KB

THE ROI OF GAMIFICATION:
SHINING STAR OF PERFORMANCE MANAGEMENT IN THE AGE OF DIGITAL & AI

Omer Minkara
Vice President & Principal Analyst
Contact Center & Customer Experience Management

LinkedIn, X

ABERDEEN
STRATEGY & RESEARCH
ILLUMINATE. INSPIRE. IGNITE.

The rise of AI and digital technology has transformed and elevated performance and productivity expectations. In turn, performance management is more important than ever. This report observes four performance categories where the use of gamification helps transform performance management results across contact centers and the broader CX organization.

Performance Management in the Age of Digital & AI

Between April and May of 2024, Aberdeen surveyed 431 contact center and CX leaders across companies of all sizes, industries, and regions. Among the questions asked were the organizational priorities, challenges, and strategies used to build, execute, and manage performance management programs to accomplish business objectives. The findings revealed that, when managing the customer-facing workforce (i.e., contact center agents), **the number one challenge companies struggle with is buyer demand for better service**.

Despite traditional objectives of greater efficiency and lower cost, business leaders remain focused on using workforce engagement, more specifically performance management, programs as a way to delight current and potential clientele. However, accomplishing this goal is no easy endeavor. Aberdeen's survey results show that one out of two contact centers use at least 14 channels (e.g., phone, email, chat) to serve customers, further complicating agent performance management, consistency, and personalization of interactions.

Success in an environment of such complexity requires high levels of employee engagement to encourage and enable agents to continuously learn new skills, perform at their highest levels, and advance their careers. This is where **gamification emerges as the shining star for elevating performance management** results tied to broader CX and operational objectives. Aberdeen's research shows that 44% of contact centers currently have a formal gamification program designed to support their performance management and CX activities. That said, many businesses also utilize gamification in an ad-hoc capacity or without a formal strategic program. Considering these users, well over half of all contact centers already use gamification.

Although using gamification capabilities is important, simply adding them within performance management activities is not enough. For that, CX and contact center leaders must combine their use of gamification with performance management best practices and use an innovative approach to truly excel across digital channels while using AI capabilities to their full potential. The next section highlights four categories where the top 20% of companies with gamification capabilities (also named 'Best-in-Class Gamification Users') stack up against peers that don't (yet) leverage gamification to its full potential (named 'All Other Gamification Users' or 'All Others' through the rest of this report).

Definitions:

For the purposes of this research, Aberdeen makes the following definitions:

Performance management: Processes and technologies companies use to track, analyze, manage, and improve employee performance in the contact center and back office.

Gamification: Elements and processes of game design (e.g., competition, rewards, incentives, recognition) companies use to boost employee motivation, drive engagement, and achieve individual and team objectives.

Workforce engagement: A set of processes and tools companies use to hire, onboard, train, utilize, evaluate, reward, and engage employees.

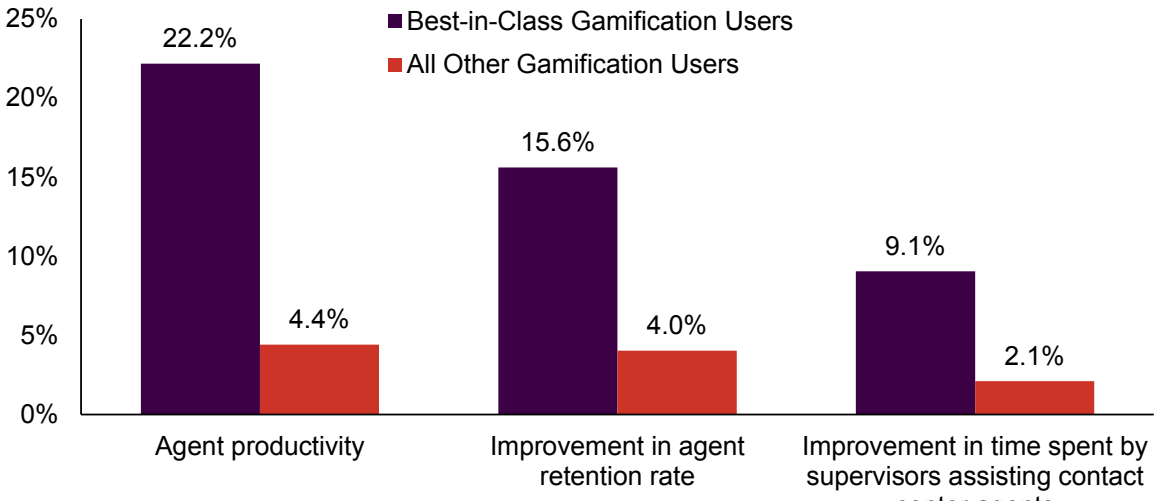
Performance management is a subset of these programs, while gamification is often tightly aligned and linked to performance management programs.

4 Ways Gamification Transforms Performance Management

1. *Employee Engagement & Productivity*

Although one of the many use cases of AI is allowing contact centers to move more interactions from agent assist to self-service, not all conversations are suited to be handled by self-service. Furthermore, while self-service can be used for parts of customer journeys (e.g., submitting documents for a mortgage loan application), agent assistance may be needed for further stages of the journey (e.g., discussing best loan terms with a loan officer). Gamification allows firms to elevate employee engagement and productivity for superior CX outcomes. It does so by providing (financial & non-financial) rewards and recognition to motivate employees. Indeed, Figure 1 shows that the **Best-in-Class enjoy 5.0x greater year-over-year (YoY) increase in agent productivity** (22.2% vs. 4.4%).

Figure 1: Leading Firms Maximize Agent Performance Through Gamification



Percent of respondents, n=431
Source: Aberdeen, May 2024

Besides fostering a more competitive environment, gamification can also foster a more collaborative environment for knowledge exchange. For example, agents can be rewarded and recognized for coaching or helping colleagues navigate customer conversations or learn new skills. This, in turn, facilitates tribal learning and development, which helps reduce agent reliance on supervisors to navigate specific interactions. Data shows that **Best-in-Class firms with gamification improve (decrease) supervisor time spent assisting agents by 4.3x more** than All Other gamification users (9.1% vs. 2.1%) – without sacrificing agent performance results. As an added benefit, supervisors can now use this additional time on more strategic activities, such as implementing new technologies and adding new interaction channels.

While boosting productivity is important, one of the long-standing challenges most contact center leaders face is agent attrition. Aberdeen's research shows that the

CX and contact center leaders must combine gamification with performance management best practices and use an innovative approach to leverage digital and AI capabilities to their full potential.

Gamification allows firms to elevate employee engagement and productivity for superior CX outcomes.

Savvy firms with gamification enjoy 5.0x greater year-over-year (YoY) increase in agent productivity.

average *annual* agent attrition rate for contact centers stands at 38%. In other words, businesses replace more than one out of three agents every year, incurring significant time and expenses in hiring, onboarding, and training agents who later leave the business for myriad reasons. Among the top reasons are lack of career progress, lack of motivation (monetary & non-monetary), and burnout. Gamification allows leaders to identify the individual expectations, goals, and values of each agent early in the hiring process through skills and personality assessments. Then, it enables them to use a combination of challenges, competitions, rewards, and recognitions to provide each agent with greater morale while boosting productivity and engagement. **Aberdeen's data shows that companies that do this well (Best-in-Class) enjoy 3.9x greater YoY increase in agent retention rates** (15.6% vs. 4.0%).

Businesses replace more than one out of three agents every year.

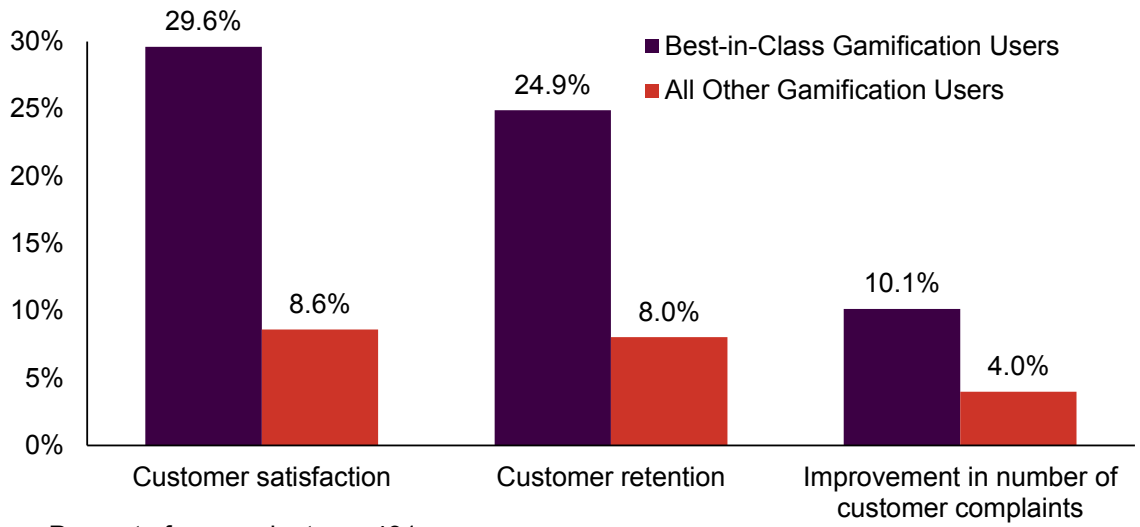
Among the top reasons are lack of career progress, lack of motivation (monetary & non-monetary), and burnout.

Best-in-Class gamification users improve agent retention by 3.9x more YoY.

2. *Customer Experience*

As noted earlier in this report, addressing customer demand for better service is the number one challenge impacting contact center workforce engagement programs. Performance management plays a crucial role in alleviating this challenge, given the agents' role in influencing customer experience outcomes. Firms can infuse gamification within performance management programs by designing competitions, rewards, badges, and incentives to encourage agent behavior and performance, ultimately improving customer satisfaction and loyalty. Figure 2 validates this by showing that **Best-in-Class gamification users achieve 2.5x greater YoY improvement (decrease) in the number of customer complaints they receive** (10.1% vs. 4.0%) **while growing customer satisfaction rates by 3.4x more YoY** (29.6% vs. 8.6%).

Figure 2: Savvy Gamification Users Achieve Superior CX Results



Percent of respondents, n=431
Source: Aberdeen, May 2024

Best-in-Class gamification users enjoy 3.4x greater YoY increase in customer satisfaction rates.

One of the reasons why gamification is the shining star of performance management in the age of digital and AI is because greater use of digital tools and intelligence gleaned through AI algorithms helps scale gamification programs. By

rapidly and effectively identifying the true impact of agents on CX outcomes and rewarding in real-time, Best-in-Class gamification users continuously engage their workforce. Monitoring customer behavioral and feedback data captured across all channels allows leaders to identify direct feedback provided by customers and associate it with individual agent performance. Analyzing behavioral data such as renewals, churn, and referrals also helps gauge and monitor the impact of each agent on CX outcomes.

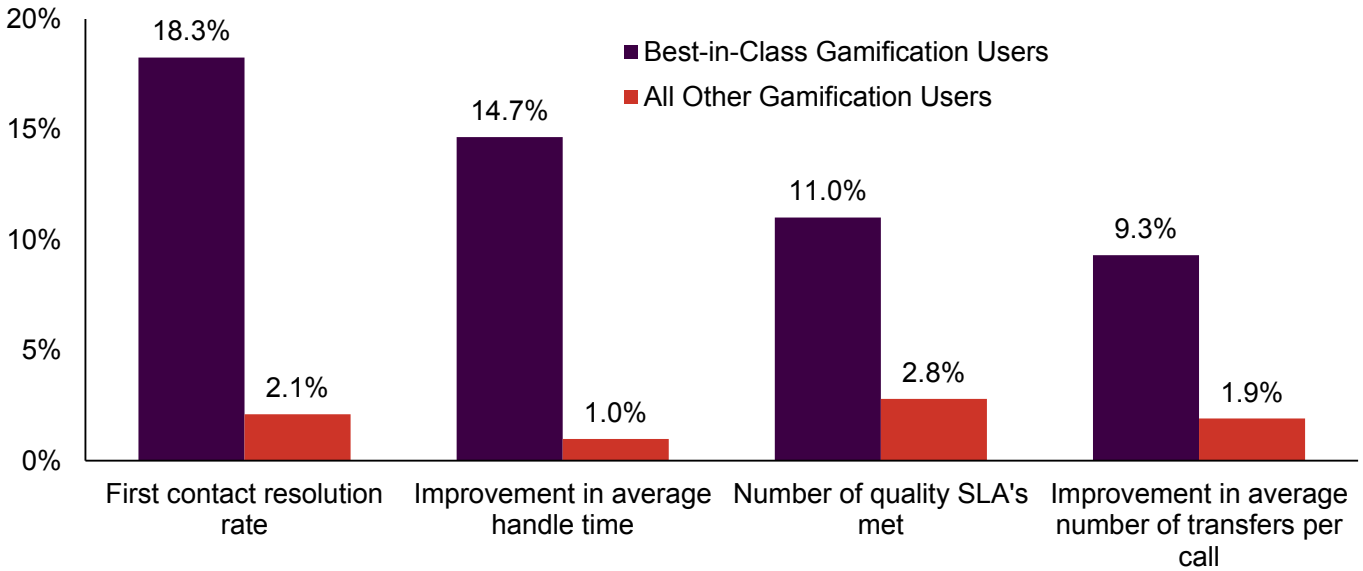
Besides rewarding and motivating agents, well-designed gamification programs also allow firms to use employee creativity, empathy, and engagement to transform the quality of CX outcomes. Providing agents with the tools and knowledge they need, along with the right motivating factors, incentivizes them to go the extra mile in delivering service. As such, buyers are less likely to complain. Instead, they are more likely to trust their product/service providers, which in turn contributes to Best-in-Class firms reporting **3.1x greater YoY increase in customer retention rates** (24.9% vs. 8.0%).

A well-designed gamification program allows firms to use employee creativity, empathy, and engagement to transform the quality of CX outcomes.

3. Operational Efficiency

While creating happy customers and engaged agents are important, many contact center and CX leaders are under ever-increasing pressure to do more with less. Combined with the greater adoption of AI to automate more tasks, business leaders strive to enable agents to be more productive than ever before. Once again, digital and AI capabilities – combined with gamification – are vital enablers in helping firms accomplish this goal. Savvy firms with gamification capabilities design competitions and incentivize agents to excel in operational KPIs. Figure 3 shows that **Best-in-Class firms report 8.7x greater YoY increase in first contact resolution rates** (18.3% vs. 2.1%) **and 14.7x greater YoY improvement (decrease) in average handle times** (14.7% vs. 1.0%).

Figure 3: Effective Use of Gamification Drive Efficiency Gains



Percent of respondents, n=431
Source: Aberdeen, May 2024

Improvements made in first contact resolution rates are important as they reflect the organization's ability to to address client issues without the need for repeat contact – a reflection of high-effort interactions. To this point, **Best-in-Class gamification users also report that they observe 4.9x greater YoY improvement (decrease) in the number of average transfers per contact** (9.3% vs. 1.9%). This means that agents in these businesses are both empowered with the right tools and information *and* motivated to gain new skills, collaborate with peers, and find creative problems to client issues without the need for customers to repeatedly contact the business.

An important consideration when designing and executing gamification programs is that agents are not simply rewarded for finishing a conversation as fast as possible but rather rewarded for solving client issues as efficiently as possible. Although there's a subtle difference in words, the business impact between the two approaches is profound. Rewarding agents for shortening handle times alone can result in unresolved client issues, repeat contact, and frustrated customers. Data shows that Best-in-Class gamification users understand this important difference. Besides shortening handle times, they also excel in **improving the number of quality service-level agreements (SLA) by 3.9x YoY** (11.0% vs. 2.8%).

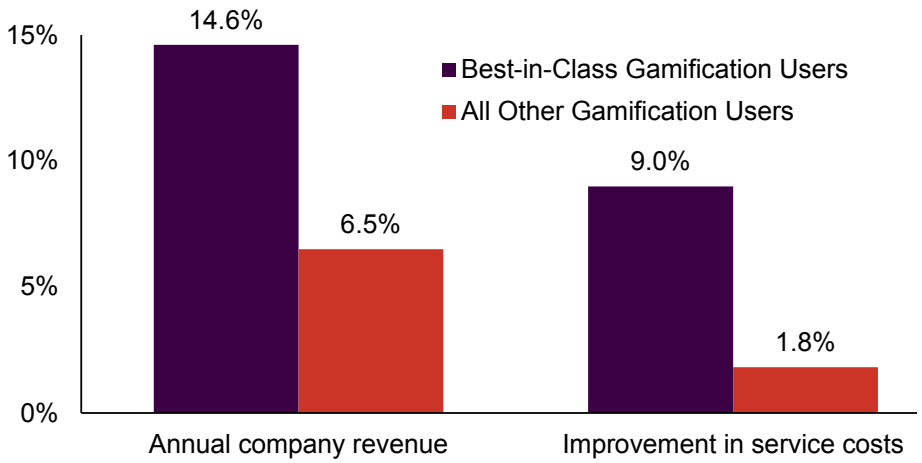
Contact center and CX leaders are under ever increasing pressure to do more with less.

Best-in-Class gamification users report 8.7x greater YoY increase in first contact resolution rates while achieving 3.9x greater annual increase in SLA attainment.

4. Financial

Rapid advances in digital and AI are not the only factors influencing contact center programs. Economic uncertainty and shareholder expectations for continuous, profitable growth are also significant objectives influencing CX and contact center leaders' agendas. Reducing costs is not just about decreasing headcount or eliminating technology solutions. Likewise, growing revenue is not just about adding more customers. Figure 4 shows that companies that make effective use of gamification elevate agent performance and engagement to new heights, helping them reduce labor costs by enhancing productivity. They also motivate agents to learn and find creative ways to delight customers, which in turn helps maintain and grow their spend as well as drive incremental (word-of-mouth) revenue.

Figure 4: Top Performers with Gamification Enjoy Lower Cost & Higher Revenue



Percent of respondents, n=431
Source: Aberdeen, May 2024

Aberdeen's data shows that companies that lead the way in savvy use of gamification enjoy **5.0x greater YoY improvement (decrease) in service costs** (9.0% vs. 1.8%). In addition to greater productivity leading to lower labor costs, such cost savings observed by the Best-in-Class are facilitated by the use of AI. AI can help determine which game types and methods are most relevant and effective in driving desired business outcomes. It can also help reduce the time supervisors spend configuring games to facilitate desired business outcomes. The Best-in-Class can then reprioritize their gamification strategies to use the most effective methods more often and reduce costs incurred by providing incentives or rewards that may otherwise not be as effective.

Similarly, Best-in-Class firms report **2.2x greater YoY increase in annual company revenue** (14.6% vs. 6.5%). Although contact center programs are not typically associated with revenue growth, providing agents with the right incentives and rewards—coupled with training on how to properly cross-sell / up-sell—allows Best-in-Class firms to unlock incremental revenue growth. Again, digital and AI capabilities are instrumental in finding game types and methods that are most effective in motivating employees to influence and improve revenue growth while meeting customer expectations.

Implementing & managing a savvy gamification program ready for the age of digital & AI allows firms to reduce costs by 5.0x more while fuelling 2.2x greater revenue growth.

Key Takeaways

What's a secret advantage companies of all sizes and industries can use to amplify their success in the age of digital and AI? While incorporating new tools and processes is important to keep up with changes in the business landscape, when competitors are using similar tools and tactics, it comes down to *who* is using these tools and processes to win the hearts, minds, and wallet share of customers. That 'who' is employees. As such, elevating performance management programs to meet rapidly changing customer expectations is crucial. Aberdeen's research shows that gamification is a shining star for helping contact center and CX leaders accomplish this goal.

Although almost one out of two businesses already have a formal gamification program in place, many companies also use ad-hoc incentives, rewards, and competitions, pushing the adoption of gamification programs to much higher levels in the contact center and beyond. Findings in this report reveal that it's not just adopting gamification capabilities that motivates and empowers employees but rather designing and executing intelligent gamification processes that transforms results. In fact, Best-in-Class gamification users report superior success in increasing agent productivity, reducing service costs, and improving customer satisfaction rates while growing first contact resolution rates and SLA attainment. In other words, companies that get gamification right balance CX gains with employee engagement and productivity, all the while driving efficiency and reducing costs.

To replicate the success of Best-in-Class firms, we highly recommend business leaders incorporate a digital and AI-centric approach to gamification. This means using digital tools to launch, monitor, and manage game methods and types, such

as rewards, recognitions, competition, and incentives. It also means using AI capabilities to identify unique agent skills and career objectives and tailoring gamification to motivate agents based on their ambitions and expectations, ultimately driving them to accomplish team and company objectives. Using historical agent performance, operational and CX data, AI can help predict the potential impact of a game method or type – well before implementing. This allows designing and executing games best-suited to help achieve business goals while also personalizing gamification for each agent.

Incorporating digital and AI capabilities also helps launch and adjust the use of gamification capabilities in real-time while providing agents with an unbiased platform where their activities are rewarded through a transparent and automatic system. Laying the foundation for using gamification as the shining star of performance management, enabled by digital and AI, allows contact center and CX leaders to build a true competitive advantage regardless of changes in customer expectations or the business climate.

About Aberdeen Strategy & Research

Aberdeen Strategy & Research, a division of Spiceworks Ziff Davis, with over three decades of experience in independent, credible market research, helps **illuminate** market realities and inform business strategies. Our fact-based, unbiased, and outcome-centric research approach provides insights on technology, customer management, and business operations to **inspire** critical thinking and **ignite** data-driven business actions.

This document is the result of primary research performed by Aberdeen and represents the best analysis available at the time of publication. Unless otherwise noted, the entire contents of this publication are copyrighted by Aberdeen and may not be reproduced, distributed, archived, or transmitted in any form or by any means without prior written consent by Aberdeen.