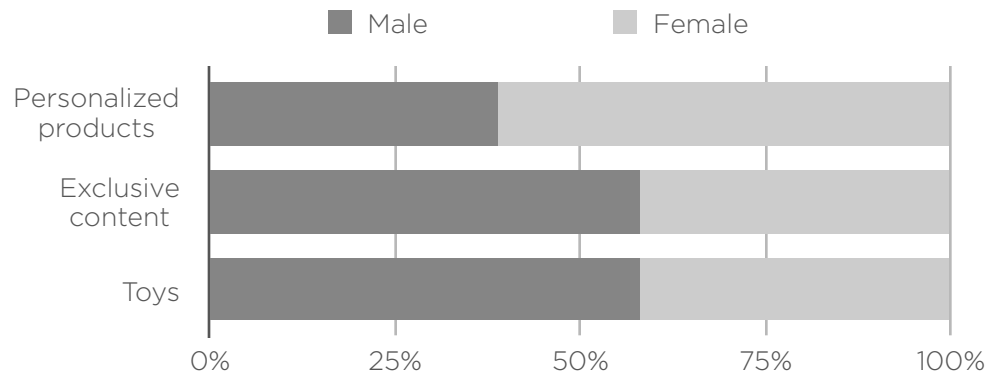


Q: Choose 3 types of rewards that you most prefer gaining from branded games.

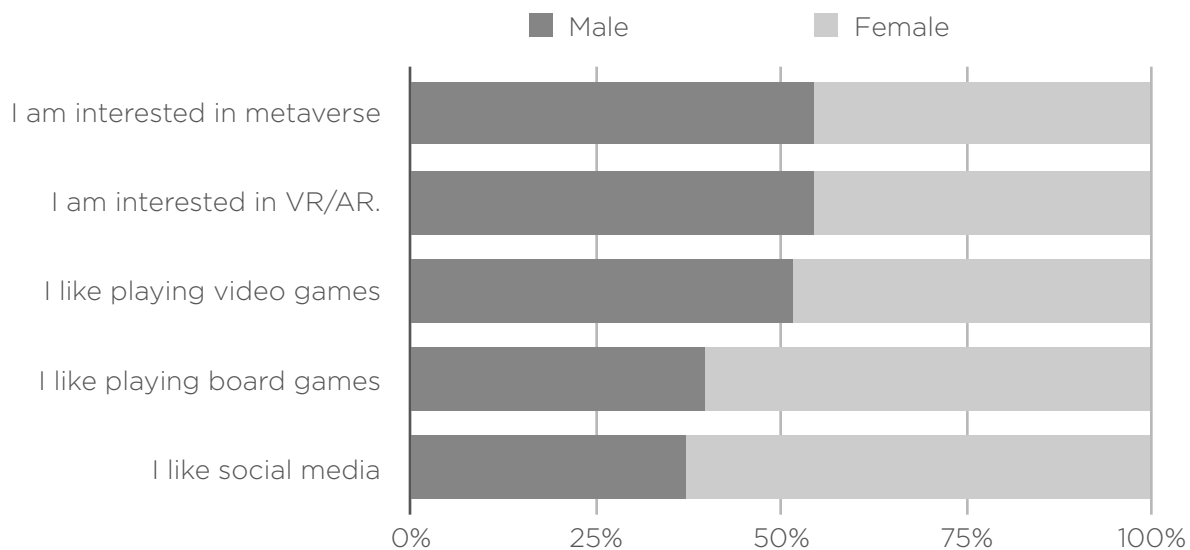
“Playful” vs. “Social”

Looking at the fifth most popular reward *personalized products*, it's considerably more popular among female respondents (**61%** vs. **39%**). Of those who prefer *toys and exclusive content* (e.g., *music, stories, etc.*), **58%** are male, implying that males may be more attracted to entertainment elements.

In terms of game types or entertainment mediums, *board games* and *social media* are more favored by female respondents. Although proportionally more male respondents are interested in the *metaverse*, *VR/AR*, and *video games*, the gender differences are not as significant. If the target audience is gender-specific, CPG marketers should note that tech games are effective with both male and female audiences, while social media campaigns may be more attractive to female participants.



Q: Choose 3 types of rewards that you most prefer gaining from branded games.

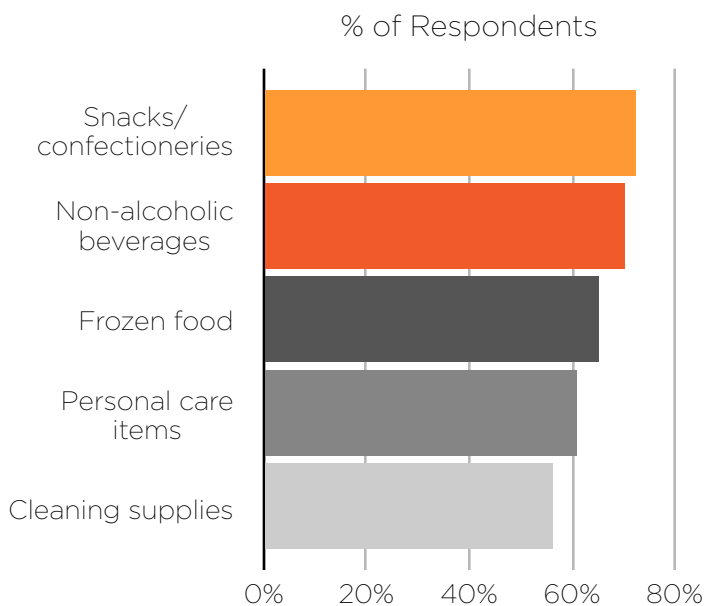


Q: Select all the statement(s) that apply/applies to you.

In-store CPG Shopping Predominates

For CPGs, shopping in-store is still preferred by most respondents, especially for *snacks/confectioneries* (**72%**) and *non-alcoholic beverages* (**70%**). Gamifying packages for these CPG categories holds great potential for catching attention in-store. Packaging design should ensure stopping power to introduce gamified campaigns.

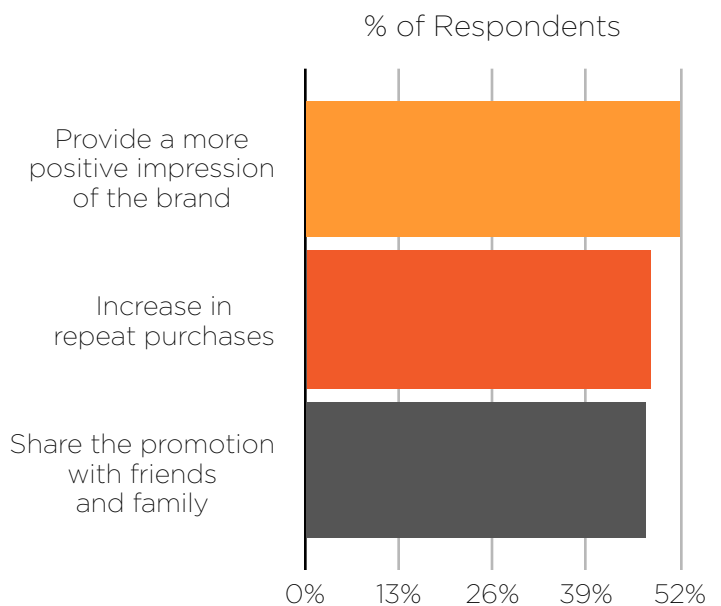
Respondents who have participated in branded games are more likely to shop in-store than those who haven't (**60% vs. 54%**). CPG brands should target in-store shoppers as they're more likely to play. **69%** of respondents suggested that packaging is important in capturing their interest for a new product, implying that package design plays a vital role in promoting CPG games.



Q: How often do you shop in-store for the following product types? (top 2 boxes)

Gamification Improves Brand Perception & Customer Engagement

The market outcomes of CPG games may not be quick or tangible like other marketing tactics. Yet, when utilized effectively, our research shows that they improve brand image, consumer engagement, and advocacy. Brands can easily achieve these goals with a modest budget, as CPG games are preferred to be simple but not tech-sophisticated.



Q: Looking at "branded games" referring to physical or digital games that are used to promote a brand, showcase, or are incorporated into a product, would this impact the following: (top 2 boxes)

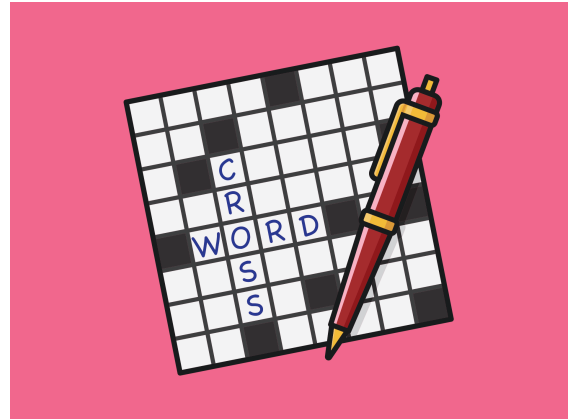


Opportunities

KEY OPPORTUNITIES

GO SIMPLE AND CLASSIC

While advanced technologies are often expensive, brands should consider gamifying CPGs in a traditional and intuitive way. Consumers in general prefer simple and classic games like puzzle-solving and lottery and don't want to devote much time or effort to branded games.



OFFER DIRECT REWARDS

Rewards from CPG games don't need to be fancy. Our survey results show that consumers want practical, simple rewards. If there are legal or logistical concerns with cash rewards, loyalty points and coupons can be appealing to shoppers.

GRAB ATTENTION IN-STORE

Those who participate in branded games are more likely to shop in-store. Customers in general prefer shopping in-store for snacks and beverages, making these goods ideal for branded games. Package design needs to leverage stopping power and command attention on the shelves to introduce and promote branded games in-store.



KEY OPPORTUNITIES

WOMEN HAVE SPECIFIC LIKES

When considering branded games which target a predominantly female audience, brands can consider leveraging some specific preferences. Women prefer *personalized products*, *social media* and *board games* more than their male counterparts, and also like to be rewarded with *product giveaways*.

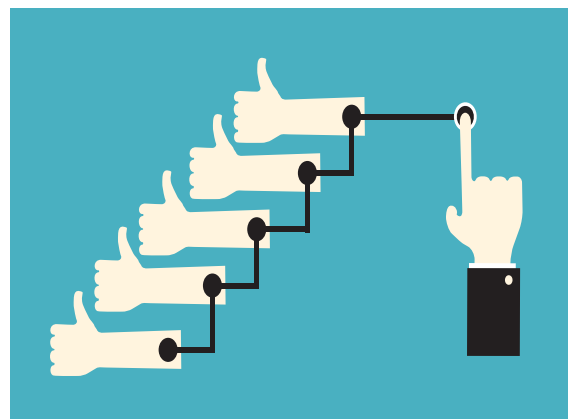


GEN Z WANTS IT THEIR WAY

Gen Z is a group that grew up playing video games, so it's not surprising that story-based gaming is of much higher interest to them than lottery-style games. Prof. Manu said, "*There are two types of people, gamers and non-gamers... just like there are people with humor and people without humor.*" With the vast majority of Gen Z engaged in video games, brands may need to consider more complex games if targeting this group.

GAMES CREATE ADVOCATES

A large majority of respondents indicate that they would share branded games with their friends and family. This kind of brand advocacy is the most powerful advertising brands can achieve. Leveraging this behavior and rewarding advocates should be considered when developing branded games.



ABOUT

Michelle is a communications expert specializing in content curation and market analysis. Having coordinated academic research and strategic reviews in her previous job roles, she utilizes her analytical skills, both quantitative and qualitative, to conduct research in the context of retail. In SLD, Michelle primarily handles content strategy, and copy/research writing.



Christine specializes in strategic foresight with an interaction design and UX research background. As a game designer, she is well informed of various game elements adopted by the industry. For this research study, Christine designed the survey, conducted interviews and case studies for best-in-class practices.

SLD is a global branding firm specializing in transforming customer experiences for financial institutions and retailers brands. A key tenet of the company's approach is the constant review of trends and market dynamics influencing ideal transformation outcomes.

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Ms. Linda Casey
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