

MARKETING GAMIFICATION STRATEGY IN INCREASING CUSTOMER LOYALTY TO COSMETIC BRANDS

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Abstract: The development of digital technology has changed the way businesses interact with customers. One sector that has undergone significant transformation is e-commerce, where companies compete to create a more attractive and interactive shopping experience for customers. Fulfillment of sustainable beauty needs through e-commerce encourages people not only to make transactions but also through customer interaction in increasing brand loyalty of a product. Marketing Gamification has emerged as one of the innovative approaches that can be used by e-commerce companies to create a more attractive experience. Gamification is the use of game elements such as points, levels, prizes, and challenges in a non-game environment to encourage consumer engagement and motivation.

This study uses a qualitative approach with a phenomenological method that explores respondents' answers to be able to provide new contributions in the field of beauty product marketing. The purpose of this study is to determine the role of marketing gamification in e-commerce in increasing brand loyalty of household products in the city of Surabaya. Based on the results of interviews conducted on 20 participants of R & D Beauty products, 80% were interested in purchasing R & D Beauty products because of customer interaction, product suitability and agency business system offered by R & D Beauty, while 20% of other participants stated that they were interested in using the product because of the reward system, consultation services and free product delivery provided by the R & D Beauty company. The conclusion of the study explains that marketing gamification provides benefits in increasing customer loyalty for cosmetic products and several other things were found that can increase customer loyalty, including consultation and delivery services that make customers not only consumers but can become agents of a brand.

Keywords: *Marketing gamification, e-commerce, Customer interaction, brand loyalty*

1. Introduction

Local cosmetic brands in the national cosmetic market are currently experiencing significant growth and development. This is based on the increasing interest of domestic consumers in various cosmetic products made in Indonesia. Based on the results of the Katadata Insight Center (KIC) survey in 2020, it showed that 82.3% of respondents preferred to use local beauty brands including cosmetics because of the pride of using domestic products, while 60.7% of respondents chose because of the affordable price factor (Eksa, 2023). In addition, increasing consumer interest in a product through halal labeling is very important in Indonesia as a country with the largest Muslim population in the world. According to the analysis of the Euromonitor marketing research institute, product brands with halal labels have a great opportunity to acquire consumers, especially in market shares that have a large number of Muslims (Nurul, 2021). In Indonesia itself, the demand for halal cosmetic products continues to increase due to increasing public awareness of the importance of using halal cosmetic products (Indriana, 2022).

There are some foreign skincare products that are expensive, but this is also influenced by the quality that is commensurate. In addition, many foreign skincare products are offered for sale at low prices, especially those sold on e-commerce. Another factor that makes people choose

foreign skincare products is the lack of nationalism. The psychological stigma against the best and most prestigious foreign skincare products when buying foreign skincare products is one of the reasons why local skincare products are less in demand. Foreign skincare products will be increasingly sought after because these products are sold in limited quantities domestically. The scarcity factor increases the interest of buyers in areas where foreign brands are difficult to find or are only found in specific metropolitan outlets. Customer loyalty is one of the things that every company must pay attention to. Not all people have access to or a good understanding of the cosmetic products they use. Although many cosmetic brands have provided information through packaging or advertising, not all consumers can understand the benefits, ingredients, and how to use the product correctly. This lack of education can reduce public interest, especially for those who are concerned about the potential negative impacts of certain chemicals or products on their skin.

In recent years, developments in digital technology have changed the way businesses interact with customers. One sector experiencing significant transformation is e-commerce, where companies are competing to create more interesting and interactive shopping experiences for customers. However, as competition increases and the emergence of many e-commerce platforms, the biggest challenge companies face is how to maintain customer loyalty and increase their engagement.

In this context, gamification has emerged as one of the innovative approaches that e-commerce companies can use to create more engaging experiences. Marketing GAMification is used as a relatively new approach used by marketers to change attitudes and behavior (Högberg, Shams, & Wästlund, 2019). Marketing gamification in its use by leveraging game design elements in non-game contexts such as service experiences, to enhance the overall creation and realization of value for consumers (Huotari & Hamari, 2017; Tanouri, Mulcahy, & Russell-Bennett, 2019), Gamification, in particular on smartphone platforms, providing an opportunity for marketers to engage with consumers, with the industry growing rapidly (Högberg, Shams, & Wästlund, 2019b). Gamification is the use of game elements such as points, levels, prizes, and challenges in a non-gaming environment. games to drive user engagement and motivation. In e-commerce, gamification has proven effective in increasing customer engagement by encouraging them to interact more frequently with the platform, explore products, and participate in promotions and loyalty programs. Sustainability marketing seeks to encourage consumer behavior to actions that result in reduced adverse environmental impacts and resource use (White, Habib, & Hardisty, 2019).

Previous research has shown that gamification elements such as reward systems, badges, and leaderboards can strengthen customer emotional engagement and encourage repeat purchase behavior. In addition, gamification also allows companies to create enjoyable, personalized experiences, thereby building a stronger relationship between customers and brands. With a pleasant experience, customers are more likely to return, increase the frequency of visits, and strengthen brand loyalty.

However, even though the application of gamification in e-commerce is increasingly popular, more in-depth research is still needed regarding its effectiveness in increasing customer engagement and brand loyalty in general. specific. Many companies implement gamification elements without a clear strategy, so they do not get optimal results. Therefore, this study aims to analyze how gamification elements can be implemented effectively in e-commerce platforms to increase customer interaction and brand loyalty. , and identify key factors that influence the

success of gamification in this context. The formulation of the problem in this study is presented in the form of core questions as follows:

1. What is the reason you are loyal to using the R & D Beauty cosmetic brand?
2. Does R & D Beauty's marketing gamification strategy through commissions, rewards and leaderboards make you stay using and interested in selling R & D Beauty cosmetic products?
3. Is the marketing strategy implemented by R & D Beauty able to increase customer interaction with the company?
4. What makes you interested in marketing R & D Beauty through e-commerce?
5. Among the gamification marketing systems implemented by R & D Beauty, which one do you like the most, the Commission system, Rewards, leaderboards or other challenges and give reasons?

2. Research Method

This research is a qualitative research with a phenomenological approach that aims to explore in-depth information about the role of marketing gamification in increasing customer loyalty to the R & D Beauty cosmetic brand in Surabaya City. Participants in this study amounted to 20 informants who were determined using the snowball technique. The informants consisted of 8 consumers who were still students, 10 consumers who were housewives and 2 consumers who were employees. The research was conducted for 2 months from August to September 2024

The method of data collection used was primary data conducted by means of in-depth interviews with informants using interview guidelines. Secondary data collection was obtained by reading sales reports from R & D Beauty companies related to this research. Observations were carried out by directly observing the research location and information from informants. Data processing and presentation were carried out by collecting all the same data/information and could represent the desired information. After various data are collected, qualitative analysis techniques are used to analyze them, including three elements, namely data reduction, data presentation, and drawing conclusions to re-describe the collected data regarding loyalty behavior and customer interaction on the R & D Beauty cosmetic brand. The processed data is then presented in the form of a script or narrative.

3. Result and Findings

The researcher conducted in-depth interviews with participants who are loyal consumers of R & D Beauty. Consumers provided answers to each question with varying answers. Based on the first question in this study, there were 16 consumers who answered because R & D cosmetics are products that have high quality, are safe, and provide results according to expectations so that consumers tend to build loyalty and are loyal to the use of these cosmetics. The existence of product consultation services for each customer provides a unique experience on R & D Beauty products that is not just an interaction with customers. In addition, consumers who feel positive results, such as healthier skin or better appearance, will continue to use the product. Many consumers are loyal because certain cosmetic products match their skin type or specific needs, such as sensitive, acne-prone, or dry skin. When they find a suitable product, they are reluctant to switch to another product. Consumer trust in a brand is very important. If a brand is known to be transparent about its ingredients, has certain certifications (eg halal, organic, cruelty-free), or has a good reputation, consumers tend to be loyal. There are also consumers who provide answers R & D Cosmetics cosmetic products provide real results, such as improvements in skin or appearance that match product claims, often making consumers

continue to use the product. Real results from continuous product use encourage loyalty and loyalty of consumers using R & D Beauty products.

Next, the second question related to the R & D Beauty marketing gamification strategy through commissions, rewards and leaderboards makes you persist in using and selling R & D Beauty cosmetic products. Most consumers' opinions answered that cosmetic brands that offer loyalty programs such as reward points, exclusive discounts, or free gifts for loyal customers make consumers feel appreciated and more motivated to buy again. Many consumers feel emotionally connected to a brand because it reflects their values or identity. For example, brands that support the natural beauty movement, women's empowerment, or are environmentally friendly can attract consumers who support these values. Many consumers become loyal to a brand after hearing recommendations from influencers, beauty groups, or from testimonials from other users. This external influence can encourage consumers to try and ultimately be loyal if the product meets their expectations.

In the third question, researchers found several answers from consumers which were explained as follows Customers are more likely to interact with brands that understand their needs. With customer data, brands can send personalized product recommendations, special offers, or relevant content based on their preferences and purchase history. Inviting customers to leave product reviews on their website or social media helps increase engagement while providing social proof to potential customers. Brands can feature reviews or testimonials on their digital platforms, encouraging conversations between customers and the brand. Providing interactive features on the brand's website or app, such as virtual try-on features or digital skin tone customization, can make customers more involved in the shopping process. This immersive experience entices customers to spend more time and interact with the product.

Furthermore, regarding the question of the effectiveness of using e-commerce in helping R & D Beauty product sales, researchers found that through e-commerce, cosmetic products can be accessed by consumers in all regions, both nationally and internationally, without being limited by physical location. Participants stated that the training services provided by R & D Beauty had an impact on customer motivation to sell through e-commerce platforms. This allows cosmetic brands to reach more potential customers, including those who live in remote areas or who cannot visit physical stores. Customers can easily purchase products anytime and anywhere with just a few clicks, without having to come to the store directly. E-commerce allows consumers to shop 24/7, which increases convenience and encourages repeat purchases. In addition, e-commerce allows brands to easily track sales performance, conversions, and customer interactions through analytics available on digital platforms. This helps companies make better data-driven decisions regarding marketing and product development. Customers often look for reviews or recommendations from influencers and other consumers before purchasing a product.

Finally, the researchers explored the most effective types of marketing gamification implemented by R & D Beauty among Commission, Reward, Leaderboard or other challenges. The answers obtained from the participants were that almost all participants, 9 participants, stated that they were interested in the reward system because it provides direct incentives for customers to stay engaged and take certain actions such as purchasing, giving reviews, or sharing product experiences on social media. Customers feel appreciated every time they participate, which in turn increases their loyalty to the brand. This creates a mutually beneficial relationship.

Reward systems often have flexibility in terms of the rewards offered, such as points that can be exchanged for free products, exclusive discounts, or access to limited edition products. This variety makes customers more motivated because they can choose rewards that suit their wants or needs, making the experience more personal and satisfying. Reward systems trigger the urge to engage continuously. Customers are often encouraged to reach certain levels or collect more points, which creates a long-term relationship with the brand. This is effective in increasing customer retention and creating repeat shopping patterns. Gamification with a reward system adds an element of fun to shopping. Instead of just being a transactional activity, the customer experience becomes more interactive and motivates them to continue to engage.

Brands can also use engaging game elements, such as “mystery prizes” or “secret point collection,” to add an element of surprise and engagement. Compared to other systems such as commissions or leaderboards, reward systems tend to be simpler and easier for customers to understand. Customers simply need to perform actions they are already familiar with (e.g., purchasing or leaving a review) and receive immediate rewards. Reward systems can easily be combined with other gamification elements, such as challenges or leaderboards. For example, customers can be given additional rewards if they manage to rank certain positions on the leaderboard, or complete challenges given by the brand. This provides more variety in gamification mechanisms and keeps customers engaged in the sale of R&D Cosmetic products.

4. Discussion

Gamification strategy in marketing is one of the latest trends in the cosmetics industry that aims to increase customer loyalty. Gamification uses game elements outside the game context to motivate behavior, engagement, and ongoing interaction with the brand. In this context, R & D Beauty cosmetics use various mechanisms such as rewards, challenges, leaderboards, or point systems to create a more engaging experience for consumers. In this study, consumers provided exposure to answers to each question with varying answers.

The application of gamification aims to build emotional attachment which ultimately increases customer loyalty. Customer loyalty to a cosmetic brand is influenced by how often and how deeply customers engage with the brand. In addition, consumers who experience positive results, such as healthier skin or better appearance, will continue to use the product. When they find a suitable product, they are reluctant to switch to another product. If a brand is known to be transparent about its ingredients, has certain certifications, or has a good reputation, consumers tend to be loyal. There are also consumers who provide answers R & D Cosmetics cosmetic products provide real results, such as improvements in skin or appearance that match product claims, often making consumers continue to use the product (Zhang, 2020).

Gamification creates a more interactive and enjoyable experience compared to traditional marketing. R & D Beauty Cosmetics has a product consultation service for each customer providing a unique experience on R & D Beauty products that is not just an interaction with customers. There is an emotional involvement of the company or brand with customers through the marketing gamification strategy. Customers who are involved in gamification elements such as challenges and rewards interact more often with the brand through online platforms or applications. This involvement helps create a stronger bond between consumers and brands. The points and rewards system motivates consumers to make repeat purchases in order to collect more points that can be exchanged for exclusive products or discounts. Customers who

feel they benefit from this system tend to remain loyal and buy products from the brand more often. This is in line with research conducted by Xi and Hamari (2019) which states that gamification is a design approach that aims to provide a positive experience similar to a game, which affects user behavior and cognitive processes.

Gamification usually uses game mechanics because games are the main source of inspiration. Cosmetic brands that offer loyalty programs such as reward points, exclusive discounts, or free gifts for loyal customers, make consumers feel appreciated and more motivated to buy again. For example, brands that support natural beauty, women's empowerment, or eco-friendly movements can attract consumers who support these values. In the third question, researchers found several answers from consumers which are explained as follows Customers are more likely to interact with brands that understand their needs. With customer data, brands can send personalized product recommendations, special offers, or relevant content based on their preferences and purchase history. This result has also been stated in previous studies which stated that a positive relationship between consumers and providers based on consumer engagement will encourage the purchase of consumer company products or services, thereby increasing consumer loyalty (Gupta et al., 2018). Although this study has the same results, there is something different besides the research object, namely the service innovation provided by R & D Beauty through free consultation services for every customer who uses this cosmetic product.

This is a new finding from the results of interviews with participants. The Effectiveness of Using e-commerce in the marketing gamification strategy carried out by R & D Beauty states that customers feel comfortable making purchases or sales through the e-commerce platform because of the convenience and ease they get. This immersive experience attracts customers to spend more time and interact with the products. Participants stated that the training services provided by R & D Beauty have an impact on the motivation of customers to sell through e-commerce platforms. This allows cosmetic brands to reach more potential customers, including those who live in remote areas or who cannot visit physical stores. E-commerce allows consumers to shop 24/7, which increases convenience and encourage repeat purchases. Technology, which is one of the means of community activity, has been able to become an alternative in selling R & D Beauty cosmetic products. This is in line with previous research which states that gamification can show the importance of digital platforms in marketing and highlight new ways for businesses to create value with customers (Eisingerich et al., 2019). This study complements previous research (Harwood & Garry, 2015); (Müller-stewens et al., 2016); and (Robson et al., 2016), which found that gamification has an impact on consumer engagement through e-commerce platforms. R & D Cosmetics provides online sales training facilities so that users can easily sell products sustainably.

In marketing gamification, the existence of a reward system makes customers more interested in R & D Beauty cosmetic products. The points and reward system motivates consumers to make repeat purchases in order to collect more points that can be exchanged for products or exclusive discounts. Customers who feel they benefit from this system tend to remain loyal and buy products from the brand more often. Consumers feel appreciated every time they get a reward or badge for their contribution to the brand. This appreciation creates a deeper sense of

ownership and emotional involvement with the cosmetic brand, thus increasing their loyalty. Reward systems often have flexibility in terms of the rewards offered, such as points that can be exchanged for free products, exclusive discounts, or access to limited edition products. This variety makes customers more motivated because they can choose the rewards that suit their wants or needs, making the experience more personal and satisfying (S.Kamboj, 2020). Customers are often encouraged to reach certain levels or collect more points, which creates a long-term relationship with the brand. Gamification as a new marketing strategy increases brand perception and brand awareness (Mattke & Maier, 2020 in Ramdhani, 2024).

Brand R & D Cosmetic products need to continue to monitor the sales of their cosmetic products continuously so that the company can win the competition. Although there are still 10% of customers who like the leaderboards and challenges designed by cosmetic brands, R & D Beauty creates a sense of healthy competition among customers. Consumers who want to lead the leaderboard or complete certain challenges feel more motivated to continue engaging with the brand's products or services, thus increasing customer retention. Brand loyalty refers to consumer preference for a brand within a particular product or service category. Consumer Engagement can mediate the influence between Gamification and loyalty. Gamification as a new marketing strategy increases brand perception and brand awareness (Mattke & Maier, 2020 in Ramdhani, 2024). Cosmetic R & D products need to continue to continuously monitor the sales of their cosmetic products so that the company can win the competition.

5. Conclusions

Gamification in marketing has proven to be an effective tool to increase customer loyalty in R&D Beauty cosmetic brands. By creating more interactive, fun, and motivating experiences, brands can strengthen customer engagement and encourage repeat purchases. However, to achieve sustainable success, it is important for brands to design relevant, innovative, and personalized gamification strategies according to customer needs. That way, gamification is not only a marketing tool but also a way to build long-term, mutually beneficial relationships between customers and cosmetic brands. Based on the results of interviews conducted on 10 R&D Beauty product participants, 80% were interested in purchasing R&D Beauty products because of customer interaction, product compatibility and the agency business system offered by R&D Beauty, while 20% of other participants stated that they were interested in using the product because of the reward system, free product consultation and delivery services provided by the R&D Beauty company.

This study explains that marketing gamification provides benefits in increasing customer loyalty for cosmetic products and several other things were found that can increase customer loyalty, including consultation and delivery services that make customers not only consumers but can become agents of a brand. The findings obtained in this study in the marketing gamification strategy carried out by R & Beauty are the existence of consultation services for users and a sales training system that motivates customers to be more loyal to the R & D Beauty cosmetic brand. This will have an impact on increasing sales sustainably for R & D Beauty products.

This study is limited to the Gamification marketing strategy on the R & D Beauty cosmetic object in order to increase customer loyalty to the cosmetic brand, in the future it needs to be studied further on other objects. Several findings in this study related to service innovation

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through product consultation and online sales training in improving future sales performance need to be studied further on other objects.

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